

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1994 No 11 OF 1995

UNION GOVERNMENT
(OTHER AUTONOMOUS BODIES)

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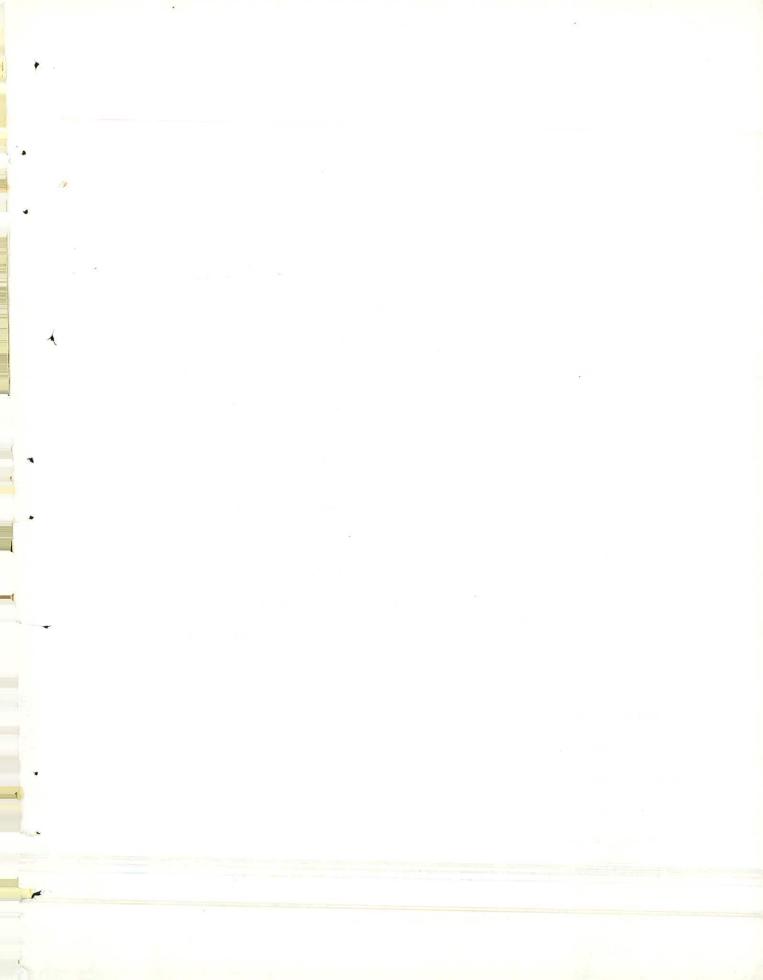
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PREFATORY REMARKS

This Report for the year ended 31 March 1994 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.6 of 1995) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report.

- 2. The Report includes, among others, reviews on:
- (a) Indian Institute of Management, Calcutta
- (b) Navodaya Vidyalaya Samiti
- (c) Employees State Insurance Corporation
- (d) Coal Handling Plant at Haldia Dock
- (e) Material Management in Delhi Development Authority
- 3. The audited organisations are autonomous bodies which are different in character and discipline. The cases relating to autonomous bodies mentioned in this Report are among those which came to notice in the course of test audit during the year 1993-94 and early part of 1994-95 as well as those which had come to notice in earlier years but could not be covered in the previous Reports. Matters relating to the transactions subsequent to 1993-94 have been mentioned, wherever relevant.



OVERVIEW

The Audit Report for the year ended 31 March 1994 contains 66 paragraphs including 5 reviews. The points highlighted in the Report are summarised below:

General

I. Annual Accounts of Autonomous Bodies

- (i) Audited accounts of 187 Central Autonomous Bodies together with Audit reports for the year 1992-93 were to be placed before Parliament. Out of these, accounts of 107 bodies were made available after 1 to 18 months of delay. The accounts of 3 bodies were not submitted by the concerned organisations.
- (ii) Government of India paid Rs 1484.06 crores as grants and Rs 1622.06 crores as loans to 173 autonomous bodies and Rs 106.96 crores as grants to ten Universities during 1993-94 whose accounts are audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The annual accounts of 15 bodies were yet to be finalised.

The annual accounts of 53 out of 100 other Central autonomous bodies (other than those under Scientific Departments) whose accounts are audited under Sections 14(1) and 14(2) of the Act were also not finalised by the concerned bodies.

(Paragraph 1)

II. Utilisation Certificates

7985 Utilisation Certificates amounting to Rs 1103.02 crores were outstanding at the end of March 1994 in respect of grants released to Statutory bodies and non-Government institutions during 1976-77 to 1990-91. This indicated that proper monitoring over the receipt of Utilisation Certificate was not done.

(Paragraph 2)

Ministry of Commerce

Coffee Board

III. Extra contractual benefit to manufacturers of instant coffee

With a view to export instant coffee to a buyer in USSR for the years 1988,1989 and 1990, the Coffee Board entered into agreements with 3 manufacturers for manufacture and export of instant coffee to USSR out of green coffee supplied by it to the manufacturers.

The Board transferred to the manufacturers, replenishment licenses valued at Rs 597.45 lakhs received by it from the Government of India as export incentive, although there was no clause in the agreement entitling the manufacturers to such benefit.

The transfer of such benefit, on which the Board could have earned a premium of Rs 210.78 lakhs constituted an extra contractual benefit which was not justified.

(Paragraph 4)

Ministry of Health and Family Welfare All India Institute of Medical Sciences, New Delhi

IV. Premature release of funds

All India Institute of Medical Sciences released Rs 400 lakhs (Rs 60 lakhs in March 1991, Rs 40 lakhs in March 1992, Rs 100 lakhs in March 1993 and Rs 200 lakhs in March 1994) to CPWD for construction of 292 staff quarters of various categories. The Administrative approval for this work was accorded by the Institute in July 1994. The Plan was approved by Delhi Urban Art Commision/Fire authorities in March 1994 and by DDA in September 1994.

Thus, release of funds to CPWD even before the approval of plan by the local authorities was premature and was just to avoid lapse of grants. This resulted in blocking of funds to the tune of Rs 400 lakhs.

(Paragraph 6)

Ministry of Human Resource Development (Department of Culture)

Sahitya Akademi

V. Publications

4

During the period 1989-90 to 1993-94, Sahitya Akademi published 42.52 lakhs books worth Rs 916.41 lakhs in different languages. Of these, 11.51 lakhs books worth Rs 463.32 lakhs were still lying in stock as on 31 March 1994. The value of unsold publications ranged from 39 to 51 per cent. Thus the Akademi printed books in excess of actual requirements which resulted in blocking of funds amounting to Rs 463.32 lakhs.

(Paragraph 10)

(Department of Education)

VI. Indian Institute of Management, Calcutta

The selection of contractor against the advice of Institute's Consultant resulted in time over-run of two years and cost over-run of Rs 69.44 lakhs comprising 88.56 per cent over the estimated cost in respect of the work of construction of superstructure of 'Teaching Block' and 'Class-IV Staff Quarters'.

In the Fellowship Programme in Management, against the intake capacity of 15, actual enrolment ranged between 2 and 8 and percentage of dropout varied between 25 and 75.

In Post Graduate Certificate Course in General Management percentage of dropout ranged between 45.00 and 51.72.

Faculty work-load norms had not been devised as per recommendation of Nanda Review Committee.

Against a generally accepted faculty-student ratio of 12 to 15, the ratio varied from 6.44 to 9.14. The Institute did not have any concept of faculty-student ratio.

According to instructions of Government, a faculty member who undertakes consultancy work for a maximum period of 52 days in a year is eligible for consultancy

remuneration equivalent to 52 days salary comprising 14 per cent of gross salary for that year. Test check revealed that in 103 cases, faculty members received remuneration for consultancy exceeding 14 per cent of their gross annual salary during 1989-90 to 1993-94. The excess remuneration amounted to Rs 50.43 lakhs.

During 1989-94, 56 members of faculty were engaged in consultancy works earning consultancy remuneration of Rs 77.36 lakhs.

As compared to number of Management Development Programmes planned, the number of programme actually held fell short by 33.33 per cent in five years (1989-94).

(Paragraph 11)

VII. Navodaya Vidyalaya Samiti

The Navodaya Vidyalaya Samiti received grants totalling Rs 608.15 crores from the Ministry during 1985-86 to 1992-93 and incurred expenditure of Rs 604.19 crores against it. The Samiti released Rs 201.92 crores to its seven Regional offices (ROs) during 1989-90 to 1992-93.

Against the target of covering all the districts (432) by the end of Seventh Five Year Plan, the Samiti could open only 261 vidyalayas (60 per cent) during the period. Even upto 1993-94, the achievement in opening of vidyalayas was only 66 per cent (350 against targetted 532).

Only five per cent of the admission seekers (1.34 lakh out of 25.57 lakh) were selected for admission to the NVs during 1985-86 to 1993-94. This was 17 per cent less than the intake capacity of 350 schools opened upto 1993-94. The students actually admitted were, however, only 77 per cent of the intake capacity during 1985-86 to 1992-93 in which the percentage of girl students admitted ranged from 16 to 32 per cent only against the minimum requirement of 33 per cent.

The Samiti incurred an infructuous expenditure of Rs 88.88 lakhs during 1986-87 to 1993-94 on excess printing of 70.54 lakh prospectus-cum-admission forms for Jawahar Navodaya Vidyalaya Tests (JNVSTs).

The NCERT incurred avoidable expenditure of Rs 23.49 lakhs on excess printing of Test Booklets for the JNVSTs.

The injudicious award of Computer Literacy Programme (covering 30 schools) in November 1990 resulted in commitment of extra expenditure of Rs 85.80 lakhs.

The implementation of the scheme of strengthening of Teaching of Modern Biology and Bio-technology resulted in blocking of funds to the extent of Rs 45.39 lakhs for several years.

The Samiti was overstaffed as is evident from the student teacher ratio in NVs which ranged between 1:12 to 1:19 during 1986-87 to 1992-93 against the generally accepted norm of 1:30 for all schools and 1:25 for Navodaya Vidyalayas (NVs).

The Samiti hired, in January 1990, for its office more than need based accommodation (29300 square feet against requirement of 15000 square feet) and rendered unauthorised financial help of Rs 29.88 lakhs to the landlord. Excess rent paid by the Samiti from February 1990 to March 1994 was to the extent of Rs 64.17 lakhs.

Major part of the Samiti's expenditure of Rs 8.68 lakhs on its publications during 1988-89 to 1992-93 proved to be infructuous, as bulk of them (28 per cent to 97 per cent) could not reach the intended beneficiaries.

Outstanding mobilisation advances with the Construction Agencies during 1987-88 to 1992-93 amounted to Rs 81.76 crores (43 per cent). Loss of interest thereon amounted to Rs 42.86 crores. An amount of Rs 21.05 lakhs is yet to be recovered from the defaulting contractors on account of delay in execution of work.

The construction work of each NV was to be completed in all respects within a period of 36 months. Although the work of construction of 236 school buildings had been taken up during 1987-88 to 1992-93, the Samiti had not been able to construct even a single building. Work relating to 82 buildings was found to be defective.

In the case of another five buildings, the Samiti incurred wasteful expenditure of Rs 3.38 crores on sites which were changed afterwards.

Ministry of Labour

XIII. Employees' State Insurance Corporation

A scheme of health insurance for industrial workers for providing certain benefits to employees in the event of sickness, maternity and employment injury was entrusted to a Corporation formed under Employees' State Insurance Corporation Act, 1948.

There was a considerable shortfall in holding the various meetings of the Standing Committee, Medical Benefit Council and Regional Boards during the period 1989-90 to 1993-94.

The Corporation appointed inspectors to conduct the survey and inspection of coverable and covered establishments respectively. Shortfall in respect of surveys conducted during the period 1989-90 to 1992-93 ranged from 45 per cent to 65 per cent. The shortfall in respect of inspections during the period 1989-90 to 1992-93 ranged from 47 per cent to 56 per cent. Shortfall in respect of inspections conducted in Delhi Region during the period 1989-90 to 1993-94 ranged from 31 per cent to 52 per cent.

Contributions amounting to Rs 21545.38 lakhs were in arrears as on 31 March, 1994. The major portion of arrears due related to the private sector varied from 77 to 82 per cent during the period 1989-90 to 1992-93. The revenue recovery machinery recovered only an amount of Rs 1426.83 lakhs during the year 1993-94.

The arrear of damages levied amounting to Rs 3334.87 lakhs were in arrears as on 31 March 1994. The percentage of recovery ranged from 2 to 4 per cent only during the period 1989-90 to 1993-94.

Late affording of credit in Delhi Region only attracted claim of penal interest amounting to Rs 5.43 lakhs for one month only i.e., December, 1993. Figures for the remaining period were not available with the Regional Office, Delhi. The Central Office had no information regarding the claim of penal interest and the amount realised, if any, on this account.

On account payment to State Governments amounting to Rs 48269.44 lakhs were lying unadjusted at the end of the year 1993-94.

The Corporation incurred extra expenditure of Rs 7.09 crores during the period 1989-90 to 1993-94 on surplus man power in the non-medical cadres whereas there was persistent shortage of medical staff. The Corporation made further appointments in the non-medical cadre despite the already surplus man power.

An amount of Rs 3561 lakhs was lying outstanding as on 31st March, 1994 on account of advances to various construction agencies. Some of the amount pertained to the years prior to 1970-71. No follow-up action was taken by the Corporation to adjust this amount.

(Paragraph 30)

Ministry of Surface Transport Bombay Port Trust

XIV. Delay in fixation of rent and loss of rent under compromise fromula

Delay in fixation of rate of rent for the land leased out in April 1984 for more than seven years led to a recurring loss of interest to the extent of Rs 33 lakhs. Besides this, the acceptance of a compromise formula reached in July 1991 and non-consideration of the entire period of agreement led to further loss of Rs 130 lakhs.

(Paragraph 34)

XV. Avoidable infructuous expenditure

Bombay Port Trust purchased two twin hydraulic FRP pilot-cum-patrol launches with economic life span of 15 years in August 1985 and May 1986 from a foreign firm at a cost of Rs 47.92 lakhs. The launches could, however, be operated only for about 6 months due to non-functioning of their hydrojets. The administration decided to dispose of the launches, which rendered expenditure of Rs 47.92 lakhs as well as the expenditure of Rs 21.67 lakhs on the staff infructuous.

(Paragraph 35)

XVI. Short recovery of ship-breaking and composite charges

Non-verification of the correctness of Gross Registered Tonnage (GRT) declared by an importer of a vessel for recovery of breaking charges and non-levy of composite towage and pilotage charges resulted in an aggregate short recovery of Rs 60.11 lakhs.

(Paragraph 36)

XVII. Blocking of capital

BPT procured 2021 tonnes of MS billets between March 1991 to September 1992 for conversion into required size of deformed bars at a cost of Rs 200.11 lakhs. Delay in conversion of the billets into deformed bars (January 1994) led to loss of Rs 40 lakhs on blocked capital of Rs 2 crores for three years.

(Paragraph 37)

XVIII. Imprudent procurement of Gamma Camera Computer Tomography equipment

Gamma Camera Computer Tomography equipment which was imported (October 1989) at a cost of Rs 54.11 lakhs, remained idle for long periods for want of qualified technicians and had been leased out (November 1993) on a lease rent of Rs 2 lakhs per annum for seven years. Failure to assess the economic viability and to visualise the practical difficulty in operating the sophisticated equipment resulted in blocking of capital amounting to Rs 62.07 lakhs. The main objective of procuring the equipment as a welfare measure for its staff was also not fulfilled.

(Paragraph 39)

Calcutta Port Trust

XIX. Coal Handling Plant at Haldia Dock

Haldia Dock Complex (HDC) projected an increase in coal movement through it from 20 lakhs tonnes to 50/60 lakh tonnes per annum. The existing coal plant was under-utilised (handling 15 lakh tonnes on an average per year against the rated capacity of 35 lakh tonnes). HDC decided to achieve this increased target by conversion of the ore plant

for handling 20 lakh tonnes of coal per annum and by augmentation of the existing handling capacity (35 lakhs) of the coal plant through modification.

During the years 1983-84 to 1993-94 Rs 315.61 lakhs were spent on conversion, maintenance etc. of the ore plant for handling coal. During the period 1985-86 to 1993-94 coal handled by ore plant varied between 1.58 lakh tonnes and 5.66 lakh tonnes per annum. The average handling was 3.19 lakh tonnes per annum against target of 20 lakh tonnes per annum.

During the period 1988-89 to 1993-94 Rs 970.38 lakhs were spent on modification, maintenance of existing coal plant for augmentation of its capacity. During the period from 1984-85 to 1993-94 additional 16.40 lakh tonnes handling capacity was achieved against the envisaged additional capacity of 20 lakh tonnes. Against capacity of 30 tippling per hour, the average tippling was only 11. The shipment rate was 658 tonnes (average) per hour against shiploader capacity of 1500 tonnes per hour. During the 10 year period the coal plant worked 157.3 days (average) per annum against envisaged 340 days per annum.

As a result of conversion/modification/maintenance the total handling of coal increased to 34.16 lakh tonnes (ore and coal plant together) at the end of 1993-94 from 15.75 lakh tonnes in 1984-85. Till 1993-94 HDC could not achieve its target to handle 50/60 lakh tonnes per year.

(Paragraph 41)

XX. Loss of revenue

Calcutta Port Trust suffered a total revenue loss of Rs 138.20 lakhs for the period June 1988 to March 1994 for not treating bunkering POL as "Ships Stores" and for not applying the appropriate rate of wharfage on "Ships' Stores" as per stipulation.

(Paragraph 42)

XXI. Idle investment

Due to non-utilisation of a second hand paddled steamer for the purpose for which it was procured, an amount of Rs 110.76 lakks incurred towards procurement and repairs to the steamer remained idle apart from recurring monthly expenditure of Rs 0.10 lakk towards manning of the vessel.

(Paragraph 43)

Cochin Port Trust

XXII. Loss of revenue due to levy of hire charges at reduced rates

According to Section 52 of the Major Port Trusts Act, 1963 revision of port tariff would become operative only after its sanction by Government of India and from the date of its publication in the gazette. Hire charges for trailer chassis for handling containers were levied by the Cochin Port Trust from Decemebr 1990 at revised rates without obtaining the approval of Government of India. Levy of hire charges at unauthorised rates resulted in loss of revenue amounting to Rs 2.39 crores during December 1990-March 1994.

(Paragraph 47)

XXIII. Link Road Project connecting Willington Island to Cochin Bypass of National Highway 47

The construction of a link road connecting Willington Island with the Cochin by-pass of National Highway 47 by sharing the cost equally by Government of India (GOI), Government of Kerala (GOK) and Cochin Port Trust (CPT) was approved by Government of India in November 1975. The entire project was scheduled to be completed in March 1991.

Phase I of the Project was completed by the CPT in September 1993 at a cost of Rs 1353.44 lakhs. Phase II of the Project entrusted to GOK remained incomplete. Consequent on delay in the completion of works, the objectives envisaged in the Project were not achieved even after 3 years from the target date.

An amount of Rs 83.12 lakhs is due from GOK as their share of expenditure incurred on Phase I of the Project prior to the declaration of the link road as NH (November 1986).

Out of the expenditure of Rs 965.31 lakhs incurred on the Project after November 1986, an amount of Rs 321.90 lakhs is pending reimbursement by GOI. Due to delayed reimbursement of funds, the CPT had to bear interest burden of Rs 64.36 lakhs (up to March 1994) on borrowed funds spent for the work.

The dredging and reclamation work of the Project entrusted to a firm in April 1989 was completed only in December 1992 against the target date of August 1990. The delay in the completion of work resulted in (a) additional establishment charges (Rs 57.23 lakhs), (b) loss of interest of mobilisation advance paid to the contractor for the road work (Rs 8.86 lakhs) and (c) additional expenditure on account of updating the road contract (Rs 54.02 lakhs).

(Paragraph 48)

XXIV. Short realisation of hire charges

Hire charges for the power plugs provided to reefer containers were being levied by the Cochin Port Trust on the assumption that each power plug provided to the containers would consume 40 units of electrical energy per day. When Audit pointed out (June 1992) that the actual consumption of energy would be considerably higher than that adopted for the levy of hire charges, the Cochin Port Trust provided separate energy meter for the newly installed power plugs and found that a 40 feet container consumed an average of 150 units of power a day and a 20 feet container, an average of 100 units per day. Failure of the Cochin Port Trust in realising hire charges for the period April 1989 to December 1991 on the basis of actual consumption of energy resulted in a loss of revenue of Rs 37.51 lakhs.

(Paragraph 49)

Mormugao Port Trust

XXV. Extra expenditure in Marine Department

In order to man the floating crafts of the Marine Department, the Mormugao Port Trust, Goa maintained 281 crew, including leave reserve. Craftwise positing of the crew was found to be in excess of the strength approved by the Board of Trustees. As against 11 per cent of leave reserve approved by the Board, MOPT maintained 40 per cent leave reserve, without taking into account the actual leave incidence, and without the approval of the Board. Further, 48 per cent of the leave reserve thus maintained, was not deployed at all during the period 1989-94.

The maintenance of excess crew thus resulted in extra establishment expenditure of Rs 134.80 lakhs, for the period 1989-94.

(Paragraph 53)

XXVI. Avoidable expenditure on a launch

Colva II, a launch purchased in 1982 by Mormugao Port Trust was not put to use due to defects in engine, unsatisfactory performance etc. Port Trust had spent Rs 50.90 lakhs on its purchase, repairs and operational expenditure which was avoidable.

(Paragraph 54)

New Mangalore Port Trust

XXVII. Unproductive investment

Ministry in January 1988 decided to extend the railway lines at new Mangalore Port Trust to the additional general cargo berth and its transit shed with a view to handling container traffic in a big way at a future date. This was not prudent as the existing Port Railway lines and other infrastructure facilities in the New Mangalore Port Trust were not being utilised fully and the container traffic handled by the Port was registering a decline from 1986-87 onwards. Thus, expenditure of Rs 70.12 lakhs incurred upto March 1992 on new railway lines was an unproductive investment.

(Paragraph 56)

Ministry of Urban Development Delhi Development Authority (DDA)

XXVIII. Material Management in DDA

Delay in intimating the annual requirement of stores by Engineering Department resulted in shortfall in purchase and extra expenditure of Rs.199.93 lakhs made to the contractors.

DDA failed to levy damages amounting to Rs.1164.56 lakhs in 37 cases of delayed supplies of cement and steel.

DDA failed to put up its claims of Rs 2.59 crores in time before the arbitrator for consideration. DDA also failed to fix responsibility for this negligence. Delay in placing orders for supply of cement resulted in loss of Rs 60 lakhs. The supplier was requested to complete the entire supply of cement by July 1990. However, he could supply only 8039 tonnes upto this date. For balance of 11961 tonnes, the DDA awarded work to other firms in February 1990 at risk and cost of the defaulting firm. When DDA went into arbitration, the arbitrator in his award of October 1993 rejected the demand of Rs 60 lakhs on account of additional expenditure on purchase of balance quantity of cement on the ground that DDA has placed the order for balance quantity after a lapse of 8 to 9 months of the last date of agreement.

Purchase of steel in piece meal resulted in extra expenditure of Rs. 49.51 lakhs.

No action was taken to recover Rs.154.74 lakhs from the firms which had supplied cement during 1984-87.

Wrong application of issue rate of cement resulted in loss of Rs.51.22 lakhs.

(Paragraph 61)

XXIX. Loss of interest due to belated issue of revised demand

In 1982, DDA allotted 45.213 acres of land to 16 co-operative societies @ Rs 54.75 per sq.metre against the prevailing rates of Rs 110 per sq.metre. Subsequently

in May 1988 DDA raised a revised demand. Delay of six years by DDA in raising demand resulted in loss of Rs 71.12 lakhs.

(Paragraph 63)

XXX. Infructuous expenditure

Overhead tank constructed in 1983 by DDA for supply of drinking water to the residents of G-8 area, Rajouri Garden and Hari Nagar could not be commissioned due to non-availability of adequate water pressure in the main water lines even after incurring Rs.60 lakhs.

(Paragraph 64)

XXXI. Loss in allotment of land

DDA entered into perpetual lease with 4 educational societies which had been allotted land at provisional rate of Rs 8 per acre. Subsequently, DDA revised the demand and called upon the societies to pay the additional amount of Rs 65.95 lakhs. DDA's additional demand was not upheld by the Supreme Court as DDA had already executed lease deeds.

(Paragraph 65)

CHAPTER I

General

1. Annual Accounts of Autonomous Bodies

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

(i) Position for 1992-93: For the year 1992-93 audited accounts together with separate Audit Reports thereon of 187 autonomous bodies (other than Scientific and Delhi Development Authority), which were under audit of the Comptroller and Auditor General of India, were to be placed before Parliament. Out of these, the accounts of 80-autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of 107 autonomous bodies was delayed as indicated below:

| | | 107 |
|---|--|-----|
| • | Accounts/ Information not received | 03 |
| • | Delay over six months | 14 |
| • | Delay of over three months upto six months | 10 |
| • | Delay of over one month upto three months | 36 |
| • | Delay upto one month | 44 |

In Appendix-I, the position of Autonomous Bodies whose accounts were delayed between three to six months and those over six months is given. Appendix-II gives the list of bodies whose accounts were not received.

(ii) Position for 1993-94: As on 31 March 1994, there were 188 Central autonomous bodies (other than those under Scientific Departments) including 12 Universities, whose

annual accounts were to be audited by the Comptroller and Auditor General of India as sole auditor under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During 1993-94, grants and loans amounting to Rs 148406.01 lakhs and Rs 162206.24 lakhs respectively were paid by the Union Government to 173 autonomous bodies and grants to the extent of Rs 10696.22 lakhs were received by ten Universities from University Grants Commission/ Central Government. The annual accounts for 1993-94 in respect of 15 bodies including two Universities have not been finalised by the concerned bodies.

As on 31 March 1994, there were 100 other Central autonomous bodies (other than those under Scientific Departments) whose annual accounts are initially audited by Chartered Accountants etc. and supplementary audit is done by the Comptroller and Auditor General of India under Section 14(1) and (2) of the Act. As per information available, 47 of these bodies received grants and loans amounting to Rs 9285.90 lakhs from the Union Government during 1993-94. The annual accounts in respect of 53 of these bodies were not finalised.

2. Utilisation Certificates

Consequent on the departmentalisation of Accounts in 1976 certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-Government institutions etc. The idea of presenting the certificate was to ensure that grants had been properly utilised for the purpose for which they were sanctioned and where the grants released were conditional, the presecribed conditions had been fulfilled. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1994 are given in Appendix III The Ministries/Departments of Human Resource Development, Union Territory-Chandigarh, Welfare and Chemicals & Petrochemicals have not furnished the required information.

Out of a total number 9778 utilisation certificates amounting to Rs 1634.93 crores from ten major Ministries/Departments outstanding at the end of March 1994, 7985

certificates amounting to Rs 1103.02 crores relate to grants released upto 1990-91 as shown below:

Utilisation Certificates Outstanding as on 31st March 1994

(Rupees in crores)

| SNo. | Ministry/Department | In respect of grants released upto Sept. 1992 | | (Rupees in crores) In respect of grants released upto 1990-91 | |
|-----------------------------|--|---|---------|---|---------|
| | | Number | Amount | Number | Amount |
| 1. | Agriculture and Co-operation | 596 | 151.22 | 410 | 79.25 |
| 2. | Commerce | 141 | 262.72 | 87 | 182.92 |
| 3. | Chemicals & Fertilizers: | | | | |
| | Deptt. of Fertilizers | 65 | 108.94 | 18 | 23.06 |
| 4. | Labour | 168 | 6.71 | 126 | 2.08 |
| 5. | Environment & Forests | 3845 | 251.22 | 3436 | 199.72 |
| 6. Health & Family Welfare: | | | | | |
| | (i)Deptt. Of Family Welfare | 995 | 98.32 | 697 | 67.84 |
| | (ii)Deptt. of Health | 2547 | 632.06 | 2159 | 496.93 |
| 7. | Industry: | | | | |
| | (i)Deptt. of Heavy Industry | 22 | 17.04 | 3 | 5.55 |
| | (ii)Deptt. of Small Scale Industries and Agro Rural Industry | 24 | 6.96 | - | - |
| 8. | Development Commissioner of Handicrafts Delhi | 487 | 9.45 | 327 | 5.95 |
| 9. | Ocean Development | 715 | 43.77 | 567 | 25.84 |
| 10. | Urban Development | 173 | 46.52 | 155 | 13.88 |
| | TOTAL | 9778 | 1634,93 | 7985 | 1103.02 |

This shows that the authorities releasing grants to statutory bodies, non-government organisations, etc. have not been monitoring utilisation of grants which may lead to diversion of funds for purposes other than those intended.

CHAPTER II

Ministry of Civil Supplies, Consumer Affairs and Public Distribution Bureau of Indian Standards

3. Retention of heavy cash in current accounts and loss of interest

A test-check of the cash book maintained by the Bureau of Indian Standards (BIS) disclosed following minimum closing balances during 1992-93 and 1993-94 which were held in current accounts with banks after making payments as shown below:

(Rupees in lakhs)

| Year | Period | Minimum Closing Balance | Days |
|----------|-------------------------|----------------------------|------|
| 1992-93 | 1.4.1992 to 17.5.1992 | 50.83 | 47 |
| | 18.5.1992 to 3.7.1992 | 54.31 | 47 |
| | 4.7.1992 to 19.8.1992 | 47.78 | 47 |
| | 20.8.1992 to 5.10.1992 | 32.74 | 47 |
| | 6.10.1992 to 21.11.1992 | 8.47 | 47 |
| | 22.11.1992 to 7.1.1993 | 37.68 | 47 |
| | 8.1.1993 to 23.2.1993 | 28.40 | 47 |
| | 24.2.1993 to 31.3.1993 | 48.14 | 47 |
| 1993-94 | 1.4.1993 to 17.5.1993 | 52.20 | 47 |
| 1775 7 . | 18.5.1993 to 3.7.1993 | 125.77 | 47 |
| | 4.7.1993 to 19.8.1993 | 130.41 | 47 |
| | 20.8.1993 to 5.10.1993 | 99.98 | 47 |
| | 6.10.1993 to 21.11.1993 | 47.91 | 47 |
| | 22.11.1993 to 7.1.1994 | 33.54 | 47 |
| | 8.1.1994 to 23.2.1994 | 27.48 | 47 |
| | 24.2.1994 to 31.3.1994 | 75.24 | 47 |
| 1994-95 | 1.4.1994 to 30.6.1994 | 141.94 | 94 |
| 177170 | Total | 1042.82 | |

As the funds to the extent indicated above were not needed for immediate requirements, the same could have been gainfully invested (after retaining a reasonable amount; say 20 per cent in the current accounts) in short term deposits (46 days) whereby BIS could have earned interest amounting to Rs 7.36 lakhs at a minimum rate of 7per cent per annum. Thus, the retention of excess money by BIS led to loss of interest.

BIS stated in September 1994 that as their monthly expenditure was around Rs 2 crores per month and even if a week's money was kept in their account some amount had to remain with the bank, as such it was not possible to invest the entire amount. The reply is not tenable as against the average daily receipt of Rs 10 lakhs (after allowing a normal period of 3 days for encashment of the cheques) BIS estimated an average expenditure of Rs 7 lakhs per day to meet their day to day requirements.

BIS, however, accepted (September 1994) the audit suggestion and stated that efforts would be made in future to earn more interest by investing surplus funds in short term deposits. Ministry endorsed (February 1995) the reply given by BIS.

CHAPTER III

Ministry of Commerce

Coffee Board

4. Extra contractual benefit to manufacturers of instant coffee

Coffee Board, Bangalore (Board), a statutory body constituted under the Coffee Act, 1942 (Central Act VII of 1942) entered into contracts in March 1988, December 1988 and January 1990 with All Union Self Supporting Foreign Economic Association (buyer) of USSR for export to that country of specified quantities of instant coffee during 1988, 1989 and 1990. The Board also entered into agreements for manufacture of required quantities of instant coffee out of green coffee supplied by it, with Firm 'A' and Firm 'B' for the 1988 and 1989 contracts and with Firm 'A', Firm 'B' and Firm 'C' for the 1990 contracts.

Mention was made in para 9.5 of Report of the Comptroller and Auditor General of India for the year ended 31 March 1990 (No.14 of 1991), Union Government (Other Autonomous Bodies) about the loss of Rs 12.10 crores sustained by the Board in these manufacturing contracts on account of not working out the actual gains accruing to the manufacturers. Further examination of these contracts revealed that the Board had transferred Replenishment (REP) licences valued at Rs 597.46 lakhs to the manufacturers out of Rs 683.52 lakhs received against export of instant coffee to USSR during 1988 to 1990 as detailed below:

(Rupees in lakhs)

| Year of | Value of REP | Value of REP |
|----------|------------------|------------------------|
| Contract | licence received | licence transferred to |
| | | the manufacturers |
| 1988 | 125.18 | 39.11 |
| 1989 | 275.29 | 275.29 |
| 1990 | 283.05 | 283.05 |
| Total | 683.52 | 597.45 |

At the time of concluding the contract (March 1988) for the year 1988, export of any product containing raw materials/ packing materials procured under duty

exemption scheme was not entitled to Replenishment Import licence as per the Government of India export policy in force. Subsequent to the signing of the 1988 contract (March 1988), Government of India announced a new export policy effective from April 1988. Under that policy, the Board, as exporter of instant coffee, was entitled to receive Special Replenishment (REP) licences for value equal to 10 per cent of net foreign exchange earnings achieved in fulfilment of the export obligation and a further 20 per cent (reduced to 10 per cent from April 1990) of earnings achieved beyond the export obligation even in respect of materials procured under duty exemption scheme.

Board decided in December 1989 to pass on REP licences received in repsect of the 1988 contract to the manufacturers of instant coffee on their request, after obtaining an undertaking from them to the effect that REP licences would be utilised by them for import of items in accordance with the terms of issue of REP licences and that they would not indulge in trading of REP licences. Pursuant to this decision, the Board transferred a licence for Rs 39.11 lakhs to a manufacturer in February 1990. Since the other manufacturer did not furnish the undertaking, REP licence for Rs 86.06 lakhs was disposed of in August 1990 at a premium of 25 per cent after calling for quotations. By transfer of REP licence without consideration, the Board passed on an extra contractual benefit of Rs 9.78 lakhs to the manufacturer calculated at 25 per cent premium obtained in disposal of REP licence for Rs 86.06 lakhs.

Board similarly transferred in January 1992 the licences for Rs 558.34 lakhs received in repsect of 1989 and 1990 contracts to the manufacturers or their suppliers of packing materials. Considering that the Board received premium at 36 per cent (approximate) in disposal of similar licences around the time of transfer of the licences, the extra contractual benefit passed on to the manufacturers in these cases amounted to Rs 201 lakhs. Thus, the total extra contractual benefit provided in the three contracts totalled to Rs 210.78 lakhs.

Ministry stated (September 1993) that in order to regain the instant coffee contract from USSR lost in 1987, it was inevitable for the Board to negotiate contracts simultaneously for both instant and green coffee in order to clinch the green coffee

contract with USSR buyers. They also defended the Board's action by arguing that the manufacturers were *defacto* exporters who were liable for all consequences, losses and damages arising out of the contract and the board had to supply only raw coffee required for conversion so that the Coffee Board could get a reasonable price and regain the market lost in 1987. They further contended that REP licences were passed on to the manufacturer to make the value added products competitive in the world markets. To make instant coffee price competitive and acceptable to the buyers, the Board had to pass on the incentives to the manufacturers. Ministry added that the manufacturing agreement provided for passing on the CCS, such other drawbacks and the available benefits on export of instant coffee to the manufacturers.

Ministry's contentions are not acceptable for the following reasons:

- (a) The matter of transfer of REP licences to be received by the Board was not known at the time of concluding the Contract in March 1988 and hence was not a factor in determining the terms of contracts with the manufacturers of instant coffee prior to April 1988; and the packing materials were procured by them under duty exemption scheme.
- (b) The words in the clause "such other drawbacks" and "available benefits" in the agreements would refer only to benefits similar in nature to drawbacks, cash compensatory support and not to a benefit altogether different such as Replenishment licence.

Had the clause been inclusive of the benefits under REP licence, the manufacturers would not have pleaded with the Board for passing on such benefits subsequently. Instead, they would have claimed it under the agreement itself.

(c) As pointed out in the Audit Report for the year ending March 1990 the Board actually sustained huge losses in these manufacturing contracts due to payment of higher conversion charges and realisation of lower prices for green coffee, as rates for supply of green coffee during 1989 and 1990 contracts were much lower than the Minimum Release Price fixed by the Government for the different grades of coffee consumed in the conversion. If the manufacturers were considered as defacto exporters, the Board should

not have suffered the losses mentioned above and instead allowed the manufacturers to enter into direct contract with USSR buyers by offering green coffee at market rates.

- (d) Fixation of price of instant coffee with USSR buyers had no bearing on the issue of transfer of export incentives to manufacturers.
- (e) Neither the Board's records made available to Audit nor its clarifications furnished in September 1993 revealed reasons for not incorporating a specific provision for transfer of the licences to the manufacturers in the agreements of 1989 and 1990 concluded with them. There was also no indication of having taken into account the profits accruing out of transfer of REP licences in computation of charges allowed to the manufacturers for conversion of green coffee to instant coffee.

Thus the transfer of REP licences valued at Rs 597.45 lakhs on which the Board could have earned a premium of Rs 210.78 lakhs was not justified.

CHAPTER IV

Ministry of Finance

(Department of Economic Affairs)

Indian Investment Centre

5. Failure to avail of interest facility

According to the Reserve Bank of India (RBI) circular of December 1985, no bank shall open savings deposit account in the name of the Government Departments/ bodies depending upon Government's budgetary allocations for performance of their functions. This prohibition will not, however, apply to the organisations/agencies/ societies registered under Societies Registeration Act, 1860 or any other corresponding law in force in a State or Union Territory.

Indian Investment Centre an institution registered under the Societies Registeration Act, 1860 had its current accounts in the State Bank of India, Central Bank of India and Bank of India, Parliament Street, New Delhi. It did not open savings bank accounts as permissible under circular of the Reserve Bank of India and, therefore, did not avail of the facility of earning usual rate of interest on savings bank accounts.

Test check of the records/Bank statements of the Centre revealed that balances ranging from Rs 8.76 lakhs to Rs 79.52 lakhs, Rs 12.80 lakhs to Rs 81.40 lakhs, Rs 130.82 lakhs to Rs 159.87 lakhs, Rs 176.75 lakhs to Rs 233.06 lakhs and Rs 204.67 lakhs to 226.03 lakhs during the years 1990-91, 1991-92, 1992-93, 1993-94 and 1994-95 (September 1994) respectively were lying in its current accounts.

Failure to keep its funds in the savings bank accounts resulted in loss of interest to the tune of Rs 26.78 lakhs from 1990-91 to 1994-95 (September 1994) calculated on the minimum balances at the rate of interest applicable o savings bank accounts.

Ministry stated in August 1994 that financial bye laws of the Centre provide that the grant-in-aid received is to be kept in a current account, accordingly, there was no loss of interest. The Ministry, however, did not state the reasons for not amending bye

laws of the Centre in view of the RBI's circular of December 1985. The fact remains that had the Centre amended its bye laws, it would have earned interest of Rs 26.78 lakhs and grants to that extent would have been saved by the Government. Thus, there is a need for amending the financial bye-laws so that the Centre can augment its resources.

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CHAPTER V

Ministry of Health and Family Welfare All India Institute of Medical Sciences, New Delhi

6. Premature release of funds

All India Institute of Medical Sciences, New Delhi (Institute) approved construction of 96 - Type-I, 144 - Type-II (B type) and 52 - Type-IV quarters at Ayurvigyan Nagar at an estimated cost of Rs 350.23 lakhs in March 1991. The Institute approached the Central Public Works Department (CPWD) in March 1991 for taking up the construction work as 'Deposit work' and deposited with them Rs 60 lakhs as initial deposit in March 1991 itself after obtaining a rough cost estimate of Rs 666 lakhs based on CPWD's standard plinth area norms. The preliminary estimates for this work for Rs 767.42 lakhs were submitted by CPWD for obtaining administrative approval/expenditure sanction in January 1992 which was accorded by the Institute only in July 1994.

Meanwhile due to requirement of additional flats and improvement of type design on the basis of latest norms, it was decided to prepare fresh lay out plan. As such offers from various Architects were invited and Estate Committee approved the appointment of Architects in August 1992. The work of architectural planning was allotted to a firm in October 1992 and the type designs/plans prepared by them were approved by the Institute in November 1992 and the firm requested to get the plans approved from Civil authorities/ Delhi Urban Arts Commission. The plans submitted to N.D.M.C. in April 1993 were finally accepted in August/September 1993. Thereafter, these were forwarded to Delhi Urban Arts Commission/Fire Authorities and Civil Aviation. The plans were approved by Delhi Urban Arts Commission in March 1994 and finally by DDA in September 1994. The Institute had, in the meantime further released Rs 340 lakhs (Rs 40 lakhs in March 1992, Rs 100 lakhs in March 1993 and Rs 200 lakhs in March 1994) to CPWD. The reasons for release of grants without actual requirement were not, however, available on record. The Institute stated in September 1994 that it had limited funds every year and it was not possible to spare funds to the extent of Rs 7

crores or so in one year. Therefore, it had become necessary to take out available funds from every year's allocation to execute the work. Thus, the above amounts were released by the Institute simply to avoid lapse of budget grants as is evident from the release of all the instalments by the Institute at the fag end of each financial year. As regards the physical progress of the work it was observed that the work of 272 staff quarters is yet to start (November 1994) as it was awarded to the contractor only in August/November 1994 and funds amounting to Rs 13.76 lakhs only were utilised till March 1994 for planning, designing and construction of over head tank.

Thus, delay on the part of the Institute in finalising the pre-construction requirements viz. approval of preliminary estimates and designs/plans and premature deposit with CPWD, resulted in blocking of funds amounting to Rs 400 lakhs.

Ministry stated (February 1995) that whenever a deposit work is entrusted to CPWD, as per requirement, full funds have to be placed at their disposal. It further stated that since it was not possible for the Institute to release funds in one go, the Institute was releasing funds in piecemeal so that CPWD could give sufficient importance to this work without loss of time. Ministry's reply is not tenable as the funds were not released to CPWD as per their requirement. The department was aware of slow progress of work and even the Plans were approved by various authorities, DDA etc. after the funds were released to CPWD. Thus the release of funds was premature.

7. Blocking of funds

Based on survey done in 1985, the All India Institute of Medical Sciences (AIIMS) deposited Rs 130 lakhs in March 1987 with Delhi Development Authority (DDA) for removal of 1300 jhuggis from its land at Ayurvigyan Nagar and Masjid Moth at the rate of Rs 10,000 per jhuggi. In the meantime the number of jhuggis had risen to 2367 (1581 in Masjid Moth area and 786 in Ayurvigyan Nagar). Consequently, DDA demanded additional sum of Rs 107 lakhs in April 1987. However, it had removed only 786 jhuggis from Ayurvigyan Nagar during April 1987 to March 1993 charging Rs 78.60 lakhs for value of work done. As AIIMS could not deposit the additional amount, no action was initiated by DDA for removal of the remaining jhuggis. In the meantime, the

work of slum wing was transferred from DDA to MCD (January-March 1993) and AIIMS approached DDA for refund of Rs 51.40 lakhs in April 1993 out of its initial deposit of Rs 130 lakhs. The amount was refunded by DDA in September 1993. Since the amount of Rs 51.40 lakhs remained with DDA for a period of 78 months and DDA being a commercial organisation, it was liable to pay interest of Rs 29.88 lakhs calculated at the rate of 9 per cent per annum. AIIMS did not agree to DDA's decision for removing 514 jhuggis for which payment had already been made. It also did not claim interest on the amount of Rs 51.40 lakhs.

Ministry stated in February 1995 that DDA does not pay any interest for the money deposited for works like clearance of jhuggis. AIIMS was working in a situation of acute financial stringency and it could not release the balance of Rs 1.06 crores demanded by DDA. Unfortunately DDA also did not agree to remove all the jhuggis without receipt of further funds demanded by it.

However, the fact remains that AIIMS neither released the sum demanded by DDA (Rs 1.06 crores) nor claimed the refund of unspent balance of Rs 51.40 lakhs lying with DDA out of the initial deposit of Rs 130 lakhs, in time.

Post Graduate Institute of Medical Education and Research, Chandigarh

8. Non-levy of damages

In March 1991, the Post Graduate Institute of Medical Education and Research, Chandigarh (PGI) placed a supply order on a firm in U.K. for the supply of a Microscribe - 23 Machine with accessories and consumables at the quoted price of £ 38786 C.I.F. New Delhi. The equipment was required for diagnosis of the patients in the Neurology Department of PGI. As per the terms and conditions of the supply order, the firm was to supply, install and commission the equipment within a period of six weeks after the receipt of an irrevocable letter of credit (LOC) failing which the firm was liable to pay damages at 2 per cent per month or part thereof, of FOB value (£ 38086) of the equipment.

An LOC for £ 36846.70 (after excluding £ 1894.30 towards performance guarantees) was opened in favour of the firm in February 1992 through the State Bank of India, Chandigarh. The equipment was received in PGI in May 1992 but with incomplete accessories. The matter regarding supply of the balance accessories (pattern reversal generator, stimulator electrodes etc.) and installation and commissioning of the equipment remained under correspondance between PGI and the firm including its Indian Agent at New Delhi. It was only in March 1994 that the firm supplied the balance accessories/consumables and deputed their engineers from UK, and the machine was installed and commissioned on 28 April 1994.

Damages for the delay in supply of the equipment complete in all respects and its installation and commissioning by 25 months (April 1992 - April 1994) at 2*per cent* per month on FOB value (Rs 21.40 lakhs) worked out to Rs 10.70 lakhs which had not been levied on the firm as of September 1994.

PGI stated (December 1994) that it had already taken up the matter with the firm in October 1994. A perusal of its communication of October 1994, however, revealed that it related to penalty, in case the equipment did not give satisfactory service and not to damages leviable for its late supply/commissioning.

The matter was referred to Ministry in June 1994; their reply has not been received as of March 1995.

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CHAPTER VI

Ministry of Human Resource Development (Department of Culture)

Birla Industrial and Technological Museum

9. Avoidable extra expenditure

In January 1991, Birla Industrial and Technological Museum entered into a contract with OTIS Elevators (India) Limited (Firm) for supply and installation of two escalators at a total cost of Rs 38.76 lakhs which was revised in May 1991 to Rs 38.40 lakhs due to change in specifications. As per the contract, the escalators were to be supplied and installed in June 1992.

In August 1991, the firm claimed an additional amount of Rs 11.36 lakhs on the ground of increase in the cost of certain parts of the escalators to be imported from Germany due to devaluation of the rupee in the same month. Although the firm could not substantiate their claim with documents to prove that they had actually imported the parts after devaluation, Museum accepted the claim and the contract price was revised to Rs 49.76 lakhs in April 1992.

The escalators were installed in January 1993 after a lapse of thirty one weeks from the contracted date of delivery. Museum paid the entire amount in five instalments between January 1991 and March 1993 but did not recover liquidated damages of Rs 4.98 lakhs (10 per cent of the cost price) for delayed delivery as provided in the contract.

On being pointed out by Audit, Museum constituted a Committee in September 1993 to examine the issue. In November 1993, the Committee upheld the audit observation and also recommended for recovery of the liquidated damages of Rs 4.98 lakhs from the firm.

In March 1994, Museum took up the matter with the firm for recovery of liquidated damages. The liquidated damages remained unrecovered, as of January 1995.

Thus, irregular acceptance of the revised price in contravention of the provisions of the contract coupled with non-recovery of liquidated damages resulted in an avoidable extra expenditure of Rs 16.34 lakhs.

Museum stated in June 1994 that the enhancement of price by Rs 11.36 lakhs had been agreed to by them after ensuring that the increase was related to devaluation of currency and was statutory and unavoidable. Museum's contention is not acceptable to Audit and the change of value of the contract is to be treated as extra-contractual in the absence of documentary evidence to indicate that the parts were actually imported after devaluation.

While endorsing the views of Museum, Ministry stated (January 1995) that since the payments had already been made, it would not be possible to get the claims for delayed delivery.

Sahitya Akademi

10. Publications

One of the functions of the Sahitya Akademi is to publish or to assist associations and individuals in publishing literary works including biographies, dictionaries, encyclopaedias, basic vocabularies etc. in the various Indian languages.

The number of titles published by the Akademi from 1989-90 onwards were as under:

| Year | No. of Titles published | | | | |
|---------|-------------------------|---------|--|--|--|
| | Ist Edition | Reprint | | | |
| 1989-90 | 99 | 20 | | | |
| 1990-91 | 117 | 36 | | | |
| 1991-92 | 136 | 59 | | | |
| 1992-93 | 179 | 28 | | | |
| 1993-94 | 130 | 39 | | | |

In addition to the above publications Akademi has also taken up various reference works/projects viz. (i) Encyclopaedia of Indian Literature; (ii) Integrated

History of Indian Literature; (iii) Inventory of Ramayana Studies in world; (iv) Indian History of Ideas; (v) The National Register of Translators; (vi) Bibliography of Inter language Translations of Creative Literature; (vii) Who's who of Indian Writers; (viii) Modern Indian Literature; (ix) Medieval Indian Literature; and (x) Ancient Indian Literature. Besides the above, three periodicals (bi-monthly, quarterly and six-monthly) are also brought out by Akademi.

