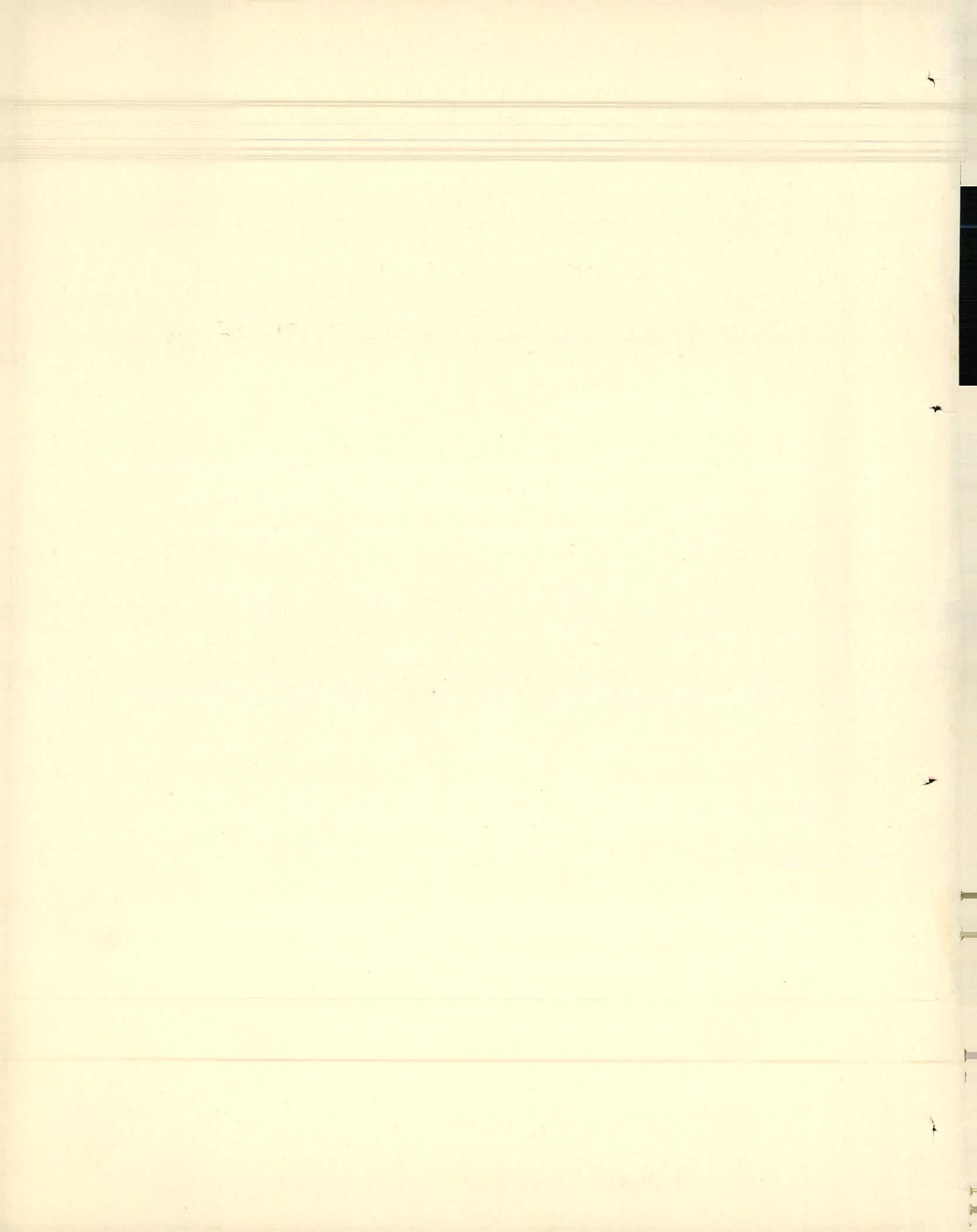




**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1994
No 2 OF 1995**

UNION GOVERNMENT (CIVIL)



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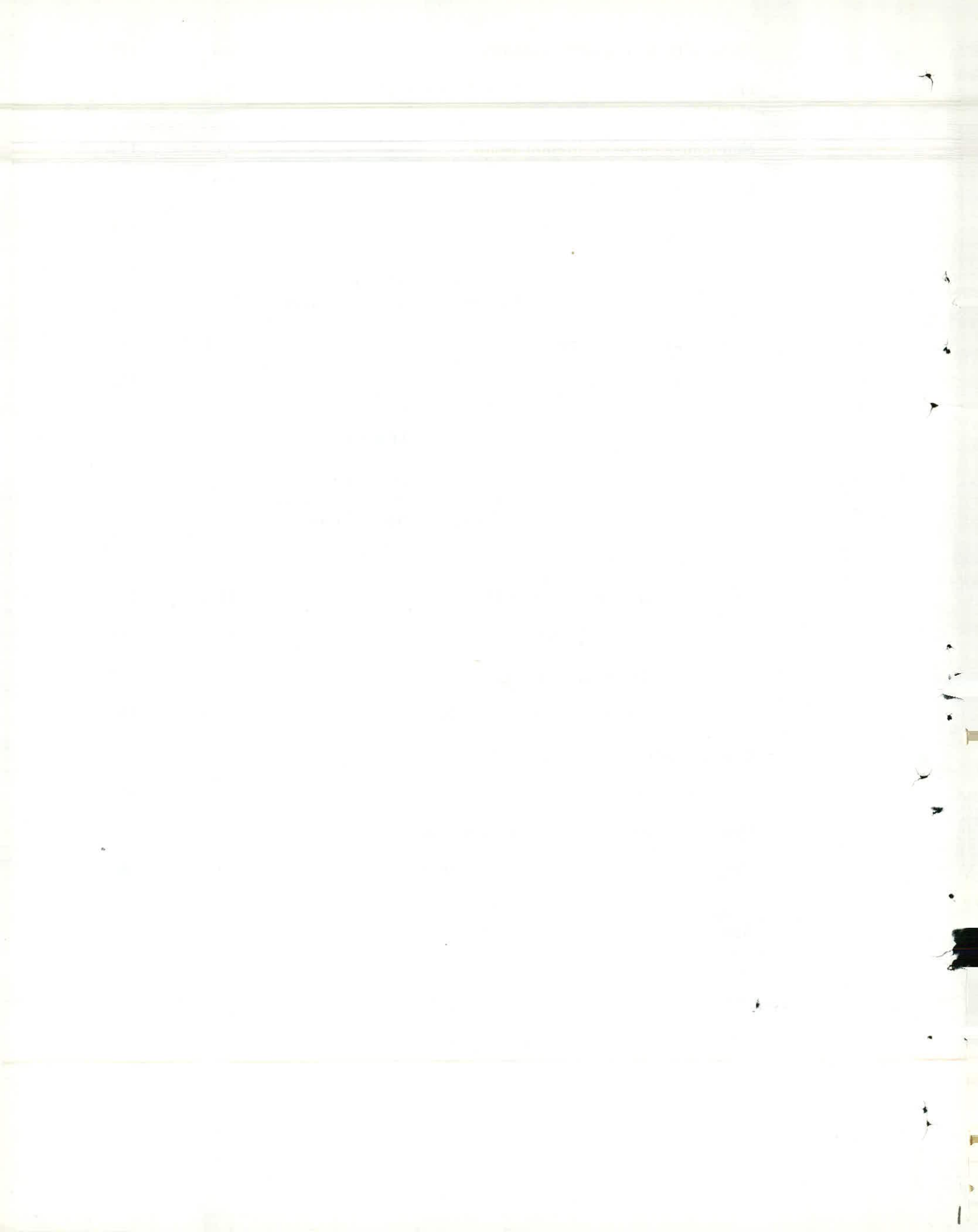
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PREFATORY REMARKS

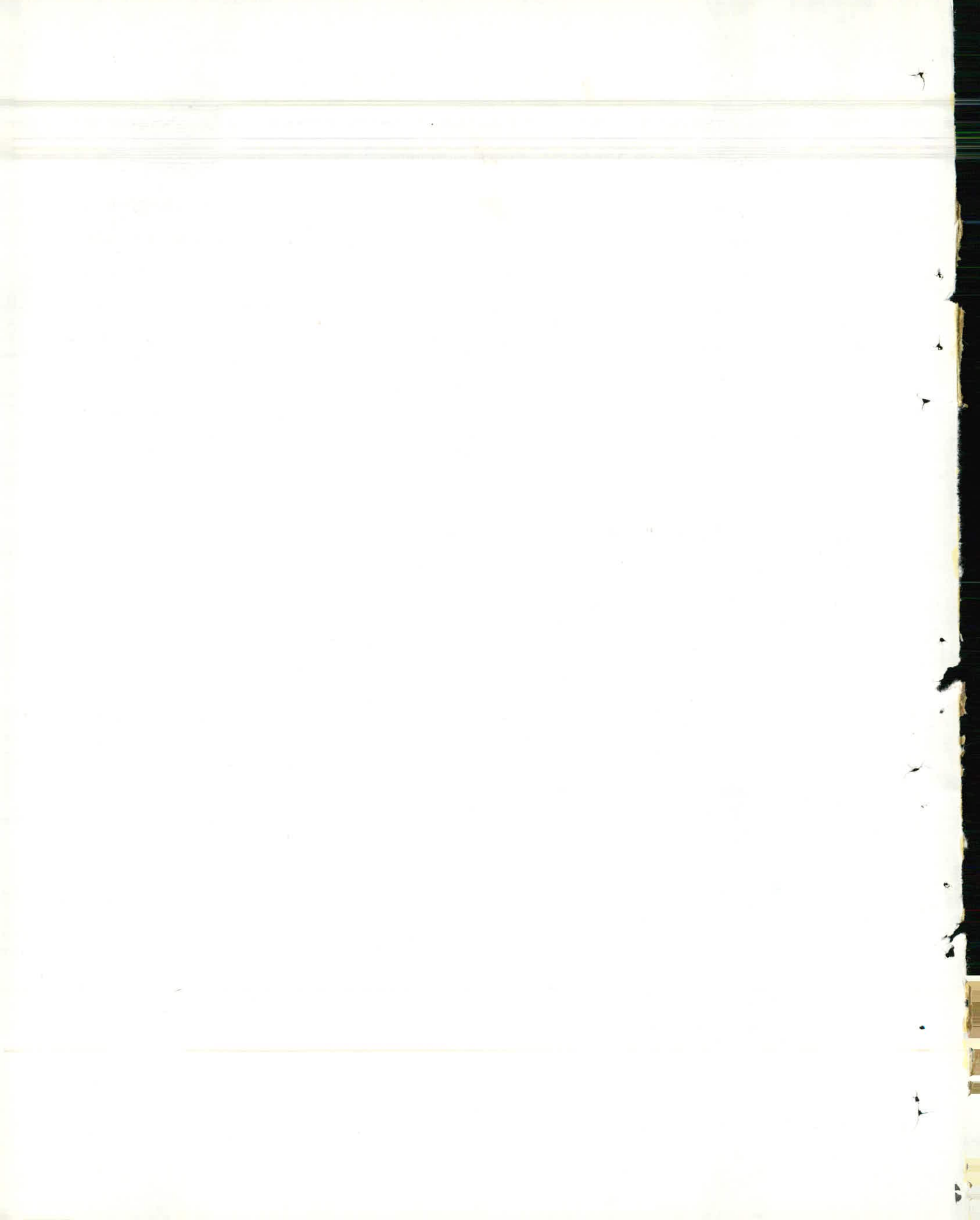
This report for the year ended 31 March 1994 has been prepared for submission to the President under Article 151 of the Constitution.

2. The audit observations on Union Finance Accounts and Union Appropriation Accounts for the financial year 1993-94 together with results of audit on financial transactions of some Ministries have been submitted earlier in C&AG's Report No 1 of 1995. The present Report includes matters arising from the test audit of the financial transactions and accounts of some other Union Ministries and of Union Territories. It also incorporates the results of test check of records in a few selected districts, blocks and urban local bodies and other implementing agencies of Centrally funded or sponsored Schemes and Programmes, conducted by the Accountants General of the States and Union Territories.

3. This volume includes the following audit reviews ;

- | | |
|---|---|
| a) Growth Centre Scheme | -- Ministry of Industry |
| b) Central Production Centre, Doordarshan | -- Ministry of Information and Broadcasting |
| c) Setting up and functioning of F.M Radio Stations | -- -do- |
| d) Jawahar Rozgar Yojana | -- Ministry of Rural Development |
| e) Staff Selection Commission | -- Ministry of Personnel, Public Grievances and Pension |
| f) Shipping Arrangements for Government Cargoes | -- Ministry of Surface Transport |

4. The matters mentioned in this Report are among those which came to notice in the course of audit during 1993-94. For the sake of completeness, transactions relating to earlier years have been included as also developments subsequent to 1993-94, wherever relevant and available. The All India reviews generally cover the Seventh Plan period as well as the subsequent four years.



OVERVIEW

This volume of the Audit Report for the year ended 31 March 1994 contains 41 paragraphs including 6 reviews. The major findings are summarised below :

I. **Jawahar Rozgar Yojana**

To provide additional wage employment for the unemployed and under-employed rural workers, the Jawahar Rozgar Yojana (JRY) was launched by Ministry of Rural Development in April 1989 by merging the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) which were initiated in the early eighties.

JRY has two sub-schemes meant for the scheduled castes and tribes : Indira Awaas Yojana (IAY) for construction of houses and Million Wells Scheme (MWS) for development of open well irrigation.

The programme (JRY) is being implemented by the States throughout the country and the financial outlay is shared in the ratio of 80:20 between the Centre and the States.

A distinguishing feature of JRY is that it attempts to promote democratic decentralisation by relying on a structure for implementation which is an amalgam of government agencies and local bodies. District Rural Development Agencies (DRDAs)/Zilla Parishads (ZPs) receive funds from the Union/State Governments and release them to Gram Panchayats assessed on need-based criteria. The Gram Panchayats prepare a shelf of projects at panchayat circle/village level and undertake the works after technical approval of panchayat samities. The overall planning, co-ordination, supervision, review and monitoring is the responsibility of implementing agencies at the district level.

The implementation of JRY during 1989-94 was test-checked by Audit in the Ministry and selected DRDAs/Zilla Parishads, Blocks and Gram Panchayats in 12 States.

A sum of Rs 14787.29 crores was released for JRY during 1989 - 94 by the Central Government (Rs 11710.18 crores) and the States (Rs 3077.11 crores). However

only Rs 14250.57 crores were utilised. In addition a sum of Rs 32.30 crores was released to CAPART.

It was found that while Plan allocations were low compared to requirements, the achievements either in terms of coverage of workers from families living below the poverty line or the average number of mandays of employment provided per beneficiary (actually covered) fell far short of what was feasible with Plan funds. Given the poor extent of coverage of workers available for employment, the average mandays per annum that could have been provided to those actually employed ranged from 23 to 39 days in different years and States. As against this, the annual average mandays of employment actually provided per worker per annum was at best 15 days and ranged between only 3 and 38 days across different districts and years.

The reporting of mandays of employment by States to Ministry of Rural Development was not based on initial records (i.e. muster-roll figures) but was arrived at theoretically by dividing the financial outlay of wage component of JRY works by minimum wage rates notified. Particulars about workers engaged required to identify them were not found noted in muster-rolls in any of the districts test-checked by Audit in 10 out of 12 States. No system of identification of beneficiaries by registration of workers or issuing identity cards to them as recommended by the Public Accounts Committee (PAC) (1986-87) was introduced by the States. Below Poverty Line (BPL) surveys were completed only in 1994. In Maharashtra and Uttar Pradesh surveys were yet to be completed. The Concurrent Evaluation initiated by the Ministry in 1992 indicated that 55 per cent of the workers engaged did not belong to families below the poverty line.

There was no prioritisation of assets created with works under JRY. The PAC (1986-87) had recommended that without interfering with the freedom of Gram Panchayats, efforts should be made to assign priority to works for minor irrigation, water supply and reclamation of wastelands which were labour intensive; construction of roads could be taken up next and last of all, construction of buildings. Despite these recommendations, with which Government had agreed, the results showed that highest priority was accorded to building kuchcha (earthen) village roads.

There were delays in release of funds at each level and cases of diversion of funds to activities or deposits unconnected with JRY amounting to Rs 374.56 crores were noticed in test-checked States/Districts.

Twenty per cent of funds under JRY were reserved for the Million Wells Scheme. The progress of expenditure during 1989-94 on wells cumulatively fell short of allocations by Rs 771 crores. It was also found that open wells were dug without surveys resulting in construction being abandoned midway or wells failing after excavation.

A large number of houses constructed under Indira Awaas Yojana was lying vacant in different States.

There were various instances of irregularities like contractors being engaged to execute works or boring of wells/tubewells where the wage component was only Rs 25.05 lakhs in works costing Rs 196.22 lakhs.

Planning at district levels and monitoring by Central and State governments was inadequate. Evaluations had been completed only by 2 State governments. Evaluations by the Programme Evaluation Organisation of Planning Commission and institutes of research engaged by the Ministry in 1992 indicated poor coverage, low level of average mandays per worker employed and payment of wages at rates lower than locally prevailing wage rates during off/lean agricultural seasons.

Instead of providing, as intended, an 'additionality' for backward districts over and above NREP and RLEGP targets, JRY actually diluted the number of mandays provided to the landless.

(Paragraph 6)

II. Shipping Arrangements for Government Cargoes

To conserve foreign exchange and provide cargo support for increasing self-sufficiency in Indian shipping it was decided by Government of India that all contracts for Government and public sector cargo, imports be made on FOB/FAS (free on board/free alongside ship) basis and exports on C&F/CIF (costs and freight/cost, insurance and freight) terms. Permission for any necessary deviation i.e. for C&F

imports or FOB exports was to be granted by Ministry of Surface Transport Chartering Wing. This decision was incorporated in the General Financial Rules.

A Shipping Coordination Committee (SCC) was set up to maximise the use of Indian vessels for Government (including public sector) cargo to or from the Indian ports. SCC handles cargoes which move in smaller packages by liner vessels. Under the SCC a Chartering Committee, set up in 1960 (now known as Transchart), handles bulk cargoes which move in chartered ships. Transchart is supposed to fix ships at internationally competitive rates. To do so cargo details are required to be circulated by Transchart to Indian shipowners and simultaneously to ship brokers of empanelled foreign shipping companies. If Indian tonnage at competitive and acceptable rates is not forthcoming in time, efforts are made to fix foreign tonnage.

In a test-check of the records of PSUs it was found that there was a breach of this policy during 1990-93 by PSUs who contracted in numerous cases for C&F imports and FOB exports without permission of Transchart.

In a test-check of records of Transchart it was noted that barring a few stray cases reported by its agents abroad, Transchart did not have any mechanism to keep itself informed of cases involved in this breach of policy. In an economic regime of foreign exchange controls enforced by RBI, transgressions of policy by PSUs could be detected automatically because payments of freight in foreign currency required authorisation by DG Shipping before RBI released foreign currency. However, after free convertibility of the rupee on trade account was introduced, this mechanism disappeared.

It was also found that since 1984, when crude oil traffic suddenly increased, Shipping Corporation of India which is the authorised carrier, has been permitted to charter other tankers pending expansion of its own fleet/tonnage. This interim relaxation is continuing despite complaints from DG Shipping and Indian Oil Corporation that freight fixed by SCI is not always economical and that Transchart should resume its function. It was also noted that there was a net decrease in tonnage of tankers owned by SCI between 1985-94 though shipping policy requires self-sufficiency in tankers in view of possible strategic requirements.

Since Transchart is the biggest shipping exchange in the world, its fixtures influence the Indicative Freight Index. Most of the fixtures by Transchart were found not to have been made in accordance with the requirement that enquiries from ship brokers of foreign flag vessels must be simultaneously made so that internally competitive rates of freight could be ascertained and fixed. Comparison with the Indicative Freight Index, which itself is influenced significantly by fixtures of Transchart cannot serve as a comparative reference point for the fixtures. Thus, the claim of Transchart, repeatedly made in notes for Transchart Review Committee and for Committee of Secretaries, that fixtures are made on an internationally competitive basis, is not fully substantiated by the records.

Commerce Ministry highlighted the complaint of some PSUs that Transchart could not offer them lower freights than they were offered in composite C&F contracts for imports. The indicative freights intimated by Transchart (not firm rates which can only be ascertained after receiving cargo and shipping particulars from PSUs) were often higher than the freight element evident in difference between C&F and FOB offers by suppliers to PSUs. Transchart contended that the freight element in C&F offers were not true indicators and the composite concealed high commodity rates.

A Committee of Secretaries met in 1993 to consider a proposal of Ministry of Commerce to do away with the policy of FOB imports and C&F export and mandatory fixtures through Transchart. The Committee decided that a fresh directive be sought from Cabinet.

Another Committee of Secretaries, in May 1994, considered the deregulation proposal together with a Note for Cabinet submitted by Ministry of Surface Transport requesting for continuation of the existing policy and decided there was no need for seeking a revision of the policy by Cabinet. The Committee recommended some procedural modifications to increase the efficiency of Transchart.

It was noted that neither of these Committees considered the question of an effective mechanism for Transchart to enforce the existing policy. In spite of the share of India's sea-borne trade handled by Transchart declining from 21.71 to 14 per cent in

1989-93, Indian flag vessels carried approximately 37 per cent of India's overall sea-borne trade (including Government cargo) during 1990-93, which was marginally higher than the long term average.

(Paragraph 8.1)

III. Setting up and functioning of FM Radio Stations

New technology in sound broadcasting services adopted on a small scale during Sixth Five Year Plan for establishing FM broadcasting radio stations was extended to rural and remote areas to take care of winter and night time shrinkage in medium wave transmitters during the Seventh Five Year Plan. The main purpose of the system was to take local radio to the masses.

Only one station was commissioned within the targeted date i.e. within the Seventh Plan. There were inordinate delays ranging between 6 months and 5 years in commissioning of most of the remaining stations. Eight out of 20 incomplete projects though technically fit in all respects were awaiting commissioning as of September 1994. The objective of the Scheme could not be achieved in 20 incomplete stations even after expiry of 5 years of target date and after spending Rs 42.50 crores.

The sites for the stations were to be acquired by 1986-87. Delay in acquisition of sites for 9 stations ranged from 18 to 70 months. Due to lack of prior clearance for erection of high towers, some lands already acquired had to be abandoned and new lands had to be acquired at a cost of Rs 73.92 lakhs. Selection of inappropriate sites for five stations resulted in infructuous expenditure of Rs 17.87 lakhs.

Delay ranging between 3 and 55 months were also noticed in completion of civil works in 23 stations. Delay in handing over buildings after completion was between 5 and 20 months.

Contrary to instructions, a number of posts were filled up at 12 stations much in advance (4 to 41 months) of the commissioning of the radio station resulting in avoidable expenditure of Rs 78.25 lakhs on pay and allowances.

Excess payments amounting to Rs 49.45 lakhs were made to a firm for procurement of transmitters due to adoption of a higher unit cost. The cancellation of supply orders of 2 x 3 KW FM, transmitters for Dhubri & Bijapur in July 1989 and their subsequent procurement in 1993-94 resulted in avoidable expenditure of Rs 78.85 lakhs. Similarly, extra payment of Rs 38.80 lakhs was made to another firm for adopting different unit costs for 6 KW FM transmitters.

Equipment costing Rs 8.07 crores remained unutilised for 3 months to 5 years and equipment worth Rs 6.51 crores remained uninstalled due to non-completion of civil works. At three stations second transmitters and antenna panels valuing Rs 1.38 crores remained idle for 45 to 72 months.

The main objective of FM transmission was to produce field-based programmes, the duration of which was to be 70 per cent of the total broadcast time and to cover every village in the district by turn respectively. The objective of field-based programmes and coverage of villages could not be achieved as there was heavy shortfall in these areas. The shortfall in field-based programmes ranged between 18 and 70 per cent and the shortfall in coverage of villages/panchayats ranged from 15 to 100 per cent in test checked stations.

Most of the stations were set up without prior survey of listeners and there was no post-survey of FM receivers.

(Paragraph 3.2)

IV. Central Production Centre, Doordarshan

Central Production Centre (CPC) was set up by Doordarshan in 1988 at a cost of Rs 45.83 crores to improve the quality of its programmes. Funds provided for production of programmes were meagre and the overhead costs on production by CPC high.

In-house production facilities created were not utilised to the optimal capacity during 1989-92. The bulk of the production facilities (83.4 per cent) was utilised for programmes in which the main contribution was from outside artistes.

There were no guidelines for production of various types of programmes. The recommendations of the BBC expert (specially called in) on planning, production time scale and costing of programmes had not been implemented.

Equipments worth Rs 1.59 crores installed at CPC were not put to any use. Against the production target of nine hours for each producer, only two producers out of 14 during 1992 achieved the target. Targets laid down for production of various programmes during 1993 were also not achieved.

Contingent payments amounting to Rs 14.55 lakhs were made by CPC towards hiring of equipments, lights and costumes etc. without authority to pass such payments. In 32 cases, CPC overstepped the delegated powers and made payments exceeding Rs 50,000 between 1988-89 and 1993-94. In one case equipments were hired by incurring expenditure of Rs 6.06 lakhs without prior approval of Directorate.

No rules/guidelines for categorisation and determining fees payable to artistes of repute invited to CPC had been framed. There were instances where payments were made without adequate documentation.

The post telecast work on audience research had not been done in a systematic manner for most of the programmes.

(Paragraph 3.1)

V. Staff Selection Commission

The Staff Selection Commission was constituted by a Cabinet Resolution of November 1975. The Commission conducts various examinations for recruitment of Clerks, Stenographers and that of Group 'C' since 1976 through the regional and sub-regional offices.

The Commission entrusted the job of processing of applications to three private data processing agencies thus underutilising the existing computer system and incurring additional recurring expenditure.

The Commission also undertook with limited success, activities like printing of a magazine and training of Scheduled Caste and Scheduled Tribe candidates though such

activities were not assigned to it by the Government in the Cabinet Resolution. The percentage of successful Scheduled Caste and Scheduled Tribe candidates declined. Unsold magazines piled up in the Commission's offices.

The Commission has not maintained examination-wise data of total fees due and received and their subsequent credit to Government Account. In six regional offices, Rs 51.65 lakhs were outstanding as cash advances and in three regional offices, Rs 7.86 lakhs were outstanding against service postage stamps supplied to the examination supervisors.

Despite introduction of computerised system of processing of applications as well as results, the time taken by the Commission in declaring results continues to be long. The Commission has not maintained any record of appointment of candidates to various jobs. The cost of selection per 100 candidates increased from Rs 1.05 lakhs in 1989-90 to Rs 1.96 lakhs in 1991-92.

(Paragraph 7.1)

VI. Other Points

(a) According to the guidelines issued by the Ministry of Urban Development in 1990, the maximum number of out-of-turn allotments that may be made shall be one out of five allotments. It was, however, noticed that out-of-turn allotments were made in disregard of the guidelines. Such allotments recorded steady rise during 1991-94. In 1994 alone (Upto July 1994) out of total 1007 Type II quarters allotted, 739 quarters, (73%) were allotted out of turn. The percentage of out-of-turn allotments in 1994 (upto July 1994) of Type V and above was over 55.

(Paragraph 9.1)

(b) In February 1991, the Ministry of Home Affairs accorded sanction for the fabrication of 20 bullet proof personnel carriers (BPPC) for use by National Security Guards (NSG) at a cost of Rs 2.10 crores. 16 vehicles supplied between February 1992 and January 1994 could not be used as of January 1994. Thus, the

expenditure of Rs 1.94 crores on the procurement of vehicles proved unproductive due to incorrect assessment of demand for vehicles.

(Paragraph 1.1)

(c) Border Roads Development Board accorded sanction in May 1990 for construction of 6.25 km of road at a cost of Rs 2.17 crores. Length of road was reduced to 5.25 km. However, the construction work was stopped at 3.69 km in September 1992 consequently expenditure of Rs 1.78 crores had not been fruitful.

(Paragraph 8.2)

(d) Two printing machines imported at a cost of Rs 2.75 crores for Government of India Press, Aligarh and Nashik between December 1990 and June 1992 had not been installed due to technical and other problems.

(Paragraph 9.4)

(e) Ministry of Information and Broadcasting procured 10 mobile video projection units (Video Rath) in July-September 1992 at a cost of Rs 65.93 lakhs ignoring Technical Wing's observations that unwieldy vehicles could not reach remote areas where field publicity was needed. The performance report of October 1993 showed that the vehicles had operational problems due to their large size. The Ministry decided in September 1994 not to use them for field publicity and to replace them by jeeps. Thus, the decision to invest Rs 65.93 lakhs resulted in Government deriving lower value and productivity from the money invested.

(Paragraph 3.4)

(f) Delay in completion of schemes for transmission and distribution of augmented power due to inadequate planning and lack of co-ordination in Andaman & Nicobar Islands resulted in line loss amounting to Rs 2.33 crores.

(Paragraph 11.1)

(g) Sanction was accorded in January 1986 to construct a 50-bed Central Hospital at Dhulian, Murshidabad at a cost of Rs 1.80 crores by January 1989.

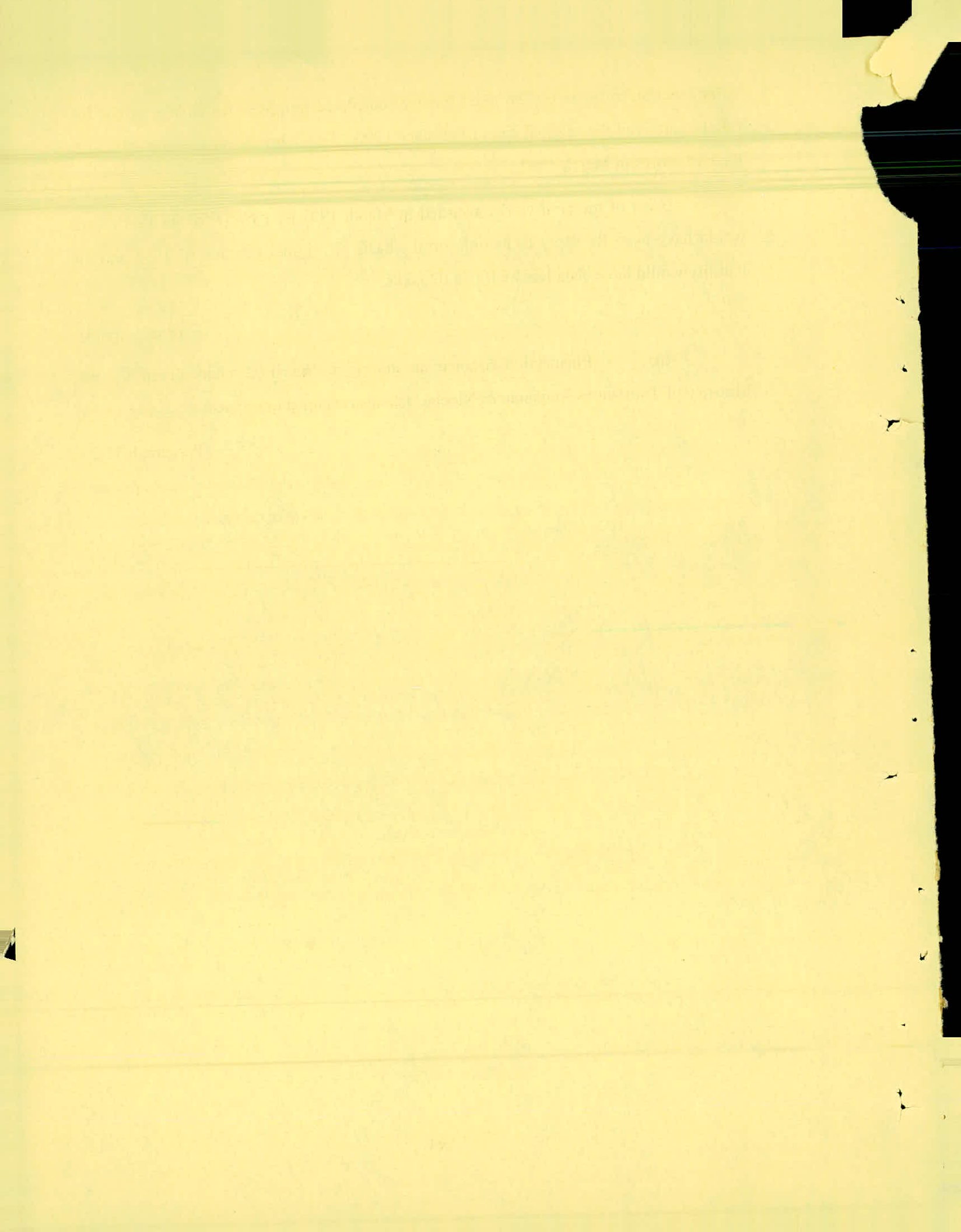
After sanction in January 1986, the Ministry considered proposals for change of site but finally approved the original site in February 1990. The delay led to revision of cost to Rs 3.15 crores in March 1992.

Cost of the civil works awarded in March 1993 by CPWD for Rs 1.63 crores would have been Rs 84.99 lakhs only on the basis of original sanction of 1986 and the liability would have been less by Rs 78.02 lakhs.

(Paragraph 4)

(h) Financial assistance amounting to Rs 61.02 lakhs given by the Ministry of Tourism to Andaman & Nicobar Islands remained unutilised.

(Paragraph 11.2)



CHAPTER 1

Ministry of Home Affairs

1.1 Unproductive expenditure on fabrication of Urban Combat Vehicles

National Security Guards (NSG) proposed in November 1990, procurement of 20 chassis from a private firm for providing bullet proof cabin and body for use as urban combat vehicles for internal security at a cost of Rs 2.09 crores. Ministry of Home Affairs accorded sanction in February 1991 for the fabrication of 20 Bullet Proof Personnel Carriers (BPPC) at a cost of Rs 2.10 crores (cost of chassis - Rs 80 lakhs and cost of fabrication Rs 1.30 crores). The fabrication of BPPC was to be carried out by Ordnance Factory, Medak (Factory).

The Factory had quoted in January 1991 a unit price of Rs 6.50 lakhs per vehicle for conversion of chassis into urban combat vehicle. The delivery was scheduled by March 1991 on the assumption that the chassis would be positioned in the Factory by January 1991. An indent for procurement of the chassis was placed by NSG on Director General Supply and Disposal (DGSD) in February 1991 and the contract for its supply was concluded in March 1991 at a cost of Rs 81.83 lakhs (unit price Rs 4.09 lakhs). The chassis were to be delivered by June 1991. NSG placed an order on the Factory for fabrication of BPPC in February 1991 and an advance payment of Rs 26 lakhs towards 20 *per cent* of the cost of fabrication was made alongwith the order. A further advance payment of Rs 78 lakhs towards 60 *per cent* of the order was also made in March 1991 though no such condition was put forward by the Factory in its offer.

All 20 chassis were received by the Factory during May - June 1991, out of which five BPPC were received by NSG after fabrication in February 1992, one in June 1992, two in March 1993 and eight in January 1994. In January 1994, NSG decided not to fabricate the remaining four vehicles since the requirement for these vehicles from other Central Police Organisations (CPOs) was uncertain. NSG also approached the Ministry for retrieving four chassis, to which Ministry agreed but since short closing of the order involved a financial implication of Rs 3.25 lakhs towards cost of materials

already procured by the Factory, it was decided in April 1994 to go ahead with the fabrication of the remaining four vehicles.

NSG spent Rs 90.46 lakhs on procurement of 20 chassis and Rs 104 lakhs towards 80 *per cent* of the cost of fabrication. Information regarding total expenditure was not available as final payment was yet to be made to the Factory. According to NSG (January 1994), 16 BPPC received were lying unused and their non-utilisation was causing serious concern. Since NSG required six BPPC only, it approached the Ministry to transfer the remaining 10 BPPC to other CPOs. The Ministry approved the transfer of four BPPC to Border Security Force and six to Assam Rifles (AR) in March 1994. However, BSF could not collect the vehicles for want of documents required for the registration of vehicles, while six vehicles transferred to AR were handed over to them only in April 1994.

Audit scrutiny of the case disclosed that the proposal for fabrication of 20 BPPC at a cost of Rs 2.09 crores was approved by the Ministry without assessing the actual requirement. Thus, an expenditure of Rs 1.94 crores incurred on the procurement of chassis and in the fabrication of 16 BPPC proved unproductive since BPPC could not be utilised for the intended purpose. Further, though NSG was concerned about utilisation of 16 BPPC, it decided to get the remaining four BPPC fabricated, as retrieving the chassis from the Factory involved taking back materials worth Rs 3.25 lakhs already procured by them for fabrication. The fabrication of these vehicles would cost Rs 26 lakhs to NSG though no firm demand for BPPC from other CPOs was available on record.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

1.2 Extra expenditure on acceptance of vessel fitted with non-specified foam

In March 1989, Border Security Force (BSF) procured a vessel 'M.V. VIR-ARJUN' from a firm at a cost of Rs 124.89 lakhs for use in anti-smuggling duties and patrolling in the riverine borders of Sundarban area. After plying for two and a half years the vessel developed defects and was returned to the firm in October 1991 for repairs.

The vessel was surveyed by the Mercantile Marine Department which recommended certain repairs including replacement of polyurethane (PU) foam coating of the entire outside deck with more durable poly vinyl chloride (PVC) foam. The vessel was repaired by the firm at a cost of Rs 23.34 lakhs inclusive of Rs 10.02 lakhs for replacement of PU foam and was taken over by the BSF in August 1992.

It was noticed in April 1994 that the purchase agreement had already provided for PVC foam fitting out for the deck on commissioning, but BSF had accepted the vessel with PU foam. This acceptance of deviation resulted in an extra expenditure of Rs 10.02 lakhs.

BSF stated in August 1994 that PU foam had to be used originally as PVC foam was not available when the construction of the vessel was in progress and PU foam was equally durable. The reply was at variance with their earlier reply given in April 1994 that PVC foam is more durable than PU foam. Also, no modification was made in the agreement for use of PU foam in place of PVC foam.

The matter was reported to the Ministry in June 1994; their response is awaited as of January 1995.

1.3 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes duly vetted by Audit indicating remedial/corrective action taken to the Ministry of Finance (Department of Expenditure) on the various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the House.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1993 revealed that the Ministry has not submitted (December 1994) the remedial/corrective Action Taken Notes on the following paragraphs in spite of instructions issued by Lok Sabha Secretariat.

Table 1.3 : Corrective Action on Audit Reports

Audit Report Number & Year	Para	Ministry	Subject
No.1 of 1989	39*	Human Resource Development	Loss on purchase of electronic equipments.
No.1 of 1990	9	Home Affairs	Non recovery of rent for hostel accommodation.
No.6 of 1992	2.1	Home Affairs	Follow up on Accounts.
-do-	2.2	-do-	Adjustment to be made in Finance Accounts.
-do-	2.5	-do-	Avoidable extra expenditure
-do-	17.8*	Human Resource Development	Misappropriation of cash
No.6 of 1992	17.15*	Urban Development	Wasteful expenditure
-do-	17.16*	-do-	The unwanted compound wall
-do-	17.17*	-do-	Infructuous expenditure due to non-determination of correct specification
-do-	17.18*	Human Resource Development	Release of grant-in-aid and inability of grantee to utilise
-do-	17.19*	-do-	Scheme for supply of free books and stationery to Scheduled Caste/Scheduled Tribe students
No.11 of 1993	51**	Home Affairs	Unfruitful expenditure
No.6 of 1993	10.3**	-do-	Procurement of a vessel
-do-	10.4**	-do-	Delay in execution of works for augmentation of storage capacity at Dhanikhari Dam
-do-	10.5**	-do-	Irregular drawal of money
-do-	10.7**	-do-	Delay in execution of work

Contd⇒

Audit Report Number & Year	Para	Ministry	Subject
No. 6 of 1993	10.8**	-do-	Loss due to breakage of pipes during transit
-do-	10.9**	-do-	Procurement of spare parts for a diesel generating set
-do-	10.10**	-do-	Wasteful expenditure
-do-	10.11**	-do-	Avoidable expenditure due to damages caused during execution
-do-	10.12**	-do-	Infructuous expenditure on stores
-do-	10.14*	Surface Transport	Irregular award of work
-do-	10.15*	Health and Family Welfare	Inadmissible payment
-do-	10.16**	Home Affairs	Loss/non-recovery of revenue
-do-	10.18**	-do-	Delay in fabrication of bus bodies
-do-	10.20**	-do-	Infructuous expenditure due to faulty planning
-do-	10.21*	-do-	Embezzlement of Government money
No.6 of 1993	10.22*	Human Resource Development	Purchase of biscuits
-do-	10.23*	Industry	Non-construction of industrial sheds
-do-	10.24**	Home Affairs	Drawal of funds in advance of requirements
No.2 of 1994	2.1**	-do-	Unfruitful expenditure on research
-do-	2.2**	-do-	Ineffective utilisation of an operation theatre
-do-	10.1**	-do-	Non-revision of service charges for vessels
-do-	10.2**	-do-	Idle investment on rest camps for ex-servicemen
-do-	10.3**	-do-	Unfruitful expenditure on defective vessel

Contd⇒

Audit Report Number & Year	Para	Ministry	Subject
No. 2 of 1994	10.4**	-do-	Idle survey equipments
-do-	10.5**	-do-	Extra expenditure due to rejection of tenders
-do-	10.6*	Environment	Unauthorised diversion of funds
-do-	10.7*	Finance	Non-realisation of revenue due to delayed re-assessment of rent
-do-	10.8**	Home Affairs	Unjustified rejection of tenders resulting in avoidable expenditure
-do-	10.9**	-do-	Collapse of a portion of building due to faulty construction
-do-	10.10**	-do-	Non-completion of Martyr's Memorial
-do-	10.11*	Urban Development	Recovery due from contractor
-do-	10.13**	Home Affairs	Unfruitful expenditure on a speed launch

* Pertain to Union Territories for which Action Taken Note is to be submitted by Ministry other than Ministry of Home Affairs but since the Ministry of Home Affairs is the nodal Ministry, the progress of submission of Action Taken Note is to be monitored by the Ministry.

** Pertain to Union Territories for which Action Taken Note is to be submitted by Ministry of Home Affairs.

The matter was reported to the Ministry in November 1994; their reply is awaited as of January 1995.

