



REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

UNION GOVERNMENT
No. 19 (COMMERCIAL) OF 1991

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INTERNATIONAL AIRPORTS AUTHORITY OF INDIA



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TABLE OF CONTENTS

	PAGE NO.
Preface	(v)
OVERVIEW	(vii)
1. (A) Introduction	1
(B) Objectives	1
2. Capital Structure	3
3. Organisational Structure	5
4. Operations and Passenger Facilities	7
5. Domestic Projects	31
6. Foreign Projects	52
7. Works on behalf of other departments	61
8. Commercial Activities	69
9. Other topics of Interest	81
10. Manpower	84
11. Financial position and working results	90
12. Internal Audit	93
Annexures I - XIII	95-115

TABLE OF CONTENTS

PAGE NO.

	Preface	
	OVERVIEW	
1	(A) Introduction	1
1	(B) Objectives	1
2	Capital Structure	2
2	Organizational Structure	2
3	Operations and Passenger Facilities	3
3	Domestic Projects	3
4	Foreign Projects	4
4	Works on behalf of other departments	4
5	Commercial Activities	5
5	Other sources of interest	5
6	Appendix	6
6	Financial Statements	6
6	General Public	6
	Appendix I - VIII	

PREFACE

This Report on the International Airports Authority of India was prepared by an Audit Board consisting of the following:

1. Shri P.K. Sarkar Deputy Comptroller and Auditor General (Commercial)-cum-Chairman, Audit Board from 4th July 1991 to 30th June 1992.
2. Shri Vijay Kumar Principal Director of Commercial Audit & Ex-officio Member, Audit Board-I, New Delhi from 3rd July 1990 till date.
3. Shri A.Krishna Rao Principal Director of Commercial Audit & Ex-officio Member, Audit Board-II, Bombay from 16th April 1990 till date.
4. Shri K.S. Menon Principal Director (C) and Member Secretary, Audit Board from 2nd July 1990 till date.
5. Shri B.Venkataraman* Formerly Secretary to the Government of India, Part time Member.
6. Air Marshal J.Zaheer (Retd) Formerly Director-General, Civil Aviation, Part-time Member.

2. The report has been finalised after taking into consideration the discussions held with the Ministry of Civil Aviation on 6th February and 11th March 1992.

3. The Comptroller and Auditor General of India wishes to place on record his appreciation of the work done by the Audit Board and particularly the contribution made by the part-time members.

* Did not attend the meeting held on 6th February and 11th March 1992.

OVERVIEW

I. Formation and functions

The primary objective of the Authority is to manage and provide services and facilities for the efficient operation of air services at the five International Airports.

(Para 1.2.1)

II. Capital structure

The capital of the Authority stood at Rs.6112.25 lakhs as on 31st March 1991, while borrowing from the Government of India stood at Rs.2388.30 lakhs. Section 20 of the Authority's Act requires that the Authority shall pay the balance of its net profits to the Government, after making Statutory provisions and creating reserves within limits prescribed by Government. The limits of General Reserve fixed by the Government (July 1987) were exceeded by Rs.1916 lakhs upto 1985-86, Rs.2525 lakhs upto 1986-87, Rs.4782.14 lakhs upto 1987-88 and Rs.6595 lakhs upto 1988-89. However Government of India accorded its *expost facto* approval (October 1990) for the transfer of entire net profit upto 1988-89 to Reserves and for the year 1989-90 after payment of dividend at the rate of 20 percent on equity capital as on 31st March 1989. As per decision of the Government of India communicated in December, 1990 Authority should endeavour to pay dividend at the rate of 21 percent, 22 percent, 23 percent, 24 percent, 25 percent for successive years 1990-91 to 1994-95.

(Paragraphs 2.1, 2.2 and 2.3)

III. Vacancies in top posts

The Authority consists of one full time Chairman, three full time members besides part time members representing the Government, Director General of Civil Aviation etc. It was noticed that the posts of Chairman and full time members have at times remained vacant for long spells. For example, the post of Chairman remained vacant for a year and five months and was held on officiating basis from 19th October, 1984 to 26th March, 1986. The post of the Chairman was again vacant from 27th March.1989 to 28th June 1990.

(Paragraph 3.3)

IV. Operations and passenger facilities

Each International airport is headed by an Airport Director. There are several agencies like Customs, Immigration, Security etc. operating at the airports but the Airport Director is not vested with any authority to effectively adjudicate on any disputes which may arise at the airport. There is also an overlapping of functions at the airports as the NAA is responsible for operation of runway lighting, CAT II approach lighting, VASI etc. whereas installation and maintenance of these facilities is the responsibility of the Authority.

(Paragraphs 4.2 and 4.3)

Category II lighting system was provided at Delhi and Bombay airports in 1981 but CAT II Instrument Landing Systems (ILS) were commissioned in 1987 in Bombay and in 1988 in Delhi.

(Paragraphs 4.4.4 and 4.4.8)

Notwithstanding the commissioning of CAT II ILS in Bombay in 1987, the system is non-functional in Bombay due to high terrain on the runway approach.

(Paragraph 4.4.5)

The CAT II system is non-functional in Delhi from March 1991 due to recarpeting work on the main runway which is not expected to be completed before August 1992.

(Paragraph 4.4.8)

Even if the CAT II systems were functional at Bombay and Delhi they cannot be used by AIR INDIA and INDIAN AIRLINES as most of their pilots have not been trained to use CAT II ILS system.

(Paragraph 4.4.8 to 4.4.12)

High speed taxi links have not been provided at Bombay, Calcutta and Madras to reduce the occupancy of runways. Bombay airport does not have a full length parallel taxiway.

(Paragraph 4.6.1)

The Authority has not been able to handle additional flights at Bombay and Delhi, despite development of terminal facilities, owing to the limited capacity of existing Air Traffic Control (ATC). The proposal of the NAA to upgrade ATC facilities was cleared by Government only in June 1990 for Rs.21,000 lakhs. However, during Audit Board meeting (March 1992) Ministry mentioned that the estimates might require some revision in view of exchange rate changes and price increase.

(Paragraph 4.7)

V. Bird hazard prevention measures

A team headed by Dr. Salim Ali studied the problems caused by bird strikes at airports and made several recommendations. The Authority has implemented some of these recommendations. There has also been a decline in the number of bird strike incidents over the period 1987 to 1991.

(Paragraph 4.10)

VI. Encroachment of Authority's land

A large area of the Authority's land is under encroachment - at Bombay 200 acres (approx) is under encroachment involving 64,000 families. At Calcutta 6 acres is occupied by squatters. At Delhi, 86 acres out of a total of 5147 acres is under encroachment. The Authority has not been able to stop encroachment nor could it evict the unauthorised occupants. According to an estimate an amount of Rs.7,900 lakhs is required (Rs.6,400 lakhs for Bombay and Rs.1,500 lakhs for Delhi) for removal of encroachment. A sum of Rs.100 lakhs each has been deposited with Government of Maharashtra and Delhi Development Authority in 1987 for resettling the people.

(Paragraph 4.12)

VII. Cost and time overruns in domestic projects

The Authority has completed six major projects at Delhi, Bombay and Madras airports. There have been substantial time and cost overruns in some of the projects. The completion of New International Terminal Complex (NITC) (Phase I) at Delhi was delayed by 13 months and the actual cost on completion was Rs.9,602 lakhs compared to the original estimate of Rs.6,395 lakhs. The New International Passenger Terminal

Complex, Bombay (NIPTC) (Phase I) was completed at a cost of Rs.2,485 lakhs in December 1980 against the original estimate of Rs.1,100 lakhs. Similarly Phase II of the NIPTC Bombay was completed at a cost of Rs.4,382 lakhs against the original cost of Rs.2,248.73 lakhs; besides there was time-overrun of 17 months.

(Paragraphs 5.1 and 5.2)

In the construction of NITC New Delhi, 57 out of 64 contracts were delayed for period ranging from one to three years. The delay in execution has resulted in extra expenditure of Rs.461 lakhs.

(Paragraph 5.1.6)

VIII. Irregularities in domestic projects

Execution of domestic projects revealed certain lapses like entering into defective agreements, extra expenditure due to irregular award of work, over payments to contractors, acceptance of substandard work, procurement of defective equipments etc.

(Paragraph 5.6)

IX. Foreign projects

The Authority has executed six major projects of construction and development of airports abroad, two in Yemen one in Maldives and three in Libya. The Authority ran into major problems in execution of its projects in Libya. As per Authority's calculations, it has suffered a loss of Rs.2,137.05 lakhs in these projects (upto March 1991). However, losses on these projects are likely to go up further due to deductions made by clients for rectification of defects and disputes with construction associates regarding settlement of dues. A sum of Rs.2,478.43 lakhs of final bill and Rs.771.38 lakhs as retention money has been

held up by the Libyan authorities. The Libyan authorities offered to make payment in terms of crude oil. The Authority purchased about 5 lakhs barrels of oil worth Rs.1,288.75 lakhs (LD 2.747 million) on which it suffered a loss of Rs.65.5 lakhs as oil had to be resold in international market being unfit for Indian refineries. Further in a second allotment of crude oil made in December 1989 for 1.5 lakhs barrels the Authority suffered a loss of Rs.43.61 lakhs.

(Paragraphs 6.2, 6.6.1, 6.6.2 and 6.8)

The Authority had raised Euro dollar loans worth US\$ 18.1 million to finance their Libyan projects. To liquidate the debt the Authority transferred US\$ 25 million (Rs.3,913 lakhs) from its domestic resources in March 1989. Thus execution of Libyan projects has resulted in outflow of foreign exchange of US\$ 25 million.

(Paragraphs 6.7.1 to 6.7.3)

**X. Works on behalf of other departments -
Construction of Agatti Airport**

The Authority awarded the construction of an airport at Agatti - Lakshadweep Island to a Public Sector Company 'C' under the 10 percent price preference clause applicable to Public Sector Undertakings. But 'C' sublet the work to a private contractor, retaining a margin of 5 percent. Though the benefit of price preference was intended for the Public Sector Undertaking, the work was got executed through a private contractor defeating the objective of price preference. Besides, the award of work to 'C' by ignoring the lowest offer, resulted in a clear loss of Rs.42.95 lakhs.

(Paragraphs 7.1.2 to 7.1.5)

XI. Loss of interest on deposit works

While executing work on behalf of other departments the Authority did not ensure that the estimated cost of such works was deposited with it in advance. The loss of interest in the delayed/balance payments outstanding worked out to Rs.751.54 lakhs.

(Paragraph 7.2.2)

XII. Commercial activities

The main sources of revenue of the Authority are landing, parking and housing charges for aircraft, licence fee for space at the airports and cargo handling activities. It was noticed that there was differential tariff for Indian Airlines and Vayudoot in that they were being charged lower rates thereby involving a subsidy to the Vayudoot and Indian Airlines.

(Paragraphs 8.1 to 8.4)

It was decided that Authority may take over the work of handling cargo from Air India at Bombay initially from 1st April 1987 and again from 1st April 1989. The Authority spent Rs.150 lakhs in 1987 and Rs.168.12 lakhs in 1989 for purchase of equipments and recruited 82 persons for the work. However, the decision was deferred with the result that the expenditure on purchase of equipments remained blocked.

(Paragraph 8.7)

XIII. Loss of revenue

It was noticed that in a few cases the Authority suffered loss of revenue in allotment of shops/advertisement space etc.

- (a) A loss of Rs.37.74 lakhs was incurred due to delay in finalisation of allotment of shops/kiosks/hoarding sites.
- (b) In another case a loss of Rs.47.71 lakhs was incurred due to retendering and awarding the contract to the same party after rejecting its offer in first call.
- (c) A loss of Rs.64.60 lakhs was incurred by not awarding the contract for advertising sites to the highest bidder for each airport.

(Paragraphs 8.8.1, 8.9 and 8.10)

XIV. Manpower

As on March 1991, the Authority has a total strength of 6,005 employees. Its staff cost during 1990-91 was Rs.3,068.43 lakhs.

(Paragraphs 10.1.4 and 10.1.5)

It was noticed that in a few cases recruitment was made without creation of posts and without advertising the vacancies.

(Paragraph 10.3)

XV. Financial position and working results

The debt equity ratio has come down from 0.18:1 in 1986-87 to 0.06:1 in 1990-91 due to timely repayment of loan.

The Authority's profit (before tax) increased from Rs.5,580.49 lakhs in 1986-87 to Rs.9,904.70 lakhs in 1990-91. The net profit earned during 1986-87 and 1990-91 worked out to Rs.3,330.49 lakhs and Rs.5,404.70 lakhs respectively. No budgetary support has been received from Government since 1986-87. The Authority

has been able to meet all its capital expenditure from internal resources since 1986-87. (Paragraphs 11.1 and 11.2)

XVI. Internal Audit

An Internal Audit Cell was created in 1976 at IAAI Headquarters. The Internal Audit Wing is functioning much below its sanctioned strength. The Internal Audit is presently discharging very limited functions and is not acting as an effective management tool.

(Paragraph 12.1.2)

1 (A) INTRODUCTION

1.1 The International Airports Authority of India (the Authority) was constituted on 1st February 1972 with a view to manage four International Airports. Trivandrum airport has also been transferred to the Authority from 1st January 1991. The recommendations of the Tata Committee on international airports appointed by Government in 1967 formed the basis of the creation of the Authority. The major recommendations of the Committee were: (i) new and separate terminal facilities of international standards for both international and domestic passengers should be provided keeping in view future expansion to match the ultimate capacity of runway system at four international airports, viz., Bombay, Delhi, Calcutta and Madras (with priority to Delhi and Bombay); (ii) parallel runways of not less than 3,962.2 meters and 2,743 meters length, wherever possible, should be provided; (iii) all airports should be provided with upto-date Navigational approach and landing aids in conformity with International Civil Aviation Organisation recommendations; (iv) baggage handling should be fully mechanised and passenger baggage should be cleared within 20 minutes at the most.

The functions and powers of the Authority are regulated by the International Airports Authority Act, 1971.

1 (B) OBJECTIVES

1.2.1 The primary function of the Authority as laid down in Section 16(1) to (5) of the Act, is to manage and to provide at the airports, such services and facilities as are necessary or desirable for the efficient operation of air transport services. Navigation and communication services, which were

provided by Central Government upto May, 1986, are now being provided by National Airports Authority.

1.2.2 The Authority is required to have due regard to the development of air transport services and to the efficiency, economy and safety of such services. On the financial side, it is required to act, so far as may be, on business principles.

1.2.3 The Authority has been empowered to charge or levy fees, with the previous approval of the Central Government, for landing, housing or parking of aircraft and also for the various amenities and services provided by the Authority. It is also empowered to charge fees or rent from persons who are given any facility for carrying on trade or business at the airports.

2. CAPITAL STRUCTURE

2.1 The non-recurring expenditure of Rs.1,800 lakhs incurred by Government upto 1st April 1972 on four international airports, was treated as commencing capital of the Authority. However, by a further notification issued on 17th November 1980 the Government decided to treat the amount of Rs.1,800 lakhs as the capital and loan in equal proportion. Subsequently the Authority received additional amount of Rs.5,212 lakhs as capital and Rs.5,492 lakhs under Section 18(b) of the Act upto 31st March 1989. The capital of the Authority stood at Rs.6,112.25 lakhs and loans at Rs.2,388.30 lakhs (after repayments) as on 31st March, 1991.

2.2 Section 20(2) of the Act requires that the Authority shall pay the balance of its annual net profits to the Central Government after making provision under Section 20(1) for such reserve fund or funds and for bad and doubtful debts, depreciation on assets and all other matters which are usually provided by the Companies registered and incorporated under the Companies Act, 1956. In September 1980, Government fixed the limit of such reserve at 30 percent of gross block plus capital work in progress. These orders were revised by Government in July 1987 permitting the Authority to create two reserves (effective from the year 1986-87) (a) Fixed Assets Replacement Reserve which should not exceed 20 percent of aggregate gross block and capital work in progress excluding land owned by the Authority, (b) General Reserve which should not exceed 30 percent of the aggregate gross block and capital work in progress excluding land owned by the Authority. The limits of General Reserve fixed by Government were exceeded by Rs.1,916 lakhs upto 1985-86, Rs.2,525 lakhs upto 1986-87, Rs.4,782.14 lakhs upto 1987-88 and Rs.6,595 lakhs upto 1988-89; therefore, the

surplus amount should have been transferred to the Central Government under Section 20(2) of the Act. However, the entire net profit for these years amounting to Rs.2,210 lakhs, Rs.3,330 lakhs, Rs.4,475 lakhs and Rs.5,907 lakhs respectively have been transferred by the Authority to Reserve.

2.3 Government of India accorded its ex-post facto approval (October 1990) for the transfer of the entire net profit earned during the years 1986-87, 1987-88 and 1988-89 to the Fixed Assets Replacement Reserve/General Reserve and for the year 1989-90 the net profit of the Authority might be transferred to the Fixed Assets Replacement Reserve/General Reserve after payment of dividend equivalent to 20 percent of the equity capital as on 31st March 1989.

As per decision of the Government of India communicated in December 1990, Authority should endeavour to pay dividend at the rate of 21 percent, 22 percent, 23 percent, 24 percent, 25 percent for successive years 1990-91 to 1994-95. Regarding Reserves it was mentioned that necessary authorisation in terms of Section 20 of the Act, for suitable modification of the ceiling on reserves will be issued from year to year after closure of accounts. This authorisation for the year 1990-91 was issued by the Ministry in October 1991.

3. ORGANISATIONAL STRUCTURE

3.1 The Authority is managed by a Chairman, appointed by the Central Government, who works under the overall directions of the Board. The Authority normally comprises one full time Chairman, 3 full time members and part time members representing the Government of India, National Carriers, Customs, Indian Air Force, Director General Civil Aviation (Ex-officio), etc. The overall strength of the Board shall not be less than 8 including Chairman and Director General Civil Aviation (Ex-officio) and not more than 15.

3.2 The Departments of Finance and Administration, Operations and Engineering are headed by full time members. Each of the five airports (Delhi, Bombay, Calcutta, Madras and Trivandrum) is headed by an Airport Director.

3.3 Vacancies of Top Posts

3.3.1 It has been observed that the posts of Chairman and other full time members have often remained vacant or were held by other officers on officiating basis as detailed below:

(i) The post of Chairman was vacant and held by other officers on officiating basis for a year and five months from 19th October 1984 to 26th March 1986 and again from 27th March 1989 to 28th June 1990.

(ii) The post of Member (Finance and Administration) remained vacant for three months from 23rd August 1986 to 24th November 1986 and again for about six months from 1st August 1988 to 13th January 1989 respectively. The post was also held by other officers on officiating basis from 25th November 1986 to 31st July 1988.

(iii) The post of Member (Engineering) was held by other officers on officiating basis from 18th November 1985 to 31st August 1987 and again from 10th March 1989 to 31st August 1990. Further the post remained vacant from 28th December 1988 to 9th March 1989 and 1st September 1990 to 25th December 1990.

(iv) The post of Member (Operations) remained vacant from 7th June 1986 to 21st August 1986 and 12th February 1987 to 13th July 1987.

4. OPERATIONS AND PASSENGER FACILITIES

4.1 Under Section 16(4) of the Act, the Authority is required to develop air transport services keeping in view the efficiency, economy and safety of such services. These services and facilities can broadly be divided into two categories viz., (a) Operational, (b) Passenger services/facilities.

4.2 Each international airport is headed by an Airport Director who manages the airport and provides space and other necessary facilities to all the agencies operating at the airport, e.g. customs, immigration, police, airlines etc. For smooth functioning of an airport, the co-ordinating role among all these agencies is required to be played by the Authority. However, the Airport Director is not vested with any authority to effectively adjudicate upon any dispute arising between the agencies operating at the airport.

4.3 Operational Services/facilities

Overlapping of functions

4.3.1 Air navigation services at all the airports in India including the international airports, are provided by the National Airports Authority (NAA) under Section 12(4) of the National Airports Authority Act which stipulates that it shall provide air navigation services at the international airports if the Central Government so directs by notification in the official Gazette. However, no such notification has been issued. The Ministry of Civil Aviation agreed (March 1992) to take appropriate action to issue the notification as required under Section 12(4) of the Act.

