सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1995

NO.3 OF 1996

UNION GOVERNMENT (OTHER AUTONOMOUS BODIES)

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PREFATORY REMARKS

This Report for the year ended 31 March 1995 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the financial transactions of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.6 of 1996) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report. The Report includes 57 paras and four reviews on:

(a) Coconut Development Board

(b) National Co-operative Development Corporation

(c) Rubber Board

(d) Visva-Bharati

2. The audited organisations are autonomous bodies of varying character and discipline. The cases mentioned in this Report came to notice in the course of test audit during the year 1994-95 and early part of 1995-96 as well as earlier years.

OVERVIEW

General

I. Annual Accounts of Autonomous Bodies

i) In respect of the year 1993-94, audit of the accounts of 195 Central Autonomous Bodies was to be conducted under section 19(2) & 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before the Parliament by 31 December 1994. Accounts of 63 bodies were made available to Audit within the stipulated time while accounts of 126 bodies were made available after one to 18 months of delay and the balance 6 accounts were not submitted by the concerned organisations.

ii) In respect of the year 1994-95 audit of the accounts of 215 Central Autonomous Bodies was to be conducted under Section 19(2) & 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before the Parliament by 31 December 1995. Annual Accounts of 33 bodies were yet to be finalised.

(Paragraph 1)

II Utilisation Certificates

3733 Utilisation Certificates amounting to Rs 796.27 crores were outstanding at the end of March 1995 in respect of grants released to Statutory bodies and non-Government institutions during 1976-77 to 1991-92. This indicated that proper monitoring over the receipt of Utilisation Certificate was not done.

(Paragraph 2)

Ministry of Agriculture

III. Coconut Development Board, Kochi

The Coconut Plantation Project on canal embankments sanctioned by Government in 1982 envisaged raising three lakh coconut seedlings in canal embankments in Orissa but against the anticipated mortality rate of 3.3 *per cent* of seedlings, the actual mortality was 42.32 *per cent*, rendering an expenditure of Rs 27.10 lakhs nugatory.

Coconut plantation on *khas* lands in Tripura sanctioned in 1984 achieved 53.4 *per cent* of the target before termination of the project. The expenditure of Rs 23.89 lakhs on a scheme to establish a hybrid seed garden was unfruitful.

In the absence of proper monitoring, the effectiveness of the expenditure of Rs 1391.75 lakhs incurred upto 1993-94 for replacing senile palms by hybrid seedlings could not be ensured.

(Paragraph 3)

IV. National Cooperative Development Corporation

On the basis of finalised accounts for 1993-94 and 1994-95, the interest spread between borrowed and lent funds by the NCDC worked out to 7.33 and 5.94 *per cent* respectively but the advantage of this high interest spread was neutralised on account of failure of NCDC to ensure timely recovery of principal and interest in a large number of cases. The non-performing assets created with NCDC's assistance during 1992-95 alone worked out to Rs 58.54 crores, which is suggestive of poor project appraisal and monitoring system. A total amount of Rs 20.25 crores of grants received for disbursement as subsidy between 1992-95 also remained unutilised.

Centrally Sponsored Scheme for the development of cooperative marketing, processing and storage of agricultural produces in the under and least developed States/UTs could not be successfully implemented and as a result regional imbalances increased considerably between 1987-88 and 1992-93.

In the major schemes implemented by the NCDC, the main objective of promoting cooperatives had been languishing badly on account of defective project appraisal and monitoring. Capacity utilisation of storage and marketing godowns constructed with the assistance of NCDC and World Bank aid varied between 23 to 44 *per cent*. For establishment of facilities for copra processing and increasing yield of coconut Rs 65.36 crores was unwisely disbursed. Rs 51.34 crores released by NCDC between 1986-95 for mustard seed development in Rajasthan did not yield the desired results. Capacity utilisation of rice and dal mills constructed with Rs 18.82 crores of NCDC assistance varied between 2 to 33 *per cent*. Out of 40 cooperative sugar mills constructed with a total NCDC assistance of Rs 358.10 crores between 1988-95, the working results for 30 sugar mills showed that 8 were incurring losses.

A study conducted by IIM, Ahmedabad in January 1994 revealed that the poor performance of NCDC were chiefly on account of non-standardization of project appraisal procedure and absence of an adequate data base for monitoring.

(Paragraph 4)

Ministry of Commerce

V. Rubber Board

While the administrative expenses and deployment in research and development have steadily increased over the six years under review, the investment in schemes for improving production, processing and marketing have registered an unhealthy decline from Rs 1743 lakhs in 1991-92 to Rs 1118.88 lakhs in 1994-95.

Government sanction for excess expenditure Rs 5413.80 lakhs (on cash subsidy) under Rubber Production Scheme implemented during 1989-94 was not obtained. The Board did not conduct the study directed by Government in February 1987 on the impact of the subsidy to serve as the basic data for rationalisation of the quantum and mode of subsidy.

Nucleus Rubber Estate and Training Centres in the Andamans and Agartala could not be established, even after spending Rs 809.01 lakhs till March 1995. Board could meet only 10.4 *per cent* of the total requirement of planting materials in spite of maintaining 16 nurseries. The technique of culture of shoot tip protoplast and anther was yet to be standardised even after spending Rs 156.24 lakhs till March 1995 on the project. Rs 40.15 lakhs were spent on procuring a bailey bridge which could not be erected due to problems of insurgency, existing prior to procurement of the bridge. Machinery worth Rs 27.83 lakhs purchased for the Crumb Rubber Factory at Andamans could not be put to use as the Board became conscious of the fact, after procurement, that scarcity of water and paucity of scrap rubber would result in uneconomic operation.

India's share in the global production registered an increasing trend in the last 3 years. However, there is a need to reduce the use of natural rubber, as the ratio of natural vs synthetic rubber need in India is 80:20 while the global pattern is 38:62.

(Paragraph 5)

Spices Board

VI. Unauthorised expenditure

Spices Board incurred an unauthorised expenditure of Rs 46.50 lakhs during 1991-92 to 1994-95 for controlling footrot (quick-wilt) disease of pepper, which activity did not fall within their jurisdiction.

(Paragraph 6)

Tea Board

VII Heavy Loss arising from Joint Venture Operation

Tea Board entered into a Joint Venture with Hotel Corporation of India and set up "India Tea and Restaurants Limited (ITR) in 1981 for running two high class Indian Restaurants in London and Sydney, but after incurring heavy losses, the ITR went into liquidation, leaving a liability of Rs 4.28 crores for the Board. The Board also lost its share capital of Rs 25.40 lakhs in this misadventure.

(Paragraph 7)

Ministry of External Affairs

Haj Committee

VIII Delay in construction

A transit accommodation constructed at a cost of Rs 11.36 crores by the Haj Committee in Bombay could not be put to use on account of objections of the Fire Service Department and the Bombay Municipal Corporation (BMC).

(Paragraph 8)

Ministry of Health and Family Welfare

All India Institute of Medical sciences

IX Idle investment of Rs 70.51 lakhs

The Surgical Oncology facility established at a cost of Rs 70.51 lakhs at the All India Medical Institute in February 1995 remained non-functional due to non-creation of requisite posts of Medical Officers and other staff, the proposal for which has been deferred for the time being.

(Paragraph 9)

Chittaranjan National Cancer Institute

X. Unfruitful investment/unplanned procurement

A Micro selection HDR Brachytherapy equipment procured at a cost of Rs 90.68 lakhs by Chittaranjan National Cancer Institute in September 1992 could not be put to use due to lack of arrangement for disposal of decayed radioactive Iridium. Equipment worth Rs 19.54 lakhs and expenditure of Rs 3.91 lakhs for civil and other works for an Intensive Care Unit in the Institute, could not be utilised for want of medical officers.

(Paragraphs 10 & 11)

Ministry of Human Resource Development

(Department of Education)

XI. Visva-Bharti

There was high percentage of shortfall in the intake under Graduate and Post Graduate Courses. The University has not fixed faculty work load and faculty vs student ratio. There was lack of initiative to maintain residential status of the University as provided in the Act. The University has not established any system for monitoring the payment of royalty and identification of cases of evasion of royalty payment.

(Paragraph 13)

Navodaya Vidyalaya Samiti

XII. Blocking of funds in a construction work

Out of Rs 120.86 lakhs paid by Navodaya Vidyalaya Samiti between March 1988 to July 1993 to a public sector undertaking for construction of a residential school complex, the work valuing Rs 97.40 lakhs only was completed by August 1994. NVS had neither claimed the balance of Rs 23.46 lakhs nor liquidated damages of Rs 83.54 lakhs.

(Paragraph 15)

Indian Institute of Technology, Kanpur

XIII. Idle investment on aircraft

An aircraft purchased by Indian Institute of Technology, Kanpur in October 1993 at a cost of Rs 95.86 lakhs for flight research and testing remained grounded as the pilot resigned within two months of being trained abroad.

(Paragraph 16)

Banaras Hindu University

XIV. Blocking of funds

The Institute of Medical Sciences (IMS) of Banaras Hindu University (BHU) purchased Radiotherapy Simulator equipment in September 1993 at a cost of Rs 57.32 lakhs. The equipment had not been installed (August 1995) due to non preparation of site.

(Paragraph 20)

North Eastern Hill University (NEHU) Shillong

XV. Injudicious purchase of equipment

NEHU injudiciously spent Rs 42.91 lakhs on procurement of equipment in 1986-87 which, though installed after lying idle for six years, could not be used due to non-availability of interested faculty members and research students.

(Paragraph 21)

XVI. Blocking of funds

Without assessing the requirement, NEHU purchased in January 1985, 69.79 tonnes of Damp Proof Compound at a cost of Rs 29.84 lakhs, which could not be used even after 10 years of its procurement.

(Paragraph 22)

Ministry of Industry

Coir Board

XVII. Establishment of Regional Coir Training and Development Centres

Based on the proposals of the Coir Board, Government sanctioned (December 1982) 3 regional coir training and development centres, one each in Tamil Nadu, Karnataka and Andhra Pradesh. These centres were to be set up by the Board on an agency basis, after obtaining assurance in writing from the State Government concerned that the centres would be taken over by them after a specified period.

Coir Board started 4 regional centres on an agency basis during July 1986 without obtaining the consent of the State Governments concerned regarding the eventual take over and an expenditure of Rs 497.16 lakhs was incurred during 1986-95. As the concerned State Governments are unwilling to take over the centres, these continue to cause avoidable recurring financial burden to the Board.

(Paragraph 25)

Ministry of Surface Transport

Bombay Port Trust

XVIII. Premature procurement of materials

For renewal of permanent way rail track, Bombay Port Trust procured materials valuing Rs 139.13 lakhs much in advance of their requirement in contravention of the provisions of Rule 103 of the GFR.

(Paragraph 26)

XIX. Ferry-cum-water boat lying unused

Bombay Port Trust, without assessing the cost effectiveness of a boat for the purpose of ferrying their employees to and from Jawahar Island, procured it at a cost of Rs 106.31 lakhs. As the boat could not be used for nearly three and a half years upto June 1995 due to frequent break downs, BPT resorted to hiring of launches and incurred an expenditure of only Rs 14.41 lakhs during May 1990 - December 1994 while the expenditure on the salary of the staff engaged for the idle boat amounted to Rs 115.63 lakhs during the same period.

(Paragraph 27)

Calcutta Port Trust

XX. Loss of Rs 54.77 lakhs due to pilferage

Calcutta Dock system sustained a loss of Rs 54.77 lakhs due to pilferage of materials meant for auction during 1989-91 due to lack of proper security arrangement.

(Paragraph 33)

Cochin Port Trust

XXI. Short levy of rental charges

Failure to adopt the basis of calendar month or part thereof for collection of rent for storage space resulted in a loss of revenue amounting to Rs 36.56 lakhs in 80 cases detected during test check.

(Paragraph 35)

XXII. Short recovery of penalty dues for delayed supplies

Although Rs 41.28 lakhs was recoverable from the firm as penalty for delayed supply as per contract, Cochin Port Trust levied Rs 13.34 lakhs as liquidated damages, forfeiting an amount of Rs 27.94 lakhs on the ground that the firm was the sole supplier of spare parts for maintenance work.

(Paragraph 37)

Jawahar Lal Nehru Port Trust

XXIII. Under-utilisation of shifting cranes

Under-utilisation of cranes of 35 tonne capacity at Jawahar Lal Nehru Port Trust due to abnormally high time taken during change of shifts and meal breaks led to an avoidable expenditure of Rs 102.78 lakhs on employment of private contractors during January-December 1994.

(Paragraph 39)

XXIV. Unnecessary expenditure on maintenance of a Bilge Barge due to delayed decision

A bilge barge procured at a cost of Rs 1.30 crores mostly remained unutilised from November 1989 and Rs 42.94 lakhs incurred on its maintenance and repairs up to March 1995 proved to be unnecessary.

(Paragraph 40)

Paradeep Port Trust

XXV. Short recovery of Rs 47.32 lakhs towards water charges

Paradeep Port Trust's failure to levy water charges at penal rates from South Eastern Railways for non-installation of meter as per rules, resulted in short recovery of Rs 47.32 lakhs.

(Paragraph 43)

XXVI. Unnecessary expenditure on account of negligence

Due to non-clamping of points, an avoidable derailment occurred at Paradeep Port, resulting in an unnecessary expenditure of Rs 24.86 lakhs incurred on repairing the line.

(Paragraph 44)

Ministry of Textile

Jute Manufactures Development Council

XXVII. Unfruitful expenditure

Setting up of a retail sale-cum-showroom at New Delhi without assessing commercial viability and failure to supply saleable products resulted in closing down of the showroom, after incurring an unfruitful expenditure of Rs 23.46 lakhs.

(Paragraph 47)

Ministry of Urban Affairs and Employment

Delhi Development Authority

XXVIII. Sub-standard construction

A payment of Rs 12.11 crores was made to the two contractors for construction of 672 MIG flats at Sector A-5, Narela, which was declared to be substandard and recommended to be dismantled. Instead of taking action against the contractors, one of them was awarded another work valuing Rs 2.26 crores.

(Paragraph 48)

XXIX. Blocking of funds of Rs 6.47 crores

An advance of Rs 6.47 crores was paid to DESU during January-June 1992 for laying underground cables but the work was yet to be completed prima facie due to delay in handing over the site for erection of a grid substation, although the availability of site is not related to laying of cables.

(Paragraph 49)

XXX. Blocking of funds of Rs 1.91 crores

The work of construction of an alternate sewerage network in place of the existing system at G.T. Karnal Road was awarded to a contractor in March 1991 at a cost of Rs 129.62 lakhs. The work scheduled to be completed by 1992 remained incomplete even after an expenditure of Rs 4.27 crores.

(Paragraph 50)

XXXI. Blocking of funds of Rs 82.82 lakhs

The 720 LIG dwelling Units at Jasola village constructed at a cost of Rs 5.94 crores could not be allotted for lack of electrification for which DESU was paid Rs 82.82 lakhs in November 1994.

(Paragraph 51)

XXXII. Loss due to non-execution of licence deed

Rural Electrification Corporation of India (REC) was allotted 44768 sq ft of space in a commercial building of DDA at Nehru Place in September 1976 at a monthly licence fee of Rs 1.46 lakhs without any formal agreement to revise the amount periodically. This failure resulted in loss of revenue of Rs 12.18 crores upto March 1995.

(Paragraph 53)

Ministry of Water Resources

Brahmaputra Board, Guwahati

XXXIII. Blocking of funds

For non-availability of site, the work of construction of a sub-station and drawing transmission line awarded by Brahmaputra Board to Power Grid Corporation could not be started and an amount of Rs 150 lakhs paid by the Board remained blocked, resulting in loss of interest of Rs 82.85 lakhs upto December 1995.

(Paragraph 59)

CHAPTER I

General

1 Annual Accounts of Autonomous Bodies

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

i) Position for 1993-94 :- For the year 1993-94, audit of accounts of 195 Central Autonomous Bodies was to be conducted under Section 19(2) & 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before the Parliament by 31 December 1994. Out of these, the accounts of 63 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 132 autonomous bodies was delayed as indicated below:

*	Delay upto one month	51
*	Delay of over one month upto three months	40
*	Delay of over three months upto six months	11
*	Delay over six months	24
*	Accounts/ Information not received	6
		132

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

ii) Position for 1994-95 :- As on 31 March 1995 there were 215 Central autonomous bodies (other than those under Scientific Departments) including 13 Universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During 1994-95 grants and loans amounting to Rs 355182.53 lakhs and Rs 197116.68 lakhs respectively were paid by the Union Government to 182 autonomous bodies. Of these, grants to the extent of Rs 22319.59 lakhs were received by 11 Universities from University Grants Commission/ Central Government. The annual accounts for 1994-95 in respect of the balance 33 bodies including two Universities have not been finalised by the concerned bodies and thus the amount of Government grants received by them is not available as of December 1995.

iii) As on 31 March 1995, there were 110 other Central autonomous bodies (other than those under Scientific Departments) whose annual accounts are initially audited by Chartered Accountants etc. and supplementary audit is conducted by the Comptroller and Auditor General of India under Section 14(1) and (2) of the Act. As per information available upto December 1995, 42 of these bodies received grants and loans amounting to Rs 25499.33 lakhs from the Union Government during 1994-95. The annual accounts in respect of 68 of these bodies were not finalised by the concerned bodies.

2 Utilisation Certificates

Consequent on the departmentalisation of Accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-Government institutions etc. to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1995 are given in Appendix III. The Ministries/Departments of Human

Resource Development (Department of Culture), Welfare, Civil Aviation and Union Territory-Chandigarh, have not furnished the required information.

Out of a total number of 4964 utilisation certificates amounting to Rs 1428.10 crores from ten major Ministries/Departments outstanding at the end of March 1995, 3733 certificates amounting to Rs 796.27 crores relate to grants released upto 1991-92 as shown below:

Utilisation Certificates Outstanding as on 31 March 1995

(Rupees in crores)

SNo.	Ministry/Department	In respect of grants released upto September 1993		In respect of grants released upto 1991-92	
		Number	Amount	Number	Amount
1.	Agriculture and Co-operation	562	161.81	373	74.75
2.	Commerce	99	79.24	63	53.85
3.	Chemicals & Fertilizers:				
	(i) Deptt. of Fertilizers	22	32.99	16	22.36
	(ii) Deptt. of Chemicals and Petrochemicals	54	39.97	15	6.58
4.	Development Commissioner of Handicrafts, Delhi	480	10.30	372	7.72
5.	Health & Family Welfare:				
	(i)Deptt. Of Family Welfare	627	59.10	586	58.97
	(ii)Deptt. of Health	2287	609.34	2040	519.95
6.	Food Processing Industries	139	16.32	42	4.02
7.	Rural Areas and Employment				
	Department of Rural Employment and Poverty Alleviation	291	344.39	3	0.86
8.	Urban Affairs and Employment	252	58.42	158	44.82
9.	Water Resources	64	2.38	57	2.01
10.	Power	87	13.84	8	0.38
	TOTAL	**4964**	**1428.10**	**3733**	**796.27**

This shows that the authorities releasing grants to statutory bodies, non-government organisations, etc. have not been monitoring whether the grants were properly utilised.

CHAPTER II

Ministry of Agriculture

(Department of Agriculture and Co-operation)

3 Coconut Development Board

3.1 Introduction

Coconut Development Board, Kochi was established in January 1981 under the Coconut Development Board Act, 1979 (Act) as a corporate body to promote the development of the coconut industry in India. The main functions of the Board are to :

- adopt measures for the development of coconut farming so that the farmers, particularly the small ones, may derive economic benefit;

- recommend measures to improve the marketing of coconut and its products in India and

- give technical advice, provide financial or other assistance including financing suitable schemes, collect statistics, undertake publicity and assist industrial or economic research on coconut and its products.

3.2 Organisational set up

The Board consists of a Chairman appointed by the Government of India and 23 other members.

The Board has two regional offices (Bangalore and Patna) and eight State centres. Besides, it has eight Demonstration cum Seed Production (DSP) farms and five sales counters.

3.3 Scope of Audit

The accounts of the Board are audited under Section 15(2) of the Coconut Development Board Act, 1979 read with Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The review covers test check of some of promotional schemes undertaken by the Board. The results of review are given in the succeeding paragraphs.

3.4 Highlights

- **High mortality of palms in Orissa resulted in unfruitful expenditure of Rs 27.10 lakhs.**

  (Paragraph 3.6.1)

- **Objectives of the scheme of allotting and planting of 1.4 lakhs seedlings to landless labourers in Tripura were not achieved due to improper planning and implementation.**

  (Paragraph 3.6.2)

- **Expenditure of Rs 23.89 lakhs incurred on establishment of hybrid seed garden in Tamil Nadu remained unfruitful due to negligence and improper maintenance of the garden.**

  (Paragraph 3.6.3)

- **The expenditure of Rs 1391.75 lakhs incurred on integrated coconut farming in small holdings in Kerala for productivity improvement did not yield the desired effect.**

  (Paragraph 3.6.4)

- **The achievement fell short of the targets fixed in the case of the scheme for providing assistance for irrigation facilities to coconut growers in Andhra Pradesh, Goa, Maharashtra, Kerala and Tamil Nadu.**

  (Paragraph 3.6.5)

- **There was delay in commercial exploitation of technology developed in 1989 for processing and packing of coconut cream.**

  (Paragraph 3.6.6)

3.5 Income and Expenditure

The main source of income of the Board is grants received from the Central and State Governments. Income and expenditure of the Board during 1990-95 is detailed below:

(Rs in lakhs)

Year	Income				Expenditure			
	Grants from Government of India	Receipts from State Governments	Other receipts	Total receipts	Administration	Schemes	Total expenditure	Excess of Income over expenditure
1990-91	250.00	29.15	19.46	298.61	66.72	185.83	252.55	46.06
1991-92	560.00	9.76	12.94	582.70	74.72	382.47	457.19	125.51
1992-93	800.00	12.66	38.86	851.52	84.06	578.56	662.62	188.90
1993-94	1506.00	12.08	47.73	1565.81	100.43	1058.83	1159.26	406.55
1994-95	1911.91	14.69	54.13	1980.73	108.28	1473.45	1581.73	399.00
						Total		**1166.02**

3.5.1 Heavy balance of grants

Out of the accumulated excess of income over expenditure (Rs 1166.02 lakhs), Rs 268.06 lakhs represented grants-in-aid utilised for acquisition of capital assets which were not shown as expenditure in the Income and Expenditure Account. The balance of Rs 897.96 lakhs represented unutilised grants, which the Board attributed to (i) delay in sanctioning plan/schemes of the Board by the Ministry, (ii) non-release of funds to State Governments due to non-receipt of utilisation certificates.

3.6 Schemes

The Board financed various schemes giving emphasis on production, processing, marketing and technology development in order to achieve the overall development of coconut industry. Test check of some of the schemes revealed the following interesting features:

3.6.1 Coconut Plantation on Canal Embankments

The scheme sanctioned in August 1982 by Government of India envisaged raising three lakhs coconut seedlings in canal embankments in Orissa in three years from 1982-83 at a cost of Rs 3.16 crores. The cost and receipts were to be shared equally by the Board and the Government of Orissa. From among the engaged casual labourers, suitable number were to be notionally allotted a fixed number of trees after each year of planting. After the trees started bearing, the allottees were to have the right of usufruct under a lease arrangement.

It was observed that:

(i) Out of Rs 116.69 lakhs received by the Board during 1982-89 against the total outlay of Rs 181.13 lakhs, Rs 90.50 lakhs were released to the State Government against the total expenditure of Rs 64.04 lakhs on the scheme. A balance of Rs 26.19 lakhs was yet to be refunded to Government of India.

(ii) The actual mortality rate of seedlings planted was 42.32 *per cent* (1.27 lakhs seedlings) as against the anticipated mortality rate of 3.3 *per cent*. The high rate of mortality was attributed by the Board to practical difficulties in providing protective shades and fencing on the embankments and natural calamities like flood and cyclone.

The reply of the Board confirms the view that the scheme was not very realistic and did not take into account the hazards of plantation of seedlings in the canal embankment while making projections. Thus the expenditure of Rs 27.10 lakhs incurred by the Board on 1.27 lakhs seedlings which perished, was nugatory.

(iii) Even though the beneficiaries had been identified, the allocation of trees was yet to be done (November 1995).

The scheme thus failed to achieve the desired benefits due to lack of proper planning, close monitoring and periodical evaluation by the Board at various stages of its implementation.

3.6.2 Coconut Plantation on khas lands in Tripura

The scheme sanctioned in August 1984 envisaged planting of 1,40,000 seedlings over an area of 800 hectares of *khas* lands in Tripura during 1984-87 and subsequent maintenance till 1988-89, with a total outlay of Rs 129.70 lakhs to be shared equally by the Board and the Government of Tripura. The scheme intended to benefit 4000 to 5000 families of landless labourers and agricultural workers belonging mainly to scheduled caste/scheduled tribes and other backward classes. Selected beneficiaries from among these categories were to be given the right of usufruct under a lease agreement. It was observed that :

(i) Against the targeted area of 800 ha and 1,40,000 seedlings, the achievement was 350 ha and 74,800 seedlings only. According to the Board the shortfall in achievement was due to non-availability of adequate planting material, delay in clearing jungle and hostile activities of tribals.

This shows that the implementation of the scheme was undertaken without a proper study regarding the suitability of the area and availability of planting material.

(ii) Even though the scheme was discontinued in 1990-91, details of beneficiaries identified under this scheme, and allotment of trees were still awaited (November 1995).