CHAPTER II

Ministry of Industry (Department of Industrial Development)

2. Growth Centre Scheme

2.1 For promoting industrialisation in economically backward areas, Government announced development of 100 growth centres in June 1988. The number was reduced subsequently in October 1989 to 70 growth centres in the first phase. The allocation of growth centres to be set up was based on combined criteria of population, area and extent of industrial backwardness. Each of the growth centres was to be developed in an area of 400-800 hectares with basic infrastructural facilities like power, telecommunications, water and banking for enabling them to attract industries. The location of growth centres was to be within reasonable proximity of District/Sub-Divisional headquarters, away from cities with access to basic infrastructural facilities. For selected growth centres, the State Governments/Union Territories were required to prepare the project reports to be appraised by a Projects Appraisal Committee and approved by an Apex Committee constituted in the Ministry of Industry (Department of Industrial Development). Till February 1994, 68 growth centre locations had been selected.

2.2 The implementation of the scheme was test checked by Audit with reference to the records maintained in the Department of Industrial Development and its findings are given in succeeding paragraphs.

2.3 For development of the infrastructure each selected growth centre was to be provided Rs 30 crores to be shared by (i) Central Government (Rs 10 crores equity), (ii) State Government (Rs 5 crores equity), (iii) all-India financial institutions (Rs 4 crores including Rs 2 crores as equity), (iv) nationalised banks (Rs 1 crore) and (v) market borrowings (Rs 10 crores).

2.3.1 Government released a sum of Rs 68.24 crores to 46 growth centres till December 1993 against a target of 70 growth centres in the first phase. There were no market borrowings nor any contributions by the financial institutions or nationalised

banks for the scheme. The State Governments contributed Rs 10.60 crores towards the scheme. Yearwise break-up of funds released was as under:

Table 2.3.1 : Funds released for growth centres

(Rs in crores)

Year	Contribution by Government of India	Contribution by State Governments
1990-91	15.00	1.00
1991-92	36.50	2.40
1992-93	14.74	1.20
1993-94	2.00	6.00
Total	68.24	10.60

Thus, against Rs 1380 crores for 46 growth centres (@ Rs 30 crores per growth centre) a total financial outlay of only Rs 78.84 crores was made under the scheme which works out to only Rs 1.71 crores per growth centre.

The State Governments were required to release 50 *per cent* of the funds contributed by the Central Government. In 18 cases the State Governments did not release their matching contribution.

2.3.2 Release of funds without approval of project reports

Government released Rs 15 crores during 1990-91 as its contribution for the setting up of 25 growth centres, which included Rs 10 crores released for 20 growth centres for which project reports had been approved provisionally and in two cases no project reports had been received. Similarly, Rs 6.50 crores were also released for 13 growth centres on provisional basis during 1991-92. Since the funds were to be utilised only after final approval of the project, there was no justification for release of funds. It was observed by Audit that in three cases of 1990-91 and four cases of 1991-92, project reports were not approved till February 1994.

2.3.3 Release of funds without obtaining utilisation certificates

The instructions issued in May 1991 provided that all the State

Governments/Union Territories were to monitor the progress of implementation of the growth centres with the help of a committee at State level, which would oversee, review and report on the progress of the approved growth centres to the Central Government, based on which the actual release of funds would be made. It was seen that Rs 18 crores were released to the following States without obtaining utilisation certificates for funds released earlier.

Table 2.3.3 : Release of funds without obtaining utilisation certificate

(Rs in crores)

State	No. of growth centres	Amount
Andhra Pradesh	3	4.50
Jammu & Kashmir	1	1.50
Karnataka	3	4.50
Madhya Pradesh	1	1.50
Punjab	1	1.50
Rajasthan	2	3.00
Tamil Nadu	1	1.50

2.3.4 Under-utilisation of funds

As per progress reports received in the Ministry, it was seen that in the case of 25 growth centres there was under-utilisation of funds ranging from 100 to 62 per cent. The percentage of under-utilisation was as follows :

Table 2.3.4 : Extent of under-utilisation

(Rs in crores)

No. of growth centres	Funds released upto December, 1993	Expenditure incurred	Under-utilisation (per cent)
11	7.00	Nil	100
8	19.40	0.80	99 to 91
5	8.70	1.18	89 to 81
1	2.00	0.75	62

Thus, while in 11 growth centres no expenditure was incurred, under-utilisation in 13 growth centres was more than 80 per cent.

2.4 Delay in receipt and approval of project reports

The scheme for setting up of growth centres was announced in June 1988, and the instructions for selection of centres were issued in December 1988 but the detailed guidelines for preparation of project reports were issued to the State Governments/Union Territories in September 1990 i.e. after 2 years. As per guidelines the project reports were to be received by 15 November 1990 for approval. Out of 68 growth centres where locations had been selected, status of project reports as of February 1994 was as under :

Year	Project reports received	Projects approved
1990-91	22	20
1991-92	23	16
1992-93	9	3
1993-94	6	Nil
Total	60	39

Thus, project reports of 8 centres were still to be received and 21 project reports were yet to be approved. In 17 cases where project reports had been approved, Government took nearly 2 years in 3 cases and over a year in 14 cases in approving the projects resulting in delay in establishment of growth centres in the specified areas.

2.5 Non-receipt of progress reports

The State level committees were required to review the progress quarterly and report to the Central Government. In the following 7 growth centres, 1 in Jammu & Kashmir (Samba) and 6 in Uttar Pradesh, where funds had been released during 1990-93, progress reports were awaited till February 1994 :

(Rs in crores)

Sl. No.	Growth centre	Amount released
1.	Samba	2.0
2.	Bachhauli	0.5
3.	Banthara	0.5
4.	Chaudharpur	0.5
5.	Khurja	0.5
6.	Mungra Satharia	0.5
7.	Sahjanwa	0.5

Summing up :

In view of the extremely slow progress in the development of the growth centres, there is no likelihood of their impact on the promotion of industrialisation in the identified backward areas.

CHAPTER III

Ministry of Information and Broadcasting

3.1 Central Production Centre, Doordarshan

3.1.1 Introduction

To improve the quality of production of programmes, Doordarshan set up a Central Production Centre (CPC) in New Delhi in 1988 with two large studios with an area of 400 square metres each and fitted with computer aided cameras, light control system, audio control system with digital reverberation unit and digital video effects. Other facilities include betacam and one inch B-format recorders for field coverage, CCD telecine chains, infra-red communication with studio floors, quantel paint-box for video graphics and digital library system for electronic storage and retrieval of stills.

3.1.2 Scope of Audit

Records of CPC relating to utilisation of equipments, production and execution of in-house programmes, hiring of equipments and payments made to artistes etc. performing at CPC for the period 1989-94 were test-checked in audit. Results of audit are given in succeeding paragraphs.

3.1.3 Highlights

- **The annual expenditure on production of programmes during 1989-94 was meagre and varied between 15 to 18 per cent of the total expenditure on CPC.**

(Paragraph 3. 1.4.3)

- **Proforma accounts had not been prepared since inception.**

(Paragraph 3. 1.4.4)

- **Recommendations of a BBC expert with regard to planning and production had not been implemented.**

(Paragraph 3.1.5.1)

No guidelines for production of various types of programmes were prepared by the Ministry/Doordarshan. While a very small percentage (16.6) of the facilities was used for production of telefilms/serials, documentaries etc., bulk of production facilities (83.4 per cent) was utilised for programmes on ballet, light/classical music, dance, current affairs, kavi sammelans/goshthis, puppet shows etc.

(Paragraph 3. 1.5.1)

In-house production facilities were not utilised fully during the period 1989-1992 as number of hours of programmes produced by CPC during 1993 was almost the same as in the previous three years although one of the two studios was utilised by Delhi Doordarshan Kendra during 1993.

(Paragraph 3. 1.5.3)

As against production target of nine programme-hours per annum by each producer, only two producers out of 14 had produced programmes for more than nine hours during 1992.

(Paragraph 3. 1.5.4)

Contingent payments amounting to Rs 14.55 lakhs were made by CPC by issuing cheques permissible only for spot payment to artistes

(Paragraph 3. 1.6.1)

Payments exceeding Rs 50000 were made to artistes/ groups in 32 cases without the approval of the competent authority.

(Paragraph 3. 1.6.2)

Prior approval of competent authority was not obtained for hiring of equipments for a serial.

(Paragraph 3. 1.6.3)

- There were wide variations in the proposals made for production of 'special New Year Eve Show' and the actual execution of programmes.

(Paragraph 3. 1.7)

- Equipments worth Rs 1.59 crores were either not put to any use or put to very little use during the last five years.

(Paragraph 3. 1.8.2)

- As against five serials and 10 telefilms scheduled for production during 1993 only one serial and three telefilms respectively were completed during 1993.

(Paragraph 3. 1.9.2 and 3. 1. 9.3)

- No rules/guidelines for categorisation and determining fees payable to artistes of repute invited to CPC had been framed. Payments to same artistes were made at varying rates on different occasions.

(Paragraph 3. 1.10.2)

- Payments amounting to Rs 6.83 lakhs for hiring of equipments for a serial were authorised without supporting bills/invoices.

(Paragraph 3. 1.11.5)

- Although quality is the watch word of all CPC productions, audience research revealed that none of the respondents considered the serials, for which data was collected, excellent or very good with regard to theme/format/dialogue/story development, acting and overall production.

(Paragraph 3. 1.12)

3.1.4 Expenditure

3.1.4.1 The capital expenditure on land and building for setting up CPC was Rs 14.02 crores. In addition there was an expenditure of Rs 31.81 crores on purchase of equipments. Thus the total capital cost of setting up CPC was Rs 45.83 crores.

3.1.4.2 The budget allotment and the expenditure thereagainst during the last five years are given below:

Table 3.1.4.2

(Rs in lakhs)

Year	Budget allotment	Expenditure	Excess (+) Savings (-)
1989-90	295.00	299.24	(+) 4.24
1990-91	294.24	298.36	(+) 4.12
1991-92	334.60	334.91	(+) 0.31
1992-93	394.65	350.17	(-) 44.48
1993-94	457.42	454.54	(-) 2.88

While the excess during 1989-91 was attributed to excess expenditure on minor works, savings were mainly due to less payment or non payment of rents, rates and taxes in 1992-93 and of pension and gratuity in 1993-94.

3.1.4.3 The expenditure on production of programmes vis-a-vis total expenditure during 1989-94 was as under:

Table 3.1.4.3

(Rs in lakhs)

Year	Total expenditure on CPC	Expenditure on production of programmes	Percentage of expenditure on production of programmes to total expenditure
1989-90	299.24	45.49	15
1990-91	298.36	53.27	18
1991-92	334.91	54.51	16
1992-93	350.17	61.98	18
1993-94	454.54	82.26	18
Total	1737.22	297.51	

It is seen that annual expenditure on production of programme during 1989-94 was meagre and varied from 15 to 18 *per cent* of the total expenditure.

3.1.4.4 Though CPC was required to prepare proforma accounts in terms of the Doordarshan Manual, no proforma accounts were prepared since its inception.

3.1.5 Planning and execution of programmes

A British Broadcasting Corporation (BBC) expert who was called in May 1988 by Government of India recommended a number of measures for improving production of programmes. Some areas which according to the expert needed improvement were:

3.1.5.1 Planning

For full utilisation of resources it was recommended that CPC should set up a planning office for proper distribution of resources with minimal waste and ensure that each programme area was satisfied. Doordarshan had not taken any steps to set up a planning office as suggested by BBC expert. It was noticed that a very small percentage of the facilities was used for production of telefilms, serials and documentaries. Bulk of the production facilities was utilised for ballet, light/classical music, dance and current affairs, kavi sammelans, puppet shows etc. most of which were recorded in a single day as per entries in the list of recordings furnished by CPC.

The following table gives programmes recorded at CPC under various formats during 1990 to 1993:

Table 3.1.5.1 : Programmes recorded at CPC

(Duration in hours)

		1990	1991	1992	1993	Total
A						
1.	Telefilm/Serial	17.5	6.5	5.5	11.0	40.5
2.	Documentary	4.0	5.5	0.5	1.0	11.0
3.	Variety Programmes	6.0	3.5	1.5	-	11.0
Total		27.5	15.5	7.5	12.0	62.5

Contd ⇨

		1990	1991	1992	1993	Total
B						
1.	Ballet	8.5	7.5	9.0	6.0	31.0
2.	Light Music	11.5	17.5	12.5	29.5	71.0
3.	Classical Music	20.0	22.0	9.0	10.0	61.0
4.	Dance	3.5	12.0	9.0	10.0	34.5
5.	Current Affairs	6.0	-	-	-	6.0
6.	Puppet Shows	-	5.0	1.0	-	6.0
7.	Others (Pop music, folk dances, quawalis, interviews, animation, graphic stories, recipe shows, kavi sammelans. etc.)	24.0	25.5	35.0	20.5	105.0
Total		73.5	89.5	75.5	76.0	314.5
Total (A+B)		101.0	105.0	83.0	88.0	377.0
Percentage of A (telefilms/serials, documentaries, variety programmes) to total production.		27	15	9	14	16.6

From the above table it is noticed that out of 377 hours of programmes produced by CPC during the last four years, only 62.5 hours (16.6 per cent) of programme related to production of telefilms/serials, documentaries and variety programmes, where artistic skill of directors/producers and facilities available at CPC could be fully utilised. Further there was sharp decline in the number of telefilms/serials etc. produced in 1991-93 as compared to 1990. As against 377 hours of programme, 314.5 hours (83.4 per cent) were involved in recording of songs and dances composed or choreographed and presented by artistes engaged from outside.

No guidelines for production of programmes were issued either by the Ministry or Doordarshan. There was a mismatch in production of various types of programmes and the small percentage of serials, documentaries and telefilms produced

indicated that artistic skill of directors/producers was not comprehensively used for production of programmes.

3.1.5.2 *Costing of programmes*

CPC had not worked out cost of individual programmes produced by it. BBC expert had observed in 1988 that all resources e.g. studio days could be costed and that the institution of such a system would ensure proper financial resource management.

Doordarshan stated in January 1993 that it was very difficult to work out the actual cost of an individual programme. It is difficult to accept this reply as costing of each programme could be done taking into account revenue cost of the programme and apportioning the capital cost of building, equipment etc. In fact, Doordarshan itself had worked out per hour cost of production in 1990 which was as high as Rs 15.3 lakhs. In the absence of costing of programmes the efficiency with which the resources were utilised cannot be ascertained.

3.1.5.3 *Production time scale*

BBC expert had suggested a target of 100 hours of production initially in the first year. While targets for the years 1989 to 1991 were fixed, no targets were fixed for 1992. For the year 1993 CPC prepared a production plan. Number of hours of programmes planned vis a vis achievements during 1989-93 was as under:

Table 3.1.5.3

Year	No.of hours of programmes planned	No.of hours of programmes actually produced
1989	100	50
1990	100	101
1991	120	105
1992	Not fixed	83
1993	-do-	88

In 1992 and 1993 there was decline in the number of hours of programmes produced as compared to the production in 1990 and 1991. The reasons for decline in the number of hours of programmes produced were not investigated.

One of the two studios was utilised by Delhi Doordarshan Kendra during 1993 and a total of 101 hours of programmes was produced by it. CPC utilised the other studio and recorded only 88 hours of programmes. A perusal of programmes produced by CPC since its inception revealed that the number of hours of programmes produced by it during 1993 was almost the same as in the previous years even though one studio was utilised for production of its programmes. This is indicative of the fact that the in-house production facilities were not fully utilised during 1989-92. The reasons for under-utilisation of the in-house facilities were not intimated by CPC.

Doordarshan stated in October 1994 that it is not correct that programme production declined in 1993 as 101 hours of programme were produced by DDK using one of CPC studios. The reply is not tenable. As 101 hours of programme were planned and executed by DDK using one of the CPC studios, it would not be proper to classify this as CPC production especially when DDK had its own production unit in operation while making these programmes.

3.1.5.4 Staff

The position of technical and programme production staff in CPC as on 1 February 1994 was as under:

Table 3.1.5.4

	Sanctioned strength	Men in position
Technical	106	95
Programme production	134	96

No norms for determining staff strength existed and no human resource budget was prepared in respect of technical/ programme production staff.

CPC has a sanctioned strength of 10 Assistant Station Directors and 10 Producers (Grade II) who are involved in programme production. Against this, the effective strength ranged between 16 and 19 during 1992-93. According to CPC each producer is expected to produce about 45 minutes of programmes a month i.e. nine hours' programmes per annum. A scrutiny of list of programmes produced by CPC, however, revealed that while two producers alone had produced programmes of more than one third of total production during the year, no other producer had produced nine hours of programmes during this period. The overall position was as under:

No. of hours of programmes produced	No of producers
Below one hour	1
One hour or more but below 4 hours	6
Four hours or more but below 9 hours	7
Above Nine hours	2

Doordarshan stated in October 1994 that all the posts of producers were not filled up and they were also required to look after administration work and 2 posts of Assistant Directors and 4 posts of programmes executives were for 'Management'. Even if the contention of CPC is accepted, only 2 of the 14 producers could achieve the target of 9 hours.

3.1.6 Payments made without authority

3.1.6.1 Misuse of cheque drawing facility

CPC enjoys cheque drawing facility only for making prompt payment to artistes and contingent payments were required to be processed by the Pay and Accounts Office, Doordarshan. A scrutiny of cheques issue register (Artistes) showed that during December 1993 to April 1994 as many as 47 payments amounting to Rs 14.55 lakhs were made by CPC towards hiring of equipments, lights, costumes, board and lodging, catering, purchase of TV sets etc. and booked under 'Payment for Professional and

Special Services' though these were not artistes' fees and CPC had no authority to settle such bills by cheque.

Doordarshan stated in October 1994 that CPC could use cheque drawing facility and authorise payment for booking of performing artistes, payment of honorarium and legal services etc. The payments pointed out by Audit were, however, contingent expenses and were not covered by this authority.

3.1.6.2 Payments made in excess of delegated powers

According to delegated powers, Director CPC is empowered to pay upto Rs 10000 to individual artistes and Rs 50000 to group of artistes for production of programmes. It was observed that in 32 cases payments exceeding Rs 50000 were made by CPC between 1988-94 without the approval of the Directorate. The reasons for overstepping the limits were not on record.

Doordarshan stated in October 1994 that it was not correct that the Director CPC is empowered to make payments upto Rs 10000 to individual artistes and Rs 50000 to groups of artistes for production of programmes. The reply is not tenable as in the orders of November 1991 it was clearly laid down that all Directors of Kendras including CPC would be empowered to make payments to the extent mentioned in the revised fee structure according to which the maximum permissible fee to an individual and groups was Rs 10000 and Rs 50000 respectively.

3.1.6.3 Hiring of equipments

According to the enhanced financial powers of December 1993, Director CPC was empowered to hire cameras, musical instruments, TV cameras, recorder, light and other equipments, studio facilities upto Rs 0.50 lakh per annum provided equipment/facilities were not available in the Kendra and joint assessment by Director/senior most Programme Officer and Head of Engineering Wing was conducted.

In the case of production of the serial 'Fariyad' prior approval of the Directorate to hire Betacam cum recorder, lighting equipment and camera cranes with operators/boom man was not obtained. It was further observed that:

- the Directorate was approached for according sanction for hiring of the equipments at a cost of Rs 3.60 lakhs on 3 March 1994, after these had been hired from 12 February 1994. The sanction of the Directorate was still awaited (July 1994).

- the actual expenditure on hiring of these equipments exceeded by Rs 2.46 lakhs the amount of Rs 3.60 lakhs for which the sanction of the Directorate was sought.

The reasons for incurring expenditure of Rs 6.06 lakhs beyond the delegated powers without prior approval were not on record. CPC stated in October 1994 that before the start of the serial Directorate was requested for according sanction in respect of expenditure beyond the powers of the Director. However, no record was, furnished in support thereof.

3.1.6.4 Air Travel

Performing artistes at CPC are entitled to first class/ second class rail/ bus fares as per their status. Journeys by air are permissible only with the approval of Director General, Doordarshan. During test-check it was found that in 28 cases air fare amounting to Rs 1.15 lakhs was paid without the approval of Director General, Doordarshan.

3. 1.7 New Year Eve special TV show 1993

3.1.7.1 A variety show was proposed by CPC for the New Year's Eve. A sum of Rs 18.25 lakhs was sanctioned by Doordarshan for production of the programme. A scrutiny of records maintained by CPC revealed the following :-

CPC proposed a list of top performers for light music and western music in addition to galaxy of cine stars. The budget was prepared keeping in view the fee of top artistes/cine stars. It was however seen that only about *25 per cent* of the proposed top artistes/cine stars actually took part in the programme as indicated below:

Table 3.1.7.1 : Participation of Top Artistes

	Number of top artistes/cine stars proposed	Number of top artistes/cine stars who actually participated
Light Music	7	2
Western Music	10	6
Skits/Jokes	6	-
Cine stars	11	1
Total:	34	9

- most of the film stars whose names were originally proposed were not even approached for participation.
- as per the budget proposal a fee of upto Rs 10000 was payable to top artistes/cine stars. It was observed that in seven cases the fee was paid in excess of ceiling and ranged between Rs 15000 and Rs 50000.
- script for the programme was not developed by any of the four renowned artistes originally approved. Doordarshan stated (October 1994) that substitution of artistes was done due to non-availability of the particular artistes proposed. This was, however, not supported by the documents made available to Audit.
- an amount of Rs 2.53 lakhs was spent on hiring of equipments, lights etc. against the provision of Rs 1.50 lakhs.
- hiring of equipments worth Rs 1.03 lakhs was done without the benefit of competitive rates. Payment was made on the basis of details given in the note of the producer instead of invoice of the firm.
- an amount of Rs 0.80 lakh was paid to an agency for providing lights without the benefit of competitive rates. Payment was authorised without an invoice from the firm and details of lighting equipment provided.

- 28 dancers were paid fee at rate of Rs 2000 each as against the provision of maximum fee of Rs 1000 per dancer.
- as many as 9 payments amounting to Rs 5.18 lakhs were authorised without bills/ invoices from the parties/firms concerned.
- a sum of Rs 0.24 lakh was paid to a travel agency towards air fare of a cine star and three first class travel fares each for eight dancers for Bombay-Delhi sector. However no item of the artiste and the dancers was recorded.
- three dancers of an artiste were paid return airfares from Bombay to Delhi and back as against the admissibility of three return first class train fares to each.
- an amount of Rs 0.12 lakh was paid to two hotels towards board and lodging charges of 7 film personalities though none of them had participated in any item of the New Year's Eve programme.

3. 1.8 Under-utilisation of audio facility and other costly equipments

3.1.8.1 The project note of CPC provided adequate facilities for audio recording. CPC gets its audio recordings done by outside agencies. The expenditure on audio recordings was not ascertainable as no record of expenditure on audio recordings was maintained. The expenditure on audio recordings includes expenditure on musicians, instrumentalists and charges on account of studios. CPC stated in January 1993 that it had no acoustic audio studio. No action was, however, taken by Doordarshan to establish such a studio though it was recommended by the BBC expert in his report on the working of CPC in May 1988. Delay on the part of Doordarshan to provide an audio studio and additional facilities resulted in avoidable expenditure on engaging outside studios.

3.1.8.2 High value sophisticated equipments costing Rs 31.26 crores were purchased and installed in CPC during 1987-88 for production of high quality programmes. Scrutiny of records revealed that under mentioned equipments/facilities were not being utilised.

- Routing switcher in master switching room essential for feeding programme to Delhi Doordarshan Kendra and other destinations for live programmes telecast on

microwave link equipment purchased and installed at a cost of Rs 1.33 crores was used only for one and half hours during the last five years. Doordarshan stated in October 1994 that these equipments were installed to meet emergency situations.

- Film preview projectors (35 mm and 16 mm) procured by Doordarshan in 1987-88 at a cost of Rs 0.26 crore were not being used. CPC admitted (November 1993) that these were put to very little use due to unexpected fast rate at which Electronics News Gathering (ENG) equipment developed. CPC further stated that the matter regarding diversion of these equipments to sister organisations where these were still in demand had been taken up with the Ministry. Final outcome was yet to be intimated.

- Slide scanners-2 islands and four FDL-60 telecine machines were only occasionally used for transfer from film to video tapes.

3.1.9 Programme Production Plan 1993

3.1.9.1 CPC prepared for the first time a programme production plan in 1993. It envisaged production of five serials, ten telefilms and six documentaries in addition to production of literary magazine in six languages to visualise current status of its prose, poetry, drama and folklore. CPC also proposed to do a series on 'Film and Reality' and intended to show social awareness of Indian Cinema.

Out of the proposed list the actual production of programmes was as under :

3.1.9.2 Serials

Out of the five proposed serials only one 'Diwaren' could be completed and the position of a few serials was as under :

(i) Debi Chaudhurani - Production of 13 episodes of 25 minutes each of serial Debi Chaudhurani was approved by the Costing Committee of Doordarshan in April 1989 at a cost of Rs 13 lakhs against the estimated cost of Rs 16.66 lakhs. A scrutiny of production registers revealed that a sum of Rs 7.51 lakhs was spent between January 1992 and July 1993 on recording of the serial. According to Programme Production Plan 1993 only 60 per cent of the filming had been done by December 1992. Though the

production of the serial was approved as far back as in April 1989, it was yet to be completed as of November 1994.

(ii) Pinjar - The Costing Committee of Doordarshan in April 1989 approved the production of a tele-serial 'Pinjar' at a cost of Rs 11 lakhs against the estimated cost of Rs 20.18 lakhs. The tele-serial was to have 10 episodes each of 25 minutes duration. A sum of Rs 0.50 lakh was paid to the author as royalty in February 1990 and a further sum of Rs 0.65 lakh was paid to an individual for writing screen play and dialogues in November 1990. CPC further paid a sum of Rs 0.27 lakh to outside persons for providing secretarial assistance/consultation regarding set erection, art direction etc. According to the terms of contract signed with the author and the writer of the screen play and dialogues the contract was valid for three years from the date of signing. Though Rs 1.42 lakhs had been spent by the CPC, the production of tele-serial was still to be taken up (November 1994).

(iii) Dawat - Twenty seven episodes of 25 minutes each of a recipe show 'Dawat' were produced by CPC at a cost of Rs 4.39 lakhs. The programme exhibited the art of cooking special Indian and Continental dishes and involved participation of demonstrators, research assistants, cooks, helpers and guest artistes. Though all the episodes had been completed, 15 episodes were yet to be telecast (November 1994).

3.1.9.3 *Tele films*

Out of ten telefilms scheduled for production during 1993 only three could be completed and telecast during the year. One telefilm was under post production stage and the remaining six telefilms had yet to be taken up though a sum of Rs 0.23 lakh was paid for adaptation, story and dialogue writing.

The production of programmes on "Literary Magazine" and "Film and Reality" had not yet been taken up. The reasons for non-production of telefilms according to production plan were not on record.

3.1.10 Payments to artistes

3.1.10.1 In addition to utilising the services of staff artistes, CPC engages artistes from outside for production of programmes. Popular singers, dancers and film artistes of repute are invited to CPC. The fees paid to these artistes are recorded under the head 'Payment for professional and special services'. The year-wise payments made under the head were as follows:

Table 3.1.10.1

(Rs in lakhs)

Year	Amount
1988-89	20.71
1989-90	45.49
1990-91	53.27
1991-92	54.51
1992-93	61.98
1993-94	82.26
Total	318.22

3.1.10.2 No special rules or guidelines for categorisation and determining fees payable to artistes of repute invited to CPC had been framed so far though it was established in 1988. It was observed that in a number of cases payments were made to artistes on negotiated terms. However basis on which fees were settled were not available nor were the records of such negotiations kept by CPC.

3.1.10.3 In three cases test checked in Audit it was observed that payments at varying rates were made to same artistes on different occasions. For instance an artiste was paid Rs 60000 for recording six ghazals in March 1989. The artiste was paid Rs 15000 for recording one song two months later, in May 1989. Again the same artiste was paid Rs 35000 for recording six songs in June 1990 while an amount of Rs 85000 was paid for recording five songs in June 1992.

Doordarshan in their reply attributed the varying payments to several factors like different number of accompanists, payments to composers, lyricists etc. It was

noticed that no norms were followed and payments were made on ad hoc basis without any record of number of accompanists or the break up of composite fee.

3.1.10.4 Against the entitlement of performing fee of Rs 6000 plus TA/DA for programmes of 30 to 45 minutes duration, in 10 cases during the period November 1988 - December 1992 amounts ranging from Rs 10000 to Rs 18000 were paid to artistes for recording one song only of less than 10 minutes duration. As the artistes were entitled to performing fee of Rs 6000 for recording 30-45 minutes as per pre-revised norms the payment of such fees for recording just one song was not justified.

3.1.10.5 A review of the records relating to production of the serial 'Dawat' revealed that payments made to presenter, script writer and commentator of the 'serial' were not in consonance with the prescribed norms resulting in extra payment of Rs 0.73 lakh.

3.1.10.6 In ten cases artistes were paid fees admissible to top grade artistes though no gradation/classification of these artistes had been done by Doordarshan.

One artiste was paid a composite fee of Rs 36000 at the rate of Rs 9000 per song for recording four songs in November 1991 and another artist was paid Rs 55000 for recording five chorus songs at the rate of Rs 11000 per song. In both the cases the admissible fee was Rs 6000.

In the first case Doordarshan stated that Rs 9000 per song was paid keeping in view the status of the artiste while in the second case it was stated that the artiste was very famous singer of the country. The reply is not tenable as no classification of the artistes had been done by Doordarshan.

In none of the above cases detailed accounts depicting the break up of payments for rehearsals, accompanists, lyricists, composers, directors, travel expenses, costumes, escorts etc. were available.

Doordarshan stated in January 1993 that CPC normally follows the fee structure. However, to rope in reputed/popular/ established artistes it pays higher amounts through negotiations taking into account the market rate for top class artistes. A reference was also made to a note of DGD according to which they could pay top ranking artistes

according to their standing. Doordarshan/AIR had all along been having top ranking artistes, musicians, film personalities and paying them as per prescribed fee structure as approved by the Ministry of Information and Broadcasting. It is a cardinal rule that Government expenditure should be incurred only with reference to norms and payments should not be decided solely on subjective judgment. Doordarshan should have framed rational guidelines to grade and classify reputed artistes and determine their fees commensurate with their eminence and have got them approved from Ministry of Information and Broadcasting if it was felt that there was a case for paying fee to artistes performing at CPC on a rate structure different from that for Doordarshan.

3.1.10.7 Puppet shows

CPC recorded seven puppet shows between January 1991 and March 1994 making payments ranging from Rs 0.16 lakh to Rs 1.09 lakh against the normal fee of Rs 1000 admissible for puppet manipulation and voicing. Doordarshan stated in January 1993 that puppet plays involved many puppets and included travel expenses and payment for music direction etc. and the recording was taken with a view to preserving a dying art. However, no records regarding the number and name of artistes participating in puppet show or payments for puppet voicing, music director or expenditure on hiring of puppets were shown to Audit. It was observed that neither the payments for production of puppet shows were made in accordance to prescribed rules nor was the approval of DG Doordarshan obtained.

3.1.10.8 Fifteen cases test-checked revealed that during the years 1992-94 an amount of Rs 4.17 lakhs was paid to outside agencies for audio recording. It was observed that the fee was determined without following any norms as illustrated below :

- In one case Rs 45000 was paid for recording nine songs at the rate of Rs 5000 per song. In two cases the payments were made at the rate of Rs 6000 per song while in five cases payment was made at the rate of Rs 7000 per song. The reasons for making payments at varying rates were not on record.
- No record was maintained to show the number of instrumentalists engaged and the number of shifts required to record songs.

- One agency was paid Rs 20000 for recording five signature tunes while on the same day another agency was paid Rs 16600 for the same work. It was observed that two signature tunes were got recorded the previous day by paying Rs 16500.

The invoices of agencies recording music were not obtained with the result that the authenticity of the payments could not be verified.

3.1.10.9 Graphics

An artiste was paid Rs 2.40 lakhs for 24 episodes providing visuals for 'Azadi Ki Kahani' at the rate of Rs 10000 per episode. The artiste was again booked for retouching old visuals and repairing others and paid Rs 0.60 lakh. Doordarshan rate structure prescribes that payments for graphics be limited to a maximum of Rs 2000 at a time. Doordarshan justified payments stating that it offers Rs 500 for a single graphic image and each episode had over ninety graphics. The payments were, however, not in consonance with Doordarshan rate structure.

3.1.11 Payments made without adequate documentation

3.1.11.1 Audio recordings

In 11 cases artistes were paid amounts ranging from Rs 10000 to Rs 27000 for getting audio recordings of their songs from outside agencies without bills/invoices showing expenditure incurred.

3.1.11.2 Research and consultancy

A sum of Rs 0.54 lakh was paid to an individual for research and consultancy work relating to serial 'Dawat'. The report containing results/findings of the research was however not submitted to CPC by the individual concerned. The nature of consultancy provided was not on record.

3.1.11.3 Purchase of ingredients

Instead of paying the actual cost of ingredients used in the preparation of dishes for each episode of 'Dawat', a sum of Rs 1.35 lakhs was paid to an individual at

the rate of Rs 5000 per episode. Quantity of ingredients purchased and their actual cost was, however, not on record.

3.1.11.4 Payment to groups

Sixteen cases test checked in audit revealed that while making payment to groups the consolidated payment for performance was made to the leaders of the groups without obtaining signatures of all the members of the performing group in contravention of the provisions of Doordarshan Manual.

3.1.11.5 Payments without supporting bills/ invoices

For production of serial 'Fariyad' expenditure of Rs 6.06 lakhs was incurred on hiring of equipments. Payments for these equipments were not supported by bills/ invoices from the firms. On being asked to produce the bills/invoices of the firms, fresh bills were obtained from three firms but these bills were not passed for payment. In fact bills/invoices of contingent nature were required to be sent to Pay and Accounts Officer, Doordarshan for payment as CPC was not authorised to make such payments.

An amount of Rs 1.02 lakhs was further paid as hiring charges of Betacam camera, lighting equipment etc. to the same firm for shooting of the serial in April 1994. Of this, payment of Rs 0.77 lakh was not supported by bills/invoices of firm.

3.1.12 Audience Research

3.1.12.1 Doordarshan has a full-fledged Audience Research Wing which carries out post telecast research to find out viewership, comprehension, utility and reactions of programmes telecast. The only role expected from CPC was to bring out/ record quality productions and come upto expectations of the viewing public. Though more than 400 items/episodes produced by CPC had been telecast on national network till March 1993, the ratings for most the programmes were not available. These ratings would have been the appropriate forum to get feed back on the programmes. Viewership ratings for only three tele serials and viewers reactions for two other tele serials were made available.

3.1.12.2 A scrutiny of records revealed the following

- that while the viewership of two teleserials telecast in October and November 1992 was very low and ranged from 24 *per cent* to 37*per cent* only, the viewership of the third teleserial telecast in January 1992 was just good being 57 *per cent*.

- For one of the TV serials a sample of 100 TV viewers was contacted in Lucknow, Mathura, Gorakhpur, Delhi & Jaipur. None of the respondents who were requested to rate the programmes in respect of theme/format/dialogue/story development, acting and over all production considered the serial excellent or very good as would be seen from the details given below:

Table 3.1.12.2 : Rating by viewers

(Figures in percentage)

	Good	Average	Poor/ Boring	Did not view/ no response
Theme/Format	39	19	27	15
Dialogue/story development	38	8	34	20
Acting	42	22	21	15
Production	40	38	-	22

Although quality is the watchword of all CPC productions, even the overall production was considered average by as many as 38*per cent* of the respondents and just good by 40 *per cent* leaving aside theme/format and dialogue/story development which was considered poor/boring by 27 and 34 *per cent* respectively. This is despite the fact that the serial was telecast at prime time when the viewership is maximum.

Similarly in case of another tele serial a sample of 100 TV viewers was contacted in each of the three cities of Northern India. Production of the serial in this case was considered excellent/very good by only 19 *per cent* of the viewers.

3.1.13 Conclusions

- (a) There is clearly a need to take urgent measures to improve the utilisation and productivity of facilities and equipment acquired by CPC.
- (b) There is also a need to take steps to improve productivity of in-house personnel.
- (c) Performance parameters like number of studio days for utilisation and cost of production for every hour of programme need to be developed.
- (d) The present practice followed in making payments to artistes and defraying other expenses are not in keeping with canons of financial propriety and are hardly amenable to satisfactory check.
- (e) Financial procedures need to be streamlined to secure economy and accountability.
- (f) Major events and programmes need to be planned with care to ensure value for money.
- (g) The post telecast work in audience research needs to be strengthened to monitor and improve the quality of programmes.
- (h) Overall management needs focus on proper planning, budgeting, laying down targets for achievement of performance parameters and close monitoring and feed back.

The review was sent to the Ministry in September 1994; their reply is awaited (January 1995).

3.2 Setting up and functioning of FM Radio Stations

3.2.1 Introduction

New technology in sound broadcasting services was adopted on a small scale during Sixth Five Year Plan for establishing Frequency Modulation (FM) broadcasting radio stations at four cities in India (Bombay, Calcutta, Madras, and New Delhi). It was decided during the Seventh Five Year Plan to extend FM coverage to rural and remote areas and also to compensate for winter and night time shrinkage of reception areas by

medium wave transmitters. The main purpose of the system was to take radio to the masses. The objectives for setting up of the local radio stations were to provide basic utility and community services to the districts as well as an outlet for local talents and views.

The inherent advantage of FM broadcasting is uniform and high-quality reception.

3.2.2 Scope of Audit

Records maintained by 40 FM stations set up in 11 different States by All India Radio (AIR) and offices of the Chief Engineer (Projects and Maintenance), South, East and North Zones for the period upto 1993-94 were test checked.

3.2.3 Finance

3.2.3.1 A sum of Rs 213.41 crores was spent upto March 1994 against the revised estimated cost of Rs 249.89 crores for setting up of 98 FM stations in the Seventh Plan. The details of year-wise expenditure incurred were as follows :

(Rs in crores)

Year	Expenditure
Upto 1988-89	119.66
1989-90	53.25
1990-91	25.71
1991-92	8.04
1992-93	4.12
1993-94	2.63
Total	213.41

Information regarding amount released each year during this period was not furnished by the All India Radio.

3.2.3.2 Instead of downward revision of capital cost as a result of reduction of power of the transmitters from ten to six kilowatts for Sagar and Berhampur stations, the capital cost of these projects was revised from Rs 1.80 crores and Rs 1.84 crores to Rs 2.85

crores and Rs 2.50 crores respectively, partly due to price escalation and partly due to inordinate delay in completion of civil/departmental works.

3.2.3.3 A sum of Rs 7.73 crores had been incurred on setting up five projects (Aligarh, Asansol, Bijapur, Dhubri and Kodaikanal) during the period 1986-87 to 1993-94, all of which remained incomplete.

3.2.3.4 In respect of 12 projects the increase in capital cost ranged between 70 and 122 per cent of the original approved cost. The details are given below:-

(Rs in crores)

Sl. No.	Name of Station	Estimated capital cost	Revised capital cost	Percentage increase
I.	Kodaikanal	1.85	4.10	122
II.	Lunglei	2.04	4.33	113
III.	Guna	1.71	3.38	98
IV.	Bhadarwah	1.75	3.21	83
V.	Rourkela	1.72	3.11	81
VI.	Hazaribagh	1.74	3.17	82
VII.	Surat	1.74	3.11	79
VIII.	Ahmednagar	1.68	2.98	77
IX.	Nagaur	1.67	2.88	72
X.	Sawai Madhopur	1.66	2.86	73
XI.	Karaikal	1.75	3.00	71
XII.	Satara	1.76	2.98	70

The revision was attributed partly to escalation in procurement cost of equipment and partly to inordinate delay in acquisition of sites, and delay in completion of civil/ departmental works.

3.2.3.5 It was observed that no proforma accounts were prepared, as required, by three stations test checked in Rajasthan, since commissioning to 1993-94.

3.2.4 Highlights

- **As against the target of commissioning of 98 FM stations during the Seventh Plan period, only one station was commissioned within the targeted date. While most of the remaining stations were commissioned with delays ranging from six months to five years; as many as eight out of 20 incomplete projects which were technically ready for commissioning were yet to be commissioned as of September 1994.**

(Paragraphs 3.2.5.1, 3.2.5.2 and 3.2.6.4)

- **20 projects remained incomplete though Rs 42.50 crores were spent on these projects.**

(Paragraph 3.2.6)

- **Lack of prior clearance for erection of high towers led to abandonment of lands already acquired and acquisition of new lands. The new arrangement cost Rs 73.92 lakhs to the Government.**

(Paragraph 3.2.7.3)

- **There was abnormal delay in completion of civil works and it ranged between 3 and 55 months in 23 stations. Delay in handing over buildings after completion ranged from five to twenty months.**

(Paragraph 3.2.8.2)

- **Expenditure amounting to Rs 36.83 lakhs in excess of sanctioned cost was incurred on construction of multipurpose studios and staff quarters by two stations. Filling up of programme, technical and ministerial posts much in advance resulted in an unavoidable expenditure of Rs 78.25 lakhs on pay and allowances.**

(Paragraphs 3.2.8.3 and 3.2.9.1)

- **Government of India abolished certain posts and ordered the transfer of the surplus staff. In spite of these instructions, an expenditure of Rs 47.56 lakhs was incurred on the surplus staff retained by 13 stations.**

(Paragraph 3.2.9.2)

- **Requisite staff for a local radio station had not been sanctioned since its commissioning in May 1991 leading to non-operation or limited use of the facilities.**

(Paragraph 3.2.9.3)

- **Payment made at a higher unit cost instead of the revised lower unit cost for purchase of transmitters resulted in excess payment of Rs 49.45 lakhs to a firm.**

(Paragraph 3.2.10.1)

- **The cancellation for supply orders of 2x3 KW FM transmitters for Dhubri and Bijapur in July 1989 and their subsequent procurement in 1993-94 resulted in avoidable expenditure of Rs 78.85 lakhs.**

(Paragraph 3.2.10.2)

- **Payments made at different unit costs for the 6 KW FM transmitters to two firms (although initially the orders for the purchase were placed at the same unit cost and delivery period of the equipment was also same) resulted in extra payment of Rs 38.80 lakhs to one of them.**

(Paragraph 3.2.10.2)

- **Transmitters, studio equipments etc. costing Rs 8.07 crores remained unutilised for periods ranging from three months to over five years. Besides, transmitters, studio equipments, mast and feeders costing Rs 6.51 crores remained uninstalled/stored at various places due to non-completion of civil works.**

(Paragraph 3.2.11.2)

- **Second transmitter and antenna panels valuing Rs 1.38 crores were kept idle at three stations for periods ranging from 45 to 72 months.**

(Paragraph 3.2.12.3)

- **There was heavy shortfall in the duration of broadcasting field based programmes and also in the coverage of villages by turn. While the shortfall in the duration of field based programmes ranged from 18 to 70 per cent, the shortfall in coverage of villages ranged between 15 to 100 per cent.**

(Paragraphs 3.2.14.3 and 3.2.14.4)

- **No survey was conducted before setting up most of the local radio stations, to ascertain the number of FM sets available in the respective districts so as to ensure sufficient listenership of the broadcasts.**

(Paragraph 3.2.14.11)

3.2.5 Targets and achievements

3.2.5.1 The Seventh Plan envisaged setting up 72 local radio stations and 16 non-local radio stations with multi-purpose studio, staff quarters and FM transmitters of 3 KW, 6 KW and 10 KW power in various parts of the country at a cost of Rs 163.06 crores. In addition 1 KW/ MW transmitters were scheduled to be replaced with FM transmitter at eight places and two relay stations were also envisaged at two places with FM facilities.