4.3.2 While the runway lights, CAT-II Approach Lighting System Visual Approach Stop Indicator System

(VASIS) and Taxiway/Apron Lighting etc. are installed and maintained by the Authority these are operated by the National Airports Authority since they control the air traffic. At times it was noted that this overlapping of functions hampered co-ordinated operation of these facilities. For example, CAT-II Lighting System was installed at the Indira Gandhi International Airport, New Delhi on runway 10/28 in November 1981. Some further additions and improvements were started in January 1987, yet the system could not be operated at ICAO standards for over 18 months as the runway was stated to have not been made available. Only after several meetings between the Authority,, National Airports Authority and the Ministry, the problem regarding availability of runways for maintenance was settled. During the meeting of the Audit Board (March 1992) the Ministry agreed that the problem of co-ordination existed, it would be ideal if any integrated system of management of all such facilities existed and that wherever any interface became necessary between the two agencies, it would be prudent to clearly specify and demarcate the respective areas. Ministry also stated that with respect to certain ground based equipment, for example, the lights embeded in the runways, close liasion between the Authority and National Airports Authority was required. However, it was mentioned that workable solutions had been achieved through regular co-ordination meetings.

4.4 Non-utilisation of landing aids (CAT-II) Approach Lighting System due to delayed installation of ILS CAT-II

4.4.1 Instrument landing system (ILS) is accepted today as the standard landing aid and the ILS facility existing at Indian Airports till 1967 was category I ILS when the Tata Committee made a recommendation that at the four international airports, the landing installations should be upgraded expeditiously and be

brought up to category II ILS. Subsequently, following the crash of Indian Airlines B-737 in May 1973 at Delhi Airport, Sehgal Committee (headed by Mr. Sehgal, then Secretary, Ministry of Tourism & Civil Aviation) which was set up to review the existing approach and landing aids at the four international airports, also, while stating that "the category II ILS equipment at present installed in Delhi, Bombay and Calcutta has been cleared for category I condition only", recommended that immediate action should be taken to upgrade it to full category II including the provision of category II lighting and markings. The Committee recommended immediate installation of ILS CAT II equipment at Palam, Bombay and Calcutta for their main runways. It also recommended that full category II markings and lighting should be provided as soon as possible. Similarly, it recommended category II ILS for the main runway at Madras also and upgradation of the lighting and markings there to category II capability.

4.4.2 The provision of upgraded ILS CAT II at Delhi and Bombay was cleared. In order to have full operational, capability the ILS CAT II equipment should not merely be installed but calibrated. The other complementary systems such as availability of CAT II runway approach lighting system (including its continued serviceability to stipulated standards), meteorological facilities and failure-safe power supply are also essential ingredients of the support system. The system to be fully operational is an integrated system. The installation of category II lighting system includes runway edge lights, centre line lights, threshold lights and approach lights installation on the operational runway. When the ILS category II is fully operational, aircraft can approach the airport for landing even under adverse weather conditions like

heavy rain, fog or dust storm when the visibility is very poor.

4.4.3 A review of the provision of these two systems at Bombay and Delhi - two airports which were selected for full provision of these facilities-revealed several snags as indicated below:

Bombay Airport:

4.4.4 While the Category II lighting system was installed (cost Rs.241 lakhs) by the Authority in 1981, the ILS category II was commissioned by NAA only in 1987. The issue of CAT-II being non-functional both at Bombay and Delhi airports due to delay in the provision of CAT-II ILS was gone into at some length by the Committee on Public Undertakings (COPU) in their 34th Report (Eighth Lok Sabha) on Indian Airlines - Passenger Services. The Committee at that time was informed that Authority had provided category II lighting facility both at Bombay and Delhi airports but equipment installed was not being utilised because CAT-II ILS provided by NAA "which has to be periodically calibrated to synchronise with category II lighting system has not been calibrated since long". The Committee deplored this lack of co-ordinated development as a result of which essential facilities provided could not be made use of. However CAT-II ILS at Delhi has since been calibrated and declared fit for CAT-II operations while at Bombay although ILS CAT-II is installed but the system is used for CAT-I operations due to terrain conditions. The expenditure of Rs.241 lakhs on CAT II lighting in Bombay has proved to be largely infructuous. Both these aspects are dealt in detail in subsequent paragraphs.

4.4.5 Even after the installation of ILS CAT II, in Bombay serious doubts have been expressed about its

effectiveness due to the high terrain on approach of runway 27. The representatives of the two airlines namely Air India and Indian Airlines expressed their hesitation to use ILS CAT-II because according to them it did not conform to the International Civil Aviation Organisation (ICAO) specifications and recommended practices. A number of other shortcomings were also pointed out by them. However, the biggest factor hindering the use of ILS CAT-II is the existence of a hillock obstructing the approach of runway 27. In fact the installation of CAT-II lighting system was undertaken after an intense debate within the IAAI Board on the effectiveness of providing the lighting system in view of the existence of the hillock at the Bombay airport and views were expressed that due to the obstruction of hills, the lighting facility was incapable of being used. However, the Authority, after considering various pros and cons, had come to the conclusion that on balance of consideration, it would be desirable to go in for the CAT-II lighting installations.

4.4.6 The natural question that arose in this context was whether at the project formulation stage, the existence of the obstacle (Kurla Hills) was in the knowledge of the project planners and if so what was the remedy suggested. Unfortunately, inspite of best efforts by audit at the Ministry level as well as Authority level, the concerned Expenditure Finance Committee Memo or Project Report could not be obtained.

4.4.7 During the meeting of the Audit Board with the Ministry of Tourism and Civil Aviation (March 1992), the Ministry was asked whether at the project formulation stage the obstacle of high terrain was recognised and if so whether the implications of the same on the efficacy of the ILS CAT II system were assessed. The Ministry was also not aware whether, at

the project formulation stage, any specific recommendations were made for overcoming the obstacle in the shape of hillock but they were able to recount that perhaps some measures like trimming of the hillock were mooted in the project report. However, it was mentioned by the Ministry that existence of a hillock in the approach of runway 27 should have been known even prior to the decision to instal CAT II system there. They also conceded that as a result of the obstacle the benefits of the investment in ILS CAT II lighting system at Bombay had not been fully realised. As regards the future course of action to make the ILS system viable, it was stated by the Ministry that a technical study would be undertaken to examine the feasibility of operationalising the ILS CAT II system. It was explained by them that it will have to be seen not merely in its technical parameters but also in terms of costs involved in trimming of the hillock in question, if that is the only answer.

Delhi (IGI Airport)

4.4.8 The synchronization between the CAT II light system and the completion of the installation of ILS CAT II was delayed here also. While the CAT II lighting was installed (cost Rs.158.85 lakhs) by the Authority in March 1981, the ILS CAT-II was made operational in November 1988 by NAA. However, since March 1991 the CAT II system in Delhi is non-functional because of the re-carpeting work on the main runway which is still in progress (January 1992) and as per the indications available the work will be completed by August-September 1992. It would thus be seen that ILS CAT II was functional in Delhi between December 1988 to February 1991. However, this upgraded facility was not used by the Indian Airlines or Air India Pilots. Thus, non-use of the CAT II ILS at Delhi is yet another disturbing feature. Neither the Indian Airlines pilots

(barring the A-320 pilots) nor the Air India pilots have had any training in the use of the ILS CAT II, therefore, even when the system was functional, it could not be used by Indian Airlines/Air India. This aspect has been dealt with below.

Training of the Pilots

4.4.9 Training and licensing of pilots for ILS CAT-II operation is a necessary requirement for its use. As already mentioned, neither the Air India nor the Indian Airlines pilots have been trained so far in CAT II operation except A-320 pilots of Indian Airlines who have undergone ILS CAT II training on simulator only as part of their training schedule held in TOULOUSE (France). In response to a query both the Airlines stated that the ILS CAT II system is not operational at Bombay due to obstacle at approach runway 27 even though the approach lighting system is of CAT II certification. The Air India is of the view that since ILS is not certified for CAT II (due to high minima) strictly speaking it could not be considered CAT II approach. Their pilots, however, use the approach lighting system during low visibility conditions and no specific training is required according to them to follow the CAT II approach lighting system.

4.4.10 With regard to the CAT II operations in Delhi the Air India, quoting their meeting with the DGCA in November 1991 (**Annexure II**) stated that the CAT II lighting system in Delhi would be available by August-September 1992 only after which CAT II operation could be undertaken. Further, they stated that the curriculum had already been submitted to the DGCA whose approval had been sought for their examiners to carry out the training; the approval is still awaited (March 1992). Air India have also mentioned that they could not proceed further for the training of the pilots for CAT

II operations (it consists of ground training on simulator and flight checks) due to refusal of the Airlines pilots to undertake these trainings, in view of the Indian Pilots Guild's directive not to undertake this training. Indian Airlines also stated that ILS CAT II was not available either in Delhi or in Bombay at present and the "need for training of our pilots will only arise as and when ILS CAT II system is made operational". They have pointed out to certain arrangements for the training of Indian Airlines instructors in Paris but the time schedule for deputing the instructors for this training "is to be planned by Indian Airlines to adjust with the non-availability of the ILS CAT II at IGI Airport due to recarpeting work which is still in progress". The letters from Indian Airlines and Air India on this subject are at **Annexures I and II** respectively.

4.4.11 When asked to clarify the stand of the Ministry with regard to the training of the pilots, the Ministry stated in the Audit Board Meeting that the Government was clear that the pilots of Air India and those pilots of the Indian Airlines who operate at Delhi and Bombay should atleast be trained and for that purpose action to sort out any problems would be taken by Ministry.

4.4.12 The lack of training of the Indian Pilots in the use of ILS CAT II is a great handicap in the case of Air India as well as Indian Airlines but Air India are certainly placed at much greater disadvantage. This is because they operate mostly at airports abroad where such landing facilities are available for use and their inability to operate CAT II ILS can mean flight diversions in poor visibility conditions.

4.5 Runways:

The details of the runways at each of the international airports are given in **Annexure-III**.

Indira Gandhi International Airport, Delhi:

4.5.1 As recommended by the TATA Committee (April 1969) the main runway 10/28 was to be extended to make it 4,114.6 meters long by 1971. But due to vicinity of the old Gurgaon Road at one end of the runway, this recommendation could not be implemented so far (March 1991). However, the existing length of 3,810 meters was considered adequate by the Authority for their operational needs.

Ministry has stated that provision had been made in the Master Plan to construct a parallel runway to the existing 10/28 runway at the distance of approx 2,285.9 meters to the south of the existing runway as recommended by TATA Committee. The construction of second runway parallel to the existing runway 10/28 is planned to be taken up after 1995 and runway 09/27 has since been extended by 520 meters to make it 2,813 meters long.

Madras Airport:

4.5.2 The secondary runway 12/30 has been extended to the length of 2,034 meters and the work relating to extension of main runway 07/25 to 3,657.4 meters is in progress as against the recommended length of 3,962.2 meters.

Bombay Airport:

4.5.3 Although the TATA Committee had recommended that land be acquired at both ends of the main runway for lengthening it by 609.6 meters, it has not been done so far (January 1992). It was noticed by the Audit

Board (June 1988) that encroachment near the 27 end of the runway was not only posing a serious security threat to the operations but was also coming in the way of further extension of parallel taxiway to the full length of runway thereby causing air-crafts to taxi/back track on a portion of main runway. This resulted in longer time for taxiing and is proving a serious constraint in handling more aircrafts per hour. Airlines also have to pay more due to this extra waiting time. Ministry stated (January 1992) that due to encroachments, it was becoming difficult even to provide the full length of approach lighting system.

Calcutta Airport:

4.5.4 TATA Committee had recommended that the main runway i.e. OIR/19L should be further extended at both ends to 3,962.2 meters. This has not been done so far as the length of runway 3,627 meters is stated (January 1992) to be meeting the demand of operators.

4.5.5 There is a mosque in the airport area in almost direct alignment of the secondary runway (which is parallel to the main runway) restricting its further extension.

4.6 Taxiways and Aprons:

4.6.1 TATA Committee recommended that all runways in regular use may be progressively provided with parallel taxiways and high speed taxi links for enabling manoeuvring aircraft to reach either end without traversing the runways, to reduce runway occupancy time by landing aircrafts.

This facility has not yet been provided at any airport except Delhi. While there are parallel taxiways at Calcutta and Madras, these are not connected with the runways by high speed exit taxi link. Bombay

airport does not even have a full length parallel taxiway so far.

Ministry explained that at Bombay airport presence of essential facilities, ASR etc., did not allow construction of parallel taxi track and even B-3 Taxi track could not be connected with the physical beginning of runway 27 due to encroachments in that area. Authority has, however, planned high speed exits one of which has since been commissioned in November 1991.

Ministry also stated that while high speed exit could reduce runway occupancy times at Calcutta and Madras airports, the present traffic did not justify their construction in preference to the other planned priority works.

It was noticed by Audit Board (June 1988) that the parallel taxiway was not upto the beginning of the main runway at the 19 end at Calcutta airport. Due to this, an aircraft is often required to wait 10-12 minutes before take off.

4.7 Modernisation of Air Traffic Control System (ATC) at Delhi and Bombay Airports:

4.7.1 While the Authority has spent considerable sum on development of new terminals at Delhi and Bombay it has not been able to accept additional flights because the existing ATC cannot cater to additional flights.

4.7.2 A Committee known as Raje Committee was constituted by the Ministry of Civil Aviation in January 1985 to consider measures to reduce congestion at Bombay and Delhi airports and to bring them in line with international standards keeping in view growth of air traffic till the turn of the century. On the basis of the recommendations of Raje Committee a proposal for the consideration of Public Investment Board was

forwarded by the Ministry of Civil Aviation (March 1987) for the upgradation and modernisation of air traffic control facilities at Bombay and Delhi at an estimated cost of Rs.19,507 lakhs including a foreign exchange component of Rs.8,889 lakhs. While the completion time for the project had originally been estimated at 30 months, the technical evaluation of the bids received from different parties is still in progress and is expected to be completed by June 1992. The Ministry also mentioned that the cost estimates cleared in June 1990 for Rs.21,000 lakhs including a foreign exchange component of Rs.16,200 lakhs may require some revision in view of exchange rate changes and overall price increases.

4.8 Surplus imported spares worth Rs.80 lakhs (approx):

4.8.1 Spares for FN/MAN models of fire fighting and rescue operations vehicles were imported in 1978 at a cost of Rs.100 lakhs (approx.). It was noticed that 80 percent of spares were not moving at all. Management stated (November 1989) that these were essentially insurance spares recommended by manufacturers and major portion of carry over spares relate to track type CFTs which were not in much use. In view of this, steps should be taken to dispose them off. However, FN/Track type spares costing Rs.23 lakhs approx. have since been disposed off against which only an amount of Rs.0.88 lakh has been realised.

4.9 Fire in Terminal-II of Bombay Airport; Failure of Fire Fighting System:

4.9.1 On 9th November 1986 a fire broke out in Shop No.1 in the phase-II of Terminal II (commissioned in March 1986) at Bombay which completely gutted two shops and caused considerable damage in the vicinity. The loss was estimated at Rs.22.76 lakhs.

4.9.2 An Investigation Committee which went into the incident held that: (a) the fire alarm and warning system did not work properly. Though the system designed and installed was considered to be adequate by the Authority but the Bombay Fire Brigade opined that electric cables passing through false ceilings in public areas should have ionisation type detector heads in the single height areas and scanner type detector heads in the double height areas; (b) the automatic fire hydrant system installed in Phase-II has not activated and had to be operated manually as the number of wet risers was not adequate. The system was dovetailed with the system installed in Phase-I which had been suffering from leakages since inception. The system has still not been made automatic; (c) the pill boxes of the manual fire alarm system were found without hammer/breaking devices resulting in delay in activating the manual fire alarm system. The fire operator on duty at Phase-II control room received fire alarm but failed to give proper/complete message to Phase-I, Control Room, as he was also not conversant with the entry/exit routes of the building and could not reach the scene of fire and discharge his assigned duties; (d) the fire dampers provided in the airconditioning system were not operational. Testing of dampers had not been completed and the system had not been commissioned. Had the system been effective/operational it could have automatically cut off the supply to AHU catering to the affected area and restricted the spread of smoke in the building; (e) the emergency exit routes were found locked and the keys were not easily available which obstructed the entry of fire officials leading to delayed detection of seat of fire.

4.9.3 Another fire broke out in the shopping complex of Bombay airport (Terminal-II, Phase-I) on 9th February

1989. A Board was constituted on 10/13th February 1989 to enquire into the incident. After conducting the detailed enquiry the Board pointed out that (a) the hydrant installations as well as wet riser system were not fully functional as there were heavy leakages and other defects; (b) the automatic detection-cum-warning needs repairs and requires to be equipped with mimic diagram; and (c) heavy dense smoke was the main cause of obstruction in commencing fire fighting operations. Many of these shortcomings had been pointed out at earlier enquiry after the fire at Bombay airport in November 1986.

4.9.4 The Ministry stated (January 1992) that the pill boxes of the manual fire alarm system have been provided with hammers/breaking devices. Smoke and fume exhausters were provided at Bombay airport in November 1990 and similar type of equipments are planned to be installed at Delhi, Calcutta and Madras in 1992.

4.10 Bird hazard prevention measures:

The following table indicates the bird strike incidents at international airports during 1987-1991.

Year	Airport	Aircraft Movements	No. of Bird Strikes			Bird strike rate per 10,000 Movements		
			Inside the Airport	Outside the Airport	Total	Inside the Airport	Outside the Airport	Total
1987	Delhi	48,397	7	13	20	1.44	2.69	4.13
	Bombay	65,523	15	9	24	2.29	1.37	3.66
	Calcutta	27,380	4	9	13	1.46	3.29	4.75
	Madras	16,983	1	4	5	0.59	2.35	2.94
	Cumulative	1,58,283	27	35	62	1.70	2.21	3.91
1988	Delhi	48,863	5	10	15	1.02	2.04	3.06
	Bombay	64,554	4	11	15	0.62	1.70	2.32
	Calcutta	26,868	3	2	5	1.12	0.74	1.86
	Madras	17,035	1	2	3	0.59	1.17	1.76
	Cumulative	1,57,320	13	25	38	0.82	1.59	2.41
1989	Delhi	52,009	7	18	25	1.35	3.46	4.81
	Bombay	62,785	7	4	11	1.11	0.64	1.75
	Calcutta	26,392	2	5	7	0.76	1.89	2.65
	Madras	17,826	3	0	3	1.68	0.00	1.68
	Cumulative	1,59,012	19	27	46	1.19	1.70	2.89
1990	Delhi	46,091	7	11	18	1.52	2.38	3.90
	Bombay	57,469	9	2	11	1.56	0.35	1.91
	Calcutta	22,783	5	2	7	2.19	0.88	3.07
	Madras	15,368	0	2	2	0.00	1.30	1.30
	Cumulative	1,41,711	21	17	38	1.48	1.20	2.68
1991	Delhi	45,664	4	10	14	0.88	2.18	3.06
	Bombay	55,706	7	3	10	1.25	0.54	1.79
	Calcutta	20,854	6	2	8	2.88	0.96	3.84
	Madras	16,704	2	3	5	1.20	1.79	2.99
	Trivendrum	5,010	3	1	4	5.99	1.99	7.98
Cumulative	1,43,938	22	19	41	1.52	1.32	2.84	
Excluding								
	Trivandrum Cumulative	1,38,928	19	18	37	1.37	1.30	2.66

4.10.1 The Authority had appointed a team consisting of Dr. Salim Ali and Mr. Robert B. Grubh to conduct an ecological study of bird hazards at Indian airports including Delhi and Bombay airports. The Committee in its report (1982-83) brought out the following major

factors causing concentration of birds over and around towns and cities.

- (i) Centres allowing free flying vultures to clean up skinned carcasses;
- (ii) primitive slaughter houses which produce edible animal waste eaten by pariah kites and vultures;
- (iii) improper disposal of edible garbage by large hotels and eating houses;
- (iv) improper disposal of wastes of chicken dressing yards and city market;
- (v) secondary food source from slaughtered animals.

4.10.2 The Committee recommended remedial measures to be taken (i) within the airport, and (ii) outside the airport. The recommendations and implementations thereof at Delhi and Bombay airports are discussed below:

4.10.3 Within the airport:

The following measures were recommended:

- (i) Prevention of water logging;
- (ii) pigeon proofing of hangers;
- (iii) elimination of garbage dumping at the airport;
- (iv) plantation of dhub grass.