(iii) Of Rs 30.27 lakhs received from the Government of India for this scheme, Rs 20.37 lakhs were only spent; the balance of Rs 9.90 lakhs was diverted to another scheme.

3.6.3 Establishment of a hybrid seed garden and 12 pilot hybrid testing centres in Tamilnadu

The objective of the scheme sanctioned in May 1982 was establishment of (i) a hybrid seed garden in an area of 100 ha for production of dwarf and tall hybrid (ii) a 10 ha farm for production of pollen of desired parents and (iii) 12 pilot hybrid centres under different agroclimatic conditions for testing field performance of different hybrids produced in the garden. It was anticipated that when the hybrid seed farm reached the stage of full production, the annual output would not be less than one million nuts or 0.7 million seedlings. Against the actual expenditure of Rs 49.44 lakhs (estimated cost was Rs 31.82 lakhs) the Board released Rs 23.89 lakhs to the State Government and funding of the scheme was discontinued from 1993-94 as it failed to achieve the desired objectives. It was observed in audit that:

(i) For establishing the seed garden, a total area of 41.3 ha was acquired against the projected requirement of 100 ha.

(ii) Against the anticipated annual production of one million nuts, the actual production achieved was only 3552 (1992-93).

(iii) Even though the establishment of hybrid seed garden was closely linked with the setting up of 12 pilot hybrid testing centres in different ecological regions in Tamil Nadu, no centre had been set up as of July 1995.

Thus the objectives of the scheme could not be achieved even after a lapse of 10 years. Negligence and improper maintenance of the garden even with the available resources were reported to be the reasons for the failure of the scheme.

It was however seen that no effective action was taken by the Board through the Government to remove the constraints. Consequently, an amount of Rs 23.89 lakhs spent by the Board on the project became pointless.

3.6.4 Integrated coconut farming in small holdings in Kerala for productivity improvement

The objective of the scheme approved by the Government of India in 1987 to be implemented from 1987-88 to 1990-91 were (i) removal of senile and unproductive palms and replacing them with hybrid seedlings, (ii) development of irrigation sources, (iii) distribution of pump sets, (iv) extensive coverage of area under multi species and (v) intensive fertilisation of coconut palms.

The scheme envisaged that at an estimated net average of 60 *per cent* of the total project area of 6000 ha under improved management, the increase in production would be 25 million nuts *per annum* in addition to extra income generated out of the scheme. The cost of the scheme was to be shared equally by the Board and Government of Kerala. The scheme was extended upto 1992-93.

During 1987-93 a total amount of Rs 176.50 lakhs was released by the Board to Government of Kerala as its share. However the overall impact of the scheme on productivity improvement in the State during this period was not available with the Board.

From 1993-94 the expenditure of the scheme is being met fully by the Board. A sum of Rs 472.60 lakhs was paid to the State Government in 1993-94 and Rs 742.65 lakhs in 1994-95 for implementing the scheme.

Records revealed that:

(i) Out of 29.63 million disease affected palms estimated in 1984, only 0.38 million palms were removed under the scheme upto the end of 1993-94.

(ii) the Board had not conducted any comprehensive study to assess the increase in production and productivity of coconut as a result of implementation of the scheme.

(iii) The instructions of Government of India that uprooting of root wilt affected palms was to be taken up in a phased manner on compact area basis after obtaining a project report on the existing status with a bench mark survey on disease intensity, were not followed while implementing the scheme.

Thus, inspite of incurring an expenditure of Rs 1391.75 lakhs, the desired benefits of the scheme could not be derived.

3.6.5 Providing assistance for irrigation facilities to coconut growers

In order to improve the economic conditions of small and marginal farmers of coconut, Board implemented in the States of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra and Goa, a scheme for providing assistance for irrigation facilities during 1985-93. Under the scheme 25 *per cent* of the cost of pumpsets or irrigation sources such as ponds, deepwells etc. or Rs 1000 whichever was less was payable as subsidy to be shared equally by the Board and implementing State Governments. It was observed that there was heavy shortfall in respect of physical targets in Andhra Pradesh during 1990-91 (100 *per cent*), 1991-92 (90 *per cent*) and 1992-93 (40 *per cent*); in Goa the shortfall was 50 *per cent* during 1991-92 and 90 *per cent* during 1992-93. During 1992-93 the shortfall in Maharashtra, Kerala and Tamil Nadu was 89 *per cent*, 50 *per cent* and 25 *per cent* respectively.

3.6.6 Processing and packing of coconut cream

The Board through Regional Research Laboratory, Thiruvananthapuram (RRL) got a technology perfected for processing and packing of coconut cream at a cost of Rs 8.22 lakhs in 1989; a demonstration plant for processing 1000 nuts per 8 hours shift was also set up in June 1991 at Kalamassery (Kochi) at a cost of Rs 20.63 lakhs. However, in September 1992 the Board and the RRL jointly transferred the technology to a private company on payment of a lump sum licence fee of Rs 3 lakhs and a recurring royalty of one *per cent* on the sales turnover for 10 years. As per schedule, the Company was required to establish the plant by December 1993. But it could not establish it so far. This delay in commencement of production not only resulted in loss of revenue by way of royalty of one *per cent* on the sales turnover to the Board but also defeated the Board's efforts at diversification of coconut products as the technology which was perfected as early as in 1989 had not yet been commercially exploited (October 1995).

3.6.7 Seed Procurement Unit

A seed procurement unit for procuring and supplying coconut seeds to indenting States was sanctioned as a non-plan scheme during the Sixth Plan. As per the instructions issued by the Ministry of Agriculture in June 1982 the unit was to run with a revolving fund of Rs 2 lakhs on a no profit no loss basis and all the expenses involved in procurement, storage and despatch of seed nuts were to be recovered from the indenting States/agencies.

It was seen that though the operations of the seed procurement unit were to be carried out on a no profit no loss basis the unit had accumulated an excess of income over expenditure which amounted to Rs 8.66 lakhs as of March 1990.

4 National Cooperative Development Corporation

4.1 Introduction

Pursuant to the All India Rural Credit Survey Committee's recommendations, an organisation named National Cooperative Development and Warehousing Board was established in 1956. Later, the activity to develop warehousing was separated and National Cooperative Development Corporation (NCDC) was set up under an Act of Parliament in 1963, for promoting, guiding and supporting rural economic activities on cooperative principles on a nation wide basis.

The objectives envisaged for NCDC were to plan and promote programmes for production, processing and marketing, storage, export and import of agricultural produce, foodstuffs and certain other notified commodities on cooperative principles. NCDC Act, 1963 was amended in 1974 (here-in-after referred to as the Act) which empowered the NCDC to resort to market borrowing in addition to budgetary support from the Central Government and enlarge its activities to cover cooperatives of weaker sections, Tribals and Scheduled Castes, poultry, dairy and rural consumers.

4.2 Organisation

The management of NCDC vests in the General Council consisting of 51 members and a Board of Management consisting of 12 members including the Managing Director. The Union Agriculture Minister is the President of the Council and Union Minister of State in-charge of cooperation is the Chairman of the Board. The Managing Director is the Chief Executive. The NCDC has nine functional divisions at its Head Office which look after the implementation of various programmes.

The NCDC has seven Regional Directorates which undertake identification, formulation, implementation and monitoring of area based/specific projects in their respective regions. NCDC has also eight offices headed by Dy. Regional Directors for overseeing the implementation of internationally aided and other projects in various states.

4.3 Activities

4.3.1 NCDC advances loans or grants/subsidies to the State level cooperative societies through the respective State Governments. In the case of National level cooperative societies and other cooperative societies whose operations extend beyond one State, NCDC provides loans and grants directly to them.

4.3.2 Terms of assistance

The assistance in the form of both grant (subsidy) and loan is released in the form of reimbursement finance through the State Government or the State Cooperative Bank/State Cooperative Land Development Bank on the guarantee of the State Government. The routing agency first releases the funds to the beneficiary society and then claims reimbursement from the NCDC. Assistance, is however, released direct to the National level cooperative institutions on the mortgage of their assets and to the cooperative sugar factories for their modernisation and expansion programme on the guarantee of the respective State Governments. In the case of Union Territories, the assistance is released on the guarantee of the Central Government.

In the case of cancellation or withdrawal of assistance by the NCDC, the outstanding loan - together - with subsidy is to be refunded by the state Government/ Bank within 3 months from the date of such cancellation/withdrawal, failing which the amount alongwith the penal interest is recoverable by adjustment from the future releases.

4.4 Scope of Audit

A review on the working of NCDC appeared in the Audit Report of the Comptroller and Auditor General of India for the year 1981-82. The present review includes audit findings as a result of test check of the records relating to some of its major activities upto 1993-94.

4.5 **Highlights**

- **Overdues as on 31.3.1995 were to the tune of Rs 157.34 crores as against Rs 18.71 crores in the year 1990-91 and the percentage of repayment received against the amount due fell sharply to 68.85 in 1994-95 from 91.72 in 1990-91, thus neutralising the advantage of a high interest spread between borrowed and lent funds.**

(Paragraph 4.6.2)

- **Non performing assets created out of NCDC's assistance during 1992-95 worked out to Rs 58.54 crores.**

(Paragraph 4.6.3)

- **Grants amounting to Rs 301 lakhs, Rs 708 lakhs and Rs 1016 lakhs remained unutilised during 1992-93, 1993-94 and 1994-95 respectively.**

(Paragraph 4.6.4)

- **Inspite of the implementation of the Centrally Sponsored Schemes since 1974-75 to correct regional imbalances in the development of cooperatives in different States/U.Ts, the share of assistance to these states/U.Ts had actually dropped to 23.69 *per cent* in 1992-93 as against 30.12 *per cent* in 1987-88.**

(Paragraph 4.7)

- **In the major schemes implemented by the NCDC, the main objective of promoting cooperatives had been languishing badly on account of defective project appraisal and monitoring. Capacity utilisation of storage and marketing godowns constructed with the assistance of NCDC funds and World Bank aid varied between 23 to 44 per cent. Rs. 65.36 crores was unwisely disbursed for establishment of facilities for copra processing and increasing yield of coconut. Rs. 51.34 crores released by NCDC between 1986-95 for mustard seed development in Rajasthan did not yield the desired results. Capacity utilisation of rice and dal mills**

constructed with Rs. 18.82 crores of NCDC assistance varied between 2 to 33 per cent. Out of 40 cooperative sugar mills constructed with a total NCDC assistance of Rs. 358.10 crores between 1988-95, the working results for 30 sugar mills showed that 8 were incurring losses.

(Paragraphs 4.8.1, 4.8.4.1., 4.8.4.2, 4.8.4.3 & 4.8.6)

A study conducted by IIM, Ahmedabad in January 1994 revealed that the poor performance of NCDC were chiefly on account of non-standardization of project appraisal procedure and absence of an adequate data base for monitoring.

(Paragraph 4.9)

4.6 Sources and disbursement of funds

4.6.1 For the purpose of carrying on its activities, the NCDC receives funds from several sources as per provisions of Sections 12 & 12A of the Act. It receives grants from the Central Government for giving subsidies to the State Governments and for meeting its own administrative expenses and also receives loans from the Central Government. The NCDC has been authorised to resort to market borrowing on the guarantee of the Central Government. Moreover, it is receiving international aid for identified projects.

As per provisions of the NCDC Rules 1975, the NCDC had been separately exhibiting an NCD Fund Account in their balance sheet which shows the accumulated income over expenditure of the NCDC. Although, the position is somewhat inconsistent with the provisions of Section 13 of the Act, the funds available under NCD Fund Account represents interest free money for disbursement. In addition, the NCDC is receiving grants and loans from the Central Government and has also raised funds from the market and also received international aid in the form of the loans at varying rates of interest. The average borrowing rate including interest free money available in the NCD Fund Account as per data of the finalised accounts of 1993-94 works out to 11.43 *per cent* while the average lending rate works out to 18.76 *per* *cent*, showing that NCDC had a comfortable interest spread of 7.33 *per cent* during 1993-94. This high interest spread should have generated adequate funds and reduced its dependence on either the Central government or the market but in practice the NCDC has not been able to take advantage of this apparently high interest spread primarily for its inability to ensure recovery of interest and loans in time the details of which are discussed in para 4.6.2 below. It may also be mentioned that as per figures available in finalised accounts of 1994-95 the interest spread works out to 5.94 *per cent* indicating that the cost of borrowed funds for its operation has increased as there was no evidence of decreasing the lending rate.

The programme-wise disbursement and assistance upto the end of 1993-94 was as under :

(Rs in crores)

Sl No	Programme	Assistance disbursed upto 1985-86	Percentage of total	Assistance disbursed upto 1993-94	Percentage of total
1.	Agro-Processing	366.03	37.94	1464.32	50.05
2.	Storage including cold storage	291.47	30.21	621.22	21.23
3.	Marketing & Inputs	144.47	14.98	309.74	10.59
4.	Weaker Sections	66.94	6.94	262.50	8.97
5.	Rural Consumers	83.18	8.62	116.88	4.00
6.	Promotional and Developmental Programmes	12.58	1.31	65.60	2.24
7.	Integrated Coop. Development Projects in selected districts			85.37	2.92
	TOTAL:	**964.67**	**100.00**	**2925.63**	**100.00**

The accumulation in the NCD Fund account, as revealed by the balance sheet as at 31-3-1995 was Rs 214.24 crores out of which Rs 45.70 crores was found to have been invested in short term deposits with Nationalised Banks. This also shows the

NCDC's inability to utilise its available funds by way of disbursement of loans for sanctioned projects.

4.6.2 Overdues of loans and interest

The position of loans due for repayment, repayment received and the balance outstanding during the period from 1990-95 was as under :

(Rs in lakhs)

Year	Amount due for repayment including interest	Repayment received including interest	Outstanding loan (Col.2-3)	Percentage of Col.3 to 2	Percentage of Col. 4 to 2
1.	2.	3.	4.	5.	6.
1990-91	22596.82	20725.89	1870.93	91.72	8.28
1991-92	26669.49	22080.74	4588.75	82.79	17.21
1992-93	33285.43	26730.94	6554.49	80.00	19.69
1993-94	44268.10	32069.05	10199.05	72.44	24.12
1994-95	50512.75	34779.16	15733.59	68.85	31.15

From the above, it is evident that the percentage of repayment received vis-a-vis amounts due fell sharply to 68.85 in 1994-95 from 91.72 in 1990-91 and that the percentage of outstanding loans against amounts due including interest registered a steep increase from 8.28 *per cent* in the year 1990-91 by nearly four times to 31.15 *per cent* in 1994-95. The position of overdues would have been more serious had NCDC not adjusted overdues amounting to Rs 1488.79 lakhs, Rs 311.62 lakhs and Rs 165.82 lakhs from releases made during the years 1992-93, 1993-94 and 1994-95 respectively and also not resorted to reschedulement of overdues in the case of Bihar Government and Fatehnagar Oil Mills, Rajasthan. The poor recovery of loans and interest, thus, had an adverse impact on its operation inspite of a very favourable interest spread between borrowed and lent funds.

The loanee-wise position of loans which fell due for repayment as indicated in the table below would also show that over half of the loans (52.31*per cent*) pertained to State Cooperative Banks followed by 33.82 *per cent* in respect of State

Governments of Assam, Bihar and Jammu & Kashmir. The reasons for overdues were mainly attributed to financial constraints of loanees and disturbed conditions.

(Rs in lakhs)

	1990-91 Amount	1991-92 Amount	1992-93 Amount	1993-94 Amount	1994-95 Amount	Percent
1. State Governments	1072.10	1322.36	2411.38	3737.28	5322.46	33.82
2. Cooperative Banks	526.00	2674.24	3101.27	4732.95	8230.46	52.31
3. National Level Cooperatives	14.75	37.25	16.54	17.45	19.71	0.13
4. Others	258.08	554.90	1025.30	1711.37	2160.96	13.74
TOTAL	**1870.93**	**4588.75**	**6554.49**	**10199.05**	**15733.59**	**100.00**

No steps had been taken (September 1995) to invoke guarantees even in the chronic cases of default of loans given to co-op. banks on the guarantees of the State Governments.

4.6.3 Non-performing assets

As per the directive issued by the Reserve Bank of India (RBI), a term-loan would be treated as non-performing assets if interest remains unpaid for a period of more than one year. The NCDC, being a financial institution had implemented the RBI directive from the financial year 1992-93 onwards. A perusal of the Accounts of the NCDC revealed that such non-performing assets had alarmingly risen by 401 *per cent* to Rs 58.54 crores as on 31st March, 1995 against Rs 11.68 crores in the year 1992-93. This is indicative of laxity to liquidate/reduce the overdues.

4.6.4 Unutilised grants

Details of the grants received by the NCDC from Central Government during the years 1992-95 for implementation of various schemes/programmes vis-a-vis the amounts utilised during the said period are indicated below :

(Rs in lakhs)

Year	Opening Balance	Grants received	Grants released	Grants refunded	Closing Balance
1992-93	368	719	786	-	301
1993-94	301	1080	673	-	708
1994-95	708	2032	1704	20	1016

As these grants were sanctioned by the Government to accelerate the progress of various centrally sponsored schemes/programmes launched mainly in the under-developed states, the same should have been passed on to the concerned State Governments during the year in which these were received. Considerable amounts of unspent grants at the close of each year is suggestive of the fact that grants were released by the Government without properly scrutinising the utilisation of the previous grants.

4.7. Regional Imbalance

Pursuant to the recommendations of the Expert Committee on NCDC (1974) set up by the Government to suggest ways to correct regional imbalances in the level of cooperative development particularly in the sphere of agricultural sector, Centrally Sponsored Schemes were formulated from the year 1974-75 with the basic objective of accelerating the pace of development of cooperative marketing, processing, storage and supplies of inputs in the under/least developed States/U.Ts. The scheme provided for liberal pattern of assistance which included higher quantum of assistance, concessional rates of interest, provision for subsidy and equity participation. The year-wise details of assistance provided to the developed, under-developed and the least-developed States under all the schemes implemented through the NCDC including Centrally Sponsored Schemes during the period 1974-93 are indicated below :

(*Rs in lakhs*)

Year	Developed States/ UTs - All Scheme	Assistance provided Under and Least developed States/U.Ts.				Total	Per cent of UD and LD
		CSS	Other Scheme	Total	Percentage of CSS		
1962-63	10292.14	-	3152.90	3152.90	-	13445.04	23.45
1974-75	838.59	50.00	205.27	255.27	19.59	1093.86	23.34
1975-76	2001.95	204.83	198.47	403.30	50.79	2405.25	16.77
1976-77	2298.38	399.12	158.43	557.55	71.58	2855.93	19.59
1977-78	2537.06	456.65	147.44	604.09	75.59	3141.15	19.23
1978-79	3787.19	656.70	305.46	962.16	68.25	4749.35	20.26
1979-80	4399.69	649.79	421.98	1071.77	60.63	5471.46	19.59
1980-81	4753.21	584.12	1181.90	1766.02	33.07	6519.23	27.09
1981-82	6644.86	945.53	1614.85	2560.38	36.93	9205.24	27.81
1982-83	7313.28	772.51	1525.67	2298.18	33.61	9611.46	23.91
1983-84	9848.02	868.60	2009.01	2877.61	30.18	12725.63	22.61
1984-85	9881.74	810.76	2218.55	3029.31	26.76	12911.05	23.46
1985-86	9055.02	702.27	2287.72	2989.99	23.49	12045.01	24.82
1986-87	11947.12	852.30	2052.30	2904.60	29.34	14851.72	19.56
1987-88	11946.93	792.69	4357.12	5149.80	15.39	17096.73	30.12
1988-89	15629.63	966.69	3968.98	4935.67	19.58	20565.30	23.99
1989-90	16826.36	1018.43	4321.86	5340.29	19.07	22166.65	24.09
1990-91	21525.97	979.41	3497.25	4476.66	21.88	26002.63	17.22
1991-92	26959.06	932.52	4818.54	5751.06	16.21	32710.12	17.58
1992-93	25970.75	1063.71	6997.03	8060.74	13.19	34031.49	23.69
1974-75 to 1992-93	194164.80	13706.63	42287.83	55994.46	24.48	250159.26	22.38
Cumulative till 1992-93	204456.94	13706.63	45440.73	59147.36	24.48	263604.30	22.44

The above table shows that in spite of launching the Centrally Sponsored Schemes for the assistance for cooperative marketing, processing and storage programmes in Under/Least Developed States/U.Ts in the field of cooperative movement in the country since 1974-75, the percentage share of assistance provided to these States/U.Ts had fluctuated considerably and from a high of 30.12 *per cent* in 1987-88 registered a fall to 23.69 in 1992-93.

Records also revealed that despite rendering assistance of Rs 137.07 crores to the under/least developed States/U.Ts in the field of co-operative movement under the Centrally Sponsored Schemes for creation of infrastructure like marketing, processing, storage etc., the overall working performance of the cooperatives assisted during the last 20 years had not shown any significant growth. On the contrary, the volume of business of the cooperatives in the least developed states in some of the areas like marketing, agriculture produce and fishery had declined.

It is, thus, evident that the Centrally Sponsored Schemes had not helped in correcting regional imbalance and un-even flow of funds even after their continuance for more than two decades.

NCDC stated in July 1995 that the least developed States/U.Ts had not been able to perform well due to the inherent weaknesses in the system in which the cooperatives in these states have to operate. Besides, a host of other factors like low absorptive capabilities, political factors, absence of marketable surplus of agricultural produce, rural indebtedness hindered progress. It was further intimated that the cooperatives/Governments of these States had also not been able to avail of the benefits of the NCDC schemes as they had not been able to formulate suitable proposals as per their requirements. As the NCDC was created for planning and promoting programmes through cooperative societies, it was expected to help these State Governments/Cooperatives in formulating suitable proposals according to their needs but there was no evidence of such help rendered to these states.

4.8. Performance

Performance of some of the central sector schemes as well as other schemes assisted by NCDC is discussed below :

4.8.1 Storage

The NCDC had been assisting potentially viable Primary Agricultural Cooperative Societies (PACS), Large sized Agricultural Multipurpose Cooperative Societies (LAMPS), Farmers Service Societies (FSS), commodity cooperatives and marketing/processing cooperatives for construction of godowns. Assistance was available to the village cooperatives for construction of rural godowns complexes together with the facilities of mini bank counter (office room), consumer shop and residence for manager wherever needed. This was intended at developing the godown complexes as rural growth centres. Apart from normal storage programmes implemented with NCDC's own funds and that of the Central Government, the NCDC availed funds from the international funding agencies like International Development Association (IDA) and European Economic Community (EEC) to support storage development programmes in the cooperative sector. Three Projects had since been assisted by the IDA during 1978-93 under the series of NCDC-I, NCDC-II, NCDC-III and two by EEC; one during the year 1979-86 in Madhya Pradesh and Rajasthan and the other for Cooperative Rural Growth Centres in Bihar since 1988-89.

As indicated in the table given below, an amount of Rs 544.30 crores was released upto 1993-94 for various storage programmes. Of this, financial assistance amounting to Rs 237.4 crores was provided for construction of rural godowns and Rs 306.9 crores for marketing godowns.

(Rs in lakhs)

	Programme	**Amount released**		
		Loan	**Subsidy**	**Total**
1.	Normal	12160.82	198.22	12359.04
2.	NCDC-I	4364.88	0.00	4364.88
3.	NCDC-II	16489.35	0.00	16489.35
4.	NCDC-III	16754.24	0.00	16754.24
5.	EEC(MP, Rajasthan)	3112.19	0.00	3112.19
6.	EEC (Bihar)	1350.30	0.00	1350.30
	Total	**54231.78**	**198.22**	**54430.00**

Out of assistance released for 71793 godowns (61349 rural and 10444 marketing) for a capacity of 149.19 lakhs tonnes, only 61869 godowns (52679 rural and 9190 marketing) for a capacity of 131.33 lakhs tonnes were completed upto March 1994.

The reasons for delay were attributed to delay in release of funds by the State Governments, litigations and lack of initiative on the part of the societies.

Test-check revealed that 16 rural godowns sanctioned in Orissa during 1975-78 were incomplete but additional funds for their completion were sanctioned by the NCDC during 1987-89 i.e. after a lapse of over 10 years. It was also seen that proposal to set up 7019 godowns (6022 rural and 997 marketing) were dropped after their sanction for which Rs 13.20 crores were released to the State Governments/State Cooperative banks out of which an amount of Rs 4.19 crores was still recoverable (March 1994). The reasons for dropping the proposed construction of sanctioned godowns were attributed to delay in making available funds to the societies by the State Governments, land disputes and litigation, delay in taking up the construction by the societies, etc.

Test-check revealed that 16 godowns with a total capacity of 80,000 M.T. in Uttar Pradesh sanctioned by NCDC in March, 1989 under NCDC-III project were cancelled in January 1991 due to non-utilisation of the godown capacity already created. This is indicative of poor project appraisal system.

Only 2.22 *per cent* of the total godowns completed till March 1994 were constructed in the least developed states. 19 *per cent* of the sanctioned godowns in these states were ultimately dropped. The reasons for the negligible development in least developed states were attributed to limited scope for agriculture business.

From the table given below, it would be seen that the average percentage of actual utilisation of rural and marketing godowns (based on a sample study conducted at the instance of audit), constructed with International Aid during the years 1987-92 was 39 *per cent* and 27 *per cent* respectively against an average per-centage target of 78.4. As regards NCDC's normal scheme, the average percentage of utilisation of rural and marketing godowns during that period was 38 and 27 respectively as against a target of 90. The utilisation during 1992-93 and 1993-94 could not be ascertained as no further studies were undertaken by the NCDC.