3.2.5.2 Inordinate delay in commissioning of FM stations

As per Memorandum for Standing Finance Committee (SFC), the local/non-local/relay stations were to be commissioned by 1988-89. It was observed that only one local radio station was commissioned within the target date while most of the remaining stations were commissioned after delays ranging from six months to five years as given below :

**Table 3.2.5.2 : Delay in Commissioning
of FM stations**

Year of commissioning	Number of stations
1988-89	1
1989-90	3
1990-91	8
1991-92	22
1992-93	23
1993-94	21

While 4 out of 6 stations located in Uttar Pradesh were commissioned during 1993-94, the remaining two stations were yet to be commissioned as of September 1994.

The delay in commissioning the stations was attributed to non-receipt of inauguration date from the Ministry of Information and Broadcasting, delay in posting of maintenance staff, late handing over of sites and buildings by State governments and Civil Construction Wing of AIR respectively.

3.2.5.3 Excess expenditure on setting up of nine FM Stations

The actual expenditure on setting up of 9 local/non-local radio stations exceeded even their revised estimated cost by Rs 1.02 crores and the excess expenditure ranged between Rs 3 lakhs and Rs 25 lakhs. The details are given below:

Table 3.2.5.3 : Excess expenditure on nine stations

(Rs in lakhs)

Sl. No.	Name of station	Revised estimated cost	Actual expenditure	Excess
1.	Alwar	234	237	3
2.	Betul	225	229	4
3.	Berhampur	250	256	6
4.	Ananthapur	249	255	6
5.	Nanded	233	247	14

Contd ⇨

Sl. No.	Name of station	Revised estimated cost	Actual expenditure	Excess
6.	Nizamabad	229	243	14
7.	Chhindwara	224	238	14
8.	Hassan	220	236	16
9.	Godhra	252	277	25
Total		2116	2218	102

3.2.5.4 While revising the capital cost of the proposed FM stations, the target dates of commissioning of most of the stations were also revised by SFC. It was, however, observed that 16 out of 17 stations (the revised sanctions in respect of which were made available) were not commissioned even by the revised target dates as given below :

Years of actual commissioning of stations							
Revised target year of commissioning	Number of stations	1989-90	1990-91	1991-92	1992-93	1993-94	Not yet commissioned
1989-90	10	1	2	3	1	3	-
1990-91	4	-	-	1	1	2	-
1991-92	3	-	-	-	-	1	2

12 stations where delays took place were located in Andhra Pradesh, Karnataka, Rajasthan and Orissa.

In respect of the cases mentioned below, delay ranging from 10 to 28 months was noticed in the commissioning of the FM stations even after the buildings were completed, equipments installed and stations were technically fit for commissioning:

Station	Month in which technically fit for commissioning	Actual date of commissioning	Extent of delay (in months)
Chitradurga	April 1990	3.5.1991	12
Marcara	April 1992	28.8.1993	16
Kurnool	June 1990	9.5.1992	22
Hospet	February 1990	1.5.1992	26
Raichur	April 1991	28.8.1993	28
Godhra	February 1990	25.2.1991	12
Alwar	June 1989	14.1.1991	18
Jorhat	February 1989	20.5.1991	26
Baripada	November 1989	25.2.1991	14
Faizabad	July 1992	17.6.1993	10
Tirupathi	March 1990	1.2.1991	10

The delay in commissioning of some of the stations was attributed to non-receipt of date of inauguration from the Ministry, non-posting of maintenance staff, delay in handing over the buildings by the civil construction wing of AIR etc.

3.2.6 Incomplete stations

3.2.6.1 All the FM stations were required to be commissioned by 1988-89. It was observed that as many as 20 stations remained incomplete even after expiry of 5 years of target date. The incomplete stations are seven each in the North and East Zones and three each in the South and West Zones.

For Karaikal station, extension of time upto 1991-92 was granted. Though the station was ready for commissioning with interim set up in November 1992 itself, it could not be commissioned due to non-posting of staff. The delay in commissioning of Bijapur and Kodaikanal stations was due to non-completion of civil works. No records showing the reasons for the delay in posting of staff and completion of civil works were produced to Audit.

3.2.6.2 The Scheme for setting up of FM stations envisaged construction and operation of multi-purpose studios. While executing the scheme at Asansol and Dhubri stations after acquisition of sites, a major deviation was made. In the course of revision of original programme schedule and capital cost, the scheme of setting up of multi-purpose studios at the stations was abandoned and it was decided to set up the stations as relay centres diluting the objective of the scheme. Even after abandonment of the scheme of setting up of multi-purpose studios at these two stations and reduction of estimated cost of Rs 1.47 crores on this account, the net increase in the revised estimated capital cost was to the tune of Rs 1.30 crores.

For setting up of Rourkela and Lunglei stations in East Zone, the sites were acquired in April 1988 and February 1989. These stations could not be commissioned as the civil works started in 1988 and 1989 were still incomplete as of May 1994.

3.2.6.3 Mount Abu local radio station with 2 x 5 KW FM transmitter was approved at a capital cost of Rs 2.91 crores in January 1987. The installation of the transmitter proposed for the top of the hill, was not got cleared by Standing Advisory Committee for Frequency Authorisation (SACFA) as a result of which advantage could not be taken of the height for installation of transmitter. Due to non-clearance of the height, the power of the transmitter was reduced from 10 KW to 6 KW in May 1989. The construction, installation and commissioning schedule of the station was also changed and the station was due to be commissioned in 1994-95. Despite the savings of Rs 51.77 lakhs as a result of reduction of power of the transmitter from 10 KW to 6 KW, the capital cost of the station increased from Rs 2.91 crores to Rs 3 crores due to increase in cost of civil works as well as equipments.

Though land for Jowai station was purchased in September 1989 and civil works completed in October 1993, the installation of transmitters and equipments was yet to be started as of May 1994.

3.2.6.4 Eight FM stations though technically fit for commissioning were yet to be commissioned as of September 1994. The dates from which these stations had been technically ready as also the precise reasons for their non-commissioning except for one

station at Kulu were not intimated to Audit. The remaining five stations/projects were incomplete.

Thus the objective of the Scheme was not achieved in these 20 stations even after incurring of an expenditure of Rs 42.50 crores as of September 1994.

3.2.7 Acquisition of sites

3.2.7.1 The Scheme of setting up of FM stations envisaged acquisition of land, construction and operation of multi-purpose studios. A scrutiny of records of a few stations revealed :

3.2.7.2 Inordinate delay in acquisition of land

There was abnormal delay in acquiring land for 9 stations which ranged from 18 to 70 months. The expenditure on acquisition of land and departmental works for five other stations exceeded the sanctioned amounts by Rs 19.43 lakhs.

3.2.7.3 Extra expenditure for want of prior clearance

Non-obtaining of prior clearance from the concerned authorities regarding erection of high towers for Sawai Madhopur and Nagaur stations in Rajasthan necessitated acquisition of new land and abandonment of land already acquired. Two stations were located in a State at the same place as the local radio stations. Land was purchased for construction of multipurpose studios, office buildings, staff quarters and transmitter buildings. After the construction of buildings on these lands, these stations were categorised as non-co-sited stations because clearance by National Airport Authority for erection of a 150 metre tower was not given as air strips were near the local radio station buildings. As a result, the land meant for construction of towers was lying vacant. Separate land had to be purchased (March 1989 and May 1988) for construction of transmitter buildings and erection of towers at these places. The new arrangement cost Rs 73.24 lakhs more to the Government. Similarly, in Jaisalmer station, the transmitter and the tower could not be erected at the site already acquired due to non-clearance by SACFA in September 1989 necessitating purchase of another piece of land at a cost of Rs 0.68 lakh. In October 1991 it was observed by two engineering officers that the building

constructed at a cost of Rs 19.78 lakhs was badly affected by sand storms and rendered non-functional necessitating heavy expenditure to make it suitable. Though some remedial measures were suggested by Central Arid Zone and Research Institute, whose advice was sought in the matter, no follow up action appears to have been taken.

3.2.7.4 *Injudicious selection of sites*

The injudicious selection of sites for five stations located in two States resulted in an infructuous expenditure of Rs 17.87 lakhs. While the land acquired for Bareilly station was found to be a low lying area prone to water logging requiring extensive earth filling at an additional expenditure of Rs 1.82 lakhs, the land acquired for Faizabad station for construction of staff quarters at a cost of Rs 4.49 lakhs being locked from all sides without any scope for approach road had to be abandoned after incurring an additional expenditure of Rs 0.32 lakh on fencing. In the case of Jhansi station, the land acquired at a cost of Rs 5.23 lakhs was found to be too close to a hillock causing danger to the studio complex itself unless retaining walls of stone masonry were constructed at a cost of Rs 4.80 lakhs to prevent damage from the hillock. The fencing of the land done at a cost of Rs 4.24 lakhs was uprooted causing insecurity to the station and rendering the expenditure infructuous. The land acquired for the Mussoorie station had to be developed at an estimated cost of Rs 7 lakhs.

Similarly, in the case of Jhalawar station, the studio building and staff quarters were constructed (June 1990) at a cost of Rs 62.33 lakhs in the bed of a nullah on the valley line by filling earth. The sub strata was of sedimentary nature. Due to rain water the floor level of the station started sinking (January 1993) which ultimately resulted in seepage of water all around the studio building and staff quarters. Although the flow of rain water on ground level was diverted by constructing a masonry wall above the nullah, the underground seepage persisted.

3.2.7.5 Two pieces of land measuring 2.26 acres were acquired for Kannur station from the Government of Kerala in 1986 at a cost of Rs 9.59 lakhs. Though the District Collector of the area had recommended (August 1986) to the State government the assignment of these lands free of cost or on nominal cost basis, the matter was not

followed up by the station authorities. Land for another station located in the same State was given free of cost by the State government.

3.2.8 Construction of buildings for studios/transmitters/staff quarters

3.2.8.1 A detailed programme schedule spread over a period of three years from 1986-87 to 1988-89 was drawn up by the Department for completion of various phases of the projects such as land acquisition, preparation and completion of civil/ departmental works, procurement and installation of transmitters and equipments and their commissioning.

3.2.8.2 *Inordinate delay in completion of civil works/handing over the buildings after completion*

The programme schedules were not adhered to for most of the stations in respect of construction of buildings, procurement and installation of the equipments or their commissioning. The construction of studio and transmitter buildings as also staff quarters was completed after considerable delay which ranged from 3 to 55 months in 23 stations located in six States as would be seen from the details given below :

Sl. No.	State	No. of Stations	Range of delay (in months)
1.	Rajasthan	9	3 to 41
2.	Karnataka (except Raichur)	6	6 to 32
3.	Uttar Pradesh	3	14 to 34
4.	Orissa(Berhampur and Bolangir)	2	9 to 21
5.	Meghalaya & Mizoram	2	45 to 55
6.	Kerala (Devikulam)	1	21 to 22

Even preliminary civil works had not been started by Dhubri station till October 1993 due to delay in acquisition of site which was acquired in February 1993. While inordinate delay in completion of civil works was attributed to increase in cost index/ scope of work, delay in receipt of design/ drawings, non-availability of cement and

labour etc, in respect of 12 stations located in Rajasthan and Uttar Pradesh development of site (land) allotted was stated to have delayed the target in Berhampur station.

Information regarding acquisition of sites, dates of award-commencement and completion of works, dates of installation of transmitters and equipments etc. was not furnished to Audit in respect of four stations (Singhbhum, Daltonganj, Hazaribagh and Sasaram) located in Bihar.

Considerable delay in handing over of buildings after completion was observed in Alwar, Chittorgarh, Jhalawar, Nagaur, Sawai Madhopur and Churu stations located in Rajasthan. The delay ranged between five and 20 months.

The land for Bijapur station in Karnataka was purchased in December 1989 and contracts for construction of studio, office and staff quarters were awarded in October 1991. Though the construction was expected to be completed in November 1992, the buildings were still at various stages of completion as of March 1994.

3.2.8.3 The actual expenditure incurred on construction of multi-purpose studios and staff quarters for Chittorgarh and Jhalawar stations located in Rajasthan exceeded the sanctioned cost by Rs 36.83 lakhs.

While staff quarters scheduled to be completed at Jaisalmer station in July 1990 had not been completed as of May 1994, 16 staff quarters constructed by July 1992 at Madikeri station at a cost of Rs 46.53 lakhs were not put to use/allotted for 16 months for want of electricity.

The studio block and staff quarters of Madikeri station constructed at a cost of Rs 1.02 crores started leaking profusely as reported by the station in October 1991. However, no remedial action had been taken as of May 1994. Under the circumstances the possibility of damage to sophisticated equipments and building could not be ruled out.

3.2.9 Staff for FM Stations

3.2.9.1 Avoidable expenditure due to advance appointment of staff

Ministry of Information and Broadcasting, while communicating the sanction for creation of posts for setting up of the local and non-local radio stations had instructed the Director General, All India Radio, New Delhi to :

- (a) fill up the posts other than drivers and diesel technicians, not earlier than one month (non-local stations) and two months (local radio stations) before the date of commissioning of the stations; and
- (b) fill up the posts of drivers and diesel technicians only after taking delivery of vehicles and installation of the generators respectively.

However, contrary to instructions, certain posts were filled up at 12 FM stations 4 to 41 months earlier than the due date of filling up the posts, resulting in an avoidable expenditure of Rs 78.25 lakhs on the pay and allowances of staff besides keeping them idle as indicated below :

(Rs in lakhs)

Sl. No	Name of station	Formal date of commissioning	Due date for filling	Posts filled up		Number of posts filled up	Expenditure on pay and allowances
				From	to		
1.	Hassan	4.5.1991	March 1991	Oct'. 89	Feb'.91	41	8.61
2.	Hospet	1.5.1992	March 1992	Feb'. 90	Feb'.92	36	12.07
3.	Raichur	28.8.1993	May 1993	Dec'. 89	Apr.93	38	18.56
4.	Chitradurga	3.5.1991	March 1991	Dec'. 89	Feb'.91	22	3.70
5.	Madikeri	28.8.1993	June 1993	March 93	May 93	9	0.38
6.	Singhbhum	8.11.1992	Sept'.1992	1990-91	Oct'.92	N.A.	12.34
7.	Daltonganj	6.9.1993	July 1993	1991-92	Aug'.93	N.A.	3.25
8.	Hazaribagh	8.11.1992	Sept'.1992	1991-92	Oct'.92	N.A.	5.36
9.	Sasaram	2.5.1991	March 1991	1990-91	Jan'.91	N.A.	2.12
10	Kannur	3.5.1991	March 1991	Feb'.90	March,91	26	2.71
11	Devikulam	23.2.1994	Dec'.1993	Nov'.92	Dec'.93	15	3.28
12	Baripada	25.2.1991	Dec'.1990	Oct'.89	Nov'.90	31	5.87
Total							78.25

3.2.9.2 Extra expenditure due to continuance of surplus staff

Initially Government sanctioned 48/51 posts of various categories for the operation of local/ non-local radio stations established under the Seventh Five Year Plan. However, due to difficult financial position, Government decided during May 1992 that the staff strength for these stations should be restricted to 30 and abolished 18/21 posts and ordered AIR to adjust the surplus staff against the posts sanctioned for new stations. However, the surplus staff in 13 stations was not transferred to vacant posts at other stations for periods ranging from 9 to 26 months and 89 surplus personnel were continued. The idle/ surplus staff resulted in an extra expenditure of Rs 47.56 lakhs towards pay and allowances at 13 stations as detailed below :

(Rs in lakhs)

Sl. No.	Name of State	Number of stations	Number of posts not transferred	Period		Extra expenditure
				From	To	
1.	Bihar	3 (Singhbhum, Hazaribagh, Sasaram)	20 (Upto Oct.93) 10 (June 94)	6/92	5/94	11.41
2.	Andhra Pradesh	3 (Warangal, Kurnool, Ananthapur)	18 (Aug.94)	6/92	7/94	9.76
3.	Karnataka	3 (Chitradurga, Hospet, Raichur)	9	12/92	1/94	8.41
4.	Assam	2 (Haflong, Jorhat)	17	6/92	3/94	6.93
5.	Orissa	1 (Baripada)	16 (Upto Mar.94) 14	-do-	-do-	8.48
6.	Gujarat	1 (Godhra)	9 (Upto 1992-93) 6 (1993-94)	-do-	-do-	2.57
Total						47.56

Similarly, 20 surplus employees in Alwar, Chittorgarh, Bilaspur, Kochi and Murshidabad stations had not been transferred to vacant posts at other stations as of May 1994.

3.2.9.3 *Non-posting of staff*

FM stations were sanctioned programme, technical, ministerial and other staff for carrying out the daily transmission and maintenance of the stations. It was observed that in Hassan, Hospet, Raichur, Madikeri and Chitradurga stations set up in Karnataka out of 230 sanctioned posts, 52 posts remained vacant for periods ranging from 2 to 48 months. Similarly, in 9 other stations as many as 71 posts remained vacant for periods ranging between 4 months and 43 months.

Hyderabad local radio station though set up at a cost of Rs 73.61 lakhs in May 1991, had not been provided with the requisite staff even as of August 1994. As a result the station had not been independently broadcasting programmes of its own. Instead the general programmes of regular station were being relayed through the FM transmission meant for specific programmes of local nature.

3.2.10 **Purchases**

3.2.10.1 *Overpayment to a firm due to payment at higher rates*

Purchase order for supply of 68 FM transmitters of three, six and ten kilowatt power was placed on a firm in December 1986 at the rates noted below :

(Rs in lakhs)

Sl. No.	Description of items	Quantity	Unit cost	Total cost
1.	2x3 KW FM Transmitters			
	(a) Initial	2 sets	43.64	87.28
	(b) Next	22 sets	37.49	824.78
	(c) Remaining	23 sets	34.28	788.44
2.	2 x 5 KW FM Transmitters			
	(a) Initial	4 sets	57.57	230.30
	(b) Next	11 sets	50.33	553.63
3.	3 KW FM Transmitters	6 no.	24.39	146.34

As per delivery schedule, 30 transmitters were to be supplied by the firm during September 1987 to September 1988, one transmitter by December 1988 and the

remaining 37 transmitters during October 1988 to December 1989. The prices of the transmitters were subject to revision on account of changes in the rates of import duty and foreign exchange. Increased prices were however, payable only in case of increase in rate of customs duty within the delivery period stipulated.

The prices per unit of items at 1(a), (b), 2(a) and 3 were revised by the Government in March 1988 and December 1989 as under :

(Rs in lakhs)

Sl. No.	Description of items	Quantity	Revised unit price
1(a)	Initial	2 sets	39.53
(b)	Next	8 sets	36.48
		14 sets	30.53
2(a)	Initial	1 set	59.16
		3 sets	44.80
3	3KW	6 nos	20.79

A scrutiny of bills relating to supply of 2 x 3 KW FM transmitters to three FM stations (Obra, Jhansi and Churu) showed that payments had been made at the unit cost of Rs 37.49 lakhs instead of at the revised unit cost of Rs 30.53 lakhs. This resulted in extra payment of Rs 25.14 lakhs inclusive of all taxes and duties for 3 sets to the firm. The correctness of payments made for the remaining eleven sets of transmitters could not be verified in the absence of bills.

Payments for three 2 x 5 KW FM transmitters (Jaisalmer, Kasauli and Mussoorie) had been made at the unit cost of Rs 50.33 lakhs instead of at the revised unit cost of Rs 44.80 lakhs resulting in extra payment of Rs 19.98 lakhs inclusive of all taxes and duties for 3 sets to the firm.

Payment for one 3 KW transmitter (Jammu) had been made at the unit cost of Rs 24.39 lakhs instead of at the revised unit cost of Rs 20.79 lakhs resulting in extra payment of Rs 4.33 lakhs inclusive of all taxes and duties to the firm. The correctness of payments made for the remaining five sets of transmitters could not be verified in the absence of bills.

3.2.10.2 Avoidable expenditure on procurement of transmitters

(i) Order for supply of 68 FM transmitters was placed on Bharat Electronics Limited, Bangalore (BEL) in December 1986. Of these, 23 transmitters of 6 KW power were to be supplied at the unit cost of Rs 34.28 lakhs with the delivery period being October 1988 to December 1989.

In July 1989 orders for supply of 2 x 3 KW FM transmitters for Dhubri and Bijapur stations were cancelled. The reason stated for this was the redeployment of capacity of some of the FM projects. After about two years, process for procurement of transmitters for these two stations was again initiated. Transmitters for these two stations were finally purchased at a cost of Rs 69.47 lakhs and Rs 91.92 lakhs in September 1993 and March 1994 respectively.

Thus cancellation of supply order for these two stations in July 1989 resulted in procurement of transmitters at much higher cost in 1993-94 and an avoidable expenditure of Rs 78.85 lakhs.

(ii) Order for supply of eight sets of transmitters of 6 KW power was placed on another firm (Gujarat Communications & Electronics Limited, Baroda-GCEL) at a unit price of Rs 34.28 lakhs in February 1987 to be delivered between November 1988 and February 1989 at the rate of two sets of transmitters per month.

Scrutiny of records showed that while payments were made to BEL at the unit price of Rs 34.28 lakhs in case of GCEL, the price was increased to Rs 38.46 lakhs by an amendment dated 14 March 1990. Payments to GCEL had been made at the enhanced unit price of Rs 38.46 lakhs although the scheduled delivery period for both the firms was the same. Thus payments to GCEL at the enhanced/revised unit price resulted in extra payment of Rs 38.80 lakhs inclusive of all taxes and duties for 8 sets.

3.2.10.3 Excess payment due to short adjustment of advance payments

Orders for supply of FM transmitters were placed on two firms namely Bharat Electronics Limited, Bangalore and Gujarat Communications & Electronics Limited, Baroda in December and September 1986 respectively. As per payment terms an initial

advance payment of 20 *per cent* of the value of the order was payable to the firms immediately on placement of orders and second advance payment of 20*per cent* after six months. Accordingly, 40 *per cent* advance payments amounting to Rs 214.66 lakhs for 12 transmitters and Rs 154.88 lakhs for 10 transmitters were made to BEL (February and August 1987) and GCEL (November 1986 and March 1987) respectively. A scrutiny of some of the bills revealed that an amount of Rs 20.14 lakhs was short adjusted from the bills and resulted in excess payments to the firms

3.2.10.4 In the following cases FM transmitter sets were procured even before award of civil works to the contractors. The Civil works were completed much later in two cases and were in progress in third (May 1994). Improper planning regarding procurement of transmitter sets led to blocking of funds to the tune of Rs 1.17 crores:

Sl. No.	Name of station	Month of receipt of FM Tr.Set	Item of work	Month of sanction for award of work	Date of completion of civil work
1.	Nagaur	March/April 1989	FM Transmitter Building	May 1989	May 1990
2.	Chittorgarh	-do-	-do-	January 1991	In progress (May 1994)
3.	Faizabad	March/April 1988	FM Transmitter/ Studio building & staff quarters	July 1988	September 1990

3.2.11 Installation of transmitter and studio equipment

3.2.11.1 As per programme schedule for establishment of FM stations, the transmitter and studio equipments were required to be installed immediately on their receipt at the station. A scrutiny of records of some stations however revealed:

3.2.11.2 The transmitter and studio equipments worth Rs 8.07 crores listed below were kept idle after their purchase for a period ranging between three and 62 months:

Table 3.2.11.2 : Idle equipment at FM stations*(Rs in crores)*

Range of delay (months)	Number of equipments	Cost
3-9	39	3.57
10-19	17	1.31
20-29	28	1.82
30-39	21	1.07
40-49	8	0.19
50-62	5	0.11
Total		8.07

The stations attributed these delays to delay in handing over of the studio block by Civil Construction Wing of AIR.

Transmitter and studio equipments valuing Rs 6.51 crores purchased for four FM stations (Rourkela, Dhubri, Asansol and Jowai) during the period 1986-87 to 1993-94 remained uninstalled/unutilised/stored at various places. Of this, equipments worth Rs 4.09 crores purchased for a station were kept in an unpacked condition till January 1993, while transmitter and studio equipments worth Rs 77.08 lakhs were purchased for another station during 1987-88 to 1991-92 without even starting construction of infrastructure for their installation or commissioning. Further equipments worth Rs 32.83 lakhs purchased for Dhubri and Jowai stations were diverted to other stations not covered by the scheme without monetary adjustment for the diversion having been carried out(March 1994).

Transmitters, studio equipment, mast and feeder equipment, diesel generators procured for Bijapur station at a cost of Rs 1.25 crores during June 1986 to March 1994 were stored at two stations due to non-completion of civil work of the studio and the office block as of May 1994.

Equipments worth Rs 53.22 lakhs purchased for Bijapur, Chitradurga, Karwar and Madikeri stations during the period May 1989 to September 1991 were lying non-

operational/idle for want of repairs. Similarly one dehydrator unit purchased for Asansol station had been lying idle for want of repairs for more than two years.

Nine items of equipment purchased for Chittorgarh station in Rajasthan were lying in packed condition (uninstalled/unused) in the technical store of the station since the date of their receipt in August 1989. These equipments could not be put to use due to non-handing over of the transmitter building by Civil Construction Wing of AIR, Jodhpur to Installation Officer, Chittorgarh. This indicates that these equipments were purchased far in advance of the requirements. Similarly one Studio Transmitter Link received in April 1992 in Hazaribagh remained uninstalled as of May 1994.

3.2.11.3 Non-utilisation of materials brought to sites due to non- erection of self supporting towers

The work of erection of 100 metre self supporting tower for mounting the FM Antenna in respect of six stations of Karnataka was entrusted to a firm in November 1989 with March 1990 as the due date for completion of the work. The firm completed the erection of towers in four stations only and abandoned the work in the remaining Karwar and Madikeri stations in July 1990 after completing the foundation work and bringing the structural materials worth Rs 29.94 lakhs to the site which remained idle till December 1993 in these stations. The balance work was entrusted to another firm in December 1993 with a condition to complete the work by June 1994. However, the work had not been taken up by the firm at Madikeri station and was in progress at Karwar station as of May 1994.

Programmes can be radiated upto only 25 km with the 30 metre tower as against the estimated 60 km radius by 100 metre mast. It was observed that though the base foundation work for erecting the 100 metre self supporting tower was completed in December 1991 at a cost of Rs 3.72 lakhs at Bijapur station, the tower was not erected and the structural materials procured in March 1990 at a cost of Rs 9.30 lakhs were lying in the courtyard of the station as of May 1994.

The mast and feeder equipment like feeder cable, di-pole antenna procured at a cost of Rs 17.12 lakhs for Karwar and Madikeri stations set up in Karnataka remained

unutilised for a period ranging from 30 to 48 months as the 100 metre towers had not been erected in these stations as of May 1994.

3.2.11.4 Delay in installation of equipments

Even though the transmitter, studio equipments and air-conditioning plants were received at sites of Kannur and Devikulam stations during April 1989 to January 1990 and March to November 1991, their installation was completed only by May 1991 and April-May 1993 respectively. The undue delay led to locking up of Government funds to the tune of Rs 1.10 crores for one to two years. The delay was attributed to the time taken for erection of 100 metre FM tower and late completion of civil works, remoteness of site etc.

Kochi station was commissioned in October 1989. As the procurement and installation of two generators was delayed till May 1991, 16 major and 22 minor interruptions due to power failure in the transmitter and control rooms for 18-52 hours and 1-34 hours respectively during 1990-91 could not be avoided/ attended to in time.

3.2.12 Interim set up

3.2.12.1 Extra expenditure on setting up 30 metre towers

The Directorate of All India Radio anticipated delay in execution of TSL 100 metres self-supporting steel towers entrusted to an Allahabad firm. Hence approval was accorded to commission nine projects with interim set up with 30 metre tower with single Di-pole Antenna at an estimated cost of Rs 6.71 lakhs. The additional expenditure for setting-up of 30 metre tower was allowed to be incurred from the project fund, for which approval does not appear to have been obtained from the Standing Finance Committee. Further, the circumstances under which 100 metre towers were not erected by the firm as per schedule mentioned in the agreement and the reasons for non-recovery of extra expenditure incurred on account of the delay in supply/erection of 100 metre towers from the firm were not intimated to Audit.

The permanent set up of the Kannur project was completed (October 1991) immediately after the temporary set up was completed (May 1991). Thus, due to incorrect anticipation of delay in completion of the permanent set up, both the interim set up and permanent set up were completed within a short space of time.

In respect of two other projects (Kurnool and Chitradurga), the projects were commissioned only with permanent set up (May 1992 and May 1991) even though an interim set up was provided at an estimated cost of Rs 2.46 lakhs (Rs 1.23 lakhs each) which proved wasteful.

3.2.12.2 *Delay in commissioning of stations technically fit*

The purpose of establishing interim set up was to speed up the commissioning of the projects. However, in respect of the following three projects, it was observed that there was appreciable delay in commissioning the projects even with interim set up, though the projects were technically fit for commissioning.

Name of the project	Date when ready for commissioning	Date of commissioning	Extent of delay (in months)
Tirupathi	July 1990	February 91	6
Marcara	April 1992	August 93	15
Markapuram	November 1992	August 93	8

Due to broadcasting with interim set up, the coverage in respect of 13 stations including the above three stations was reduced to 20 to 30 km against the project proposal of 60 to 70 km.

3.2.12.3 *Second transmitters and antenna panels*

In respect of FM transmissions under interim set up, only one transmitter was under use. The other transmitter and antenna panel costing Rs 1.38 crores were kept idle in three projects for period ranging from 45 to 72 months as detailed below:

(Rs in lakhs)

Station	Cost of one transmitter	Cost of antenna panel
Madikeri	30.30	4.86
Markapuram	31.25	4.85
Tirupathi	39.57	27.33

Similarly, only one transmitter was used in ten other FM stations commissioned under interim set up. However, the cost of second transmitter and antenna panel kept idle at these stations was not ascertainable.

3.2.13 Non-supply of independent feeders of power supply connections

An amount of Rs 19.42 lakhs was paid to the Electricity Board of a State by three local radio stations for providing independent power feeders as per details given below :

(Rs in lakhs)

Sl. No.	Name of Station	Site for providing feeder	Month of payment	Amount paid
1.	Chittorgarh -do-	Studio Transmitter	March 1988 February 1992	0.75 1.85
2.	Nagaur -do-	Studio Transmitter	April 1988 March 1989	5.49 0.99
3.	Sawai Madhopur -do-	Studio Transmitter	August 1989 August 1991	5.68 4.66
Total				19.42

Independent power supply feeders to the above three local radio stations had not been provided even after a lapse of 2 to 6 years. The reasons for not providing the same were neither known to the stations nor were intimated by the Electricity Board. Instead a demand of Rs 14.11 lakhs was sent by the Electricity Board in April 1994 to

Sawai Madhopur local radio station for providing additional bay for separate 11 KV power feeder. This amount was however, not deposited by the station as of May 1994.

It was stated by the station that due to the heavy fluctuations in the power supply, the broadcasting continued to be affected badly and attracted public criticism.

3.2.14 Utilisation of stations

3.2.14.1 The local radio was a new concept in broadcasting, for serving small area of the district as a basic utility service and to reach the community to reflect and enrich their life and artistic expressions. The stations were to bring out programmes in specific area to cover local news and views. The stations were required to broadcast predominantly field based programmes and establish a two way communication system between the listeners and the Extension Agencies of various Government departments.

3.2.14.2 Shortfall in transmission

A test check of records of some of the FM stations revealed:

In terms of Government of India orders dated September 1989, the origination of local radio programmes would be for a duration of three hours in two transmissions (morning and evening). The use of transmitter at spare time for relay purpose would be around five hours in transmission. In 27 stations three to six hours of programmes were broadcast in one transmission only except in three stations which were broadcasting their programmes in two/three transmissions for five and a half hours to ten hours daily.

As against the duration of transmission of 12,648 hours envisaged for Kochi station, the actual transmission was only 6472 hours during the period December 1989 to March 1994, the shortfall being as high as 49 *per cent*. Similarly, shortfall in duration of broadcast by four other stations (Berhampur, Surat, Madikeri and Murshidabad) ranged between 50 and 62 *per cent* during the period January 1990 to April 1994.

3.2.14.3 Shortfall in OB based programmes

Each station's main emphasis was to cover 70 *per cent* of its broadcasting time with Outstation Broadcasting (OB) based programmes. However, as against the targeted 70 *per cent* of OB based programme broadcasting, the achievements of the stations

ranged from nil to 52 per cent for the years 1990-91 to 1993-94 and the shortfall from 18 to 70 per cent as would be seen from the table given below :

Table 3.2.14.3 : OB programme Targets & Achievement

Sl. No	State	No. of Stations	Total Broadcast time	70% of total broadcast time	Duration of OB based programmes	Shortfall in OB based programmes	Percentage of achievement	Percentage of shortfall
(In hours)								
1.	Karnataka	5	12153	8508	3004	5504	4 to 52	18 to 66
2.	Bihar	4	11537	8075	2681	5394	9 to 34	36 to 61
3.	Rajasthan	3	12557	8790	1710	7080	10 to 18	52 to 60
4.	Kerala	3	14020	9813	1007	8806	Nil to 9	61 to 70
5.	Andhra Pradesh	4	21042	14729	3540	11189	9 to 30	40 to 61
6.	Uttar Pradesh	3	5088	3562	906	2656	16 to 21	49 to 54
7.	Orissa	3	5806	4065	1278	2787	3 to 27	43 to 67
8.	Gujarat	2	2601	1821	525	1296	5 to 40	30 to 65
9.	Assam	3	9618	6733	3952	2781	17 to 42	28 to 53

Five stations located in Karnataka were utilising 42 to 64 per cent of their broadcasting time for transmission of entertainment programmes viz. patriotic/classical/devotional and film songs which were based on borrowed discs/tapes from other stations instead of giving opportunity to local talent.

The shortfall in coverage of OB based programmes was mainly attributed to the shortage of staff and paucity of funds.

3.2.14.4 Shortfall in coverage of villages

As per the scheme, every village in the district was to be covered by turn for preparation of OB based programmes. However, only 3530 out of a total of 22,934 villages were covered by turn by 17 stations located in six States and as many as 19,404

villages remained uncovered upto March 1994 as would be seen from the details given below :

Table 3.2.14.4 : Coverage by 17 stations

Sl. No	State	Number of stations	Total number of villages	Number of villages covered	Number of villages remaining uncovered	Percentage of villages	
						Covered	Uncovered
1.	Assam	2	430	Nil	430	Nil	100
2.	Rajasthan	3	5808	456	5352	3 to 16	84 to 97
3.	Orissa	2	6694	862	5832	Nil to 21	79 to 100
4.	Gujarat	2	2701	664	2037	8 to 40	60 to 92
5*	Bihar	3	1150	455	695	6 to 74	26 to 94
6.	Karnataka	5	6151	1093	5058	2 to 85	15 to 98
	Total	17	22934	3530	19404		

* Sl no 5 indicates coverage of Panchayats and not villages

The non-coverage of villages was attributed mainly to shortage of staff and non-availability of adequate funds and transport.

3.2.14.5 *Transmissions confined to relays only*

The Fixed Point Chart (FPC) for Devikulam station was approved in December 1993 for an evening transmission of 3.40 hours involving originated programmes of weekly duration of 19.40 hours and relay of six hours (national and local). However, transmissions from the station from the date of its commissioning were confined to relays from another station and no originated programmes were broadcast. Although OB and studio based programmes for 85.45 hours were produced by three programme executives who joined duty during October 1993 to February 1994, no broadcasting could commence due to non-posting of a Station Director, as of April 1994.

Although fixed point charts for two stations (Bareilly and Faizabad) set up in Uttar Pradesh were approved in June and July 1993, the stations started relaying programmes of another non-FM station from June 1993. Another station (Jhansi) set up

in the State also started relay of programmes from July 1993 in the absence of approval of fixed point chart.

3.2.14.6 Shortfall in transmission of programmes on Environment, Armed Forces and Crime against women

Though the transmission of programmes was based on approved FPC and the working instructions of local radio stations provide for an element of flexibility, the programmes were diluted or altered to a great extent. Under the FPC item 'Forces Programme' (involving armed forces stationed at the station) of Kochi Station a daily programme for 25 minutes was envisaged. Studio log book for November 1989 to March 1991 however revealed that only 10 programmes connected with the forces were broadcast as against 408 due. The remaining 398 spells were filled in with film songs for which separate provision existed. The shortfall in this regard was attributed to inadequate response from the armed forces. Even though there was an army camp at Kannur station within the programme zone of the station there was no 'Forces Programme' in the FPC.

All stations were required to mount a daily programme for 5 to 7 minutes and a longer duration weekly programme on environment. However, only 140 and 29 such programmes were scheduled and transmitted during the period March 1992 to March 1994 by Kochi and Kannur stations as against 789 (113 weekly and 676 daily programmes) due during February 1992 to March 1994, the shortfall being 82 and 96per cent respectively.

Under instructions issued by the Government of India, the stations were required to include programme chunks on uplift of rural labour, family welfare, crime against women, environment etc. No programme on 'crime against women' was broadcast by Kannur station till June 1993 and it was only during 1993-94 that six programmes were broadcast.

3.2.14.7 Non-receipt of FM transmission by villages located within the transmission zone

With a view to assessing the actual coverage range, a subjective reception survey of the newly commissioned local/ non-local radio stations with FM transmitters

was required to be carried out by the respective stations. No such survey was conducted by Chittorgarh and Sawai Madhopur local radio stations.

The local radio stations equipped with 2 x 3 KW or 2 x 5 KW transmitters and 100 metre tower mast and the transmission zone of 60 km radius were to cover the geographical area of the district. However, the frequency reception survey conducted by the stations revealed that the transmission of programmes was not received in some areas though located within 25 km of the radio station. The station replied that the reception of FM radio waves depended on a number of factors such as terrain, natural obstructions or built up area with tall buildings which reflect, refract or bend the signals. 501 villages with 5.07 lakhs population located within 25 to 50 km away from Hospet and Chitradurga stations did not receive the FM transmission. The stations attributed this to the high hills located within 5 to 7 km which obstructed the radio waves from reaching these places.

A station (Raichur) located at an extreme end of the district could cover only three out of nine talukas as they were located beyond the 60 km radius of the station. Establishing the station in a remote corner of the district denied the intended benefit of the scheme to 9.67 lakhs people in 922 villages out of the total population of 17.84 lakhs.

3.2.14.8 Monitoring of Radio Network Terminals (RNT)

In Kannur and Devikulam, no measurement of RNT had been taken due to non-receipt of signals from New Delhi. Three AIR stations were linked with INSAT-ID till 13.4.1993 and with INSAT II-B thereafter. The RNT of each station was to be measured twice a month as part of regular monitoring of quality of sound reception. In LRS, Kochi though the antenna was adjusted, there was distortion of sound reception. According to measurement of RNT taken in April 1992, the distortion was in the range of 4 to 9 *per cent* in respect of INSAT-ID and as per measurement of RNT in April 1994 it was 5 to 25 *per cent*. Corrective measures for lowering the percentage of distortion were pending as of April 1994.

3.2.14.9 Non-assessment of working of stations and non-submission of self assessment reports

The local radio stations were required to review their own working every month to ascertain how they had fared in achieving the objectives of the scheme. The self assessment reports were required to be sent to the Directorate during the first week of the succeeding months. The test check revealed that the self assessment was not carried out by 26 stations. Only Baripada station had sent self assessment reports upto October 1992.

3.2.14.10 Non-constitution of Advisory Committees

An informal Advisory Committee consisting of persons representing different interests was to be constituted by each local radio station. No such committees were found constituted in 13 local radio stations test checked.

3.2.14.11 Survey to assess listenership of the stations

To assess listenership of the station, necessary survey to ascertain the availability of FM radio sets in each district was required to be conducted before setting up the local radio stations. It was observed that no such survey was conducted in as many as 29 stations before the stations were set up. In three stations (Hazaribagh, Singhbhum and Kannur) where such survey was conducted the number of FM sets available were merely 0.5 and 2 per 100 households in the first two stations and 13 and 27 per 100 households in rural and urban areas of the third station.

3.2.14.12 Audience research survey to assess the popularity of programmes

FM radio transmission could be received by the listeners only through radio sets equipped with an FM band. Each local radio station was required to conduct an audience research survey to assess the quantum of listenership and ascertain the popularity of programmes broadcast by it. No survey on availability of FM radio sets within the transmission zone, listenership or popularity of programmes broadcast was conducted either by the 17 stations or the Audience Research Wing of AIR. It was stated by some of the stations that these aspects were taken care of through listener's letters

received daily and replies furnished thereto. These however, could not obviate the necessity for a survey and decisions based on the survey.