The progress of implementation of recommendation in ecological study is reviewed by the Committee of Secretaries from time to time. In the 5th meeting of the Committee held on 25th November 1986 it was noted that there had been slippages in the schedules laid down for various works like construction of covered garbage bins, upgradation work of incinerator, setting up of carcass clearing centre, etc. It was observed that the pigeon proofing of hangers by Indian Airlines and Air India at Bombay has not been completed.

4.10.4 Outside the airport:

The following measures were recommended:

(i) Removal of illegal de-skinning of dead animals in the open, (ii) shifting of existing dairy farms; (iii) advising the markets to avoid selling meat/chicken and fish in the open; (iv) disposal of wastes from hotels, canteens, meat canning centres and slaughter houses; (v) proper disposal of waste by poultry farms and piggeries in Delhi, (vi) provision of incinerators.

4.10.5 It is observed that:

- (a) at Delhi the de-skinning and garbage dumping in the open still continue (March 1992). Establishment of carcass utilisation centre and modernisation of slaughter houses has not been yet done;
- (b) at Bombay no action has been taken to implement any of the measures recommended by Salim Ali Committee;
- (c) at Madras the garbage dumps/pits have not been provided near new domestic terminal buildings. There are open and stagnating drains which cause growth of weeds which attract birds, and
- (d) at Calcutta there are ponds in operational area which are breeding grounds for mosquitos and insects which attract birds.

4.10.6 Ministry informed (January 1992) that the following steps have been taken to control bird menance at international airports:

- (a) Regular bird scaring/bird shooting staff are deployed;
- (b) grass cutting operations are undertaken regularly and the size of the grass is kept to the ICAO specifications;

- (c) removal of garbage and manual cleaning as well as mechanical sweeping is undertaken to avoid attracting birds;
- (d) ground levelling and filling of ditches at Bombay and Madras have been done; and
- (e) earth is being compacted to remove ditches; water stagnation and proper drainage system has been planned for all the airports.

4.10.7 While it is a matter of satisfaction that the cases of bird hits have been going down as a result of measures taken by the Authority, remedial measures outside the airport require greater degree of effective co-ordination between the various agencies involved in the cities in which the airports are located.

4.11 Security Arrangements:

Perimeter Security and Anti-hijacking Arrangements

4.11.1 Airport security at international airports has been entrusted to different agencies which work together to provide safe and smooth transition of passengers through the airports. The agencies involved in the airport security set up at airports are:-

- a) Bureau of Civil Aviation Security (BCAS)
- b) Airport Security
- c) Immigration (Document Security)
- d) IAAI
- e) Airlines

The Bureau of Civil Aviation Security (BCAS) is the sole organisation, which co-ordinates the entire requirements of Civil Aviation Security in the country. It issues guidelines/directives on various aspects of Civil Aviation Security; co-ordinates with other security agencies like IA, State Police, AI, other

Airlines, Intelligence Bureau, Interpol etc., on security matters concerning the Civil Aviation Security. The BCAS is headed by a Commissioner of the rank of Director General of Police and advises the Secretary, Ministry of Civil Aviation, on all aspects of Civil Aviation Security.

4.11.2 The security functions at the IAAI airports which include perimeter security, anti-hijack measures, law and order, access control have been entrusted to the respective State/Union Territories Police authorities. The only exception is Calcutta airport, where only perimeter security functions are performed by the CRPF under the Deputy Commissioner of Police (Airport Security) who belongs to the West Bengal Police.

4.11.3 The expenditure on perimeter security is met by the Authority whereas expenditure on anti-hijacking arrangements is incurred by the Authority and later reimbursed by Government of India. The details of expenditure (on actual payment basis) for perimeter security and anti-hijacking for the last five years is given below:

	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in lakhs)				
Perimeter Security	141.24	148.33	141.44	207.85	187.38
Anti-hijacking arrangement	168.39	197.39	350.95	811.37	1,634.52

4.11.4 While the expenditure towards perimeter security at IAAI airports is to be borne exclusively by the Authority, it has no control over the deployment/actual manning etc. by State Security Police, who are also not accountable to the Airport Directors at the IAAI airports.

The Deputy Commissioner of Police (DCP) at each IAAI airport is functionally and administratively accountable to the DG Police/Commissioner of Police of the respective State/Union Territory. The Authority has stated that it has often been observed that whenever there is a contingency or law and order problem in the State/Union Territory, Airport Security Personnel posted at the airport are occasionally shifted to the city at their discretion.

4.12 Encroachment of Authority's land

4.12.1 All property and other assets which vested in the Central Government for the use of the four international airports were transferred to the Authority on its formation in April 1972 under Section 12(1) of the Act. Under Section 13 of the Act any land required by the Authority for discharging its functions under the Act shall be deemed to be needed for public purpose and such land may be acquired for the Authority under the provisions of the Land Acquisition Act, 1894 or of any other corresponding law for the time being in force. Encroachment of Authority's land, specially at Bombay and Delhi is a serious handicap to the Authority. The encroachment of land not only affects the expansion of the airports but is also a security hazard. The airport-wise position of the land transferred to/acquired by the Authority and the encroachments are discussed below:

Bombay Airport

4.12.2 Encroachment at Bombay airport started as early as in 1942. In August 1976 the number of encroaching families was 14,518 which has since increased to 64,000 families (approx) involving about 200 acres of land along the airport boundary. The

Authority has not been able to prevent further encroachment on its land nor to evict the persons.

4.12.3 The Ministry of Works and Housing (May 1978) said that the question of clearance and improvement of hutment colonies had been considered by the Government in consultation with the Government of Maharashtra and the following had been, *inter alia*, agreed:

- (a) The Maharashtra Government would remove the hutments from such of the lands belonging to the Central Government departments as were required for immediate use on payment of a grant at the rate of Rs.1,900 per family towards resettlement at alternate sites.
- (b) The State Government may provide, at its own cost, basic facilities and amenities on the pattern of the scheme for environmental improvement in slum areas in the hutment colonies.
- (c) The provisions by the State Government of any facilities or amenities would not confer on the hutment dwellers any licence or right to continue in the occupation.
- (d) The land owning department will retain the rights to have such areas cleared, when needed in future, on payment of such charges as may be settled between the State Government and the Government of India. If any portion of such land was needed by the Central Government Department for its own use State Government would remove the hutment families from such land within six months.
- (e) This arrangement shall apply only to residual lands of the Central Government in respect of which proceedings for eviction under the Public Premises (Eviction of Unauthorised Occupant) Act, 1971 have not been initiated by the Estate Officer.

4.12.4 This decision has, however, not been implemented so far (March 1991). According to the

latest estimates, the Authority would have to incur an expenditure of about Rs.6,400 lakhs at the rate of Rs.10,000 per family towards compensation in addition to the cost of land required for rehabilitation of those families. In accordance with a decision taken in a high level meeting held on 18th August 1987, the Authority has deposited a sum of Rs.100 lakhs in October 1987 with Government of Maharashtra for starting the work of laying down water and sewage pipelines for the 80 hectares of land to be acquired for this purpose. There has been no progress in removal of encroachments.

4.12.5 Asked to spell out the policy of the Government on the removal of encroachment, the Ministry stated in the Audit Board meeting held in March 1992 that the issue of encroachment had been causing problem to the Authority, especially in the case of Bombay airport. While efforts were on with the Government of Maharashtra for the removal of encroachment, no tangible progress had yet resulted. Since it might not be possible for the Authority to remove all the encroachments over a short period, it has been making efforts to tackle the problem by removing small clusters of encroachment wherever feasible and using the area for their purposes.

Apart from being a hindrance in any expansion programme of the airport, the encroachment also constitutes a threat to overall airport security. The encroachment also produces adverse effects in terms of possible increase in the presence of birds and associated hazards.

Calcutta airport

4.12.6 At Calcutta airport 6 acres of land has been occupied by squatters in Narayanpur, Bankrahat,

Kaikhali and Mall Road. Discussions are still going on with the State Government for eviction of the squatters. Management stated that necessary help from State Government was not forthcoming for the removal of squatters from 6 acres of land and the matter is being followed up.

Delhi airport

4.12.7 Delhi airport has a total area of 5,147 acres of land. Out of that, actual possession of the land measuring 412.04 bighas (86 acres), for which an amount of Rs.518.70 lakhs has already been paid, is still not with the Authority.

4.12.8 The possession of the land could not be taken over as the occupants of the land acquired in Nangal Dewat Village and Mahipal Pur numbering about 1,000 families and 20 industrial units are to be resettled/relocated at the expenses of Authority. For resettlement of the families, 148 acres of land was acquired in Rangpuri village at a cost of Rs.261 lakhs. For developing of the area D.D.A. have demanded Rs.1,500 lakhs out of which Rs.100 lakhs was deposited by Authority in March 1987.

4.12.9 Ministry stated (January 1992) that the development of newly acquired land in village Rangpuri has been started. The process of taking over possession of land from the residents will start after their rehabilitation. As regards relocation of the industrial units, it has been decided by the Delhi Administration to pay revised compensation and not to provide alternate site in Delhi.

Madras Airport

4.12.10 The Authority has 1,400 acres of land at Madras airport and the entire land is in the effective possession of the airport.

4.12.11 Madras airport has a total area of 1,400 acres of land, out of which 1,000 acres are in the possession of the airport and the remaining 400 acres are in the possession of the Government. The Government has already been paid for the land with the Authority.

4.12.12 The possession of the land cannot be taken over as the ownership of the land is vested in the Government. The Government has already been paid for the land and the Authority has to be re-established at the expense of the Government for the resettlement of the families. The area of land was acquired in the year 1952 at a cost of Rs. 100 lakhs for the development of the area. The Government has demanded Rs. 100 lakhs out of which Rs. 50 lakhs was deposited by the Authority in the year 1952.

4.12.13 Ministry stated (January 1957) that the development of newly acquired land in the vicinity of the airport has been started. The process of taking over possession of land from the residents will start after their rehabilitation. As regards relocation of the industrial units, it has been decided by the Board Administration to pay revised compensation and not to provide alternative sites in the vicinity.

5. DOMESTIC PROJECTS

5.1.1 The following table indicates the details of the projects undertaken for the construction of new passenger and cargo terminals at the four international airports:

(Rupees in lakhs)

Name of the Project	Project Cost			Percentage in increase of completed Cost over		Completion		Delay	Remarks	
	Esti- mated	Revi- sed	Actual on comple- tion	Esti- mated	Revi- sed	Sche- duled	Revi- sed	Actual		
	1.	2.	3.	4.	5.	6.	7.	8.		9.

New Delhi

New International Passenger and Cargo Terminal Complex Delhi (Phase-I)	6395	9500	9602	50	1.07	3/85	10/85	5/86	13	months
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Bombay

New International Passenger Terminal Complex Bombay Phase-I	1100	1678	2485	126	48	12/80	-	12/80	-	
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New International Passenger Terminal Complex Bombay Phase-II	2248.73	4123.34	4382	95	6	10/84	2/86	3/86	17	months
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New International Passenger Terminal Complex Bombay Phase-III	3902	8232	-	-	-	-	-	-	-	Not yet approved by the Government
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Modification and Expansion of Domestic Terminal at Bombay	970	1973	-	-	-	9/91	3/92	-	-
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Madras

New Domestic Passenger Terminal Complex Madras Phase-I	1004	1586	1628.15	62	3	10/84	-	4/85	6 months
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New International Passenger Terminal Complex, Madras	984	1749	-	-	-	3/89	3/89	Comm- issi- oned in 4/89
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Calcutta

New International Terminal Complex Calcutta, Phase-I	2498.92	1958	-	-	-	12/90	7/93	-	-
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5.1.2 There have been wide variations between the initial estimates and final cost of some of the projects. Out of eight projects two were badly delayed, the period of delay ranging from 13 months to 17 months. The details of the projects are discussed below:

New International Passenger and Cargo Terminal Complex (Phase-I), Delhi Airport

5.1.3 The Authority decided in 1978 to construct a New International Terminal Complex (in two phases) at a site south of the existing main runway of Delhi airport. In April 1979, the proposal for the construction of an International Passenger and Cargo Terminal Complex (Phase-I) at Delhi airport at a total estimated cost of Rs.4,201 lakhs was submitted to the Public Investment Board in May 1979. Subsequently, an

updated cost estimate totalling Rs.6,395 lakhs (with a foreign exchange component of Rs.394 lakhs), based on March 1980 construction cost indices, was submitted to Public Investment Board. The Government approved the project in August 1980 with a completion schedule by March 1985. The actual cost of the project went up by 50.1 percent as compared to original estimates as indicated in table although there was no major variation in the passenger and cargo handling capacity. The table below gives the item-wise increase in cost together with reasons thereof as submitted to Public Investment Board.

Sl. No.	Particulars	Approved estimate	Revised estimate	Increase	Percentage of increase	Reasons
						(Rs.in lakhs)
1.	Internal Passenger Terminal Building, including administrative and ancillary building and associated equipments.	2708	3434	726	27	The net increase of Rs.726 lakhs after adjusting savings of Rs.191 lakhs in airconditioning and Rs.62 lakhs in administrative buildings was mainly due to (a):subsequent increase in plinth area of Terminal building (Rs.46 lakhs) (b) subsequent provision of (i) interior decoration (Rs.50 lakhs) and furniture and fixture (Rs.200 lakhs) (c) increase in cost of Aerobridges (Rs.100 lakhs) due to provision of double link instead of single link and provision of feeder conveyors for passenger checks (Rs.50 lakhs), (d) Escalation in cost of certain equipments (Rs.40 lakhs) in terms of IEMA clause.

2.	Cargo Terminal Building including Ancillary Building and Associated Equipment	627	869	242	39	Due to increase in cost of material, labour and equipment.
3.	Aprons (Civil and Electrical works) for the Passenger and the Cargo Complexes	829	1367	538	65	a) due to subsequent change in scope of work increase in area from 1,80,000 sq.m. to 2,01,000 sq.m. (Rs.107 lakhs) and b) escalation of cost of material and labour (Rs.431 lakhs)
4.	Taxiways and links for the passengers and cargo	679	1034	355	52	Due to escalation in cost of cement, construction material and labour (Rs.355 lakhs)
5.	Road, Car Park and Bulk Services (Passenger and Cargo Complex)	1046	2093	1047	100	a) Due to escalation of cost of cement, material and labour (Rs.561 lakhs), (b) Remaining ^{Rs.} 486 lakhs was due to (i) a provision of Rs.304 lakhs made for 66/33 KV sub-station as DESU insisted that Authority should bear, (ii) provision of operation service road with adjoining security wall for safe movement of vehicles between new Terminal complex and old Terminal Complex (Rs.84 lakhs), (iii) due to change in alignment of diversion of the National Highway (Rs.62 lakhs), (iv) provision for canteen, toilets and other related facilities in the Car Park Area with a view to restrict the use of similar facilities in Terminal Building meant for passengers (Rs.25 lakhs), (v) due to an arithmetical mistake made in estimating Car Park and Truck Dock Area in Cargo Complex as 5,400 sq.m. was taken against requirements

of 10,000 sq.m. (Rs.11 lakhs).

6. Development of Land	39	80	41	33	Increase was due to development of land for construction of transit Hotel by Hotel Corporation of India Limited for which provision was not made earlier.
7. Agency charges	467	623	156	33	
	<u>6395</u>	<u>9500</u>	<u>3105</u>	<u>48.5</u>	

5.1.4 The reasons attributed above indicate that the cost went up by Rs.3,105 lakhs or 48.5 percent due to frequent changes in design and scope of work after award of work. The Ministry of Civil Aviation observed that there had been lack of proper monitoring of the project. The Management of Authority has explained that while there had been increase in cost due to changes in scope of work, the major cause for increase in cost was escalation in cost of material and labour (65.66 percent) during the period of execution.

5.1.5 Time-over run

The project was originally to be completed in March 1985, but the date was subsequently revised to October 1985 and again to March 1986 in the revised estimates. The project was, finally, completed and commissioned in May 1986, i.e. after a delay of 13 months.

5.1.6 An analysis of records relating to awards and execution of construction of works revealed the following:

(i) Out of 64 contracts for civil works valuing over Rs.10 lakhs, 57 contracts were delayed as detailed below:

Upto 6 months	19
Between 6 months and 1 year	22
Between 1 year and 2 years	11
Between 2 years and 3 years	2
More than 3 years	3

The Authority explained (October 1989) that most of these works were completed much earlier and some of them even put to use but formal certificate of completion was recorded only after the completion of the work in all respects. Effective action is called for on the part of the Authority to expedite the completion certificate wherever such work were put to use.

(ii) 24 works were delayed owing to delay in handing over of sites to the contractors resulting in extra expenditure of Rs.211.55 lakhs as compared to tendered cost (**Annexure-IV**).

(iii) The remaining 33 works were delayed due to change in scope of work, delay in supplying working drawings, delay in handing over of site etc., resulting in extra expenditure of Rs.250.02 lakhs.

(iv) 10 firms were awarded 33 contracts, ranging between 2 to 6 each. 30 contracts out of 33 were delayed between 35 days at minimum and over 3 years at maximum resulting in extra expenditure of Rs.219.45 lakhs over the tendered cost (**Annexure-V**).

5.1.7 The Authority explained that in some interconnected works, there had been some delay in handing over of site but this had not resulted in extra cost. It may be stated that the delay was caused not only in handing over of site but due to other reasons also brought out above.

5.2 New International Passenger Terminal Complex (Phase-II) at Bombay Airport

5.2.1 The construction of New International Passenger Terminal Complex at Bombay was envisaged in three equal parts in the Master Plan. The first phase was designed to handle a peak hour capacity of 2,100 passengers. The construction of Phase-I was started in April 1976 and completed in December 1980. The Phase-II of the project was approved by the Government at a cost of Rs.2,249 lakhs in August 1980. The scheduled date of completion of the project was October 1984, but the project was actually completed and commissioned in March 1986 (17 months behind schedule). The total cost of the project went upto Rs.4,382 lakhs against the revised approved cost of R.4,123 lakhs, an increase of 95 percent over the original and 6 percent over the revised cost. Detailed break-up of project cost as originally sanctioned and revised cost is given in table below:

Sr. No.	Particulars	Project cost		Actual cost	Percentage of increase as compared to original sanction	Reasons for Increase
		Original sanctioned cost (August 1980)	Revised cost (March 1987)			
		(Rs. in lakhs)				(Rs. in lakhs)
1.	2.	3.	4.	5.	6.	7.
1.	International Passenger Terminal Building	1476	2457	NA	66	a. Change in scope/387 additions b. Escalation <u>594</u> <u>981</u>
2.	Apron for the Terminal Building Complex	246	333	NA	35	a. Change in scope/53 additions b. Escalation <u>34</u> <u>87</u>
3.	Approach Road, Car Park and flyover	158	637	NA	303	a. Change in scope/231 additions b. Escalation 115 c. Under estimation <u>133</u> <u>479</u>
4.	Bulk services	153	215	NA	40	a. Change in scope/54 additions b. Escalation <u>8</u> <u>62</u>
5.	Land Acquisitions	53	176	NA	231	a. Change in scope/123 additions
6.	Agency Charges	<u>163</u>	<u>305</u>	NA	88	Others <u>142</u>
	Total	<u>2249</u>	<u>4123</u>	<u>4382</u>	83	<u>1874</u>

5.2.2 Cost overrun

The project cost increased due to certain changes in the scope of work and additions made subsequently based on the requirements projected by user agencies/airlines. During the course of execution it was decided (August 1981) that the Terminal Building would be used exclusively by Air India as a result of which the plinth area of Terminal Building and the area of apron was increased and specifications of various items e.g flooring, false ceiling, wall cladding, etc. were changed. Additional road/flyover were provided as a result of study conducted by Central Road Research Institute. Had the project been taken up in a planned and co-ordinated manner, not only the delay could have been avoided, but the project cost would have been less as detailed below:

- (i) The increase of 40-50 percent in cost was attributed to change in scope and additions in work which indicates that the original project was not well conceived and should have been taken up after consideration of requirements of user agencies/airlines in the initial stages.
- (ii) Delay in taking up the project contributed to escalation in cost by Rs.751 lakhs.