The total number of books in different Indian languages published, sold, distributed free of cost and their cumulative value as on 31st March of the years from 1989-90 onwards is indicated below:

(Figures in lakhs)

| Year | Pub | lished | 5 | Sold | Gı | atis | Balance | | Percent- |
|---------|------------------|---------------|---------------|---------------|---------------|---------------|-----------------|---|---|
| | No. of copies | Value (Rs) | No. of copies | Value (Rs) | No. of copies | Value (Rs) | No of copies | (Progressive Total) Value (Rs) | age value of unsold publica- tion |
| 1989-90 | 31.88 | 363.98 | 22.20 | 205.84 | 2.10 | 17.49 | 7.58 | 140.65 | 38.64 |
| 1990-91 | 33.89 | 430.88 | 23.53 | 236.14 | 2.22 | 20.20 | 8.14 | 174.54 | 40.50 |
| 1991-92 | 36.95 | 524.73 | 25.33 | 281.05 | 2.29 | 22.99 | 9.33 | 220.69 | 42.05 |
| 1992-93 | 40.05 | 759.69 | 27.08 | 347.28 | 2.41 | 27.98 | 10.56 | 384.42 | 50.60 |
| 1993-94 | 42.52 | 916.41 | 28.49 | 418.43 | 2.52 | 34.66 | 11.51 | 463.32 | 50.61 |

Books worth Rs 463.32 lakhs were lying in stock as of March 1994. During 1989-90 to 1993-94, the value of unsold publications ranged from 38.64per cent to 50.61 per cent. Further more, the value of unsold publications in languages (other than English and Hindi) ranged from 15.56 per cent to 89.45 per cent. Thus the books were got printed in excess of actual requirement, which in turn resulted in blocking of funds to this extent.

Akademi stated in September, 1994 that it was obligatory to print books in all Indian languages which include Dogri, Kashmiri, Maithili, Manipuri, Rajasthani etc. These languages are slow selling. The reply of Akademi is not tenable as the stock was

held in excess of requirement and the stock of publications in languages other than those cited above ranged from 33.23 per cent to 69.35 per cent.

Department of Education

11. Indian Institute of Management, Calcutta

11.1 Introduction

Indian Institute of Management, Calcutta was established in 1961 as a society under the Societies' Registration Act 1860. The main objectives of the Institute are to impart management education, to provide professional training in management to persons from public and private sector, to conduct research programme and to provide consultancy services to industry and Government agencies.

11.2 Organisational set up

The control of the Institute is vested with Board of Governors comprising a Chairman appointed by the Government of India in consultation with the Government of West Bengal. Other members of the Board include nominees of the Government of India and Government of West Bengal, representatives from constituencies like education, commerce, industry, labour and other interests. The Director of the Institute is an exofficio member. The general administration is looked after by the Director.

11.3 Scope of Audit

The Audit of Accounts of the Institute has been entrusted to the Comptroller and Auditor General of India under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971 upto the year 1996-97. A review of the working of the Institute was conducted by Audit covering the period from 1989-90 to 1993-94.

11.4 Highlights

Violation of Government instructions on investment of fund and nonreconciliation of bank balance.

(paragraph 11.5.2)

Cost over run of Rs 69.44 lakhs.

(paragraph 11.6.2)

Short fall in intake under Post Graduate programme.

(paragraph 11.7)

Non fixation of faculty workload and faculty-student ratio.

(paragraph 11.8)

Inordinate delay in completion of research projects.

(paragraph 11.9)

Consultancy rules of the Institute were not in conformity with the instructions of the Government of India

(paragraph 11.10)

11.5 Finance and Accounts

11.5.1 Receipts and Payments

Institute is financed mainly by grants from Government of India. It has also its own sources of income from fees, consultancy, training programmes, management development programmes, extension programmes, royalty, donation, sale proceeds of publication etc. A summary of receipts and payments of the Institute relating to the period 1989-90 to 1993-94 is given below:

(Rupees in lakhs)

| Year | Opening Balance | Grant Recd. | Receipts from other sources | Total fund | Payments | Closing Balance |
|-----------|--------------------|----------------|-----------------------------------|---------------|----------|--------------------|
| 1989-90 | -1.48 | 415.80 | 87.43 | 501.75 | 497.25 | 4.50 |
| 1990-91 | 4.50 | 497.17 | 115.78 | 617.44 | 578.63 | 38.81 |
| 1991-92 | 38.81 | 478.32 | 113.89 | 631.02 | 591.30 | 39.72 |
| 1992-93 | 39.72 | 473.00 | 135.58 | 648.30 | 626.26 | 22.04 |
| 1993-94 • | 22.04 | 645.30 | 276.12 | 943.46 | 779.07 | 164.39 |

The break-up of expenditure between revenue and capital from 1989-90 to 1993-94 is as below:

(Rupees in lakhs)

| Year | Total Expen- diture | Revenue Expen- diture | Percentage of Revenue Expenditure | Capital Expen- diture | Percentage of Capital Expenditure |
|---------|---------------------------|-----------------------------|---|-----------------------------|---|
| 1989-90 | 497.25 | 331.89 | 66.75 | 165.36 | 33.25 |
| 1990-91 | 578.63 | 397.69 | 68.73 | 180.94 | 31.27 |
| 1991-92 | 591.30 | 424.35 | 71.77 | 166.95 | 28.23 |
| 1992-93 | 626.26 | 410.71 | 65.58 | 215.55 | 34.42 |
| 1993-94 | 779.07 | 495.73 | 63.63 | 283.34 | 36.37 |

The pattern of expenditure shows that only one-third of total expenditure was incurred on creation of capital assets on an average and two-third thereof was utilised on revenue and maintenance account during the period from 1989-90 to 1993-94.

11.5.2 Cash Management

Government of India prescribed from time to time the pattern in which the designated and non-designated funds held by the Government Organisations are to be invested. The prescribed pattern of investment operative from April 1986 and April 1993 as per Ministry of Finance Orders of March 1986 and January 1993 is as shown below:

| Pattern of Investment Effective date | Govt, securities and negotiable securities guaranteed by Government | Spl. Deposit Scheme | Bonds and securities of public sector bodies |
|---|---|------------------------------------|--|
| April 1986 | Not less than 15 per cent | Not exceeding eighty five per cent | Nil |
| April 1993 | 15 per cent | 70 per cent | 15 per cent |

Institute did not follow the instruction of Government of India in investing its designated funds like Provident Fund etc. held by it. The extent of deviation from the prescribed pattern of investment is shown in Appendix IV.

11.6 Campus Development

During the period under review the following works (superstructure) were undertaken and completed the details of which are shown below:

(Rupees in lakhs)

| SI. No | Name of work | Esti mated cost | Tendered cost | Date of commen- cement | Prescri- bed date of com- pletion | Actual date of comple- tion | Actual cost as of Aug'94 | Percentage increase over estimated cost |
|-----------|--|-----------------------|------------------|------------------------------|--|--------------------------------------|-----------------------------------|---|
| 1. | 170 Bedded students Hostel | 57.83 | 61.83 | Feb 1990 | Feb 1992 | April 1993 | 64.12 | 10.88 |
| 2. | New lecture Hall and Teaching Block | 48.26 | 49.16 | March 1990 | March 1992 | May 1994 | 89.23 | 84.89 |
| 3. | Kitchen and Group D staff quarters | 31.84 | 32.44 | March 1990 | March 1992 | March 1994 | 61.81 | 94.13 |

11.6.1 Irregular payment of escalation charges

The construction work of 170 bedded students' hostel was awarded to contractor 'A' in February 1990 at lowest tender for Rs 61.83 lakhs. In February, 1991, the contractor represented to the Institute for payment of escalation charges of Rs 5.25 lakhs in view of the steep rise in price of materials and labour. Although, the agreement did not stipulate payment of any escalation charges on account of increase in cost of labour and materials the Institute paid Rs 5.25 lakhs between September 1992 and August 1994 for the escalation. The Institute replied in December 1994 that the termination of the contract would have involved legal litigation and there would have been substantial increase in cost if fresh tender had to be called for. However, this resulted in extracontractual payment to the contractor 'A' to the extent of Rs 5.25 lakhs.

The works of construction of superstructure of 'Teaching Block' and 'Class IV Staff Quarters' were awarded in March 1990 to contractor 'B' on the basis of lowest quotation for Rs 81.60 lakhs against the advice of RITES, the consultant, who opined that the records of the contractor did not inspire confidence in his ability to deliver the goods. The progress of works was very slow. Inspite of repeated reminders contractor did not accelerate the pace of work. Upto March 1991, after expiry of one year of commencement of the works, only 15 per cent and 21 per cent of work relating to Teaching Block and Class IV Staff Quarters respectively could be completed against targeted 60 per cent. The contract was terminated in February 1992 after the contractor stopped the work altogether in the two buildings from June 1991. Fourth running account bills for Rs 4.86 lakhs and Rs 7.01 lakhs in respect of the two works were paid in March 1992. Further, security deposits of Rs 0.59 lakh and Rs 0.76 lakh were also refunded in March 1992 without invoking penalty clause of the agreement for delay in work. As per agreement, the contractor was liable to pay Rs 0.82 lakhs compensation at the rate of 1 per cent minimum upto maximum of 10 per cent (Rs 8.16 lakhs) of tendered amount of Rs 81.60 lakhs in addition to forfeiture of security deposit. On the basis of the fresh tender enquiry of June 1992 the contract for balance unfinished work of two buildings was awarded to contractor 'A', the lowest bidder, in October 1992, stipulating August 1993 as the target date of completion, at tendered cost of Rs 93.26 lakhs and 47.64 lakhs respectively. As the balance work also could not be completed within the scheduled date, extension of time was allowed upto December 1993. The construction of Teaching Block and Class IV Staff Quarters were completed in May 1994 and March 1994 respectively of the actual cost of Rs 151.04 lakhs (August 1994).

While accepting the facts, the Institute stated in December 1994 that imposition of penal clause might lead the contractor to bring in legal stay order. The fact however, remains that security deposits had been refunded after termination of contract without adjustment of penalty leviable under the terms of contract.

The selection of contractor against the advice of RITES resulted in time over run of two years and cost over run of Rs 69.44 lakhs (Rs 151.04 lakhs-Rs 81.60 lakhs) upto August 1994 comprising 88.56 per cent over the estimated cost.

11.7 Academic Programmes

11.7.1 Post Graduate Programme

The Post Graduate Programme (PGP) is a full time course of two years duration. The actual intake vis-a-vis intake capacity under the course is shown below:

| Year | Intake Capacity | Number enrolled | Number of dropouts | Percentage of dropout | Number completed the course | Percentage of shortfall in enrolment compared to intake capacity |
|---------|--------------------|--------------------|--------------------------|--------------------------|-----------------------------|--|
| 1989-90 | 205 | 179 | 21 | 11.73 | 158 | 12.68 |
| 1990-91 | 161 | 132 | 17 | 9.50 | 115 | 18.01 |
| 1991-92 | 183 | 156 | 33 | 21.15 | 123 | 14.75 |
| 1992-93 | 239 | 219 | 38 | 17.35 | 181 | 8.37 |
| 1993-94 | 262 | 242 | N.A | | | 7.63 |

Nanda Review Committee in its report of January 1982 considered shortfall in intake as 'wastage' and percentages of dropout and wastage together exceeding 9.2 as of high value. It suggested to maintain a sufficiently long waiting list and admitting a slightly larger number than the sanctioned intake, based on previous experience in order to utilise the capacity to the fullest extent. The Institute stated in December 1994 that failure from first year to second year and withdrawals for personal reasons contributed to dropout. They, however, did not take any follow up action as per the recommendations of Nanda Review Committee.

11.7.2 Fellowship Programme in Management

The Fellowship Programme in Management is recognised as equivalent to Ph.D. by the Association of Indian Universities. The programme provides for development of concepts and skills necessary for advanced research and teaching in management. A stipend of Rs 1800 to Rs 2500 per month and a contingent grant of

Rs 5000 *per annum* were being paid to the students selected for fellow programme for a period of four years. The particulars in respect of the programme for the period under review are summarised below:

| Year | Intake Capacity | Number enrolled | Percentage of shortfall to intake capacity | Number of dropout | Percentage of dropout |
|---------|--------------------|--------------------|---|----------------------|-----------------------|
| 1989-90 | 15 | 2 | 86.67 | 1 | 50 |
| 1990-91 | 15 | 4 | 73.33 | 1 | 25 |
| 1991-92 | 15 | 4 | 73.33 | 3 | 75 |
| 1992-93 | 15 | 4 | 73.33 | 1 | 25 |
| 1993-94 | 15 | 8 | 46.67 | N.A | |

The above table would indicate that substantial portion of the intake capacity remained unutilised. The Institute attributed the under utilisation of intake capacity due to three tier selection procedure and non response of the candidates even after final selection. The fact, however, remains that the infrastructure created for catering to the intake capacity remained grossly underutilised.

11.7.3 Post Graduate Certificate Course in General Management

Responding to the ever increasing demand for a well-designed comprehensive programme in Management from practicing managers the Institute started a Two-year evening programme in 1981. The working of the programme during the period from 1989-90 to 1993-94 may be assessed from the particulars given in the following table:

| Year | Intake Capacity | Number enrolled | Number of dropouts | Percentage of dropout to number enrolled |
|---------|--------------------|--------------------|--------------------|---|
| 1989-90 | 60 | 57 | 27 | 47.37 |
| 1990-91 | 60 | 58 | 30 | 51.72 |
| 1991-92 | 60 | 57 | 27 | 47.37 |
| 1992-93 | 60 | 60 | 27 | 45.00 |
| 1993-94 | 60 | 59 | N.A | |

The high percentages of drop-outs indicate that the infrastructure and faculty strength engaged for the programme remained underutilised. The Institute stated in June 1994 that the personal problems, transfer, failure etc. of the students are the main reasons for drop outs. They further stated in December 1994 that the Institute had not engaged any faculty on full time basis exclusively for this programme. But the fact remains that the infrastructure and faculty strength on which the intake capacity was determined remained underutilised.

11.8 Faculty Workload

Nanda Committee in its review report of January,1982 had felt the urgent necessity for the Institute to assess the work load of faculty. It also stressed the necessity to account for the total number of working hours, at the rate of eight hours per day, for 200 working days in a year. Faculty, besides teaching, which was recognised by the said committee as of primary importance were also engaged in the types of work such as, training programmes, consultancy, research, seminars, workshop organised by other agencies and academic administration. Institute does not maintain any records showing faculty memberwise break-up of their engagements in various activities of Institute. Faculty work-load norms have also not been devised as per recommendation of Nanda Review Committee. As a result the utilisation or faculty strength could not be evaluated. Institute stated in August 1994 that a Faculty Norms Committee had been constituted. Its report, on receipt, would be placed before the Board of Governors for approval.

11.8.1 Faculty-Student Ratio

Faculty-student ratios in the Institute for the years 1989-90 to 1993-94 were as below:

| Year | Number of student | Number of faculty members | Ratio for long programmes | Combined ratio for long and short programmes |
|---------|-------------------------|---------------------------------|---------------------------|--|
| 1989-90 | 379 | 57 | 6.50 | 6.94 |
| 1990-91 | 358 | 57 | 6.28 | 6.72 |
| 1991-92 | 342 | 57 | 6.00 | 6.44 |
| 1992-93 | 414 | 57 | 7.26 | 7.70 |
| 1993-94 | 496 | 57 | 8.70 | 9.14 |

As mentioned in Nanda Review Committee Report, the ratio generally accepted for University Departments of Management studies is about 12 to 15. Institute has not prescribed any faculty-student ratio on the basis of which the reasonableness of the faculty strength can be determined. However, in comparison to the ratio mentioned above the present faculty strength (1993-94) of Institute is at least 38per cent more than acceptable. Institute stated in December 1994 that they did not have any concept of faculty student ratio.

11.9 Research Programme

(a) Centre for Management and Development Studies (CMDS) co-ordinates the promotion of research activities at Institute. Institute provides funds to faculty members for research projects and case studies which are in the nature of pilot study of limited size and budget. As per rules, the project leaders should submit six monthly progress reports and are personally responsible for completion of the projects within the schedule date and submission of the final reports within 3 months thereafter. Institute is to arrange for publication of the reports after their review by the internal or external experts. The particulars of the projects, awarded, completed, cancelled etc. are indicated below:

| Year | Number of projects undertaken | Total expendi- ture (Rs in lakhs) | No.of projects comple- ted and report submit- t ed | Actual Expenditure (Rs in lakhs) | Report not submit- ted (Not comple- ted) | Expenditure incurred till date (Rs in lakhs) | Project cancelled | Expenditure incurred (Rs in lakhs) |
|---------|-------------------------------------|------------------------------------|--|-----------------------------------|---|--|----------------------|-------------------------------------|
| 1989-90 | 8 | 0.88 | 5 | 0.78 | 2 | 0.09 | 1 | 0.01 |
| 1990-91 | 14 | 1.57 | 11 | 1.45 | 3 | 0.12 | - | 9 |
| 1991-92 | 11 | 0.93 | 8 | 0.57 | 2 | 0.22 | 1 | 0.14 |
| 1992-93 | 11 | 0.52 | 3 | 0.20 | 8 | 0.32 | - | - |
| 1993-94 | 9 | 0.52 | | _ = | 9 | 0.52 | - | - |
| Total | 53 | 4.42 | 27 | 3.00 | 24 | 1,27 | 2 | 0.15 |

No report, either interim or final detailing the result of research was submitted in respect of 27 out of 51 projects taken up and two projects were not taken up at all. The reasons for non-submission of reports were not on record.

(b) A review of records revealed that reports on 19 projects relating to the period 1981-94 have not been submitted as of August, 1994. The reports in these cases are pending for periods ranging from 6 months to over 12 years even though a sum of Rs 5.48 lakhs had already been spent in 19 out of 24 projects. The expenditure incurred on balance 5 projects was not made available. While accepting the facts Institute stated in December 1994 that in research and development projects, it is very difficult to maintain time schedule.

11.10 Consultancy Service

Institute undertakes consultancy assignments for public and private sectors which are funded by the client organisations. The particulars of assignments undertaken and completed during 1989-90 to 1993-94 are shown below:

| Year | Number of programmes taken up | Number of programmes completed | Number of on going programmes |
|---------|-------------------------------|--------------------------------|-------------------------------|
| 1989-90 | 18 | 5 | 13 |
| 1990-91 | 15 | 3 | 25 |
| 1991-92 | 8 | 10 | 23 |
| 1992-93 | 15 | 9 | 29 |
| 1993-94 | 17 | 1 | 45 |
| Total | 73 | 28 | 45 |

In most of the cases time schedule was not available on records. The actual delay in completion of the projects was not therefore determinable. As compared to number of projects undertaken during a year, number of projects completed was very low with consequent accumulation of number of ongoing projects year after year. The Institute attributed this to delay in field work, obtaining of information etc. as the reasons for non-completion of projects. They also stated in December 1994 that in consultancy services straight jacketing of time frame was not always possible.

11.10.1 Consultancy Rules

Institute takes up consultancy work on requests received from outside agencies subject to recovery of costs as per norms set by it in its consultancy rules. According to these rules as approved by Government the receipts under consultancy were distributable between the faculty and Institute, after deducting the direct expenditure, cost of secretarial assistance and other facilities including 10 per cent thereof as overhead charges, in the ratio of 70 per cent and 30 per cent. The new consultancy rules of August 1992, which have been made applicable without the approval of Government provide sharing of proceeds of consultancy between the faculty and the Institute in the ratio of 60 per cent (including expenditures) and 40 per cent.

Government of India in their orders issued in May 1963, laid down some conditions which *inter alia*, provided that remuneration for the consultancy work may be suitably fixed taking into account the nature of the work, the time devoted for the work and facilities provided by the Institute. While the rules of Institute permitted its faculty members to undertake professional work of consultancy on behalf of the Institute for a maximum of 52 days in a year, they did not prescribe any norm regarding quantum of remuneration or honorarium to be paid in conformity with the instructions of Government. According to these instructions a faculty member who undertakes consultancy work for a maximum period of 52 days in a year is eligible for fees or remuneration equivalent to 52 days salary comprising 14 *per cent* of gross salary for that year. Test-check revealed that in 103 cases, faculty members received remuneration for consultancy exceeding 14 *per cent* of their gross annual salary during 1989-90 to 1993-94. The excess remuneration paid to faculty during 1989-94 amounted to Rs 50.43 lakhs.

| Year | No of Faculty members | Salary for 52 days/ 14% of annual salary (Rupees) | Amount of honora- rium received (Rupees) | Amount in excess of 52 days salary/ 14 % of annual salary (Rupees) | Gross annual salary (Rupees) | Honora- rium as percentage of salary |
|---------|-----------------------------|--|--|--|---------------------------------------|---|
| 1989-90 | 18 | 253513 | 660332 | 406819 | 1810798 | 36.47 |
| 1990-91 | 20 | 254455 | 1089512 | 835057 | 1799884 | 60.53 |
| 1991-92 | 21 | 298029 | 1570762 | 1272733 | 2081621 | 75.46 |
| 1992-93 | 22 | 370035 | 1284043 | 914008 | 2523789 | 50.88 |
| 1993-94 | 22 | 373288 | 1988003 | 1614715 | 2666304 | 74.56 |
| Total | | | 6592652 | 5043332 | | |

It was further noticed that during 1989-94, 56 members of faculty were engaged in consultancy work earning remuneration of Rs 77.36 lakhs. Details indicating the range of honorarium earned by the faculty members are given in the table below:

| Range of the amount of honorarium paid | No.of faculty members |
|--|-----------------------|
| Below Rs 0.50 lakhs | 16 |
| Rs 0.50 lakhs to Rs 1 lakh | 14 |
| Rs 1 lakh to Rs 3 lakhs | 20 |
| Rs 3 lakhs to about 7 lakhs | 6 |

Institute stated in August 1994 that consultancy norm are followed as per rules approved by the Government. The contention is not correct as the new consultancy Rules of August 1992 have not been got approved by the Government as required under Memorandum of Association of the Institute.

11.11 Management Development Programmes (MDP)

Institute conducts various short term programmes for practising managers and administrators as a means of continuing education. The particulars of the

programmes conducted, number of participants etc. from 1989-90 to 1993-94 are indicated below:

(Rupees in lakhs)

| Year | No.of programmes planned | No.of conducted programmes | Percentage of shortfall | No. of participants | Total expendi- ture | Total Receipts |
|---------|--------------------------------|----------------------------------|-------------------------|---------------------|---------------------------|-------------------|
| 1989-90 | 27 | 15 | 44.44 | 372 | 15.77 | 18.66 |
| 1990-91 | 38 | 27 | 28.95 | 222 | 23.87 | 24.84 |
| 1991-92 | 32 | 20 | 37.50 | 420 | 23.42 | 25.24 |
| 1992-93 | 27 | 18 | 33.33 | 222 | 11.74 | 18.33 |
| 1993-94 | 29 | 22 | 24.14 | 372 | 19.46 | 32.23 |
| Total | 153 | 102 | 33.33 | 1608 | 94.26 | 119.30 |

As compared to number of programme planned, the number of programme actually held is significantly low during the period from 1989-90 to 1993-94 with maximum of 44.44 per cent shortfall in 1989-90 and total shortfall of 33.33 per cent in five years. Institute stated in August and December 1994 that the reasons for shortfall as well as decrease in number of participants from 1991-92 are attributable to low response from the participants, shrinkage of the training budget of the participating organisation, last minute withdrawal by the participants, absence of the faculty member on long leave etc..

The guidelines for conducting MDP stipulates minimum of 10 participants for the programme. It was noticed that 18 programmes were conducted during 1989-90 to 1993-94 with less than 10 participants out of which 10 programmes were conducted even with 5 to 6 participants.

11.12 Publication

Two books viz "Bibliography on Management of Rural Development" and "Directory of Organisation in Rural Development" with 5 volumes each were brought out during the period from 1989-90 to 1993-94. The particulars relating to publication of books during the said period are shown below:

| Year | No. of copies printed for sale/issue | No. of copies sold/issued upto March 1994 | No. of unsold copies as on March 1994 | Percentage of unsold copies to no. of copies printed | Value of unsold copies (Rs in lakhs) |
|---------|--|--|---|---|--|
| 1989-90 | 1001 | 693 | 1100 | 61.52 | |
| 1990-91 | | | | 01.52 | 0.66 |
| 1991-92 | 514 | 4 | 510 | 00.22 | 0.21 |
| 1992-93 | 1598 | 12 | | 99.22 | 0.31 |
| | 1 | No oth | 1586 | 99.25 | 1.60 |
| 1993-94 | 987 | NIL | 987 | 100.00 | 1.48 |
| Total | 4900 | 709 | 4191 | 85.53 | 4.05 |

Out of 4900 copies of books printed and published during the period from 1991-92 to 1993-94, 4191 copies remained unsold from the date of their publication till March 1994. The total value of unsold books was Rs 4.05 lakhs as of March 1994. Injudicious and improper assessment of the required number of copies to be printed thus resulted in accumulation of unsold copies of book worth Rs 4.05 lakhs. While accepting the facts, Institute stated in December 1994 that they did not have any marketing channels and often depended on specific request for selling the books.

The matter was referred to Ministry in October 1994; their response has not been received (March 1995).

12. Navodaya Vidyalaya Samiti

12.1 Introduction

Navodaya Vidyalaya Samiti was set up as a registered socieity in February 1986 to implement the Navodaya Vidyalaya Scheme which aimed at establishing, endowing, maintaining, controlling and managing model schools called Navodaya Vidyalayas (NVs) having co-educational and residential facilities for providing good quality modern education to the talented children, predominently from rural areas. The NVs were to be set up, on an average one in each district, during the Seventh Five Year Plan. The broad aims of the NVs were to serve the objectives of excellence coupled with equity, to promote national integration, provide opportunities to the talented children to develop their full potential and to facilitate the process of school improvement, to ensure

that all students of NVs attained a reasonable level of competence in three languages as envisaged in the three language formula and to serve in each district, as focal point for improvement in quality of school education in general through sharing of experiences and facilities

12.2 Organisational set up

Samiti is managed by a Governing body (the Executive Council) with the Union Minister of Human Resource Development as Chairman. The Executive Council, consisting of 21 members, in addition to the Chairman and Vice-Chairman, is entrusted with the general superintendence, direction, control and administration of the Society. Samiti has three functional departments (besides Administration) viz. Finance, Academic and Construction. An Executive Committee (EC) is responsible for managing the affairs and funds of the Samiti. EC is assisted by two sub-committees, namely, Finance Committee (FC) and Academic Advisory Committee (AAC) in its functions. Samiti has also a Construction Coordination Committee (CCC) constituted in May 1987 with the approval of the EC. Director is the Principal Executive Officer of the Society and is responsible for administration of the affairs of the Society, its properties and institutions.

12.3 Scope of Audit

The accounts of the Society are audited under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. The present review is based on a test check of records of the Samiti and covers the period from 1985-86 to 1992-93/1993-94.

12.4 Highlights

Against budget provision of Rs 544.98 crores during the eight years from 1985-86 to 1992-93, the Government released grants totalling Rs 608.15 crores out of which Rs 604.19 crores were spent. Samiti released Rs 201.92 crores only to its seven Regional Offices (ROs) during 1989-90 to 1992-93.

(Paragraph 12.5.1 & 12.6)

Achievement in opening of Vidyalayas was only 60 per cent at the end of Seventh Five Year Plan and 66 per cent as on 31 March 1994.

(Paragraph 12.7.1)

Only five per cent of the admission seekers were selected for admission to the NVs (Class VI) and on an average only 77 per cent of the candidates were admitted during 1985-86 to 1992-93 in which the percentage of girls admitted ranged from 16 to 32 per cent only against the target of 33 per cent. As on 31 March 1993, the students on rolls in all the classes constituted only 69 per cent of the prescribed number.

(Paragraph 12.7.3.1 to 12.7.3.3)

Samiti incurred an infructuous expenditure of Rs 88.88 lakhs during 1986-87 to 1993-94 on excess printing of prospectus-cum-admission forms numbering 70.54 lakhs.

(Paragraph 12.7.3.4)

Advances amounting to Rs 80.68 lakhs (9 per cent) out of advances made during 1985-86 to 1993-94 for conduct of Jawahar Navodaya Vidyalaya Selection Tests (JNVSTs) were lying unutilised with NCERT.

(Paragraph 12.7.3.5)

Avoidable expenditure of Rs 23.49 lakhs was incurred by the NCERT on excess printing of Test Booklets for JNVSTs from 1989 to 1993. The NCERT suffered further loss of Rs 4.58 lakhs on computerisation of JNVST scripts and results on account of tender.

(Paragraph 12.7.3.6)

The injudicious award of Computer Literacy Programme (covering 30 schools) in November 1990 resulted in commitment of extra expenditure of Rs 85.80 lakhs. In 1991-92 the award of work for 73 schools was given to a firm without assessing its financial and technical capability.

(Paragraph 12.8.1.1)

There was delay in implementation of the Scheme of Strengthening of Teaching of Modern Biology and Bio-technology which resulted in blocking of funds (Rs 45.39 lakhs) for several years.

(Paragraph 12.8.1.2)

Samiti is overstaffed as is evident from the teacher student ratio in NVs which ranged between 1:12 to 1:19 during 1986-87 to 1992-93 against the generally accepted norm of 1:30 for all schools and 1:25 for NVs.

(Paragraph 12.8.3)

Samiti hired more than need based accommodation and rendered unauthorised financial help of Rs 29.88 lakhs to the landlords. Excess rent paid by the Samiti from February 1990 to March 1994 for hiring more than the need based accommodation was to the extent of Rs 64.17 lakhs.

(Paragraph 12.9.1)

Outstanding mobilisation advances during 1987-88 to 1992-93 amounted to Rs 81.76 crores; loss of interest thereon amounted to Rs 42.86 crores. An amount of Rs 21.05 lakhs is yet to be recovered from the defaulting contractors on account of delay in execution of work.

(Paragraph 12.10.2)

Samiti has not been able to construct a single school building upto March 1994. Work relating to construction of 82 buildings was found to be defective.

(Paragraph 12.10.3 (a)

Construction agencies were changed in respect of 23 schools in midstream. Claims on account of escalation of cost by the agencies to the extent of Rs 1.97 crores were pending against Samiti. The format of Agreement, executed with the Construction Agencies, needs to be suitably amended to include the penalty clause.

(Paragraph 12.10.3 (b)

Samiti incurred wasteful expenditure of Rs 3.38 crores on sites which were changed afterwards.

(Paragraph 12.10.3 (c)

Irregular expenditure of Rs 105.47 lakhs was incurred on renovation of rented buildings.

(Paragraph 12.10.3 (d)

There is no provision of separate dormitories for girls in 27 per cent schools.

(Paragraph 12.10.3 (e)

Samiti has not yet commissioned any periodic external evaluation of NVs by external agencies.

(Paragraph 12.11.2)

12.5 Finance, Accounts and Audit

12.5.1 The Samiti is wholly financed by the Government of India. Department of Education, Ministry of Human Resource Development (Ministry).

Against budget provision of Rs 544.98 crores, Samiti received grants totalling Rs 608.15 crores from the Ministry during the period 1985-86 to 1992-93 and an expenditure of Rs 604.19 crores was incurred there-against. The budget estimates, revised estimates, grants received and expenditure incurred during 1985-86 to 1992-93 were as under:

(Rupees in crores)

| Year | : | dget nates | | rised mates | | ints | Inter rece | | To rece | tal ipts | Expen | diture | Savin Exces | |
|--------|----------|---------------|--------|----------------|--------|--------------|---------------|-------------|------------|--------------|--------|--------------|----------------|--------------|
| | Plan | Non- plan | Plan | Non- plan | Plan | Non- plan | Plan | Non plan | Plan | Non- plan | Plan | Non- plan | Plan. | Non- plan |
| 985-86 | 1.00 | - | - | - | 2.00 | - | - | 9 /- | 2.00 | - | - | - | (-)2.00 | - |
| 986-87 | 25.00 | (4) | 20.00 | t=: | 18.00 | 721 | 0.11 | - | 18.11 | - | 7.28 | - | (-)10.83 | - |
| 987-88 | 69.00 | :=: | 59.00 | 74 | 69.00 | - 12 m | 1.06 | - | 70.06 | - | 67.91 | - | (-)2.15 | - |
| 988-89 | 69.30 | 141 | 79.30 | 74 | 79.30 | 72 | 2.72 | 1 <u>2</u> | 82.02 | _ | 75.42 | - | (-)6.60 | - |
| 989-90 | 79.30 | :=: | 79.30 | ::=: | 80.78 | .2 | 2.61 | - | 83.39 | 4 | 89.12 | 7- | (+)5.73 | - |
| 990-91 | 35.00 | 42.38 | 52.00 | 45.38 | 55.00 | 45.38 | 3.57 | - | 58.57 | 45.38 | 68.49 | 40.09 | (+)9.92 | (-)5.29 |
| 991-92 | 60.00 | 44.50 | 76.60 | 44.50 | 76.60 | 45.50 | 1.77 | 3.02 | 78.37 | 48.52 | 70.41 | 46.63 | (-)7.96 | (-)1.89 |
| 992-93 | 75.00 | 44.50 | 92.09 | 46.29 | 92.09 | 44.50 | 0.47 | 5.00 | 92.56 | 49.50 | 89.78 | 49.06 | (-)2.78 | (-)0.44 |
| otal | 413.60 | 131.38 | 458.29 | 136.17 | 472.77 | 135.38 | 12.31 | 8.02 | 485.08 | 143.40 | 468.41 | 135.78 | (-)16.67 | (-)7.62 |

In addition to the grants received from the Ministry, Samiti also received funds from other Government Departments/ Institutions for specific purposes as under:

(Rupees in lakhs)

| Name of the Institution | Year | Opening Balance | Amount received during year | Expenditure | Balance | Purpose |
|--------------------------------|---------|---|-----------------------------|-------------|---------|-----------|
| 1. Ministry of HRD | 1987-88 | , , , , , , , , , , , , , , , , , , , | 0.61 | - | 0.61 | |
| Department of | 1988-89 | 0.61 | - | 0.44 | 0.17 | For |
| Education | 1989-90 | 0.17 | 0.50 | 0.36 | 0.31 | seminars |
| | 1990-91 | 0.31 | 1 - | - | 0.31 | |
| _ | 1991-92 | 0.31 | 85 | - | 0.31 | |
| | 1992-93 | 0.31 | 3 | € | 0.31 | |
| 2. NCERT | 1988-89 | - | 2.00 | = | 2.00 | For prep- |
| | 1989-90 | 2.00 | : - | 0.06 | 1.94 | aration |
| | 1990-91 | 1.94 | 8 | 1.36 | 0.58 | of enrol- |
| | 1991-92 | 0.58 | | 3 | 0.58 | ment |
| | 1992-93 | 0.58 | # | 0.58 | | material |
| 3. Ministry of | 1989-90 | - | 18.90 | 9.00 | 9.90 | For |
| Science and | 1990-91 | 9.90 | | 6.56 | 3.34 | computer- |
| Technology | 1991-92 | 3.34 | | 3.34 | | isation |
| (Deptt. of Bio- technology) | 1992-93 | == | 26.37 | 26.37 | | |

The system of financial management was found deficient due to the following reasons:

- (i) Head-wise budget was not approved by the Ministry in any of the years. The grants released by the Ministry under 'Plan' and 'Non Plan' were allocated by the Samiti according to its requirements under relevant heads.
- between Revenue expenditure and expenditure of the capital nature; reappropriation of funds from 'Revenue' to 'Capital' and vice-versa was not permissible. It was, however, noticed that neither the requirement of funds by the Samiti nor the release of funds by the Ministry were made distinctly under 'Revenue' and 'Capital'. It could therefore, not be ascertained in audit as to how much amount was diverted from 'Revenue' to 'Capital' or vice-versa. Samiti could also not produce to audit the norms or guidelines under which the grants released by the Ministry without such a distinction from year to year were being capitalised and diverted to Assets side in the Balance Sheet.
- (iii) It was decided by the Ministry that the expenditure on account of all items of recurring and non-recurring nature, except expenditure on construction, should be transferred to non-plan with effect from 1991-92. It was however, noticed that although expenditure incurred on works was to the extent of Rs 53.41 crores and Rs 56.28 crores during 1991-92 and 1992-93 respectively, the expenditure shown by the Samiti under Plan during these two years was Rs 70.41 crores and Rs 89.78 crores. There was need to evolve clear cut norms/guidelines on the bifurcation of expenditure under Plan and Non-Plan and Revenue and Capital by the Ministry/Samiti.

12.6 Opening of Regional Offices

12.6.1 For the administration of the NVs (later called Jawahar Navodaya Vidyalayas or JNVs) under their jurisdiction, the Samiti established regional offices (ROs) covering different States at Bhopal (Madhya Pradesh, Orissa), Chandigarh (Himachal Pradesh, Jammu & Kashmir, Punjab, Chandigarh), Hyderabad (Andhra Pradesh, Karnataka, Kerala, A&N Islands, Lakshadweep, Pondicherry), Jaipur (Haryana, Rajasthan, Delhi), Lucknow (Bihar, Uttar Pradesh), Pune (Goa, Gujarat, Maharashtra, Dadra & Nagar

Haveli, Daman & Diu) and Shillong (Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura).

During the years 1989-90 to 1992-93, Samiti released grants amounting to Rs 201.92 crores to the ROs for the running of schools as per details given below:

| SI | Name | Number of | Number | <u>Period</u> | | | | | | |
|----|------------|------------|-------------|--------------------|---------|---------|---------|--------|--|--|
| No | of RO | Vidyalayas | of students | 1989-90 | 1990-91 | 1991-92 | 1992-93 | Total | | |
| | 1 | , | | (Rupees in crores) | | | | | | |
| | | | (In lakhs) | | | | | | | |
| 1. | Bhopal | 54 | 0.40 | 3.73 | 6.60 | 8.40 | 10.47 | 29.20 | | |
| 2. | Chandigarh | 35 | 0.27 | 3.06 | 5.09 | 5.65 | 8.54 | 22.34 | | |
| 3. | Hyderabad | 57 | 0.63 | 7.18 | 9.83 | 12.31 | 15.86 | 45.18 | | |
| 4. | Jaipur | 38 | 0.33 | 3.38 | 4.29 | 6.33 | 8.55 | 22.55 | | |
| 5. | Lucknow | 72 | 0.64 | 6.42 | 8.82 | 13.02 | 18.40 | 46.66 | | |
| 6. | Pune | 40 | 0.32 | 3.56 | 4.58 | 6.62 | 8.00 | 22.76 | | |
| 7. | Shillong | 28 | 0.14 | 1.60 | 2.80 | 3.53 | 5.30 | 13.23 | | |
| | | 324 | 2,73 | 28.93 | 42.01 | 55,86 | 75.12 | 201.92 | | |

12.7 Opening of Vidyalayas

12.7.1 Physical Achievement

Achievement against targets for the opening of the NVs is given below:

| Year | Number of JNVs proposed | Number of JNVs opened | Percentage |
|---------|----------------------------|--------------------------|------------|
| 1985-86 | - | 2 | 7= |
| 1986-87 | 150 | 81 | 54 |
| 1987-88 | 100 | 126 | 126 |
| 1988-89 | 100 | 47 | 47 |
| 1989-90 | 82 | 5 | . 6 |
| 1990-91 | - | _ | :=: |
| 1991-92 | - | 19 | |
| 1992-93 | 50 | 44* | 88 |
| 1993-94 | 50 | 26 | 52 |
| | 532 | 350 | 66 |

^{*} In 1992-93, out of 44 new schools sanctioned, only 18 schools had classes, 26 schools did not have any classes.

The scheme envisaged establishment of NVs on an average one in each district during the Seventh Five Year Plan period i.e. upto 1989-90. But this target of

covering all the districts (432) could not be achieved as only 261 schools (60per cent) were opened upto 1989-90, and even upto 1993-94, only 350 schools (66per cent) were opened against the stipulated target of 532. The shortfall in achievement of targets was attributed by Samiti to (i) financial constraints, (ii) uncertainty regarding the future of the scheme due to review of New Education Policy 1986 during 1989-90 and (iii) non-receipt of suitable proposals from the State Governments/UTs for opening of Vidyalayas.

The State-wise position of opening of NVs during 1985-86 to 1993-94 is given in Appendix V. The scheme has not been extended to the States of Tamil Nadu and West Bengal as these States have not opted to implement the scheme so far (March 1994).

It would appear that the opening of Vidyalayas in the States was not evenly distributed. The district-wise coverage (percentage) was as follows:

| Districts covered | States |
|-------------------|--|
| Upto 40% | Assam |
| 41% to 60% | Arunachal Pradesh, Nagaland, Sikkim & Delhi |
| 61% to 80% | Bihar, Gujarat, Haryana, Tripura & Uttar Pradesh |
| 81% to 100% | Andhra Pradesh, Goa, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Orissa, Punjab, Rajasthan, Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Lakshadweep, Pondicherry |

Explaining reasons for uneven distribution of Vidyalayas in States, the Samiti stated, in December 1994, that opening of new Vidyalayas depended on suitable offers from the State Govts./UT Administrations and the extent of coverage was proportionately higher in those States/UTs from which more proposals had been received. With regard to Assam it was stated that the Government of Assam agreed to implement the scheme only from 1992-93 and as such percentage coverage in that state had been much less.

As per the scheme, the NVs were to be located in rural areas. Samiti, however, did not have separate data/ information as regard to location of schools in rural or urban areas.

12.7.2 Location of Navodaya Vidyalayas

The selection of location and infrastructure for opening of new NVs was to be based on the offer of the State Governments in the first instance. Depending on the availability of necessary physical facilities and about 30 acres of land, new schools were sanctioned after inspection by Inspection Teams. It was noticed that as on 31 March 1993 against the norm of 30 acres of land for each school, 105 schools in 25 States were allotted less than 30 acres of land by the respective States and 45 schools in 14 States were allotted more than 30 acres of land. No uniformity was, thus, observed in opening of Schools with respect to the area of the premises encompassed by them. Vidyalayas where less than 30 acres of land had been allotted were as under:

| Upto 10 acres | 5 schools |
|----------------|------------|
| 10 to 20 acres | 47 schools |
| 20 to 29 acres | 53 schools |

Samiti was asked, in June 1993, to furnish information regarding the proposals for opening of NVs received from State Governments/UTs, proposals examined by the Inspection Teams, proposals not accepted by the Inspection teams alongwith reasons therefor, proposals inspected but not confirmed by the State Governments/UTs, proposals not accepted due to non-receipt of feasibility reports from ROs, proposals found suitable but not acted upon with reasons thereof etc. Samiti stated (July 1993) that no such statistics were maintained separately by them and contended that it would not be possible for them to reconstruct records of on an average two proposals each for 324 schools. The contention of Samiti is not tenable as this is the basic data which should be available with the Samiti. Samiti reiterated, in December 1994, that even though such records had not been compiled in a statistical data, these were maintained in relevant files. No files except those containing finally approved proposals, were, however, produced to Audit.

12.7.3 Admission to Navodaya Vidyalayas

12.7.3.1 Selection test for admission to Navodaya Vidyalayas

Admission to NVs is made in Class-VI on the basis of a written test designed and conducted by NCERT in 18 languages in the concerned district in which all children who have studied in and passed Class-V from any of the recognised schools of any tehsil/block in that district are eligible to appear. Year-wise details of schools, centres, students registered, appeared and selected were as under:

| Year | Number of schools for which admission test was conducted | Number of centres at which the test was conducted | Number regis- tered | Number appear- ed | Number selec- ted | Percent- age |
|---------|---|--|---------------------------|-------------------------|-------------------------|-----------------|
| 1985-86 | 2 | NA | NA | 12756 | 160 | 1 |
| 1986-87 | 83 | NA | NA | 126017 | 6253 | 5 |
| 1987-88 | 209 | NA | 265904 | 262591 | 13798 | 5 |
| 1988-89 | 256 | 3041 | 463960 | 370373 | 14769 | 4 |
| 1989-90 | 261 | 2980 | 410159 | 355316 | 18264 | 5 |
| 1990-91 | 261 | 3254 | 343017 | 314762 | 17445 | 6 |
| 1991-92 | 280 | 3471 | 352826 | 313114 | 18632 | 6 |
| 1992-93 | 305 | 3620 | 421162 | 390772 | 20336 | 5 |
| 1993-94 | 321* | 3749 | 441524 | 411396 | 24429 | 6 |
| | • | | | 2557097 | 134086 | 5 |

NA: Not available

Thus, only 5 per cent of those appearing for the NVST, on an average, were selected for admission in the NVs. This was 17 per cent less than the intake capacity (162000) of the 350 schools opened upto 1993-94.

12.7.3.2 Shortfall in admission to NVs (class VI)

Ordinarily there should have been two sections in each class, with a maximum of 40 students in each section. Year-wise details of students admitted to Class-VI are given in Appendix VI. It would be seen therefrom that the intake capacity of the

^{*:} Subject to confirmation by NCERT

schools was never fully utilised. Against the norm of 80 students per school (Class-VI) the number admitted every year was far short, the shortfall ranging from 5per cent to 35 per cent. The overall shortfall during 1985-86 to 1992-93 was however, 23per cent. Thus on an average, 77 per cent students i.e. 62 students per class against the prescribed norm of 80 students were admitted.

While explaining the reasons for shortfall in admission, Samiti stated, in December 1994, that only those candidates were selected for admission who secured marks in the selection test above the prescribed cut off level. Sometimes, the number of qualified students fell short of the number of seats available for admission in a vidyalaya. Further, in some areas, number of candidates appeared in the selection test was even smaller due to local factors and because of inadequate physical facilities at some vidyalayas. A few seats also remained vacant because of non-availability of qualified candidates under the quota reserved for SC/ST and rural areas and such seats could not be filled up by inter-changing of reservation categories.

As per the scheme at least one-third of the students in each class were to be girls. It would however, be seen (Appendix VI) that this requirement was never achieved in any of the years 1985-86 to 1992-93. The percentage of girls admitted ranged between 16 to 32 only.

12.7.3.3 Enrolments

The position of enrolments class-wise during different years was as under:

Class/Number of students

| Year | VI | VII | VIII | IX | X | XI | XII | Total |
|---------|-------|---|-------|-------|-------|------|------|-------|
| 1985-86 | 152 | = | - | | - | - | - | 152 |
| 1986-87 | 5804 | 152 | ×- | - | - | - | - | 5956 |
| 1987-88 | 13804 | 5538 | 152 | (-) | - | 1- | - | 19494 |
| 1988-89 | 13331 | 11936 | 5337 | 152 | - | - | - | 30756 |
| 1989-90 | 17451 | 12830 | 11540 | 5134 | 148 | - | - | 47103 |
| 1990-91 | 16020 | 16495 | 12214 | 10984 | 4856 | 139 | - | 60708 |
| 1991-92 | 17670 | 15400 | 15920 | 11716 | 10378 | 4361 | 120 | 75565 |
| 1992-93 | 19585 | 16949 | 14775 | 14979 | 11098 | 8252 | 4135 | 89773 |

Thus, the total number of students on rolls in 298 schools during 1992-93 works out to 1,29,760 whereas only 89773 students (69 per cent) i.e. 55 students per class were actually on rolls against the norm of 80 students per class as on 31 March 1993. This was despite the policy of the Samiti not to detain any students in any class. The shortfall was attributed by Samiti to failures, home sickness, migration related problems. Other possible reasons could be provision of inadequate facilities at schools, malfunctioning of schools etc. A review of the scheme is called for to ensure optimum enrolment.

12.7.3.4 Infructuous expenditure on printing of prospectus-cum-admission forms

The prospectus-cum-application forms for seeking admission to the NVs (all languages) were being printed at the rate of 5000 copies per district. The approximate expenditure incurred by the Samiti Headquarters on the printing of these forms was around Rs 1.23 to Rs 1.29 per copy.

It would be seen from the table given below that the Samiti printed in all, 98.80 lakh forms during 1986-87 to 1993-94 out of which only 28.26 lakh forms (28per cent) were utilised for registration of students for the NVSTs leaving a balance of 70.54 lakh (72 per cent) forms unutilised:

| Year | Number of schools | Forms printed @ 5000 per district | Number of forms utilised | Forms printed in excess of requirement |
|---------|-------------------|-----------------------------------|--------------------------|--|
| 1986-87 | 83 | 4,15,000 | 1,26,917* | 2,88,083 |
| 1987-88 | 209 | 10,45,000 | 2,65,904 | 7,79,096 |
| 1988-89 | 256 | 12,80,000 | 4,63,960 | 8,16,040 |
| 1989-90 | 261 | 13,05,000 | 4,10,159 | 8,94,841 |
| 1990-91 | 261 | 13,05,000 | 3,43,017 | 9,61,983 |
| 1991-92 | 280 | 14,00,000 | 3,52,826 | 10,47,174 |
| 1992-93 | 305 | 15,25,000 | 4,21,163 | 11,03,837 |
| 1993-94 | 321 | 16,05,000 | 4,41,756 | 11,63,244 |
| · | | 98,80,000 | 28,25,702 | 70,54,298 |

^{*:} Number actually appeared as number registered not available

Assuming that the average cost of printing of a form was Rs 1.26, the cost of printing of 70.54 lakh unutilised forms during 1986-94 to the extent of Rs 88.88 lakhs proved to be infructuous, more so because all the forms were to be distributed free of cost and the applicants who could not procure printed forms had the choice of utilising forms replicated in the various newspapers advertising information about the admission.