Percentage capacity utilisation of godowns

Scheme	1987-88	1988-89	1989-90	1990-91	1991-92	Ave-rage
World Bank aided Scheme						
a) Rural Godowns	44	41	37	38	34	39
b) Marketing Godowns	24	39	42	14	17	27
NCDC's Normal Scheme						
a) Rural Godowns	30	40	40	39	40	38
b) Marketing Godowns	-	-	29	28	23	27

The low level of utilisation of godowns during the aforesaid period was stated to be due to poor business of fertilisers and almost negligible marketing of the agricultural produce. A study undertaken by the NCDC (April 1994), to assess the impact of NCDC's normal scheme of creating storage facility also revealed that the existing storage capacity with PACS (average 194 M.T.) was sufficiently large and as such would always remain under-utilised. This is indicative of unrealistic assessment of the actual requirements of storage capacity.

A study conducted by the NCDC (April 1994) revealed that the physical condition of the godown buildings was poor and had caused problems to the users. Cooperatives were not in a position to get the godown buildings repaired due to paucity of funds. Although the development of cooperatives was one of the main responsibilities of the NCDC, it had not been able to address these issues effectively so far. Efforts, if any, made by the NCDC to call for the relevant data/information from the concerned State/cooperative societies, were not shown to Audit.

4.8.2 Cooperative Rural Storage in Bihar

A Central Sector Scheme for development of Cooperative Rural Growth Centres (Cooperative Rural Storage) in Bihar with European Economic Community (EEC) assistance was launched by the NCDC in 1988-89, in association with Department of Agriculture and Cooperation and Economic Affairs. The total project cost as approved by EEC was estimated at 33.30 million ECU (equivalent to Rs 3378 lakhs). The scheme envisaged providing assistance to the Government of Bihar for developing 1500 Primary Agricultural Cooperative Societies (PACS) including Large-sized Multipurpose Cooperative Societies LAMPS) and Farmer Service Societies (FSS) in 20 selected districts of Bihar into Cooperative Rural Growth Centres. The principal objective was that godowns would function as viable rural growth centres. It was also estimated that by providing proper storage for food-grains, the average loss of stored grains in the State could be reduced from 3.5 to 1.5 *per cent*.

The Project was planned for completion over a period of 8 years (April 1988 to March 1996). The NCDC was responsible for implementing the Project and also for co-ordinating activities of all other participating agencies. The yearwise physical and financial achievements of godown component of the project are detailed below:

Year	**Physical (In Numbers)**		**Financial (Rs in lakhs)**	
	Godowns sanctioned	**Godowns completed**	**Assistance sanctioned**	**Assistance released**
1989-90	184	Nil	349.57	170.29
1990-91	223	27	421.99	273.83
1991-92	66	142	124.17	197.99
1992-93	398	249	755.50	294.28
1993-94	629	183	1181.67	413.91
1994-95	-	267	-	998.05
	1500	**868**	**2832.90**	**2348.35**

Although the work of construction of godowns was required to be completed by March 1993, only 868 godowns (58 *per cent*) were constructed upto March 1995 leaving a backlog of about 632 godowns yet to be constructed. The number of godowns constructed in the districts of Palmau, Munger, Bhagalpur, Muzzafarpur, Saharsa and Madhepura ranged between 23 and 39 *per cent* only. The delay in construction of godowns was mainly attributed to delay in identification/clearance of the sub-projects and delay by the State Govt. to remit the funds to Project Implementation Cell (PIC) inspite of advance assistance by the NCDC. The delay in construction of godowns had caused a cost overrun of Rs 833 lakhs upto 31.3.1995.

Out of 836 godowns completed and handed over to the concerned cooperative societies upto January 1995, 410 godowns (49 *per cent*) remained non-operational. In eight districts, more than fifty *per cent* of the godowns completed were not doing any business. The percentage of non-operation in the districts of Nalanda and Samastipur was as high as 88 and 74 respectively. Non operation of godowns was attributed to non-availability of margin money with the cooperatives, superseded boards, non-availability of cash credit and full time managers. Further, there was no mechanism to oversee utilisation of godowns. NCDC conducts utilisation/evaluation study on sample basis. Till date (August 1995), only one such study (January 1994) had been conducted. This sample study revealed that the centres in question had not been able to achieve the projected levels of various business except fertilizer sales during the first year of their operation. The capacity utilisation of the godowns was only 40*per cent*. The study also concluded that even after achieving the realistic maximum levels of various business, the Centres could not be made viable until their earning margin was adequately increased and expenditure reduced.

It was also seen that the assistance provided by NCDC to the Govt. of Bihar was not fully passed on to the PIC. A mission report of the above project conducted by EEC (April 1990) revealed that assistance amounting to Rs 59.16 lakhs released by the NCDC to the Govt. of Bihar for the construction of 47 godowns was almost completely adjusted against the outstanding dues of the Department of Industries of the Govt. of Bihar which had affected the project adversely.

4.8.3 Cold Storage

The NCDC provided financial assistance to the cooperative for establishment of new Cold Storage facility and also for expansion/modernisation of the existing units as well as for setting up of ice plants. The capacity created was chiefly (89 %) utilised for storage of potatoes. The financial assistance released and the cold storages installed in the country upto 31.3.1994 was as indicated below :

(*Rs in crores*)

Under normal programme	World Bank aid	Cold Storages organised (No.)	Capacity installed (in lakh tonnes)	No. of Cold Storages installed	Capacity (in lakh tonnes) (No.)
31.05	43.86	243	7.16	232	6.60

All the units installed in the States of Andhra Pradesh, Assam, Himachal Pradesh and Nagaland at a total cost of Rs 36.99 lakhs were not in operation. Non-operation was attributed to units being old and their plant and machinery had outlived their utility. Capacity utilisation of 11 units varied between 11 and 50 *per cent*. Financial results for 1993-94 in respect of 46 cold storages (19 *per cent*) made available to audit revealed that 24 cold storages had incurred a total loss of Rs 124 lakhs. The reasons for the losses were attributed to high electric charges and low rental. A test check of the annual performance reports of some cold stores for the year 1992-94 revealed that some of the cold stores were installed in the areas of non/low cultivation of potatoes.

No effective steps were taken by the NCDC to obtain the performance reports from all the assisted units. No follow up action was also taken on performance reports. This is indicative of poor monitoring by the NCDC.

4.8.4 Processing of Foodgrains and Oilseeds

NCDC provided assistance to agro-based processing units which, among others, included large sized oil mills and small and medium sized units for foodgrains, plantation and cash crops. Assistance was also provided for establishment of integrated oilseed projects under World Bank and European Economic Community (EEC) aided programmes. Performance of some of the foodgrains Processing units viz. Coconut Development Project in Kerala and Mustard Seed Development in Rajasthan assisted by the EEC and Rice and Dal Mills assisted by the NCDC are discussed below :

4.8.4.1 Coconut Development Project in Kerala

A Central Sector project at an estimated cost of Rs 93.408 crores for development of coconut in Kerala with the assistance of EEC was launched by the NCDC in 1987-88. The scheme was formally approved by the Government only in the year 1990.

The project aimed at (i) expanding the production of coconut through increased productivity and adoption of scientific management practices; (ii) providing quality seeds to the farmers; (iii) ensuring economic price to the farmers by providing facilities; and (iv) reduce the reliance on import of edible oils.

The Scheme was to be implemented through Kerala Kera Karashaka Sahakarana Federation Ltd. (KERAFED) and scheduled to be completed by March 1993 but was extended upto March 1995.

The status of the project as of March 1995 was as under :

(Rs in lakhs)

Sl. No.	Name of the Sub-project (Establishment of Copra processing Units)	Date of Sanction	Scheduled Date of Com-pletion	Origi-nal cost	Revi-sed cost	Revised Amount released as on 31.03.1995	Actual date of comple tion
1.	Quilon	11.06.87	30.06.89	2407	3785	3043.27	April, 93
2.	Calicut	21.02.89	31.03.91	2407	NA	1675.002	Under Installation
3.	Ernakulam	08.05.90	30.06.92	3673	NA	1818.05	-Do-

From the above, it would be seen that in the case of Quilon sub project, the total revised cost was Rs 37.85 crores and NCDC's assistance released amounted to Rs 30.43 crores. There was a cost overrun of Rs 13.78 crores in the industrial component alone and the time over-run was nearly 4 years. The delay was attributed to cost escalation in land and its development, building and civil works and plant and machinery. These cost escalation are necessarily associated with time overruns, for which no explanation was forthcoming.

The capacity utilisation of the Quilon sub-project during 1994-95 was 34*per cent* against 80 *per cent* envisaged at the time of sanctioning of the project. The reasons for low capacity utilisation were stated to be on account of lack of parity between the price of coconut oil/oil cake and that of copra and that the processing margins were negative. In respect of other two sub-projects (Ernakulam & Calicut) which were in early stages of their implementation, the work was suspended since April, 1994 and EEC had recommended launching a market study in this regard to arrive at a decision about the continuance or closure of the projects. The outcome of the study was awaited (September 1995). An amount of Rs 34.93 crores had been spent on these two sub-projects upto March 1995.

From the above, it would, be seen that inspite of a very large investment of Rs 65.36 crores on the project, the main objectives viz. establishment of facilities for Copra processing remained unrealised.

4.8.4.2 Mustard Seed Development in Rajasthan

A Central Sector Scheme for assistance to Cooperatives in Rajasthan for mustard seed development i.e. production, processing and marketing of mustard seed with EEC assistance was introduced by the NCDC in 1986. The total project cost was estimated at Rs 51.13 crores which included EEC's assistance of Rs 33.29 crores. The project had both agricultural & industrial components and was primarily aimed at (a) reducing oil import through exploitation of agricultural potential; (b) strengthening cooperative movement and augmenting income of 1.75 lakhs farmer families in the state.

The implementing agency was responsible to establish 700 Oilseeds Growers Cooperative Societies (OSCS) with 250 members on an average and was also required to purchase all the mustard seeds offered by the OSCS members. It was also required to plan and manage the processing units.

The project scheduled to be completed by May 1991 was extended upto December 1993. Rajasthan State Cooperative Marketing Federation (RAJFED) was originally made the implementation agency for executing the project but was subsequently replaced by Rajasthan State Co-operative Oil Seed Growers Federation Ltd. (TILAMSANGH). The NCDC was responsible for overall supervision and monitoring of the project. The project was formally closed in December 1993.

An amount of Rs 5133.68 lakhs was released by the NCDC during the period 1986-95 for the implementation of the project. The physical and financial performance of the different components of the project are discussed below:

Agricultural Component

The Cooperative Development and input Services (CDS) under the agricultural component had registered a cost escalation of Rs 62 lakhs (11%). The percentage achievement with reference to original targets in respect of villages covered and coverage of growers members was only 67 and 56 respectively. It was also seen that the percentage of area under mustard cultivation as well as production of mustard in the catchment area of the state where the agricultural component of the project was implemented had declined in the post project period in comparison to the total cultivable area/mustard production in the State. The out-puts of agricultural component of the project were found unsatisfactory. The main reason for this state of affair was attributed to lack of organised efforts by the implementing agency.

Industrial Components

All the six mills set up under the industrial component of the project were completed behind schedule. The delay ranging between 13 to 42 months caused a cost overrun of Rs 15.42 crores (39 *per cent*). Delay in appointment of project management consultants, lack of response from contractors and default by the machinery suppliers were stated to be the reasons for the delay. The average capacity utilisation of these mills during the first 4 years of their operation was between 31 and 46 *per cent* only.

4.8.4.3 Rice and Dal Mills

The NCDC released an amount of Rs 2251 lakhs under Foodgrains Processing Scheme upto March 1994, out of which Rs 1882 lakhs were released for Rice and Dal Mills. Out of 747 rice mills and 73 Dal Mills assisted by the NCDC, 150 Rice Mills and 14 Dal Mills were found to have been closed down. Out of 597 Rice Mills in operation, working results for only 197 mills (33 *per cent*), 154 mills (26 *per cent*) & 178 mills (30 *per cent*) were received by NCDC during the years 1990-91, 1991-92 and 1992-93 respectively, which indicates slack monitoring.

Capacity utilisation of the mills located in the States of Bihar, Orissa, Tamil Nadu and Jammu and Kashmir ranged from 2 to 30 *per cent* only. The capacity utilisation of the Dal Mills during the same period was about 34 *per cent*. The low capacity utilisation was attributed mainly to restriction on maximum limit of stock, non-availability of cash credit facility, interrupted power supply and absence of linkage between grower members and cooperatives.

Although assistance for agro-processing programmes had remained the main activity and almost 50 *per cent* of the total assistance disbursed by NCDC had been applied to this sector only, there had been no periodical evaluation of the programme undertaken.

4.8.5 Integrated Cooperative Development Project in selected districts (ICDP)

A Centrally Sponsored Scheme involving an outlay of Rs 150 crores for the Integrated Cooperative Development Project (ICDP) was introduced for implementation by the NCDC in the Seventh Five year Plan (1985-90) for overall development of selected districts through cooperative efforts in the areas of agriculture and allied sectors like fishery, poultry, sericulture, rural industries etc. with special emphasis on helping the weaker sections including beneficiaries of Integrated Rural Development Project. The scheme was also continued during Eighth Five-Year Plan. Under the scheme, the cooperative societies were eligible for loan assistance for plant and machinery and civil works, share capital assistance for furniture and equipment and also for margin money and subsidy towards managerial assistance and incentives to staff through the State Governments. Out of a total outlay of Rs 150 crores, Rs 105 crores was to be provided by the NCDC in the form of loan through the State Governments and the remaining Rs 45 crores was to be made available by the Central Government in the form of subsidy. Subsidy under the Central Sector was to be shared on 50 : 50 basis between Central and State Governments and 100 *per cent* of the subsidy was to be met by Central Government in the special category States. At the national level, the NCDC was the implementing agency and was responsible for assisting, coordinating, monitoring of the scheme.

During the Seventh Five-year Plan, the scheme was required to be implemented in 250 blocks (Five blocks in each district) and around 7500 Primary Agricultural Cooperative Societies (PACS) besides other functional cooperatives in 50 districts. The number of members to be covered under the scheme was around 5 million. The cost of each scheme in a district was estimated at around Rs 3 crores and was to the implemented over a period of five years.

(1) Physical Progress :

Against the target of completion of projects in 50 districts by 1992-93, projects were completed only in 12 districts upto March 1995 indicating a very slow rate of implementation.

(2) Financial Progress

The position in respect of release of loans and subsidy against sanctioned amounts for the period 1985-86 to 1993-94 is shown in the table below :

(Rs in lakhs)

	SANCTION			RELEASE				
YEAR	LOAN	SUBS-IDY	TOTAL	LOAN	SUBS-IDY	TOTAL	Percentage of Col. 5 to 2	Percentage of Col. 6 to 3
1.	2.	3.	4.	5.	6.	7.	8.	9.
1985-86	262.53	68.51	331.04	7.15	0.00	7.15	3	-
1986-87	489.75	182.08	671.83	59.03	18.26	77.29	12	10
1987-88	2183.31	348.58	2531.89	414.03	99.17	513.20	19	28
1988-89	3165.58	539.79	3705.37	682.18	122.56	804.74	22	23
1989-90	1054.03	114.44	1168.47	928.26	205.49	1133.75	88	180
1990-91	2092.49	386.03	2478.52	893.77	107.37	1001.14	43	28
1991-92	3958.25	528.12	4486.37	970.21	306.50	1276.71	25	58
1992-93	860.90	175.46	1036.36	1228.74	134.32	1363.06	143	77
1993-94	6409.43	726.90	7136.33	1976.14	303.85	2279.99	31	42
G.Total	**20476.27**	**3069.91**	**23546.18**	**7159.51**	**1297.52**	**8457.03**	**43**	**50**

The delay in implementation was mainly attributed to delays in the release of funds from the State Governments and sanction of sub-projects by the State Government. Although the scheme envisaged concurrent evaluation of the projects, only one project was evaluated by the NCDC (August 1995). The pace of utilisation of both the loan and subsidy component of financial assistance was also quite slow. Upto March 1994, only 43 *per cent* and 50 *per cent* of the loan and subsidy sanctioned for the scheme were actually released.

A perusal of the evaluation study of the project viz, ICDP Bilaspur (H.P.) conducted by the Evaluation and Statistical Division of the NCDC revealed that the Detailed Project Report (DPR) was not prepared realistically. The Formulation/ Appraisal, implementation, monitoring and supervision of the project both at the level of NCDC and participating institutions was found to be unsatisfactory. A Mid-term Review of another ICDP project viz, Thoudal (Manipur) conducted by the Scheme Implementing Division of the NCDC revealed that Project Implementation Team had diverted funds to some newly organised PACS and weaver's societies out of the funds made available for ICDP project without the approval of the NCDC. This is an another example of slack monitoring.

4.8.6 Sugar Factories

NCDC provides term loans towards modernisation/expansion programmes of the cooperative sugar factories. Upto 1994-95, the NCDC had released an amount of Rs 358.11 crores to the sugar factories for their modernisation and expansion programmes which included Rs 122.33 crores from Sugar Development Fund (SDF). Yearwise break up of the assistance released is indicated below :-

(Rs in crores)

Year	Amount of assistance released
1988-89	9.04
1989-90	29.17
1990-91	65.16
1991-92	31.77
1992-93	77.85
1993-94	79.87
1994-95	65.25
Total	**358.11**

The NCDC had introduced a scheme for modernisation of cooperative sugar mills in March 1986 with the objective to introduce technical upgradation of the mills by suitably modifying/replacing their outmoded plant and machinery and improve their economic viability. The assistance under the scheme was, however, released in the year 1988-89 i.e. after a lapse of over 2 years.

State-wise distribution of 40 sugar factories assisted by the NCDC under the scheme is as indicated below :

Sl. No.	State	No. of working factories (as on August 92)	No. of Coop. Sugar Factories assisted for modernisation/ Expansion	Assistance released (including SDF loan) (Rs in lakhs)
1.	Andhra Pradesh	18	-	-
2.	Assam	2	-	-
3.	Goa	1	-	-
4.	Gujarat	14	-	-
5.	Haryana	10	2	38
6.	Karnataka	15	3	3354
7.	Kerala	1	-	-
8.	Madhya Pradesh	3	-	-
9.	Maharashtra	94	9	9286
10.	Orissa	4	1	1643
11.	Punjab	14	5	1001
12.	Pondicherry	1	-	-
13.	Rajasthan	1	-	-
14.	Tamil Nadu	14	5	8014
15.	Uttar Pradesh	31	15	12475
		223	**40**	**35811**

From the above, it would be seen that only 18*per cent* of the total cooperative sugar factories were assisted by the NCDC upto 31.3.1995 and the assistance was restricted to only 7 States out of the 15 sugarcane producing States indicating that there was regional imbalance in the NCDC's assistance programme. The assistance for a factory for modernisation and expansion ranged from Rs 19 lakhs to Rs 1643 lakhs. It was intimated by NCDC that suitable steps were now being taken to correct this imbalance.

Out of the above 40 mills, 37 mills were targeted to be completed by 1993-94. A status report of the assisted mills, however, revealed that modernisation/expansion in only 32 mills had so far been completed (September 1995). One Project was de-sanctioned.

Working and financial results for 1992-94 revealed that out of the 32 mills, 5 had incurred losses in both the years, 3 had incurred losses during 1993-94 (results for 1992-93 were not available) and in another 2 mills the results for 1993-94 were not available with the NCDC. An evaluation study report (1994) on the above programme revealed that after the capacity expansion of some of the sugar factories, sufficient sugar cane could not be arranged by them with the result that their capacities remained unutilised or under-utilised.

As the adequate availability of cane in the area of operation of the assisted mills was the main criteria for the grant of assistance for expansion, the failure to muster sufficient cane by the mills is indicative of the poor project appraisal by the NCDC resulting in frittering of resources.

4.9 Appraisal of Proposals

A test check of some of the projects approved by the NCDC for financial assistance revealed that the time lag between receipt of a proposal by the NCDC and the date of sanctions ranged from about 2 to 24 months. Indian Institute of Management, Ahmedabad had conducted (January 1994) a management study of the

NCDC's various activities and pointed out several major shortcomings in their appraisal system. These included:

(i) The appraisal procedures were not standardised and there were no norms for financial parameters which resulted in acceptance of projects of doubtful viability.;

(ii) There were errors and deficiencies in assessing some of the financial parameters;

(iii) Cooperative content, number participation and environmental factors were not adequately taken into account and

(iv) Information base was badly organised.

The report was under consideration of the Ministry of Agriculture and Cooperation.

4.10 Monitoring

While discussing the Action Taken Notes on 26th Report PAC (1985-86), though the Ministry/NCDC had assured the PAC for setting up of an efficient monitoring system in the NCDC, the system installed had not been gainfully used like building data base for future appraisal etc. NCDC intimated that it had not developed any computerised monitoring system in respect of activities like Agro-processing, Cold Storage, I.C.D.P. etc. which was in effect an admission of poor monitoring of the cooperative contents of the project.

A test-check of the records and the information made available to audit revealed that the progress reports, working and financial results of projects were not forthcoming regularly in the NCDC from the concerned State Government/ Cooperative Societies.

No effective steps were taken by the NCDC to obtain the wanting reports. Even in respect of the reports received in the NCDC, effective follow up action was lacking.

The matter was referred to the Ministry (excepting para 4.6.1) in November 1995; their reply was awaited as of December, 1995.

CHAPTER III

Ministry of Commerce

5 Rubber Board

5.1 Introduction

Rubber Board, with its headquarters at Kottayam in Kerala, was established as a body corporate under the Rubber Act 1947 (as Act) to promote the development in Rubber Industry in India. Besides advising the Government of India on all matters relating to the development of rubber industry, the Board is empowered to import rubber with prior approval of Government or to purchase rubber in the internal market at prices approved by the Government of India. It also undertakes measures which provide for research, training, rendition of technical advice, improving marketing, collection of statistics, securing better working conditions for labourers in rubber plantations and factories, etc.

5.2 Organisational set up

A Chairman appointed by the Government of India and 25 other members (eight members representing the State of Kerala, two members representing the State of Tamil Nadu, ten members nominated by Government of India, three members of Parliament, the Executive Director and the Rubber Production Commissioner) constitute the Board.

The Board has 2 zonal offices, 27 regional offices, one central nursery, 16 regional nurseries, 4 tappers training schools, 7 sub-offices/liaison offices and 107 extension/field offices located in different parts of the country.

5.3 Scope of Audit

A review of the working of the Board during 1989-95 was conducted under Section 20(1) of the Comptroller and Auditor General's(Duties, Powers and Conditions of Service)Act, 1971, the findings of which are set out in the succeeding paragraphs.

5.4 Highlights

- Except for the significant increase in plan expenditure from General Fund during 1989-90 there was under utilisation of budget provision during 1991-92 to 1994-95, whereas under Non-Plan there was increase of expenditure over budget provision during 1989-90 to 1994-95.

  (Paragraph 5.5.3)

- There was no relation between the amount of cess remitted to the Consolidated Fund of India and the amount of grant released by the Government.

  (Paragraph 5.5.4)

- Government sanction for excess expenditure Rs. 5413.80 lakhs (on cash subsidy) under Rubber Production scheme implemented during 1988-94 was not obtained. The Board did not conduct any study as directed by Government in February 1987 on the impact of the subsidy to serve as the basic data for rationalisation of the quantum and mode of subsidy.

  (Paragraph 5.6.2)

- Nucleus Rubber Estate and Training Centres in the Andamans and Agartala could not be established, even after spending Rs. 809.01 lakhs till March 1995.

  (Paragraph 5.6.4 & 5.6.5)

- Board could meet only 10.4 per cent of the total requirement of planting materials in spite of maintaining 16 nurseries.

  (Paragraph 5.6.6)

- The technique of culture of Shoot tip protoplast and anther was yet to be standardised even after spending Rs. 156.24 lakhs till March 1995.

  (Paragraph 5.7.1)

- **Rs. 40.15 lakhs were spent on procuring a bailey bridge which could not be erected due to problems, of insurgency, existing prior to procurement of the bridge.**

  (Paragraph 5.9.1)

- **Expenditure of Rs. 222.23 lakhs was incurred on civil works at Nucleus Rubber Estate and Training Centre, Andamans against the sanction of Rs. 22.5 lakhs during the seventh plan period.**

  (Paragraph 5.9.2 (i))

- **Machinery worth Rs. 27.83 lakhs purchased for the Crumb Rubber Factory at Andamans could not be put to use as the Board became conscious of the fact after procurement that scarcity of water and paucity of scrap rubber would result in uneconomic operation.**

  (Paragraph 5.9.2(ii))

- **India's share in the global production registered an increasing trend in the last 3 years. However, there is a need for reducing dependence on natural rubber, as the ratio in the use of natural and synthetic rubber in India is 80:20 while the global pattern is 38:62.**

  (Paragraph 5.10)

5.5.1 Finance and Accounts :

The Board maintains two funds, a general fund and a pool fund. All amounts paid to the Board by the Central Government and other receipts of the Board are credited to the General Fund. This fund is applied to meet the expenses of the Board and the costs of various schemes undertaken by it. All sums realised by sale of rubber imported or purchased and other receipts which the Board may, with the previous approval of the Central Government, transfer from the general fund are credited to the pool fund. This fund is utilised for the rehabilitation of small growers.

5.5.2 A summary of the Receipt and Payment Account of the Board for the years 1989-90 to 1994-95 given below would show that government grants for the Board have increased by 86.7% from 89-90 to 94-95, while the sale of rubber and planting materials fluctuated widely, registering a high of Rs. 273.66 lakhs in 93-94 and a low of Rs. 86.16 lakhs in 90-91. In respect of the expenditure, the administrative expenses, and deployment in research and development have steadily increased over the six years under review as expected but the investment in schemes for improving production, processing and marketing have registered an unhealthy decline from Rs. 1743 lakhs in 91-92 to Rs 1118.88 lakhs in 94-95.