5.2.3 Since Phase-II of the terminal was to be used exclusively by Air India, the finishing approved in the feasibility report was not found upto international standards by them. The finishing as required by Air India was put up as mock-up under supervision of their Architects and after approval, the work could be taken up which delayed the project by 8 months and enrichment of specifications, as per Air India's requirements, of the flooring, false ceiling, wall finishing large spans, etc. resulted in additional expenditure incurred specifically to meet the requirements of Air India

which should have been borne by them. Air India, however, agreed to provide to the Authority an interest free loan of Rs.100 lakhs repayable after 5 years. However, only Rs.93 lakhs were received which had been repaid.

5.2.4 Time Overrun

While the project was originally scheduled to be completed in October 1984 it was finally completed in March 1986 resulting in delay of 17 months.

In the revised Public Investment Board memorandum, the delay in completion of the project has been attributed to the following factors:

- (i) Restricted availability of ordinary portland cement.
- (ii) Delay in finalisation of requirements by Air India as the terminal was to be exclusively used by them.

5.2.5 The Authority explained (October 1989) that Government had approved construction of Phase-II of NITC at Bombay airport in 1980 with the condition that the construction of this project shall be taken up after completion of Phase-I project, which was completed in December 1980 and formally inaugurated in February 1981. The action for commencement of Phase-II work was taken in the year 1981 and the works could be awarded in the later part of that year and further the Authority took almost one year in processing and awarding the works.

5.3 New International Passenger Terminal Complex, Bombay (Phase-III)

5.3.1 The Authority estimated in 1985 that the capacity of phase-I and II at Bombay would be saturated by 1989-90 when the annual traffic of 5.1 million passengers outstrips the capacity. A proposal for the

construction of Phase-III project was, accordingly, put up to and approved by the Board in March 1985 at an estimated cost of Rs.3,902 lakhs and submitted to Government for sanction in May 1985. The estimates were updated at Rs.4,437 lakhs in March 1987 and Rs.4,949 lakhs in October 1988 and resubmitted to Government for approval. The Ministry stated (January 1992) that the revised project estimate costing Rs.8,232 lakhs was expected to be received by January 1992 for Ministry's approval. The revised estimates have been submitted to Government.

5.3.2 Modification and Expansion of Domestic Terminal at Bombay

An estimate of Rs.970 lakhs was approved (July 1985) by the Board for the extension of Terminal for Domestic Passenger traffic upto 1990-91. It was felt in 1987 by representatives of Airlines, other agencies and public during a workshop that the proposed terminal would be saturated when commissioned. The revised proposal for a larger terminal with better passenger facilities estimated to cost Rs.1,973 lakhs was put up to and approved by Board in November 1988. The date of completion was March 1990 which was revised to September 1990. But when the revised proposals were submitted to Board in November 1988 the progress of work was very slow; only 8 percent of the work was done as there were a few encroachments and non-removal of Air India's structures falling in alignments of work. The project has been completed in March 1992.

5.4 New International Passenger Terminal Complex at Madras

5.4.1 The existing International Passenger Terminal at Madras was felt to be inadequate and a proposal for the construction of New International passenger Terminal Complex (Phase-I) at an estimated cost of Rs.984.25 lakhs was approved by the Board in March

1986. The work was to be started in April 1986 and scheduled to be completed in April 1988. However, when the work was in progress, a revised proposal was submitted to and approved by the Board in October 1987. In the revised proposal/estimates the cost went upto Rs.1,749 lakhs from Rs.984 lakhs, an increase of 77.7 percent. The Management stated that projects normally take 3-4 years to be approved and executed and during this period changes were necessiated due to changes in users' requirements as well as changes in technology. Since the project planning takes into account the activities/requirements for next 5 to 10 years such large scale changes do not seem justified.

5.4.2 The increase of Rs.765 lakhs in the total cost of the project was due to (a) change in scope of work (Rs.420 lakhs), (b) cost escalation (Rs.271 lakhs) and (c) Contingencies and Agency charges (Rs.74 lakhs). The date of completion was revised from April 1988 to March 1989. The increase in the cost was due to the fact that requirement of Airlines/user agencies increased and it was decided to take up work, originally planned for the second phase, at this stage itself. Management stated that the passenger handling capacity was increased to handle arrival and departure to 750 passengers during peak hours from the proposed 660. The area of the terminal building was also increased to 16,100 sq. mtrs. from 9,960 sq. mtrs. The details of item-wise escalation in costs is at Annexure VI.

5.5 New International Terminal Complex (NITC), Calcutta Airport

5.5.1 A proposal for the construction of a New Domestic Terminal Complex at Calcutta was approved by the Board in July 1985 at an estimated cost of Rs.1951 lakhs. Pending Government sanction, the estimated cost rose to Rs.2,768 lakhs (July 1986) due to price escalation during the intvervening period. The proposal

for new international terminal was taken up in view of the increasing international traffic and to provide facilities of international standards to attract more carriers and tourists. On completion of this project the existing terminal would be available for domestic traffic.

5.5.2 The feasibility report for the NITC with an estimated cost of Rs.2,498.92 lakhs was approved by the Board in March 1987. Pending Government approval for the Public Investment Board memorandum submitted in September 1987, it was decided by the Board that in view of the urgent requirement of International Complex at Calcutta, the work may be taken up within the estimated cost of Rs.2,000 lakhs, apparently to keep the cost within the competence of the Board to avoid Government sanction.

5.5.3 The revised feasibility report submitted by a Committee constituted for the review of scope of work is detailed below:

Major Components	As per Original Feasibility Report		As per revised Feasibility Report		
	Area in sq.mtrs.	Estimated cost (Rs.in lakhs)	Area in sq.mtrs.	Percent-age reduction in area	Estimated cost (Rs. in lakhs)
(i) International Terminal Building	15,825	1,665.20	15,000	5.2	1,435.14
(ii) Aprons	30,000	414.56	26,000	13.3	275.64
(iii) Paved areas and shoulders	--	54.14	--	--	44.13
(iv) Approach road and Car Park	20,350	121.54	10,000	50.8	49.57
(v) Bulk Services	--	<u>243.48</u>	--		<u>153.52</u>
		<u>2,498.92</u>			<u>1,958.00</u>

5.5.4 It was observed that

- (a) the above estimates include 8 percent Agency Commission;
- (b) the above estimate did not include the cost of rehabilitation work such as dismantling of existing structures and construction of alternate accommodation and shifting of compound wall in operational area;
- (c) expenditure on all items of interior and exterior decor, graphics and flight information system and;
- (d) expenditure on additional power supply which was being augmented under a separate scheme.

5.5.5 It would be seen from the above table that a reduction in area by 5.2 percent in terminal building, 13.3 percent in aprons and 50.8 percent in approach road and car park areas was made to bring down the estimates of the project. It was recommended by the Committee that by making marginal reduction in plinth area of terminal building, aprons and car park area, the work could be executed within estimated cost of Rs.2,000 lakhs without affecting the functional requirements. However, the reduction in area by 5.2 percent, 13.3 percent and 50.8 percent cannot be termed as marginal and may possibly affect the various activities of the airport. Non-inclusion of the items indicated in above note had resulted in under estimation of the project cost.

5.5.6 Management explained (October 1989) that rehabilitation expenses were excluded as advance action was first required for removal of various structures. It also stated that estimates for interior decor, graphics and flight information systems were excluded in view of rapidly changing technology and it was decided to make provisions based on actual requirements when the building was completed. However, these reasons

are not adequate to justify total exclusion of these items from the project estimates.

5.5.7 The project was to commence during the year 1987-88 and commissioned by November 1991. The progress is slow, only 5 percent progress has been made upto March 1989 and 22 percent upto February 1990. The project is now scheduled to be completed by July 1993.

5.5.8 During the Audit Board meeting (March 1992) it was pointed out that the project formulation was lacking and no monitoring was also being done. Government admitted the inadequacies in project formulation and monitoring but stated that now action was taken to formulate projects more realistically and monitoring is also being done at appropriate levels commensurate with the value of project. It was also stated that Authority had started technical audit and training to engineers at all levels.

5.6 Project Execution

5.6.1 A test check of the various projects executed by Authority at Delhi and Bombay revealed several lapses like execution of defective agreements, acceptance of abnormally high rates, delay in award of work leading to higher cost, acceptance of substandard work, and cases of undue benefit to contractors. These cases of losses/extra expenditure are discussed below.

Delhi project

Defective agreement relating to escalation clause leading to extra liability

5.6.2 The work "construction of New International Terminal Building at Delhi airport" at an estimated cost of Rs.737 lakhs was awarded to a contractor at lowest tendered cost of Rs.1,383.68 lakhs. The work was

to be completed in 33 months with effect from 11th February 1982.

5.6.3 The contractor, while submitting the tender, gave a formula for calculation of escalation, payable on cost of material, labour and petrol, oil and lubricant (POL) which was accepted with slight modifications. According to the formula, the contractor was to be paid escalation on material at the rate of 35 percent labour at 30 percent and POL at 3.5 percent on the gross value of work done. While accepting the aforesaid formula the Authority made an error as escalation should have been accepted on the gross value of work done less the material supplied by the Authority for the reason that contractor had to bear no additional cost on the material supplied by the Authority and hence was not entitled for escalation on materials.

5.6.4 While admitting the contractor's claim for escalation of rates in terms of the agreement, the Authority wanted to exclude cost of cement and steel supplied by it. This was, however, disputed by the contractor and the matter was referred to the Arbitrator. The Arbitrator gave the award in favour of the contractor stating that the escalation is payable on gross value of work done without excluding the cost of material issued by the Authority in terms of the agreement. The High Court has also given a decision in favour of contractor. The award has been accepted. The extra liability on account of escalation, if the value of cement and steel issued at fixed rate is taken into account for the purpose of gross value of work done, has not been precisely worked out by the management.

5.6.5 However, the extra liability as worked out by audit amounted to Rs.62.06 lakhs. Management stated (October 1989) that the condition put by the contractor

made provision for the issue of material (on average basis) by the department. The material issued by the department was taken about 31.5 percent of the total cost.

5.6.6 The contention that 31.5 percent of the gross value of work done was excluded on account of material issued by the department is not correct as this includes contractors profit of 15 percent. The cost of material issued by the department worked out to 50 percent after allowing for contractors' profit. Management has realised the lapse in the agreement and standardised the classification of cost of materials and contractors' profit in subsequent contracts.

Loss due to delay in acceptance of tenders

5.6.7 Tenders for a deposit work on behalf of Bharat Petroleum Corporation Limited for "construction of approach road connecting Bijwasan installation and BPLC service station at IGI Airport" for an estimated cost of Rs.20.29 lakhs were opened on 17th September, 1984. The details of the first three lowest tenders were as under:

<u>Sr.No.</u>	<u>Name of the Contractor</u>	<u>Tender Amount</u>
1.	A	Rs.17.31 lakhs
2.	B	Rs.18.48 lakhs
3.	C	Rs.20.18 lakhs

5.6.8 The first and second lowest tenderers had deposited Rs.50,000 with a view to obtain blanket exemption from depositing earnest money in individual cases and thus were valid tenderers. However, the Authority could not take a decision on the tenders and the validity of the tenders expired. All the three tenderers were, therefore, requested to extend the validity of their tenders. The lowest tenderer declined

whereas second and third lowest tenderers agreed to extend the validity of the tenders upto 14th January, 1985. Meanwhile, the lowest tenderer was requested to deposit the earnest money on 6th January, 1985 and the Authority persuaded the second and third lowest tenderers to reduce their rates to the extent of the lowest tenderer which they refused to do. Therefore, the tenders were rejected on 12th February, 1985 and fresh bid were invited. In the recall, the work was awarded to lowest firm D on 29th July, 1985 for Rs.25.07 lakhs.

5.6.9 The exercise carried out by the Authority was not called for as first and second lowest tenderers could not have been construed as not having paid the earnest money, in view of their depositing the amount of Rs.50,000 well before opening of the tenders. Thus, non-acceptance of lowest offer in first call without valid reasons resulted in acceptance of higher rates by Rs.7.76 lakhs. Management admitted (November 1987) that there had been delay in processing the tenders at the time of first call for which disciplinary action was being initiated.

The Ministry stated (January 1992) that CVC is seized of the matter and disciplinary action will be taken, if any, on receipt of report from CVC.

Avoidable expenditure due to execution of substandard work and inadequate specification

5.6.10 The work "construction of NITC Delhi SH: Flooring work (M-300) in Cargo Building" was awarded to 'X' at negotiated tendered amount of Rs.11.21 lakhs. The work was started on 6th June 1985 and was scheduled to be completed in June 1985. As the progress of work was slow, it was got executed through three different agencies as detailed below.

		<u>Qty. Executed</u>	<u>Amount</u>
1.	D	6446 sq.mtrs.	Rs.6,99,151
2.	E	3361 sq.mtrs.	Rs.3,74,966
3.	F	1100 sq.mtrs.	Rs.1,16,138

5.6.11 The work was finally got completed on 18th February 1986. It was observed that M-300 flooring laid in the cargo terminal building was cracking and disintegrating at many points. Similar distress was also observed in the corridor areas where oxychloride flooring had been provided. Accordingly the Authority decided to lay bitumenous mastic treatment over M-300 floor and work was executed through 'Y' at a cost of Rs.3.81 lakhs. Thus avoidable expenditure of Rs.3.81 lakhs was incurred due to failure of flooring which was caused due to poor quality of cement, improper supervision and inadequate specifications and design. The Authority has ordered an enquiry in this matter.

Non-recovery from the contractor

5.6.12 In the "construction of trunk sewerage system at NITC Delhi Airport" the contractor did not execute the work strictly as per specifications, as the sewer pipe lines were not laid to the required slopes and reversed slopes were found at certain sections. In addition the contractor removed (May 1983) 160 numbers of 600 mm dia, 187 Nos. of 400 mm dia RCC pipes of 2.5 meters from site for which wrong payment of Rs.1.08 lakhs was allowed to him. The contractor abandoned the work and the Authority rescinded the contract and got the balance work executed at the risk and cost of the contractor at an extra cost of Rs.4.39 lakhs. Further an amount of Rs.1.06 lakhs was also spent in redoing the defective work. Thus Rs.6.53 lakhs was recoverable from the contractor. Ministry stated (January, 1992) that a suit has been filed in Delhi High Court.

5.6.13 Infructuous expenditure due to delay in execution of approach lighting works

It was decided (1977) to provide simple approach lighting at 32 end of 14/32 runway at Bombay airport. An expenditure of Rs.2.02 lakhs was incurred on soil testing foundation and pile foundation work. For work relating to providing, fixing of steel tubular structure for approach lighting work, a contract was awarded (January 1978) to 'A' on lumpsum basis at a cost of Rs.2.87 lakhs (against estimated cost of Rs.1.97 lakhs). The time allowed for execution of the work was three months. Meanwhile, some problems arose between the contractor and the Authority regarding the drawings and payment terms for tubular structure and supply of power connection at the site. It took five years to resolve this matter. It was only in January 1983, that the contractor brought structural steel to the site for installation. However, by that time, there was encroachment on Authority's land and it was difficult to carry out the work. The Authority had paid a sum of Rs.2,40,900 to the contractor (May 1979) as an advance for the material collected for the execution of the work. Moreover, the contractor put additional claim on the Authority as the work had been delayed. The matter was not resolved and the contractor refused to carry out the work. Thus, the approach lighting on the runway could not be provided despite lapse of more than 14 years and an expenditure of Rs.7.45 lakhs (Rs.2.02 lakhs on aforesaid items plus Rs.2.41 lakhs advance to contractor plus Rs.1.67 lakhs on procurement of electric fittings plus Rs.1.35 lakhs on approach road to site of work) has remained blocked and proved infructuous.

Management stated (October 1989) that the approach road costing Rs.1.35 lakhs and materials worth Rs.1.67 lakhs have since been used for other purposes

and that they have sought arbitration for recovery of payments made to the contractors. The fact remains that an important landing aid could not be put to operation even after 14 years.

6. FOREIGN PROJECTS

6.1 The Authority had been undertaking the jobs of construction and development of airports and consultancy work relating to preparation of design and construction of runways, etc. Six major projects and five consultancy jobs have so far been undertaken. Out of six major projects two were in Yemen, one in Maldives and three in Libya. In Yemen, the Authority (a) completed work of construction of Riyan Airport in May 1982 at a cost of Rs.2,832 lakhs and earned a profit of Rs.783 lakhs while in (b) Algaidha airport the work was completed in November 1986 at a cost of Rs.3,002 lakhs in which Authority earned a profit of Rs.1,172 lakhs. In case of Maldives, the value of work done was Rs.1,062 lakhs on which Authority suffered a loss of Rs.327 lakhs (completed during 1981-82).

6.2 Libyan Project

The details of the three Libyan Projects which were scrutinised by audit are given below:

Sl. No.	Name of the Contract Project	Additions/ Deduction due to change in scope of work	Total contract value	Date of			Actual completion	Actual Profit/loss as on 31.3.1991	Remarks per Authority as on 31.3.1991
				Award of work	Scheduled completion	Actual completion			

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1.	New Ghat Airport (12.69 MLD) Libya	8724.37 (6.938 MLD)	4769.87 (19.628 MLD)	13494.24	7/76	8/79	9/83	204.32(-)	441.73	Delay of 4 years, preliminary handing over was done on 20.6.1984. Due to non-rectification of defects final handing over is pending. Rs.719.81 lakhs held up since 9/83.
2.	Brak Airport (Phase-I) Libya	5201.62 (7.566 MLD)	- (7.566 MLD)	5201.62	5/79	5/80	11/83	59.4(-)	233.08	Delay of 3.5 years. Handed over on 30.1.88. Rs.797.5 lakhs held up since 11/83.
3.	Brak Airport (Phase-II) Libya	8937.5 (-)	1718.75	7218.75	6/81	4/83	3/86	336(-)	1462.24	Delay of 3 years. Handed over in Nov., 1987. Amount of Rs.1732.5

Note: MLD = Million Libyan Dinars
Rate of exchange Rs.68.75 = 1 Dinar (as on 31st March 1991).

6.3 New Ghat

6.3.1 An agreement was executed with Libyan Authority on 25th January 1976 for execution of an airport project at New Ghat, Libya at a cost of Rs.8,724.37 lakhs (12.69 million Libyan Dinars). Subsequently, work of terminal building, Airforce Camp, Airfield lighting and low current system were also awarded to Authority, thereby increasing the total value of work to Rs.13,494.24 lakhs (19.628 million Libyan Dinars). The work was executed through 'A' a public sector company under a back to back agreement with them. Though the main work of runways was to be completed by August 1979 the preliminary handing over could be done only in June 1984 with the specific understanding that various defects pointed out by the clients will be rectified during the free maintenance period of one year. The construction of terminal building, Airfield lighting and low current system were completed and handed over in September 1982 against the stipulated date of 15th February 1980 (30 months behind schedule). Due to delay in rectification of defects pointed out by clients, the work of Airforce Camp could be finally handed-over in July 1987 as against the scheduled date of completion of June 1979. Since the rectifications in the work of runways were not carried out to the satisfaction of clients, the final handing over is yet (March 1991) to be accepted by the clients. An amount of Rs.719.81

lakhs is held up by the clients (final bill Rs.540.37 lakhs and retention money Rs.179.44 lakhs).

6.3.2 As against the anticipated profit of Rs.204.32 lakhs, the Authority has worked out a loss of Rs.441.73 lakhs on the project upto March 1991 due to the following reasons:

- (i) an amount of Rs.106.47 lakhs recovered by clients as liquidated damages;
- (ii) financing and administrative expenses amounting to Rs.570.96 lakhs incurred since 1st April 1984 when the project was completed;
- (iii) escalation in cost of bitumen amounting to Rs.181.41 lakhs (LD 386,812) after contracted date of completion which has been disallowed by clients.

Management stated (November 1989) that liquidated damages were imposed due to delay on the part of 'A' and hence recoverable from them. They have also stated that financing charges are also recoverable from them. However, 'A' has not accepted these liabilities. Ministry stated (January 1992) that the observations about 'A' not accepting the liability was not correct since there was enough documentary evidence where 'A' had committed acceptance of guarantee charges and interest on loan raised on their behalf by the Authority. However, the Authority could not produce any valid document except a letter of February 1980 on the basis of which the claims were raised. However, there is no confirmation/acceptance by 'A'.