Samiti stated, in December 1994, that in the matter of printing, the new JNVs likely to be opened in a particular year were also taken into account and that from JNVST 1995, the average rate of printing the forms had been reduced to 4200 copies per district.

12.7.3.5 Role of Field Advisors in the conduct of Jawahar Navodaya Vidyalaya Selection Tests (JNVSTs)

NCERT, through its Field Advisors, was responsible for the entire work relating to the conduct of the JNVSTs and the Samiti was releasing lumpsum amount to them for this work. Year-wise details of advances paid and expenditure thereagainst were as under:

(Rupees in lakhs)

| Year | Opening Balance | Amount of Advance paid to NCERT | Total | Expenditure incurred by NCERT | Closing Balance |
|---------|--------------------|--|--------|-------------------------------|--------------------|
| 1985-86 | - | 22.00 | 22.00 | 22.48 | (-)0.48 |
| 1986-87 | (-)0.48 | 131.01 | 130.53 | 69.38 | 61.15 |
| 1987-88 | 61.15 | 130.00 | 191.15 | 159.49 | 31.66 |
| 1988-89 | 31.66 | 145.00 | 176.66 | 105.81 | 70.85 |
| 1989-90 | 70.85 | 120.00 | 190.85 | 122.28 | 68.57 |
| 1990-91 | 68.57 | 100.00 | 168.57 | 122.26 | 46.31 |
| 1991-92 | 46.31 | 159.90 | 206.21 | 143.91 | 62.30 |
| 1992-93 | 62.30 | 51.00 | 113.30 | 36.58 | 76.72 |
| 1993-94 | 76.72 | 41.00 | 117.72 | 37.04 | 80.68 |
| Total | | 899,91 | | 819.23 | 80,68 |

As per information furnished by the Accounts Wing of NCERT, out of the advances made to the Field Advisors (FAs) for conduct of JNVSTs during 1985-86 to

1992-93, advances amounting to Rs 116.38 lakhs were still pending as on 31 October 1993.

NCERT stated, in December 1994, that as of then about Rs 40 lakhs were pending with the Field Advisers and regular efforts were being made to settle the pending accounts and reconcile the differences.

12.7.3.6 Infructuous expenditure on JNVSTs by NCERT

(a) Avoidable extra expenditure of Rs 23.49 lakhs on excess printing of Test booklets

NCERT conducted JNVSTs for 257 Vidyalayas during 1989, 1990 and 1991 in two phases and in 1992 for 305 Vidyalayas in three phases and in 1993 for 321 vidyalayas in three phases. Test check revealed that during all the years, the number of question booklets printed was much more than the actual requirement on the basis of candidates registered plus permissible 25 per cent leading to avoidable extra expenditure of Rs 23.49 lakhs as under:

| SI. | Particulars | | Years of JNVSTs | | | | | |
|-----|---|---------|-----------------|---------|---------|---------|--|--|
| No. | | 1989 | 1990 | 1991 | 1992 | 1993 | | |
| 1. | Number of candidates registered | 399792 | 344079 | 315956 | 421445 | 441756* | | |
| 2. | Add 25 per cent | 99948 | 86020 | 78989 | 105361 | 110439 | | |
| 3. | Total number of book- lets required to be printed | 499740 | 430099 | 394945 | 526806 | 552195 | | |
| 4. | Number actually printed | 749300 | 567400 | 589900 | 712900 | 682900 | | |
| 5. | Number printed in excess (4-3) | 249560 | 137301 | 194955 | 186094 | 130705 | | |
| 6, | Percentage of excess print outs | 50 | 32 | 49 | 35 | 19 | | |
| 7. | Total amount spent on 4 above (in Rs) | 1872582 | 1303140 | 1455711 | 2089892 | 2004652 | | |
| 8. | Avoidable extra expenditure on 5 above (in Rs) | 623678 | 315338 | 481095 | 545541 | 383685 | | |

^{*} Figure for 1993-94

NCERT stated, in October 1993, that it did not receive centre-wise and language-wise requirement of registered candidates in time and that in some districts, some candidates were permitted to file application forms after the last date of accepting the applications due to one reason or the other. Also, the order for printing of test booklets had to be placed well in advance of the date of examination which left no time with them to depend on the information of actual registered candidates, to be received from different districts.

From the above, it is apparent that there are basic shortcomings in the scheduling of events in the conduct of JNVSTs by NCERT which require to be set right immediately. The excess printing of booklets dropped from 50per cent in 1989 to 32 per cent in 1990, but increased to 49 per cent and 35 per cent in 1991 and 1992 respectively. It again dropped to 19 per cent in 1993. NCERT, thus, failed to assess its requirements on realistic basis.

Samiti stated, in December 1994, that from JNVST 1993, the organisation part of the Selection Test had been taken over by it and efforts were being made to ensure timely submission of the required information to NCERT by the JNVs.

(b) Loss of Rs 4.58 lakhs on Computerisation of JNVST scripts and results

For evaluation of scripts for JNVSTs and for preparation of results thereof, NCERT changed over from manual to computerisation from the year 1987-88 onwards. Year-wise details of expenditure on preparation of results by computers were as under:

(Rupees in lakhs)

| Year | Expenditure on preparation of results by computers |
|------------|--|
| JNVST 1987 | 5.30 |
| JNVST 1988 | 6.68 |
| JNVST 1989 | 7.32 |
| JNVST 1990 | 6.07 |
| JNVST 1991 | 5.69 |
| JNVST 1992 | 7.28 |
| Total | 38.34 |

Test check of records revealed that computerisation of programmes during all the years was got done by NCERT on limited tender basis without calling for quotations/ tenders from the open market. For computerisation of JNVST 1987, the work was awarded to a particular firm 'A' at Rs 1.75 per candidate as compared to Rs 1.30 per candidate at which the work was got executed during 1988. This resulted in an extra expenditure of Rs 1.36 lakhs to NCERT. For JNVST 1988 also the quotation of the firm offering the lowest rate of Rs 1.20 per candidate was not accepted and the work was awarded to firm 'B' at Rs 1.30 per candidate, resulting in an extra expenditure of Rs 0.51 lakh.

For JNVSTs 1989 and 1990, limited tenders from eight and six firms respectively were called, the lowest rates (Rs 1.25 per candidate for 1989 and Rs 1.35 per candidate for 1990) offered by a firm 'C' were not accepted and the jobs were got executed from the firm 'B' at Rs 1.55 and Rs 1.80 per candidate respectively in these two years after negotiation. The following points were noted:

JNVST 1989

- (i) Extra expenditure of Rs 1.22 lakhs at the rate of Rs 0.30 per candidate was incurred by not accepting the offer of the lowest tenderer i.e. firm 'C'.
- (ii) The offer of firm 'C' was rejected on the plea that the firm was not well equipped although work was awarded to it in subsequent years i.e., in 1991 and 1992.

JNVST 1990

- (iii) Although the firm 'B' had not responded to the tender call, the firm was persuaded to give its quotation after the date of opening of quotations. Offers of three other firms (including firm 'C') who had responded within the stipulated time were not considered.
- (iv) Non-acceptance of the offer of firm 'C' (Rs 1.35 per candidate) resulted in extra expenditure of Rs 1.49 lakhs.

12.8.1 Computerisation in NVs

As per the scheme, micro-computers were to be provided to all Vidyalayas in sufficient number as modern aid to education. Test check of records revealed that no micro-computers were supplied to schools. Instead, Personal Computers were supplied to a few selected Vidyalayas only under (a) the Computer literacy Programme and (b) Programme of Strengthening of Teaching of Modern Biology and Bio-Technology, as under:

12.8.1.1 Computer Literacy Programme

Samiti entered into an agreement in November 1990 with a firm 'A' for introduction of Computer Literacy Programme (CLP) in 30 selected vidyalayas located in 12 States at a cost of Rs 1.95 lakhs per Vidyalaya per annum aggregating to a commitment of an expenditure of Rs 263.25 lakhs over a period of $4^{1}/_{2}$ years, from 1st January 1991 to 30th June 1995. Subsequently, the cost per Vidyalaya was reduced to Rs 1.80 lakhs per annum due to reduction in number of floppies from 1200 to 600.

The seven member Expert Committee constituted by the Samiti considered the offers of only four firms (August 1990) and entrusted the project to the third lowest firm 'A'. For implementation of CLP the Samiti did not take the consent of Academic Advisory Committee and Executive Committee/ Finance Committee as required under the Rules.

The following irregularities were noticed:

lakhs, final agreement with the firm was entered into at Rs 8.78 lakhs per school. This resulted into commitment of an extra expenditure of Rs 85.80 lakhs. Samiti stated, in August 1992, that the total cost of Rs 5.92 lakhs per school was meant for the strength of 200 students, whereas the Samiti agreed to pay Rs 8.78 lakhs per school on the basis that the normal strength of a Navodaya Vidyalaya was 450 students. It was, however, noticed that average number of students in 40, 61 and 2 Vidyalayas in which CLP was functional

during the academic session 1991-92 was 299, 357 and 417 respectively. Thus, (a) increase in the number of students did not warrant significant increase in the inputs except marginal increase in the cost due to consumables and maintenance (b) the cost per school was increased to the advantage of the firm after negotiating with only one firm, (c) in the negotiations the non-recurring cost of hardware and software was retained as quoted by the firm but the specifications for the hardware were reduced, giving unintended benefit to the firm without commensurate reduction in the cost, (d) the recurring cost of the programme was increased from Rs 1.18 lakhs quoted by the firm to Rs 1.95 lakhs *per amnum* per school without adequate justification by increasing the cost of consumables from Rs 0.20 lakh to Rs 0.50 lakh and provision for miscellaneous expenditure from Rs 0.18 lakh to Rs 0.20 lakh and by bringing in new elements such as proportionate cost of field engineers (Rs 8000), TA/DA of staff (Rs 15,000), monitoring cost (Rs 25000) and board and lodging (Rs 8000) which were not originally demanded by the firm.

- (ii) CLP was for a total expenditure of Rs 263.25 lakhs running over a period of $4^{1}/_{2}$ years. The offer of the firm was recommended for acceptance after seeing only one programme being conducted by the firm in a premier Public School in Delhi whereas CLP was to be introduced in 30 schools located in 12 States throughout the country.
- (iii) During the academic session 1991-92, CLP was introduced in 73 more NVs. However, 43 Vidyalayas were given to another firm 'B' at the rates of Rs 1.60 lakhs per Vidyalaya in 13 Vidyalayas for four years w.e.f. July 1991 and for Rs 1.80 lakhs per Vidyalaya in 30 Vidyalayas for four years from January 1992. The total value of contracts awarded to this firm was Rs 299.20 lakhs. The firm 'B' had been found lacking in resources, experience and capability by Samiti's Expert Committee in 1990. Thus it is apparent that the contract with this firm was made without proper assessment of its technical and financial capacity and by ignoring the views of the Expert Committee.
- (iv) Academic session of the NVs starts from 1st April and ends on 31st March every year. Agreement with firm 'A' for organising CLP in 30 Vidyalayas was signed for the period from January 1991 to June 1995. CLP was introduced in January 1991 when

three-fourths of the Academic session (1991-92) was already over. Further, the Vidyalayas have their summer break in May and June each year. By entering into agreement with the firm for the programme for the period upto June 1995, which included the months of May and June 1995, when the schools are closed for summer vacation, Samiti created avoidable additional liability of Rs 9.00 lakhs in respect of 30 Vidyalayas. The additional liability in respect of 13 Vidyalayas offered to firm 'B' for the months of May and June 1995 comes to Rs 3.47 lakhs.

(v) The annual cost of hardware and software, which was payable over a period of $4^{1}/_{2}$ years, was fixed at Rs 29,500 by dividing the total cost of hardware and software (Rs 1,18,000) by 4 instead of $4^{1}/_{2}$. This resulted in proportional expenditure liability of Rs 4.43 lakhs for the 30 Vidyalayas entrusted to firm 'A' in November 1990.

Samiti spent, in all, Rs 327.43 lakhs during 1990-93 on the purchase of computer hardware under this programme and charged the revenue expenditure instead of showing it under capital expenditure.

Samiti stated, in September 1993, that as per agreement with the firm the hardwares were still to be handed over to the Samiti after expiry of the period of agreement which was to expire on 30 June 1994. The vidyalaya-wise cost was being ascertained and would be incorporated in the accounts for 1993-94. The Samiti stated, in February 1994, that the hardwares were to be taken over by the Samiti in March 1995.

Samiti, however, reiterated in December 1994, that since the files relating to introduction of CLP in NVs were not available with them, it was not possible to offer comments on the irregularities pointed out by Audit.

12.8.1.2 Strengthening of Teaching of Modern Biology and Bio-technology

A comment on the progress and implementation of a scheme titled "Strengthening of Teaching of Modern Biology and Bio-technology in schools through use of computer software as teaching aid" was included as para 18 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 1991 (No.11 of 1992)- Union Government (Other Autonomous Bodies).

The scheme, approved in March 1989 by the Department of Bio-technology (DBT), envisaged supply of one IBM-PC compatible computer in each of the selected schools and was to be implemented by the DBT through the Department of Education, Ministry of Human Resource Development (Ministry) with the help of the National Council of Educational Research and Training (NCERT), Navodaya Vidyalaya Samiti (Samiti), Kendriya Vidyalaya Sangathan (KVS) and Computer Maintenance Corporation (CMC).

NCERT was responsible for training of teachers and development of software. The hardware selection and procurement was to be done by the Samiti and KVS through the CMC while 50 schools (30 NVs and 20 KVs) were to be identified for implementation of the scheme in the first phase.

For the purchase of 30 computers to be installed in 30 NVs DBT sanctioned in two instalments during 1989-90 Rs 18.90 lakhs (Rs 13.20 lakhs at the rate of Rs 0.44 lakh per computer inclusive of maintenance charges in April 1989 and Rs 5.70 lakhs due to enhanced rates at Rs 0.19 lakh per computer in January 1990). The Samiti, however, made the purchases in 3 instalments and spent Rs 19.02 lakhs during 1989-90 to 1991-92.

The following irregularities were noticed:

The purchase and installation of computers for the first phase was commenced only in April 1990 and continued upto February 1991. Thus there was a delay of 16 months in the supply and installation of computers which was required to be completed by October 1989. Moreover, the computers supplied to most of the schools were, not being utilised for want of technical experts not visiting these schools for installation, trained persons to operate these computers, non-availability of electricity, separate rooms for installation etc. Although the introduction of software as teaching aid in schools should have been completed by November 1989 these were made available by the Samiti to its Regional offices, for onward transmission to schools, only in October 1991. Again, although the software packages were supplied to the ROs in November 1991, 19 schools received these packages only in March 1992 and thereafter. Preparation

and supply of reading material was done by NCERT with a delay of two years in August-September 1991. Samiti made it over to the NVs in October 1991 only.

DBT, while explaining the time lag in implementation at various stages, stated, in June 1994, that since this was a novel method of teaching involving several agencies, the various problems likely to be faced in the process of implementation could not, possibly, be visualised with precision at the planning stage.

Training of 60 teachers for the 30 NVs was also commenced and completed by NCERT with a delay of about 20 months. Although the aim of the scheme was only to promote modernisation in teaching of Biology, it was observed that some of the teachers trained (33 out of 60) did not have proper background of biology. It was also noted that although biology as a subject was available in the NVs at plus two stage only, as on 31st March 1992 only two Vidyalayas had class XII. The introduction of the scheme in the Navodaya Schools was thus premature and could have waited till at least a sizeable number of schools had attained the plus two stage with post graduate biology teachers in position. The expenditure (Rs 19.02 lakhs) incurred on the scheme in phase I therefore proved to be infructuous. Samiti's contention (December 1994) that Biology was also taught in the form of life science from class VI onwards and that the software was thereby used, is not convincing.

For the second phase, the approval for placement of orders for installation of 30 computers by CMC Ltd. was given by DBT in December 1992 and orders for installation of computers were placed in January 1993. Although Samiti made advance payment in January 1993 of Rs 26.37 lakhs out of Rs 29.53 lakhs received from DBT in December 1992 for purchase of 30 computers (at the rate of Rs 0.88 lakh per computer), computers are yet to be installed by CMC Ltd. (December 1993).

The implementation was thus delayed and the money released for the scheme continued to remain blocked for considerably long periods. The condition put forth by DBT that computers were to be purchased from CMC Ltd. only deprived the Samiti of the power of negotiating the deal with other dealers. The objective of the scheme, to extend potential of computer based learning to remote areas of the country is yet to be

achieved, as one of the conditions put forth by DBT was that the schools selected for the scheme should be within 150 Km of their resource centres, namely, Bangalore, Calcutta, Chandigarh, Delhi, Hyderabad, Madurai and Pune. To a query, Samiti replied, in August 1993, that no formal study on the use of computers had been made. To another query Samiti replied (August 1993) that the expansion of the programme depended totally on DBT. Non-extension of the scheme to other schools only shows that this part of the scheme has not been fully implemented and Samiti's objective of supplying mini computers to all vidyalayas is far from fulfilled.

12.8.2 Provision of vehicles for Vidyalayas

Upto 1992-93, 254 Vidyalayas (78 per cent), in all, had been provided with vehicles. Year-wise details of vehicles purchased, budget provision and expenditure were as under:

(Rupees in lakhs)

| Year | Number purchased | Budget provision | Expendi- ture | Excess | Percentage of excess expendi- ture |
|--------------------|---------------------|---------------------|------------------|--------|---|
| 1986-87 1987-88 | 60 | - | 75.00 | 75.00 | All excess |
| 1988-89 | 55 | 40.00 | 94.51 | 54.51 | 136 |
| 1989-90 | 30 | 45.00 | 59.56 | 14.56 | 32 |
| 1990-91 | 31 | 48.00 | 64.09 | 16.09 | -34 |
| 1991-92 | 30 | 50.00 | 66.24 | 16.24 | 32 |
| 1992-93 | 48 | 75.00 | 105.87 | 30.87 | 41 |
| Total | 254 | 258.00 | 465.27 | 207.27 | 81 |

It would be seen that the expenditure on purchase of vehicles made from the Central funds was never kept within the budget provision in any year. Whereas excess expenditure ranged between 32 per cent to 136 per cent during 1988-89 to 1992-93, purchases of vehicles (cost Rs 75 lakhs) during 1986-87 and 19887-88 were made against 'nil' budget provision. Test check of records regarding purchase of vehicles revealed that the tools and accessories were not entered in any stock register.

Samiti stated, in December 1994, that during 1986-87 to 1987-88, it was not making any central purchases of vehicles for vidyalayas, instead funds were made available by it to the vidyalayas for the purchase of vehicles. The Samiti, reiterated, in February 1995, that all the vidyalayas could not be provided with vehicles with vehicles due to paucity of funds.

12.8.3 Sanctioned posts and Teacher Student Ratio

Number of posts sanctioned and men-in-position during 1986-87 to 1992-93 are given in Appendix VII.

Samiti could never fill up its projected sanctioned posts in any of the years 1986-87 to 1993-94. The shortfall in men-in-position against sanctioned posts during the period was from two *per cent* to 17 *per cent* in respect of Principals, from 24 to 43 *per cent* in respect of teachers and from 20 to 48 *per cent* in respect of other staff. The shortfall in teachers was stated to be due to (i) non-availability of SC/ST candidates to fill up reserved posts and (ii) paucity of eligible TGT teachers for promotion to PGT grade.

Test-check, however, revealed that the projection of shortage of teachers by the Samiti was non-realistic and the Samiti had, in fact, been overstaffed in respect of teachers during all the years. It would be interesting to note that the teacher-student ratio during 1986-87 to 1992-93 ranged between 1:12 to 1:19 against the generally accepted ratio of 1:30 for all schools and 1:25 for navodaya vidyalayas.

There was need for Samiti to assess its sanctioned posts of teachers more realistically.

12.9 The Samiti

12.9.1 Hiring of Accommodation

The Office of the Navodaya Vidyalaya Samiti was located in Siri Fort area and consisted of covered area of 10,945 sq.ft. Samiti advertised in four newspapers, in December 1989, its requirement for hiring 15,000 sq.ft. of accommodation. Thirty eight proposals were received. None of them was considered viable by the Samiti. However, no

reasons for not considering them viable were indicated in the records of the Samiti and no comparative statement to evaluate the offers was prepared by the Samiti either.

Samiti, however, negotiated with the owners of a building A-39, Kailash Colony through an estate consultant and hired in January 1990 the building, having covered area of 29,300 sq.ft., on a monthly rent of Rs 2.49 lakhs. The authorisation letter issued to the estate consultant was not authenticated either by the Director or the Dy.Director (Admn.) of the Samiti and as such, it could not be ascertained in audit as to on what considerations and under what circumstances the estate consultant had been engaged. Lease agreement was entered into with the owners for a period of six years with a provision for increase in rent by 20 per cent after three years i.e., with effect from 15 January 1993. An interest free advance rent equivalent to 9 months rent (Rs 22.41 lakhs) adjustable in 24 monthly instalments commencing with the rent of February 1990 and security deposit equivalent to three months rent (Rs 7.47 lakhs) were also paid to the owners. Fair rent certificate from C.P.W.D. was not obtained. The copy of offer by the owners of the building in Kailash Colony and minutes of the meeting to negotiate the terms and conditions of lease were not kept by the Samiti. Samiti had no records to show whether approval of the Ministry had been obtained for hiring the said accommodation.

Samiti did not work out the requirement of accommodation in detail on the basis of available strength of staff/employees and for other purposes before hiring the building which consisted of almost three times the area of the accommodation of its previous office at Siri Fort. The accommodation hired by Samiti in Kailash Colony was almost double in area of what was advertised in the newspapers and therefore, the Samiti could not get any offer from those parties who would have offered the accommodation having area equivalent to what was ultimately hired by the Samiti.

As per staff strength of Samiti in February, 1990, it needed about 4500 sq.ft. of accommodation in February 1990 when the building in Kailash Colony was hired. Samiti, however, furnished statement of accommodation required for its employees and for other purposes approximately totalling upto its existing usable area without any justification/norms for each of them. It intimated requirement of over 4300 sq.ft. for its

store and over 2240 sq.ft. accommodation for training. It was, however, observed that only ten training programmes had been held during the period of 26 months from February, 1990 to March, 1992. Out of these 10 programmes, six were of two days duration each and four programmes were individually of 3 days, 7 days, 13 days and 15 days each and on no occasion the maximum number of trainees exceeded 51. No training programme was held during 1992-93.

Similarly there was no justification in the contention of Samiti that it needed nearly 3500 sq.ft. of accommodation for receipt and despatch of text books to schools. This work also was of seasonal nature and could be managed in a more cost effective manner.

Out of the plinth area of 29,300 sq.ft. hired by Samiti, usable area was 19,400 sq.ft. only. The building chosen for hiring by the Samiti was thus not appropriate. Excess rent paid by the Samiti for the period from February 1990 to March 1994 for hiring 29,300 square feet of accommodation instead of 15000 square feet as per its projected requirement was to the extent of Rs 64.17 lakhs. Samiti also rendered unauthorised financial help to the owners by way of paying to them large amounts as advance rent (Rs 22.41 lakhs) and security deposit (Rs 7.47 lakhs).

Ministry stated, in February 1993, that a Committee consisting of Director (UT), Internal Financial Adviser/Chief Accounts Officer, Navodaya Vidyalaya Samiti and Assistant Financial Adviser, Ministry of Human Resource Development would be constituted to go through the details of the case and look into the audit observation. Further progress has not been intimated to Audit.

12.9.2 Publications

Samiti printed, published and distributed 38 of its reports and publications costing Rs 8.68 lakhs during 1988-89 to 1992-93.

The purpose of bringing out the above publications was, as stated by Samiti, academic, administrative and financial excellence of the JNVs.

Test-check in audit revealed that Samiti had published 13100 copies costing Rs 3.38 lakhs of its annual reports for different years out of which 5860 copies (45per cent: cost Rs 1.64 lakhs) only had been distributed by June 1993, leaving a balance of 7240 copies (cost Rs 1.74 lakhs) undistributed. The distribution of annual reports for the years 1988-89, 1989-90 and 1991-92, was short by 84 per cent (2100 out of 2500), 81per cent (2200 out of 2700) and 85 per cent (2300 out of 2700) respectively.

In respect of 13 other publications numbering 60492 printed at a cost of Rs 2.91 lakhs, the undistributed number of copies was as under:

| Number of Publica- tions | Number of copies printed | Cost (Rs in lakhs) | Number of copies distributed | Number of copies not distributed | Percentage of copies not dist- ributed |
|--------------------------------|--------------------------|-----------------------------|------------------------------|----------------------------------|---|
| 9 | 35,000 | 1.89 | 25158 | 9842 | 28 |
| 3 | 24,000 | 0.60 | 10474 | 13526 | 56 |
| 1 | 1492 | 0.42 | 44 | 1448 | 97 |
| Total | 60492 | 2.91 | 35676 | 24816 | 41 |

In view of the fact that bulk of the publications remained undistributed to the intended beneficiaries, the avowed objectives of academic, administrative and financial excellence could not be achieved and major part of the expenditure on the publications thus proved to be infructuous.

Samiti stated, in December 1994, that printed material was being despatched to all JNVs opened during 1992-93 and 1993-94 and balance, if any, would be sent to the vidyalayas likely to be opened during 1994-95 and onwards.

12.9.3 Local Purchase System

12.9.3.1 Samiti prepared a brochure titled 'Procedure for Purchases' for the guidance of the Principals and other officers who were entrusted with the duties of making purchases on behalf of the Samiti and circulated it to all Vidyalayas in July 1988 for implementation with immediate effect. It was however, noticed that the procedure was not followed strictly either by the Samiti or by the vidyalayas. A test-check of records of

the Samiti revealed that no yearly estimates were prepared for purchasing stationery and other consumable items. The demands for purchase of stationery and other consumable items were submitted in piece meal and while doing so the details of consumption during the current year, average monthly consumption and stores in hand were not furnished for comparison by officers who finally approved the estimates. There was no practice of maintaining minimum stock level of various items of stationery and other items. No time table had been fixed for initiating action for the annual purchases and for the frequency of replenishing the stock during the year.

12.9.3.2 A scrutiny of the purchase files of Samiti made available to audit revealed as under:

(a) Typewriters

Samiti purchased during 1986-87 to 1990-91 a total number of 53 typewriters at a cost of Rs 6.14 lakhs (27 manual typewriters: cost Rs 1.40 lakhs and 26 electronic typewriters: cost Rs 4.74 lakhs) without much justification and without taking into account the actual requirement of the Samiti or linking it with staff strength from time to time. The purchase of 24 electronic typewriters (proportionate cost: Rs 4.38 lakhs) out of 26 was thus not justified and was irregular. Even manual typewriters purchased were far in excess of the requirements of each section. It was also noticed that all the above typewriters (both electronic and manual) were purchased on single party/ limited tender basis without calling for quotations.

Samiti stated, in December 1994, that while electronic typewriters were provided to all officers above the Asstt. Director level, out of the 26 electronic typewriters, 17 were basic typewriters costing around Rs 7,500 each as compared to Rs 5000 for an ordinary manual typewriter.

(b) Plain Paper Copier and Risograph

Samiti made the following purchases during 1986-87 to 1992-93:

| Sl. No. | Description | Year of purchase | Number | Cost (Rupees in lakhs) |
|------------|--------------------|------------------|--------|------------------------------|
| 1. | Plain Paper Copier | 1986-87 | 1 | 0.85 |
| | | 1987-88 | 1 | 0.69 |
| | | 1989-90 | 2 | 1.86 |
| | | 1992-93 | 1 | 1.80 |
| 2. | Risograph | 1989-90 | 1 | 4.64 |
| | Total | | | 9.84 |

It was observed that against projected requirement of one machine during 1986-87 to 1987-88, two machines were purchased. During 1989-90 also, when the projected requirement was only one machine, Samiti purchased 2 photo-copiers (cost Rs 1.86 lakhs) in addition to one 3500 Digital Scanner-cum-printer called the Risograph (cost Rs 4.64 lakh) against the advice of the Internal Financial Adviser. Samiti did not furnish any justification for the purchases of these machines.

The Risograph was purchased from a particular firm on the argument that the price quoted by the firm could not be compared with any other firm as the machine was a propriety article. The fifth machine (1638/1025 plain paper copier) was purchased in December 1992 without any justification on record at a much higher price, compared to that paid in any previous year, of Rs 1.80 lakhs from one selected firm. The purchase was made although no funds were available under the head "Equipment" and without obtaining prior concurrence of the Finance Wing.

As per an assessment of work load made in November 1992 by the Samiti approximately 30000 copies in all were made on all the Samiti machines in a month. As this work could be done by the risograph alone which makes out 120 copies in a minute and could turn out more than 30,000 copies in a month, the purchase of the 1638/1025 plain paper copier in December 1992 (cost Rs 1.80 lakhs) was not justified.

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Purchase of Air-conditioners

(c)

During the years 1986-87, 1987-88 and 1989-90, the Samiti incurred expenditure amounting to Rs 2.86 lakhs for the purchase of 12 air-conditioners and 12 voltage stabilisers.

According to Government instructions only officers of the rank of Joint Secretary and above are entitled to the facility of air-conditioners for their rooms. As such, the samiti required only four air-conditioners viz, one for the Director, one for the General Manager and two for the Committee Room. Thus, purchase of eight air conditioners (cost Rs 1.69 lakhs) and eight voltage stabilisers (cost Rs 0.12 lakh) by the Samiti was not need based and was irregular.

12.9.3.3 Poor storage of Text Books

Samiti purchased, during 1986-87 to 1992-93, text books costing Rs 137.46 lakhs for distribution, free of cost, to the students studying in various classes of the Navodaya Vidyalayas. The books were generally purchased from NCERT, DBTB, CBSE etc. Test check revealed that the Samiti did not store the text books or the paper purchased for its publications etc. properly. It was observed, as also confirmed by the Samiti itself, in May 1992, that almost all the rooms for storing text books etc suffered from seepage of water leaking from the water pipes. The number of books along with their cost destroyed during different years due to poor storage facilities was not intimated (June 1994).

12.10 Construction of Jawahar Navodaya Vidyalaya Buildings (Deposit Works)

12.10.1 Introduction

Navodaya Vidyalayas were initially started in permanent, temporary or rented buildings identified by the State Governments till permanent buildings at permanent sites were constructed as per approved plans. The average estimated cost of construction of each Vidyalaya was to be within Rs 2.30 crores. Central Building Research Institute, Roorkee (CBRI) was given the consultancy role and was to act as a nodal agency for Navodaya Vidyalaya Buildings. Besides, several construction

agencies (35 upto 1992-93) were identified by Samiti and Vidyalayas were allotted to them for construction purposes from year to year on the basis of Agreements executed with them individually. A Construction Coordination Committee in the Samiti was to oversee and monitor the programme of construction work.

12.10.2 Blocking of funds

(a) As per provisions of the agreement executed with the construction agencies, Samiti was to deposit, before the commencement of the work and within 30 days of the demand, amount in cash equivalent to 35 per cent (including 10 per cent mobilisation advance to be paid to the contractor) of the tendered or anticipated cost of construction, including contingencies and agency charges. This resulted into huge sums of money remaining unutilised without any reasonable construction activity.

It was also noticed that the Samiti was releasing lumpsum money on adhoc basis in the form of mobilisation advance to the agencies. The agreement was silent on the time limit within which the mobilisation advance was to be utilised for reimbursement purpose. As a result the amounts paid as advance right from 1987-88 onwards were still outstanding in the books of the Samiti pending adjustment as shown below:

(Rupees in crores)

| Year | Number of agencies involved | Number of schools | Amount of advance paid | Amount of advance adjusted | Amount of advance outstan- ding |
|---------|--------------------------------------|-------------------------|---------------------------------|-------------------------------------|--|
| 1987-88 | 24 | 183 | 46.41 | - | 46.41 |
| 1988-89 | 19 | 83 | 21.13 | 9.15 | 11.98 |
| 1989-90 | 19 | 45 | 20.90 | 18.58 | 2.32 |
| 1990-91 | 27 | 228 | 35.64 | 53.53 | (-)17.89 |
| 1991-92 | 23 | 135 | 37.36 | 13.07 | 24.29 |
| 1992-93 | 30 | 112 | 27.63 | 12.98 | 14.65 |
| | | | 189.07 | 107.31 | 81.76 |

Samiti, thus, not only incurred huge losses of revenue in the form of interest which it could have earned, had there been an appropriate clause in its agreement with the

construction agencies, but also showed undue favour to the construction agencies who kept the money advanced to them unutilised for years together. Outstanding mobilisation advances with the construction agencies during 1987-93 amounted to Rs 81.76 crores (43 per cent) The loss of interest computed at the rate of 12per cent per annum upto March 1994 on advances given during the period 1987-88 to 1992-93 was thus to the tune of Rs 42.86 crores.

Advances given to different agencies, as above, during different years were outstanding against them to the following extent:

Upto 25 per cent

against 5 agencies

From 26 to 50 per cent

against 9 agencies

From 51 to 75 per cent

against 10 agencies

From 76 to 100 per cent

against 13 agencies

Samiti stated, in December 1994, that it had been considering the matter very seriously, from time to time, and it has been ensured that mobilisation advances would be paid only after the tenders were accepted by the construction agencies and the work was going to start at the site of the work. It was also ensured that the mobilisation advance was released in parts to avoid blocking of funds of the Samiti with the construction agencies.

(b) Mention was made in Paragraph 13 of the Report of the Comptroller and Auditor General of India for the year ended 31st March, 1991 - No.11 of 1992 - Union Government (Other Autonomous Bodies) regarding payment of Rs 155 lakhs to the State Public Works Department (PWD)/NPCC for construction of school buildings in the States of Arunachal Pradesh (5 schools), Karnataka (one schools) and Maharashtra (one school) as far back as in April/May 1988 long before the acquisition of land, preparation of plans and estimates, grant of technical and financial sanction etc.

Test-check revealed that such irregularities continued to exist in almost all the works allotted, through the years, by the Samiti to different agencies without the Samiti having done anything substantial to check them. Some instances, which are illustrative only and not exhaustive, are given in Appendix VIII. It would be seen

therefrom that loss of interest for delayed execution of work recoverable from construction agencies/contractors in respect of the three school buildings mentioned therein alone was to the extent of Rs 21.05 lakhs.

Samiti, while reacting to the observations made by audit, stated, in December 1994, that as far as possible the funds were now released to the construction agencies only after obtaining physical possession of land or NOC for construction pending transfer of land etc., although, in the past, some lapses had taken place. The corrective measures now taken would prevent release of funds to the construction agencies before they are in a position to utilise them on the project.

12.10.3 Physical Achievement

(a) Out of 324 NVs as on 31st March, 1993, only 277 had been identified for construction of school buildings. Administrative approval and expenditure sanction was however issued in respect of 236 Vidyalayas comprising 402 works. Details of works sanctioned and amounts sanctioned were as under:

| Year | Number of sanctions | Amount (Rs in crores) |
|---------|---------------------|-----------------------|
| 1987-88 | 87 | 132.26 |
| 1988-89 | 67 | 57.80 |
| 1989-90 | 38 | 41.56 |
| 1990-91 | 20 | 15.94 |
| 1991-92 | 177 | 145.60 |
| 1992-93 | 13 | 15.48 |
| Total | 402 | 408.64 |

The work of construction on any NV was to be completed in all aspects within a period of 36 months (6 months for Zero Phase, 18 months for I Phase and 12 months for II Phase). It was, however, observed that although the work of construction had been taken up by the Samiti through various construction agencies as far back as in 1987-88, not a single building (all phases) had been completed by March, 1994.

Out of the above works, construction work in the case of 82 buildings was not found to be satisfactory by the Samiti as the same was not as per requirements. The unsatisfactory construction accounted for Rs 74.69 crores which was paid to 16 construction agencies against work sanctions of Rs 125.66 crores. The expenditure of Rs 74.69 crores thus proved to be mostly infructuous. In the absence of an appropriate clause in the agreement, Samiti could not take any action against these defaulting agencies, but continued to give advances to them for further construction work.

Samiti stated, in February 1995, that in case of un-satisfactory work suitable amount was being kept withheld till the rectification of such work.

(b) During the years 1987-88 to 1992-93, construction agencies in the case of 23 school buildings accounting for an expenditure sanction of Rs 30.05 crores were changed in midstream either at the Phase-I stage or for Phase-II due to reasons like slow progress of work, delay on the part of the first agency, unsatisfactory work by the first agency, extra demand for security measures, inability of the first agency to do the work etc. This resulted in undue advantage to the agencies including gain of interest on money advanced to them. Total expenditure incurred by four such agencies in respect of 18 school buildings for which mobilisation advances amounting to Rs 765 lakhs had been paid during 1987-88 to 1992-93, was Rs 1799.40 lakhs. Mobilisation advance out of Rs 765 lakhs outstanding against these agencies as in November, 1993 stood at Rs 437.38 lakhs.

Samiti stated, in December 1994, that keeping in view the local problems, organisational problems, remoteness of site etc. changing of agency at some places was unavoidable. Whenever there were outstanding dues against an agency which was changed, the outstanding amount was always transferred to other works being executed by the same agency. No details were, however, given by Samiti.

It was noted that as and when an agency was changed, Samiti had to issue revised administrative approval and expenditure sanction on the basis of revised estimates. This resulted not only in delayed execution of work, but also in escalation of cost due to revision of rates/delay. Scrutiny of the records of Samiti revealed that as on 31st March, 1993, claims on account of escalation of cost by the agencies in respect of 27

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school buildings stood at Rs 1.97 crores and were still to be paid and further claims of approximately Rs 2.00 crores more were likely to arise. A large number of the bills for payment of the escalation costs were pending for long periods, in some cases for one year or more. Non-payment of this amount of about Rs 4.00 crores was affecting adversely as also stated by Samiti, the progress of the work of the value of more than Rs 100 crore.

As per the condition of the agreement the construction agencies were to follow the standard CPWD contract form No.8 for item rate tenders or form No.7 for percentage rate issued by the Bureau of Public Enterprises etc. which clearly specify how the payment of escalation was to be made. It was, however, noticed that none of the construction agencies had used form No.7 or 8 for the award of their contracts nor had they got approved their tender forms from the Samiti.

Samiti stated, in December 1994, that the views of audit had been noted and instructions were once again being issued to construction agencies to follow only CPWD Form No. 7 or 8.

In reply to a query, Samiti had stated, in November, 1993, that no penalty had been imposed on the delinquent agencies as there was no penalty clause in the agreement executed between the agencies and the Samiti. The matter regarding non-inclusion of penalty clause needs to be investigated and the agreement format needs to be suitably amended to include the penalty clause.

(c) The selection of sites for the construction of schools was also not done properly by Samiti. In the case of 5 schools buildings, (two in Andhra Pradesh, two in Bihar and one in Kerala) accounting for work sanctions amounting to Rs 8.57 crores, the sites originally selected for the schools had to be changed due to reasons like non-availability of water, site being not suitable, pollution, non-accessibility due to land slides etc. Expenditure on construction works on three of these sites was Rs 3.38 crores upto 1992-93 and was wasteful.

Samiti stated, in February 1995, that the observation of audit had been noted and the construction work would be entrusted to construction agencies only after getting the report of Site Selection Committee.

- (d) During 1986-87 to 1992-93, the Samiti spent Rs 488.31 lakhs on maintenance and renovation and additional constructions in 103 Vidyalayas running at temporary sites. In addition, Samiti also incurred during 1987-88 to 1992-93 an expenditure of Rs 70.16 lakhs on payment of rent for 48 Vidyalayas running at temporary sites. As per provisions of the scheme, where buildings were taken on a temporary basis, Samiti was to spend upto Rs 3 lakhs only while the rest of the expenditure was to be incurred by the State Governments concerned. Samiti, however, spent Rs 558.47 lakhs (Rs 488.31 lakhs + Rs 70.16 lakhs) on 151 temporary buildings (including 48 rented buildings) and thus incurred an expenditure of Rs 105.47 lakhs (Rs 558.47 - Rs 453 lakhs) in excess of the admissible amount. This expenditure on temporary buildings as also expenditure on maintenance and repairs works (including alterations and additions) of the rented buildings was irregular. To a query about the provisions (if any) for recovery of such expenditure from the State Governments concerned, the Samiti stated, in July, 1993, that the matter had been taken up with the Ministry. No reply has been received so far (February 1995). Samiti had, however, observed in one of its reports that it would not be possible for the Samiti, when it shifted over to its permanent campuses, to retrieve the amount spent on temporary buildings which were owned by the State Governments. Samiti stated, in December 1994, that entire irregular expendirue incurred on this account would be placed before Finance Committee for ex-post facto approval. Formal regularisation from the competent authority needs to be obtained expeditiously.
- (e) As per the scheme, separate dormitories and staff quarters were to be provided for girl students. It was, however, noted in Audit that only 220 Vidyalaya (68 per cent) where phase I work had been completed were having dormitories. In the case of 17 vidyalayas (5 per cent) semi-permanent structures had been provided as dormitory block. Non-provision of separate dormitories for girl students in 27 per cent Vidyalayas should be a matter of grave concern as it could be fraught with many social and moral problems. No reply was given by the Samiti (February 1995).
- (f) Samiti was asked in June 1993, to furnish details of temporarily offered buildings taken over by the Samiti on permanent basis with dates of such temporary and permanent take overs alongwith details of expenditure incurred before and after

permanent take over. Such details were, however, not available with the Samiti. The Samiti stated, in July 1993, that the information was being asked for from the various Principals/site Officers. Details like dates of completion of works against scheduled dates for completion of works, dates of handing over of completed works by the agencies to the Samiti etc and dates of allotment of these completed works by Samiti for the specified purposes were also not available with the Samiti. Samiti stated, in September 1993 that details were being collected from construction agencies/Principals for onward transmission to Audit. Samiti had however not collected the details even by December 1994.

(g) The position brought out in the above paras would only indicate that the Samiti was not equipped with important details relating to its activities and that there were basic defects in the monitoring of its various programmes. There was lack of coordination between Samiti and its various outfits. The pace and progress of its construction works and other programmes was also far from satisfactory and left much to be desired.

12.11 Monitoring and Evaluation

12.11.1 Monitoring

The proceedings of the Society were being managed by various Committees which were required to meet periodically. The position as in December 1994 was as under:

| S.No | Name of the Committee | When formed | Frequency of meetings to be held | No of meetings required to be held | No of meetings actually held | Percentage shortfall |
|------|--|-----------------------------|--|--|---------------------------------------|-------------------------|
| 1. | Executive Council | At inception of the Society | Once a year | 7 | 3 | 57 |
| 2. | Executive Committee | -do- | Once in every quarter | 35 | 14 | 60 |
| 3. | Finance Committee | -do- | >> | 35 | 18 | 49 |
| 4. | Academic Advisory Committee | -do- | Twice a year | 17 | 8 | 53 |
| 5. | Construction Coordination Committee | 15-05-87 | 22 | 15 | 9 | 40 |
| 6. | Vidyalaya Advisory Committee (322 in number) | 04-07-89 | 22 | 8 X 322 =2576 | NA - | NA |

NA: Not Available

No record was kept by the Samiti about the meetings of the Vidyalaya Advisory Committees and the number of meetings actually held by them or whether such committees actually existed in schools or not.

It was also observed in audit that no effective Management Information System existed in the Samiti for over-seeing the functioning of the Vidyalayas. The Samiti stated, in September 1993, that Navodaya Vidyalayas were being monitored at local level by the Vidyalaya Management Committees having Deputy commissioners of the districts as their chairmen. Samiti, however, did not intimate as to how it ensured about the effective functioning of the Vidyalaya Management Committees.

12.11.2 Evaluation

One of the functions of the society was to commission periodic external evaluation of Navodaya Vidyalayas by competent organisations with a view to determine how far the objectives of the scheme were being realised and to issue suitable instructions. Test check revealed that this was not done by the Samiti. Samiti stated, in

May 1993, that no evaluation study had been ordered as it was still a new scheme. The Samiti's contention was hardly acceptable as the evaluation of the Navodaya Vidyalaya Scheme had already been done in 1990 by the Acharya Ram Murti Committee.

Acharya Ram Murti Committee was very critical of the scheme of Navodaya Vidyalayas and had recommended discontinuance of the scheme as it existed then as it was unequal to fulfil its objectives due to its inherent defects.

A study of 28 Navodaya Vidyalayas in the States of Gujarat, Jammu and Kashmir, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh conducted by investigators of the Committee also did not speak favourably of the conditions existing in the Navodaya Vidyalayas.

Further the committee also took note of the fact that three major states, Assam, Tamil Nadu and West Bengal had declined to accept the scheme on the grounds that it was too elitist and tended to have an adverse impact on the development of students due to its insistence to switch over after class VIII from the respective state language to English for science and Hindi for social science. The Committee had also recommended a review of the scheme at the end of 1992-93. A copy of the review if undertaken, was however not made available to Audit by the Samiti. There was need that external evaluation of the scheme and of the functioning of the Vidyalayas as a whole was undertaken on a priority basis.

12.12 Internal Audit

An Internal Audit Wing which was set up in July 1988 on recommendations of the Finance Committee was functioning in the Samiti. As on 31 March 1994, internal audit of 66 vidyalayas was outstanding. As regards outstanding objections for settlement, the Samiti stated, in September 1993, that the correct position was being ascertained. The number of outstanding internal audit objections for settlement as on 31 March 1992 was however 2572.

The above review was sent to the Ministry in October 1994. No reply has been received (March 1995).

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University Grants Commission

13. Control over assets acquired by various grantee institutions

The Public Accounts Committee (Third Lok Sabha) in its Twenty Fourth Report had recommended that the assets acquired out of grants given by autonomous bodies, which are financed mainly by grants from Government, should be accorded the same treatment as is accorded to assets acquired out of grants given by the Government. Accordingly, assets acquired wholly or substantially out of the grants given by such autonomous bodies also are not to be disposed of, encumbered or utilised without prior sanction of the grantor bodies for purposes other than those for which grants were given. Should at any time the grantee institution ceases to function, its assets shall revert to the grantor body.

University Grants Commission (UGC) financed mainly by grants from Central Government, provides financial assistance (grants) to Universities, Colleges etc. Although it had been exempted from maintaining the block accounts as grantor it would exercise control over the assets which were acquired by the grantee institutions out of grants given to them.

The rules/terms and conditions attached to grants released by UGC inter-alia provide that if at any time the grantee institution is either closed down or that institution diverts any asset for purposes other than those for which the grants were provided, then UGC should take immediate action for reversion thereof. In this connection, UGC was requested (March 1993) to intimate whether there were any such cases but no reply has been furnished so far (November 1994).

Scrutiny in Audit revealed as under:

(a) UGC had not paid grants to two affiliated colleges of Delhi University i.e. G.D.Salwan College and Rao Tula Ram College as these colleges were closed down in September 1989 and November 1980 respectively. UGC was also requested to intimate the value of their assets (buildings, equipments, etc.) which were acquired out of UGC grants, on the dates of their closure and whether any action was taken regarding

reversion/transfer of assets of the closed colleges. UGC intimated (July 1993) that information regarding value of assets was not available. It, however, stated that the assets of G.D.Salwan College were transferred to Delhi College of Arts and Commerce after 30 September 1989.

Ministry while endorsing the views of the UGC stated in December 1993 that matter has been taken up with authorities concerned to ascertain the value of the assets. However, no progress was intimated to Audit (November 1994).

(b) The building, at 35 Ferozshah Road, New Delhi which belongs to Jawaharlal Nehru University (JNU), had been let out to institutions such as Indian Council for Social Sciences Research (ICSSR) and Indian Council for Historical Research (ICHR) for their offices. Licence fees from the institutions was being collected by JNU. A part of this building was also being used by UGC. Although, the building was surplus to the needs of JNU, it had not reverted to UGC as yet.

In reply, UGC stated (October 1993) that JNU authorities were requested to revert back the building at 35 Ferozshah Road to them as it was constructed from out of UGC funds and the same was not being used by JNU. It was further stated that JNU authorities had contended that there was no provision in merger pact for transfer of building and they have only temporarily allotted some rooms to ICHR, ICSSR etc. JNU also proposed to utilise the premises after these are vacated by them. It was also stated that the building has become integral part of JNU and was used as city centre of JNU for its various activities and cannot be legally claimed to be reverted back to UGC. This contention is however not supported by any legal authority or specific decision of the Government and is therefore not tenable.

(c) Further, during the course of audit for 1982-83, it was observed that UGC had agreed to a proposal by the Gujarat University, Ahmedabad, for disposal of a complex of hostel building and teachers quarters of Vivekanand College of Arts constructed at Ahmedabad during 1972, out of assistance given by UGC (Rs 3,82,462) on sharing basis, provided the grant alongwith interest due thereon to date, was refunded.

