Report of the Comptroller and Auditor General of India

for the year ended March 2001

Union Government (Civil)

Transaction Audit Observations

No.2 of 2002

CONTENTS

PREFACE

This Report for the year ended March 2001 has been prepared for submission to the President under Article 151 of the Constitution.

The audit observations on Finance Accounts and Appropriation Accounts of the Union Government for the financial year 2000 - 01 have been included in Report No. 1 of 2002. This Report includes matters arising from test audit of the transactions and accounts of Union Ministries and of Union Territories and the following reviews:

(i) Sugar Development Fund

(ii) Working of Government Medical Stores Depot, Kolkata

(iii) 'Frequency Modulation' Radio Coverage

(iv) Billing of Commercial Programmes on National Channel

(v) Integrated Wastelands Development Programme

(vi) Integrated Development of Small and Medium Towns

Matters arising from performance audit of some of the Centrally Sponsored/ Funded Schemes of the ministries and departments are dealt with in Report No. 3 of 2002.

Separate Reports are also issued for Union Government - Other Autonomous Bodies (No. 4), Scientific Departments (No. 5), Post and Telecommunications (No. 6), Defence Services - Army and Ordnance Factories (No. 7), Defence Services – Air Force and Navy (No. 8), Railways (No. 9 and 9A), Receipts of the Union Government - Indirect Taxes: Customs (No. 10), Indirect Taxes: Central Excise and Service Tax (No. 11) and Direct Taxes (No. 12 and 12A).

The cases mentioned in this Report are among those which came to notice in the course of audit during 2000-01. For the sake of completeness, matters which relate to earlier years but not covered in the previous Reports are also included. Similarly, results of audit of transactions subsequent to April 2001 in a few cases have also been mentioned, wherever available and relevant.

OVERVIEW

This Audit Report contains audit observations emerging out of the audit of some schemes and transactions in the Civil Ministries and their field offices. The audit observations on the accounts of the Union Government (Civil): 2000-01 are incorporated in Report No.1 of 2002.

The observations contained in this Report reflect a familiar pattern of failures in the implementation of programmes that has been consistently emerging over the years. Poor implementation, coupled with ineffective controls, has hindered the achievement of objectives underlying different schemes and projects. More often than not, there are mismatches between the allocation of resources and the ambitious nature of the schemes. This results in resources being thinly spread over a wide spectrum of objectives with predictable consequences. The failure of implementing agencies to raise additional resources adds to the problem. Indifferent and tardy execution of key activities have resulted in the failure to achieve stated objectives. The absence of any effective system of monitoring in the Ministries and implementing States/Agencies leads to a situation wherein activities proceed without adequate direction. These shortcomings are reflected in the audit reviews on the implementation of the **Integrated Wastelands Development Programme** and the scheme for the **Integrated Development of Small and Medium Towns**.

The building up of proper and effective systems in organizations is essential for their efficient functioning. Audit reviews on the functioning of the **Government Medical Stores Depot, Kolkata** and **Billing of Commercial Programmes on National Channel of Doordarshan** highlight the poor state of the systems in place in these organizations. Maintenance of basic records was found to be faulty and there was a pervasive failure to observe standard commercial practices. The poor realization of receivables and the absence of information regarding debtors was noticed in both the organizations. Internal controls were inadequate making it possible for irregularities to persist over the years. The existing situation can only facilitate revenue leakages and losses. Adequate efforts have not been made to address these issues, which have been highlighted in earlier Audit Reports.

While resource constraints have always been a major concern, an equally significant issue is the inefficient or inadequate use of existing resources. The Sugar Cess Act, 1982 and Sugar Development Fund Act, 1982 primarily aimed at facilitating the rehabilitation and modernization of sugar mills and the development of the sugar industry. Resources were raised through collection of cess of Rs 14 per quintal. While the Sugar Development Fund had substantial balances ranging between Rs 1081.13 crore and Rs 1328.44 crore during the period 1995-2001, disbursements from the Fund were only between 6 and 32 *per cent* of available balances. In many cases, Cane Development and Modernization loans were either not released or instalments released after wide intervals of time. The overall position of loan management was unsatisfactory. There was no mechanism to monitor recovery of dues of Rs 230.15 crore from various sugar mills. The audit review on the working of the **Sugar Development Fund** highlights these issues as also the inadequate application of proceeds of the Cess for the intended objectives.

Mismanagement, wasteful use of scarce resources, lack of concern for obtaining value for money spent are amongst other concerns which are reflected in the audit observations contained in this Report. Some of the significant findings are briefly discussed below:

'Frequency Modulation' Radio Coverage

All India Radio started Frequency Modulation (FM) broadcasting services with a view to taking radio to the masses. 133 radio stations were targeted to be installed by 31 March 1997. Against the target of commissioning of 133 radio stations, only 122 radio stations were commissioned with delays up to 132 months. Expenditure of Rs 4.41 crore became un-productive due to injudicious selection of site. Transmitters, studio equipment etc. valuing Rs 17 crore remained unutilised due to their purchase before acquisition of land. Reduction in licence fee chargeable from private operators resulted in revenue loss of Rs 17.79 crore. Rs 1.92 crore was incurred on surplus staff retained by 31 stations.

(Paragraph 3.1)

Unauthorised demolition of heritage building

Executive Engineer, Central Division-III, CPWD Kolkata unauthorisedly started the demolition work of a heritage building in violation of rules. Consequently, Kolkata Municipal Corporation issued notice to CPWD for stoppage of work and restoration of the damaged portion. The partly demolished building remained unutilised for almost five years. This resulted in avoidable rent payment of Rs 4.88 crore up to August 2001, besides the anticipated restoration cost of Rs 12.69 crore.

(Paragraph 18.2)

Failure to construct earthquake resistant demonstration houses in Uttaranchal

The Ministry and the Government of Uttar Pradesh decided in November 1991 to construct earthquake resistant demonstration houses in the earthquake affected districts of Uttarkashi, Tehri Garhwal and Chamoli. The Ministry released Rs 14.42 lakh in April 1992 as first instalment to the Uttar Pradesh Rural Housing Board. The project is yet to commence. The lack of planning and coordination, coupled with administrative indecision reflected the absence of a sense of urgency in tackling an issue with such grave implications.

(Paragraph 18.8)

Infructuous expenditure on Hospitality

Government of India Tourist Office at Los Angeles extended hospitality under a plan scheme "Marketing, Publicity and Promotion" on three occasions to a freelance writer and her associates by providing five return club class passages from New York to Delhi, internal air travel, local hospitality including free accommodation, meals and ground transportation with guide and car without ensuring returns by way of promised publicity. No gains accrued to India against the anticipated publicity value of US $ 575,000 equivalent to Rs 1.84 crore. The

Department of Tourism did not have details of expenses incurred on these unproductive hospitality visits of the freelance writer. The expenditure incurred on air travel alone was Rs 9.10 lakh.

(Paragraph 17.1)

Unproductive expenditure due to defective planning

Injudicious planning of Ministry of Consumer Affairs and Public Distribution in establishing a National Institute of Sugarcane and Sugar Technology at Mau when a similar Institute (NSI Kanpur) already existed which was involved in sugar cane research, training and extension activities, resulted in unproductive expenditure of Rs 16.72 crore.

(Paragraph 8.1)

Avoidable expenditure on manning contract of a vessel

The Directorate of Shipping Services, Andaman and Nicobar Islands handed over the manning contract of a vessel to the Shipping Corporation of India instead of continuing with the lowest tenderer, resulting in an avoidable expenditure of Rs 261.70 lakh during the period from July 1994 to September 1999.

(Paragraph 19.2)

Under utilisation of television transmitter

DD installed a 10 kilo watt High Power Transmitter at Barmer (Rajasthan) in February 1993 at Rs 5.32 crore. While the original height of tower was 300 metres, DD decided to reduce it to 100 metres but did not award the work so far. The transmitter is operating at one tenth of its capacity and covering less than half of the area. The mismatch and lack of capacity synchronisation between transmitter and height of tower rendered the expenditure of Rs 5.32 crore largely unproductive.

(Paragraph 13.3)

Loss of revenue

Plant Quarantine Station, Kalimpong did not inspect the imported plants and seeds which resulted in loss of revenue of Rs 1.66 crore by way of fees from the importers for the period from April 1994 to July 2000. This also resulted in the risk of the entry of infected/diseased plant material into the country.

(Paragraph 6.2)

Injudicious expenditure

The Executive Engineer, Malda Central Division-II, CPWD failed to assess the consequences of road construction in a flood prone area in Malda district. Land was acquired and roadwork awarded in September 1996. Before completion of roadwork, bridge work was awarded.. The Department subsequently decided not to undertake any further work on the stretch because of failure of embankment during flood season, rendering the entire expenditure of Rs 438.05 lakh incurred on acquisition of land, construction of road and bridge injudicious.

(Paragraph 18.4)

Wasteful expenditure

The Executive Engineer, Murshidabad Central Division, CPWD sent a proposal for construction of two stretches of road, on the right bank and left bank of the river Bhagirathi for utilization of Jangipur Barrage bridge as part of Indo Bangladesh Border road. Due to subsequent change in the alignment, the expenditure of Rs 74.45 lakh on construction of a stretch of the road on the right bank of Bhagirathi became wasteful.

(Paragraph 18.3)

Extra expenditure due to delay in construction

Due to lack of firm plans and consequent midstream changes, the Central Industrial Security Force, Mumbai delayed the construction work of CISF complex and paid Rs 43.56 lakh as additional lease premium to City and Industrial Development Corporation of Maharashtra Limited for not completing the work in the time frame. This has resulted in extra expenditure of Rs 43.56 lakh besides blocking of the lease premium amount of Rs 1.20 crore for ten years.

(Paragraph 11.2)

Undue benefit to a sponsor

Doordarshan Kendra, Kolkata extended undue benefit to a sponsor Sunrise Media and Effects Private Limited for telecast of 'Sri Ramkrishna' by way of allowing utilization of excess banked Free Commercial time, granting excess Free Commercial Time and short levy of sponsorship fee in a repeat programme, which resulted in a total loss of revenue for Rs 96.75 lakh.

(Paragraph 13.2)

Idle investment on procurement of a tourist vessel

The investment of Rs 51.83 lakh for a tourist vessel remained idle due to Andaman & Nicobar Administration's frequent changes in design and delay in repairing. The vessel meant for transporting tourists was not made operational even after four years from its delivery by the manufacturer.

(Paragraph 19.3)

Excess purchase of flats without realistic assessment

The incorrect decision of the Ministry to acquire flats much in excess of their actual requirements resulted in avoidable expenditure of Rs 142.89 lakh on acquisition of 74 flats which remained vacant from the date of taking over possession between October 1995 and December 1995 till date. The purchase of residential accommodation was not synchronised with the shifting of the office from New Delhi to Noida.

(Paragraph 15.1)

Idle equipment

Ministry of Surface Transport decided in September 1993 to establish Permanent Traffic Count Stations on the National Highways network for conducting traffic research activities by installing Automatic Traffic Counter–cum-Classifiers. The Ministry did not take simultaneous action for provision of rooms at the sites for installation and commissioning of the equipment. Equipment purchased at Rs 87.14 lakh was lying uninstalled for more than five years.

(Paragraph 14.1)

Incorrect payment of Patient Care Allowance

Additional Director CGHS incorrectly paid Patient Care Allowance of Rs 34.16 lakh to non-entitled Group-C Ministerial staff who were not working in dispensaries.

(Paragraph 10.1)

Ineffective utilization of Government owned/leased property

Embassy of India, Dushanbe leased a built up property in April 1996 to house the Chancery and a Cultural Centre. As Indian Council of Cultural Relations was unable to set up the Cultural Centre immediately, the Ministry asked the Mission to utilise the excess space to accommodate one or two residences for the staff. The Mission leased four residences at monthly rents ranging from US$ 225 to 300 to accommodate four India based officials instead of exploring the possibility of accommodating at least two of the staff in the excess space and incurred an avoidable expenditure of Rs 12.87 lakh from March 1997 to June 2001. Similarly, the Mission at Athens kept vacant an entire floor with an usable area of 258 Sq. m. in the Government owned Chancery premises and incurred avoidable expenditure of Rs 10.94 lakh during July 1998 to August 2000 towards residential rents for two India based Assistants who could have been accommodated in the vacant space.

(Paragraph 9.3)

Recovery at the instance of Audit

Joint Director General of Foreign Trade, Mumbai recovered Rs 69.88 lakh towards excess payment of cash compensatory support refund of terminal excise duty and deemed export duty/draw back etc. upon being pointed out by Audit.

Similarly, Director General, ITBP recovered Rs 60 lakh from HASK and deposited it back into the welfare account of ITBP.

(Paragraph 7.1 and11.1)

Section A - Reviews

MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

SUGAR DEVELOPMENT FUND

CHAPTER I: MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

Department of Sugar and Edible Oils

1. Sugar Development Fund

Under the Sugar Cess Act 1982, a cess of Rs 14 per Quintal as a duty of excise is levied on sugar produced in the country and credited to Sugar Development Fund (Fund) to be provided as assistance for modernization/rehabilitation of sugar mills and cane development. Review in audit of the Fund covering the period April 1995 to March 2001 revealed meagre disbursements while the Fund had accumulated balances ranging between Rs 1081.13 crore and Rs 1328.44 crore during this period. In a number of cases, though loans were sanctioned they were not released. In other cases instalments were released after wide intervals of time. Short-term loans of Rs 37.43 crore sanctioned for sugar cane development to sugar mills were not released due to non-fulfilment of the conditions by sugar mills. Ministry had not evolved any mechanism to assess the progress of implementation of the projects/schemes. Outstanding loan and penal interest stood at Rs 230.15 crore at the end of March 2001. Research studies commissioned were either incomplete or their results not disseminated. Ministry had also not got the functioning of the Fund evaluated. The principal objective, for which this Fund was created, was not fulfilled since the Fund did not contribute much to the growth, development, modernisation or rehabilitation of sugar mills.

Highlights

Despite the availability of funds ranging between Rs 1081.13 crore and Rs 1328.44 crore during 1995-01, disbursements made from the Fund were only between 6 to 32 *per cent*.

In 39 out of 64 Modernization and Cane Development loans, no loan was released though sanctions were issued 6 to 12 years back. In 145 out of 216 cases under these schemes, the gap between the releases of two subsequent instalments was between one to 11 years.

Rs 230.15 crore including interest and penal interest was outstanding against various sugar mills as of 31st March 2001. Ministry did not devise any mechanism to closely monitor the status of recovery of dues.

Ministry failed to release Rs 37.43 crore to 70 sugar mills as short term loan for development of sugar cane though sanctions had been issued 21 to 37 months earlier.

Only four out of 22 research studies funded from SDF were completed, which were also not subjected to peer review or assessment by departmental/independent agencies. Ministry took no action to disseminate these studies.

Ministry failed to evolve an effective monitoring mechanism to assess the impact of operation of SDF. No evaluation has been conducted since its creation.

1.1 Introduction

In order to facilitate capital investment, modernization and rehabilitation of the sugar industry and to develop the quality and availability of sugarcane, promote research and development activities, Government of India in March 1982 decided to levy a cess at the rate of Rs 5 per quintal on total sugar produced in the country. The cess was to be collected as a duty of excise and credited to the Sugar Development Fund (SDF). Consequently, the Sugar Cess Act, 1982 (Cess Act) and the Sugar Development Fund Act, 1982 (Fund Act) were promulgated in March 1982. The Acts were subsequently amended in October 1982 to provide for a higher rate of cess of Rs 14 per quintal for the purpose of securing additional funds to defray the expenditure on building up and maintaining buffer stock of sugar, meant to stabilize sugar prices.

The cess is collected through the administrative machinery of Department of Revenue, Ministry of Finance. It is reduced by one *per cent* of the cess collected towards the cost of collection. Transfer of cess each year to SDF is done by Ministry of Consumer Affairs, Food & Public Distribution (Ministry) on the basis of estimated collection of cess and likely requirements for meeting the objectives of SDF.

Section 4 of the Fund Act provides for:-

- making loans for facilitating the rehabilitation and modernization of any sugar factory or any unit and undertaking of any scheme for development of sugarcane in the area;
- making grants for research projects aimed at development of sugar industry;
- defraying expenditure for building up of buffer stock of sugar; and
- defraying any other expenditure for the purpose of this Act.

SDF is operated by Ministry in accordance with the Sugar Development Fund Rules, 1983 (SDF Rules) framed by Government under Section 9 of the Fund Act, which provide for disbursement of loans, grants and subsidy to sugar units.

1.2 Organizational set up

The SDF is operated by the Ministry for applying it in accordance with Fund Act. State Governments/Financial Institutions (FI) monitor the proper implementation of schemes/projects funded out of SDF as well as the repayment of loan with interest.

In the Ministry, the Secretariat organization includes a Sugar Development Fund Division (Division) consisting of an Under Secretary, a Deputy Director-Accounts, a Technical Officer and assistants. This Division is under a Deputy Secretary/Director, who functions under the overall supervision and direction of a Joint Secretary, who in turn reports to Secretary of the Department. The processing and consideration of applications is done by a Standing Committee of SDF (constituted as per the Rules), chaired by the Secretary of the Ministry. The Deputy Secretary/ Director in charge of the SDF Division is the Member Secretary of the Standing Committee and is responsible for placing the loan applications for Modernization / Rehabilitation and Cane development before the Committee. The decisions of the Standing Committee on the loan applications as also for Grants-in-aid are submitted to Government in the form of recommendations for approval. The Integrated Finance Division (IFD) of the Ministry is consulted prior to applications being placed for consideration by the Standing Committee and also while making releases/disbursement from the SDF. The disbursal of loans and repayments into the Fund are done through the Office of Controller of Accounts, working under the overall supervision of Financial Advisor in the Ministry.

1.3 Scope of Audit

The present review is based on the test-check of records of the Ministry and covers the period 1995-2001. The objectives of the review are:

- to determine the efficiency of administration of SDF and achievement of its objectives;
- to evaluate the system and procedures laid down for collections into and payments from SDF;
- to evaluate the effectiveness of monitoring by the Ministry.

1.4 Composition of SDF

The details of cess collected, transferred to SDF, funds utilized, recovery of loans, interest and balance in the SDF at the end of each year since inception till 2000-01 were as under:

(Rs in crore)

Year	Opening balance	Cess collected	Cess transferred	Recovery of loans/ interest	Total funds available	Funds disbursed out of SDF	Percentage disbursement to total fund	Closing balance
1982-95	--	1626.06	1526.00	170.94	2450.25	779.84	31.83	917.10
1995-96	917.10	172.40	130.00	34.03	1081.13	68.09	6.30	1013.04
1996-97	1013.04	191.58	130.00	46.88	1189.92	144.60	12.15	1045.32
1997-98	1045.32	208.06	150.00	48.59	1243.91	278.52	22.39	965.39
1998-99	965.39	188.02	180.00	73.90	1219.29	393.66	32.29	825.63
1999-00	825.63	188.87	250.00	105.57	1181.20	200.61	16.98	980.59
2000-01	980.59	210.69	200.00	147.85	1328.44	95.52	7.19	1232.92
TOTAL		**2785.68**	**2566.00**	**627.76**	**--**	**1960.84**		

Unutilised balances stood between Rs 825.63 crore and Rs 1232.92 crore each year. Disbursement varied between 6 to 32 *per cent* only.

The unutilised balances as at the end of each year ranged between Rs 825.63 crore and Rs 1232.92 crore. The disbursements made out of SDF during 1995-2001 ranged between 6 to 32 *per cent* of the total available funds. This is, therefore indicative of ineffective fund management. It would also indicate that the basic objective of creating the Fund for facilitating the rehabilitation and modernization of sugar factories and undertaking of schemes for development of sugarcane was defeated. Ministry stated in August 2001 that transfer of cess to SDF had been in accordance with provision of Section 3(2) of Fund Act and SDF Rules. This is not relevant since Audit has attempted to focus attention on the lack of action on the part of the Ministry to apply the balances in the Fund effectively. This also raises a question as to whether the Cess in its present form is required.

1.5 Management of loans

Modernization/Rehabilitation loans, at a concessional rate of nine percent simple interest per annum, repayable in a maximum period of 13 years inclusive of eight years moratorium, are extended for modification/rehabilitation of plant and machinery and up gradation of technology of sugar mills. 40 *per cent* of project cost is to be provided through SDF, 50 *per cent* by financial institutions and 10 *per cent* by the promoter. Disbursement is to be in two equal instalments, the second being disbursed only on submission of Utilization Certificate (UC) and Progress Reports (PR) for Ist instalment duly certified by Chartered Accountants and forwarded by concerned Financial Institutions (FIs).

Cane Development loans, at a concessional rate of simple interest of nine *per cent* per annum repayable within seven years, inclusive of moratorium of three years are given to sugar mills for undertaking schemes for the development of sugarcane. 90 *per cent* of the total cost of the scheme is advanced from SDF, subject to a maximum of Rupee three crore, and ten *per cent* cost is to be met by Sugar mill or State Government. Loans are disbursed in three annual instalments. Second and subsequent instalments of loans are disbursed on receipt of UC/PR/IR for the first/previous instalment from the concerned State Government, which acts as a monitoring agent for this scheme.

The details of loans sanctioned and released in respect of Modernization / Rehabilitation Projects and Cane Development Schemes since inception were as under:

(Number/Rs in crore)

Sl. No.	Type of loan	Total no. of cases sanctioned		Cases in which no amt. released		Cases in which part amt. released		Cases in which full loan released		Part amt. yet to be released
		Prior to 95-96	During 95-01	Prior to 95-96	During 95-01	Prior to 95-96	During 95-01	Prior to 95-96	During 95-01	
1.	Modernization/ Rehabilitation	142 (463.70)	72 (597.14)	4 (14.77)	7 (31.62)	1 (4.01)	8 (58.12)	134 (444.13)	60 (464.97)	9 (43.22)
2.	Cane Development Schemes	331 (439.46)	51 (118.11)	35 (49.26)	18 (45.00)	176 (163.24)	31 (32.14)	120 (138.44)	02 (5.22)	207 (124.27)
	Total	473 (903.16)	123 (715.25)	39 (64.03)	25 (76.62)	177 (167.25)	39 (90.26)	254 (582.57)	62 (470.19)	216 (167.49)
			596 (1618.41)		**64 (140.65)**		**216 (257.51)**		**316 (1052.76)**	

Note: - Figures in brackets denote the corresponding amount.

Audit found that in 64 sanctioned cases, no loans had been released as of August 2001. Out of these, in 39 cases loans had been sanctioned more than 6 to 12 years back. This was due to non-fulfilment of any one or all of the necessary requirements/conditions by the Sugar Mills viz, (i) execution of a bipartite or tripartite agreement as the case may be by the Central Government, Sugar Undertaking and/or the State Government/FIs (ii) Providing of security for the loan in the shape of either a bank guarantee or a State Government guarantee or creation of charge against the sugar undertaking's assets (iii) furnishing of proof of having opened a no-lien account and (iv) proof of the sugar undertaking having no overdue payment in respect of the SDF or LSPEF[1].

The gap between first release of instalment and subsequent releases was up to 11 years.

Further, out of 216 cases where part assistance was released by 31st March 2001, in five out of 9 cases of modernization/rehabilitation loans, previous loan instalments were released one to five years back. Similarly, in 140 out of 207 cases of cane development loans, previous loan instalments had been released more than seven to 11 years back and subsequent instalments were not released due to non-compliance of necessary requirements of submission of UCs and PRs/IRs. In 18 cases, the gap between the first release of instalment and subsequent instalments ranged between 4 to 10 years. It was not ascertainable in audit as to how the Ministry ensured that the projects for which only part assistance was disbursed would be able to achieve their objectives. It is evident that unless the sugar mills made up the shortfall/ inadequacies noticed, part release of loan would adversely affect modernization/rehabilitation schemes.

The Ministry stated in August 2001 that it had reminded State Governments/FIs/Sugar Mills from time to time for submission of the necessary documents. However, Ministry's stand is not tenable, as Ministry had not evolved a mechanism to assess the progress of implementation of schemes/projects funded out of SDF and the Sugar Mills had failed to even fulfil the requisite conditions to avail the sanctioned loan.

1.6 Management of short-term loans

In November 1997, Government introduced a scheme for short-term loans ranging between Rs 50 lakh to Rs 150 lakh for providing inputs like seeds, fertilizers and pesticides for sugar cane development. Sugar mills availing these loans were to pass on loans to the sugar cane growers. The loan amount along with interest at the rate of nine *per cent* per annum was repayable in four half yearly instalments.

Rs 37.43 crore could not be released for seeds fertilizers, etc.

Audit scrutiny revealed that Ministry sanctioned Rs 138.03 crore to 249 sugar mills between February 1998 to June 1999. Against this, it could release only Rs 100.60 crore (73 *per cent*) up to 31st March 2001 to 179 sugar mills. Rs 37.43 crore (27 *per cent*) could not be released to 70 sugar mills that could

[1] The Government set up the Levy Sugar Price Equalisation Fund (LSPEF) under the LSPEF Act (31) of 1976 (since amended in 1984). According to Act, sugar mills that made excess realisation on levy sugar by charging price higher than the price notified by Central Government had to credit the same to the fund.

not furnish the security during the period of validity of the approval even though Government had extended the validity up to May 1999 to facilitate their furnishing of security. Since these were short-term loans for the development of sugar cane at a specific time, their non-release may have defeated the entire rationale/objective of scheme.

The scheme provided for creation of a monitoring committee with representatives of Indian Sugar Mills Association, National Federation of Cooperative Sugar Factories Ltd., the concerned sugar mill, local State Government functionaries and representatives of the sugarcane growers. Only 55 sugar mills had set up the Monitoring Committee.

The scheme provided that in case of default in repayment of principal and interest due, such amount could be deducted from the claims of the sugar mills pending with the Central Government. Ministry stated that in 76 cases of default in repayment etc., banks had been advised to invoke the bank guarantees provided as security for the loan. Ministry did not provide the details of recovery made through invocation of bank guarantees.

1.7 Recovery of loan

The SDF Rules provide that additional interest at the rate of two and half percent per annum is leviable on default in repayment of loan and/or interest by the sugar mills. Ministry can recover the dues in default relating to short term loan from any claim of sugar mill pending with the Ministry. The recovery of loans on account of short terms loans was being shown under cane development loans

The state wise details of due/overdue amount of loans, interest and penal interest as of 31st March 2001 were as under:

(Rs in lakh)

Sl. No.	State	Cane Development Loans				Modernization/Rehabilitation Loans			
		Loan due/ overdue	Interest	Penal Interest	Total	Loans due/overdue	Interest	Penal Interest	Total
1.	Maharashtra	1929.65	324.84	76.50	2330.99	3181.59	1878.53	14.65	5074.77
2.	Uttar Pradesh	1000.54	170.47	10.22	1181.23	3782.36	2871.60	14.11	6668.07
3.	Andhra Pradesh	807.47	81.86	41.72	931.05	541.08	502.73	00.05	1043.86
4.	Bihar	74.98	2.47	3.24	80.69	187.02	210.39	00.39	397.80
5.	Punjab	1025.31	233.51	26.63	1285.45	534.42	427.10	-	961.52
6.	Gujarat	35.44	1.10	0.01	36.55	-	-	-	-
7.	Karnataka	298.95	47.09	7.72	353.76	125.37	76.06	00.17	201.60
8.	Tamil Nadu	158.90	24.41	11.26	194.57	226.72	163.45	00.01	390.18
9.	Madhya Pradesh	260.19	54.73	1.12	316.04	186.22	148.95	-	335.17
10.	Haryana	318.64	78.02	13.40	410.06	-	-	-	-
11.	West Bengal	129.57	-	1.06	130.63	-	-	-	-
12.	Assam	97.65	21.14	-	118.79	-	-	-	-
13.	Orissa	442.89	125.91	-	568.80	-	-	-	-
14.	Kerala	3.24	-	0.26	3.50	-	-	-	-
	Total	**6583.42**	**1165.55**	**193.14**	**7942.11**	**8764.78**	**6278.81**	**29.38**	**15072.97**

Rs 230.15 crore of over due loan remains to be recovered.

The due/overdue amount of loan, interest and penal interest, which was Rs 45.69 crore (cane loan Rs 41.37 crore & modernization loan Rs4.32 crore) as of 31 March 1995, increased to Rs 230.15 crore (cane loan Rs 79.42 crore and modernization loan Rs 150.73 crore) as of 31stMarch 2001, registering an overall increase of 504 *per cent* within a period of six years. A list containing the details of outstanding loans exceeding Rupees one lakh of loan and interest etc. from various sugar mills as on March 2001 is at **Annex.** The records relating to age-wise breakup of the due/overdues etc. are not available in the Ministry. The Ministry stated in August 2001 that though reasons for default in each individual case had not been compiled, the reasons generally were (i) inadequate cash generation and surpluses after meeting statutory obligations (ii) inadequate cash generation and surpluses to meet the term loans which is the first charge for modernization loans (iii) lower realizations from sugar sales (iv) low level of profits or losses on account of higher State Advised Price for sugarcane compared to the Statutory Minimum Price (v) high accumulated losses tending to erode net worth (vi) inadequate cane availability and (vii) management inefficiencies etc.

Ministry had admitted that the realization of over dues had been difficult as the major defaulting units were in the cooperative and the public sector. While a large share of the public sector mills were under reference to the Board for Industrial & Financial Restructuring (BIFR), a number of cooperative sugar units had a negative net worth. Loans for cane development were paid on the security of a State Government Guarantee, particularly in the State of Maharashtra.

1.8 Research projects/studies

The SDF Rules provide that grants-in-aid may be sanctioned to established institutions, connected with sugar industry for carrying out research aimed at promotion and development of any aspect of sugar industry subject to terms and conditions as may be agreed between Ministry and recipient organizations.

As of March 2001, the Ministry sanctioned Rs 34.40 crore between July 1988 and March 2001 and released Rs 19.76 crore to seven research units for taking up 22 research studies. The details were as under:

(Rs in lakh)

Name of the Institute	Number of research studies assigned	Amount sanctioned/ released	Date of sanction/ release	Project status
Simbhoaoli Sugar Mills Ltd. Ghaziabad(UP)	One	45.48 45.10	July 1988 Sept.1988 to January 1994	Completed
Ganda Singh Sugar cane Breeding & Research Institute,Seorahi, Distt. Deoria(UP)	One	604.91 180.00	May 1990/ June1990	Incomplete

Name of the Institute	Number of research studies assigned	Amount sanctioned/ released	Date of sanction/ release	Project status
Indian Council of Agricultural Research, New Delhi	One	2278.54 1349.53	Sept.1989 Jan.90 to March 1997	Completed
Vasantdaa Sugar Institute, Pune,	Eleven	282,991 238.251	Sep.89 to April 98 Oct.89 to Dec.98	Two completed
Sugar cane Breeding Institute, Coimbatore(TN)	Five	164.03 121.34	Feb.98 to May 2000 April 99 to Feb.2000	All incomplete
Main Biocontrol Researh Laboratory (unit of Tamil Nadu Coop.Sugar Factory)	Two	20.44182 8.5955	Aug.98 to June 99 December 1998	Incomplete. In one case no funds released
Shirpur Shetkari Sahkari Sakhar Karkhana Ltd., Dhule (MS)	One	43.50 33.50	August 1998 November 1999	Incomplete

Dissemination of four completed studies were not made.

Out of 22 studies, only four studies were completed. The four studies completed as of August 2001, had not been subjected to any assessment or peer review by the departmental/independent agencies. The Ministry took no action to disseminate the results of the research studies. It failed to assess the utility of these studies for the purpose of the sugar industry and sugarcane growers. Rs 19.76 crore is likely to prove wasteful.

In 17 studies, out of three to five instalments, which were to be released, only one/two instalments were released as of August 2001. The validity period for completion of 14 studies had also expired. In one research study, the project was sanctioned in June 1999 but no funds were released up to August 2001.

The Ministry stated in August 2001 that these research studies were entrusted to various research institutions and the research results get disseminated in the normal course of their publication. However, The Ministry has agreed to place research studies before Standing Research Advisory Committee for evaluation and had also stated that upon such evaluation, the research results would be circulated to the industry authorities.

1.9 Monitoring

The SDF Rules provide that Central Government in consultation with the State Government would make provisions for monitoring by the State Government of utilization of loans, the progress of the scheme, repayment of loan with interest etc. Ministry did not exercise watch through the PR/IR and UCs submitted by the sugar mills FIs / State Governments. The Ministry did not prescribe any specific time limit for the submission of PR/IR and UCs. In 98 out of 138 test-checked cases of Modernistion/Rehabilitation and Cane Development, PR/IR/UCs for the last loan instalment availed were awaited for periods ranging from one year to 13 years.

Ministry stated in September 2000 that monitoring of the implementation of Cane Development schemes and Modernization/Rehabilitation projects rested with the State Governments and FIs respectively. As UCs/IRs were furnished through the State Governments/FIs, their authenticity was not in doubt

Ministry further stated that it had decided to call for impact reports within two years of completion of project failing which the concerned defaulting sugar unit would be debarred for future loans, and to discourage late submission of utilization certificates. Wherever the gap between two successive instalments was unreasonably high, sugar units would not be disbursed any further loan instalments.

1.10 Evaluation

Ministry had not carried out any evaluation on the impact of operation of SDF. Such evaluation would have assisted the Ministry in assessing the extent to which the objectives of the SDF viz. modernization/rehabilitation of sugar mills and development of sugarcane had been achieved.

The Ministry stated in August 2001 that it was true that no evaluation by an independent agency on the impact of the operation of the SDF has been made. The High Powered Committee on Sugar Industry (Mahajan Committee), however, had gone into the operation of the SDF and had made appropriate recommendations and commented on the contribution that the SDF has made to the development of the sugar industry.

1.11 Conclusion

The Fund did not contribute to the growth, development, modernization/ rehabilitation of sugar factories and cane development as disbursements were 6 to 32 *per cent* of the available funds, which ranged from Rs 1081.13 crore to Rs 1328.44 crore during 1995-2001. The Fund was never evaluated keeping in view the balances each year. Ministry had not evolved any mechanism to assess the progress of the implementation of the projects/schemes. Even the sugar mills had failed to fulfil the requirements/conditions to avail of the sanctioned loan. As a result, in 39 out of 64 cases of Modernisation and Cane Development no loan was released though sanctions were issued six to 12 years back. The gap between first and subsequent release of instalments was between one to eleven years. The due/overdue amount of loan and penal interest stood at Rs 230.15 crore at the end of March 2001. Objectives of short-term loans for providing inputs like seeds, fertilizers and pesticides for development of sugarcane could not be achieved due to non-release of Rs 37.43 crore to 70 sugar mills, defeating the entire objective of the scheme.

Annex

(Refers to Paragraph 1.7)

Position of due/over due amount exceeding one lakh of loan interest & penal interest in respect of SDF Loan as on 31.3.2001

Cane Development loans including short terms loans *(Rs in lakh)*

Sl. No.	Sugar Unit	Amount due
MAHARASTRA		
1.	M/s Gujanan SSK Ltd. at Taluka & Distt. Beed (Coop)	65.53
2.	M/s. Vinayak SSK Ltd. Parsoda, Taluka Vaijapur Distt. Aurangabad, (Coop)	82.70
3.	M/s Godhavari dodhna SSK Ltd. Deonandra, P & T Pathuri, Parbhani (Coop).	46.80
4.	M/s. Shri Ram SSK Ltd. Phaltan, Distt. Satara(Coop)	28.71
5.	M/s. Shetkari SSK Ltd. Killari, Distt. Latur (coop)	26.20
6.	M/s.Ambajogai SSK Ltd.P.O. Ambasakari, Distt Beed (coop)	12.97
7.	M/s.Shri Penzari Kan SSK Ltd.Bhodne Tq. Sakar Distt. Dhulia (coop)	27.29
8.	M/s. Kopergaon SSK Ltd. Gautamnagar, Distt. Ahmednagar (Coop)	226.97
9.	M/s.Shri Satpuda Tapi Parisar Sakhar Karkhana Ltd.PO Purushottamnagar Ytal. Shaahoda, Dhulia-4243401 (Coop)	241.01
10.	M/s. Nasik SSK Ltd.PO Palsa, Distt. Nasik (Coop)	2.69
11.	M/s Shirpur Shetkari SSK Ltd., Shivajinagar Dahiwal Taluka, Shirpur, Dhule. (Coop).	1.88
12.	M/s.Girna SSK Ltd..Bhausahebnagar, Hirajnagar, Distt. Nasik. (Coop)	48.59
13.	M/s. Belganga SSK Ltd. (Bhoras), Chalisgaon, Distt. Jalgaon (Coop)	7.92
14.	M/s. Vasant Dada Shetkari SSK Ltd., Sangil (Coop)	5.73
15.	M/s. Sri Ram SSK Ltd., Babdeo Distt. Nagpur	61.21
16.	M/s. Vishwas Rao SSK Ltd., Distt. Sangli(Coop)	16.34
17.	M/s.Kada SSK Ltd.,Distt. Beed (Coop)	24.17
18.	M/s.The Wainganga SSK Ltd., Tal.Maholi, Distt. Bhanadra. (Coop)	45.79
19.	M/s.Sanjay SSK Ltd.,Sindkheda, Tq. Distt. Dhule (Coop)	80.73
20.	M/s. Shetkari SSK Ltd., Dhamangaon Distt. Amravati (Coop)	82.70
21.	M/s.Shri Balaji SSK Ltd., Keshaonagpur PO Masalapan Distt. Akola. (Coop)	63.87
22.	M/s. Niphad SSK Ltd., Pimplai, Bhansahebnagar Distt. Nasik. (Coop)	17.55
23.	M/s. Shri Ganesh SSK Ltd.,Ganeshnagar, Ranjangaon Khurd, Tq. Kopargaon Distt. Ahmednagar (Coop)	2.47
24.	M/s. Tuljabhawani SSK Ltd., Tuljapur, Distt. Osmanabad. (Coo)	127.22
25.	M/s.Rahuri SSK Ltd.,Rahuri, Distt. Ahmednagar.(Coop)	2.29
26.	M/s.Jalna SSK Ltd., Distt. Jalna(Coop)	70.00
27.	M/s.Rajgad SSK Ltd., Nigade, Distt. Pune (Coop)	69.31
28.	M/s Shankar SKK Ltd. Waghalwade, Dist. Nanded. (Coop).	27.51
29.	M/s.Gangapur SSK Ltd., Raghunathnagarr Tiluk, Gangapur, Distt. Aurangabad.	10.14
30.	M/s.Parner TalukaSSK Ltd., Devi Bhayare Taluk Distt. Ahmednagar (Coop)	259.04
31.	M/s.Krishna SSK Ltd.,Shivnagar, Distt.Satare (Coop)	30.33
32.	M/s.Jai Kisan SSK Ltd., Bodegaon,Mungsainagar Distt. Yavatmal (Coop)	151.67
33.	M/s.Bhagwati SSK Ltd.,Distt. Solapur (Coop)	6.33
34.	M/s. Majalgaon SSK Ltd., Sundernagar, Talgaon Tal. Majalgaon, Distt. Beed (Coop)	115.33
35.	M/s Vasant SSK Ltd. Kasoda Tal. Erondol Distt. Jalgaon, (Coop)	41.07
36.	M/s. Jawahar Shetkari SSK Ltd., Hapuri Yalgud Tal. Hatkanagale Distt. Kolhapur	7.60
37.	M/s. Tasgaon Taluka SSK Ltd. Turachi Tal. Talgaon Distt. Sangli (Coop.)	5.35
38.	M/s. Shree Bhageshwari SSK Ltd. Partur Distt. Jalna (Coop.)	4.77
39.	M/s. Godavari Manar SSK PO Shankarnagar, Tq. Diloti, Distt. Nanded (Coop.)	17.28
40.	M/s. Pushpawati SSK Ltd. Pusad, Distt. Yavatmal (Coop.)	101
41.	M/s. Narsinha SSK Ltd. Lohagaon Distt. Parbhani. (Coop.)	4.81
42.	M/s. The Akola Zilla SSK Karkhana Ltd. Vizara Yeota Tq. Distt. Akola (Coop.)	6.78
43.	M/s. Sahyadri SSK Ltd. Yeshwantnagar, Distt. Satara (Coop.)	4.78
44.	M/s. Shri Shankar SSK Ltd. Mangtrol Deorao Patilnagar, Distt. Yavatmal. (Coop.)	6.72
45.	M/s. Kannad SSK Ltd. Mahatma Phule Nagar Tal Kannad Distt. Aurangabad (Coop.)	16.06
46.	M/s. Jai Jawan Jai Kisan SSK Ltd. Lalbahadur Shastrinagar, Distt. Latur (Coop.)	3.72
47.	M/s. Shri Vrideshwar SSK Ltd. Adinathnagar, Distt. (Mah.) (Coop.)	3.13
48.	M/s. Shri Bhogawati SSK Ltd. Shahunagar, Distt. Kolhapur (Coop.)	28.88
49.	M/s. Pushpadanteshwar SSK Ltd. Dhuli (Coop.)	49.83
50.	M/s. New Phalthan Sugar Works Ltd. Tal. Phalthan Distt. Satara	26.38
UTTAR PRADESH		
1.	M/s. Kisan Sahakari Chini Mills Ltd. Puranpur Distt. Pilibhit	26.83
2.	M/s. The Kisan Sahakari Chini Mills Ltd. Sultanpur (Coop.)	20.50
3.	M/s. The Kisan SCM Ltd. Anoop Shahir Distt. Bullandshahr, (Coop.)	26.64
4.	M/s. The Kisan SCM Ltd. Ghosi, Distt. Mau (Coop.)	26.83
5.	M/s. Kisan Sahakari Chini Mills Ltd. Rasra Distt. Balia	13.99
6.	M/s. Kisan SCM Ltd. Kaimganj Distt. Farrukhabad, (Coop)	26.83
7.	M/s. Rudra Bilas Kisan Sahakari Chini Mills Ltd. PO Bilaspur, Distt. Rampur	26.83
8.	M/s. UP State Sugar Corp. Unit-Rohanakalan, Distt. MuzaffarNagar.(P.S.)	1.87