In three stations (Baripada, Berhampur and Hassan) where such survey was conducted by the Audience Research Wing of AIR, listenership ranged between 8 and 55 *per cent* in the urban areas and was 28 *per cent* in the rural areas. The survey also revealed that 14 *per cent* of the population listened regularly and 5 *per cent* frequently to the programme broadcast by a station.

The FM sets were not available in sufficient number and their availability ranged between 0.5 and 45 *per cent*.

The matter was reported to the Ministry in November 1994; their reply has not been received as of January 1995.

3.3 Unfruitful outlay on commissioned programmes in Doordarshan Kendra, Hyderabad

Director, Doordarshan Kendra, Hyderabad (DDK) concluded agreements with three local producers for production of tele-films, two in Telugu (March 1989) and one in Hindi (May 1991). The administrative approval and expenditure sanction was issued by DDK in February 1989 for Rs 3.60 lakhs for Telugu tele-films and in October 1990 for Rs 18 lakhs for one Hindi tele-film.

An agreement for production of one Telugu tele-film to be completed by November 1989 at Rs 3.60 lakhs was concluded in March 1989. A sum of Rs 2.16 lakhs was paid to the producer during May-October 1989. The producer failed to deliver the film by the scheduled date and the Doordarshan authorities cancelled the contract in November 1990 demanding refund of Rs 2.16 lakhs. The issue of effecting recovery was still pending in the court of law (October 1994).

The agreement for production of the second tele-film in Telugu in 16 mm colour at a cost of Rs 5 lakhs was concluded in March 1989. A sum of Rs 3 lakhs was paid to the producer during May-August 1989. The producer represented, in August 1989, that due to high cost of raw material and post-production work, the production of

16 mm colour film was not possible and requested for permission to produce this film on "U-matic" cassettes. The request of the producer was accepted by DDK with the revised cost of Rs 4 lakhs. Though the rough cassettes received from the producer were pre-viewed and approved in June 1994, final copy of the film was still awaited from the producer (October 1994).

In the third case, Hindi tele-film was sanctioned by DDK in October 1990 and an agreement was signed with the producer in May 1990 for Rs 18 lakhs. A sum of Rs 7.20 lakhs was paid to the producer in July-December 1991. The agreement did not mention any time limit for completion of the assignment. In September 1992, the cost was revised to Rs 20 lakhs. The producer submitted 6 episodes in March 1994. In July 1994, DDK asked the producer to complete the storyline in the remaining two episodes and to give rough cuts of the two episodes.

The final prints from all the three producers were yet to be received (October 1994). The progress of work was not monitored and advance of Rs 12.36 lakhs proved unproductive. This also indicates that DDK failed to assess the capacity of the producers to deliver the film on time.

The matter was reported to the Ministry in January 1994; their reply is awaited as of January 1995.

3.4 Procurement of unsuitable mobile video projection units

A scheme for Modernisation of Directorate of Field Publicity (DFP) was introduced in the Eighth Plan (1992-97) with a sanctioned outlay of Rs 16.50 crores. Under the scheme, 250 units of field publicity were to be equipped with mobile video projection (MVP) units named "Video Rath". At the time of introduction of scheme, the technical wing of the Directorate had brought out difficulties/problems of existing bigger vehicles used for portable 16 MM projection and large screen video projection, stating that bigger and unwieldy vehicle could not reach remote areas, where field publicity was needed, due to narrow approach roads. It was also recorded that the video vehicle was going to be bigger than all the big vehicles and problems faced by units would therefore be even more than before.

However the observations of the technical wing were ignored and tenders were invited in February 1992 to purchase 10 MVP units. Expenditure sanction for Rs 66.10 lakhs for the purchase of these units was issued by the Ministry in March 1992. Though the supplies were to be completed by June 1992 these were received only during July-September 1992 at a cost of Rs 65.93 lakhs.

The performance report of MVP Units (October 1993) showed that the MVPs were too large for operation in rural areas, spread over in the interior of the country, where DFP was by and large supposed to function. The use of the system was further restricted as it was fixed and could not be used indoors and also possibility of its use for outdoor shows during day-time was ruled out.

As MVP had to take longer route, the programme output was reduced. The kilometrage per film show by a MVP was *29 per cent* higher than the route taken by the vehicles in use prior to introduction of MVP resulting in excess consumption of fuel. The vehicles were at a disadvantage because of operational problems and were not suitable for contact purpose, which was essential for field publicity. The Ministry, therefore, decided in December 1993 to go in for smaller and more sturdy type of vehicles instead of larger and unwieldy vehicles.

The Ministry stated in September 1994 that after critically monitoring the performance of the MVPs, it was decided not to use them for field publicity. It was also stated that these MVPs would be replaced by jeeps in a phased manner and Government's interest would be kept in view while disposing of these vehicles.

Thus, the decision to invest Rs 65.93 lakhs in acquisition of MVP units, without consideration of the practical difficulties already anticipated resulted in the Government deriving lower value for the money invested and the lower productivity of investment made.

3.5 Unplanned procurement of black and white tubes

In December 1980, Doordarshan Kendra, Calcutta had a stock of seven image "orthicon" tubes costing Rs 4.12 lakhs required for use in black and white (b&w) image "orthicon" cameras. In 1982 the process of switching over from b&w systems to colour systems began. Though the earlier stock of tubes remained unutilised, the Kendra procured sixteen more b&w tubes between March 1982 and April 1983 at a cost of Rs 9.43 lakhs for use in the b&w cameras. The Kendra started colour production in June 1983 but, it did not make any attempt to transfer the tubes to other kendras using b&w systems. The entire stock of tubes, therefore, remained unutilised and was declared obsolete in February 1992.

The Ministry stated in October 1994 that at the time of procurement of the tubes during March 1982 and April 1983, there was no decision regarding the production and transmission of TV programmes in colour and with the change over to colour transmission in June 1983, the b&w image orthicon cameras became outdated and the tubes could not be utilised and had to be declared obsolete. The fact, however, remains that the tubes could have been transferred to other kendras after June 1983 when the Calcutta Kendra started colour production.

Thus unplanned procurement and retention of the tubes rendered the investment of Rs 13.55 lakhs unfruitful.

3.6 Idle video cassettes

Doordarshan Kendra, Calcutta received 1500 imported pieces of 3/4" U-Matic video cassettes costing Rs 14.15 lakhs, between May 1992 and January 1993 from Doordarshan Central Purchase and Stores (DCPS) on the basis of requisition placed between May 1992 and November 1992. It was, however, seen that out of 1500 cassettes, only 343 could be issued to producers till July 1994.

The Kendra stated in January 1994 that as reported by the producers the cassettes were unsuitable as these were odd in size. The Kendra did not take up the matter with DCPS for replacements.

Thus, procurement of the cassettes without proper assessment of requirement and their suitability resulted in idle stores worth Rs 10.91 lakhs for periods ranging from 18 to 26 months.

The Kendra further stated in July 1994 that the concerned producers were being persuaded to utilise the cassettes.

The matter was reported to the Ministry in May 1994; their reply is awaited as of January 1995.

3.7 Infructuous expenditure on commissioned current affairs programmes

Doordarshan commissions production of programmes on news and current affairs, sports, telefilms, teleplays, etc., on the basis of agreement entered into with outside producers. A test-check of the records of Director General, Doordarshan and Delhi Doordarshan Kendra relating to news and current affairs, revealed that four programmes titled 'Dharam Ki Rajniti', 'Dhuyan Ke Paar', 'Chaurahe Se' and 'Mute Witness' were awarded to outside producers during August 1989 to July 1991 at Rs 6.30 lakhs.

These programmes were required to be completed within 90 days from the date of agreement with the outside producers. However, the programmes were completed after delays upto 24 months. Though, all these programmes were completed and received by Doordarshan Kendra, Delhi between September 1991 and September 1993, and Rs 5.55 lakhs had been released to the producers, the programmes had not been telecast as of November 1994. Director General, Doordarshan stated in November 1994 that these programmes could not be shown as they had lost their relevance and topicality.

Thus production of these commissioned programmes which were not telecast resulted in infructuous expenditure of Rs 6.30 lakhs.

The matter was reported to the Ministry in December 1994; their reply is awaited as of January 1995.

3.8 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes duly vetted by Audit indicating remedial/corrective action taken to the Ministry of Finance (Department of Expenditure) on the various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the House.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1993 revealed that the Ministry has not submitted (December 1994) the remedial/corrective Action Taken Notes on the following paragraphs in spite of instructions issued by Lok Sabha Secretariat.

Table 3.8 : Corrective action on Audit Reports

Audit Report Number & Year	Paragraph Number	Subject
13 of 1991	6	Purchase of dining hall and shopping complex at Asiad Village Complex.
--do--	8	Blocking of funds
--do--	9	Non-commissioning of a diesel generator set.
6 of 1992	5.2	Unused costly spares.
--do--	5.4	Avoidable extra expenditure
--do--	5.5	Extra expenditure due to failure to hand over the work site.
6 of 1993	3.2	Extra contractual payment
--do--	3.3	Infructuous expenditure
2 of 1994	5.1	Employment News
--do--	5.2	Idle, TV Cameras.
--do--	5.3	Avoidable payment of rent for non functional lines.
--do--	5.4	Idling of computers
--do--	5.5	Procurement of telecine system

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Audit Report Number & Year	Paragraph Number	Subject
2 of 1994	5.6	Non-recovery of rental dues from theatres
--do--	5.7	Idle investment on revolving restaurant
11 of 1994	23	Non-realisation of statutory fee.

The matter was reported to the Ministry in November 1994; their reply is awaited as of January 1995.

CHAPTER IV
Ministry of Labour

4. Additional burden due to delay in finalisation of work site

The Welfare Commissioner, Eastern Zone, Ministry of Labour entrusted (February 1980) the work of construction of a 50-bed Central Hospital for beedi workers at Dhulian, Murshidabad to Central Public Works Department (CPWD). The preliminary drawing and designs were completed by Director General Health Services in April 1983. CPWD forwarded the preliminary estimate amounting to Rs 179.75 lakhs to Ministry of Labour in August 1984 based on which administrative approval and expenditure sanction was accorded by the Ministry in January 1986 for the work to be completed within 36 months of the sanction.

The Ministry of Labour, in May 1986, intimated CPWD that there was a proposal for constructing the hospital at Aurangabad, instead of at Dhulian. On investigation in May 1988, the new location was found to be unsuitable and in February 1990, Ministry of Labour informed CPWD endorsing the original proposal for the hospital at Dhulian and asked them to prepare fresh estimates. The revised estimate prepared by CPWD in November 1990 for Rs 314.61 lakhs was accorded administrative approval and expenditure sanction by the Ministry in March 1992.

Ministry of Labour stated in September 1994 that before start of actual construction of the hospital at Dhulian representations from various quarters were received for change of site to Aurangabad but the change was not agreed to and the site at Dhulian was finally approved in February 1990. The fact remains that four years had passed before reverting to the original site.

The contract for civil work was awarded (March 1993) to a firm at a cost of Rs 163.01 lakhs for completion by February 1995. The work was in progress and an expenditure of Rs 44.22 lakhs had been incurred upto July 1994.

Had the work been awarded in 1986 on the basis of original sanction of January 1986, the cost would have been Rs 84.99 lakhs only and the liability for execution of work would have been less by Rs 78.02 lakhs.

The matter was reported to the Ministry of Urban Development in June 1994; their reply is awaited as of January 1995.

CHAPTER V

Ministry of Law, Justice and Company Affairs

(Department of Legal Affairs)

5. Failure in cash management resulting in embezzlement of Government money

Litigation Section of the Delhi High Court has a "Personal Deposit Account" with Dena Bank as their accredited bank under Rule 191 of Central Government Accounts (Receipt and Payment) Rules, 1983.

General instructions for handling cash stipulate that entries made in the cash book regarding remittances of receipts to the accredited bank for credit into Government Account should be attested by the Head of Office after verifying them with reference to the bank's receipts recorded in pay-in slip or challans.

This procedure has not been complied with and the following irregularities were noticed:-

In test check conducted, an amount of Rs 1.10 lakhs deposited through two different challans of Rs 50000 dated nil and Rs 60000 dated 4 June 1993 were entered in the cash book on 28 May 1993 and 26 June 1993 whereas their corresponding credits were not traceable till date of audit (May 1994). In support of these two remittances the Department produced two bank challans in which the entries regarding amount and date were found to have been interpolated.

It was further noticed that an amount totalling Rs 0.47 lakh realised against 39 receipt foils during September 1993 to April 1994 was not brought to account in the cash book by the cashier. One counterfoil of a receipt was found missing from the receipt book.

There was a shortage of cash amounting to Rs 0.01 lakh as a result of arithmetical errors in the cash book during 1991-92 to 1993-94 and in handing over of

cash to the next incumbent in April 1994. The shortage of cash in handing over was recovered from the accountant in June 1994.

The embezzlement of Rs 1.58 lakhs (Rs 1.10 lakh + Rs 0.47 lakh + Rs 0.01 lakh) was facilitated by the facts that (a) the cash book had not been maintained with due care, and the drawing and disbursing officer (DDO) was negligent in attesting the entries in the cash book, (b) totals of the cash book were not checked by a person other than the writer of the cash book which provided an opportunity for the embezzlement (c) lack of supervision on accounting of the receipt books (d) non-reconciliation of closing balance with accounts of Pay and Accounts Office and (e) non-preparation of bank reconciliation statements even after being pointed out by Audit in August 1989.

While admitting the facts mentioned above the Department stated in August 1994 that the accountant was found primarily responsible and the DDO was also found to be negligent in his duties. The case of embezzlement had since been referred to the Central Bureau of Investigation in August 1994 for investigation and prosecution.

The case was reported to the Ministry in September, 1994; their reply is awaited as of January 1995.

CHAPTER VI

Ministry of Rural Development

6. Jawahar Rozgar Yojana

6.1 Introduction

Government of India has a number of poverty alleviation programmes. In the last two decades the emphasis has been on creating permanent assets on a continuing basis to obviate the requirement of repeated relief measures. In rural areas the wage employment schemes are linked to public works or area development programmes for drought prone areas, wastelands, minor irrigation, soil conservation, etc.

Two poverty alleviation programmes based on wage employment with distinct objectives were launched in the 1980s. The first was the National Rural Employment Programme (NREP) started in October 1980 to provide supplementary employment opportunities to the needy where the problem of unemployment and underemployment is chronic and accentuated during the lean periods of agricultural operations. The other was the Rural Landless Employment Guarantee Programme (RLEGP) started in August 1983 to further expand employment opportunities in rural areas so that at least one member of each landless labour household could be provided employment upto 100 days in a year. In April 1989, to decentralise management and provide an 'additionality' for backward districts these two programmes were merged into Jawahar Rozgar Yojana (JRY) a Centrally sponsored scheme piloted by the Ministry of Rural Development.

The primary objective of JRY is generation of additional gainful employment on productive works for the unemployed and under-employed rural people. The secondary objectives are creation of sustained employment by strengthening the rural economic infrastructure, creating commercially viable social assets, creating assets in favour of the rural poor for their direct and continuing benefits, generating a positive impact on wage level and overall improvement in the quality of life in rural areas.

JRY has two sub-schemes (i) Indira Awaas Yojana (IAY) for construction of houses for scheduled castes and tribes (SC/ST) and freed bonded labour, free of cost and

(ii) Million Wells Scheme (MWS) for development of well irrigation for the benefit of SC/ST.

6.2 Organisational set up

A distinctive feature of JRY is that it attempts to promote democratic decentralisation (panchayati raj) though it is a Centrally sponsored programme. The structure for implementation is an amalgam of government agencies and local bodies. It is administered by all the State Governments/UT Administrations. District Rural Development agencies (DRDA)/Zilla Parishads receive funds from the Union/State Governments and release them to different Gram Panchayats based on criteria set out in JRY guidelines. The Gram Panchayats prepare a shelf of projects at panchayat circle /village level and undertake the works after technical approval of Panchayat Samities and release of funds based on the District Annual Action Plan. The overall planning, coordination, supervision, review and monitoring of the programme is the responsibility of the implementing agencies at the district level. These agencies are accountable to the State Governments for works taken up for execution under the programme. A State Level Coordination Committee (SLCC) comprising a representative of the Ministry and others is constituted for monitoring the programme.

6.3 Scope of Audit

The accounting issues arising out of the merger of NREP and RLEGP into JRY were commented upon in the Report of the Comptroller & Auditor General for the period ending March 1989. The present audit review seeks to analyse the effectiveness of the programme and calibrate its impact on the objectives of additional employment generation on productive works. The implementation of JRY during 1989-94 was test-checked in the Ministry and selected DRDAs/ Zilla Parishads (ZPs), Blocks and Gram Panchayats in 12 States. The test-checks were conducted by Audit during April 1994 to October 1994.

6.4 Pattern of Assistance

The programme is being implemented by the States throughout the country. The programme outlay is shared by the Centre and States in the ratio of 80:20. The Central allocation to the States is based on the ratio of rural poor in a State to the rural poor in the country. From the State to the districts, the allocations are made on the basis of an index of backwardness.

Six *per cent* of the funds at the national level was earmarked for IAY and 20 *per cent* for MWS. These funds were operated by the DRDAs/ZPs at the district level. Two *per cent* of the annual allocations (Central and State) was allowed to be spent on administrative/contingent expenditure at State/District/Block/Gram Panchayat.

After providing for training expenses, the remaining funds were distributed amongst the different Gram Panchayats. This was modified in 1993-94 providing for 75 *per cent* of the JRY funds to be distributed among Gram Panchayats throughout the country, 20 *per cent* for 120 special backward districts identified by Government of India, and 5 *per cent* for innovative activities of Non-Government Organisations.

6.5 Financial Outlay and expenditure

6.5.1 The details of funds allocated, released and utilised by the States during 1989-90 to 1993-94 as per records of the Ministry, were as under :

Table 6.5.1 : JRY - Outlays and Expenditure

(Rs in crores)

Year	Funds allocated			Funds released			Funds utilised
	Centre	States	Total	Centre	States	Total	
1989-90	2106.07	524.59	2630.66	2139.12	545.08	2684.20	2458.11
1990-91	2103.73	524.07	2627.80	2000.95	537.87	2538.82	2588.52
1991-92	2097.77	523.13	2620.90	1815.57	530.92	2346.49	2659.89
1992-93	2536.45	632.60	3169.05	2524.88	656.73	3181.61	2704.76
1993-94	2546.00	635.22	3181.22	2541.36	634.44	3175.80	3588.42

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Year	Funds allocated			Funds released			Funds utilised
	Centre	States	Total	Centre	States	Total	
Released for 120 specially backward districts.	NA	NA	NA	688.30	172.07	860.37	250.87
Total	11390.02	2839.61	14229.63	11710.18	3077.11	14787.29	14250.57

In addition to the above, Rs 32.30 crores were released to the Council for Advancement of People's Action and Rural Technology (CAPART) during 1989-94 for assisting voluntary organisations carrying out activities under JRY.

6.5.2 The State-wise allocation and expenditure in the 12 test-checked States was as follows:

Table 6.5.2 : Allocations and Expenditure in 12 selected States

(Rs in crores)

STATE	1989-90		1990-91		1991-92		1992-93		1993-94	
	Alloc-ation	Expen-diture	Alloc-ation	Expen-diture	Alloc-ation	Expen-diture	Alloc-ation	Expen-diture	Alloc-ation	Expen-diture
Andhra Pradesh	193.20	184.16	191.66	193.17	191.66	190.66	231.32	198.66	246.20	285.69
Bihar	387.12	316.91	384.67	425.83	384.67	375.80	479.34	412.58	482.91	604.45
Gujarat	79.55	80.76	80.91	75.13	80.91	100.39	96.12	83.28	90.38	105.34
Karnataka	120.94	109.43	120.60	108.92	120.60	110.83	143.78	125.34	165.31	175.67
Kerala	65.70	65.87	63.96	68.20	63.96	72.53	76.59	68.44	62.38	77.88
Madhya Pradesh	256.19	205.63	264.03	242.34	264.03	316.82	314.74	293.28	311.97	362.60
Mahar-ashtra	209.94	210.59	204.25	192.55	204.25	181.24	258.16	186.48	268.39	256.26
Orissa	126.56	104.45	130.95	128.45	130.95	140.34	160.37	130.67	199.73	195.82
Rajasthan	125.94	106.49	128.05	170.88	128.05	132.06	151.72	122.46	129.61	142.47
Tamil Nadu	176.60	201.63	172.24	196.62	172.24	211.34	205.50	200.94	222.56	265.30
Uttar Pradesh	517.06	529.51	510.93	457.74	510.93	481.47	610.17	522.57	599.98	695.31
West Bengal	216.10	199.75	217.87	170.19	217.87	193.42	259.24	214.13	220.63	240.31

6.6 Highlights

- A sum of Rs 14787.29 crores was released for JRY during 1989-94 by the Central Government (Rs 11710.18 crores) and the States (Rs 3077.11 crores). However only Rs 14250.57 crores were utilised. In addition a sum of Rs 32.30 crores was released to CAPART.

(Paragraph 6.5)

- Instead of providing, as intended, an additionality for backward districts over and above the NREP and RLEGP targets, JRY actually diluted the number of man-days provided to the landless.

While Plan allocations were low compared to requirements, the achievements in terms of either coverage of persons or average mandays per worker fell far short of what was feasible with the Plan provision. According to the findings of the Programme Evaluation Organisation of Planning Commission, out of 35.9 per cent of population available for employment in the selected gram panchayats, only 14.8 per cent and 14.3 per cent were actually employed during 1989-90 and 1990-91 respectively. Taking the coverage on this basis, the average employment generated per beneficiary should have been 23 to 39 mandays against which the achievement was only an average of 11.44 and 15.68 man days in 1989-90 and 1990-91 respectively; test-checks by Audit for the period 1989-94 showed that the average employment varied over a wider range of 3 to 38 man-days per beneficiary per year across States.

(Paragraph 6.7.2)

- Diversion of funds to other schemes and activities unconnected with JRY and deposit of funds in Treasuries amounted to Rs 374.56 crores in the test-checked States/ Districts.

(Paragraph 6.8.2)

— There were delays in releases of funds at each level. Central share for Andhra Pradesh and Gujarat was released only at the end of the financial years 1992-93 and 1993-94; the State Government's share, to be released within a week of release of the Central share, was released by Rajasthan after 6 months; releases by DRDAs were delayed by periods ranging from 6 to 347 days in test-checked districts resulting in delays in taking up works and payment of wages to workers.

(Paragraph 6.8.3)

— The Ministry of Rural Development had fixed a target of 43324 lakh mandays of additional employment during 1989-94 against which the employment generated was 42826 lakh mandays. It was noticed in audit that mandays of employment reported to the Ministry by the States were not based on the initial records (i.e. muster rolls). Instead, they were arrived at on a theoretical basis by dividing the financial outlay of wage component of JRY works by minimum wage rate notified in different States. This casts a doubt on the correctness of the figures.

(Paragraph 6.9)

— No system for identifying the beneficiaries and registration of workers or issuing identity cards to them was introduced in any of the States though recommended by PAC/ Estimates Committee.. Particulars about workers engaged e.g. their age, sex, SC/ST status, IRDP survey number etc. which identify them as belonging to the target group were not found noted in muster-rolls in any of the districts test-checked by Audit in 10 out of 12 States. The Concurrent Evaluation initiated by the Ministry in 1992 indicated that 55 per cent of the workers engaged under JRY did not belong to families below the poverty line. Below Poverty Line (BPL) surveys by most States were completed as late as in 1994. Maharashtra and Uttar Pradesh were yet to complete the survey.

(Paragraph 6.10.1)

— There was a lack of planning at district levels. Works were to be taken up for execution by Gram Panchayats in accordance with a shelf of projects after technical approval for each proposal by Panchayat Samities and incorporation in Annual Plans for each district. Annual Action Plans were not prepared before works were taken up in any of the Zilla Parishads in Bihar and West Bengal. The shelf of projects for works was not even prepared in Andhra Pradesh, Gujarat, Karnataka, Kerala, Tamil Nadu and West Bengal. Madhya Pradesh dispensed with the requirement of producing a shelf of projects in April 1989.

(Paragraph 6.10.2)

— The percentage of sectoral expenditure under JRY did not follow the pattern of utilisation prescribed by the Ministry. There was a preponderance of *kuchcha* (earthen) roads among the works taken up by Gram Panchayats. In Andhra Pradesh, Gujarat, Karnataka, Kerala, Orissa and Tamil Nadu, the percentage of expenditure on construction of rural roads and buildings ranged between 31 and 72 per cent as against the prescribed 25 per cent. The expenditure on social forestry ranged from 3.9 to 8.7 per cent in different years against 25 per cent prescribed. Activities under social forestry mainly concentrated on plantation with poor survival rates, instead of focusing on soil and water conservation works or development of village commons/ land belonging to SC/ ST to create conditions for extended and sustained social forestry. In a few test-checked districts in Andhra Pradesh, Gujarat and Karnataka, the amount spent on plantation in reserve forests amounted to Rs 9.87 crores though the community had no access to the usufruct.

(Paragraphs 6.10.3, 6.11.1 & 6.11.2)

— Distribution of foodgrains (1.5 kg per man-day, revised to 2 kg in July 1992) as part of wages through the Public Distribution System (PDS) was considered desirable under JRY. It was found that only a very small

proportion of wages was paid in foodgrains. During January-June 1992, of the all-India average wage of Rs 25.68, only Rs 0.25 was the value of foodgrains component. In 1993-94, of 12 lakh tonnes of foodgrains allotted, only 2.8 lakh tonnes were lifted by district agencies.

(Paragraph 6.14)

— Contractors and other intermediaries were not to be engaged to execute the works. Test-check in selected districts of 10 States revealed that works costing Rs 41.13 crores were executed through such intermediaries.

(Paragraph 6.15)

— Twenty per cent of funds under JRY were reserved for the Million Wells Scheme to provide open irrigation wells for small and marginal farmers, with two-thirds of this amount to be spent on land belonging to SC/ST. As against a million wells (10 lakhs) only 6.97 lakhs were dug. The progress of expenditure during 1989-94 on wells cumulatively fell short of allocations by Rs 771 crores.

Shortcomings like abandoning construction of wells, large number of failed wells were noticed in test checks of records of the Million Wells Scheme. In Uttar Pradesh Rs 196.22 lakhs were spent on boring of 4149 wells (200 in Mirzapur district: cost Rs 9.12 lakhs and 3949 in Sitapur district : cost Rs 187.10 lakhs) during 1992-94 though boring of wells or tubewells was clearly excluded from the scope of JRY. Against the stipulated wage component of Rs 117.73 lakhs in these works, the wage component was only Rs 25.05 lakhs.

(Paragraph 6.17)

— A large number of houses constructed in different States under Indira Awaas Yojana lacked sanitary facilities and were lying vacant.

(Paragraph 6.18)

— The mechanism for monitoring of JRY required field inspections by supervisory level functionaries from the State Government to Block level. The schedules of inspections drawn up were to be approved by State Level Coordination Committees (SLCCs). It was seen during review that the monitoring of JRY was inadequate. In Maharashtra no SLCC was constituted. In Andhra Pradesh, Madhya Pradesh and Kerala it met only once a year instead of quarterly. No schedule of inspection by State level officers was drawn up in Bihar; no officer visited field offices during 1989-94. No record of inspections was maintained by DRDAs in Madhya Pradesh and Rajasthan.

(Paragraph 6.19)

— Of the 12 States covered by Audit, evaluation of JRY was conducted only by Uttar Pradesh and Gujarat. The evaluation by Government of Uttar Pradesh showed that the wage rates *fixed* under JRY were less than the prevailing local rates. On a national scale the Concurrent Evaluation initiated by Government of India in 1992 found that average wages *paid* to workers were less than prevailing local wage rates in the off/lean agricultural season.

(Paragraph 6.20)

6.7 Physical targets and achievements

6.7.1 The Table below shows the mandays of employment targeted and achievement reported by Ministry of Rural Development under JRY during 1989-94 were as under :

Table 6.7.1

(In lakh mandays)

Year	Target	Achievements	Percentage
1989-90	8757.25	8643.87	98.71
1990-91	9291.04	8745.59	94.13

Contd ⇨

Year	Target	Achievements	Percentage
1991-92	7354.35	8092.01	110.03
1992-93	7537.95	7821.02	103.76
1993-94	10383.26	9523.45	91.72
Total	43323.85	42825.94	

6.7.2 The rural population below poverty line in 12 States, man-days of employment generated and average *per capita* number of man-days of employment potential to cover the entire targeted population during 1989-94 were as shown below :

Table 6.7.2 : Per-capita mandays of employment generated

State	No. of people below poverty line (1988-89) (in lakh nos.)	Number of man-days of employment generated					Range of man- days of employment that could be given to each person per year
		1989-90	1990-91	1991-92	1992-93	1993-94	
		(in lakh man-days)					
Andhra Pradesh	153.10	727.43	910.66	680.41	677.93	903.06	4 to 5 days
Bihar	300.30	907.31	1130.05	847.68	1036.16	1321.04	3 to 4 days
Gujarat	56.20	202.93	188.82	254.13	235.03	210.55	3 to 5 days
Karnataka	102.80	407.56	486.56	401.64	418.29	588.64	4 to 6 days
Kerala	37.40	231.79	180.96	177.08	134.54	120.43	3 to 6 days
Madhya Pradesh	194.00	932.24	958.57	945.39	709.66	769.25	4 to 5 days
Maharashtra	166.90	795.93	850.22	771.64	823.53	1129.94	5 to 7 days
Orissa	124.20	517.63	341.97	348.86	326.39	479.07	3 to 4 days
Rajasthan	80.60	443.77	506.01	387.63	339.09	403.13	4 to 6 days
Tamil Nadu	138.40	910.81	755.21	831.73	767.86	855.02	5 to 7 days
Uttar Pradesh	373.10	1624.93	1628.27	1562.14	1496.29	1739.18	4 to 5 days
West Bengal	137.20	558.81	516.85	491.99	525.55	495.18	around 4 days

The annual share of number of man-days that could have been provided to beneficiaries (on the basis of figures reported by the Ministry) if the entire target population was covered ranged between 3 to 7 days in these States. Assuming a family size of 5 persons, the man-days that could be provided to one person in each family

below the poverty line would range between 15 to 35 days.

The Ministry did not monitor the information regarding extent of man-days of employment generated for each beneficiary. The extent of man-days provided to each beneficiary could not be ascertained by the Ministry because most of the States reported employment generation on a theoretical basis by dividing financial outlay for wage component of JRY works by minimum wage rate rather than as a compilation based on maintenance of muster-rolls. Test-check of records in Bihar (Bhagalpur and Palamu districts), Madhya Pradesh (Dhar and Jhabua) and West Bengal (Bankura, Medinipur and Purulia) revealed that employment per person provided in these States ranged between 3 and 38 days; 5 and 10 days; and 5 to 12 days respectively.

The Programme Evaluation Organisation (PEO) of the Planning Commission, Government of India conducted a study of JRY during 1991-92 in 10 States (2 districts, 4 Gram Panchayats and 60 beneficiaries in each of the 10 States). One of the findings of PEO was that the Gram Panchayats which had utilised the funds could provide employment to each person actually covered for an average number of 11.44 days and 15.68 days during 1989-90 and 1990-91.

Another finding of PEO was that of the 35.9 *per cent* of the total population available for employment in all the selected 'Gram Panchayats', only 14.8 *per cent* and 14.3 *per cent* were actually employed during 1989-90 and 1990-91 respectively.

Given the poor extent of coverage, the average employment generated per beneficiary (actually covered) should have been much higher than the range of 3 to 38 days found in audit. While Plan allocations were low compared to requirements, the achievements in terms of either coverage of workers available for employment or average mandays per worker actually employed each year fell far short of what was feasible with the Plan provision. Based on employment generation reported by Ministry (which was inflated) and with partial coverage found by PEO, Planning Commission, the average mandays per person which was feasible would be 2.6 times (35.9 divided by 14.8) the range of 15 and 35 mandays which amounts to 39 to 91 mandays. However, employment generation reported by the Ministry is not reliable.

It was independently estimated that given the expenditure and 60:40 ratio of wage to non-wage component, on the basis of an average wage rate of Rs 25 per day, the average number of mandays per annum for beneficiaries (actually covered) should have been 23 to 39 mandays against which the achievement was only an average of 11.44 and 15.68 mandays during 1989-90 and 1990-91 and the range of 3 to 38 days between 1989-94.

In reply to a question of the PAC relating to IRDP, the Ministry stated that the 'Antyodaya' approach for assisting the poorest of the poor under the IRDP was inappropriate. It was admitted that the poorest of the poor could be assisted only through wage employment programmes like JRY rather than self-employment and credit-based programmes like IRDP which required a minimum of skills, entrepreneurial drive and risk-taking ability. In this context, the planned provision of a maximum of 35 man-days per worker (with full coverage of households) and achievement of a maximum of 15.68 man-days per worker was grossly inadequate for the assessed needs of landless labour i.e. 100 man-days per annum. The intention of merging NREP and RLEGP into JRY had been to provide an additionality for backward districts over and above existing NREP and RLEGP targets rather than dilute the distribution.

6.8 Shortcomings in reporting financial progress

6.8.1 Reliability of the reported financial achievements could not be vouched in view of the following shortcomings in reporting progress by various States/DRDAs.

Bihar : In Palamu district Rs 1.98 crores drawn from JRY funds were only deposited in bank accounts but accounted for as final expenditure during 1989-94. Similarly Rs 9.83 crores advanced to 2 ZPs, REO, Minor Irrigation and Forest Divisions during the same period were also booked as final expenditure although the utilisation certificates were not received.

Gujarat: Rs 1.85 crores released by the Centre from JRY towards Members of Parliament Local Area Development Programme was not found included in the total releases during 1993-94.

Karnataka : In Gulbarga, Kolar and Mysore districts, the details of expenditure of Rs 33.38 lakhs incurred during 1989-94 by the implementing agencies on JRY works were not available.

Kerala: Rs 145 lakhs released by the Central Government towards Members of Parliament Local Area Development Scheme during 1993-94 under JRY were not included in the total of Central releases.

Madhya Pradesh: Out of the total expenditure of Rs 1425 crores reported to the Government of India during 1989-94, sectoral details in respect of Rs 764.51 crores only were furnished. The Development Commissioner stated that the discrepancy would be reconciled and revised position would be intimated to the Government of India.

Maharashtra: There were wide variations in the unspent closing balance of funds each year during 1989-94. The reasons for carrying forward incorrect opening balances were called for and were awaited (October 1994).

Uttar Pradesh : Rs 210.26 lakhs representing unspent balance of erstwhile NREP/RLEGP were not pooled with JRY funds in 1989 and instead kept out of JRY accounts in Personal Ledger (PL) Account of the Commissioner Rural Development Department (Rs 193.27 lakhs), DRDAs, Mirzapur (Rs 16.05 lakhs) and Sitapur (Rs 0.94 lakh). The amount was yet to be transferred to JRY account (October 1994). The expenditure on JRY was overstated by treating Rs 14.64 crores advanced to implementing agencies in Mirzapur as final expenditure.

West Bengal: There was a big gap between the expenditure reported by the State Government and the actual expenditure booked in accounts for each year. No efforts were made to reconcile these discrepancies.

The State Government allotted Rs 60.64 crores for intensifying JRY during 1993-94 against which Rs 58.21 crores were released and final expenditure of only Rs 29.51 crores was reported.

6.8.2 *Diversion of funds*

Despite the PAC taking a serious view of irregular diversion of programme funds in their 94th Report (Eighth Lok Sabha), 1986-87, the practice of diversion of funds persisted. JRY funds were to be kept in a nationalised/ scheduled/ Co-operative bank or a post office in an exclusive and separate savings bank account by the DRDA/ Zilla Parishad/ Village panchayats. The interest accrued on JRY deposits was to be treated as part of JRY additional resources. Test-checks by Audit in 12 States revealed that the funds diverted amounted to Rs 374.56 crores.

In Andhra Pradesh, an amount of Rs 19.19 crores was given by Zilla Praja Parishads to the Engineering Department in December 1993 instead of allocating 80 per cent of it to the Gram Panchayats. In Gujarat, Rs 6.06 crores were diverted for Employment Assurance Scheme. In Karnataka, Rs 2.27 crores were diverted for taking up works in scarcity affected areas despite Government of India not agreeing to it. The amount was not fully recouped to JRY account. In Kerala, Rs 32.82 crores were irregularly diverted from MWS funds for construction of houses.

In Bihar and Madhya Pradesh, large amounts were kept in Government Treasury under Civil Deposits instead of Bank accounts, which lay unutilised without even earning interest, for considerable periods. In Bihar Rs 17.63 crores deposited in March 1992 and March 1993 lay unutilised till August 1994 resulting in loss of interest (besides the delay in works) of Rs 1.72 crores. In Madhya Pradesh, between 1990-93, amounts totalling Rs 50.98 crores were kept in Treasury under Civil Deposits for periods of 30 to 47 days.

In Rajasthan an expenditure of Rs 100.51 lakhs (Banswara: Rs 53.60 lakhs; and Dungarpur: Rs 46.91 lakhs) incurred on big irrigation schemes which remained incomplete, remained unfruitful. These schemes were to be taken up under State Plan for Irrigation Department and not under JRY.

In test checks at district levels, it was found that there was a large number of cases where amounts were irregularly diverted to other schemes/activities not connected with JRY; kept in Treasury Deposit Accounts/ Post Office time deposit (not savings)

accounts; utilised for purchase of vehicles, motor cycles, road rollers, diesel engines; execution of works in urban municipal areas, renovation of temples, etc. as detailed in Appendix I.

6.8.3 Delays in release of funds

The following shortcomings in release of funds were noticed during test-check of records in various States :

The Government of India was required to release first instalment of its share of funds to the States/ UTs in the first week of April each year. The State Governments were expected to release JRY funds to the DRDAs/ZPs alongwith their own matching share within one week of the releases of the Government of India. DRDAs/ZPs were to release the funds to the village Panchayats by the first week of May. It was, however, seen during test-check of records in various States that there were significant delays in releases of funds as discussed below:

Andhra Pradesh: The Central Government released Rs 1.35 crores, Rs 33.43 crores, Rs 19.23 crores at the fag end of March during 1990-91, 1992-93 and 1993-94 respectively.

There were delays in releasing funds to Gram Panchayats by 'Zilla Praja Parishads' in Chittoor and Nalgonda districts as shown below:

District	Delay (Nos. of days)	Range (Rs in lakhs)
Chittoor	9 to 74	28.99 to 440.40
Nalgonda	14 to 109	4.71 to 208.01

In Nalgonda and Chittoor districts, a part of the JRY funds was deposited in current accounts and in General Fund Account maintained by treasury instead of Savings Bank/ Post Office accounts resulting in loss of interest of Rs 0.72 lakh and Rs 5.01 lakhs during 1989-94 and 1992-94 respectively.

Bihar : There were delays in release of funds ranging between 7 and 240 days in Bhagalpur and between 6 and 347 days in Palamu DRDAs.

Gujarat ; Central share of Rs 1376.70 lakhs was released on the last date of the financial year 1992-93 and Rs 1922 lakhs were released in the month of March 1994.

Karnataka : During 1989-94, there were delays ranging from 2 to 20 weeks in release of funds to the extent of Rs 4970.39 lakhs from Zilla Panchayats, Belgaum, Bijapur, Gulbarga, Kolar and Mysore to the implementing agencies.

Kerala: The DRDA, Thrissur issued 410 cheques amounting to Rs 145.20 lakhs on 31 March 1991 in contravention of instructions for periodical releases and utilisation of funds.

Madhya Pradesh : There were delays ranging from 30 days to more than 7 months in releasing funds to village Panchayats in Dhar and Jhabua districts.

Maharashtra : Out of total expenditure of Rs 18648 lakhs and Rs 25626 lakhs during 1992-93 and 1993-94, Rs 10056 lakhs and Rs 13593 lakhs respectively were spent during February and March.

From 1990-91 onwards substantial funds amounting to Rs 31895 lakhs were released by the State as late as in February and March. Seven DRDAs drew funds ranging from Rs 564 lakhs to Rs 2429 lakhs during 1989-94 from treasury at the fag end of the year though it was practically impossible to spend these amounts during the years to which they related.

Rajasthan : Rs 2280.98 lakhs allocated by the Central Government on 19 May 1993 were released by the State Government on 19th June 1993 and the matching share of Rs 570.25 lakhs was released by the State Government on 17 November 1993 though it was to be released within a week after the release of Central assistance. A sum of Rs 2669.01 lakhs was released by the State Government on 31 March 1993 which, in turn, was transferred by the DRDAs to the Panchayat Samitis and 'Gram Panchayats' only in May 1993.

Tamil Nadu : During 1989-94, delays ranging from 15 days to 124 days and 10 days to 275 days were noticed in the release of funds by the State Government and DRDAs respectively.

Uttar Pradesh : Rs 920 lakhs, released on 31st March 1994 by the Central Government to the State government, were released to the DRDAs by the latter alongwith its own share of Rs 230 lakhs (total Rs 1150 lakhs) only in May 1994.

Of the total expenditure of Rs 971.77 lakhs and Rs 1432.13 lakhs incurred during 1992-93 and 1993-94 respectively in Mirzapur district, Rs 412.72 lakhs and Rs 682.11 lakhs were spent in the month of March of the respective years. The DRDA, Mirzapur did not reconcile the figures of expenditure with the figures of expenditure shown in the accounts of the implementing agencies during 1993-94.

West Bengal: During 1989-94 there were delays to the extent of 4 weeks (Rs 647.78 lakhs) to 44 weeks (Rs 1824.11 lakhs) in disbursing funds to 'Panchayats Samitis'/ 'Gram Panchayats' in Bankura district. Similarly Bardhaman Zilla Parishad caused delay ranging between 4 weeks (Rs 1822.30 lakhs) and 12 weeks (Rs 1202.04 lakhs) whereas delay in case of Purulia Zilla Parishad varied between 4 weeks (Rs 362.22 lakhs) and 20 weeks (Rs 278 lakhs).