Although more than a decade has elapsed UGC was not aware whether transfer of these buildings, had actually taken place or not.

(d) In regard to permission sought by grantee institutions for disposal of assets, policy decision had not been taken (October 1993) whether to recover grants alongwith interest due thereon or market value of the assets. In cases where permission for disposal of assets was given by UGC, there was no machanism for keeping a watch over the refund of grants together with interest due thereon/market value immediately after the disposal. There was also no system to seek the reversion of assets from institutions, which had ceased to function and further assistance to them was discontinued by UGC itself.

Accepting the facts in October 1994, UGC reiterated its stand of November 1993 which had been endorsed by the Ministry in December 1993, that necessary instructions have been issued to all the institutions for implementing the prescribed procedure and for maintaining the necessary registers. The Ministry did not offer further comments (March 1995).

However, the fact remains that properties/assets acquired out of UGC funds by a number of institutions had not reverted back to it in cases where these institutes ceased to function.

Banaras Hindu University

14. Outstanding advances

According to provisions of financial rules of Banaras Hindu University (University) the advances paid during a financial year are required to be adjusted within the same financial year.

A test- check (October 1993) of the records of the University revealed that contrary to the above provisions, the advances aggregating to Rs 517.75 lakhs (as detailed below) paid to various departments and individuals during the period 1985-86 to 1993-94 remained outstanding as of November 1994:

(Rupees in lakhs)

| Sl. No. | Years | Departments | Individuals | Total |
|------------|-----------------------|-------------|-------------|--------|
| 1. | 1985-86 to 1987-88 | 36.10 | 2.41 | 38.51 |
| 2. | 1988-89 to 1990-91 | 84.44 | 1.96 | 86.40 |
| 3. | 1991-92 to 1993-94 | 365.61 | 27.23 | 392.84 |
| | Total | 486.15 | 31.60 | 517.75 |

University stated that continuous efforts are being made to adjust the old outstanding advances. The Ministry had also endorsed (September 1994) the reply of the University.

Due to failure in observing provisions of University's financial rules and inordinate delay in adjustment of outstanding advances, the possibility of misappropriation/defalcation of loss to the University could not be ruled out.

Visva Bharati

15. Unfruitful expenditure on a project

With a view to promoting national integration studies, the University Grants Commission (UGC) approved in July 1985 the setting up of Indira Gandhi Centre for National Integration (Centre) as an integral part of Visva Bharati (University). Centre was to disseminate the theme of national integration through studies of political, religious, socio-cultural, demographic, ethnic, sociological and economic aspects, publishing articles and monographs and submission of periodical reports to the Government of India and suggest remedial measures to strengthen national unity and integration.

During the period from 1985-86 to 1993-94 the University received grants amounting to Rs 82 lakhs from UGC in addition to Rs 8.37 lakhs as donations from other sources. Till the end of 1993-94, the University had incurred an expenditure of Rs 63.46 lakhs for the Centre inclusive of Rs 56.05 lakhs for construction of main building and

staff quarters which were completed during November 1990-February 1991 and taken over in September 1991. An amount of Rs 26.91 lakhs remained unspent at the end of 1993-94. It was noticed in Audit that neither any guidelines were issued by UGC for time bound implementation of the programme nor any system was developed to monitor the utilisation of the grants.

It was also noticed in Audit that since the completion of the building no programme was undertaken, as envisaged, as of June 1994. The posts of academic and administrative staff sanctioned by UGC in January 1986 was not filled up except for one filled up in February 1988.

Centre could not be made functional even after three years from the completion of the infrastructure. The purpose of the scheme on which Rs 63.46 lakhs have been spent remained unfulfilled due to inadequate planning.

University stated in August 1994 that although it was not possible for them to introduce a regular course of studies in absence of a director of the centre, programme like poster competition, seminars, lectures etc were undertaken. Ministry endorsed the views of the University in August 1994.

The fact, however, remains that the main objective of the Centre remained unfulfilled.

Indian Institute of Technology, Madras

16. Avoidable extra expenditure

Under the terms and conditions of the Tamil Nadu Electricity Board (TNEB) for the supply of electricity, where more than one person or one establishment is in occupation of a door number, more than one service connection will be given only if there is a permanent physical segregation of areas for which different service connections are applied for. Accordingly, the Indian Institute of Technology (IIT), Madras, having various establishments such as residential quarters, hostel for Kendriya Vidyalaya, Post Office etc., in its campus, is eligible for more than one service connection for supply of electricity. It was, however, noticed (March 1993) that IIT was availing a High Tension

(HT) supply only and payment for the entire energy consumed including the residential quarters and hostel was made at the rate applicable to the HT supply. Based on the actual consumption of electricity charges and demand charges the rate per unit of electricity consumed through HT supply and paid to TNEB worked out to Re 0.96 to Rs 2.07 during April 1991 to June 1994 against Re 0.58 to Re 0.97 per unit recovered from the consumers under Low Tension (LT) domestic rates for the same period. This resulted in avoidable extra expenditure of Rs 22.42 lakhs to the IIT for the period April 1991 to June 1994.

In reply, IIT stated (July 1994) the following:

- (i) IIT was not eligible for additional service connection under LT in the campus as the actual power load in the residential area alone was 640 KW as against the limit of 97 KW limit for LT connection prescribed by TNEB.
- (ii) Separate service connection even if obtained for the residential area would be in the name of the occupants, which would lead to legal implications, with the occupants claiming the house as their own because TNEB bill would be given in the occupant's name.
- (iii) The rate per unit towards HT worked out by Audit included the demand charge also, which would not materially change on account of utilisation of HT supply for the domestic sector and hence comparison of the charges paid to TNEB and that collected from residents should be in respect of units consumed only, in which case, the extra expenditure would work out to a lesser amount than that pointed out by Audit.
- (iv) IIT had already approached (June 1994) TNEB to accept payment at LT rates for energy consumed for the residential area and HT rates for the remaining consumption.

Ministry endorsed the reply of IIT in August 1994.

The reply is not acceptable for the following reasons:

(i) Under terms and conditions of electricity supply by TNEB the institution could obtain more than one service connection for the actual load in the residential area to avail the benefit of tariff rates applicable to domestic consumption.

- (ii) Separate service connections have to be obtained against the designation of individual such as Professor's quarters, Assistant Professor's quarters, flat no. etc., as is done in the Central Public Works Department quarters and other institutions having residential quarters and office in the same campus. Even though the electricity bill would be given by TNEB against the incumbent's name, the property would vest with the institution only and hence this would not result in any legal problems.
- (iii) The energy drawn and the maximum demand recorded are inter-related and when the energy consumed is reduced the maximum demand is also reduced resulting in lesser demand charges. Hence the rate worked out by Audit inclusive of the demand charges is correct.
- (iv) The action taken by IIT is not sufficient in that it has not initiated action to obtain LT connections for the residential area and hence would continue to incur expenditure at HT rates applicable for the existing HT connection resulting in further avoidable extra expenditure to the institution.

Kendriya Vidyalaya Sangathan

17. Blocking of funds

Kendriya Vidyalaya Sangathan (KVS) is an autonomous body fully financed out of non-plan funds of the Government of India. The basic aim of KVS is to provide educational facilities for the children of Central Government employees.

Ministry of Defence sanctioned in August 1986 a plot of land measuring 15 acres on formal lease basis, for opening a new Vidyalaya at Sevoke Road (West Bengal). The possession of the site was taken over by KVS in January 1987. KVS sanctioned 'A' type school building with 21 residential units in May 1989 after approval of the preliminary drawings and estimates as provided by Chief Engineer, MES Siliguri Zone, their constructing agency. The total cost of construction was estimated to be Rs 91.66 lakhs. KVS approved the plans and also sanctioned in May/June 1989 the release of first instalment amounting to Rs 20 lakhs towards expenditure on the above work. As per clause 6 (viii) of the sanction, if the amount sanctioned was not utilised for the approved

purposes the KVS had the right to recover the entire grant in such manner as they may decide.

Chief Engineer informed KVS on 19th June 1989 that the proposed K.V.School, Sevoke Road was being resited by station Headquarters. It was also intimated that unless a new site was finalised no action could be taken. The proposed change was not acceptable to KVS. The work was not cancelled by KVS as they wanted to sustain their claim and also to avoid such a recurrence in schools located in defence sectors/areas. However, in August 1993, KVS decided to cancel the work. The cancellation order was issued only in December 1993.

It was noticed in audit in February 1994, that the amount of Rs 20 lakhs paid in June 1989 was yet to be refunded by the construction agency (MES).

Ministry confirmed the fact in December 1994 and stated that KVS has been making effort to recover the amount from MES.

Thus Rs 20 lakhs remained blocked for over five years and the purpose for which it was intended, could not be achieved so far (December 1994).

18. Purchase of tents

Kendriya Vidyalaya Sangathan (KVS) is an autonomous body fully financed out of Government grants. The basic aim of KVS is to provide education to the children of Central Government Employees. With a view to provide proper accommodation to the children in four Vidyalayas in Delhi, KVS decided in June, 1993 to purchase 100 tents (6mt. x 6mt. size each) from Ordnance Equipment Factory, Kanpur (OEF).

While approving the proposal, it was stated that the tents being purchased were of good quality and there was no need of calling tenders as the tents were being purchased from OEF. It was also stressed that since the average life of the tents was about ten years, it would reduce the recurring expenditure besides providing more comfort to the children. The purchase price per tent was Rs 10997 including taxes and duties plus fixing charges, annual maintanence charges etc.

Test-check of the records revealed that against sanction of 100 tents, KVS purchased 110 tents at a cost of Rs 12.10 lakhs. In addition, KVS also incurred extra expenditure amounting to Rs 1.16 lakhs on purchase of ballies, poles, ropes and transportation charges as certain accessories supplied by OEF were not suitable. Thus the total expenditure incurred on the purchase and fixing of 110 tents worked out to Rs 13.26 lakhs. However, though the average life of the tents was envisaged to be 10 years, KVS reported withing 3 months (September, 1993) to OEF that the tents were torn during torrential rains and also that in some of the tents different varieties of cloth was used.

In April 1994, KVS took up the matter with Ministry of Defence Production and Supplies and also with Additional Director General, Ordnance Factories stating that in a matter of ten months the cloth of these tents had become brittle and was tearing off at all places even by the slightest wind/pull and that the tents were not useful for classrooms and were not in a condition to be used in the next academic session starting from May 1994. On persistent request for replacement of the tents, OEF replaced only 48 tents out of 110 tents supplied and KVS again incurred Rs 0.82 lakh on pitching of these new 48 tents as well as on repair etc. of the old torn tents.

Thus the desired purpose of purchasing the tents viz. reduction in recurring expenditure, procuring of better quality tents and advantage in the long run due to estimated 10 years life of the tents remained unachieved/unfulfilled despite incurring Rs 8.29 lakhs (Rs 7.47 + 0.82).

KVS stated (July 1994) that the initial sanction was obtained for only 100 tents and sanction for the remaining 10 tents could not be obtained due to an inadvertent mistake of the Assistant Commissioner of Delhi Region in projecting the requirement. It further stated that the assumption of the life period of tents as 10 years is obviously a mistake especially when it is open to all elements of weather and general tendency of children to indulge in mischief. KVS also stated that 110 tents were fully utilised during the year 1993-94 and these are also being used by replacement/repair during the year 1994-95 and there is thus no infructuous expenditure involved. The fact, however, remains that KVS did not get the value for the money it spent.

The matter was referred to the Ministry in May 1994; their reply is awaited (March 1995).

Central Board of Secondary Education

19. Irregular and injudicious expenditure

Central Board of Secondary Education (Board) had been established by a Resolution of Government of India. It has been vested with powers to make regulations for the purpose of carrying into effect the provisions of the Government resolution concerning formation of the Board. Proviso under clause 16 of the Resolution stipulates that the regulations of the Board, or any other amendments thereto, shall not take effect until they have received the sanction of the Controlling Authority viz. Secretary to the Government of India, Department of Education.

For improving the punctuality in attendance in the office, Finance Committee of the Board decided, in September 1989, to provide transport facilities to certain employees, who were allotted staff quarters in Brij Vihar, on experimental basis for a period of six months and resolved to find out the financial implications, if the bus facilities were to be extended to cover other areas. Board started providing bus service on an experimental basis with effect from 16 August 1990. Finance Committee in its meeting held in December 1990, observed that the experiment was a failure and was not considered financially viable as it involved monthly expenditure of nearly Rs 200 per employee. Nevertheless, it resolved that the bus routes may be extended to four areas subject to the availability of adequate staff members on nominal charges of Rs 40 per month per member to be paid by all user members. Governing Body of the Board ratified the above recommendations of the Finance Committee in its meeting held on 30 August 1991.

It was observed that only 230 employees had availed the bus facility out of the total strength of 622 employees. Further, against the bus charges of Rs 40 per member per month approved by the Finance Committee, recovery was made at the slab rate of Rs 25, Rs 35 and Rs 40 based on distance. Board has incurred an expenditure of Rs 11.61 lakhs for providing transport facilities during the period from 11th September

1990 to 15th March 1994. A sum of Rs 0.80 lakh was also spent by the Board for providing bus service free of cost on two routes during the initial period from 16th August 1990 to 15th February 1991. Approval of the Controlling Authority, though required under the provisions referred to above, was never obtained by the Board. Thus, the entire expenditure of Rs 12.41 lakhs was irregular.

The matter was referred to the Board in December 1991. The Board stated (December 1991) that the Governing Body and the Finance Committee are the supreme authorities for issuing orders of a financial nature or otherwise, as the Board was an autonomous body and functioned under the control of Ministry of Human Resource Development and that the facilities of transport has been provided as a measure to increase the efficiency of the staff. The Board further stated in September 1994 that the Finance Committee resolved to discontinue the existing bus facility with effect from 15th March 1994 and to pay fixed conveyance allowance of Rs 150/- per month per member to all the eligible employees of the Board at the Headquarters as well as in the Regional Office. Even for grant of conveyance allowance to all members, the approval of the Controlling Authority was not obtained as it was not considered necessary.

The contention of the Board is not tenable. The Board is neither an autonomous body created by any enactment nor is it even a registered body under any Act. It was the creation of Government by an executive resolution. In view of the specific provisions made in the Government Resolution referred to above, the orders could be made effective only with the sanction of the Controlling Authority. The action taken by Board for providing the bus facility to a limited number of employees at the cost of public funds and subsequent grant of conveyance allowance on grounds of improving punctuality was neither judicious nor within its competence. The employees in any case were expected to attend office punctually and extension of any such special facility was beyond its jurisdiction.

The matter was referred to Ministry in December 1994; their reply is still awaited (March 1995).

University of Hyderabad

20. Misappropriation of scholarships

According to the procedure prescribed by the Government of Andhra Pradesh, Post-Matric scholarships for Scheduled Castes (SC), Scheduled Tribes (ST) and Backward Class (BC) students are sanctioned by the District officers of Social Welfare/Tribal Welfare Department, based on proposals from the Heads of the Educational Institutions. On receipt of sanctions, the claims for scholarships duly countersigned by the Assistant Social Welfare Officer concerned, should be presented by the Head of the Educational Institution at the District Treasury/Sub-Treasury. The Treasury shall make payment of scholarships by way of demand drafts drawn in favour of Head of the Educational Institution. Accordingly, the University had been preferring claims of scholarships in respect of its SC/ST/BC students at the District Treasury, Ranga Reddy (RR) District, Hyderabad duly countersigned by the Assistant Social Welfare Officer, Rajendranagar, Hyderabad and obtaining demand drafts till 1991-92.

In May 1992, the Incharge Registrar approached state Government to allow drawal of scholarships from 1992-93 onwards from the sub-treasury, Rajendranagar (which is a non-banking treasury where payments are made in cash), on the plea that the Assistant Social Welfare Officer's office was situated very close to the said Sub-Treasury. The District Treasury Officer, RR District accordingly issued instructions in May 1992 itself, permitting the University to draw scholarship bills from the Sub-Treasury Rajendranagar instead of from the District Treasury. University started drawing cash from the sub-treasury against scholarship bills presented from June 1992.

During July 1993 it came to the notice of Internal Audit that an amount of Rs 464048 drawn from the sub-treasury on first of June 1992 had not been deposited in the University Bank Account.

On verification by Audit in August 1993 it was noticed that against sanctions accorded by the Social Welfare/ Tribal Welfare Department for Rs 22.29 lakhs during 1992-93, for payment of scholarships to 523 students, the University preferred claims at the sub-Treasury for 690 students and received cash of Rs 28.51 lakhs (against 111

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vouchers). Out of the amount of Rs 28.51 lakhs so drawn, Rs 8.55 lakhs only was credited to University's account resulting in misappropriation of cash to the tune of Rs 19.96 lakhs. The excess amount of Rs 6.14 lakhs (against 109 vouchers) was drawn by way of preferring double claims on sanctions issued/ fictitious sanctions. Two vouchers of Rs 0.08 lakh were not available.

University did not prescribe any procedure for drawal of scholarship amounts from the Sub-Treasury and disbursal to eligible students. The work of preparation of scholarship claims and presentation at the sub-treasury was performed by the Registrar Office without getting approval of the Finance Officer of the University who is statutorily responsible to advise on financial policies. The Registrar proposed drawal of scholarship amounts at the sub-Treasury, Rajendranagar, in cash instead of from the District Treasury, RR District, where bills were paid by way of demand drafts.

No effective mechanism existed in Finance & Accounts Departments to ensure that funds, intended for payment of scholarships to students, were actually realised from state Government and were brought to University's Account. The Internal Audit wing also did not notice the misappropriation during its earlier checks of these transactions in October 1992, February 1993 and May 1993 although the misappropriation started taking place from June 1992. The misappropriation thus could have been avoided if the Finance & Accounts and Internal Audit Wings of the University were more vigilant in exercing their respective functions.

University reported the matter to police in July 1993 and the result of Police investigation is awaited (June 1994). A Committee to enquire into the matter was constituted. The Report of the Committee was considered by the Executive Council of the University and a Sub-Committee of the Council was constituted to examine the report in detail and to fix responsibility for the lapses. Final report of the Sub-Committee was awaited (October 1994).

Ministry stated (July 1994) that the misappropriation was an internal matter of the University and the matter was being pursued by the University with the assistance of local police.

University has since reverted to the earlier practice of drawing scholarship claims from the District Treasury Office RR District in the form of demand drafts only from the year 1993-94. The drawal and remittance of the scholarship amounts had been entrusted to the Finance Branch from 1993-94.

School of Planning and Architecture, New Delhi

21. Delay in construction of staff quarters and hostel building

In February 1986, the School of Planning and Architecture approved the construction of staff quarters and students hostel at Maharani Bagh at a preliminary estimated cost of Rs 316 lakhs based on CPWD plinth area rates. In September 1988, tender notices were issued to 17 short listed contractors/firms in response to which seven tenders were received.

The lowest quoted rates of two tenders of Rs 268.79 lakhs and Rs 274.08 lakhs were rejected on the ground that these firms might not use good quality material and delay the work. The work was awarded to the third lowest tenderer at a negotiated cost of Rs 285 lakhs (49.2 per cent above the estimated cost of Rs 191.02 lakhs) in January 1989 with the stipulation that the work be completed in 20 months from the date of award of contract. As per terms of the contract with the contractor, liquidated damages of Rs 17.57 lakhs were to be levied for non-completion of the work in 20 months (recoverable on prorata basis @ Rs 1.75 lakhs for each month of delay irrespective of the value of the work not completed within 20 months).

In terms of the contract, an interest free mobilisation advance of Rs 25 lakhs was paid to the contractor (March 1989) which was recoverable on a prorata basis at 10 *per cent* of the gross value of each running bill. A further special advance of Rs 12 lakhs at a concessional rate of interest of seven *per cent per annum* was also paid to the contractor in April 1990 for purchase of material although there was no provision for such payment in the contract.

It was noticed that progress of construction work was slow. By October 1990, only the hostel block was completed and the work of construction of staff quarters was

completed in November 1991. The entire work was stated to have been completed in February 1992.

In this connection the following audit comments are made:

- (i) The work was awarded at a negotiated cost of Rs 285 lakhs to the third lowest tenderer and the offers of the first and second lowest tenderers were rejected on the ground of assessment of their past poor performance as well as the likelihood of delay in completing the project in record time. As the offers were invited on limited tender basis, it was expected that only technically approved firms would be asked to bid. Therefore, the first two lowest tenderers should not have been asked to quote and in case they were technically suitable their tenders should have been entertained. However, even after awarding the work to the third lowest firm, the work could not be completed in time and there was a delay of over 17 months.
- (ii) Special advance of Rs 12 lakhs at a concessional interest rate of seven *per cent* to the contractor was against the provision of the contract and resulted in unauthorised financial aid to the contractor.
- (iii) The penalty clause for liquidated damages of Rs 17.57 lakhs for non-completion of the project within the time schedule of 20 months was not invoked. On being pointed out in audit, the school levied liquidated damages of Rs 9.94 lakhs in September 1993. Details of payments, if any, received, were not made available (November 1994)
- (iv) One of the main considerations for award of work to the third lowest bidder and giving him advance on concessional terms was that he would complete the construction in time. As the project was delayed, the very purpose of awarding the contract at a higher cost of Rs 16.21 lakhs was defeated, besides allowing extra benefit to the contractor.

The matter was referred to Ministry in October 1993; reply has not been received (March 1995).

University of Delhi

22. Unfruitful expenditure on purchase of equipment for electrical substation

No expenditure should be incurred on a service not contemplated in the budget grant for that year. It was seen that estimates amounting to Rs 13.51 lakhs (for each sub-station) for the work construction of 2 sub-stations at South Campus 'SH: Supply installation, commissioning of Electrical sub-station equipments and supply installation and commissioning of Diesel Generator' were sent by the University of Delhi (University) to University Grant Commission (UGC) on 23 April, 1990. However, before requesting UGC for approval, the work had already been awarded to a firm in September 1989 whose offer of Rs 15.97 lakhs was lowest. The work to be started from September 1989 was to be completed by January 1990. The firm supplied equipments valuing Rs 12.63 lakhs during November 1989 and February 1990 against which it was paid Rs 12.35 lakhs during February 1990 to January 1995. Before awarding work to the firm in September 1989, the estimates were not got approved from CPWD. CPWD was approached in August 1992, and it returned the estimates suggesting certain modifications in January 1994. The modified preliminary estimates were however, approved by CPWD in September 1994. The equipments supplied by the contractor in November 1989/ February 1990 had not been installed/ put to use till October 1994.

University stated (January 1995) that the procurement of equipment and related works were awarded to the contractor concerned in anticipation of UGC's approval and that the equipments had been installed in December 1994.

However, the fact remains that the electrical equipments worth Rs 12.63 lakhs were procured without its immediate need and remained unutilised for more than four years due to their non-installation.

Ministry, in its interim reply (February 1995) stated that it was not satisfied with the explanations given by the University and asked the latter to clarify position in regard to certain points as raised in the Audit paragraph. It further stated that the final reply would be sent on receipt of reply from the University.

University of Delhi awarded (May 1990), the work relating to 'airconditioning of ground floor laboratory area of the building complex of the Department of Plant Molecular Biology at South Campus' to a local firm at the tendered cost of The work comprising designing, fabrication, supply, erection and Rs 9.99 lakhs. commissioning of the plant was to be completed within a period of four months from the date of work order.

As per terms of the contract, the University itself was to arrange for all ancillary work including masonry work like foundation and clearing of areas for the cooling towers, and pipings, construction of pump house and fixing of wooden grill etc. The agreement provided for 50 per cent payment at the time of awarding the contract, 40 per cent at the time of delivering goods and material and 10per cent on the satisfactory completion of work.

Accordingly, the University 'advanced Rs 4.99 lakhs to the firm in July 1990. A further amount of Rs 3.62 lakhs was also paid to the firm in March 1991 against the material worth Rs 8.04 lakhs (including Rs 6.40 lakhs for four air-conditioners). Thus Rs 8.61 lakhs was paid to the firm against admissible amount of Rs 7.24 lakhs (90per cent of Rs 8.04 lakhs) which resulted in the excess payment of Rs 1.37 lakhs.

Further, the University also on its part failed to complete the ancillary and masonry work relating to the project. Consequently, the project continued to remain incomplete (October 1994) even after lapse of more than four years, blocking an amount of Rs 8.61 lakhs spent on it. Air-conditioners purchased at a cost of Rs 6.40 lakhs were lying idle since March 1991. The warranty period of the equipment which was 15 months from the date of supply also lapsed.

University stated (October 1994) that the contract was awarded prior to completion of specific civil work in anticipation that civil work would be completed by the time supplies arrive and some civil work and work related to electric supply could not progress owing to the resource crisis and in turn installation of air-conditioners also got delayed.

Ministry stated (January 1995) that there had been procedural lapses on the part of the University in awarding the contract prior to completion of civil works. It further stated that the University had been advised suitably.

University College of Medical Sciences, Delhi

24. Overpayment due to wrong fixation of pay

Ministry of Health and Family Welfare, Department of Health issued orders regarding revision of emoluments of the Junior and Senior Residents under the Residency Scheme which were made effective from 1st January 1986. According to these orders the Senior Residents were placed in the scale of pay of Rs 3000-3200. The basic pay was inclusive of Post Graduate Allowance and Non-Practising Allowance (NPA).

University Grants Commission (UGC) issued orders in June 1989 regarding pay fixation of teachers in the medical faculty of the Central Universities and clarified in October 1989 that the pay of Senior Residents/Senior Demonstrators being drawn in the scale of Rs 3000-3200 be protected when they are appointed as lecturers in the Medical Faculty by giving advance increments in the scale of Rs 2200-4000. UGC further clarified that the lecturers so appointed would also enjoy the benefit of NPA over and above the benefit of pay protection. These orders were made effective from 1st January 1986. Since the pay scale of the Senior Resident/ Senior Demonstrator was inclusive of NPA, the grant of NPA in addition to the pay protection resulted in grant of benefit of NPA twice.

It was, observed in audit that in the University College of Medical Sciences (UCMS), Delhi, the pay of 39 lecturers was fixed with reference to UGC's orders referred to above which resulted in overpayment of Rs 13.58 lakhs during the period from May 1987 to March 1994. Out of 39 lecturers, 15 lecturers to whom excess payment of Rs 4.32 lakhs was made had since resigned.

UGC stated (January 1994) that if the NPA to a medical teacher was not allowed, his emoluments would have been less than the total emoluments he was getting as Senior Resident and that the admissibility of NPA after pay fixation was also

of UGC is not tenable. If the intention of UGC was to protect the emoluments of the Senior Residents/Senior Demonstrators consequent upon their appointment as Lecturers, the pay could have been fixed with reference to pay excluding the element of NPA in the former cadre. Since NPA was admissible to both the categories, the question of loss would not arise. Thus the orders issued by UGC were erroneous and resulted in overpayment of Rs 13.58 lakhs by UCMS (upto March 1994).

Ministry while reiterating the views of UGC, stated (February 1995) that 'it is doubtful whether the justification given by UGC is wholly in keeping with accepted principles of pay fixation in such cases and that the Commission was being requested to review the entire matter and issue necessary instructions to the College to deal with such cases in future.

Department of Youth Affairs and Sports University of Delhi

25. Excess expenditure on National Service Scheme

National Service Scheme (NSS) was started by the Government in 1969 with the objectives to develop personality of students through Community service offered by them while undergoing instructions in an educational institution. It sought to arouse social consciousness of students, to provide them with the opportunity to work with the people around educational campus creatively and constructively and to put education they receive to concrete social use.

The funds for implementation of NSS are provided as per the funding pattern approved by Ministry of Human Resource Development (Department of Youth Affairs and Sports) which envisaged payment of Rs 60 (upto 1983-84), Rs 80 (1984-85 to 1990-91) and Rs 120 (from 1991-92 onwards) per student per annum for regular programmes and Rs 150 (upto 1990-91) and Rs 200 (from 1991-92 onwards) per student per annum for special camping programmes. Further, for meeting the establishment and administrative expenses for implementation of NSS, University level institutions had been allowed to spend upto a maximum amount of Rs 5 (upto 1983-84), Rs 10 (from 1984-85 to 1990-91) and Rs 15 (for 1991-92 onwards) per student per annum out of funds provided for regular programmes.

University of Delhi was covered under NSS from December 1969. NSS is implemented by the University through its various institutions. The University had received funds amounting to Rs 100.68 lakhs for regular programmes and Rs 51.23 lakhs for special camping programmes during the period from 1980-81 to 1993-94.

A scrutiny of the records of the University relating to NSS revealed that out of Rs 100.68 lakhs received during 1980-94, University had released funds amounting to Rs 53.21 lakhs only to various colleges/institutions for regular programmes and out of the

remaining, spent Rs 46.76 lakhs on meeting the establishment and administrative expenses as against the admissible amount of Rs 20.17 lakhs as per approved pattern of funding. This resulted in excess expenditure of Rs 26.59 lakhs. Excess expenditure of Rs 26.59 lakhs also included Rs 6.22 lakhs on account of salary paid during 1980-94 to the driver of NSS bus, which was to be borne by the University out of its own funds as per the guidelines of April 1978 of the Ministry. Thus, the funds were not spent fully for the development programmes envisaged under NSS.

Further, out of Rs 51.23 lakhs received for special camping programmes during 1980-94, Rs 25.39 lakhs were lying unspent with the University on 31 March 1994. It was observed that out of Rs 16.14 lakhs received during 1993-94, only Rs 1.65 lakhs were released for special camping programmes. Non-utilisation of the money defeated the purpose for which the funds were made available to the University.

University stated in September 1994 that the excess expenditure was mainly due to the payment of dearness allowance, rationalisation of pay-scales (IVth Pay Commission), payment of interim relief and bonus etc. It further stated that the driver's salary was being paid out of NSS funds as University was short of funds. The reply of the University was not convincing as the funds were to be spent as per the approved pattern and for the purpose for which these were sanctioned notwithstanding its own resource constraints.

Ministry stated in its interim reply (March 1995) that the unspent balance of Rs 25.39 lakhs available with University of Delhi would be adjusted against the future release of grants.

CHAPTER VII

Ministry of Industry

Khadi and Village Industries Commission

26. Non-recovery of interest on loan

With a view to develop Khadi and Village Industries, Khadi and Village Industries Commission advanced loans to village industry Boards and Institutions for the purpose of working capital. According to the terms and conditions governing the grant of loan by the Khadi and Village Industries Commission, working capital loans advanced for khadi industry were interest free while those given for village industries carried interest at the rate of 2.5 per cent per annum upto 31 March 1974 and at the rate of four per cent per annum from 1 April 1974 which was to be worked out on an annual basis. According to the mode of repayment of loans sanctioned for working capital, 30per cent each is to be repaid at the end of third and fourth year respectively and the balance 40per cent at the end of fifth year.

It was observed in Audit that the interest recoverable on the village industries loans, due from Institutions and State Boards was Rs 365.73 lakhs and Rs 1828.58 lakhs as on 31 March 1987 and 31 March 1989 respectively. The information regarding the interest recoverable as on 31 March 1994 was not furnished by the Commission. No steps were taken by the Commission to calculate the interest recoverable on defaulted village industries loans at the end of each financial year as prescribed.

The details regarding recovery of loans and interest were as follows:

| Years | | Reci | | | | | | | | |
|---------|--------------------|------------------|------------------------------|------------------------------------|--------------------|------------------------|--------------------------------|-------------------------------|--|---|
| years | Opening Balance | Further loans | Total Loans on date | Repayment during the year | Closing Balance | Opening Balance | Further interest accrued | Total Inte- rest due | Interest recove- red during the year | Balance recove- rable at the end of each year |
| 987-88 | 257.81 | 53.58 | 311.39 | 11.89 | 299.50 | | | • | 1.42 | |
| 988-89 | 299.50 | 50.77 | 350.27 | 13.24 | 337.03 | | | | 2.92 | |
| 989-90 | 337.03 | 68.45 | 405.48 | 11.79 | 393.69 | | | | 3.29 | Not |
| 990-91 | 393.69 | 87.70 | 481.39 | 13.59 | 467.80 | Not available with the | | 3.73 | available | |
| 1991-92 | 467.80 | 76.14 | 7.70 | 536.24 | 543.94 | Comm | ission | | 2.33 | with the |
| 1992-93 | 536.24 | 72.23 | 608.47 | 5.27 | 603.20 | | | | 2.24 | Commi- |
| 1993-94 | 603.20 | 59.46 | 662.66 | 5.56 | 657.10 | 1 | | | 2.67 | ssion |

The interest recoverable on village industries loans at the rate of four per cent for the years 1989-90 to 1993-94 based on opening balance of loans and repayment of loans during the year would work out to Rs 9176.21 lakhs against which Commission had received Rs 1427.48 lakhs and Rs 312.83 lakhs during April 1994 to January 1995.

Commission stated (September 1993) that the working of calculation of interest due from Khadi and Village Industries Commission beneficiaries could not show satisfactory progress due to shortage of staff and that efforts were being made to update the work through computers. Commission further stated (February 1995) that computers have since been acquired and the actual work of calculation of interest will commence by the end of March 1995.

The matter was referred to Ministry in July 1994; their reply has not been received (February 1995).

27. Infructuous expenditure on idle staff

Khadi and Village Industries Commission has a carpentry and blacksmithy workshop at Dahanu for manufacturing various kinds of implements. The workshop was incurring losses every year right from 1972-73 to 1992-93 except for five years and the final accounts of the units relating to 1992-93 reflected that the unit had incurred a net loss of Rs 34.21 lakhs in its manufacturing activities upto 31 March 1993. It was seen in

audit that the unit received a grant of Rs 5 lakhs for meeting the cost of staff during 1992-93 and the net loss of Rs 4.28 lakhs during 1992-93 was arrived at by treating this amount as income received during 1992-93, though not directly attributable to the trading activities of the workshop. The net loss for 1992-93 thus worked out to Rs 9.28 lakhs. Similar grants of Rs 5.50 lakhs and Rs 5.75 lakhs received in the years 1988-89 and 1989-90 were also treated as income received in the respective years. The total loss upto 31 March 1993 therefore worked out to Rs 50.46 lakhs which exceeded the capital of the workshop of Rs 28.51 lakhs.

It was further observed from the Accounts that the unit had received Rs 11.14 lakhs during the period 1991-93 from outside parties towards the orders placed by them. However, the orders could not be executed except manufacturing certain minor implements, for want of funds with the unit of the Commission for the procurement of necessary raw materials. The entire staff of the unit thus remained idle since 1992-93, resulting in infructuous expenditure of Rs 9.57 lakhs incurred on the establishment (Rs 3.19 lakhs during 1992-93 and Rs 6.38 lakhs during April to December 1993).

Ministry stated (September 1994) that the unit had adequately justified its existence by ensuring productive employment and achieving accumulative turnover of Rs 2.68 crores upto 31 March 1994 and that the surplus staff of another closed unit at Dahanu, who were not technically qualified, were absorbed in the unit. Ministry further stated that though Commission had earlier decided (June 1992) to close down the unit at Dahanu and shift the equipments to Wardha Unit, in view of the representations from staff as well as union, the decision was revised in November 1992 and it was decided to continue the activities till March 1993 and to review thereafter.

The reply of Ministry is not tenable since the unit was not economically viable and had been incurring losses for a number of years, and no corrective steps were taken so far. There was no review by the Commission after March 1993, since the term of the Commission expired in May 1993.

National Small Industries Corporation Limited

28. Non-completion of pavilion resulting in blocking of funds

National Small Industries Corporation Limited (NSIC) received grant amounting to Rs 94 lakhs from the Government of India in three phases during the period 1988-89 to 1990-91 for construction of permanent pavilion on land measuring 4000 sq.metres allotted by the Trade Fair Authority of India (TFAI) in Pragati Maidan. The time schedule for construction of the pavilion was stated to be about two years. Existing land in the possession of NSIC was only 3000 sq.metres. Additional land measuring 1000 sq.metres was made available by TFAI only in the middle of the year 1990. TFAI, who was entrusted with the supervision of work relating to construction/ remodelling of NSIC pavilion, however, expressed their inability to handle the project in December 1990 and suggested for awarding the work to Central Public Works Department/Public Sector Undertakings etc. who were fully equipped to handle such projects. Offers from architects/contractors for the supervision of the work and also for construction/ remodelling of NSIC pavilion were then invited by the NSIC. In March 1991, Ministry while conveying their approval to carry forward the unspent amount of Rs 74 lakhs from the financial year 1989-90 to 1990-91 advised NSIC to deposit back with Government the entire unutilised portion of the grant available with them on 31 March 1991. NSIC, however, ignored this and came up with a proposal (March 1992) to carry forward the entire unspent balance of Rs 94 lakhs from 1990-91 to 1991-92 which was left undecided by the Ministry.

In reply to audit query regarding progress of the work, Ministry informed (November 1994) that the Committee of Directors had desired to go in for fresh tenders through the press advertisement and the evaluation of the tenders both technical and financial aspects was in hand to award the work.

Thus, the entire grant of Rs 94 lakhs sanctioned for construction of the pavilion remained unutilised; resulting in the blocking of funds for over 3 years besides loss of interest to the extent of Rs 29.10 lakhs (November 1994).

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Ministry stated (January 1995) that NSIC had been directed to refund grant of Rs 94 lakhs to Government. Further progress relating to the recovery of Rs 94 lakhs together with interest accrued thereon was not furnished to Audit.

Central Institute of Tool Design, Hyderabad

29. Infructuous expenditure

With the object of achieving self-sufficiency in the working of Central Institute of Tool Design, Hyderabad a lathe machine was purchased in March 1990 by the Institute from a firm at a cost of Rs 38.67 lakhs. The Institute estimated that the machine would earn a monthly income of Rs 0.43 lakh on execution of job works.

It was noticed in audit (January 1994) that though the machine was delivered in March 1990, its accessories were mostly supplied during April to July 1990. Consignments (accessories) valuing Rs 0.14 lakh were, however, not received by the Institute so far (October 1994). The machine was installed by the supplier in June 1990 but could not be commissioned successfully (October 1994). The Institute did not approve the performance of the machine as it failed to give the required accuracies. The machine was not, therefore, put to use so far (October 1994).

The supply contract stipulated payment of cost of the machine only on Institute being satisfied with the performance of the machine after erection and commissioning at Institute. The Institute further reserved the right to reject the machine in case of non-approval, but the price (including for accessories not supplied) was paid in March 1990 without ensuring performance of the machine. The supplier had neither replaced the machine with a new one nor refunded the payment. The Institute also could not proceed legally against the supplier for breach of contract on the advice of the Ministry (Development Commissioner, Small Scale Industries) on the ground that neither the literature offered by the supplier with the quotation nor the conditions laid down in the purchase order contained any specification of the fixed standards.

Institute had neither taken adequate care regarding the specifications of working standards of the machine offered by the supplier nor specified fixed standards of

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accuracy required by the Institute in the purchase order. The machine had not been put to use for taking up job works even after four years of its purchase. This has resulted in production loss of Rs 23.65 lakhs (October 1994), besides the entire amount of Rs 38.67 lakhs spent on its acquisition became infructuous.

It was contended by the Ministry (September 1994) that though the machine was not giving the required accuracies, the Institute was able to impart training to the students, that the production loss of Rs 23.65 lakhs was not based on factual position and that legal action was not taken due to heavy costs by way of stamp duty, court fees and other expenses.

The reply of the Ministry is not tenable for the following reasons:

- (i) the machine was procured to achieve self-sufficiency in the working of the Institute as per the directive of Central Government;
- (ii) no separate and exclusive training programmes were organised for the machine;
- (iii) the production loss mentioned is as per the assessment of the Institute itself for single shift, though the Institute has further stated that the Institute had sufficient orders on hand to run two shifts; and
- (iv) the Ministry (Development Commissioner) advised the Institute not to proceed legally as there was no justification for filing a suit in the Court.

CHAPTER VIII

Ministry of Labour

30. Employees State Insurance Corporation

30.1 Introduction

The scheme of Health Insurance envisaged compulsory State Insurance providing for certain benefits to employees in the event of sickness, maternity and employment injury. The administration of the scheme was entrusted to a Corporation formed under Employees' State Insurance Act, 1948.

After enforcement of the provisions of Employees' State Insurance (Amendment) Act, 1989 w.e.f. 20th October 1989, the Act became applicable in the first instance to non seasonal factories using power and employing ten or more persons and non-power factories employing twenty or more persons. Employees of covered factories and establishments in receipt of wages not exceeding Rs 3000 per month (wage limit increased from Rs 1600 to 3000 w.e.f. 1st April 1992) were covered under this Act.

30.2 Organisational set up

The Employees' State Insurance Corporation comprised of Chairman, Vice-Chairman both appointed by the Central Government, one person each representing each of the States appointed by the State Governments concerned, one person appointed by the Central Government to represent the Union Territories, ten persons representing employees, two persons representing the medical profession and three members of Parliament. A Standing Committee constituted from among the members of the Corporation acts as the Executive Body for the administration of the scheme. There is also a Medical Benefit Council to advise the Corporation regarding matters connected with the provisions of medical benefits. The Director General is over all in-charge of the Corporation and assists the Corporation in administration of the scheme. As of March 1994, seventeen regional offices, four Sub-regional offices, six hundred twenty five local offices, one hundred eighty one Pay Offices and two hundred ninty seven Inspection Offices, were functioning in the States and Union Territories.

30.3 Scope of Audit

The accounts of the Corporation are audited under Section 34 of the Employees' State Insurance Act, 1948 read with Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and conditions of service) Act, 1971. The certified accounts together with Audit Report thereon are forwarded annually to the Government for being laid before Parliament.

The present review is based on a test check of the records of the Corporation with reference to the implementation of the scheme from 1989-90 to 1993-94.

30.4 Highlights

- There was a considerable shortfall in the various meetings of the Standing Committee, Medical Benefit Council and Regional Boards.

(Paragraph 30.6)

Shortfall in inspections conducted during 1989-90 to 1993-94 ranged from 46.96 per cent to 55.57 per cent and shortfall in respect of surveys conducted during the years 1989-90 to 1992-93 ranged from 44.57 per cent to 65.23 per cent.

(Paragraph 30.7)

Contributions amounting to Rs 21545.38 lakhs were in arrears as on 31st March 1994. There was a steady increase in the arrears since 1989-90.

(Paragraph 30.8)

Damages levied amounting to Rs 3334.87 lakhs were in arrears as on 31st March 1994. The arrears of damages during 1989-90 to 1993-94 were more than 97 per cent whereas the recovery ranged from 2 per cent to 4 per cent only.

(Paragraph 30.9)

Out of 410852 bank transactions effected in Delhi region during the period April 1992 to February 1993 credit was afforded by Bank on the

same day only in 225255 cases (54.82 per cent) and the delay in affording credit by Bank (SBI) in the remaining (45.18 per cent) cases ranged from 10 to 239 days. Rate of affording of credit in Delhi region alone attracted claim of penal interest amounting to Rs 5.43 lakhs for one month only i.e. December 1993.

(Paragraph 30.10)

- Unadjusted advance payments as on 31st March 1994 worked out to Rs 48269.44 lakhs.

(Paragraph 30.11)

- Surplus staff in non-medical side entailed an extra expenditure of Rs 7.09 crores on pay and allowances during the last 5 years.

(Paragraph 30.12)

An amount of Rs 3560.67 lakhs was lying outstanding as on 31st March 1994 on account of advances to various construction agencies for various deposit works of the Corporation. Some of the outstanding amount pertained to the year 1970-71.

(Paragraph 30.13)

Non-commissioning of beds in some of the fully operational hospitals ranged from 21.95 to 68.35 per cent.

(Paragraph 30.14)

30.5 Budget and Accounts

The Employees' State Insurance Scheme was financed mainly by contributions from employers and employees. The rate of contribution by employer and employee was 4 per cent and 1.5 per cent of wages respectively. Employees earning less than Rs 15 per day were not required to contribute their share of contribution.

The table below shows the income and expenditure of the Corporation against the budget estimates for the years 1989-90 to 1993-94:

(Rupees in lakhs)

| Year | Inco | me | Expenditure | | | |
|---------|---------------------|------------------|---------------------|-----------------------|--|--|
| | Budget Estimates | Actual Income | Budget Estimates | Actual Expenditure | | |
| 1989-90 | 43535.11 | 43784.53 | 31195.85 | 31451.20 | | |
| 1990-91 | 44955.81 | 44216.16 | 34671.72 | 32573.47 | | |
| 1991-92 | 44849.84 | 45083.52 | 39305.04 | 38509.75 | | |
| 1992-93 | 58133.25 | 58241.98 | 44071.65 | 37794.55 | | |
| 1993-94 | 71237.95 | 69246.93 | 59724.02 | 59418.65 | | |

30.6 Meetings of the, Standing Committee, Medical Benefit Council and Regional Boards

Standing Committee which is the Executive Body for the administration of the Scheme comprising fifteen members was required to meet four times a year.

A review of the minutes of the meetings and other connected records revealed that there was a considerable shortfall in the number of meetings of the Standing Committee held during the period 1990-91 to 1992-93 ranging from 25 to 75 percent. The position of the meetings held was as under:

| Year | Number of meetings to be held | | Shortfall | Percentage |
|---------|-------------------------------------|---|-----------|------------|
| 1989-90 | 4 | 4 | . — | = |
| 1990-91 | 4 | 1 | 3 | 75 |
| 1991-92 | 4 | 3 | 1 | 25 |
| 1992-93 | 4 | 3 | 1 | 25 |
| 1993-94 | 4 | 5 | | S= |

Medical Benefit Council was required to meet four times a year but the required number of meetings were not held in any year except 1989-90 and 1992-93 during the period 1989-90 to 1993-94. During 1989-90, 1990-91, 1991-92, 1992-93 and 1993-94 the number of meetings held were 2, 1, 1, 2 and 1 respectively. The shortfall ranged from 50 to 75 *per cent*.

Regional Boards constituted for each state were required to meet four times a year. Records of the Regional Boards in the different regions revealed that no meetings were held during 1989-90 in the State of Haryana, during 1990-91 in the States of

Andhra Pradesh, Delhi (UT), Himachal Pradesh, Pondicherry and Uttar Pradesh, during 1991-92 in the States of Andhra Pradesh, Delhi (UT), Pondicherry and Tamil Nadu and during 1992-93 in the States of Andhra Pradesh and Uttar Pradesh. The percentage of shortfall in holding the Regional Boards' meetings varied between 57 to 68 per cent during the years 1989-90 and 1992-93

Corporation stated (September, 1994) that the State Government authorities and the Regional Directors were regularly being asked to give reasons for non-holding of the meetings. Despite efforts made by the Regional Directors, the meetings of the Regional Boards in some of the regions could not be convened due to non-availability of time at the disposal of the Chairman etc.

30.7 Identification of coverable establishments and inspections thereof

Corporation appointed inspectors for enquiring into the correctness of any of the particulars furnished by the employers and to check the maintenance of the basic records maintained by the employers.

The year-wise inspections of establishments carried out by the inspecting staff of the Corporation during the period 1989-90 to 1993-94 as per information furnished by the Corporation were as under:

| Year | Number of inspections due | Number of inspections actually carried out | Shortfall (in per cent) | | |
|---------|---------------------------|--|----------------------------|--|--|
| 1989-90 | 117567 | 61788 | 47.45 | | |
| 1990-91 | 127943 | 63266 | 50.56 | | |
| 1991-92 | 139410 | 74378 | 46.45 | | |
| 1992-93 | 136466 | 60636 | 55.57 | | |
| 1993-94 | 50911 | 27005 | 46.96 | | |

Yearwise details of surveys due and conducted during the years 1989-90 to 1993-94 was as under:

| Year | Number of surveys due | Number of surveys conducted | Shortfall (in per cent) |
|---------|-----------------------|-----------------------------|-------------------------------|
| 1989-90 | 14072 | 7800 | 44.57 |
| 1990-91 | 15279 | 5867 | 61.60 |
| 1991-92 | 18900 | 8102 | 57.13 |
| 1992-93 | 19221 | 6682 | 65.23 |
| 1993-94 | 18390 | 36105 | nil |

In this connection the following audit observations were made:

- (i) Major variations were noticed from 1989-90 to 1993-94 in respect of inspections due and actually carried out. The shortfall ranged from 46.96 to 55.57per cent. The Corporation stated (February 1995) that shortfall was due to shortage of Insurance Inspectors on account of administrative difficulties.
- (ii) Shortfall in respect of surveys conducted during the years 1989-90, 1990-91, 1991-92 and 1992-93 were 44.57 per cent, 61.60 per cent, 57.13 per cent and 65.23 per cent respectively for which no reasons were offered by the Corporation. Also no year-wise details of surveys due and carried out by the regions were made available.
- (iii) It was observed that despite the increase in the number of inspectors i.e. from 1131 to 1193 during 1990-91, 1193 to 1268 during 1991-92, 1268 to 1299 during 1992-93 and 1299 to 1352 during 1993-94, the number of inspections had decreased.

Corporation stated (July 1994) that the number of inspections carried out had gone down as the inspectors were diverted to other works, such as surveys, legal works and as managers of local offices.