Sl. No.	Sugar Unit	Amount due
9.	M/s. UP State Sugar Corpn. Unit Jarwal Road Dist. Bahraich (PS)	1.70
10.	M/s. UP state Sugar Corpn. Unit Ramkola, Distt. Deoria (PS)	3.81
11.	M/s. The Kisan SCM Ltd. Satha Distt. Aligarh,(Coop.)	26.83
12.	M/s. UP State Sugar Corpn. Unit Bhatni, Distt. Deoria (PS)	2.89
13.	M/s. Ghatampur Sugar Co. Ltd. Unit of UP State Sugar Corpn. Ltd. Distt. Ghatampur (PS)	27.43
14.	M/s. Kashi Sahkari Chini Mills Ltd. Aurai Distt. Varanasi,(Coop)	26.83
15.	M/s. Mahalakshmi Sugar Mills Ltd. PO Iqbalpur Distt. Haridwar (Pvt.)	7.16
16.	M/s Gangeshwar Ltd. Deoband, Distt. Saharanpur (Pvt.)	45.20
17.	M/s Gangeshwar Ltd. PO Ramkola, Distt. Deoria (Pvt.)	107.56
18.	M/s Dhampur Sugar Mills Ltd., Unit D.S.M. Sugar Barabanki (Pvt.)	49.75
19.	M/s The Basti Sugar Mills Co. Ltd. PO Sugar Fty. Basti, Distt. Basti (Pvt.)	104.35
20.	M/s Ramgarh Chini Mills Rangli Distt. Sitapur (Pvt.)	12.93
21.	M/s. Govindnagar Sugar Ltd. Walterganj, Distt. Basti (Pvt.)	21.73
22.	M/s Ganga Kisan Sahakari Chini Mills Ltd., Morna Distt. Muzaffarnagar. (Coop)	12.12
23.	M/s Chilwaria Sugar Ltd. PO Chilwaria, Distt. Bahraich. (Pvt.)	55.07
24.	M/s. D.S.M. SUGAR (Kashipur) Unit of DSM Agro Products Ltd. Kashipur, Distt. Nainital (Pvt.)	6.22
25.	M/s D.S.M. Sugar Asmoli PO Asmoli, Distt. Moradabad (Pvt.)	2.82
26.	M/s Dhampur Sugar Mills Ltd., Unit Dhampur Distt. Bijnor (Pvt.)	168.58
27.	M/s Sakumbari Sugar & Allied Indo Ltd., Vill Todarpur, Distt. Saharanpur (Pvt.)	4.89
28.	M/s Khalilabad Sugar Mill (P) Ltd., PO Khalilabad Distt. Basti (Pvt.)	55.64
29.	M/s Shree Ajudhia Sugar Mills, PO Raja ka Shaspur, Moradabad (Pvt.)	55.63
30.	M/s Kitply Industries Ltd., Sugar Unit Rupapur Tehsil Shahabad, Distt. Hardoi (Pvt.)	31.13
31.	M/s Kisan Sahakari Chini Mills Ltd., Sampurannagar, Distt. Lakhimpurkheri (Coop)	24.61
32.	M/s Rai Bahadur Narain Singh Sugar Mills Ltd. Dak Lakshar, Distt. Haridwar (Pvt.)	12.43
33.	M/s Kisan Sahakari Chini Mills ltd. PO Mahmudabad Distt. Sitapur, M/s. Majalgaon SSK Ltd., Sundernagar, Talgaon Tal. Majalgaon, Distt. Beed (Coop)	14.27
34.	M/s. Agauta Sugar & Chemicals, Vill. Bhandoria, Dist. Bulandshahr (UP) (Pvt.)	55.63
35.	M/s Kisan Sahakari Chini Mills Nanpara Distt. Bahraich (UP) (Coop)	39.58
36.	M/s The Kisan Sahakari Chini Mills Ltd., Gadarpur Distt. Udham Singh Nagar (Coop)	5.47
ANDHRA PRADESH		
1.	M/s Palakol Coop. Sugar Ltd., Poolarelli Distt. West Godavari (Coop)	69.09
2.	M/s Nandyal Coop. Sugar Ltd., Ponnapuram, PO Nandyal, Distt. Kurnool (Coop)	68.43
3.	M/s Sri Hanuman Coop. Sugar Ltd. Hanuman, Distt. Krishna (Coop)	44.79
4.	M/s The West Godhvari Coop. Sugars Ltd. Surapaguddam Bhimdole Tal. Eluri, Distt. West Godavari (Coop)	36.17
5.	M/s Nizam Sugar Fty. Ltd, Unit Seethanagaram, Distt. Viyanagaram (P.S.)	11.54
6.	M/s The Paleair Coop Sugars Ltd., Rajeshwarpuram, Distt. Khameni, (Coop.)	77.64
7.	M/s Anakapalle Coop Agri. & Industrial Society Ltd. Distt. Visakhapatnam (Coop)	40.19
8.	M/s Nizam Sugars Fty, Ltd., Unit Zaheerabad Distt. Medal (P.S.)	96.18
9.	M/s Nizam Sugar Fty. Ltd. Unit Shakarnagar, Distt. Nizamabad (P.S)	13.00
10.	M/s Nizam Sugar Fty, Unit Metapally Distt. Karim Nagar (P.S.)	77.87
11.	M/s Nizam Sugar Fty. Ltd. Unit Babbili (P.S.)	20.60
12.	M/s The Nizam Sugar Ltd. Laztchayyapta, Distt. Vizianagaram (P.S.)	39.41
13.	M/s Sri Venkateshwara Coop. Sugars Ltd., Tirupatti Distt. Chittor (Coop)	31.40
14.	M/s Thandava Coop Sugars Poyakaraputa Distt. Vishakhapatnam (Coop)	8.51
15.	M/s Amadalavalasa Coop. Sugars Ltd. Srikakulami (Coop)	49.47
16.	M/s Vijayarama Gajapatte Coop. Sugars Ltd. Bhimasingh, Vijinagaram (Coop)	41.64
17.	M/s Chodavaram Coop Sugar Ltd. Govada, Distt. Vishakhapatnam (Coop)	26.72
18.	M/s Nagarjuna Coop. Sugar Fty. Ltd. Gurzala Distt. Guntur (Coop.)	31.57
19.	M/s Empee Sugar & Chemicals Ltd. Distt. Nellore (Pvt.)	34.62
20.	M/s Shree Vaani Sugars & Industries Ltd., Punganur Distt. Chittor (Pvt.)	84.75
21.	M/s Nizam Sugar Ltd. Unit Mambojipally Distt. Medak (P.S.)	11.07
22.	M/s The Chittor Coop. Sugar Fty. Ltd. Chittor (Coop.)	3.46
23.	M/s Kakatiya Cement Sugar Industries (Pvt.)	12.83
BIHAR		
1.	M/s Bihar State Corp., Unit Sugauli Distt. East Champaran (P.S.)	6.84
2.	M/s Bihar State Corp., Unit Garaul. Distt. Vaishali (P.S.)	28.22
3.	M/s Bihar State Corpn., Unit Lauriya Distt. West Champaran (P.S.)	13.04
4.	M/s Bihar State Corpn., Unit Motipur (P.S.)	13.35
5.	M/s Bihar State Corpn., Unit New Savan, Distt. Siwan (P.S.)	8.46
6.	M/s Bihar State Sugar Corpn. Unit Banmankhi, Distt. Purnea (P.S.)	10.77
PUNJAB		
1.	M/s Fazilka Coop. Sugar Mills Ltd. Fazilka, Distt. Ferozpur (Coop)	222.77
2.	M/s Janta Coop. Sugar Mills Ltd. Bhagpur, Distt. Jalandhar (Coop)	180.64
3.	M/s Tarantaran Coop0. Sugar Mills Ltd. Distt. Amritsar (Coop)	142.58
4.	M/s Punjab Khand Udyog Ltd., PO Zira Distt. Ferozpur (Coop)	129.88
5.	M/s The Ajnala Coop. Sugar Mills Ltd. Bhala Pind, Distt. Amritsar. (Coop)	2.94
6.	M/s Faridkot Coop Sugar Mills Ltd., Rori Distt. Faridkot, Punjab (Coop)	169.52
7.	M/s Jagraon Coop. Sugar Mills Ltd., Hathoor Distt. Ludhiana (Coop)	153.70
8.	M/s Oswal Sugar Ltd., Mukerian Distt. Hoshiarpur (Pvt.)	91.13

Sl. No.	Sugar Unit	Amount due
9.	M/s Budhlada Coop. Sugar Mills Ltd., Budhlada Tal Mansa, Distt. Bathinda (Coop)	187.78
10.	M/s Picadilly Sugar & Allied Industries Ltd., Jakhal Road Distt. Patiala (Pvt.)	4.50
GUJARAT		
1.	M/s Shree Una Taluka Sahakari Khand Udyog Mandli Ltd., Distt. Junagarh Coop.	36.54
KARNATAKA		
1.	M/s The Sugar Co. Ltd. Sugar Town, Distt.Mandya (Pvt.)	9.52
2.	M/s The KamapliCoop.Sugar Fty.Ltd., Kampli, Distt. Bellary(Coop).	65.26
3.	M/s Bhadra SSK Niyamit DevangereDistt. Chitradurga (Coop)	25.60
4.	M/s Shri Chumundeshwari Sugar Ltd. Distt. Mandya(Pvt.).	68.49
5.	M/s Ghataprabha SSK, Niyamit, Gokak, Distt. Belgaum(Coop).	9.79
6.	M/s Shree RamaSSK Ltd., Chunchanakatta, K.R.Nagar Taluka Distt. Mysore (Coop).	26.59
7.	M/s Pandavapura SSK Ltd., Pandavpura, RS Mandya - Distt.(Coop).	55.63
8.	M/s Raibhag SSK Niyamit Raibag,Distt. Belgaum (Coop).	37.88
9.	M/s Sh. HalasidhanathSSK Ltd., NippaniTel. Chikodi, Distt, Belgaum(Coop).	13.50
10.	M/sVanivilasa Coop. Sugar Fty. Ltd. Hiriyur, Distt. Chitradurge (Coop).	12.47
11.	M/s Dakshina KannadaSSK Ltd., Brahmabar, Distt. Mangalore,(Coop).	28.94
TAMIL NADU		
1.	M/s Amaravathi Coop. SugarMills Ltd., Krishnapuram(Coop).	12.84
2.	M/s The dharampuri Distt.Coop. SugarMills Ltd. Palacade Distt. Dharampuri (Coop).	12.94
3.	M/s. The Madurantakam Coop. Sugar Ltd., Padalam,Distt. Chengalapattu (Coop).	54.67
4.	M/s Sakthi Sugars Ltd. Sivaganga, Unit, T.N. (Pvt.)	37.93
5.	M/s Sakthi Sugars Ltd. Shaktinagar, Unit Bhavani, Distt. Erode (Pvt.)	6.48
6.	M/s Dharani Sugar & Chemicals Ltd., Dharaninagar Tal. Sivagiri, Distt. Tirunelveli(Pvt.)	7.06
7.	M/s Chengalrayan Coop Sugar Mills Ltd. Periyasevalai Distt.South Arcot (Coop)	2.41
8.	M/s MAC Agro Indus Ltd. Sugar Division Mudiampakkam Villupuram Distt.T..N. (Pvt.)	44.96
MADHYA PRADESH		
1.	M/s Seth Govindram Sugar Mills PO Mohidpur Road, Jeera Distt.Ratlam,(P.S)	48.35
2.	M/s Jaora Sugar Mills Pvt. Ltd. PO JaoraRatlam	111.44
3.	M/s Bhopal Sugar Industries Ltd. PO & Distt. Sehore (Pvt.)	18.52
4.	M/s The Gwalior Sugar Co.Ltd. PO Dabra, Distt. Gwalior(Pvt.)	55.62
5.	M/s Malwa SSK Ltd. Barlai (Kashipara), Indore (Coop.)	3.35
6.	M/s The Jiwaji Rao Sugar Co.Ltd., PO Dallauda, Madsour (P.S)	23.12
7.	M/s Girdhari Lal Sugar Allied Industries Ltd.(Pvt.)	55.63
HARYANA		
1.	M/s Panipat Coop. Sugar Mills Ltd., PanipatCoop)	116.93

Sl. No.	Sugar Unit	Amount due
2.	M/s Bhuna Coop. Sugar Mills Ltd. Bhuna Distt. Hisar(Coop.)	90.65
3.	M/s Meham Coop. Sugar Mills Ltd. Meham Distt. Rohtak(Coop).	5.62
4.	M/s Kaithal Coop. Sugar Mills Ltd.(Coop).	59.82
5.	M/s Haryana Coop. Sugar Mills Ltd. Distt.Rohtak (Coop.)	122.27
6.	M/s Naraingarh Sugar Mills Ltd.Shahzadpur, Tal. Naraingarh, Distt. Ambala (Pvt.)	14.76
WEST BENGAL		
1	M/s Khaitan Agro Complex Ltd.,PO Plassey Sugar Mills Distt. Nadia (Pvt.)	130.63
ASSAM		
1.	M/s Assam Coop. Sugar Mills Ltd. Barubamungaon Distt.Jorhat(Coop.)	51.85
2	Ms.Nowgong Coop. Sugar Mills Ltd. Kampur, Distt.Nowgong(Coop.)	66.94
ORISSA		
1.	M/s Ponni Sugars Chemicals Ltd. Unit Bargarh Sugar Mills, Distt. Samballpur (Pvt.)	329.65
2.	M/s Ponni Sugars Chemicals Ltd. Sagarpalli, Devgaoan, Distt.Bolangir, Pin767002(Pvt.)	165.34
3.	M/s Western Orissa Sugars Ltd., Distt.Kalahandi(Pvt.)	50.05
4.	M/s Aska Coop Sugar Factories Ltd. Nugan, P.O.Aska (Coop)	23.75
KERALA		
1	M/s The Cooperative Sugars Ltd. Chittur Menonpare Distt.Palghat Kerala(Coop)	3.50
	Modernisation/Rehabilitation Loans	
MAHARASHTRA		
1	M/s Kisanveer Satara SSK Lltd. Bhuinj, Distt. Satara (Coop)	69.86
2	M/s Gangapur SSK Ltd. PO Raghunathnagar, Distt,Aurangabad(Coop).	46.08`
3	M/s Purna SSK Ltd. Basmath nagar, Distt. Parbhani (Coop)	141.22
4	M/s Ambajogai SSK Ltd. PO Ambasakhar Taluk, Distt. Beed (Coop)	568.91
5.	M/s Shirpur SSK Ltd. (Coop) Dohiwad Taluk Shirpur (Coop)	597.00
6	M/s Shetkari SSK Ltd. Sangli, Vasant Dada (Coop).	14.25
7	M/s Jai Bhawani SSK Ltd. Beed (Coop)	637.82
8	M/s Shree Shankar SSK Ltd. Sadashivnagar, Distt. Solapur (Coop)	213.45
9	M/s Vasant SSK Ltd. Pusad, Distt.Yavatmal(Coop)	546.04
10	M/s Parvara SSK Ltd., Parvaranagar, Ahmednagar (Coop).	276.82
11	M/s The Girna SSK Ltd., Bhanahali, Hirayanagar, Distt. Nasik (Coop).	261.31
12	M/s Balganga SSK Ltd., Distt. Jalgaon(Coop).	98.33
13	M/s Madukar SSK Ltd., Nhavinaarg, Faizpur, Distt. Jalgaon (Coop).	103.69
14	M/s Vasant Rao Dada Patil SSK Ltd., Vithawadi Tal, Kalwan Distt.Nasik (Coop).	243.07
15	M/s Sahyadri SSK Yasvantnagar, Distt. Satara (Coop).	189.74
16	M/s Godavari Manar SSK Ltd., Tal. Biloli Nanded (Coop).	545.38
17	M/s Samarth SSK Ltd., Ankushnagar ,PO Wadigodri Distt. Jalna(Coop).	28.06
18	M/s Kannad SSK Ltd., Mahatma Phule (Coop).	78.23

Sl. No.	Sugar Unit	Amount due
UTTAR PRADESH		
1.	M/s Kisan Sahakari Chini Mills Ltd., sitarganj, Distt.Nainital (Coop).	183.02
2.	M/s Kisan Sahakari Chini Mills Ltd., Sompoornanagar Lakhimpur Kheri (Coop).	98.22
3.	M/s Chhata Sugar Ltd. Chhata Distt. Mathura (PS)	409.66
4.	M/s Bazpur Coop.Sugar Distt. Nainital (Coop)	80.56
5.	M/s Bagpat Coop.Sugar Distt. Meerut(Coop)	144.75
6.	M/s Shankart/Kanoria Sugar Mills Captainganj Distt. Deoria/Kanshinagar (Pvt.)	34.40
7.	M/s UP State Corp. Ltd. Mohiiuddinpur, Distt. Meerut,(PS)	165.94
8.	M/s Cawnpore Sugar, Kanpur(Pvt.)	235.03
9.	M/s Swadeshi Chini & Manufacturing Co.Ltd.(Pvt.)	70.15
10.	M/s Saraya Sugar Mills Ltd. Sardarnagar, Distt. Gorakhpur (Pvt.)	234.78
11.	M/s Kesar Enterprises Distt. Bareilly (Pvt.)	87.52
12.	M/s Kisan Sahkari Chini Mills Ltd. Nanota, Distt. Saharanpur (Coop).	91.13
13.	M/s UP state Sugar Corp. Ltd. Siswa, Bazar Distt. Gorakhpur (PS)	1528.25
14.	M/s KM Sugar Mills Ltd. MotinagarDistt. Faizabad,(Pvt.)	73.61
15.	M/s UP State Sugar Coop. Ltd., Unit Doiwala (PS)	1170.61
16.	M/s UP State Sugar Corp. Unit Jarwal Road (PS)	1075.31
17.	M/s UP State Sugar Coop Unit Hardoi(PS)	117.06
18.	M/s Bisalpur Kisan Sahakari Chini Mills Ltd., Unit Pilibhit (Pvt.)	356.31
19.	M/s The Kisan Sahakari Chini Mills Ltd., Unit Anoopshahar Bulandshahar(Coop)	134.91
20.	M/s Sarvasti Kisan Sahakari Chini Mills Ltd.(Coop)	67.28
21.	M/s The Kisan Sahakari Chini Mills Distt. Gajrula (Coop)	66.05
22.	M/s The Kisan Sahakari Chini Mills Distt. Pooranpur Distt. Pillibhit	39.60
23.	M/s The Kisan Sahakari Chini Mills Ltd. Distt. Powayan (Coop)	66.17
24.	M/s The Kisan Sahakari Chini Mills Ltd. Mahmudabad Distt. Sitapur(Coop)	133.47
25.	M/s The Kisan Sahakari Chini Mills Ltd. Distt.Shahjahanpur (Tilhar)(Coop)	3.62
ANDHRA PRADESH		
1.	M/s Nizam Sugar Co.Ltd. Distt.Medak,Unit Madhunagar(PS)	285.89
2.	M/s Nizam Sugar Co.Ltd. Unit Metapally, Distt. Karim nagar(PS)	285.89
3.	M/s K.C.P.Ltd. Unit Lakshmipuram, Krishana	353.26
4.	M/s Nizam Sugar Fty..Ltd. Unit Bobbilli Seethangaram	118.81
BIHAR		
1.	M/s Riga Sugar Co.Ltd. Riga Distt. Sitamarhi(Pvt.)	71.18
2.	M/s The Oudh Sugar Mills Ltd., Distt. West Champaran(New Swadeshi) (Pvt.)	82.56
3.	M/s The Oudh Sugar Mills Ltd., (New Swadeshi) (Pvt.)	83.20
4.	H.M.P. M/s Bagaha Chini Mills Ltd., Vill.Narainpur, Distt Western Champaran(Pvt.)	25.87
5.	M/s Champaran Sugar Co. Ltd., Unit Champaran (Pvt.)	134.99

Sl. No.	Sugar Unit	Amount due
PUNJAB		
1.	M/s The Morinda Coop.Sugar Mills Ltd. Morinda Distt.Ropar (Coop)	51.78
2	M/s Doaba Coop.Sugar Mills Ltd. Nawan Shahar Distt. Jullandhar(Coop).	50.51
3	M/s Bhagwanpure Sugar Mills Ltd., Dhuri Distt. Sangrur(Pvt.)	586.87
4	M/s Punjab Khand Udyog Ltd. Unit Zira, Distt. Ferozpur(PS)	105.36
5.	M/s Malwa Sugar Mills Ltd., Dhuri Distt. Sangrur Bhaganpure(Pvt.)	167.00
KARNATAKA		
1.	M/s Bidar SSK Ltd. Halikal Bidar (Coop)	132.98
2.	M/s Shri Chamundeshwari Sugar Ltd. Kaimuddana(Pvt.)	68.61
TAMIL NADU		
1.	M/s The Kallakurchi Coop. Sugar Mills Ltd.(Coop)	119.30
2.	M/s The Salem Coop Sugar Mills Ltd. Mohanur(Coop)	68.80
3.	M/s Madurantakam Coop Sugar Mills Ltd .(Coop)	115.45
4.	M/s The Tiruttani Coop Sugar Mills Ltd Distt. Thougalpattu (Coop)	86.41
MADHYA PRADESH		
1.	M/s Bhopal Sugar Industries Pvt Ltd. Sahare(Pvt)	231.83
2	M/s Gwalior sugar Ltd., Dist.Gwalior(Pvt)	103.35

MINISTRY OF HEALTH AND FAMILY WELFARE

WORKING OF GOVERNMENT MEDICAL STORES DEPOT, KOLKATA

CHAPTER II: MINISTRY OF HEALTH AND FAMILY WELFARE

2. Working of Government Medical Stores Depot, Kolkata

Government Medical Stores Depot, Kolkata was set up to centrally procure and supply medicines and medical stores required by hospitals and dispensaries run by the Central Government, State Government and local bodies. An audit review on the working of the GMSD revealed that the objective for which this organisation was established had not been achieved. Local purchases made by the GMSD constituted between 94 and 99 per cent of total purchases during the period under review. This was despite the recommendations of the Public Accounts Committee to restrict the local purchases to the minimum. It was also noticed that GMSD entertained and supplied medicines against grossly defective indents including many which were not countersigned by the controlling authority. Maintenance of basic records was faulty and receivables were alarmingly high for which details were not available. GMSD was required to run on no-profit no-loss basis but it incurred deficits during the period 1996-97 to 1999-2000.

Highlights

Amounts recoverable from indentors stood at Rs 40.20 crore as on March 2000. Details of Sundry Debtors were not available with GMSD.

Local purchase of medicines constituted 94.23 to 99.66 *per cent* of total purchases.

GMSD purchased proprietary drugs at higher rates, which resulted in excess expenditure of Rs 53.71 lakh.

Excess payment of Rs 1.47 crore made to suppliers was not recovered.

GMSD did not recover liquidated damages amounting to Rs 26.64 lakh from suppliers.

Failure to obtain security deposit resulted in loss of Rs 14.99 lakh.

Stores worth Rs 78.46 lakh were not acknowledged by the indentors. Payments against the supply of stores had not been recovered.

Substandard medicines worth Rs 15.45 lakh were supplied by GMSD to beneficiaries.

2.1 Introduction

The GMSD[1] is under the Medical Stores Organisation of the Ministry of Health and Family Welfare and is administered through the DGHS[2]. The main functions of GMSD are to procure and supply medicines and medical stores required by hospitals and dispensaries run by the Central Government, State Governments and local bodies; receive, store and issue medicines received from various international organisations and meet emergency requirements of drugs in case of calamities. The GMSD runs on no profit no loss basis.

GMSD maintains stocks of about 1600 items of stores comprising various drugs and non-drug items. It also has a chemical testing laboratory to check quality of drugs purchased from different suppliers.

2.2 Organisational setup

GMSD Kolkata is a subordinate office of the Ministry and is headed by an Assistant Director General, who is assisted by a Quality Control Manager, Depot Manager and Accounts Officer.

2.3 Scope of Audit

A comprehensive review on the working of GMSD Kolkata covering the period 1989-94 was featured in Paragraph 9.2 of Audit Report No. 1 of 1995. Ministry's Action Taken Note (ATN) was received in February 1998. This review on the working of the GMSD Kolkata for the period 1994-2001 was conducted in Audit during July to September 2000 and July and August 2001.

2.4 Financial Results

Mention was made in Paragraph 9.2.5 of Audit Report No. 1 of 1995 of the Comptroller and Auditor General of India that GMSD failed to prepare Proforma Accounts in time. The Ministry had stated in the ATN that the maintenance of proforma accounts had been taken up vigorously. However, delays in preparation of proforma accounts continued as detailed below:-

Year	Due date of submission of proforma to DGHS with audit certificate	Date of preparation	Delay in months
1994-95	September 1995	October 1998	36
1995-96	September 1996	December 1999	38
1996-97	September 1997	September 1999	23
1997-98	September 1998	December 1999	14
1998-99	September 1999	May 2000	7
1999-2000	September 2000	January 2001	3
2000-2001	September 2001	Not yet prepared	-

[1] *Government Medical Stores Depot*
[2] *Director General of Health Services*

There was inordinate delay in finalising proforma accounts.

Inordinate delay in preparation of proforma accounts reflected ineffective managerial control.

The financial results of GMSD Kolkata for the period from 1994-95 to 2000-2001 as per Proforma Accounts furnished to audit were as follows:

Year	Expenditure (Rs in lakh)				Income *	Surplus(+)/ Deficit(-)
	Medicines	Salaries & wages	Other expenditure	Total		
1994-95	3290.82	149.69	170.95	3611.46	3639.38	27.92(+)
1995-96	2308.39	173.79	170.96	2653.14	2659.89	6.75(+)
1996-97	2786.49	193.10	210.60	3190.19	3105.83	84.36(-)
1997-98	1951.60	260.51	181.52	2393.63	2398.26	4.63(+)
1998-99	722.91	302.91	179.56	1205.38	1122.66	82.72(-)
1999-00	840.40	329.21	296.90	1466.51	1247.69	218.82(-)
2000-01	Proforma accounts not finalized					

Note : * Income includes sales, proforma recoveries and disposal of stock and not actual cash realisation.

While total expenditure of GMSD showed a decreasing trend, expenditure on salaries & wages increased steadily.

The decrease in expenditure during 1994-2000, by 59.39 *per cent*, was attributable to steep decline in the principal activity of the Depot *viz.,* purchase of medicines. However, income from sale of medicines decreased by 65.72 *per cent* while expenditure on medicines decreased by 74.46 *per cent*, expenditure on salaries and wages increased by 119.93 *per cent*. The increase in salaries and wages also caused deficit of Rs 84.36 lakh , Rs 82.72 lakh and Rs 2.19 crore during the years 1996-97 , 1998-99 and 1999-2000 respectively.

2.4.1 Sundry Debtors

The total amount recoverable from indentors was as follows:-

Year	Amount (Rs in crore)
1994-95	52.18
1995-96	48.10
1996-97	47.42
1997-98	41.48
1998-99	37.34
1999-00	40.20
2000-01	Proforma accounts not finalized.

As per para 295(I) of the GMSD Manual, individual Account Ledgers of sundry debtors are to be maintained with details of issue of medicine and payment received. Scrutiny of individual ledgers revealed that prescribed format was not being followed and the accuracy of the figures of recoverables could not be verified.

Details of sundry debtors are not available.

GMSD was unable to give age-wise and party-wise details of amounts recoverable. GMSD stated in October 2001 that the amounts under Sundry Debtors were being reconciled with the Pay and Accounts Office and that it would take six months to be completed.

From the data available, it was seen that while Rs 40.20 crore was recoverable from Government indentors as on March 2000, GMSD could furnish details of only Rs 3.87 crore as detailed below: -

Year	Amount (Rs in crore)
1985-1990	2.13
1991-1996	1.36
1996-1997	0.02
1997-1998	0.06
1998-1999	0.13
1999-2000	0.17
Total	**3.87**

Rs 2.13 crore was outstanding for more than ten years and Rs 1.36 crore for more than five years. Rs 1.22 crore and Rs 1.12 crore were not recovered from Bihar and Andaman and Nicobar Administration respectively.

From the foregoing, it is evident that the position regarding maintenance of basic records relating to recoverables is highly unsatisfactory. Such a state of affairs causes additional risk of non-recoveries of correct dues from actual indentors. With the absence of age-wise and party-wise details of amounts recoverable, the entire picture of sundry debtors becomes hazy and possibilities of frauds cannot be ruled out, especially of amounts relating to earlier periods. Urgent measures are called for to address this issue.

2.5 Procurement

GMSD procures medicine of both generic and proprietary nature on the basis of demands projected in the provisioning statement forwarded to the DGHS annually. If the items are not covered under the centrally placed orders and in case of emergencies, local purchase of medicines by the ADG, GMSD is admissible.

The Assistant Director General is required to forward a provisioning statement to the Director General, by 30th April each year detailing therein the stock balance as on 1st April, the average expenditure incurred on each drug during the previous three years and the requirement for the succeeding year.

2.5.1 Assessment of required drugs not being done

Analysis of the provisioning and purchase of generic drugs during 1994-95 to 2000-01 revealed the following:-

Year	No. of Generic Drugs purchased	No. of Generic Drugs included in the provisioning statement	No. of Generic Drugs purchased out of the items included in the provisioning statement	Percentage of estimated requirement made in the provisioning statement to the actual purchase
1994-95	109	101	42	38.53
1995-96	138	133	59	42.75
1996-97	157	148	110	70.06
1997-98	158	148	102	64.56
1998-99	134	No provisioning Statement prepared		
1999-00	136			
2000-01	136			

(i) It is evident from the above table that out of the total number of drugs purchased, only 38.53 *per cent* to 70.06 *per cent* were estimated and included in the provisioning statement. Thus the purpose of furnishing the provisioning statement was frustrated as GMSD did not correctly assess the requirement.

(ii) Preparation of provisioning statement for generic drugs from 1998-99 was stopped though no such orders in this regard were received from DGHS.

(iii) DGHS also did not call for the provisioning statements from GMSD in terms of the manual provision. Resultantly, DGHS could fix the rates for a limited number of medicines only.

Test check in Audit revealed that in case of four items, the rates approved by DGHS on the basis of the proposal sent by GMSD, Kolkata, were not properly drawn up as one of the indentors of GMSD, Kolkata procured medicines with the same composition at lower rates. Thus, purchase of medicines at higher rates resulted in excess expenditure of Rs 34.35 lakh by GMSD.

2.5.2 Local purchase of medicines not scaled down

Despite recommendation of the PAC, GMSD had not scaled down the local purchases of medicines.

As per Paragraph 38 of GMSD Manual, the Depot is to prepare the estimated requirement carefully for each year to ensure adequate stock levels at all times to meet demands of the indentors without resorting to local purchase. Further, the PAC[3] had recommended in Paragraph 1.25 of its 103rd Report (Fourth Lok Sabha) the scaling down of local purchases of medicine to the minimum since it was costlier than centralised purchase. Mention was made in Paragraph 9.2 of Audit Report No 1 of 1995 of the Comptroller and Auditor General of India regarding non-compliance of PAC's recommendation by the GMSD during 1989-94. If at all, the situation in this regard has become worse now and GMSD continues to resort almost entirely to local purchases as detailed below:-

[3] *Public Accounts Committee*

(Rs in lakh)

Year	Purchase through DGSD	Local purchase	Total purchase	Percentage of local purchase to total purchase
1994-95	33.18	3048.77	3081.95	98.92
1995-96	27.82	2277.33	2305.15	98.79
1996-97	8.65	2520.64	2529.29	99.66
1997-98	25.20	1832.50	1857.70	98.64
1998-99	31.67	687.68	719.35	95.60
1999-00	42.46	693.52	735.98	94.23

The purchase figures were furnished by GMSD on the basis of figures of Receipt Day Book and is different from the figures of proforma accounts. Reasons for variation could not be given by GMSD to audit.

The percentage of local purchase to the total purchases made during 1994-2000 varied between 94.23 *per cent* and 99.66 *per cent*.

GMSD failed to effectively assess its requirements with the result that there was a phenomenal increase in local purchases. The advantage of centralised purchase was lost.

2.5.3 Avoidable expenditure of Rs 2.01 crore on local purchase

Scrutiny of records of local purchase of medicines revealed a number of irregularities as detailed in succeeding paragraphs leading to avoidable excess expenditure of Rs 2.01 crore.

2.5.3.1 Proprietary drugs were purchased at higher rates

The formulary of medicines of CGHS[4], a major indentor of GMSD has certain proprietary medicines with the same composition which are known as bracketed drugs. DGHS issued specific instructions in May 1994 to the GMSD that the lowest rate proprietary drug should be procured from among the bracketed items.

GMSD incurred avoidable expenditure of Rs 53.71 lakh on purchase of proprietary drugs at higher rates than that of the bracketed medicines with the same composition.

Test check of records disclosed that GMSD, disregarding the instructions, procured 29 different proprietary drugs at rates higher than that of other bracketed medicines with the same composition, thereby incurring an avoidable expenditure of Rs 53.71 lakh. GMSD stated in May 2000 that CGHS had specifically placed indents for the more expensive medicines. The reply is not tenable as the procurement of the more expensive medicines violated the extant instructions of DGHS.

2.5.3.2 Extension of delivery period was allowed at higher rates

In terms of para 96 of GMSD Manual, GMSD can extend the date of delivery of medicines only if the supplier agrees to reduce the rate of medicines to the lower rate if prevailing at the time of such extension. Test check of records relating to local purchases revealed that, although the period of delivery was

[4] Central Government Health Scheme

extended, GMSD failed to apply the reduced rate thus incurring avoidable expenditure.

GMSD incurred extra expenditure of Rs 1.06 crore.

(a) GMSD placed supply orders for medicine worth Rs 5.55 crore during 1995-96, out of which, medicines worth Rs 4.13 crore were received in 1996-97 after allowing extension. Though the 1996-97 rates were lower, GMSD made payment at the higher rates of 1995-96 rates, incurring an additional expenditure of Rs 1.06 crore. GMSD stated in May 2000 that this was due to the fact that the approved rates for 1996-97 were received from DGHS after payment had been made to the suppliers. However, GMSD did not approach the suppliers for recovery of the excess amount paid and Rs 1.06 crore had not been recovered as of August 2001.

Excess payment of Rs 8.27 lakh.

(b) GMSD placed 51 supply orders between April 1996 and June 1996 for purchase of two proprietary drugs, Metrodix and Elprim DS. The supply orders, placed before the finalisation of the rates for 1996-97, were based on the rates offered by the firm with the undertaking that it would refund any excess payment in case the approved rate was less than the rate offered by them. The rates of these two drugs for 1996-97 fixed by the Ministry in August 1996 and effective from April 1996 were less than the rates offered by the firm. But GMSD paid the firm at the higher rates quoted by him. There was an excess payment of Rs 8.27 lakh and no action was taken till August 2001 to recover the amount in accordance with the undertaking furnished by the firm.

(c) Para 72 of the GMSD Manual states that if after placing the supply order, the manufacturer reduces the sale price of such stores the price payable by GMSD on these stores will stand correspondingly reduced.

GMSD made excess payment of Rs 33.26 lakh on purchase of medicines though at the time of supply of medicines the supplier had reduced the rate of medicines..

Test check revealed that in case of purchase of 16 drugs GMSD released payment at higher rates though the suppliers or manufacturer had reduced their rate by the time the drugs were supplied to the Kolkata Depot. This resulted in excess payment of Rs 33.26 lakh. No recovery was made till August 2001.

2.5.3.3 Liquidated damages of Rs 26.64 lakh not recovered

GMSD did not charge liquidated damages of Rs 26.64 lakh due to late supply of medicines.

In terms of para 96 of GMSD Manual, GMSD can extend the date of delivery if the supplier applies for extension only before expiry of the original date of delivery. Further, in the event of failure of the firm to adhere to the delivery dates, GMSD may recover liquidated damages from the supplier at the rate of 5 *per cent* on the total cost of quantities in arrears per month. It was noticed that in 250 cases involving purchase of medicines worth Rs 2.81 crore, the GMSD extended the date of delivery even though the suppliers had not applied for extension or had applied after the original date. The suppliers were not charged liquidated damages amounting to Rs 26.64 lakh as of August 2001.

2.5.3.4 Security deposits not taken against supply orders

GMSD suffered loss of Rs 14.99 lakh for not obtaining security deposit.

GMSD is required to obtain security deposits from the successful tenderers during placement of supply orders of medicines to ensure timely supply of medicines. Test check of records revealed that GMSD did not obtain security deposit from the tenderers. Hence, though 282 supply orders amounting to Rs 1.69 crore could not be executed, GMSD could not effect forfeiture of security deposits which resulted in a loss of Rs 14.99 lakh. GMSD stated in May 2000 that the system of security deposit started from 1999-2000. This is incorrect since the quantum of deposit was only revised, from Rs 5000 to 5 *per cent* of the contractual value, in July 1999.

Thus, GMSD's failure to follow the proper system of procurement not only led to excess payments and incorrect procurement, but also defeated the objective of centralised procurement as upto 99 *per cent* of the medicines supplied to indentors was locally purchased.

2.6 Indenting

Medicines are procured for the various indentors and supplied by GMSD on the basis of their requirement placed through indents.

2.6.1 Medicine supplied against defective indents

Detailed procedures for processing indents have been prescribed in the GMSD Manual.

(i) Indents have to be in prescribed form from enrolled indentors.

(ii) Budget allotment with expenditure figures have to be indicated.

(iii) Each indent has to be signed by the indenting authority and countersigned by the administrative authority.

(iv) Each indent has to give details of the balance of the medicine available with the indentor.

However test check of 1108 out of 2207 indents received by GMSD during 1994-2000 revealed that 662 indents (59.75 *per cent*) were defective as shown below:-

Year	Total No. of indent recd	No. of indents test checked	Value (Rs in lakh)	Defective indents	Value (Rs. in lakh)	Percentage of 5 to 3
1	2	3	4	5	6	7
1994-95	510	234	886.14	107	623.83	45.73
1995-96	357	223	935.10	190	785.41	85.20
1996-97	310	137	626.30	103	301.06	75.18
1997-98	369	169	195.16	128	153.13	75.74
1998-99	300	164	170.72	116	128.90	70.73
1999-00	361	181	52.66	18	1.27	9..94
Total	**2207**	**1108**	**2866.08**	**662**	**1993.60**	**59.75**

The following are the various deficiencies noted in the defective indents (Some indents had more than one defect) :

(Rs in lakh)

Year	Prescribed form not furnished	Value	Budget allotment not given	Value	Counter signature of controlling authority wanting	Value	Consumption level not furnished	Value
1994-95	91	546.07	76	546.24	73	555.82	93	561.84
1995-96	97	112.94	137	730.05	26	67.62	170	757.93
1996-97	53	78.10	70	267.73	21	52.19	92	284.96
1997-98	87	90.74	60	92.45	22	36.37	109	131.98
1998-99	60	26.07	15	6.85	15	15.65	110	123.18
1999-00	13	0.89	4	0.38	00	00	6	0.54
Total	**401**	**854.81**	**362**	**1643.70**	**157**	**727.65**	**580**	**1860.43**

Prescribed procedures were not being followed while acting upon indents.

Far from following the prescribed procedure regarding processing of indents, GMSD supplied medicines even when indents were not signed by the controlling authority or budget allotments were not indicated. GMSD entertained and supplied medicines against such grossly defective indents amounting to Rs 19.94 crore. Of this, indents amounting to Rs 8.55 crore were not in prescribed form and indents amounting to Rs 7.28 crore were not countersigned by the controlling authority. As the percentage of local purchase to total purchase ranged between 94.23 percent to 99.66 *per cent*, most of the local purchase was on the basis of defective indents.

2.6.2 Irregular indents

As per GMSD Manual, indentors have to prepare their annual indents and supplementary indents, if any, are to be sent to the GMSD as and when requirement arises. Different forms are to be used for the purpose.

A test check of 49 defective indents of 1994-95 received from different indentors in Bihar disclosed that in the case of 31 indents, 8 indentors had repeatedly placed demands for the same medicines which were supplied by the GMSD. This resulted in irregular issue of medicines worth Rs 2.76 crore. (Annex-1)

It was also noticed that eight indentors placed 24 indents on the same day and 7 indents at frequent intervals. All the indents were called annual indents which was irregular.

2.6.3 Details of enrolled indentors not available

In terms of para 162 of GMSD Manual, GMSD is to supply medicines only to enrolled indentors and other indents are to be returned with the advice that the indentor may get himself enrolled. While GMSD stated that all the indentors were enrolled and registered with them, the enrolment register had been prepared by the GMSD only in 1997-98. No enrolment document prior to

1997-98 could be produced to Audit. It is not clear as to how GMSD ensured that supplies were made only to enrolled indentors prior to 1997-98.

On test check of records of India Government Mint, Kolkata, Government of India Press, Temple Street, Kolkata and Calcutta Port Trust Centenary Hospital stated to be registered indentors by GMSD, it was seen that though all were receiving medicines against indents, Calcutta Port Trust Centenary Hospital was not enrolled with GMSD. Enrolment of the other two organisations could not be ascertained.

2.6.4 (a) Receipt of stores not being acknowledged

As per para 292 of GMSD Manual, four copies of the indent are prepared and acknowledgement is required to be obtained from indentors on the fourth copy of the indent. It was observed in audit that the acknowledgement of the indentors for the receipt of the stores were not found recorded on the fourth copy of the indent. In absence of acknowledgement, there is no proof in the possession of GMSD that the stores were actually received by the indentors.

(b) Medical Stores worth Rs 78.46 lakh remained unacknowledged and unrealised

A test check of records revealed that supply of medical stores worth Rs 78.46 lakh was neither acknowledged nor were payments realised from the indentors.

Year	Unacknowledged and unrealised amount (Rs in lakh)
1994-95	59.80
1995-96	3.04
1996-97	0.16
1997-98	2.34
1998-99	13.12
Total	**78.46**

The ADG, GMSD stated in August 2000 that receipts could be made available only in respect of the stores despatched by road transport. However, GMSD could supply only some details relating to road, air and railway transport but not the fourth copy of the indent which was to be signed and returned by the indenting authority. Audit found Rs 48.62 lakh of unacknowledged medical stores had been supplied against defective indents from Bihar, which were not furnished in prescribed form and were not countersigned by the Controlling Authority. Apart from the fact that there had been violations of prescribed procedures, it is clear that this matter needs further investigation. The possibility of wrongful supply cannot be ruled out.