6.8.4 Outstanding advances

A test-check of records in various States revealed that Rs 1229.15 lakhs advanced to various executing agencies were pending for adjustment/refund of unspent balances as detailed below :

Table 6.8.4 : Outstanding advances

State	Year	DRDA/ District	Amount (Rs in lakhs)	Remarks
Karnataka	1989-93	Belgaum Gulbarga and Mysore	59.67	The amount was drawn from JRY funds by Pradhans of Mandal Panchayats without specifying any purpose. The amount remained to be adjusted (April 1994). No action was initiated by the ZPs/Mandal Panchayats to recover the amount.

Contd ⇨

State	Year	DRDA/ District	Amount (Rs in lakhs)	Remarks
	1989-93	Belgaum, Gulbarga, Kolar and Mysore	12.10	The amounts advanced to officials of the implementing agencies were pending adjustment.
	1990-91	Gulbarga	3.81	The amount advanced to 2 firms towards supply of material was outstanding for more than 3 years. The firm had become defunct (July 1993).
Kerala	Paid between 1989-90 and 1992-93	Seven districts	15.16	Advances were paid to convenors/contractors, which were lying unadjusted for over 2 years.
	1992-94	4 districts	29.18	The advances were not adjusted when final bills were passed for payment resulting in excess payment
	1990-92	President, Purakkad Panchayat, Alappuzha	2.15	The advances were pending adjustment (June 1994).
	Between 1989-90 and 1991-92	Convenors for the works	3.46	The advances were pending adjustment. The whereabouts of the convenors were not known.
Maharashtra	----	Eight DRDAs (44 cases)	985.54	Advances pending adjustment by implementing agencies.
Orissa	1989-94	(i) Kalahandi (ii) Sambalpur (iii) Keonjhar	76.76 12.34 4.51	Advances paid to 453 beneficiaries under MWS and IAY were pending adjustment.
Rajasthan	Between 1989-90 and 1991-92	DRDAs, Alwar Banswara and Jodhpur	3.31	The advances were given to ex-Sarpanchs. Of Rs 3.31 lakhs, advance of Rs 0.58 lakh was adjusted by the DRDA, Jodhpur without obtaining any account from the Sarpanchs.

Contd⇒

State	Year	DRDA/ District	Amount (Rs in lakhs)	Remarks
Tamil Nadu	1991-92	4 DRDAs	18.87	Advances paid to Madras Refineries Ltd./ Bharat Petroleum Corporation Madras.
	1993	Coimbatore		Timber and Blacksmithy Industrial Co-operative Society Limited, Tiruppur for supply of doors and windows. The amount was not recovered.
			1229.15	

6.8.5 Mis-appropriation/mis-utilisation of funds

Test-check of records revealed a number of cases of misappropriation/ misutilisation of JRY funds in various States. State-wise position is given below:

Table 6.8.5 : Cases of misappropriation of funds detected

Sl. No.	State	Period	No. of cases	DRDA/District	Amount (Rs in lakhs)	Remarks
1.	Gujarat	1989-94	35	Kheda,	2.09	The amount was misappropriated. While DRDAs Kheda and Panchamahals reportedly filed police cases, the DRDA, Valsad did not offer any comment. There were 1137 complaints reported upto November 1992. Out of which 197 cases were awaiting action. The amount involved in these cases were not furnished.
				Panchamahals	2.72	
				Valsad	7.77	
2.	Karnataka	1989-94	14	Belgaum, Bijapur Gulbarga and Mysore	21.92	Investigation of these cases were pending at different stages.
3.	Kerala	January 1993	1	DRDA, Thiruvananthapuram	1.60	The Panchayat President, Vellanad had not entered the amount in cash book. The amount was remitted in piecemeal between 15 January 1993 and 26 April 1993
		31 March		-do-	0.06	

Contd⇒

Sl. No.	State	Period	No. of cases	DRDA/District	Amount (Rs in lakhs)	Remarks
		1991				the personal SB Account of President Vellanad Panchayat. The amount had not been remitted back to Government account (May 1994).
		1989-90		Idukki	2.43	The President of the Panchayat drew the amount as self cheque
4.	Maharashtra	---	123	State as a whole	74.57	. An amount of Rs 1.49 lakhs was stated to have been recovered. 418 cases of complaints were pending for want of departmental enquiry.
5.	Orissa	1989-93	--	Kalahandi, Keonjhar and Ganjam	9.57	Rs 4.33 lakhs misappropriated by an official and rest by non-official.
6.	Rajasthan	1988-90	5	Gram Panchayat Madari in Udaipur district	0.54	The amount was shown to have been paid to five beneficiaries who denied having received the amount.
		September 1990	35	Kherwara Panchayat Samiti	1.55	Excess payment was made due to excessive measurement of work done.

6.8.6 Other financial irregularities

Other miscellaneous financial shortcomings noticed during test-check in various States are discussed below:

Andhra Pradesh : 1906 cases of misuse of funds in Gram Panchayats were reported in the State as of July 1993 of which enquiry was conducted in 1741 cases. In 105 such cases test-checked in Chittoor and Nalgonda districts Rs 56.88 lakhs were pending recovery from Gram Panchayats.

Karnataka: Nine Zilla Parishads could not draw Rs 6939.81 lakhs in time due to restriction/ban on drawal of funds from treasuries resulting in delay in drawal of funds ranging from 2 weeks to 14 weeks during 1992-93 and 1993-94.

Further, ZP Belgaum, Gulbarga and Kolar short released Rs 539.15 lakhs to 'Mandal Panchayats' between 1989-90 and 1992-93.

Madhya Pradesh: In Jhabua district, share of each Gram Panchayat was not released by the DRDA directly to the Panchayats. Instead, the funds were released to Janpad Panchayats at Block level for further distribution to village Panchayats falling in their jurisdiction in contravention of the instructions of Government of India. DRDA did not have information about details of amounts actually distributed to each village Panchayat.

In Jhabua district, task rates fixed for execution of JRY works were fixed higher than the Current Schedule Rate, Taking into account contractor's profit at 10*per cent* included in Current Schedule Rates, the task rates were higher by 35 to 60*per cent* during 1991-94. An extra payment of Rs 18.70 crores on construction work costing Rs 41.56 crores during 1989-94 was found in Audit.

Tamil Nadu : The State Department of Rural Development, released Rs 680 lakhs during 1989-90 to Tamil Nadu Rural Reconstruction Association. The Society invested the entire amount in short-term deposits in 3 banks as per orders (April 1990) of the State Government and had earned a sum of Rs 29.16 lakhs towards interest. The entire amount of interest was retained by the Society which was yet to be recovered (October 1994).

West Bengal : Neither were savings bank accounts opened for JRY funds nor were separate cash books maintained. Amounts of JRY funds were kept in PL Accounts maintained with the district treasury. Consequently, Zilla Parishads/Panchayat Samitis sustained loss of Rs 525.94 lakhs towards interest.

In four test-checked districts, as against total expenditure of Rs 31557.37 lakhs incurred during 1989-94, Rs 16568.95 lakhs representing 52*per cent* were spent during the fourth quarter of the financial year.

6.9 Defective system of reporting employment generated

The JRY manual envisaged compilation of figures of employment generation on the basis of certificates on the muster-rolls. However, test-check of records revealed that in Andhra Pradesh, Gujarat, Karnataka (5 test-checked districts), Kerala (in 6 DRDAs), Madhya Pradesh (in Dhar and Jhabua districts), Maharashtra, Tamil Nadu,

Uttar Pradesh and West Bengal, data of employment generation were computed on notional basis by dividing the total expenditure on wage component by the prescribed minimum daily wage rate of the respective States. Employment generation figures were not based on actuals as per certificates on the muster-rolls.

6.9.1 The Table below shows some of the cases of reporting inflated figures detected in test-checks by Audit.

Table 6.9.1 : Employment Generation - inflated reporting

(Rs in lakhs)

State	District	Period	Total inflated mandays	Remarks regarding samples
Bihar	State wide	1989-90	120.80	Against the generation of 27.89 crore man-days that could have been generated with the total expenditure on wage component based on wage rate prevailing 29.10 crore man-days were reported
Karnataka	State wide	1989-93	61.87	In five test checked districts 54.03 lakh man-days were erroneously reported during 1989-94
Madhya Pradesh	Jhabua	1991-94	21.45	Reported 67.51 lakhs against 46.06 lakhs mandays
Rajasthan	Banswara Dungarpur	1989-94	43.63	On the basis of prevailing wage rate 2.04 Crore man-days could actually have been generated during 1989-94 with the total expenditure on wage component but the DRDAs reported 2.47 crores man-days.
Uttar Pradesh	Mirzapur Sitapur	1989-94	2.71	Reported fictitious figures.

6.9.2 *Other shortcomings*

Andhra Pradesh : Under IAY and MWS, payments were at the estimate rates based on measurements on programme of work and not on daily wage basis and no muster rolls were maintained.

Gujarat : In Amreli, Panchamahals, Surat, Surendranagar, Vadodra and Valsad districts, additional amount of Rs 38.94 crores was allocated after December 1993 in order to intensify and supplement JRY. While the financial achievement was only 30 *per cent*, the reported physical achievement of creation of employment was 82 *per cent*. The progress report ending March 1994 did not reveal the wage component, food-grains distributed, etc. Hence, correctness of the employment generated could not be vouched in audit.

Karnataka : In five test-checked districts Rs 505.62 lakhs were paid towards wages to labourers who were not identified as being below the poverty line during 1989-94. Failure to execute the works through identified rural poor denied them of employment opportunities to the extent of 31.60 lakh man-days.

Orissa : Due to improper maintenance of muster-rolls, the entire payment of wages in respect of 17 'Gram Panchayats' to the tune of Rs 52.80 lakhs (Kalahandi : Rs 25.95 lakhs and Sambalpur : Rs 26.85 lakhs) was held under objection by DRDAs.

West Bengal : In four test-checked districts, there were wide variations between the figures reported by the Government and ZP. The difference between these two figures were 87.16 lakh man-days during 1989-92. In these districts, annual progress reports were often not submitted by district authorities in the absence of which the physical progress could not be vouched in audit.

6.10 Weaknesses in Planning

Meaningful implementation of JRY depended on identification of beneficiaries as well as durable productive works and determining priorities between locally required works. The DRDA/Zilla Parishad staff were to play an active supportive role in explaining the wider scope of works under JRY and assisting Gram Panchayats to undertake them. They acted merely as conduits for flow of funds to Gram Panchayats.

6.10.1 Non-identification of needy households

The National Sample Surveys (NSS) periodically estimate the number of families below the poverty line and these estimates are relied on for planning purposes.

Since these are based on only samples, they cannot identify *all* the families for programme implementation. The Public Accounts Committee (1986-87) in their 94th Report on National Rural Employment Programme recommended evolving a system of registering the workers and issuing identity cards to them. The Estimates Committee report for Ministry of Rural Development on Jawahar Rozgar Yojana (1992-93) also agreed with the above recommendations and emphasised the need for issuing identity cum pass books to record days on which work was given, wages paid, etc. The Ministry had, however, not issued any formal instructions for any such measures.

The Ministry reported completion of Below Poverty Line (BPL) household surveys by all States (except Maharashtra and Uttar Pradesh) only in 1994.

The test-check of records in various States revealed that in Andhra Pradesh, Gujarat, Kerala, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal the identification of beneficiaries was not conducted. In Bihar though list of Below Poverty Line (BPL) beneficiaries was prepared in Bhagalpur and Palamu districts, system of registration of the workers and issuing of identity cards cum pass books was not evolved (August 1994). In Maharashtra, though survey was reportedly initiated after receipt of Government of India instructions in May 1992, the list of BPL families based on 1991-92 level price index was not finalised. In the States of Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa and Tamil Nadu the identity cards-cum-pass books were not issued.

The primary records that identify the workers engaged and indicate man-days of employment generated and serve as a proof of payment of wages, are the muster-rolls. Instructions in the Manual of JRY about noting the particulars of workers engaged (their age, sex, SC/ST, IRDP survey number etc.) in muster rolls were not observed anywhere in test-checked districts in 10 out of 12 States. Therefore, whether the workers engaged belonged to the target group or not could not be ascertained from muster rolls.

In 4 test-checked districts of West Bengal, thumb impressions of illiterates were not certified and no disbursement certificates were issued. In Kerala, muster rolls were not authenticated by the Gram Panchayat convenors of works and there was no

indication that foodgrains had been distributed whereas stock registers of foodgrains revealed that 17.2 mt of foodgrains were given to convenors in 2 districts. In 2 test-checked districts of Andhra Pradesh muster rolls were prepared only in 5 to 28 *per cent* of works upto 1993.

Subject to these deficiencies, muster rolls were found to have been prepared by and large in all the test-checked districts in 11 out of the 12 selected States. Government of Tamil Nadu dispensed with the muster rolls in September 1992 and instead introduced attendance registers.

In the Concurrent Evaluation initiated by the Ministry in 1992 it was found that 55 *per cent* of those provided work under JRY did not belong to families below the poverty line.

6.10.2 Non-preparation of Annual Action Plan/Shelf of projects.

A shelf of projects/Annual Action Plan equivalent to the value of 125 *per cent* of funds allocated to the DRDAs/ZPs in the preceding year before the beginning of financial year was to be prepared after proper survey of local resources. The works were to be taken up for execution in accordance with the shelf of projects/Annual Action Plans and according to priorities determined by gram panchayats. The gram Panchayat was competent to accord approval to a project after it was technically appraised and approved by the Panchayat Samiti officials.

It was , however, seen during test check of records in various States that the Annual Action Plans were not formulated in Bihar and West Bengal (all the ZPs). In Karnataka (5 test-checked districts), there were delays ranging from 2 to 10 months in preparation of the Plan while in Madhya Pradesh timely preparation of each annual plan was not ensured. In six test-checked districts of Tamil Nadu, the plans were not properly prepared.

In Andhra Pradesh, Gujarat, Karnataka, Kerala, Tamil Nadu Uttar Pradesh and West Bengal, the shelf of projects was not prepared while in Madhya Pradesh, preparation of shelf of projects was dispensed with from April 1989. In Bihar, Gujarat,

Madhya Pradesh and Uttar Pradesh no survey was conducted to ascertain/identify local resources.

6.10.3 Low investment per village/Panchayats

There are 579132 villages and 219841 Gram Panchayats in the country. The funds were released to the Gram Panchayats by the DRDAs/ZPs according to number of the 'Gram Panchayats' and their population. After setting apart funds for the earmarked sectors, 80 per cent of the balance fund was earmarked as the share of the 'Gram Panchayats'. Out of total resources earmarked for distribution among 'Gram Panchayats', forty per cent was distributed proportionately on the basis of total deemed population and 60 per cent on the basis of proportion of deemed population of SC/ST.

The details of total release of funds (unspent balance and releases) made available under the programme, funds utilised, funds released to the 'Gram Panchayats' and per village/ Panchayat' share of funds (80 per cent of 72 per cent of total resources after allocating funds to earmarked sectors like IAY, MWS and administrative/contingent expenditure released) and utilised during 1989-94 were as under:

Table 6.10.3 : Release of funds to Panchayats

(Rs in lakhs)

		1989-90	1990-91	1991-92	1992-93	1993-94
1.	Total funds released under the programme (unspent balance plus releases during the year)	321910.43	329981.61	305616.35	359656.01	406709.49
2.	Total funds utilised	245810.66	258851.92	265989.24	270476.20	358841.82
3.	57.6 per cent amount allocable to village Panchayats (80 per cent of 72 per cent to resources after earmarking 28 per cent to IAY, MWS and administrative/contingent expenditure)					
	a. Funds made available	185420.40	190069.40	176035.01	207161.86	234264.66
	b. Funds utilised	141586.94	149098.70	153209.80	155794.29	206692.88

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		1989-90	1990-91	1991-92	1992-93	1993-94
4.	Share of each village and Panchayat out of total funds made available.(item 3(a) above)					
	a. Village	0.32	0.33	0.30	0.36	0.40
	b. Panchayat	0.84	0.86	0.80	0.94	1.07
5.	Share of each village and Panchayat out of funds utilised. (item 3(b) above)					
	a. Village	0.24	0.26	0.26	0.40	0.36
	b. Panchayat	0.64	0.68	0.70	0.71	0.94

Thus, only in 1993-94 was the requirement of allocating Rs 1 lakh per Gram Panchayat nearly achieved. From the above table it would be apparent that the level of provision of funds for each village and 'Panchayat' was meagre and insignificant to enable the 'Gram Panchayats' to conceive and create any economically viable and productive community assets. The annual all India average of investment per village during 1989-94 ranged only between Rs 0.24 lakh and Rs 0.40 lakhs.

During test-check of records it was noticed that the investment per village had ranged from Rs 0.03 lakh to Rs 0.04 lakh in Bihar; Rs 0.32 lakh to Rs 0.37 lakh in Gujarat, Rs 0.18 lakh to 0.48 lakh in Madhya Pradesh (Dhar and Jhabua districts) and Rs 0.18 lakh to Rs 0.29 lakh in Orissa. In Tamil Nadu, only Rs 0.10 lakh or less were allocated to 441 village Panchayats in Coimbatore districts during 1991-94.

6.11 Physical Progress

The physical progress under JRY in various States during 1989-94 was reported as given below :

Table 6.11 : Sectoral progress

		1989-90	1990-91	1991-92	1992-93	1993-94 (upto September 1993)	Total
1.	Social forestry						
a.	Area covered (hectares)	188455.12	235081.40	92478.31	68732.06	23788.73	608535.62
b.	Trees planted (Lakh nos.)	2916.01	2671.08	6918.04	3416.84	679.38	16601.35
2.	Works benefiting SC/STs(Nos.)	488511	402502	5844	431680	228876	1557413
3.	Minor irrigation/flood protection works (Nos.)	54024.12	37454.12	56369.56	13034	2588.30	163470.10
4.	Soil conservation works (hectares)	43001.32	17686.49	61708.07	9327.89	2120.50	133844.27
5.	Construction of village tanks(Nos.)	20868	11692	10519	10189	3892	57160
6.	Land development works (hectares)	13444.73	10253.92	12889.58	9465.10	1952.30	48005.63
7.	Drinking water wells, ponds, etc.(Nos.)	154228	78784	86796	55437	31167	406412
8.	Rural roads (Kms)	180238.96	148912.36	111706.26	92837.28	37696.82	571391.68
9.	School buildings (Nos.)	34677	38490	31403	27101	7653	139324
10.	Development of house sites (Nos.)	9782	14386	9983	7733	4138	46022
11.	Construction of houses (Nos)	57938	67083	86654	25532	10606	247813
12.	Construction of Panchayat ghars (Nos.)	9287	12337	9957	8147	2542	42270
13.	Mahila Mandals (Nos.)	1620	1290	1951	1727	484	7072
14.	Sanitary latrines (Nos.)	34396	32873	28344	15360	3219	114192
15.	Construction of wells under MWS (Nos.)	87634	56433	172328	173016	82393	571804
16.	Construction of houses under IAY (Nos.)	182957	181800	207299	192369	118196	882621
17.	Other works	213489	216843	240103	177641	104606	952682

6.11.1 Non-prioritisation of sectoral activities

The PAC (1986-87) recommended integration of poverty alleviation programmes with area development programmes. The Estimates Committee on Ministry of Rural Development for JRY in their Thirtieth Report (1992-93) noticed that there was no explicit focus on prioritisation of assets being created under the programme. The Committee recommended that without interfering with freedom of Panchayats in selecting the works to be undertaken under JRY, care should be taken that these works

dovetail with an overall plan for development of each region under which first priority was to be given to directly productive investment on items which were labour intensive at construction as well as post-construction stages like irrigation, water and soil conservation measures, reclamation of waste-lands, etc. The second priority was to be given to construction of roads for promoting regional development while last priority was to be given to construction of buildings for schools, library, dispensaries, etc. Preference was to be given to works (a) having potential of maximum direct and continuing benefits to the members of poverty groups and (b) which were, or could be, owned by or were assigned to groups of beneficiaries either for direct use of the assets by the groups or for the sale of the services / facilities created by the assets to ensure continuing income of the groups.

The Ministry prescribed utilisation of DRDAs/ZPs share of funds for different sectoral works as under :

a.	economically productive assets	35%
b.	social forestry work	25%
c.	individual beneficiaries scheme for SC/ST	15%
d.	other works including roads and buildings	25%

The All-India percentage of sectoral expenditure under JRY, as per records of the Ministry, was as under :

Table 6.11.1 : Percentage of Sectoral Expenditure

Year	Minor irrigation and other works	Social forestry	Houses and Wells	Roads, Schools and Community buildings
1989-90	36.3	8.7	17.4	37.6
1990-91	33.3	3.9	27.5	35.3
1991-92 (Provisional)	27.8	3.9	41.0	27.3
1989-93	35.1	5.0	28.5	31.4

Thus, the All-India percentage of expenditure on roads and buildings exceeded 25 per cent contemplated for roads buildings and other works by 6 per cent without taking into account 'Other Works'. Details of expenditure on 'Other Works' were not available with the Ministry. It could not be ascertained as to how much of this expenditure on 'Other Works' would qualify as economically productive assets. The review in audit revealed that sectoral earmarking of DRDAs / ZPs share of funds was not done. The percentage of expenditure on Social Forestry ranged from 3.9 per cent to 8.7 per cent against 25 per cent prescribed. Higher priority was given to construction of rural roads (*Kuchcha*) and buildings in Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. In the States of Andhra Pradesh, Gujarat, Karnataka, Kerala, Orissa and Tamil Nadu, the percentage share of expenditure on construction of rural road and buildings over total expenditure ranged between 31 and 72.

6.11.2 Construction of rural roads

Road works taken up under the programme were to be of durable nature and were to meet appropriate technical standards and specifications laid down by State Governments/UT Administrations.

In the following States, test check of records revealed shortcoming like construction of *kuchcha* roads, irregular expenditure on repair works, non-obtaining of completion reports, etc. as discussed below:

Andhra Pradesh : In Chittoor and Nalgonda districts, rural link roads constructed were *kuchcha* (earthen). The Panchayati Raj Engineering Department had neither details of roads metalled. nor records of roads constructed.

Gujarat : During 1989-94 (upto February 1994), 17435.70 km of roads were constructed under JRY at a total cost of Rs 10808.83 lakhs. Though the model designs as provided in the programme included estimates for 7 items covering earth work to black top including consolidation and watering, the roads constructed in rural areas were only *kuchcha* roads (only earth work was carried out). The roads works were carried out departmentally though there was a ban on execution of works through government agencies/ middlemen.

Karnataka : 1457 *kuchcha* road works which involved only earth work, formation and spreading of *moorum* (gravel) on the surface were executed during 1989-94 at a total cost of Rs 129.39 lakhs without metalling, soling and compaction, etc.

Kerala : In seven road works undertaken by the DRDA, Alappuzha during 1989-94 adequate consolidation to the sub-grade and road way drainage was not given and majority of the roads were *kuchcha* ones. Only earth filling for formation of the road or for raising the roadway was provided.

Madhya Pradesh : In Dhar and Jhabua districts Rs 101.08 lakhs (out of total expenditure of Rs 325.44 lakhs) were spent on construction of *kuchcha* roads during 1989-94 as no consolidation work was carried out.

Orissa : In Kalahandi and Sambalpur test-checked districts, Rs 167.66 lakhs were spent on construction of 1258 *kuchcha* roads and no provision was made for acquisition of raw materials for making the roads '*pucca*'(metalled). No completion certificates were obtained from the competent authorities.

Rajasthan : In Banswara and Dungarpur districts, only *kuchcha* and gravel roads were constructed.

Tamil Nadu : 376 works of approach roads/pathways to burial grounds involving earth work and gravelling were executed at cost of Rs 50.26 lakhs between 1990-91 and 1993-94 in Madurai, South Arcot-Vallalar and Thanjavur districts.

Uttar Pradesh : Out of 169.73 km. of link roads constructed between 1987-94 in Mirzapur and Sitapur districts, 52.79 km. of the roads were *kuchcha* and against the requirement of construction of 165 culverts only 55 culverts were constructed.

West Bengal : Rs 165.56 crores were spent during 1989-94 on construction of rural link roads. However, the major share of expenditure was made on improvement repairs and maintenance of existing *kuchcha* and *mooram* (gravel) topped rural roads during 1989-94. Estimates for work on rural roads aggregating Rs 113.67 lakhs in 18 'Gram Panchayats' were not approved/ verified by any technical authorities owing to shortage of requisite technical manpower.

In four districts 29 road works remained incomplete even after 3 to 4 years, although Rs 50.14 lakhs were spent on them.

6.11.3 *Social forestry*

Social forestry works which had potential of giving benefits to the rural community and particularly to the rural poor were to be taken up under JRY. Social forestry works were to include soil and water conservation measures taken to ensure the survival of plants. These works were to be taken up on Government and community lands and on roads sides, canal embankments, fallow lands, beside railway lines and on degraded forest lands only if suitable community lands were not available and where the village community had access to the usufruct of plantation.

The selection of plants was to be made by the village Panchayats taking into account the needs of the areas and geo-climatic conditions. The cost of maintenance of plantation on community land and for community benefit upto a period of 3 years was permitted to be met from JRY. Farm forestry could be taken up on land belonging to SC/ST, freed bonded labourers, all allottees of ceiling surplus land/*bhoodan* land/wasteland/Government land provided their landholding did not exceed those of small farmers and on land for which tree pattas had been granted.

Test-check of records in various States revealed that plantation rather than soil and water conservation works for social forestry were taken up, often on reserve forest lands where the community had no access to usufruct.

6.11.3.1 In Andhra Pradesh (Chittoor and Nalgonda districts), Gujarat (Panchmahals district), Karnataka (5 test-checked districts) and Orissa, Rs 987.16 lakhs were irregularly spent on raising plantations in reserve forest areas where the community had no access to the usufruct.

6.11.3.2 *Survival rate of plantation :*

State wise position of survival of plantations under social forestry was as under:

Table 6.11.3.2 : Plantation Survival

State	District	Period	No. in lakhs	Range of survival
Andhra Pradesh	State as a whole	1989-93	1171.20	The details of percentage of survival was not ascertained and made available to Audit by ZPPs Chittoor and Nalgonda test-checked in audit.
Gujarat	State as a whole	1989-94	2374.16	The details of survival percentage were not on record.
Karnataka	5 test—checked districts	1989-94	828.32	The details of survival percentage were not on record.
Kerala	State as a whole	1989-94	575.00	No records to show as to how many plants had actually survived were available in Blocks.
Maharashtra	(i) 2 Panchayat Samities in Nasik district	1989-90	4.75	All the 2.38 lakh plants died in the first year itself. The plants were purchased from private nurseries.
	(ii) Amaravati		2.81	Nil survival reportedly due to late sowing of seeds, adverse climatic conditions of the district, selection of unsuitable plants, etc.
	(iii) Nagpur Nasik Dhule	1989-94	48.26	The details of percentage of survival were not available.
		1989-94	61.91	
		1992-93	19.47	
Orissa	(i) Kalahandi, Ganjam and Keonjhar	Between 1989-90 and 1993-94	25.03	Survival percentage ranged between nil and 70. Reasons stated were lack of funds for maintenance, negligence, low water level, etc.
	(ii) plantation done on degraded forest land		842.00	Incurred on social forestry and was largely unproductive as the benefit did not accrue to the rural poor.
	(iii) A Community Development Blocks	1988-89	26.67	The survival percentage was between nil and 65. The loss was Rs 13.44 lakhs on non-survival of plantation.
	(iv) Kalahandi	1989-92	27.36	Damaged due to non—maintenance of plantation in the 2nd and 3rd years for want of funds.
Tamil Nadu	Chengai-MSR, Thanjavur and Madurai districts	1990-94	5.61	11.21 lakh palm nuts were planted, the percentage of survival varied between nil and 64 due to inadequate soil moisture, poor quality of nuts, plantation after rainy seasons, etc.

6.11.3.3 *Other shortcomings :*

Andhra Pradesh : No plantation raised under JRY was handed over to 'Gram Panchayats'. In Chittoor and Nalgonda districts test-checked in audit 24 to 68 per cent of

the total expenditure was spent on raising seedlings for distribution to public and the balance on different types of plantations. The JRY did not lay down specific guidelines for free distribution of seedlings or for their sale. However, in the above districts, Rs 202.52 lakhs was spent on raising of 337.56 lakh plants which were reportedly distributed free to public. In Nalgonda district, Rs 13.50 lakhs were spent on construction of compound walls, barbed wire fencing, improvements to wells, construction of buildings like seed store sheds, foodgrains storage houses, social forestry extension centre, forest rest houses, office complexes, staff quarters and their maintenance though these works was not covered under JRY.

Gujarat : Rs 2374.16 lakhs were spent on social forestry work during 1989-94. Under farm forestry 555.87 lakhs trees were planted during 1989-94 (upto December 1993) but species selected and planted, land utilised, were not on record at State level.

Karnataka : There was an excess expenditure of Rs 657.78 lakhs during 1989-92 and shortfall of Rs 339.88 lakhs during 1992-93 under social forestry.

In five test-checked districts, no agreement was obtained by the Social Forestry Division from the 'Mandal Panchayats' for 9634 hectares of plantations raised at a cost of Rs 828.32 lakhs during 1989-94 and in none of the cases, plantations beyond 3 years were handed over to the 'Panchayats' for maintenance. The plantation records with details of location, extent, cost of plantation, species planted, and growth, anticipated and actual yield of green fodder, fire wood, timber, etc., were not maintained. The correctness of works carried out and expenditure incurred on them could not be verified.

Kerala : No advance plans were prepared for the implementation of social forestry. The species of plants were also not selected based on needs of the area and geo-climatic conditions. There was short provision of Rs 597.45 lakhs during 1989-94 for social forestry. There was no monitoring of social forestry operations and no arrangements were made for maintenance of plants at the initial stages. In four districts, out of the expenditure of Rs 64.09 lakhs during 1993-94 on social forestry works, Rs 61.99 lakhs were spent on civil construction works.

Madhya Pradesh : During 1989-93 social forestry works on 11839 hectares of forest land were carried out at a cost of Rs 108.22 lakhs. However, information regarding area pertaining to reserve forests and degraded forests was not available.

Orissa : In Kalahandi district, 22.04 lakh plants planted at a cost of Rs 30.15 lakhs were not handed over to 'Gram Panchayats' for their maintenance.

Uttar Pradesh : Plantation on 41691 hectares of reserve forest land was irregularly done at a cost of Rs 3393.75 lakhs during 1989-94 though these would be commercially exploited through 'Van Nigam' and would not be available to the rural community. The entire expenditure should have been charged to the budget of the Forest Department.

West Bengal : Rs 14489 lakhs were spent on social forestry during 1989-94. In four test-checked districts, only 0.47 lakh hectares were covered raising 372.87 lakh plants at a cost of Rs 3780.16 lakhs during 1989-94. Average unit cost per hectare varied between Rs 2000 and Rs 50000, and reasons for such wide variations were not ascertainable from the records. As against allocable amount of Rs 1208.53 lakhs for social forestry works, expenditure was exceeded by Rs 2571.63 lakhs during 1989-94.

In Bankura and Purulia districts, against the prescribed unit cost for block plantation of Rs 5600 per hectare of 2000 plants, the average cost varied between Rs 11000 and Rs 42000 per hectare entailing an excess expenditure of Rs 76.82 lakhs on plantation in 12000 hectares.

6.11.4 *Land Development work*

Little importance was accorded to land development works. In Madhya Pradesh, no land development works were undertaken in Dhar and Jhabua districts. Similarly, in Chittoor and Nalgonda of Andhra Pradesh, no such works were taken up. In Orissa, lowest priority was given to soil conservation, land reclamation/development which amounted to only 0.37 to 3.92 *per cent* of annual expenditure under JRY. Following shortcomings were noticed during test-check of records in Karnataka :

In Belgaum, Bijapur and Mysore districts, 10099.08 acres of land belonging to big farmers, out of coverage of total land of 15456.05 acres, were covered while

executing 427 land development works during 1991-94 at a cost of Rs 112.87 lakhs. Although proportionate expenditure of Rs 74.50 lakhs was incurred on land holdings of big farmers, no recovery was made from these farmers. Similarly, in Kolar district, 1706 water storage tanks were constructed at a cost of Rs 199.97 lakhs during 1992-94 on the lands belonging to small and marginal farmers who already owned bore wells. Again, 97 land development works, executed at a cost of Rs 27.99 lakhs, were not on lands belonging to small and marginal farmers.

6.12 Non-adherence to ratio between expenditure on wage and non-wage component

Under the programme, of all the expenditure incurred on various works in a year at least 60 *per cent* was to be spent on the wages of the unskilled labourers. Wages paid to labourers other than the unskilled workers were to be counted towards 40*per cent* non-wage (material component). In case the ratio of 60:40 between wage and non-wage component could not be adhered to and there was need for supplementary requirement of funds for material components, it was to be provided by dovetailing resources available from other Government plan/non-plan programmes. Test-check of records in various States, however, revealed excess expenditure on non-wage components as discussed below:

Andhra Pradesh : Rs 214.20 lakhs spent in excess towards non-wage component on all building works (other than primary school buildings under Operation Blackboard) executed during 1989-94 were charged to JRY and not mobilised from outside sources.

Karnataka : Rs 1341.86 lakhs were spent in excess of prescribed ratio towards material component of various works during 1989-94. There was no record/register maintained to watch the ratio of expenditure on non-wage and wage component on works in the 5 test-checked districts as a whole.

Madhya Pradesh : In Gram Panchayats of Dhar and Jhabua districts average ratio of wage and non-wage ranged from 31:69 and 27:73 respectively against envisaged ratio of 60:40.

Tamil Nadu : The ratio of 60:40 between wage and material component was not adhered to in 868 works for providing infrastructure support to poverty alleviation programmes. This resulted in irregular diversion of Rs 203.89 lakhs of JRY funds for material components. The excess expenditure which was to be met from funds outside JRY, was yet to be recovered.

Further, in Thanjavur district, all the 166 works executed by the PWD under minor irrigation works were carried out through bulldozers paying hire charges of Rs 91.41 lakhs instead of utilising labourers.

West Bengal : Against the prescribed 60 per cent of expenditure to be utilised as wage payment, achievement of percentages during 1989-94 varied between 23 and 62 in four districts.

6.13 Irregularities in payment of wages

6.13.1 Excess/under-payment of wages

Rates of wages to be paid under JRY for a category of employment were to be same as notified for the relevant schedule of employment under the Minimum Wages Act. Test-check of records in various States, however, revealed excess/under-payments of wages in the following States suggesting that prevalent wage rates were higher than minimum wage rates in more developed States and the minimum wages were not paid in backward States.

Table 6.13.1 : Deviation in wages

(Rs per man-day)

Sl. No.	State	Period	Minimum wage rates notified in the State	Actual rate of wages paid (ranged between)	Remarks
1.	Gujarat	1989-92	Rs 11 upto June 1990	Rs 22.90 upto 1992	The minimum wage paid was more than that adopted by the Centre for fixing target.
2.	Karnataka	1991-92	Rs 12 upto 31st March 1991 and Rs 16 thereafter	The wages were paid to labourers at less than the prescribed rate.	Rs 1.24 lakhs were paid less to the labourers.

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Sl. No.	State	Period	Minimum wage rates notified in the State	Actual rate of wages paid (ranged between)	Remarks
3.	Madhya Pradesh	1993-94 (Dhar district)	Rs 28.20	Rs 26.20 and Rs 26.50	While test-check of Soil Conservation Office records showed payment at rates lower only by Rs 2, test-check of 5 village panchayats of Kukshi block showed payment only @ Rs 8.20 during 1993-94.
4.	Maharashtra	35 village Panchayats	Rs 14	Rs 15 to Rs 30	This resulted in extra payment of Rs 11.35 lakhs during 1989-94.
5.	Tamil Nadu	(i) State as a whole (ii) 1989-94 4 districts	Between Rs 25.60 and Rs 52.40 to workers engaged in construction of building. 	Wages at the rate of Rs 15 upto 1992-1993 and Rs 20 thereafter as applicable to agricultural labourers were paid to the workers engaged in construction of building. There was under-payment of wages to the extent of Rs 6.05 lakhs.
6.	Uttar Pradesh	Between October 1992 and March 1994	Rs 23		Wages amounting to Rs 1.81 lakhs were less paid in Mirzapur district.
7.	West Bengal	(i) 1991-94 (Bankura District) (ii) 1989-90 and 1991-92 (Purulia district) (iii) 1993-94 (Bardhaman)	Wages amounting to Rs 7.49 lakhs were paid less than the prescribed minimum wage in Bankura (Rs 4.13 lakhs), Purulia (Rs 2.42 lakhs) and Bardhaman (Rs 0.94 lakh) districts.

6.13.2 Delay in payment of wages

Wages were to be paid weekly. Test-check of records showed that the date of payment of wages was not indicated in muster-rolls in a large number of cases. In the following States delay in payments of wages to the workers was evident from other records:

Table 6.13.2

	State	Department/ District	Mandays (lakhs)	Value of wage (Rs in lakhs)	Range of delay
1.	Andhra Pradesh	ZPP Nalgonda, Chittoor	All	All	upto 4 months
2.	Karnataka	(i) 5 test- checked districts	4.28	73.62	Between 2 weeks and 56 weeks
		(ii) ZP, Kolar	0.24	5.74	One year
3.	Rajasthan	Banswara Dungarpur	0.33	4.32	Between 3 weeks and 56 weeks
4.	Uttar Pradesh	Mirzapur	0.61	13.6	Between one month and 9 months
5.	West Bengal	Medinipur	---	12.59	Between 2 weeks and 20 weeks

Muster-rolls maintained by the Panchayats in Kerala had no indication that foodgrains were distributed to the beneficiaries. Muster-rolls were not authenticated by the Panchayat or by the convenors. Stock registers of foodgrains revealed that 17.2 mt foodgrains were given to convenors of the works after completion of works in Malappuram and Palakkad districts.

6.14 Distribution of foodgrains

The JRY contemplated distribution of 1.5 kg. of foodgrains man-day as part of wages since its inception (1989-90) so as to protect the real wages of the workers besides improving the nutritional standards of the families of the rural poor. Based on an option given to the States during 1990-91 only 14 States in the country were utilising this

facility till 1991-92. In July 1992, it was decided to raise the quantity of foodgrains to be paid as part of wages and invariably give 2 kg of foodgrains per man-day.

The allocation of foodgrains among the States was made on the basis of the targets for man-days to be generated and prevalent food habits. The issue price was the same as Public Distribution System (PDS) issue price and State Government were free to distribute foodgrains either through PDS network or by actual distribution at work sites. The issue price was 50 paise less per kg in 1715 blocks where the revamped PDS was being implemented and the distribution of foodgrains in those blocks was permitted through the PDS only. Executing agencies were permitted to incur expenditure upto Rs 20 per quintal as handling charges or actual expenditure incurred for bringing the foodgrains from FCI godowns to the works-sites.

It was found that only a very small proportion of wages was paid in foodgrains. The concurrent evaluation of JRY of the Ministry for the period January-June 1992 revealed that of the all India average wage of Rs 25.68, only Rs 0.25 was the value of foodgrains components in 1993-94, of 12 lakh tonnes allotted, only 2.8 lakh tonnes were lifted by district agencies.

Test-check of records in various States revealed instances of non-accounting of foodgrains, delay in distribution of foodgrains towards wages, short accounting, excess payment of handling charges, etc. as discussed below:

Andhra Pradesh: Foodgrains towards payment of wages were not released till 1991-92. In Chittoor and Nalgonda districts acquittance showing distribution of rice (16591 mt.) to the labourers were not available. Further, in Chittoor district there were abnormal delays ranging upto 73 days in drawal of foodgrains by executing agencies after release by implementing agencies and the actual distribution of rice to the labourers was not watched by the implementing agencies.

In Chittoor district, release orders for 5025 mt of rice was given to APSCS Corporation for lifting from FCI and delivery to the implementing agencies at the specified work-sites. The implementing agencies, however, received only 4917 mt. The

balance 108 mt valued at Rs 5.37 lakhs was yet to be recovered/accounted for by the APSCSC.

Bihar : Of the total allotment of 3.26 lakh mt of foodgrains, only 2.12 lakh mt were lifted during 1992-94 and 1.92 lakh mt were utilised for payment of wages. Foodgrains/Stock accounts were not properly maintained at any level right from DRDAs to Panchayats.

Gujarat : The State Government did not lift the consignment of foodgrains valuing Rs 348 lakhs released by the Centre in April 1989 as it decided not to distribute foodgrains. Foodgrains were also not distributed during 1990-92. There was shortage of 4426 mt of foodgrains valuing Rs 73.70 lakhs which was yet to be reconciled. 4785 mt of foodgrains which were over 3 years old were distributed during 1992-93 without ascertaining whether these were fit for human consumption. Contrary to the prescribed rate of Rs 20 per quintal towards handling and transportation of foodgrains under the programme, the State Government had paid at the rate of Rs 36 per quintal during 1989-93 and at Rs 46 per quintal during 1993-94 resulting in excess expenditure of Rs 116.73 lakhs.

Karnataka : Due to non-lifting of adequate quantity of foodgrains and non-utilisation of the lifted quantity, there was no supply of foodgrains for 1481.54 lakhs man-days. There was no systematic and proper maintenance of quantity accounts for the foodgrains received, utilised, balance, etc. either at the State or at the district level. The closing balances for the year 1989-90, 1991-92 and 1992-93 had not been correctly carried forward as opening balance in the subsequent years and there had been a net short accounting of stock of 7277.71 mt of foodgrains valued at Rs 170.21 lakhs as of 31st March 1994.

Kerala : In Pathanamthitta, Idukki, Ernakulam, Palakkad and Malappuram districts, the DRDAs did not supply subsidised foodgrains as part of wages during 1990-94 thus depriving the benefit of subsidy on foodgrains amounting to Rs 202.40 lakhs (upto 1992-93 at Re.0.25 per kg and Re.0.50 per kg thereafter).

Though DRDA, Kannur stated (June 1994) that the workers were not interested in receiving part of their wages in the form of foodgrains, 73 mt of rice was

issued to convenors of 19 works executed between 1989-93 after the completion of the work. There was no record of distribution of rice to the workers.

Madhya Pradesh : Foodgrains were not allotted in the State during 1990-92 depriving the benefit of supply of subsidised foodgrains to the workers.

Maharashtra : Though Central Government released 39800 mt of rice and 84700 mt of wheat during 1992-93, the State Government did not lift the foodgrains.