6.4 Brak Airport Project - I

6.4.1 The work of Brak Airport Project-I was awarded to the Authority at an estimated cost of Rs.5,201.62 lakhs (7.57 MLD) on 16th May 1978. The work was

executed by 'A' a public sector company, under a separate back to back agreement. The due date of completion of the project was 20th May 1980, but it could only be completed in 1983. Preliminary handing over was made in October 1986 with the understanding that certain defects pointed out by clients would be rectified. The project was finally handed over in January 1988.

6.4.2 As against the anticipated profit of Rs.59.40 lakhs Authority has worked out a loss of Rs.233.08 lakhs upto March 1991. Following points were noticed by audit:

- (i) An extra expenditure of Rs.40.46 lakhs was incurred on rectification of defects pointed out by the clients. Management stated this was executed at the risk and cost of 'A.A' has, however, not accepted the liability.
- (ii) Financing and administrative expenses of Rs.371.14 lakhs was incurred after completion of project in November 1983 as the project authorities failed to hand over the project to the satisfaction of the clients. Management stated that considerable amount is recoverable from 'A' on account of interest charges.

6.5 Brak Airport Project-II

6.5.1 An agreement for the construction of Brak Airport (Phase-II) at a cost of Rs.8,937.5 lakhs (13.000 MLD) was entered into on 4th June 1981 with a completion schedule of 22 months i.e. 13th April 1983. The work was undertaken departmentally.

6.5.2 The progress of work was very slow and only 11 percent of the work was completed as on 13th April 1983, i.e., stipulated date of completion. Noticing the slow progress of work, the Libyan authorities reduced

the scope of work from 13.000 MLD to 10.500 MLD and the Authority awarded part of the work (17.97 percent) worth 1.887 MLD to another Indian based company 'B'. However, still the progress of the work continued to be slow and could be completed only in March 1986 after a delay of 3 years. Management stated (November 1989) that the slow progress of the work was due to non-payment of mobilisation advance by clients.

6.5.3 As against the anticipated profit of Rs.336 lakhs, the Authority has worked out a loss of Rs.1,462.24 lakhs upto March 1991 due to the following reasons:

- (i) Interest payment of Rs.1,111.50 lakhs on Euro-dollar loan upto March 1989;
- (ii) Loss on disposal of crude oil (Rs.109.12 lakhs) received in lieu of payments from clients;
- (iii) Slow progress of work resulting in extra administrative and other overheads.

6.5.4 The following irregularities were noticed by audit in the execution and maintenance of accounts of the project:

The progress of work had been very slow despite the fact that manpower employed by the Authority increased from 140 in September 1981 to 290 in December 1984. Despite substantial increase in staff, heavy payment of over time was made as detailed below:

Year	No. of Employees	Salary in LD	O.T.A. in LD	Progress of work during the year
1981-82	167	1,21,460	10,575	0.55 percent
1982-83	251	3,17,485	49,209	10.41 percent
1983-84	267	3,85,301	19,863	15.61 percent
1984-85	290	2,85,982	10,268	30.25 percent

Besides, incentive payments amounting to Rs.9.03 lakhs (LD 19,262.799) and Rs.16.76 lakhs (LD 35728.633) were also made to project employees in 1984-85 and 1985-86 respectively. Ministry stated (January 1992) that over-time was paid as initial items of earth work required more manpower and working time and that the percentage of over-time was only 8 percent.

6.6 Outstanding Dues from Libya and its realisation in the shape of Crude Oil.

6.6.1 The following table shows the amount outstanding against Libyan Authorities as per Authority's books:

Details of Outstanding as on 31st March 1991

<u>Name of Project</u>	<u>Bills</u>	<u>(Rupees in lakhs)</u>	
		<u>Retention Money.</u>	<u>Total</u>
New Ghat	540.37	179.44	719.81
Brak-I	537.62	259.88	797.50
Brak-II	1,400.44	332.06	1,732.50
	-----	-----	-----
Total	2,478.43	771.38	3,249.81

6.6.2 It would be seen from above that amount worth Rs.3,249.81 lakhs have been held up by the clients and Brega Oil Company. Part of the payments were earlier held up due to non-rectification of defects; later the dues were held up due to unfavourable cash foreign exchange position of Libyan Government. In 1984 Libya offered payment in terms of Libyan crude oil. This arrangement was accepted by the Authority in August 1987. Since the Libyan crude oil could not be refined in India it was sold in the international market at a loss. It was noticed that in one case 4,99,925 barrels of crude at the rate of US \$ 18.52 per barrel in lieu of payment worth LD 2.747 million were accepted which

had to be sold at the rate of US \$ 17.51 per barrel. A loss of US\$ 5,04,924 or Rs.65.5 lakhs was suffered in the transaction. Further, a second allotment of crude oil was made in December 1989 for 1,50,000 barrels at the rate of US\$ 18.97 per barrel worth MLD 0.845 which was also sold in the high seas by incurring 8.8 percent loss. A loss of LD 75,022.651 or Rs.43.61 lakhs was suffered in this transactions and an amount of Rs.431 lakhs was brought to India.

6.7 Financing of Libyan Projects through Euro-Dollar Loan and Foreign Exchange out flow of US\$ 25 million

6.7.1 Euro-Dollar loans amounting to US\$ 18.1 million were raised between June 1979—November 1981 for financing the projects as given below:

Project	Amount of loan	Total interest paid on the loan upto March 1989
(In Million US Dollars)		
New Ghat	6.5	5.62
Brak-I	7.4	6.40
Brak-II	4.2	3.63
	-----	-----
	<u>18.1</u>	<u>15.65</u>

NOTE: Out of total interest of US\$ 15.65 million, US\$ 8.75 million was paid during 1987-88 and balance US\$ 6.90 million was paid in March 1989).

6.7.2 Loans were raised in some cases (like Brak-II) as Libyan authorities had refused to give the full mobilisation advance as per terms of the contract.

6.7.3 In December 1988 Ministry of Civil Aviation forwarded a letter from Finance Ministry stating that the loans were non-performing for a long time and the banks might invoke the guarantee if repayment was not

arranged immediately. The total loan/interest outstanding was US\$ 25 million as on March 1989. As the Authority was unable to get dues from Libya and the interest on Euro-Dollar loan was mounting, the Authority decided to discharge the loan liability from its rupee resources in India. Accordingly the Authority remitted a sum of Rs.3,913 lakhs equivalent to US\$ 25 million in March 1989 after obtaining Reserve Bank of India's permission.

6.8 Conclusion

- (a) As per Authority's own calculation it has suffered a loss of Rs.2,137.05 lakhs upto March 1991 on the three projects in Libya.
- (b) As the Authority had floated Euro-Dollar loan for financing Libyan Projects and interest on the loan was mounting, it decided to discharge its loan liability of US\$ 25 million in March 1989 by repatriating an equivalent money (Rs.3,913 lakhs) from its domestic resources. Thus execution of these projects abroad instead of bringing any foreign exchange for the country has resulted in a out-flow of scarce foreign exchange of US\$ 25 million (equivalent to Rs.3,913 lakhs). The Ministry stated (January 1992) that the Authority has already repatriated Rs.472.34 lakhs from these projects, Rs.3,958 lakhs after devaluation are still outstanding and Rs.661 lakhs were repatriated by employees in foreign exchange.
- (c) There are serious disputes between Authority and 'A' regarding amount which Authority is to get from 'A'. Authority is showing an amount of Rs.3,161.23 lakhs as advance outstanding against construction associates viz., 'A' in respect of debit by way of financing charges, interest, liquidated damages etc. An amount of Rs.489.80 lakhs has been added on account of exchange fluctuation gains during the year. However, 'A' is disputing the claims and showing an amount of Rs.1,929 lakhs (Net) receivable and Rs.3,226.45 lakhs as contingent liability not acknowledged as debt at the end of March 1991.

7. WORKS ON BEHALF OF OTHER DEPARTMENTS

7.1 Construction of Airport at Agatti-Lakshadweep (UT)

7.1.1 The construction of an airport at Agatti - Lakshadweep Island was taken up in March 1987 at an estimated cost of Rs.667.26 lakhs (inclusive of departmental charges at 11 percent) as a deposit work on behalf of National Airports Authority . An amount of Rs.393 lakhs only was received from National Airports Authority upto December, 1987 as against the completed cost of the project of Rs 661.02 lakhs. Subsequently, an amount of Rs.220 lakhs has been adjusted out of the loan of Rs. 1200 lakhs given to National Airports Authority in December, 1988 leaving a balance of Rs.48.02 lakhs to be recovered from National Airports Authority.

7.1.2 Avoidable expenditure due to non-award of work to the lowest tender

Tenders for the work "construction of Airport at Agatti Island, Lakshadweep, Phase-I, Runway work, fencing and cable ducts" estimated cost Rs.426.50 lakhs were invited in February 1987. Out of eleven tenders received, position of the first three lowest tenders was as under:

1.	A	Rs.444.62 lakhs Ist lowest
2.	B	Rs.446.75 lakhs 2nd lowest
3.	C	Rs.492.49 lakhs 3rd lowest

7.1.3 The Works Advisory Board (WAB) of the Authority decided (March 1987) to ignore the tenders of the lowest and second lowest on the plea that these agencies had quoted exorbitant rates in the previous

call of tender and were not considered reliable for time bound works and decided to award the work to 'C' a public sector company provided (a) they would not sublet the work, (b) reduce their rates and (c) modify/withdraw condition put forward by them in the tender. During negotiation. 'C' offered 1 percent rebate on their tendered rates and modified other conditions. The work was awarded to 'C' for an amount of Rs.487.57 lakhs after allowing them weightage of price preference of 10 percent, over the lowest tendered rates, admissible to public sector company.

7.1.4 Works Advisory Board's view that both the lowest parties quoted exorbitant rate in the first call and were considered unreliable for time bound works was not correct because the extension of time schedule to twelve months in the second call against six months earlier had a significant impact on cost reduction keeping in view the logistic problems. The reduction in the scope of work also brought down the cost substantially. It may also be mentioned that both the lowest tenderers were working with the Authority and there was nothing adverse against them.

7.1.5 The work was awarded on the clear understanding that it would be executed by C itself and would not be sublet. It was later found that they had passed on the entire work to a private firm 'D' on back to back basis retaining a margin of 5 percent. In reply to audit observations, Authority stated (October 1989) that while working at the site they came to know that the work had been sublet to another firm and the matter was reported to the Government and the Bureau of Public Enterprises. However, 'C' has informed audit that at no stage, the information that work was being executed through construction associates was kept out of the

knowledge of the Authority. In this connection following position emerged:

- (i) The initial tendered rates of C were more than 10 percent over the rates quoted by the lowest tenderer and did not fall within the permissible weightage of 10 percent. However, the reduction in scope of work and 1 percent discount brought them within the limits.
- (ii) The private firm D who had not even tendered in previous call were able to get the work at a rate higher than the lowest tendered rates through this arrangement of subletting by C. This had resulted in avoidable expenditure of Rs.42.95 lakhs as under:

Amount of work awarded to C	Rs.487.57 lakhs
Amount of lowest tender	<u>Rs.444.62 lakhs</u>
Extra avoidable expenditure	<u>Rs. 42.95 lakhs</u>

- (iii) The Ministry stated (January 1992) that C was required to take written approval for subletting the work which has not been done.

7.2 Loss of interest on works executed on behalf of other departments

7.2.1 The following table indicates the details of works handled by the Authority on behalf of other departments and the audit observations thereon.

Sl. No.	Name of the Project	Cost of Project		Date of handing over	Total Amount received	Audit Observations
		Estimated (Rupees in lakhs)	Actual			
1.	2.	3.	4.	5.	6.	7.
(Rupees in lakhs)						
i)	Extension of Lucknow Airport on behalf of DGCA/ NAA (Work started in	21.45	22.17	July, 1985	19.00 (4/86)	(a) As per policy, the entire amount is to be deposited before the work starts (b) An amount of Rs.19 lakhs was received in April 1986 i.e., 18 months after start of work and 10 months after handing over. (c) The balance amount of Rs.3.17 lakhs has not yet been recovered. (d) In the absence of any clause in the agreement, the interest on delayed payment has not been claimed.
ii)	Extension of Varanasi Airport on behalf of NAA (Work started in February 1985)	39.88	62.93	January, 1987	39.87 (Rs.25 lakhs in April, 1985 and Rs.14.87 lakhs in April, 1986)	(a) The work was started without receiving a deposit. (b) The project was finally completed and handed over in January 1987 but the balance amount of Rs.23.06 lakhs has not yet been recovered. (c) No interest on delayed payment has been claimed in the absence of suitable clause in the agreement.
iii)	Construction of Indira Gandhi Rashtriya Uran Akademi, Fursatganj work	1250.41	1334.42	March, 1988	87.00 upto May 1986	
		82.88 (Additional work)			163.00 (7/86) 100.00 (9/86) 300.00 (2/87) 150.00 (5/87) 100.00 (8/87) 10.00(12/87) 100.00 (3/88) 100.00 (3/89) 125.00 (2/91)	Loss of interest on blocked funds worked out to Rs.383.2 lakhs.

iv) Construction of Airport at Agatti Island, Lakshadweep UT on behalf of NAA (work started in March 1987)	667.26	661.02	April, 1988	200.00 (3/87)	(a) The work was completed and handed over in April 1988 but only Rs.393.00 lakhs was received upto December 1987 against the completed cost of Rs.661.02 lakhs.
				54.00(11/87)	(b) Another amount of Rs.220 lakhs has been adjusted against the loan of Rs.1200 lakhs given to NAA in December 1988.
				139.00 (12/87)	
				220.00 (12/88)	

started (January 1987) that these works were carried out with the knowledge of Ministry and payment of money in advance was not insisted upon.

7.3 Irregularities in execution of works at India Gandhi Rashtriya Udan Akademi, Chandigarh

7.3.1 Tenders for construction of storm water drains and grading of area at India Gandhi Rashtriya Udan Akademi, Chandigarh were opened on 2nd April 1986 at Authority's Headquarters. The transportation of excavated earth was not included in the tender. The contractor to whom the work was awarded stated during negotiations and continued (April 1986) that they would be charging at the rate of Rs.25 per cum upto a load of 2 knc. or part thereof for carriage of excavated earth by mechanical means. The offer of the party was accepted and contractor letter of the firm was treated as part of the agreement without ascertaining the competitiveness and reasonableness of the rates offered by the firm.

7.3.2 As the firm was not included in the agreement, it was got executed as an extra item by the Project Director without seeking approval of the headquarters at the cost of Rs.14.31 lakhs as detailed below:

7.2.2 It would be seen from the above that the Authority's funds were mainly utilised in execution of works on behalf of other departments whereas the entire amount of estimated cost of deposit work is required to be received in advance before the start of work. The loss of interest on the delayed/balance payment outstanding in respect of above works worked out to Rs.751.54 lakhs as detailed in Annexure VII. Ministry stated (January 1992) that these works were carried out with the knowledge of Ministry and payment of money in advance was not insisted upon.

7.3 Irregularities in execution of works at Indira Gandhi Rashtriya Uran Akademi, Fursatganj

7.3.1 Tenders for construction of storm water drains and regrading of area at Indira Gandhi Rashtriya Uran Akademi, Fursatganj were opened on 2nd April 1986 at Authority's Headquarters. The transportation of excavated earth was not included in the tender. The contractor to whom the work was awarded stated during negotiations and confirmed (April 1986) that they would be charging at the rate of Rs.35 per cum upto a lead of 2 kms. or part thereof for carriage of excavated earth by mechanical means. The offer of the party was accepted and confirmation letter of the firm was treated as part of the agreement without ascertaining the competitiveness and reasonableness of the rates offered by the firm.

7.3.2 As the item was not included in the agreement, it was got executed as an extra item by the Project Director without taking approval of the headquarters at the cost of Rs.14.31 lakhs as detailed below:

Description of Item	Qty. as per final bill	Rate	Amount
Carriage of earth by mechanical transport including loading, unloading and spreading upto a lead of 2 kms. complete	40889.130M ³	Rs.35 per cum.	Rs.14.31 lakhs

7.3.3 Subsequently management noticed (May 1987) when the major work of Phase-I was completed that the rates of the contractor were abnormally high. Fresh tenders were called for the balance work of grading and levelling taken up in Phase-II and the work of carriage of excavated earth and it was awarded to another firm at the rate of Rs.20.05 per cum. for a lead of 3 kms.

Thus by acceptance of higher rates unilaterally without ascertaining the competitive/prevalent rates in the initial stages, the Authority had to incur an extra expenditure of Rs.6.11 lakhs (40889.130 M³ X (Rs.14.95) as compared to rates quoted and accepted in subsequent tender at a later date.

7.4 Overpayment and avoidable expenditure in earth work at IGRUA

7.4.1 The work of construction of Hanger, pavement, apron, taxi-track, road and overlay on runway was awarded to a contractor on 1st March 1986. The contractor excavated 25278.753 cum. of earth and was paid for that as extra item No.1. It was noticed in audit that:

- (i) a quantity of 3520 cum. excavated from residential block were shown as used by the contractor at operational area and further a quantity of 5575 cum. was

transferred from operational area to residential block. Thus instead of disposing the earth locally the payments were made for transporting the earth from residential block to operational area and again from operational area to residential block, resulting in extra expenditure of Rs.76736 i.e. 2 (3520 cum. X 10.9).

(ii) The contractor was paid at the rate of Rs.10.91 per cum. for transportation and laying of 5575 cum. from operational area to residential area (extra item No.8) but was paid at the rate of Rs.41 per cum. for 3520 cum. of earth used in operational area though this also required nothing more than the requirements in extra item No. 8. Thus, the higher rates resulted in extra payment of Rs.105916 to the contractor $(41-10.91) \times 3520$ cum.

(iii) Further the contractor was paid for supply of 9020.070 cum. of earth at the rate of Rs.43 per cum. (Agreement Item No. 22). However, it was seen that the contractor had excavated 25278.753 cum. of earth and was paid for it in the project as per extra item No. 1 whereas he used only 15275 cum. of earth. There is no account for disposal of remaining 10003 cum. of earth excavated by him. It is apparent that he used the same earth against item No. 22 and supplied it again to the Authority by transporting it. Here also though he was entitled for only transporting charges at the rate of Rs.10.91 per cum. he was paid at the rate of Rs.43 per cum. resulting in extra payment of Rs.2.89 lakhs to the contractor.

Ministry stated (January 1992) that a recovery of Rs.2.13 lakhs has been made from the contractor. However, the contractor has sought arbitration and the award has been given in favour of the contractor. The Authority has filed the case in High Court.

8. COMMERCIAL ACTIVITIES

8.1 The main sources of revenue of the Authority are:

Landing, parking, housing charges for aircraft, licence fee for space at the airports and Cargo handling activities.

8.2 The table below indicates the traffic handled and revenue earned during the last five years.

		Traffic handled				
		1986-87	1987-88	1988-89	1989-90	1990-91
Aircraft Movement (No.)						
i)	International	53922	59587	61127	60872	58986
ii)	Domestic	93058	100405	94594	98251	78679
Passengers (No.)						
i)	International	7553417	8100567	8198539	8258687	7986445
ii)	Domestic	10565952	11405012	11454838	1705834	9737017
Cargo including mail (In Tonnes)						
		374481	411823	432522	442950	403888
		Revenue Earned (Rs. in lakhs)				
(a) Traffic						
i)	Landing fee	8584.52	10609.97	11554.34	12110.13	11508.61
ii)	Parking and Housing fee	306.80	361.08	433.78	567.62	599.41
	Total (a)	8891.32	10971.05	11988.12	12677.75	12108.02
(b) Non-Traffic						
i)	Passenger Service fee and Public admission fee	719.20	1020.23	1328.06	1195.07	931.45
ii)	Cargo fee	3277.60	3626.35	4375.38	4459.61	4838.53
iii)	Trading Concession, rent and services	1138.17	1422.80	1673.59	1971.32	3107.63
iv)	Income from					

Projects	99.49				
v) Other income and adjustments	<u>622.85</u>	<u>1169.54</u>	<u>1682.50</u>	<u>2479.03</u>	<u>2103.24</u>
Total (b)	<u>5857.31</u>	<u>7238.92</u>	<u>9059.53</u>	<u>10105.03</u>	<u>10980.85</u>
Total (a) & (b)	<u>14748.63</u>	<u>18209.97</u>	<u>21047.65</u>	<u>22782.78</u>	<u>23088.87</u>

8.3 Landing, parking and housing charges

The landing and parking charges have been revised 14 times over the last 18 years as per details given below:

Date of Revision Percentage increase in landing charges

	International	Domestic
--	---------------	----------

1st August 1972	25	10
1st February 1977	45	100
1st April 1978	35	35
1st April 1979	20	20
1st April 1980	15	15
1st April 1981	23	23
1st April 1982	25	25
1st April 1983	11	11
1st April 1984	08	08
1st April 1985	13	13
1st April 1986	13	13
1st April 1987	9.75	9.75
1st April 1988	8.375	8.375
1st October 1989	5	5

8.4 It was noticed that there was a differential tariff for Indian Airlines and Vayudoot in that they were being charged lower rates. The Ministry (March 1992) was specifically asked to clarify whether this would not constitute a subsidy being extended to the domestic carriers. It was also enquired as to whether this would be reimbursed to the Authority. In reply the Ministry agreed that this was a form of subsidy. However, keeping in mind the fact that domestic

carriers did carry a socio-economic burden by way of operating on uneconomic routes as also charging a lower tariff on some sectors, some positive discrimination in favour of these carriers would have to be extended.