2.7 Testing of medicines

Details of samples tested in GMSD laboratory are given below:-

Year	Total No. of items for which samples were drawn	No. of items tested in laboratory attached to GMSD	No. of items tested in laboratory approved by DGSD	Percentage of samples tested in GMSD laboratory of the total no of sample
1996-97	1954	750	1204	38.38
1997-98	1770	772	998	43.62
1998-99	705	470	235	66.67
1999-00	982	845	690	86.05
2000-01	842	665	956	78.98

Only 38.38 *per cent* to 78.98 *per cent* of the total samples were tested in GMSD laboratory during 1996-01. GMSD stated that they did not have facilities for testing all drugs in their laboratories. From June 1999, each sample was to be tested in two testing laboratories. But it is evident from the above table that in 2000-01 the GMSD did not follow this.

Test check in Audit revealed that GMSD issued 18 items of medicine to indentors after due testing. 17 items were returned by the indentors as these were substandard, while one substandard item was consumed. Out of 17 defective medicines returned, 7 items were subsequently tested at CDSCO[5] and CIPL[6] by CGHS, Kolkata and CGHS Lucknow and found defective and one medicine was found defective in depot stock. The details are given in the **Annex II**.

Sub-standard medicines worth Rs 15.45 lakh were supplied to the beneficiaries.

During 1996-2001, GMSD supplied substandard medicines worth Rs 23 lakh, out of which medicines worth Rs 7.55 lakh were returned by the indentors and the balance substandard medicines worth Rs 15.45 lakh representing 67 *per cent* were consumed. It was further noticed that out of 18 medicines, in case of 9 medicines, the percentage of consumption ranged between 91 *per cent* and 100 *per cent*.

2.8 Control and monitoring

To establish effective monitoring and control over the activities of GMSD, a permanent Internal Audit Party exists to exercise detailed check on all the financial transactions to ensure that they are entered in the books of accounts. It was, however, seen that the Internal Audit Party conducted only some routine checks. No detailed report was being submitted to the authorities for compliance.

Moreover, periodical inspections are to be carried out by officers including one officer from the office of the DGHS and reports are to be submitted to

[5] Central Drugs Standard Control Organisation

[6] Central Indian Pharma Copoeia Laboratory

appropriate authority. No periodical inspection was carried out as per prescribed procedure.

Control and monitoring mechanisms were ineffective and remedial steps to improve the functioning of GMSD could not be taken.

2.9 Conclusion

Despite increase in establishment costs from Rs 3.21 crore in 1994-95 to Rs 6.26 crore in 1999-2000 and accumulated losses of Rs 3.47 crore, GMSD was unable to fulfil the primary objective of centralised procurement of medical supplies to government medical establishments. Up to 99 *per cent* of the medicines supplied to indentors was through local purchase which could well have been done by the indenting departments. The practice negates the rationale of the centralised purchase and local purchases were resorted to with impunity involving loss of the advantage of economic rates that would have been available in central purchase. Medicines were procured and supplied against defective indents. Supply of medicine had not been acknowledged by indentors. In the course of procurement, the GMSD incurred avoidable expenditure, failed to recover excess amount paid to the suppliers and accorded undue financial benefit to the suppliers. GMSD supplied sub-standard medicines to the indentors and sub-standard medicines worth Rs 15.45 lakh were consumed by the beneficiaries. The Ministry needs to critically examine the working of the GMSD in order to improve its functioning and to enable it to achieve its objectives.

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

Annex-I
(Refers to Paragraph 2.6.2)

(Rs in Lakh)

Sl. No.	Name of Indentor	No. of Indents issued	Remarks	Value
1.	Medical Officer Referral Hospital , Kateya, Gopalganj, Bihar	Total 7 indents issued on 5.3.94, 8.3.94, 9.3.94 & 28.12.93 (4 indents)	5 Medicines were indented	33.44
2.	Dist. T.B Officer, Chapra, Bihar	Total 5 indents issued on 14.9.93 (2 indents) 31.12.93 (3 indents)	7 medicines were indented	60.59
3.	C.M.O, Madhepura, Bihar	Total 5 indents issued on. 15.3.94, 23.3.94, 25,3,94 & 26.3.94 (2 indents)	6 medicines were indented	49.67
4.	Medical Officer Referral Hospital Bandu, Ranchi, Bihar	Total 3 indents issued on 23.2.94	Same 8 medicines were indented	27.87
5.	Dist. Leprosy Officer, Ranchi, Bihar	Total 5 indents isued on 16.2.94 (4 indents) & 2.4.94	Same 12 medicines were indented	64.20
6.	Dist. Leprosy Officer, Chaibasa, Singhbhum, Bihar	Total 2 indents issued on 22.4.94	Same 12 medicines were indented	28.37
7.	Dist. T.B Centre, Motihari, East Champaran, Bihar	Total 2 indents issued on 25.2.94	Same 5 medicines were indented	5.88
8.	Medical Officer, Leprosy Control Unit & Dist. Leprosy Officer, Bettiah, West Champaran, Bihar	Total 2 indents issued on 18.3.94	Same 5 medicines were indented	5.79
		Total		**275.81**

Annex -II
(Refers to Paragraph 2.7)

(Rs in lakh)

Sl. No.	Name of medicine	Substandard medicine supplied to indentors		Substandard medicine returned by indentors		Consumption of substandard medicines		Percentage of substandard medicines consumed against supply
		Qty	Cost	Qty	Cost	Qty	Cost	
1	Cap. Neoclox	97420	3.82	53917	2.11	43503	1.71	45
2	Tab. Atenolol	144676	0.17	59498	0.07	85172	0.10	59
3	Tab Gelusil	399840	1.24	7800	0.02	392040	1.22	98
4	Inj. Gentamycin	100000	2.34	24430	0.57	75570	1.77	76
5	Cap. Gynal CVP	51020	0.65	20235	0.26	30785	0.39	60
6	Cap Ampicillin	250000	2.10	21465	0.18	228535	1.92	91
7	Tab paracetamol	650000	0.89	70900	0.10	579100	0.79	89
8	Tab. Diethyl carbanazine citrate (hetrazan)	304400	0.36	10081	0.01	294319	0.35	97
9	Tab. Ploxy	73000	0.62	--	--	73000	0.62	100
10	Cap Ampi-X	173800	5.22	51298	1.54	122502	3.68	70
11	Cap, Cloxacillin	230000	2.88	189805	2.37	40195	0.51	17
12	Tab Alprazolam	825000	0.48	11030	0.01	813970	0.47	99
13	Syp promethazine	1400	0.36	110	0.03	1290	0.33	92
14	Tab salbutamol	359000	0.46	3372	0.01	355628	0.46	99
15	Tab Diltiazem Hcl	156000	0.31	76132	0.15	79868	0.16	51
16	Tab Mebendazole	200000	0.47	6061	0.01	193939	0.46	97
17	Tab dipinol (Amlodipine + Atenolol)	189850	0.48	10647	0.03	179203	0.45	94
18	Tab. Ferrous sulphate	249390	0.15	150706	0.09	98684	0.06	39
	Total		**23.00**		**7.55**		**15.45**	

MINISTRY OF INFORMATION AND BROADCASTING

'FREQUENCY MODULATION' RADIO COVERAGE

CHAPTER III: MINISTRY OF INFORMATION AND BROADCASTING

3.1 'Frequency Modulation' Radio Coverage

FM Radio Project set up with the objective of taking radio to the masses failed on a number of fronts. The FM stations were not commissioned in time and there were delays in setting up the stations. Injudicious selection of sites led to large scale cost escalation. The department failed to harness the human resources, which resulted in delay in commissioning of the FM stations due to non-posting of staff, even while there were surplus staff in some stations. Equipments worth Rs 16.96 crore were not installed. There were overpayments in procurement of transmitters. The department failed to achieve broadcasting target of 70 per cent Outstation Broadcasting based programme and also failed to provide programmes on community service, helpline service and programmes prepared by local talent.

Highlights

Against the target of commissioning 133 radio stations by March 1997, only 122 radio stations were commissioned as of February 2001 with delays ranging from three to 132 months.

Delay in completion of civil works of 28 projects in 6 States led to extra expenditure of Rs 5.70 crore. Delay in completion of civil works was upto five years in certain cases. Expenditure of Rs 4.41 crore became un-productive due to injudicious selection of site.

Reduction in licence fee chargeable from private operators resulted in revenue loss of Rs 17.79 crore to the Government.

Government of India abolished certain posts and ordered the transfer of surplus staff. Despite these instructions, an expenditure of Rs 1.92 crore was incurred on surplus staff retained by 31 stations.

Transmitters, studio equipment etc. valuing Rs 15.41 crore remained unutilised for periods ranging from 11 months to 88 months. Equipment worth Rs 1.55 crore were purchased even before acquisition of land and remained un-utilised.

Staff for two radio stations in Kerala and Bihar set up at a cost of Rs 4.39 crore had not been sanctioned leading to non-operation of the stations.

There was an overpayment of Rs 90.88 lakh in the purchase of transmitters.

Due to inadequate viability study for setting up of a project, the project set up at a cost of Rs 2.19 crore had to be shifted to another site.

The shortfall in the duration of Outstation Broadcasting based programmes ranged from 21 to 100 *per cent* and the shortfall in coverage of villages was 74 *per cent.*

Actual expenditure exceeded even revised estimated cost by Rs 82.77 lakh in case of five radio stations.

3.1.1 Introduction

All India Radio (AIR) started Frequency Modulation (FM) broadcasting radio stations at Kolkata, Chennai, Delhi and Mumbai during the VI Five Year Plan. The advantage of FM broadcasting lies in its uniform and high quality reception. FM coverage was extended, during the Seventh Five Year Plan, to rural and remote areas and also to compensate for winter and night time shrinkage of reception areas by Medium Wave Transmitters. The main purpose of the project was to take radio to the masses. 133 FM radio stations were targeted to be installed by 31 March 1997, the end of the Eighth Plan.

3.1.1.1 Objectives

The objectives of setting up of the FM radio stations were to:

- Serve the small area of the district as a basic utility service;
- Provide opportunity to local talent;
- Provide sustained community service by local authorities such as police, emergency service, education, farm scientists etc.;
- Serve as a two way communication between the listeners and extension agencies of various government departments;
- Organise 'Helpline' services to the listeners in employment, education, housing, law and family planning programmes;

3.1.2 Scope of Review

Functioning of FM Radio was last reviewed in Audit (Report No. 2 of 1995 of the Comptroller and Auditor General of India) in 1993-94. That review had brought out, amongst others, instances of delay in commissioning of stations, excess expenditure, injudicious selection and delay in acquisition of sites, improper utilisation of manpower resources and stations, etc. The present review disclosed that the organisational and operational weaknesses pointed out by Audit in the earlier review persist and the project has failed to achieve its principal objectives, as brought out in paragraphs below.

3.1.2.1 Audit Objectives

The present review was conducted keeping in view the following specific objectives:

- To ascertain whether the targets for setting up of FM Stations were achieved;

- To ascertain if the manpower earmarked for the Scheme was appropriately harnessed and whether shortage of staff was a constraint;
- To assess the delivery of the package of services, and in particular to ascertain whether:
  - The stations provided opportunity to local talent.
  - The stations provided sustained community service by local authorities.
- In general to ascertain whether the FM Stations were able to take radio to the masses.

3.1.2.2 Coverage

Records maintained by 97 FM radio stations in 21 States, offices of the Chief Engineers (Projects and maintenance), North, East, South, and West Zones and offices of the Director General (All India Radio) and Ministry of Information & Broadcasting for the period 1994-95 to 1999-2000 were test checked by Audit.

3.1.3 Organisational set up

DG (AIR)[1], Ministry of Information and Broadcasting is in overall charge of the FM Broadcasting service. Chief Engineers (All India Radio & Television) are responsible for installation of equipment and construction of civil works at Zonal level (North, East, South and West). FM radio stations ranging from one to fourteen in each state work under the supervision of Station Director/Station Engineer with supporting technical, programme and administrative staff. While the programme staff is responsible for the preparation and broadcasting of programmes, the technical staff is responsible for the operation and maintenance of transmitters and studio equipment.

3.1.4 Finance

There was no separate budget for setting up and maintenance of FM radio stations, as it forms part of 'Sound Broadcasting Budget'. As per information furnished by AIR, a sum of Rs 141.30 crore was incurred during 1993-94 to 1999-2000 (except in 1996-97) on setting up of FM radio stations. Details of year-wise expenditure incurred were as under: -

(Rs in crore)

Year	Expenditure	Year	Expenditure
1993-94	36.15	1997-98	10.43
1994-95	33.61	1998-99	10.58
1995-96	32.20	1999-00	18.33
1996-97	--	**Total**	**141.30**

There was a drastic fall in expenditure commencing with 1996-97. No expenditure details are available for 1996-97. The sudden increase in 1999-2000 is indicative of the renewed policy support the programme has

[1] Director General (All India Radio)

acquired. The programme has neither been financed on a sustained basis, nor has the original emphasis been retained.

3.1.5 Targets and Achievement

It was expected that, on the completion of Eighth Plan (31 March 1997) there would be 133 FM radio stations. However, several snags like delay in civil works, installation of equipments, non-posting of staff etc., lead to there was inordinate delays in commissioning of stations. Initial survey was not under taken to assess listenership and almost 35 *per cent* of the stations were commissioned after completion of target date. Even after the revision of target dates, there were delays in commissioning of stations. There was further delay in broadcasting even after the stations were technically fit. As of February 2001, only 122 FM radio stations had been commissioned.

3.1.5.1 Delay in commissioning of FM radio stations

(a) Audit found that in 11 states of **Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Nagaland, Orissa, Rajasthan, Tamil Nadu, Tripura and West Bengal** there were delays in commissioning of 52 stations, ranging from 3 to 132 months as shown in **Annex-I**.

(b) In the case of stations located in **Gujarat, Madhya Pradesh, Maharashtra** and in Union Territory of **Daman** target date (year or month) by which station was to be commissioned was not available with the department. The delay in actual commissioning of the station calculated on the basis of installation of the transmitter ranged up to 33 months as shown below: -

Sl. No.	States/UT	No. of stations	Date of installation	Month of actual commissioning	Delay in months
1.	Gujarat	1	Feb. 90	Feb. 91	12
2.	Madhya Pradesh	10	Oct. 89 to Aug. 92	April 91 to April 93	9 to 32
3.	Maharashtra	12	Feb.90 to Mar.94	Nov.90 to Dec.96	9 to 33
4.	Daman	1	March 94	April 95	12
	Total	**24**			

The delay was attributed to delays in posting of maintenance staff, handing over of sites, construction work (civil) and non-receipt of date of inauguration from the Ministry of Information and Broadcasting. This points to the absence of any synchronised planning. These are discussed in the succeeding paragraphs.

3.1.5.2 Delay in commissioning of Stations even after capital cost and target dates were revised.

It was noticed that out of 95 projects for which information was available, the capital cost was revised in respect of 88 projects resulting in increase of capital cost ranging between 10, and in one case, 228 *per cent* of the original approved cost. Instances where increase in capital cost of the FM Radio Station was 70 *per cent* and higher are tabulated below: -

DG (AIR) made upward revision of capital cost of 88 projects of FM Radio Stations.

(Rs in crore)

Sl. No.	Station	Capital cost				Percentage increase
		Original		Revised		
		Rs	Month	Rs	Month	
1.	Dhubri	1.77	6/86	3.29	3/93	86
2.	Guna	1.71	8/86	3.38	2/90	98
3.	Hazaribagh	1.71	6/86	3.17	5/90	82
4.	Karaekal	1.75	6/86	3.00	3/91	71
5.	Kailashahar	1.85	6/86	6.07	2/90	228
6.	Lunglei	2.04	8/86	4.33	4/90	112
7.	Nagore	1.67	6/86	2.88	11/88	72
8.	Rourkela	1.72	6/86	3.11	10/91	81
9.	Satara	1.76	7/86	2.98	5/90	70
10.	Sawai Madhopur	1.65	6/86	2.87	2/90	73

The revision in capital cost was attributed to escalation in the cost of site, equipment, cost of civil works etc. The actual expenditure on setting up of 5 FM radio stations exceeded even their revised estimated cost by Rs 82.77 lakh and the station wise excess expenditure ranged between Rs 3.75 lakh and Rs 32.12 lakh as per details given below:-

(Rs in lakh)

Sl. No.	Name of Station	Revised estimated cost	Actual expenditure	Excess expenditure
1.	Belonia	272.55	278.38	5.83
2.	Daltonganj (O.C)	258.50	290.62	32.12
3.	Karwar	247.82	275.87	28.05
4.	Rourkela	302.51	315.53	13.02
5.	Singhbhum	250.00	253.75	3.75
Total		**1331.38**	**1414.15**	**82.77**

3.1.6. Acquisition of sites

3.1.6.1 Injudicious selection of sites

Expenditure of Rs 4.41 crore became unproductive due to injudicious selection of site.

A 2 x 5 KW transmitter was installed at Narayangiri Hills (Tirupathi upper hills) in **Andhra Pradesh** and test commissioned in February 1991 with its studios at Tirupathi (Tirupathi lower hills). Audit scrutiny revealed that the studio transmitter link viz. clear line of sight between the studio and transmitter required for feeding programmes from studio to transmitter was not available, indicating that this aspect was not studied before selecting the site at Narayangiri hills for establishing the transmitter. Thus capital expenditure of Rs 4.41 crore incurred till February 1991 on establishment of the transmitter became unproductive.

Further, since more than ten years had elapsed after its test commissioning in February 1991, i.e. when its anticipated life of 10 years was already over, it is doubtful whether the transmitter would function, if at all, at its full capacity.

Local Radio Station equipped with 2 X 3 or 2 X 5 KW transmitters with 100 metre tower mast is required to cover transmission zone of 60 Kms. However, due to defective selection of sites in case of 4 stations of **Karnataka**, the transmission could only cover an area between 15 to 48 Kms. 2105 villages with a population of 26.58 lakh remained un-covered as shown below: -

Station	No. of talukas not receiving transmission/distance		No. of villages/population uncovered		Reasons
Chitradurga	2	48 Kms	357	3.79 lakh	High Hills
Hospet	2	15 to 25 Kms	191	6.52 lakh	Hilly terrain
Karwar	9	15 to 20 Kms	1116	9.89 lakh	Hills on 3 sides and sea one side
Raichur	3	25 kms	441	6.38 lakh	Situated in Northern end of the district
Total			**2105**	**26.58 lakh**	

In case of Karwar station, the DG (AIR) was approached for rectification of the deficiency but no action was taken. In other cases no attempt was made for setting right the defects.

3.1.7 Construction of buildings for studios/transmitters/staff quarters

Construction work in most cases was delayed. In 28 stations located in 6 states of **Bihar, Karnataka, Kerala, Orissa, Rajasthan and Tamil Nadu**, the construction of studio and transmitter buildings and staff quarters was completed after considerable delay ranging between 3 to 59 months as shown in **Annex – II**. Consequently capital cost increased by Rs 5.70 crore.

3.1.8 Staff for FM radio stations

3.1.8.1 Non-posting of staff

FM Station, Thiruvananthapuram, which was technically fit for commissioning in October 1996, started functioning in August 1999 due to non-posting of staff.

FM radio stations sanctioned technical, ministerial and other staff for carrying out daily transmission and maintenance of stations. No assessment of deployment or rationalisation of staffing pattern had been undertaken by the Ministry, despite the fact that the non-functioning of FM radio stations are attributed to non-availability of staff and non-utilisation of valuable facilities. Sample check revealed that in Puri, Berhampur and Bolangir stations in Orissa, out of 55 sanctioned posts, 38 posts remained vacant for periods ranging from 3 to 60 months. Similarly, in 18 other stations located in **Himachal Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan** and **West Bengal**, as many as 89 posts remained vacant for periods ranging between 16 and 89 months. Besides, 5 posts in 3 stations in **Rajasthan** were not filled between August 1991 and March 2000. FM Station, Thiruvananthapuram set up at a cost of Rs 2.8 crore which was technically fit for commissioning in October 1996 started functioning only in August 1999 due to non posting of staff. FM (CBS) station, Ranchi, Bihar was handed over to the Station Engineer for operation in November 1996 after incurring capital expenditure of Rs 1.52 crore during 1993-2000. The station was commissioned in March 2000. Delay in commissioning was attributed to non-posting of staff. During 1996-97 to 1999-2000 a sum of Rs 12.70 lakh was incurred to meet the contractual obligation with Electricity Board though the transmitter was not operational. Similarly, FM (CBS) station, Jabalpur, Madhya Pradesh was technically fit for commissioning in November 1996 but could not be commissioned as of March 2000 for want of requisite staff. Besides, a sum of Rs 10.15 lakh was also incurred (February 1999) on maintenance and on electricity bills since November 1996. FM radio station Bijapur, Karnataka set up in April 1996 had not been provided with requisite staff even as of October 2000. As a result, no programme originated from this station. Instead the station only relayed programmes of Mumbai and Banglore stations.

3.1.8.2 Extra expenditure due to continuance of surplus staff

Government sanctioned 48 posts for some radio stations and 51 posts for other radio stations of various categories for the operation of local/non-local radio stations established under Seventh Five Year Plan. However, Government decided in May 1992 that the staff strength of these stations should be restricted to 30 and abolished 18/21 posts and ordered the adjustment of surplus staff against the posts sanctioned for new stations. Audit scrutiny revealed that the surplus staff in 31 stations in 11 states of **Andhra Pradesh, Assam, Bihar, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Punjab, Rajasthan** and **Tripura** was not transferred/adjusted against vacant posts at other stations for periods ranging from one to 96 months and 206 surplus personnel continued. The idle/surplus staff resulted in an extra expenditure of Rs 191.74 lakh towards pay and allowances as shown in **Annex- III**.

3.1.9.1 Overpayment in procurement of transmitters

Mention was made in paragraph 3.2.10.2 of the Comptroller and Auditor General of India Audit Report No.2 of 1995 on Union Government (Civil) regarding avoidable expenditure on procurement of transmitters. DG (AIR) placed purchase orders for supply of 68 FM transmitters of 3, 6 and 10 KW power on a firm in December 1986. As per delivery schedule, 31 sets were to be supplied during September 1987 to September 1988 and the remaining 37 sets during October 1988 to December 1989. The prices of the transmitters were revised on account of change in rates of import duty.

The prices of transmitters fixed initially and revised afterwards are as shown below:-

(Rs in lakh)

Sl. No.	Description	Quantity ordered	Original unit cost	Quantity for which price was reduced	Revised unit cost
1.	2x3KW FM Transmitters				
	a) Initial	2 sets	43.64	2 sets	39.53
	b) Next	22 sets	37.49	8 sets	36.48
	c) Remaining	23 sets	34.28	14 sets	30.53
2.	2x5KW FM Transmitters				
	a) Initial	4 sets	57.57	1 set	59.16
	b) Next	11 sets	50.33	3 sets	44.80
3.	3KW FM Transmitters	6 sets	24.39	6 sets	20.79
	Total	**68 sets**		**34 sets**	

Audit scrutiny revealed that the payment was made either at the pre-revised rates or advance payments were not adjusted correctly. This resulted in extra payment of Rs 90.88 lakh. Of this, Rs 53.82 lakh pertains to extra payment of 11 sets at North Zone and Rs 37.06 lakh for purchase of 5 sets at East Zone. The excess payment of Rs 53.82 lakh in North Zone, has since been recovered/adjusted against the pending bills (for 10 *per cent* final payment) of the firm. No recovery has been made in case of East Zone.

3.1.9.2 Excess payment to suppliers

As per the supply order of 12 December 1986 for procurement of transmitters, 20 *per cent* advance payment was payable to the suppliers immediately on placement of orders and 20 *per cent* second advance payment after six months. Accordingly Chief Engineer (South Zone) made 40 *per cent* advance payments of Rs 118.68 lakh for eight transmitters to the suppliers. Audit scrutiny revealed that amount of Rs 9.98 lakh was short adjusted by zonal office (South) from the final bills submitted by the suppliers which resulted in excess payment of Rs 9.98 lakh to the suppliers.

Excess payments of Rs 80.04 lakh were made to suppliers.

40 *per cent* advance payment made for transmitter for radio station Bijapur was not adjusted even though the Directorate had cancelled the order. This resulted in excess payment of Rs 15 lakh. Similarly, advance payments of Rs 30.13 lakh and Rs 24.93 lakh in respect of radio stations Raichur and Kurnool were made twice by Zonal office leading to an excess payment of Rs 55.06 lakh by Zonal office (South).

3.1.10 Installation of transmitter and studio equipment

The transmitters and studio equipment were required to be installed immediately on their receipt at the station. A sample check of some stations, however, revealed the following:

Transmitters and equipment worth Rs 15.41 crore remained idle up to 88 months.

In eight States/UTs of **Chandigarh, Daman, Kerala, Madhya Pradesh, Orissa, Punjab, Tamil Nadu** and **West Bengal** transmitters and studio equipment worth Rs 15.41 crore were kept idle for periods ranging between 11 and 88 months.

The delay was attributed to delay in completion of civil works, lack of proper planning and delay in power supply. Station Directors of stations located in Kerala did not furnish any reason for such delay.

Equipment worth Rs 1.55 crore purchased even before acquisition of land remained unutilised till March 2000.

Equipment worth Rs 1.86 crore for FM radio station, Dhubri, Assam were procured (February 1987) even before the acquisition of land (March 2000). Though equipment costing to Rs 31.08 lakh was diverted to other radio stations between April 1989 and May 1993, the balance equipment remained un-utilised (March 2000). Improper planning of the procurement of equipment led to equipment costing Rs 1.55 crore lying unutilised for 13 years. Besides, prolonged storage evidently would lead to deterioration of the un-utilised equipment.

Due to inadequate viability study benefit of capital investment of Rs 2.19 crore did not reach the public

FM radio station Baripada, Orissa with 2x3 KW FM transmitter and multipurpose studio was commissioned in February 1991 at a capital cost of Rs 2.19 crore including staff quarters. In April 1994, it was decided by the Standing Finance Committee of DG (AIR) to replace the existing 2x3 KW transmitters with 1 KW transmitter at the capital cost of Rs 43.25 lakh. Accordingly the 2x3 KW transmitter at Baripada was dismantled and shifted to AIR, Cuttack in October 1994. The reasons stated for shifting the transmitter was that the local public was not able to enjoy/receive the benefit of FM transmission due to non-availability of cheap FM transistors. Due to inadequate viability and listenership studies and lack of proper planning before setting up the radio station at Baripada, the benefit of the investment of Rs 2.19 crore could not be derived.

It was decided in 1995 to extend the existing 60 Mts. Microwave Tower of studio transmitter link of FM radio station Cuttack to 70 Mts for supporting a 4 bay pole type of FM antenna as a 24 hours radio paging service was scheduled to be started.

Though the proposed modification and extension of existing tower had been completed at an expenditure of Rs 6.46 lakh, neither the 24 hours radio paging service had started nor was there any improvement in existing area coverage. The Station Director, Cuttack could not offer any reasons for these deficiencies.

Equipment worth Rs 32.42 lakh were not installed at all.

Equipment viz. Digital Storage Oscilloscope, Audio Test System, etc costing Rs 21.82 lakh purchased during July 1991 to August 1995 were not installed and are lying un-utilised (May 1999) in FM radio stations Siliguri, Murshidabad, Calcutta and Malda, West Bengal. FM Malda project was dropped in August 1995 but equipment worth Rs 10.60 lakh were lying in godown (May 1999).

An order was placed with Triveni Structural Limited, Allahabad for supply of self-supporting tower at a cost of Rs 18 lakh for Daman station in March 1986 and the supplier was paid 40 *per cent* amount as advance. The advance amount remained unadjusted because the tower was diverted to FM radio station Nagaur in Rajasthan.

When the transmitter 2 x 3 kW FM of Daman was to be transferred to FM Nagaur by Directorate, the FM transmitter meant for Pune was transferred to Daman in August 1992 but in the process the airflow sensor was found missing. This led to increase in cost. The Daman FM station was commissioned in April 1995 and the equipment costing Rs 125.16 lakh received in 1990 were utilised only in April 1995 i.e. after a period of about four years since they were procured. The reply of the department was awaited (July 1999).

3.1.11 Utilisation of stations

3.1.11.1 Shortfall in Outstation Broadcasting (O.B.) based programmes

Each FM station was required to cover 70 *per cent* of its broadcasting time with O.B. based programmes. Against this, stations transmitted O.B. based programmes ranging from nil to 79 *per cent* as shown in **Annex- IV**. The shortfall in transmitting of O.B. based programmes was attributed mainly to non- availability of O.B. Vans, paucity of funds and shortage of staff.

3.1.11.2 Shortfall in coverage of villages during OB based programme

Only 26 *per cent* villages were covered under OB based programme.

During preparation of OB based programmes, every village in the district was to be covered in turn. Out of a total of 79568 villages only 20999 (26 *per cent*) were covered in turn by 49 stations located in 15 states of **Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Mizoram, Madhya Pradesh, Nagaland, Orissa, Punjab, Rajasthan, Uttar Pradesh** and **West Bengal**. As many as 58569 villages remained un-covered upto March 2000 as details given in **Annex–V**. Non-coverage of villages was attributed mainly to shortage of staff, non-availability of adequate funds and transport.

3.1.12 Shortfall in transmission of programmes on Environment, Armed Forces and crime against women

In terms of instructions issued by the DG (AIR), stations were required to include programmes on upliftment of rural labour, family welfare, crime against women, environment, Armed Forces, etc. All stations were required to mount a daily programme for 5 to 7 minutes and a longer duration weekly programme on the environment. Though the transmission of programmes was based on approved Fixed-Point Chart and the working instructions of local radio stations provided for an element of flexibility, the programmes were diluted or altered to a great extent.

No programmes were relayed on these specific areas from all the FM radio stations located in Karnataka and Orissa and stations at Panaji, Bareilly, Faizabad and Jhansi. FM radio station Belonia (Tripura) aired programmes for 85 minutes and 141 minutes on environment and crime against women respectively during the calendar years 1996 to 1998. Though the FM radio stations Belonia and Kailashahar are located near the International border with Bangladesh neither of the stations had composed and aired any programme for the Armed Forces. Similarly, Naval Command at Kochi and Army Camp at Kannaur are within the transmission zone of FM radio stations Kochi and Kannaur in Kerala but no programmes on Armed Forces were relayed regularly from these stations.

Station director FM radio station Lunglei, Mizoram stated that several programmes on these subjects were aired for a duration of 10 to 20 minutes once in two months. But it could not be verified in audit as the fixed-point chart did not mention the fact. From Jowai (Meghalaya) radio station only programmes on environment was aired and no programmes on other two subjects were aired.

3.1.13 Short-fall in transmission of programmes other than entertainment

Test check of 47 radio stations located in 15 states of **Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Meghalaya, Punjab, Tamil Nadu, Tripura, Uttar Pradesh** and **West Bengal** revealed that some of the objectives for which FM Radio System was adopted could not be achieved as percentage of programmes prepared by local talent, programmes relating to community service by local authorities, welfare services, programmes of local nature and programmes by government departments was inadequate as shown below:-

Nature of Programme	No. of hours	Percentage (based on total No. of hours of programmes aired (i.e col 2)
1	2	3
Total duration of programme aired during 1995-2000	567681	----
Programme prepared by local talent	141922	25.0
Programmes relating to community service by local authorities like Police, adult education, schools, emergency services etc	18259	3.2
Help line service to listeners as employment, education etc.	19461	3.4
Health & hygiene, forestry, weather, horticulture etc.	54953	9.7
Programmes by Government departments	14154	2.5

3.1.14 Commercial Services

Loss of revenue

Loss of revenue of Rs 17.79 crore due to non-revision of rates for time slots allotted to private operators.

The Ministry of Information and Broadcasting decided in January 1993 to sell time on FM Channels to private operators. The scheme was started from 15 August 1993 at Delhi and Mumbai and from 1 September 1993 at Chennai. It was extended to FM Radio Calcutta from 25 July 1994 and to Panaji (Goa) from 13 November 1994. The allotment of time slots was to be done on 'first-cum-first served basis' on a fixed licence fee of Rs 6000 per hour during morning (7.00-10.00 hrs.), afternoon (13.00-15.00 hrs) and evening (18.00-22.00 hrs) for a total 9 hours. It was a flat rate for all stations irrespective of prime time or lean time in terms of listenership.

Though it was not an authorised licencee, Times FM appealed for reduction of the licence fee on the ground that the present pricing was not viable. On this request, the Ministry reduced the licence fee from existing rate of Rs 6000 per time slot of one hour to Rs 3000 per time slot for prime time (i.e. morning and evening transmission) and Rs 2000 per time slot for non-prime time (i.e. afternoon transmission) for a period of three months with effect from 1 January 1994 with the directions that the matter would be reviewed in the middle of March 1994.

During audit it was observed that:-

(1) Times FM, who requested for reduction of licence fee was in collaboration arrangements with M/s Vaishali Udyog (P) Ltd. (an authorised licencee) for 8 AM to 9AM time slot on FM channel of AIR Delhi since 27 November 1993.

(2) The Ministry did not carry out any study to arrive at the conclusion that the price was un-remunerative to licencees.

(3) The reduced licence fee was effective only for a period of 3 months and the matter was to reviewed in the middle of March 1994. This was not done and the allotment was extended for a period of three years i.e. upto 14 August 1997 on existing rates. A proposal was sent by DG (AIR) to Ministry in July 1997 for enhancement of rates to Rs 10000 for prime time and Rs 4000 for other times. However, extension was given upto 31 March 1998 on the pre-revised rates by the Ministry and the Ministry advised that the matter of enhancement of licence fee be referred to Prasar Bharati Board. The Board had approved the enhanced rates but these could not be implemented due to litigations. However AIR took over almost all the slots with effect from July 1998 from private operators and broadcast its own programmes.

Reduction in licence fee with effect from 1 January 1994 had resulted in revenue loss to the tune of Rs 17.79 crore as shown below:-

City		Period	No. of Days	No. of hours allotted		Rate of loss per hour (in Rs)		Total loss (Rs in lakh)	
				Prime Time	Non-Prime Time	Prime Time	Non-Prime Time	Prime Time	Non-Prime Time
A.	Delhi	1.1.94 to 31.3.98	1551	10857 (7 per day)	3102 (2 per day)	3000	4000	325.71	124.08
B.	Mumbai	1.1.94 to 31.3.98	1551	10857 (7 per day)	3102 (2 per day)	3000	4000	325.71	124.08
C.	Chennai	1.1.94 to 31.3.98	1551	9306 (6 per day)	1551 (1 per day)	3000	4000	279.18	62.04
D.	Calcutta	25.7.94 to 31.3.98	1346	9422 (7 per day)	2692 (2 per day)	3000	4000	282.66	107.68
E.	Panaji	13.11.94 to 31.3.98	1235	4940 (4 per day)	Nil	3000	Nil	148.20	Nil
Total								1361.46	417.88
Grand Total								**Rs 1779.34 lakh**	

3.1.15 Loss due to un-realistic contracted load of power

The radio stations failed to assess the actual consumption of electricity and obtained connections for a very high contracted load in comparison to actual consumption. This resulted in avoidable expenditure (fixed charge on contracted load) of Rs 12.52 lakh as shown in **Annex – VI**.

3.1.16 Monitoring and Evaluation

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

The local radio stations were required to review their working every month to ascertain how they had fared in achieving the objectives of the scheme and send the self-assessment reports to the Directorate during the first week of the succeeding months. The test check revealed that self-assessments were not carried out by 22 FM radio stations located in **Assam, Bihar, Himachal Pradesh, Haryana, Jammu & Kashmir, Karnataka, Madhya Pradesh, Meghalaya, Mizoram, Punjab, Rajasthan, Uttar Pradesh** and **West Bengal.**

3.1.16.2 Audience research survey to assess the popularity of programmes

FM radio transmission could be received by the listeners only through radio sets equipped with FM band. Each local radio station was required to conduct an audience research survey to assess the quantum of listenership and ascertain the popularity of programmes broadcast by it. No survey on availability of FM radio sets within the transmission zone, listenership or popularity of programmes broadcast was conducted by 48 FM radio stations or the Audience Research wing of AIR.

In two stations viz. Ahmedabad and Mumbai where Audience Research Unit of AIR conducted surveys in 1996 and 1998, listenership was 43 and 14 *per cent* respectively in rural areas. Fall in rural listenership by almost eighty *per cent* in 1998 over the 1996 level indicates the failure of FM radio to capture rural interest.

3.1.17 Conclusion

The main purpose for adopting FM was to take radio to the masses. It was intended to serve the small area of district as a basic utility service and to reach into the heart of the community, to provide opportunity to local talents, to provide sustained community service, help line service etc.

However, the setting up of FM radio stations as envisaged was adversely affected by delays in construction and commissioning; poor deployment of staff and cost escalations. FM also did not achieve the targeted 70 *per cent* Out station Broadcasting based programmes. Progress in providing programmes of local nature, community service was inadequate. FM could not nurture local talent as envisaged.

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

Annex - I

[Refers to Paragraph 3.1.5.1(a)]

Sl. No.	States	No. of Stations	Month/Year in which station was to be commissioned	Month of actual commissioning	Delay in Months
1	Andhra Pradesh	5	1988-89	February 1990 to August 1993	11 to 52
2	Assam	3	1989-90	May 1991 to February 1994	14 to 47
		1	1989-90 (March 1990)	April 2000	121
		1	1995-96 (October 1995)	March 2000	52
3	Bihar	6	1988-89	May 1991 to September 1993	25 to 43
		1	1993-94	March 2000	72
		1	1995-96	Not yet commissioned	53
4	Karnataka	7	1988-89	May 1991 to September 1997	25 to 101
5	Kerala	3	1988-89	November 1989 to February 1994	7 to 59
		1	1996-97	August 1999	28
		1	1996-97	Not yet commissioned	More than 41
6	Nagaland	1	1994-95	January 1996	9
7	Orissa	4	1988-89	February 1991 to May 1995	22 to 74
		2	1994-95	June 1995 & March 1996	3 to 11
8	Rajasthan	8	1989-90	January 1991 to February 1994	15 to 46
		1	1994-95	June 1997	26
9	Tamil Nadu	1	1988-89	July 2000	More than 132
		1	1996-97	July 2000	More than 36
10	Tripura	1	1989-90	October 1992	31
11	West Bengal	3	1994-95 (1) 1994-95 (1) 1995-96 (1)	August 97 Not commissioned August 98	28 to 65

Annex - II
(Refers to Paragraph 3.1.7)

State	No. of stations	Increase in capital cost (in lakh)	Range of delay (in months)	Remarks
Bihar	6	81.62	25 to 42	Delay in completion of civil work.
Karnataka	1	32.09	47	16 staff quarters were lying vacant. (June 1999)
Kerala	5	74.00	7 to 59	Civil work of FM Station Manjere, was to be completed during 1996-97 but civil work costing Rs 30.65 lakh could be completed by August 2000
Orissa	5	22.90	4 to 51	Delay in completion of civil work.
Rajasthan	9	242.00	3 to 44	Due to delay in construction of building by Civil Construction Wing of AIR.
Tamil Nadu	2	117.00	27 to 44	Kodaikanal station was commissioned only after delay of 11 years. Delay costs the Govt. with an extra cost of Rs 1.17 crore mainly due to increase in cost of civil works (Rs 68.90 lakh) and equipments (Rs 24.10 lakh).
Total		**569.61**		

Annex - III
(Refers to Paragraph 3.1.8.2)

Sl. No.	State	No. of Stations		No. of posts declared surplus	Period in months	Expenditure on pay & allowances of surplus staff (Rs in lakh)
1.	Andhra Pradesh	4	Anantapur	18	1 to 85	17.69
			Kurnoor	12	4 to 96	14.70
			Tirupathi	9	14 to 62	6.05
			Warangal	6	14 to 95	10.78
2.	Assam	2	Haflong	7	10 to 27	2.36
			Jorhat	4	78	6.41
3.	Bihar	4	Hazaribagh	3	23	1.81
			Purnea	10	60	13.17
			Sasaram	3	78	7.95
			Singhbhum	2	54	1.59
4.	Haryana	1	Kurukshetra	10	4 to 76	7.52
5.	Jammu & Kashmir	1	Kathua	2	55	2.17
6.	Karnataka	3	Chitradurga	2	55 to 84	6.30
			Hospet	18	84	6.65
			Raichur	4	29	1.55
7.	Kerala	1	Kochi	11	16 to 53	13.69
8.	Madhya Pradesh	7	Balaghat	4	58 to 68	7.93
			Betul	7	5 to 58	3.24
			Bilaspur	4	2 to 62	3.30
			Chindwara	9	2 to 68	9.51
			Guna	4	45 to55	9.25
			Khargon	5	1to 46	1.07
			Raigarh	4	14 to 48	3.85
9.	Punjab	2	Bhatinda	9	5 to 43	3.03
			Patiala	3	2 to 13	0.35
10.	Rajasthan	4	Alwar	2	10 to 40	1.51
			Chittorgarh	3	19 to 64	2.97
			Nagaur	6	2 to 27	1.58
			Sawai Madhopur	7	5 to 69	7.31
11.	Tripura	2	Balonia	5	8 to 68	4.19
			Kailashahar	13	2 to 73	12.26
Total		**31**		**206**		**191.74**

Annex - IV
(Refers to Paragraph 3.1.11.1)

Sl. No.	State	No. of Stations	Percentage of achievement	Percentage of Shortfall
1	Andhra Pradesh	6	4 to 75	25 to 96
2	Assam	3	10 to 40	60 to 90
3	Bihar	5	7 to 30	70 to 93
4	Gujarat	3	Nil to 12	88 to 100
5	Haryana	1	7	93
6	Himachal Pradesh	2	7 to 13	87 to 93
7	Jammu and Kashmir	1	79	21
8	Karnataka	7	Nil to 30	70 to 100
9	Kerala	3	5 to 40	60 to 95
10	Madhya Pradesh	10	2 to 43	57 to 98
11	Meghalaya	1	3	97
12	Mizoram	1	2	98
13	Orissa	6	Nil to 58	42 to 100
14	Punjab	2	3 to 9	91 to 97
15	Rajasthan	5	8 to 78	22 to 92
16	Tamil Nadu	1	41	59
17	Tripura	2	Nil to 1	99 to 100
18	Uttar Pradesh	3	4 to 40	60 to 96
19	West Bengal	1	20 to 49	51 to 80

Annex - V
(Refers to Paragraph 3.1.11.2)

Sl. No.	State	No. of Stations	Total No. of villages	No. of villages covered	No. of villages remained uncovered	Percentage of villages	
						Covered	Uncovered
1.	Andhra Pradesh	5	3634	1301	2333	36	64
2.	Bihar	4	9442	4521	4921	48	52
3.	Gujarat	2	3047	947	2100	31	69
4.	Haryana	1	419	102	317	24	76
5.	Himachal Pradesh	2	5237	1105	4132	21	79
6.	Jammu and Kashmir	2	825	345	480	42	58
7.	Karnataka	7	8580	1824	6756	21	79
8.	Mizoram	1	380	20	360	5	95
9.	Madhya Pradesh	10	19371	3468	15903	18	82
10.	Nagaland	1	40	20	20	50	50
11.	Orissa	4	12366	741	11625	6	94
12.	Punjab	2	1349	145	1204	11	89
13.	Rajasthan	5	8806	4538	4268	52	48
14.	Uttar Pradesh	2	3846	449	3397	12	88
15.	West Bengal	1	2226	1473	753	66	34
Total		**49**	**79568**	**20999**	**58569**		

Annex - VI
(Refers to Paragraph 3.1.15)

Sl.No.	Name of Station	Contracted load in KVA	Consumption in KVA	Excess payment of fixed charges (in lakh)	Remarks
1.	Devikulam	142	Less than 75	2.69	Contracted load was got reduced to 75 KVA from 142 KVA in April 1998.
2.	Mercara	142	75	9.83	
3.	Chitradurga	100	58		
4.	Karwar	126	59		
5.	Bijapur	91	45		
6.	Raichur	100	47		
	Total			**12.52**	

MINISTRY OF INFORMATION AND BROADCASTING

BILLING OF COMMERCIAL PROGRAMMES ON NATIONAL CHANNEL

Prasar Bharati

3.2 Billing of Commercial Programmes on National Channel

Audit review of the billing practice in Doordarshan revealed numerous systemic deficiencies and procedural lapses. Persistent irregularities in the trading of commercial time and failure to observe standard commercial practice underline the weakness of the system. Numerous deficiencies like raising of bills without telecast certificates, wrong billing, poor monitoring of dues realisation and acceptance of dishonoured cheques have been noticed. Basic records have been maintained in a faulty manner in violation of prescribed procedures.