Orissa : In Kalahandi district, there was shortage of foodgrains costing Rs 2.21 lakhs as in March 1989 against Dharmagarh and Bhawanipatna Block and Forest Division, Bhawanipatna.

Rajasthan : The State Government lifted only 44564.45 mt. of 2.86 lakh mt. of foodgrains allotted during 1989-94 thereby depriving the beneficiaries of the benefit of obtaining subsidised foodgrains as a part of their wages.

Tamil Nadu : The State Government did not opt for distribution of foodgrains as part of wages during 1990-91 and 1991-92. Out of 2.19 lakh mt of foodgrains allocated during 1992-94, the State Government lifted only 57128 mt of foodgrains and distributed only 37005 mt, during 1993-94. 6663.895 mt. of rice lifted during 1992-93 were neither utilised during the year nor were the same taken as opening balance for the year 1993-94. No records were made available to indicate the utilisation of the stock.

The Ministry released (February 1990) Rs 11.77 crores in lieu of unlifted 0.24 lakh mt. of foodgrains allocated during 1989-90. The Government of India had assessed in August 1990 that the actual amount due to be released was only Rs 3.67 crores which resulted in excess release of Rs 8.10 crores. There was no evidence for the adjustment of the excess release in the records produced to audit.

West Bengal : Out of total payment of wages of Rs 59130.84 lakhs, wages paid in cash amounted to Rs 57238.61 lakhs in the entire State. As against 4.40 lakh mt of foodgrains required to be distributed during 1989-94, only 0.99 lakh mt were actually distributed leading to shortfall of 3.41 lakh mt. in distribution resulting in labourers sustaining loss of income of Rs 5315.76 lakhs during 1989-94 due to non-distribution of foodgrains at

subsidised rates. The shortfall had been attributed to lower margin for dealers' commission, extra expenditure on account of transportation and handling charges, lack of proper infrastructure, etc. Payment of wages in cash varied between 90 *per cent* (Purulia) and 98 *per cent* (Medinipur).

6.15 Irregular grant of works to contractor/middlemen

Contractor, middleman or any such intermediary agency were not to be engaged for execution of works under JRY. During test-check it was seen that several works involving a total cost of Rs 4113.49 lakhs in selected districts alone were carried out by engaging contractors and intermediaries between 1989-90 and 1993-94 as detailed below:

Table 6.15

(Rs in lakhs)

Sl. No.	State	DRDA Districts	Period	Value of works executed through contractors	Remarks
1.	Andhra Pradesh	Chittoor	1989-94	12.13	
2.	Gujarat	Village Panchayats	--	2.88	In Panchamahals district the payment of wages was made through gangman.
3.	Karnataka	(i) Belgaum, Bijapur and Gulbarga districts	1989-94	135.66	Works got executed through contract of Head Mazdoor on piece work basis. In none of the cases, the implementing agencies ensured that constructing agencies had engaged the BPL workers. Work got executed through Karnataka Land Army Corporation. The amount included Rs 17.19 lakhs towards supervision/departmental charges.
		(ii) 5 test-checked districts	-do-	1744.18	
		(iii) Belgaum and Bijapur districts	-do-	367.94	
4.	Kerala		1991-93	3.84	Metalling and tarring of Stallion Mukkakollanvilakam Road at Chirajukil Block in Thiruvananthapuram district.
5.	Maharashtra	Executive Engineer MI(EGS) Division Malegaon	--	2.48	Paid to contractor.

Contd⇒

Sl. No.	State	DRDA Districts	Period	Value of works executed through contractors	Remarks
6.	Orissa	Ganjam and Kalahandi	1990-94	218.33	Construction of wells executed through (i) Lutheran World services in Kalahandi(Rs 187.68 lakhs) (ii) Gram Vikash, Kalahandi (Rs 11.07 lakhs); (iii) Antyodaya, Kalahandi (Rs 5.38 lakhs); (iv) FARR (Rs 1 lakh); (v) Gram Vikash, Mehuda (Rs 13.20 lakhs) in Ganjam Construction of field channels in Keonjhar. Construction of IAY houses in Jhumpura Block in Keonjhar district.
			1989-93	59.00	
			1989-90	2.13	
7.	Rajasthan		1990-91	29.10	Works got executed through contractor instead of through Groundwater Department.
8.	Tamil Nadu	--	--	39.32	Works got executed through middlemen. No records were available to ascertain the beneficiaries actually employed and wages paid to them.
9.	Uttar Pradesh	Minor Irrigation Division, in Sitapur	1992-94	5.45	Technicians were engaged on boring of tubewells though the Irrigation Division was having 41 technicians for boring works. Payment was made to private tractor owners whose tractors were engaged during 1993-94 for digging pits. The fact that tractor could not be used for digging pits was not examined by DRDA, Sitapur.
		Social Forestry Division, Sitapur		0.94	
10.	West Bengal	Bankura district	1989-94	123.26	Paid through Gang Sardars for which no acquittances from labourers were obtained. Roads got repaired through middlemen/intermediary agencies. Roads got repaired or improved through contractors.
		Bankura	1989-94	1053.21	
		Bardhaman	1989-94	313.64	
Total				4113.49	

6.16 Excessive administrative/contingent expenditure

The State Governments could spend upto a maximum of 2 per cent of the annual allocations (both Central and State) on the administration/contingencies. It was, however, seen that in the following States, Rs 631.12 lakhs were spent in excess of prescribed ceiling :

Table 6.16 : Excessive Administrative Expenditure

(Rs in lakhs)

State	District	Period	Amount spent in excess	Remarks
Andhra Pradesh	(i) All Districts	1989-93	288.09	The extra amount of contingent expenditure was incurred by implementing agencies during the period 1989-94.
	(ii) Chittoor and Nalgonda districts	1989-94	13.96	
Karnataka	114 Mandal Panchayats	1989-93	9.19	Rs 9.19 lakhs were spent on administrative/contingent charges out of the funds earmarked for other activities under the programme.
Tamil Nadu	State as a whole	1992-93	319.88	
			631.12	

6.17 Million Wells Scheme

The Million Wells Scheme (MWS) was launched with the objective of providing open irrigation wells, free of cost, to small and marginal farmers belonging to SC/ST and freed bonded labourers from the year 1988-89 out of the 20 per cent resources of JRY earmarked for MWS. Two-thirds of these funds were reserved for wells on lands belonging to SC/ST families. The State Governments were to allocate MWS resources to district with reference to the unirrigated land held by SC/ST and potential for well irrigation.

Only open wells were to be dug and tube-wells and bore wells were not to be taken up. Where wells were not feasible due to geological factors, the funds of MWS could be utilised for other schemes of minor irrigation like irrigation tanks, water

harvesting structures and also for the development of lands of SC/STT and freed bonded labourers. The amount was not to be diverted for any other scheme.

6.17.1 Average Unit Cost of Wells

The details of allocation made, expenditure incurred, wells constructed and average unit cost of wells constructed during 1988-89 to 1993-94 under the scheme were as under :

Table 6.17.1 : Unit cost of wells

Year	Allocation (Rs in lakhs)	Wells constructed (numbers.)	Expenditure incurred (Rs in lakhs)	Average unit cost of wells (Rs in lakhs)
1988-89	27144	50345	13299	0.26
1989-90	--	87634	10816	0.12
1990-91	52463	56433	27974	0.50
1991-92	60465	172328	49518	0.29
1992-93	60465	180995	53405	0.30
1993-94	95437	149084	63904	0.43
	295974	696819	218916	

Source: Ministry of Rural Development-Material furnished to Parliamentary Committee on the Welfare of SC/STs

Thus, as against a million or 10 lakhs wells only 6.97 lakhs were dug. It may be seen that unit cost of wells fluctuated over the years.

Further, an allocation of Rs 770.58 crores was not spent on digging open wells on lands belonging to those below the poverty line. Such a high magnitude of unspent amounts suggests that either earmarking 20 per cent of JRY funds for open wells was unrealistic (did not take into account the fact that lands belonging to SC/ST was geologically unsuitable for open wells) or that efforts to ascertain geological feasibility were not made.

6.17.2 *Other Shortcomings*

Test check of records in various States also revealed following shortcomings like abandoning of construction midway, non-energisation, failed wells, construction of wells without proper survey, taking up work without taking approval from the competent authority, incurring of expenditure in excess of ceiling, etc. as discussed below:

Andhra Pradesh : Of 7304 wells sanctioned upto March 1993 in Chittoor and Nalgonda districts, execution of 430 wells was stopped midway, 50 wells failed and 9 wells collapsed after expenditure of Rs 15.12 lakhs was incurred on them.

Though MWS does not cover tubewells it was noticed in Chittoor and Nalgonda districts that out of 6361 wells constructed, 1192 wells were not energised (March 1994) for over 3 years after completion.

In Chittoor district, 450 check dams were sanctioned by Zilla Praja Parishads during 1993-94 at a total estimated cost of Rs 350.30 lakhs without surveys in the neighbourhood of the dam sites to assess the utility of the check dam after construction.

Bihar : In Palamu district, against the target of 12485 wells fixed for the period 1990-94, construction of 20425 wells was taken up. Out of this 8920 wells were completed and remaining 11505 wells were lying incomplete. Amount advanced to the beneficiaries against the incomplete wells was not intimated to Audit. In two Blocks of the district against 775 wells taken up, 468 wells were lying incomplete for which Rs 46.49 lakhs were paid in advance.

Gujarat : Out of Rs 9379.20 lakhs allocated, the utilisation during 1988-94 was Rs 8741.36 lakhs . No geological survey report was obtained before sanctioning the wells. In test-checked districts of Kheda, Panchamahals and Valsad districts, the Running Account Bills were not supported by the muster-rolls and measurement of the work done.

Karnataka : Without considering the geological feasibility for digging open wells on lands belonging to SC/ST as contemplated under the programme, funds to the tune of Rs 1619.47 lakhs were diverted during 1990-94 for 10181 harvesting structures and land

development works. Further digging of 1272 open wells was stopped after excavation of earth upto 3 to 8 metres depth and incurring an expenditure of Rs 142.89 lakhs on these wells during 1990-94.

In Gulbarga district, 20278 works taken up during 1990-94 were executed by the BDOS at a cost of Rs 2169.93 lakhs without the approval of District Project Approval Committee.

Madhya Pradesh : In Jhabua district, the amount allotted for MWS during 1989-93 and 1993-94 was only 6 and 12.5 *per cent* respectively of the total allocation against 20 *per cent* envisaged.

Though 1.09 lakh wells were constructed during 1989-94 in the State, information regarding area of land brought under irrigation was not ascertained/monitored.

Orissa : In Keonjhar district, structural failure resulted in collapse of 44 wells constructed at a cost of Rs 6.43 lakhs due to defective designs and layout. 49 wells were constructed at a cost of Rs 5.64 lakhs and 20 wells (cost: Rs 1.14 lakhs) were constructed in Hatadihi Block without following the prescribed norms.

In Kalahandi and Sambalpur districts, of 115 wells costing Rs 6.56 lakhs, 43 were abandoned, 31 failed and 41 collapsed.

Rajasthan : In six test-checked districts, 1908 wells scheduled for completion by 1992-93, were incomplete after incurring an expenditure of Rs 213.33 lakhs.

Despite instructions to construct wells only in areas where ground water was available, 1133 wells involving an expenditure of Rs 197.03 lakhs were undertaken in areas where sufficient groundwater was not available as per hydrogeological data for irrigation purposes rendering the expenditure unproductive/infructuous.

Tamil Nadu : Though JRY provided for taking up only minor irrigation works, Rs 293.82 lakhs were spent during 1990-91 on 2645 maintenance works related to Major Irrigation system like Cauvery Delta System, Cauvery Mettur Project, Amaravathy project.

In Kancheepuram and Thiruvannamalai, 75 percolation ponds were constructed at a cost of Rs 103.99 lakhs on clay soil (66 ponds) and black cotton soil (9 ponds), which were unsuitable for recharging the wells (the soil being of impervious nature), rendering the entire expenditure unfruitful.

Uttar Pradesh : Rs 196.22 lakhs were spent on boring of 4149 wells (200 in Mirzapur district: cost Rs 9.12 lakhs and 3949 in Sitapur district : cost Rs 187.10 lakhs) during 1992-94 though boring of wells or tubewells was not permissible under JRY. The wage component was only Rs 25.05 lakhs.

9867 irrigation wells and tanks were constructed in villages at a cost of Rs 4533.18 lakhs during 1989-94 for boosting irrigation and agricultural activities to sustain rural economic growth. It was, however, noticed that irrigation tanks were constructed without the provision of pumpsets or outlets for accumulated water in the tanks thus rendering the expenditure infructuous.

6.18 Indira Awaas Yojana

The JRY envisaged construction of houses for SC/ST and freed bonded labourers below the poverty line and providing them houses free of cost.

The permissible expenditure under JRY for each house was Rs 8000 for construction of house, Rs 1400 for construction of sanitary latrine and smokeless 'Chullah' and Rs 3300 for providing infrastructure and common facilities. In difficult area, the cost of construction of house was Rs 9800. In case of houses not built in clusters/ micro-habitat approach, Rs 3300 provided for the common facilities and infrastructure could be used in construction of house.

The details of allocation of funds, expenditure incurred and number of houses constructed under IAY during 1989-90 onward were as under :

Table 6.18 : Indira Awaas Yojana*(Rs in Lakhs)*

Year	Allocation	Expenditure incurred	Number of houses constructed
1989-90	15738	18850	186023
1990-91	15738	21307	181800
1991-92	15738	26301	207299
1992-93	22396	23883	192585
1993-94	31812	42612	358302
1994-95 (upto June 1994)	36813	5162	65090
Total	138235	138115	1191099

The following shortcomings were noticed in the execution of IAY in various States :

Andhra Pradesh : In Chittoor and Nalgonda districts, Rs 13.23 lakhs were released by district authorities for construction of 735 houses without the approval of SLCC as of March 1994. Besides, Rs 42.38 lakhs were also diverted from the provision of infrastructural facilities in the case 2453 houses including the above 753 houses despite the fact that the houses were built in clusters.

Bihar : In Palamu district, 208 houses against which Rs 22.72 lakhs were advanced to the beneficiaries in 1992-93 were lying incomplete (August 1994). Similarly, in Sultanganj and Kahalgaoan Blocks of Bhagalpur district, 548 houses taken up for construction during 1989-94 (against which Rs 50.98 lakhs were advanced) were lying incomplete. The actual construction and occupation of houses by the beneficiaries were not verified.

Gujarat : Out of 45376 houses reportedly constructed (March 1994) only 39109 houses were handed over to the beneficiaries resulting in idle investment to the tune of Rs 752.04 lakhs on the remaining 6267 house. In Panchamahals and Valsad districts houses were got constructed through contractors who did not maintain muster-rolls.

Madhya Pradesh : 9981 houses constructed in clusters prior to 1990-91 costing Rs 1198.00 lakhs (at Rs 12000 per house) were lying vacant in the State at the end of June 1993.

Maharashtra : In six Blocks letters of possession of houses were not available in respect of 1358 houses. In Parbhani and Hingoli Panchayat Samitis of Parbhani district, 154 houses were allotted during 1989-94 to the beneficiaries not eligible. One of the 'Panchayat Samitis' stated (August 1994) that the houses were allotted to non-entitled persons due to non-availability of the SC/ST persons. In 10 Blocks basic amenities were not provided in 1484 houses and in two districts the infrastructural facilities were not provided in 3496 houses.

Orissa : In Kalahandi, Ganjam and Sambalpur districts, 1070 IAY houses constructed at a cost of Rs 120.32 lakhs remained unoccupied due to improper identification of beneficiaries. The houses were subsequently found collapsed and damaged due to their remaining unoccupied.

Rajasthan : In seven districts, 943 houses constructed were incomplete (expenditure : Rs 62.75 lakhs) though their construction commenced before March 1993

In seven test-checked districts, 1652 houses though completed between 1985-86 and 1992-93 were lying unoccupied (expenditure : Rs 159.68 lakhs) and 598 houses (expenditure : Rs 60.15 lakhs) completed between the above period were damaged due to non-maintenance and remained unoccupied.

Tamil Nadu : 1.78 lakh houses were constructed at a cost of Rs 297 crores under the IAY during 1989-94. Though the State Government ordered a complete survey of all the IAY houses constructed since 1985, the survey had not yet been conducted. No houses were provided to freed bonded labourers as no house site '*pattas*' were issued to them. Although the JRY manual makes it clear that the houses were to be constructed by the beneficiaries themselves, all the houses were got constructed departmentally.

Uttar Pradesh : Of 1.46 lakh houses completed, 66384 houses were not occupied by the beneficiaries during 1989-94. A quick evaluation study carried out (1993-94) by the

Ministry of Rural Development, Government of India revealed that level of construction was sub-standard; the beneficiaries did not reside in the houses themselves and the houses were let out or even sold out; some houses were used for godown purposes.

6.19 Monitoring

Monitoring of JRY at different levels was necessary for distinct purposes. Central Government needed to monitor the progress in coverage of households below the poverty line, per capita man-days of employment generated and timely payment of wages to workers. Ministry did not have information based on reports of State Governments from a compilation of records on any of these parameters.

State Governments were expected to make special efforts in monitoring priorities in creation of assets in view of the fact that unlike other programmes, a Centrally sponsored scheme like JRY was being implemented by an amalgam of government and panchayati raj institutions. A State level Coordination Committee was constituted in each State to expedite decision making. A representative of the Ministry was invariably to be invited to participate in the meetings of the Committee. Physical monitoring through field inspections of works was also prescribed. For this purpose a schedule of inspection, duly approved by SLCC, for each supervisory level functionary from State Government to block level was to be drawn up and strictly adhered to.

Test-checks of records in various States revealed that monitoring of JRY was inadequate. There was no SLCC constituted in Maharashtra. The SLCC in Andhra Pradesh met only once in June 1990 and no monitoring cell was created at the State/District level. Similarly between 1989-93 the SLCC in Karnataka met only 7 times instead of 16 as required under guidelines. In Kerala, SLCC met only 4 times during 1990-94. Again, in Madhya Pradesh the SLCC met only once a year.

No schedule of inspection by State level officers was drawn up in Bihar; no officer visited field offices during 1989-94; no record of inspections was maintained by DRDAs in Madhya Pradesh and Rajasthan. The General Body of 3 DRDAs (Cuddalore, Coimbatore, Thanjavur) out of 6 test-checked in Tamil Nadu did not meet even once during 1991-93. While in Uttar Pradesh (Mirzapur and Sitapur) the schedule of field

inspection of Gram Panchayats was not adhered to by officers at any level, in West Bengal records of field visits were not maintained. Inordinate delays in submission of annual progress reports and returns were noticed in several districts test-checked. Training for orientation of functionaries, for which Rs 50,000 per district had been earmarked, was not conducted in most of the districts test-checked.

6.20 Evaluation

6.20.1 The JRY envisaged periodical evaluation studies of the implementation of the programme by the States/UTs to ascertain its impact. However, in Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, West Bengal, the State Governments did not get evaluation studies conducted. In Gujarat, the State Evaluation Department conducted studies on IAY and MWS upto 1990-91 and furnished the report in August 1993. The reports were forwarded in December 1993 to district authorities without calling for compliance on the defects pointed out therein. The defects pointed out in the above report were also not tackled at the State level.

In Uttar Pradesh the evaluation of JRY conducted by Uttar Pradesh Development System Corporation in Lucknow, Hardoi and Meerut districts pointed out (June 1994) that wage rate fixed under JRY was less than prevailing local rates which did not encourage the labourers to execute JRY works.

6.20.2 The Programme Evaluation Organisation (PEO) of the Planning Commission, Government of India during 1991-92, conducted a quick study of JRY in 10 States (2 districts, 4 Gram Panchayats and 60 beneficiaries). Its main findings, among others, were:

— more than 50 *per cent* of the available funds were being utilised only during last quarter and major works were being taken up during the terminal quarter against the spirit of JRY;

— of the 35.9 *per cent* of the total population available for employment in all the selected 'Gram Panchayats' only 14.8 *per cent* and 14.3 *per cent* were actually employed during 1989-90 and 1990-91 respectively;

— the 'Gram Panchayats' which had utilised the funds could provide employment to a person for an average number of 11.44 days and 15.68 days during 1989-90 and 1990-91.

6.20.3 Ministry of Rural Development nominated research institutes to collect data for a Concurrent Evaluation of JRY in all States for the period January - June, 1992. Some of its major findings were :

(i) Average wage paid to unskilled workers under JRY was lower than the local average wages paid to such workers during the off/lean season in panchayat areas.

(ii) On the whole, for the 30 days preceding the date of survey a beneficiary family under the JRY programme got on an average 7.31 man-days of employment.

(iii) Roughly 55 *per cent* of the workers did not belong to families below the poverty line.

The number of man-days of employment per beneficiary family per annum on the basis of findings of Concurrent Evaluation would therefore at best be 7.31×2 seasons i.e. 14.62 man-days in 1992-93.

It may therefore be concluded that after going up from 11.44 man-days in 1989-90 to 15.68 man-days in 1990-91 (PEO findings) the employment generation fell to 14.62 man-days per beneficiary in 1991-92. The finding in Audit in 1993-94 that employment generation ranged between 3 to 38 across different districts between 1989-94 is thus corroborated by these earlier evaluation findings. As shown earlier at para 6.2 the implementation of JRY did not create as much employment even for actual beneficiaries (a large percentage of eligible workers were not covered at all) as provided for by Plan funds.

Audit findings regarding the delays in release of funds, diversion of JRY funds, unspent amounts under million wells scheme etc., all show that (to the extent pointed out in the relevant sections in this review) timely productive works during the lean agricultural seasons to benefit those below the poverty line were not undertaken.

The Audit findings on assets created is also corroborated by the earlier evaluations, except that while the concurrent evaluations indicate that rural link roads were created and feature among permanent assets, Audit found that only *kuchcha* (earthen) roads were laid out.

CHAPTER VII

Ministry of Personnel, Public Grievances and Pensions

(Department of Personnel and Training)

7.1 Staff Selection Commission

7.1.1 Introduction

The Staff Selection Commission (Commission) was constituted by a Cabinet Resolution of November 1975, on the basis of the recommendations of the Administrative Reforms Commission. Initially it was entrusted with the Clerks Grade and Stenographer Grade 'D' recruitment. Subsequently Group 'C' recruitment was entrusted to the Commission in December 1976. The Commission conducts various examinations through its regional and sub-regional offices.

7.1.2 Organisational set up

The Commission is headed by a Chairman appointed by the Government for a period of five years. He is assisted by two Members and a Secretary. The headquarters of the Commission is located at New Delhi with six regional offices headed by a Regional Director and two sub regional offices headed by a Deputy Regional Director as mentioned below:

- | | | |
|----|----------------------|-----------|
| 1. | Eastern Region | Calcutta |
| 2. | North-Eastern Region | Guwahati |
| 3. | Central Region | Allahabad |
| 4. | Western Region | Bombay |
| 5. | Southern Region | Madras |
| 6. | Northern Region | New Delhi |
| 7. | Sub-Regional office | Raipur |
| 8. | - do - | Bangalore |

As on 31 March 1993, the Commission had a total staff strength of 417 (Headquarters-216 and Regions-201).

7.1.3 Budget and expenditure

The budget estimates, revised estimates and actual expenditure of the Commission during 1988-89 to 1992-93 were as under:-

(Rs in lakhs)

Year	Budget estimates	Revised estimates	Expenditure
1988-89	367.00	425.00	407.44
1989-90	449.00	516.00	516.22
1990-91	550.00	634.00	621.72
1991-92	656.00	754.00	722.03
1992-93	698.00	800.00	804.65

7.1.4 Scope of Audit

The review by Audit is based on a test check of the records of the Headquarters, regions and sub-regional offices of the Commission for the period 1988-89 to 1992-93. Results of audit are given in the succeeding paragraphs.

7.1.5 Highlights

- Despite computerisation the time taken for declaring results increased from 7.8 months in 1989 to 9.33 months in 1992.

(Paragraph 7.1.6)

- The Commission did not maintain statistical data regarding the appointment of candidates to various jobs by Government on the basis of nominations made by them.

(Paragraph 7.1.7)

- **Recruitment process of the Commission is not cost effective. Cost of selection per hundred candidates which was Rs 1.05 lakhs in 1989-90 escalated to Rs 1.96 lakhs in 1991-92.**

(Paragraph 7.1.8)

- **The percentage of successful SC/ST candidates declined despite arranging of pre-recruitment training by the Commission.**

(Paragraph 7.1.9)

- **The Commission has not maintained examination-wise data for total fees due and received and their subsequent credit to Government account.**

(Paragraph 7.1.10)

- **In six regional offices Rs 51.65 lakhs were outstanding as cash advance paid to examination supervisors.**

(Paragraph 7.1.11)

- **In three regional offices Rs 7.86 lakhs were outstanding as service postage stamps given to supervisors.**

(Paragraph 7.1.12)

- **The Commission entrusted the job of processing of applications to three data processing agencies from December 1991 in respect of Northern Region, New Delhi and consequently the computer system with the region remained under utilised.**

(Paragraph-7.1.14)

- **The Commission failed to sell their magazine 'Lodestar' issues of which were lying unsold in the regional offices.**

(Paragraph 7.1.17)

7.1.6 Considerable time lag between date of examination and final declaration of results

A review of the selection procedures of the Commission for the years 1989 to 1992 as shown in the Annual Reports of the Commission showed that despite the claim of the Commission to have speeded up the selection process the actual time in declaring a result increased on an average to 9.33 months at the end of March 1992 as compared to 7.8 months at the end of March 1989. It was observed that the longest time taken in declaring a result was 13 months in respect of Grade 'C' Stenographer Examination-1989 conducted in July 1990 involving a total of 32,241 candidates.

In respect of the Hindi Pradhyaapak Examination-1991, conducted in May 1991 involving 1486 candidates, the Commission declared the result in November 1991 after about 6 months.

Despite the induction of computerised system of processing of applications as well as results including handing over pre-examination processing of applications to private data processors, the time taken by the Commission in declaring results ranging from 4 to 13 months, is rather long considering the resources available to the Commission.

The Ministry stated in January 1995 that several measures were being taken to reduce the time lag which was due to various reasons.

7.1.7 Non-maintenance of statistical data of appointments

According to Government instructions of November 1975 the Commission is required to maintain records of nominations made by them.

The Commission has not maintained any records to show the number of appointments made during any year on the basis of a particular examination conducted by the Commission. The Annual Report of the Commission showed the number of nominations made but not the information of actual induction and placement.

In reply to an audit query the Commission stated in August 1994 that due to delay on the part of the indenting Ministries to accept a candidate and extension of time

allowed to the candidates, at times upto one year, it was difficult for the Commission to keep track of each case and to prepare statistical data based on each nomination.

The Ministry endorsed the views of the Commission (January 1995).

In the absence of such data any appraisal of performance of the Commission was liable to be incomplete.

7.1.8 Escalation in the cost of selection of candidates by the Commission

A review of the receipt and expenditure of the Commission for the years 1989-90 to 1991-92 showed that there had been a steady and steep escalation in the cost of selection of candidates. During the year 1989-90 the Commission collected Rs 332 lakhs on account of fees for examinations and other allied receipts against the total expenditure of Rs 516 lakhs. The number of candidates nominated during 1989-90 was 17,568 and accordingly the cost per 100 candidates, nominated, worked out to Rs 1.05 lakhs. The cost per 100 candidates for the succeeding years spiralled upwards as indicated below:-

(Rs in lakhs)

Year	Cost per 100 candidates
1989-90	1.05
1990-91	1.33
1991-92	1.96

It is seen that there has been a rise of 86.67 per cent in the cost of selection over a period of two years. The Commission needs to consider measures to contain the cost within reasonable limits commensurate with the levels of efficiency.

The Ministry stated in January 1995 that with hike in fee charged in April 1992 and December 1993 the cost per 100 candidates is likely to reduce in the coming years.

7.1.9 Pre-recruitment training for scheduled castes and scheduled tribes

Having regard to the fact that there were substantial shortfalls in filling up vacancies reserved for scheduled caste and scheduled tribe candidates, the Commission

embarked, on an experimental basis, on a scheme to impart pre-recruitment training to candidates belonging to these categories who had actually applied for various examinations. The Scheme was started in July 1986. The Commission adopted the role of motivator and took upon itself the task of identifying the candidates belonging to these categories, asked for their willingness for training programmes, arranged institutions as well as faculty members for imparting training, secured the necessary funds and arranged distribution of training material.

It was, however, observed from the nomination table of the Commission for the years 1989-90 to 1991-92 that the percentage of successful scheduled caste candidates dropped to 18.69 *per cent* in 1991-92 from 22.55 *per cent* in 1989-90. Similarly the success percentage of scheduled tribe candidates also dropped to 11.58 *per cent* in 1991-92 from 14.83 *per cent* in 1989-90 as indicated below:

	Number of Successful Candidates					
	Scheduled castes	Scheduled tribes	Ex-service-man	Physically handicapped	General	Total
1989-90	3963	2606	321	260	10418	17568
Percentage	22.55	14.83	1.82	1.47	59.30	-
1990-91	3488	1575	257	245	11428	16993
Percentage	20.52	9.26	1.51	1.44	67.25	-
1991-92	2804	1737	705	189	9563	14998
Percentage	18.69	11.58	4.70	1.26	63.76	-

The pre-examination training for SC and ST is an identified duty of the Ministry of Welfare. The Commission diverted the limited resources at its disposal to a non-assigned job and that too with limited success.

7.1.10 Collection and remittance of fees

The Commission collects examination fees at prescribed rates in the form of Indian Postal Orders (IPO), Bank Drafts (BD) and Central Recruitment Fee Stamps (CRFS) from the candidates applying for various examinations conducted by the Commission.

A scrutiny of the records maintained in respect of collection of fee revealed that no proper account of examination-wise data for total fee due and received in the form of IPOs, BDs and CRFS and its subsequent credit to Government account was maintained.

Southern Region

(a) In respect of the Southern Regional Office it was observed that prior to 1992 applications were not rejected, even if the fee was paid partially or the applications were received without any fee. After the results were declared 'no fee' cases were considered as irrecoverable by the Regional Director and a proposal to that effect was submitted to the Commission. However, the Commission did not agree with the proposal of the Regional Director and the matter is still pending. Thus, on account of allowing candidates to take the examination without payment of fees, contrary to the instructions resulted in avoidable loss of Rs 0.32 lakh .

(b) The difference between the amount of IPOs received and that credited to Government account amounted to Rs 0.67 lakh for the years 1988-89 to 1992-93.

(c) No records were maintained to show the year-wise details of BDs actually received and credited to Government account.

Western Region

In the Western Regional Office it was observed that in as many as 20 cases of different examinations, the realisations in respect of IPOs worth Rs 2.06 lakhs for the years 1989 and 1990 were yet to be reconciled with the Postal Department.

Proper account of receipts of examination fee, its remittances to bank/postal authorities and actual credit to Government account was not available with the Commission.

In reply to an audit query, the Commission stated that the smooth and impartial conduct of each examination was of paramount importance and in the entire gamut of this exercise, maintenance of proper accounts and other statistical data was only a small component of their activities and due to the skeleton staff at the disposal of the

Commission, especially on the accounts side this aspect had been relegated to the back ground. The Commission further stated that while introducing the CRFS from October 1986, the Government indicated that there would be no detailed accounting of CRFS in the UPSC and SSC.

It was noticed that on the ground of not being required to maintain a detailed account, the Commission did not maintain any data regarding receipt of applications affixed with CRFS. Thus, in the absence of one of the mode of remittance of examination fee, the total fee due and collected by different modes of payment could not be reconciled.

The Ministry endorsed the views of the Commission (January 1995) and agreed that it would be impossible to complete the details of register of valuables, as required, even in respect of one examination due to various reasons.

7.1.11 Outstanding advances

The Commission holds different examinations for recruitment of staff to Central Government Offices. For conducting the examinations heads of educational institutions are engaged as supervisors. The Commission pays advances to the supervisors on account of supervision charges, invigilation fees and miscellaneous contingent charges. A separate sanction order for payment of advance to each supervisor is issued with the condition that within a week from the date of examination, the supervisor should send to the Commission a consolidated adjustment bill in the prescribed form showing actual expenditure duly supported by connected vouchers. On receipt of the adjustment bill, another order conveying sanction to the final expenditure is issued in each case.

It was noticed in audit that in many cases the final accounts of the cash advances were not received by the Commission for a considerable period of time. The system followed did not ensure an early and final settlement of the advances paid to the supervisors for conducting the examination. The supervisors were appointed directly by the Commission without the intervention of the administrative authorities of the supervisors, mostly principals of schools and colleges. In a particular case a supervisor did not render account of Rs 37,350 cash and Rs 18,700 on account of service postage

stamps pertaining to the period 1990-93. It was noticed in August 1993 that his services had been terminated and the office had been sealed in December 1992.

The details of outstanding advances in respect of six regional offices amounting to Rs 51.65 lakhs are given below:

(Rs in lakhs)

Name of the region	Period	No.of cases	Amount
Northern Region	1982-83 to 1992-93	766	25.80
Eastern Region	1983-84 to 1992-93	735	17.48
Southern Region	1989-90 to 1992-93	95	2.12
Central Region	1991-92 to 1992-93	124	2.62
North-Eastern Region	1981-82 to 1992-93	294	2.02
Western Region	1989-90 to 1992-93	81	1.61
Total		2095	51.65

The Commission stated that a major effort of the Commission was diverted to merely obtaining routine information about adjustment of advances from the supervisors, who were not directly accountable to the Commission. The large amount of outstanding advances was due to transfer or retirement of supervisors and refusal of their successors to vouchsafe the correctness of the statements.

This only shows that appropriate procedures for proper accounting of the advances have not been established.

The Ministry stated in January 1995 that concerted efforts were being made to settle old cases.

7.1.12 Non-receipt of final accounts in respect of service postage stamps (SPS)

The supervisors of the examination centres are being provided with SPS for despatch of answersheets and other examination material to the Commission. The supervisors are required to send the account of the SPS in the prescribed form within a week from the date of the examination to the concerned Regional Director alongwith unused SPS.

It was observed in audit that in many cases the final accounts of SPS were not received by the Commission.

The details of the amount and number of cases of outstanding advances in respect of three regional offices are given below:

(Rs in lakhs)

Name of the region	Period	No.of cases	Amount
North-Eastern Region	1988-89 to 1992-93	83	0.34
Southern Region	1988-89 to 1992-93	193	1.72
Central Region	1988-89 to 1992-93	636	5.80
Total		912	7.86

Information in respect of remaining regions/sub-regions was neither available with the Commission nor with the concerned regional offices.

7.1.13 Use of service postage stamps for despatch of admission cards

As per instructions contained in the advertisement of various examinations conducted by the Commission, the applicant is required to submit a self-addressed stamped envelope alongwith his/her application. These envelopes are mainly used for despatch of admission cards to the applicants. It was observed that no record was maintained of applications received without stamps. The Commission also did not issue proper instructions to the regions/sub-regions regarding use of SPS for despatch of admission cards.

(a) In the Western Region, it was observed that details of SPS used for sending admission cards for the years 1988-89 to 1992-93 were not readily available whereas for the year 1993-94 the office had been reimbursing the data processor for postage stamps used for sending admission cards without maintaining any account of applications received without self addressed envelopes affixed with postage stamps.

(b) In the Northern Region, for the 10 examinations conducted during 1990-91 to 1993-94 the percentage of SPS used for sending admission cards varied from 10 to 100. Similar irregularities were also noticed in the use of SPS during the years 1987-88 to 1989-90 when the percentage of use of SPS for sending admission cards varied between 12 and 40.

Since December 1991, the pre-examination work of processing of applications and sending out admission cards to the candidates was entrusted to three private data processing agencies. It was observed from the SPS account maintained that proper account of SPS used for sending admission cards to candidates was not available. Lumpsum quantity of stamps in the range of Rs 5,570 to Rs 19,000 at a time had been issued to the data processor who had never been directed to render accounts.

It was further observed that the requirement of SPS has not been assessed properly and stamps had been purchased for large amounts at times raising the value of

balance of SPS to more than Rs 5 lakhs. Between September 1993 and September 1994 the value of closing balance of SPS continued to exceed Rs 4 lakhs. The SPS worth Rs 3.70 lakhs purchased on 17 September 1993 were consumed in a period of over six months.

Physical verification of stock of postage stamps is required to be conducted every month. However, the stock verification report at the close of the month was not prepared with reference to the actual stamps available on that day but with reference to the book balance worked out on the issue register. On 7 March 1991, 300 registered letters were issued requiring SPS worth Rs 2700 only, but in the postage register a sum of Rs 27,000 was charged off and the closing balance of stock of stamps was worked out on that basis. At no stage after this date any excess of postage stamps was recorded in course of physical verification. The competent authority continued to certify the incorrect balance and credit for Rs 24,300 worth of stamps was incorporated only in August 1994 at the instance of audit.

7.1.14 Entrustment of assigned work of the Commission to private parties and consequent under utilisation of available capacity of computer system

Till December 1988, the processing of the applications received by the Commission as well as the declaration of the results was being done by using a computer at the Commission. A Committee having a representative of the Department of Electronics recommended that the Commission should acquire 25 off-line data entry devices and equipment for conversion of data from floppy tapes. To begin with, the Commission purchased 10 PCs, 3 PC/XTs, 2 Dot Matrix Printers and one Magnetic Tape Drive at a cost of Rs 5.37 lakhs in March 1989. In March 1990, the Commission moved another proposal for purchase of computers which was cleared by the Finance Branch of the Department of Personnel on the ground of increased number of applications to be processed by the Commission and also the NIC's recommendations to have in-house computer system by the Commission. The proposal for additional computers was agreed to, as the Commission was dealing with sensitive and secret work. The Commission

purchased 10 PCs, one line printer, one super PC with accessories, equipments and operating software and four data entry devices at a cost of Rs 7.45 lakhs.

The number of applications processed by the Commission was 17.27 lakhs as per 1989-90 Report of the Commission which rose to 19.12 lakhs during the next year. It was observed in audit that though the increase was about 2 lakhs, 10 additional PCs and other accessories were added. Despite this addition, the Commission engaged three private data processing agencies with effect from December 1991 and all the work relating to the processing of applications removal of IPOs/BDs/CRFS, issue of admission certificates to the candidates of the Northern region was handed over to them at an approximate cost of Rs 15 lakhs per annum.

In reply to the audit query, the Commission stated that this being an administrative matter the Commission had taken a decision to entrust the work to private agencies.

The reply of the Commission is not tenable, as even after investing substantial amount in acquiring computers the Commission availed of the assistance of private data processors thereby incurring substantial expenditure. Thus, the intended purpose for which the EDP branch was established remained largely unfulfilled.

7.1.15 Award of work to private printers

The Commission awarded printing job contracts to private printers. At the prevalent rates charged by the Government of India Press as seen from subsequent bills, the Commission had incurred for one examination alone, an additional expenditure of Rs 1.25 lakhs on getting printing jobs executed by private printers.

A review of the printing jobs of the Commission shows that the Directorate of Printing has time and again been asserting that Government of India presses were capable of handling the printing work required by the Commission as they have been doing the same type of work for UPSC without any complaint. In April 1993, in reply to the Commission's proposal for printing the instructions in respect of Grade 'D' Stenographer Examination-1993, the Directorate wrote back as under -

"It is not understood as to under what circumstances the SSC cannot make a pre-plan for getting the jobs printed in time considering a reasonable time required for printing in a Government of India Press".

Thus, it would be observed that the Commission had all along been reluctant to get its printing job executed through Government of India Press, though they had been assuring about the quality of printing and paper as well as timely submission of the material.

Between 1992-94 the Commission failed to organise its printing schedule and at the last moment on the plea of unavoidable circumstances got various printing jobs of Instructions to candidates printed through private printers resulting in additional expenditure of Rs 5.54 lakhs.

7.1.16 Provision of STD and FAX facilities

Fax machines could be purchased by the Ministries/ Departments under their own powers for telephones having STD facility which was restricted to officers of the rank of Joint Secretary and above.

The Commission initially intended to purchase 8 Fax machines, 1 for the headquarters and 7 for the Regional Offices at Allahabad, Bombay, Calcutta, Guwahati, Madras, Raipur and Bangalore. However, the requirement was later scaled down to 3. Despite the knowledge of these instructions one Fax machine each was despatched to Regional Office (East) and Regional Office (West) though the officers were below the rank of Joint Secretary and were not entitled to a telephone with the facility of STD.

The Regional Office Raipur and Allahabad purchased Fax machines on their own in October 1993 and February 1994 respectively and the Commission accorded ex-post facto approval for the above purchases.

In reply to audit observation the Ministry advised the Commission to send a proposal to regularise the non-entitled facilities (January 1995).

7.1.17 Publication of magazine by the Commission

The Commission had been bringing out a quarterly house journal titled 'Lodestar' since February 1979. In January 1986 it was decided to make it an open journal for the public.

The Resolution constituting the Commission did not include dissemination of information to prospective candidates as one of the functions of the Commission nor any amendment to that effect was incorporated subsequently by a Gazette notification entrusting dissemination of information to candidates as one of the functions of the Commission.

The Commission while seeking permission for the conversion of the house journal into an open priced issue stated in January 1986 that the "Staff Selection Commission plays a dual role while it serves as the recruiting agency of the Government. It also disseminates information to potential candidates".

Information regarding vacancies and details of examination to be conducted by the Commission are published in the Employment News brought out by the Ministry of Information and Broadcasting. In case of additional information a supplement could be added to the Employment News, thus avoiding a new journal.

The Committee of Secretaries approved the proposal in March 1987. In the reference to the Department of Personnel and Training seeking permission for this purpose it was mentioned that advertisements would be included on selective basis and it would be ensured that the advertisements would not be from persons or agencies with which the Commission were directly or indirectly concerned.

- (a) It was, observed by Audit that out of all the advertisements in a quarterly issue more than 50 *per cent* related to competitive books connected with the examinations being conducted by the Commission.
- (b) No consolidated account of the total number of issues printed and supplied to the Regional Offices, balance left and the amount received on account of sale was available.