(Rupees in lakhs)

	1989-90	**1990-91**	**1991-92**	**1992-93**	**1993-94**	**1994-95**
RECEIPTS						
Opening Balance	59.94	76.42	121.16	174.00	252.60	263.46
Grant from Govt. of India/State Government	2209.30	2765.00	3044.00	3059.00	3408.00	0.28* 4123.66
Retention of cost of collection of cess	30.05	27.40	32.25	37.77	39.85	51.78
Licence fees	8.89	6.54	10.57	12.31	8.55	12.64
Sale of rubber and planting materials	92.10	86.16	93.77	108.25	273.66	159.04
Receipts from Pool fund schemes	23.22	20.05	20.77	17.91	16.38	-
Other receipts	56.59	57.16	87.18	93.04	117.23	644.51
Recoveries of advance paid to employees	16.28	16.49	17.76	21.00	22.06	24.44
Deposits & Advances	33.63	5.57	12.93	121.21	26.27	30.12
Total	**2530.00**	**3060.79**	**3440.39**	**3644.49**	**4164.60**	**5309.65 +0.28***
PAYMENTS						
Administration Department	144.95	156.74	174.57	205.29	223.87	249.39
Research Department	280.24	260.01	307.16	422.79	615.18	516.40
Development Department	331.88	372.56	391.14	462.15	499.50	528.98

Contd ⇨

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Processing and Product Development	56.29	102.84	127.12	169.40	163.21	138.79
Training	4.61	4.42	4.49	6.72	4.99	3.50
Works	53.68	30.32	27.54	32.21	-	-
Pool fund schemes	175.38	167.25	313.52	247.50	122.17	-
Schemes for improving production processing and marketing	1303.86	1732.01	1743.27	1623.38	1441.46	1118.88
World Bank aided project	-	-	-	-	671.38	1413.16
Contribution to pension & Provident Fund	57.04	60.00	60.00	65.00	65.00	70.00
Other payments	23.54	23.34	41.68	41.89	6.55	4.47
Total expenditure	2431.47	2909.49	3190.49	3276.33	3813.31	4043.57
Advance to employees	22.11	30.14	30.82	36.68	32.49	23.18
Deposits & Advance	-	-	45.08	78.88	55.16	34.45
Closing balance	**76.42**	**121.16**	**174.00**	**252.60**	**263.64**	**1208.45 +0.28***
Grand total	**2530.00**	**3060.79**	**3440.39**	**3644.49**	**4164.60**	**5309.65 +0.28***

* Pool Fund

5.5.3 Budget and Actuals

The budget provision and actual expenditure during 1989-90 to 1994-95 are detailed below:

(Rupees in lakhs)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
General Fund-Non-Plan:						
Budget Provision	755.64	825.85	874.89	939.45	1020.00	1020.00
Expenditure	812.87	844.20	881.92	1022.11	1130.56	1096.96
Savings(-)/ Excess(+)	+57.23	+18.35	+7.03	+82.66	+110.56	+76.96

Contd⇨

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
General Fund- Plan Budget Provision Expenditure	 1429.00 1601.06	 2087.24 2091.86	 2519.56 2334.12	 2359.00 2280.40	 2620.00 1862.06	 2129.00 1525.26
Savings(-)/ Excess(+)	+172.06	+4.62	-185.44	-78.60	-757.94	-603.74
Pool Fund Budget Provision Expenditure Savings(-)/ Excess(+)	 189.00 172.01 -16.99	 - - -	 - - -	 - - -	 - - -	 - - -
World Bank: Budget Provision Expenditure	 - -	 - -	 - -	 - -	 1641.00 671.39	 1795.00 1413.15
Savings(-)/ Excess(+)	-	-	-	-	-969.61	-381.85

There was under utilisation of budget provision of Rs.1625.72 lakhs under Plan from General Fund during 1991-92 to 1994-95 and of Rs.1351.46 lakhs under World Bank programme during 1993-94 to 1994-95. The increase in expenditure under Non-Plan from General fund was Rs.352.79 lakhs during 1989-90 to 1994-95.

5.5.4 Section 12 of the Act provides for levy of a cess at a rate not exceeding Rs 0.50 per kg. of rubber produced in India (revised Re 1.00 per kg with effect from 1.7.94) and the Board is authorised to collect the cess. After collection the Board is required to credit the proceeds to the Consolidated Fund of India (less cost of collection which is retained by the Board)against which grants are paid by the Government of India to the Board. It is however noticed that grants released by the Government of India between 1989-95 have been substantially more than the net proceeds of cess credited to the Consolidated Fund of India, except for the year 94-95, during which the rate of the levy was increased from Rs.0.50 per kg to Re.1.00 per kg.

(Rs in lakhs)

Year	Net Proceeds of Cess credited to the Consolidated Fund of India	Cost of collection retained	Grants paid by Government
1989-90	1385.88	30.05	2209.30
1990-91	1445.93	27.40	2765.00
1991-92	1649.34	32.25	3044.00
1992-93	1766.94	37.77	3059.00
1993-94	1941.90	39.85	2660.00
1994-95	2571.88	51.78	2247.00

It has been noticed that the total arrears of cess pending collections of March 1995 amounted to Rs.290 lakhs in 1850 cases which works out to 12.90 *per cent* of the grants received by the Board from the Government of India during 1994-95 and 11.28 *per cent* of the net cess collected . It has also been noticed that Section 12 of the Act which empowered the Board to collect the cess does not contain any provision for levy of interest for delayed payment. In order to make the collection machinery more effective, a formal amendment to section 12 of the Act for charging interest on arrears of cess should have been considered but no action has been taken by the Government in this regard till November 1994. The Board, however stated (November 1994) that action to recover the amounts as arrears of land revenue as per provision of the Act has been initiated in all cases pending upto 1992-93.

5.6.1 Rubber Production

The total production and yield per hectare of rubber in the country during 1989-95 are detailed below :

Year	Total area under plantation (In 1000 ha)	Total area Tapped In 1000ha	Production of rubber (tonnes)	Yield per hectare (kg)
1989-90	460	289	297300	1029
1990-91	475	306	329615	1076
1991-92	489	325	366745	1130
1992-93	499	341	393490	1154
1993-94	509	358	435160	1215
1994-95	516	373	471815	1265

The Board spent a total amount of Rs.12949.71 lakhs on developmental schemes during the period 1989-95. It was seen that although production increased by 58.7 *per cent*, the rubber cultivation in non-traditional areas could not be popularized.

As at the end of March 1995, the low yielding area under registered holdings was 24668 ha as compared to that in 1989. The Board has a target of 40000 ha to be replanted during 1993-98. Although the target for 1993-94 and 1994-95 had been achieved, the average yield per hectare was only 45*per cent* of the maximum feasible yield, i.e, 2500 kg. per ha under ideal conditions. Results of audit of some of the important schemes implemented by the Board to increase productivity are discussed below :

5.6.2 Rubber Plantation Development Scheme

The scheme envisaged increasing natural rubber production by rendering financial and technical assistance to rubber growers. The scheme was implemented by the Board in a phased manner from 1980-81 to 1992-93. Under the scheme, the Board could support the rubber growers by granting cash subsidy, loans and subsidy for interest on long term bank loans availed of by the growers.

Against a total outlay of Rs.4968.28 lakhs sanctioned by the Government of India for the period 1988-94, the Board incurred a total expenditure of Rs.10382.08 lakhs and Rs.605.85 lakhs towards cash subsidy and interest subsidy respectively till March 1994. It was observed that :

(i) The extra expenditure was met from regular allotments from the Government without obtaining specific approval.

(ii) Board has not conducted the study directed by the Government in February 1987 on the impact of the subsidies on actual yield, acreage and production to serve as the basic data to enable rationalisation of the quantum and mode of subsidy on replanting and new planting.

5.6.3 Eastern India Rubber Development Project

The Scheme approved by Government of India in April 1988 envisaged setting up of a research farm (200 ha) and Nucleus Rubber Estate and Training Centre (NRETC 250 ha) in Orissa and development of new plantations in 5500 ha in the State of Orissa, Madhya Pradesh , West Bengal and Andhra Pradesh during 1987-93. It was noticed that :-

(i) The research farm and NRETC were not established upto December 1995

(ii) Against the target of 5500 ha only 448 ha could be planted.

(iii) Board incurred an expenditure of Rs.55.80 lakhs mainly on establishment and contingencies.

Board attributed the shortfall in planting to the reluctance of new entrepreneurs to take up rubber cultivation due to high capital investment, long gestation period and lack of credit facility from banks. This shows the inherent weakness of the scheme which should have been taken up after proper survey and planning. The scheme proved to be a non starter, even after incurring an expenditure of Rs. 55.80 lakhs.

5.6.4 Nucleus Rubber Estate and Training Centre, Andamans

The scheme envisaged conversion of the existing Rubber Research-cum-Development Station consisting of 202.55 ha of rubber plantations in South Andamans into a Nucleus Rubber Estate and Training Centre (NRETC) at an estimated cost of Rs.114 lakhs. Till March 1995, Rs.487.65 lakhs was spent on the project. The targets vis-a-vis achievements of the scheme are shown below :

	Target	Achievement
(i)	Production of 824 tonnes (@ 206 tonnes *per annum*) for the period 1989-93	318.26 tonnes
(ii)	Development of 3000 ha of new plantation	970 ha
(iii)	Setting up of a processing unit	NIL
(iv)	Development of nursery and training centre	NIL
(v)	Construction of Labour quarters	NIL

The Board stated that in view of the limited scope of expansion of rubber plantation due to paucity of land and strict enforcement of Forest Conservation Act, the question of opening a training centre had to be shelved. It further stated that steps were being taken to replant the estates of the Centre so that training to small growers could be imparted.

The Board's statement shows that the project was formulated without conducting a realistic survey and ensuring active participation of Andaman Administration. Further, no evaluation has been made by the Board so far.

5.6.5 Nucleus Rubber Estate and Training Centre, Agartala

Under the scheme for accelerated development of rubber plantation in the North East Region approved by the Government of India in May 1984 , a Nucleus Rubber Estate and Training Centre on 1000 ha was proposed to be established at Agartala at an estimated cost of Rs.384 lakhs. The work on the centre was to commence in 1984-85 and regular planting operations completed over a period of nine years. The centre was conceived to be a self-financing one from 1994-95.

It was seen that an expenditure of Rs.321.36 lakhs was incurred on the project upto March 1995 primarily on salary of establishment, contingency, civil works and maintenance . But the centre failed to take off and achieve the objectives chiefly on the ground of non-availability of land. Against the requirement of 1000 ha only 404 ha was made available at Harimangalapara and 100 ha at Surendra Nagar, out of which 329 was found to be within protected forest region.

5.6.6 Nurseries

To ensure availability of high yielding planting materials to small growers at reasonable prices eight nurseries each in traditional areas (Kerala) and non-traditional areas (out of Kerala) were being maintained by the Board.

Test check revealed that against 515 lakhs of saplings required for replanting and fresh planting of 1,03,017 ha during the period under review, only 53.74 lakhs

(10.4 *per cent* of the total requirement) were distributed from these nurseries, while bulk of the balance requirement were met by private nurseries.

This was mainly due to under-utilisation of available area varying from 24*per cent* (1989-90) to 52*per cent* (1992-93) in respect of nurseries in traditional areas and 42 *per cent* on an average in non-traditional areas.

According to the Board, non-availability of viable seeds, non-availability of saplings at the appropriate time for sale, mounting labour wages and gradual decline in labour efficiency were the main reasons for under utilisation of the available area. However, no steps were taken by the Board to overcome these constraints. The Board could have offered better service if the factors affecting production were periodically evaluated and prompt remedial action taken. It would thus be seen that the objective of production and supply of quality plant could not be achieved even after maintaining 16 nurseries.

It was also seen that though the nurseries were established to operate on a no profit no loss basis, the cost of maintenance and distribution borne by the Board amounted to Rs.325.11 lakhs for the period 1989-95 while the sale proceeds was Rs.262.96 lakhs only.

5.7 Research

In order to undertake scientific, technological and economic research , the Board established in 1955 the Rubber Research Institute of India (RRII) which has 8 major divisions viz. Botany, Plant Physiology and Exploitation, Agronomy and Soils, Plant Pathology, Rubber Chemistry and Physics, Bio-technology, Germ Plasm and Agricultural Economics. The total expenditure incurred by the Board towards research during the period 1989-95 was Rs.2446.83 lakhs.

5.7.1 Tissue Culture

A scheme for establishing a tissue culture laboratory at RRII at an estimated cost of Rs.17.66 lakhs was approved by the Government of India in December 1985; the know-how was to be developed by 1985-86 and large scale production of plantlets by 1986-87 A fifty *per cent* increase in production was expected from the new technique to be developed. The work was started in 1988 and the first stage completed in December 1991. Records show that :

(i) An amount of Rs.156.24 lakhs had been spent upto March 1995 on the project against the estimated cost of Rs.17.66 lakhs chiefly on account of time overrun.

(ii) the tissue culture plants made available for the first time during 1990 was only about 200 against the anticipated one lakh numbers.

(iii) Although the culture of shoot tip protoplast and anther was tried during the period under review, the technique to be adopted had not yet been standardised and the object of large scale production of elite planting material had not yet been achieved (July 1995).

5.7.2 Establishment of Germplasm Gardens

In order to broaden the genetic base of Hevea brasiliensis (Rubber Plant) by augmenting the 1202 genotypes already available from 1984, the Board introduced in 1987 the scheme for import of 10,000 genotypes from Malaysia through International Rubber Research and Development Board. After conserving, cataloging and evaluating these genotypes in nurseries in an area of 106.50 ha, the promising ones of commercial significance were to be released for large scale planting. It was anticipated that the trees, after six to seven years, would start yielding at an average of 1500 Kg. of latex per ha per year.

It was seen that against the target of 10,000 genotypes 7005 were imported during 1987-90 and maintained in nurseries covering an area of 7.3 ha, but only 3786 survived. The mortality rate was thus 46*per cent* . Of the surviving genotypes, field evaluation was carried out in respect of 368 genotypes only. The total expenditure on the scheme during 1989-95 was Rs.135.65 lakhs.

According to the Board, non-availability of land, resistance of wild genotypes for horticulture manipulations and inadequate technical staff were the constraints in carrying out field evaluation. It was not clarified as to why these foreseeable constraints were not kept in view before importation of 7005 genotypes and maintaining the surviving ones (3786) and evaluating only 368 of them at a total cost of Rs. 135.65 lakhs. The benefit resulting from the entire exercise is uncertain.

5.8 Processing and Product Development

5.8.1 Radiation Vulcanised Natural Rubber Latex Project

Government approved in November 1989, establishment of a Pilot Plant for production of radiation vulcanised natural rubber latex (RVNRL) under the Board in collaboration with the Bhaba Atomic Research Centre at an estimated cost of Rs.14.60 lakhs, 30 *per cent* of which was to be met by the Department of Atomic Energy. The project was to be commissioned by February 1990 so as to start regular production by April 1990.

It was seen that :

(i) the plant completed at an actual cost of Rs.32 lakhs in December 1991 was commissioned only in April 1992. The delay in commissioning was attributed to delay in clearance by the Atomic Energy Regulatory Board.

(ii) The plant was designed and constructed for accommodating 100 kilocuries (K.Ci) of Cobalt 60 source, but was installed for only 10 KCi which was further reduced to 7.68 K.Ci in two years after installation due to natural decay of the isotope..

(iii) The projected production capacity was 75 tonnes for 10 K.Ci. However, while operational expenses mounted (except during 93-94), production and sales declined as would be evident from the following table :

(Rupees in lakhs)

	1992-93	1993-94	1994-95
Operational expenses (excluding pay & allowances)	3.16	1.26	3.55
Sales	1.70	1.84	1.40
(production in tonnes)	9	8	4.5

(iv) The product having low tensile strength and poor resistance to ageing due to long exposure to radiation (200 hours) was also not of required quality.

Board stated (March 1995) that the projected production capacity was purely theoretical and that the production during 1992-94 was on a trial basis. However, according to an evaluation report (October 1993) the project could be economically viable only if the capacity of source strength is increased to 100 K.Cis but no steps had yet (December 1995) been taken in this regard.

5.9 Other topics

5.9.1 Blocking of funds

Bailey Bridge

It was necessary to construct a bridge over stream in order to have access to the plantation area at Harimangalapara (Tripura) as part of Nucleus Rubber and Estate Centre, Agartala. For this purpose a bailey bridge of 140 feet span was procured from a firm in July 1992 at a cost of Rs.40.15 lakhs. The bridge could not be erected as continuing work at Harimangalapara was not possible due to security reasons and getting clearance from Forest Department. The Board, therefore, decided in December 1992 to sell the bridge to Border Roads Task Force, but failuring to negotiate to deal with them, Board approached the Tripura Government in July 1995 for disposal, no finality in this regard has been achieved so far (December'95).

It was noticed that insurgency and attendant law and order problems were being faced from 1991 itself. The bridge was procured in July 1992 and could not be erected due to the law and order situation which was existing even prior to its procurement, as a result of which Rs.40.15 lakhs had remained blocked for over three years.

5.9.2 Crumb Rubber Factory in South Andamans

(1) Civil works

In March 1987, the Board entered into an agreement with a public sector undertaking (PSU) for execution of the civil works for a crumb rubber factory of one tonne capacity per shift, labour lines (3000 sq.m), office and lecture hall (270 sq.m.), smoke house (100 sq.m.) and residential quarters (2200 sq.m) at Nucleus Rubber Estate, South Andamans. As per terms of the contract, the Board was to pay actual cost plus 12.5 *per cent* thereon to cover overhead expenses and margin of profit. Rs.30 lakhs was paid (March 1987) to the contractor as interest free mobilisation advance to be recovered at 15 *per cent* of the cost of work. The work was completed in August 1993 and upto October '93 an amount of Rs.222.33 lakhs was paid to the PSU.

It was seen that :

(a) The approved outlay for civil works sanctioned by Government was only Rs.22.5 lakhs, against which an expenditure of Rs.222.33 lakhs had already been incurred without Government sanction.

(b) Detailed estimates and design of the works were not prepared before awarding the work to PSU.

(c) No schedule of work to be executed was drawn up as per terms of contract.

(d) The interest-free mobilisation advance of Rs.30 lakhs was not utilised for this work but was diverted for some other work by the PSU in violation of the terms of contract. Although, this attracted charging of interest, no action was taken in that regard.

(e) Payment of overheads (Rs.15.29 lakhs) beyond the scheduled date of completion (March 1990) was also not covered by the terms of the contract.

The Board defended their action rather strenuously in April 1994 that since the work was to be carried out in a remote area, detailed drawing, design and estimates could not be prepared in time.

(2) Machinery

Machinery worth Rs.22.11 lakhs was purchased and transported to Andamans during June 1989 - June 1991 for the factory. Civil works for installation of the machinery were completed in August 1993 at a cost of Rs.2.17 lakhs. Records revealed that the machinery was not put to use as the Board became conscious of the fact after procurement, that scarcity of water and paucity of scrap rubber would result in uneconomic operation.

In December 1991, the Board transferred the machinery after repairs to the mainland for which a total cost of Rs.3.55 lakhs was incurred. It was decided to dispose it of to one of the rubber processing companies jointly sponsored by the Board and the rubber processing societies.

Confirming the facts in April 1994, the Board stated that cost of machinery would ultimately be recovered from the various companies to which these had been supplied and that the factory building would be utilised for a sheet factory proposed to be established.

Thus lack of planning and prudence in formulating the proposal to establish the factory resulted in blocking of funds to the extent of Rs.27.83 lakhs for over 7 years.

5.9.3 Loss in insurance for rubber plantations

Board had taken master policies from New India Assurance Company during 1988-89 to cover 22708.79 ha of immature area and 6900 ha of mature area and provided insurance cover to individual rubber growers. An amount of Rs.1.71 crores was paid to the company against the recovery of Rs. 1.46 crores from the individual growers during 1988-95. Rs. 25 lakhs paid in excess are yet to be recovered.

5.10 General Comments

In spite of deficiencies and short-falls in the implementation of various programmes for promoting rubber cultivation in the country discussed above, it may be pointed out that India's share of world production of natural rubber crept up from 7.02 *per cent* during 1992-93 to 7.88 *per cent* during 1993-94 and 8.25*per cent* during 1994-95. To meet the total demand in the country during 1993-94, 21384 tonnes of rubber was imported but during 1994-95 the import requirement decreased to 8531 tonnes, evidently on account of increased production. However, according to Indian Rubber Statistics 1994, the ratio in the use of natural and synthetic rubber in India is 80:20 while the global pattern is 38:62. This suggests that, if Indian Industry is motivated to approach the pattern obtaining in other countries to reduce the consumption of natural rubber, India could be a rubber exporting country and earn foreign exchange rather than importing rubber at the cost of foreign exchange.

Spices Board

6 Unauthorised expenditure

In March 1993, the Spices Board (Board) sought the approval of the Ministry of Commerce to their proposal to assist pepper farmers in controlling Footrot (quick wilt) disease by organising field demonstrations. The Ministry turned down the proposal in October 1993 on the ground that the proposed activity in the area of pest control and protection of pepper did not fall within the jurisdiction of the Board.

It was, however, noticed in audit that during the period 1991-92 to 1994-95 the Board had spent an amount of Rs.46.50 lakhs for control of quick wilt disease of pepper. The Board, stated in July 1995, that it had decided to discontinue the scheme from 1995-96.

It would, thus, be seen that an amount of Rs.46.50 lakhs had been spent by the Board in an unauthorised manner.

Tea Board

7 Heavy loss arising from Joint Venture Operation

Tea Board (Board) and the Hotel Corporation of India Limited (HCIL) set up jointly "India Tea and Restaurants Limited" (ITR) in 1981 in place of Tea Board's two tea centres at London and Sydney for running these as high class Indian restaurants on commercial basis. One of the objectives of the ITR was to undertake and carry on the business in all types of Indian Tea and with that end in view, to popularise and promote the consumption of Indian tea. The authorised share capital of ITR was Rs 50 lakhs, which was subscribed by Tea Board, being 51 *per cent* share holder with Rs 25.50 lakhs and the rest by HCIL being 49*per cent* holder of its shares. ITR which was administratively controlled by HCIL, started two restaurants, viz. Mayur-Sydney in October 1982 and Mayur-London in October 1984.

The Board and HCIL had also stood jointly and severally guarantors for various loans amounting to Rs 109.95 lakhs taken by ITR from Bank of Baroda from time to time. The ITR also took overdrafts amounting to Rs 46.60 lakhs from Bank of Baroda at different times. The London restaurant was housed in a building rented by the Board. ITR was required to reimburse 70 *per cent* of rent, rates and service charges etc. paid by the Board. ITR did not, however, reimburse the same owing to its financial constraints. For the period April 1990 to July 1991 dues on this account amounted to Rs 1.03 crores.

Both the restaurants suffered considerable losses since their inception and ultimately Mayur-London was closed in April 1990 and Mayur-Sydney in September 1990. The HCIL on whose expertise, the Board had depended for successful operation of the restaurants did not bear its share of liabilities when the ITR became financially bankrupt. The Board had to bear the liability of the interest burden in respect of loans and overdrafts taken by the ITR, which added upto Rs 4.28 crores. In July 1992, the Board approached the Ministry for write off of said amount but Ministry has informed in February 1996 that the proposal for write off has not yet been agreed to.

The decision of the Board to enter into the aforesaid joint venture not only failed to serve the purpose of promoting Indian tea in the world market but also created a liability of Rs 4.28 crores for the Board in addition to losing its own share capital of Rs 25.50 lakhs, and thus the joint venture had turned into a costly mis-adventure. Apart from meeting the Bank's demands as guarantor of loans to ITR, the Board had also been deprived of the use of space in the building hired by them but largely occupied by the ITR for over one year in London, the financial implications of which amounted to Rs 1.03 crores.

CHAPTER IV

Ministry of External Affairs

Haj Committee

8 Delay in construction

With a view to providing transit-accommodation to Haj pilgrims, Government of Maharashtra allotted 3331.54 sq.m. land at Palton Road in Bombay to the Haj Committee in November 1976 in exchange for 3903.88 sq.m. of property of Chinchpokli. The Haj Committee was given possession of the land together with canteen run on the premises in 1976.

In spite of an objection to commence construction from the Bombay Municipal Corporation (BMC) on account of the existence of the canteen, the Haj Committee awarded the work to a firm in March 1983 at an estimated cost of Rs 2.96 crores to be completed by March 1985. The structural construction work was, however, completed in February 1988 at a cost of Rs 3.73 crores, and an additional amount of Rs 7.63 crores was spent on plumbing, sanitary and electric fitting, air-conditioning, lifts etc. upto January 1995. Although, the building was otherwise ready as of August 1995, it could not be put to use due to objections of the Fire Service Department (FSD) and the BMC. The existence of the canteen on the premises remained the bone of contention between the Haj Committee and the above mentioned authorities.

It would thus, be seen that for failure of the Haj Committee to obtain clearance from FSD and BMC over the issue of running a canteen, a total expenditure of Rs 11.36 crores incurred on the building has remained unproductive.

It was also noticed that in absence of the building which was scheduled to be completed by March 1985, the Haj committee had incurred an expenditure of Rs 6.52 lakhs during the period 1988-95 on providing accommodation to the Haj pilgrims.