Highlights

The gross earnings of DD had declined from Rs 572.7 crore in 1996-97 to Rs 399.9 crore in 1998-99, despite increase in programme production centres, transmitters and viewership.

DD had not charged interest amounting to Rs 4.97 crore on account of delayed payments of Rs 108.62 crore.

DD suffered an interest loss of Rs 69.95 lakh due to acceptance of dishonoured/cancelled cheques from agencies.

Rs 363.51 crore were lying unrealised from accredited agencies. Out of which, Rs 334.45 crore was recoverable from 45 agencies. As of August 2001, Rs 157.94 crore on account of interest on outstanding dues have become due.

Late remittance of cheques to the bank resulted in loss of interest of Rs 18.81 lakh.

DD had not maintained Agents' Ledger up to 1998-99.

DD had been using software which had a number of deficiencies for raising bills on telecast of the programmes.

3.2.1 Introduction

Despite increase in viewership, gross earnings of DD came down from Rs 572.7 crore in 1996-97 to Rs 399.9 crore in 1998-99.

DD opened itself to commercial service in 1976 with the objective of earning revenue by trading in commercial time. In 1996-97, gross earnings of DD were Rs 572.7 crore. In the years 1997-98 & 1998-99, earnings came down to Rs 490 crore and Rs 399.9 crore respectively. Earnings thereafter increased to Rs 610 crore in 1999-2000. However, the increase was not proportionate to the increase in number of production centres (41 to 47) transmitters (921 to 1090) and viewership (29.6 crore to 40.3 crore). **(Annex-I)**

A review of the billing practice was undertaken by Audit to highlight the systemic deficiencies that could have been avoided to arrest substantial revenue loss.

3.2.2 Organisational set up

There are four main players in commercial advertising/sponsorship of the programmes for which bills are raised by DD. Director General Doordarshan frames policies for telecast of commercials, plans and schedules advertisement and fixes rates for commercial advertisements. Doordarshan Commercial Service grants registration/accreditation to advertising agencies and is responsible for maintenance of Agents/Advertisers ledger, preparation of bills, monthly reconciliation and realization of revenues. Doordarshan Kendras are entrusted with the responsibility for the telecast of sponsored/commissioned programmes/advertisements, preparation of telecast certificates/cue sheets and sending them to Doordarshan Commercial Service for preparation of bills and maintenance of logbooks. Sponsors/advertising agencies book business with Doordarshan Commercial Services for their clients in accordance with the rules framed by Doordarshan Commercial Service and execute agreements for telecast of the programmes/commercials.

3.2.3 Scope of Audit

The review was conducted covering the period October 1997 to March 2001. One quarter was picked up from each completed financial year for detailed scrutiny viz. October to December 1997 for 1997-98, January to March 1999 for 1998-99, October to December 1999 for 1999-2000 and January to March 2001 for 2000-2001.

3.2.4 Delay in payment of Bills

3.2.4.1 Receipt of payment after expiry of due date without interest

DD suffered a loss of Rs 4.97 crore due to non charging of interest on delayed payments.

According to provisions contained in Doordarshan Manual, DD is entitled to charge interest at the rate of 18 *per cent* per annum on all amounts due from agencies not paid within the stipulated period. The interest is to be charged from the day following the due date of payment and computed on monthly basis.

Test-check of records revealed that an amount of Rs 108.62 crore out of Rs 115.24 crore was received after the expiry of due date **(Annex-II)**. Under the rules, interest at 18 *per cent* per annum was to be charged for late payment of dues from the agencies. As worked out in audit, interest of Rs 496.78 lakh till August 2001 was to be recovered for late payments. No action was taken by DD to recover the interest dues from the marketing agencies. It was also noticed that DD had no established procedure to ensure that payments were made in time.

3.2.4.2 Dishonoured cheques

Acceptance of cheques without verifying their true nature resulted in loss of Rs 69.95 lakh.

Test-check of Subsidiary Cash Books revealed that there were many cases **(Annex – III)** where DD accepted cheques that were dishonoured on more than one occasion. These cheques related to the same payment and were accepted even though these had been dishonoured earlier. More significantly, no penal interest for the delay was charged when payments were finally realised. The loss of interest on such delayed realisation was Rs 69.95 lakh. There are no provisions in the Manual to debar acceptance of cheques from parties whose cheques were dishonoured. It would be more appropriate to insist on payment through Demand drafts/Pay orders from parties whose cheques have once been dishonoured.

3.2.4.3 Outstanding bills of Rs 363.51 crore

92 *per cent* of outstanding dues were recoverable from 45 out of total 229 firms.

(i) According to provisions contained in the Doordarshan Manual, an abstract of outstanding bills is required to be prepared at the end of each month and reviewed by the Controller of Sales to initiate appropriate action for realising outstanding dues. Audit scrutiny brought out that the Outstanding Bills Registers were maintained year-wise and the outstandings were not carried forward to arrive at the cumulative balances. Based on the available entries in the yearly Outstanding Bills Registers, Audit calculated the outstandings in respect of each year, which revealed that bills of Rs 363.51 crore relating to bills pertaining to the years 1997-98 to 2000-2001 were outstanding as on August 2001:

(Rs in crore)

Year	Amount
1997-98	59.34
1998-99	49.81
1999-00	56.78
2000-01	197.58
Total	**363.51**

Outstandings have increased from Rs 59.34 crore in 1997-98 to Rs 197.58 crore in 2000-01. Rs 334.45 crore out of Rs 363.51 crore (92 *per cent*) are outstanding against 45 out of of 229 firms as per details given in **Annex - IV.**

(ii) Interest on outstanding dues of Rs 157.94 crore, worked out by Audit, became due by August 2001.

3.2.5 Deficient Billing procedure

As per Doordarshan's Manual, billing section prepares the bills on the basis of telecast certificates issued by the transmission centres (Kendras). Kendras telecast the commercials/programmes as per the telecast advice.

Audit noticed the following deficiencies:

3.2.5.1 Telecast without receipt of any telecast advice

330 episodes of various programmes were telecast but they were not scheduled as per the Scheduling Register, which indicated that either the Scheduling Registers were not maintained properly or the Kendra had telecast these programmes without authority. 241 episodes of various programmes were scheduled as per the Scheduling Registers but no bills were found to have been raised in the billing register, which indicates that either these programme were not telecast or bills were not raised. In the absence of telecast certificates, it could not be verified whether these programmes were telecast or not.

3.2.5.2 Non-supply of telecast certificates

Bills are required to be prepared after the receipt of all telecast certificates, which is a vital element in the system of billing. It is the only link between the telecast of a programme/commercial and realisation of revenue. Telecast certificates and telecast advices revealed that Doordarshan Kendras did not supply the telecast certificates in complete form. Telecast certificates were generated on the basis of logbooks maintained by the Duty Officer in Doordarshan Kendras. Only the commercials, telecast before or after the programme were logged in by the Duty Officer and the commercials within a sponsored programme were checked by the concerned sections. The telecast certificates contained only the information available in the logbooks and the details of the commercials carried in the programme were not made available to billing section, only the quantum of commercial time was intimated. This provided scope for manipulation. In December 1997, telecast certificates in respect of six episodes of various programmes did not contain the information regarding the commercial time utilised in their telecast. Since commercial time had not been mentioned in the telecast certificates bills were raised only for telecast fee/sponsorship fee.

A scrutiny of telecast certificates for October, November and December 1997 revealed that telecast certificates in respect of the programme "India the awakening" have not been supplied by the Kendra till date. Similarly against the 72, 69 and 57 telecasts in October, November and December 1997 respectively, of a one minute programme "Vande Mataram" telecast certificates for 49 telecasts during October 1997 and 11 telecasts during November 1997 only were supplied. No telecast certificates for the said programme during the month of December 1997 were furnished to DD by the Kendra.

3.2.5.3 Cancellation and revision of bills

Revision of bills caused a loss of revenue of Rs 269.89 lakh.

During the test checked period, DD had raised 13161 bills out of which 2133 bills were revised or were raised **(Annex–V)** retrospectively due to change in the name of agency, rate of agency commission, category of the programme, retrospective revision in commercial terms of a programme, billing due to late receipt or non-receipt of telecast certificates.

This resulted in changing the due dates of payment in respect of the bills revised and allowed the agencies relaxation in payment schedule entailing a loss of interest of Rs 269.89 lakh **(Annex-V)**. Further, out of 13161 bills 682 bills **(Annex-VI)** were cancelled due to non-telecast of a programme, claims of utilization of banked FCT and wrong billing or double billing.

Cancellation of bills against programmes not telecast indicates that bills were not raised on the basis of telecast certificates and cancelled when the agency submitted non-telecast certificates issued by Doordarshan Kendra.

506 bills were cancelled against the agency's claims of utilisation of its banked FCT. Most of the agencies did not propose to utilise their banked FCT in the contracts submitted to DD before the telecast of the programme. DD entertained their claims and cancelled bills retrospectively despite the fact that DD did not maintain any agency-wise or programme wise ledgers of FCT banked/utilised.

Audit found that 30 bills **(Annex-VI)** were cancelled without recording any reasons. Following are few examples: -

A marketing agency obtained a non-telecast certificate in respect of a programme "Usool" scheduled for telecast on 28 December 1998. Bill No.NAT/70/12/97 of Rs 10.81 lakh, which was to be cancelled but DD also cancelled another bill for the same programme telecast on 21 December 1997 of Rs 10.81 lakh, which caused a loss to that extent to DD. Two bills of the same number were raised in respect of another programme ' Shaktiman' telecast in December 1997.

In another case, against the non-telecast certificate for a programme "News Review" to be telecast on 13 February 1999, the bill was to be cancelled. But, DD cancelled along with another bill for the programme "World Master Cricket" telecast on 13 February 1999, which caused a net loss of Rs 63750 to DD.

3.2.5.4 Non-maintenance of record of banked FCT

Violation of specific policies for utilisation of banked FCT benefited the private marketing agencies.

As per the Rate Card[1], DD allowed banking of free commercial time (FCT) and subsequent utilisation of banked FCT. The rate card provided 100 *per cent* utilisation of banked FCT for the first 13 episodes in the subsequent 13 episodes of the same programme in such a manner that no single episode carried commercials more than the admissible FCT plus a maximum of 100 seconds of banked FCT. In case the banked FCT could not be utilised, additional requests had to be considered with the proviso that there would be a 50 *per cent* reduction in the unutilised FCT available for banking i.e. remaining 50 *per cent* of banked FCT had to lapse.

[1] Rate Card: Doordarshan's Rate Card contains information regarding terms, rates of telecast and categories of programmes/commercials on its different channels.

Audit found that DD did not maintain any agency-wise or programme-wise ledger of banked FCT, which it could use for settlement of claims of utilisation of banked FCT by agencies. In December 1999, DD issued a circular instructing the agencies to submit their statement of FCT banked and FCT utilised in the first week of every month. DD cancelled 506 bills worth Rs 726.15 lakh (net) retrospectively against agencies' claim of utilisation of banked FCT. Out of this, 337 bills worth Rs 553.88 lakh (net) were cancelled on the basis of unsubstantiated information supplied by the agencies. Since DD did not maintain any record for verifying whether the agency had any banked FCT at its credit or not, some agencies utilised FCT beyond their banked FCT and got that additional commercial time regularised retrospectively. As in the case of "Waqt ki Raftar", the marketing agency had utilised 5385 seconds of additional commercial time till 22 December 1998 and bills were raised by DD. The agency was allowed to utilise the banked FCT of another of its programmes "Tea Time Manoranjan" with "Waqt ki Raftar" and bills for 5385 seconds were cancelled retrospectively.

In October 1997, DD informed an agency (Star Gazer Advertising Agency) that it could use its unutilised FCT of two programmes "Good Morning India" and Baisakhi Dhoom Dhamaka" in the two episode programme "Happy Diwali 1997". But the programme "Happy Diwali 1997" was marketed by M/s Parichaya Advertising and it utilised the banked FCT admissible to Star Gazer.

A programme "Chitrahaar" telecast on 12 November 1997 was of 40 minutes duration with 500 seconds of FCT. As per telecast certificates, the agency utilised 545 seconds of commercial time. Instead of raising bills for additional time of 45 seconds, DD cancelled another bill of additional spot telecast on 19 November 1997 against the agency's claim of utilisation of banked FCT causing a self inflicted loss of Rs 680000.

3.2.5.5 Non- cancellation of accreditation of defaulting agencies

Doordarshan did not cancel-accreditation of the defaulting agencies even after their failure to make payment by due dates.

According to Doordarshan Manual the accreditation of agencies stand automatically cancelled in case agencies failed to make the payment of monthly bills by the due date on more than three occasions in a year or within 60 days after expiry of credit period. No action was, however, taken for such default in a number of cases.

3.2.6 Billing Errors

3.2.6.1 Short billing resulted in a loss of Rs 3.98 crore

Payment of inadmissible agency commission caused a loss of Rs 3.98 crore.

According to the agreement dated 22 April 1997 between DD and the National Film Development Corporation, 52 episodes of programme 'Rin Rangoli' were to be telecast during 1997-98 against the minimum guarantee of Rs 5105000 for each episode. Scrutiny of Bill Register revealed that for each episode, DD had raised bills of Rs 4339250 instead of Rs 5105000 after deducting the agency's commission of Rs 765750 which was not admissible as per agreement. Thus, DD suffered a loss of Rs 3.98 crore (Rs 765750 X 52 episodes) due to incorrect billing.

3.2.6.2 Undue-benefit to a Marketing Agency

Unilateral decision of DD to charge ordinary sponsorship fee instead of MG benefited the marketing agency by Rs 1.20 crore.

In April 1997, an one-hour sponsored programme 'Jai Hanuman' was approved for telecast on national network of DD from 6 May 1997 between 9:30 PM and 10.30 PM on minimum guarantee amount of Rs 31.68 lakh for the first 13 episodes and Rs 39.15 lakh for later episodes. FCT of 630 seconds per episode was allowed which included the admissible FCT of 210 seconds.

The producers M/s United Television as their marketing agent. On 18 November 1997, due to the telecast of "Issues before Parliament", "Jai Hanuman" was shifted from 9:30 PM slot to 10:00 PM slot and it was telecast from 10:00 PM to 11:00 PM.

Despite the fact that the terms of its telecast specifically secured the right of DD to reschedule the timing, DD decided unilaterally to grant relief to the sponsor by with holding the Minimum Guarantee requirement and reducing the charge to Rs 10.20 lakh telecast fee as for an ordinary sponsored programme with FCT of 210 seconds. But since the Agency had already utilised a commercial time of 980 seconds with that episode, the excess commercial time of 770 seconds was allowed to be adjusted against the banked FCT of previous episodes. Not only that, the Agency was further allowed a 770 seconds of commercial time to be banked and utilised in the period of next six weeks.

This whole deal caused DD a loss of Rs 140.95 lakh (gross) as per the comparative statement given below.

(Rs in lakh)

DD received		DD's receivables		Loss to DD
Telecast fee	10.20	MG amount	39.15	
		Cost of Additional Spots 980 – 630 = 350	35.00	
		Cost of FCT allowed to be banked in six weeks	77.00	
	10.20		151.15	140.95

After deducting the agency commission of 15 *per cent* DD would have received Rs 119.81 lakh, which turned into a net loss due to grant of undue benefit to the agency.

3.2.6.3 Loss due to non-raising of bills

Test check of log book for October, November and December 1997 revealed that during these months a one minute programme "Vande Mataram" was telecast 198 times. The telecast fee was, however, fixed at Rs 8,000 per telecast irrespective of the fact whether it was fresh or a repeat. A scrutiny of

Scheduling Registers revealed that 174 telecasts were scheduled. Against 198 actual telecasts Doordarshan billed only 130 telecasts and generated a revenue of Rs 10.40 lakh (gross) (Rs 8000x130). However, on the basis of actual telecasts it should have been Rs 15.84 lakh (gross) (Rs 8000x198). Non-billing of 68 telecasts caused a loss of Rs 5.44 lakh (gross) or Rs 4.62 lakh (net after deducting 15 *per cent* agency commission) in one quarter alone.

3.2.7 Non-maintenance of Basic Records

3.2.7.1 Subsidiary Cash Book

According to Doordarshan Manual, all the cheques/drafts received from the parties should be entered in Cash Book maintained in the format prescribed in Doordarshan Manual, on the same day on which the cheque/draft was received and should be submitted to the bank on the same or not later than the next working day. The date of realisation of cheque should also be posted with reference to receipted challan of the bank under the signature of Account Officer. Further, every entry in the Subsidiary Cash Book should be checked and attested by the Accountant and the Accounts Officer. The total at the end of the month should be reconciled by the Accountant with the amount incorporated in the main Cash Book. A certificate of reconciliation with the Bill Register should be recorded in the Subsidiary Cash Book.

Test check of subsidiary Cash Book revealed that:

i) The cheques/drafts were not remitted into the bank on same day and delay ranged from 9 to 54 days, which resulted in a loss of interest of Rs 18.81 lakh.

ii) No certificate regarding reconciliation with Bill Register was recorded in the Subsidiary Cash Book.

Challans pertaining to the period January 1999 to March 1999 and October 1999 to December 1999 were not made available to audit for scrutiny. A few challans were also found missing.

iii) No competent authority attested the corrections/alterations.

iv) Totals of receipts were not struck from 29 June 2000 onwards.

3.2.7.2 Agents ledger

Audit found that DD maintained no ledger till 1998-99. In the absence of ledgers it could not be ascertained, whether the amount due from the agencies was realized. The entries made in the ledger maintained after the period 1998-99 were made in pencil except for the opening balance. Entries in the ledger were also not signed by any competent authority.

3.2.7.3 Telecast summary

Every month a telecast summary is required to be prepared with reference to the certified copies of the telecast certificates received from the Doordarshan Kendra. The costs worked out are to be reconciled with the total revenues billed according to Bill Register and reviewed by the Accounts Officer every month to ensure that there was no loss of revenue. However, such summary was not prepared by DD and not reconciled with Bill Register. It was possible that bills were not raised for the telecast programmes and as such loss of revenue could not be ruled out.

3.2.8 Inefficient mechanical billing process

The software for preparation of bills used by DD has a number of shortcomings.

DD has been utilising software developed by National Informatics Centre for preparation of bills since 1989. The software does not have provision for indicating the time slot of the programme for which the bills are being raised. Due to this deficiency, it could not be verified if the rates at which the bills are raised were correct.

DD books commercials of various organisations and agencies and has different terms for different agencies like rate of agency commission, different terms of payment like credit or advance etc. The billing software has no provision to handle such variations thereby requiring manual corrections leading to delay in receipt of dues.

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

Annex–I

(Refers to Paragraph 3.2.1)

Statement showing Home Viewership and Commercial Earnings of Doordarshan during 1997-2001

		1997	1998	1999	2000	2001
1.	Programme Production Centres	41	42	46	47	N.A.
2.	Transmitters	921	949	1041	1090	N.A.
3.	Population covered	87%	87%	87.6%	87.9%	N.A.
4.	Area covered	69%	72%	72.9%	74.8%	N.A.
5.	Home viewership (in crore)	29.6	33.1	36.2	40.3	N.A.
6.	Commercial revenue earning (Rs in crore)	572.7	490.1	399.9	610	N.A.

Source : Annual Report of Doordarshan for the year 2000

Annex–II

(Refers to Paragraph 3.2.4.1)

Details of receipt of payments after due date and loss of interest thereon

(Interest calculated @ 18% p.a. for the actual delays in payments)

(Amount in Rs)

Period	Total Due	Payment received in time	Payment received after due date	Loss of interest
1997-98				
10/97	8,68,12,950	15,00,000	8,53,12,950	149.39 lakh
11/97	9,70,69,403	2,88,26,951	6,82,42,452	
12/97	7,95,91,912	86,54,000	7,09,37,912	
1998-99				
1/99	9,50,28,400	Nil	9,50,28,400	115.80 lakh
2/99	8,12,69,333	Nil	8,12,69,333	
3/99	6,89,13,053	1,49,600	6,87,63,453	
1999-2000				
10/99	15,23,76,789	Nil	15,23,76,789	197.28 lakh
11/99	23,89,37,195	10,38,813	23,78,98,382	
12/99	11,51,05,360	10,000	11,50,95,360	
2000-2001				
1/2001	4,90,04,325	Nil	4,90,04,325	34.31 lakh
2/2001	2,44,93,387	Nil	2,44,93,387	
3/2001	6,38,28,602	2,60,23,341	3,78,05,256	
Total	**115,24,30,709**	**6,62,20,271**	**108,62,27,999***	**496.78 lakh**

*** Includes Rs 3.44 crore which were not received till 8/2001, interest upto August 2001 has been calculated.**

Annex–III

(Refers to Paragraph 3.2.4.2)

Loss of interest against dishonoured cheques

Year	No. of cheques dishonoured	Interest Amount (Rs)
1997-98	80	25,04,355
1998-99	94	28,56,339
1999-00	43	15,55,273
2000-01	17	78,918
Total		**69,94,885**

Annex-IV

(Refers to Paragraph 3.2.4.3)

List of agencies against which huge amounts were outstanding

(Rs in lakh)

Sl. No.	Name of Agency	1997-98	1998-99	1999-00	2000-01	Total
1.	M/s AB Corp Ltd.	360.39	-	-	-	360.39
2.	Anand Advertising Agency	2.55	195.01	15.39	-	212.95
3.	Advance TV Network	-	93.30	80.16	-	173.46
4.	Balaji Telefilms	77.26	158.25	41.54	2.32	279.37
5.	Concept Communications	17.21	185.07	26.24	-	228.52
6.	Creative Eye	4.11	31.51	97.73	1511.72	1645.07
7.	Cinema Vision India	40.66	25.50	-	38.44	104.60
8.	Fame Communications	148.39	313.10	284.14	1245.65	1991.28
9.	Film Craft	45.78	251.89	22.97	1011.74	1332.38
10.	Guruji Advertising	83.01	168.59	282.30	113.18	647.08
11.	HTA	718.28	563.25	309.12	15.99	1606.64
12.	Joslin Communication	93.29	17.02	-	-	110.31
13.	Jaya Advertising	101.68	14.62	-	-	116.30
14.	Krishna Leela International	51.59	24.13	12.54	16.83	105.09
15.	Kinescope (India) Pvt. Ltd.	148.75	-	59.82	-	208.57
16.	Multichannel Advertising and Production (P) Ltd.	205.59	564.55	1.53	-	771.67
17.	Madison Advertising	143.16	-	-	-	143.16
18.	M/o H&FW	17.43	-	494.26	-	511.69
19.	NFDC	986.98	-	1203.36	7246.97	9437.31
20.	Neerja Films	39.15	34.62	98.12	25.31	197.20
21.	Nimbus Communications	293.06	54.68	3.83	58.50	410.07
22.	Prime Time Media Services	278.42	206.22	82.63	136.51	703.78
23.	Pritish Nandy Communications	53.72	35.05	98.44	750.50	937.71
24.	Plus Channel	109.51	-	-	-	109.51
25.	Pas International	-	49.03	166.98	173.61	389.62

Sl. No.	Name of Agency	1997-98	1998-99	1999-00	2000-01	Total
26.	Rediffusion Communications (P) Ltd.	9.10	94.75	36.20	4.76	144.81
27.	Sagar Enterprises	275.28	00.25	11.24	899.14	1185.91
28.	Shyam Comm.	-	107.77	-	-	107.77
29.	TNE Ltd.	158.12	0.17	7.66	-	165.95
30.	Triton Comm. Ltd.	79.65	57.95	49.32	19.02	205.94
31.	United Television	263.64	1075.26	154.52	87.46	1580.88
32.	World Media Ltd.	183.64	108.00	41.10	137.18	469.92
33.	Worldcom Multimedia Ltd.	57.45	14.51	34.97	-	106.93
34.	Down Mod Advertising	-	-	489.41	322.41	811.82
35.	Directorate of Adult Education.	-	-	1.16	162.71	163.87
36.	Market Movers	-	-	310.60	-	310.60
37	M/o H&FW (CHEB)	-	-	23.15	1089.76	1112.91
38.	Numero Uno International	-	-	1.19	1079.00	1080.19
39.	Shree Madhav Poly Production	-	-	360.56	795.64	1156.20
40.	B4U Multi Media Ltd.	-	-	-	104.74	104.74
41.	Directorate of Census	-	-	-	309.91	309.91
42.	Global Entertainment	-	-	-	128.42	128.42
43.	MBM(Betal Pechise)	-	-	-	163.48	163.48
44.	Maya Entertainment	-	-	-	197.95	197.95
45.	Nine Broadcasting Corporation	-	-	-	1203.91	1203.91
Grand Total						**33445.84**

Annex–V
(Refers to Paragraph 3.2.5.3)

Statement of bills cancelled/revised

(Rs in crore)

Month and Year	Total No. of bills raised	Net amount of the bills	No. of bills revised	Loss of interest due to revision in due date	No. of bills cancelled	Amount of cancelled bill
1997-98						
10/97	1293	32.43	215	0.09	96	1.18
11/97	1195	28.86	84	0.07	97	1.02
12/97	946	29.58	119	1.53	68	4.45
1998-99						
1/99	1289	22.13	141	0.14	69	0.8
2/99	1029	21.29	90	0.06	63	1.59
3/99	1124	23	230	0.12	30	0.75
1999-00						
10/99	1180	32.65	137	0.25	109	1
11/99	1038	36.33	236	0.28	15	0.93
12/99	1107	27.84	276	0.13	57	1.74
2000-01						
1/2001	1091	31.82	188	0.02	18	0.55
2/2001	872	27.40	178	0.008	44	0.93
3/2001	997	20.73	239	Nil	16	0.46
	13161	**334.06**	**2133**	**2.698**	**682**	**15.40**

Annex-VI
(Refers to Paragraph 3.2.5.3)

Statement showing number of bills cancelled

Month	Due to N.T.C.	Banking		Wrong Bills/Duplicate	Without reason
		Verified	Non-verified		
10/97	7	36	51	2	-
11/97	10	47	39	1	-
12/97	5	17	38	5	3
1/99	10	29	19	10	1
2/99	28	3	25	2	5
3/99	2	-	25	3	-
10/99	13	6	88	1	1
11/99	1	3	8	-	3
12/99	-	16	36	-	5
1/01	2	-	-	6	10
2/01	4	11	3	24	2
3/01	1	1	5	9	-
Total	**83**	**169**	**337**	**63**	**30**

MINISTRY OF RURAL DEVELOPMENT

INTEGRATED WASTELANDS DEVELOPMENT PROGRAMME

CHAPTER IV: MINISTRY OF RURAL DEVELOPMENT

Department of Land Resources

4. Integrated Wastelands Development Programme

The total area of wastelands in the country is 638.5 lakh hectares. The Integrated Wastelands Development Programme covered only 33.20 lakh hectares involving a resource allocation of Rs 542.02 crore during 1991-2001. Project implementation was not satisfactory and only 38 out of 426 projects were completed. 118 projects were still incomplete though their scheduled duration had expired. Only 16 projects were evaluated. The objectives of disseminating technology, generating employment for Scheduled Caste/Scheduled Tribes and promoting peoples' participation and sharing of usufructs were largely not achieved. The short-term objective of augmenting fuel wood and fodder resources also remained unfulfilled. The achievement of the long-term objectives of arresting land degradation and promoting sustainability appear remote in the context of the current performance of the programme.

Highlights

Against a total of 638.5 lakh hectares of wastelands only 244.5 lakh hectares has been taken up for development by Ministry under various programmes. Of this, area taken up under IWDP was only 33.20 lakh hectares (13.6 *per cent*), involving a resource allocation of Rs 542.02 crore during 1991-2001.

Of the total 426 projects sanctioned, only 38 projects had been completed, 32 foreclosed and 356 remained incomplete, of which 118 projects were still ongoing despite expiry of scheduled duration. In 115 projects test checked there was time over run from 8 months to 7 years in 90 projects.

Evaluation reports were received only for 16 projects (13 completed and 3 foreclosed), which pointed out shortcomings like non-participation of people, non-sharing of usufructs, poor survival rate of plantation and poor supervision etc.

Extension and dissemination of proven technologies in various categories of wastelands could not take off. Only in 7 of 115 test checked projects, there was evidence of technology dissemination.

People's participation in project planning and implementation was poor as in 47 projects there was no people participation and in 22 projects no information was available with Ministry.

Employment of SC/ST was generated only for 123.93 lakh man-days in 44 of the test-checked projects.

State Governments / DRDAs did not maintain inventory of assets created and records of handing them over to beneficiaries.

31 to 82 *per cent* of the total releases were made in the last quarter of the year to the DRDAs and State Governments. 27 to 82 *per cent* in the month of March alone.

Rs 2.09 crore was diverted to activities/schemes beyond the scope of the projects, kept in personal deposit accounts and misutilised on payment of salaries, repair of Collector's bungalow, purchase of video camera and purchase of motorcycle in 5 test checked states.

DRDAs of Gujarat, Tamil Nadu, West Bengal, M.P., Rajasthan, U.P. and Bihar refunded Rs 5.49 crore, after three to five years, revealing poor financial control.

Utilisation certificate of Rs 22.96 crore were awaited from State Government / DRDAs.

Rs 144.82 lakh was due for recovery in respect of completed and foreclosed projects between April 1995 to July 2001.

Monitoring system was ineffective. Quarterly physical and financial reports were delayed from 3 to 57 months in 41 out of 115 test-checked projects.

4.1 Introduction

Out of total 329 million hectares (ha.) of land in the country, 638.5 lakh ha. or 20.17 *per cent* have been categorised by the Department of Land Resources (Department), Ministry of Rural Development (Ministry), in collaboration with National Remote Sensing Agency in March 2000 as Wastelands, as shown in **Annex-I.** 78 *per cent* of such wastelands are categorized as non-forest land, the responsibility for development of which falls under the jurisdiction of Ministry.

Government of India launched Drought Prone Area Programme (DPAP) in 1973-74 for tackling land de-gradation in chronic drought affected regions systematically. This was followed by Desert Development Programme (DDP), in 1977-78 for addressing desertification in both hot and cold deserts. A National Wasteland Development Board was set up in 1985 for tackling problem of degraded lands in and out-side forest areas. In 1989-90, Integrated Wastelands Development Programme (IWDP) was launched as a 100 *per cent* Centrally Sponsored Scheme, with the objective of treating the wastelands having preponderance of community land. The scheme aims at taking up of projects for fulfilment of the following immediate and long-term objectives:

Long Term Objectives:

- Checking land degradation
- Promoting sustainability, equity and environmental conservation for the general good of the people.

Immediate Objectives:

- Augmenting the availability of fuelwood and fodder.
- Employment Generation for Scheduled Castes/ Scheduled Tribes and landless rural labour.
- Preparation of village level action plans.
- Dissemination of proven technology.
- To ensure equitable distribution of intermediate and final forest products.

The guidelines were further streamlined with effect from 1.4.1995 with a view to implementing the projects in a participatory integrated mode through community involvement, besides introducing uniform cost norm of Rs 4000 per hectare as against cost norms varying between Rs 3000 to Rs 12000 per hectare for different activities earlier for development of the wasteland/ degraded lands. The projects were hence forth to be implemented on watershed basis for developing 500 ha of contiguous area that drained at common point, as a general norm.

4.2 Scope of Audit

Ministry sanctioned 128 projects prior to 1.4.1995 and 298 projects under the guidelines introduced in April 1995. Out of 298 projects sanctioned after 1.4.1995, only 8 were completed and one was foreclosed as on 31.3.2001, though 73 projects were due to be completed as of 31 March 2001. Ministry had been able to release only Rs 122.69 (50 *per cent*) crore against the sanctioned cost of Rs 246.24 crore on these 73 projects.

A review of the projects under the programme was conducted between March and August 2001 in Ministry, involving test check of 115 of the 128 projects sanctioned before 1.4.1995. The review does not discuss the projects/ schemes sanctioned after 1st April 1995 as their execution, release of fund and completion over five years time frame. Test check of 45 out of 115 projects was also carried out in various District and Rural Development Agencies (DRDAs) in 6 states. The objective of the review was to evaluate the performance of Ministry in release of funds, monitoring of the projects and extent of achievement of objectives of the programme.

4.3 Organisational Set up

The Secretary (Rural Development) is the Head of the Department at the Central level. He is assisted by one Addl. Secretary, two Joint Secretaries, Directors and other officials. In the State, the scheme was being implemented by the State Governments/DRDA through the Project Implementing Agencies (PIAs) / Non-Government Organisations.

4.4 Financial Management

IWDP is a hundred *per cent* Centrally Sponsored Programme. The guidelines however, indicated it both as Central Sponsored and Central Sector Scheme, with two methods of providing Central Assistance. Under the Centrally Sponsored component of the scheme, the State Govt. was to be assisted on 100 *per cent* grant basis for working principally on de-graded forestland and other de-graded Govt. lands. Under the Central Sector Component of the scheme, autonomous bodies, corporations voluntary agencies, cooperative societies and other registered institutions were to be assisted with 100 *per cent* grant for working principally on community land and private wasteland. Examination of records in the Ministry related to 115 test checked projects revealed that no such distinction was followed by the Ministry while sanctioning the projects and releasing the funds. Ministry released funds to DRDAs for implementing the projects. As late as October 2001, Planning Commission clarified to the Department that IWDP was not a Central Sector scheme and it was a Centrally Sponsored Scheme, as the programme was not being implemented by the Ministry/Department or its agency and funds were released by Ministry to DRDAs for project implementation. This confusion only reveals the lack of understanding in the Ministry about the basic nature of such an important programme and irrelevance of guidelines in this regard.

No specific criteria for periodic release of funds to State Governments/ DRDAs were laid down in the pre 1995 guidelines. Examination of records revealed that funds were released in six to seven installments spread over the life of project, subsequent instalments being released on the basis of physical and financial achievements, receipt of utilization certificates and statement of accounts. State Governments/DRDAs further released the funds to Project Implementing Agencies (PIAs). These could be State line Departments, autonomous bodies, research institutes, universities and voluntary agencies. However, only in 5 out of 115 test-checked cases, voluntary agencies and research institutes were involved. In all other projects, implementation was done by the State line departments.

4.4.1 Resource Allocation

Area under IWDP was only 13.6 *per cent* of total area taken up for development.

While total wastelands in the country were estimated of 638.5 lakh ha., as of March 2001 only about 244.5 lakh ha. (38.3 *per cent*) had been brought under various development programmes viz. IWDP/DDP/DPAP (also including an area of 63.50 lakh ha. taken up by Ministry for development prior to 31.3.99 under Employment Assurance Scheme). Of this area, 33.20 lakh ha. had been taken up for development under IWDP, which constituted only 13.6 *per cent* of the total area taken up for development. The table below indicates the total releases made by Ministry since 1991 for IWDP:-

Total Area of Wastelands	Total sanctioned area during 1991-01 (*in lakh hectares*)		No. of projects under old guidelines/ New guidelines	Releases (*Rs in crore*)	
	Old guidelines	New guidelines		Old guidelines	New guidelines
638.5	4.8	28.4	128 / 298	253.35	288.67

Thus, Rs 253.35[1] crore were released during 1991-2001 for 128 projects[2] taken up prior to April 1995 and a total of Rs 542.02 crore as of March 2001, which obviously was inadequate given the total magnitude of the problem.

Some of the important shortcomings noticed in financial management of the programme are enumerated below:

(i) Amount due for recovery

Rs 1.45 crore remained to be recovered from the implementing agencies.

During examination of records relating to 115 projects, it was observed that in 21 projects in eight States, an amount of Rs 144.82 lakh was due for recovery from the implementing agencies (State line departments, except in one project of M.P involving an NGO) in respect of completed and foreclosed projects for the years between April 1995 to July 2001. These outstanding dues were mainly due to short refund of balances in respect of foreclosed projects or non-refund of residual balances after completion of the project. No follow up action for recovery or their utilization in other wasteland schemes was taken by Ministry as of July 2001. The details of outstanding dues are shown at **Annex - III.**

(ii) Rush of Disbursement

27 to 82 *per cent* of total disbursements were released in March.

Ministry released 31 to 82 *per cent* of the funds in the last quarter of the year to the DRDAs / State Governments as shown in **Annex-IV.** 27 to 82 *per cent* of the total disbursements were released in the month of March as detailed in **Annex-V**. 100 *per cent* release was made in the last quarter in all six projects in Bihar as also, to DRDAs of Gandhi Nagar, Dang-II (Gujarat) during 1993-97, Pudukottai (Tamil Nadu) in 1993-94, and Jhabua II, Sarguja, Mandla (Madhya Pradesh) in 1993-94.

(iii) Delayed/Non-release of funds

Ministry did not adhere to year wise release of funds as per the work programme. Test check of cases revealed that there were delays in releasing funds by the Ministry to the implementing agencies. In North Arcot (Tamil Nadu), funds amounting to Rs 137.74 lakh, due to be released in March 1996, were released in December 1996 after the rainy season, delaying the work completion. Further, release of Rs 67.92 lakh was made after three years in February 2000 due to slow utilisation. Similarly, in Jodhpur (Rajasthan), Rs 22.77 lakh due in 1995-96 was released after four years in 2000-01.

[1] Of this 4.72 crore relates to 13 projects sanctioned to 8 states (Gujarat, Madhya Pradesh, Karnataka, Manipur, Uttar Pradesh, Kerala, Haryana and Rajasthan) during 1991-92 by NWDP.

[2] State-wise position is at **Annex-II.**

Delays between 2 months and 12 months were also noticed in the release of funds by the DRDAs to the implementing agencies in 7 projects (Andhra Pradesh-1, Nagaland-1, Punjab-1, Karnataka-1, Himachal Pradesh-2 and Uttar Pradesh -1).

In Yamunanagar (Haryana), the State Government did not release Rs 32.70 lakh to the DRDA initially sanctioned for a project in Nakti Nadi Watershed (Yumuna Nagar) since March 1993. The work was not taken up by the DRDA because the area was taken by the State Government in other scheme. This was subsequently transferred to another project in Chautang Nala Sub-watershed under same district, due to non-implementation of the first project. However, the funds were still not released despite revalidation of sanction by the Ministry in May 2001. Similarly, the State Government of Uttar Pradesh did not release Rs 24.18 lakh to DRDA since 1997-98 for a project at Jhansi as of July 2001. Non-release of these funds resulted in non-completion of these projects.

(iv) Poor financial control

Ministry released Rs 16.23 crore to DRDAs of Gujarat, Tamil Nadu, West Bengal, Madhya Pradesh, Rajasthan, Uttar Pradesh and Bihar during 1992-98 for implementation of 11 projects. Rs 5.49 crore was refunded by DRDAs after retaining the funds for 3 to 5 years as in **Annex- VI.** Ministry failed to take timely action in getting the amount refunded in all these cases.

(v) Diversion/ Mis-utilisation of funds

Rs 2.09 crore were diverted/ misutilised for purposes other than the approved work programme.

The efficacy of a programme depends largely on the quality of expenditure incurred. However, IWDP funds of Rs 2.09 crore , were diverted, and mis-utilised by the State Governments / DRDAs / PIAs in 5 test checked states for purposes other than the approved work programme as in **Annex VII.**

(vi) Non-submission of Utilization Certificates(UCs)

The implementing agencies in 44 test-checked projects[3] did not submit UCs for Rs 22.96 crore to the Ministry, as shown in **Annex-VIII** after completion of the projects nor did Ministry take any action for their submission.

4.5 Physical achievement

Heavy shortfall in significant activities in foreclosed and ongoing projects.

For development of wasteland, Ministry laid emphasis on various activities like Rehabilitation of degraded lands, Silvi / Horti Pasture Development, Soil & Water Conservation Work, social farm forestry, plantation of different types of plants, fodder and sowing of seeds of shrubs, grasses and legumes etc. and distribution of fuel saving devices etc. Targets for treatment of area were fixed by Ministry based on the micro-level plans prepared and submitted by DRDAs. Against the aggregate physical target of treatment of 4.69 lakh ha.