On 24 December 1992, the Regional Director Eastern Region requested permission to dispose of old issues as there were no buyers even at a reduced rate of Rs 2 per copy. On 24 April 1993, Regional Director intimated the Commission that as no clearance had been received from Headquarters he was disposing of the old issues as waste paper.

Only in February 1994, the Commission issued a circular to all the Regional Directors seeking information regarding old issues of Lodestar with them and the amount of sale proceeds deposited in Government accounts since April 1992. In August 1993, the Commission decided to sell the old issues of previous years @ Rs 3 and Rs 2 respectively. The issues prior to 1991 were to be disposed of as waste paper.

An examination of reports received from the Regional Offices in response to the Commission's letter of February 1994 showed that the Regional Offices had large number of issues of Lodestar in their stock and were not in a position to sell them even at the reduced price proposed by the Commission against the normal price of Rs 10 and were compelled to dispose of them as waste paper. The price of the accumulated issues of the Lodestar with the Regional Offices amounted to Rs 4.83 lakhs, which was a loss to the Commission.

The Commission printed excessive number of copies of the Lodestar without ascertaining the market response resulting in heavy accumulations with the Regional Directors.

In reply to audit observation the Commission stated in July 1994 that the publication of Lodestar is not a commercial exercise and it is published to address and apprise the candidates regarding various modalities of recruitment which are administered on candidates thereby providing transparency in the recruitment process.

The Ministry endorsed the views of the Commission (January 1995).

7.1.18 Physical verification

The Commission has so far not been able to conduct physical verification of dead stock even once during the last 18 years of its existence. The deficiency was brought to the

notice of the Commission during the last audit conducted in June 1990 but no efforts have been made in this direction. The Ministry stated in January 1995 that action in this direction has been initiated and the Commission has been instructed to ensure that in future verification is done at periodical intervals.

7.2 Idle investment

The Lal Bahadur Shastri National Academy of Administration, Musoorie (Academy) initiated a project in 1989, to establish a network of computers (LAN) for upgrading research and training facilities. The project was approved by Government of India in February 1990 and was to be completed within three years from the date of its commencement (June 1990) with financial assistance from both United Nations Development Programme (UNDP) and Government of India (GOI) (UNDP-US \$ 6.70 lakhs and GOI - Rs 131.5 lakhs)

The Academy appointed a computer firm (M/s CMC Ltd.) as principal consultant through an agreement concluded in December 1992 to implement the project and to ensure that the main vendors do not delay the supply of equipment and to advise the Academy on all computer related matters including procurement of hardware and software. The agreement provided for penalties in case of any delay and charging of interest on unutilised amount of advances paid to the firm.

The Academy advanced to M/s CMC Ltd. Rs 125.47 lakhs before concluding the agreement, between July 1991 and April 1992, and Rs 50 lakhs till March 1993 for procurement of equipment and its installation. The payment of Rs 125 lakhs as advance prior to signing the contract was irregular.

Test check of the records (June 1993) further revealed that equipment worth Rs 192.33 lakhs (Rs 94 lakhs procured through M/s CMC Ltd. and Rs 98.33 lakhs

ordered and supplied by UNDP) could not be put to use till June 1994 as the linking component, the optic fibre cable, had not been imported by M/s CMC Ltd. so far.

Thus, improper planning, ineffective decision making and lack of coordination by the Academy led to the delay in commissioning the computer facility. The Academy did not levy any penalty on the firm as per agreement for their failure to timely procure the optic fibre cables to make the system operational.

Scrutiny of the records further revealed that an amount of Rs 81 lakhs of the advances paid was lying (June 1994) with the firm unutilised and unadjusted for which no interest has been charged.

On this being pointed out the Academy stated (June 1994) that a new vendor was being identified and efforts were being made to import the optic fibre cable and install the network.

Thus, the inordinate delay in procurement of the optic fibre cable by the firm resulted in idle investment of Rs 273 lakhs besides non-fulfilment of the objectives of the project. It is also apprehended that with the passage of time the equipment already purchased may become obsolete and the project may become unviable.

The matter was reported to the Government in December 1993; their reply is awaited as of January 1995.

CHAPTER VIII

Ministry of Surface Transport

8.1 Shipping Arrangements For Government Cargoes

8.1.1 Introduction

To conserve foreign exchange and provide cargo support for increasing self-sufficiency in Indian shipping it was decided by a resolution of the Cabinet in 1957 that all contracts for imports by Government departments and public sector enterprises be made on FOB/FAS (free on board/free alongside ship) basis and exports on C&F/CIF (costs and freight / cost, insurance and freight) terms.

8.1.2 Organisation and Procedure

8.1.2.1 The decision of Cabinet was incorporated in the General Financial Rules. A Shipping Co-ordination Committee (SCC) was set up in 1958 mainly to optimise the use of Indian Vessels for Government (including public sector) cargo to or from Indian ports.

8.1.2.2 Under the Shipping Co-ordination Committee, a Chartering Committee was set up in 1960 with a major shipping exchange at New Delhi for its operations. This Chartering Committee is now known as Transchart. The Shipping Co-ordination Committee directly handles general cargoes like machinery, iron and steel materials, newsprint, etc. which move in smaller packages by what are known as liner vessels (with fixed schedules of dates and ports of call). Freight for bulk cargoes are determined separately in the "tramp market" for ships without such pre-determined schedules. Transchart handles bulk cargoes like foodgrains, fertilisers, ores and minerals, sulphur, rock phosphate, sugar, cement, pig iron, coal, vegetable oils, tallow, crude oil and other petroleum products, for which shipments are usually in full shiploads by vessels chartered in the tramp market.

8.1.2.3 Government departments and PSUs are expected to contract for imports on FOB basis and send their indents for shipping arrangements to SCC/Transchart. However, in respect of large cargoes which are likely to be shipped in chartered vessels in loads of 5000 tonnes or more the concerned departments/PSUs may invite quotations

both on FOB and C&F basis in order to enable the Government to decide in specific cases whether the acceptance of C&F offer would be more economical. Permission for any deviation, i.e. C&F imports or FOB exports, is granted by Transchart only on a case by case basis.

8.1.2.4 Since foreign exchange for imports on C&F basis was generally released by Department of Economic Affairs, indenting departments/PSUs were required to ensure that the cost of goods plus freight charges were within the total C&F ceiling agreed to by DEA. Where specific requests were made by concerned departments for release of foreign exchange for payment of chartered hire, demurrage etc., necessary authorisation by Transchart was issued to Reserve Bank of India.

8.1.2.5 On receipt of contract details and cargo particulars from indenting authorities, Transchart circulates enquiries to Indian ship-owners and asks for offers with rates and terms. *Simultaneously*, comparative offers are to be invited from among 75-80 recognised ship brokers for foreign flags on the panel of Transchart at a fixed time or in a meeting specifically called for this purpose. This is designed to ensure that freights are fixed at internationally *competitive* rates. If Indian tonnage at competitive and acceptable rates is not forthcoming in time, efforts are made to fix foreign tonnage from the open market.

8.1.3 Scope of Audit

The records of Transchart in the Ministry of Surface Transport for the period between 1990 and 1993 were test-checked in audit and information on contracts for bulk cargo was collected from public sector undertakings to ascertain the extent of observance of policy by Ministries/PSUs.

8.1.4 Chartering Wing (Transchart)

8.1.4.1 There were reports of violation of policy in the media after foreign exchange regulations were relaxed and Cabinet Secretary had to write to all Ministries in October 1992 reiterating the policy. Transchart was aware of only two cases of violation in the post-liberalisation period. Transchart did not have any regulatory mechanism to keep

itself informed of such transgressions. It relied solely on its authorised agents abroad to point these out and on the general obligation of all importers and exporters to obtain foreign exchange from RBI for payments to foreign shipping companies which earlier required clearance by Director General, Shipping. No independent mechanism has been introduced in the new context of exchange convertibility on trade account even after review and reiteration of the policy by Committees of Secretaries in 1993 and 1994 and despite the spate of violations of the policy by PSUs/Departments.

8.1.4.2 The scrutiny of records at Transchart revealed that in most of the cases Transchart had circulated details of cargo and shipping particulars to brokers of foreign companies only after a suitable Indian owned vessel was not available or fixed. Internationally competitive rates were thus not actually ascertained in all cases. It may be inferred that whenever an enquiry was made from brokers of foreign bottoms it signified non-availability of Indian tonnage. Comparison with the Indicative Freight Index, which itself is influenced significantly by fixtures of Transchart cannot serve as a comparative reference point for the fixtures. Thus, the claim of Transchart, repeatedly made in notes for Transchart Review Committee and for Committee of Secretaries, that fixtures are made on an internationally competitive basis, is not fully substantiated by the records. In C&F contracts for imports from countries which are maritime nations, negotiations over freight rates would naturally be involved and Transchart has to be able to advise the departments/PSUs about firm (and not just indicative) freight rates prevailing at internationally competitive levels. The lack of adherence to the procedure laid down for its fixtures eroded the credibility of its advice to PSUs engaged in negotiations.

8.1.5 Breach of Policy by Departments/PSUs

Test-check of records relating to 16 PSUs revealed that the policy of seeking permission of Transchart on a case to case basis for any deviation from the policy of FOB imports and C&F exports laid down in General Financial Rules was not followed in a large number of cases. While the occasional transgressions noted prior to 1990 were discussed in the meetings of Transchart Review Committee, there was a spate of violations in the post-liberalisation period of which Transchart was not even aware. The

following cases of violations of policy relating to the period 1 April 1990 to 31 July 1993 were detected in Audit:

8.1.5.1 Exports

Exports are required to be contracted on C&F/CIF basis. Deviations are permitted only on a case to case basis on references being made to Transchart. The number of violations of policy in the case of exports are given below :

Table 8.1.5.1: Violation of Shipping Policy in Exports

Sl No	Commodity	PSU	Total	FOB	Remarks
			Contracts		
1	Iron ore	MMTC	NA	All	Without permission of Transchart
2	Sugar	STC	NA	All	Without permission of Transchart
3	Heavy Plates/ Vessels	BHPV	5	4	Without permission of Transchart
4	Aluminium	NALCO	321	56	Without permission of Transchart
5	Minerals	NMDC	NA	All	Without permission of Transchart
6	Petro—Chemicals	IPCL	87	26	24 FOB contracts without permission of Transchart
7	Steel	SAIL	136	110	Foreign vessels used in 65 per cent of shipments without permission of Transchart
8	Steel	RINL	NA	All	Without permission of Transchart in 1991-93
9	Tea	Balmer Lawrie	203	108	Shipping arranged by foreign buyers for FOB contracts without permission of Transchart
10	Organic Chemicals	HOCL	111	22	All FOB shipments by foreign vessels without permission of Transchart
11	Pharmaceuticals	Hindustan Antibiotics	158	19	FOB contracts without permission of Transchart

8.1.5.2 Imports

8.1.5.2.1 Imports by PSUs are required to be contracted on FOB/FAS basis and prior approval of Transchart is required for any deviations from this policy. The number of violations of policy noted in test-checks by Audit are given below:

Table 8.1.5.2.1: Violations by PSUs in Imports

Sl No	Commodity	PSU	Total	C&F	Remarks
			Contracts		
1.	Non ferrous metals	MMTC	NA	All	Without permission of Transchart
2.	Raw and finished fertilisers	MMTC	NA	All	Without permission of Transchart
3.	Newsprint	STC	73	15	All 15 contracts shipments on foreign vessels. US \$ 45.64 lakhs paid as freight
4.	Edible oils	STC	NA	All upto April 92	Special dispensation by Ministry of Commerce and not by Transchart
5.	Natural/Synthetic rubber	STC	NA	All	Without permission of Transchart
6.	Heavy plates & vessels	BHPV	260	142	C&F contracts without permission of Transchart. Foreign vessels in 62 out of 260 shipments.
7.	Petro-Chemicals	IPCL	73	59	Without permission of Transchart.
8.	Coking Coal	SAIL	28	5	Out of 193 vessels used for shipping 84 vessels were under foreign flags
9.	Organic Chemicals	HOCL	12	All	Without permission of Transchart.
10.	Pharmaceuticals	Hindustan Antibiotics	293	214	Without permission of Transchart.

8.1.5.2.2 Fertilisers — Phosphoric Acid :

Out of a total quantity of 88.65 lakh tonnes of phosphoric acid (P_2O_5 , not liquid) imported by IFFCO and later MMTC during the years 1984-93 only a small quantity of 1.15 lakh tonnes (1991-92) was contracted on FOB basis. The rest, i.e. 87.50 lakh tonnes, were imported on C&F basis without permission of Transchart, contravening the General Financial Rules. Though foreign suppliers had quoted FOB rates also, these were not pursued. The minimum rate of freight per tonne of phosphoric acid prevailing during this period was US \$ 75. The freight rates from Morocco/Tunisia/Senegal were less than those from ports in USA due to the difference in distances from Indian ports. The freight rates prevailing at the time were as shown below:

Table 8.1.5.2.2: Difference in Freight Rates*(US \$ per tonne)*

Period	From USA	From Morocco	Difference as compared to Col. 2	From Tunisia	Difference as compared to Col. 2	From Senegal	Difference as compared to Col. 2
1	2	3	4	5	6	7	8
July 1986	75 to 80	53 to 57	22 to 23	--	--	--	--
Oct/Nov 1986	91 to 92	70 to 75	17 to 21	--	--	--	--
Early 1987	84	67 to 69	15 to 17	65	19	--	--
May 1988	95	75	20	75	20	--	--
May 1989	90.56	69.81	20.75	64.15	26.41	--	--
Feb 1991	75	50	25	50	25	58	17

It was found that the difference between FOB and C&F offers i.e. the freight element paid on C&F contracts was significantly greater than the rate of US \$ 75. This resulted in loss of business for Indian shipping and led to an avoidable outgo of foreign exchange of US \$ 65.63 lakhs.

From the C&F contracts with suppliers in Morocco, Tunisia and Senegal it was found that the rates paid were the same as for suppliers from USA and American Gulf countries. Thus, at an average difference in freight of US \$ 20 per tonne, the excess freight paid on imports of 65.78 lakh tonnes from West African Countries on C&F basis amounted to US \$ 13.16 crores.

8.1.5.2.3 Crude Oil and Petroleum Products:

Imports of crude oil are made through Indian Oil Corporation. The Oil Co-ordinating Committee (OCC) in the Ministry of Petroleum oversees the movement of crude oil and other petroleum products. The arrangement for carriage of crude oil is through a contract of affreighting (COA) between OCC and the Shipping Corporation of India (SCI). Besides this, oil companies have also entered into contracts with SCI as well as other shipping companies for chartered vessels which are normally for a period of 3 years under which almost all the available crude carriers in the country are tied up for movement of Bombay High as well as imported crude.

Shipping arrangements for imports of crude oil during the period from 1990-91 to 1992-93 and April 1993 to November 1993 were made as stated below:

Table 8.1.5.2.3(i): Imports of Crude Oil

(In thousand MT)

Year	Total Quantum of Imports	No. of Indian vessels	Foreign Flag Vessels	
			FOB	C&F
1990-91	20631	16553 (80 %)	3685 (18 %)	393 (2 %)
1991-92	23994	18454 (77%)	4186 (17.4%)	1345 (5.6%)
1992-93	29379	22640 (77%)	2457 (8.4%)	4282 (14.6%)
April-Nov 1993	21133	15692 (74 %)	4572 (22 %)	869 (4%)
Total	95137	73339	14900	6889
			21789	

It would be observed from this table that the percentage share of Indian flag vessels declined steadily and the percentage of cargo on C&F contracts for imports increased resulting in greater use of foreign ships.

Most of the imports of petroleum products which are the main requirement for India viz., HSD and SKO, during the period 1990-91 and 1992-93 were handled through foreign flag vessels on C&F basis as shown below:

Table 8.1.5.2.3(ii) : Import of HSD etc.

(In thousand MT)

Year	Total Imports	Quantity in Indian vessels	Quantity in Foreign Vessels	
			C&F	FOB
1990-91	7534	1512	5531	491
1992-93	10506	2076	7311	1119
Total :	18040	3588	12842	1610
			14452	

(Figures for 1991-92 were not made available)

Out of 144.52 lakh tonnes shipped in foreign flag vessels contracts for 128.42 lakh tonnes were on C&F basis and for 16.10 lakh tonnes on FOB basis.

Most of the imports were C&F and handled by foreign flag vessels. During the period 1989-93, for the carriage of crude oil, foreign flag vessels were used in 92 shipments which increased from 22 in 1989-90 to 27 in 1990-91, to 34 in 1991-92 and 9 (upto September, 1992).

8.1.6 Relaxation of procedure for Shipping Corporation of India

Shipping Corporation of India (SCI) is one of the main carriers of crude oil. Whenever their own tanker is not in position, they are required to seek permission of Director General, Shipping on a case by case basis and request Transchart to charter other tankers. In 1984, due to a spurt in shipments of oil/oil products to India and to tide over the shortfall in tanker tonnage, permission was granted to SCI as an interim measure to charter other tankers as and when required without seeking permission on each occasion. The relaxation has continued uninterrupted since 1984 despite the repeated advice of DG, Shipping and Indian Oil Corporation that chartering in and out should revert to Transchart as its legitimate function mainly because fixtures by SCI were not always economical. It was found in audit that the reason for Transchart not resuming the function was an apparent shortage of manpower.

India's reliance on foreign flag tankers continued to increase. There was a *net decrease* by 30 tankers in the fleet with SCI after accounting for the tankers scrapped during 1985-94 as shown below:

Table 8.1.6 : Fleet of Shipping Corporation of India

Year	No of ships at the beginning of the year	No of ships at the end of the year	Net addition/reduction during the year
1984-85	154	146	(-)8
1985-86	146	139	(-)7
1986-87	139	129	(-)10
1987-88	129	129	--
1988-89	129	125	(-)4

Contd⇒

Year	No of ships at the beginning of the year	No of ships at the end of the year	Net addition/reduction during the year
1989-90	125	127	(+)2
1990-91	127	127	--
1991-92	127	127	--
1992-93	127	127	--
1993-94	127	124	(-)3
Net addition/reduction			(-)30

As a result, chartering-in of foreign vessels by SCI increased yearly from 22 to 34 during the period 1989-92.

8.1.7 Review of the Extant Policy

8.1.7.1 Conclusions of Committee of Secretaries (1993)

Ministry of Commerce moved a note in early 1993 arguing the need to allow PSUs freedom to make their own shipping arrangements to successfully compete in the new environment of liberalisation of the economy, decontrol of PSUs and decanalisation of items earlier restricted for State trading. A Committee of Secretaries meeting on 12 May 1993 noted the difficulties faced by PSUs due to the compulsion of chartering through Transchart in cases of long term contracts where buyers reserve the right to indicate different destinations, in cases of spot purchases and when deliveries are required urgently. Ministry of Commerce also pointed out that if Indian shipping companies could provide timely service and assured deliveries at competitive rates, they would naturally secure chartered shipping business.

During discussions the Committee noted two typical instances of operational problems of PSUs arising from shipping arranged by Transchart.

The first attempted to highlight the inability of Transchart to effectively perform its advisory function in shipping matters vis-à-vis PSUs. It was submitted by Ministry of Commerce on behalf of MMTC that Transchart offered much higher rates

than the international rates available for shipping fertilisers (urea) from Indonesia in April 1993 and due to this the import had to be cancelled. When Audit requested Transchart to explain the reasons for this, Transchart contended that MMTC had invited bids for imports from different destinations on CIF basis and were furnished indicative freight rates by Transchart. When compared with freight element in composite CIF offers, indicative freights of Transchart appeared to be higher. This would usually be true due to two reasons: (i) the CIF offer is a composite offer and the suppliers are not prepared to make shipping arrangements at that freight level if their offer is accepted for shipping arrangements alone and (ii) the indicative freight rates sent by Transchart were not firm rates; firm rates can be determined only when full particulars of cargo with dates of shipment and ports are furnished.

The second case purported to show the inability of Transchart to match freights in composite CIF offers. It was submitted by Ministry of Steel that SAIL lost Rs 12 crores on shipping 3 million tonnes of coking coal (mostly from Australia) under World Bank assisted imports since July 1992 by hiring at the rates offered by Transchart when lower rates were available elsewhere. On a reference by Audit, Transchart contended that in this case, SAIL found that the freight rates finalised by Transchart (firm rates) were higher than the freight element in CIF offers of suppliers because the composite CIF offer had inflated the cost of coking coal thus providing a cushion to show freight element lower than internationally competitive rates. SAIL had failed to negotiate lowest prices for the commodity. Transchart also stated that it is often found that freight element in CIF offers is abnormally low and at the time of actual shipments there are defaults by suppliers if freights firm up.

The contention of Transchart that SAIL failed to negotiate lower commodity prices was incorrect. The agreement for World Bank assisted imports provides that global tenders for CIF bids be floated and no negotiations are permitted. If FOB contracts are entered into, the landed costs of imports in excess of 15 *per cent* of the lowest CIF offer would not be reimbursed by World Bank. Regarding the issue of possible default by suppliers in actually shipping the commodity, it was noted that the usual business practice of bids backed by bonds (US \$ 50000 in this case) as well as contracts backed by

performance guarantee bonds (3 per cent of contract value in this case) was followed. Loss due to possible default as argued by Transchart would not normally arise

The case history of World Bank assisted coking coal imports since 1992 showed that while the first cycle of imports was made on CIF basis without any difficulty, in the next few cycles contracted on FOB basis with shipping arrangements through Transchart, the freights arranged by Transchart to be paid to Indian ships were undoubtedly lower than rates prevailing in the international market. Ironically, despite this the landed costs of FOB imports with Transchart arranging ships were higher than the CIF offers to SAIL for the same cargo.

The Committee of Secretaries meeting on 12 May, 1993 decided that in the changed context of economic liberalisation, decanalisation of items earlier reserved for State trading and accent on performance improvement and competitiveness of PSUs, there was a clear need for review and seeking a fresh policy directive from the Cabinet. Ministry of Surface Transport was asked to submit the matter within three months for seeking a fresh directive from Cabinet incorporating the views of other Ministries concerned.

8.1.7.2 Conclusions of Committee of Secretaries (1994)

Ministry of Surface Transport in its Note for the Cabinet asked for continuation of the extant policy with minor modifications. The Cabinet considered the Note on 22 March 1994 and decided that the matter may, in the first instance, be considered by a Committee of Secretaries. Accordingly, another Committee of Secretaries considered the Note on 16 May, 1994.

While noting the objections of all user Ministries to the existing policy, the Committee decided that the policy is intended to strengthen the national merchant fleet and it might be undesirable to subject the Indian shipping industry to unfair and unequal global competition at this stage; the existing policy provided for sufficient flexibility to suit the requirements of the PSUs.

It was concluded that there was no need for seeking a change in policy which may be continued subject to modifications aimed at increasing the efficiency of Transchart as follows: (i) Transchart would ensure the association of user Ministries/PSUs in finalising the shipping arrangements by Transchart; (ii) introduce a provision for granting general waivers for specific circumstances and particular periods rather than only on a case to case basis by Transchart ; (iii) the detailed procedures may be reviewed and modified if necessary to allow for bona-fide deviations which may be taken note of ex-post-facto; (iv) in cases of extreme urgency the arrangements may be flexible enough to enable a PSU to make its own shipping arrangements simultaneously keeping Transchart informed of arrangements finalised ; (v) imports/exports may be finalised well in advance in the cases of bulk cargoes like coal, food, fertilisers and shipping arrangements for these may invariably be made through Transchart; (vi) Transchart should follow the policy of open tender systems with equal opportunities for participation by foreign and Indian shipping lines/companies. Other things being equal, preference should be given to Indian companies. Indian users should be encouraged to strengthen Indian shipping companies by giving them some weightage.

Ministry of Surface Transport was requested to submit the matter for consideration of the Cabinet in the light of these conclusions. The second Note for Cabinet on these lines was yet to be prepared (December 1994).

8.1.8 The Country's Sea-borne Trade

8.1.8.1 Despite several measures to acquire self-sufficiency in shipping, including the policy of cargo support through Transchart, there has been a net decline in tonnage owned by Indian shipping companies between 1985-94 as detailed below:

Table 8.1 8.1 : Tonnage of Indian Bottoms

Year	Tonnage at the beginning of the year		Tonnage added during the year		Tonnage scrapped during the year		Net operative tonnage at the end of the year		Net addition/deletion during the year	
	No.of ships	GRT	No.of ships	GRT	No.of ships	GRT	No.of ships	GRT	No.of ships	GRT
1984-85	429	63.23	-	-	-	-	429	63.23	-	-
1985-86	429	63.23	39	4.70	40	4.04	428	63.89	(-)1	(+)0.66
1986-87	428	63.89	33	2.53	100	11.79	361	54.63	(-)67	(-)9.25
1987-88	361	54.63	35	5.13	34	4.91	362	54.69	(+)1	(+)0.22
1988-89	362	54.69	32	3.79	17	2.57	377	55.91	(+)15	(+)1.22
1989-90	377	55.91	36	4.31	11	1.16	402	59.06	(+)25	(+)3.15
1990-91	402	59.06	18	1.42	4	0.21	416	60.26	(+)14	(+)1.20
1991-92	416	60.26	17	1.50	18	2.37	415	59.39	(-)1	(-)0.87
1992-93	415	59.39	27	5.59	12	2.23	430	62.75	(+)15	(+)3.36
1993-94	430	62.75	41	6.00	28	6.08	443	62.67	(-)13	(-)0.08
Net addition/deletion									(-)12	(-)0.39

8.1.8.2 India's sea-borne trade has been increasing. The share of this trade carried by Indian flag vessels, though fluctuating over the years from 31.02 per cent in 1981-82 to 40.72 in 1987-88, has remained at an annual average level of approximately 36.64 per cent. During 1990-93 the trade carried by Indian flag vessels was above this average, at 37.53 per cent as may be seen at Table 8.1.8.2(i) below:

Table 8.1.8.2(i) : Participation of Indian Flag Vessels in India's Trade
(In thousand tonnes)

Year	Total Quantity Imports/Exports	Carried by Indian flag vessels	Per cent of trade by Indian ships (%)
1980-81	74928	24206	32.31
1981-82	77081	23911	31.02
1982-83	74811	30459	40.71
1983-84	74793	30166	40.33

Contd ⇨

Year	Total Quantity Imports/ Exports	Carried by Indian flag vessels	Per cent of trade by Indian ships (%)
1984-85	80782	29022	35.93
1985-86	86415	30155	34.90
1986-87	87131	32957	37.82
1987-88	89930	36620	40.72
1988-89	101950	34480	33.82
1989-90	106760	38210	35.79
1990-91	103442	40319	38.98
1991-92	103955	40249	38.72
1992-93	122298	42659	34.88
Long term average percentage			36.64

While the share of India's sea-borne trade carried by Indian flag vessels during 1990-93 has been above the average (37.53 per cent compared to the long term 36.64 per cent), the proportion of trade handled by Transchart had been falling during 1990-93. Thus the bypassing of Transchart by PSUs did not apparently affect the share of trade carried by Indian flags.

Table 8.1.8.2(ii) : Trade Handled by Transchart

(In lakh MT)

Year	Total sea trade	Trade handled by Transchart	Percentage handled by Transchart (%)
1989	1078.7	234.2	21.71
1990	1093.5	186.7	17.07
1991	1118.00	174.17	15.58
1992	1222.98	171.23	14.00
1993	NA	128.75	

Of the trade handled by Transchart, the proportion carried by Indian flag vessels has decreased since 1990:

**Table 8.1.8.2(iii) : Bulk Cargoes carried by Indian
Ships through Transchart
(In lakh MT)**

Year	Total Cargo	Indian Vessels	Percentage
1990	186.70	124.00	66.42
1991	174.17	107.04	61.46
1992	171.23	94.72	55.32
1993	128.75	75.74	58.83

Thus, between 1990-93, despite the fact that the proportion of India's sea-borne trade handled by Transchart declined and participation of Indian ships through Transchart also declined slightly, the overall share of Indian ships in India's trade *improved* marginally and remained above the long term average of 36.64*per cent*. Therefore, cargo support through Transchart does not appear to have a correlation with participation of Indian flag vessels in trade from Indian ports.

8.1.8.3 The decline in proportion of trade handled by Transchart in India's total sea-borne trade is marked in the case of liner cargo and liquid bulk cargo and not appreciable in dry bulk trade as may be seen in the following Tables:

Table 8.1.8.3(i) : India's Total Liner/General Trade

(In lakh MT)

Year	Total liner trade	Liner trade handled by Transchart	Percentage by Transchart (%)
1989	174.5	35.2	20.17
1990	179.6	31.3	17.43
1991	193.0	16.07	8.33
1992	171.42	11.52	6.72
1993	NA	10.00	

The proportion of liner trade on items like newsprint, fatty acids, edible oils in small quantities handled through Transchart declined due to decanalisation.

Table 8.1.8.3(ii) : Liquid Trade*(In lakh MT)*

Year	Total liquid trade	Liquid trade handled by Transchart	Percentage by Transchart (%)
1989	315.4	57.0	18.07
1990	338.1	11.0	3.25
1991	401.8	14.98	3.73
1992	460.4	25.67	5.58
1993		21.61	

Impact of liberalisation and violations by PSUs has been appreciable on arrangements through Transchart for liquid cargo viz., crude oil and liquid unfinished fertilisers.

Table 8.1.8.3(iii) : India's Total Overseas Dry Bulk Trade*(In lakh MT)*

Year	Total dry bulk trade	Dry bulk trade handled by Transchart	Percentage by Transchart (%)
1989	588.8	138.6	23.54
1990	575.8	142.6	24.77
1991	523.2	143.12	27.35
1992	591.16	134.04	22.67
1993	NA	97.14	

There was no appreciable change between 1989-93 in the proportion of dry bulk cargoes handled by Transchart of India's total dry bulk trade.

8.1.8.4 There was an increase in the overall absolute tonnage of cargoes for Indian trade carried by foreign flag vessels while the proportion of cargo on foreign vessels (not number of foreign vessels which increased) fixed by Transchart fell sharply. Thus while Transchart action in favour of Indian vessels was successful, the deviations led to increased use of foreign tonnage.

Table 8.1.8.4(i) : Seaborne Trade handled by Foreign Ships*(In lakh MT)*

Year	Total trade by foreign ships	Cargo through Transchart on foreign ships	Percentage through Transchart (%)
1989	685.9	97.1	14.16
1990	704.9	62.7	8.89
1991	707.9	67.1	9.48
1992	796.4	76.5	9.61
1993	NA	53.0	

Transchart was able to charter more Indian bottoms for liner, dry and liquid cargoes as seen from the declining percentage of foreign vessels booked by Transchart. The position is given in the Tables below:

Table 8.1.8.4(ii) : India's Total Overseas Dry Trade*(In lakh MT)*

Year	Total dry cargo by foreign ships	Dry cargo handled by foreign ships through Transchart	Percentage through Transchart (%)
1989	439.20	73.5	16.73
1990	419.0	48.1	11.48
1991	371.8	52.64	14.16
1992	455.23	59.92	13.16
1993	NA	47.24	

Table 8.1.8.4(iii) : India's Total Liquid Trade carried by Foreign Ships*(In lakh MT)*

Year	Total liquid cargo by foreign ships	Liquid trade by foreign ships: Transchart share	Percentage by Transchart (%)
1987	88.3	15.6	17.67
1988	99.8	6.3	6.3
1989	98.2	9.4	9.57
1990	129.0	3.1	2.4
1991	168.0	8.35	4.97
1992	196.43	12.33	6.28
1993	NA	1.77	

While increasing quantities of liquid cargoes were carried overall by foreign ships, there was a decline in the liquid cargoes handled by Transchart and also in the fixtures of foreign ships by Transchart.

Table 8.1.8.4(iv) : India's Total Overseas Liner/General Trade handled by Foreign Ships
(In lakh MT)

Year	Total liner trade under foreign flags	Liner trade by Transchart aboard foreign vessels	Percentage by Transchart (%)
1989	148.40	14.20	9.57
1990	156.90	11.50	7.33
1991	168.10	6.14	3.65
1992	146.72	4.26	2.90
1993	NA	4.00	

8.1.9 Orders Conflicting With Policy of Cargo Support

Indian shipping companies were required to obtain permission from the Director General, Shipping to charter-in and charter-out vessels. Orders issued by Ministry of Surface Transport on 27 December 1991 permitted, as an experimental measure, time chartering out of Indian ships by Indian shipping companies to foreign shipping companies for employment in international cross trade. These orders were continued for a further period of one year from 27 December 1992 and again extended for one year from 27 December 1993. The ability of Transchart to find Indian vessels to meet specific requirements of user Ministries/PSUs as considered desirable by Committee of Secretaries in 1994 may be affected by these orders.

8.1.10 Summing up

Government and public sector imports and exports are required to make maximum use of Indian vessels. As a corollary, import contracts must be FOB (free on board) and exports on C&F or CIF basis (i.e., inclusive of freight). This provision has existed since 1960 in the General Financial Rules of the Government of India. The

Shipping Co-ordination Committee and the chartering Committee (Transchart) were created to facilitate and enforce this policy.

Transchart mainly arranges charter of vessels for bulk cargoes and SCC handles liner consignments. Transchart is required to call for offers simultaneously from Indian shipping lines and empanelled brokers for foreign vessels in order to ensure competitive freight rates. In actual practice Transchart circulated cargo details and dates to the recognised brokers of foreign companies only after it failed to charter an Indian bottom. Thus the claim of Transchart that its fixtures are made invariably on 'internationally competitive basis' is not borne out by records.

There is no system in place to record instances of breach of policy. Before foreign exchange controls were relaxed, payments to foreign shipping companies could be made by Government departments and PSUs only upon release of foreign exchange by the Department of Economic Affairs and through the Reserve Bank of India. Apart from this, SCC or Transchart occasionally came to know of violations through unsolicited and incidental information or complaints. After rupee has become convertible there is no mechanism for systematic monitoring or enforcement of the policy. Many cases of violation of the General Financial Rules regarding booking of shipping through SCC/Transchart have been detected by Audit from the records of Government companies.

Since 1984, when crude oil traffic suddenly increased, Shipping Corporation of India, which is the major carrier has been permitted to charter other tankers pending expansion of its own fleet/tonnage. This interim relaxation is continuing despite complaints from DG Shipping and IOC that SCI freight is not always economical and that Transchart should resume its function.

In 1993 Commerce Ministry moved a proposal to do away with the policy of canalisation of shipping through Transchart. There were allegations that Transchart freight rates were not competitive and the circuitous procedure led to delays and extra expenditure. Transchart, in reply to audit queries, contended that C&F/CIF imports with low freight component often concealed higher commodity prices. This inference was

reasonable but there were inexplicable exceptions. In the case of coking coal imported from Australia by SAIL, since 1992, while the first cycle of imports was on CIF basis, the second round was FOB, arranged by Transchart. The freights secured by Transchart were undoubtedly lower than prevailing international rates, but the landed costs of the cargoes proved to be higher than the CIF offers to SAIL for the same cargoes. As noted earlier the practices followed by Transchart make it difficult for it to indicate reliable internationally competitive freight rates.

Of India's overall sea-borne trade (including government cargo) Indian bottoms carried around 37 *per cent*, increasing slightly above average during the past three years. Thus bypassing of Transchart did not seem to have led to a spurt in the use of foreign tonnage. The percentage of the sea-borne trade handled by Transchart declined from 21.71 *per cent* in 1989 to 14 *per cent* in 1993.

A Committee of Secretaries, on 16 May 1994, considered the Commerce Ministry deregulation proposal together with a Note for Cabinet submitted by Ministry of Surface Transport pleading for continuation of the existing policy. The Committee decided to continue Transchart and the existing policy subject to some modifications, toning up of the procedures and relaxation in bonafide cases.

8.2 Unfruitful expenditure on construction of a road

The Border Roads Development Board (BRDB) in August 1988 accorded a 'Go-ahead' sanction for construction of a road at a station at an estimated cost of Rs 25 lakhs. The regular administrative approval was accorded by the BRDB at an estimated cost of Rs 216.64 lakhs in May 1990. The execution of the work was commenced by a Task Force in September 1988. Army Headquarters (AHQ) in August 1992 informed Director General Border Roads (DGBR) to temporarily suspend the work to avoid incurring infructuous expenditure. The work was suspended in September 1992 while the progress of the work was 72.65 *per cent*. Expenditure booked on the work upto December 1992 was Rs 178.00 lakhs.

Ministry stated in November 1994 that the road was adequate to meet operational requirements. This is not tenable in view of the fact that only 3.69 km road

had been constructed against the reduced target of 5.25 km. Thus due to suspension of road work the expenditure of Rs 178 lakhs incurred on incomplete road had not been fruitful.

8.3 Delay in construction of boat

The Director General of Supplies and Disposals (DGS&D) placed an order in February 1985 on a Cochin based firm for fabrication and supply of a survey launch at a cost of Rs 53.60 lakhs for the Minor Ports Survey Organisation. The stipulated date of delivery was July 1986. The firm was granted extension in time limit upto 31 March 1993 with a provision for liquidated damages for the delay in supply. The launch had not been delivered till date (June 1994).

As per the contract, payments were to be made in stages to the contractor after due inspection and certification of completion at each stage by the inspecting authority. It was noticed that firm was paid in lumpsum a total amount of Rs 33.67 lakhs (*65 per cent* of the contract price) which was contrary to the terms and conditions of the contract.

Scrutiny of records further revealed that the Department had opined that the firm may not be able to supply the launch in view of the financial instability and adverse reputation of the firm and had approached DGS&D in February 1992 to take over possession of the unfinished hull and entrust the balance work to some reputed agency by operating the liquidated damages clause.

Due to lack of proper planning, there was idling of funds to the extent of Rs 33.67 lakhs for over six years.

The Department replied in August 1994 that the DGS&D had taken up the matter to vacate the stay order granted by the Kerala High Court and that since the matter was subjudice, no action could be taken.

8.4 Overpayment of City Compensatory Allowance

General Reserve Engineer Force (GREF) personnel of Border Roads Organisation are entitled to free ration and single accommodation and according to Government orders issued in November 1965, they were to be paid *50 per cent* of the

prescribed rates of City Compensatory Allowance (CCA). In December 1991, Ministry of Finance clarified that all Central Government employees who were allowed concession of free board and lodging or messing allowance were to be paid only 50 per cent CCA. They held that payment of CCA to such personnel at full rates was irregular. They instructed the concerned Ministries to reduce the rates of CCA of such employees to 50 per cent of full rates and initiate action for recovery of overpayments made in contravention of Government orders of 1965.

Despite issue of above clarification, payment of CCA at full rates to GREF civilians continued. At the instance of audit, the Controller of Defence Accounts (CDA) instructed the Pay Accounts Officer (PAO), GREF in September 1993 to allow only 50 per cent of CCA to GREF civilians with effect from December 1991. PAO - GREF had recovered Rs 4.33 lakhs in February 1994 on this account.

Controller General of Defence Accounts and Financial Advisor (Defence Services) intimated in October 1994 and November 1994 respectively that the CCA to GREF employees was sanctioned with effect from September 1988. Out of Rs 19.33 lakhs Rs 4.33 lakhs had been recovered by PAO. GREF was directed to effect recovery of balance amount of Rs 15 lakhs overpaid.

The case was referred to Border Roads Development Board in August 1994; their reply is awaited as of January 1995.

8.5 Extra expenditure due to delay in construction of a bridge

Border Roads Development Board (BRDB) accorded sanction in May 1985 for construction of a permanent bridge over Tain river for Rs 100.21 lakhs revised to Rs 137.39 lakhs in June 1990.

The Director General of Border Roads (DGBR) issued a tender enquiry in December 1985 and after receipt of tenders in April 1986 and their evaluation, the work was awarded to a firm at a cost of Rs 134.70 lakhs in January 1987. The scheduled date of commencement and completion of work were November 1987 and November 1990 respectively. The completion date was extended several times but the contractor failed to

complete the work by the final extended date of March 1993. The contract was, therefore, cancelled in June 1993 at the risk and cost of the defaulting contractor. The defaulting contractor had been paid Rs 53.02 lakhs for 28.12 *per cent* work done at site.

In the meantime, DGBR in February 1991 sanctioned a work for replacement of existing wooden decking over the bridge at a cost of Rs 19.15 lakhs to ensure smooth flow of traffic. The work was completed in January 1992 at a cost of Rs 19.30 lakhs.

Ministry stated (October 1994) that on account of unforeseen problems like shifting of the centre line of bridge resulting in change in design and soil parameters and natural calamities like floods, rains etc. some delay was anticipated in completion of the bridge. Further, to keep the line of communication through for traffic on operational grounds for the intervening period, replacement of existing decking over the Hamilton bridge was undertaken at a cost of Rs 19.30 lakhs. The risk and cost contract for the balances worked is yet to be concluded as of October 1994.

The contention of the Ministry is not tenable as soil parameters and design were required to be planned and checked before taking up the work in hand.

The case thus reveals that a permanent bridge targeted to be completed by November 1990 at a cost of Rs 134.70 lakhs could not be completed so far (October 1994) even after incurring an expenditure of Rs 72.32 lakhs.

CHAPTER IX

Ministry of Urban Development

9.1 Out-of-turn allotments of Government residential accommodation

The working of Directorate of Estates, New Delhi and a few of its regional offices was earlier reviewed vide paragraph 32 of the Report of the CAG of India, Union Government (Civil) for the year 1982-83 and paragraph 19 of the Report of the CAG of India, Union Government (Civil) for the year ended 31 March 1989. The records pertaining to adhoc/out-of-turn allotments made by the Directorate of Estates during the years 1991 to 1994 (July 1994) were test-checked between August and December 1994. The results of the scrutiny of records are mentioned in the succeeding paragraphs.

Adhoc allotments are made on the basis of the Allotment of Government Residences (General Pool in Delhi) Rules, 1963 which provide for relaxation of the rules in special cases.

According to the Rules "the Government may for reasons to be recorded in writing relax all or any of the provisions of the rules in this Division in the case of any officer or residence or class of officers or type of residences". In regard to out-of-turn allotments commented upon in the Audit Report for the year 1982-83, the Ministry had inter-alia made the following submissions to the Public Accounts Committee;

"out-of-turn allotments are made mostly on compassionate grounds and their percentage when compared with the total allotments made in a year is also low".