8.5 Ground handling of aircraft at airports:

Prior to January 1972 ground handling services were being provided by national carriers for their own flights and by some private parties for other international airlines. The Authority decided in 1974 to frame its own ground handling regulations. In these regulations, ground handling services were to be provided basically by Air India, Indian Airlines and the Authority, Private parties were to be stopped from performing ground handling work except where they were engaged with the specific permission of the Authority. The Government approved and notified these regulations after a period of 8 years (31.3.1982). Under the new regulations issued in 1982, private parties providing ground handling work were legalised in regard to the ground handling work they were doing on the date of issue of the regulations. By barring the entry of other private parties, the new regulations helped in creating a monopoly of existing private contractors/parties.

8.5.1 Considering that the new regulations had only benefited the private parties, the Authority framed fresh regulations which were approved by Government and notified in June 1984. Under these regulations the existing private operators were permitted to perform only such ground handling work as they were doing prior to 18th January 1972, with the permission of the Authority and on such terms and conditions as would be fixed by the Authority. These regulations were challenged by a private operator in the Bombay High Court. Pending final judgement, the Court in its

interim order permitted the private operator to provide all these services which were being provided by them prior to the issue of 1984 regulations.

8.5.2 The private operator approached the Authority for an amicable out of court settlement by negotiations. The Authority and the private operator reached a settlement and wanted the Ministry to ratify the same. Meanwhile, the private operator withdrew all the cases (October 1987). The Government, however, did not approve the terms of settlement between the Authority and the private operator as it involved amendments to the regulations of 1984. Therefore, the party again went to the court and obtained a stay order for maintaining the status-quo.

8.5.3 The Authority has been charging licence fee at the rate of 2 percent of the gross turn over for ground handling work. In September 1984, the rates of licence fee were revised from 2 percent to 10 percent with the approval of the Board to be effective from February 1985.

8.5.4 While at IGI airport the private operators paid licence fee at the enhanced rates of 10 percent of turnover, at Bombay airport they have been paying licence fee at the rate of 2 percent. Even the demand during the period February 1985 - March 1991 was raised only at the rate of 2 percent of turnover instead of the enhanced rate of 10 percent. Proforma bills for the balance 8 percent amounting to Rs.151 lakhs pertaining to this period raised in August 1991 were returned by the party contending that they were receiving regular bills from Authority at the rate of 2 percent and all such bills have been settled in full by them. This amount is yet to be recovered (March 1992).

8.5.5 The Management stated (November 1988) that Indian Airlines and Air India are not paying the licence fee at enhanced rate, and unless National Carriers start paying at enhanced rates, they cannot force private parties to give payments at enhanced rates. The position taken by the Authority does not seem convincing. They should persuade National Carriers as well as private operators to pay them licence fee at enhanced rates.

Ministry stated (January 1992) that as Air India had paid licence fee on adhoc basis and Indian Airlines had paid initially some amount, the matter will be pursued with Indian Airlines. However, the reply is silent about recovery of licence fee at enhanced rates from the private operator.

8.6 Cargo Handling

The following table indicates the revenue earned from cargo handling activities and percentage of demurrage charges to total cargo revenue for the last five years.

Airport	Revenue					Total demurrage charges					Percentage of demurrage charges against total cargo revenue				
	1986-87	87-88	88-89	89-90	90-91	86-87	87-88	88-89	89-90	90-91	86-87	87-88	88-89	89-90	90-91
Bombay	1128.67	1138.16	1363.09	1477.85	1890.23	830.98	773.63	1282.00	900.82	1004.30	74	68	94	61	53
Calcutta	335.39	315.21	311.89	332.92	308.67	320.35	300.43	278.13	302.27	273.67	95	95	89	91	89
Madras	458.89	405.83	486.94	552.17	580.56	422.92	362.67	427.94	481.84	503.50	92	89	88	87	87
Delhi	1354.65	1767.15	2213.47	2096.68	2059.07	926.61	1319.07	1739.00	1507.33	1388.57	68	75	79	72	67
	3277.60	3626.35	4375.39	4459.62	4838.53	2500.86	2755.80	3727.07	3192.26	3170.04	76.3	76	85	72	66

NOTE: The rates of handling charges and demurrage charges are given in Annexure VIII.

8.6.1 It would be seen from the table that demurrage charges form a significant percentage of the total cargo revenue at all the airports. In the Audit Board meeting with the Ministry (March 1992), Ministry was asked whether this was an indication that the present structure of demurrage charges could be encouraging the exporters/importers to utilise the space of the Authority for their warehousing purposes. The Ministry agreed that it was possible that this was being done but pointed out that any increase in the demurrage charges would immediately lead to complaints from the trade and business circles. In fact, there were complaints even against the present demurrage being levied by the Authority. It was suggested to the Ministry that an independent study could be carried out of the rates for warehousing in the market and vicinity of the airport in order to determine whether the rates being charged by the Authority were in conformity with the generally prevailing market rates. Once this independent study was carried out, the Authority would be in a better position to take a view on a rational tariff structure. The Ministry agreed that such a study would be beneficial and that they would explore the possibilities of commissioning such a study.

8.7 Extra expenditure in connection with take over work of Cargo at Bombay:

8.7.1 Presently the Authority is handling cargo activities at all the airports except at Bombay airport. At Bombay, Air India is acting as cargo handling agents of the Authority since 1977. The question of taking over cargo handling from Air India had been under active consideration and it was decided by the Government that the Authority may take it over with effect from 1st April 1989. For taking over the work, the Authority spent Rs.168.12 lakhs (purchase of

heavy machinery - Rs.106.02 lakhs and connected project expenditure - Rs.62.10 lakhs) and recruited 82 persons in different categories and promoted 9 officers. However, the taking over of cargo activities with effect from 1st April 1989 from Air India was deferred by the Ministry for 2 years as there was possibility of industrial unrest in Air-India. In order to compensate the Authority, Air India has agreed to pay 90 percent of the cargo revenue to the Authority as against 50 percent of total cargo revenue being paid earlier. However, only an on-account payment of Rs.2 crore has been received by the Authority against the bills raised for Rs.7 crores (approx) during the year 1989-90.

Ministry stated (January 1992) that Air India had felt aggrieved of the decision to pay 90 percent of the cargo revenue to the Authority and it has been decided to revise the revenue sharing formula for the period from 1st April 1989. Cargo handling work has not been transferred to the Authority.

8.7.2 It may also be pointed out that the Authority had earlier incurred an expenditure of Rs.150 lakhs on purchase of equipments etc., when the process of taking over with effect from 1st April 1987 was stalled at the last moment. Due to reversal of the decision to permit the Authority to take over cargo handling the Authority is saddled with the burden of additional manpower besides wasteful expenditure of Rs.318 lakhs.

8.7.3. The management stated (June 1989) that 54 members of the staff are being utilised in various other departments at Bombay and 20 equipment operator/auto mechanic were not allowed to join. The Management has also stated that procurement of handling equipment is a continuous process necessary to augment

and improve cargo complex and that these equipments are being effectively utilised.

8.8 Allotment of Shop/Kiosks etc. - loss of revenue

Under the existing arrangement tenders are invited for allotment of shops/kiosks/stalls/advertising spots etc., at the various airports and the comparative statements alongwith the recommendations of the General Manager of Commercial Department are sent to Headquarters for approval. The Headquarters after obtaining clarification/information from respective airports, communicates its approval to airports who issue letter of award to the concerned party. It is, however, seen that in several cases allotment of shops/stalls etc. is delayed resulting in loss of revenue to the Authority.

8.8.1 A test check by Audit showed that Authority lost revenue amounting to Rs.37.74 lakhs due to shops/hoarding sites remaining vacant for considerable duration of time at Delhi and Bombay airports. The details are given in **Annexure IX**.

Management stated that shops remained vacant from time to time due to (i) its decision to collect a minimum of Rs.20,000 per month per shop as reserve licence fee (ii) intention to allot shop to Public Sector Undertakings in the larger interest, (iii) to avoid allotting too many shops to one party. The reasons attributed by management are not convincing as it was noticed that in several cases the licence fee offered was more than Rs.20,000 and one particular group was allotted 12 shops at Bombay airport.

8.9 Loss of Revenue due to retendering

It was observed that the contracts are generally not awarded in the first call of tenders thereby defeating the very purpose of calling tenders. A few cases are given in **Annexure X**. In the award of contract for restaurant and snack bars at Bombay airport open tenders were invited in November/December, 1985 for running restaurant and snack bars in Terminal II. M/s. Competent Hotel Pvt. Ltd. offered the highest licence fee of Rs.289.79 lakhs, but the proposal to award the contract was rejected on the grounds that company had changed its name "Competent Hotel pvt. Ltd.," from "Kumaria Caterers" in 1983 and lacked the required experience of 5 years and turn over of Rs.50 lakhs. In February 1986 tenders were invited again. In response to second call of tenders the same party tendered under the name and style of Kumaria Presidency/Competent Hotel Pvt. Ltd., with the same entity and proprietorship. The contract was awarded to M/s. Kumaria Presidency Hotel for a period of 10 years with effect from 21st February 1986 at Rs.242.08 lakhs. Thus, the Authority was put to a loss of revenue of Rs.47.71 lakhs (Rs.289.79 lakhs minus Rs.242.08 lakhs).

8.10 Loss of revenue from advertising sites

The Authority had been awarding the contract for advertising sites/group of sites by calling open tenders as and when the sites became vacant. In June 1986 it was decided to invite the tenders on a composite plan basis with a minimum guaranteed amount and a percentage of gross turnover. Tenders were invited (September 1986) for a 3 years contract, which, **inter alia**, provided that tenderer could quote for one or more airports and not necessarily for all the airports. There were 10 valid tenders - four parties

had quoted for all the airports, one for three airports, one for two airports and the remaining four quoted for one airport each. On the basis of highest minimum guaranteed amount quoted for each airport, the sum-total for the four airports comes to Rs.489.60 lakhs as detailed below:

Name of Airport	Name of the highest tenderer	Minimum guaranteed amount for 3 years (Rs. in lakhs)	Percentage of gross turnover
1. Bombay Airport	A	252.84	25
2. Delhi Airport	B	148.32	55
3. Calcutta Airport	C	63.12	61
4. Madras Airport	A	<u>25.32</u>	25
Total for all airports		<u>489.60</u>	

The Authority, however, after a long deliberation which took almost an year finally decided to award contract to two of the four parties who had quoted for all the four airports after holding negotiations with all the parties. The contract was split between these two parties as detailed below:

Bombay	Rs.210 lakhs	(D)
Delhi	Rs.154 lakhs	(A)
Calcutta	Rs. 35 lakhs	(A)
Madras	<u>Rs. 26 lakhs</u>	(A)
<u>Rs.425 lakhs</u>		

It would be seen from the above that on the basis of the minimum guaranteed amount, the Authority stood to lose Rs.64.60 lakhs by their decision not to award the contract to the highest bidder of minimum

guaranteed amount at each airport in the initial offer itself.

Ministry stated (January, 1992) that the contract was awarded not on the basis of the minimum guaranteed amount but selection was made on the basis of presentation given by them. It was, however, noticed by audit that the presentation of 'A' who was given rights at three airports was not appreciated by the committee which included amongst others the Chairman and Member (F&A).

The Authority, however, after a long deliberation which took place in year 1991 decided to award contract to two of the four parties who had quoted for all the four airports after holding negotiations with all the parties. The contract was split between these two parties as detailed below:

(B)	Rs. 170 lakhs	Bombay
(A)	Rs. 154 lakhs	Delhi
(A)	Rs. 100 lakhs	Calcutta
(A)	Rs. 50 lakhs	Madras
	Rs. 433 lakhs	

It would be seen from the above that on the basis of the minimum guaranteed amount, the Authority stood to lose Rs. 63.50 lakhs by their decision not to award the contract to the highest bidder of minimum

9. OTHER TOPICS OF INTEREST

9.1 Unauthorised expenditure on addition/alteration/renovation in Sardar Patel Bhavan.

9.1.1 Indira Gandhi International Airport of the Authority has incurred an expenditure of Rs.3,62,736 on additions/ alterations/renovation in Sardar Patel Bhavan in the office of the Department of Civil Aviation, New Delhi as detailed below:-

Nature of Work	Expenditure
1. Additions/alterations in the Ministry's office at Sardar Patel Bhavan, New Delhi - Civil Work	Rs.2,20,369
2. Additions/alterations in the Ministry's office at Sardar Patel Bhavan, New Delhi - Electrical work including provision of 2 A.C. costing Rs.37,000	<u>Rs.1,42,367</u>
	<u>Rs.3,62,736</u>

9.1.2 The expenditure was sanctioned by the Chairman and charged to repairs and maintenance budget of IGI airport for the year 1986-87. As the additions/alterations/renovations were carried out on building not belonging to the Authority the assets so acquired/created cannot be their property.

9.2 Avoidable expenditure due to stipulation of impractical time schedule

9.2.1 The work of construction of shoulders of non-instrumental runway at Calcutta was split into two parts i.e. the base work and the bitumen work. The base work was awarded (March 1979) to a contractor at a cost of Rs.23.29 lakhs with a stipulation that work was to commence on 12th April 1979 and be completed by 11th

November 1979. The bitumen work was awarded (March 1979) to a contractor at a cost of Rs.9.83 lakhs with a stipulation that work was to commence on 12th July 1979 and be completed by 11th July 1980. Though it was not possible to start the work simultaneously, this was overlooked and an impractical time schedule was stipulated. The first contractor could complete the work on 31st May 1980. In August 1980 the second contractor informed that the work could not be started upto May, 1980 due to non-completion of base work and setting in of monsoon thereafter. In November, 1980 he lodged a compensation claim of Rs.5.90 lakhs for the losses suffered by him in mobilising plant and equipment, collection of materials at site and overhead expenses due to non-availability of site.

9.2.2 Subsequently the Authority tried to rescind the contract with the second contractor in January, 1982 and wanted to encash the Bank Guarantee, received in lieu of mobilisation advance. The contractor obtained a court order against invoking of Bank Guarantee. The dispute was referred to Arbitrator who allowed Rs. 73,500 to the contractor as compensation (April 1985)

Meanwhile, the base work completed in May 1980 deteriorated considerably as the bitumen overlay was delayed. Finally, the base work and bitumen work was got redone from another contractor (in May, 1985) at a cost of Rs. 25.42 lakhs (Rs. 3.89 lakhs for base work and Rs. 21.53 lakhs for bitumen works). Thus an avoidable expenditure of Rs. 16.33 lakhs (Rs.25.42 lakhs - Rs.9.83 lakhs = Rs.15.59 lakhs plus Rs.0.74 lakh) was incurred on this work because an impractical time schedule had been stipulated while awarding the work.

9.3.3 The management in their reply (December, 1987) admitted that extra expenditure of Rs.16.33 lakhs was incurred due to execution of additional items of work amounting to Rs.3.89 lakhs and increase in cost of materials (mainly bitumen) and labour charges. Management further stated (October, 1989) that the works of laying base course and bituminous concrete are to run simultaneously and hence it was not a impractical time schedule. The scheduled date of completion of bituminous work was eight months after the completion of base course though the works were to start on the same day. However, the loss to Authority was due to deterioration of sub base as the contractor has not executed the work as per schedule. Management's contention that the work was to run simultaneously is not correct as the bituminous work cannot be taken up until the preparation of sub base over workable area is completed.

21	1987	1988	1989	1990	1991
22	1987	1988	1989	1990	1991
23	1987	1988	1989	1990	1991
24	1987	1988	1989	1990	1991

10.1.1 It would be observed from the above that the sanctioned strength was more than the strength recommended by the SIU. In its report SIU concluded that (a) in personnel and administration, posts, especially in the officers grades have been created without really assessing the work load devolving on various functionaries. It was also felt by SIU that some reorganisation of the existing structure is necessary for smooth and efficient functioning keeping in view the Government's emphasis on administrative economy, and (b) that on the basis of broad application of standards for assessment of manpower requirements,

10. MANPOWER

10.1 The Staff Inspection Unit (SIU) of Ministry of Finance conducted a study of the staff requirement at the headquarters of the Authority and four airports in various phases from November 1981 to July 1982. The position of sanctioned strength, actual strength, and the staff strength recommended by the SIU at the time of the study is given in the following table :-

Name of the unit	Month of SIU study	Sanctioned strength	Actual strength	Staff strength recommended by SIU	Excess of sanctioned strength over SIU recommendations (Nos)
IAAI Headquarters	November 1981	380	327	346	34
Delhi Airport	November 1981	1150	1070	972	178
Calcutta Airport	March 1982	964	893	899	65
Bombay Airport	June 1982	1330	1186	1245	85
Madras Airport	July 1982	689	610	656	33
		4513	4086	4118	395

10.1.1 It would be observed from the above that the sanctioned strength was more than the strength recommended by the SIU. In its report SIU concluded that (a) in personnel and administration, posts, especially in the officers grades have been created without really assessing the work load devolving on various functionaries. It was also felt by SIU that some reorganisation of the existing structure is necessary for smooth and efficient functioning keeping in view the Government's emphasis on administrative economy, and (b) that on the basis of broad application of standards for assessment of manpower requirements,

the over all strength available with the Engineering department was on the higher side. The strength of Junior Engineers was assessed by SIU at 10 instead of 16 (in September 1986).

10.1.2 The Authority accepted the SIU report in respect of all the airports except Headquarters and asked the airports (July 1983) to implement the SIU report.

10.1.3 The SIU also observed that the manpower planning department did not carry out studies in manpower analysis and its role was limited merely to advising on additional demands for creation of posts in the Authority. Ministry stated (Jan, 1992) that management has since decided to develop suitable norms for staffing in all discipline.

10.1.4 The position of actual staff strength of the Authority during the last five years ending 31st March, 1991 was as under:-

As at the end of the year	Headquarters	Delhi Airport	Bombay Airport	Calcutta Airport	Madras Airport	Project	Total
1986-87	478	1703	1426	942	865	332	5746
1987-88	480	1822	1463	957	884	275	5881
1988-89	484	1788	1517	945	909	253	5896
1989-90	515	1812	1566	962	948	267	6070
1990-91	512	1830	1541	962	930	230	6005

It would be seen from the details given in Annexure-XI that while the passenger and cargo traffic at Bombay airport was almost one and half times than that at Delhi airport, the actual manpower at Delhi was more by 19.42 percent, 24.53 percent and 17.86 percent, 15.71 percent and 18.11 percent than the manpower at

Bombay during the years 1986-87, 1987-88, 1988-89, 1989-90 and 1990-91 respectively. Ministry stated (January 1992) that at Indira Gandhi International airport certain activities like cargo, cleaning of domestic terminal, are carried out departmentally. The Authority had not laid down any norms for employment of manpower on the basis of work studies.