[3] In 42 projects these were State Line departments, in one project of Sikkim an amount of Rs 4.01 was lying with a School of Sikkim and in one project of Karim nagar (AP) an amount of Rs 9.77 lakh was lying with NGO, M/s M.V. Foundation.

area (115cases), an area of 3 lakh ha. (64 *per cent*) was treated as reported by DRDAs/State Government after incurring an expenditure of Rs 205.01 crore (89 *per cent*), against the release of Rs 229.07 crore. Ministry was not maintaining details of activity wise achievement. Examination of records however revealed heavy shortfall in significant components of these projects, as detailed below:

Status of Projects	No. of Projects	Rehabilitation of degraded land including Afforestation & Soil & Moisture Conservation works[4] (in ha.)		Pasture, Fodder grass etc. Development & Fuel wood generation[5] (in ha.)		Distribution of Fruit Plants & Seedlings (No. in lakh)		Distribution of fuel saving devices (In numbers)	
		Area sanctioned	Area covered	Area sanctioned	Area covered	Target	Achievement	Target	Achievement
Foreclosed	31	104684	30957 (30%)	22518	7080 (31%)	40.01	3.4 (8%)	41520	4100 (10%)
Completed	30	91469	84069 (92%)	35012	25384 (73%)	52.00	17.28 (33%)	65074	55411 (85%)
Ongoing	54	180104	90616 (50%)	34952	12384 (35%)	79.53	32.73 (41%)	78898	40579 (51%)
Total	**115**	**376257**	**205642 (55%)**	**92482**	**44848 (48%)**	**171.54**	**53.41 (31%)**	**185492**	**100090 (54%)**

As seen from above, there was non-achievement of targets in all activities. The shortage was particularly acute in foreclosed projects (ranging from 69 to 92 *per cent*) Further, analysis of achievement for these activities revealed that in Rehabilitation of Degraded land and Pasture Development (Col. Nos.3 & 4 of table above) out of 31 foreclosed projects, there was nil achievement in 4 Projects[6] and less than 50 per cent in 11 Projects[7]. Similarly, out of 54 ongoing projects, there was nil achievement in seven Projects[8] and less than 50 *per cent* in six projects[9].

In the case of distribution of indigenous plants, there was no distribution in 9 projects[10] and similarly no distribution of fuel and saving devices in 29 projects[11]. Detailed comments on the 115 projects are discussed below:

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[4] Activities under this component included afforestation of ecologically fragile area, rehabilitation of degraded forests, agro farm forestry, misc. plantation, plantation on private lands, cashew development, Stream bank erosion control (private & Govt. land), vegetative bunding, sisal plantation, orchard plantation, sericulture, bamboo plantation, development of culturable wasteland, treatment of saline / alkaline lands, rehabilitation of barren UP lands, wasteland plantation of salinity affected area and contour bunding with vegetative support.

[5] Activities under this component included Soil & water conservation, natural regeneration on community & forest land, fuel wood & fodder plantation on forest lands, pasture development on community land and fuel wood and fodder plantation.

[6] Delhi, Dang-I & II (Gujarat) and Mahender Garh-I (Haryana)

[7] Surinder Nagar-I (Gujarat), Sangrur (Punjab), Chhindwara, Tikamgarh, Sarguja, Mandla (Madhya Pradesh), Deoghar (Bihar), Bolangir (Orissa), Pudukottai, T. Samuvrayar (Tamil Nadu) and Lucknow (Uttar Pradesh).

[8] Gandhi Nagar (Gujarat), Yamuna Nagar (Haryana), Palkkad, Mallapuram (Kerala), West Khasi Hill (Meghalaya), Durg (Madhya Pradesh) and South Sikkim (Sikkim)

[9] Lohardaga, Garhwa, Chatra (Bihar), Wayanad (Kerala), Bhatinda (Punjab) and Mandya (Karnataka).

[10] Gaya (Bihar), Dang I, Dang II, Gandhi Nagar, Jam Nagar (Gujarat), Thirusur (Kerala), Jaisalmer, Sikar and Bhilwara (Rajasthan)

[11] Gaya, Deoghar, Chatra, Gharwa, Palamau (Bihar), Kutch-II (Gujarat), Lucknow, Mainpuri, Farukhabad (Uttar Pradesh), Bankura-I, Darjeeling (West Bengal), Jaisalmer, Jodhpur, Jaipur-I, Pali, Bhilwara, Udaipur, Ajmer (Rajasthan), Mandla, Raipur (Madhya Pradesh), E.Sikkim-II, South Sikkim, South Sikkim II (Sikkim), Chamba I (Himachal Pradesh), Palkkad I & II (Kerala), West Khasi Hill (Meghalaya), Kalahandi-II (Orissa) and Periyar (Tamil Nadu).

4.5.1 Projects completed, without completion /evaluation reports

In only 11 of 30 completed projects completion reports were received.

Of 115 test checked projects, 30 (26 *per cent*) projects for the treatment of 1.26 lakh ha. in 12 states[12] were considered completed after treatment of 1.21 lakh ha. (95 *per cent*) area as per **Annex-IX**. However, only in 11 projects, completion reports were received from DRDAs/State Government and in 13 projects, evaluation reports had been received. Scrutiny of the completion/evaluation reports revealed that in 8 projects, the Ministry did not communicate shortcomings reported like non- participation of people, non-sharing of usufructs and non-availability of technical staff in the initial stage etc. to concerned DRDAs/ State Govt. In four other projects where Ministry communicated short comings like lack of institutional arrangement at local level, non-involvement of people, poor survival rate of plantation, lack of inter departmental coordination, lack of details of usufructs sharing and poor supervision etc., DRDAs had not responded till date. Ministry had also not followed up the matter. In the absence of completion / evaluation reports, the sustainability of projects and benefits accrued to the community could not be verified in Audit.

4.5.2 Foreclosure/abandonment of projects, without achievement of objectives

31 of the 115 test checked projects were foreclosed after treating only 41 *per cent* of area.

Out of 115 test checked projects, 31 (27 *per cent*) projects sanctioned for the treatment of 1.3 lakh ha. area in 12 States[13] were foreclosed/abandoned mid-way, after treating an area of 0.5 lakh ha. (41 *per cent*) only, as per **Annex-X.** It was seen that 6 projects[14] were foreclosed/ abandoned in midway due to non-availability of Government/community/private wastelands, 5 projects[15] were foreclosed due to increase in wage rates resulting in high cost per ha., 4 projects[16] due to lack of people participation, 4 projects[17] due to adverse evaluation report, 3 projects[18] due to slow utilization of funds, 2 projects[19] due to non-adherence of approved work programme and 3 projects[20] due to conversion from old to new guidelines. Other than these 27 projects, the projects of Sikkar, Indore and Koraput-II were foreclosed due to practical and technical problems, non- furnishing the reply to evaluation report and non-receipt of Quarterly Progress Report and Audited Statement of Accounts respectively. One project of Bolangir-II was foreclosed due to DRDA not asking for further release of funds/extension of projects after 1994-95.

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[12] Andhra Pradesh-8, Gujarat-1, Punjab-1, Manipur-1, Karnataka-1, Sikkim-5, Nagaland-1, U.P.-2, Rajasthan-6, Orissa-1, M.P-1 and Haryana-2

[13] Gujarat-3, TN.-2, Punjab-1, Delhi-1, WB-2, UP-2, Rajsthan-5, Orissa-2, Bihar-2, MP-8, Haryana-2 and Kerala-1

[14] Dang-I, S.Nagar-I (Gujarat, Pudu Kottai (T.N.), Jhabua-I, Datia-I (M.P) and Sangrur(Punjab).

[15] Jhalawar, Jaipur-II(Rajasthan), Raipur(M.P), Gaya, Deoghar (Bihar)

[16] Thruvanmalai (T.N), Lucknow, Hamirpur (U.P) and Jodhpur (Rajasthan)

[17] Delhi, Darjeeling (W.B), Mohindergarh-II, (Haryana) and Thrissur (Kerala)

[18] Dang-II(Gujarat), Bankura-I(W..B) and Mandla (M.P)

[19] Jaisalmer (Rajasthan) and Rewari (Haryana)

[20] Chindwara, Tikamgarh and Sarguja (M.P)

Out of 31 projects, only in three cases final evaluation was done, of which reports were received in 2 cases. Even in these projects, evaluator had given adverse comments such as large area of privately owned agriculture lands considered as wasteland, people participation not satisfactory, cost-norms being violated, survival success being quite poor etc.

Foreclosure of many projects, without fully achieving the objectives of treating the wasteland, reveals poor planning, implementation and monitoring of projects by Ministry and agencies involved in the programme.

4.5.3 Projects ongoing even after expiry of scheduled period

Final status of 54 ongoing of 115 projects, despite expiry of their scheduled period, not known.

Out of 115 projects, 54 sanctioned for the treatment of 2.15 lakh ha. in 20 states[21] during 1992-93 to 1994-95 were still ongoing, despite their scheduled period having expired six months to seven years before and achievement of treatment of only 1.28 lakh ha. (60 *per cent*). In 43 projects, no extension had been received.

In 18 of the 54 projects, almost the full sanctioned amount of Rs 49.64 crore was released during 1991-99 but the final status of these projects was not known, as no progress reports were received for these projects from DRDAs/ State Governments. In 26 projects, Ministry did not release funds in 2 projects from 1993-94, 4 projects from 1994-95, 10 projects from 1995-96, 7 projects from 1996-97, 2 projects from 1997-98 and 1 project from 1998-99 as per **Annex-XI**. These projects thus existed only on files. Reasons for non-release of further funds in these projects and also non- completion of these projects could not be ascertained from the records of Ministry. Ministry did not take any initiative to get these projects completed / evaluated.

4.5.4 Time over run

Time over run of 8 months to 7 years in 90 of 115 test checked projects.

Of the 115 test checked projects, delay was noticed in 90 projects due to reasons such as delayed release of funds by Ministry/State Government/ DRDAs, non-availability of land, non-co-operation of local communities. In these 90 projects, there was delay of 8 months to 2 years in 38 projects, 3-4 years in 37 projects and 5-7 years in 15 projects, as per **Annex-XII**. The delay in completion of so many projects was indicative of poor monitoring by Ministry/State Govt./ DRDAs.

4.6 Low survival rate of plantation

For the achievement of the long-term objective of checking land degradation and for ensuring sustainability, equity and environmental conservation, a good survival rate of plantation is essential. The guidelines were silent on the expected survival rate of plants. In Rajasthan, Principal Chief Conservator of Forests had categorized the plantations under any scheme, as good, ordinary and failure, where survival rate of plantations was above 70 *per cent*, between

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[21] Andhra Pradesh-5, Gujarat-7, HP-4, TN-2, Punjab-1, J&K-1, Karnataka-2, WB-2, Sikkim-3, Nagaland-1, Meghalaya-1, UP-2, Orissa-5, Bihar-5, Tripura-1, Haryana-3, Rajasthan-1 Mizoram-1, M.P-3 and Kerala-4

40 and 70 *per cent* and below 40 *per cent* respectively. In 8 projects (Andhra Pradesh-1, Kerala-2, Himachal Pradesh-1, Bihar-1, Uttar Pradesh-1, Madhya Pradesh-1 and Gujarat-1), where conditions are generally better than prevailing in Rajasthan, the survival percentage of plantation was below 40 *per cent*. In 21 other projects, (Kerala-1, Sikkim-2, Mizoram-1, Meghalaya-1, Rajasthan-3, Madhya Pradesh-3, Andhra Pradesh -2, Gujarat-2, Himachal Pradesh-1, Manipur-1, Bihar-1, Uttar Pradesh-2 and Karnataka-1) the percentage survival of plantations ranged between 40 to 70 *per cent*. Ministry did not have the details of survival of plantation in remaining projects, making it difficult to assess whether objectives were achieved.

4.7 Maintenance of assets

The guidelines did not prescribe the procedure for maintenance of assets created under the programme, which was critical to achievement of programme objectives.

Test check revealed that no records were being maintained / furnished by the DRDAs/State Governments to Ministry. In their absence, assets created/ handed over to the beneficiaries could not be verified at Ministry level. 24 DRDAs did not produce records on the plea that the projects were being implemented by PIAs who were stated to be maintaining the records. Absence of these records at level of DRDAs / State Government / Ministry, indicated that there was no system in place to ensure that assets were actually created and handed over to the local communities.

4.8 People's Participation

Local people's participation was to be ensured at all stages of the programme planning, and implementation. Projects were to create awareness among the local population about the responsibility they were to discharge and the benefit that was likely to accrue to them from the projects.

In only 46 of 115 test checked projects, people participation noticed.

Test check revealed that only in 46 of 115 test checked projects, people participation was noticed at some stage. In 47 projects there was no people's participation in project planning and implementation. The project authorities had not taken action to motivate the public to participate in the projects. In 22 projects, no information was available at Ministry level regarding people participation. Lack of people's participation adversely affected 18 projects which were abandoned midway, due to non-availability of community/ private land.

4.9 Usufructs sharing

Evidence of usufruct sharing existed only in 49 of 115 test checked projects.

A suitable mechanism was to be devised for usufructs sharing so as to benefit the community. The beneficiaries were to be given usufructs like grasses, lops and tops of branches and minor forest produce etc. Scrutiny revealed evidence of distribution of forest products only in 49 of 115 test checked projects. In 45 projects, usufructs were not shared. In 21 projects, no information was available in respect of sharing of usufructs at Ministry level. Thus the programme objective of benefits being shared by the local communities was defeated.

4.10 Employment Generation of SC/ST and landless labourers

Objective of employment generation was achieved in only 44 of the 115 test checked projects.

One of the immediate objectives of the programme was generating employment for the SCs / STs and landless rural labourers. Scrutiny of records revealed evidence of distribution of forest products only in 49 of the 115 test checked projects. In 44 Projects, 123.93 lakh man-days were generated. In 69 projects, no data/information was available in Ministry in respect of employment generation of SC/ST. In test checked projects of Visakhapatnam and Vizianagram (AP) it was seen that heavy machinery was engaged during 2000-01 for execution of continuous contour trenches at Rs 4.06 lakh and Rs 3.85 lakh respectively. This ran counter to the intention of generating employment.

4.11 Technology dissemination

Technology was disseminated in only 7 projects.

One of the immediate objectives of the programme was extension and dissemination of proven technologies in the various categories of wastelands. The details of the technology developed were not available from the records of Ministry. Out of 45 test checked projects, dissemination of technology were complete only in 4 projects. In three other projects, it was partial as detailed below:

Sl. No.	Name of State / DRDA	Technology dissemination	
		Proposed	Achievement
1.	Rajasthan / Ajmer	Introduction of Horticulture Plantation viz. Aorla, Lemon, Marigold etc.	Well adopted by the farmers and being replicated by them.
2.	Rajasthan / Tonk	Technologies of forest department.	-do-
3.	Haryana / Yamunanagar	As per Department norms	Achieved
4.	Andhra Pradesh / Nalgonda	Nil	Beneficiaries trained in soil moisture conservation / raising of nurseries.
5.	Madhya Pradesh/Mandla	Indigenous technical knowledge	Achieved partly
6.	Madhya Pradesh / Chhindwara	-do-	-do-
7.	Andhra Pradesh / Visakhapatnam	50 training camps	40 training camps

4.12 Monitoring and Evaluation

Monitoring of the programme by Ministry was mainly through Quarterly/ Annual Progress Reports. State Government / DRDAs were also to furnish UCs and Audited Statement of accounts on basis of which Ministry released further funds in a phased manner. In addition, the officers of Ministry were to visit the project area for on spot inspection. There was also a system of evaluation of projects through independent evaluators in consultation with State government. Periodical reviews were also to be held at the level of Secretary (RD) and other senior officers of Ministry.

System of monitoring was deficient, as in 41 projects Quarterly Progress Reports were awaited from 3 to 57 months. Only 16 of 115 projects were finally evaluated.

Scrutiny of 115 project files revealed that in 41 projects quarterly progress reports were awaited for periods ranging from 3 to 57 months. No action was taken by Ministry on the shortcomings pointed out in these reports. In 70 projects, no records were available at Ministry level. Final evaluations were conducted only in respect of 13 out of 30 completed projects, and in 3 out of 31 foreclosed projects. Thus the Ministry had no institutional mechanism to monitor and evaluate the programme on a regular basis

4.13 Conclusion

Thus, as is evident from the foregoing paragraphs, of the total wasteland in the country of 638.5 lakh ha., development of degraded land of 244.5 lakh ha. (38.3 *per cent*) has only been attempted to be addressed under the various programmes of Ministry. Area sanctioned under IWDP was only 33.20 lakh ha (13.6 *per cent*) and Rs 542.02 crores were released towards 426 Projects between 1991-2001. Only 38 Projects have been completed, 32 closed and 356 remained incomplete, of which 118 Projects were still on-going despite expiry of their scheduled duration. Evaluation was done only in respect of 16 Projects. Even 50% of the sanctioned amount was not released in respect of 73 Projects scheduled for completion in March 2001. With this dismal situation of progress, tardy implementation and deficiencies in monitoring as brought out in this report, the short-term objectives of augmentation of fuel wood and fodder availability and preparation of village level action plans remained to be achieved. Further, as technology dissemination was noticed only in respect of 7 out of 115 test checked projects, employment of SC/ST of 123.93 lakh man days created in only 44 projects, people participation noticed only in 46 projects and usufructs were shared in 49 projects, it can be safely concluded that IWDP has failed to achieve its short-term objectives. Possibility of achievement of long-term objectives of checking degradation and promoting sustainability were, therefore, remote.

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

Annex-I

(Refers to Paragraph 4.1)

Statewise Wastelands of India

State	No. of district covered	Total Geographical area of district covered	Total W.L. area district covered	Percentage to total geographical area
Andhra Pradesh	23	275068.00	51750.19	18.81
Arunachal Pradesh	13	83743.00	183326.25	21.88
Assam	23	78438.00	20019.17	25.52
Bihar	55	173877.00	20997.55	12.08
Goa	2	3702.00	613.27	16.57
Gujarat	25	196024.00	43021.28	21.95
Haryana	19	44212.00	3733.98	8.45
Himachal Pradesh	12	55673.00	31659.00	56.87
Jammu & Kashmir*	14	101387.00	65444.24	64.55
Karnataka	27	191791.00	20839.28	10.87
Kerela	14	38863.00	1448.18	3.37
Madhya Pradesh	62	443446.00	69713.75	15.72
Maharashtra	32	307690.00	53489.08	17.38
Manipur	9	22327.00	12948.62	58.00
Meghalaya	7	22429.00	9904.38	44.16
Mizoram	3	21081.00	4071.68	19.31
Nagaland	7	16579.00	8404.10	50.69
Orissa	30	155707.00	21341.71	13.71
Punjab	17	50362.00	2228.40	4.42
Rajasthan	32	342239.00	105639.11	30.87
Sikkim	4	7096.00	3569.58	50.30
Tripura	4	10486.00	1276.03	12.17
Tamil Nadu	29	130058.00	23013.90	17.70
Uttar Pradesh	83	294411.00	38772.80	13.17
West Bengal	18	88752.00	5718.48	6.44
Union Territory	20	10973.00	574.30	5.23
Total	**584**	**3166414.00**	**638518.31**	**20.17**

* Un-Surveyed Area (J&K) 120849.00
Total Geographical Area 3287263.00
Source: Wastelands Atlas of India, published in 2000.

Annex - II
(Refers to Paragraph 4.4.1)

Statewise Funds released

(Rs in crore)

Sl. No.	State	Total No. of Projects	No. of DRDAs	Amount released
1.	Andhra Pradesh	13	10	38.53
2.	Bihar (including Jharkhand)	7	7	12.02
3.	Delhi	1	1	0.15
4.	Gujarat	13	10	27.55
5.	Himachal Pradesh	4	4	12.71
6.	Haryana	7	5	11.71
7.	Jammu & Kashmir	1	1	1.37
8.	Karnataka	3	2	8.50
9.	Kerala	5	4	8.80
10.	Maharashtra	2	2	1.93
11.	Meghalaya	1	1	0.57
12.	Manipur	1	1	1.61
13.	Madhya Pradesh (including Chattisgarh)	14	13	13.26
14.	Mizoram	1	1	3.52
15.	Nagaland	3	2	9.33
16.	Orissa	9	6	13.17
17.	Punjab	3	3	9.08
18.	Rajasthan	12	10	27.91
19.	Sikkim	8	3	9.12
20.	Tamil Nadu	6	6	11.74
21.	Tripura	1	1	1.35
22.	Uttar Pradesh	8	8	16.63
23.	West Bengal	5	3	8.07
Total		**128**	**104**	**248.63**

Annex - III

(Refers to Paragraph 4.4.1 (i))

Amount due for recovery

(Rs in lakh)

Name of State / DRDA	Status of Project	Amount due for recovery	Since when
Punjab / Hoshiarpur	Completed	0.20	November / 1995
Sikkim / E. Sikkim-I	Completed	3.64	April / 1995
Rajasthan / Jaipur-I	Completed	2.51	July / 2001
Rajasthan / Jaipur-III	Completed	0.42	-do-
Rajasthan / Pali	Completed	10.71	March / 2000
Madhya Pradesh / Bhopal	Completed	7.02	April / 1997
Andhra Pradesh / Nizamabad	Completed	0.57	April / 2000
Andhra Pradesh / Vizianagaram	Completed	0.55	-do-
Tamil Nadu / Pudu Kottai	Foreclosed	1.33	July / 1998
Tamil Nadu / Thiruvannamalai	Foreclosed	4.38	November / 2000
Punjab / Sangrur	Foreclosed	0.76	January / 1998
Uttar Pradesh / Lucknow	Foreclosed	11.10	February / 1998
Orissa / Koraput	Foreclosed	0.42	September / 1999
Rajasthan / Jaisalmer	Foreclosed	47.40	March / 2001
Rajasthan / Jaipur-ii	Foreclosed	0.19	March / 2001
Rajasthan / Jhalwar	Foreclosed	41.57	March /2000
Madhya Pradesh / Raipur	Foreclosed	3.29	December / 1999
Madhya Pradesh / Datia-I	Foreclosed	4.80	April / 1999
Madhya Pradesh/ Sarguja	Foreclosed	1.81	January / 1998
Madhya Pradesh / Indore	Foreclosed	1.24	August / 1997
Madhya Pradesh / Jhabua-I	Foreclosed	0.91	March / 1998
Total		**144.82**	

Annex - IV

(Refers to Paragraph 4.4.1(ii))

Rush of Disbursement in the last quarter of the year

(Rs in lakh)

State/DRDAs	Total funds released	Funds released in last quarter	Percentage of disbursement in the last quarter to the total disbursement
Karnataka			
Tumkur I	436.06	182.50	42
Tumkur II	119.47	55.40	46
Sikkim			
E. Sikkim II	333.66	208.66	62
S. Sikkim I	77.81	25.39	33
E. Sikkim I	71.26	41.48	58
S. Sikkim II	92.04	37.51	41
Uttar Pradesh			
Hamirpur	300.43	135.43	45
Lucknow	113.13	113.13	100
Haryana			
Karnal	325.67	146.67	45
Kerala			
Wayanad	164.90	87.05	53
Thrissur	119.06	88.06	74
Palakkad I	336.8	162.8	48
Bihar			
Deoghar	120.46	120.46	100
Nawada	239.16	239.16	100
Lohardaga	147.79	147.79	100
Gaya	368.48	368.48	100
Garhwa	84.05	84.05	100
Palamu	203.46	203.46	100
Orissa			
Navrang Pur	271.48	271.48	100
Malkangiri I	51.33	40.33	79
Bolangiri I	149.75	69.75	47
Kalahandi I	182.23	84.23	46
Dhankanal	45.69	26.32	58
Koraput II	45.02	13.78	31
Gujarat			
Mahsana	466.44	325.08	75
Gandhinagar	96.03	96.03	100
Dang II	70.50	70.50	100
Panch Mahal	263.31	151.03	57
Jamnagar	240.67	191.21	79
Banaskantha	342.05	105.00	31
Rajasthan			
Jaisalmer	129.50	129.40	100
Ajmer	274.92	224.92	82

State/DRDAs	Total funds released	Funds released in last quarter	Percentage of disbursement in the last quarter to the total disbursement
Jaipur III	406.19	326.19	80
Jodhpur	103.71	80.94	78
Pali	304.37	216.60	71
Tamil Nadu			
T. Samuvrayar	232.43	126.56	54
Periyar (Erode)	337.38	337.38	100
Pudukottai	30.88	30.88	100
Vellor (North Arcot)	278.12	122.23	44
Himachal Pradesh			
Kangra I	349.36	155.31	44
Chamba I	276.68	212.09	77
Manipur			
Imphal	200.47	113.89	57
West Bengal			
Darjiling	236.50	166.50	70
Purulia I	77.31	27.31	35
Purulia II	93.50	36.50	39
Madhya Pradesh			
Tikamgarh	74.31	34.31	46
Chindwara	121.08	121.08	100
Jhabua I	31.51	16.60	53
Jhabua II	75.00	75.00	100
Raigarh	159.76	104.76	66
Sarguja	87.00	87.00	100
Mandla	113.00	113.00	100
Andhra Pradesh			
Nalgonda	299.86	108.03	36
Karim Nagar	133.85	60.15	45
Vishakapattanam	298.25	206.20	69
Prakasan II	331.87	228.37	69
Mahboob Nagar I	362.36	167.48	46
Nizamabad	316.55	181.37	57
Cuddupah	81.79	40.16	49
Nellore I	406.58	330.00	81
Nellore II	395.61	273.52	69
Vizianagaram	363.86	128.34	35
Tripura			
S. Tripura	134.58	70.00	52
Meghalaya			
West Khasi Hills	57.42	20.51	36
Mizoram			
Aizwal	359.95	130.20	36
Total	**13413.70**	**8695.00**	**65%**

Annex- V
(Refers to Paragraph 4.4.1(ii))

Rush of Disbursement in March

(Rs in lakh)

State/DRDAs	Total funds Released	Funds released in March	Percentage of disbursement in March to the total release of Funds
Nagaland			
Kohima I	216.14	64.94	30
Phek	309.94	82.41	27
Sikkim			
E. Sikkim II	333.66	145.65	44
Uttar Pradesh			
Lucknow	113.13	70.00	62
Haryana			
Karnal	325.67	146.67	45
Kerala			
Wayanad	164.90	87.05	53
Thrissur	119.06	38.06	32
Palakhad II	309.72	79.72	26
Bihar			
Deoghar	120.46	70.46	58
Nawada	239.16	139.16	58
Gaya	368.48	118.48	32
Garhwa	84.05	50.09	60
Palamu	203.46	123.46	61
Orissa			
Navrang Pur	271.48	106.48	39
Malkangiri I	51.33	40.33	79
Bolangiri I	149.75	69.75	47
Kalahandi I	182.23	84.23	46
Gujarat			
Mahsana	466.44	182.08	39
Gandhinagar	96.03	96.03	100
Dang II	70.50	70.50	100
Jamnagar	240.67	128.71	53
Rajasthan			
Ajmer	274.92	224.92	82
Jaipur II	118.66	34.65	29
Jodhpur	103.71	80.94	78
Pali	304.37	81.96	27
Tamil Nadu			
Pudukottai	30.88	30.88	100
Himachal Pradesh			
Chamba I	276.68	212.09	77
West Bengal			
Darjiling	236.5	166.50	70
Purulia I	77.31	27.31	35
Madhya Pradesh			
Jhabua II	75.00	75.00	100

State/DRDAs	Total funds Released	Funds released in March	Percentage of disbursement in March to the total release of Funds
Sarguja	87.00	87.00	100
Mandla	113.00	113.00	100
Andhra Pradesh			
Nalgonda	299.86	108.03	36
Karim Nagar	133.85	60.15	45
Visakapatanam	298.25	206.20	69
Prakasan II	331.87	128.50	39
Nizamabad	316.55	110.58	35
Cuddupah	81.79	40.16	49
Nellore I	406.58	230.00	57
Nellore II	395.61	143.52	36
Tripura			
S. Tripura	134.58	70.00	52
Total	**8533.23**	**4155.65**	**49**

Annex - VI

(Refers to Paragraph 4.4.1(iv))

Poor Financial Control

Sl. No.	State	DRDA	Amount released (in lakh)	Period of Release	Amount refunded	Date of refund	Remarks
1.	Gujarat	Dang-I	56.97	1994-95	60.63	29.11.99	DRDA refunded the fund (including interest) after 5 years 6 months.
2.		Dang-II	70.50	1993-94	74.84	14.4.98	DRDA refunded funds (including interest) after keeping 4 years 6 months.
3.	Tamil Nadu.	Thiranannamalai	232.43	1994-95 to 1997-98	106.61	20.11.2000	Of Rs.106.61 lakh, Rs.24.38 lakh pertain to 1996-97 & Rs.82.23 lakh pertain to 1997-98. Refunded the funds in November 2000.
4.	West Bengal	Bankura-I	203.86	1992-93 to 1995-96	58.51	14.10.2000	Funds lying since 14.6.95.
5.	Bihar	Deoghar	120.46	1994-95 to 1995-96	59.99	2.2001	Of Rs 59.99 lakh, Rs 9.99 lakh pertain to 1994-95 and Rs 50.00 lakh pertain to 1997-98.
6.	Rajasthan	Sikar	140.00	1992-93 to 1993-94	19.30	11/99	Funds lying since June 1993.
7.	Madhya Pradesh	Mandla	113.00	1993-94	28.16	12/99	Funds lying since March 1994.
8.		Chhindwara	121.13	1993-94 to 1995-96	2.56	2/99	Funds lying since February 1996.
9.		Dhar	115.77	1993-94 to 1995-96	35.02	10/99	Funds lying since July 1995.
10.	Uttar Pradesh	Hamirpur	302.37	1993-94 to 1996-97	93.71	17.1.2000	Funds lying since 1996-97.
11.		Farukhabad	146.93	1994-95 to 1998-99	9.88	2/2000	Funds lying since June 1998.
Total			**1623.42**		**549.21**		

Annex-VII
(Refers to paragraph 4.4.1(v))

Diversion / Mis-utilisation of funds

(Rs in lakh)

Sl. No.	State	DRDA	Amount	Remarks
1.	Rajasthan	Jhalawar	79.46	Amount parked in personal deposit account by DRDA as per Balance Sheet March 2001
2.		Bhilwara	1.80	Project Implementing Agency (PIA) diverted fuel saving devices funds to other forest development activities.
3.	Haryana	Rewari & Mahendergarh	6.45	PIAs purchased 2 tractors, 2 tanker and 2 trollies in March 1994 from IWDP fund.
4.	Andhra Pradesh	Cuddpah, Mehboob Nagar I & II and Visakhapatnam	85.92	DRDA diverted IWDP fund to other Programme i.e. Neeru Meeru Programme, Employment Assurance Scheme, Draught Prone Area Programme, Establishment of Farm Training Centre & Green Belt.
5.		Nellore I & II	8.51	DRDA incurred the amount on repairs to collectors bungalow and maintenance of vehicles, Purchase of video cameras
6.		Ranga Reddy, Vizianagram & Nizamabad	19.22	DRDA made the payment of salaries to personnel drawn from line department and purchase of motor cycle
7.	Uttar Pradesh	Jhansi	4.34	DRDA purchased, a tractor, trolly, diesel engines and computer.
8.		Ujjain	3.46	DRDA spent on purchase of a vehicle, cooler and repairs of vehicles.
Total			**209.16**	

Annex - VIII
(Refers to paragraph 4.4.1 (vi))

Non-submission of utilization certificates

(Rs in lakh)

Sl. No.	Name of the State	Name of the DRDA	Project Duration	Amount lying	Since when
1.	Gujarat	Jamnagar	1994-95 to 98-99 Extended up to 2001	71.07	As per QPR of March 1998
2.		Banaskantha	1993-94 to 96-97	31.87	As per QPR of March 1997
3.		Panch Mahal	1993-94 to 96-97 Extended up to 3/99	106.31	As per QPR of October 1998
4.		Gandhi Nagar	1994-95 to 98-99	73.28	As per QPR of March 1997
5.		Amreli	1994-95 to 98-99 Extended upto 2001	62.20	As per QPR of April 1999
6.	Himachal Pradesh	Kangra-I	1994-95 to 98-99 Extended up to 2001	67.37	As per QPR of September 2000
7.		Solan-I	1994-95 to 98-99 Extended up to 3/2000	21.76	As per QPR of September 2000
8.		Chamba-I	1994-95 to 98-99 Extended up to 3/2000	72.67	As per QPR of June 1999
9.	Tamil Nadu	North Arcot	1994-95 to 96-97 Extended up to 3/2001	34.11	As per QPR of December 2000
10.		Periyar	1994-95 to 97-98 Extended up to 3/2002	32.70	As per QPR of December 2000
11.	Karnataka	Tumkur-I	1991-92 to 95-96 Extended up to 3/98	74.60	As per UC for the year 1997-98
12.		Mandya	1993-94 to 97-98	79.14	As per QPR of September 1997 Rs 10.38 lakh and last installment of Rs 68.76 lakh was released in December 1997
13.	West Bengal	Purlia-I	1992-93 to 94-95	3.86	As per QPR of March 1998
14.	Sikkim	South Sikkim School of Sikkim	1993-94 to 96-97	4.01	As per audit report of 1994-95
15.		South Sikkim-IV	1994-95 to 97-98 Extended up to 3/2000	11.96	As per QPR of March 1998
16.	Meghalaya	West Khasi Hills	1994-95 to 97-98	37.37	As per QPR of March 1997
17.	Tripura	S/W Tripura	1993-94 to 96-97	71.00	As per departmental letter dated August 1998.
18.	Uttar Pradesh	Mainpuri	1994-95 to 97-98 Extended up to 3/2000	15.45	As per QPR of March 1999

Sl. No.	Name of the State	Name of the DRDA	Project Duration	Amount lying	Since when
19.	Orissa	Malkangiri-I	1992-93 to 93-94	5.35	As per expenditure statement of March 2000
20.		-do- -II	1994-95 to 97-98	1.11	As per expenditure statement of March 2000
21.		Kalahandi-I	1992-93 to 96-97	33.00	As stated by the department during August 1998 the amount lying with Forest department since 1993.
22.	Jharkhand (Bihar)	Garhwa	1993-94 to 96-97	52.58	As per progress report of April 1997.
23.		Lohardaga	1993-94 to 96-97	64.83	As per progress report July 1997
24.		Palamu	1994-95 to 96-97	57.42	As per department letter dated amount lying unspent since March 1997.
25.	Haryana	Karnal	1992-93 to 95-96 Extended up to 3/99	3.83	As per progress report of March 2001
26.	Kerala	Palakkad-I	1991-92 to 95-96	106.26	As per progress report of November 1996
27.		-do--II	1993-94 to 95-96	217.00	As per progress report of February 1997
28.		Thrissur	1992-93 to 94-95	18.72	Utilisation of these advances was not ascertainable.
29.		Wyanad	1994-95 to 97-98	83.10	As per QPR of March 1998
30.	Andhra Pradesh	Cuddapah	1993-94 to1997-98	5.07	As stated by AG (AP) amount lying since 1998-99
31.		Karimnagar	1996-97 to1999-2000 Extended upto 3/2001	9.77	As stated byAG (AP) amount lying since March 2001
32.		Prakasam-II	1996-97 to 2000-2001	49.59	As stated AG (AP) amount lying since April 2001
33.		Ranga Reddy	1994-95 to 1999-2000	14.10	As stated by AG (AP) amount lying since April 2000
34 to 43		Nellore, Cuddapah, Mahboobnagar, Visakhapatnam, Karimnagar, RangaReddy, Vizianagaram, Nizamabad, Nalgonda & Prakasam	1993 to 2000	655.18	Utilisation of these advances was not ascertainable.
44.	Rajasthan	Jhalawar	1993-94 to 1997-1998	48.69	Utilisation of these advances was not ascertainable.
Total				**2296.33**	

Annex - IX
(Refers to Paragraph 4.5.1)

Status of the Completed Projects

Sl. No.	Name of State/DRDA	Project Period	Sanction Area (ha)	Amount released (Rs in lakh)	Date of comple-tion	Area Treated (ha.)	Actual Expendi-ture (Rs in lakh)	Submission of completion Report / Project evaluated
1	Gujarat/ Mehsana	1994-95/98-99	7000	466.44	5/2000	7000	437.54	
2	Punjab/ Hoshiarpur	1992-93/94-95	9780	528.39	3/95	9780	522.74	Project evaluated
3	Manipur/ Imphal	1991-92/96-97	2200	161.06 39.41+		2200	201.54	
4	Karnataka/ Tumkur-II	1991-92-95-96	1500	92.37 27.10+	6/99	1248	111.56	28.2.2000
5	Sikkim/ North Sikkim	1994-95-98-99	3513	155.55	3/98	3513	155.55	9.6.99
6	Sikkim / S. Sikkim III	1994-95/97-98	1770	89.62	3/98	1770	89.62	9.6.98
7	Sikkim / S. Sikkim-II	1993-94/95-96	1760	92.04	3/95	1760	92.04	Project evaluated
8	Sikkim / E. Sikkim-I	1994-95/97-98	1345	71.26	3/95	1345	67.62	
9	Sikkim / E. Sikkim-II	1994-95/98-99	7425	333.66	10/99	5300	333.66	18.11.99
10	Nagaland/ Kohima-I	1993-94/97-98	3055	216.14	2/2000	3238	216.14	28.10.99
11	Uttar Pradesh/ Farukhabad	1994-95/97-98	1500	146.93	1/2001	1500	132.90	
12	Uttar Pradesh/ Mathura	1993-94/96-97	1372	115.40	1/2001	1373	115.40	16.1.2001/ Project evaluated
13	Rajasthan/ Jaipur-I	1993-94/96-97	3381	323.85	7/2001	3335	322.30	
14	Rajasthan/ Jaipur-III	1993-94/96-97	4748	406.19	11/99	4542	407.97	
15	Rajasthan/ Pali	1994-95/98-99	5049	304.42	3/99	5103	293.71	
16	Rajasthan / Tonk	1993-94/96-97	3800	304.00	3/2000	3600	304.00	24.3.2000
17	Rajasthan / Bhilwara	1992-93/96-97	4000	318.11	3/2000	4000	318.11	Project evaluated
18	Rajasthan / Udaipur	1994-95/97-98	4600	250.31		3044	249.89	
19	Orissa/ Nawarangpur	1994-95/98-99	3539	271.48	10/99	3351	271.40	Project evaluated

Sl. No.	Name of State/DRDA	Project Period	Sanction Area (ha)	Amount released (Rs in lakh)	Date of comple-tion	Area Treated (ha.)	Actual Expendi-ture (Rs in lakh)	Submission of completion Report / Project evaluated
20	Haryana/ Hissar-I	1991-92/94-95	2974	205.00 40.50+		2906	239.39	
21	Haryana / M.Garh-I	1992-93/95-96	5985	214.79		5906	278.02 (++)	
22	Madhya Pradesh/ Bhopal	1993-94/96-97	992	65.84		967	55.10	Project evaluated
23	Andhra Pradesh/ Mehboob Nagar-I	1993-94/97-98	4332	362.26	1998-99	4293	364	7/2000/ Project evaluated
24	Andhra Pradesh/ Mehboob Nagar-II	1993-94/97-98	4312	362.23	1998-99	4062	363.21	7/2000/ Project evaluated
25	Andhra Pradesh/ Nalgonda	1992-93/95-96	4059	299.82	1998-99	2975	299.63	
26	Andhra Pradesh/ Nellore-I	1993-94/96-97	8917	406.58	1998-99	9411	421.10	6/2000/ Project evaluated
27	Andhra Pradesh/ Nellore-II	1994-95/1997-98	9320	395.61	2000-01	9145	395.55	Project evaluated
28	Andhra Pradesh/ Nizamabad	1993-94/1997-98	8570	316.55	2000-01	7496	315.98	Project evaluated
29	Andhra Pradesh/ Prakasam	1993-94/1997-98	583	20.19	3/98	583	20.19	Submitted (Date not given)/ Project evaluated
30	Andhra Pradesh/ Vizianagaram	1993-94/1998-99	5100	363.86	30.6.2001	3991	363.31	Project evaluated
Total			**126481**	**7766.96**		**120659**	**7759.17**	

Annex-X
(Refers to paragraph 4.5.2)

Status of the Foreclosed Projects

Sl. No.	Name of State/DRDA	Project period	Sanction-ed cost (Rs in lakh)	Amount released (Rs in lakh)	Area to be treated (in ha)	Date of fore-closure	Area treated (in ha)	Actual expendi-ture (Rs in lakh)	Remarks
1	Gujarat/ Dang-I	1994-95 to 98-99	345.67	56.97	4095	10/97	Nil	2.87	Due to non-identification of wasteland, the project was foreclosed by the deptt. and the DRDA.
2	Gujarat/ Dang-II	1993-94/97-98	409.50	70.50	4906	10/97	Nil	2.50	The project was foreclosed by the deptt. due to slow progress.
3	Gujarat/ Surinder Nagar-I	1991-92/ 93-94	19.26	12.66	600	10/96	81	10.81	The project was implemented through NGO. Due to non-availability of community land and poor people participation, the project was foreclosed by the DRDA.
4	Tamil Nadu/ Pudu Kottai	1993-94/97-98	126.45	30.88	2155	7/98	647	23.60	Due to slow progress and non-availability of approved land, the project was foreclosed in July 1998.
5	Tamil Nadu/ Thiruvannam alai	1994-95/97-98 Extended upto 1998-99	255.94	232.43	3900	11/2000	1742	135.32	The project was closed due to the lack of people participation and doubtful sustainability of the project.
6	Punjab/ Sangrur	1994-95/97-98	287.78	41.81	3493	1/98	410	43.32 (included int.)	The project was foreclosed in March 1997 due to very poor progress.
7	Delhi	1993-94/95-96	55.75	15.00	500	7/99	Nil	15.00	On the basis of negative evaluation report, (May 1994) the deptt. took the decision to foreclose the project in July 1999.
8	West Bengal/ Darjeeling Gorkha Hill	1994-95/96-97	469.74	236.50	5400	3/99	4827	239.52 (include int.)	The project was foreclosed on the basis of unsatisfactory report (August 1996) by the deptt.