(iv) The detail of inspections due and actually carried out in respect of Delhi Region was as under:

| Year | No. of establish- ments | No. of inspections due | Actually carried out | Shortfall (in per cent) |
|---------|----------------------------|------------------------|----------------------|-------------------------------|
| 1989-90 | 14935 | 14935 | 7658 | 48.73 |
| 1990-91 | 14897 | 14897 | 7911 | 46.89 |
| 1991-92 | 13961 | 13961 | 9565 | 31.49 |
| 1992-93 | 14703 | 14703 | 7063 | 51.96 |
| 1993-94 | 1804 | 1804 | 1804 | nil |

In respect of Delhi region also major variations for different years were noticed. Shortfall varied from 31.49 to 51.96 *per cent* during 1989-90 to 1992-93.

(v) An Inspection Register with columns (1) for number of employees, (2) position of previous inspections and (3) inspections carried out during the year were to be duly filled in. However a test check of Inspection Register of Delhi Division No.19 revealed that no proper register with relevant columns was being maintained. A personal diary for the use of Inspector with a few dates was maintained with no particulars filled against them. The Inspection Register was a basic record from which further details were maintained. In the absence of it, inspections conducted and their frequency etc. could not be authenticated.

30.8 Arrears of contributions

Under the provisions of the Employees' State Insurance (Amendment) Act, 1989 every employer was required to submit six monthly return showing the total number of employees, total wages, employer's share, employees' share etc. with full details of remittances made. The statement was to be accompanied by triplicate challans in support of the remittances made in the State Bank of India. A review of the various records revealed that contributions amounting to Rs 21545.38 lakhs were in arrears as on 31st March 1994 as shown below:

(Rupees in lakhs)

| Position as on 31st March | Contribution in arrears |
|---------------------------|-------------------------|
| 1990 | 13526.45 |
| 1991 | 14010.06 |
| 1992 | 16032.41 |
| 1993 | 17856.33 |
| 1994 | 21545.38 |

It is seen from the above table that there was a steady increase in the arrears since 1989-90. The increase was mainly in the states of Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. Details regarding number of establishments from whom contributions were due, filing of

claims, filing of delayed claims, number of claims pending year-wise and the contributions due during the year and reasons for the huge amount of arrears of contributions were not furnished to Audit.

Corporation in meeting held during December 1991 observed that the arrear of contributions was gradually increasing. In reply to a specific query from audit as to the steps taken to reduce the arrears in recovery of contributions, it was stated that the Corporation had set up its own Revenue Recovery Machinery, which started functioning in five states/ regions: Andhra Pradesh, Bombay, Madhya Pradesh, Karnataka and West Bengal with effect from January 1992. In another eleven regions viz. Bihar, Gujarat, Rajasthan, Orissa, Kerala, Haryana, Madras, Delhi, Uttar Pradesh, Pune and Coimbatore it started functioning from December 1992, in Nagpur and Madurai with effect from March 1993 and in Punjab with effect from June 1993. The Corporation further stated that at present Revenue Recovery Machinery had been functioning in 19 regions/sub-regions (except Goa & Assam). Since the functioning of the Corporation's own revenue recovery machinery, a sum of Rs 2011.98 lakhs had been recovered till May 1994. In the year 1993-94 it collected Rs 1426.83 lakhs incurring expenditure of Rs 58.56 lakhs on its staff consisting of one Revenue Receipt Officer, two Recovery Inspectors and supporting clerical staff.

The category-wise classification of arrears of contributions reflected above was as below:

(Rupees in lakhs)

| C-4- | 1000 00 1000 01 | | | · · | | | (Rupees in lakhs) | | | |
|--|-----------------|-----------------|---------|-----------------|-----------|-----------------|-------------------|-----------------|----------|-----------------|
| Category | 1989-90 | | 1990-91 | | 1991-92 | | 1992-93 | | 1993-94 | |
| | Amount | Percen- tage | Amount | Percen- tage | Amount | Percen- tage | Amount | Percen- tage | Amount | Percen- tage |
| a)Amount of recoveries disputed in courts | 2177 | 16.09 | 2065 | 14.74 | 2166 | 13.51 | 2687 | 15.05 | 2945.94 | 13.67 |
| b)Amount due from factories which have gone into liquidation | 729 | 5.39 | 751 | 5.36 | 747 | 4.66 | 766 | 4.29 | 815.18 | 3.78 |
| c)Amount due from factories but recoveries barred by Act of State/ | 1110 | 8.21 | 1323 | 9.45 | 1300 | 8.11 | 1169 | 6.55 | 1273.22 | 5.91 |
| Central Govt viz. Nationalisation Relief undertakings, Commissioner of Payment Cases, Moratorium granted etc. | - | , | | | | | | 8 | | |
| d)Amount due from factories closed down and where- abouts of employers not known | 115 | 0.85 | 132 | 0.94 | 161 | 1.01 | 176 | 0.99 | 189.43 | 0.88 |
| e)Decrees obtained and execution proceedings in progress | 37 | 0.27 | 24 | 0.17 | 24 | 0.15 | 23 | 0.12 | 20.62 | 0.10 |
| f) i)Amount of factory/estblishments which have been registered with Board for Industrial Finance and Reconstruction (BIFR) and not declared sick by BIFR | | | 1498 | 10.69 | 1400 | 8.73 | 2053. | 11.50 | 2612.37 | 12.12 |
| ii)Amount of factory/ establishment declared sick by BIFR or Rehabilitation scheme sanctioned by BIFR | 9 | | i e | o. | e estra e | - | 481 | 2.69 | 1423.17 | 6.61 |
| g) Other reasons | 100 | 0.74 | 120 | . 40 | 71 | 0.44 | 42 | 0.24 | . 30.16 | 0.14 |
| h)Amount for which action is pending with Collectors. | 9258 | 68.45 | 8217 | 58.65 | 10163 | 63.39 | 6504 | 36.42 | 1095.58 | 5.09 |
| i) Amount which is pending with recovery officers | 82 | 120 | ě | ï | P | 5 | 3955 | 22.15 | 11139.71 | 51.70 |
| Total | 13526 | | 14010 | | 16032 | | 17856 | | 21545,38 | |

It would be seen from the above table that the bulk of the arrear of contributions due was either pending with the District Collectors or with the Recovery Officers. Amount in arrears with Recovery Officers and District Collectors alone constituted 68.45 per cent in 1989-90, 58.65 per cent in 1990-91, 63.39 per cent in 1991-92, 58.57 per cent in 1992-93 and 56.79 per cent in 1993-94.

The amount of arrears due from Public/Private Sector during the last 5 years was as under:

| 150 | | | ï |
|---------|-----|--------|---|
| (Rupees | 111 | labhe | ì |
| THUDEES | III | IUNII) | t |

| Year | Public Sector | Private Sector |
|---------|---------------|----------------|
| 1989-90 | 2787.86 | 10738.59 |
| 1990-91 | 2619.61 | 11390.45 |
| 1991-92 | 2846.29 | 13186.12 |
| 1992-93 | 3291.15 | 14565.18 |
| 1993-94 | Not available | Not available |

The above table revealed that the major portion of arrears due related to the private sector.

In 1989-90, 77.39 per cent of the total arrears, 81.30 per cent in 1990-91, 82.25 per cent in 1991-92 and 81.57 per cent in 1992-93 related to Private Sector.

30.9 Damages levied and arrears thereof

Damages levied amounting to Rs 3334.87 lakhs were in arrears as shown below:

(Rupees in lakhs)

| Year | Previous Balance | Levied during the year | Total | Realised | Balance | Percentage of balance |
|---------|---------------------|------------------------------|---------|----------|---------|-----------------------|
| 1989-90 | 1613.05 | 361.01 | 1974.06 | 57.32 | 1916.74 | 97.09 |
| 1990-91 | 1916.74 | 484.10 | 2400.84 | 92.97 | 2307.87 | 96.12 |
| 1991-92 | 2307.87 | 362.66 | 2670.53 | 83.00 | 2587.53 | 96.89 |
| 1992-93 | 2587.53 | 327.45 | 2914.98 | 65.28 | 2849.70 | 97.76 |
| 1993-94 | 2849.70 | 561.30 | 3411.00 | 76.13 | 3334.87 | 97.76 |

The arrear of damages during 1989-90 to 1993-94 were more than 97 per cent. The percentage of recovery ranged from 2 per cent to 4 per cent only.

Corporation did not maintain the details of the status/classification of the arrear of damages as in the case of arrear of contributions.

The revenue recovery machinery set up by the Corporation to recover arrears of contribution was also pursuing the collection of arrear of damages. The details of such collection were not supplied to Audit. The Corporation stated (February 1995) that no such details were being maintained.

A review of the region-wise break up of the amount of damages amounting to Rs 2159.83 lakhs as on 31st March 1994 revealed that the maximum amount of damages were due from Bombay, Uttar Pradesh, Madhya Pradesh and Karnataka. Bombay alone accounted for 30.71 *per cent* of the total damages due while Uttar Pradesh accounted for 19.20 *per cent* of the total damages.

Corporation did not supply the cases where there was delay in taking action. It was stated that the relevant information could be available only with the respective Regional Offices.

However the cases referred to revenue authorities by Delhi Region were as under:

(Rupees in lakhs)

| Year | Openin | ig Balance | Arrear du | iring the year | Cases referred to revenue authorities | | |
|---------|--------|------------|-----------|----------------|---------------------------------------|--------|--|
| | No. | Amount | No. | Amount | No. | Amount | |
| 1989-90 | 244 | 3.85 | 98 | 0.53 | 342 | 4.39 | |
| 1990-91 | 321 | 4.20 | 269 | 3.01 | 590 | 7.21 | |
| 1991-92 | 548 | 6.76 | 66 | 1.39 | 614 | 8.16 | |
| 1992-93 | 614 | 8.16 | 204 | 4.44 | 818 | 12.60 | |
| 1993-94 | 754 | 11.38 | 143 | 3.49 | 897 | 14.86 | |

The table would reveal that in each year the damages had been increasing. The number of cases in arrears had shown an increase of 2.62 times from 1989-90 to 1993-94.

30.10 Cash management

Corporation maintained two types of accounts namely (i) Collection Accounts titled the E.S.I.Fund Account No.1 for each accounting circle and (ii)

Disbursement Account titled the E.S.I. Savings Fund Account No.2. All moneys payable to the Corporation were required to be deposited in the designated branches of the bank to Account No.1. These designated branches of the banks were required to remit on daily basis the amounts to the link branches of the bank maintaining account No.1 for the concerned region (state) alongwith copies of related challans/demand drafts.

30.10.1 Test check carried out in respect of Regional Office, Delhi with reference to bank advices/bank statements for the years 1991-92 and 1992-93 revealed that out of 410852 transactions effected during April 1991 to February 1993, credit was afforded on the same day in 225255 (54.82 per cent) cases only and the delay in affording the credit in the remaining (45.18 per cent) cases ranged from 10 to 239 days. This attracted claim of penal interest. In the case of Delhi Region for the month of December 1993 the penal interest worked out to Rs 5.43 lakhs. The amount of interest realised in this respect was not made available to Audit.

Corporation stated (February 1995) that upto the year 1990-91 the bank had afforded the credit of penal interest which had been included in Corporation's interest income for which separate details were not available with Corporation. However, beyond April 1993 the bank had refused to pay interest. Since the amount of interest lost due to delayed credits is substantial, the matter requires to be pursued with the bankers.

The link branches of the bank maintaining Account No.1 for the concerned regions (states) were required to remit telegraphically on every Saturday amounts to the New Delhi Main Branch of the bank for credit to the Employees' State Insurance Fund Account No.1 (Central). Test check of bank advices/bank statements for the years 1989-90 to 1993-94 received by the Headquarters Office, New Delhi revealed delay in affording credit from 1 to 30 days. This resulted in claim of penal interest by the Corporation.

Corporation stated (October 1994) "that no loss was sustained by the Corporation as the procedure of valuedating was being followed in all the cases where the amount so remitted was kept in fixed deposit of the State Bank of India, New Delhi irrespective of the date of investing in fixed deposits, the amounts so deposited earned

interest at fixed deposit rates from the very date it was remitted by the link branch". The Corporation however confirmed that in cases where the amount was not invested in fixed deposits with the State Bank of India, the benefit of valuedating was not available and the State Bank of India had refused to pay any interest as penalty in such cases. However, the matter was still under correspondence with the State Bank of India's authorities".

The procedure of valuedating presently followed by the bankers does not cover the entire funds kept by the Corporation with the bank for meeting their normal expenditure. The total expenditure (Rs 594.18 crores for the year 1993-94) being of a sizeable value, the absence of valuedating facility would result in considerable loss of interest. The matter requires to be pursued with bankers for securing the benefit for the Corporation.

30.11 Payment to State Governments towards expenditure on medical benefits

Expenditure towards the grant of medical benefits to the insured persons and their families is initially incurred by the State Government concerned and the share payable by the Corporation is recovered by the State Governments after the accounts have been audited by the Accountants General concerned. Anticipated expenditure for a quarter based on the past actuals or the amount actually incurred in a quarter is also advanced by the Corporation to State Governments subject to adjustment of receipt of audit certificates. As per the prescribed procedure the record of these payments are required to be maintained in Form A-55 by Medical Division and Finance & Accounts Division at Headquarters Office.

During the scrutiny of records relating to Advance Payments to State Governments for medical benefits to insured persons and their families, it was observed that the Register of Advance Payments was not maintained in Form A-55, as required under the rules. An adhoc register was maintained, which had never been authenticated by any of the competent authorities. Further it was also very difficult to make out from the register as to how much "on account payment" had been made and as to how the advances adjusted. An amount of Rs 48269.44 lakhs shown as unadjusted upto the end of the year 1993-94 was not reconcilable with the register of "on account payments" made

available to Audit. Even during 1989-90 an amount of Rs 43.04 lakhs was paid in excess of the entitlement to the Orissa Government. It was not clear from the records made available as to how excess payment had been adjusted in the subsequent instalments of payments.

30.12 Surplus staff

There was a persistant surplus of administrative staff ranging from 6.4 to 10 per cent as detailed below:

| Year | Sanctioned strength | Surplus | Percentage |
|---------|---------------------|---------|------------|
| 1989-90 | 11797 | 758 | 6.4 |
| 1990-91 | 11512 | 1107 | 9.6 |
| 1991-92 | 11298 | 1141 | 10.0 |
| 1992-93 | 11449 | 824 | 7.2 |
| 1993-94 | 11836 | 580 | 4.9 |

The category-wise surplus strength during the last 5 years was as under:

| Category | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 |
|---------------------------------|------------------|---------|---------|---------|---------|
| Manager Gr I | - | 40 | 27 | 3 | 3 |
| Manager Gr II/ Suprintendent | х е , | = | 4 | 8 | 7 |
| Head Clerk/ Assistant | 7 | 35 | 14 | 29 | 18 |
| UDC/Cashier | 130 | 310 | 330 | 192 | 109 |
| LDC | 521 | 690 | 647 | 511 | 410 |
| RS/ Daftry | 42 | 14 | 28 | 12 | |
| Peons | 58 | 18 | 91 | 69 | 33 |
| Total | 758 | 1107 | 1141 | 824 | 580 |

Taking into account the average of the pay scales of the above mentioned surplus staff, the Corporation incurred an extra expenditure of Rs 708.68 lakhs during 1989-90 to 1993-94 (Rs 114.21 lakhs in 1989-90, Rs 186.12 lakhs in 1990-91 Rs 186.07 lakhs in 1991-92 Rs 130.56 lakhs in 1992-93 and Rs 91.72 lakhs in 1993-94) on pay plus the allowances admissible at different points of time as detailed below:

(Rupees in lakhs)

| Category | Scale | 1989-90 | | 1990-91 | | 1991-92 | | 1992-93 | | 1993-94 | |
|-----------------------|--------------------------|------------------|--------|------------------|--------|------------------|--------|------------------|--------|------------------|--------|
| | (average) | Surplus staff | Amount |
| Manager | GrI/2000-3500 (2750) | 2 | ¥ | 40 | 1.10 | 27 | 0.74 | 3 | 0.08 | 3 | 0.08 |
| Manager Supdt | GrII/1640-2900 (2270) | 5 | 5 | | - | 4 | 0.09 | 8 | 0.18 | 7 | 0.16 |
| Head Clerk/ Asstt. | 1400-2300 (1850) | 7 | 0.13 | 35 | 0.65 | 14 | 0.26 | 29 | 0.54 | 18 | 0.33 |
| UDC/Cashier | 1200-2040 (1620) | 130 | 2.11 | 310 | 5.02 | 330 | 5.35 | 192 | 3.11 | 109 | 1.77 |
| LDC | 950-1500 (1225) | 521 | 6.38 | 690 | 8.45 | 647 | 8.03 | 511 | 6.26 | 410 | 5.02 |
| RS/Daftry | 800-1150 (975) | 42 | 0.41 | 14 | 0.14 | 28 | 0.27 | 12 | 0.12 | | - |
| Peons | 750-940 (845) | 58 | 0.49 | 18 | 0.15 | 91 | 0.77 | 69 | 0.58 | 33 | 0.28 |
| | Total (1 Month) | | 9.52 | | 15.51 | | 15.51 | | 10.87 | | 7.64 |
| | Total 12 Months | | 114.21 | | 186.12 | | 186.07 | | 130.56 | | 91,72 |

Corporation had been stating in its annual reports that the surplus men power would be adjusted against the future vacancies arising out of retirement, resignation, death etc. However, on the contrary, the Corporation had made fresh appointments during 1989-90 to 1993-94 as detailed below:

| Category | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 |
|---------------|---------|---------|---------|---------|---------|
| Stenographers | 6 | 2 | 3 | - | 6 |
| LDCs | 11 | 5 | 3 | 9 | 5 |
| Drivers | 2 | - | | | _ |
| Peons | 1 | 1 | 14 + 7* | 8 + 8* | 3 + 3* |
| Farrash | - | -1 | 2 | - | |
| Sweepers | 1 | - | 2 | _ | _ |

^{*} Appointed on ad-hoc basis.

Corporation stated (February 1995) that the surplus was as a result of a work study undertaken in 1987 in respect of its offices. In terms of this study certain posts were required to be upgraded and the matching savings were to be found by declaring the required number of posts as surplus. The Corporation, therefore, argued that reduction was not as a result of reduction in cadre strength as such. However, while the Corporation upgraded the posts, the corresponding part of the work study's recommendation in finding the matching savings was not carried out.

30.13.1 Advances to construction agencies

- A scrutiny of the annual accounts of the Corporation revealed that as on 31 (a) March 1994, an account of Rs 3560.67 lakhs was lying outstanding on account of advances to various construction agencies for various deposit works of the Corporation. A review of the records maintained by the Corporation revealed that out of the amount outstanding as on 31 March 1994, an amount of Rs 1736.96 lakhs pertained to the works which had since been completed and commissioned but the amount of advance was not adjusted so far. The outstanding amount pertained to the period as back as the year 1970-71. The yearwise and regionwise details of the outstanding amount prior to the year 1970-71 (Rs 61.89 lakhs) were not available with the Corporation. It had been observed that main reason of advances remaining un-adjusted for years together was due to no action on expenditure statements received from the construction agencies and lack of the follow up action by the Corporation. In several cases the Public Works Department's Division to whom advances for the works were paid by the Regional Offices had either been amalgamated with other divisions or closed down. Hence, difficulties were being faced now by the Corporation to identify and locate the Divisions with which concerned works division had been merged/amalgamated. However, in September 1994, the Corporation wrote to the various State Governments in this regard.
- (b) Similarly an amount of Rs 2668.12 lakhs was lying outstanding/un-adjusted as on 31 March 1994, on account of advances to various construction agencies towards Repairs and Maintenance and Special Repairs of offices, staff quarters/ hospitals and dispensaries.

Besides the above reasons, the yearwise, regionwise and agency-wise details of the un-adjusted amount were not available with the Corporation.

30.13.2 Unfruitful outlay on construction of staff quarters

The work relating to the construction of 4 Doctors Dispensary Local Office and Staff Quarters at Nangangud, Karnataka was administratively approved for Rs 33.44

lakhs and technically sanctioned by CE(C&E) Bangalore for Rs 26 lakhs during March 1986 and June 1986 respectively. The work was completed and handed over to the Corporation during July 1991 at Rs 29.84 lakhs. Only one quarter had since been occupied and all other three quarters were lying vacant (except one which was occupied for a period of six month i.e. September 1992 to March 1993) since then. The status of these quarters was still undecided. No reasons were made available by the Corporation. The expenditure of Rs 10 lakhs incurred on these quarters thus became unfruitful besides avoidable payment of house rent allowance to the staff.

30.14 Benefits to the insured persons

In accordance with the provisions of Section-58 of Employees' State Insurance Act, 1948, administration of medical care under ESI Scheme is the responsibility of the State Government. It was noticed that in this area lack of effective coordination resulted in depriving the insured persons of the benefits to which they were entitled. A test-check in audit revealed that the Corporation had a total number of 20315 beds constructed as on March 1993, out of these only 17988 beds had been commissioned Thus, 2327 beds awaited commissioning. A few such cases where the number of beds non-commissioned was more than 20 *per cent* were as under:

| SI. No | Name of Hospital | Beds constr- ucted | Beds commis- sioned | No. less commiss- ioned | Percentage of less commissioned | |
|-----------|---|--------------------------|---------------------------|-------------------------------|---------------------------------------|--|
| 1. | ESI Hospital Sirpur Nagar, (Andhra Pradesh) | 110 | 62 | 48 | 43.63 | |
| 2. | ESI Hospital, Bhavnagar, Gujarat | 50 | 30 | 20 | 40.00 | |
| 3. | ESI Hospital(Chest) Baroda, Gujarat | 100 | 40 | 60 | 60.00 | |
| 4. | ESI Hospital, Andheri, Maharashtra | 650 | 400 | 250 | 38.46 | |
| 5. | ESI Hospital, Ulhas Nagar | 200 | 100 | 100 | 50.00 | |
| 6. | ESI Hospital, Thane, Maharashtra | 632 | 200 | 432 | 68.35 | |
| 7. | ESI Hospital, Muland, Maharashtra | 650 | 500 | 150 | 23.07 | |
| 8. | ESI Hospital, Washi, Maharashtra | 650 | 350 | 300 | 46.15 | |
| 9. | ESI Hospital, Kandivali, Maharashtra | 650 | 400 | 250 | 38.46 | |
| 10. | ESI Hospital, Anudh Camp, Poone, | 410 | 320 | 90 | 21.95 | |
| 11. | ESI Hospital, Jaipur, Rajasthan | 236 | 170 | 66 | 27.96 | |
| 12. | ESI Hospital, K.K. Nagar, Tamilnadu | 500 | 332 | 168 | 33.60 | |

The above table revealed that the non-commissioning of beds in the hospitals ranged from 21.95 per cent to 68.35 per cent. The non-commissioning of beds resulted in non-utilisation of facilities of the beds already constructed. Corporation stated (February 1995) that the hospitals were constructed by the Corporation on the request of State Government and the proposals received from them were duly approved by their Labour and Finance Departments, for providing indoor medical facilities to the insured persons. Once the hospital was constructed and handed over to the State Government, it became the responsibility of the State Government to commission it for providing indoor medical facilities as per the requirements at the time of commissioning the hospital. Once a scheme was implemented in any area, State Governments were delegated the power to review the staff medical and para-medical on the basis of Employees' State Insurance norms. State Governments had informed that because of non-availability of Insurance Medical Officers and specialists, they were not able to fill up all the posts. Sometimes posts were kept vacant due to low occupancy of beds also. State Governments were invariably requested to fill up the posts as per norms.

A closer coordination and monitoring with respective State Governments was essential to secure better value for money out of the investment.

The matter was referred to Ministry in November 1994; their reply has not been received (March 1995).

CHAPTER IX

Ministry of Planning (Department of Statistics) Indian Statistical Institute

31. Loss of books

Indian Statistical Institute maintains a library with a stock of books over one lakh. The stock had not been physically verified since its inception in April 1932 to August 1987. The Institute formed a Committee in April 1986 to conduct physical verification of all books, journals, official collections and other documents of the library. During the period September 1987 to April 1988 the Committee conducted physical verification of all books accessioned upto 31 March 1988. The report of the Committee submitted in April 1990 disclosed that out of 120109, 17082 books comprising 14.22per cent worth Rs 12.66 lakhs (excluding 3500 books, the value of which was not available) were lost.

It was noticed in Audit that the Institute did not investigate the loss and take consequential action as provided in the General Financial Rules 1963. Also, the Institute had neither developed any system of periodical physical verification nor devised any preventive measure against loss of books.

Institute stated (July 1994) that they had taken measures to prevent loss of books from the library and had initiated sample physical verification in April 1994. The Ministry endorsed the views of the Institute in September 1994.

The fact, however, remains that lack of appropriate system coupled with absence of follow-up action resulted in loss of books worth Rs 12.66 lakhs.

CHAPTER X

Ministry of Power

Power Engineers Training Society, Neyveli

32. Infructuous expenditure on lease of land

With a view to doubling their training facilities, the Power Engineers Training Society (PETS), Neyveli, a Government of India organisation requested (July 1982) Neyveli Lignite Corporation (NLC) to sell them 30 acres of land. NLC initially agreed (March 1983) to sell the land for Rs 2.22 lakhs at Rs 7400 per acre. The amount was paid by PETS and the land was handed over (October 1983) to PETS. However, NLC converted the sale to a lease and this was accepted (August 1986) by PETS. NLC fixed (August 1993) the lease rent at Rs 0.25 lakh per acre*per annum* with 10 *per cent* increase in the rate on the termination of every three years and an amount of Rs 7.71 lakhs was payable to NLC towards lease rent for the period October 1983 to January 1995 after adjusting Rs 2.22 lakhs already paid by PETS.

For want of approval from PETS' Headquarters, to the project report submitted by PETS during 1985, the land taken on lease was not put to any use.

Thus, 30 acres of land taken on lease in October 1983, had not been used so far (March 1994) resulting in infructuous expenditure of Rs 2.22 lakhs already paid besides a liability to the extent of Rs 7.71 lakhs upto January 1995 to be discharged during 1994-95.

The matter was referred to the Ministry in July 1994; reply has not been received (March 1995).

CHAPTER XI

Ministry of Rural Development Gandhi Sewa Niketan, Rae Bareli

33. Unfruitful expenditure on a Training Centre

Gandhi Sewa Niketan (GSN) Rae Bareli forwarded a proposal to Government of India to open a Composite Training Centre (Centre) at a cost of Rs 37.34 lakhs in May 1982. The Centre was to impart training in different trades to 380 trainees under the National Scheme of Training of Rural Youth for self Employment. Government of India approved the proposal in December 1983 and released Rs 32.96 lakhs for the purpose in two equal instalments during 1983-84 and 1984-85. GSN spent Rs 36.31 lakhs by December 1985 on construction of work sheds, hostels and lodging equipments. A further sum of Rs 5.75 lakhs was also spent on maintenance and electrification as on June 1994. The Centre was to become functional by November 1986.

Test check of the records of GSN during March- June 1994 revealed that the Centre was not made functional for want of trainees as of June 1994. GSN stated in March 1994 that it was the responsibility of the District Rural Development Agency (DRDA) and their branches in other districts to sponsor the trainee batches to the Centre. Government of India also requested State Governments in November 1986 to instruct DRDA in each district for sponsoring potential number of trainees to the Centre but it yielded no results.

Thus, the expenditure of Rs 42.06 lakhs (Rs 36.31 lakhs and Rs 5.75 lakhs) incurred on establishment of the Centre as well as on its maintenance proved unfruitful.

Ministry stated (August 1994) that 966 trainees were sponsored by DRDA Rae-Bareli during 1983-84 to 1993-94 out of which 887 trainees were imparted training by the Institution (GSN). The reply is not tenable as these trainees were imparted training by mobile training teams at village level and not at the Centre.

CHAPTER XII

Ministry of Surface Transport (Ports Wing)

Bombay Port Trust

34. Delay in fixation of rent and loss of rent under compromise formula

Board of Trustees (Board) of the Bombay Port Trust (BPT) sanctioned (March 1983) a proposal to lease a land measuring 38000 square metres at Jawahar Island for 30 years to a lessee for the construction of product tankage. Sanction was also accorded in may 1983 to entrust the valuation of land in question to a consultancy concern for fixation of rent. Accordingly, the rate of rent was fixed in november 1983 at the rate of Rs 20 per sq. mtr. per month. The lessee represented against the rate fixed initially but accepted in March 1986 the date of rent as further modified by the consultants at Rs 20 per sq mtr. per month for the built up area proposed to be constructed for immediate development and Re.1 per sq. mtr. per month for the vacant land. Meanwhile, the land in question had already been handed over to the lessee on 23 April 1984. The rent liability of the lessee for the period from 23 April 1984 to 31 March 1986 worked out to Rs 53.05 lakhs but the lessee had paid only Rs 34 lakhs by 31 March 1986 and the balance was paid by the lessee on 16 April 1987.

Subsequently, under a compromise formula reached with the lessee in July 1991, the rent for occupation at Jawahar Island was refixed at Rs 8 per sq. mtr per month retrospectively from 23 April 1984. The final decision on the fixation of rate of rent for the land leased out in April 1984 was thus delayed for more than seven years which had led to a recurring loss of interest to the extent of Rs 33 lakhs based on the rent as finally accepted.

Ministry while confirming the facts (October 1993) stated that under the compromise formula reached, in July 1991, BPT was able to gain an additional rent of Rs 90.26 lakhs for the period upto June 1991 and there was no question of levy of any interest for non-payment. But it was observed that the BPT had worked out the net gain considering only a part of the lease period of 30 years. On the contrary when the entire

period of agreement is considered, BPT would eventually suffer a loss of about Rs 130 lakhs due to acceptance of the compromise formula.

35. Avoidable infructuous expenditure

Bombay Port Trust (BPT) decided in 1982 to replace two of its launches as their performance had not been satisfactory. Accordingly, two twin hydraulic FRP pilot-cum-patrol launches were procured in August 1985 and May 1986 from a foreign firm at the cost of Rs 47.92 lakhs for use in Bombay sea waters for patrolling as well as for pilotage duties. These launches were operated for about six months till March 1990 and then laid up due to non-functioning of hydrojets. Though the economic life span of a pilot launch is 15 years, proposals to commission these vessels by necessary repairs to the hydrojet was found not feasible. The administration accordingly decided in 1993 to dispose of the launches. Meanwhile expenditure of Rs 21.67 lakhs was incurred on salaries, overtime and other expenses up to March 1994 of the craft staff.

Scrutiny of records revealed that the jet type launches were procured on the recommendation of the Deputy Conservator and on satisfactory performance being reported by the Director of Fisheries, Government of Kerala. However, there was no evidence on record to indicate that the aspects such as seaworthiness of the hydrojets, indigenous availability of spares, suitability of the hull for conventional propelled jets, selection of corrosion-resistant material for hull, etc. were examined in detail at the time of procurement. As a recurring expenditure for overhauling and repair was necessary to the hydrojet every six months, the operational expenditure of the launches during its estimated life span of 15 years would be quite substantial. Thus, the investment of Rs 47.92 lakhs on procurement of hydrojet launch combined with the expenditure of Rs 21.67 lakhs on staff (March 1994) was rendered infructuous as the launches were utilised only for six months during the operational period of three years and had to be discarded.

BPT stated (September 1994) that though the hydrojet system was a new technology, it was expected that they were highly manoeuvrable, their maintenance would not present any insurmountable problems, time required for carrying out repairs

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would be less than that required for conventional launches and that they were fuel efficient. It was also stated that since the concept was new in Indian waters, the problem of likely corrosion of materials etc. was not anticipated and BPT was not geared to the periodical maintenance to prevent marine corrosion.

The contention of BPT is not tenable as the hydrojet system was a new technology and involved huge investment of Rs 47.92 lakhs. Therefore, adequate feasibility studies on the technical and economical viability of the pilot launches in sea waters and on its periodical maintenance should have been undertaken before taking a final decision on their procurement.

The matter was referred to Ministry in July 1994; their reply has not been received (January 1995).

36. Short recovery of ship-breaking and composite charges

According to the scale of rates prescribed for breaking of vessels at the Bombay Port Trust (BPT) Hards, breaking charges are recoverable at the rate of Re 1 per day per Gross Registered Tonnage (GRT) of the vessels from the date of beaching.

A foreign naval vessel "M.V.Prairie" was given permission in October 1993 for breaking at the BPT Hards and ship-breaking charges for the period from 18 July 1993 to 14 September 1994 were recovered from the owner taking the GRT of the vessel as 2200 tonnes. Audit scrutiny revealed that the naval vessel was not registered with any statutory authority and BPT had not verified the correctness of GRT declared. It was further noticed in audit that the GRT of the above vessel was shown by Harbour Master and pilot as 15900 tonnes in the Transport Report.

On the discrepancy in GRT and short recovery in ship-breaking charges being pointed out by Audit, the Deputy docks Manager and Deputy Conservator assessed the GRT of the vessel as 15900 tonnes and the owner was called upon to pay the differential charges. The short recovery of the charges worked out to Rs 58.08 lakhs with a recurring loss of Rs 3.44 lakhs on account of interest. In addition, composite charges

were also recoverable to the extent of Rs 2.03 lakhs under Composite Towage and Pilotage charges.

BPT while confirming the facts, stated (January 1995) that the Bombay High Court, in litigation, ordered payment of ship-breaking charges on the basis of GRT of 10000 tonnes pending the said decision on the GRT by BPT and that the party had so far paid Rs 30 lakhs.

The matter was referred to Ministry in November 1994; their reply has not been received (January 1995).

37. Blocking of capital

Under the VIII Five Year Plan, Bombay Port Trust (BPT) undertook the Asian Development Bank (ADB) assisted programme of replacement of Pir Pau Oil Pier. The project required deformed bars of approximately 7515 tonnes. Due to uncertain availability of steel, a controlled item, and under advice of the Chief Engineer, BPT procured 2021 tonnes of MS billets during March 1991 to September 1992 for conversion into required sizes of deformed bars at a cost of Rs 200.11 lakhs. The billets procured were yet to be converted (January 1994) into deformed bars of required size and had continued to remain idle, blocking up capital of over Rs 2 crores for 3 years.

BPT stated in July 1994 that the billets were procured for conversion into deformed bars required for the Pir Pau project and were purchased and kept as standby as steel was a controlled item during 1991-92 and that as the project was an ADB assisted one, any stoppage of work due to non-availability of deformed bars of any particular size from the main producers would have cost heavily on account of commitment charges, contractors claims etc.

Audit scrutiny had revealed that orders for supply of billets were placed regularly from March 1991 and supply was completed by July 1992. It was also noticed that though steel was decontrolled by September 1992, the billets procured had not been converted into deformed bars as of January 1994. Investment of large funds in the procurement of these billets without timely utilisation after purchase, had thus resulted

into blocking up of capital of Rs 2 crores and loss of interest of about Rs 40 lakhs. It was further seen that the contract for conversion of billets into required size of deformed bars for aggregate quantity of 1950 tonnes was subsequently awarded to a firm in March 1994 at a cost of Rs 48.07 lakhs. The total cost of 1950 tonnes of deformed bars after converting billets therefore worked out to Rs 248.18 lakhs. The purchase rate of deformed bars in July 1991 was Rs 10050 per tonne and hence 1950 tonnes of deformed bars would have cost Rs 195.98 lakhs in 1991-92 had BPT procured directly the deformed bars of required dimension. Failure to do so had resulted in avoidable expenditure of Rs 52.20 lakhs besides loss of about Rs 40 lakhs as interest on blocked up capital of over Rs 2 crores.

The matter was referred to Ministry in July 1994; their reply has not been received (February 1995).

38. Blocking of capital due to non-commissioning of fire fighting pumps

For supply and installation of fire fighting equipment, Bombay Port Trust (BPT) awarded the work in September 1989 to a firm at the lowest tendered cost for Rs 20.39 lakhs. As per the contract conditions, the work was to be completed by February 1990. The firm delivered all the materials and completed the erection work by February 1991. A trial run for the pumps without being coupled to the engines was carried out by the firm in March 1991 but minor teething problems prevented successful commissioning of the pumps. The final acceptance test did not materialise as the pump set developed further operational problems. The firm was allowed in June 1991 to have the necessary repairs carried out at their Madras unit. But the pumps were still not commissioned (December 1994) as the firm wanted to carry out certain other modifications to the existing pipelines/tanks at BPT at a further cost of Rs 3.80 lakhs.

Audit scrutiny revealed that prior approval for awarding the contract to the firm had not been obtained from the competent authority. The pumps, for which payment to the extent of Rs 17.37 lakhs had been made, could not be commissioned even after three years of its procurement in February 1991. Want of detailed study of the suitability of the pumps and of the available infrastructure of BPT resulted in delay in

commissioning and blocking up of the capital of Rs 17.37 lakhs without serving the cause of the requirement.

Ministry stated (September 1994) that while the pump, after erection, was tested along with the engine, the pump developed defect and that the pump had since been installed at site after necessary repairs and testing. It was further stated that the fire fighting system would remain unaltered and would be useful for ensuring safety at Pir Pau Manifold and other installations in its vicinity.

However, field test of the pumps had not yet been carried out even though the pumps had been reinstalled after repairs and commissioning of the pump was still pending (December 1994).

39. Imprudent procurement of Gamma Camera Computer Tomography equipment

With a view to providing advanced inhouse diagnostic facilities to its employees and their dependents, Bombay Port Trust (BPT) imported in October 1989 a Gamma Camera Computer Tomography equipment at a cost of Rs 54.11 lakhs. The equipment was commissioned at the radio isotope scanning centre in June 1990. Between July 1990 and December 1992 the equipment remained idle for nine months due to the vacancy caused by the death of a technologist. Thereafter, it remained idle for another eight months from January 1993 to August 1993 for want of a specialised doctor qualified in radiation medicine.

At the time of procurement, the expected load was projected as 8-10 patients per day, but a total of only 1002 patients, which worked out to approximately an average of 2 patients per day, were only examined till December 1992. Further, the Centre with a spare capacity of 2 to 3 patients per day was offered for use to other main hospital in Bombay, but only 55 non-BPT patients were examined at the centre during the period from June 1990 to December 1992 earning a small revenue of Rs 27500. The Port Trust had also been incurring Rs 1 lakh annually on its maintenance besides substantial expenditure on airconditioners and other electrical fittings. Due to the underutilisation of the equipment and non-availability of the qualified staff since January 1993 for operating

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the equipment, BPT decided in August 1993 to lease out the facility to private parties. The Centre was leased out in November 1993 for a period of seven years on a lease rent of Rs 2 lakhs *per annum* with a provision for increase in lease rent by 12.5 *per cent* after fifth year under certain terms and conditions.

Thus, the equipment procured at a cost of Rs 54.11 lakhs in 1989 was not properly utilised and had to be leased out in November 1993. The annual lease rent (Rs 2 lakhs) realised was also quite small compared to the heavy expenditure incurred on the procurement, installation and maintenance of this sophisticated facility.

Therefore, failure to assess the economic viability of such expensive inhouse facility together with the inability to foresee the practical difficulties in operating the sophisticated equipment resulted in the blocking of capital amounting to Rs 62.07 lakhs (including Rs 7.96 lakhs expenditure on building).

Ministry admitted (October 1994) that the sophisticated equipment was procured by Port Trust as a welfare measure in the interest of Port employees and their dependants and to ensure timely treatment of the affected patients and that the equipment had been lying idle due to unforeseen and unpredictable circumstances. Ministry was also of the view that leasing of the equipment was not a loss making preposition as the equipment could be put to use again beyond the lease period of seven years. Ministry, however, admitted that the Port Trust had not acted in a far-sighted manner and the equipment could have been used in a more systematic manner.

Bombay Dock Labour Board

40. Overpayment due to incorrect calculation of privilege leave

As per Rule 3 of the Bombay Dock labour Board's Leave Rules, all the registered pool workers are entitled to privilege leave of one-eleventh of the days attended, subject to an accumulation ceiling of 180 days. It was, however, noticed (August 1992) that the number of days for which the workers did not attend on account of sick leave was also included in the days of attendance for calculation of privilege leave. This irregular practice resulted in excess calculation of 11034 days of privilege

leave during the period 1991-92 to 1993-94 (upto February 1994). The money value on account of leave salary so overpaid amounted to Rs 11.80 lakhs. Board confirmed the facts (August 1992).

Board, which assured (August 1992) that the leave accounts would be rectified after proper examination and that necessary adjustments would be made, subsequently stated (February 1993) that the irregularity would automatically stop upon the merger of the Bombay Dock Labour Board with the Bombay Port Trust (BPT) which was pending. Instead of taking rectificatory measures for restoring immediately the financial loss sustained, the Board postponed regularisation on the plea of its merger with BPT although the merger itself would not automatically set right the irregularity and make good the loss. When the irregularity was pointed out to the Board, the excess payment of the period 1991-92 amounted to Rs 4.16 lakhs. However, the failure of the Board to take prompt corrective action had led to a further loss of Rs 7.64 lakhs during 1992-93 and 1993-94 taking the total loss to Rs 11.80 lakhs until the merger of BDLB with BPT (March 1994).

Ministry while confirming the facts stated in August 1993 that the present practice would end on merger of BDLB with BPT. Ministry did not offer any comments on the remedial measures taken for the recovery of excess payment.

Calcutta Port Trust

41. Coal Handling Plant at Haldia Dock

41.1 Introduction

Haldia Dock Complex (HDC) is a satellite port of the Calcutta Port Trust (CPT) situated on the confluence of Hooghly and Haldia rivers at a distance of 96 kilometres (km) downstream of Calcutta.

In 1983, HDC projected an increase in coal movement through it from 20 lakhs tonnes to 50/60 lakh tonnes *per annum*. Based on this projection, it was decided (February 1983) to augment its coal handling capacity by modifying the existing coal plant. Mining and Allied Machinery Corporation Limited (MAMC) the original

manufacturer of the plant was engaged at a cost of Rs 3 lakhs to suggest the necessary modifications required. Their reports (May and September 1984) reecommended minor modifications in seven areas of the plant at a price of Rs 156.35 lakhs with 12 months completion time and major modifications in three areas at a price of Rs 256.83 lakhs with 18/20 months completion time. The recommendations were not accepted (November 1984) as in the opinion of HDC, the installation of addditional transfer towers and conveyors included in the recommendations would make the system more complicated in terms of operation, maintenance, spillage, cleaning etc. HDC undertook different modification/conversion/maintenance schemes of their own and executed them during the years 1983-94 at a total cost of Rs 1285.99 lakhs of which, cost of modification and maintenance of the coal plant was Rs 970.38 lakhs. The objectives for the modification of the Coal Handling Plant were:

- (a) to minimise grizzly jamming and entanglement of big lumps and stock on the grizzly
- (b) to eliminate enormous time lost in the existing mobile conveyor and to ensure uniform and central feeding to tunnel conveyors
- (c) to increase conveyor capacity and minimising spillage by reducing belt sway
- (d) to minimise time loss in changing the operational schedule from stocking to direct shipment or vice-versa.

Besides, the Ore Plant lying idle for want of ore traffic since 1977-78 was converted for handling coal by providing to it the following machinery/ components:

- (i) horizontal grizzly to ore tippler
- (ii) mecchanised grizzly cleaning system
- (iii) troughing angle of conveyor to increase conveyor capacity and minimise spillage
- (iv) fixed conveyor in place of mobile conveyor

41.2 Organisational set up

HDC is headed by Deputy Chairman. Dock comprises one riverside oil jetty, two fully mechanised berths and four other berths within an impounded dock. HDC has its own internal railways connecting the dock with South-Eastern Railways. The activities of HDC are carried out by four operational divisions, namely Plant and Equipment, Infrastructure and Civil Facilities, Marine Operation, Traffic Operation and three Administrative divisions namely. Administration, Personnel & Industrial Relation and Finance. The second oil jetty had been commissioned in February 1992.

Plant and Equipment Division was created in 1976 to operate and maintain bulk handling system, cargo handling equipments, power distribution system etc. The coal handling plant is under direct control of this division.

41.3 Scope of Audit

The audit of accounts of CPT is conducted under section 19(2) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with section 102 of the Major Port Trust Act, 1963.

Mention was made in para 16 of the Report of Comptroller and Auditor General of India for the year ending 31 March 1987 Union Government (Other Autonomous Bodies) about under utilisation of coal handling plants.

A review of working of the Coal Handling plant during 1984-85 to 1993-94 was conducted by audit during May 1991, June 1992, May 1993 and August 1994.

41.4 Highlights

Average capacity utilisation during 1985-86 to 1993-94 was to the extent of 15.93 percent i.e 3.19 lakhs tonnes per year on an average against the capacity of 20 lakhs metric tonnes per route. While the grizzly purchased/replaced at Rs 18.74 lakhs could not be put in effective use, Rs 124.83 lakhs spent to operate second route was not made operational.

(Paragraph 41.6.1)

Between 1988-89 and 1993-94 Rs 197.18 lakhs was spent on modification of tippler of coal plant for augmentation of its capacity. Against this expenditure, additional 16.40 lakh tonnes handling capacity was achieved against the envisaged additional capacity of 20 lakhs tonnes.

(Paragraph 41.6.2)

Rs 29.65 lakhs was spent to improve tippler's efficiency. Against the capacity of 30 tipplings per hour, the average tipplings during the years under review was only 11. The utilisation of tippling hours varied between 15.15 and 33.08 per cent and idle time varied between 66.92 and 84.85 per cent.

(Paragraph 41.6.3)

Rs 885.16 lakhs were spent for improving efficiency of conveyor system and shiploader. But shipment rate was 658 tonnes (average) against ship-loader capacity of 1500 tonnes per hour. The utilisation of shiploader hour varied between 17.90 and 32.22 per cent and idle hours varied between 67.78 and 88.48 per cent.

(Paragraph 41.6.4)

The Coal handling plants worked for 113 days, 112 days, 114 days, 134 days, 179 days, 201 days, 160 days, 187 days, 187 days and 186 days during the last ten years against the norm of 340 days per year.

(Paragraph 41.6.5)

HDC could not augment the capacity of coal handling plants to export 50 to 60 lakh tonnes per year. The Standing Linkage Committee had to set the linkage much below the projected quantity.

(Paragraph 41.7)

The mechanised grizzly cleaning system of ore tippler was installed in November 1987 at a total cost of Rs 30.43 lakhs. The system did not

work properly since its installation and also did not work even after certain modifications were carried out. This led to infructuous expenditure of Rs 30.43 lakhs.

(Paragraph 41.8)

41.5 Finance and Accounts

The income and expenditure of HDC during the period under review are indicated below:

(Rupees in lakhs)

| Year | Income | Expenditure |
|---------|----------|-------------|
| 1984-85 | 15461.30 | 13771.17 |
| 1985-86 | 14653.05 | 14844.73 |
| 1986-87 | 16799.06 | 15658.52 |
| 1987-88 | 16759.23 | 18063.62 |
| 1988-89 | 22798.74 | 18828.80 |
| 1989-90 | 24736.37 | 19891.07 |
| 1990-91 | 27092.17 | 22141.85 |
| 1991-92 | 30213.98 | 25736.59 |
| 1992-93 | 33546.26 | 29077.86 |
| 1993-94 | 41319.50 | 33630.65 |

41.6 Additional capacity actually achieved

The goal of modification and conversion schemes was to achieve the capacity of exporting 50/60 lakh tonnes coal per year. The percentage increase in handling capacity after execution of any particular scheme was not spelt out in the scheme itself. The date by which the ultimate goal was to be achieved was also not mentioned.

41.6.1 Ore Plant

The handling of coal by ore plant (capacity 20 lakhs tonnes*per annum* per route) (since converted for handling coal) and capacity utilisation vis-a-vis expenditure during the years 1984-85 to 1993-94 is indicated below:

| Year | Quantity handled (in lakh tonnes) | Capacity utilisation (in percent- age) | Expenditure incurred (Rupees in lakhs) |
|---------|--|--|--|
| 1983-84 | - | - | 24.13 |
| 1984-85 | o = | - | 73.63 |
| 1985-86 | 2.92 | 14.60 | |
| 1986-87 | 1.58 | 7.90 | <u> </u> |
| 1987-88 | 5.19 | 25.95 | 30.43 |
| 1988-89 | 2.98 | 14.90 | 76.32 |
| 1989-90 | 5.66 | 28.30 | 2.91 |
| 1990-91 | 4.47 | 22.35 | 86.53 |
| 1991-92 | 1.68 | 8.40 | 4.83 |
| 1992-93 | 2.19 | 10.95 | 16.83 |
| 1993-94 | 2.01 | 10.05 | - |
| | | | 315.61 |

During 1985-86 to 1993-94 capacity utilisation varied between 7.90 percent and 28.30 per cent and the average utilisation was 15.93 per cent. Coal handled varied between 1.58 and 5.66 lakh tonnes. Against Capacity of 20 lakh tonnesper annum (one route), the average handling was 3.19 lakh tonnes. CPT could utilise only 15.93per cent capacity after spending Rs 315.61 lakhs on conversion and maintenance etc. Further, of the amount of Rs 315.61 lakhs, Rs 124.83 lakhs spent to complete the second route of the Ore Plant and Rs 18.74 lakhs was spent for purchases/replacement of grizzly. While the grizzly could not be put in effective use, the second route was not made operational although related works were completed (March 1991). CPT stated (September 1992) that the capacity of 20 lakh tonnes per annum was based on the assumption that in-coming coal wagons would contain only coal having size between 25 milimetre (mm) and 250 mm. But the collieries could not assure sending specified sized coal only. CPT further stated (December 1993) that as against the total of Rs 315.61 lakhs spent on conversion during the period 1983-84 to 1993-94 the plant had earned a total revenue of Rs 1197.25 lakhs. But this actual earnings could not be compared with targets as no such target was spelt out while undertaking conversion etc. Besides, volume of revenue increased due to increase in rate of handling charge over the years by 42.86 per cent in 1988-89 and by 81.80 per cent in 1992-93 over 1985-86 rate.