10.1.5 The position of total staff cost, staff cost as a percentage to total revenue, expenditure on social overheads, medical reimbursement and staff uniforms during the last five years ending 31st March, 1991 is given below :-

	1986-87	1987-88	1988-89	1989-90	1990-91
(i) Total staff cost (Rs. in lakhs)	1638.60	2103.86	2386.48	2976.71	3068.43
(ii) Total expenditure on social over heads (Rs. in lakhs)**	72.48	111.40	119.64	157.99	214.19
(iii) Medical expenses (Rs. in lakhs)	98.80	115.14	136.47	175.66	209.29
(iv) Staff uniforms (Rs. in lakhs)	58.68	169.67	48.71	115.10	121.61
(v) Total revenue (Rs. in lakhs)	14748.63	18209.97	21047.65	22782.78	23088.87
(vi) Total number of employees	5746	5881	5896	6070	6005
(vii) Percentage of staff cost to total revenue	11.11	11.55	11.34	13.06	13.29

** Includes expenditure on township including depreciation on staff quarters, transport subsidy, subsidy in regard to social and cultural activities and canteen subsidy.

10.1.6 The substantial increase in expenditure in 1987-88 (Rs. 465.26 lakhs) was due to the fact that the uniforms were issued to all the employees, including officers and executives, effective from November 1987 as a result of which the expenditure on uniform went up to Rs.169.67 lakhs in 1987-88 from Rs.58.68 lakhs. Prior to that uniforms were given only to the operations department's staff and Group 'D' employees.

Ministry has also stated that increase in staff cost during 1987-88 was attributable to payment of arrears of wage revision also.

10.2 Overtime

10.2.1 The Authority has been incurring substantial expenditure by way of overtime payments which has been increasing over the years. Overtime paid to the staff at the various airports during the last five years ending 31st March, 1991 is indicated below :-

(Rupees in lakhs)

Year	Bombay Airport	Calcutta Airport	Delhi Airport	Madras Airport	Headquarters	Other	Total
1986-87	27.40	30.87	34.82	24.75	2.15	0.61	120.60
1987-88	39.41	37.66	38.65	24.25	1.53	1.57	143.07
1988-89	49.29	53.72	49.94	51.26	0.80	0.84	205.85
1989-90	92.56	53.02	59.56	54.30	0.64	1.47	261.55
1990-91	64.37	61.25	70.19	55.69	0.51	2.94	254.95

10.2.2 During 1988-89 overtime payment increased at Bombay by 25 percent Calcutta 43 percent Delhi 29 percent and Madras 111 percent over the payments made in 1987-88. Management stated (November, 1988) that payment of overtime depends basically on the operational requirements at each airport from time to time and number of people who remain on leave or absent for various reasons.

10.2.3 The Ministry stated (Jan. 1992) that the Airport Directors were being periodically advised to curtail OTA.

10.3 Appointments:

In a review of the policies laid down for appointments, it has been observed that the prescribed policies were not being strictly followed. The following discrepancies were noticed:

i) In a few cases as indicated in **Annexure-XII** recruitment was made without creating posts and without advertising the vacancies. The normal procedure laid down for recruitment in the Authority was not followed in these cases.

ii) A test check also revealed that some candidates were recruited at senior levels though they did not possess the required qualifications and/or experience, (**Annexure - XIII**)

10.4 Promotions:

10.4.1 Rule 3(a) of Recruitment and Promotion Rules of the Authority provides for three years experience for promotion to Group 'A' posts upto the level of Assistant Director and five years for promotion to the level of Deputy Director and above. It has, however, been noticed that Group 'A' officers were being promoted in violation of the said rule.

10.4.2 The management stated (November 1988) that prior to 1982 the experience required for promotion to Group 'A' posts including Deputy Director and above was 3 years. In February 1982 it was changed to 5 years and again in 1984 it was modified to 3 years upto Asstt. Director level and 5 years for Deputy Directors and above. From the above it transpires that the management has not been following a consistent policy in the matter.

10.4.3 The Ministry stated (January 1992) that since 1990 no recruitment/promotion has been effected which might be at variance with Recruitment & Promotion Rules. Management has also decided to get these rules notified.

11. FINANCIAL POSITION AND WORKING RESULTS

11.1 Financial Position

The table below indicates the financial position of the Authority for the last five years ending 31st March 1991.

(Rupees in lakhs)

	1986-87	1987-88	1988-89	1989-90	1990-91
Liabilities:					
a) Capital	6112.25	6112.25	6112.25	6112.25	6112.25
b) Reserves and surplus	14248.78	18723.94	24644.22	30738.62	33698.42
c) Borrowings:					
Loan from Government of India	3719.93	3364.55	3037.07	2712.52	2388.30
Bank Loan abroad	2336.78	2519.42	--	--	--
d) Current Liabilities and provisions	17159.52	19603.30	25564.86	32719.73	30764.71
Total	43577.26	50323.46	59358.40	72283.12	72963.68
Assets:					
Gross Block	31996.87	33326.87	35880.62	39167.80	41850.93
Less Depreciation	11859.89	14666.62	16460.82	19801.94	23091.45
e) Net fixed assets	20136.98	18660.25	19419.80	19365.86	18759.48
f) Capital work in progress	635.82	1652.68	2584.22	3523.08	4891.91
g) Investment	261.78	5011.78	6011.78	6011.78	6011.78
h) Current assets loan & advances	22542.68	24998.75	31342.60	43382.40	43300.51

Total	43577.26	50323.46	59358.40	72283.12	72963.68
i) Capital employed	25520.14	24055.70	25197.54	30028.53	31295.29
j) Net worth	20361.03	24836.18	30756.47	36850.87	39810.67
k) Debt equity	0.18:1	0.14:1	0.10:1	0.07:1	0.06:1

It would be seen from above that the debt equity ratio has been steadily coming down due to timely re-payments of loan and increasing amount of reserve and surplus.

11.2 Working Results

11.2.1 The working results for the last five years ending 31st March 1991 are given below:

(Rupees in lakhs)

	1986-87	1987-88	1988-89	1989-90	1990-91
Liabilities:					
I. Revenue					
a) Traffic	8891.32	10971.05	11988.12	12677.75	12108.02
b) Non-Traffic	5857.31	7238.92	9059.53	10105.03	10980.85
Total	14748.63	18209.97	21047.65	22782.78	23088.87
II. Expenses (Excluding Tax)					
i) Traffic	4907.94	4759.59	5067.35	6451.64	7012.92
iii) Non-Traffic	4260.20	5175.23	5872.98	5536.71	6171.25
Total	9168.14	9934.82	10940.33	11988.35	13184.17
III. Profit					
i) Before tax	5580.49	8275.15	10107.32	10794.43	9904.70
iii) After tax (net profit)	3330.49	4475.15	5907.32	6094.43	5404.70

IV. Percentage						
i)	Profit before tax to total revenue	37.84	45.44	48.02	47.38	42.90
ii)	Profit before tax to capital employed	21.87	34.40	40.11	35.95	31.65
iii)	Profit after tax to net worth	16.36	18.02	19.21	16.54	13.57

No budgetary support has been received from Government since 1986-87. The Authority has been able to meet all its capital expenditure from internal sources since 1986-87.

12 INTERNAL AUDIT

12.1.1 The Internal Audit Cell was created in 1976 in the Authority (Headquarters). The present sanctioned strength vis-a-vis actual strength of Internal Audit Cell at Headquarters and the four airports is given below:

	<u>HEADQUARTERS</u>				<u>AIRPORTS</u>					
	Sanct- ioned	Actual	Delhi		Bombay		Calcutta		Madras	
			Sanc- tioned	Act- ual	Sanc- tioned	Act- ual	Sanc- tioned	Act- ual	Sanc- tioned	Act- ual
Dy.General Manager/ Accounts Manager	1	-	-	-	-	-	-	-	-	-
Accounts Manager	-	-	1/2	-	1	1	-	-	-	-
Asst.Accounts Manager	4	2	-	-	1	-	1	-	1	1
Asstt. Grade-I	1	-	-	-	1	1	1	-	1	1
Asstt. Grade-II	1	-	-	-	1	1	1	-	1	-
Asstt. Grade-III	1	-	-	-	1	1	1	-	1	1
	<u>8</u>	<u>2</u>	<u>1/2*</u>	<u>-</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>3</u>

* Accounts Manager is to look after audit functions also as per SIU recommendations

12.1.2 While the sanctioned strength of the internal audit wing is inadequate for an organisation of this size, the Authority has not been able to operate even this strength. The activities of the internal audit wing/cell are presently limited to audit of annual accounts and dealing with Government audit reports. Internal audit had not been covering important aspects such as purchases, pre-audit of expenditure proposals, physical verification of stores etc. It may be pointed out that it is functioning directly under Member (F&A). Management stated that action was being initiated to separate the internal audit wing and bring it under an

appropriately higher level of management, reporting to Chairman, through member (F&A).

12.1.3 There is no Internal Manual outlining the scope and programme of work of internal audit. The Authority has informed that Internal Audit Manual is under preparation.

N. Sivasubramanian

New Delhi
The 16 NOV 1932

(N. SIVASUBRAMANIAN)
Deputy Comptroller & Auditor
General (Commercial) -cum- Chairman,
Audit Board

Countersigned



New Delhi
The 16 NOV 1932

(C.G.SOMIAH)
Comptroller & Auditor General Of India

ANNEXURE - I

(Referred to in Para 4.4.10)

Director of Operations
Indian Airlines, Hqrs.,
New Delhi

Govt. Audit Officer,
Indian Airlines, Hqrs.,
New Delhi.

No. HOP/21-7001/5166

Date 13th/15 January 1992

Sub: Cat. II ILS - Training of Pilots

Reference your note No. CC/IA/Misc./91/634 dated 7th January 1992.

At present, ILS Cat.II is not available either at Delhi or at Bombay.

The need for training of our pilots will only arise as and when ILS Cat.II System is made operational. Since the training for ILS Cat.II System is to be carried out on Simulatory as well as in actual flying conditions every six months, our A-300 pilots have not been given any training so far. However, our A-320 pilots who were sent for training in Toulouse have undergone ILS Cat.II training on simulator only.

We would like to reproduce the relevant portion of the minutes of the meeting held on 28th November, 1990 under the chairmanship of Shri H.S. Khola, Dy. Director General, Civil Aviation:-

"The Chairman also agreed in principle for Indian Airlines 4 Instructors' training at Paris, but the time schedule for deputation of the Instructors to Paris should be planned by Indian Airlines to adjust with the non-availability of ILS Cat.II at I.G.I. airport due to recarpetting work on the main runway 10/28".

The recarpetting work on runway 10/28 at Delhi is still in progress.

Sd/-
for DIRECTOR OF OPERATIONS

cc: DT, CTE, IA, Hyderabad

ANNEXURE - II

(Referred to in Para 4.4.10)

AIR INDIA
OPERATIONS TRAINING DIVISION

TD/F/GINS/205/9256

March 02/03, 1992

Mr. A. Krishna Raod,
Principal Director of Commercial
Audit & Ex-officio Member
Audit Board-II,
Indian Audit & Accts Deptt.,
IIaco House, Sir P.M. Road,
BOMBAY - 400 001.

Dear Sir,

This has reference to your D.O. letter No. 234 dated 25th February 1992.

In order to operate under Cat-II low visibility Instrument Landing procedures, there are certain essential requirements. Cat-II approach lighting system is one of them. Since Cat-II approach requires a decision height of 100' (AGL) and RVR less than 400 meters, it is very essential that the terrain before the landing threshold is devoid of any obstacle. In case of Bombay, due to high obstacles clearance on the final approach on runway 27, it is not possible to lower the minima down to 100' (AGL). Consequently, it is not feasible to upgrade the ILS category at Bombay to Cat-II, though the approach lighting system is of Cat-II certification as per NAA, since the ILS itself is not certified for Cat-II (due to high minima). Strictly speaking, it cannot be considered as Cat-II approach. The approach lighting system is used by our Pilots during low visibility conditions such as in case of monsoon and no specific training is required to follow the approach lighting system.

As regards Cat-II operations at Delhi, we would like to state that number of meetings have been held in the Director General of Civil Aviation's office, wherein, all aspects for introduction of Cat-II operations at Delhi were discussed. In the meeting held in the Director General of Civil Aviation's Office on November 28, 1991, IAAI had stated that they would provide Cat-II and Precision Approach Lights at IGI Airport, Delhi by August/September, 1992, after which only Cat-II operation can be implemented. In this connection, it may further be noted that the State of Registry viz., Director General of Civil Aviation needs to authorise operators and crew for Cat-II operation. We have already submitted the curriculum and sought approval for

our Examiners to carry out the training. The approval is still awaited.

As regards training of Pilots in Air India for Cat-II operations, which consist of Ground Training, Simulator Training and Flight Checks, we could not proceed further due to refusal of the Line Pilots to undertake this training in view of the Indian Pilots' Guild's directive not to undertake this training. Only after completion of Ground Training, Pilots will be taken up for the necessary Simulator Training and Flight Checks prior to their seeking approval from DGCA to operate under Cat-II conditions.

Thanking you,

Yours faithfully,
A I R - I N D I A

Sd/-

(J.R. TRILOKEKAR)
DY. DIRECTOR OF OPERATIONS (T)

ANNEXURE - III

(Referred to in Para 4.5)

Details of runways at each airport

Runway	Runway No.	Length	Surface	Strength
<u>Indira Gandhi International Airport, Delhi</u>				
1.	10/28	12500 x 150 ft (3810 x 46 m)	Asphalt Concrete	55/F/B/W/T
2.	09/27	9230 x 150 ft (2813 x 46 m)	Asphalt with Cement Concrete	45/FF/B/W/T
<u>Madras Airport</u>				
1.	07/25	10050 x 148.3 ft (3063 x 45.5 m)	Cement concrete with dense Asphaltic concrete	56/F/C/W/T
2.	12/30	6671 x 148.3 ft (2034 x 45.5 m)	Dense Asphaltic Concrete	17/R/C/W/T
<u>Bombay Airport</u>				
1.	09/27	11445 x 150 ft (3488.2 x 46 m)	Asphalt Concrete	65/F/C/W/T
2.	14/32	8957 x 150 ft (2730 x 46 m)	Asphalt Concrete	45/F/C/W/T
<u>Calcutta Airport</u>				
1.	01R/19L	11900 x 150 ft (3627 x 46 m)	Bitumen first then concrete	60/F/C/W/T
2.	01L/19R	7700 x 150 ft (2346.8 x 46 m)	Bitumen	36/R/C/W/T

ANNEXURE - IV

(Referred to in Para 5.1.6(ii))

Delay in handing over site

Sr. No.	Name of Agency	Name of work	Tendered/ contract amount	Due date of completion		Period of delay	Total amount paid	Extra expenditure over tendered cost
				Due date	Actual date			
(Rupees in lakhs)								
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	M/s. Amrit Lal	Construction of roads for use by fire fighting equipment in emergency at NITC at DAP	21.45	29.9.85	31.3.86	91 days	29.5	8.05
2.	M/s. Harbel	C/o NITC Delhi Airport (Phase-1) SH: Stone Pitching on embankments of opl. road and earth work in excavation from sides of S/W Drain.	15.34	30.6.85	31.10.85	123 days	15.11	
3.	M/s. Suraj Bhan Goel	Providing & Laying of semidense asphaltic in operational road from Ch-617 to Ch-4000	18.13	7.12.85	25.3.86	108 days	22.86	4.73
4.	M/s. B.S.Const. Co.	Providing & Laying of semidense Aspl. Completing on the opl. road from cargo to Airlines area and on emergency roads.	13.31	6.12.85	21.4.86	136 days	11.59	
5.	M/s. Metal Pressings	Steel Partition and rolling shutters.	29.19	26.11.85	4.6.86	-	23.60	-
6.	M/s Marwaha Const. Co. 2485 Chatta Shahji Chawari Bazar, Delhi.	C/o NIPTB.SH:Sewerage and drainage system.	10.18	15.9.84	18.2.86	-	6.79	-
7.	M/s.Monsher Enterprises-508 Nariman Point Bombay-400 021.	C/o NIPTB.SH:Fire Protection system.	34.00	24.2.85	30.4.86	188 days	-	-

8.	M/s.M.L. Sharma & Co., M-48, Main Market, Greater Kailash II, New Delhi.	Constn. of NIPTS SH: Internal water supply and Sanitary installation supplementary works.	46.55	1.5.85	30.4.86		55.60	9.05
9.	M/s.Decom-Enterprises(P) Ltd 5-2, 175/1, Rasthripati Road, Secundrabad(AP)	Constn. of NIPTB SH: Works contract for manufacture supply and laying of rubber flooring.	36.90	22.8.85	30.4.86		36.20	-
10.	M/s.Andhera Polymers P. Ltd., 6.3.1089 A/3/7, Gulmohar Avenece Saiji guda, Hyderabad (AP)	Constn. of NIPTB SH:Works contract for manufacture, suplying and laying of studded rubber flooring.	36.90	24.8.85	30.5.86	11 days	-	-
11.	M/s. Lloyed Insolutions (I) P. Ltd.,	Constn. of NIPTB at Delhi Airport SH:Main building Luxolan Extisior false ceiling	13.65	27.10.85	31.3.86	150 days	15.58	1.93
12.	M/s. Marwaha Constn. Co. 2485, Chatta Shahaji Chawari, Bazar, Delhi.	Constn. of NIPTB at Delhi Airport SH:Office floor above plant room.	24.61	30.6.85	31.3.86	357 days	31.39	6.78
13.	M/s. B.S.Const. Co.	Constn. of Car Park-truck dock (Phase-I) for proposed cargo complex (Balance work)	17.72	3 months	16.10.84	16.10.84	15.66	-
14.	M/s. NBCC	Construction of parallel taxi-track taxi-links and cargo apron at NITC.	829.39	14.8.83	30.1.86	167 days	991.25	161.86
15.	M/s. Sehgal Construction Company.	Const. of NITC at DAP SH:Pavement for airside ramp equipment area.	22.49	25.12.83	10.10.84	303 days	29.92	7.43
16.	M/s.Manohar Lal Gupta	C/o Parallel Taxitrack taxi-links and cargo apron at NITC. SH:Leveling, dressing and side drains.	35.84	30.9.85	10.3.86	160 days	34.17	-

17.	M/s.Pioneer Engg.	C/o heavy cargo shed: (Ph-I) NITC SH:Main building(structures only)	48.49	15.3.86	15.11.86	73 days	48.91	0.42
18.	M/s.Amar Singh & Sons	C/o heavy cargo SH:Internal finishings and floorings.	20.61	18.8.86	22.10.86	64 days	17.99	-
19.	M/s. Amar Const- ruction Co.	Side road and Paved area on airside and city side including external water supply drainage sewerage.	15.98	20.6.86	10.8.86	51 days	18.13	2.15
20.	M/s.Godrej & Boyce Mfg. Co. Pvt. Ltd.,	C/o NITC SH:Racking system for the monkey farm import cargo warehouse.	16.54	22.5.86	11.12.86	199 days	16.38	-
21.	M/s. Oriental Structural Engg. Pvt. Ltd.	Providing asphaltic concrete carpetting in the various road of NITC.	22.87	1 month	18.4.86	159 days	22.69	-
22.	M/s.Sita Juneja & Associates.	C/o NIPTB at DAP SH:Interior Decoration Design and execution of VIP/Ceremonial lounge.	20.33	19.4.86	31.7.86	103 days	-	-
23.	Sh. Madhur Krishan	C/o approach road connecting bijwasan installations and BPCL service station at NITC.	25.07	7.1.86	10.4.86	93 days	28.69	3.62
24.	M/s. Metal Pressings.	C/o NITC at DAP SH:Pg. and Fixing operational Chain link fencing at NITC (Ph-I) at DAP.	20.98	17.9.85	5.4.86	198 days	26.51	5.53

ANNEXURE - V

(Referred to in Para 5.1.6 (iv))

Statement showing cases where more than one work was awarded to same contractor without watching the performance