Sl. No.	Name of State/DRDA	Project period	Sanction-ed cost (Rs in lakh)	Amount released (Rs in lakh)	Area to be treated (in ha)	Date of fore-closure	Area treated (in ha)	Actual expendi-ture (Rs in lakh)	Remarks
9	West Bengal/ Bankura-I	1992-93/96-97 Extended upto March 1999	256.98	203.86	3600	10/2000	2742	145.35	The DRDA foreclosed the project in Oct. 2000 due to slow progress.
10	Uttar Pradesh/ Lucknow	1994-95/98-99	391.19	113.13	4000	2/99	1095	102.03	As per evaluator, the progress of the project was very slow and there was lack of people participation. The project was foreclosed in Feb.1999.
11	Uttar Pradesh/ Hamirpu	1993-94/96-97	302.33	300.43	4623	10/99	3612	219.46	Evaluator reported lack of people participation and no coordination with DRDA. The project was foreclosed after the expiry of project period.
12	Orrisa/ Bolangir	1993-94/97-98	437.54	149.75	6467	3/2001	2213	149.75	The request for foreclosure of the project was received from DRDA in Jan. 2001 without giving any specific reason. The deptt. had called for the comments for the foreclosing of the project but DRDA did not respond till date.
13	Orissa/ Koraput-II	1993-94/97-98	49.12	45.02	741	9/99	741	44.60	Due to non-receipt of QPR, ASA and U/C since June 1998, the deptt. had foreclosed the project in Sept. 1999.
14	Bihar/ Deoghar	1994-95/97-98	331.60	120.46	4400	5/98	1350	72.85	On the basis of evaluation report, (Nov. 1996) the deptt. foreclosed the project, due to very slow progress and high cost per ha.
15	Bihar/Gaya	1993-94/96-97	433.37	368.48	5470	4/98	4734	368.44	On the basis of adverse evaluation report (Jan. 1998), deptt. foreclosed the project in April 1998 due to major deviation in schedule of labour rate.

Sl. No.	Name of State/DRDA	Project period	Sanction-ed cost (Rs in lakh)	Amount released (Rs in lakh)	Area to be treated (in ha)	Date of fore-closure	Area treated (in ha)	Actual expendi-ture (Rs in lakh)	Remarks
16	Haryana/ M. Garh-II	1994-95/96-97	20.50	16.14	190	7/2000	-	16.14	The project was implemented through NGO. Due to adverse report given by evaluator, the project was foreclosed and FIR was lodged against the NGO in July 2000.
17	Haryana/ Rewari	1993-94/96-97	283.99	180.28	3025	10/99	2480	186.20	The deptt. foreclosed the project in Oct. 1999 due to slow progress and non- formation of Multi Disciplinary Committee.
18	Kerala/ Thrissur	1992-93/94-95	157.59	119.06	2030	12/2000	1684	119.06	The deptt. had foreclosed the project in Dec. 2000 on the basis of adverse evaluation report.
19	Rajasthan/ Jaisalmer	1991-92/94-95	170.30	129.40	1800	3/2001	1382	82.00	The project was started in 1995-96 after the expiry of project period and Rs 45.60 lakh was spent upto Dec. 1996 by diverting the funds from DDP/DPAP against the release of Rs 29.40 lakh. The project was evaluated in July 1997. The survival percentage of plant was only 15-20%. Even then the deptt. released Rs 100 lakh in Jan. 1998 to the DRDA.
20	Rajasthan/ Jodhpur	1993-94/97-98	191.36	103.71	2072	1/99	1331	103.71	The Project was foreclosed by the deptt. in Nov.1999 on the recommendation of Deputy Secretary (Finance), due to non-involvement of people.
21	Rajasthan/ Sikkar	1992-93/95-96	397.19	140.00	7500	2/97	1450	125.26	On the recommendation of DRDA, deptt. foreclosed the project due to slow progress.

Sl. No.	Name of State/DRDA	Project period	Sanction-ed cost (Rs in lakh)	Amount released (Rs in lakh)	Area to be treated (in ha)	Date of fore-closure	Area treated (in ha)	Actual expendi-ture (Rs in lakh)	Remarks
22	Rajasthan/ Jaipur-II	1992-93/99-2001	153.32	118.66	2780	3/2001	2180	118.55	As per evaluator report (Feb. 1999), the progress of the project was very slow. The deptt. had reduced the area from 2780 ha to 2180 ha and foreclosed the project.
23	Rajasthan/ Jhalawar	1993-94/97-98 Extended upto 1999-2000	273.95	219.63	3883	3/2000	2052	178.76	Due to increase in wage rates, the project cost got escalated and project was foreclosed by the deptt.
24	Madhyra Pradesh/ Mandla	1993-94/97-98 1997-98/2001-2002	350.28 276.48	113	6912	4/97 10/99	3392	93.75	The proposal for the foreclosure and recasting the project was received from DRDA in April 1997. The recasted project was again foreclosed in December 1999.
25	Uttar Pradesh/ Chhindwara	1993-94/97-98	301.69	121.08	4500 6177	2/97 9/99	1164 2012	59.58 73.52	DRDA, on its own foreclosed and recasted the project in February 1997, due to slow progress after spending Rs. 59.58 lakh with the approval of the deptt. The recasted project was again foreclosed in Sept. 1999 due to slow progress.
26	Madhya Pradesh/ Tikamgarh	1993-94/97-98 2000-2001	128.68 83.20	74.31	2362 2080	1/98 9/99	805 134	52.58 21.53	The DRDA, on its own foreclosed and recasted the project in Jan. 1998, due to slow progress after spending Rs 49.44 lakh. The recasted project was again foreclosed in Sept. 1999.
27	Madhya Pradesh/ Raipur	1994-95/98-99 1997-98/98-99	252.68 170.12	134.88	8831 3863	12/96 12/99	2790 1164	84.12 47.47	On the recommendation of DRDA, the project was foreclosed and recasted in 1997, due to slow progress. The recasted project was again foreclosed in Dec. 1999, due to technical problem.

Sl. No.	Name of State/DRDA	Project period	Sanction-ed cost (Rs in lakh)	Amount released (Rs in lakh)	Area to be treated (in ha)	Date of fore-closure	Area treated (in ha)	Actual expendi-ture (Rs in lakh)	Remarks
28	Madhya Pradesh/ Datia-I	1993-94/96-97	40.00	14.03	500	4/99	284	13.39	The project was implemented through NGO. On the recommendation of evaluator, the project was foreclosed due to unsatisfactory report.
29	Madhya Pradesh/ Sarguja	1993-94/97-98 1997-98/2000-2001	322.14	87.00	5082 6325	1/98	1710	95.77	The project was foreclosed and recasted on the recommendation of the DRDA, due to slow progress.
30	Madhya Pradesh/ Indore	1991-92/95-96	95.52	60.96	1816	8/97	1151	59.71	Due to non-furnishing of reply to the evaluation report, the deptt. foreclosed the project in Aug. 1997.
31	Madhya Pradesh/ Jhabua-I	1991-92/94-95 1994-95/96-97	32.20 45.90	15.00 16.00	313 811	3/98	193 360	14.96 15.24	On the recommendation of Divisional Forest officer (Social Forestry), the deptt. forecolsed the project in March 1998 due to non-cooperation of villagers, non-availability of land and scanty rain.
Total			**7919.31**	**3661.02**	**127202**		**51912**	**3136.72**	

Annex-XI
(Refers to paragraph 4.5.3)

Status of the ongoing projects

Sl. No.	Name of State	Name of the DRDA	Project period	Sanctioned Area (in ha)	Extended up to	Amount released (in lakh)	Area treated (in ha)	Actual expenditure (in lakh)
1.	Gujarat	Jamnagar	1994-95/ 1998-99	2480	3/2001	240.67	2040	172.65
2.		Banaskantha	1993-94/ 1996-97	5000	NA	341.97	2700	298.64
3.		Amreli	1994-95/ 1998-99	5500	3/2001	362.85	5100	300.65
4.		Panch-Mahal	1993-94/ 1996-97	3370	3/99	263.31	2062	157.00
5.		Rajkot	1994-95/ 1998-99	4900	3/2001	182.54	4373	195.06
6.		Kutch-II	1993-94/97-98 2000-01/2004-05	5500 8066	-	162.00	465	67.02
7.		Gandhinagar	1994-95/ 1998-99	1500	3/2001	96.03	-	22.75
8.	Himachal Pradesh	Kangra-I	1994-95 / 1998-99	4330	3/2001	349.36	2996	282.12
9.		Hamirpur-I	1992-93/ 1994-95	4500	3/98	297.45	3290	303.45
10.		Solan-I	1994-95/ 1998-99	4236	3/2000	347.23	3830	332.04
11.		Chamba-I	1994-95/ 1998-99	3713	3/2000	276.68	2646	203.91
12.	Tamil Nadu	Periyar	1994-95/ 1997-98	4000	3/2002	337.38	4000	271.01
13.		North Arcot	1994-95/ 1996-97	5000	3/2001	278.12	4789	261.93
14.	Punjab	Bhatinda	1994-95/ 1997-98	5570	3/2002	283.27	1899	282.29
15.	Rajasthan	Ajmer	1994-95/2001-02	5422	3/2002	274.92	4569	217.76
16.	Jammu & Kashmir	Udhampur	1993-94/ 1997-98	1593	NA	136.75	1577	137.16
17.	Karnataka	Tumkur-I	1991-92/ 1995-96	6780	3/98	436.06	5616	368.99
18.		Mandya	1993-94/ 1997-98	7453	3/99	372.77	3476	283.52
19.	West Bengal	Purlia-I	1992-93/ 1994-95	1358	NA	77.31	1174	73.45
20.		Purlia-II	1993-94/ 1995-96	2759	NA	93.50	2087	99.93
21.	Sikkim	South Sikkim, School of Sikkim	1993-94/ 1996-97	350	3/2000	12.18	-	8.17
22.		South Sikkim-I	1993-94/ 1995-96	1595	3/2000	77.81	1595	77.81
23.		South- Sikkim-IV	1994-95/ 1997-98	1860	3/2000	93.09	1685	87.23
24.	Nagaland	Phek	1993-94/ 1997-98	6658	NA	309.94	5913	309.44
25.	Meghalaya	West Khasi Hills	1994-95/ 1997-98	1800	NA	57.42	-	20.05
26.	Uttar Pradesh	Mainpuri	1994-95/ 1997-98	4400	3/2000	312.90	4065	297.45
27.		Jhansi	1992-93/ 1995-96	4985	3/98	349.51	4453	325.33
28.	Orissa	Dhenkanal-I	1994-95/ 1998-99	691	NA	45.69	692	45.97
29.		Malkangiri-I	1992-93/ 1993-94	1469	NA	51.33	900	45.63
30.		Malkangiri-II	1994-95/ 1997-98	2186	NA	56.40	1626	55.29

Sl. No.	Name of State	Name of the DRDA	Project period	Sanctioned Area (in ha)	Extended up to	Amount released (in lakh)	Area treated (in ha)	Actual expendi-ture (in lakh)
31.	Orissa	Kalahandi-I	1992-93/ 1996-97	2826	NA	182.23	2508	158.40
32.		Kalahandi-II	1993-93/ 1996-97	6672	3/2002	300.00	4469	284.97
33.	Bihar	Nawada	1993-94/ 1996-97	3620	3/99	239.16	3075	243.08
34.		Garhwa	1993-94/ 1996-97	1295	NA	84.05	220	31.47
35.		Lohardaga	1993-94/ 1996-97	2670	NA	147.79	379	83.09
36.		Chatra	1993-94/ 1996-97	1445	NA	39.11	402	39.11
37.		Palamu	1994-95/ 1996-97	2705	NA	203.46	2203	46.04
38.	Tripura	S/W Tripura	1993-94/ 1996-97	1792	3/98	135.58	979	64.58
39.	Haryana	Hissar-II	1991-92/ 1994-95	4000	3/2001	280.39	3353	257.07
40.		Yamuna-nagar	1992-93/ 1995-96	5350	3/2003	59.70	NIL	38.86
41.		Karnal	1992-93/1994-95	2847	3/2002	325.67	2677	326.03
42.	Mizoram	Aizwal	1992-93/ 1996-97	4500	NA	351.95	4500	351.95
43.	Kerala	Palkkad-I	1991-92/ 1995-96	6000	NA	296.50	3942	230.54
44.		Palakkad-II	1993-94/ 1995-96	4900	NA	309.72	N/A	91.89
45.		Wyanad	1993-94/ 1997-98	4500	3/2000	164.90	1247	89.91
46.		Mallapuram	1994-95/ 1999-2000	2000	NA	28.06	-	-
47.	Madhya Pradesh	Dhar	1993-94/1997-98	3000	NA	115.77	1500	64.97
48.		Durg	1994-95/2000-01 start (96-97)	3680	NA	190.97	-	174.95
49.		Ujjan	1994-95/97-98 1998-99/2003-2004	4600 6986	-	80.00 41.82	704	58.97 53.68
50.	Andhra Pradesh	Cuddapah	1993-94/1996-97	1800	3/1999	81.79	867	63.20
51.		Karim Nagar	1994-95/1998-99	4870	3/2001	133.85	3057	124.08
52.		Prakasam-II	1994-95/1998-99	4200	3/2001	331.87	4170	282.28
53.		Rangareddy	1994-95/1999-2000	4574	-	479.70	4363	465.60
54.		Vishakha-pattnam	1993-94/1997-98	5200	3/2002	298.25	3991	276.20
		Total		**215056**		**11478.73**	**128242**	**9605.12**

Annex-XII
(Refers to paragraph 4.5.4)

Time Overrun

Sl. No.	Name of States	Name of District	Project period	Extended upto.	Status	Time over run
1.	Kerala	Mallapuram	1994-95 to 1999-0	N/A	Ongoing	1yr.
2.		Wyanad	1993-94 to 1997-98	3/2000	Ongoing	3 yrs.
3.		Palakkad - I	1991-92 to 1995-96	N/A	Ongoing	5 yrs.
4.		Thrissur	1992-93 to 1994-95	N/A	Foreclosed	5 yrs.
5.		Palakkad - II	1993-94 to 1995-96	N/A	Ongoing	5 yrs.
6.	Bihar	Gaya	1993-94 to 1996-97	3/99	Foreclosed	1yr.
7.		Chatra	1993-94 to 1996-97	N/A	Ongoing	
8.		Lohardaga	1993-94 to 1996-97	N/A	Ongoing	
9.		Garhwa	1993-94 to 1996-97	N/A	Ongoing	
10.		Palamau	1994-95 to 1996-97	do	Ongoing	
11.		Nawada	1993-94 to 1996-97	3/99	Ongoing	4 yrs.
12.	Himachal Pradesh	Kangra.I	1994-95 to1998-99	3/2001	-do-	2 yrs.
13.		Solan-I	1994-95 to1998-99	3/2000	-do-	2 yrs.
14.		Chamba	1994-95 to 1998-99	3/2000	Ongoing	3 yrs.
15.		Hamirpur - I	1992-93 to 1994-95	1997-98	Ongoing	6 yrs.
16.	Gujarat	Amereli	1994-95 to 1998-99	3/2001	Ongoing	2 yrs.
17.		Gandhi Nagar	1994-95 to1998-99	3-2001	-do-	-do-
18.		Surender Nagar -I	1991-92 to 1993-94	-	Foreclosed	2 yrs.
19.		Rajkot	1994-95 to 1998-99	3/2001	Ongoing	2yrs.
20.		Jam Nagar	1994-95 to 1998-99	-do-	-do-	-do-
21.		Mehsana	1994-95 to 1998-99	2001	Completed	2 yrs.
22.	Gujarat	Banaskantha	1993-94 to 1996-97	N/A	Ongoing	4 yrs.
23.		Panchmahal	1993-94 to 1996-97	3/99	Ongoing	4 yrs.
24.		Kutch - II	1993-94 to 1997-98	Extended upto 3/2005	Ongoing	7 yrs.
25.	Haryana	Rewari	1993-94 to 1996-97	N/A	Foreclosed	2 yrs. 9 months
26.		M. Garh -II	1994-95 to 1996-97	N/A	Foreclosed	4 yrs.
27.		Hissar - I	1991-92 to 1994-95	N/A	Completed	4 yrs.
28.		Yamunanagar	1992-93 to 1995-96	Extended upto 3/2003	Ongoing	5 yrs.
29.		Hissar - II	1991-92 to 1994-95	3/2001	Ongoing	6 yrs.
30.		Mahindergarh - I	1992-93 to 1995-96	N/A	Completed	5 yrs.

Sl. No.	Name of States	Name of District	Project period	Extended upto.	Status	Time over run
31.		Karnal	1992-93 to 1994-95	3/2002	Ongoing	6 yrs.
32.	Sikkim	E.Sikkim.II	1994-95 to 1998-99	1999-2000	Completed	8 months
33.		School of Sikkim	1993-94 to 1996-97	3/2000	Ongoing	4 yrs.
34.		South Sikkim IV	1994-95 to 1997-98	3/2000	Ongoing	3 yrs.
35.		South Sikkim - I	1993-94 to 1995-96	3/2000	Ongoing	5 yrs.
36.	Nagaland	Kohima	1993-94 to 1997-98	3/99	Completed	1 yr.7 months
37.		Phek	1993-94 to 1997-98	N/A	Ongoing	3 yrs.
38.	Orissa	Koraput - II	1993-94 to 1997-98	3/99	Foreclosed	1yr. 5 months
39.		Nawrangpur	1994-95 to 1998-99	3/2000	Completed	8 months
40.		Dhenkanal	1994-95 to 1998-99	No	Ongoing	2 yrs.
41.		Kalahandi - II	1993-94 to 1996-97	3/2002	Ongoing	4 yrs.
42.		Bolangir	1993-94 to 1997-98	N/A	Foreclosed	3 yrs.
43.	Orissa	Malkangiri - II	1994-95 to 1997-98	N/A	Ongoing	3 yrs
44.		Kalahandi - I	1992-93 to 1996-97	N/A	Ongoing	4 yrs.
45.		Malkangiri - I	1992-93 to 1993-94	N/A	Ongoing	7 yrs.
46.	Uttar Pradesh	Hamirpur	1993-94 to 1996-97	N/A	Foreclosed	1yr. 7 months
47.		Farukabad	1994-95 to 1997-98	3/99	Completed	2 yrs.
48.		Jhansi	1992-93 to 1995-96	3/98	Ongoing	3 yrs
49.		Mainpuri	1994-95 to 1997-98	3/2000	Ongoing	3 yrs
50.		Mathura	1993-94 to 1996-97	3/98	Completed	3 yrs
51.	West Bengal	Darjeeling	1994-95 to 1996-97	N/A	Foreclosed	2 yrs.
52.		Bankura - I	1992-93 to 1996-97	98/99	Foreclosed	3 yrs 6 months
53.		Purulia - I	1992-93 to 1994-95	N/A	Ongoing	6 yrs.
54.		Purulia - II	1993-94 to 1995-96	N/A	Ongoing	5 yrs.
55.	Rajasthan	Jodhpur	1993-94 to 1997-98	3/99	Foreclosed	1 yr.
56.		Pali	1994-95 to 1998-99	3/2000	Completed	1 yr.
57.		Sikar	1992-93 to 1995-96	N/A	Foreclosed	1 yr.
58.		Bhilwara	1992-93 to 1996-97		Completed	2 yrs.
59.		Jhalawar	1993-94 to 1997-98	3/2000	Completed	2 yrs.
60.		Udaipur	1994-95 to 1997-98	98-99	Completed	2 yrs.
61.		Jaisalmer	1991-92 to 1994-95	2002	Foreclosed	6 yrs.
62.		Tonk	1993-94 to 1996-97	N/A	Completed	3 yrs
63.		Jaipur - I	1993-94 to 1996-97	3/2000	Completed	3 yrs.
64.		Ajmer	1994-95 to 1997-98	3/2002	Ongoing	3 yrs.
65.	Rajasthan	Jaipur - III	1993-94 to 1996-97	3/2000	Completed	4 yrs.

Sl. No.	Name of States	Name of District	Project period	Extended upto.	Status	Time over run
66.	Delhi	Delhi	1993-94 to 1995-96	-	Foreclosed	2 yrs.
67.	Madhya Pradesh	Jhabua	1991-92 to 1994-95/ 1994-95 to 1996-97	3/97 recasted	Foreclosed	1 yr.
68.		Indore	1991-92 to 1995-96	-	Foreclosed	1 yr.
69.		Dhar	1993-94 to 1997-98	N/A	Ongoing	3 yrs.
70.	Andhra Pradesh	Mahboobnagar - I	1993-94 to 1997-98	7/2000	Completed	1 yr.
71.		Mahboobnagar -II	1993-94 to 1997-98	7/2000	Completed	1 yr.
72.		Nalgonda	1993-94 to 1997-98	3/99	Completed	1 yr.
73.		Nellore - I	1993-94 to 1997-98	3/99	Completed	1 yr.
74.		Nelore - II	1994-95 to 1999-00	3/2001	Completed	1 yr.
75.		Nizamabad	1994-95 to 1999-00	3/2001	Completed	1 yr.
76.		Vizianagaram	1993-94 to 1998-99	6/2000	Completed	2 yrs.
77.		Karimnagar	1996-97 to 1999-00	3/2001	Ongoing	1 yr.
78.		Ranga Reddy	1994-95 to 1999-00	2/2002	Ongoing	1 yr.
79.		Visakhapatnam	1994-95 to 1996-97	3/2002	Ongoing	4 yrs.
80.		Cuddapah	1993-94 to 1997-98	1998-99	Ongoing	3 yrs.
81.	Tamil Nadu	Periyar	1994-95 to 1997-98	2001-02	Ongoing	3 yrs.
82.		North Arcot	1994-95 to 1996-97	3/2001		4 yrs.
83.	Tripura	West & South Tripura	1993-94 to 1996-97	97-98	Ongoing	4 yrs.
84.	Punjab	Bhatinda	1994-95 to 1997-98	3/2002	Ongoing	3 yrs.
85.	Meghalaya	West Khasi Hills	1994-95 to 1997-98	N/A	Ongoing	3 yrs.
86.	Karnataka	Mandya	1993-94 to 1997-98	98/99	Ongoing	3 yrs.
87.	Karnataka	Tumkur - I	1991-92 to 1995-96	3/2002	Ongoing	5 yrs.
88.		Tumkur - II	1991-92 to 1995-96	3/98	Completed	3 yrs.
89.	Mizoram	Aizwal	1992-93 to 1996-97	N/A	Ongoing	4 yrs.
90.	Jammu & Kashmir	Udhampur	1993-94 to 1997-98	N/A	Ongoing	3 yrs.

Ministry of Urban Development

Integrated Development of Small and Medium Towns

CHAPTER V: MINISTRY OF URBAN DEVELOPMENT

Department of Urban Development

5. Integrated Development of Small and Medium Towns (IDSMT)

The Centrally Sponsored Scheme of Integrated Development of Small and Medium Towns (IDSMT) was launched in 1979-80 to develop small and medium towns capable of generating economic growth and employment and slowing down migration to urban areas. Coverage of towns under the scheme has not been adequate with only 1058 out of 4656 towns being covered up to March 2001. Project execution was not satisfactory since only 812 projects were completed out of 3870 projects approved during 1992-2001. The non-availability of financial resources has impeded implementation of the scheme. State Urban/Municipal Development Funds and Revolving Funds were not set up, as envisaged, to make the scheme self-sustaining. The inability to raise institutional finance or to generate internal resources was a major factor for tardy progress in project completion. Private participation for infrastructure development in small and medium towns was not forthcoming. On the other hand, Rs 131.50 crore remained unutilised as of 31 March 2001. In 9 States assets created at a cost of Rs 22.33 crore remained unutilised Monitoring and Evaluation was ineffective at Ministry, State and Town levels. The Ministry has no data regarding the extent to which urban migration has been arrested.

Highlights

Out of 4656 small and medium towns, only 1058 towns had been covered in the span of 2 decades ending March 2001. Out of 3870 projects covering 541 small and medium towns approved during 1992-2001, only 812 projects were completed, 1020 are ongoing and 2038 are yet to be taken up.

Out of the total Central, State releases and institutional finance of Rs 802.92 crore, Rs 671.42 crore was spent as of March 2001 on the projects approved since 1979-2001.

Out of the total releases of Rs 435.23 crore since 1992 to March 2001, Rs 278.04 crore were incurred. The expenditure constitutes 64 *per cent* of the total release.

79 *per cent* projects were either yet to be taken up or were ongoing.

Private Sector participation in the development of town was not forthcoming.

The Ministry/State Governments sanctioned/ released funds without ensuring creation of revolving fund/State Urban /Municipal development fund. This resulted in failure to systematically channelize funds for infrastructure development.

There were defaults in repayment of loans sanctioned prior to August 1995.

The Central Government released a large portion of Central assistance towards the end of the financial year.

Monitoring and evaluation were not adequate and effective at Ministry, State and town levels.

5.1 Introduction

The Centrally Sponsored Scheme of Integrated Development of Small (Population below one lakh) and Medium Towns (Population above one lakh and below five lakh) (IDSMT) was launched in 1979-80 to develop small and medium towns, generate economic growth and employment so as to slow down migration from rural areas and smaller towns to larger cities. The Scheme is not applicable to towns with population between 50000 and 100000 covered under the Prime Minister's Integrated Urban Poverty Eradication Programme.

5.2 Main Objectives

The objectives of the Scheme were to:

- improve infrastructural facilities for economic growth and employment, and reduce migration of people belonging to rural and smaller urban areas to bigger cities and towns for jobs.
- decentralize economic growth and employment opportunities taking advantage of functional interlinkages between villages, towns and cities through a regional planning approach.
- integrate spatial and socio-economic planning as envisaged in the Constitution (74th Amendment) Act, 1992 and preparing/ implementing Town/City Development Plans.
- promote resource-generating schemes for the urban local bodies to improve their ability to undertake infrastructure for development on their own as well as to repay the borrowed capital and usher in necessary municipal reforms.

5.3 Selection of Towns and Components for funding

While selecting the towns, preference is to be given to headquarters of districts followed by mandi towns and industrial growth centres, tourist places and pilgrim centres, etc. The project components for assistance under the Scheme include works according to City/Town Development/Master Plans, which may have wide significance such as strengthening of master plan road facilities including ring, arterial bypass/link roads and small bridges, sites and services, development of bus/truck terminals, construction/ up gradation of master plan, drains including storm water drains/channels, solid waste management, development of market complexes/shopping centres, provision of tourist facilities, development of city/town parks, street lighting for master plan roads, slaughter houses, major public amenities like gardens, playgrounds, marriage halls, pay-and-use toilets, cycle/rickshaw stands, traffic improvement and management schemes, construction of retaining walls and slope stability measures in hill station towns and social amenities, especially for the poorer sections.

5.4 Organizational set-up

The Ministry of Urban Development (MOUD) is responsible for release of Central assistance and monitoring of physical and financial projects of the Scheme. Since the decision taken in March 1995 to discontinue the Central Sanctioning Committee, the projects are now approved by State Level Sanctioning Committees, which are also responsible for project coordination, and periodic review, monitoring and evaluation of the implementation of the Scheme. The State Governments/UTs are to prepare and send detailed project reports to the Town and Country Planning Organization (TCPO) in the MOUD to facilitate the preparation of appraisal reports for consideration of the Sanctioning Committee at the State level. The State Governments/UTs send recommendations of the Sanctioning Committee, along with the consent of the Financial Institutions regarding Institutional Finance component to the MOUD through TCPO at the National level for consideration of release of Central assistance, the latter being the nodal agency for monitoring and evaluation of projects. Quarterly progress reports submitted by State Governments/UTs/Nodal agencies are scrutinized by TCPO, which in turn keeps the MOUD informed of the progress of the Scheme. Coordination, monitoring and evaluation of the IDSMT/urban development projects at the District level is undertaken by the District Collectors through District Urban Development Agencies or Monitoring Cells. These Agencies/Cells assist the District Planning Committees constituted under the Constitution (74th Amendment) Act.

5.5 Scope of Audit

The subject was earlier included in Report No 12 of 1989 of the Comptroller and Auditor General of India for the period ended 31 March 1988 as paragraph 14 - Chapter IV. Records in 25 States and 4 UTs pertaining to the years 1980-81 to 1987-88 were then examined. Some of the significant observations made were: Plan outlays in VI/VII Plans were inadequate, budget provision made and the actual release of Central assistance fell short of the plan outlay, State Government's' share did not match Central Assistance, part of available funds remained unutilised by implementing agencies, release of Central assistance was not regulated evenly, physical progress of development of towns was tardy, benefits envisaged for Economically Weaker Sections/Low Income Group persons were not achieved, achievements under Low Cost Sanitation Scheme were inadequate, funds were diverted, and also blocked due to works remaining incomplete, assets created remained unutilised, there was delay in commencement and execution of projects, works were abandoned due to defective planning and monitoring of the Scheme at Central/State level was not effective.

MOUD in its reply to the ATN in this regard stated that the points raised in the Audit Report mainly related to the State Governments which were responsible for implementation of the projects, it had no direct control over release of matching contribution by states, a large number of towns could not draw Central Assistance due to land acquisition problems, selection of towns, approval of projects and monitoring the progress had all been decentralised under the guidelines modified in August 1995, State Governments were asked to create urban development funds at state level and Revolving Funds at town level to provide capital base for promoting infrastructure development on a continuous basis and that TCPO had been periodically reminding and pursuing with State Governments for compliance.

In the present review, Audit checked records of 122 towns out of 517 towns where projects were approved under the scheme in 20 States and one Union Territory, relating to the period 1992-2001 as shown in **Annex-I,** besides relevant records in the MOUD. This sample check covered 3870 projects sanctioned since 1992-93 till 2000-01, out of which 2345 projects were sanctioned prior to 31 March 1996, and 1525 projects sanctioned after 31 March 1996 ensuring coverage of such sanctioned projects which could have been completed within the maximum duration of five years life of a project. Our findings point out that the physical progress had declined to 34 *per cent* between 1992-93 to 2000-2001 as against 50 *per cent* in VI Five-Year Plan. The financial progress during VIII plan and 1997-98 to 2000-01 was 70.69 and 16.99 *per cent* respectively as against 80 *per cent* during VI plan and 66 *per cent* during 1985-86 to 1987-88, respectively.

5.6 Financial Outlay

A comprehensive view of the total financial outlays on projects sanctioned from the VI Plan Period to March 2001 is given below: -

(Rs in crore)

Sl. No.	Plan period	No. of Towns where projects were approved	Approved project cost	Central Assistance released	States Share released	Institutional Finance raised	Total	Expenditure
1.	VI	235	230.31	97.64	83.50	0.00	181.14	221.50
2.	VII	145	160.07	56.92	49.63	0.00	106.55	105.41
3.	1990-91	77	89.68	25.62	21.97	0.00	47.59	42.29
4.	1991-92	60	66.07	17.23	15.18	0.00	32.41	24.18
5.	VIII	387	906.71	203.11	106.94	69.98	380.03	268.66
6.	IX 1997-01	154	316.00	44.41	9.66	1.13	55.20	9.38
Total		**1058**	**1768.84**	**444.93**	**286.88**	**71.11**	**802.92**	**671.42**

State wise and plan wise position of cumulative release of Central Assistance, State Share, FIs loan and expenditure reported are indicated in **Annex II**.

Out of 2441 projects sanctioned, 1022 projects were pending.

Test check now conducted of the status of projects sanctioned between 1979-80 and 1991-92 in 13 states revealed that out of 2441 projects sanctioned, only 1419(58 *per cent*) were completed and 1022 projects (42 *per cent*) were pending completion as on 31 March 2001. Total funds released by MOUD and the 13 States came to Rs 367.69 crore, which was 67.3 *per cent* of the approved project cost during this period.

Out of Rs 435.23 crore, 157.19 crore remained unutlised.

Against the total funds of Rs 380.03 crore released during the Eighth Plan period and Rs 55.20 crore during the years 1997-98 to 2000-2001 of 9th Plan, the implementing agencies reported an expenditure of Rs 268.66 crore (70.69 *per cent*) and Rs 9.38 crore (16.99 *per cent*) only respectively leaving an unutilised amount of Rs 111.37 crore (29.31 *per cent*) and Rs 45.82 crore (83.01 *per cent*) respectively as on 31st March 2001. Details of States/UTs where more than 25 *per cent* of the funds remained unutilised are given in **Annex-III**. Ministry stated in November 2001 that the implementing agencies and States have been advised to take corrective measures and expedite utilisation of funds released within the stipulated period.

No funds were made available from municipal bodies.

Institutional finance of only Rs 71.11 crore was obtained between 1992-93 and 2000-01, which worked out to only 19.53 *per cent* of the Central and State funds taken together that were available for spending under the programme. No funds were made available from the resources of the Municipalities/Local bodies. Assistance from financial institutions and own resources ought to have been mobilised to the extent of at least Rs 242.75 crore at the minimum average rate of 40 *per cent* of the project cost prescribed under the guidelines. Funds could have been fruitfully utilised for more projects in the shape of central/state assistance if the institutional and own financial resources were raised adequately as envisaged under the guidelines. The shortfall of Rs 171.64 crore (Rs 242.75 crore minus Rs 71.11 crore) in obtaining Institutional finance and raising own resources was a major reason for tardy progress in completion of the projects. In addition, Rs 131.50 crore was not spent as on 31 March 2001, on the programme even though funds were available.

Out of 3870 projects sanctioned, only 812 completed.

With regard to physical progress, out of 3870 projects sanctioned during the period 1992-93 to 2000-01, only 812 (21 *per cent*) projects were completed as on 31 March 2001, of which 661 were sanctioned prior to 31 March 1996 and 151 sanctioned after 31 March 1996. 1020 projects were ongoing as on 31 March 2001, of which 676 were sanctioned prior to 31 March 1996 and 344 sanctioned after 31 March 1996. 2038 projects were not taken up at all. The total projects approved and their current status as of March 2001 is detailed in **Annex-XII**. Neither MOUD nor the State governments had maintained any separate details of projects sanctioned and not taken up. If detailed information was maintained, remedial measures could have been taken up in a planned manner and benefits could have been extended to a much larger number of towns.

5.7 Financing pattern

The programme was funded with loan from GOI and State governments in the ratio of 50:50 during VI and VII five-year plans and annual plans for 1990-91 and 1991-92. Though the pattern of assistance in the form of loan remained unaltered, financing pattern was changed with effect from 1992-93 with the inclusion of financing from Hudco and other institutions which were to form 40 to 70 *per cent* of the project cost depending on the population in the towns, with the balance coming as loan from GOI and states in the ratio of 60:40.Maximum population in a town was to be below 300,000.This scheme was modified from August 1995 when population limit of towns with elected bodies was raised to 500,000 and institutional finance limit was restricted to 20 to 40 *per cent* of the project cost. The most significant change was that the assistance from GOI/States was modified from loan to Grant-in-aid. The emphasis was to adopt a comprehensive town development approach and create State urban development funds to provide capital base and revolving funds at the Municipal level for continuous sustainable development of infrastructure in towns. Projects were to be taken up in the ratio of 40:30:30 in terms of those from which returns could be obtained commercially, those from which user charges could be collected and those which were considered essential for up gradation of quality of living even though considered un remunerative. Wage/ staff cost was not to be funded.

The Central share is released in instalments and routed through the State Government or a special agency designated by it to ensure accountability and proper maintenance of accounts. The State Governments/UT Administrations are to identify the financial institutions, which have expressed interest in funding the required investment and send their financial appraisal reports to Government of India while submitting proposals for release of Central assistance. For release of second and subsequent instalments, all the categories of towns must satisfy the condition that qualifying expenditure exceeds 70 *per cent* of the Central assistance released and State share taken together.

5.8 Funds released but no expenditure made

No expenditure was incurred till end of March 2001 out of Central assistance of Rs 36.61 crore released in 22 States and 3 UTs. The releases were meant for projects in 145 towns as detailed in **Annex-IV.**

5.9 Expenditure incurred less than 25 *per cent*

Only Rs 68.56 crore (12.95 *per cent*) was utilised by 19 States out of total Central release of Rs 78.50 crore in 8^{th} and 9^{th} Plans. The releases covered projects in 170 towns as detailed in **Annex-V**.

5.10 Delay in release of central funds

There were delays in releasing Central assistance of Rs 16.68 crore in 11 States and one UT to the implementing agencies by 12 months or more from the date of its release by the Ministry, as detailed in **Annex-VI.**

5.11 Non release and short release of central funds by the states

State Governments/UTs were required to release Central assistance to the implementing agencies within one month of receipt. However, the State/UT Governments did not release the entire Central Assistance. Cases of short release of Central assistance by States by more than 25 *per cent* are given below:

(Rs in lakh)

State	Central Assistance received	Central Assistance released	Short release to implementing agencies	Percentage of Short release of central funds
Eighth Plan				
Assam	149.11	105.00	44.00	29.50
Bihar	241.00	46.00	195.00	80.91
Ninth Plan				
Assam	103.00	0.00	103.00	100.00
Bihar	50.00	0.00	50.00	100.00
Haryana	294.60	150.00	144.60	49.08

The Ministry stated in November 2001 that the State Governments have been directed to release matching contribution within the stipulated time.

5.12 Delay in release of State matching share

There were also delays in release of States' matching share of Rs 16.40 crore to the local bodies in 7 States from two to 72 months given in **Annex-VII.**

5.13 Rush of disbursements during March

Release of funds in the last quarter ranged between 61.77 and 93.25 *per cent.*

The Ministry released funds ranging between 27.99 to 72.51 *per cent* of the total releases in the month of March during 1996-2001. 100 *per cent* Central assistance was released only in March to the States of Bihar (1996-97, 1998-99 & 2000-01) Haryana (1996-98), Madhya Pradesh (1996-97), Maharashtra (1996-97) Manipur (1996-97), Meghalaya (1996-97, 1999-2000), Nagaland (1996-97), Orissa (1996-97) and Tamil Nadu (1996-97), Arunachal Pradesh (1997-98, 1999-2000), Himachal Pradesh and Punjab (1997-98), Jammu & Kashmir (1997-99), , Sikkim (1997-98, 1999-2001) and Daman & Diu in1997-98, Assam (1998-2000), Tripura and Dadra & Nagar Haveli in 1998-99, Goa, Mizoram, Uttar Pradesh and Pondicherry in 1999-2000. Details of releases during the last quarter based on sanctions issued ranged between 61.77 *per cent* and 93.25 *per cent* as given below:

(Rs in lakh)

Year	Amount released during the year	Funds released during March		Funds released during last quarter	
		Amount	Percentage to total release	Amount	Percentage to total release
1996-97	2592.01	1328.11	51.23	2417.11	93.25
1997-98	2601.51	728.35	27.99	1607.09	61.77
1998-99	3535.80	2563.44	72.51	2563.44	72.51
1999-00	4346.00	2566.05	59.04	2566.05	59.04
2000-01	5617.00	2486.59	44.26	4548.96	80.98

The Ministry stated in November 2001 that the Central releases are mainly based on submission of utilisation certificates of the earlier releases. The Government of India waits till the submission of utilisation certificates, hence the large chunk of funds are released in the last quarter.

5.14 Misutilisation of funds

In 13 States, Rs 4.86 crore were diverted on unapproved works/activities not covered under the scheme **Annex-VIII.** Misutilisation was mainly on staff salary, purchase of office furniture, TA and office expenditure, purchase of bus and evaluation of project etc.

5.15 Advances treated as final expenditure

Advances of Rs 31.24 crore made to various executing agencies/contractors/ suppliers were treated as final expenditure though they were awaiting adjustment/recovery in States of Assam, Jammu & Kashmir, Karnataka, Madhya Pradesh, Orissa, Rajasthan, Tripura, West Bengal and Pondicherry as shown in **Annex- IX.**

In February/ March 1997 APUFIDC paid mobilisation advances amounting to Rs 3.11 crore inclusive of non-interest bearing special advance of Rs 2.15 crore to NBCC and its sub contractors for execution of works in Guntur and Chittoor towns of Andhra Pradesh. It did not; recover interest of Rs 40.30 lakh as of March 2001.

5.16 State Urban/Municipal Development Fund

One of the important refinements made in the guidelines of August 1995 was that the state governments were to create a State Urban/Municipal Development Fund at the state level so as to provide a capital base for promoting infrastructure development. The funds were to consist of a mix of selected/earmarked Government Grants and market loans. Loans for IDSMT schemes could be sanctioned to municipalities at varying rates of interest depending upon the size of municipality and subject to stipulated municipal performance. Similar funds could be created at the level of IDSMT and non – IDSMT municipalities from out of municipal resources. The State Urban Development Funds were not created in atleast 5 states, namely, Assam, Bihar, Haryana, Kerala and Maharashtra. One of the important requisites for obtaining institutional finance was that the State Urban Development Fund could serve as a mechanism for providing adequate guarantees to the local bodies. In the absence of the fund, at least six states and one UT namely Assam, Bihar, Haryana, Karnataka Manipur Tripura and Pondicherry did not arrange institutional loans. Only limited institutional finance was arranged in 7 states, namely, Gujarat, Kerala, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh and West Bengal.

5.17 Revolving fund

The guidelines of August 1995 also envisaged that both direct and indirect cost recovery was to be built into the projects and the Central and State share of grant together with Institutional Finance should flow into a special Revolving Fund into which receipts in the form of rents, deposits, premium, sales proceeds, user charges, betterment levies, development charges etc from the assets created under the projects would also be credited. This was done *inter alia* to enable local bodies to support the infrastructure projects on a continuing basis.

Depending on the nature of projects, only 25 *per cent* of the amount given by the Central and State Government is to be accounted for as outright grant from the Fund in the case of non-remunerative projects. The remaining 75 *per cent* amount is to be treated as a corpus to be returned to the Revolving Fund for self-sustaining development. Keeping the fragile revenue base of small and medium towns in view, the flow back of money to the Fund, in case of towns in the categories A and B would be within a period of 10 years. For other categories of towns, it would be 7 years. The Ministry/State Governments sanctioned/ released funds without ensuring creation of revolving fund. This resulted in failure to systematically channelize funds for infrastructure development so as to give effect to state/town development plans. The Ministry stated in November 2001 that the creation of Revolving Fund at the Town level was taken up with the State Governments by the Government of India in Regional Review meetings, SLSC meetings and also through general directives from time to time.

Results of sample test check revealed that the states of Andhra Pradesh, Assam, Bihar, Gujarat (Bharuch, Jamnagar and Nadiad Municipalities), Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh (except in 4 local bodies viz., Berasia, Champa, Janjgir and Kanker) Manipur, Orissa, Punjab (Sirhind, Mansa), Maharashtra,Sikkim, Tamilnadu, Tripura (Sonamura, Khowai and Teliamura Nagar Panchayat), Uttar Pradesh (Dadri and Loni towns), West Bengal and Pondicherry did not create Revolving Fund at Town level.