CPT also mentioned that the conversion did not include installation of any crusher at the tippling system to crush oversize materials. This crusher controls the achievable capacity of plant. Although CPT was aware of the fact that in-coming coal wagons contained oversize coal, it did not take any step for installation of crusher to tide over the situation. This indicated inadequacy in planning process of conversion programme.

41.6.2 Coal Plant

Two Mechanical Handling Plants were installed at a total cost of Rs 1530 lakhs at Haldia Dock in 1977 for handling 40 lakhs tonnes of ore and 35 lakh tonnes of coal annually. Ore Handling Plant remained idle to the extent of 99 percent of it's capacity during 1980-81 to 1984-85. In August 1982, CPT decided to convert the ore handling plant also for handling coal on the ground that the existing coal handling plant was not adequate to meet the anticipated demand of 50/60 lakh tonnes of coal traffic.

PAC (1988-89) in its 157th report (8th Lok Sabha) had noted on the basis of paragraph 16 of the Audit Report 9 of 1988 that the Coal Handling Plant was also underutilised. The committee expressed concern that whereas the coal handling plant handled on an average 15 lakh tonnes *per amnum* till 1986-87, against its rate capacity of 35 lakh tonnes, it was considered necessary to augment the capacity for handling equipment and an additional investment of Rs 1.28 crores on the conversion of Iron Ore Plant for coal handling had been made. The committee desired that the Ministry should set up a Technical Committee to critically analyse the reasons leading to the dismal failure of the Coal Handling Plant in reaching its rated capacity and take remedial measures to remove the slippages.

It was seen in Audit that the capacity utilisation of the coal plant (capacity 35 lakh tonnes per year) was as indicated below:

| Year | Quantity handled (in lakhs of tonne) | Capacity utilisation (in percent) | Additional capacity achieved (per cent) | Expenditure incurred (Rupees in lakhs) |
|---------|---|---|---|--|
| (1) | (2) | (3) | (4) | (5) |
| 1983-84 | ===0 | - | - | - |
| 1984-85 | 15.75 | 45.00 | 20 | L e |
| 1985-86 | 15.79 | 45.11 | 0.11 | 5. ≡ |
| 1986-87 | 18.25 | 52.14 | 7.14 | 1- |
| 1987-88 | 20.04 | 57.25 | 12.25 | -8 |
| 1988-89 | 27.51 | 78.60 | 33.60 | 19.62 |
| 1989-90 | 25.43 | 72.66 | 27.66 | 15.32 |
| 1990-91 | 23.33 | 66.66 | 21.66 | 498.13 |
| 1991-92 | 26.26 | 75.03 | 30.03 | 29.65 |
| 1992-93 | 27.78 | 79.37 | 34.37 | 78.28 |
| 1993-94 | 32.15 | 91.86 | 46.86 | 329.38 |
| | | | | 970.38 |

During 1988-94 Rs 970.38 lakhs was spent, of which Rs 197.18 lakhs related to modification of coal tippler. After modification capacity augmentation varied between 0.11 and 46.86 per cent. Thus, on overall analysis an additional 16.40 lakh tonnes handling capacity was acheived against modification expenditure of Rs 197.18 lakhs, which was expected to achieve additional capacity of about 20 lakh tonnes.

CPT stated (September 1992) that in certain periods there was fall in traffic which was only due to less arrival of coal and also for handling 2/3 varieties of coal and the same cannot be attributed to the Plant since the input and output system of the Plant are not regulated by Haldia Dock Complex. CPT further stated (December 1993) that during the period 1985-86 to 1992-93 the coal plant tippled total additional 58.47 lakh tonnes and earned total additional revenue of Rs 2931.04 lakhs. But the actual additional tippling and earning each year could not be measured against target as no target was fixed while undertaking modification etc. Besides, volume of revenue increased due to increase in the rate of handling charges over the years.

The performance of the tipplers of the Coal Plant during 1994 95 to 1992 94

| Th | ie performance o | f the tippler of | f the Coal | Plant | during | 1984-85 1 | O | 1993-94 |
|---------------|------------------|------------------|------------|-------|--------|-----------|---|---------|
| was as under: | | | | | | | | |

| Year | Tippling Capacity (Per hour) | Average tippling done (Per hour) | Total tippling hours available taking into account 365 days in a year for two tipplers | Total tippling hour available taking into account the norm of 340 days in a year for two tipplers | Shut down for main- tenance | Actual tippling hour available | Total tippling hour worked | Percent tage 7to 8 | Total idle time (hour) | Percent tage 7 to 10 |
|---------|------------------------------------|---|--|---|---|---|-------------------------------------|--------------------------|---------------------------------|----------------------------|
| 1984-85 | 30 | 11.61 | 17520 | 16320 | 1914 | 14406 | 2182 | 15.15 | 12224 | 84.85 |
| 1985-86 | 30 | 8.95 | 17520 | 16320 | 1726 | 14594 | 2527 | 17.32 | 12067 | 82.68 |
| 1986-87 | 30 | 10.95 | 17520 | 16320 | 1015 | 15305 | 2689 | 17.57 | 12616 | 82.43 |
| 1987-88 | 30 \ | 11.78 | 17520 | 16320 | 2903 | 13417 | 2983 | 22.23 | 10434 | 77.77 |
| 1988-89 | 30 | 11.08 | 17520 | 16320 | 1481 | 14839 | 4352 | 29.33 | 10487 | 70.67 |
| 1989-90 | 30 | 8.95 | 17520 | 16320 | 761 | 15559 | 4684 | 30.10 | 10875 | 69.90 |
| 1990-91 | 30 | 11.22 | 17520 | 16320 | 3493 | 12827 | 3585 | 27.95 | 9242 | 72.05 |
| 1991-92 | 30 | 11.02 | 17520 | 16320 | 1243 | 15077 | 4283 | 28.41 | 10794 | 71.59 |
| 1992-93 | 30 | 11.27 | 17520 | 16320 | 2633 | 13687 | 4263 | 31.15 | 9424 | 68.85 |
| 1993-94 | 30 | 11.83 | 17520 | 16320 | 2210 | 14110 | 4668 | 33.08 | 9442 | 66.92 |

A tippling time involves four stages and counts from bringing a wagon within the charging zone to discharge the wagon materials to the conveying system. The entire process, as per original design, was to be completed in two minutes but in practice, was completed in about five minutes due to system deficiency. Against capacity of 30 tipplings per hour, actual tipplings during the period under review were 11 (approximate) per hour. To improve efficiency of the tippler, CPT substituted several equipments (charging beetle and marshalling beetle) valued Rs 8.08 lakhs and also renovated feeder track of the coal tippler and ore tippler at a cost of Rs 21.57 lakhs in September 1990. Rs 29.65 lakhs spent to reduce the time factor and increase tippler's efficiency proved ineffective since actual tippling capacity remained the same throughout. During 1984-94 utilisation of actual available tippling hours varied between 15.15 per cent and 33.08 per cent and idle time varied between 66.92 and 84.85 per cent.

Internal factors like breakdown, shut down, cleaning, non-availability of loco for placement of wagons and placement of staff at various points and external factors such as non-availability of wagons from South-Eastern Railway, supply of stone and lumpy coal etc. were stated to be responsible for the high incidence of idle time. The break up between internal and external factors was as follows:

| Year | Total Idle time | Idle time due to inter nal factor (hours) | Per cent tage 3/2 | Idle time due to exter- nal factor (hours) | Percentage 5/2 |
|---------|--------------------|--|----------------------|--|----------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1984-85 | 12224 | 6577 | 54 | 5647 | 46 |
| 1985-86 | 12067 | 7794 | 65 | 4273 | 35 |
| 1986-87 | 12616 | 8324 | 66 | 4292 | 34 |
| 1987-88 | 10434 | 7019 | 67 | 3415 | 33 |
| 1988-89 | 10487 | 6282 | 60 | 4205 | 40 |
| 1989-90 | 10875 | 6365 | 59 | 4510 | 41 |
| 1990-91 | 9242 | 5245 | 57 | 3997 | 43 |
| 1991-92 | 10794 | 6667 | 62 | 4127 | 38 |
| 1992-93 | 9424 | 5432 | 58 | 3992 | 42 |
| 1993-94 | 9442 | 4590 | 49 | 4852 | 51 |

During 1984-94 idle time due to internal factors varied between 49 per cent and 67 per cent and that due to external factors between 33 per cent and 51 per cent. CPT stated (September 1992) that the equipments were in poor condition/reached end in life and required replacement.

The replacement was stated to be essential to achieve handling of 35 lakh tonnes per year. CPT stated (December 1993) that replacement of charging and marshalling beetles as well as the feeder tracks at a cost of Rs 29.65 lakhs to keep the tippling system in operation was inescapable. CPT further stated that available operational hours was 16320 hours *per annum* and minimum 8160 hours *per annum* was required for operation of the system. But fact remains that during the period under review the average tippling was 11 per hour against the norm of 30 tipplings per hour.

41.6.4 Performance of conveyor system and shiploader

The defects noticed in the conveyor system and its related area were (i) lack of automatic hold back arrangement resulting in very heavy spillage (ii) lack of slippage protection device for stopping the conveyor and (iii) lack of self-aligning and automatic realigning system, sway prevent idlers and self-aligning return of conveyor. Also, the troughing angle of the conveyor was 20 degree against the requirement of 30 degree to 35 degree necessary for preventing the belt from sliding away and lifting off from the idler frame. Between 1983-84 and 1993-94 Rs 885.16 lakhs was spent for improving the efficiency of the conveyor system and shiploader; (Rs 238.42 lakhs to remove the defects of conveyor system and its related areas, Rs 229 lakhs to change cotton ply belts into nylon duckling belts, Rs 297.49 lakhs to modify the stacker-cum-reclaimer used for improving efficiency of loading and Rs 120.25 lakhs to modify the Coal and ore shiploader).

The performance of shiploader that receives the material carried by the conveyors system during the period 1984-85 to 1993-94 is indicated below:

| Year | No.of vessels | Tonnage shipped (in lakh tonnes) | Total loading hours available taking into account norm of 340 days in a year | Shut down for main- tenance | Actual ship loading hours avail- able | Total ship load- ing hours worked | Percent- age 7 &6 | Total idle time | Per- cent- age 9&6 | Sluip lon- der capa- city (per hour in tonnes) | Ship- ment (per hour in ton- nes) |
|---------|------------------|---|--|---|--|--|----------------------|-----------------------|-----------------------------|--|---|
| 1984-85 | 80 | 15.78 | 16320 | 1405 | 15915 | 3256 | 20.46 | 12659 | 79.54 | 1500 | 492 |
| 1985-86 | 93 | 17.84 | 16320 | 1422 | 14898 | 2896 | 19.44 | 12002 | 80.56 | 1500 | 619 |
| 1986-87 | 84 | 20.58 | 16320 | 646 | 15674 | 2805 | 17.90 | 13869 | 88.48 | 1500 | 703 |
| 1987-88 | 114 | 26.24 | 16320 | 392 | 15928 | 3443 | 21.62 | 12485 | 78.38 | 1500 | 769 |
| 1988-89 | 115 | 29.33 | 16320 | 285 | 16035 | 4249 | 26.50 | 11786 | 73.50 | 1500 | 700 |
| 1989-90 | 122 | 31.90 | 16320 | 835 | 15485 | 4990 | 32.22 | 14095 | 67.78 | 1500 | 566 |
| 1990-91 | 119 | 28.68 | 16320 | 3322 | 13000 | 4133 | 31.79 | 8867 | 68.20 | 1500 | 641 |
| 1991-92 | 114 | 28.02 | 16320 | 238 | 16082 | 4700 | 29.23 | 11382 | 70.77 | 1500 | 638 |
| 1992-93 | 114 | 29.60 | 16320 | 595 | 15725 | 4702 | 29.90 | 11023 | 70.10 | 1500 | 647 |
| 1993-94 | 130 | 34.27 | 16320 | 660 | 15660 | 4243 | 27.09 | 11417 | 72.91 | 1500 | 809 |

Against capacity of 1500 tonnes per hour the actual shipment rate averaged 658 tonnes, varying between 492 tonnes and 809 tonnes per hour. This indicated that above 50 *per cent* capacity could be utilised only in 1987-88 and 1993-94 and during other years even 50 *per cent* capacity could not be utilised. Utilisation of shiploading

hours varied between 17.90 and 32.22 per cent and that of idle time varied between 67.78 per cent and 88.48 per cent. Although Rs 41.97 lakhs was spent in 1988-89 for modification of ore shiploader and Rs 78.28 lakhs in 1992-93 for modification of coal shiploader, the shipment rate did not improve due to prevalence of high idle time. Non-availability of vessel and cargo, bad weather, delay in placement of staff at different points shut down, breakdown etc. were stated to be reasons for high idle time.

CPT stated (September 1992) that the utilisation of conveyor system and shiploaders were controlled by coal input and tippling section performance. It was also stated that the shiploading section was yet to achieve the maximum achievable capacity for constraints in above two areas.

Regarding spillage CPT further stated (December 1993) that during the years 1984-85 and 1985-86 the average 152 hours spent for spillage cleaning (approx) per lakh tonne was reduced to 74 hours (approx) per lakh tonne during the years from 1986-87 to 1992-93. Thus spillage cleaning time was reduced by 78 hours per lakh tonne as a result of implementation of various modification and augmentation schemes. But this decrease in spillage cleaning hours was not reflected in the increase of available operational hours which remained 16,320 hours per year althrough. Further, this actual decrease in spillage cleaning hours could not be compared with the target as no target was laid down.

Regarding performance of shiploader, CPT mentioned (December 1993) that the operation of shiploader also included positioning and shifting of shiploader for hatchwise loading, bringing the shiploader boom up and down, spillage cleaning etc. CPT also mentioned that shipment rate depended on size of vessel and stock of coal. But CPT did not furnish details in support of their statement.

41.6.5 Working hours of coal handling systems

The working hours of coal handling system during the last ten years are indicated below:

| Year | | pler rked | Shiploader worked | | |
|---------|---------|--------------|----------------------|-----------|--|
| | (hours) | (in days) | (hours) | (in days) | |
| 1984-85 | 2182 | 91 | 3256 | 136 | |
| 1985-86 | 2527 | 105 | 2896 | 120 | |
| 1986-87 | 2689 | 112 | 2805 | 117 | |
| 1987-88 | 2983 | 124 | 3443 | 145 | |
| 1988-89 | 4352 | 181 | 4249 | 177 | |
| 1989-90 | 4684 | 195 | 4990 | 208 | |
| 1990-91 | 3585 | 149 | 4133 | 172 | |
| 1991-92 | 4283 | 179 | 4100 | 196 | |
| 1992-93 | 4263 | 178 | 4702 | 196 | |
| 1993-94 | 4668 | 195 | 4243 | 177 | |

In terms of days, the plant was in operation for 113 days, 112 days, 114 days, 134 days, 179 days, 201 days, 160 days, 187 days, 187 days and 186 days (Average 157.3) during the above years against norm of 340 days per year.

41.7 Coal Linkage and coal actually handled

41.7.1 Against the projected movement of 50 to 60 lakhs tonnes of coal per annum to the southern ports of the country to cater to the needs of the thermal power stations, cement and paper industries located in that region, the coal linkage (the allotment done by the Standing Linkage Committee) and quantity actually handled during the last ten years were as follows:

(in lakh tonnes)

| Year | Coal linkage | Actually handled | Percentage |
|---------|-----------------|---------------------|------------|
| 1984-85 | 27.00 | 15.75 | 58.30 |
| 1985-86 | 27.00 | 18.71 | 69.30 |
| 1986-87 | 27.00 | 19.83 | 73.40 |
| 1987-88 | 33.45 | 25.23 | 75.43 |
| 1988-89 | 38.85 | 30.49 | 78.50 |
| 1989-90 | 40.65 | 31.09 | 76.50 |
| 1990-91 | 35.55 | 27.80 | 78.20 |
| 1991-92 | 48.00 | 27.94 | 58.21 |
| 1992-93 | 38.24 | 29.97 | 78.37 |
| 1993-94 | 41.10 | 34.16 | 83.10 |

The average linkage was 35.68 lakh tonnes and average handling was 26.09 lakh tonnes. In terms of percentage actual handling was 73.12 percent of the linkage.

CPT stated (December 1993) that achievement of 70 to 80 per cent of linkage is satisfactory as per existing practice at all India level. But CPT did not fix any norm nor did they furnish any details in support of their statement. CPT projected handling of 50/60 lakh metric tonnes per annum and to achieve this they undertook since 1983-84 the conversion of ore plant and modification of coal plant. At the end of 1993-94, against the projected quantity the average handling was 26.09 lakh tonnes.

Reason for poor performance as mentioned by HDC is delay in arrival of coal wagons from Coal India Limited. Details of actual tippling time available vis-a-vis tippling idle time due to non-availability of wagons during the years under review were as follows:

| Year | Actual tippling time available | Tippling idle time due to non-avail ability of wagon(Hours) | Percentage 3 to 2 |
|---------|--------------------------------|---|----------------------|
| 1984-85 | 14406 | 2056 | 14.27 |
| 1985-86 | 14594 | 2493 | 17.08 |
| 1986-87 | 15305 | 1993 | 13.02 |
| 1987-88 | 13417 | 2383 | 17.76 |
| 1988-89 | 14839 | 1864 | 12.56 |
| 1989-90 | 15559 | 810 | 5.21 |
| 1990-91 | 12827 | 1666 | 12.99 |
| 1991-92 | 15077 | 2150 | 14.26 |
| 1992-93 | 13687 | 1574 | 11.50 |
| 1993-94 | 14110 | 2575 | 18.25 |

On an average, idle time due to non-availability of wagon constituted only 13.69 per cent of the total tippling hours available. CPT stated (December 1993) that had there been cargo available for handling, the achievable handling capacity of the integrated system of coal plant could have been achieved. But analysis of number of loaded wagon received from South Eastern Railway (SER) and the number of empty

wagons returned to SER revealed that there was detention of wagon in the Haldia Dock Railway system as shown below:

| Year | No. of loaded Coal Wagons received | No. of empty Wagons offered back to South Eastern Railway | No. of Wagons transferred to SER (Col. 2-3) | Percentage of Wagon retained in Haldia System (Average) (Col 4/2) |
|---------|------------------------------------|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| 1984-85 | 27140 | 26020 | 1120 | 4 |
| 1985-86 | 32441 | 24388 | 8053 | 25 |
| 1986-87 | 34490 | 27196 | 7294 | 21 |
| 1987-88 | 43874 | 34867 | 9007 | 21 |
| 1988-89 | 52870 | 41454 | 11416 | 22 |
| 1989-90 | 53837 | 35710 | 18127 | 34 |
| 1990-91 | 49630 | 27130 | 22500 | 45 |
| 1991-92 | 48244 | 16467 | 31777 | 66 |
| 1992-93 | 51703 | 15489 | 36214 | 70 |
| 1993-94 | 58967 | 24969 | 33998 | 58 |
| | 453196 | | 179506 | 39.61 %(average) |

From above it would be seen that detention occurred in case of 39.6 percent (average) of wagons received in the Haldia Dock Railway System. This detention in turn affected the availability of wagon from SER on Haldia Dock account.

Bad weather at sea was also cited by HDC as reason for poor performance of the Plant. Normally, May-October is considered rough weather season and November to April are reckoned as fair weather at sea. CPT stated (December 1993) that at tidal port delay of an hour may lead the vessel to miss the tide and wait for another day. The day lost cannot be compensated for but it only multiplies. Hence the effect of bad weather plays the main role. Average number of vessels worked and average shipment per month during rough weather and fair weather for last ten years were as follows:

| Year | May to | October | November to-April | | |
|---------|--|---|---|---|--|
| | Average No.of vessel worked per month | Average shipment per month (in lakh tonnes) | Average No. of vessel worked per month | Average shipment per month (in lakh tonnes) | |
| 1984-85 | 6 | 1.31 | 7 | 1.30 | |
| 1985-86 | 8 | 1.47 | 8 | 1.51 | |
| 1986-87 | 7 | 1.45 | 9 | 1.98 | |
| 1987-88 | 9 | 2,12 | 10 | 2.25 | |
| 1988-89 | 9 | 2.29 | 10 | 2.55 | |
| 1989-90 | 11 | 2.56 | 10 | 2.42 | |
| 1990-91 | 7 | 1.82 | 13 | 2.96 | |
| 1991-92 | 10 | 2.49 | 9 | 2.18 | |
| 1992-93 | 10 | 2.60 | 9 | 2.34 | |
| 1993-94 | 10 | 2.77 | 12 | 2.94 | |

The table above would show that an average number of vessel worked and average shipment during rough weather and fair weather were almost the same. Hence rough weather factor may not have been a hindrance for arrival and despatch of vessels.

The replies furnished by CPT in September 1992 and December 1993 were agreed to by the Ministry in January 1993 and March 1994 respectively. While agreeing with the replies furnished by CPT in September 1992 Ministry stated (January 1993) that it was very important and urgent to replace/remove the apron conveyor and crusher of Coal Handling Plant in 1990 to improve the functioning and to augment the capacity. Without this, the generation of Tamil Nadu Electricity Board (TNEB) would have been adversely affected. Ministry also mentioned that there was a temporary set back in receipt of Coal at Haldia during 1991-92 due to depletion of Coal mines in Eastern Coal Fields Limited and difficulties in transporting of coal by Rail from other sources. The Ministry further stated (July 1993) that the Technical Committee appointed by the Government of India in August 1989 to critically analyse the reasons leading to the failure of the Coal Handling Plant in reaching its rated capacity and take effective measures to remove the slippages have submitted their Report (April 1992). In view of the recommendations of the committee the Ministry stated (December 1993) that one more stacker-cum-reclaimer

was being procured by CPT and modification of ore handling plant to handle coal was under examination. Ministry also mentioned that according to Port 36 to 40 lakh tonnes per annum will be reached with the present project and 60 lakh tonnes per annum can be achieved after technical consultancy report is received from consultancy firm. The consultancy has been awarded to Rail India Technical & Economic Services Ltd (RITES) New Delhi in March 1994 at a total cost of Rs 19.50 lakhs for consultancy services for reconstruction and modification of Wagon Tippler No.2. The consultancy report was submitted in October 1994. Final action on the report is still awaited.

In ultimate analysis there was no capacity augmentation of the ore plant converted and maintained for handling coal at a cost of Rs 315.61 lakhs, since at the end of 1983-84 capacity utilisation was 10.05 per cent as against 14.60 per cent in 1985-86. However, the capacity augmentation of coal plant was 46.86 percnet (over 1984-85 handling capacity) against modification expenditure and maintenance of Rs 970.38 lakhs. Although coal handled increased over the years the increase was not commensurate with the capacity augmentation since HDC could not achieve the capacity of exporting 50/60 lakhs tonnes as projected in 1983. At the end of 1993-94 against this projected quantity, HDC could handle only 34.16 lakh tonnes (ore plant 2.01 lakh tonne and coal plant 32.15 lakh tonnes)

The conversion of ore plant and modification of coal plant commenced in 1983-84 and the process continued upto 1993-94 involving a total expenditure of Rs 1285.99 lakhs. As a result of conversion and modification the total handling of coal increased to 34.16 lakh tonnes (Ore plant 2.01 lakh tonnes and Coal Plant 32.15 lakh tonnes) at the end of 1993-94 from 15.75 lakhs tonnes in 1983-84 against the anticipated handling of 50/60 lakh tonnes. The total handling of 34.16 lakh tonnes could not reach even the rated capacity of the coal plant alone (35 lakh tonnes*per amnum*). As such the modification of Coal handling plant alone would have served the purpose of handling increased quantity of 18.41 lakh tonnes (34.16 lakh tonnes - 15.75 lakh tonnes). Further the expenditure of Rs 315.61 lakhs incurred on conversion of Ore plant for handling Coal was also not fruitful as the projected handling of 50/60 lakh tonnes*per amnum* was not achieved.

41.8.1 Infructuous expenditure on conversion of Ore handling Plant

In May 1984 for efficient and smooth handling of Coal at Ore Plant an order was placed on firm 'A' for erection and commission of a mechanised grizzly cleaning system to crush big lump coals including stones and a payment of Rs 30.43 lakhs was made for this work. The work was completed in November 1987 against the schedule of May 1985.

According to the notice inviting tenders (January 1984) the scope of work was to plan and give lay out of a detailed scheme including design of the Mechanised system to be installed to keep an effective cleaning of the grizzly which gets stuck with coal lumps and stone lumps. The mechanical grizzly cleaning system with crusher was commissioned in November 1987 but system was not effective from the date of its commissioning since one installed was meant to crush coal and not stone. Although it was specifically mentioned in supplier's offer that the system would crush coal and not stone, HDC authority accepted that offer with the idea that the stones would be cleared with the help of Electrical Overhead Traction (EOT) crane.

In January 1988 it was observed that the equipment required certain modifications to enable the crusher to break stones and boulders alongwith coal. The firm agreed (January 1988) to carry out necessary modification on supply of necessary materials. From March 1988 the coal crusher went out of commission as some of its cutting tools were broken or missing. The firm did not take up the repair work and the grizzly cleaning system remained inoperative. Thus an expenditure of Rs 30.43 lakhs incurred on account of mechanical grizzly cleaning system with crusher proved infructuous.

CPT stated (December 1993) that shifting of stone lumps with the help of EOT cranes was agreed to keeping in view the assurance obtained from Coal India Limited (CIL). It was also stated that it is to be appreciated that CIL inspite of their repeated assurance failed to supply stonee-free coal. Ministry endorsed (March 1994) the view of CPT.

42. Loss of revenue

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For handling of petroleum and its products (POL) and "Ships' Stores", separate wharfage rates as stipulated in the scale of rates of the Calcutta Port Trust (CPT) were effective from May 1988 and revised from February 1993. 'POL' loaded in the sea going vessel for bunkering should be reckoned as "Ships' Stores" under provisions of Customs Act and wharfage at specified rate for "Ships' Stores" was to be recovered. In the Calcutta Dock System, however, bunkering POL had not been treated as "Ships' Stores" and wharfage applicable for handling 'POL' had been recovered instead of applying the wharfage on "Ships' Stores". Even in the case of overside bunkering of 'POL' involving two operations, CPT recovered a nominal wharftoll for loading of 'POL' into barges and 70 per cent of scheduled rate of wharfage on 'POL' for loading into the vessels from barges.

A test-check of records pertaining to the period June 1988 to January 1993 revealed that for applying lower wharfage rate and wharftoll for loading of bunkering 'POL' which should be reckoned as "Ships' Stores", CPT had suffered a loss of Rs 116.42 lakhs during the above period. Even recovery of wharfage on POL instead of wharftoll in the case of overside bunkering could have reduced the loss by Rs 50.64 lakhs as wharftoll was not at all applicable for handling of "Ships' Stores".

From February 1993 wharftoll was discontinued and substituted by wharfage on 'POL' in the case of overside bunkering. But recovery of wharfage at the rate applicable on "Ships' Stores" for bunkering POL was yet to be effected. This resulted in further loss of Rs 21.78 lakhs for the period February 1993 to March 1994. Thus CPT suffered a total revenue loss of Rs 138.20 lakhs for not treating bunkering POL as "Ships' Stores" and for not applying the appropriate rate of wharfage on "Ships'Stores" as per stipulation.

CPT stated (September 1994) that as the scale of rate did not provide for rate of "Ships' Stores" handled through pipeline, the rate applicable to cargo handled through pipeline was made applicable to bunker oil handled in bulk through pipeline. Ministry also endorsed (February 1995) the views of CPT.

The contention of Ministry is not tenable in as much as modus operandi should not be the criterion for classification of goods towards levy of charge where scale of rates specifically provided for rates applicable to "Ships' Stores". Moreover, Haldia Dock Complex of CPT treated POL shipped for bunkering as "Ships'Stores" and was recovering relevant charges accordingly.

43. Idle investment

Calcutta Port Trust (CPT) procured (November 1991) one second hand coal fired paddled steamer (Bhopal) on as is where is basis from Central Inland Water Transport Corporation Limited (CIWTC) without specific approval of the Government at a total cost of Rs 21.84 lakhs for providing accommodation and training to trainee marine officers CPT did not invite any competitive tenders for reasons not on record. Bhopal was originally built in 1946 and had been lying anchored at CIWTC's dockyard since August 1987. Bhopal required major repairs, survey and conversion before being put to use by CPT. The life of Bhopal after repairs would be around 10 years.

Instead of the vessel being formally taken over by CPT, the repair work of Bhopal was entrusted (December 1991) to CIWTC at a total cost of Rs 70.05 lakhs with stipulated completion time of 65 days. CIWTC finally handed over Bhopal to CPT in February 1993 on receipt of payment of Rs 88.92 lakhs. CPT, however, did not take up the work of conversion of Bhopal, required for training purpose, as it was found not necessary due to change in personnel policy. A total sum of Rs 110.76 lakhs had already been spent by CPT on acquisition (Rs 21.84 lakhs and repairs Rs 88.92 lakhs) of Bhopal which has been lying idle and inoperative at the dock (November 1994).

Bhopal was also manned by crew of CIWTC at a cost of Rs 0.08 lakh per month from December 1991 to February 1992. CPT provided (May 1992) skeleton manpower for maintenance of Bhopal at Rs 325 per day (around Rs 0.10 lakh per month) by engaging another firm 'B' The total expenditure upto May 1994 worked out to Rs 2.72 lakhs.

CPT stated (October 1994) that by May 1993 the trainee marine officers had completed their training and that they were resorting to alternative use of Bhopal as

pontoon in the shape of a base station on Haldi river to provide shelter to the pilot launches and their operating personnel. The cost of development of such a facility would come to around Rs 100.00 lakhs as per estimates prepared in 1994-95. The proposal, was yet to be implemented (November 1994).

The fact remains that CPT could not utilise the vessel (November 1994) after investment of Rs 110.76 lakhs (acquisition Rs 21.84 lakhs and repair Rs 88.92 lakhs) apart from recurring monthly expenditure of Rs 0.10 lakh from May 1992 towards manning of the vessel.

The matter was reported to Ministry in August 1994; reply has not been received (January 1995).

44. Non-recovery of storage charges

Calcutta Port Trust (CPT) allotted from November 1976 four plots of land ('A', 'B', 'C', 'D') measuring 27860 square metres (sq mt) at iron ore yard of Haldia Dock Complex (HDC) to Minerals and Metals Trading Corporation of India Limited (MMTC). MMTC was to pay the storage rent at the rate of Re 0.70 pertonne per month to stack iron ore for export. The rate was revised to Rs 0.50 pertonne per month from May 1980. In June 1982, CPT granted MMTC concessional plot rent instead of storage charges at the rate of Rs 75 per 100 sq mt or part thereof per month on storage of iron ore at the plots for promoting iron ore export through HDC with retrospective effect from November 1976. Accordingly MMTC cleared all the dues amounting to Rs 13.60 lakhs in March 1987. MMTC surrendered plot 'D' in July 1983.

From September 1984 the export of iron ore through HDC was, however, suspended due to draught problem and as such from September 1985 MMTC started utilising plot 'C' only, to stack coal for export. Since the plot was utilised for coal storage, it would attract storage rent on stock of export coal as stipulated in the scale of rates instead of concessional plot rent for stacking iron ore. In spite of the fact that MMTC had informed CPT that it was stacking coal in plot 'C' in February 1987 and then again returned two bills in August 1988 for correction, CPT continued to charge concessional plot rent applicable to stacking of iron ore till March 1989. Meanwhile

storage rent on stock of coal was revised to Re 1 per tonne per month from August 1983 and to Re 5 per tonne per month from March 1988. No intimation in this regard was forwarded to MMTC by CPT.

It was only in June 1989, that CPT took up the matter of revision of charges with MMTC and preferred revised claim of storage charges totalling Rs 22.67 lakhs for the period September 1985 to March 1989 after adjusting (Rs 2.38 lakhs) concessional plot rent already paid by MMTC. In July 1989, MMTC declined to pay the entire arrear amount on the grounds that their pricing for coal was done on concessional plot rent basis as CPT had not intimated the revised rate in due time. MMTC also requested (July 1989) for waiver of the entire arrear amount (Rs 22.67 lakhs) and to charge concessional plot rent. When talks were on for settlement of bills, MMTC agreed (August 1989) to pay storage charges as per stipulation whereupon CPT allowed shipment of 9244 tonnes coal from MMTC's total stock of 26336.1 tonnes in August 1989. Instead of clearing CPT dues MMTC insisted again on (October 1989) for waiving of the amount. MMTC surrendered plot 'C' in February 1990 and plot 'A' and 'B' in March 1990.

For storage of coal at plot 'C', CPT claimed storage charges from September 1985 to February 1994 for Rs 34.08 lakhs and plot rent from April 1989 to January 1990 in respect of plots 'A' and 'B' for Rs 1.27 lakhs totalling Rs 35.35 lakhs which remained unrecovered (August 1994).

CPT stated (May 1994) that MMTC was not accepting the claims in spite of undertakings given by higher authorities. But the fact remains that CPT was not aware of coal storage from September 1985 when application of storage charges was necessitated. Even after becoming aware of the fact in February 1987 CPT took more than two years to prefer claim (June 1989) at revised rate.

CPT further informed (August 1994) that the matter had been taken up with the Chairman-Cum-Managing Director of MMTC. If the difference could not be sorted out, the matter would be referred to the Ministry for settlement, failing which, the Committee of Secretaries would have to be approached. Ministry also endorsed (October 1994) the views of CPT.

Thus CPT's belated action to prefer revised rate resulted in non-recovery of dues amounting to Rs 35.35 lakhs. CPT did not fix any responsibility in this respect (August 1994).

45. Avoidable expenditure

Calcutta port Trust (CPT) placed orders in November 1986 on Garden Reach Ship Builders and Engineers Ltd. (GRSE) for manufacture, supply, delivery and commissioning of 10 electro-hydraulic capstans at a cost of Rs 91.03 lakhs. In addition taxes and duties at actuals including customs duty and 15 per cent handling charges on duty payable on the imported components were also payable to the firm. CRSE imported the components (December 1987) and customs duty of Rs 24.94 lakhs was assessed thereon. GRSE did not pay the customs duty at the instance of CPT. CPT interpreted that by virtue of its registration with the Director General of Shipping as ship repair unit it was exempted from paying customs duty on imported components in terms of Government of India notification of July 1983. CPT overlooked the basic fact that the materials were imported by GRSE and not by CPT and as such exemption as per notification would not be applicable in this case.

GRSE, however, took (December 1987) the imported components for manufacture of the capstans on submission of bond to Customs Authority undertaking to pay the duties and charges as per provisions of Warehousing Bond under the Customs Act. Penal interest at the rate of 18 per cent per annum was leviable on the amount of duty in case bonded warehousing exceeded one year.

CPT took up the matter with Customs authority only in March 1990. In May 1990 and June 1990 the Customs observed that the consignment was not entitled for duty free clearance as the items of import were not in the nature of capital goods. Such goods would not get covered under the notification even if this had been imported by CPT themselves. The matter was also referred (July 1991) to the Ministry of Finance who also endorsed (December 1992) the view of the Customs Department.

The customs duty was reassessed (August 1990) to Rs 26.29 lakhs and interest of Rs 8.05 lakhs was also levied at the rate of 18per cent on the amount of duty

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for bonded warehousing of the materials beyond one year i.e. from December 1988 to August 1990. GRSE cleared the customs duty alongwith interest amounting to Rs 34.34 lakhs in August 1990 under protest and got the amount reimbursed from CPT. CPT thus incurred an excess expenditure of Rs 9.40 lakhs on account of custom duty (Rs 1.35 lakhs) and interest (Rs 8.05 lakhs) over the assessment of December 1987 apart from excess payment of 15 *per cent* handling charges thereon for Rs 1.41 lakhs as per contractual stipulation.

CPT stated (September 1994) that the matter had already been taken up with the Member, Central Board of Excise and Customs for refund of Custom duty and interest paid thereon. Ministry also endorsed the views of CPT (September 1994). But the Central Board of Excise and Customs had already held (December 1992) that the benefit of exemption from payment of custom duty was not admissible in this case.

Thus incorrect interpretation of Government notification on exemption of duty in the first instance and failure to obtain the final clarification from the customs authority within interest free bonding period of one year led to the avoidable payment of Rs 10.81 lakhs on account of custom duty, handling charges and interest.

Calcutta Dock Labour Board

46. Idle investment and wasteful expenditure

Calcutta Dock Labour Board acquired two plots of land at Western Junction Cabin (18561.37 square metres) and Coal Dock Road (934.326 square metres) from Calcutta Port Trust (Port) in October 1990 and October 1991 respectively on 25 years lease term for construction of office building and residential quarters for its officers, staff and workers. Board paid Rs 30.49 lakhs to the Port between October 1990 and October 1991 as non refundable premium and security deposit for the two plots. Board also spent Rs 1.45 lakhs between August 1991 and July 1992 for preparation of project report, construction of boundary wall and other preparatory work. However, the plots were handed back to the Port in October 1992 as the Board did not have its own infrastructure for construction and maintenance of a building complex. Board paid Rs 16.67 lakhs to the Port as rentals for the period from October 1990 to September 1992. Port, however,

agreed to refund the premium and security deposit of Rs 30.49 lakhs without interest. The refund had not been received as of October 1994.

Thus, lack of planning and injudicious decision resulted in idle investment of Rs 30.49 lakhs for a period ranging from two to three years with consequential loss of interest of Rs 18.02 lakhs upto November 1994, over and above the wasteful expenditure of Rs 18.12 lakhs.

Ministry accepted the facts in June 1994 and directed the Board to investigate and fix the responsibility for the wasteful expenditure.

Cochin Port Trust

47. Loss of revenue due to levy of hire charges at reduced rates

According to Section 52 of Major Port Trust Act, 1963, any alteration/revision of the port charges/harbour dues, would become operative only after its sanction by the Ministry and from the date of its publication in the Gazette.

Cochin Port Trust (CPT) Board decided in November 1990 to revise the rate for the levy of hire charges for 20 feet/40 feet trailor chassis used for loading/unloading at the Container Terminal and operated the revised rates provisionally, with effect from 1 December 1990, in anticipation of Ministry's sanction. The rates prevailing till 30 November 1990 and the revised rates operated from 1st December 1990 were as shown below:

| | Prevailing rates* (Rs/ hour) Coastal Vessel | Rates revised Foreign Vessel | from 1-12-90 (Rs/ hour) | |
|--------------------------|---|---------------------------------------|-------------------------------|--|
| 20 Trailor Chassis | | | | |
| 1. For use inside wharf | 40 | 70 | 50 | |
| 2. For use outside wharf | 80 | 130 | 80 | |
| 40 Trailor Chassis | | | | |
| 1. For use inside wharf | 50 | 80 | 80 | |
| 2. For use outside wharf | 100 | 160 | 120 | |

^{*} In addition, 56% surcharge introduced from 1 March 1989 was also leviable.

In respect of 'foreign' vessels, the revision from 1 December 1990 resulted in the reduction of hire charges for 20 feet chassis by Rs 20/Rs 50 per hour for use inside the wharf as well as outside the wharf, respectively and by Rs 40 per hour for the use of 40 feet chassis outside the wharf.

The proposals forwarded to Ministry in February 1991 and again in October 1991 were, however, not sanctioned pending receipt of certain information/comments of the CPT. In January 1992, Ministry pointed out that there were anomalies in the calculation of the revised rates furnished by CPT and also suggested charging at double the hourly rates for retention of chassis for more than 16 hours. Further information/comments were not furnished by CPT till March 1992 and, therefore, the matter was treated as closed by the Ministry in March 1992 directing the CPT to forward fresh proposals. But no such proposals had been furnished as of August 1994.

Thus, it was observed that hire charges for chassis were levied by CPT at the revised rates without waiting for the approval of the Ministry. The unauthorised levy of hire charges at the revised rates resulted in a loss of revenue amounting to Rs 2.39 crores during the period December 1990 to March 1994.

CPT stated in March 1994 that the practice of levying charges, in anticipation of sanction from the Ministry, was followed. Ministry stated (September 1994) that a uniform rate of hire charges for both coastal and foreign vessels at a lower rate effective from 1 December 1990 was fixed by CPT in anticipation of their sanction and that the proposals were found to be deficient and hence referred back to the CPT directing the latter to furnish cost-based revised proposals.

The fact, therefore, remains that though Ministry had turned down the proposal for revision of hire charges in March 1991, the hire charges were continued to be levied at the revised rates, and that fresh proposals as directed by Ministry in March 1992 had not been forwarded to Ministry.

48. Link Road Project connecting Willington Island to Cochin by pass of National Highway 47

The proposal to construct a link road connecting Willington Island with Cochin by pass of national highway was approved by Government of India in November 1975 and it was agreed to share the cost equally by Government of India, Government of Kerala and Cochin Port Trust (CPT). The objectives of the project were to (1) replace the existing Venduruthy bridge constructed in 1938 (2) take containers by road to adjacent localities and (3) facilitate the Port with direct connection with national highway.

Phase I of the project was to construct a road for a length of 3750 metres from Willington Island to Thevara including a major bridge of 643 metres length by the CPT. In phase II, the remaining 2146 metres length up to Cochin by pass was to be constructed by the Government of Kerala. The work was entrusted to CPT and Government of Kerala in August 1982. The entire project was scheduled to be completed in March 1991. The link road was declared as national highway in November 1986.

Against the sanctioned amount of Rs 1307.44 lakhs for phase I, the actual expenditure was Rs 1353.44 lakhs and the work was completed in September 1993. Phase II of the project entrusted to the Government of Kerala remained incomplete and this is expected to be completed by December 1996. The objectives envisaged in the project were not achieved even after 3 years from the targetted date after spending Rs 1353.44 lakhs.

The audit scrutiny of the phase I of the project revealed the following:

(a) Time and cost overrun

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The targets and achievements of the components of phase I of the work are indicated below:

| Component of work | Date of award | Completion of work | | Esti | Cost | Time | Cost |
|---|---------------|--------------------|----------|---------------|------------|--------------|------------------|
| | | Target Actual date | | mate | of work | over- run | over- run |
| | | | | (Rs in lakhs) | | (months) | (Rs in lakhs) |
| 1 Construction of Willington Island- Thevara Bridge | Nov' 84 | Dec' 87 | Sept' 89 | 489 | 535.67 | 22 | 46.67 |
| 2 Dredging and reclamation work | April' 89 | Aug' 90 | Dec' 92 | 345.78 | 207.70 | 28 | (-)138.08 |
| 3 Construction of Road & Minor Bridge | Nov' 89 | Feb' 91 | Sept' 93 | 164.43 | 241.76 | 21 | 77.33 |

The delay in completion of item No.1 was on account of (i) delay in getting the site ready (2 months), (ii) additional work such as raising the fender well, staining, extra quantity of wells, anti-corrosive treatment and wearing coat as specified by the Ministry and due to the revision of specification of the work as directed by the Ministry (9½ months), (iii) monsoon (3 months) and (iv) contractor's fault (7½ months). In respect of item No 2 delay was due to using the dredgers of small capacity by the contractor and in respect of item No 3 it was due to non-availability of site being reclaimed from backwaters as agreed to by Dredging Corporation of India (DCI).

(b) Loss of interest due to delay in reimbursement of money

Out of Rs 1353.44 lakhs spent for phase I of the project, an amount of Rs 388.13 lakhs was spent prior to the declaration of the link road as national highway (November 1986), which was agreed to be shared equally amongst the Government of India, Government of Kerala and CPT. An amount of Rs 83.12 lakhs was still due from Government of Kerala. Though expenditure of Rs 965.31 lakhs was incurred for the project after November 1986, claims up to March 1993, amounting to Rs 823.22 lakhs, were preferred by CPT and an amount of Rs 643.41 lakhs only was reimbursed by Government of India. The balance amount of Rs 179.81 lakhs was withheld for want of allocation of funds. Claims pertaining to 1993-94 for Rs 142.09 lakhs had not yet been preferred (September 1994). Due to delay in reimbursement of funds, CPT had to bear

interest burden of Rs 64.36 lakhs (March 1994) on borrowed funds spent for the work. Port Trust stated (September 1994) that the matter of recovery of Rs 83.12 lakhs was pursued vigorously with Government of Kerala.

(c) Excess expenditure on dredging and reclamation work

To execute the dredging and reclamation work, a contract, was concluded with DCI for a sum of Rs 345.78 lakhs (April 1989) with stipulated date of completion as August 1990. The work was completed only in December 1992. In respect of the major component of the work "filling up inside the reclamation wall" against the agreement quantity of 620000 m³ (rate Rs 37.50/ m³) the quantity actually filled in was only 256413 m³. The shortfall in the quantity during actual execution was due to (i) the agreement quantity assessed in 1981 was not revised at the time of awarding the work in April 1989, though during the time lag the bed level of backwaters rose up due to natural siltation and trial dredging done earlier and (ii) omission to execute the 20 per cent provision for sinkage in earth work. The non-revision of the estimate resulted in boosting up of the estimate by Rs 136.35 lakhs. Out of Rs 34.58 lakhs (10per cent of contract value) interest free mobilisation advance paid to the contractor, Rs 13.63 lakhs were on account of defective preparation of the estimate, which resulted in interest loss of Rs 1.29 lakhs.

The delay of 28 months in dredging operations resulted in (i) additional establishment charges (Rs 57.23 lakhs), (ii) loss of interest of mobilisation advance paid to the contractor for the road work (Rs 8.86 lakhs) as mentioned in para d(ii) and (iii) additional expenditure on account of updating the road contract (Rs 54.02 lakhs). The delay was mainly due to using of small dredger for work as against bigger dredgers promised by the contractor. As per the agreement conditions, the contractor shall pay as compensation an amount equal to one *per cent* or such smaller amount as the Chief Engineer and Administrator may decide, on the amount of the estmated cost of the whole work as shown in the tender, for every day that the work remained uncommenced or unfinished after proper date. But CPT did not prefer any specific claim for the delay on this account. However a claim for Rs 50 lakhs was preferred (May 1993) towards the

loss in updating the road work. Simultaneously the contractor preferred a counter claim (May 1993) for Rs 328.88 lakhs raising disputes over additional quantity dredged, escalation and excess mobilisation charges. Subsequently, CPT preferred (February 1994) a revised claim for compensation of Rs 118 lakhs for updating the road work necessitated due to delay in dredging works (Rs 54.02 lakhs), additional establishment charges (Rs 57.23 lakhs) and loss of interest on mobilisation advance (Rs 6.61 lakhs). Further developments regarding settlement of the claims are awaited (September 1994).

- (d) Construction of minor bridge and road works-excess expenditure and loss of interest
- (i) The contract for the work was concluded with a private firm for a sum of Rs 164.43 lakhs in November 1989 with stipulated date of completion as February 1991. The work was completed only in September 1993, at a cost of Rs 241.76 lakhs. The road was to be constructed on the land reclaimed by dredging. Though the position regarding slow progress of dredging and reclamation was very well known to CPT, they awarded the work in November 1989 i.e. 10 months ahead of the scheduled date of completion of the dredging and reclamation of work. As the dredging work was not completed as per the time schedule, the land for the construction of road was made available to the contractor in parts between January 1992 and January 1993. Consequently, due to delay of 26 months in handing over the site, CPT had to update the road contract. Thus the award of the work prematurely in November 1989 resulted in extra expenditure of Rs 53.75 lakhs in updating the contract.

CPT stated (September 1994) that a major portion of the site could be made available by November 1991. However, no record to substantiate the claim was made available to Audit.

(ii) A sum of Rs 24.60 lakhs was paid to the contractor in January 1990 as interest free mobilisation advance though it was known that the site was not ready for handing over at that time as the reclamation work was still incomplete. The recovery of the advance started from January 1993, after a lapse of three years. The payment of Rs 24.60 lakhs, interest free for 3 years, to a private firm, from the borrowed funds of

CPT was not justified. The loss of interest sustained by CPT on this account was Rs 8.86 lakhs. CPT stated (September 1994) that the loss of interest on the advance due to delay in starting the work had been claimed from DCI, which was responsible for the delay in reclamation work.