Various administrative orders have been issued specifying the circumstances and conditions under which adhoc allotments are made to the following on the basis of the specific orders :

- (i) personal staff of high dignitaries;
- (ii) eligible wards of retired or deceased Government servants who are in occupation of General Pool Accommodation;

- (iii) government employees suffering from malignant cancer, pulmonary tuberculosis, leprosy, heart ailments etc;
- (iv) physically handicapped Government servants;
- (v) an occupant of departmental housing who has to vacate it on transfer to general pool accommodation; and
- (vi) on compassionate grounds.

Ministry decided in January 1990 to constitute two Committees for out-of-turn allotment of accommodation of different categories. These Committees were to scrutinise requests for out-of-turn allotment and give their recommendations for consideration and orders of the Minister of Urban Development. The guidelines issued by the Ministry in January 1990 prescribe that the maximum number of out-of-turn allotments that may be made shall be one out of five allotments. The position of allotment of quarters made by the Directorate of Estates out of turn during the years 1991 to 1994 (July 1994) was as follows:

Type of accommodation	1991			1992			1993			1994 (Upto July)		
	In turn	out of turn	Percentage of out of turn (%)	In turn	out of turn	Percentage of out of turn (%)	In turn	out of turn	Percentage of out of turn (%)	In turn	out of turn	Percentage of out of turn (%)
I	1173	297	20.2	827	290	26.0	545	203	27.1	431	138	24.3
II	1364	825	37.6	1008	1078	51.7	866	1002	53.6	268	739	73.4
III	1224	262	17.6	1235	471	27.6	742	417	36.0	642	425	39.8
IV	489	213	30.3	805	267	24.9	888	244	21.6	614	153	19.9
IV (SPL)	39	01	2.5	326	01	0.3	109	05	4.4	26	04	13.3
V(A)(D-II)	221	74	25.1	168	101	37.5	101	101	50.0	52	76	59.4
V(B)(D-I)	148	29	16.4	108	22	16.9	40	30	42.9	20	26	56.5
VI(A)(C-II)	147	19	11.4	85	26	23.4	44	55	55.6	18	22	55.0

While for Type I and Type IV quarters, the out-of-turn allotments were marginally above the norms, in Type II quarters out-of-turn allotments showed a steady rise. In 1994, upto July 1994, in Type II quarters out of 1007 allotments made, 739 (73 per cent) were out-of-turn. The out-of-turn allotments in Type V and above categories were more than 50 per cent in 1994. In 75 cases of out-of-turn allotments made in respect

of Type I to Type III, it was noticed that in 15 cases, allotments were made to persons who had not even completed 5 years of service, although persons who had already completed 27 years of service and more were still awaiting allotment. The minutes of the meetings of the out-of-turn allotment Committees were not made available to Audit.

Out of 7616 out-of-turn/adhoc allotments made in Delhi from 1991 to July 1994, only 235 case files were produced for audit scrutiny. The remaining files were not made available despite bringing the matter to the notice of the Government. Case files of out-of-turn/adhoc allotments made in Bombay were also not made available.

The matter was referred to the Ministry in August 1994 and February 1995.

The Ministry stated (February 1995) that out-of-turn allotments are made by competent authority, Minister for Urban Development (UDM) or Minister of State, Urban Development (MOS UD) (as the case may be) under SR 317-B-25 and that under this Rule, all provisions of Allotment Rules could be relaxed including any instructions issued thereunder; and that whatever instructions have been issued regarding specific percentage to be maintained are only self-imposed instructions and are not part of the Supplementary Rules. The Ministry also observed that there is really no audit point involved in the matter for which these files, should be put up for scrutiny before the Audit Party as any allotment made by UDM or MOS UD on out-of-turn basis does not exempt the allottee from the payment of licence fee prescribed under the Rules and that it might not be possible for the Directorate of Estates to produce files relating to out-of-turn allotments for scrutiny by Audit.

The reply of the Ministry is not considered satisfactory because

- it is inconsistent with the averments made by the Ministry before the Public Accounts Committee in connection with the examination of Audit Report for 1982-83 already cited;
- audit scrutiny of those case files of out-of-turn/adhoc allotments which were made available to Audit disclosed that in most of the cases reasons for out-of-turn allotment contented to have been made in relaxation of the rules were not

recorded in writing by the competent authority, although it was required to be done under SR 317-B-25;

- any relaxation of the Rules which has the effect of displacing the basic character of the Rule can be open to question on grounds of propriety and legality; and
- the non-production of files is contrary to the statutory provisions of CAG's (DPCs) Act 1971 and the instructions issued by Government from time to time which enjoin upon the Ministry to make available to Audit all files required by it, including files classified as 'Secret' and 'Top Secret'; the decision as to what documents and information are needed for the purpose of audit and reporting rests with the Auditor.

9.2 Avoidable payment of escalation charges and rent

Administrative approval and expenditure sanction of Rs 343.79 lakhs was accorded (June 1983) by the Ministry of Planning for construction of National Sample Survey Organisation (NSSO) office building at Calcutta, within a time frame of four and half years.

Central Public Works Department (CPWD) Calcutta, engaged (July 1986) firm 'A', for execution of pile foundation work by March 1987. The work was completed in December 1988 at a cost of Rs 38.04 lakhs. The delay in completion of the work was due to subsequent modifications in design and slow progress of work of firm 'A'.

CPWD also engaged (March 1987) firm B for construction of superstructure of the building at a cost of Rs 142.31 lakhs by April 1989. Due to delay in execution of pile foundation work by firm 'A', the site was handed over to firm B in phases during October 1987 to March 1988. The work was completed in September 1992 at a cost of Rs 159.44 lakhs including Rs 21.26 lakhs towards escalation charges.

It was seen that extension of time from April 1989 to September 1992 was granted to firm 'B' due to delay on the part of CPWD in handing over of site, discrepancies in drawings, delay in taking decisions for pressed steel door frames/shutters

and external plaster/flooring and delay in installing electrical conduit pipeline. As a result, an amount of Rs 8.47 lakhs was paid as escalation charges during April 1989 to September 1992 which was avoidable.

The delay in completion of construction of office building resulted in delay in its handing over to NSSO for office accommodation and NSSO had to continue their offices in rented premises paying Rs. 30.59 lakhs as rent during May 1989 to May 1992.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

9.3 Blocking of funds due to excessive purchase of paper

There was a stock of 39.27 reams of paper with the Government of India Press, Shimla at the end of March 1989 against average annual consumption of 22.35 reams during the last two years. The press procured 5991.20 reams of paper valued at Rs 23.28 lakhs during 1989-90 and 1990-91. Of the total stock of 6030.47 reams, only 849.73 reams were consumed in the press and 600 reams were transferred to other units by the press, till March 1994. The balance 4580.74 reams of paper costing Rs 16.76 lakhs were lying unutilised with the press.

The Manager of the press stated in May 1994 that the surplus paper was being transferred to other units according to their demand and all possible efforts would be made to curtail annual indents in future.

There was no justification for the purchase of such a huge stock of paper, which resulted in blocking of Rs 16.76 lakhs in slow moving inventories.

The matter was reported to the Ministry in July 1994; their reply is awaited as of January 1995.

9.4 Idling of costly imported machines

Director General Supplies and Disposals concluded a contract in February 1990 with Indian agent of a foreign firm for import of a printing machine alongwith spares for Government of India Press, Aligarh. The order was increased to two machines in July 1990 with another set for Government of India Press, Nashik.

A scrutiny of the supply details from the records of the two consignees revealed the following:

(i) The machine was supplied in two consignments to Government of India Press, Nashik. The first consignment containing the punching unit and spares was received at Bombay Port in September 1990 and was received by Nashik Press in July 1991.

The second consignment of the printing unit arrived at Bombay Port in April 1991 was received at the press in January 1993.

The machine procured at a total cost of Rs 1.50 crores has not been installed/commissioned so far (September 1994).

(ii) The machine for Government of India Press Aligarh was also received in two consignments at a total cost of Rs 1.25 crores during December 1990 and June 1992. On opening the first consignment, spares worth Rs 0.77 lakh were found missing. The machine could not be installed due to technical problems.

Thus, the two machines imported at a cost of Rs 2.75 crores resulted in idle expenditure defeating the very purpose of procurement.

The matter was reported to Government in February/September 1994; their reply is awaited as of January 1995.

9.5 Idle machines and wages due to inadequate supply of paper

Government of India Press, Howrah, executes printing jobs for various Central Government departments. A review of the outturn of the printing machines conducted by Audit in January 1994 revealed that during 1988-94 out of 2666752 machine hours, 39631 machine hours were lost due to non-availability of reeled paper (rolled reams) and printing plates. During 1988-94 stock of printing paper ranged from 30 to 846 metres whereas the requirement ranged from 2555 to 2666 metres and printing plates were not available after 1989-90. With the result, out of 1640 jobs which were to be executed, only 923 jobs could be executed leaving a balance of 717 jobs undisposed as of April 1994. The particulars of indent placed during 1989-94 could not be made available to Audit. Further, stock accounts for the years 1990-94 were also not complete.

Notwithstanding, the fact that the Press had adequate jobs on hand during 1988-94, they failed to ensure supply of paper and printing plates resulting in idling of the machines. A sum of Rs 15.74 lakhs was paid towards wages on account of idle machine hours.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

9.6 Non-realisation of arbitration award

Central Public Works Department (CPWD), Calcutta engaged a firm in June 1979 for construction of 112 type III quarters at Salt Lake, Calcutta, at a tendered cost of Rs 38.39 lakhs. As per the agreement made with the firm, the work was to be completed by October 1980. However, the firm could not complete the work by October 1980. The firm suspended the work in July 1981 and only 36 *per cent* of the work was completed by that time. The firm was paid Rs 13.62 lakhs upto that date. As the firm did not resume the work, CPWD rescinded the contract in September 1982 and in June 1983 imposed liquidated damages of Rs 3.30 lakhs on the firm.

The balance work was completed in December 1986 by another contractor with an additional expenditure of Rs 10.15 lakhs. The additional cost towards execution of balance work was to be recovered from the firm. As the firm did not deposit the amount, CPWD sought arbitration in July 1984 under clause 25 of the agreement and claimed Rs 13.65 lakhs plus cost of arbitration. The arbitrator awarded Rs 13.25 lakhs plus interest @ 12 *per cent* in September 1991 in favour of CPWD.

On being pointed out by Audit in July 1992, CPWD requested the firm in September 1992 to deposit the amount. Since then the matter was not pursued at all by the CPWD and the amount has remained outstanding as of June 1994.

The matter was reported to the Ministry in June 1994; their reply is awaited as of January 1995.

9.7 Infructuous expenditure on rent

The Estate Manager (EM), Calcutta, allotted (October 1988), 9295 square feet space in a lease hold private building to the Ministry of Environment and Forests for

office of the Ministry at Calcutta at a rent of Rs 0.50 lakh per month. The allotment order provided (i) immediate communication of acceptance of allotment by the Ministry and (ii) that no part of allotted space would be kept vacant/ unused. Neither did the Ministry communicate the acceptance of allotment nor did the EM pursue the matter with them till February 1989. However, three offices of the Ministry took possession of the allotted space in March 1989 i.e. after 5 months.

The allottees, however, did not utilise the space and kept it vacant. EM also did not ascertain from the allottees whether the allotted space had been actually used by them. Only in November 1989 i.e. after another 8 months of receipt of an electricity bill, EM inspected the premises and found that the space was lying vacant. In November 1989, EM took up the matter with the Directorate of Estate (DOE) New Delhi for instructions. Instead of taking prompt action DOE took nine months to decide (August 1990) to take back the possession of the space and to return it to the landlord. Rent paid for the vacant space amounted to Rs 10.56 lakhs.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

9.8 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes duly vetted by Audit indicating remedial/corrective action taken to the Ministry of Finance (Department of Expenditure) on the various paragraphs contained in the Audit Reports, as soon as they were laid on the Table of the House.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1993 has revealed that the Ministry has not submitted (September 1994) the remedial/corrective Action Taken Notes on the following paragraphs inspite of instructions issued by Lok Sabha Secretariat.

Table:9.8 Corrective Action on Audit Reports

Audit Report Number & Year	Paragraph No.	Subject
No.1 of 1989	56	Infructuous expenditure on vacant requisitioned accommodation
-do-	60	Extra expenditure due to delay in finalisation of drawings and handing over of site
-do-	62	Defective diesel generating set
No. 1 of 1990	20	Loss due to shortage of printing paper
-do-	21	Abnormal delay in construction of quarters
No. 1 of 1990	22	Infructuous expenditure due to idle printing machines
No.13 of 1991	18	Infructuous expenditure on a water supply scheme
No.6 of 1992	14.4	Injudicious rejection of tender
-do-	14.6	Unused air-conditioners
-do-	14.7	Hired office space
-do-	14.9	Infructuous expenditure due to lack of coordination
-do-	14.12	Non-uniform interpretation of contract terms
-do-	14.13	Loss due to delay in execution of work not recovered
No.6 of 1993	8.1	Delay in taking decision resulting in extra expenditure
-do-	8.2	Non-fulfilment of contractual obligations
-do-	8.3	Delay leading to payment of escalation
-do-	8.4	Unwarranted purchase
-do-	8.5	Shortage of stores

Contd⇒

Audit Report Number & Year	Paragraph No.	Subject
No. 6 of 1993	8.6	Loss due to poor storage arrangement
-do-	8.7	Loss due to departmental lapse
-do-	8.8	Import of fount
No.2 of 1994	8.2	Procurement of additional lino type machines without placement of operators
-do-	8.3	Unauthorised occupation of warehouse
-do-	8.4	Excess expenditure on deposit work
-do-	8.5	Non-functioning lino machines
-do-	8.6	Avoidable expenditure on rent due to delayed construction
No. 2 of 1994	8.7	Non-realisation of rent for quarters
-do-	8.8	Blocking of funds in inventories
-do-	8.9	Excess payment of municipal charges

The matter was reported to the Ministry in October 1994; their reply is awaited as of January 1995.

CHAPTER X

Ministry of Water Resources

10.1 Avoidable payment of rent

A piece of land measuring 3217 sq metres was allotted in February 1979 to the Central Water Commission (CWC) by Delhi Development Authority (DDA) at Katwaria Sarai, New Delhi for construction of an office building for its Water Resources and Flood Forecasting Division. The land was taken over in August 1979. CWC deposited Rs 8.45 lakhs in March 1980, Rs 30.50 lakhs in March 1991 and Rs 145 lakhs in March 1992 with the CPWD for carrying out the work. The contract for the work was awarded in May 1993 for Rs 103.30 lakhs against which CPWD had spent Rs 88.13 lakhs upto June, 1994.

The building was to be constructed within two years. The delay in sanctioning the estimates and drawings by CPWD, CWC and the Ministry led to delay in construction of the building, resulting in an avoidable expenditure of Rs 17.51 lakhs on account of payment of rent (Rs 1.98 lakhs yet to be paid) for the hired office premises for the period from June 1982 to March 1994 and Rs 3.06 lakhs towards composition fee and vacant land tax paid to Delhi Development Authority and Municipal Corporation of Delhi in March 1992.

The matter was referred to the Ministry in September 1992. Ministry in their reply (December 1993) attributed the delays to financial constraints. The contention of the Department is not correct as CWC deposited Rs 184 lakhs with CPWD between March 1980 and March 1992 whereas the work could be taken up only in May 1993 and is still incomplete (October 1994).

10.2 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes duly vetted by Audit indicating remedial/corrective action taken to the Ministry of Finance (Department of Expenditure) on the various paragraphs contained in the Audit Reports, as soon as they were laid on the Table of the House.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1993 has revealed that the Ministry has not submitted (September 1994) the remedial/corrective Action Taken Notes on the following paragraphs inspite of instructions issued by Lok Sabha Secretariat.

Table 10.2: Corrective Action on Audit Reports

Audit Report Number & Year	Paragraph No.	Subject
No.6 of 1992	15.4	Unfruitful expenditure in the execution of works
-do-	15.5	Loss in procurement through DGSD
-do-	15.6	Unused HDPE pipes
-do-	15.7	Unused navigational lock
No.6 of 1993	9.1	Unfruitful expenditure in execution of a work
-do-	9.2	Unrealised Testing Fee
-do-	9.3	Outstanding Audit Objections
No.2 of 1994	9.1	Extra expenditure due to delayed work order

The matter was reported to the Ministry in October 1994; their reply is awaited as of January 1995.

CHAPTER XI

Union Territories Andaman and Nicobar Islands (Ministry of Home Affairs)

11.1 Avoidable loss of power

Five new Diesel Generating (DG) sets were commissioned at Chatham Power House (CPH) between June 1991 and January 1992 for augmenting the DG capacity to 12.5 MW. The cost of this addition to capacity was Rs 18.61 crores. An order was placed in January and February 1991 respectively for two schemes ancillary to this scheme viz: (i) augmentation of distribution system in South Andaman for efficient distribution of power generated from CPH at a cost of Rs 1.97 crores and (ii) sub-transmission system associated with 12.5 MW DG sets of CPH at a cost of Rs 2.81 crores for evacuation of power to Prathapur sub-station. These schemes were not completed by the scheduled date viz. June 1992 despite several extensions till May 1994.

Civil works in respect of these schemes were entrusted to Andaman Public Works Department (APWD) in February 1989 and were to be completed by December 1992. In September 1992, APWD informed the Electricity Department that the site was falling within the approach funnel of the existing runway of the airport and an alternative site had to be located. The Department took up the matter with the Indian Navy in October 1992 and got clearance in December 1992. However, both the distribution and transmission schemes remained incomplete due to non-completion of civil works (September 1994).

With the generation of more power from 12.5 MW DG sets the line loss increased from 14.10 to 23.42 percent on account of higher flow of power through the old system designed for 4 MW power flow. The loss amounted to Rs 2.33 crores for the period July 1992 - April 1994.

Thus, delay in completion of schemes for transmission and distribution of augmented power due to inadequate planning and lack of co-ordination resulted in loss of Rs 2.33 crores.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

11.2 Unutilised grants and equipment for tourism

Test-check of records of Directorate of Information, Publicity and Tourism (DIPT) Andaman and Nicobar Administration (ANA) revealed cases of non-utilisation of financial assistance given by the Ministry of Tourism. In the following four cases Rs 61.02 lakhs were blocked for periods upto three years:

- (i) Ministry released Rs 4.52 lakhs in March 1992 for purchase of air-conditioned coaches on sharing basis. As ANA could not provide their share, the amount remained unutilised.
- (ii) Ministry released Rs 15 lakhs in December 1992 for purchase of water sports equipment. Tenders called for in December 1993 could not be finalised due to lack of technical know-how.
- (iii) Ministry released Rs 20 lakhs in November 1992 for purchase of a cruise boat. Though tenders invited in January 1993 were finalised in April 1993, supply order on the selected firm was yet to be placed (December 1994).
- (iv) DIPT procured in October 1992 camp materials worth Rs 21.50 lakhs through the Indian Tourism Development Corporation. The materials were utilised only for six weeks on two occasions since procurement.

Accepting the facts, DIPT stated in December 1994 that in respect of case (i) action for procurement of item was being taken. Regarding case (ii) DIPT stated that the purchase could not be finalised as they did not have the required technical knowledge and expertise. Regarding case (iii) DIPT stated that order could not be placed due to non-finalisation of specification of the item and money had been placed in fixed deposit. As regards case (iv), DIPT stated that the materials could not be utilised as there was poor response from the foreign tourists at Cinque Island and Havelock where tourist camp was set up. It was also stated that now they were planning to set up a camp at Madhuban.

The fact remains that due to poor planning Rs 61.02 lakhs remained blocked for periods upto three years.

The matter was reported to the Ministry in October 1994; their reply is awaited as of January 1995.

11.3 Under-charge of penal interest

For construction of shop-cum-godown complexes and for working capital of cooperative societies located in Andaman and Nicobar Islands, loans are given by the Registrar of Cooperative Societies (Registrar). Government rules of March 1969 provide that interest bearing loans are to be repaid in equal instalments of principal and interest. In the event of default, penal interest at 2.5 per cent or such other rate as specified in the sanction order was to be charged on all overdue instalments.

A review in Audit (June 1994) revealed that loans aggregating Rs 39.42 lakhs were given to two cooperative societies between March 1972 and April 1976. Penal interest was levied by the Registrar only on overdue instalments of principal and not on overdue instalments of interest as provided in the rules.

Incorrect applications of the penal provision resulted in under-charging of interest by Rs 44.15 lakhs for the period March 1974 to April 1994.

The matter was reported to the Ministry in September 1994; their reply is awaited as of January 1995.

11.4 Under-realisation of forest receipt

In order to encourage use of sawn timber within Andaman and Nicobar Islands a surcharge is leviable on export of sawn timber out of the Islands. A test-check of records of Government Saw Mill at Chatham revealed that surcharge was not levied on items of sawn timber sold through public auction. Non-levy of surcharge amounted to Rs 18.89 lakhs between March 1985 and August 1991.

Department stated in August 1993 that as per conditions of auction of timber, there was no provision for levy of surcharge on the timber sold out of Islands. The fact, however, remains that though the items of timber were exported out of the Islands, no

surcharge could be levied for want of a suitable stipulation in the conditions of auction. This resulted in loss of Rs 18.89 lakhs to Government.

The matter was reported to the Ministry in August 1994; their reply is awaited as of January 1995.

11.5 Idle expenditure on a bridge

To solve the problem of crossing the "Kalsi nallah" at Rangat, Andaman & Nicobar Administration (ANA) decided (July 1988) to install a 100 feet span Bailey steel bridge across the nallah. Andaman Public Works Department (APWD) accorded administrative approval and expenditure sanction of Rs 28.31 lakhs in September 1989 for this work.

APWD placed an order in December 1990 on a firm for supply of bridge components at a cost of Rs 18.12 lakhs. Bridge components costing Rs 18.24 lakhs were received by APWD in July 1992.

It was seen that the bridge could not be installed as the site, changed thrice, was yet to be finalised (July 1994). APWD stated (August 1994) that ANA now desired to have pedestrian crossing over the nallah instead of Bailey bridge at all points on demand.

Thus, due to non-finalisation of site, the bridge components procured in July 1992 were lying idle resulting in blocking of Rs 18.24 lakhs besides the objective of installation of bridge remained unrealised.

The matter was reported to the Ministry in July 1994, their reply is awaited as of January 1995.

11.6 Excess drawal of incentive wages

The Controller of Andaman Labour Force (CALF) is authorised to draw incentive wages in addition to the wages payable to a worker, on pro rata basis, for the quantum of work in excess of the prescribed norms of stevedoring.

A review of drawal of incentive wages by Audit, in June 1994, showed that during 1990-93 CALF had drawn incentive wages for handling of 95018 tonnes of cargo against actual stevedoring of 67367 tonnes, as worked out by the Directorate of Shipping Services (DSS) for four vessels. This resulted in excess drawal of incentive wages by Rs 14.93 lakhs.

CALF stated in June 1994 that the incentive wages were paid based on the records maintained by the crew of the vessels and the figures were not reconciled with the records of the DSS. The fact remains that the figures certified by the crew and shipping officials had been accepted without cross-checking with the actual quantity of cargo handled as per records maintained by the DSS.

Thus, absence of proper systems and lack of coordination between CALF and DSS, who kept records of actual cargo and freight charges, resulted in excess drawal of Rs 14.93 lakhs.

The matter was reported to the Ministry in September 1994; their reply is awaited as of January 1995.

11.7 Non-levy of electricity surcharge

Andaman and Nicobar Islands, Electricity Department levies energy charges at tariff rates fixed by the Andaman and Nicobar Administration for sale of electrical energy. As per the tariff rates in respect of bulk supply, prescribed by the Andaman and Nicobar Administration, a surcharge for conversion loss at seven and half *per cent* on the amount of the bill was to be levied if the transmission distance was more than half kilometre and at five per cent if the distance was half kilometre or less.

Test-check in Audit in September 1993 revealed that the Department did not levy surcharge from fourteen bulk consumers having transmission distances of less than half kilometre. Non-levy of surcharge for the period May 1990 - April 1994 resulted in loss of Rs 13.10 lakhs to Government.

Department stated in May 1994 that the surcharge was not levied as no connection had been given to a distance of half kilometre or above. But, the fact remains

that the Department did not levy surcharge inspite of specific provision for its levy at five *per cent* in case of transmission distance of half kilometre or less.

The matter was reported to the Ministry in July 1994; their reply is awaited as of January 1995.

11.8 Unfruitful expenditure on erection of bunk houses

In February 1992, the Andaman and Nicobar Administration accorded sanction of Rs 8.91 lakhs for procurement of three prefabricated bunk houses (two for teachers' accommodation and one for classroom) to be erected at Port Blair. Accordingly, Andaman Public Works Department procured three bunk houses in September 1992.

The bunk houses for teachers were erected at a different location from the one planned originally to provide more conveniences. The bunk houses erected at a cost of Rs 6.96 lakhs in June 1993 remained vacant as no request was received from teachers for allotment.

Directorate of Education stated in July 1994 that teachers accommodation was temporarily constructed for observation purpose. But the purpose and object of observation was not clarified by the Department though asked for.

The fact remains that construction of teachers' accommodation at a cost of Rs 6.96 lakhs without ascertaining the requirements rendered the expenditure unfruitful.

The matter was reported to the Ministry in August 1994; there reply is awaited as of January 1995.

11.9 Unfruitful expenditure due to inadequate planning

A mechanical power shovel was procured (September 1984) at a cost of Rs 29.67 lakhs for a breakwater project at Campbell Bay. The shovel was scheduled to be transferred to Car Nicobar project on completion of Campbell Bay project. But on completion of Campbell Bay project (August 1989) the shovel was transferred to Rangat Bay project in February 1990 after incurring an expenditure of Rs 4.03 lakhs. The shovel was again transferred from Rangat bay to Car Nicobar in March 1994 at a cost of Rs 2.05 lakhs.

It was noticed in Audit that during February 1990 and February 1994 the shovel was utilised only for 118 hours and was almost lying idle at Rangat Bay. It was also noticed that if the shovel was transported direct from Campbell Bay to Car Nicobar the transportation cost would be Rs 1.61 lakhs on pro-rata basis. Thus, there was an extra expenditure of Rs 4.47 lakhs for utilisation of shovel only for 118 hours during the period of four years 1990-94.

The project authority stated (May 1994) that the shovel was brought to Rangat Bay for carrying out works at a quarry instead of keeping it idle at Campbell Bay. The reply is not tenable as the shovel was used only for 118 hours during four years at Rangat Bay with an extra expenditure of Rs 4.47 lakhs which remained largely unfruitful.

The matter was reported to the Ministry in July 1994; their reply is awaited as of January 1995.



(B M OZA)

Director General of Audit
Central Revenues

Delhi

The **4 APRIL 1995**

Countersigned



(C G SOMIAH)

Comptroller and Auditor General of India

Delhi

The **5 APRIL 1995**

Appendix-I
Diversion of funds (refers to paragraph 6.8.2)

(Rs in lakhs)

Name of State	DRDA	Year	Amount	Remarks
Andhra Pradesh	(i) State as a whole	December 1993	1919.00	The entire amount of Rs 2399 lakhs together with State share was given to Zilla Praja Parishads instead of allocating 80 per cent of it to the 'Gram Panchayats'.
	(ii) APSHC, Chittoor	1989-94	44.03	Diversion to other housing schemes. Interest on JRY funds credited to the corporation funds.
	(iii) APSHC, Nalgonda	1989-94	17.06	Diversion of cement purchased from JRY funds to other schemes.
	(iv) Tirupathi	1989-94	8.88	Recoveries from work bills incorrectly transferred to Engineering funds.
	(v) ZPP, Nalgonda	1993-94	5.20	Credit to General Funds of ZPP (Rs.4.70 lakhs), construction of Bharat Sovak Building (Rs.0.50 lakh).
Bihar	(i) State as a whole	1989-94	2580.00	Rs 1763 lakhs kept in Treasury under Civil Deposits not bearing interest in March 1992 and March 1993 were lying unutilised (August 1994)resulting in loss of Rs.172.90 lakhs towards interest.
	(ii) Bhagalpur and Palamu	1989-94	(I) 456.35	Amount advanced to the DRDAs, was kept under Civil Depsits resulting in loss of Interest Rs.15.70 lakhs.
			(ii) 559.18	Other purposes
Gujarat	(i) State as a whole	1993-94	606.25	Employment Assurance Schemes
	(ii) Panmahals, Vadodara, Valsad	1989-94	(a) 29.50	IRDP and SEP
			(b) 33.00	IRDP
			(c) 154.57	IRDP, SEP and SM/MF programmes.
	(iii) State as a whole	1990-94	783.49	From One district to another.
	(iv) Panmahals	Between 1989 and 1991	4.66	Office rent (Rs.0.26 lakh), salary of watchment (Rs.1.60 lakhs), renovation of temple (Rs.2.80 lakhs).
	(v) Valsad	1990-91 1992-93	28.00	Credited to PLA of District Development Officer (Rs 28.00 lakhs) and Office building funds (Rs.2.77 lakhs).
			2.77	
	(vi) Kheda	1989-90	57.16	Invested in Post Office savings account.
(vii) Commissioner, Rural Development Gandhi Nagar	1989-90	2.49	Purchase of two Ambassador cars.	
(viii) Divisional Forest Offices Valsad and Godhra (Normal)	---	0.98	Purchase of diesel engine, stores and law books and tools.	
(ix) State as a whole	Released on 31st March 1994 by the Central Government	449.00	Credited into Personal Ledger Account with treasury. The amount was released by the Centre though Action Plan was framed for only Rs.389.06 and there was no justification for release of the 2nd instalment .	

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Name of State	DRDA	Year	Amount	Remarks
	(x) Panchayats in Panchamahals district	1989-90	52.93	Construction of shopping centre, bank building, repair works, providing of roof tiles to houses, etc.
Karnataka	State as a whole	February 1991	(i) 227.00	Funds were diverted for taking up works in scarcity affected areas despite Government of India not agreeing to it. Rs.227 lakhs spent by the Deputy Commissioners of 10 Districts were not recouped to JRY.
		March 1991	(ii) 220.00	The State Government diverted the amount out of funds allotted to 9 districts to 7 better performing districts though the Central Government did not agree to the diversion in March 1991. Reallocation of funds to 9 districts was yet to be done.
	Belgaum, Gulbarga		(iii) 8.83	Credited to Government/General Fund Account of ZPs.
	ZP, Bizapur	March 1993	(iv) 2.24	Irregular diversion of funds of one Mandal Panchayat to another.
	Bijapur	Between March 1990 and March 1994	(v) 21.26	Preparation of site for music concert (Rs.0.78 lakh), printing of tender/contract agreement form not related to JRY (Rs.0.82 lakh), etc.
	Mysore	Between March 1989 and November 1993	(vi) 39.81	Maintenance of Departmental Horticulture Nursery (Rs.4.60 lakhs) and UNICEF aided individual sanitary latrine programme (Rs.33.30 lakhs), etc.
	Kolar	Between 1989-90 and 1993-94	(vii) 6.65	Donation to a School Committee (Rs.0.12 lakh), purchase of motor cycle for Pradhan (Rs.0.27 lakh), celebration of Independence day (Rs 0.47 lakh) development of a tourist spot (Rs.2.26 lakhs), providing street lights and advocate fee (Rs.2.18 lakhs) film on ZP, celebration of 5th year of ZP (Rs 1.35 lakhs)
	Gulbarga	Between October 1989 and December 1993	viii) 5.16	Family Welfare programme (3.17 lakhs), utilisation of seedlings raised under JRY to non-JRY programme (Rs 1.99 lakhs)
	Belgaum	Between September 1989 and January 1994	(ix) 4.80	Utilised for non-JRY plantation (Rs 3.80 lakhs) and payment to total literacy programme (Rs 1 lakh)
	In 4 test-checked districts	Upto March 1994	(x) 26.25	Construction of shops/shopping complexes.
	In 5 test-checked districts	1989-94	(xi) 12.76	Construction of 17 staff quarters (Rs.11.18 lakhs) and Inspection Bungalow (Rs.1.58 lakhs).
	Belgaum, Bijapur Gulbarga and Mysore districts	1990-94	(xii) 69.28	Construction of 256 Samaj Mandirs/Community Halls.

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Name of State	DRDA	Year	Amount	Remarks
	Belgaum, Bijapur, Gulbarga, Kolar and Mysore	1989-94	(xiii) 21.53	Works irregularly executed in urban areas. These included construction of School building (Rs.9.84 lakhs), conference halls (Rs.0.45 lakhs), maintenance of garden in front of ZP office at Mysore (Rs.4.50 lakhs) and road works (Rs.6.74 lakhs).
	Bagalkot (Bijapur district)	1989-91		Amount spent on removal of grass in the fields of SC/STs farmers which was outside the scope of the scheme as no concrete asset was created.
Kerala	(i) Thrissur	1991-93	9.58	Construction of Block headquarters at Kodagara and Cherpu.
	(ii) Palakkad	1989-93	4.51	Maintenance charges of vehicles utilised for other programmes (Rs.0.76 lakh) and maintenance of 4 block offices (Rs.3.75 lakhs).
	(iii) Palakkad	March 1991	64.36	Major irrigation project
	(iv) Palakkad	1991-92	12.60	Causeway at Rajathuruthy.
	(v) 6 DRDAs		34.00	6 DRDAs spent Rs 34 lakhs on 31 works for construction of various structures .
	(vi) DRDA			
	(a) Kottayam	17.4.90	30.00	Cooperative Bank deposit mobilisation.
	(b) Idukki	February 1990	230.00	Other DRDAs. The amount was yet to be recouped.
	(c) Pathanamthitta Thrissur and Thiruvananthapuram	1990-91 April 1991	20.77 6.50	IRDP
	(vii) 7 DRDAs	As on 31st March (a) 1990 (b) 1991 (c) 1992	796.12 1074.37 826.20	The amount was deposited in the Treasury instead of keeping in Bank/Post Office which resulted in loss of interest.
	viii) DRDA, Allpuzha	March 1990 to January 1992	9.07	Construction of Bus Stand of KSRT Corporation
	(ix) Malappuram	1989-92	1.00	Construction of water tank. The water tank was handed over to Kerala Water Authority without their request.
	(x) State as a whole	1989-94	3282.00	MWS funds were irregularly diverted to construction of houses.
Madhya Pradesh	State as a whole	1990-93	5098.00	Kept under 'Civil Deposits' by the State Government.
	DRDA, Betul	September	4.23	Purchase of a road roller.
Maharashtra	(I) Beed, Dhule, Nasik Parbhani, Pune and Raigarh	1991-94	74.39	254 shopping complexes.
	(ii) 5 DRDAs and 2 BDOs	1989-94	201.37	Other district schemes.

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Name of State	DRDA	Year	Amount	Remarks
Orissa	(i) Sambalpur	February 1993	10.00	Funds earmarked for construction of market complex.
	(ii) Sambalpur	1992-93	21.50	Construction of Anganwadi centres.
	(iii) Sambalpur	1990-92	3.20	Construction of Sulabh Souchalaya at Narasinghnath Temple.
	(iv) Kalahandi	1989-94	31.00	Amount diverted to other sectoral activities which were not permissible under the programme.
	(v) Keonjhar	1992-93	3.15	Construction of seed godown, repairs to buildings.
	(vi) Kalahandi	31st March 1992	1.34	Deposited in Civil Deposit Account in Treasury. The amount was not yet released by the State Government (September 1994)..
Rajasthan	DRDA Udaipur	1989-90	50.00	Small Savings Post Office Account in favour of Small Farmers Development Agency.
	DRDA Kota	1989-92	147.86	IRDP
	DRDA, Sawai Madhopur	1991-92	23.50	Education Department and IRDP
	DRDA, Bhilwara	1989-90	1.44	Payment to work charged staff of Irrigation Division-I.
	DRDA, Dungarpur	1991-92	3.69	Construction of residential house at Sagwara (Rs.1.46 lakhs), expenditure on light, water and door fittings in tehsil buildings at Sagwara, Aspur and Simalwara (Rs.2.23 lakhs).
	DRDA, Jalore	1990-91	5.60	Construction of Gram Sewak residential quarters.
	DRDA, Banswara	1990-94	2.32	
	Banswara and Dungarpur	(i)	59.57	Provision of additional rooms to existing secondary and Higher Secondary School buildings, repair of quarters of Gram Sevaks and teachers construction of bus stands, construction Ayurvedic Aushadhaylas, Veterinary dispensaries, banks, Sub-health centres Meeting halls, godown and Rest House. Rs 53.60 lakhs and Rs 46.91 lakhs were spent on big irrigation schemes in Banswara and Dungarpur districts respectively.
		(ii)	100.51	
	Ghatol Panchayat Samiti	End of March 1994	37.71	The Samiti kept funds in PD Account instead of keeping in Bank/Post Office account. As per Treasury Officer, Banswara there was a balance of Rs.37,71,341.40 in the PD Account whereas balance worked out to Rs.38,43,685.21 as per the Cash Book. The discrepancy remained to be reconciled since 1991-92.
DRDA, Banswara	1991-92	5.00	Drought Prone Area Programme by Divisional Forest Officer, Banswara.	
DRDA, Alwar	1990-94	22.27	Construction of anicut and enclosures in the reserved forest area belonging to Forest Department.	

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Name of State	DRDA	Year	Amount	Remarks
	DRDA Banswara DRDA, Sawai Madhopur DRDA, Alwar	Between 1989-91	5.64	Purchase of 34 motor cycles.
	DRDA, Bundi	1989-91	1.49	Construction of terrace, garden and boundary wall of a Hospital at Bundi.
	Banswara, Jalore, Jodhpur, Alwar and Sawai Madhopur		57.33	Addition to the existing secondary and Higher Secondary School buildings.
	Banswara, Dungarpur and Jodhpur		29.37	Construction of 23 shops
Tamil Nadu	(i) 3 districts	1989-94	12.65	Construction of shopping complex/commercial building.
	(ii) 2 Blocks	1990-93	3.88	
	(iii) South Arcotvallalar district	1993-94	10.00	
	(iv) Madras	1989-93	39.23	Works carried out in urban areas
	(v) Madurai	1989-93	1.60	
	(vi) Thanjavur	1990-91	100.00	Small Saving Schemes to achieve the target under the Scheme for 1990-91
	(vii) 7 DRDAs	1992-93	3203.00	Transferred from JRY accounts to the PD Accounts of DRDAs for periods ranging between 18 days and 37 days which was reckoned for the purpose of maintenance of minimum balance in Government Account
	viii) Thanjavur	1990-91	34.20	Construction of houses for fishermen in Thanjavur district.
	(ix) Nilgiris	1989-92	15.52	IRDP
	(x) Thanjavur	1991-92	0.88	IRDP
	(xi) Thanjavur	1990-91	4.00	State Institute of Rural Development Madras
	xii) Nilgiris	January 1990 to March 1994	3.02	Bitumen costing Rs.3.02 lakhs diverted to other works which were not recouped to JRY.
	(xiii) State as a whole	1993-94	303.92	Renovation of temple tanks under MWS. No records were made available to indicate beneficial use for irrigation.
	(xiv) Thanjavur	1990-91	3.38	Works carried out in urban areas.
Uttar Pradesh	(I) Commissioner of Rural Development, Uttar Pradesh	1989-90	193.27	Amount kept in PL Accounts.
	(ii) DRDA, Sitapur	1989-90	16.05	-do-
	(iii) DRDA, Sitapur	1991-92	0.94	-do-
	(iv) Commissioner of Rural Development Uttar Pradesh	1992-93	11184.41	The amount was released on the concluding day of the financial year. The entire amount was kept in Treasury PL Accounts of the CRD.
	(v) DRDA, Sitapur	1992-93	46.00	IRDP
	(vi) DRDA, Mirzapur	1990-91	25.00	Small and Marginal Farmers Scheme.
	(vii) DRDA, Mirzapur	1992-94	21.44	Rs.20 lakhs were loaned to Additional District Magistrate for construction of Nirbal Varg Awas and Rs.1.44 lakhs were advanced to the staff of DRDA Mirzapur for construction of their own houses.
	viii) DRDA, Mirzapur	1993-94	15.00	DRDA Pilibhit. The urgency of transferring the fund was not on record.

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Name of State	DRDA	Year	Amount	Remarks
	(ix) DRDA, Mirzapur	1993-94	1.03	Construction of boundary walls of Laganj Block Office.
	(x) DRDA, Mirzapur and Sitapur	1990-94 and 1989-94	6.94 1.38	Payment of daily wages to casual employees borne on the establishment of DRDAs, though prohibited.
	(xi) DRDA, Mirzapur	Between 1989-90 and July 1994	2.39	Amount was paid towards hire charges of a jeep from a private owner at the rate of Rs.150 per day for official use of the Assistant Engineer attached to DRDA despite availability of 4 vehicles with the DRDA Mirzapur. The frequency and intensity of inspection warranting exclusive use of a vehicle over and above 4 existing vehicles could not be justified by DRDA.
West Bengal	Bankura		391.20	Provision for drinking water wells covered under other programme without assessing needs of beneficiaries.
	Purulia		13.31	Construction of one brick kiln(Rs.6.59 lakhs) and purchase of 2 road rollers.
	Burdhaman		828.51	Sinking /re-sinking and repair of tubewells (Rs.717.82 lakhs), execution of works in non-Panchayat areas (Rs.13.55 lakhs), construction of sport complex withip Municipal area (Rs.26.41 lakhs), removal of drainage congestion or Burdhaman Town (Rs 45.76 lakhs) and protection of left embankment of river Damodar (Rs 14.97 lakhs)..
	Medinipur		59.56	Purchase of 3 road rollers (Rs.10 lakhs), repair of roads at Digha Notified Area (Rs.43.67 lakhs) and flood relief to 589 beneficiaries (Rs.5.89 lakhs).
	Purulia	1993-94	20.30	Works relating to Agri-Irrigation Department, PWD, etc.
	Bardhaman	1993-94	28.25	Forest Department's work in protected forest area.
	Total		37456.00	

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188	10th from bottom	there	their
191	9th (Col 5)	Interst	Interest
191	25th (Col 5)	Depsits	Deposits
191	3rd from bottom (Col 5)	Rs 389.06	Rs 389.06 lakhs
193	Col 4 (against Bhagalkot)	-	3.10