Sr. No.	Name of the Agency	Name of the work	Value of contract (Rs. in lakhs)	Date of award	Date of completion		Period of delay	Total amount (Rs. in lakhs)	Extra expenditure over- red cost
					Due date	Actual date			
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	M/s. Khanna Construction Co.	i) Construction of Operational Boundary wall at NITC (Phase I)	29.35	19.4.84	28.12.84	30.9.86	638 days	31.94	2.09
		ii) Construction of road pavement in car parking area in front of NIPTB	26.73	31.12.84	6 months	24.4.86	286 days	17.46	-
			<u>56.08</u>						
2.	M/s. Sehgal Construction	i) Pavement for outside ramp equipment area	22.49	16.4.83	25.12.83	10.10.84	303 days	29.92	7.43
		ii) Construction of storm water drain at NITC DAP (Para -II)	39.67	22.8.84	31.5.85	5.2.86	250 days	57.27	17.60
			<u>62.16</u>						
3.	M/s. Amrit Lal	i) Construction of Operational road from airline maintenance area to cargo apron.	26.29	4.12.81	18.9.82	27.4.84	415 days	42.74	16.45
		ii) Construction of road for use by fire fighting equipment in emergency at NITC	21.46	19.11.84	29.9.85	31.3.86	91 days	29.50	8.04
			<u>47.75</u>						
4.	M/s. Marwah Construction Co.	i) Flooring work in Cargo building	11.21	14.3.85	14.6.85	18.2.86	249 days	6.64	-
		ii) Construction of NIPTB SH: Sewerage and drainage system.	10.18	6.12.83	15.9.84	18.2.86	520 days	6.78	-
		iii) SH: Office floor above plant room	<u>24.61</u>	1.9.84	30.6.85	31.3.86	357 days	31.39	6.78
			<u>46.00</u>						

5. Inca Builders	i) SH: Plant Room (Building and Electricity works).	68.79	15.3.83	29.6.84	28.2.86	504 days	83.00	14.21
	ii) Construction of road connecting main approach road with service road to maintenance area.	19.08	3.12.84	6 months	work abandoned		20.24	1.16
	iii) Construction of approach road flyover	36.62	22.3.85	5 months	14.4.86	235 days	34.00	-
		<u>124.49</u>			(22.8.85)			
6. M.L. Gupta	i) Pavement for ramp area on airside on main building.	27.26	16.8.84	26.8.85	15.3.86	200 days	34.77	7.51
	ii) Providing ramp equipment area adjoining to RPA.	23.21	22.4.84	31.12.85	1.5.86	120 days	28.80 (extra work)	5.59
	iii) SH: Construction of road from NIPTC to maintenance terminal building.	29.35	26.10.83	9 months	3.5.84	Nil	42.29 (extra work)	12.94
		<u>79.82</u>						
7. Rajiv Construction Co.	i) Construction of New Int. ex SH: Construction of operational road serving the inter- national passenger terminal apron and airlines maintenance area	27.71	30.11.81	15.9.82	31.3.84	431 days	40.64	12.93
	ii) SH: Strom water drain at NITC	35.55	22.6.83	6.4.84	31.7.85	420 days	45.43	9.88
	iii) Construction of RCC underground water tank and Pump House	20.04	19.4.84	19.8.84	15.5.85	269 days	24.29 (extra work)	4.25
		<u>83.30</u>						

8.	M/s. Bharat Construction Co.	i) International Parking Apron RPA and Taxi	363.69	23.3.82	22.3.82	23.4.86 (Above 3 years)	420.43	56.74
		ii) SH: Development of land between taxi links and operational area.	10.75	8.885	17.11.85	22.11.85 35 days	14.59	3.84
		iii) SH: Pdg. SDAC cover BM on vehicular lans, road connecting operational road with main approach road.	14.16	29.10.85	15.11.85	30.4.86 134 days	10.27	-
		iv) SH: Construction of approach road from proposed cargo complex to New Terminal Complex	32.61	21.4.81	9 months	25.7.83 550 days	35.31	2.70
		v) Construction of service road (Pt.I) and approach road for proposed cargo complex.	25.62	21.4.81	9 months	25.7.83 550 days	17.72	-
			<u>446.83</u>					
9.	Metal Pressing	i) Construction of additional storage shed near cargo complex.	28.48	28.8.86	27.11.86	26.4.87 150 days	46.29	17.81
		ii) Fabrication and erection of blast fence	35.70	22.3.85	31.10.85	18.11.85 60 days	35.25	-
		iii) SH: Pdg. and fixing operational chain link fencing at NITC	20.98	8.3.85	17.9.85	5.4.86 198 days	26.50	5.52
		iv) Steel partition and rolling shutters	26.19	17.8.85	26.11.85	4.6.86 190 days	23.61	-
			<u>111.35</u>					
10.	B.S.Construction	i) Providing and laying of Semidense ASPL completion on the Operational road from cargo to airlines area and on emergency roads.	13.32	-	6.12.85	21.4.86 136 days	-	-
		ii) Construction of trunk system (B/W)	20.56	23.9.83	2.4.84	20.6.86 2 years & 2 months	-	-
		iii) Construction of car park-truck dock (Phase-I) for proposed cargo complex (B/W)	17.72	13.9.83	5 months	16.10.84 245 days	15.66	-

iv) SH: Providing semidence-asphalatic concrete the bitumenous macadam on the approach road from diverted NH-8 to junction of service road before cargo complex	14.23	2.3.85	2 months	10.5.85	-	-	-
v) SH: Providing Semidence asphlatic concrete carpetting on the service road from NH-8 to BPCL installatioon at Bijwasan to Oil installation at NITC.	14.47	24.10.85	2 months	12.9.86	262 days	14.54	0.07
vi) Providing asphaltic concrete carpetting goods of NITC	22.24	26.10.85	3.12.85	12.5.86	5 months	28.15	5.91
	<u>102.54</u>					<u>219.45</u>	

ANNEXURE - VI

(Referred to in Para 5.4.2)

Statement showing item-wise escalation in cost

Sr. No.	Particulars	Original Estimate	Revised Estimate	Percentage increase Revised over	Reasons for Increase original
1.	2.	3.	4.	5.	6.
1.	Terminal Building including of services	374	700	87	Due to increase in scope work and cost escalation
2.	Apron and taxi links	112	214	91	---do---
3.	Shoulders	11	13	22	Due to cost escalation
4.	Car Parks, Operational road, approach roads	51	58	14	---do---
5.	Ramp equipment area	-	11	-	This work was not included in original scope of work
6.	Ancillary works	27	46	71	Revision in scope of work on detailed planning and increase due to cost escalation.
7.	Bulk Services	4	18	29	---do---
	Civil Works	579	1060	83	
	Electrical works	405	689	70	
	Total	984	1749	78	

ANNEXURE - VII

(Referred to in Para 7.2.2)

Statement showing blocking of Authority's Funds in works executed on behalf of other departments and loss of interest

Sr. No.	Name of the work interest	Estimated cost (Rs. in lakhs)	Deposit received		Balance receivable (Rs. in lakhs)	Loss of interest at 18 percent (Rs. in lakhs)
			Dated	Amount (Rs. in lakhs)		
1.	Extension of Lucknow Airport on behalf of DGCA/NAA (work started in November 1984).	21.45	April 1986	19	2.45	7.66
2.	Extension of Varanasi Airport on behalf of NAA (work started in February 1985)	39.88	April 1985 April 1986	25 14.87	0.01	3.88
3.	Construction of Indira Gandhi Rashtriya Uran Akademi, Fursatganj, Rai Bareilly, U.P. (IGURA) dated of start December 1985)	1250.41	5th May 1986 27th July 86 September 86 8th Feb. 1987 May 1987 August 1987 8th Jan. 1987 9th March 1989 Febr. 1991	87 163 100 300 150 100 10 100 125	140.41	383.20
4.	Agatti (work started in March 1987)	667.26	31st March 87 9th Nov., 87 15th Dec., 87 28th Dec., 88	200 54 139 220	54.26	356.80
Total						<u>751.54</u>

ANNEXURE - VIII

(Referred to in Para 8.6)

Rates of cargo handling and demurrage charges at International Airports

Import handling charges	Delhi Airport	Bombay Airport	Calcutta Airport	Madras Airport
1.	2.	3.	4.	5.
Perishable Cargo	Rs.0.30 per kg. subject to minimum of Rs.30	Rs.0.12 per kg. subject to minimum of Rs.13	Rs.0.12 per kg. subject to minimum of Rs.13	Rs.0.12 per kg. subject to minimum of Rs.13
Non-perishable General Cargo	Rs.0.20 per kg. subject to minimum of Rs.25	Rs.0.16 per kg. subject to minimum of Rs.19	Rs.0.16 per kg. subject to minimum of Rs.19	Rs.0.16 per kg. subject to minimum of Rs.19
Valuable and strong room items	Rs.0.60 per kg. subject to minimum of Rs.75	Double the normal rate	Double the normal rate	Double the normal rate
From Airlines LD handling	Rs.0.15 per kg. subject to minimum of Rs.24 per IGM	Handled by airlines	Handled by airlines	Handled by airlines
<u>Demurrage charges</u>				
First week	Free	Free	Free	Free
Second week				
(a) upto 10 kg.	Rs.25	Rs.20	Rs.20	Rs.20
(b) 10 kg. to 20 kg.	Rs.38	Rs.30	Rs.30	Rs.30
(c) 20 kg. to 100 kg	Rs.75	Rs.60	Rs.60	Rs.60
(d) above 100 kg.	Rs.113	Rs.90	Rs.90	Rs.90
Third week	Two time of above rates at all the airports			
Fourth week on wards per week	double the rates of third week			

NOTE: (1) Packages cleared after two weeks, demurrage for the first week will also be chargeable as for second week except for unaccompanied baggage cleared under transfer of residence where free period is 14 days.

(2) For cold storage, strong room, live animals, hazardous goods and radio active cargo the rates will be three times at Delhi Airport and two times at other airports.

Export

Handling charges

From shipping agent	Rs.0.30 per kg. subject to minimum of Rs.25	Rs.0.12 per kg. subject to minimum of Rs.13 in respect of perishable and	Upto 100 kg. Rs.19, 100-250 kg. Rs.25, 251to500 kg. Rs.31, 501 to 1000 kg. Rs.38, 1001 to 1500 kg. Rs.50, 1501 to 2000 kg. Rs.63, 2001 and above Rs.75	Same as applicable at Calcutta airport except that 2001 kg. and above the rate is Rs.63 + 25 for every additional 1000 kg. or part thereof.
From Airlines	Rs.350 per ULD, Rs.125 per LD1/LD 3 and P9 and PLL containers and Rs.0.07 per kg. for bulk	Rs.0.16 per kg. subject to minimum of Rs.19 for non-perishable		

Demurrage

From Airlines

a) First 6 days free	a) Rs.15 per consignment per day beyond one day before custom clearance	Upto 6 days free at the rate of Rs.4 for every 10 kg. per day after free period of 6 days	Upto 1000 kg. Rs.10 and for every additional 500 kg. or part thereof Rs.5 per day beyond 24 hours of entry.
b) 7 to 8 days Rs.100 per ULD per day			
c) 9, 10 and 11th day Rs.200 per ULD per day	b) From Airlines Rs.4 per consignment of 10 kg. a part thereof for every 24 hours or part thereof beyond 48 hours of custom clearance		
d) 12th day onwards Rs.300 per ULD per day			
e) Rs.0.25 per kg. of bulk cargo per day beyond 6th day subject to minimum of Rs.25 per consignment.			

ANNEXURE - IX

(Referred to in Para 8.8.1)

Loss of revenue due to shops/hoarding sites remaining vaccant

Name of the shop/site	Date of opening tender	Date of sending case to Headquarter	Date of award	Period of vacancy	Reasons for vacancy	Loss of revenue (Rs. in lakhs)
1.	2.	3.	4.	5.	6.	7.
Shop No.7 and transit lounge at Terminal-II at Bombay Airport	Nil	-	-	12/80 to 4/82 - 16 months	Want of decision by Headquarters as to which purpose it should be used.	7
-----do-----	4/82	6.5.82	-	5/82 to 30.11.83 - 19 months	Non-allotment to M/s. Jooti Sea Rock Hotel, Bombay who offered Rs.20,015 per month instead of allotted to Bharat Leather Corporation who did not take over	(20,000 x 35)
Shop No.8 in Transit Lounge at Terminal-II at Bombay Airport	-	-	-	12/80 to 4/82 - 16 months	Wrong decision to use as Travellers Requisite Stall	9
-----do-----	4/82	6.5.82	-	5/82 to 30.11.83 - 19 months	Non-allotment to M/s. Taj Handicrafts @ Rs.20,000 per month.	(20,000 x 45)
-----do-----	-	-	-	30.11.83 to 9/84 - 10 months	Non-initiation of tenders	
Three Hoarding sites in car park area of IGI airport	6/86	29.7.86	29.8.86	6/86 to 7/87 - 12 months	Though the tender was invited allotment for 3 years, the allotment was made for 6 months only on the ground that consolidated tender will be called for all Advt. sites.	3.70 @ Rs.31000 p.m. x 12
Shop No.8 in Transit Lounge of Terminal-II Bombay Airport	-	3.9.84	22.8.84	to 26.2.86 - 18 months	Though in past more than one shop had been allotted to same party, the shop was not allotted to the highest bidder on the ground the party is having 10 per more than one shop. The shop was offered to M/s.Haryana State small Industries and Export	5.60 @ (Rs.30300 p.m. compound cent annually for 18

Corporation Ltd., who after months.
prolonged correspondence refused
to take over.

Boutique shop in the transit lounge of Delhi Airport	13.3.81	-	16.1.81	30.10.83	The shop was not allotted to India Tourism Development Corporation who offered Rs.21,600 p.m. 10% compounded annually. Instead it was allotted at negotiated licence fee of Rs.21,600 p.m. to a private party who had surrendered the shop earlier finding the rate off Rs. 19.680 p.m. to high and the contract was terminated on 30.10.83 because of the defaulting payments and its involvement in a smuggling case	9.00.86 Rs.21,600 p.m. 10% compounded annually w.e.f. 1/81 to 4/86.
Two hoarding sites	20.10.82	8.11.82	3.2.83	3 months approx.	Delay in taking decision at Headquarters	0.40
Leather shop at Delhi Airport	1.5.84	-	12/13.6.84	9 months	Non-allotment of shop in first call for want of decision by Headquarters as to which purpose remained it should be used. unallotted (May 1984 to January 1985)	1.29
Handicrafts shop at Delhi Airport allotted to CCIC	Sept., 85	-	1.5.86	17 months	Allotment of shop to unwilling party (May 86 to Oct., 1987)	
Total						<u>37.74</u>

ANNEXURE - X

(Referred to in Para 8.9)

Details of revenue contracts not awarded in the first call of tender

Sr. No.	Particulars of contract awarded	Highest tenderer	Remarks
		<u>First Call</u>	<u>Second Call</u>
1.	Restaurant and Snack Bars at Bombay	M/s. Competent Hotel Pvt. Ltd. <u>First five years</u> Air condition Rs.270 p. sqm. per month	M/s. Kumaria Presidency/Competent Hotel (P) Ltd. <u>First five years</u> Non Air- Rs.160 p. sqm. per month <u>Next five years</u> Rs.250 p. sqm. per month
		Non-Air Rs.230 p. sqm. per month	Non Air- Rs.211 p. sqm. per month Rs.350 p. sqm. per month
			The contractor was awarded to the same party in the 2nd call at a lower rate after rejecting the higher offer in 1st call on the plea that they were short of experience after change of name from Kumaria Caterer to Competent Hotel Pvt. Ltd.
2.	3 Restaurant, One Cafeteria and 7 Snack Bars at T-1 Bombay	M/s. Kumaria Presidency Rs.1.90 lakhs per month	M/s. Oberoi Hotel Rs.1.25 lakhs (1st five years) Rs.1.87 lakhs (subsequent five years)
			M/s. Kumaria Presidency were not awarded on the plea that they already had a contract in Terminal-II. M/s. Oberoi did not participate in the tender. They negotiated with Chairman.
3.	Leather Goods shop at Delhi Airport	M/s. Urvashi Leather works (Rs.1.93 lakhs p.a. who did not accept the offer. 2nd highest M/s. Aero Leather (P) Ltd. (Rs.1.52 lakhs per annum)	Awarded at reduced rate of Rs.1.4 lakh p.a. after negotiation
			The quoted rates of 2nd highest M/s. Aero Leather (P) Ltd. were not considered. After keeping the shop vacant for a long time the shop was allotted to the same party at negotiated reduced rate without calling tenders.
4.	Advertising contract	M/s. TDI for Bombay and Madras Air-ports. M/s. Ashok Sharma & Associates for Delhi Airport, M/s. Selvel for Calcutta airport	Revised offer taken from Parties and contract awarded to two parties viz., TDI and M.S. Aaren
			Contract was not awarded to the highest tenderers in the first call and awarded after taking revised offers and negotiation with two parties incurring a loss of Rs.64.60 lakhs.

ANNEXURE - XI

(Referred to in Para 10.1.4)

Man Power vis-a-vis passenger and cargo traffic

	Passenger traffic (Nos.)	Cargo traffic (in tonnes)	Total revenue (Rs. in lakhs)	Revenue per employee (Rs. in lakhs)	Total No. of employee (Nos.)	Passenger traffice handled per employee (Nos.)	Cargo traffic handled per employee (in tonnes)
<u>1986-87</u>							
Bombay airport	85,61,529	1,69,160	7,009	4.92	1,426	6,004	118.63
Calcutta airport	22,28,862	32,894	1,186	1.26	942	2,366	34.92
Delhi airport	55,72,235	1,06,535	4,900	2.88	1,703	3,272	62.56
Madras airport	17,56,743	34,989	1,146	1.32	865	2,031	40.45
<u>1987-88</u>							
Bombay airport	91,45,599	1,81,281	8,159.01	5.58	1,463	6,251	123.91
Calcutta airport	23,85,753	35,176	1,496.52	1.56	957	2,493	36.76
Delhi airport	60,61,551	1,25,292	6,317.28	3.47	,822	3,327	68.77
Madras airport	19,12,676	40,618	1,317.92	1.49	884	2,164	45.95
<u>1988-89</u>							
Bombay airport	89,33,236	1,97,484	9,173	6.05	1,517	5,889	130.18
Calcutta airport	25,49,024	36,939	1,657	1.75	945	2,697	39.08
Delhi airport	62,27,950	1,29,970	7,419	4.15	1,788	3,483	72.69
Madras airport	19,43,167	40,058	1,525	1.68	909	2,138	44.07
<u>1989-90</u>							
Bombay airport	89,10,820	2,04,963	9,854	6.29	1,566	5,690	130.88
Calcutta airport	25,65,236	36,062	1,746	1.81	962	2,667	37.49
Delhi airport	64,79,369	1,32,830	7,780	4.29	1,812	3,,576	73.31
Madras airport	20,09,096	41,140	1,715	1.81	948	2,119	43.40
<u>1990-91</u>							
Bombay airport	81,02,112	1,80,053	10,242.23	6.65	1,541	5,258	116.84
Calcutta airport	22,26,750	32,983	1,640.39	1.71	962	2,315	34.29
Delhi airport	56,19,990	1,24,775	7,922.72	4.35	1,820	3,088	68.56
Madras airport	17,74,604	39,089	1,808.10	1.94	930	1,908	42.03

ANNEXURE - XII

[Referred to in Para 10.3(i)]

**Statement showing instances where candidates were selected
without creation of posts/giving advertisements**

Sr. No.	Name of Post	Date of interview	Name of candidate	Remarks
1.	Director (GFS)	21.11.1986	Group Captain D.K.Dhiman	Appointed without giving due publicity for the post.
2.	Asth.Airport Officer (VIP Lounges)	2.1.1987	Ms Renu Malik	Appointed without creation of post and giving due publicity
3.	Jr. Manager (VIP Lounges)	22.12.1987	Ms Poonam Luthra	---do---
4.	Editor	Appointed w.e.f. 18.9.1987	Mrs. Sumita Paul	---do---

ANNEXURE - XIII

[Referred to in Para 10.3(ii)]

Statement showing instances where candidates selected without adequate qualification/experience

Sr. No.	Name of the Post	Date of interview	Name of candidate	Qualification/experience		Remarks
				Required	Actual	
1.	Chief of Cargo/ Director Cargo	14.6.1986	Sh. Sharad Mainkar	Graduate	Inter Arts	Short of qualifications.
2.	Chief of Personnel	5.11.1986	Sh. K.P.S.Srivastava	15 years experience at Sr.level	Possesses 11.1/2 years at Sr.level	Short of experience by 3.1/2 years.