The matter was referred to the Ministry in April 1995; their reply was awaited as of December 1995.

CHAPTER V

Ministry of Health and Family Welfare

(Department of Health)

All India Institute of Medical Sciences

9 Idle investment of Rs.70.51 lakhs

All India Institute of Medical Sciences (AIIMS) approved a proposal in March 1991 to install Surgical Oncology facility at Institute Rotary Cancer Hospital (IRCH) in phases with surgical beds and major operation theatre for treatment of cancer. A recurring expenditure of Rs.44.50 lakhs *per annum* for salaries of staff and materials supply etc. and a non-recurring budget of Rs.95.55 lakhs for equipment and machinery and construction work was approved. In the first phase, a 20 bedded ward, 3 bedded intensive care unit (ICU) and major operation theatre was to be provided.

The construction of the facility started in October 1992, and completed in February 1995 at a total cost of Rs. 70.51 lakhs. It was, however, noticed that the ward had remained unutilised till date (November 1995) as the proposal for the creation of posts of doctors and other staff for the newly constructed ward had not been approved so far (November 1995).

The AIIMS stated in October 1995, that the matter of creation of posts had been deferred for the time being. Thus the new wing of the Cancer Hospital remains nonfunctional resulting in idle investment of Rs.70.51 lakhs from February 1995, and the cancer patients continue to be deprived of the use of the Surgical Oncology facility.

The matter was referred to the Ministry in November 1995; their reply was awaited as of December 1995.

10 Unfruitful investment

Chittaranjan National Cancer Institute (Institute) procured a "Micro Selectron HDR Brachytherapy* " equipment at a total cost of Rs.90.68 lakhs from a foreign firm in September 1992. For utilisation of the equipment for cancer therapy, import of Iridium 192, which decays quickly, was necessary on the basis of a no objection certificate (NOC) to be obtained from Atomic Energy Regulatory Board. As of May 1995, no such NOC could be obtained by the Institute primarily for lack of arrangement for periodical disposal of decayed radioactive Iridium and this resulted not only in blockage of Rs.90.68 lakhs for more than 3 years but also in depriving the cancer patients from being treated by this equipment.

While accepting the facts, the Ministry stated, in November 1995, that action has been initiated by the Institute for obtaining the NOC.

11 Unplanned procurement

With a view to setting up an Intensive Care Unit (ICU) for post operative radical surgery and crash chemotherapy patients, Chittaranjan National Cancer Institute (CNCI) procured equipment worth Rs 19.54 lakhs in June 1992 and also spent Rs 3.91 lakhs for Civil and other Works. Neither any approval of the Governing Body as per rules had been obtained nor had any action been initiated for creating requisite number of posts of Medical Officer for manning the unit. The Unit had not been operational for want of medical officers as of October 1995 and the equipment had remained unutilised. Meanwhile, the warranty coverage of the equipment expired in June 1993.

Accepting the facts Ministry stated in December 1995 that action has been taken for installation and commissioning of the unit.

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* An equipment required for intra-operative Brachytherapy for treatment of cancer of lung, bileduct etc.

Thus, procurement of the equipment before making adequate and proper planning led to idling of Rs 23.45 lakhs.

CHAPTER VI

Ministry of Human Resource Development

(Department of Culture)

North Zone Cultural Centre

12 Irregular expenditure

As per the Financial Rules 1989 of the North Zone Cultural Centre, Patiala, any expenditure out of the Corpus Fund created by contributions from the Central/State Governments could be incurred after the approval of the Government of India (GOI). It was however, seen in audit that during 1990-91, a total amount of Rs.141.83 lakhs was incurred by the Centre in organising festivals and programmes without the approval of the Government of India.

The Centre stated, in May 1995, that the utilisation of the Corpus Fund was unavoidable as its income from investments was much less than their requirement. The reply is not tenable as the need to organise festivals does not absolve the centre from following its Rules.

The matter was referred to the Ministry in February 1996.

(Department of Education)

13 Visva-Bharati

13.1 Introduction

Visva-Bharati, founded by Rabindra Nath Tagore in December 1921, was declared to be an institution of national importance and constituted as a Central University under the provisions of the Visva-Bharati Act, 1951. The objects of the university are to disseminate and advance knowledge and understanding by providing instructional, extension and research facilities. Propagation of Tagore's ideas and philosophy in the context of Indian culture and heritage is one of the primary objectives of Visva-Bharati.

The University offers teaching and research programmes in Humanities and Social Sciences, Fine Arts, Music and Dance, Physical and Life Sciences, Agriculture, Education, Rural studies at different Institutions at Santiniketan and Sriniketan. The university has also a school system.

13.2 Scope of Audit

A review of the working of the University was conducted by Audit covering the period 1990-95.

13.3 Organisational set up

The Karma-Samiti (Executive Council) is the principal executive body of the university. The Upacharya (Vice-Chancellor) is ex-officio chairman of the Executive Council. He is the principal executive and academic officer of the University and exercises general supervision and control over the academic affairs of the University and gives effect to the decisions of all the authorities of the University.

13.4 Highlights

- **The University resorted to irregular diversion of unutilised balances of specific grants to meet excess expenditure of other funded projects.**

  (Paragraph 13.5.3)

- **Owing to lack of proper planning in implementation of an academic programme, the objective of reviving the Centre of Advanced Studies in Philosophy was not achieved.**

  (Paragraph 13.5.3.1)

- **Concordance Project, a part of 125th Birth Anniversary of Tagore was left incomplete resulting in infructuous expenditure.**

  (Paragraph 13.5.3.2)

- **There was high percentage of shortfall in intake under Graduate and Post-Graduate courses.**

  (Paragraph 13.6.1.1)

- **The University had not fixed faculty workload and faculty vs student ratio.**

(Paragraph 13.6.2)

- **There was lack of initiative to maintain residential status of the University as provided in the Act.**

(Paragraph 13.6.3)

- **Complete accession and physical verification of art objects at Nandan Museum was not done.**

(Paragraph 13.8.1)

- **75 *per cent* of the publications remained unsold blocking funds amounting to 80.54 *per cent* of the total cost of publications.**

(Paragraph 13.9)

- **The University had not established any system for monitoring the payment of royalty and identification of cases of evasion of royalty payment.**

(Paragraph 13.10)

13.5 Finance and Accounts.

13.5.1 Receipts and Payments

The University is mainly financed by grants paid by the University Grants Commission (UGC). It also receives grants direct from the Government of India, the Government of West Bengal and from other authorities like Council of Scientific and Industrial Research (CSIR), Indian Council of Agricultural Research (ICAR) for specific proposes. The University has also internal receipts from sale of books and publications, fees from students and other miscellaneous receipts. The receipts and payments of the University during 1990-95 are detailed below:

(Rupees in lakhs)

Receipts	1990-91	1991-92	1992-93	1993-94	1994-95
Opening Balance	72.47	58.87	29.85	117.54	173.34
I. Grants received from					
(i) U.G.C.	1014.03	1161.39	1346.76	1560.36	1698.71
(ii) Government of India	23.26	10.52	25.52	49.91	46.77
(iii) Government of West Bengal	6.65	11.99	17.99	100.88	13.63
(iv) Other Bodies	22.84	26.58	13.21	21.93	23.71
II.Internal receipts	27.15	28.96	39.77	39.77	49.65
III. Endowments, Funds, Donations	48.53	45.33	15.77	25.85	10.09
IV. Advances, Deposits, Suspense, Imprest	857.57	968.92	808.13	1028.37	1350.19
Total	**2072.50**	**2312.56**	**2297.00**	**2944.61**	**3366.09**
Payments					
Expenditure during the year					
I. Revenue Account	1022.10	1353.62	1243.58	1376.19	1512.06
II. Capital Account	32.16	39.84	8.22	3.03	123.08
III.Specific purpose grants	148.65	125.69	227.42	305.90	230.73
IV. Endowments, Funds Donations	52.64	34.88	4.68	5.85	14.46
V. Advances, Deposits Suspense, Imprest	758.08	728.68	695.02	1080.30	1326.30
VI. Closing Balance	58.87	29.85	118.08	173.34	159.46
Total	**2072.50**	**2312.56**	**2297.00**	**2944.61**	**3366.09**

The pattern of expenditure shows that only a small *per cent* ranging from 0.21 to 7.52 of total expenditure (Revenue plus capital) was incurred on creation of capital assets during 1990-95.

13.5.2 Plan programme

The grants released by the UGC. for the Eighth plan (1990-95) programmes and the amount spent by the University were as follows

(Rupees in lakhs)

Programme	Building	Campus development	Books and Journal	Equipments	Teaching/ non- teaching staff	Total
Grants released	26.47	10.00	40.05	44.75	31.00	152.27
Amount spent	27.40	8.30	42.69	20.93	7.74	107.06
Shortfall (+) Excess (-)	(-) 0.93	(+) 1.70	(-) 2.64	(+) 23.82	(+) 23.26	(+) 45.21
Percentage	3.51	17.00	6.59	53.23	75.03	29.69

The reasons for shortfall/excess in expenditure have been analysed in the following paragraph.

13.5.2.1 Grants for equipment

An estimated requirement of Rs 100 lakhs was proposed by the University for equipments during Eighth Plan. The UGC sanctioned Rs 44.75 lakhs of that Rs 40 lakhs were released by March 1995. The total expenditure incurred was Rs 20.93 lakhs. The University attributed the shortfall in expenditure to late release of grants (August 1995).

13.5.2.2 Grants for teaching/non-teaching staff

An estimated requirement of Rs 95 lakhs was proposed by the University towards salary of teaching and non-teaching staff against the posts approved in Eighth plan. The UGC sanctioned and released Rs 31 lakhs during 1992-93 and 1994-95 for 35 teaching and 27 non-teaching posts. Only 9 teaching and 13 non-teaching posts were filled from December 1992 to June 1995.

Thus despite availability of funds, the University failed to fill up all the teaching and non-teaching posts as of August 1995.

13.5.3 Specific purpose grants

Grants received from the UGC and other authorities for specific purposes are to be utilised for such purposes only and no diversion thereof for other purposes was permissible. It was, however, noticed that in a large number of cases, excess expenditure over the grants received was incurred as also unspent balances of grants were lying unutilised as detailed below for the preceding five years:-

Position as on	Unspent Balance of grants		Unrealised grants	
	No.of grant	Amount (Rs in lakhs)	No.of grant	Amount (Rs in lakhs)
March 1991	138	76.17	151	125.35
March 1992	140	64.44	138	130.26
March 1993	127	107.06	150	158.61
March 1994	134	132.99	163	146.20
March 1995	143	209.35	159	142.77

Expenditure incurred in excess of grants received and remaining unrealised was met by diversion from other specific purpose grants where balances were lying unspent. Further, 12 cases of unutilised grants and with balance of Rs 5.69 lakhs had been lying completely non-operative during the preceding five years, beside, 13 cases of unrealised grant with balance of Rs 7.57 lakhs.

The University stated (August 1995) that it had no separate fund for making payment of excess expenditure over the grants received for on-going schemes and as such to keep the progress on, temporary utilisation of non-utilised grant of other project/scheme was unavoidable and the University did not follow any practice for obtaining prior permission in such cases.

The fact, however, remains that the University diverted several specific purpose grants in contravention of condition stipulated in the sanction orders.

13.5.3.1 Special Assistance- Philosophy Department.

The UGC sanctioned Rs 18.75 lakhs under the programme of `Special Assistance-Philosophy Department' for a period of 5 years from the date of the programme with the basic objective to revive the Centre of Advanced Study in Philosophy through teaching and research works in the identified thrust area (Area) viz (i) Meta-physics and Religion and (ii) Philosophy of Art and Culture.

The programme commenced on 20 April 1987 and was to be continued upto March 1992. Out of Rs 18.75 lakhs, UGC released Rs 7 lakhs to the University during 1986-87 and 1989-90 for the programme.

It was seen that amounts spent by the University for implementation of the programme included costs to arrange seminars, publication and contingency. Teaching and research work could not be undertaken due to non-filling of academic posts.

The objectives of the programme, therefore, remained unfulfilled. An Expert Committee constituted by the UGC for review and monitoring the progress in teaching and research activities visited the Centre in July 1992 and viewed that the department could not achieve the desired goal.

13.5.3.2 Concordance project.

The UGC approved (May 1986) the "Concordance Project" as part of the 125th Birth Anniversary of Rabindra Nath Tagore at an estimated cost of Rs 14.05 lakhs. The project was proposed to be completed in three phases viz. (i) Poetry and songs, (ii) Plays and short stories and (iii) Novels and other prose works. The University procured equipments (computers and printers) valued at Rs 5.28 lakhs and also spent Rs 3.26 lakhs towards furniture and other recurring expenses. It was, however, noticed that only key boarding of poems, songs and plays had been done as of June 1991.

No further action was taken for sorting of the data already entered and its printing. All the four computers and other accessories valued at Rs 5.28 lakhs purchased for the project had been lying idle since June 1991 leaving the project totally defunct rendering the entire expenditure of Rs 8.54 lakhs infructuous.

In November 1990, the University approached the UGC to give the Concordance Project a permanent status and sanction substantively the posts of trained personnel to run the project. In October 1991, UGC called for justification for continuing the Project. The University, however, did not pursue the matter further.

13.6 Academic programme

13.6.1 Utilisation of intake capacity

13.6.1.1 Graduate and Post-Graduate courses

The Graduate and Post-Graduate courses are full time courses of two to four years duration respectively. The actual intake vis-a-vis assessed intake capacity in respect of the courses are shown below:

Year	1990-91		1991-92		1992-93		1993-94		1994-95	
	Course		Course		Course		Course		Course	
	Graduate	Post-graduate	Graduate	Post-graduate	Graduate	Post-graduate	Graduate	Post-graduate	Graduate	Post-graduate
Intake capacity	529	481	539	504	540	547	540	548	539	550
Number enrolled	430	372	442	407	453	420	479	465	485	462
% of shortfall in enrolment over intake capacity	18.71	22.66	18.00	19.25	16.11	23.21	11.30	15.15	10.02	16

In both Graduate and Post-Graduate courses the percentage of shortfall was mainly due to very thin enrolment in Sanskrit, Chinese, Oriya, Hindi and Tibetan courses. The high percentage of shortfall in enrolment in addition to percentage of dropouts indicate that the infrastructure and faculty strength engaged for the purpose remained grossly underutilised resulting in the escalation of cost of operation.

13.6.1.2 Certificate and Diploma course in Humanities

Vidya-Bhavana is an Institute of Studies and Research of Humanities and Social Sciences both at the undergraduate and post-graduate level. Certificate and Diploma courses in various languages are also offered to students admitted on a part-time basis. The actual intake vis-a-vis assessed intake capacity in respect of the courses are detailed below :

Year	No.of courses (a) Certificate (b) Diploma	Intake capacity	No. enrolled	Percentage of shortfall in enrolment to intake capacity
1990-91	(a) 9 X 30 (b) 6 X 30	270 180	120 12	55.55 93.33
1991-92	(a) 12 X 30 (b) 11 X 30	360 330	109 15	69.72 95.45
1992-93	(a) 12 X 30 (b) 10 X 30	360 300	127 22	64.72 92.27
1993-94	(a) 11 X 30 (b) 10 X 30	330 300	115 27	65.15 91.00
1994-95	(a) 12 X 30 (b) 9 X 30	360 270	128 24	64.44 91.11

The table indicates that substantial portion of intake capacity (56 to 95 *per cent*) remained unutilised rendering the infrastructure and faculty strength engaged for the courses grossly underutilised.

13.6.2 Faculty workload

The Punnayya Committee in its Report of November 1993 had felt that the general principle of the work load applicable to the teachers of the colleges having Post Graduate Departments should be applicable to the University teachers also. It recommended that the workload for professors, Readers and lecturers for departments not having laboratory work might be 40 hours per week.

The University did not maintain any records showing faculty member-wise break-up of their engagements in various activities of the University. The University had not devised any faculty work load norms as per recommendations of Punnayya Committee. As a result the utilisation of faculty could not be evaluated.

13.6.2.1 Faculty-student ratio

The Punnayya Committee in its Report suggested that the ideal average teacher student ratio (including all disciplines) should be 1:12.

Faculty-student ratios in the University for the years 1990-95 (Graduate and Post-Graduate level) were as under:-

Year	No. of faculty members	No.of students	Ratio (Teacher:Student)
1990-91	357	2937	1 : 8.2
1991-92	349	2929	1 : 8.4
1992-93	326	3166	1 : 9.7
1993-94	333	3542	1 : 10.6
1994-95	351	3711	1 : 10.6

The present faculty strength of the University was therefore in excess of that recommended by the Punnayya Committee.

13.6.3 Residential status

Section 32 of the Visva-Bharati Act provides "every student of the University other than a student of its Loka Siksha Sansad (People's Education Council) shall reside in a `chatravasa' or under conditions as may be prescribed by the statutes and the ordinances." Nothing had been prescribed by the statutes and ordinance in this regard as of August 1995.

Resident-Day scholar ratios in the University for the years 1990-95 were as follow :

Year	Total No. of students	Resident	Day-scholars	Percentage of resident to total no. of students
1990-91	4985	1775	3210	36
1991-92	4954	1770	3184	36
1992-93	5226	1736	3490	33
1993-94	5648	1782	3866	32
1994-95	5840	1668	4172	29

It would be seen that resident students had declined from 36*per cent* in 1990-91 to 29 in 1994-95.

There was nothing on record to show that the University had taken any step to maintain its residential status as envisaged in the Act.

13.7 Rabindra Bhavana

Rabindra Bhavana is an important Component of Visva-Bharati. It is a unique institution being a Research Centre as well as a Centre of Conservation. It is the largest repository of Rabindra Nath Tagore's works and materials relating to his life and time : his manuscripts, paintings, photographs, tapes of his voice, discs of his songs etc.

13.7.1 Insurance coverage of original manuscripts, paintings etc.

The priceless paintings and original manuscripts of Rabindra Nath Tagore possessed by the University by heritage are preserved and exhibited at Rabindra Bhavana and Uttarayan Complex. The University had no norms for fixing the value of this treasure and no valuation was done. Therefore, these assets remained unexhibited in the assets accounts.

In March 1994, the University obtained an insurance policy for an aggregate value of Rs 253.85 lakhs of the aforesaid objects to cover risk against fire and terrorism. The statement of property attached to and forming part of the policy exhibits that gross value of the objects had been adopted instead of item-wise value and norms followed in determining the value, as above were not available with the University.

The University stated, in July 1995, that there was no fixed and accepted norms for determining the value of treasures like paintings, manuscripts, curios, Museum and art gallery objects and as such a fancy value quoted by the insurance company was accepted.

13.7.2 Xeroxing of original manuscripts etc of Rabindra Nath Tagore

The original manuscripts of Rabindra Nath Tagore were being preserved in strong room at a controlled temperature and humidity required for their safe preservation. The conventional practice followed by Rabindra Bhavana was not to allow the original manuscripts to be photocopied as exposure to excessive light and temperature might cause damage to the original manuscripts.

On scrutiny of the Register maintained to watch the copies of manuscripts and other Archival papers, it was, however, noticed that xeroxing of original manuscripts, done in very small cases prior to November 1994, was allowed in large number during the period from 19 November 1994 to 27 May 1995 in violation of the existing/conventional practice followed by the Bhavana. The extent of damage caused to the original manuscripts/archival papers due to exposure to light and temperature was yet to be assessed.

The University stated, in August 1995, that they were now observing the conventional practice more rigidly.

13.8 Kala Bhavana

The Kala Bhavana is known as a distinguished Centre for training and research in the visual arts. Founded by Rabindra Nath Tagore and Abanindra Nath Tagore and nurtured through the years by maestros like Nandalal Bose, Benod Behari Mukhopadhyay and Ramkinkar Baiz, it is an educational centre where the traditional and modern, the Eastern and Western Art come together in meaningful relationship.

13.8.1 Museum objects of Nandan

Nandan Museum at Kala Bhavana contains several precious holdings. Loss of the following objects of art from Nandan Museum at Kala Bhavana of the University was mentioned in Separate Audit Report of the University for 1990-91:

(i) Two drawings by Rabindranath Tagore

(ii) Paintings by Ramkinkar

(iii) Tracing by Nandalal Bose

(iv) Post card painting by Nandalal Bose

The Karma-Samiti constituted in November 1989, a committee to undertake enquiry about the position of strong room and physical verification of its holding at Nandan. The committee in its report of March 1990 recommended physical verification of the holdings, preparation of Central Accession Register and strengthening of security arrangements. The Committee also proposed an investigation by proper investigating agency.

It was, however, noticed in audit that no proper action in this regard was taken by the University as of June 1995. Out of 19040 objects, only 3932 could be accessioned after physical verification. It could also not be ascertained whether proper investigation of the missing objects was undertaken.

13.8.2 Valuation of art objects at Nandan Museum

The Nandan Museum possesses above nineteen thousand art objects viz. paintings, drawings, tracings of great artists of National and International repute. But no valuation as well as insurance coverage for these precious objects had yet been made.

13.9 Publication

The university brought out books of literary, educational and scholarly works and publications in different languages viz English, Bengali, Oriya etc.

It was noticed in audit that out of 23,978 copies of books printed and published during the period 1972-93, 18101 copies remained unsold (75 *per cent* of total publication) representing 80.54 per cent of total printed price as of 31st March, 1995.

Thus, lack of proper assessment of the required number of copies to be printed resulted in accummulation of unsold copies of books and publications worth Rs 5.63 lakhs.

13.10 Music Board

Music Board constituted in 1944 is entrusted with the administration of rights of music, films, stage productions, recordings, broadcastings, telecastings of Tagore's works and the collection of royalties thereof at approved rates on behalf of the owners of the copyright, the Trustees of Rabindra Nath Tagore Estate and Visva-Bharati. The Board gives permission and receives royalties (at the rate of 5% on printed price) from various companies, institutes and individuals.

Scrutiny of records revealed :

(i) No register was maintained for recording the amount of royalty due, actual collection and the balance to be recovered periodically and at the end of each year for exhibition as outstanding dues in annual accounts of the Board. The University has not also established any system for monitoring of the receipt of royalty and identification of cases of evasion of royalty payment.

(ii) As per agreement a company had the exclusive disc recording right of Tagore's music works for the period from July 1954 to June 1955. The agreement was not renewed thereafter. As per the agreement, the Company submitted half-yearly statement of sales of cassettes wherein royalty due to the Board was shown but the statement of sales was never verified with reference to the basic records of the company. Consequently correctness of the sales indicated in half-yearly statements were not ascertained at any time.

(iii) Out of 15 companies allowed to record musical works only one company submitted half-yearly statement regularly. It could not be ascertained whether similar statements were being submitted by other companies.

Kendriya Vidyalaya Sangathan

14 Avoidable increase in cost of works

Kendriya Vidyalaya Sangathan (KVS) decided between November 1986 and March 1992 to get school buildings and staff quarters constructed by the Military Engineering Services (MES) at seven different locations. The total estimated cost of construction of Rs. 4.54 crores was approved by KVS and instalments for various works totalling Rs.1.08 crores were released between November 1986 and March 1992. Tenders for the aforesaid works were invited by MES between May 1991 and August 1992. MES requested KVS between August 1991 and June 1993 to accord fresh financial concurrence for the lowest tenders amounting to Rs. 5.69 crores within the validity period of various offers. The required concurrence could not be given in time. The MES re-invited tenders and awarded the work to various contractors between March 1993 and March 1994 for a total amount of Rs.6.77 crores, after receiving revised sanctions for the said works.

It will, thus, be seen that a timely action by KVS to sanction works for Rs. 5.69 crores on the basis of the first call could not only have resulted in a saving of Rs.1.08 crores but also could provide class room and accommodation facilities to the students and the faculty members at an earlier date.

The Ministry stated, in January 1996, that the financial concurrence could not be given by KVS due to delay in completion of codel formalities.

Navodaya Vidyalaya Samiti

15 Blocking of funds in a construction work

Navodaya Vidyalaya Samiti (NVS) awarded the contract for the construction of a residential school complex for Jawahar Navodaya Vidyalaya (Vidyalaya) at Akkalkuwa (Maharashtra) to a Public Sector Undertaking (PSU) at a cost of Rs.157.28 lakhs, to be completed by August 1990. Due to poor progress of the work, the contract was terminated in August 1994. Out of Rs.120.86 lakhs paid between March 1988 to July 1993, the PSU had executed work valuing Rs.97.40 lakhs only. The NVS had claimed neither the balance of Rs.23.46 lakhs nor the liquidated damages of Rs.83.54 lakhs from the PSU (July 1995). The Vidyalaya continued to be operated in a rented accommodation at a cost of Rs.0.87 lakhs annually.

Thus, due to non-completion of building, the Vidyalaya was deprived of proper infrastructural facilities besides blocking of funds of Rs.120.86 lakhs. The school had also been downgraded to 'B' category.

The matter was referred to the Ministry in April 1995; their reply was awaited as of December 1995.

Indian Institute of Technology, Kanpur

16 Idle investment on aircraft

Ministry of Human Resource Development approved (February 1989) a project entitled "School of Experimental Flight Mechanics and Flight Testing" submitted by Indian Institute of Technology, Kanpur. The project aimed mainly at improving the existing undergraduate educational programme in aerospace engineering and flight mechanics and developing human resource in flight research and testing. A sum of Rs 65 lakhs was sanctioned between January 1989 and May 1992 by the Ministry for this project.