- (iii) The road portion of the work awarded was to be constructed on the reclaimed land. As per the agreement, the road work had to be formed with cover by 22370 m³ on the top side and sides of the sand core already formed by dredging. The actual quantity executed was 46011 m³ and was excess by 23641 m³ (106 per cent). The additional work was necessitated due to sinkage of the strip of land newly reclaimed. 20per cent sinkage was provided for in the estimate for the reclamation work (at Rs 37.50 per m³). Due to non-execution of work covering 20 per cent provided for sinkage during reclamation work, additional quantity of work at higher rate (Rs 113.16 per m³) had to be carried out resulting in an extra expenditure of Rs 17.89 lakhs. CPT stated (September 1994) that the increase in quantity of gravel blanketing has no relation with reduction in quantity of reclamation as the reclamation was completed to the required level before taking up blanketing. The reply is not tenable as the increase in quantity of gravel blanketing could have been avoided had the reclamation work been done taking into account the provision for 20 per cent sinkage as provided for in the agreement. When the contract provided for extra dredging of 20 per cent to take care of sinkage and the quantity executed did not include this, it cannot be said that reclamation was done up to the required level.
- (iv) As per the Indian Road Congress specification, coarse and fine aggregate supplies at the site of work should be paid for in cubic meters, after deducting allowances for shrinkage at fixed percentage provided therein, from the volume measured by stack measurement. The contractor was, however, paid for the full quantity supplied without making any deduction for shrinkage as provided in the contract. The non-observance of the specification resulted in extra payment of Rs 2.06 lakhs to the contractor.

To sum up, the project scheduled to be completed in March 1991 was still incomplete (October 1994) (i) CPT had to bear interest burden of Rs 64.36 lakhs (March

1994) due to delayed reimbursement of funds; (ii) there was excess expenditure amounting to Rs 111 lakhs due to delayed performance of dredging work (iii) blocking up of funds to the extent of Rs 24.60 lakhs for 3 years due to premature payment of advance to a private firm not provided for in the agreement resulting in loss of interest of Rs 8.86 lakhs, (iv) avoidable extra expenditure of Rs 17.89 lakhs and (v) non-observance of Indian Road Congress specification resulting in extra expenditure of Rs 2.06 lakhs.

The matter was reported to the Ministry in July 1994; their reply is awaited (February 1995).

49. Short realisation of hire charges

The scale of rates of the Cochin Port Trust (CPT) did not contain the rates of hire charges for the power plugs provided to reefer containers. Hire charges were being levied on the assumption that each power plug would consume 40 units of electrical energy every day. According to the specifications supplied by the manufacturers, 20 feet and 40 feet reefer containers would consume 5 kilo-watt and 10 kilo-watt of energy respectively. It was noticed in Audit that the actual consumption of energy therefore would be considerably high. When this was pointed out (June 1992) to CPT it provided separate energy meter for 24 newly installed (October 1992) power plugs and found that a 40 feet container consumed an average of 150 units of power a day.

During April 1989 to December 1991, power plugs were used by 8439 reefer containers (20 feet containers: 1517 and 40 feet containers: 6922). As the containers took a pre-cooling period of 8 hours and a dwell time of 3 days at the plug point, the energy consumed by 8439 containers at the rate of 150 units of power a day for 40 feet containers and 100 units for 20 feet containers would be 39.67 lakhs units of electricity as against 11.25 lakh units charged for by CPT at the flat rate of 40 units a day for each power plug. Non-realisation of charges for 28.42 lakh units consumed resulted in a loss revenue of 37.51 lakhs.

Ministry stated in March 1994 that the decrease in revenue due to charging of energy at a subsidised rate could not be considered a loss as it was a policy decision made by the port aimed at attracting trade when handling of reefer containers was introduced

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for the first time in the country. It was also stated that the hire charges of power plugs had been revised to Rs 700 a day for 40 feet container and Rs 550 a day for 20 feet container for a day or part thereof from first July 1993. Ministry's reply is not tenable as the rates had not been reviewed and revised since their introduction in 1977. They were revised in 1993 on the basis of the observations of Audit. Further, there was nothing on record to show that the retention of the low rates was for attracting trade.

50. Loss of revenue due to inadequate provision in lease deed

According to the provisions in the standard lease deed executed between Cochin Port Trust (CPT) and their lessees for leasing out the land belonging to it, the lessor has a right to increase the rent after every block period of five years, provided the decision to increase the rate has been taken within the block period of five years. Thus any decision to increase the rate of rent, would be effective only after the lapse of the current block of five year period in respect of each lessee.

In February 1989, CPT imposed a general surcharge at 56 per cent with effect from 1 March 1989. Consequently, surcharge at 56 per cent was leviable in addition to the lease rent on fresh lease of lands or renewal of lease, done after 1 March 1989. In certain cases where the lease period had already expired prior to 1 March 1989, the lease-holds were renewed two to three years after 1 March 1989, with retrospective effect from the date of termination of the lease, on the same terms and conditions as in the original lease deeds. Consequently, the levy of surcharge at 56per cent due from 1 March 1989 could be effected in respect of the renewed leases only after the expiry of the five year block period reckoned from the date of termination of the previous lease. As the renewal deeds were executed long after 1st March 1989, suitable provision for payment of the surcharge from 1 March 1989 should also have been incorporated. The failure to do so, resulted in avoidable loss of revenue. The revenue loss in 17 cases noticed in audit, amounted to Rs 21.09 lakhs for the period 1 March 1989 to 31 March 1994.

CPT stated (August 1994) that action is being taken for modification to the format of the lease deed. Ministry stated (November 1994) that lease deeds for renewal

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of leases were executed on the basis of lease deed format in force and that the revision of rate by 56 per cent surcharge effective from 1st March 1989, could not be made applicable as it was not possible to make any alteration in the conditions of the lease deed in force. It was also stated that action to revise the format of the lease deed was being taken by CPT.

51. Short collection of revenue due to delayed implementation of revised rates

Cochin Port Trust (CPT), vide resolutions of August 1991 and December 1991, decided to levy the vessel related charges in US dollars in respect of vessels where the freight rates were indicated/quoted in US dollars, and to collect the same in Indian rupees at the exchange rate, notified by the Reserve Bank of India on the date of arrival of the vessel. According to Section 52 of Major Port Trusts Act, 1963, the amendments would come into effect from the date of publication in the Gazette. Though notification to give effect to the amendment in berth hire charges, linking it to US dollars, was published in the official gazette on 14 July 1992, the CPT applied the dollar-linked rates from 8 October 1992 only. The delay in operation of the amended rates was attributed by CPT to the delay in receipt of the notification by its Financial Advisor and Chief Accounts Officer. The delay of nearly three months in implementing the amended rates, resulted in short levy of berth hire charges, in 103 cases, amounting to Rs 38.53 lakhs.

In the case of pilotage fee also, there was delay of over 15 days in implementing the amended rates. Though the required notification was published on 3 June 1992, the rates were given effect from 20 June 1992 only. As a result of the delay, there was short levy of pilotage fee amounting to Rs 3.66 lakhs in respect of 22 cases during the period 3 June 1992 to 19 June 1992.

Ministry stated (September 1994) that revised charges in U.S. dollars could not be levied from the date of gazette notifications due to non-receipt of the notifications.

On being pointed out by Audit regarding the delay in implementation and consequential short collection of revenue, CPT raised arrear demands for Rs 42.19 lakhs and collected Rs 36.17 lakhs (berth hire charges: Rs 32.51 lakhs; pilotage fee: Rs 3.66

lakhs). Arrears of berth hire charges amounting to Rs 6.02 lakhs remained to be collected (October 1994).

Owing to the belated implementation of the revised rates, CPT suffered interest loss of Rs 10.24 lakhs at 12 per cent on Rs 36.17 lakhs collected subsequently and on the uncollected amount of Rs 6.02 lakhs till October 1994.

52. Short levy due to wrong categorisation of vessels

According to the 'Scale of Rates' of the Cochin Port Trust (CPT), charges towards pilotage, berth hire and port dues on vessels arriving at the port are leviable based on the categorisation of the vessel either as 'foreign' or coastal', depending upon the origin of cargo carried.

It was seen in audit that certain daughter-vessels chartered for carrying, from mother-tankers, of crude oil brought from foreign countries, were treated as 'coastal vessels' for levy of port charges. As the cargo conveyed was not loaded from Indian Ports but only transhipped from mother-tankers, the daughter-vessels were to be treated as 'foreign vessels'.

The short levy of charges on pilotage fees, berth hire and port dues on treating the vessel as `coastal' during the period April 1990 to March 1994 amounted to Rs 40.35 lakhs.

Further, charges for supply of fresh water to vessels are levied at different rates for `coastal' and `foreign' vessels. Due to the wrong categorisation of daughter-vessels, charges for fresh water supplied to those vessels were levied treating them as `coastal' vessels instead of `foreign' vessels. Short levy on this account worked out to Rs 1.90 lakhs.

The total short levy due to wrong categorisation of vessels worked out to Rs 42.25 lakhs.

Ministry stated (August 1994) that charges were levied as per the declarations filed by the respective steamer agents/importers purporting that the vessels were 'coastal'. It was stated that CPT was subsequently insisting on production of import manifests to

ascertain the genuineness of such declarations and to avoid the confusion in categorisation of vessels into either 'foreign' or 'coastal'.

CPT stated in September 1994 that the amount of Rs 37.19 lakhs short-collected has since been recovered from the parties concerned (Rs 35.29 lakhs towards port dues, pilotage fees and berth hire charges and Rs 1.90 lakhs towards water charges). The details of recovery of Rs 5.06 lakhs were however, not intimated (November 1994).

Mormugao Port Trust

53. Extra expenditure in the Marine Department

Floating crafts at the Mormugao Port Trust (MOPT) under the supervision and control of the Deputy Conservator in charge of the Marine Department included one grab dredger, four tugs, five launches and one water barge. Two tugs, two launches and a water barge worked two shifts of 12 hours each a day and the other two tugs and two launches worked one such shift.

The manning strength of these crafts was fixed after taking into account the operational requirements and the guidelines issued by the Mercantile Marine Department (MMD). A certain number of crew was also posted on regular basis for watch keeping, even while the crafts were kept idling. The total number of fixed crew was thus 184 on the rolls of MOPT. In order to supplement the fixed crew on their weekly off/absence on leave, 40 per cent of the total strength of each category of crew was maintained as relievers.

A review of the posting of the fixed crew and the relievers, during the period from 1989 to 1994 conducted in audit, revealed the following.

- i) MOPT maintained a crew of about 281 including the relievers. Craftwise posting of the fixed crew was found to be in excess of the strength, approved by the Board of Trustees, on the recommendation of a specially constituted Sub-Committee.
- ii) Board of Trustees approved in 1973, 11 per cent of each category of crew towards leave reserve subject to the provision that, if at a later stage the leave reserve was found inadequate on account of substantial increase in leave incidence, necessary review

would be made. The Marine Department revised the leave reserves to 40 per cent in 1982, without taking into account the actual incidence of leave or obtaining the approval of the Board of Trustees. It was noticed in audit that 48 per cent of leave reserve was not utilised and did not get any posting during the period under review. Among the various categories like Seaman, Greaser, Driver - II and Quarter Master, the non-deployment was as high as 50 to 70 per cent.

- The shore gang meant for attending to various requirement at berth/shore included 57 lascars. The list of relievers included 16 lascars. On an average, only 11 lascars used to get regular posting, revealing that the strength of relievers actually operated was far in excess of requirement.
- iv) While sanctioning the crew of tugs in 1973, the Board of Trustees had specified that when Engineers with First or Second class certificate of Competency issued by the Ministry of Transport (MOT) were posted, the posts of Electrician should not be operated. In two tugs (2 shifts) with Chief Engineers having First/Second class MOT certificate, two electricians were also posted.

The avoidable expenditure on excess crew during April 1989 to March 1994 worked out to Rs 26.96 lakhs *per annum*.

- v) The 12 hours shift pattern of working had got an inbuilt provision of overtime allowance (OTA). OTA to the crew accounted for 59per cent of their salaries and wages.
- vi) Salaries and wages and OTA of two officers continued to be booked against a craft which was disposed of in August 1990.

Ministry while confirming the facts in March 1994 stated that:

the total number of crew had gone up as compared to the requirements against available crafts because of the transfer of Suction Dredger Mandovi-II to Dredging Corporation of India (DCI) in August 1982 and Suction Dredger Zuari to Bombay Port Trust (BPT) in June, 1988 but without the crew including relivers, attached to these dredgers, and that the retention of the crew was to avoid retrenchment and to

meet the demand of the Union. This resulted in continuance of certain crew much in excess of actual requirements.

ii) 40 per cent of leave reserve had been kept keeping in view any sudden absenteeism which may result in laying of the craft and in hampering berthing and unberthing of ships.

Ministry's contention is not tenable as even after considering situations including sudden absenteeism, only 52 per cent of the category of relievers were utilised. The percentage of non-utilisation of floating crafts due to lack of work too was over 80 per cent of the available time. The apprehension that the leave reserve of less than 40per cent could affect the berthing and unberthing of ships was thus not based on facts.

iii) Chief Engineers posted on tugs could not be expected to do the work of electricians, which with the given existing equipments on Board was a full time job.

The reply is not acceptable as this was against the spirit behind the endorsement of the recommendation of the technical committee by the Board of Trustees. The electricians should not have been posted on board the tugs where Chief Engineers are posted, especially as the sub-committee had come to this finding taking note of the high power and more sophistication involved in the new crafts.

The retention of the surplus crew including relievers in excess of the actual requirement thus resulted in extra establishment expenditure of Rs 134.80 lakhs duiring the period April 1989 to March 1994.

54. Avoidable expenditure on a launch

Mormugao Port Trust (MOPT) maintained four launches, including one fibre glass reinforced plastic (FRP) Launch Colva II, procured in September 1982 at a cost of Rs 22.05 lakhs, for pilotage and mooring purposes.

A review (during 1993) of the extent of utilisation of the vessel Colva II revealed that the actual utilisation varied from 3 per cent to 12 per cent of the available hours since its commissioning in September 1982. Considering the low rate of utilisation of the vessel, its frequent break-downs and the non-availablility of a proper workshop

locally to carry out repairs on the vessel, MOPT decided to dispose of the launch in March 1990 at its book value of Rs 16.91 lakhs.

Efforts to dispose of the vessel by inviting tenders in August 1990 and again in October 1991 did not evoke adequate response and the highest bid was for Rs 5.06 lakhs. MOPT finally decided (November 1991) to retain the launch for use as a VIP launch and also for regular service as pilot-cum-mooring launch.

MOPT spent Rs 8.53 lakhs on dry docking, over hauling engine repairs, etc., of the vessel in February 1993, but it remained unutilised pending successful trial run, due to defects in the main engine. Meanwhile, MOPT spent (upto 31 March 1994) a further amount of Rs 20.32 lakhs on operational expenditure viz., salaries and wages (Rs 14.84 lakhs) stores (Rs 3.46 lakhs) sundry expenses and depreciation charges (Rs 2.02 lakhs). Thus the total expenditure of Rs 50.90 lakhs, (Rs 22.05 lakhs on purchase, Rs 8.53 lakhs on repairs and Rs 20.32 lakhs operational expenditure) incurred in the launch was rendered infructuous.

Ministry while communicating (August 1994) MOPT's stand that the launch was acquired only for piloting purposes, observed that there was no justification for making such an investment by MOPT on the launch, if it was to be utilised only for embarking and disembarking of pilots.

55. Irregular recovery of house rent

According to the extant orders of the Central Government with the revision of pay and allowance with effect from 1 January 1987, officers occupying Port Trust accommodation are required to pay house rent at a certain percentage of their revised pay or the standard rent calculated on the principles under the Fundamental Rules whichever is less depending upon the class of accommodation. The Government of India had also clarified in February 1991 that the Central Government formulae for payment of house rent allowance and recovery of licence fee were not comparable to the position prevailing in Ports and had accordingly not approved the recovery of licence fee for the Port quarters at flat rates as in Central Government.

In February 1992 Mormugao Port Trust (MOPT) however revised the house rent recoverable in respect of 108 quarters and adopted the slab rates of rent as applicable to Central Government employees except for 7 bungalows and refunded a sum of Rs 13.07 lakhs, being the difference between 10 per cent of basic salary pay already recovered (January 1987 to January 1992) and the slab rate or standard rent adopted. Due to erroneous application of the slab rates as applicable to the employees there was short recovery of rent from January 1987 to 31 January 1994 of Rs 19.45 lakhs.

MOPT stated (September 1993) that since the Central Government linked the recovery of quarter rent to the prescribed percentage of the revised basic pay or standard rent, whichever was less, the recovery of quarter rent at slab (flat) rate was in order.

The reply of MOPT is not tenable as the concept of standard rent (standard licence fee) is totally different from the slab rate prescribed for the Central Government employees under the Fundamental Rules.

Further there was also short recovery of rent of Rs 1.82 lakhs (January 1987 to January 1994) in the case of 7 bungalows as the calculation of standard rent did not include the cost of land. There was thus short recovery of rent from the officers occupying Port quarters during the period January 1987 to January 1994 to the extent of Rs 21.27 lakhs.

The matter regarding the adoption of flat rate was referred to the Ministry in March 1993. Reply has not been received so far (February 1995).

New Mangalore Port Trust

56. Unproductive investment

The Railway system in the New Mangalore Port Trust consisted of broad gauge, meter gauge and mixed gauge lines with an annual traffic potential of 6.14 lakh tonnes. However, the traffic carried by rail during 1986-87 to 1993-94 in the Port, ranged between 0.09 and 11 per cent only. Consequently the revenue realised was not commensurate with the expenditure incurred by the Port Trust towards maintenance and

cost of staff deputed by the Railways for the operation of the Port Railways, resulting in deficits ranging from Rs 4.89 lakhs (1986-87) to Rs 10.02 lakhs (1993-94).

In December 1982, in pursuance of the recommendations of the Committee on Port Railways, Ministry of Shipping and Transport issued orders banning the creation of additional infrastructure or recruit personnel in this field. However, in the sanction communicated by Ministry in February 1987 for construction of balance portion of the western side of the eastern dock as a berth, there was a provision for mixed gauge rail tracks on the berth and connection thereto to the additional berth at a cost of Rs 32.07 lakhs. Ministry issued revised orders in January 1988, modifying the scope of the railway connection to the berth at a revised cost of Rs 34.90 lakhs. The Southern Railway, in April 1990, furnished an estimate for Rs 78.54 lakhs against the revised estimate of Rs 34.90 lakhs approved by the Government. The entire work relating to the extension of railway line in the back-up area of the berth was completed in all respects in March 1992 at a total cost of Rs 70.12 lakhs. As the existing railway lines and other infrastructure facilities were not being utilised fully, incurring additional expenditure of Rs 70.12 lakhs on providing new railway connection to additional berth was not justified.

Ministry stated (February 1991 and January 1992) that the new railway connection would provide access to the stack yard surrounding the transit shed to be utilised later on as a container freight station. The additional infrastructure facilities were provided with a view to handling container traffic in a big way at a later date.

However, it was observed in audit that the Port Trust had already provided necessary facilities in the existing berths for handling containers by strengthening the surrounding area and the stack yard at a cost of Rs 26 lakhs in March 1985. In spite of providing necessary infrastructure facilities for handling containers in the Port, the container traffic declined from 3060 units in 1986-87 having a cargo of 24054 tonnes to 1819 units in 1993-94, having a cargo of 14839 tonnes.

Since the existing facilities continued to remain underutilised and substantial growth in container traffic was not foreseable in the near future, the decision taken by the Ministry to extend the railway lines to the additional general cargo berth and its transit

shed contrary to their earlier decision of December 1982 was not prudent. Thus the expenditure of Rs 70.12 lakhs incurred on new railway lines remained unproductive.

The matter was reported to the Ministry (July 1994); their reply has not yet been received (March 1995).

Visakhapatnam Port Trust

57. Extra expenditure on diesel electric loco

For pushing wagons on the tipplers at the ore handling complex, the Visakhapatnam Port Trust (VPT) purchased a 700 H.P. loco from Bharat Heavy Electricals Limited (BHEL) at a cost of Rs 125.35 lakhs. The loco was received from BHEL and commissioned in April 1990. The engine of the loco failed in October 1990, so the loco was decommissioned in February 1992. The engine was dismantled in July 1992 and got replaced with a new one at a cost of Rs 17.07 lakhs. The loco was recommissioned with the new engine in March 1993.

It was noticed in audit that

- a) The requirement of VPT was to push 25 to 28 wagons of 92 tonnes each in weight on a gradient of 1 in 40, but VPT indicated the gradient as 1 in 400. VPT contended that the gradient mentioned in the purchase order was wrongly typed. The contention was not tenable as the supplier's quotation dated April 1989 clearly specified the gradient as 1 in 400.
- b) Though the engine failed within the guarantee period, VPT was neither successful in persuading the supplier for free replacement or for refund of cost of repairs and replacement nor proceeded legally against the supplier. The supplier refused to accept any charges on the ground that the failure of the engine was not due to manufacturing defect but was due to lack of coolant and lubricant of the engine which was purely an operational problem. The contention of the supplier that the failure of the engine was on account of operational problem was not accepted by VPT and VPT reiterated that it was due to manufacturing defect.

VPT had not taken adequate care either to assess the capacity of the loco suitable for wagon tippling operations of the Port or stipulate precise specifications while placing purchase order on BHEL in November 1989, which resulted in

- (i) failure of the engine requiring replacement at an additional cost of Rs 17.07 lakhs; and
- (ii) continuous idling of the loco for 9 months from July 1992 to March 1993.

The matter was reported to the Ministry in September 1994; reply has not been received (March 1995).

58. Avoidable expenditure

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In order to expand its operational area, Visakhapatnam Port Trust (VPT) proposed in October 1991 to develop a low lying area filled with Municipal garbage on either side of convent junction and north of S.4 conveyor of the Port by resorting to reclamation with gravelly soil. An estimate was prepared in October 1991 for Rs 90.90 lakhs, tenders were invited in February 1992 for works costing Rs 84.05 lakhs and the work was entrusted to the lowest tenderer in May 1992 for Rs 68.14 lakhs. The work was commenced in June 1992 and completed in March 1993 at a cost of Rs 81.26 lakhs.

It was noticed in audit in February 1994 that the average level of the ground was +3 metres when the estimate for the work was prepared in October 1991. But the level rose upto +4.2 metres at the time of commencement of the work (June 1992). This was due to the continued dumping of garbage by the Municipal Corporation of Visakhapatnam. As this additional garbage could not be allowed to spread in the area to be reclaimed and would also take a long time for decomposition, it was to be excavated and transported elsewhere. This resulted in extra expenditure of Rs 14.59 lakhs (Rs 7.02 lakhs for excavation and Rs 7.57 lakhs for transportation) which could have been avoided if VPT had taken effective action in October 1991 in preventing the Municipal Corporation from further dumping of the garbage in areas earmarked for immediate development.

Ministry stated (December 1994) that the matter was taken up well in advance but the Visakhapatnam Municipal Corporation expressed its inability since it could not have alternative dumping yard, and therefore the expenditure of Rs 14.59 lakhs became inevitable. The reply is not tenable as the land belonged to the Port and it could have taken effective action in preventing the Municipal Corporation from the continued dumping of garbage.

59. Loss on sale of mobile crane

A 75 Tonne TATA mobile crane (MC.6) purchased by the Visakhapatnam Port Trust (VPT) in 1982 was sold in February 1993 to a firm for Rs 10.07 lakhs for ensuring speedy execution of work entrusted to the firm by the Port Trust.

Test-check of the records revealed that the sale value of the crane was worked out in accordance with an agreed formula where the served life of the crane was assumed as 13 years 8 months, against the actual period of its service for 10 years 8 months. This resulted in under-valuation of the crane allowing unintended benefit to the contract firm and the VPT sustained a loss of Rs 10.08 lakhs in the sale transaction.

The matter was reported to Ministry in May 1994; reply has not been received (March 1995).

CHAPTER XIII

Ministry of Textiles

Central Silk Board

60. Idle machinery

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With a view to establishing Cold Storage Facilities (CSF) in the rearing house at the Regional Sericulture Research Station (RSRS), Coonoor, an amount of Rs 10.67 lakhs was provided (March 1988) by the Central Sericultural Research and Training Institute (Institute) Mysore which itself is under the control of the Central Silk Board, Bangalore. Central Public Works Department completed the installation of CSF at a cost of Rs 8.77 lakhs and handed them over to RSRS, in August 1991. Meanwhile a proposal for the creation of a post of Senior Mechanic to operate CSF was sent (January 1991) by RSRS to the Institute. In this connection the following observations are made:

- (i) For want of a trained personnel CSF was shut down after trial run (August 1991).
- (ii) RSRS did not pursue the case effectively with the Institute. As of January 1995, the post of Senior Mechanic had not been created. Consequently, CSF set up at a cost of Rs 8.77 lakhs was lying idle for the past three years.

Central Silk Board accepted (April 1994) the facts.

The matter was referred to the Ministry in August 1994; reply has not been received (January 1995).

CHAPTER XIV

Ministry of Urban Development

(Delhi Development Authority)

61. Material Management in Delhi Development Authority

61.1 Introduction

Delhi Development Authority (DDA) was incorporated in 1957 with the object of providing shelter and related amenities to all strata of society in Delhi. Its activities encompass land development, construction of houses/shops, improvement of slums, development of green areas, preservation and beautification of historical monuments and enforcement of planning laws and regulations so that the growth of the capital city of India is planned and orderly.

61.2 Organisational set up

Director (Material Management) is the head of the Stores Department and works under the overall control and supervision of Engineer Member. Cement, bitumen, steel, GI pipes, CI pipes, SCI pipes, glazed tiles, shutters and aldrin are the items of stores which are purchased by the Store Department for issue to various works. The material is received at Store Division-I (cement, bitumen) and Store Division-II (pipes, glazed tiles, shutters etc.) and each division is headed by an Executive Engineer. While bin-cards are maintained by the respective store divisions, the store ledgers with value account are maintained by the Accounts Branch of the concerned division.

61.3 Scope of Audit

Procurement, consumption, inventory holding and accountal of stores in DDA, during the preceding five years upto 1993-94 were reviewed in Audit and the result thereof are set out in the succeeding paragraphs.

61.4 Highlights

Engineering Department failed to intimate in time the annual requirement of stores for various works which led to shortfall in purchase, delays in execution of works and additional expenditure of Rs 199.93 lakhs on account of payments to the contractors.

(Paragraph 61.5.1.A)

Damages amounting to Rs 1164.56 lakhs in 37 cases were not levied despite the fact that the suppliers had delayed the supplies of cement and steel after stipulated date.

(Paragraph 61.5.1.A)

DDA failed to put up its claims of Rs 2.59 crores in time before the arbitrator for consideration. DDA also failed to fix responsibility for this negligence.

(Paragraph 61.5.1.A(i)

Delay in placing the orders for the supply of cement resulted in loss ofRs 60 lakhs. The Supplier was requested to complete the entire supply of cement by July 1990. However, he could supply only 8039 tonnes upto this date. For the balance of 11961 tonnes, DDA awarded work to other firms in February 1990 at risk and cost of the defaulting firm. When DDA went into arbitration, the Arbitrator in his award of October 1993 rejected the demand of Rs 60 lakhs on account of additional expenditure on purchase of balance quantity of cement on the ground that DDA had placed the order for balance quantity after a lapse of 8 to 9 months of the last date of the agreement.

(Paragraph 61.5.1.A(ii)

Despite specific requirement DDA made piece meal purchases of steel which resulted in extra expenditure of Rs 49.51 lakhs.

(Paragraph 61.5.1.B(i)

Rejection of rates of the lowest tenderer without adequate justification resulted in an extra expenditure of Rs 11.78 lakhs.

(Paragraph 61.5.1.B(ii)

Action to recover Rs 154.74 lakhs from manufacturers who had supplied levy cement during 1984-87 was yet to be taken. Similarly, Rs 10.36 lakhs were due for recovery since January 1989 from a supplier of bitumen.

(Paragraph 61.6)

Out of Rs 7.16 crores outstanding miscellaneous public works advances Rs 4.45 crores were lying unrecovered for over 10 years.

(Paragraph 61.6.3)

DDA suffered a loss of Rs 51.22 lakhs due to wrong application of issue rate of cement. 7673.85 tonnes substandard cement was issued for works connected with building, sewer lines and drainage against the specific instructions of Chief Engineer, Quality Control.

(Paragraph 61.8 & 61.11)

X

61.5 Purchase procedure

DDA purchases the following materials through Store Division I and II.:

(i) cement, (ii) steel, (iii) SCI soil and wastage pipes, (iv) GI pipes, (v) CI pipes, (vi) machine made/factory manufactured shutters, (vii) bitumen.

However, the purchase of some store items such as tiles, shutters, aldrin and SCI pipes have been decentralised from time to time and are purchased by the respective Engineering Zones.

The purchase procedures adopted for procurement of items at Serial No. (i) to (iii) are as follows:

(a) Manufactures who have valid ISI licence;

- (b) Through open tenders;
- (c) (i) GI pipes and CI pipes at Serial No. (iv) and (v) are purchased on DGS&D contract.
 - (ii) Shutters are purchased from out of the select list of manufacturers;
- (d) Bitumen is purchased from Indian Oil Corporation.

All purchases above Rs 3 lakhs are approved by the Work Advisory Board (WAB) of DDA which consists of Vice Chairman, Engineer Member, Finance Member, Chief Engineer (Quality Control) and Chief Accounts Officer. Purchases below Rs 3 lakhs are made with the approval of the Director (Material Management).

Procurement of material is budgeted alongwith the budget of the schemes. However, a detailed material budget (with quantity and value) showing the requirement of individual materials for and comparison of actual with budget is not prepared.

61.5.1 Procurement

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61.5.1.A Purchase of cement

Procurement of material is planned by the Stores Department on the basis of annual requirements of material received from each Chief Engineer. Engineering Department is required to intimate the annual demand well in time before the beginning of each year. It was observed in audit that the Engineering Department had been submitting its requirements quite late and as a result the Store Department had been purchasing the material on the basis of previous years requirements. Due to late receipt of the requirement during 1989-94 cement was purchased less than the requirement. Consequently, the Store Division had been issuing less quantities of these items to the construction division as would be seen from the following:

(In tonnes)

| Year | Requirement | Opening Balance | *Purchases | Total Available Stock | Percentage of available stock to require- ment | Issues | Percent age of Issue to require -ment |
|---------|-------------|--------------------|------------|-----------------------------|---|-----------|---|
| Cement | | | | | | 21 | |
| 1989-90 | 266783 | 18969.40 | 136266.85 | 155236.25 | 58.18 | 146954.35 | 55.08 |
| 1990-91 | 406200 | 8281.90 | 160138.20 | 168420.10 | 41.46 | 153487.50 | 37.78 |
| 1991-92 | 320900 | 14932.60 | 205635.60 | 220568.20 | 68.73 | 195226.95 | 60.83 |
| 1992-93 | 368387 | 25341.25 | 189500.65 | 214841.90 | 58.31 | 189608.20 | 51.46 |
| 1993-94 | 387104 | 25233.70 | 180755.20 | 205988.90 | 53.21 | 181676.90 | 46.93 |
| Steel | • | • | | | | | |
| 1989-90 | | | No | t Available | | | |
| 1990-91 | 31908.00 | 553.66 | 16910.00 | 17463.66 | 54.73 | 14070.00 | 44.09 |
| 1991-92 | 30515.00 | 3393.66 | 17460.00 | 20853.66 | 68.33 | 16523.00 | 54.14 |
| 1992-93 | 35948.00 | 4330.66 | 10740.00 | 15070.66 | 41.92 | 14603.00 | 40.62 |
| 1993-94 | 46973.00 | 467.66 | 26697.21 | 27164.87 | 57.83 | 21734.70 | 46.27 |

^{*} Purchases have been worked out after deducting the sub-standard cement returned to suppliers.

It would be seen from the above table that while the quantities purchased were issued during the year, the purchases fell short of the actual requirements. Due to short purchases lesser cement could be issued than actually required and consequently the works were delayed and additional expenditure of Rs 199.93 lakhs was incurred on account of extra payments made to the contractors as per rules for carrying out the works beyond stipulated date of completion. The extra expenditure, however, includes all payments made to contractors due to various hindrances besides the hindrances occurred on account of short supply of cement.

The quantum of extra expenditure due to lesser issue of steel and pipes could not be worked out on account of maintenance of records of such payments in consolidated forms by the divisions.

As per agreement, if the supplier fails to deliver the material on or before the stipulated date, he is liable to pay liquidated damages equal to 1 to 10 per cent on the estimated cost of the work for every day exceeding stipulated date of completion of work. A test-check of orders placed on the cement and steel suppliers during 1990-94 revealed that in 37 cases there were delays of 14 to 173 days in the supply of material. No action was taken to levy liquidated damages of Rs 1164.56 lakhs on account of delays in supply.

In 6 cases of purchases of steel DDA had recovered damages of less than 1 per cent instead of minimum of 1 per cent. This had resulted in short recovery of damages amounting to Rs 5.17 lakhs.

In one case DDA levied penalty in October 1992 for liquidated damages of Rs 56.50 lakhs against the defaulting agency of which Rs 3 lakhs were recovered by forfeiting the security deposit of the agency, but no proper action had been taken to recover the balance damages of Rs 53.50 lakhs from the agency.

61.5.1.A(i) Loss of Rs 259.16 lakhs in the purchase of cement

In May 1990, DDA placed an order for supply of 40000 tonnes of cement at Rs 1519 per tonne. The supply was to commence in May 1990 and to be completed by November 1990.

Till September 1990, only 2806 tonnes of cement valued at Rs 63.63 lakhs was received and in October 1990 the firm was asked to complete the supplies. As the firm failed to complete the balance supplies, DDA rescinded the contract in December 1990. Meanwhile, in October 1991, DDA placed an order on another firm for supply of balance quantity of cement at the risk and cost of the earlier firm. 12631 tonnes of cement was received at the rates of Rs 2033 and Rs 2053 per tonne.

DDA went into arbitration in February 1991 against first supplier and was directed by the arbitrator to file the statement of facts/claims by 13 June 1991. DDA submitted claims on 14 February 1992 i.e. after the lapse of 8 months for Rs 259.16 lakhs which included Rs 199 lakhs incurred at the risk and cost of the earlier firm.

In the meantime, the period of the arbitration expired in October 1991 and the firm did not give the consent for the enhancement of time for arbitration. No other arbitrator could be appointed as the supplier did not give its consent for another arbitrator as well.

Thus, DDA failed to put up its claim of Rs 2.59 crores in time before the arbitrator for consideration. DDA also failed to fix responsibility for this negligence.

In December 1989, DDA placed an order on a firm for supply of 20000 tonnes cement at Rs 1305 per tonne (15000 tonnes Ordinary Portland Cement) and Rs 1293 per tonne (5000 tonnes Pozzolana Portland Cement). The entire supplies were to be completed by July 1990. The firm supplied 8039 tonnes of cement upto July 1990 and thereafter stopped the supplies. Despite repeated requests, the firm did not resume the supplies and in July 1990, DDA rescinded the contract. The balance work was awarded to two other firms in February - March 1991 at the risk and cost of the defaulting firm. The supplies were completed during March - June 1994 at an extra cost of Rs 60 lakhs.

In July 1992, DDA went in arbitration and submitted claims for Rs 86.24 lakhs towards compensation (Rs 26.04 lakhs), additional expenditure on purchase of balance quantity of cement (Rs 60 lakhs) and miscellaneous recoveries (Rs 0.20 lakh).

The arbitrator in his award (October 1993) allowed the claim for the loss of compensation but rejected the claim of Rs 60 lakks as DDA had placed the order for balance quantity after a lapse of 8 to 9 months of the last date of the agreement.

Thus the delay by DDA in placing the order for balance quantity of cement resulted in arbitrator not considering claim of DDA for Rs 60 lakhs.

61.5.1.B Purchase of steel

61.5.1.B(i) Extra expenditure of Rs 49.51 lakhs on the purchase of Cold Twisted Steel Bars (CTS) during the year 1991-92.

In January 1991, Chief Engineer (Rohini) approved the purchase of 4700 tonnes of CTS bars of 8 mm (2200 tonnes), 10mm (1500 tonnes) and 12mm (1000 tonnes). DDA incurred an extra expenditure of Rs 49.51 lakhs on the piece-meal purchase of these bars as would be evident from the following details:

(a) Tenders for the purchase of 4700 tonnes of CTS Bars of 8mm (2200 tonnes), 10mm (1500 tonnes) and 12mm (1000 tonnes) dias were invited in January 1991. Ten offers were received and out of which three firms had quoted the lowest rates as detailed below:

| Name of firms | Rate per tonne (8mm) | Rate per tonne (10mm) | Rate per tonne (12mm) |
|---------------|----------------------------|-----------------------------|-----------------------------|
| Α | 10125 | 9825 | 9625 |
| В | 10192 | 9932 | 9882 |
| C | 10295 | 10044 | 9809 |

While the offers of firm 'A' and 'B' were valid upto 11 February and 13 February 1991, the offer of firm 'C' was valid till 3 March 1991. No action was taken for finalising the tenders within the validity period of offers of the first two lowest firms viz. 'A' and 'B'. It was only on 11 February 1991 that the Store Department recommended negotiation with these two firms. Chief Engineer (Rohini), on 11 March 1991 before accepting the offer, asked the Executive Engineer, Stores Division to intimate the reasons for delay of seven days in sending the case knowing well that the tenders were valid for a limited period. There was nothing on record to indicate the reasons for delay in sending the tenders for approval. The order was placed on firm 'C' on 25 February 1991 for supply of 2500 tonnes of CST Bars of 8mm (1000 tonnes), 10mm (500 tonnes) and 12mm (1000 tonnes) dias with the approval of Chief Engineer (Rohini). The reasons for reduction in the quantity indented and actually ordered were not on record. The firm supplied 2495.610 tonnes of bars during March-April 1991. Thus due to delay in finalising tenders within the validity period, DDA had to incur an extra expenditure of Rs 4.63 lakhs.

As only 2500 tonnes of bars were purchased against the actual of 4700 tonnes of bars, DDA in March 1991 invited fresh tenders for purchase of 1200 tonnes of 8mm dia bars. Firm 'A' which was the lowest, quoted Rs 10649 per tonne against Rs 10744 per tonne and Rs 10960 per tonne quoted by firms 'D' and 'F', DDA placed the order on April 1991, with the second lowest firm viz. firm 'D'. The firm, however, refused (April 1991) to execute the supplies as the condition relating to submission of bank guarantee of Rs 8 lakhs and delivery schedule were not acceptable. Accordingly, the order was cancelled and earnest money of Rs 0.62 lakhs given by the firm was forfeited.

Tenders were again invited in July 1991 for the purchase of 1200 tonnes of bars of 8mm dia. Firms 'D' and 'E' quoted the lowest rate of Rs 12694 per tonne and the order was placed on firm 'E' on 28 August 1991, at the negotiated rate of Rs 12,550 per tonne. The entire supply was received in September - November 1991. Had DDA purchased the bars initially when tenders were invited in February 1991, extra expenditure of Rs 26.19 lakhs could have been avoided.

(c) Tenders for the purchase of balance quantity of 1000 tonnes of 10mm dia were invited in March 1991. The offers received from all the seven firms (quoted rates Rs 10394 to Rs 10962 per tonne) were, however, rejected by the Work Advisory Board without assigning any reason. Accordingly, fresh tender was invited in May 1991 and the order was placed (July 1991) on firm 'D' for the supply of 1000 tonnes of 10 mm dia at the rate of Rs 11694 per tonne. In this connection, it may also be mentioned that the same firm had offered in March 1991 to supply the material at Rs 10564 per tonne.

Thus, DDA by resorting to piece-meal purchase, despite specific requirements, incurred an extra expenditure of Rs 18.69 lakks based on the difference between the lowest rates received in February 1991 and the price at which the order was placed on firm 'D'.

61.5.1.B(ii) Extra expenditure of Rs 11.78 lakhs on the purchase of 1450 tonnes Cold Twisted Steel Bars of 10mm dia

Tender were invited in May 1991 and in response six tenderers offered to supply the material at rates between Rs 11497 and Rs 11800 per tonne. However, these offers were not considered and the Work Advisory Board decided (July 1991) to recall the tender after deleting the clause relating to bank guarantee in the tender notice. No reason were adduced for deleting the bank guarantee clause after call of tenders.

Tenders were reinvited on 22 July 1991 and six offers were received (quoted rates Rs 12401 to Rs 13009 per tonne). These offers, valid between 28 July to 5 August 1991, were got revalidated till 10 August 1991. It was, however, seen in audit that while all other firms were approached for extension of the validity period/the offers of the first three lowest firms (firm `E', `F' and `H') whose quoted rate ranged between Rs 12401 to

Rs 12496 per tonne were not asked to extend the validity period. The reasons for not approaching the firms were not on record. On 28 August 1991, DDA placed the order on firm `G' at the negotiated rate of Rs 12400 per tonne (quoted rate Rs 12510 per tonne) for the supply of 1450 tonnes of 10 mm dia bars. Till December 1991, the firm supplied 90 per cent material and the order for the balance supply was cancelled under provisions of the Agreement.

The rejection of tender which were opened in May 1991, on the plea of deleting the bank guarantee clause and the reinviting tender lacked justification as the action to delete the bank guarantee could have been taken while placing the supply order. Had the order been placed on the lowest tenderer (firm 'A') at Rs 11497 per tonne which had been supplying steel to DDA, the extra expenditure of Rs 11.78 lakhs could have been saved.

61.5.1.B(iii) Extra expenditure of Rs 5.86 lakhs on the purchase of 3000 tonnes CTS Bars of various dias during the year 1990-91

In June 1990, DDA invited tenders for the purchase of 3000 tonnes CTS bars of 8mm (1100 tonnes), 10mm (550 tonnes), 12mm (450 tonnes), 16mm (300 tonnes), 20mm (200 tonnes), 22mm (100 tonnes), 25mm (150 tonnes) and 28mm (150 tonnes) dia and in response firm 'B' quoted the lowest rate of Rs 10240 per tonne for 8mm dia while firm 'D' quoted the lowest rates ranging between Rs 9682 and Rs 9775 per tonne for other dias. In August 1990, i.e. before the finalisation of the tenders and placement of the order, firm 'E' which had quoted the highest rates (Rs 10089 to Rs 10384 per tonne) informed that SAIL had reduced prices. Accordingly the firm intimated the revised reduced prices for 8mm (Rs 9900 per tonne), 10mm (Rs 9700 per tonne), 12 mm (Rs 9600 per tonne) and 16mm (Rs 9600 per tonne) dias. DDA without considering the reduction in prices, as intimated by the highest tenderer, placed the order on 3 September 1990 on the lowest firm 'B' at its originally quoted of Rs 10240 per tonne for the purchase of 8mm dia steel bars. The order for the remaining section of the steel viz. 10mm, 12mm, 16mm, 20mm, 22mm, 25mm and 28mm was, however, placed on firm 'D' at its quoted of Rs 9682 and Rs 9775 per tonne.

Thus, failure of DDA to take notice of the price reduction and to place order on firm 'E' whose quoted rates were for 8mm, 10mm, 12mm and 16mm dias, lowest as compared to the rates of firms 'B' and 'D' resulted in an extra expenditure of Rs 5.86 lakhs which could have been avoided.

61.6 Outstanding Advances

61.6.1 Cement

During 1984-87, DDA had purchased levy cement from the manufacturers against advance payments. At the end of 1990-91, a sum of Rs 154.74 lakhs was recoverable from the cement manufacturers, as the supply of cement fell short of the advance paid. No action had been taken so far (October 1994) to recover the outstanding amount though a period of more than 7 to 10 years had elapsed.

61.6.2 Bitumen

61.6.2.(i) Packed Bitumen

DDA had been purchasing packed bitumen from the oil refineries against full advance payments. On a test-check of register of advance payments of packed bitumen for the period 1984-85 to 1993-94 it was observed that the supplies received against the advances made to the suppliers were not being entered in the register. It could, therefore, not be ascertained whether supplies against the advance had been received and that no amount of the advances was lying unadjusted. In August 1991, one of the oil refineries submitted a statement of its accounts which indicated that DDA had paid advances aggregating to Rs 17.77 lakhs during November 1983 and January 1989 against which the supplier had supplied bitumen valued at Rs 7.36 lakhs. Thus, Rs 10.36 lakhs were recoverable from the supplier. DDA had neither reconciled its accounts nor had taken any action to recover the balance amount from the supplier. In regard to the other suppliers no action had been taken to reconcile the advances paid with the supplies received (October 1994).

The demand for the bulk bitumen was raised by the field divisions. The store division was making advance payment to the supplier and the delivery was taken direct by the field divisions. On test-check of the records of 3 divisions, it was observed that during April 1990 - June 1994 against the advances of Rs 37.93 lakhs paid for the supply of 912.91 tonnes of bulk bitumen, the agency had supplied only 839.44 tonnes of bitumen. The balance quantity of 72.47 tonnes valued at Rs 3.03 lakhs had not been supplied by the agency. Neither the field divisions nor the store division had taken any proper action for the supply of remaining quantity of material or refund of the advance for the remaining quantity.

61.6.3 Miscellaneous Public Works Advances (Steel, Pipes, Shutters etc.) worthRs 7.16 crores lying outstanding as on 28 February, 1994

The "M.P.W. Advance" is a suspense head which is intended to bring to the account, those charges which can not easily be debited/credited to any other head of account. The transactions recorded, under this head, are of temporary character and required to be cleared as early as possible but before the closure of the financial year. DDA had been making advance payments to the suppliers of material for steel pipes, shutters etc. and these advances were debited to the Miscellaneous Public Works Advances. Scrutiny in audit, however, revealed that advances aggregating Rs 7.16 crores were pending recoveries/adjustments from the suppliers as at the end of February 1994. The age-wise break-up of the advances is given below:

(Rupees in crores)

| SI. No. | Period of Advance | Amount |
|------------|--|--------|
| (i) | More than ten years old | 4.45 |
| (ii) | More than five years but less than ten years old | 0.50 |
| (iii) | More than one year but less than five years old | 2.18 |
| (iv) | Less than one year old | 0.03 |
| | Total | 7.16 |

It was further seen in audit that no proper and timely action was taken to recover these advances from the suppliers. The Miellaneous Public Works Advance

register was also not being properly maintained as neither the monthly balances nor the balances at the close of the year against each supplier was being correctly carried forward/worked out.

61.7 Stock Holdings and Stock levels

The position of stock holding of Cement and Bitumen during 1989-90 to 1993-94 is given below:-

(In tonnes)

| (11) | | | | | |
|---------|--------------------|-----------|-----------------------------|-----------|--------------------|
| Year | Opening Balance | Purchases | Total Available Stock | Issues | Closing Balance |
| Cement | | | (E | | |
| 1989-90 | 18969.40 | 136266.85 | 155236.25 | 146954.35 | 8281.90 |
| 1990-91 | 8281.90 | 160138.20 | 168420.10 | 153487.50 | 14932.60 |
| 1991-92 | 14932.60 | 205635.60 | 220568.20 | 195226.95 | 25341.25 |
| 1992-93 | 25341.25 | 189500.65 | 214841.90 | 189608.20 | 25233.70 |
| 1993-94 | 25233.70 | 180755.20 | 205988.90 | 181676.90 | 24312.00 |
| Steel | · | • | | | |
| 1989-90 | | 0 | Not Available | | 1) |
| 1990-91 | 553.66 | 16910.00 | 17463.66 | 14070.00 | 3393.66 |
| 1991-92 | 3393.66 | 17460.00 | 20853.66 | 16523.00 | 4330.66 |
| 1992-93 | 4330.66 | 10740.00 | 15070.66 | 14603.00 | 467.66 |
| 1993-94 | 467.66 | 26697.21 | 27164.87 | 21734.70 | 5430.17 |
| Bitumen | | | | | |
| 1989-90 | 78.62 | 3448.84 | 3527.46 | 3463.82 | 63.64 |
| 1990-91 | 63.64 | 2308.80 | 2372.44 | 2356.84 | 15.60 |
| 1991-92 | 15.60 | 2580.86 | 2596.46 | 2435.94 | 160.52 |
| 1992-93 | 160.52 | 2653.56 | 2814.08 | 2482.27 | 331.81 |
| 1993-94 | 331.81 | 1934.40 | 2266.21 | 2068.41 | 197.80 |

DDA had laid down minimum level of stock of cement. This level as indicated in the following table was, however, not being adhered to and stock levels in certain periods were below this level:

(In tonnes)

| Year | Minimum | Period in which stock was |
|---------|---------|-------------------------------|
| | Level | below minimum level |
| 1991-92 | 20000 | August 1991 to January 1992 |
| 1992-93 | 20000 | October 1992 to December 1992 |
| 1993-94 | 32000 | June 1993 to March 1994 |

DDA had also fixed re-ordering level of stock but the purchase of cement was not made during 1991-94 when the balance of stock came down at or below the re-ordering level detailed as under:

(In tonnes)

| Year | Re-ordering | Balance of | Month in which | | |
|---------|-------------|----------------|----------------|----------------|--|
| | level fixed | Period | Quantity | purchases made | |
| 1991-92 | 32000 | July 1991 | 26900 | September 1991 | |
| | | August 1991 | 17040 | | |
| 1992-93 | 32000 | September 1992 | 25666 | November 1992 | |
| | | October 1992 | 16046 | 7 | |
| 1993-94 | 35000 | October 1993 | 15599 | December 1993 | |
| | | November 1993 | 4816 | Y | |

While the information regarding minimum, maximum and re-ordering levels for steel, pipes, shutters was not made available; the levels were not fixed for bitumen.

61.8 Issue rate

The issue rate of cement is worked out with reference to the basic rate of purchase plus cartage, expenses on railway siding, testing charges and storage charges. The issue rate so worked is kept at par with the market rate and is made effective from the real operative date.