Sample check revealed that in **Andhra Pradesh** (Anantapur Municipality) realised Rs 21.59 lakh as rent during 1996-2000 and goodwill of Rs 132.41 lakh in 1998-99 and did not credit these to the Revolving Fund. Rs 18.50 lakh and Rs 76.02 lakh was utilised therefrom on payment of salaries for March 1999 and payment of works bill not connected with IDSMT scheme, respectively. In Miryalaguda Municipality, Rs 8 lakh was realised from auction of 32 shops in December 99 and credited to General Fund Account. The Municipality incurred Rs 3.23 lakh on electrification of these shops.

In **Gujarat**, sale proceeds of Rs 678.49 lakh of 262 shops sold during October, 1997 to March 2001, at Bharuch (134: Rs 321.87 lakh), Bhavnagar (81: Rs 197.56 lakh), Jamnagar (17 shops, 2 offices and 6 stalls: Rs 71.06 lakh) and Nadiad (30: Rs 88.00 lakh) towns of Gujarat were credited to General Fund of the Municipalities as against its credit to the Revolving Fund.

In **Haryana**, revenue of Rs 21.68 lakh received by Yamunanagar, Barwala and Pehowa Municipalities under IDSMT Scheme was treated as normal MC receipts as against its credit to Revolving Fund. Further, Rs 12.05 lakh in

Charkhi Dadri MC credited to the Revolving Fund was utilized for other works.

In **Himachal Pradesh**, interest earned by Mandi and Una towns on grants received during1992-2000 was not credited to the Revolving fund.

In **Tamil Nadu** the revenue of Rs 15.46 crore were diverted to General funds of the 26 Urban Local Bodies for their regular expenditure.

In **West Bengal**, revenue of Rs 58.92 lakh realised from infrastructure created under the scheme in selected Municipalities was utilised in day-to-day expenditure of the Municipality without crediting to the Revolving fund.

5.18 Opening of Bank Account and Maintenance of Account Books

Separate Bank account and Account books were not opened.

The Scheme funds are to be credited to a separate bank account, which may be operated jointly by the Chief Executive of the Local Body/Town Planner or an officer designated by the State Government. Separate account books for Central assistance, State share and for loans from financing institutions are to be maintained by the local bodies in respect of the approved programmes. Test check of records of 122 towns in 20 states and one Union Territory revealed that almost all executing agencies in these towns had neither opened separate bank accounts nor they had separate account books. Their financial transactions were generally executed keeping the funds in personal deposit, civil deposit etc. A few cases of short term fixed deposit were noticed in the state of Orissa and Tamil Nadu.

Rs 42.04 crore were parked in PL/PD accounts.

During 1992-2001, Bihar, Gujarat, Karnataka, Kerala, Orissa, Rajasthan, Tamil Nadu, Tripura and Uttar Pradesh, were parking the Scheme funds and spending therefrom. Rs 42.04 crore are lying in PL/PD/Civil Deposit Accounts as of March 2001 as shown in **Annex-X.**

5.19 Default in repayment of loan and interest

Rs 282.63 crore were due for recovery.

Central assistance of Rs 282.63 crore inclusive of interest which was given to 25 states on matching basis as soft loan on going projects sanctioned prior to revision of guidelines in August 1995 was due for recovery. The loan was repayable in 25 years after observing moratorium of five years. In the case of late repayment, penal interest at rate upto 2.75 *per cent* above the normal rate was chargeable. Details of over due amount of principal and interest in respect of loans sanctioned as on 31.3.2001 are shown in **Annex-XI.** The Ministry stated in November 2001 that State Governments are being advised to repay the loan along with the interest as per the schedule given in the terms and conditions of the sanctions orders.

5.20 Improper Planning

The scheme was applicable only to those towns where elected bodies were in position. Projects were to be implemented only where land was in the possession of the Municipal Committees.

The implementing agencies were required to adopt a basket type approach so that expenses incurred on non-remunerative projects and for weaker sections are made up through adequate returns from remunerative components such as markets, shopping centres, bus/truck terminals etc.

Sample check revealed the following shortcomings:

Andhra Pradesh: In Guntur Town, the work for construction of Shopping Complex at Red Tank Area at Rs 3.78 crore was awarded to NBCC in December 1996, to be completed within 15 months. It handed over the site only in September 1997. In January 1998, it asked the NBCC not to proceed with the construction till a decision for revision of the plans was taken after spending Rs 1.25 crore on the scheme. Sanction of the revised technical estimates was awaited as of March 2001.

Gujarat: In Modasa town, work relating to one road with approved cost of Rs 35.33 lakh commenced in April 1997. After incurring an expenditure of Rs 24.45 lakh the work was discontinued in April 1998 as possession of remaining agricultural land measuring 147 meters was not with the municipality.

Haryana: Against a projected minimum rent of Rs 600 for 73 shops constructed in Yamuna Nagar, 11 shops were let out on monthly rents between Rs 200 and Rs 500 from May 1999 to July 2001. 27 shops were vacant since their completion (March 1999 to October 2000). Non-letting out of 27 shops and letting out of 11shops on lower rent than envisaged in the Project Report incurred loss of Rs 4.52 lakh by way of rent.

The Municipal Committee, Charkhi Dadri completed (October 2000) construction of 70 shops at a shopping complex near the city Police Station and City Park at a cost of Rs 49.40 lakh. 31 shops remained vacant during April 1999 to March 2001 for periods ranging between 5 and 15 months. This resulted in a loss of rent of Rs 6 lakh calculated at projected rent of Rs 417 per month.

The slaughterhouse at Yamuna Nagar was completed in March 1999 at a cost of Rs 7.90 lakh. The project report envisaged an annual income of Rs 4.65 lakh through slaughtering fee of Rs 15/- per animal. Against this, actual income during 1999-2000 and 2000-2001 was Rs 20,764 and Rs 23,343, *i.e.*, only 4 *per cent* and 5 *per cent* respectively of the envisaged income. The expected income shown in the project document was not realistic and the project financially unviable.

Under the project development of Barwala town, 63 shops were constructed at a cost of Rs 32.95 lakh during June 1997 to March 1998. An enquiry revealed that the walls and roofs of the shops developed cracks due to poor workmanship, use of substandard material and non-execution of works as per PWD specifications. The inquiry officer held the Municipal Junior Engineer responsible for the lapses. Departmental action had not been taken as of May 2001.

Himachal Pradesh: An elected body was not in position in Mandi town between March 1990 and December 1995 when schemes were approved and executed. Funds were directly released to the Deputy Commissioner (DC), Mandi instead of Municipal Committee of the town. This resulted in violation of the prescribed procedure.

A remunerative project "shop-cum office complex near Indira Stadium" at a cost of Rs 54.59 lakh was projected for completion during the years 1996-97 to 1998-99. The work could, however, not be taken up as land from Sports Council Una could not be transferred to Municipal Council. The lackadaisical approach resulted in not achieving the anticipated benefit.

Municipal Committee, Mandi, envisaged earning of rent amounting to Rs 37.35 lakh from 88 shops measuring area of 1245 square metre. 234 shops covering an area of 2761 square metres constructed at a cost of Rs 2.33 crore during the period 1989 to October 1994. The rent of Rs 24 lakh was being collected annually at the rate of Rs 60 per square metre against Rs 250 per square meter envisaged in Project Report.

Karnataka: City Municipal Council, Shimoga and Bellary incurred Rs 31 lakh and Rs 91.88 lakh during 1995-96 on non-remunerative projects of asphalting of roads and up gradation of storm water drain. The prescribed ratio of 40:30:30 between remunerative, user-charge based and non-remunerative project was not adhered to.

A shopping complex in Hassan town was constructed (June 1999) at a cost of Rs 46.65 lakh even without the approval of revised estimates and technical sanction. Though the building was complete in all respects it could not be rented out, as electricity supply was not obtained.

Maharashtra: Dondaicha and Mukhed municipal councils spent Rs 16 lakh and 7 lakh respectively as on 31st March 2001 only on non-remunerative components viz. roads, parks and gardens mainly due to non-availability of land for taking up the remunerative components.

Manipur: Infrastructure and ancillary facilities in the towns were to be planned so as to integrate them within the jurisdiction of the concerned Municipal Council or Nagar Panchayat. During the periods 1992-93 to 2000-2001, out of the total expenditure of Rs 149.81 lakh allocated for works in the towns of Sekmai and Thoubal, expenditure of Rs 84.26 lakh (56 *per cent*) was incurred in areas beyond the jurisdiction of said towns. As a result, the scattered assets (markets) could not be handed over to the concerned municipal council for want of any elected body and the infrastructure created failed to provide any benefit.

Punjab: In Rajpura town, the construction of 34 shopping booths and 21 shop-cum-flats was stopped midway, after incurring an expenditure of Rs 3.77 lakh up to January 1997, due to ownership dispute.

The estimate for a Community Centre at Anandpur Saheb was initially approved for Rs 33.52 lakh (August 1998) and the work was to be completed by July 1999. Subsequently, the designs were changed and estimates revised. As of March 2001, Rs 48 lakh had been incurred and work completed up to roof level. Change in design indicated failure and to formulate the project properly in the first instance, which resulted in delay in completion of the project.

Rajasthan: In Jaisalmer town, 8 schemes of the Project costing Rs 272 lakh were approved by TCPO in March 1996 to develop the town for tourism purpose up to March 2001. Only one scheme of improvement of road crossing has been completed by March 2001. Four schemes i.e., construction of link road, Bus Stand, development of Camping sites and public toilets were not taken up as per decision of City Monitoring Committee. In another scheme, a Hotel Complex costing Rs 87 lakh was approved without conversion of land from green belt to commercial use. The case of conversion was still pending with the State government (July 2001). Rs 3.59 lakh was incurred on wire fencing of land without provision in the sanctioned project. In the Transport Nagar Scheme (project cost Rs 30 lakh) only 20 plots (shops) out of 232 plots were developed and even developed plots could not be auctioned due to high rates (July 2001). This resulted in non-accrual of revenue. The schemes of widening and lighting of roads (project cost Rs 92 lakh) was also incomplete after an expenditure of Rs 62.78 lakh (March 2001).

Sikkim: In Gangtok town, the car Park and Mandi with 42 shops were constructed in December 1995 at a cost of Rs 98.25 lakh without the approval of the Ministry. Twenty-nine shops were lying vacant since December 1995.

Tripura: A shopping centre at Khowai with an approved cost of Rs 12 lakh remained incomplete after incurring an expenditure of Rs 16.90 lakh including Rs 9.24 lakh spent for purchasing additional land, as of March 2001. This was despite having funds available.

Construction of a bus terminal in Sonamura town was approved in 1996-97 at a cost of Rs 17 lakh, inclusive of Rs 1.67 lakh for earth filling. However, Rs 12.80 lakh was spent on earth filling and temporary structures were created at a cost of Rs 0.83 lakh (March 2001) the bus terminal was made functional in April 2000. In the absence of essential facilities, functioning of bus terminal was not smooth.

West Bengal: Guskara Municipality completed a Cattle Market in July 1996 at a cost of Rs 8.55 lakh. Against the projected fee of Rs 10 per sale transaction of each animal, the Municipality actually realised lower fees at the rate of Re 1 to Rs 5 per animal and collected rupees 8.93 lakh, 8.81 lakh and 10.07 lakh in 1998-99, 1999-2000 and 2000-2001 respectively.

Pondicherry: A market complex at Kurumbapet was completed in March 1992 at a cost of Rs 2.32 lakh and handed over to Villianur Commune Panchayat in September 1992. For the last five years, the local body had not leased out/let out the market complex, which could house 45 vendors. The building was stated to be without a roof and had deteriorated in condition due to poor maintenance by the Panchayat. As the department failed to make the market complex a durable public remunerative asset, the expenditure of Rs 2.32 lakh incurred on the scheme was rendered unfruitful.

5.21 Unutilised Assets

Assets created at Rs 22.33 crore remained unutilised.

Assets created such as shops, booths, restaurant, cycle stand etc., at a cost of Rs 22.33 crore remained unutilised in 9 states due to delays in allotment, poor response from public, non-finalisation of offers, high rates of deposits/rents fixed by Municipal Councils, non-turning up of bidders etc. This resulted in revenue loss of Rs 2.59 crore, as shown in **Annex-XIII.**

5.22 Maintenance of assets

Maintenance of assets was not monitored.

One of the real deficiencies of the Scheme is that Ministry have not issued specific guidelines for maintenance of assets created under the IDSMT. The negligent attitude in this respect is reflected by the fact that even assets register was not maintained except by Nadiad Municipality in Gujarat and by seven implementing agencies in Orissa *viz.* Berhampur, Bari pada Municipality, Gopalpur NAC, Special Planning Authority Balasore, Baripada & Jharsuguda and Regional Improvement Trust Dhenkanal, These agencies also incurred Rs 30.83 lakh on repair and maintenance of assets during the period 1985-86 to 1990-91. The ULB in Tamil Nadu incurred Rs 1.02 crore on maintenance of assets in 26 towns covered during 1979-80 to 1991-92. Maintenance of assets was thus not monitored at any level. The Ministry stated in November 2001 that State Governments reported that generally municipal councils were maintaining the assets created from their own funds.

5.23 Training and Capacity building

The Central and State Governments were to make continuous efforts for training and up gradation of the skills of personnel dealing with the preparation of the Project Reports and implementation of the IDSMT scheme. Such efforts were not made by Haryana, Rajasthan and Pondicherry.

5.24 Utilisation Certificates

Utilisation certificates of Rs 3.61 crore relating to 1992-2000, (Assam; Rs 276.19 lakh, Gujarat: Rs 18.07 lakh, Madhya Pradesh: Rs 14.82 lakh, Manipur: Rs 0.94 lakh, Orissa: Rs 5.91 lakh, Punjab: Rs 0.14 lakh , Tamil Nadu: Rs 16.33 lakh, Utter Pradesh: Rs 24.70 lakh, Rajasthan: Rs 0.73 lakh and Pondicherry: Rs 2.77 lakh were awaited as of March 2001.

5.25 Other points of interest

Orissa: Executive Officer, Nabarangpur drew Rs 0.30 lakh in August 1999 and had not entered it in the cash book as of June 2001.

Sikkim: The project for development of Lal market at of Rs 132 lakh was approved in 1986, which was inclusive of Rs 76 lakh being the cost of re-construction of Lal market. The State Government, however, appointed a consultant for preparing a project report for reconstruction of Lal market at an estimated cost of Rs 3.38 crore. The GOI rejected the re-development plan in January 1992. The State Government had incurred Rs 11.22 lakh as consultancy charges. The appointment of a consultant was unjustified in view of specific approval of GOI accorded in 1986.

5.26 Monitoring and Evaluation

During the period 1992-2001, 30 States/UTs were to send 1064 Quarterly Progress Reports (QPRs). Of this, 961 QPRs (90 *per cent*) were not received. Progress reports received were generally used only for assessing the extent of assistance to be released.

The Scheme also envisaged periodical inspection of the projects by the officers of the GOI. The Ministry/TCPO did not maintain any schedule of Inspection relating to the field visits of its officers to different projects in the country. No status/appraisal reports of the visiting officials highlighting status of implementation of different components of the Scheme constraint being faced in the progress of work and suggestions for remedial measures were available with the Ministry. The coverage of towns in various states in nine years was only 2 *per cent* and was not uniform in all the states such as that out of 1058 towns covered upto March 2001, 1039(98 *per cent*) were not visited by central team even once during the period of nine years (1992-93 to 2000-2001). All the 19 towns visited were only in three States viz. Karnataka, (10 out of 83), Maharashtra (6 out of 78) and during July and Sept 1994 Madhya Pradesh (3 out of 102).

5.27 Regional Review Meetings

During 1998-99, The Ministry held six Regional Review Meetings at Kolkatta, Guwahati, Hyderabad, Chandigarh, Bhopal and Mumbai covering almost all the States in the country wherein the secretary in charge of IDSMT of all the States and the associated nodal agencies were involved. The feedback gathered from the Regional Review Meetings revealed that the implementation of the Scheme was constrained by the following aspects:

- Land acquisition was the major problem.
- Local bodies were reluctant to raise loans since they found it difficult to adhere to the terms of lending from Financial Institutions and since guarantees from the State Government were not forthcoming.
- Delay in release of central assistance alongwith the state share to the implementing agencies was also a major impediment in the progress of the work.
- Lack of technical staff in local bodies led to constraints in implementation of the Scheme.
- At the instance of the Planning Commission, the Ministry of UD had also undertaken a review of the scheme during 1999-2000. The Ministry found that with the present funding pattern, resources were too meagre to make significant impact on the development of towns as envisaged. Only Rs 25.30 lakh reach each town per annum, since the Central Government

released Rs 25 - 35 crore annually. However, the scheme covered 4656 towns. The project mix was also felt to be rigid and towns were unable to follow it. Towns were also reluctant to raise institutional finance since repayment was difficult. However, the Ministry felt that the scheme should continue since it was the only scheme for addressing the issues of infrastructure/civic amenities in small and medium towns.

5.28 Evaluation

The Society for Development Studies (January 1998) had carried out an evaluation of the scheme in 8 towns of Sikkim, Meghalaya and Madhya Pradesh. They noticed, *inter alia,* deficiencies in project appraisal/planning and management; poor monitoring and inadequate expertise. Another evaluation studies was carried out by the Centre for Symbiosis of Technology, Environment and Management (STEM) covering 10 selected towns of Uttar Pradesh and Karnataka. The study highlighted certain difficulties like land acquisition, lack of technical expertise, and inadequate monitoring at Central and State levels.

5.29 Conclusion

The overall result of execution of the programme is that out of 4656 small and medium towns, projects were sanctioned in only 1058 towns in the two decades ending March 2001. Out of 3870 projects spread over 541 small and medium towns approved during 1992-2001, only 812 projects were completed. Out of the total Central, State releases and institutional finance of Rs 802.92 crore, Rs 671.42 crore were incurred as of March 2001 on the projects approved since 1979-2001. Private sector participation was not forthcoming. The Ministry/State Governments sanctioned/ released funds without ensuring creation of Revolving Fund and State urban/municipal development fund. This resulted in failure to systematically channelize funds for infrastructure development so as to give effect to state/town development plans.

One of the main objectives of the scheme was to reduce migration of people to urban areas and bigger cities from rural and small urban areas. Neither the Ministry nor the State Governments maintained nor called for the required data to assess the achievement of this objective. However, with only 21 *per cent* of sanctioned projects completed between 1992-93 and 2000-2001, one can safely infer that this program failed in its objective of preventing migration to urban areas. MOUD, stated that no specific study was carried out so far to quantify the number of persons who were stopped from migrating to major urban centres and that with limited funds and very limited coverage of towns it was difficult to achieve this objective. The Parliamentary Standing Committee which considered demand for grants to the MOUD for 2000-2001 called for immediate review of the scheme while commenting on the reply of MOUD that it was not possible to state that the scheme was successful in arresting migration of population to cities/towns.

Test check of records in 21 States/UT, MOUD revealed that there was no evidence of specific plans and programs for spatial and socio-economic planning done in the states or called for by MOUD. No instances of preparation of regional plans for ensuring functional interlinkages with town and city development plans came to notice in the test checked records, though these were required to be ensured by TCPO while appraising various projects. In fact, strategy papers/master/development plans were not even prepared in at least 5 states namely, Andhra Pradesh, Haryana, Manipur, West Bengal, and Pondicherry.

The Mid-Term appraisal of the Ninth Five Year Plan, carried out by the Planning Commission, also found that the implementation of the scheme was not satisfactory. The areas of concern included timely completion of projects, non-augmentation of resources by urban local bodies for continued investment; non-creation/consolidation of Revolving Funds for tie-up of institutional finance, etc.

Even in terms of another important objective of the scheme, namely, the extent of resource generation in the towns/local bodies, hardly 19.53 *per cent* of the expenditure incurred from the VIII plan onwards was raised as institutional finance. No resources for maintenance of the assets created under the program were generated. The programme has therefore failed in achieving its objectives even after two decades of operation and incurring an expenditure of Rs 671.42 crore till 31st March 2001.

The Ministry needs to activate its coordinating and monitoring functions. It also needs to ensure that the Nodal Agencies meet all agreed prerequisites, especially that of the setting up of the Revolving Funds, before any funds are released to them. There is an obvious need to critically evaluate the implementation of the scheme so as to ensure achievement of envisaged objectives.

Annex-I
(Refers to Paragraph 5.5)

List of Test Checked States and Union Territories

Sl. No.	State/UT	No. of towns covered in 8th and 9th plan	No. of Towns test checked in audit
01	Andhra Pradesh	47	12
02	Assam	11	05
03	Bihar	16	04
04	Gujarat	29	06
05	Haryana	06	04
06	Himachal Pradesh	10	01
07	Jammu & Kashmir	04	03
08	Karnataka	55	13
09	Kerala	15	05
10	Madhya Pradesh	42	10
11	Maharashtra	58	06
12	Manipur	05	02
13	Orissa	26	06
14	Punjab	16	04
15	Rajasthan	24	05
16	Sikkim	06	03
17	Tamil Nadu	53	07
18	Tripura	07	03
19	Uttar Pradesh	45	11
20	West Bengal	40	10
21	Pondicherry	02	02
Total		**517**	**122**

Annex-I1

(Refers to Paragraph 5.6)

Planwise cumulative release of Central Assistance, State Share, FIs loan and expenditure reported

(Rs in lakh)

Sl. No.	STATE	6TH PLAN			7TH PLAN			1990 - 91			1991 - 92		
		CA REL	SS REL	EXP	CA REL	SS REL	EXP	CA REL	SS REL	EXP	CA REL	SS REL	EXP
1	2	3	4	5	6	7	8	9	10	11	12	13	14
01	Andhra Pradesh	624.19	628.76	1712.34	294.45	291.20	588.04	141.00	139.91	196.21	127.68	83.00	110.72
02	Arunachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.00	71.00	49.00
03	Assam	200.00	0.00	439.14	200.25	173.47	273.55	105.00	66.52	174.60	42.11	24.79	50.06
04	Bihar	554.70	705.63	1055.89	292.45	302.36	347.64	47.50	24.00	0.00	15.00	5.00	0.00
05	Goa	65.50	0.00	95.32	35.00	0.00	2.44	10.00	0.00	20.96	20.00	0.00	0.00
06	Gujarat	576.68	306.86	1167.24	368.12	184.06	622.86	117.00	58.50	137.23	80.00	40.00	103.58
07	Haryana	228.00	224.00	828.11	117.50	117.50	64.60	0.00	0.00	0.00	0.00	0.00	0.00
08	Himachal Pradesh	34.78	95.00	108.15	26.70	200.67	227.37	0.00	0.00	0.00	40.00	68.00	98.05
09	Jammu & Kashmir	36.58	37.59	72.34	40.00	72.00	118.83	61.00	117.12	144.99	0.00	0.00	0.00
10	Karnataka	616.36	616.45	1165.88	266.62	266.62	485.99	112.33	112.33	134.23	168.00	168.00	265.22
11	Kerala	408.06	349.40	1277.36	189.83	168.50	416.91	108.00	112.67	393.41	62.00	56.50	88.91
12	Madhya Pradesh	673.07	833.14	1586.48	456.00	409.16	743.23	284.54	238.50	346.78	95.00	124.98	108.91
13	Maharashtra	932.21	859.71	2126.80	571.52	259.88	1224.49	341.51	150.07	603.85	248.97	114.20	466.26
14	Manipur	52.02	58.50	105.60	71.58	75.11	142.24	46.00	45.25	91.25	15.00	37.00	34.04
15	Meghalaya	80.00	113.50	184.56	100.10	85.65	149.90	31.00	31.82	62.82	15.00	35.42	50.42
16	Mizoram	79.00	8.50	118.56	46.00	116.95	162.72	0.00	0.00	0.00	0.00	0.00	0.00
17	Nagaland	40.00	0.00	99.88	90.99	85.44	199.13	40.00	35.86	75.86	20.00	28.36	48.36
18	Orissa	237.50	112.89	500.70	298.27	298.27	568.15	170.00	210.05	284.16	60.00	68.95	105.25
19	Punjab	410.66	413.50	1162.47	344.71	317.62	792.46	0.00	0.00	0.00	20.00	20.00	16.35
20	Rajasthan	532.35	162.69	1755.17	362.56	130.24	955.04	132.50	63.38	240.49	120.00	60.00	193.02
21	Sikkim	29.14	14.75	79.30	75.75	123.00	192.75	0.00	0.00	0.00	0.00	0.00	0.00
22	Tamil Nadu	1192.02	1125.92	2285.42	647.88	645.58	1015.55	315.20	315.20	399.14	152.00	152.00	148.97
23	Tripura	69.40	88.18	157.58	79.75	85.00	105.51	20.00	29.00	7.13	46.00	40.00	50.93
24	Uttar Pradesh	859.81	649.92	1925.50	390.30	277.75	532.79	231.50	219.44	473.36	135.00	135.00	140.12
25	West Bengal	969.76	945.03	1901.09	267.47	255.31	568.86	195.00	220.15	421.98	176.00	175.99	289.95
26	A & N Islands	92.00	0.00	124.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	Dadra & Nagar Haveli	95.22	0.00	16.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28	Daman & Diu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Lakshadweep	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00
30	Pondicherry	74.75	0.00	98.79	58.00	21.76	40.02	28.00	7.00	20.74	20.00	10.00	0.00
GRAND TOTAL		**9763.76**	**8349.92**	**22150.05**	**5691.80**	**4963.10**	**10541.07**	**2562.08**	**2196.77**	**4229.19**	**1723.76**	**1518.19**	**2418.12**

(Source: TCPO, Ministry of Urban Development and Poverty Alleviation - Status Report for the year 2000-2001)

Sl. No.	STATE	8TH PLAN				9TH PLAN				TOTAL			
		CA REL	SS REL	IF AV'LD	EXP	CA REL	SS REL	IF AV'D	EXP	CA REL	SS REL	IF AV'LD	EXP
1	2	15	16	17	18	19	20	21	22	23	24	25	26
01	Andhra Pradesh	2766.78	1240.40	2418.90	4253.70	433.50	0.00	0.00	0.00	4387.60	2383.27	2418.90	6861.01
02	Arunachal Pradesh	36.00	79.00	0.00	118.52	45.00	0.00	0.00	0.00	127.00	150.00	0.00	167.52
03	Assam	149.11	44.41	0.00	128.53	103.00	0.00	0.00	0.00	799.47	309.19	0.00	1065.88
04	Bihar	241.00	175.93	0.00	75.08	50.00	0.00	0.00	0.00	1200.65	1212.92	0.00	1478.61
05	Goa	36.00	0.00	0.00	0.00	37.50	0.00	0.00	0.00	204.00	0.00	0.00	118.72
06	Gujarat	1652.57	955.33	888.44	3090.14	416.10	134.93	0.00	90.18	3210.47	1679.68	888.44	5211.23
07	Haryana	180.00	80.00	0.00	189.66	294.60	60.00	0.00	169.99	820.10	481.50	0.00	1252.36
08	Himachal Pradesh	124.94	87.40	0.00	107.66	195.50	95.66	0.00	89.74	421.92	546.73	0.00	630.97
09	Jammu & Kashmir	240.24	193.04	0.00	311.41	0.00	0.00	0.00	0.00	377.82	419.75	0.00	647.57
10	Karnataka	2429.07	1216.75	0.00	2121.63	356.00	49.98	0.00	44.10	3948.38	2430.13	0.00	4217.05
11	Kerala	892.17	607.19	164.76	1306.04	110.00	115.80	0.00	46.61	1770.06	1410.06	164.76	3529.24
12	Madhya Pradesh	1527.47	542.95	20.63	1170.66	333.00	10.67	0.00	25.80	3369.08	2159.40	20.63	3981.86
13	Maharashtra	3467.18	1959.20	2236.31	6413.02	341.00	96.68	0.00	75.92	5902.40	3439.74	2236.31	10910.34
14	Manipur	193.00	141.97	0.00	202.58	0.00	0.00	0.00	0.00	377.60	357.83	0.00	575.71
15	Meghalaya	0.00	0.00	0.00	0.00	61.80	0.00	0.00	0.00	287.90	266.39	0.00	447.70
16	Mizoram	120.40	116.72	0.00	237.12	62.00	40.00	0.00	102.00	307.40	282.17	0.00	620,40
17	Nagaland	79.00	53.68	0.00	76.68	65.00	0.00	0.00	0.00	334.99	203.34	0.00	499.91
18	Orissa	757.34	308.31	5.02	588.98	201.00	27.67	0.00	0.00	1724.11	1026.14	5.02	2047.24
19	Punjab	319.99	115.32	36.61	424.13	244.00	59.33	0.00	87.15	1339.36	925.77	36.61	2482.56
20	Rajasthan	1001.31	582.24	94.01	1359.76	137.00	18.67	0.00	29.62	2285.72	1017.22	94.01	4533.10
21	Sikkim	12.00	75.00	0.00	0.00	74.00	0.00	0.00	0.00	190.89	212.75	0.00	272.05
22	Tamil Nadu	1096.85	681.80	840.05	1514.33	265.15	23.33	112.57	99.07	3669.10	2943.83	952.62	5462.48
23	Tripura	68.56	39.00	0.00	55.03	118.50	50.00	0.00	56.19	402.21	331.18	0.00	432.37
24	Uttar Pradesh	1612.25	718.29	221.00	1734.55	197.00	97.33	0.00	0.00	3425.86	2097.73	221.00	4806.32
25	West Bengal	1237.81	596.01	72.44	1386.19	270.00	86.20	0.00	21.38	3116.04	2278.69	72.44	4589.45
26	A & N Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92.00	0.00	0.00	124.00
27	Dadra & Nagar Haveli	17.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00	112.22	60.00	0.00	16.38
28	Daman & Diu	23.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.00	0.00	0.00	0.00
29	Lakshadweep	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00
30	Pondicherry	30.00	23.42	0.00	0.00	30.00	0.00	0.00	0.00	240.75	62.18	0.00	159.55
GRAND TOTAL		**20311.04**	**10693.36**	**6998.17**	**26865.40**	**4440.65**	**966.25**	**112.57**	**937.75**	**44493.09**	**28687.59**	**7110.74**	**67141.58**

Annex-III
(Refers to Paragraph 5.6)

Unutilised amount exceeding 25 *per cent* of the funds lying with the implementing agencies

(Rs in crore)

State/UTs	Total funds available	Amount reported as expenditure	Unreported amount	Percentage of unreported amount
Eighth Plan				
Andhra Pradesh	64.26	42.54	21.72	34
Assam	1.94	1.29	0.65	34
Bihar	4.17	0.75	3.42	82
Goa	0.36	0.00	0.36	100
Haryana	2.60	1.90	0.70	27
Himachal Pradesh	2.12	1.07	1.05	49
Jammu & Kashmir	4.33	3.11	1.22	28
Karnataka	36.46	21.22	15.24	42
Madhya Pradesh	20.91	11.71	9.20	44
Manipur	3.35	2.03	1.32	40
Nagaland	1.33	0.77	0.56	42
Orissa	10.71	5.89	4.82	45
Sikkim	0.87	0.00	0.87	100
Tamil Nadu	26.19	15.14	11.05	42
Tripura	1.08	0.55	0.53	49
Uttar Pradesh	25.52	17.35	8.17	32
West Bengal	19.06	13.86	5.20	27
Dadra&Nagar Haveli	0.77	0.00	0.77	100
Daman & Diu	0.23	0.00	0.23	100
Pondicherry	0.53	0.00	0.53	100
Ninth Plan (1997-98 to 2000-2001)				
Andhra Pradesh	4.34	0.00	4.34	100
Arunachal Pradesh	0.45	0.00	0.45	100
Assam	1.03	0.00	1.03	100
Bihar	0.50	0.00	0.50	100
Goa	0.38	0.00	0.38	100
Gujarat	5.51	0.90	4.61	84
Haryana	3.55	1.70	1.85	52
Himachal Pradesh	2.91	0.90	2.01	69
Karnataka	4.06	0.44	3.62	89
Kerala	2.26	0.47	1.79	79
Madhya Pradesh	3.44	0.26	3.18	92
Maharashtra	4.38	0.76	3.62	83
Meghalaya	0.62	0.00	0.62	100
Nagaland	0.65	0.00	0.65	100
Orissa	2.29	0.00	2.29	100
Punjab	3.03	0.87	2.16	71
Rajasthan	1.56	0.30	1.26	81
Sikkim	0.74	0.00	0.74	100
Tamil Nadu	4.01	0.99	3.02	75
Tripura	1.68	0.56	1.12	67
Uttar Pradesh	2.95	0.00	2.95	100
West Bengal	3.56	0.21	3.35	94
Pondicherry	0.30	0.00	0.30	100

(Source: TCPO, Ministry of Urban Development & Poverty Alleviation - Status Report for the year 2000-2001)

Annex-IV
(Refers to Paragraph 5.8)

List of Towns of 8th and 9th Plan where no expenditure was incurred

(Rs in lakh)

Sl. No.	State	Name of the Town	Year	App. Cost	CA Rel	Expd
1	2	3	4	5	6	7
1.	Andhra Pradesh	Kuppam	VIII th Plan	122.00	16.00	0.00
2.	do	Machilipatnam	IX th Plan	447.88	58.00	0.00
3.	do	Kareem Nagar	do	484.65	43.00	0.00
4.	do	Macherla	do	134.10	20.00	0.00
5.	do	Gajuwaka	do	429.94	55.00	0.00
6.	do	Ramagundam	do	550.00	70.00	0.00
7.	do	Mahaboobnagar	do	482.13	64.00	0.00
8.	do	Mandapetta	do	267.83	30.00	0.00
9.	do	Tenali	do	454.13	57.00	0.00
10.	do	Nalgonda	do	275.70	36.50	0.00
11.	Arunachal Pradesh	Tezu	do	77.00	12.00	0.00
12.	do	Changlang	do	151.05	23.00	0.00
13.	do	Seppa	do	113.12	10.00	0.00
14.	Assam	Barpeta	do	135.20	21.00	0.00
15.	do	Marigaon	do	93.00	15.00	0.00
16.	do	Hailakandi	do	131.96	20.00	0.00
17.	do	Dhemaji	do	98.00	16.00	0.00
18.	do	Bokakhat	do	100.02	15.00	0.00
19.	do	Digboi	do	100.00	16.00	0.00
20.	Bihar	Garhwa	VIII th Plan	133.60	10.00	0.00
21.	do	Bhagalpur	do	536.32	30.00	0.00
22.	do	Chatra	do	191.16	20.00	0.00
23.	do	Godda	do	199.95	20.00	0.00
24.	do	Supaul	do	167.02	15.00	0.00
25.	do	Sheohar	do	88.35	10.00	0.00
26.	do	Forbesganj	do	188.86	15.00	0.00
27.	do	Lohardaga	do	192.83	15.00	0.00
28.	do	Madhepura	IX th Plan	173.70	10.00	0.00
29.	do	Raxaul	do	158.79	10.00	0.00
30.	do	Araria	do	199.80	15.00	0.00
31.	do	Khagaria	do	190.42	15.00	0.00
32.	Goa	Curchorem Cacora	VIIIth Plan	154.00	12.00	0.00
33.	do	Margao	do	496.57	24.00	0.00
34.	do	Mapusa	IXth Plan	119.10	17.00	0.00
35.	do	Pernem	do	79.72	12.50	0.00
36.	do	Canacona	do	50.18	8.00	0.00
37.	Gujarat	Dhotka	IX th Plan	183.95	27.60	0.00
38.	do	Anjar	do	54.87	30.00	0.00
39.	do	Una	do	216.04	30.00	0.00
40.	do	Umreth	do	216.81	30.00	0.00
41.	do	Gandhi Dham	do	603.04	70.00	0.00
42.	do	Jetpur	do	367.26	50.00	0.00
43.	do	Dhrangadhra	do	336.27	48.00	0.00
44.	do	Kapadwanj	do	227.01	30.00	0.00
45.	Haryana	Bhiwani	do	499.52	60.00	0.00
46.	do	Ambala City	do	516.17	65.00	0.00
47.	Himachal Pradesh	Solan	do	209.65	30.00	0.00
48.	do	Chamba	do	161.30	16.00	0.00

Sl. No.	State	Name of the Town	Year	App. Cost	CA Rel	Expd
1	2	3	4	5	6	7
49.	Himachal Pradesh	Theog	do	82.60	12.00	0.00
50.	do	Kullu	do	126.25	16.00	0.00
51.	do	Palampur	do	107.89	16.00	0.00
52.	do	Nalagarh	do	145.79	16.00	0.00
53.	Karnataka	Hoskote	do	200.00	30.00	0.00
54.	do	Gundlupet	do	194.40	15.00	0.00
55.	do	Navalgund	do	89.54	13.00	0.00
56.	do	Manvi	do	175.50	26.00	0.00
57.	do	Davangeri	do	592.86	70.00	0.00
58.	do	Gulbarga	do	692.30	83.00	0.00
59.	do	Athani	do	103.34	15.00	0.00
60.	do	Aland	do	203.70	30.00	0.00
61.	do	Birur	do	200.00	30.00	0.00
62.	do	Devanhalli	do	92.20	14.00	0.00
63.	Kerala	Ottapalam	do	267.62	30.00	0.00
64.	do	North Peravur	do	208.00	30.00	0.00
65.	Madhya Pradesh	Astha	IXth Plan	200.84	30.00	0.00
66.	do	Khajuraho	do	127.95	16.00	0.00
67.	do	Bhatapara	do	208.89	30.00	0.00
68.	do	Jhabua	do	201.21	30.00	0.00
69.	do	Khurai	do	201.40	30.00	0.00
70.	do	Dhanpuri	do	111.69	16.00	0.00
71.	do	Nagod	do	103.17	16.00	0.00
72.	do	Nowgong	do	204.92	30.00	0.00
73.	do	Sonkutch	do	83.29	13.00	0.00
74.	do	Raipur	do	750.39	90.00	0.00
75.	Maharashtra	Satana	do	200.00	30.00	0.00
76.	do	Roha	do	119.77	16.00	0.00
77.	do	Umerkhed	do	211.15	30.00	0.00
78.	do	Faizpur	do	247.38	30.00	0.00
79.	do	Raver	do	147.28	30.00	0.00
80.	do	Jintur	d	200.00	30.00	0.00
81.	Meghalaya	Shillong	do	485.41	61.80	0.00
82.	Nagaland	Dimapur	do	471.00	50.00	0.00
83.	do	Kiphire	do	100.00	15.00	0.00
84.	Orissa	Bhanjanagar	VIII th Plan	60.00	7.00	0.00
85.	do	Pattamundai	IX th Plan	200.00	30.00	0.00
86.	do	Anandpur	do	176.73	26.00	0.00
87.	do	Soro	do	181.16	27.00	0.00
88.	do	Barpali	do	112.04	16.00	0.00
89.	do	Balasore	do	628.29	70.00	0.00
90.	do	Aska	do	122.94	16.00	0.00
91.	do	Banki	do	118.56	16.00	0.00
92.	Punjab	Nakodar	do	200.96	30.00	0.00
93.	do	Jagraon	do	222.55	30.00	0.00
94.	do	Dasuya	do	118.06	16.00	0-.00
95.	Rajasthan	Bundi	VIII th Plan	271.93	23.00	0.00
96.	do	Salumber	IX th Plan	68.34	11.00	0.00
97.	do	Hanumangarh	do	399.12	50.00	0.00
98.	do	Balotra	do	220.36	30.00	0.00
99.	do	Didwana	do	223.28	30.00	0.00
100.	Sikkim	Rangpo	VIII th Plan	100.00	12.00	0.00
101.	do	Jorethang	do	156.00	15.00	0.00
102.	do	Pakyong	do	156.00	15.00	0.00

Sl. No.	State	Name of the Town	Year	App. Cost	CA Rel	Expd
1	2	3	4	5	6	7
103.	Sikkim	Geyzing	do	104.00	16.00	0.00
104.	do	Soreng	do	105.29	16.00	0.00
105.	Tamil Nadu	Usilampatti	VIIIth Plan	128.56	15.00	0.00
106.	do	Kotagiri	do	49.63	6.00	0.00
107.	do	Kulittalai	do	69.97	6.00	0.00
108.	do	Vandavasi	do	72.16	6.00	0.00
109.	do	Wallajapet	do	22.28	13.37	0.00
110.	do	Pallikonda	do	26.48	15.89	0.00
111.	do	Devakottai	do	108.00	16.20	0.00
112.	do	Vellore	do	217.81	28.00	0.00
113.	do	Kanyakumari	do	108.50	16.00	0.00
114.	do	Kinathukadvu	do	99.73	16.00	0.00
115.	do	Vilathikulam	do	99.02	16.00	0.00
116.	do	Peravoorani	do	98.90	16.00	0.00
117.	do	Chengam	do	95.32	16.00	0.00
118.	Tripura	Teliamura	IXth Plan	174.37	25.50	0.00
119.	do	Sabroom	do	55.31	13.00	0.00
120.	do	Ranirbazar	do	150.78	16.00	0.00
121.	Uttar Pradesh	Barhalganj	do	85.69	14.00	0.00
122.	do	Kushinagar	IXth Plan	103.42	16.00	0.00
123.	do	Ujhani	do	262.85	30.00	0.00
124.	do	Nanauta	do	72.20	12.00	0.00
125.	do	Nawabganj	do	107.31	16.00	0.00
126.	do	Jalalabad	do	55.80	9.00	0.00
127.	do	Kunda	do	83.44	13.00	0.00
128.	do	Kemari	do	108.76	16.00	0.00
129.	do	Chitrakoot-Dham	do	291.46	30.00	0.00
130.	do	Hariharpur	do	62.33	10.00	0.00
131.	do	Maharajganj	do	95.80	15.00	0.00
132.	do	Kakori	do	102.69	16.00	0.00
133.	do	Niyotani	do	85.80	14.00	0.00
134.	West Bengal	Dainhat	do	100.00	15.00	0.00
135.	do	Taki	do	150.00	23.00	0.00
136.	do	Egra	do	170.00	25.50	0.00
137.	do	Durgapur	do	570.00	68.00	0.00
138.	do	Bangaon	do	350.00	50.00	0.00
139.	do	Ramjibanpur	do	100.00	16.00	0.00
140.	do	Kharar	do	84.57	13.50	0.00
141.	do	Khirpai	do	90.00	14.00	0.00
142.	D & N Haveli	Silvassa-I	VIII th Plan	170.09	17.00	0.00
143.	Daman & Diu	Diu	do	153.93	23.00	0.00
144.	Pondicherry	Ariankuppam	do	92.92	30.00	0.00
145.	do	Oulgaret	IX th Plan	149.60	30.00	0.00
		TOTAL		**28638.79**	**3661.36**	**0.00**