The Institute purchased from a foreign firm a six seater piper aircraft equipped with avionics at a cost of Rs 95.86 lakhs in October 1993, for which diversion of Rs 30.86 lakhs from the Institute's funds was resorted to. A pilot sent abroad (August

1993) for training, resigned from the service of the Institute two months after completion of his training. As such, the aircraft remained grounded since its procurement which defeated the very purpose of improving / enriching the undergraduate course mentioned above. The Institute admitted this failure but stated that steps were being taken to use the aircraft from November 1994 but upto November 1995 it had not been put to use.

Thus, the amount of Rs 95.86 lakhs spent for the purchase of aircraft had remained blocked since October 1993 without achieving the objectives for which the project was launched.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

University of Delhi

17 Unauthorised revision of pay scales

As per Department of Personnel and Training (DOPT), Government of India, orders of July 1990, the pay scales of Assistants in the Central Secretariat Service (CSS) and Grade 'C' Stenographers (CSSS) was revised to Rs. 1640-2900 with effect from 1-1-1986. These orders stipulated that the same revised scales was applicable in respect of organizations which were not participating in the CSS or CSSS, on condition that the posts were in comparable grade with same classification and pay scale and the method of recruitment through open competition was also the same.

It has been noticed that University of Delhi (University) allowed the said revised scale to their Assistants and Grade 'C' Stenographer's w.e.f. 1-1-1986 but restricting the cash benefit from February 9, 1991. Ministry of Human Resources Development (Ministry) in their letter of October 11, 1990 pointed out that the benefit of the revised scale was in contravention of DOPT orders of July 1990, and would result in unintended benefit to certain employees for whom the present pay scale was not prescribed. The Ministry reiterated the same position in November 1991 and

February 1993 and asked the University to withdraw the revised scales and effect necessary recoveries.

In spite of such clarifications and directives, the University did not withdraw the revised scale but issued a circular in March 1994 authorising payment of Rs. 30 per month to each of the Assistants and Stenographers in lieu of arrears from 1-1-1986 to 8-2-1991. By another circular in November 1994, the University authorised payment of 30 *per cent* of the arrears, the total financial implication of which worked out to Rs.50.45 lakhs entailing a recurring annual liability of Rs.13 lakhs. Although records pertaining to actual payments made by the University in respect of the unauthorised revison of pay scale including arrears, were not made available, calculations show that on this account a total financial liability of Rs. 74.11 lakhs upto March 1995 has arisen.

Thus, in spite of clear directives of the Ministry, the violation of the DOPT orders of July 1990 has resulted not only in unauthorised expenditure involving a financial liability of Rs.74.11 lakhs but has also created administrative problems for the Ministry.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

18 Irregular revision of pay scale of Section Officers

To remove the disparities in the scales of pay in Central Universities, the University Grants Commission (UGC) conveyed its approval in December 1985, to a scheme of one time upward movement to those employees who had rendered eight years of satisfactory service, provided that these scales would not go beyond Rs.650-1200 (Pre-revised) including one upward movement. These orders were made effective from 1st January 1986. University of Delhi requested the UGC, in December 1987 and March 1989 that one time upward movement scheme should also be extended to Section Officers. The UGC stated in November 1989 that the matter was being reviewed and that the University should not take any unilateral action till a final decision was taken. Not withstanding this directive of the UGC, the Executive Council of the University passed a resolution in December 1989 to extend one upward movement to Section Officers and equivalent ranks as per their proposal of December 1987.

As a result of the implementation of this decision of the Executive Council, 122 officers in the University and its "maintained" institutions were given higher scale of pay resulting in a payment of Rs.11.97 lakhs upto March 1995 in contravention of the directions of the UGC.

The Ministry stated, in February 1996, that the UGC has asked University to withdraw the scheme immediately and recover the amount and has also told the University that the amount incurred on this account would not be admissible for maintenance grant of the University.

Central Tibetan School Administration

19 Loss of Rs.61.56 lakhs

At the instance of Government of India, the Collector Darjeeling requisitioned a property known as White Wool Godown at Kalimpong in July 1964 at a assessed monthly rent of Rs 834/- for opening a school for Tibetan refugee children under the management of Central Tibetan School Administration (CTSA). In 1967, the owner of the property filed a petition before the District Judge, Darjeeling for enhancement of rent and in 1981 moved the Calcutta High Court for appointment of an Arbitrator for expeditious disposal of the case.

The Arbitrator, appointed by the High Court, awarded, in August 1988, a compensation of Rs 84.93 lakhs to the owner, on the basis of which the District Judge passed an ex-parte order in September 1988 for payment of the aforesaid compensation. But in February 1989, the Government successfully contested the ex-parte order on the ground of denial of reasonable opportunity. The owner then moved the Calcutta High Court but having failed to obtain the desired relief, the case was ultimately taken before the Supreme Court (Civil Appeal No.3011 of 1970) which directed, in December 1992, that the Solicitor General was to submit a Report regarding the quantum of compensation payable in respect of the property requisitioned. The Solicitor General submitted his Report in April 1994 suggesting payment of Rs 30.92 lakhs as rent and Rs 29.45 lakhs as interest. The monthly rent was fixed at Rs 12917/-. As agreed before the Supreme Court by both parties, the quantum of compensation of Rs 61.56 lakhs (including enhanced monthly rent) thus became final as of October 1994.

In the meanwhile, on the suggestion of the Attorney General, the question of acquisition of the property was also considered in March 1991 to save substantial loss to the Government. But the question of acquisition was considered rather belatedly. Even if the property was acquired in December 1993, when the valuation of the same was determined at Rs 38.32 lakhs, the total quantum of compensation of Rs 61.56 lakhs determined by the Supreme Court was unavoidable as the property could not have been acquired with retrospective effect.

The Ministry stated, in December 1995, that there was no delay in processing the case for acquiring the said property as the Ministry of Law has given its final advice in January 1994. It was, however, observed that Ministry of Law was approached only in January 1994 itself and the question of acquiring the property in the initial stages of dispute was never considered to avoid payment of the aforesaid arrears and the enhanced rent. As already pointed out, acquiring the property at this late stage, would not result in avoiding the compensation already paid and would not be financially advantageous, after paying Rs 38.22 lakhs (plus escalation) for acquisition.

Banaras Hindu University

20 Blocking of funds

With a view to strengthening of infrastructure for post-graduate teaching and research in the Institute of Medical Sciences (IMS) of Banaras Hindu University (BHU), University Grants Commission, sanctioned (March 1990) purchase of a Radiotherapy Simulator equipment. The equipment was imported at a cost of

Rs 57.32 lakhs and received by the user Department in September 1993. The equipment had, however, not been installed and made operational as of August 1995.

The reasons for non-installation of the equipment was attributed to non-completion of civil and electrical works, though these were scheduled to be completed by December 1993. The warranty of the machine had expired in December 1994. Accepting the facts IMS stated (August 1995) that action was being taken for installation.

Thus, an amount of Rs 57.32 lakhs has remained blocked and the Department has been denied the use of the equipment for over two years.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

North Eastern Hill University

21 Injudicious purchase of equipment

North Eastern Hill University, Shillong imported a Network analyser (equipment) in 1986-87 at a cost of Rs 42.91 lakhs. According to the University, the machine could not be commissioned before May 1993 due to delay in preparation of site. After lying idle for six years, when the machine was installed, University stated (August 1993) that nobody was interested in using the machine as a result of which the machine had remained idle.

The University stated again (August 1995) that non-availability of (i) funds for maintenance and running expenses of the machine, (ii) fully committed and partially committed faculty members for research and (iii) at least one research student to work on the equipment, had resulted in non-utilisation of the machine. Ministry endorsed (November 1995) University's reply of August 1995.

Thus, Rs 42.91 lakhs was injudiciously spent for procuring the equipment without ascertaining the utility and acceptability of the same.

22 Blocking of funds

North Eastern Hill University (NEHU) Shillong purchased 69.79 MT of Damp Proof Compound (DPC), at a cost of Rs.29.84 lakhs in January 1985. As the material was not used even after 6 years of its purchase, an attempt was made by NEHU in April 1991 to dispose of the stock but without success. The reasons for purchase of DPC without assessing the requirement were neither on record nor stated.

The University stated (September 1995) that the products had no expiry date as ascertained from the supplier and could be used even after 8-10 years. The Ministry endorsed (November 1995) the University's reply.

The fact remains that an expenditure of Rs.29.84 lakhs was incurred without proper assessment of requirement leading to blocking of funds. It would result in infructuous expenditure, if the stock gets spoiled as there is no prospect of its use.

23 Infructuous expenditure

To carry out analysis of samples of chemicals received from scientists and institutions and to provide research facilities to the scientists of the region, Regional Sophisticated Instrumentation Centre (RSIC) of North Eastern Hill University (University) imported in April 1984 a mass spectometer at a cost of Rs.27.07 lakhs from a foreign firm (Firm) through its Indian agent at Bombay.

An Engineer of the firm during his visit in April 1986 found that the equipment had not been completely installed and detected some other defects. The University reported the matter (June 1986) to the firm who refused to take cognizance of the complaint, as their Indian agent did not report any deficiency.

The University stated, in November 1993, that the machine could not be utilised despite all out efforts by RSIC, who recommended its replacement in November 1990. The University intimated, in June 1995, that efforts were still being made to replace the machine. Ministry endorsed (November 1995) the reply of the University.

Thus, an expenditure of Rs.27.07 lakhs incurred in 1984 on procuring the equipment has become not only infructuous but the purpose for which the equipment was purchased could not be achieved.

National Institute of Industrial Engineering, Bombay

24 Commencement of work without adequate provision

National Institute of Industrial Engineering (Institute), Bombay decided to establish an extension centre in Madras and started functioning from a rented accommodation from February 1989.

The Board of Governors of the Institute (Board) approved a proposal for construction of their own building at Madras and in anticipation of Government grants, acquired in September 1990 one acre of land from Government of Tamil Nadu on a lease of 30 years on payment of an annual lease rent of Rs 1 lakh. When approached, the ministry, however, declined to provide any financial support for the said construction and asked the Institute to manage it from their own resources. Meanwhile, pile foundation work for the aforesaid construction was awarded to a firm in March 1991 after completion of which the firm was paid Rs 31.60 lakhs.

Due to paucity of funds, no further progress of construction has since been made and the Board considered in October 1992 abandonment of the project if their efforts to mobilise the required funds failed. As of date, the Institute has failed to collect adequate funds to resume construction and thus, the Board's action to commence pile foundation work without prior sanction of the Government has led to blocking of its own funds to the extent of Rs 36.86 lakhs (inclusive of architect's fees and lease rent paid) which is likely to be rendered infructuous.

The matter was referred to the Ministry in March 1995, their reply was awaited as of December 1995.

CHAPTER VII

Ministry of Industry

Coir Board

25 Establishment of Regional Coir Training and Development Centres

Under the scheme 'Strengthening of training infrastructure' proposed by the Coir Board, Government of India sanctioned in December 1982, three Regional Coir Training and Development Centres for development of brown fibre - one each in Tamil Nadu, Karnataka and Andhra Pradesh. The centres were to be set up by the Board on an agency basis on behalf of the State Governments and handed over to the latter. The entire cost on running these centres was to be met by the Board till the end of the Sixth Plan period (i.e. 31 March 1985) or transferred to the State Governments concerned, whichever was earlier. In order to facilitate such transfer, the appointment of staff required for the centres was to be made by the State Governments and such staff deputed to the Board for managing the centres. The estimated expenditure for each centre was Rs 30 lakhs *per annum*.

The Board, however, set up four centres in Karnataka, Tamil Nadu, Andhra Pradesh and Orissa between November 1983 and July 1986. Though the scheme envisaged transfer of the centres to the State Governments by the end of the Sixth Plan period even up to December 1995 the Board failed to hand over the centres. The expenditure incurred by the Board during the period 1986-95 amounted to Rs.497.16 lakhs.

The Board stated, in November 1993, that the State Governments were unable to sponsor suitable officials to work on deputation basis at the centres and that for administrative reasons the Board's qualified staff were posted to conduct the training. The Board added (February 1995) that the question of retention of the centres permanently with the Board was pending with the Ministry.

Launching the scheme without obtaining assurances from the respective State Governments for take-over of the centres after specified period as per directives of the

Planning Commission, had thus resulted in an avoidable recurring financial commitment of approximately Rs 50 lakhs *per annum* to the Board

The matter was referred to the Ministry in January 1996; their reply was awaited.

CHAPTER VIII

MInistry of Surface Transport

(Ports Wing)

Bombay Port Trust

26 Premature Procurement of Materials

For renewal of the permanent way rail track at Bombay dockyard, the Bombay Port Trust (BPT) procured 614.369 MTs of 52 KG rails in February 1990 at a total cost of Rs 64.24 lakhs, inclusive of sales tax. Further, expenditure of Rs 74.89 lakhs was incurred during the period January 1993 to January 1994 on procurement of 7,000 Mono Block Cement (MBC) sleepers, elastic clips, levers, grooved copper pads, etc. As of November 1995, the work of renewal of the permanent way was not taken up, resulting in premature procurement of materials and consequential blockage of capital to the tune of Rs 139.13 lakhs.

The Ministry stated, in September 1995, that production and sale of rails and MBC sleepers were strictly controlled by the Indian Railways because of which a mismatch between receipt of material and its use was inevitable. It added that the BPT had sought advice of RITES for a study to prepare detailed drawing of the railway network only after which the renewal work could be taken up. The Ministry further added that the loss of interest on the capital employed for procurement of materials would be more than compensated by the rise in their prices, if procured later.

The Ministry had failed to clarify as to how the requirement of materials was assessed without a detailed study by RITES and how did the Indian Railways permit such procurement. As to the argument that loss of interest of capital employed would be compensated by the rise in prices, it may be stated that there is no wisdom in procuring materials long before their utilisation, in clear contravention of the provision of Rule 103 of the General Financial Rules.

27 Ferry-cum-water boat lying unused

Bombay Port Trust (BPT) procured a ferry-cum-water boat for the transport of staff to and from Jawahar Island at a cost of Rs.106.31 lakhs from a firm in April 1990. The boat, however, could not be used for nearly three and a half years up to June 1995 due to frequent break downs and worked for only one and a half years in between repairs. BPT resorted to hiring of other boats during the period their own boat remained idle.

BPT stated (July 1995) that the vessel had been taken over only after all statutory regulations were completed and the prolonged lay up was on account of non-attachment of permanent crew on the vessel, who could not be posted due to ban on recruitment. The reply is not tenable as (1) in April 1991, the Chief Mechanical Engineer had pointed out defective construction of the vessel and the low standard of work carried out by the firm and (2) there was no justification for procuring the ferry at a cost of Rs.106.31 lakhs when arrangements for its running had not been suitably provided for.

Ministry stated (August 1995) that the reasons furnished by BPT for the prolonged lay up of the launch were not satisfactory and they were being requested to adduce proper reasons.

It was seen that BPT had not assessed the cost effectiveness of purchasing the boat for the purpose of ferrying their employees and carrying water to Jawahar Island. The life of the boat was stated to be 20 years and the recurring expenditure towards pay and allowances of the staff was unrealistically estimated to be Rs.9.62 lakhs per year. It was noticed that the expenditure on hire of boats for the same purpose was less than Rs.5 lakhs on an average *per annum* during July 1990 to December 1994. Thus, the salary of the staff required for the operation of the boat was substantially more than the hire charges, showing that the cost effectiveness of investing Rs.106.31 lakhs for procuring the boat was not properly assessed. The amount of Rs.106.31 lakhs invested @ 15*per cent per annum* would have generated an income of Rs.15.95 lakhs*per annum*, which would have been about three times more than the cost of hiring.

Thus, the very purpose of purchasing the ferry for transporting the staff members to Jawahar Island was largely defeated and funds to the tune of Rs.106.31 lakhs incurred for procuring the vessel remained blocked with the attendant loss of interest thereon.

Meanwhile BPT continued hiring of launches for transporting their staff members to Jawahar Island and had incurred an expenditure of Rs.14.41 lakhs during May 1990 - December 1994. In addition an actual expenditure of Rs 115.63 lakhs was incurred during the same period on the salary etc. of the staff engaged for the idle boat.

28 Unauthorised occupation

Two godowns `A' and `B' of the Bombay Port Trust (BPT) admeasuring 417.23 sq.m each were allotted on monthly tenancy basis to a Firm `X' and 6 others as joint tenants. Subsequently, due to change of partnership of the firm, the tenancy was transferred in favour of Firm `X' and 8 others as joint tenants from January 1965. Due to family disputes, a Court Receiver was appointed in October 1980 for all properties of the partnership firm.

In April 1984 and June 1985, BPT noticed that the godowns had been sublet and were being used for some other purposes in contravention of tenancy agreement. Accordingly, a penal rent at the rate of Rs 7600 per month from May 1985 for godown `A' and at Rs 7603 per month from February 1985 for godown `B' was levied.

Out of the arrears of penal rent amounting to Rs 11.81 lakhs upto August 1990, the Court Receiver had collected and paid Rs 4.15 lakhs to BPT between 1988-1990. The arrears to be recovered for both the godowns as of September 1995 worked out to Rs 58.10 lakhs.

Audit scrutiny revealed (May 1995), that the action initiated in 1985 to obtain court orders for enforcing recovery of the outstanding rent was pending. This was confirmed by BPT (May 1995). The delay in processing and finalising the case had not only resulted in continued unauthorised occupation of the premises but accumulation of large arrears of Rs 58.10 lakhs.

The matter was referred to the Ministry in March 1995; their reply was awaited as of December 1995.

29 Blocking up of capital of Rs 21.30 lakhs

In January 1993, Bombay Port Trust (BPT) awarded the work of manufacture and commissioning of two diesel generator sets to two firms `A' and `B' at a cost of Rs 106.50

lakhs to be executed jointly by them within 8 months. Firm `A' was paid an advance of Rs 21.30 lakhs in April 1993 against bank guarantee of Rs 21.30 lakhs from a non-scheduled bank. A bank guarantee for Rs 10.65 lakhs was also furnished towards security deposit from the same bank. After completing 5 *per cent* of the work, valuing Rs 0.55 lakh, by July 1994, Firm `A' abandoned the work. BPT had failed to encash the bank guarantees up till November 1995, although they had taken up the matter of encashment with the RBI. BPT had also filed a suit in January 1995 for recovery of the advance with interest and after retendering, placed supply orders on Firm `C' at a cost of Rs 112.72 lakhs. The financial soundness and technical capability of Firms `A' and `B' were not considered at the time of shortlisting the firms and placing supply orders.

Thus, the advance of Rs 21.30 lakhs paid to Firm `A' had not only remained blocked for nearly 3 years, but the possibility of its recovery had become doubtful.

Ministry stated, in October 1995, that it had now been decided that bank guarantees only from the nationalised/scheduled banks should be accepted henceforth.

30 Unauthorised diversion of Rs. 3451.55 lakhs from Provident fund

Bombay Dock Labour Board (BDLB) in contravention of rule 14 of Bombay Dock Labour Board Employees' Provident Fund Rules, diverted the provident fund contributions towards revenue expenditure to the extent of Rs 3451.55 lakhs, details of which are given below:

(Rupess in lakhs)

Year	Opening Balance	Accretion by subscription + Interest + recovery	Disburse ment	Amount in B/s. as on 31/3 (2+3-4)	Invest-ment	Amount diverted (5-6)
(1)	(2)	(3)	(4)	(5)	(6)	
1989-90	5321.25	1265.48	555.64	6031.09	5845.67	185.42
1990-91	6031.69	1436.38	1199.16	6268.31	6309.76	(-)41.45
1991-92	6268.31	1962.57	1204.65	7026.23	6228.66	797.57
1992-93	7026.23	1176.60	3184.28	5018.55	4270.91	747.64
1993-94	5018.55	1526.46	592.31	5952.70	4447.26	1505.44
1994-95	5952.70	1879.97	271.34	7561.34	4109.79	3451.55

Bombay Port Trust stated (July 1995) that BDLB did not have any funds for paying the compensation under the Special Voluntary Retirement Scheme (SVRS) which was introduced in terms of the agreement between the BPT management and the dock workers before the Bombay High Court. Further, once the merger of BDLB with BPT actually took place, the deficit of BDLB would be wiped out.

The reply attempts to justify the aforesaid diversion but the moot question of whether the requirement of a rule can be contravened or overlooked without specific relaxation has not been addressed.

31 Unauthorised credit of interest of Provident Fund

Under Rule 7 of the Bombay Dock Labour Board (BDLB) Employees Provident Fund Rules, the interest credited to the subscriber's accounts cannot exceed the interest earned from investment of the Fund.

Audit scrutiny revealed that during the years 1992-95 even though interest at lesser rate had accrued on the investments made out of the Provident Fund, BDLB had declared higher rates of interest to the subscribers by diverting amounts from revenue receipts for crediting interest to the individual's accounts as detailed below :

(Rupees in lakhs)

Year	Rate of Interest earned on investment	Rate of Interest declared	Interest accrued	Interest credited	Deficit amount charged to Revenue Account (5-4)
(1)	(2)	(3)	(4)	(5)	(6)
1992-93	8.38	12.5	358.06	533.64	175.58
1993-94	10.55	12.5	469.28	673.12	203.84
1994-95	11.36	13.0	466.96	NA	NA
					379.42

The BDLB thus increased its revenue deficit to the extent of Rs 379.42 lakhs during 1992-94.

Bombay Port Trust stated that they did not have any funds for paying the compensation under the Special Voluntary Retirement Scheme (SVRS) which was introduced in terms of the agreement between the BPT management and the dock workers before the Bombay High Court and had therefore diverted the funds from the Provident Fund of the employees to overcome the requirement of funds. The rate of Provident Fund interest declared was decided taking into consideration the fact that there was no fault on the part of the subscribers and the declared interest would have been earned if the funds were available and invested. Thus, the difference of interest credited and actually earned was debited to the revenue account.

The reply is not tenable as rule 7 requires that the rate of interest could not exceed the interest that had accrued on the investments. The lower accrual of interest had occurred on account of diversion of the Provident Fund contributions for revenue expenditure leading to lower investments. The declaration of higher rate of interest also resulted in increase in the revenue deficit of the BDLB to the extent of Rs 397.42 lakhs between 1992-94.

Calcutta Port Trust

32 Non-realisation of demurrage on shut-out cargo

The export cargo received at the dock with shipping documents for a particular vessel is reckoned as shut-out cargo if it cannot be shipped on that vessel for any reason. Such cargo attracts demurrage charges as provided in the Scale of Rates of the Calcutta Port Trust (CPT). Export cargo without shipping documents is treated at the dock as stock.

Between 7 and 17 December 1991, 96740 cartons of materials (1468.78 tonnes) were received as stock at Haldia Dock Complex (HDC) through an agent for the shipment on vessel MVP Dutov scheduled to arrive at HDC on 8 December 1991.

The agent however did not furnish the shipping documents of the cargo till 19 December 1991 when voyage of the vessel was cancelled. The cargo received as stock continued to remain at the dock.

In February 1992 the agent produced shipping documents for export of the cargo by another vessel MV Weser Star and the cargo was exported in February 1992 in two separate voyages without clearing the port dues. After adjusting the refund due to the party (Rs 2.57 lakhs), Rs 11.98 lakhs was recoverable.

In terms of the provisions of the Major Ports Trusts Act, 1963 the dues in respect of goods to be exported were payable before the goods are exported. But in this case inspite of detection that the goods had already been booked on MVP Dutov thus bringing them into the category of shut out cargo attracting demurrage charges prior to actual shipment, the consignment was allowed to be exported without realising CPT dues in violation of provision of the Act. This resulted in non-recovery of dues of Rs 11.98 lakhs.

CPT stated, in September 1995, that the final bills could not be raised before shipment due to short stayal of the vessel at HDC. Ministry's decision on the representation of the party was awaited.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

33 Loss of Rs.54.77 lakhs due to pilferage

Calcutta Dock System (CDS) had put up railway track materials of 24638 Equated Track Metre (ETM) (90 lb) and 827 ETM (75 lb) for auction held in December 1989. Since the highest bids received were much less than the reserve price, fresh bids were invited in January 1990 and the highest bid of Rs 135.07 lakhs was approved. A letter of intent was issued in April 1990 to the highest bidder for dismantling and removal of 21883 ETM (90 lb) and 282 ETM (75 lb) of the materials. This excluded condemned track material of 2755 ETM (90 lb) and 545 ETM (75 lb) at Shalimar which was offered for the auction in December 1989. The firm paid (April 1990) Rs.0.80 lakh as security deposit but refused to deposit the value of the auctioned track materials on the ground that the quantity offered did not tally with the ground balance and asked for a joint survey of the actual quantity of auctioned materials. Accordingly, measurement of the auctioned tracks (including material at Shalimar) and other items was made in June 1990 which revealed that only 19278 ETM (90 lbs) and 782 ETM (75 lb) of materials was available as ground balance, whereas in December 1989 when the material was originally put to auction the materials were 24638 ETM (90 lb) and 827 ETM (75 lb) as per measurement. The difference in quantities 5360 ETM (90 lb) and 45 ETM (75 lb) was stated to be due to pilferage. For such shortage of materials CDS sustained a loss of Rs.32.97 lakhs.

On the basis of reassessed quantity, the firm deposited a sum of Rs.104.49 lakhs in August 1990 for 16878 ETM (90 lb) and 282 ETM (75 lb) of materials as the firm did not quote for the materials lying at Shalimar.

Out of the total quantity quoted by the firm, only 13309.28 ETM (90 lb) and 282 ETM (75 lb) were handed over to them between August and December 1990. The balance of 3568.72 ETM (90 lb) could not be delivered as 3205.66 ETM was again pilfered from the site and 363.06 ETM was under condemned wagons and covered with bitumen works and level crossing etc. for which no salvaging action was taken. The fact of pilferage was reported to the police in October 1990. As a result, CDS had to refund Rs.21.80 lakhs to the firm in May 1991.