In this connection the following observations are made:

- i) In March 1992, DDA purchased 40762 tonnes of cement at a basic rate of Rs 2200 and Rs 2154 per tonne. DDA did not revise the issue rate and cement was continued to be issued at the existing rate of Rs 2200 per tonne. However, based on the available information, the issue rate after including other charges worked out to Rs 2229 and Rs 2263 per tonne. Thus, due to non revision of issue rate, DDA suffered a loss of Rs 17.37 lakhs on 40762 tonnes of cement supplied to the contractors.
- During the period 5 November 1992 to 16 December 1993, the purchase price of cement came down between Rs 1697 and Rs 1874. The issue rate was, however, not revised, and the cement was issued at higher rates resulting in undue increase in the cost of works.

- iii) In 21 works executed by 6 Divisions, 33847.55 tonnes cement was issued to the contractors at Rs 2100 per tonne fixed by DDA instead of justified rate of Rs 2200 per tonne resulting in loss of Rs 33.85 lakhs.
- iv) In 5 works 527.110 tonnes bitumen packed (44400 tonnes) and bulk (482.65 tonnes), was issued to private contractors at Rs 4250 and Rs 4560 per tonne against issue rates of Rs 5025, Rs 5366 and Rs 6200 per tonne fixed by DDA resulting in loss of Rs 6.10 lakhs.

61.8.1 Short/delayed issue of material

61.8.1.A Cement

A scrutiny of the indents from the various engineering divisions revealed that though during 18 June 1992 to 15 July 1992 and 13 May to 30 May 1993, 40000 to 44500 tonnes of cement was lying in store yet only 1849 tonnes was issued by the store divisions against the demand of 2627 tonnes asked for by 30 divisions.

61.8.1.B Steel, Pipes, Shutters etc.

The indents for the material, required for works, are prepared by the respective engineering division and are submitted to the stores division for issue. As per the existing procedure the indents are approved for issue of material within a period of 7 to 10 days. It was, however, seen in audit that there were inordinate delays in the issue of material from the stores and such delays ranged between 62 and 161 days. Further, there was a wide variation in the quantity issued from the stores and that indented by the engineering divisions and these variations ranged between 19 and 60 per cent. The short supply of material and delayed issue of material adversely affected the construction schedules and resulted in payment of compensation to the contractors. The exact quantum of such compensation could not be worked out as DDA did not produce any detailed records.

*

61.9 Cash Settlement Suspense Account - outstanding Rs 29.99 crores

The divisions receiving the stores were required to make payment for such supplies to the store division. The transactions relating to the stores issued to divisions

are classified under the head cash settlement suspense account and the divisions are required to pay the amount within 10 days of receipt of debit advice. The records of the store division, however, revealed that as of May 1994, Rs 29.99 crores were lying unadjusted.

No reconciliation of accounts between the store divisions and the recipient divisions had ever been made. As such, the genuinness of the issue of material to the recipient divisions could not be verified in audit. No analysis had so far been made to ascertain the reasons for non clearance of these heavy outstanding.

Stores divisions were not maintaining any record to indicate the period since when the debits had been lying unadjusted. A scrutiny in audit of these outstandings revealed that in the case of 14 divisions Rs 37.89 lakhs as detailed below had been lying outstanding since 1987-93:

(Rupees in lakhs)

| The state of the s | | | | | |
|--|------------------|--------|---------------------------|--|--|
| Year from which recoveries not made | No. of divisions | Amount | Name of material supplied | | |
| 1987-88 | 4 | 2.64 | Steel, pipes, shutters | | |
| 1988-89 | 1 | 5.06 | -do- | | |
| 1989-90 | 2 | 1.46 | -do- | | |
| 1991-92 | 4 | 18.23 | -do- | | |
| 1992-93 | 1 | 4.29 | -do- | | |
| 1992-93 | 2 | 6.21 | Cement & bitumen | | |
| Total | 14 | 37.89 | | | |

61.10 Surplus stores

As on 31 March 1994, pipes and shutters, valuingRs 91.43 lakhs were lying surplus to the requirements. The agewise break-up of surplus stores is as under:

(Rupees in lakhs)

| SI No. | Age of Stores | Value of | |
|--------|--|----------------|--|
| | | surplus stores | |
| (i) | More than ten years old | 89.19 | |
| (ii) | More than five years old but less than ten years | 0.65 | |
| (iii) | More than one year old but less than five years | 1.59 | |
| | Total | 91.43 | |

DDA had not conducted any survey to ascertain the serviceability of the surplus stores lying for more than a decade.

61.11 Sub-standard material

61.11.1 Cement

Chief Engineer Quality Control in November 1993 issued instructions that sub-standard cement should be utilised only on works connected with the construction of boundary wall, masonary drains and such cement should not be used in building works, sewer lines, RCC pipe and drainage works. A test-check in Audit revealed that in the following cases such cement was issued for building, sewer lines drainage works.

| SI,No. | Lot No. | Date of receipt | Total quantity of lot (tonnes) | Quantity issued for building, sewer line, drainage works | Percentage |
|--------|---------|-----------------|---|---|------------|
| 1. | 117 | 4-12-90 | 1952.20 | 1624 | 83.19 |
| 2., | 122 | 6-12-90 | 1851.00 | 1255 | 67.80 |
| 3. | 48 | 29-9-92 | 1662.00 | 918 | 55.23 |
| 4. | 15 | 11-5-93 | 2208.65 | 1035 | 46.87 |
| | | Total | 7673.85 | | |

61.11.2 Non-replacement of sub-standard steel worth Rs 1.93 crores

According to the provisions of standard terms of agreement, the sub-standard material, if received, was required to be replaced by the suppliers. During the period June 1992 - February 1994, DDA was having sub-standard steel valuing Rs 1.93 crores which was pending replacement by the suppliers. Scrutiny of the records revealed that there was no proper follow-up action for replacement of material.

The matter was referred to Ministry in January 1995; their reply has not been received (March 1995).

62. Irregular allotment of land to a private company

The allotment of institutional land is made to public institution by DDA at concessional rates as per the following conditions:

- i) applicant should be a society registered under the Societies Registration Act, 1860 and should be a non-profit making body, and
- ii) applicant should have sufficient funds to meet the cost of land and to undertake the construction of building.

In July 1988, a private limited company incorporated under the Companies Act 1956 approached DDA for allotment of institutional land for setting up a medical research, diagnostic and community health centre. Though under the rules, the company was not entitled for allotment of institutional land at concessional rates, 2 acres of institutional land in Mandawali (East Delhi) was allotted in August 1989 at a provisional concessional rate of Rs 14.25 lakhs per acre against prevailing market rate of Rs 110.27 lakhs per acre. DDA in August 1989 issued the demand-cum-allotment letter requiring the allottee to pay Rs 28.50 lakhs towards cost of land.

The company, however, did not deposit the amount. In January 1991, DDA permitted payment of 50 *per cent* of the cost of land within one week and the balance amount within three months. The company, however, paid (February 1991) only Rs 14.25 lakhs which was 50 *per cent* of the cost.

Meanwhile, the rates for institutional land were revised (February 1992) from Rs 14.25 lakhs per acre to Rs 19.50 lakhs per acre from September 1991. DDA sent a revised demand of Rs 25.73 lakhs including the outstanding amount of Rs 14.25 lakhs. The allottee had not deposited the amount so far (September 1994). No action had been taken to cancel the allotment.

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Had the land been allotted at the prevailing market rate, DDA would have realised Rs 220.54 lakhs at the rate of Rs 110.27 lakhs per acre. Thus due to irregular allotment of land to the private company which was not eligible under the rules, DDA suffered a loss of Rs 206.29 lakhs besides non-recovery of Rs 25.73 lakhs.

The matter was reported to DDA and Ministry in October 1994; their reply has not been received (March 1995).

63. Loss of interest due to belated issue of revised demand

Till March 1981, DDA had been allotting land to Cooperative Group Housing Societies at Rs 54.75 per sq metre. The cost of land was revised to Rs 110 per sq metre from April 1981. In 1982, DDA allotted 45.213 acres of land to 16 co-operative societies at the rate of Rs 54.75 per sq metre against the prevailing rate of Rs 110 per sq metre. In May 1988 i.e., after a lapse of about six years, DDA raised a revised demand of Rs 98.78 lakhs against these societies towards the difference between the rates at which societies were billed and the prevailing rates. Thus, delay of six year (1982-88) in raising the demand resulted in loss of interest of Rs 71.12 lakhs.

Out of the revised demand of Rs 98.78 lakhs, demand aggregating to Rs 19.50 lakhs was recoverable from five societies. No proper follow up action was being taken to ensure recovery of dues. The possibility of recovery of the revised demand from these five societies is remote as DDA had already executed the lease deed with these societies.

Thus failure of DDA to raise the demand in time not only resulted in loss of interest of Rs 71.12 lakhs but led to non-recovery of its dues of Rs 19.50 lakhs.

The matter was reported to DDA and Ministry in October 1994; their reply has not been received (March 1995).

64. Infructuous expenditure

In 1983, Delhi Development Authority (DDA) constructed an overhead tank of 5 lakh gallons capacity with 75 feet staging height for supply of water to the residents of G-8 area, Rajouri Garden and Hari Nagar. The tank was to be commissioned and connected by a feeding main by Municipal Corporation of Delhi (MCD) for distribution of water supply to the residents. After testing the overhead tank DDA approached MCD in March/ April 1986 with the request either to take over the tank or indicate the exact point of connection with the MCD rising main having sufficient pressure to boost the

water in the overhead tank directly. MCD, however, refused to take over the overhead tank pending its commissioning by DDA.

Pending receipt of confirmation from MCD in regard to the point at which the connection was to be given to the overhead tank, DDA awarded the work of making connection of C-1 lines of overhead tank with MCD main to contractor 'A' in August 1990. The contract was closed in August 1991 as MCD did not indicate the point of connection and by which time DDA had incurred an expenditure of Rs 29.64 lakhs on the work. However, in October 1991 MCD informed DDA that at present there was low pressure in their main line which was incapable of filling the existing overhead tank. Subsequently, MCD indicated the exact location of the connection point but as these points were at far distance DDA awarded in November 1991 the balance work of making connection of C-1 line for overhead tank with MCD mains to contractor 'B' at the tendered cost of Rs 19.09 lakhs. The work was, however, completed in June 1993 at a cost of Rs 30.38 lakhs. Meanwhile, DDA approached MCD in March 1993 for taking over of the overhead tank.

MCD agreed in April 1993 to take over the tank subject to the condition that DDA would construct an underground tank of adequate capacity with its proper connection along with the boosting arrangement as the adequate pressure was not available in their system. This work involved an additional expenditure of Rs 75 lakhs. The overhead tank had not been commissioned so far (October 1994) pending the completion of the work.

Thus making of connection of the water lines without ensuring the availability of adequate pressure resulted in an infructuous expenditure of Rs 60.02 lakhs (Rs 29.64 lakhs in August 1991 plus Rs 30.38 lakhs in June 1993).

The matter was reported to DDA and Ministry in November 1994; their reply has not been received (March 1995).

65. Loss in allotment of land

In 1987-88, DDA allotted 8.772 acres of land to 4 educational societies at the provisional rate of Rs 8 lakhs per acre pending revision of rates by Government of India. In addition the societies were also required to pay ground rent at the rate of 2.5per cent of the premium.

The possession of land was handed over to these societies between November 1987 and April 1988 and the perpetual leases were also executed despite the fact that the land was allotted to these societies at the provisional rates.

In October 1988, the rates of premium for allotment of land were revised and the new rates ranged between Rs 14.25 lakhs per acre and Rs 28.50 lakhs for different zones of Delhi. Accordingly DDA raised an additional demand of Rs 65.96 lakhs in October 1988 towards the difference between the provisional premium and the revised premium and the ground rent.

The societies did not deposit the revised demands and instead challenged the revision in the High Court. The High Court in its judgement (September 1990) rejected the demand of DDA for additional premium on the basis of the lease deeds executed. DDA challenged the judgement in the Supreme Court which also upheld the decision of the High Court in May 1994. However, in October 1993, one of the societies deposited Rs 6.15 lakhs after the court had fixed the rate at Rs 9.50 lakhs per acre.

Thus by executing lease deed on provisional rates, DDA suffered a loss of Rs 59.81 lakhs.

The matter was reported to DDA and Ministry in October 1994; their reply has not been received (March 1995).

66. Loss due to irregular allotment of land to a society

The allotment of institutional land is made at the rates fixed by Government of India to a society registered under the Society Registration Act, 1860 and that society should have sufficient funds to meet the cost of land and construction of building.

In May 1987, land measuring 1013.95 sq.m. was allotted to a society in Siri Fort institutional area at provisional rate of Rs 8 lakhs per acre pending revision of rates. The society paid Rs 2.06 lakhs for the cost of the land and accordingly the possession was handed over in May 1987. In April 1988, DDA executed the perpetual lease deed though the society was allotted land at the provisional rate.

The land rates were revised by the Government of India in October 1988 to Rs 28.50 lakhs per acre with effect from 1987. Accordingly, the society was asked (October 1988) to pay Rs 5.44 lakhs failing which interest at 18 per cent per annum would be charged. The society, however, did not deposit revised cost of land due to non-availability of sufficient funds.

In the mean time, Supreme Court in April 1991 held that DDA could not recover the revised cost of land where lease deeds had been executed. The society had also unauthorisedly occupied land measuring 39.22 sq.m. for which no action had been taken to get the land vacated or to recover the damages for unauthorised occupation.

Thus execution of lease deed on provisional land rate resulted in a loss of Rs 11.57 lakhs including interest of Rs 6.12 lakhs (December 1988 to February 1995) at 18 per cent. In addition, DDA also suffered loss on account of non-levy of recovery of damages for unauthorised occupation.

The matter was reported to DDA and Ministry in September 1994. DDA stated in January 1995, that instructions were being issued that no lease deeds were to be issued unless the land rates were finalised. As regards unauthorised occupation of land it was stated that the society had applied for allotment of excess of land and the matter was under consideration. Reply of Ministry has not been received (March 1995).

(B M OZA)

Director General of Audit Central Revenues

Countersigned

New Delhi

New Delhi

The

12 APRIL1995

25 APRIL1995

The

(C G SOMIAH)

Comptroller and Auditor General of India

APPENDIX I

(Refers to Paragraph 1)

Delay in submission of Annual Accounts by Autonomous Bodies

| SI No | Name of the Organisation | Date of receipt of Accounts |
|------------|--|-----------------------------|
| (A) | Over three to six months: | |
| 1. | Longowal Institute of Engineering and Technology, Longowal | 04-10-93 |
| 2. | Post Graduate Institute of Medical Education and Research, Chandigrah | 07-12-93 |
| 3. | Jute Manufacturers Development Council, Calcutta | 08-11-93 |
| 4. | Indian Institute of Techonology, Bombay | 06-10-93 |
| 5. | National School of Drama Society, New Delhi | 04-10-93 |
| 6. | National Book Trust, New Delhi | 19-10-93 |
| 7. | Gandhi Samriti & Darshan Samity, New Delhi | 15-10-93 |
| 8. | Central School Organisation, New Delhi | 14-12-93 |
| 9. | National Council of Education Reserach and Training, New Delhi | 09-11-93 |
| 10. | Sports Authority of India, New Delhi | 28-10-93 |
| (B) | Over six months: | |
| 1. | National Institute of Fashion Technology, New Delhi | 08-02-94 |
| 2. | Delhi University, New Delhi | 01-02-94 |
| 3. | Indian Society of International Law, New Delhi | 02-06-94 |
| 4. | National Museum of History of Art Conservation & Museology, New Delhi | 01-02-94 |
| 5. | National Open School, New Delhi | 26-04-94 |
| 6. | All India Council for Technical Education, New Delhi | 20-10-94 |
| 7. | Nehru Yuvak Kendra Sangathan, New Delhi | 07-07-94 |
| 8. | Centre for Railway Information Systems, New Delhi | 04-01-94 |
| 9. | Power Engineering Training Society, New Delhi | 04-04-94 |
| 10. | Coffee Board (Pool Fund Accounts), Bangalore | 20-12-94 |

Contd⇒

| SI No | Name of the Organisation | Date of receipt of Accounts |
|----------|--|-----------------------------|
| 11. | North-Eastern Hill University, Shillong | 15-03-94 |
| 12. | Regional Engineering College, Srinagar | 20-06-94 |
| 13. | Indira Gandhi National Open University, New Delhi | 13-06-94 |
| 14. | Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi | 31-03-94 |

APPENDIX II

(Refers to Paragraph 1)

Non-submission of Annual Accounts by Autonomous Bodies

| SI No | Name of the Organisation |
|-------|--|
| 1. | Allahabad Museum Society, Allahabad |
| 2. | DTC Employees Provident Fund Accounts, New Delhi |
| 3. | North-Eastern Regional Institute of Science & Technology Nirjuli, Itanagar |

APPENDIX III

(Refers to Paragraph 2)

Outstanding Utilisation Certificates

| Ministry/Department | Period to which grants relate (Upto | Utilisation Certificates Outstanding at the end of March 1994 | | | |
|-----------------------------|---|---|-----------------------------------|--|--|
| | September 1992) | Number | Amount (In lakhs of rupees) | | |
| Agriculture and Cooperation | 1976-77 | 6 | 3.86 | | |
| | 1977-78 | 12 | 13.99 | | |
| | 1978-79 | 3 | 169.94 | | |
| | 1979-80 | 13 | 198.74 | | |
| | 1980-81 | 18 | 196.24 | | |
| | 1981-82 | 25 | 445.04 | | |
| | 1982-83 | 26 | 348.38 | | |
| | 1983-84 | 22 | 758.75 | | |
| | 1984-85 | 59 | 393.35 | | |
| | 1985-86 | 22 | 141.31 | | |
| | 1986-87 | 17 | 174.65 | | |
| | 1987-88 | 74 | 1098.99 | | |
| | 1988-89 | 49 | 1057.39 | | |
| | 1989-90 | 32 | 1693.98 | | |
| | 1990-91 | 32 | 1230.14 | | |
| | 1991-92 | 118 | 5781.74 | | |
| | 1992-93 | 68 | 1415.38 | | |
| | | 596 | 15121.87 | | |
| Andaman and Nicobar | 1980-81 | 3 | 1.33 | | |
| Administration | 1981-82 | 3 | 0.07 | | |
| | 1982-83 | 20 | 9.38 | | |
| | 1983-84 | 19 | 21.09 | | |
| | 1984-85 | 37 | 70.03 | | |
| | 1985-86 | 32 | 56.35 | | |
| | 1986-87 | 39 | 62.73 | | |
| | 1987-88 | 42 | 179.50 | | |
| | 1988-89 | 18 | 136.76 | | |
| | 1989-90 | 19 | 22.42 | | |
| | 1990-91 | 11 | 187.65 | | |
| | 1991-92 | 9 | 94.10 | | |
| | *1992-93 | 15 | 168.54 | | |
| | | 267 | 1009.95 | | |
| Commerce | 1983-84 | 3 | 66.00 | | |
| | 1984-85 | 7 | 224.56 | | |
| | 1985-86 | 3 | 63.00 | | |
| | 1986-87 | 8 | 153.34 | | |

Contd⇒

| Ministry/Department | Period to which grants relate (Upto | Utilisation (Outstanding March | at the end of | |
|--|---|---------------------------------------|---------------------|--|
| | September 1992) | Number | Amount (In lakhs | |
| | 1987-88 | 7 | of rupees) | |
| | 1988-89 | 11 | 170.00 | |
| | 1989-90 | 15 | 1331.00 54.83 | |
| | 1990-91 | 33 | 16228.77 | |
| | 1991-92 | 28 | 5101.76 | |
| | 1992-93 | 26 | 2878.65 | |
| | 1772 75 | 141 | 26271.91 | |
| Central Board of Direct Taxes | 1988-89 | 2 | 0.17 | |
| Accessed and the control of the cont | 1990-91 | 1 | 0.17 | |
| | 1991-92 | 18 | 3.28 | |
| - | 1992-93 | 3 | 0.45 | |
| | 1772 75 | 24 | | |
| Central Board of Excise and Customs | NIL | NIL | 4.00 NIL | |
| Civil Supplies Consumers Affairs | 1980-81 | | 0.32 | |
| and Public Distribution | 1981-82 | 2 | 1.40 | |
| | 1982-83 | 1 | 0.25 | |
| <u> </u> | 1983-84 | 8 | 7.39 | |
| | 1984-85 | 2 | 2.90 | |
| F | 1985-86 | 2 | 1.37 | |
| <u> </u> | 1987-88 | 1 | 5.00 | |
| | 1988-89 | 1 | 4.34 | |
| - | 1989-90 | 2 | 13.90 | |
| | 1990-91 | 4 | 135.37 | |
| | 1991-92 | 6 | 139.00 | |
| | | 30 | 311.24 | |
| Chemicals and Fertilizers | 1976-77 | | 311.24 | |
| Department of Fertilizers | to 1984-85 | NIL | NIL | |
| | 1985-86 | 1 | 50.00 | |
| | 1986-87 | î | 25.00 | |
| | 1987-88 | ĺ | 67.00 | |
| | 1988-89 | 2 | 458.00 | |
| Г | 1989-90 | 8 | 1632.40 | |
| 4 | 1990-91 | 5 | 73.14 | |
| | 1991-92 | 20 | 2144.00 | |
| | 1992-93 | 27 | 6444.81 | |
| | j. | 65 | 10894.35 | |
| Coal | NIL | NIL | NIL | |
| Communications and Telecommunications | NIL | NIL | NIL | |

| Ministry/Department | Period to which grants relate (Upto | Utilisation Certificates Outstanding at the end of March 1994 | | | |
|---|---|---|-----------------------------------|--|--|
| | September 1992) | Number | Amount (In lakhs of rupees) | | |
| Defence | NIL | NIL | NIL | | |
| Delhi Administration | 1976-77 | NIL | NIL | | |
| Jeilii Adiiiiiistiatioii | 1977-78 | 104 | 1791.27 | | |
| | 1978-79 | 33 | 1217.54 | | |
| | 1979-80 | 84 | 964.69 | | |
| | 1980-81 | 91 | 609.23 | | |
| | 1981-82 | 77 | 910.13 | | |
| | 1982-83 | 107 | 808.05 | | |
| | 1983-84 | 116 | 904.90 | | |
| | 1984-85 | 147 | 3984.57 | | |
| | 1985-86 | 89 | 3904.40 | | |
| | 1986-87 | 155 | 5158.47 | | |
| | 1987-88 | 122 | 6907.63 | | |
| | 1988-89 | 134 | 8708.93 | | |
| | 1989-90 | 232 | 13945.73 | | |
| | 1990-91 | 163 | 20714.65 | | |
| | 1991-92 | 222 | 29978.15 | | |
| | 1992-93 | 265 | 21550.11 | | |
| | 1772 75 | 2141 | 122058.45 | | |
| Development Commissioner of | 1977-78 | 3 | 11.55 | | |
| Handicrafts Delhi | 1978-79 | 28 | 98.24 | | |
| Tandicians Demi | 1979-80 | 27 | 63.32 | | |
| | 1980-81 | 11 | 16.92 | | |
| | 1981-82 | 3 | 0.49 | | |
| | 1982-83 | 26 | 23.60 | | |
| | 1983-84 | 15 | 18.58 | | |
| | 1984-85 | 20 | 16.19 | | |
| | 1985-86 | 18 | 25.68 | | |
| | 1986-87 | 13 | 6.15 | | |
| | 1987-88 | 24 | 66.71 | | |
| | 1988-89 | 16 | 16.36 | | |
| | 1989-90 | 57 | 62.02 | | |
| | 1990-91 | 66 | 169.37 | | |
| | 1991-92 | 138 | 303.11 | | |
| | 1992-93 | 22 | 46.65 | | |
| | | 487 | 944.94 | | |
| Electronics | 1979-80 | 58 | 113.71 | | |
| AND | 1980-81 | 75 | 142.39 | | |
| | 1981-82 | 110 | 155.03 | | |
| | 1982-83 | 40 | 72.22 | | |
| | 1983-84 | 87 | 243.34 | | |
| | 1984-85 | 126 | 939.16 | | |
| <u> </u> | 1985-86 | 86 | 578.24 | | |
| | 1986-87 | 89 | 858.65 | | |
| | 1987-88 | 98 | 2848.21 Contd ⇒ | | |

| Ministry/Department | Period to which grants relate (Upto | Utilisation (Outstanding March | at the end of | |
|--------------------------------|---|---------------------------------------|---------------------|--|
| | September 1992) | Number | Amount (In lakhs | |
| | 1000.00 | | of rupees) | |
| | 1988-89 | 148 | 3883.36 | |
| | 1989-90 | 262 | 5140.29 | |
| | 1990-91 | 224 | 4832.21 | |
| | 1992-93 | 308 | 4418.34 | |
| | 1991-92 | 277 | 6117.71 | |
| F | 1000.01 | 1988 | 30342.86 | |
| Environment and Forests | 1980-81 | 25 | 33.90 | |
| - | 1981-82 | 85 | 48.31 | |
| | 1982-83 | 92 | 165.75 | |
| - | 1983-84 | 256 | 271.53 | |
| | 1984-85 | 257 | 428.18 | |
| | 1985-86 | 286 | 799.07 | |
| | 1986-87 | 274 | 1970.82 | |
| | 1987-88 | 611 | 11683.53 | |
| | 1988-89 | 594 | 3775.40 | |
| | 1989-90 | 779 | 492.19 | |
| | 1990-91 | 177 | 303.44 | |
| | 1991-92 | 112 | 1748.64 | |
| | 1992-93 | 297 | 3471.44 | |
| | | 3845 | 25192.20 | |
| External Affairs | 1985-86 | 4 | 2.00 | |
| | 1986-87 | 3 | 201.00 | |
| | 1987-88 | 1 | 1.00 | |
| | 1988-89 | 1 | 1.00 | |
| | 1989-90 | 3 | 260.00 | |
| | 1991-92 | 13 | 32.00 | |
| * . | 1992-93 | 22 | 1569.00 | |
| | | 47 | 2066.00 | |
| Finance | 1976-77 | > **** | | |
| Department of Economic Affairs | to 1989-90 | NIL | NIL | |
| - | | 1 | 0.04 | |
| - | 1990-91 | 11 | 0.04 | |
| ŀ | 1991-92 | 11 | 188.10 | |
| ŀ | 1992-93 | 5. | 132.50 | |
| Department of Revenue | 1000 00 | 17 | 320.64 | |
| Department of Revenue | 1989-90 1990-91 | 2 13 | 10.50 | |
| ŀ | 1990-91 | 13 | 60.73 | |
| ŀ | 1991-92 | 6 | 67.07 56.50 | |
| ŀ | 1774-73 | 34 | | |
| Department of Expenditure | NIL | NIL | 194.80 NIL | |
| Food Processing Industries | 1983-84 | 11112 | 4.00 | |
| 1 ood 1 locessing industries | 1983-84 | <u>I</u> | 3.53 | |
| ŀ | 1984-83 | 4 | 1.15 | |
| | 1990-91 | 20 | | |
| | 1770-71 | 20 | 230.59 | |

| Ministry/Department | Period to which grants relate (Upto | Outstanding . | lisation Certificates tanding at the end of March 1994 | | |
|--|---|---------------|--|--|--|
| | September 1992) | Number | Amount (In lakhs of rupees) | | |
| | 1991-92 | 42 | 576.37 | | |
| | 1992-93 | 8 | 70.75 | | |
| | 1772-73 | 76 | 886.39 | | |
| Home Affairs PAO (Sectt) | 1987-88 | 2 | 0.30 | | |
| iome rittans i rio (Secti) | 1988-89 | 15 | 1.88 | | |
| | 1989-90 | 1 | 0.06 | | |
| | 1990-91 | 12 | 1.86 | | |
| | 1991-92 | 10 | 1.55 | | |
| | 1992-93 | 4 | 0.94 | | |
| | .,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 44 | 6.59 | | |
| Health and Family Welfare | 1976-77 | 79 | 77.26 | | |
| Department of Health | 1977-78 | 62 | 178.12 | | |
| see The second of the second o | 1978-79 | 74 | 780.37 | | |
| | 1979-80 | 117 | 203.63 | | |
| | 1980-81 | 48 | 263.99 | | |
| | 1981-82 | 103 | 102.99 | | |
| | 1982-83 | 104 | 614.28 | | |
| | 1983-84 | 129 | 2444.38 | | |
| | 1984-85 | 294 | 5237.95 | | |
| | 1985-86 | 103 | 3785.29 | | |
| | 1986-87 | 207 | 3446.18 | | |
| | 1987-88 | 112 | 1573.54 | | |
| | 1988-89 | 164 | 7006.59 | | |
| | 1989-90 | 345 | 12530.70 | | |
| | 1990-91 | 218 | 11447.75 | | |
| | 1991-92 | 325 | 10771.75 | | |
| | 1992-93 | 63 | 2740.85 | | |
| | | 2547 | 63205.62 | | |
| Department of Family Welfare | 1976-77 | 13 | 5.54 | | |
| | 1977-78 | 6 | 8.46 | | |
| | 1978-79 | 6 | 8.41 | | |
| | 1979-80 | 10 | 10.27 | | |
| | 1980-81 | 18 | 80.33 | | |
| | 1981-82 | 27 | 178.47 | | |
| | 1982-83 | 36 | 62.46 | | |
| | 1983-84 | 28 | 47.14 | | |
| | 1984-85 | 41 | 64.42 | | |
| | 1985-86 | 31 | 151.69 | | |
| | 1986-87 | 32 | 1048.07 | | |
| | 1987-88 | 82 | 651.36 | | |
| | 1988-89 | 71 | 1699.38 | | |
| | 1989-90 | 52 | 1050.72 | | |
| | 1990-91 | 244 | 1717.52 | | |

| Ministry/Department | Period to which grants relate (Upto | Utilisation Certificates Outstanding at the end of March 1994 | | | |
|-------------------------------|---|---|---------------------|--|--|
| | September 1992) | Number | Amount (In lakhs | | |
| | 1991-92 | 257 | of rupees) | | |
| | 1991-92 | 41 | 2140.32 907.18 | | |
| | 1992-93 | 995 | 9831.74 | | |
| Industry | 1990-91 | 3 | 555.40 | | |
| Department of Heavy Industry | 1990-91 | 16 | | | |
| Department of Heavy Industry | 1991-92 | 3 | 1105.00 | | |
| | 1992-93 | | 44.00 | | |
| Department of Small Scale | 1001.02 | 22 | 1704.40 | | |
| Department of Small Scale | 1991-92 | 6 | 87.00 | | |
| Industries and Agro and Rural | 1992-93 | 18 | 609.29 | | |
| Industries | 1002.02 | 24 | 696.29 | | |
| Information and Broadcasting | 1982-83 | 1 | 4.22 | | |
| | 1983-84 | 2 | 3.37 | | |
| | 1989-90 | 3 | 20.64 | | |
| | 1990-91 | 3 | 23.72 | | |
| | 1991-92 | 2 | 27.00 | | |
| | 1992-93 | 2 | 16.33 | | |
| | | 13 | 95.28 | | |
| Law and Justice | 1982-83 | 3 | 1.02 | | |
| Legal Affairs and Legislative | 1983-84 | 6 | 1.77 | | |
| Department | 1984-85 | 6 | 1.35 | | |
| | 1985-86 | 5 | 0.72 | | |
| | 1986-87 | 4 | 0.80 | | |
| | 1987-88 | 1 | 0.05 | | |
| | 1988-89 | 2 | 1.68 | | |
| | 1989-90 | 8 | 2.35 | | |
| | 1990-91 | 6 | 3.55 | | |
| | 1991-92 | 28 | 7.94 | | |
| | 1992-93 | 12 | 2.49 | | |
| | | 81 | 23.72 | | |
| Labour | 1979-80 | 1 | 0.01 | | |
| | 1982-83 | 2 | 0.13 | | |
| | 1985-86 | 7 | 2.13 | | |
| | 1987-88 | 6 | 3.61 | | |
| | 1988-89 | 17 | 21.95 | | |
| | 1989-90 | 49 | 105.18 | | |
| | 1990-91 | 44 | 74.98 | | |
| | 1991-92 | 28 | 94.90 | | |
| | 1992-93 | 14 | 367.83 | | |
| | | 168 | 670.72 | | |
| Ocean Development | 1983-84 | 27 | 251.02 | | |
| - | 1984-85 | 33 | 34.00 | | |
| | 1985-86 | 48 | 53.70 | | |

| Ministry/Department | Period to | Utilisation C | Certificates |
|---|------------------------------|------------------------|-----------------------------------|
| | which grants relate (Upto | Outstanding a March | at the end of |
| | September 1992) | Number | Amount (In lakhs of rupees) |
| | 1986-87 | 66 | 131.66 |
| - + | 1987-88 | 49 | 436.00 |
| <u> </u> | 1988-89 | 97 | 212.18 |
| T T | 1989-90 | 181 | 840.00 |
| T T | 1990-91 | 66 | 625.78 |
| T | 1991-92 | 124 | 1724.03 |
| Ī | 1992-93 | 24 | 68.92 |
| Ī | | 715 | 4377.29 |
| Personnel, Public Grievances | 1986-87 | 4 | 1.71 |
| and Pensions | 1987-88 | 11 | 6.33 |
| Department of | 1988-89 | 6 | 5.37 |
| Personnel and | 1989-90 | 1 | 0.08 |
| Training | 1990-91 | 3 | 4.41 |
| | 1991-92 | 3 | 4.80 |
| <u> </u> | 1992-93 | 5 | 13.24 |
| | | 33 | 35.94 |
| Petroleum and Natural Gas | NIL | NIL | NIL |
| Rural Development | 1989-90 | 1 | 19.09 |
| | 1990-91 | 2 | 67.45 |
| | 1991-92 | 2 | 111.97 |
| | 1992-93 | 75 | 4815.10 |
| | | 80 | 5013.61 |
| Surface Transport | 1987-88 | 3 | 25.35 |
| | 1988-89 | 3 | 6.99 |
| | 1989-90 | 2 | 50.00 |
| | 1990-91 | 2 | 200.50 |
| | 1991-92 | 1 | 0.95 |
| | 1992-93 | 5 | 565.87 |
| D + + CC 1 C + 11 | | 16 | 849.66 |
| Department of Supply Controller of Accounts | NIL | NIL | NIL |
| Steel Department of Steel | NIL | NIL | NIL |
| Department of Mines | 1989-90 | 3 | 60.40 |
| | 1990-91 | | |
| | 1991-92 | 8 | 86.00 |
| | 1992-93 | | |
| | | 11 | 146.40 |
| Textiles | 1992-93 | 51 | 4204.01 |
| Urban Development | 1981-82 | 6 | 5.23 |
| · | 1982-83 | 7 | 4.40 |
| | 1983-84 | 11 | 9.35 |

| Ministry/Department | Period to which grants relate (Upto | Utilisation Certificates Outstanding at the end of March 1994 | | | |
|----------------------------|---|---|-----------------------------------|--|--|
| | September 1992) | Number | Amount (In lakhs of rupees) | | |
| | 1984-85 | 9 | 10.77 | | |
| | 1985-86 | 21 | 17.15 | | |
| | 1986-87 | 7 | 5.36 | | |
| | 1987-88 | 10 | 11.85 | | |
| | 1988-89 | 20 | 5.59 | | |
| | 1989-90 | 34 | 71.73 | | |
| | 1990-91 | 30 | 1246.79 | | |
| | 1991-92 | 13 | 3102.19 | | |
| | 1992-93 | 5 | 161.98 | | |
| | | 173 | 4652.39 | | |
| Water Resources | 1984-85 | 1 | 1.34 | | |
| | 1985-86 | 1 | 1.27 | | |
| | 1986-87 | 12 | 17.80 | | |
| | 1987-88 | 16 | 52.49 | | |
| | 1988-89 | 8 | 21.25 | | |
| | 1989-90 | 15 | 26.91 | | |
| | 1990-91 | 11 | 31.48 | | |
| | 1991-92 | 9 | 49.00 | | |
| | | 73 | 201.54 | | |
| Planning and Statistics | 1976-77 | | | | |
| Planning Commission and | to | NIL | NIL | | |
| National Informatic Centre | 1989-90 | | | | |
| | 1990-91 | 25 | 48.18 | | |
| | 1991-92 | 22 | 29.90 | | |
| | 1992-93 | 3 | 22.62 | | |
| | | 50 | 100.70 | | |

APPENDIX IV

(Refers to Paragraph 11.5.2)

Deviation from the prescribed pattern of investment

(Rupees in lakhs)

| | | G | | ties &Term D ost Office | eposit | | | Special Deposit | | | | id Securities of lic Bodies | |
|---------|-----------------|--------|-----------------------------|----------------------------|-------------------------|--------|-----------------------------|-----------------------|----------------------------|--------|-----------------------------|--------------------------------|-------------------------|
| Year | Invest- ment | Amount | Percent- age of total | Percentage permissible | Percentage of deviation | Amount | Percent- age of total | | Percentage of deviation | Amount | Percent- age of total | Percentage permissible | Percentage deviation |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1989-90 | 30.59 | 4.04 | 13.21 | not less than 15 | -1.79 | 26.55 | 86.79 | Not exceed- ing 85 | +1.79 | Nil | Nil | Nil | Nil |
| 1991-92 | 44.95 | Nil | Nil | -do- | -100 | 44.95 | 100 | Not exceed- ing 85 | +15 | Nil | Nil | Nil | Nil |
| 1993-94 | 55.50 | 37.00 | 66.67 | 15 | +51.67 | Nil | Nil | 70 | -100 | 18.50 | 33.33 | 15 | +18.33 |

APPENDIX V

(Refers to Paragraph 12.7.1)

Postion of Navodaya Vidyalayas opened as on 31 March 1994

| SI. | State/UT | Number | | | No | mber of | Vidval | ayas ne | пен | | | Distts | covered |
|-----|-------------------------|-----------|-------|-------|-------|---------|--------|---------|-------|--------------|-------|--------|-----------------|
| No | | of Distt. | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | | Perce- tnage |
| 1. | Andhra Pradesh | 23 | - | 4 | 12 | 3 | 1 | - | 1 | - | 1 | 22 | 96 |
| 2. | Arunachal Pradesh | 11 | 0 | 1 | 4 | 0 | 0 | 0 | 0 | - | 1 | 6 | 55 |
| 3. | Assam | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 4 | 6 | 26 |
| 4. | Bihar | 50 | 0 | 7 | 15 | 1 | 1 | 0 | 2 | 2 | 6 | 34 | 68 |
| 5. | Goa | 2 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | | 0 | 2 | 100 |
| 6. | Gujarat | 19 | 0 | 2 | 4 | 0 | 1 | 0 | 2 | 2 | 1 | 12 | 63 |
| 7. | Haryana | 16 | 1 | 2 | 3 | 3 | 0 | 0 | 0 | 3 | 0 | 12 | 75 |
| 8. | Himachal Pradesh | 12 | 0 | 4 | 4 | 0 | 0 | 0 | 0 | 2 | 0 | 10 | 83 |
| 9. | Jammu & Kashmir | 14 | 0 | 7 | 7 | 0 | 0 | 0 | 0 | | 0 | 14 | 100 |
| 10. | Karnataka | 20 | 0 | 6 | 10 | 2 | 0 | 0 | 0 | - | 2 | 20 | 100 |
| 11. | Kerala | 14 | - | 4 | 3 | 3 | - | - | 1 | 0 ≠ 0 | 1 | 12 | 84 |
| 12. | Madhya Pradesh | 45 | 0 | 7 | 13 | 8 | 0 | 0 | 2 | 12 | 3 | 45 | 100 |
| 13. | Maharashtra | 33 | 1 | 6 | 12 | 0 | 0 | 0 | 1 | 4 | 4 | 28 | 85 |
| 14. | Manipur | 8 | 0 | 0 | 4 | 3 | 0 | 0 | 0 | 1 | 0 | 8 | 100 |
| 15. | Meghalaya | 5 | 0 | 3 | 0 | 0 | 0 | 0 | 1 | - | 1 | 5 | 100 |
| 16. | Mizoram | 3 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 3 | 100 |
| 17. | Nagaland | 7 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | - | 1 | 3 | 43 |
| 18. | Orissa | 13 | 0 | 5 | 6 | 1 | 0 | 0 | 0 | - | 0 | 12 | 92 |
| 19. | Punjab | 12 | 0 | 3 | 2 | 2 | 1 | 0 | 0 | 2 | 1 | 11 | 92 |
| 20. | Rajasthan | 28 | 0 | 5 | 9 | 6 | 0 | 0 | 0 | 4 | 0 | 24 | 86 |
| 21. | Sikkim | 4 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | . 2 | 50 |
| 22. | Tripura | 3 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | - | 0 | 2 | 67 |
| 23. | Uttar Pradesh | 63 | - | 10 | 9 | 10 | 1 | 0 | 6 | 8 | 0 | 44 | 70 |
| 24. | Andaman & Nicobar | 2 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | - | 0 | 2 | 100 |
| 25. | Chandigarh | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | - | 0 | 1 | 100 |
| 26. | Dadar & Nagar Haveli | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | - | 0 | 1 | 100 |
| 27. | Daman & Diu | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | _ | 0 | 2 | 100 |
| 28. | Delhi | 4 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | - | 0 | 2 | 50 |
| 29. | Lakshadweep | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | | 0 | 1 | 100 |
| 30. | Pondicherry | 4 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | | 0 | 4 | 100 |
| | 1 offerencery | 443* | 2 | 81 | 126 | 47 | 5 | 0 | 19 | 44 | 26 | 350* | 79 |

^{*} Excluding States of Tamil Nadu (23 districts) and West Bengal (20 districts).

APPENDIX VI

(Refers to Paragraph 12.7.3.2)

Position of students admitted in VI class

| Year | Upto date number of schools | Students required to be admitted | Students actually admitted | Short- fall | Percen- tage short- fall | Boys (%) | Girls (%) | Rural (%) | Urban (%) | SC (%) | ST (%) |
|---------|---|---|----------------------------------|----------------|-----------------------------------|-------------|--------------|--------------|--------------|-----------|-----------|
| 1985-86 | 2 | 160 | 152 | 8 | 5 | 128(84) | 24(16) | 106(70) | 46(30) | 35(23) | 10(7) |
| 1986-87 | 83 | 6640 | 5804 | 836 | 13 | 4821(83) | 983(17) | 4505(78) | 1299(22) | 1166(20) | 662(11) |
| 1987-88 | 209 | 16720 | 13804 | 2916 | 17 | 11298(82) | 2506(18) | 10934(79) | 2870(21) | 2360(17) | 1602(12) |
| 1988-89 | 256 | 20480 | 13331 | 7149 | 35 | 9160(69) | 4171(31) | 10270(77) | 3061(23) | 2573(19) | 1382(10) |
| 1989-90 | 261 | 20880 | 17451 | 3429 | 16 | 11964(69) | 5487(31) | 13195(76) | 4256(24) | 3698(21) | 1961(11) |
| 1990-91 | 261 | 20880 | 16020 | 4860 | 23 | 11001(69) | 5019(31) | 12330(77) | 3690(23) | 3128(19) | 1600(10) |
| 1991-92 | 280 | 22400 | 17670 | 4730 | 21 | 12273(69) | 5397(31) | 13594(77) | 4076(23) | 3384(19) | 1990(11) |
| 1992-93 | 324 | 25920 | 19585 | 6335 | 24 | 13301(68) | 6284(32) | 15163(77) | 4422(23 | 4158(21) | 2482(13) |
| Total | | 134080 | 103817 | 30263 | 2.3 | 73946(71) | 29871(29) | 80097(77) | 23720(23) | 20502(20) | 11689(11) |

APPENDIX VII

(Refers to Paragraph 12.8.3)

Position of posts sanctioned and men-in-position during 1986-94

| . Description | Year | Number sanctio- ned | Number in position | Shortfall (3)-(4) | Percentage shortfall |
|---------------|---------|---------------------------|--------------------|-------------------|-------------------------|
| Principals | 1986-87 | 83 | 83 | - | - |
| | 1987-88 | 209 | 203 | 6 | 3 |
| | 1988-89 | 256 | 251 | 5 | 2 |
| | 1989-90 | 261 | 236 | 25 | 10 |
| | 1990-91 | 261 | 248 | 13 | 5 |
| | 1991-92 | 280 | 259 | 21 | 8 |
| | 1992-93 | 322 | 275 | 47 | 15 |
| | 1993-94 | 348 | 290 | 58 | 17 |
| Teachers | 1986-87 | 747 | 510 | 237 | 32 |
| | 1987-88 | 2169 | 1238 | 931 | 43 |
| | 1988-89 | 3040 | 2011 | 1029 | 34 |
| | 1989-90 | 3921 | 2917 | 1004 | 26 |
| | 1990-91 | 4663 | 3191 | 1472 | 32 |
| | 1991-92 | 5423 | 4095 | 1328 | 24 |
| | 1992-93 | 6375 | 4733 | 1642 | 26 |
| | 1993-94 | 6582 | 4937 | 1645 | 25 |
| Others | 1986-87 | 415 | 262 | 153 | 37 |
| | 1987-88 | 1045 | 695 | 350 | 33 |
| | 1988-89 | 1986 | 1590 | 396 | 20 |
| | 1989-90 | 1592 | 1214 | 378 | 24 |
| | 1990-91 | 2579 | 1786 | 793 | 31 |
| | 1991-92 | 3111 | 1941 | 1170 | 38 |
| | 1992-93 | 4351 | 2275 | 2076 | 48 |
| | 1993-94 | 4822 | 2507 | 2315 | 48 |

APPENDIX VIII

(Refers to Paragraph 12.10.2 (b) Irregularities in the award and execution of works

| SL No. | Name of District/ Vidyalaya | Date of approval of location | Name of Const- ruction Agency | Date and amount of Mobilisation Advance | Date of commencement of work | Loss of interest calculated at 12 per cent on unutilised amount | Remarks |
|-----------|--------------------------------|------------------------------------|--|---|--|--|---|
| 1. | Valpoi Sattari (North Goa) | October 1988 | NBCC | March 1991 Rs 20 laksh | Not started even by July 1993 | Rs 4.80 lakhs on Rs 20 lakhs for 2 years | The Samiti allotted in October 1988 a sum of Rs 35 lakhs to the NBCC, although land was acquired in January 1991 |
| 2. | Badgam (J&K) | NA | JKPCC | November 1990 Rs 5 lakhs | Not started (March 1994) | Rs 10 lakhs on Rs 25 lakhs for 3½ years | Work awarded in September 1988 was to be completed by March 1989. The Samiti stated, in December 1994, that the agency had already started the work. There was delay of more than five years in starting the work. |
| 3. | Poonch (J&K) | 1987 | CPWD upto May 1991; JKPCC there- after | September 1992 Rs 5 lakhs | To be started after assessment of performance of JKPCC | Rs 6.25 lakhs on Rs 25 lakhs for 2 1/4 years | LOP was issued by CBRI in September 1989. But no work was started. Agency was changed from CPWD to JKPCC to whom mobilisation advance of Rs 25 lakhs was given in September 1992. The site, however, was washed away by floods and the work done thereafter which was valued at Rs 8 lakhs by the DM Poonch was actually not worth more than Rs 1 lakh. RO Jaipur inspected the work and recommended change of agency who was responsible for incurring infructuous expenditure. Samiti stated, in December 1994, that steps were being taken to assess the cost of work done by JKPCC. |

GLOSSARY

Bunkering: For vessels' own consumption.

Grizzly : A device for servicing oversize materials.

Hatchwise loading : A ship has number of hatches i.e.; cargo holds where

cargo is loaded, each hatch having specified loading capacity based on available draft. Total quantity loaded is distributed in different hatches and

hatchwise distribution is furnished by the vessel prior

to loading.

Linkage : Quantity of coal allotted by the coal department of

the Government of India for handling.

Shipment : Loading of goods/ coal into the ship.

Ships Stores : Implying stores laoded for vessels' own

consumption.

Sway : To oscillate irregularly.

Tippler : A device to overturn loaded wagon upon grizzly.

Tippling: The action of overturning a loaded wagon on a

grizzly.

Troughing angle: The two sides of carrying conveyor is raised upto a

certain angle which is called the troughing angle.



ERRATA

| Page | Line | For | Read |
|------|-------------------------|---------------------|----------------|
| vi | 3rd from bottom | 1986-93 | 1986-94 |
| xvii | 12th | fromula | formula |
| 79 | Ist from bottom | maintanence | maintenance |
| 80 | 7th | withing | within |
| 128 | 2nd | reecommended | recommended |
| 128 | 4th from bottom | mecchanised | mechanised |
| 131 | 7th from bottom | sccheme | scheme |
| 140 | 6th | lakh metric | lakh tonnes |
| | | tonnes | |
| 144 | 2nd from bottom | stonee-free | stone-free |
| 146 | 11th | Add full stop after | er officers |
| 148 | 2nd | Re | Rs |
| 149 | 7th | a a cost | a cost |
| 158 | 4th from bottom | 37.51 lakhs | Rs 37.51 lakhs |
| 207 | Appendix V, 4th line | pened | opened |
| 210 | Appendix VIII, 8th line | Rs 20 laksh | Rs 20 lakhs |
| 211 | Glossary 13th | laoded | loaded |



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