Thus, due to lack of proper control over materials and security arrangements, CDS had to sustain a loss of Rs.54.77 lakhs.

The matter was referred to the Ministry in January 1996; their reply was awaited.

34 Non recovery of dues from defaulting firm

Calcutta Port Trust (CPT) awarded (April 1991) the work of construction of storage shed at the Haldia Dock Complex (HDC) to a firm 'A' at an estimated cost of Rs.40.90 lakhs to be completed by July 1992.

As the firm 'A' failed to start the work even after five months of the issue of work order, the CPT, after issue of due notice, terminated the contract in October 1991 and decided to get the work done at the risk and cost of firm 'A'. The contract also provided for recovery of compensation of 10 *per cent* of the tendered value.

The work was awarded to another firm and finally completed in September 1993 at a cost of Rs.58.72 lakhs inclusive of Rs.3.56 lakhs for extra items. Had the work been completed by the firm 'A' , the total amount payable to firm 'A' would have been Rs.41.76 lakhs. Thus, as per contractual stipulations, the total amount recoverable from firm 'A' was Rs.17.50 lakhs inclusive of Rs. 4.09 lakhs on account of compensation. The net amount recoverable stood at Rs.17.30 lakhs after adjustment of earnest money deposit of Rs.0.20 lakh. But no action was initiated by the CPT immediately after completion of the work.

Accepting the facts, CPT stated in September 1995 that the recoverable amount of Rs. 17.30 lakhs was being claimed from firm 'A'. However, as the firm was not a registered contractor and had no other dues payable by CPT, there was very little scope for any recovery from the said firm.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

Cochin Port Trust

35 Short levy of rental charges

Scale of Rates for levy of charges by Cochin Port Trust (CPT) lays down that for accommodation in various storage spaces, rent at the prescribed rate should be collected for a calendar month or part thereof. However, CPT was collecting rent on a month to month basis reckoning occupation of storage space for 30 days a month instead of a calendar month or part thereof as envisaged in the Scale of Rates.

Audit scrutiny disclosed that, in 80 cases during the period 1992-95, failure to reckon part of a calendar month as one month for the purpose of levy of rent resulted in loss of revenues amounting to Rs 36.56 lakhs.

The CPT stated, in June 1995, that collection of one month's rent for the fraction of a month was repugnant with the aforesaid terms and conditions and any change in the mode of calculation of rental period on the basis of "per calendar month or part thereof" would lead to diversion of trade and consequential loss of revenue. The reply is not tenable as the presumption of possible diversion of trade to other nearby ports does not empower them to contravene the provisions in the Scale of Rates approved by Government of India.

The matter was referred to Ministry in August 1995; their reply was awaited as of December 1995.

36 Short recovery due to unauthorised revision in hire charges

As per provision of Major Port Trusts Act, 1963 any revision in the scale of rates could become operative only after approval of the Government of India (Government). The Board of Trustees of Cochin Port Trust (CPT) lowered the rates of hire charges for container handling equipment and made it effective from 25 May 1994 in anticipation of Government approval. The CPT approached the Ministry of Surface Transport (MST) in August 1994 for necessary approval but, after observing that the prescribed rates did not cover their cost of operation, MST declined to approve the lower rates. The unauthorised implementation of revised rates resulted in a short levy of hire charges amounting to Rs 35.55 lakhs between May 1994 and March 1995.

Ministry while agreeing that action of the Port in implementing the revised rates without their approval was not correct, stated, in October 1995, that the switch-over from hourly rate to box rate resulted in reducing the idle time of the equipment, higher utilisation thereof and consequent increased income.

The reply that the switch-over to the revised rate has generated increase in income is not tenable as the short collection had been worked out on the basis of the actuals.

37 Short recovery of penalty dues for delayed supplies

After the contracts for supply of two heavy duty top lift trucks of 40 ton capacity including spares at a total cost of Rs 2.37 crores were re-negotiated with a firm 'A', fresh orders for a total value of Rs 5 crores were placed on them in January 1992.

As per the penalty clause in the contract, which required strict enforcement in terms of Government of India directives of January 1987, penalty at the rate of 2*per cent* of the contract price for delay of each month or part thereof in supplying the trucks was payable by the firm except under force majeure conditions. The revised contract also stipulated that both trucks should be supplied before 8th November 1992. The first truck was received in March 1993 and the second in May 1993 and thus in terms of the penalty clause, a total amount of Rs 41.28 lakhs was realiseable from the firm. The Cochin Port Trust (CPT), however, decided in September 1994, by mutual agreement, to recover an amount of Rs 13.34 lakhs only as liquidated damages.

Thus, an amount of Rs 27.94 lakhs receivable by the CPT was forfeited by them by mutual agreement. The CPT stated in May 1995 that as the Port was fully dependent on the firm for spares required for maintenance of costly machinery, the amount payable by the firm was negotiated. It could, therefore, be seen that, inspite of directives of the

Government of India for strict enforcement of penalty clause, putative managerial imperatives took precedence over financial consideration.

The matter was referred to the Ministry in June 1995; their reply was awaited as of December 1995.

38 Loss of revenue due to wrong implementation of provisions of Indian Ports Act, 1908

The Cochin Port Trust published a notification in June 1992 to collect the Port dues in dollar rates, after expiration of 60 days from the date of the said notification, mistakenly applying the provisions of Section 33(5) of the Indian Ports Act 1908.

The Notification issued in June 1992 was only for conversion of existing rates in Rupee to US Dollar and not for increasing or imposing Port dues. Hence the provisions of Section 33(5) of the Indian Ports Act, 1908 were not applicable. The Dollar rate could have been levied from the date of notification itself in June 1992 as in the case of berth hire which was also converted into US Dollar rates and collected from the date of the Gazette notification. The notice of 60 days provided in the notification of June 1992 which was not required under the rules has resulted in loss to the tune of Rs 10.64 lakhs to the Cochin Port Trust for not collecting the port dues in dollars from the date of the notification.

Ministry stated, in October 1995, that notification regarding the dollar linked rates of port dues could be brought into effect only from the operative date as indicated in the notification issued under sub section (5) of Section 33 of the Indian Ports Act, 1908. The Ministry added further that there might not be any loss to CPT in view of the devaluation of Indian Rupee after 28 June 1991 as the port dues realised would be higher compared to pre-devaluation rate. The reply is a strenuous one since there was no necessity to invoke sub-section (5) of Section 33 of the Act for the reason that there was no alteration by way of enhancement or fresh imposition of Port dues.

39 Under-utilisation of shifting cranes

Jawaharlal Nehru Port Trust (JNPT) operated nine cranes of 35 tonnes capacity each for three shifts for container handling operations in the Port. The staff operating the cranes were to report for duty half an hour before the end of the shift so as to eliminate any loss of time during change of shifts and were also allowed a meal break of half an hour on a staggered basis so as to continue operations uninterrupted. A test check in audit revealed that during January-December 1994, the time spent in meal break and shift changes was abnormally high which led to under-utilisation of cranes to the extent of 68,523 moves. As the number of cranes were not adequate, JNPT engaged private contractors for cargo handling and paid them @ Rs 150 per move. Thus, had the above noted under-utilisation of the cranes been avoided by adhering to the staggered meal time and less time spent in shift changes, an amount of Rs 102.78 lakhs could have been saved.

While admitting the facts, Ministry stated, in December 1995, that certain corrective measures were being proposed to reduce the idle time during excessive meal break and shift changes so as to increase the operational hours and productivity.

40 Unnecessary expenditure on maintenance of a bilge barge due to delayed decision

As per Regulation 12 of the International Convention for the Prevention of Pollution from Ships 1973, slop reception facilities are required to be set up at major ports to receive oil, bilge wastes, residues, liquid and solid sludges, etc. Though the required slop reception facilities were not created by Jawaharlal Nehru Port Trust (JNPT), a bilge barge (barge) was procured by them in November 1989 at a cost of Rs 1.30 crores for carrying the slop from the ships to the shore.

Upto March 1995, the barge remained mostly unutilised although an expenditure of Rs 42.94 lakhs on its maintenance and repair had to be incurred till March 1995. It was decided by the Port authorities to give the barge on Charter Hire from March 1995 so as to avoid further expenditure on its maintenance. As admitted by JNPT, the reason for gross under-utilisation of the barge was unexpectedly low demand from vessels calling to the Port to remove their slop/sludge. On very rare occasions when vessels asked for services of the barge, the sludge had to be disposed of by deploying road tankers. Ministry endorsed the reply in December 1995.

Had the prudent decision to lease the barge been taken after observing the trend of demand from vessels calling to the Port within a reasonable period from its date of purchase, the expenditure of Rs 42.94 lakhs on its maintenance and repair could have been saved.

41 Mismanagement in providing medical facilities

Jawahar Lal Nehru Port Trust (JNPT) awarded in June 1989 a contract to a private hospital for setting up a dispensary in the port township and a first aid centre at the port area. On the basis of the hospital records, JNPT paid an amount of Rs.30.76 lakhs to the hospital between 1989-92.

A scrutiny of records revealed that the JNPT did not evolve proper mechanism for verifying the authenticity of the claims preferred by the hospital, which were found to include inadmissible medicines. In January 1992, JNPT discontinued this practice and entered into a package deal with the same hospital, agreeing to pay an amount of Rs.1.35 lakhs per month for medical services only (excluding cost of medicine) rendered to their employees living in the port township outside Bombay.

It was noticed that, inspite of this package deal, JNPT continued to reimburse medical claims of employees living in Bombay as also those covered by the package deal and incurred an expenditure of Rs.35.05 lakhs during 1993-94 on medical reimbursements. In the absence of separate records for employees living in and outside Bombay, JNPT was unable to assess the extra expenditure incurred on employees covered by the package deal.

JNPT stated, in May 1995, that services of the private hospital were preferred as they were professionally superior and that the services of the hospital was found to be satisfactory. The reply is not tenable as the private hospital was a new one without any track record when the contract for setting up the dispensary in the port township in January 1989 was entered into. Moreover, before finalising the package deal, complaints about the inadequacy of the services were received by JNPT. Admitting the facts, JNPT stated that no records were available for verification of reimbursement to patients and as such the extent of irregular payments cannot be worked out.

The matter was referred to the Ministry in June 1995; their reply was awaited as of December 1995.

42 Loss of Rs 14.45 lakhs

In May 1992, Jawaharlal Nehru Port Trust (JNPT) procured two RA 70 disks and spare parts for the Bulk Terminal Computer System (BTCS) from a foreign firm at a cost of Rs 16.91 lakhs. During inspection, the disks were found to be defective, which were replaced by the supplier in October 1992. However, in December 1992 one of the replaced disks failed.

Pending replacement, the system was put in working order by replacing the faulty RA 70 disk with two Small Computers System Interface (SCSI) disks in December 1992 at a cost of Rs 6.1 lakhs by modifying the parameters of the existing systems. Meanwhile the free replacement of the defective disks was received in February 1993 but JNPT did not get it cleared on the stated ground that the clearance charges would be high particularly when they did not require the disk any more. As a result, the efficiency of the system was partly compromised as servo mechanism of SCSI was not compatible with system for which RA disks were procured.

Ministry stated, in October 1995, that the computer hardware and peripherals undergo quite rapid changes due to technological advancements and that the RA 70 disks may not be indispensable for a fully computerised port. It was also stated that they had alternatively gained by going in for cost effective SCSIs available locally instead of collecting the replacement of RA disks by paying customs duty as well as demurrage charges.

The reply is not tenable as the fact remains that the JNPT not only paid Rs 6.10 lakhs for the local disks but also failed to claim draw back @ 98*per cent* of Rs 5.15 lakhs towards customs duty on the defective disk which was re-exported. Further, JNPT lost Rs 3.20 lakhs by way of cost of the disk, by not taking delivery of the replaced RA 70 disk contrary to their own justification while purchasing the SCSI disks, resulting in a total loss of Rs 14.45 lakhs.

Paradeep Port Trust

43 Short recovery of Rs.47.32 lakhs towards water charges

According to water supply rules of Paradeep Port Trust (PPT) effective from 1 November 1990, all commercial and other consumers receiving water were to be billed @ Rs.12 per tonne for the water supplied by the PPT by meters which were to be installed by the consumers at their own cost. The rules also envisaged that in case of meters going out of order, the consumers were to be billed on an average basis and if the defective meters were not replaced/repaired within a specified period, a 100 *per cent* penalty would be charged.

PPT supplied water to the South Eastern Railway and demands were raised @ 324 tonnes per day, from 7 May 1990 onwards on an average basis as no meter was installed by them.

According to rules effective from 1 November 1990, @ Rs. 12 per tonne for November 1990 and penal rate @ Rs. 24 per tonne from December 1990 to March 1994 was payable by the South Eastern Railway. It was noticed that the PPT billed South Eastern Railway for an amount of Rs.48.48 lakhs only at the ordinary rate of Rs.12 per tonne for the said period.

Thus, PPT's failure to charge the penal rates from December 1990 as per rules for water supply has resulted in a short recovery of Rs.47.32 lakhs.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

44 Unnecessary expenditure on account of negligence

Paradeep Port Trust (PPT) possesses its own railway network which is managed by their own Port Railway Division (PRD) On 3rd July 1992 a derailment occurred, which was found to be due to non-clamping of points. An expenditure of Rs 6.56 lakhs on the repair of the line was incurred and in certifying the line fit for further use, the Permanent Way Inspector of the South Eastern Railway in his track certification cautioned on 17-8-92 that clamping of points was essential for operation of trains from the Railway yard to the Port yard.

A second derailment occurred on 3rd December 1992 for which PPT incurred an expenditure of Rs 24.86 lakhs on repairs of the line. It was noticed that the second derailment was also due to the non-clamping of points.

The PPT stated, in September 1994, that the PPT station working rules did not provide for clamping of points for goods yard shunting and that the cause of the derailment was normal wear and tear. The reply is not tenable as station working rules provided verification of correct points settings. Moreover, PPT admitted that after the second derailment in December 1992, clamping of points had been arranged.

Had the PPT taken proper action as advised by the PWI of the South Eastern Railway in his track certification of August 1992, an expenditure of Rs 24.86 lakhs resulting from the second derailment could have been avoided.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

45 Unfruitful investment and loss of revenue

An electronic weigh bridge capable of weighing wagons in motion was commissioned in September 1990 at a total cost of Rs 14.30 lakhs by the Paradeep Port Trust (PPT) authorities. It was estimated to earn a revenue of Rs 16.5 lakhs annually from the weighment of coal traffic at a nominal rate of Re. 0.50 per tonne.

After installation, the machine developed defects which could not be rectified by the supplier within its warranty period valid upto July 1992. As of November 1995 the machine had remained idle although an amount of Rs 5.22 lakhs for its maintenance was incurred upto September 1994.

Thus, an expenditure of Rs 19.52 lakhs on the installation and maintenance of defective weigh bridge had not yielded any benefit to the PPT. Had the machine been functioning properly, a revenue of Rs 61.48 lakhs from weighment of coal wagons during 1991-94 could have been earned by the Port authorities. PPT accepted the facts.

The matter was referred to the Ministry in February 1995; their reply was awaited as of December 1995.

CHAPTER IX

Ministry of Textiles

Central Silk Board

46 Loss from disposal of imported raw silk

Under the price stabilisation scheme, Central Silk Board (CSB) imported 46.26 tonnes of raw silk during 1992-93. The imported raw silk was distributed to the indenting agencies at Rs 1402 per kg. All the indenting agencies except the Karnataka Handloom Development Corporation Limited, Bangalore (KHDC) lifted the silk.

KHDC agreed to lift the material at the cost incurred by CSB to the extent of the earnest money (Rs 16 lakhs) deposited and expressed its inability (June 1993) to lift the balance of the indented quantity. The CSB accordingly released 1020 kgs of raw silk to KHDC during October 1992. However, in 1993, Ministry of Textiles asked CSB to fix responsibility for non-forfeiture of earnest money and to recover the cost of the indented material from KHDC. Finally, KHDC lifted the balance quantity at the market rate ranging between Rs 1050 and Rs 1100 per kg and obtained approval of the Ministry (February 1994) to sell the material at Rs 1100 per kg or the prevailing market rate whichever was higher. However the price differential between the imported silk and that at which KHDC lifted the balance quantity resulted in a loss of Rs 11.73 lakhs. The Ministry directed CSB to take up the matter of loss with the Government of Karnataka. No progress in the matter has been intimated to Audit till December 1995.

As per direction of the Ministry, the CSB has neither fixed responsibility nor forfeited the earnest money in respect of the impugned transaction which resulted in a loss of Rs 11.73 lakhs in the transaction (August 1995).

The matter was referred to the Ministry in June 1995; their reply was awaited as of December 1995.

47 Unfruitful expenditure

In July 1991 Jute Manufactures Development Council (JMDC) hired a retail sale-cum-showroom at New Delhi at a monthly rent of Rs 0.65 lakh. Central Cottage Industries Corporation (CCIC) was entrusted with running of the showroom in August 1991. It was agreed that JMDC would bear expense of Rs 10.92 lakhs annually against estimated annual sales of Rs 12.00 lakhs.

CCIC informed JMDC in July 1992 that the showroom was not commercially viable due to non-supply of goods having adequate demand, stocking of low value items, unsuitable location and lack of storage space etc. and, therefore dissociated themselves from the showroom in December 1993. The showroom was finally closed and the accommodation was vacated in July 1994.

JMDC incurred a total expenditure of Rs 28.14 lakhs on the showroom between August 1991 to July 1994 against total sales of Rs 4.68 lakhs during the same period. JMDC stated, in July 1995 that procurement of goods was the responsibility of CCIC. The reply is not tenable as JMDC had agreed (August 1991) to supply the goods for the showroom. Thus, hiring of space without assessing commercial viability and failure to supply saleable products, resulted in unfruitful expenditure of Rs 23.46 lakhs.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

CHAPTER X

Ministry of Urban Affairs and Employment

Delhi Development Authority

48 Substandard construction

In August 1990, Delhi Development Authority (DDA) awarded the work of construction of 672 MIG flats at Sector A-5, Narela to two contractors at a total cost of Rs.8.77 crores for completion by February 1992. While the work was in progress, the concerned inspecting authorities found in January 1991, that the concrete used by the contractors was substandard and recommended that work should be stopped forthwith and the contractors blacklisted. They further recommended that the work already executed should be dismantled/rectified and notices for levy of compensation issued to the contractors. Appropriate action was also required to be taken against the delinquent officials.

However, Audit observed that as of August 1995, no action had been taken by the DDA on these recommendations. Instead 98 *per cent* of the work was allowed to be completed and payment of Rs.10.44 crores released to the contractors (August 1995). An additional payment of Rs.1.67 crores was made on account of extra and substituted items, etc. Despite the fact that action was still pending against the contractors, one of the contractors was rewarded with another work in April 1992 on a single tender basis at the tendered cost of Rs.2.26 crores.

Even though, the substandard work was noticed as far back as January 1991 as a result of which dismantling was recommended, up-till November 1995 the structural soundness has not been rectified/verified. It could not be ascertained from records whether this matter was referred to the Chief Technical Examiner/DDA. The entire expenditure of Rs.10.44 crores is likely to prove infructuous if there are no takers for these flats.

49 Blocking of funds

In April 1991, Delhi Development Authority (DDA) approved development of 299.28 ha land under Vasant Kunj, Phase-II Scheme. For the purpose of this development, it was necessary to dismantle the two overhead high tension 66 kv lines passing parallel to the site and lay underground cables. Delhi Electric Supply Undertaking (DESU) agreed to execute this job as a deposit work in September 1991 on the condition that DDA would provide the land for erection of a grid sub-station. Total cost chargeable to DDA was estimated at Rs.10.03 crores against which an advance of Rs.6.47 crores was paid to DESU during January-June 1992.

It was noticed, that as of July 1994 the implementation of the work relating to external electrification was pending with DESU as according to SE (Electricity) of the DDA,. the site for a 66 kv grid sub-station was not made available.

In January 1995, however, DDA contended that there was no link between the cable laying and the availability of the site for the sub-station and further stated in August 1995 that tender for the work was expected to be invited in August 1995. It is thus seen that an amount of Rs.6.47 crores remained blocked for over two years resulting in inefficient use of funds and also in avoidable delay in development of Vasant Kunj Phase-II scheme.

The matter was referred to the Ministry in November 1994; their reply was awaited as of December 1995.

50 Blocking of funds of Rs.1.91 crores

Delhi Development Authority (DDA) decided in May 1990 to construct an alternate sewerage network in place of the existing system at GT Karnal Road which was laid at a cost of Rs.35.25 lakhs but was not functioning, since its inception in 1980.

Under this project, laying of an alternate sewer line was awarded to a contractor in March 1991 at a cost of Rs.129.62 lakhs, to be completed by July 1992. The same contractor was awarded the work of construction of two sump wells and a pump house in August 1992 at a cost of Rs.14.69 lakhs to be completed by February 1993.

87 *per cent* of the work on laying of alternate sewer line was completed by April 1994. Balance work covering a stretch of about 100 metres passing through a road, could not be laid as the requisite permission from Public Works Department and the police was not received. However, the sewer line, even if completed would not have become functional until and unless the sump wells and pump house were constructed and commissioned, but this work could not be taken up since the land was encroached. It was pointed out by DDA that laying of new rising main was not practicable unless the existing encroachment was removed. Work on construction of a new rising main had not been taken up by DDA as of June 1995.

An expenditure of Rs.1.91 crores had been incurred upto November 1994 on the project. In January 1995, it was estimated that an additional sum of Rs.3.58 crores would be required to commission the sewerage system which has been revised to Rs.4.27 crores in December 1995.

While admitting the facts, DDA stated, in December 1995, that efforts were being made to sort out the issue and make the system functional by the end of September 1996. It further stated that the amount of infructuous expenditure was also being assessed.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

51 Blocking of funds of Rs.82.82 lakhs

On the basis of estimates sent by Delhi Electric Supply Undertaking (DESU), a sum of Rs.82.82 lakhs was deposited by DDA in November 1994 as its share for external electrification of 720 LIG dwelling units at Jasola village.

The work involved laying of an 11 KV feeder cable from the grid sub-station at Sarita Vihar. However, as approach road from the sub-station to the flats was planned on encroached land, the construction of the road could not be taken up till June 1995.

Although, DESU had informed DDA in January 1994 that it would not be possible to complete the cable laying on account of stay orders, DDA deposited Rs.82.82 lakhs with DESU and till date (November 1995) no alternative route had been identified to commence the work.

Thus, the allotment of flats constructed at a cost of Rs.5.94 crores was held up for lack of electrification and funds to the extent of Rs 6.77 crores including the advance of Rs.82.82 lakhs to DESU remained blocked.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

52 Lack of pursuance to avoid blocking of advance

In Sector 18 and 19 Rohini Phase-II, 2536 flats were allotted by the Delhi Development Authority (DDA) by December 1993 wihtout completing the works for regular disposal of sewage. An interim arrangement was made by collecting the sewage in open oxidization tanks, although the work of providing peripheral sewerage service lines was entrusted to the Municipal Corporation of Delhi (MCD) in 1985. The work consisted of construction of a pumping station of requisite capacity, a rising main for the sewage treatment plant and construction of bridges over supplementary drains and West Yamuna canal. The estimated cost of the work in 1989-90 was Rs.5.18 crores, of which DDA was to share an expenditure of Rs.2.53 crores. An advance of Rs.50 lakhs was paid to the MCD in January 1991 and another advance of Rs.32 lakhs in September 1995 for commencement of the required work. The estimates for the work has, however, been revised to Rs.7.29 crores in March 1995, raising the DDA's share to Rs.4.13 crores.

As of June 1995, the MCD had not awarded the work inspite of the advance of Rs.50 lakhs paid in January 1991. Instead of vigorously pursuing the matter with MCD, DDA paid the second advance of Rs.32 lakhs in September 1995 which has also remained blocked. The required work for proper disposal of sewage has not yet (September 1995) commenced, forcing the DDA to continue with their unsatisfactory interim arrangement of disposal of sewage through open oxidization tanks.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

53 Loss due to non-execution of licence deed

Rural Electrification Corporation of India (REC), a Public Sector Undertaking, was allotted 44768 sq. ft. of space in a commercial building of Delhi Development Authority (DDA) at Nehru Place in September 1976 initially for 3 years on a monthly licence fee of Rs.1.46 lakhs, renewable after every 3 years at enhanced fees.

No agreement was, however, entered into by the DDA with REC but the former unilaterally enhanced the licence fee five times from the initial rate of Rs.1.46 lakhs per month in October 1976 to Rs.8.95 lakhs in October 1988. REC refused to accept the enhanced rate and continued to make payments at the original rate of Rs.1.46 lakhs per month.

In February 1989, DDA issued cancellation orders for the allotment and raised a demand in April 1989 for arrears of licence fee amounting to Rs. 4.52 crores. The divisional authorities who were asked to take possession of the space were, however, unable to do so. Meanwhile, DDA continued to accept the licence fee at the initial rates upto June 1992, after which no amount was accepted.

Failure of DDA to execute the requisite agreement at the outset followed by subsequent enhancements resulted in loss of revenue amounting to Rs 10.61 crores upto October 1993 as worked out by the DDA. Had the terms and conditions of the allotment of space been formalised in a written agreement and strictly enforced, the loss of revenue to DDA would work out to Rs 12.18 crores as of March 1995.

DDA, while accepting the facts, stated, that in effect the agreement could not be finalised as REC wanted to buy the space, but did not agree to pay the premium as determined by the DDA. It further informed that for initiating disciplinary proceedings, explanations of delinquent officials had been called.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

54 Avoidable expenditure due to defective work

Construction of 282 MIG Flats at Kalkaji Extension was completed by DDA in March 1985 at a cost of Rs 134.10 lakhs. During construction, the Quality Control Cell (QCC) of DDA pointed out in, August 1982, poor quality of construction and certain major structural defects requiring to be remedied. Without taking necessary action, the flats were allotted, but immediately after allotment, the allottees complained of sub-standard material and defective work. QCC found in October 1986 that their earlier instructions to remedy defects were not complied with properly. In August 1988, some flats developed major cracks endangering the safety of the occupants.

A committee constituted in August 1988 investigated the matter and found that cracks were mainly due to shallow foundation and absence of surface drainage affecting load bearing capacity of the soil and suggested major repairs including strengthening of foundation of 14 blocks consisting of 42 flats. The findings of this committee were referred to IIT, Delhi which recommended (March 1990) demolition of six flats and strengthening of foundation of 13 others.

Meanwhile, DDA took action to get these 19 endangered flats vacated. The allottees who were asked to vacate flats were offered alternative accommodation but 9 of them refused the same and accepted compensation @ Rs 1600 per month in lieu of accommodation from August - September 1988 and from May 1992 in one case.

A total infructuous expenditure of Rs 28.86 lakhs was incurred by DDA on the work of demolition of six flats and strengthening and repair of the remaining 36 as well as payment of compensation in lieu of accommodation.

In July 1993, cracks were again observed in another 25 flats, the reasons for which, after investigation by IIT, Delhi, were found to be weak soil and poor quality of construction. Necessary repair was under taken by DDA in March 1994 at a cost of Rs 9.92 lakhs as of August 1995. The DDA accepted the facts but has not fixed responsibility for the failure to ensure sound construction of the MIG flats.

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

55 Extra expenditure due to delays in awarding work

In November 1987, Delhi Development Authority invited tenders for widening of two roads (near Rohtak Road), the lowest of which was Rs 95.08 lakhs. On examination of the tenders, Works Advisory Board (WAB) in May 1988, decided that the work relating to bituminous macadam* should be deleted from the scope of the work.

Tenders were thereafter re-invited in July 1988 and the lowest offer received was valid upto 20th October, 1988 was Rs 57.12 lakhs. DDA, however, failed to award the work within the validity period due to delay in processing the case.

The work was again put to tender and awarded to two contractors in June 1993 and was finally completed during January-February 1994 at a total cost of Rs.83.49 lakhs.

Thus, failure to accept the lowest tender of Rs.57.12 lakhs, within the validity period of the offer resulted in an avoidable expenditure of Rs.26.37 lakhs.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

56 Unwise award of contracts

Work relating to construction of 280 dwelling units of category II and III alongwith 168 scooter garages in Pockets F&G of Sarita Vihar was split into Group-I

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* final coating on a road made with successive layers of broken stones mixed with tar.

and Group-II, and awarded to a contractor in December 1984 and May 1985 at a cost of Rs 159.92 lakhs and Rs 165.36 lakhs respectively. The scheduled dates of completion of the work for the Group I was March 1986, and that for Group II was August 1986.

The contractor was a newly registered Class-I contractor whose previous experience was limited to execution of works costing upto Rs 12 lakhs. He held a banker's certificate for undertaking works costing upto Rs 50 lakhs and without properly examining the financial capability of the contractor, works totalling Rs 325.28 lakhs was awarded to him.

The scheduled date of completion of the works were over-shot and it was found in December 1986 that the contractor had abandoned the work, after completing only 38.89 *per cent* of the work in Group I and 29.73 *per cent* in Group II. During inspection in December 1986, it was found that a total amount of Rs 19.48 lakhs was recoverable from the contractor on account of materials departmentally issued. This amount included the value of 152 MT of steel found missing. It was also noticed that contractor had been over-paid Rs 7.48 lakhs as secured advance. The DDA suspended the concerned site engineering staff and initiated vigilance cases against them, the outcome of which is not yet known (December 1995).

The balance work had been undertaken departmentally at the risk and cost of the contractor and was stated in December 1995 to have been completed. However, whether the DDA would be able to recover the extra amount incurred on account of the work undertaken at the risk and cost of the contractor remained doubtful as the contractor succeeded in appointing a Commissioner by the Delhi High Court for verfication of materials. The Commissioner had submitted his report to the High Court in January 1989, but the contents thereof were not made available to Audit. Meanwhile the contractor also succeeded in getting an arbitrator appointed for resolution of the dispute regarding recovery relating to materials departmentally issued, overpayment of secured advance and cost escalation.

The failure of the DDA in checking the antecedents of the contractor and his financial capability coupled with inadequate/ lack of supervision resulted in a loss of Rs 26.72 lakhs. In addition, the recovery in respect of extra expenditure incurred on account of risk and cost work remains doubtful.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

57 Pointless investment of Rs.22.12 lakhs

For the residents of Pocket 5 and 6 of Sector 'B', Vasant Kunj, New Delhi, the Municipal Corporation, Delhi was to arrange water supply on a regular basis and till such arrangements were completed, DDA was to undertake the responsibility of water supply by creating an interim facility. For this purpose, the DDA spent, between April 1991 and June 1992, a total amount of Rs.19.56 lakhs in sinking 4 tubewells in a rocky area, construction of a pump house and a storage tank and establishment of filtration plant.

After the above mentioned works were completed, it was found that discharge from the tube wells was low as a result of which adequate water could not be collected in the storage tank and consequently the filtration plants also remained out of use. In order to increase the discharge, a further expenditure of Rs.0.71 lakh was incurred in February/March 1993 for the re-development of the four tubewells and a fifth tubewell was also sunk in June 1993 at a cost of Rs.1.85 lakhs, raising the total expenditure for the augmentation of water supply to Rs.22.12 lakhs. However, the discharge from all the 5 tubewells remained unsatisfactory and thus the purpose for which the expenditure was incurred was not fulfilled.

DDA stated (December 1995) that as the tubewells were installed in an unconventional geological area, the discharge remained low. DDA also admitted that it did not use such filtration plants and that an investigation had been ordered.

It is obvious that the expenditure of Rs.22.12 lakhs had been incurred by the DDA without undertaking a proper feasibility study and soil tests in the unconventional geological area for which no benefit accrued to the residents from the investment of Rs.22.12 lakhs.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

58 Infructuous expenditure on a construction work

In January 1989, Delhi Development Authority (DDA) decided to develop a rock garden on the pattern of a similar garden at Chandigarh in about 200 acres of land in Sanjay Van. The entire project was estimated to cost Rs.356 lakhs. The proposed garden was to be developed under the guidance of the creator of rock garden of Chandigarh. The work was awarded in June 1989 to the creator of rock garden of Chandigarh, without finalising the drawings and the cost and against the advice of the Horticulture wing which pointed out in May 1989 that a large number of trees would have to be felled, disturbing the character of natural forest existing at the proposed site.

In August 1989, the Society for the Conservation of Delhi Ridge and Yamuna requested for a change of the site. DDA decided to drop the project (November 1990) on the ground felt that the location of the rock garden was not suitable, but by that time Rs.19.08 lakhs had already been incurred on the project.

Thus, commencement of the project without ensuring the suitability of its location resulted in an infructuous expenditure of Rs.19.08 lakhs. DDA accepted the facts (July 1995).

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

CHAPTER XI

Ministry of Water Resources

Brahmaputra Board, Guwahati

59 Blocking of funds

In March 1992, a Memorandum of Understanding (MOU) was signed by the Brahmaputra Board and the National Power Transmission Corporation Limited (renamed as Power Grid Corporation of India Limited effective from 24 October 1992) for construction of a 132 KV sub-station and drawing transmission line for supplying power during construction phase of Tipaimukh Hydro-Electric Project. The work was to be completed by February 1994 at an estimated cost of Rs 390 lakhs. In accordance with the MOU, the first instalment of Rs 150 lakhs was paid by the Board to the Corporation in March 1992.

It was seen that the work could not start due to non-selection and handing over of site. The Board stated (December 1995) that the site could not be handed over due to delay in receipt of the decision of the government of Manipur for conducting joint survey to ascertain the extent of land to be submerged, population etc. A new site selected could also not be handed over due to non-receipt of clearance from the Ministry of Environment and Forest.

Thus, the hasty payment made by the Board to the Corporation before the site was ready resulted in blocking of funds of Rs 150 lakhs for over 3 years. Had the amount been invested in term deposit for 3 years, the Board could have earned an interest of Rs 82.85 lakhs, which had been irretrievably lost as the Power Grid Corporation was under no obligation to pay interest on the advance received.

The matter was referred to the Ministry in November 1995; their reply was awaited as of December 1995.

CHAPTER XII

Ministry of Welfare

National Institute for the Orthopaedically Handicapped

60 Poor cash management

A review of the cash book maintained by the National Institute for the Orthopaedically Handicapped (NIOH) disclosed heavy daily closing balances during 1991-95 which were held either in current accounts in banks or in cash.

As the funds to the extent indicated below were not needed for immediate requirements, these could have been gainfully invested in short term deposits whereby NIOH could have earned interest amounting to Rs 15.44 lakhs at prevailing interest rates after retaining a reasonable amount of 20 *per cent* for day to day requirements as shown below :

Year	Minimum Closing balance during the year (Rs)	Balance after 20 per cent retention (Rs)	Minimum Rate of interest %	Interest on fixed deposit for 1 year (Rs)
1991-92	2043846	1635076.80	9	147156.91
1992-93	6800335	5440268.00	12	652832.16
1993-94	2684102	2147281.60	10	214728.16
1994-95	6617807	5294245.60	10	529424.56
			Total	**1544141.79**

NIOH stated, in June 1994, that it was not possible to assess the amount which would remain unutilised in a particular year.

From the above mentioned data it is evident that due to lack of proper assessment, large cash balances were lying in current accounts which could have been gainfully invested and interest to the tune of Rs 15.44 lakhs could have been earned.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

CHAPTER XIII

61. Follow up on Audit Reports - Summarised position

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the Audit Reports (Other Autonomous Bodies) upto the period ended 31 March 1994 revealed that the Ministries have not submitted the remedial/corrective Action Taken Notes in respect of a large number of paragraphs relating to them. Out of 170 paragraphs on which Action Taken Notes were required to be sent, remedial/corrective Action Taken Note on as many as 102 paragraphs (60 *per cent*) were awaited as of December 1995. Of the 102 paragraphs, 36 (35*per cent*) pertain to Reports for the periods 1988-89 to 1991-92. A summarised position of Action Taken Note awaited from various Ministries is shown in Appendix IV.

(B M OZA)
Director General of Audit
Central Revenues

New Delhi
The **7 March, 1996**

Countersigned

(C G SOMIAH)
Comptroller and Auditor General of India

New Delhi
The **8 March, 1996**

APPENDIX I

(Refers to Paragraph 1)

Delay in submission of Annual Accounts by Autonomous Bodies

Sl No	Name of the Organisation	Date of receipt of Accounts
(A)	**Over three to six months:**	
1.	Aurovile Foundation Aurovile	21-11-94
2.	Council for Advancement of People's Action & Rural Technology, New Delhi	11-10-94
3.	National Institute of Naturopathy, Pune	03-10-94
4.	National Institute of Ayurveda, Jaipur	13-12-94
5.	National Commission for Women, New Delhi	15-11-94
6.	All India Council for Technical Education, New Delhi	20-10-94
7.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	21-11-94
8.	North-Eastern Hill University, Shillong	24-10-94
9.	Indian Nursing Council, New Delhi	08-12-94
10	School of Planning & Architecture, New Delhi	23-12-94
11.	Nehru Institute of Mountaneering, Uttara Kashi	07-11-94
(B)	**Over six months:**	
1.	Sardar Vallabhbhai Regional Engineering College, Surat	16-01-95
2.	Raja Ram Mohan Roy Library Foundation , Calcutta	27-01-95
3.	National Institute of Homeopathy , Calcutta	24-02-95
4.	Natinal Council of Science Museum, Calcutta	13-01-95
5.	Regional Institute of Technology, Jamshedpur	21.04.95
6.	Coffee Board (Pool Fund Accounts), Bangalore	29-06-95
7.	Regional Engineering College, Srinagar	31-01-95
8.	Kalakshetra Foundation, Madras	30-03-95
9.	Bombay Dock Labour Board, Bombay	23-05-95
10.	Central Council for Research in Ayurveda and Siddha, New Delhi	23-02-95
11.	Tezpur University	18-01-95
12.	Board of Apprenticeship Training, Kanpur	27-01-95
13.	Allahabad Museum Society, Allahabad	03-02-95

Contd⇨

Sl No	Name of the Organisation	Date of receipt of Accounts
14.	National Open School, New Delhi	06-03-95
15.	North-Eastern Regional Institute of Science & Technology, Nirjuli, Itanagar	02-03-95
16.	Delhi University, New Delhi	23-03-95
17.	Nehru Yuvak Kendra Sangathan, New Delhi	02-01-95
18.	University Grants Commission, New Delhi	13-06-95
19.	Sports Authority of India, New Delhi	01-02-95
20.	Board of Apprenticeship Training Bombay, Bombay	03-07-95
21.	Indian Society of International Law, New Delhi	28-06-95
22.	National Institute for Adult Education, New Delhi	31-07-95
23.	Delhi Development Authority, New Delhi	22-08-95
24.	Central Institute of Budhist Studies, Leh	20-08-95

APPENDIX II

(Refers to Paragraph 1)

Non-submission of Annual Accounts by Autonomous Bodies

Sl No	Name of the Organisation
1.	National Commission for Backward Classes, New Delhi
2.	DTC Employees Provident Fund Account, New Delhi
3.	National Commission for Minorities, New Delhi
4.	National Human Rights Commission, New Delhi
5.	Delhi Institute of Technology, New Delhi
6.	Central Agricultural University, Imphal

APPENDIX III

(Refers to Paragraph 2)

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
Agriculture and Co-operation	1976-77	5	3.86
	1977-78	11	9.35
	1978-79	2	167.37
	1979-80	12	143.07
	1980-81	15	152.42
	1981-82	10	56.69
	1982-83	11	30.02
	1983-84	19	15.73
	1984-85	53	68.32
	1985-86	19	33.55
	1986-87	10	44.87
	1987-88	36	355.16
	1988-89	26	426.62
	1989-90	25	839.87
	1990-91	23	232.85
	1991-92	96	4894.86
	1992-93	43	561.55
	1993-94	146	8145.27
		562	**16181.43**
Andaman and Nicobar Administration	1980-81	3	1.33
	1981-82	3	0.07
	1982-83	20	9.38
	1983-84	19	21.09
	1984-85	37	70.03
	1985-86	32	56.35
	1986-87	39	62.73
	1987-88	42	179.50
	1988-89	18	136.76
	1989-90	19	22.42
	1990-91	11	187.65
	1991-92	9	94.10
	1992-93	15	168.54
	1993-94	3	35.57
		270	**1045.52**
Commerce	1984-85	5	75.00
	1985-86	2	35.00
	1986-87	5	95.00
	1987-88	4	90.00
	1988-89	8	1216.00
	1989-90	10	45.26
	1990-91	14	2093.55

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
	1991-92	15	1734.62
	1992-93	20	1678.20
	1993-94	16	861.42
		99	**7924.05**
Central Board of Direct Taxes	1988-89	1	0.02
	1990-91	1	0.10
	1991-92	16	2.05
	1992-93	11	0.40
	1993-94	11	0.39
		40	**2.96**
Civil Supplies Consumers Affairs and Public Distribution	1980-81	1	0.32
	1981-82	2	1.40
	1982-83	1	0.25
	1983-84	8	7.39
	1984-85	2	2.90
	1985-86	2	1.37
	1987-88	1	5.00
	1988-89	1	4.34
	1989-90	2	13.90
	1990-91	3	134.12
	1991-92	3	53.00
		26	**223.99**
Chemicals and Fertilizers Department of Fertilizers	1989-90	5	424.23
	1990-91	3	43.00
	1991-92	8	1769.00
	1992-93	6	1063.21
	1993-94	-	-
		22	**3299.44**
Department of Chemicals and Petrochemicals	1991-92	15	658.00
	1992-93	20	960.00
	1993-94	19	2379.00
		54	**3997.00**
Development Commissioner of Handicrafts, Delhi	1977-78	3	11.55
	1978-79	27	94.24
	1979-80	27	63.32
	1980-81	11	16.92
	1981-82	3	0.49
	1982-83	26	23.60
	1983-84	9	8.62
	1984-85	20	16.19

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
	1985-86	16	22.76
	1986-87	12	6.00
	1987-88	18	36.28
	1988-89	14	11.03
	1989-90	46	48.11
	1990-91	47	157.34
	1991-92	93	255.94
	1992-93	99	243.76
	1993-94	9	13.42
		480	**1029.57**
External Affairs	1987-88	1	1.00
	1988-89	1	1.00
	1989-90	3	260.00
	1991-92	12	31.00
	1992-93	2	0.08
	1993-94	5	2.00
		24	**295.08**
Finance Department of Economic Affairs	1990-91	1	0.04
	1991-92	1	0.50
	1992-93	7	250.00
	1993-94	4	150.83
		13	**401.37**
Department of Revenue	1989-90	2	10.50
	1990-91	6	24.40
	1991-92	6	25.20
	1992-93	9	51.70
	1993-94	-	-
		23	**111.80**
Food Processing Industries	1988-89	3	0.90
	1990-91	8	19.29
	1991-92	31	381.74
	1992-93	82	1087.91
	1993-94	15	141.66
		139	**1631.50**
Home Affairs PAO (Sectt)	1987-88	2	0.30
	1988-89	15	1.88
	1989-90	1	0.06
	1990-91	11	1.66
	1991-92	10	1.55
	1992-93	6	1.68
	1993-94	1	0.32
		46	**7.45**

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
Health and Family Welfare Department of Health	1976-77	79	77.26
	1977-78	62	178.12
	1978-79	74	780.37
	1979-80	117	203.63
	1980-81	48	263.99
	1981-82	103	102.99
	1982-83	104	614.28
	1983-84	129	2444.38
	1984-85	242	5184.15
	1985-86	71	3167.23
	1986-87	160	2831.51
	1987-88	88	1054.61
	1988-89	130	6206.02
	1989-90	260	11189.35
	1990-91	138	9395.28
	1991-92	235	8302.57
	1992-93	148	6054.94
	1993-94	99	2883.29
		2287	**60933.97**
Department of Family Welfare	1976-77	9	3.88
	1977-78	4	5.65
	1978-79	4	5.63
	1979-80	8	3.92
	1980-81	16	71.01
	1981-82	18	126.85
	1982-83	31	61.47
	1983-84	21	45.14
	1984-85	27	47.41
	1985-86	22	138.62
	1986-87	21	415.35
	1987-88	42	227.91
	1988-89	49	64.43
	1989-90	40	989.44
	1990-91	130	1684.04
	1991-92	144	2006.61
	1992-93	26	6.34
	1993-94	15	5.90
		627	**5909.60**
Human Resource Development*			
(i) Department of Women and Child Development	1986-87	301	2213.62
	1987-88	400	3607.07
	1988-89	505	2879.55
	1989-90	582	4969.46

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
	1990-91	624	7933.65
	1991-92	680	7517.87
	1992-93	817	11496.83
	1993-94	1073	11042.71
		4982	**51660.76**
(ii) Youth Affairs and Sports	1987-88	20	10.04
	1988-89	109	78.94
	1989-90	184	78.02
	1990-91	195	105.24
	1991-92	153	123.60
	1992-93	504	1231.23
	1993-94	505	3072.85
		1670	**4699.92**
(iii) Department of Education	1977-78	143	223.03
	1978-79	311	559.47
	1979-80	270	283.87
	1980-81	153	300.03
	1981-82	159	512.37
	1982-83	317	571.49
	1983-84	291	535.66
	1984-85	455	1131.37
	1985-86	891	3153.02
	1986-87	620	1529.64
	1987-88	837	6840.98
	1988-89	994	7969.99
	1989-90	961	7347.47
	1990-91	371	1893.11
	1991-92	729	10241.03
	1992-93	1283	39942.43
	1993-94	2157	85881.53
		10942	**168916.49**
Industry Department of Heavy Industry	1991-92	1	10.00
	1992-93	8	279.68
	1993-94	-	-
		9	**289.68**
Department of Small Scale Industries and Agro and Rural Industries	1992-93	17	139.94
	1993-94	5	29.67
		22	**169.61**
Information and Broadcasting	1982-83	1	4.22
	1983-84	2	3.37
	1989-90	3	20.64
	1990-91	-	-
	1991-92	2	27.00
	1992-93	5	34.13
	1993-94	4	72.23
		17	**161.59**

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
Labour	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	7	2.13
	1987-88	5	3.61
	1988-89	17	21.95
	1989-90	36	78.71
	1990-91	32	53.28
	1991-92	22	69.19
	1992-93	32	52.68
	1993-94	20	44.07
		174	**325.76**
Rural Areas and Employment (Development of Rural Employment and Poverty Alleviation)	1989-90	1	19.09
	1990-91	2	67.45
	1992-93	22	1188.22
	1993-94	266	33164.26
		291	**34439.02**
Surface Transport	1987-88	1	25.00
	1989-90	2	50.00
	1990-91	1	00.50
	1991-92	1	00.95
	1992-93	2	16.00
	1993-94	10	198.38
		17	**290.83**
Steel	1992-93	3	68.00
	1993-94	1	50.00
		4	**118.00**
Department of Mines	1989-90	2	55.40
	1992-93	2	4.25
	1993-94	--	--
		4	**59.65**
Textiles	1992-93	125	10675.14
	1993-94	43	3717.92
		168	**14393.06**
Urban Affairs and Employment	1981-82	4	3.31
	1982-83	7	4.40
	1983-84	11	9.35
	1984-85	9	10.77
	1985-86	20	17.15
	1986-87	7	5.36

Contd ⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
	1987-88	10	11.85
	1988-89	17	5.37
	1989-90	30	65.25
	1990-91	30	1246.79
	1991-92	13	3102.19
	1992-93	60	1269.63
	1993-94	34	90.13
		252	**5841.55**
Water Resources	1985-86	1	1.27
	1986-87	10	16.02
	1987-88	15	57.78
	1988-89	5	19.21
	1989-90	12	26.46
	1990-91	5	31.48
	1991-92	9	48.55
	1992-93	4	24.78
	1993-94	3	12.63
		64	**238.18**
Power	1984-85	1	0.87
	1985-86	1	1.80
	1986-87	1	2.00
	1987-88	--	--
	1988-89	1	4.09
	1989-90	1	15.08
	1990-91	1	7.03
	1991-92	2	7.34
	1992-93	68	1184.78
	1993-94	11	161.50
		87	**1384.49**
Personnel, Public Grievances and Pensions Training Division	1989-90	1	0.08
	1990-91	3	4.41
	1991-92	2	4.50
	1992-93	13	37.76
	1993-94	1	3.35
		20	**50.10**
Planning and Statistics Department of Statistics	1993-94	4	70.90
		4	**70.90**
Planning Commision and National Informatic Centre	1990-91	24	45.23
	1991-92	22	23.51
	1992-93	33	147.02
	1993-94	22	106.53
		101	**322.29**

Contd⇨

Ministry/Department	Period to which grants relate (Upto September 1993)	Utilisation Certificates Outstanding at the end of March 1995	
		Number	Amount (In lakhs of rupees)
Law, Justice and Company Affairs i) Department of Legal Affairs	1982-83	2	1.00
	1983-84	5	1.52
	1984-85	5	1.29
	1985-86	2	0.10
	1986-87	1	0.15
	1987-88	1	0.05
	1989-90	6	1.95
	1990-91	3	1.55
	1991-92	14	3.17
	1992-93	14	6.85
	1993-94	5	1.70
		58	**19.33**
ii) Legislative Department	1989-90	1	0.20
	1990-91	--	--
	1991-92	2	0.40
	1992-93	--	--
	1993-94	5	0.23
		8	**0.83**

* Includes outstanding utilisation certificates in respect of grants released upto 31 March 1994 and outstanding as on 31 October 1995

APPENDIX IV

(Refers to Paragraph 61)

Outstanding Action Taken Notes

S No	Name of the Ministry/ Department	Year of Report	Number of Paragraphs on which Action Taken Notes awaited on 31.12.95	
			Due	Awaited
1.	Civil Supplies and Consumer Affairs	1993-94	1	1
2.	Home Affairs	1991-92	1	1
3.	Human Resource Development			
(i)	Department of Culture	1989-90 1992-93 1993-94	6 3 2	1 2 2
(ii)	Department of Education	1991-92 1992-93 1993-94	10 14 14	2 6 6
(iii)	Department of Youth Affairs and Sports	1993-94	1	1
4.	Surface Transport	1991-92 1992-93 1993-94	23 16 26	3 4 26
5.	Urban Development (Affairs)	1988-89 1989-90 1990-91 1991-92 1992-93 1993-94	8 6 10 10 13 6	5 6 9 9 12 6
	Total		**170**	**102**

ERRATA

Page	Line	For	Read
ix	11	215	198
ix	14	33	19
xi	10th from Top	Rs 358.10 crores	Rs 358.11 crores
2	1	215	198
2	6	355182.53	207775.82
2	7	197116.68	175691.46
2	7	182	179
2	8	22319.59	23874.79
2	10	33	19
16	3rd from Top	Rs 358.10 crores	Rs 358.11 crores
90	11th from Top	Rs 397.42 lakhs	Rs 379.42 lakhs