(Source: TCPO, Ministry of Urban Development and Poverty Alleviation - Status Report for the year 2000-2001)

Annex-V

(Refers to Paragraph 5.9)

List of Towns of 8th and 9th Plan where expenditure was up to 25 *per cent*

(Rs in lakh)

Sl. No.	State	Town	Year	App. Cost	CA Rel.	Expd.	%age
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	Jaggayyapeta	VIIIth Plan	5347.63	48.00	44.76	12.88
2.	do	Kurnool	do	347.28	62.51	53.96	15.54
3.	do	Cuddapah	do	1005.27	110.00	199.00	19.80
4.	do	Nidadavole	do	195.75	20.00	15.87	8.11
5.	do	Madanapalle	do	500.69	52.50	67.15	13.41
6.	do	Chairala	do	325.04	49.00	42.42	13.05
7.	do	Ponnur	do	625.25	80.00	149.56	23.92
8.	do	Srikalahasti	do	555.14	80.00	106.29	19.15
9.	do	Nizamabad	do	1025.00	120.00	196.74	19.19
10.	do	Vicarabad	do	222.90	48.00	40.71	18.26
11.	do	Chilakaluripet	do	331.48	52.00	67.43	20.34
12.	do	Sangareddy	do	321.61	52.50	37.63	11.70
13.	do	Hindupur	do	532.90	64.00	79.75	14.97
14.	do	Warangal	do	797.00	180.00	154.25	19.35
15.	do	Tirupati-I	do	414.17	105.00	92.00	22.21
16.	do	Nellore	do	510.90	84.00	47.50	9.30
17.	Assam	Kokrajhar	do	134.28	24.00	15.11	11.25
18.	do	Goalpara	do	200.00	35.00	28.25	14.12
19.	do	Rangia	do	120.57	25.00	18.75	15.55
20.	Bihar	Munger	do	999.19	36.00	35.94	3.60
21.	do	Muzaffarpur	do	513.30	30.00	15.61	3.04
22.	do	Rajgir	do	149.70	20.00	10.82	7.23
23.	do	Gaya	do	477.89	20.00	12.71	2.66
24.	Gujarat	Dhoraji	do	91.36	21.93	10.85	11.88
25.	do	Dabhoi	do	114.96	13.50	3.89	3.38
26.	do	Bardoli	do	231.85	60.00	52.33	22.57
27.	do	Mandvi	do	192.80	57.50	47.35	24.55
28.	do	Dakor	do	104.40	16.00	14.57	13.96
29.	Haryana	Yamunanagar	do	475.82	120.00	116.99	24.59
30.	do	Pehowa	do	223.30	49.60	53.00	23.73
31.	J & K	Jammu	do	1051.59	125.00	155.17	14.76
32.	Karnataka	Saundatti	do	187.50	20.00	38.70	20.64
33.	do	Karwar	do	280.00	42.00	54.15	19.34
34.	do	Bidar	do	278.72	50.16	30.38	10.90
35.	do	Bellary	do	578.00	104.04	141.66	24.51
36.	do	Madhugiri	do	95.94	12.00	20.00	20.85
37.	do	Ilkal	do	184.58	22.00	37.69	20.42
38.	do	Nippani	do	262.12	62.90	65.31	24.91
39.	do	Doddaballapur	do	231.22	55.50	41.69	18.03
40.	do	Bailhongal	do	199.95	71.98	41.81	20.91
41.	do	Mudalgi	do	202.50	72.00	48.42	23.91
42.	do	Mulbagal	do	192.80	22.00	40.03	20.76
43.	do	Lingsugur	do	184.82	22.00	36.67	19.84
44.	do	Mandya	do	958.20	172.47	96.18	10.04
45.	do	Bijapur	do	705.33	126.95	64.53	9.14
46.	do	Lakshmeshwar	do	163.65	58.91	31.83	19.45
47.	do	Shiggaon	do	83.50	30.06	16.66	19.95
48.	do	Savanur	do	154.60	55.65	26.60	17.21

Sl. No.	State	Town	Year	App. Cost	CA Rel.	Expd.	%age
1	2	3	4	5	6	7	8
49.	Karnataka	Gadag-Betageri	do	945.13	170.12	91.67	9.70
50.	do	Kotturu	do	100.00	36.00	16.80	16.80
51.	do	Malur	do	199.50	71.82	43.13	21.61
52.	do	Kundapure	do	194.29	69.94	38.32	19.72
53.	Do	Hunsur	Do	187.63	84.43	46.63	24.85
54.	do	Gajendragarh	do	201.91	30.00	36.96	18.30
55.	do	Sira	do	200.00	90.00	49.78	24.89
56.	do	Chincholi	do	110.67	16.00	13.95	12.61
57.	do	Harapanahalli	do	207.45	30.00	46.14	22.24
58.	do	Chennagiri	do	127.80	16.00	21.60	16.90
59.	do	Ron	do	111.94	16.00	20.00	17.87
60.	do	Hassan	do	471.48	60.00	103.11	21.86
61.	do	Shimoga	IX th Plan	271.68	30.00	30.00	16.23
62.	Kerala	Alappuzha	VIIIth Plan	590.60	105.00	49.93	8.45
63.	do	Kollam	do	1040.60	110.00	190.39	18.29
64.	do	Cherthala	do	166.00	13.00	20.85	12.56
65.	do	Thiruvalla	do	500.00	60.00	84.37	16.87
66.	do	Moovattupuzha	IXth Plan	162.93	20.00	32.80	20.13
67.	MP	Sagar	VIIIth Plan	876.76	75.00	49.52	5.65
68.	do	Mandsaur	do	155.95	37.42	23.55	15.10
69.	do	Tikamgarh	do	538.00	60.00	38.75	7.20
70.	do	Mandla	do	206.48	72.00	28.00	13.56
71.	do	Multai	do	89.86	32.35	13.12	14.60
72.	do	Pandhurna	do	191.59	45.00	43.01	22.45
73.	do	Sausar	do	90.78	22.00	19.81	21.82
74.	do	Khandwa	do	502.45	90.44	85.50	17.02
75.	do	Jaora	do	414.32	66.00	73.86	17.82
76.	do	Dalli-Rajhara	do	237.77	28.50	33.90	14.25
77.	do	Banmore	do	112.05	18.00	15.09	13.46
78.	do	Chitrakoot	do	100.09	36.00	15.21	15.20
79.	do	Pithampur	do	228.09	14.00	21.39	9.38
80.	do	Kawardha	do	125.26	28.00	20.73	16.55
81.	do	Narsinghpur	do	170.68	37.00	20.73	12.14
82.	do	Ajaigarh	do	124.19	22.00	9.65	7.77
83.	do	Narsingarh	do	182.18	81.98	35.77	19.63
84.	do	Sihora	do	202.02	60.00	35.90	17.77
85.	do	Umaria	do	203.14	30.00	42.81	21.07
86.	do	Maihar	do	179.96	54.00	31.55	17.53
87.	do	Champa	do	202.39	60.00	47.83	23.63
88.	do	Janjgeer	do	208.15	60.00	50.00	24.02
89.	do	Balod	IXth Plan	103.70	32.00	25.80	24.87
90.	Maharashtra	Latur	VIIIth Plan	744.32	60.00	160.90	21.61
91.	do	Sangamner	do	175.64	42.00	42.23	24.04
92.	do	Dhule	do	892.12	100.00	123.94	13.89
93.	do	Mukhed	do	105.51	12.00	7.09	6.72
94.	do	Dondaicha-Warwade	do	193.00	35.00	25.90	13.41
95.	do	Gangakhed	IX th Plan	194.20	25.00	39.15	20.15
96.	do	Sillod	do	200.00	30.00	32.61	16.30
97.	do	Dhamangaon	do	199.66	30.00	0.68	0.34
98.	do	Kolhapur	do	800.00	90.00	3.48	0.43
99.	Manipur	Mayang-Imphal	VIIIth Plan	104.00	48.00	25.03	24.06
100.	do	Moreh	do	102.00	16.00	2.00	1.96
101.	Mizoram	Champhai	Ixth Plan	200.00	30.00	50.00	25.00
102.	Nagaland	Phek	do	97.00	31.00	19.90	20.52

Sl. No.	State	Town	Year	App. Cost	CA Rel.	Expd.	%age
1	2	3	4	5	6	7	8
103.	Orissa	Jajapur	do	167.90	52.74	34.54	20.57
104.	do	Basudebpur	do	200.00	25.00	38.06	19.03
105.	do	Jharsuguda	do	500.00	35.00	52.45	10.49
106.	do	Digapahandi	do	97.39	12.00	16.38	16.82
107.	do	Titlagarh	do	200.00	24.00	10.95	5.47
108.	do	Umarkote	do	105.53	24.00	17.10	16.20
109.	do	Choudwar	do	134.72	32.00	21.71	16.11
110.	do	Tarbha	do	114.22	24.00	22.02	15.27
111.	do	Chhatrapur	do	99.41	22.60	21.35	21.48
112.	do	Parlakhemundi	do	200.00	36.00	5.78	2.89
113.	do	Kamakshyanagar	do	100.00	36.00	11.08	11.08
114.	do	Nabarangapur	do	200.01	72.00	31.93	15.96
115.	do	Konark	do	111.01	16.00	12.22	11.00
116.	do	Puri	do	438.00	45.00	53.53	12.22
117.	do	Nilgiri	do	110.60	16.00	13.00	11.75
118.	do	Athamallik	do	110.00	32.00	25.68	23.35
119.	Punjab	Mansa	do	422.89	101.49	41.24	9.75
120.	do	Patti	do	201.00	14.00	15.80	7.86
121.	do	Muktsar	do	365.00	50.00	63.00	17.26
122.	do	Sultanpur-Lodhi	do	110.31	16.00	21.90	19.85
123.	do	Kapurthala	do	335.00	40.00	22.15	6.61
124.	Rajasthan	Jhunjhunu	VIIIth Plan	401.89	63.00	89.24	22.20
125.	do	Rattangarh	do	295.94	20.00	44.06	14.89
126.	do	Deoli	do	87.11	10.00	5.94	6.82
127.	do	Deogarh	do	75.84	9.00	18.13	23.90
128.	do	Sardarshahar	do	427.47	62.00	36.65	8.57
129.	do	Beawar	do	694.00	25.00	8.51	1.23
130.	Tamil Nadu	Adhirampattinam	VIIIth Plan	75.13	10.00	10.56	14.06
131.	do	Sattuvacheri	do	89.25	10.00	6.02	6.75
132.	do	Manamadurai	do	130.40	47.00	19.00	14.57
133.	do	Tiruvallur	do	91.50	9.00	0.50	0.55
134.	do	Ponneri	do	66.56	23.97	9.70	14.57
135.	do	Vaniyambadi	do	95.67	16.32	12.00	12.54
136.	do	Dindigul	do	557.79	70.00	30.20	5.00
137.	Tripura	Sonamura	IX th Plan	125.00	32.00	29.19	23.35
138.	Uttar Pradesh	Pilkhua	VIIIth Plan	500.00	40.00	54.83	10.97
139.	do	Thanabhavan	do	136.87	16.00	8.18	5.98
140.	do	Kotdwara	do	118.87	14.00	5.85	4.92
141.	do	Kandhla	do	100.67	12.00	16.05	15.94
142.	do	Sirsaganj	do	119.65	15.00	18.52	15.48
143.	do	Basti	do	498.20	119.57	57.40	11.52
144.	do	Firozabad	do	366.13	33.00	21.36	5.83
145.	do	Baraut	do	300.00	36.00	35.90	11.97
146.	do	Rampur	do	392.20	35.00	12.18	3.11
147.	do	Budhana	do	192.20	42.00	28.93	15.05
148.	do	Akbarpur	do	204.10	30.00	34.86	17.08
149.	do	Farrukhabad-Fate	do	283.27	27.00	1.14	0.40
150.	do	Tanda	do	179.19	27.00	30.65	17.10
151.	do	Gola Gokarannath	do	334.13	30.00	26.20	7.84
152.	do	Utraula	do	186.29	28.00	2.82	1.51
153.	do	Haridwar	do	670.94	70.00	71.23	10.62
154.	do	Bilsi	do	118.56	16.00	3.11	2.62
155.	do	Maghar	do	88.52	26.75	16.77	18.94
156.	do	Bansi	do	174.47	54.25	42.37	24.28

Sl. No.	State	Town	Year	App. Cost	CA Rel.	Expd.	%age
1	2	3	4	5	6	7	8
157.	Uttar Pradesh	Phaphund	do	108.90	16.00	17.14	15.73
158.	do	Pallia Kalan	do	113.07	18.00	22.81	20.17
159.	do	Saharanpur	do	686.00	164.00	133.37	19.44
160.	do	Faizabad	do	335.47	86.55	72.90	21.73
161.	do	Ayodhya	do	226.87	30.00	24.05	10.60
162.	do	Tundla	do	95.89	15.00	10.38	10.62
163.	do	Mankapur	do	110.83	16.00	3.08	2.78
164.	do	Malihabad	do	85.63	15.00	15.01	17.52
165.	West Bengal	Rampur Hat	do	97.60	23.50	20.00	20.49
166.	do	Gobar Danga	do	109.50	39.18	19.29	17.61
167.	do	Sainthia	do	140.00	21.00	34.38	24.55
168.	do	Joynagar	Ixth Plan	183.00	22.50	10.00	5.46
169.	do	Dubrajpur	do	185.00	22.50	11.38	6.15
170.	do	Dhulian	do	143.00	55.00	32.97	23.05
TOTAL				**53446.93**	**7849.58**	**6856.17**	**12.95**

(Source: TCPO, Ministry of Urban Development and Poverty Alleviation – Status Report for the year 2000-2001)

Annex-VI

(Refers to in Paragraph 5.10)

Delay in release of Central Assistance

(Rs in Lakh)

State	Period of release	Amount of CA Released late (Rs in lakh)	Period of Delay in Months	Remarks
Andhra Pradesh	1992-93	70.00	12	3/93 to 3/94
	1997-98	40.00	14	11/97 to 2/99
	1998-99	501.00	23	3/99 to 3/2001
Assam	1994-95	24.00	18	9/94 to 2/96
	1996-97	26.25	13	10/96 to 10/97
	1996-97	8.75	54	10/96 to 3/2001 (Still awaiting its release)
	1996-97	18.75	13	10/96 to 10/97
	1996-97	6.25	54	10/96 to 3/2001 (Still awaiting its release)
	1997-98	21.00	12	3/98 to 3/2001 (Still awaiting its release)
	1998-99	15.00	25	3/99 to 3/2001 (Still awaiting its release)
	1999-2000	21.57	13	3/2000 to 3/2001 (Still awaiting its release)
	1999-2000	22.54	13	3/2000 to 3/2001 (Still awaiting its release)
	1999-2000	16.00	13	3/2000 to 3/2001 (Still awaiting its release)
	1999-2000	20.00	13	3/2000 to 3/2001 (Still awaiting its release)
Bihar	1994-95	46.00	17	3/95 to 7/96
	1995-96	120.00	61	3/96 to 3/2001 (Still awaiting its release)
	1996-97	75.00	49	3/97 to 3/2001 (Still awaiting its release)
	1998-99	20.00	25	3/99 to 3/2001 (Still awaiting its release)
Gujarat	1993-94	24.00	14	1/94 to 3/95
	1994-95	12.00	13	12/94 to 12/95
	Do	5.50	13	-do-
Haryana	1998-99	36.67	20	7.98 to 3.2001
Kerala	1992-93	35.00	13	3/93 to 3/94
	1992-93	5.00	25	3/93 to 3/95
	1992-93	25.00	13	3/93 to 3/94
	1994-95	15.00	20	3/95 to 10/96
	1994-95	30.50	13	3/95 to 3/96
Punjab	1995-96	21.00	25	3/96 to 3/98
	1995-96	24.00	25	3/96 to 3/98
	1996-97	16.00	12	2/97 to 1/98
Rajasthan	1997-98	21.50	24	3/98 to 3/2001
Tamil Nadu	1993-94	31.42	54	5/94 to 10/98
	1995-96	18.00	58	5/96 to 2/2001
	1998-99	9.17	18	10/98 to 3/2001

State	Period of release	Amount of CA Released late (Rs in lakh)	Period of Delay in Months	Remarks
Manipur	1992-93	20.65	21	2/93 to 10/94
	-do-	4.35	58	2/93 to 11/97
	-do-	6.00	13	3/93 to 6/94
	1995-96	6.00	13	3/96 to 3/97
Manipur	-do-	2.00	22	3/96 to 12/97
	-do-	2.00	22	3/96 to 12/97
	1996-97	15.75	35	3/97 to 1/2001
	-do-	2.62	20	3/97 to 10/98
	-do-	7.88	34	3/97 to 12/99
	-do-	2.50	49	3/97 to 3/2001 (Still awaiting its release)
	-do-	5.00	37	3/97 to 3/2001
	-do-	7.00	33	3/97 to 11/99
	1997-98	11.00	37	3/98 to 3/2001 (Still awaiting its release)
	-do-	9.00	38	2/98 to 3/2001 (Still awaiting its release)
	1998-99	10.50	31	9/98 to 3/2001 (Still awaiting its release)
West Bengal	1993-94	2.00	85	2/94 to 3/2001 (Still awaiting its release)
	1993-94	5.00	15	2/94 to 6/95
	1993-94	3.00	85	2/94 to 3/2001 (Still awaiting its release)
	1993-94	3.00	14	2/94 to 5/95
	1993-94	3.00	20	2/94 to 11/95
	1993-94	3.00	85	2/94 to 3/2001 (Still awaiting its release)
	1993-94	3.00	85	2/94 to 3/2001 (Still awaiting its release)
	1993-94	3.00	20	3/94 to 11/95
	1993-94	5.00	84	3/94 to 3/2001 (Still awaiting its release)
	1993-94	4.00	20	3/94 to 11/95
	1995-96	15.00	17	3/96 to 8/97
		8.00	29	3/96 to 8/98
	1995-96	8.00	45	3/96 to 12/99
	1995-96	6.00	24	3/96 to 3/98
	1995-96	4.00	22	3/96 to 1/98
	1997-98	2.00	21	11/97 to 9/99
Pondicherry	1993-94	1.14	13	3/94 to 3/95
	-do-	15.92	13	-do-
	-do-	30.00	13	-do-
	1999-2000	30.00	12	4/2000 to 3/2001
Total		**1668.18**		

Annex-VII

(Refers to Paragraph 5.12)

Delay in release of state matching share

(Rs in Lakh)

State	Period of release	Amount released late (Rs in lakh)	Period of delay in months	Remarks
Andhra Pradesh	1999-2000	334.00	12	State Grant awaiting disbursement.
Karnataka	1999-2000	111.44	12	Against the release of Central Assistance of Rs 333.95 lakh in March 2000 for 11 towns, the State Govt. instead of releasing its matching share of Rs 222.61 lakh had released Rs 111.17 lakh in respect of 5 towns.
Madhya Pradesh	1998-99	28.05	16	Against Rs 58 lakh sanctioned to Ganj Basoda town on 30.3.99 as Central Assistance, State Government instead of releasing matching share of Rs 38.66 lakh released only Rs 10.61 lakh in March 1999. Balance amount of Rs 28.05 lakh was released in Aug. 2000.
	1994-95	20.00	2	These amounts were kept in Civil deposit on 29.3.95 and released in 6/95 (20.00), 7/95 (36.33), and 8/96 (7.00)
		22.00	3	
		7.33	3	
		7.00	3	
		7.00	16	
Maharashtra	1992-93	48.48	48	Amount released in 1997-98
	-do-	57.09	60	Amount released in 1998-99
	-do-	38.52	72	Amount released in 1999-2000
	1993-94	181.67	60	-do-
	1994-95	222.71	48	-do-
	1995-96	100.29	36	-do-
	1996-97	15.03	24	-do-
	2000-01	158.93	12	(Rs. 277.37 lakh is yet to be released as on 31.3.2001)
Orissa	1992-00	14.66	43 to 46	
	do	25.60	12	
	do	37.00	9	
	do	68.00	6 to 8	
Tamil Nadu	1993-94	20.90	62	5/94 to 6/99
	1995-96	11.04	47	5/96 to 3/2000
	1995-96	12.00	62	5/96 to 3/2001
	1996-97	3.60	35	5/97 to 3/2000
	1998-99	6.11	17	11/98 to 3/2000
West Bengal	1993-94	8.00	15	2/94 to 6/95
	1993-94	3.00	14	2/94 to 5/95
	1993-94	6.00	20	2/94 to 11/95
	1993-94	8.00	20	2/94 to 11/95
	1993-94	5.00	14	2/94 to 6/95
	1993-94	8.00	21	3/94 to 12/95
	1993-94	3.00	20	3/94 to 11/95
	1993-94	3.00	17	3/94 to 8/95
	1993-94	4.00	12	3/94 to 3/95
	1993-94	4.66	20	3/94 to 11/95
	1995-96	12.00	29	3/96 to 8/98
	1995-96	8.67	45	3/96 to12/99
	1995-96	4.00	24	3/96 to 3/98
	1995-96	2.66	22	3/96 to 1/98
	1997-98	1.33	22	11/97 to 9/99
Total		**1639.77**		

Annexure - VIII
(Refers to Paragraph 5.14)

Misutlisation of funds on activities not covered under the Scheme

(Rs in lakh)

Sl. No.	State	Town	Year/Period	Amount	Remarks
1	Andhra Pradesh	Nizamabad Municipality	February 2000	24.98 5.74 30.72	(i) Building Regulation Account not connected with IDSMT - Rs 18.42 (ii) Development charges not connected with IDSMT - Rs 12.30 Rs 30.72
2	Assam	Kokrajhar	1998-99	6.00	Staff salary paid by Municipal Board, Kokrajhar.
		Goalpara	1998-99	0.30	Office furniture purchased by DD/TCP Goalpara.
3	Gujarat	Bhavnagar	1998-99 to 1999-2000	0.75	TA Bill, Octroi refund and interest. Gujarat Electricity Board. .
		Jamnagar	1996-97	17.79	
		Mandvi	1999-2000	1.38	Publicity and Income tax
4	Himachal Pradesh	Mandi	1995-96	3.75	Donation for Shivaratri fair.
5	Jammu & Kashmir	Sopore	1996-97 to 1999-2000	8.90	TA and Office expenditure incurred in the admn deptt.
6	Karnataka	Kadur Harapanahalli, Badami		1.25 1.50 10.00	Donation for construction of Ranga Madira (Kadur), construction of compound wall for town panchayat building (Harapanahalli)town under ground drainage scheme (Badami)(met from interest earned.)
7	Kerala	Alappuzha	1997-98 to 1998-99	115.72	Other activities.
8	Madhya Pradesh	Director, TCP	1997-98 1999-2000	18.73 10.81	The amount was deducted by the Director TCPO from the State share of 12 towns (Amarpathan, Ashok Nagar, Astha, Balod, Berasia, Baora, Ganj Basoda, kasrawad, kanker, Narsingarh, Rajgarh, Umaria) and paid to MP Vikas Pradhikaran Sangh, Bhopal for providing architectural assistance to them whereas these charges were to be borne by the local bodies from their own sources.
		Khandwa,Mandla and Pandhurna	1995-96 to 1997-98	3.32	Amount paid to private architects for preparing estimates and designs out of scheme funds which were to be borne by them.
		Khandwa	1995-96	25.65	Rs 25.65 lakh spent by Nagar Palika Nigam, Khandwa on 3 schemes proposed in the project prior to approval of the project by G.O.I in Nov 1994, were adjusted irregularly from the scheme funds.
9	Orissa	Puri-Konark Development Authority, Puri	1998-99	1.50	Amount was paid to Tehsildar, Puri towards purchase of land for Tourist Housing Complex at Banki Muhan.
		Basudevpur NAC, Puri Municipality	1994-95 to 1999-2000	0.80	Unauthorisedly utilised the materials of the value of Rs 0.80 lakh purchased from out of IDSMT fund for different works not covered under the scheme.
		Digapahandi	1996-97	3.38	Set off loan amount by SBI towards purchase of canter bus.
		Bhanjanagar NAC	1995-96	9.00	Diverted/misutilised towards payment of wages, salaries and contingencies.
		SPA Titilagarh	1994-95 and 1995-96	0.32	-do-
		Titilagarh NAC	Prior to 7/96	3.45	-do-
		SPA Jharsuguda	Prior to 9/95	1.22	-do-

Sl. No.	State	Town	Year/Period	Amount	Remarks
10	Punjab	MC Anandpur Sahib	3/1999 to 6/2000	17.14	Sale proceeds of shops were irregularly utilised on construction of Community Centre in contravention of the guidelines of the scheme.
		-do-	March-Aug.99	49.16	Sale proceeds of shops were irregularly diverted towards sanitation arrangements
		Mansa	2/98 to 5/98	5.97	Expenditure was incurred on construction of stadium at Mansa, which was outside the component of the scheme.
		-do-	Dec.99	1.73	Earth work (1.42) and auction notice charges (0.31) of land.
		Rajpura	1997-98	2.20	Spent on purchase of stationery (1.70 and dustbin 0.50)
11	Rajasthan	Jaisalmer	1995-96 to 1999-00	10.13	Cases of expenditure on unapproved works/activities not covered under the scheme.
		Nimbahera	1992-93	6.08	
		Udaipur	7/2000	100.00	Interest free loan to Urban Improvement Trust, Udaipur.
		Nimbahera		1.20	Bitumen purchased from IDSMT fund was utilised on works other than this scheme
12	Tamil Nadu	Commissioner of DTCP Chennai	1996-97	7.54	Evaluation of project.
13	West Bengal	Burdwan	1997-98 & 1998-99	0.50	Hire charges of vehicles.
		Gobardanga	1995-96	1.67	Legal charges.
		Tamluk	1993-00	5.97	
		TOTAL		**485.53**	

Annex-IX
(Refers to Paragraph 5.15)

Cases of advances treated as final expenditure

(Rs in lakh)

Sl. No.	State	Town	Year/period	Amount of CA including State Share	Remarks
1	Assam	Nalbari	1994-95 to 1999-2000	41.48	Amounts released to executing agencies as final payments by Director T&CP and no subsequent adjustment bills/vouchers obtained ` herefore. No detailed records maintained in this regard.
		Mangaldoi		37.89	
		Kokrajhar	1995-96 to 1997-98	27.27	
		Goalpara	1997-98 to 2000-2001	36.45	
		Rangia	1996-97 to 2000-2001	36.00	
		Goalpara	1998-99	12.25	Advance payment made to contractors by EE, PWD ®, Goalpara against road scheme. Adjustment bill awaiting till date (7/2000).
2	Jammu & Kashmir	Sopore	1996-97 to 1999-2000	30.80	32 (11+5+16) cases of advances/release of funds to executing agencies.
		R.S.Pura	1995-96 to 1997-98	39.10	
		Samba	1997-98	42.68	
3	Karnataka	Gauribidanur	10/94 to 6/95	5.00	4 cases of advances given to suppliers/contractors for supply of materials etc.
		Badami	1992-93	51.90	37 (13+9+4+5+6) cases of advances/release of funds to executing agencies.
		Bellary	1993-94	136.20	
		Nippani	1993-94	13.00	
		Gadag-Betagiri	1994-95	77.49	
		Bangarapet	1995-96	43.00	
4	Madhya Pradesh	Raigarh (CG)	1992-93	40.00	Cases of advances/ release of funds to executing agencies.
		Rajgarh	1996-97	10.66	
		Mandsour	1992-93	10.00	
			1993-94	10.00	
			1998-99	22.42	
			1999-2000	14.94	
		Shivpuri	1992-93	25.00	
		Datiya		10.00	
		Khargone	1992-93	20.00	
			1994-95	20.00	
			1995-96	40.00	
		Khajuraho	1992-93	10.67	
			1999-2000	20.67	
		Hosangabad	1992-93	9.00	
		Chatarpur		7.19	
				25.10	
		Shahdol		1.00	
		Gadarwada		7.99	
				1.38	
		Bamore	1994-95	18.00	
		Amarkantak	Do	1.00	
		Neemuch	Do	2.50	
		Do	1995-96	18.50	
		Vidisha	1992-93	3.00	
		Do	1997-98	70.00	
		Panna	1992-93	6.01	
		Mandideep	Do	1.98	
		Bhind	Do	9.00	
		Dhamoh	Do	0.71	
		Sihora	Do	7.58	
		do	1994-95	30.00	
		do	2000-2001	30.00	
		Jagdalpur	1994-95	30.00	
		Khandwa	Do	20.00	
		do	1998-99	5.50	
		do	2000-2001	7.50	
				22.94	

Sl. No.	State	Town	Year/period	Amount of CA including State Share	Remarks
		Multai	1994-95	7.33	
		Do	1999-2000	35.70	
		Mandla	1994-95	16.00	
		Do	1998-99	48.00	
		Do	1999-2000	32.00	
		Chattarpur	1994-95	4.00	
		Do	1997-98	40.00	
		Morena	1994-95	0.15	
		Betul	1994-95	7.00	
		Do	1997-98	22.00	
		Tikamgarh	1995-96	66.67	
		Pithampur	Do	9.34	
		Dalli-Rajhara	Do	19.00	
		Baiora	1996-97	20.00	
		Narsinghgarh	1995-96	27.00	
		Do	1996-97	18.00	
		Do	2000-2001	54.98	
		Ashok Nagar	1995-96	25.00	
		Do	1996-97	16.66	
		Do	2000-2001	25.00	
				23.78	
		Ganj Basoda	Do	20.00	
		Do	1998-99	58.00	
		Do	1999-2000	10.61	
		Bhilai-Durg	1997-98	25.50	
		Sagar	Do	83.33	
		Amar Patan	1997-98	4.66	
		Do	1998-99	31.00	
		Do	1999-2000	20.67	
		Umariya	1997-98	8.00	
		Kasrawad	Do	3.34	
		do	1998-99	22.00	
		do	1999-2000	14.66	
		Maihar	1997-98	8.00	
		do	2000-2001	27.00	
		Champa	Do	8.67	
		Janjgir	Do	9.27	
		Garoth	1998-99	9.25	
		do	Do	10.00	
		do	1999-2000	23.41	
		Jaora	1999-2000	44.99	
			1998.99	10.00	
		Narsinghpur	Do	41.68	
		Chitrakoot	1999-2000	28.00	
		Bhatapara (CG)	Do	30.00	
		Jhabua	Do	30.00	
		Khurai	Do	30.00	
		Baora	Do	20.00	
		Berasia	Do	10.66	
		Kawardha (CG)	1998-99	18.00	
		Do	1999-2000	12.00	
		Sausar	1998-99	11.00	
		Do	1999-2000	7.33	
		Pandhurna	1998-99	22.00	
		Do	1999-2000	14.66	
		Ajaygarh	1998-99	14.00	
		Do	1999-2000	9.33	

Sl. No.	State	Town	Year/period	Amount of CA including State Share	Remarks
		Kanker (CG)	1998-99	53.00	
		Do	1999-2000	35.33	
		Rajgarh	1998-99	31.00	
		Do	1999-2000	20.67	
		Balod (CG)	1998-99	16.00	
		Do	1999-2000	10.67	
		Astha	1998-99	30.00	
		Do	1999-2000	20.00	
		Dhanpuri	2000-2001	16.00	
		Nagod	Do	16.00	
		Nugaon	Do	30.00	
		sonkutch	Do	13.00	
5	Orissa	Nabarangpur Municipality	1997-98	0.05	Advance to different officials, executants and contractors for execution of different works.
		Puri	3/2000 to Jun-00	5.00	
		Titlagarh	1994-95	1.70	
6	Rajasthan	Chaksu	1995-96	14.00	8 cases (2+2+1+2+1) of advances to the working agencies being booked as final expenditure.
		Jhunjhunu	1998-99	5.72	
		Deoli	--	5.89	
		Rajasmand	1993-94 1998-99	11.00	
7	Tripura	Khowai	1993-94	14.25	12 cases (2+1+3+2+1+2+1) of advance/release of funds made to the executing agencies being booked as final expenditure.
		Kumarghat	1996-97	3.86	
		Sonamura	1996-97	31.03	
		Kamalpura	1997-98	17.09	
		Teliamura	1997-98	18.17	
		Sabroom	1999-2000	20.83	
		Ranirbazar	2000-2001	2.00	
8	West Bengal	Dhulian	1995-2000	6.50	Cases of advances/ release of funds made to the executing agencies being booked as final expenditure
		Diamond Harbour	1994-2000	0.22	
9	Pondicherry	Pondicherry	1992-93 to 1994-95	20.03	23 cases of advances/release of funds made to the executing agencies being booked as final expenditure.
		Mahe	1995-96	10.00	
			1999-2000	20.00	
		Oulgaret	1997-98 to 1999-2000	70.00	
		Villianur	1992-93	14.95	
			1998-99	7.12	
		Ariankuppam	1994-95	30.00	
			1995-96	13.42	
		Total		**3123.88**	

Annex-X
(Refers to Paragraph 5.18)

Parking of Scheme funds in PLA/Civil deposits by the State Government

(Rs in lakh)

State	Name of Town/City	Year/period	Amount
Bihar	Muzzaffarpur	1995-96	30.00
	Bhagalpur	Do	30.00
	Chatra	Do	20.00
	Rajgir	Do	20.00
	Godda	Do	20.00
	Gaya	1996-97	20.00
	Supaul	Do	15.00
	Forbesganj	Do	15.00
	Lohardaga	Do	15.00
	Sheohar	Do	10.00
Gujarat	Bharuch	1994-95	24.00
	Do	1995-96	24.00
	Do	1996-97	12.00
	Modasa	Do	30.00
	Bharuch	1997-98	14.13
	Modasa	Do	1.19
	Bharuch	1998-99	9.36
	Modasa	Do	4.35
	Mandvi	Do	28.79
	Bharuch	1999-2000	5.76
	Mandvi	Do	11.60
	Modasa	Do	21.47
	Nadiad	Do	73.77
Karnataka	Director Municipal Administration (DMA)	8/95 till date	138.14
Kerala	Kollam	1993-94	5.00
	Sekmai	1996-97	2.27
Orissa	Pattamundai NAC	1999-2000	10.00
	Anandapur NAC	Do	22.00
	Soro NAC	Do	8.00
	Choudwar Municipality	Do	16.00
	Chatrapur NAC	Do	7.60
	Nabarangpur (M)	Do	13.65
	PKDA Puri	Do	9.90
Rajasthan	Chaksu	1999-2000	39.18
	Udaipur	1998-99	39.50
	Pratapgarh	-do-	20.00
	Shahpura	-do-	32.00
	jaisalmer	-do-	21.00
Tamil Nadu		2000-2001	1477.93
Tripura	Kamalpur	1997-98	4.00
Uttar Pradesh	33 towns	1993-94 to 1997-98	1685.61
	12 towns	1998-99 to 2000-2001	197.00
Total			**4204.20**

ANNEX-XI

(Refers to Paragraph 5.19)

Default in repayment of loan and interest

(Rs in lakh)

Sl. No.	State/UT	Overdue for Repayment	
		Principal	Interest
01	Andhra Pradesh	1924.52	220.45
02	Arunachal Pradesh	68.49	3.14
03	Assam	459.71	0.00
04	Bihar	480.29	42.52
05	Goa	58.08	6.21
06	Gujarat	1103.25	111.82
07	Haryana	173.14	2.71
08	Himachal Pradesh	63.99	7.70
09	Jammu & Kashmir	244.35	0.00
10	Karnataka	2343.95	221.90
11	Kerala	731.05	69.67
12	Madhya Pradesh	1671.21	161.53
13	Maharashtra	3439.81	386.00
14	Manipur	205.35	28.31
15	Meghalaya	160.96	14.93
16	Mizoram	96.33	18.22
17	Nagaland	136.11	11.88
18	Orissa	875.69	93.51
19	Punjab	470.53	37.07
20	Rajasthan	959.60	79.55
21	Sikkim	72.79	8.15
22	Tamil Nadu	1848.57	208.71
23	Tripura	187.69	8.93
24	Uttar Pradesh	7153.89	109.39
25	West Bengal	1323.78	157.55
	Grand Total	**26253.13**	**2009.85**

(Source: Pay and Accounts Office, Ministry of Urban Development and Poverty Alleviation)

ANNEX-XII
(Refers to Paragraph 5.6)

Status of Projects

Sl. No.	Name of the State	No. of projects approved during			No. of projects		No. of projects yet to be taken up
		1992-96	1997-2001	Total	Completed	In progress	
1	Andhra Pradesh	248	136	384	78	65	241
2	Arunachal Pradesh	9	3	12	NA	9	3
3	Assam	11	45	56	-	11`	45
4	Bihar	74	108	182	02	79	101
5	Goa	7	-	7	NA	NA	7
6	Gujarat	144	127	271	56	61	154
7	Haryana	11	31	42	8	16	18
8	Himachal Pradesh	7	25	32	13	18	1
9	J & K	15	11	26	2	6	18
10	Karnataka	298	72	370	197	-	173
11	Kerala	97	72	169	12	154	3
12	Madhya Pradesh	185	148	333	24	71	238
13	Maharashtra	392	142	534	115	204	215
14	Manipur	30	4	34	15	6	13
15	Meghalaya	NA	NA	NA	NA	NA	NA
16	Mizoram	10	3-	13	6	7	-
17	Nagaland	2	3-	5	NA	2	3
18	Orissa	176	91	267	56	43	168
19	Punjab	54	78	132	14	67	51
20	Rajasthan	72	37	109	-	58	51
21	Sikkim	2	6	08	-	1	7
22	Tamil Nadu	183	70	253	117	15	121
23	Tripura	4	24	28	1	15	12
24	Utter Pradesh	202	214	416	66	57	293
25	West Bengal	104	75	179	30	55	94
26	A&N Island	NA	NA	NA	NA	NA	NA
27	D&N Haveli	NA	NA	NA	NA	NA	NA
28	Daman & Diu	NA	NA	NA	NA	NA	NA
29	Lakshadweep	NA	NA	NA	NA	NA	NA
30	Pondicherry	8	-	8	NA	NA-	8
Total		**2345**	**1525**	**3870**	**812**	**1020**	**2038**

ANNEX-XIII
(Refers to Paragraph 5.21)

Unutilised Assets

Sl No	Name of State/UT	Details of assets created	Amount (Rs in lakh)	Period assets were created	Period assets remained unused as of 31.3.2001	Loss of revenue (Rs. in lakh)	Blockade of Capital (Rs. in lakh)	Remarks
	1	2	3	4	5	6	7	8
1.	Andhra Pradesh	715 Shops at Chittoor, Eluru, Warangal and Ananthapur Municipalities	1039.00	Between March 1996 and March 2001	5 to 60 months	211.00	1039.00	Lying unoccupied
2.	Gujarat	784 shops at the cost of Rs 1322.19 lakh (Bharuch - 140, Bhavnagar - 172, Jamnagar - 226 and 206 offices, 6 stalls, Mandvi-21, Modasa-113 and Nadiad -112)	Cost not available	Between October 1997 and March 2001	41 months (508 shops)	--	625.00	508 shops were not sold due to lack of demand from public.
		One Shopping Complex (Mandvi town)	23.11	September 1999	6 months	--	23.11	Not disposed off due to lack of demand from public.
3.	Madhya Pradesh	93 shops at Janjgir (now Chhatisgarh State)	91.09	March 1999	More than 24 months	--	91.09	
		18 shops at shopping cum vegetable market - Pandhurna Shops 8.55 Parking and office Complex 18.20 - 26.75	26.75	December 1998	More than 27 months	--	8.55 (cost of 18 shops) 18.20 (spent on works of Parking and Office Complex)	
4.	Maharashtra	30 shops in shopping complex at shahada	40.55	February 1999	12 months	--	40.55	Shops could not be rented out and therefore remained unused due to low demand/offers from prospective buyers.
		203 shops out of 540 shops (16 shopping complexes) in 6 Municipal Councils viz Pachora, Phaltan, Vita, Dhule, Ichhal Karanji and Sangli.	195.48 proportionately of 203 shops	Between November 1995 and December 2000	--	--	195.48	
5.	Manipur	Completed assets of 16 works (shekmai - 10, Nambol - 1 and Thoubal - 5)	141.99	During March 1995 to May 1999	Between 2 and 72 months as on March 2001.	--	141.99	The State Nodal Agency did not transfer the assets/ infrastructure in time to ULBs. The delay still continues.
6.	Punjab	19 booths at shopping centre in old Subzi Mandi, Sirhind	10.00	June 1999	21 months	19.00	--	Estimated selling price Rs.19.00 lakh.

Sl No	Name of State/UT	Details of assets created	Amount (Rs in lakh)	Period assets were created	Period assets remained unused as of 31.3.2001	Loss of revenue (Rs. in lakh)	Blockade of Capital (Rs. in lakh)	Remarks
7.	Sikkim	29 shops (out of 42) at Gangtok town.	67.84	December 1995	63 months	9.28	--	Revenue of Rs 9.28 calculated at an average rent of Rs 1000 per shop for the shops let out w.e.f August 1998 to March 2001.
		11 shops each measuring 10x12 sq.ft. for Mandi at Namchi Town.	27.65	1986-97	156 months	--	27.65	Idle investment
8.	Tamil Nadu	95 commercial units (Restaurant, Shops, Cycle Stand etc.) out of 114 units created.	--	--	August 1999 to March 2000 (Cuddalore-8 months and Tenkasi-2 months	20.15	--	Assets could not be leased out due to litigation in the manner of allotment or fixing rent for allotment of shops and consequent delay in getting approval of the concerned authority to implement the court judgement.
9.	Uttar Pradesh	15 shops (out of 16) at Pilakhuwa town)	22.50	1995	More than 51 months	--	22.50	These shops could not be auctioned as no bidder turned up after three auctions.
		20 shops of Bheli Mandi Commercial Complex Scheme of Khalilabad	30.44	January 1999	14 months	--	--	Shops constructed at a cost of Rs 30.44 lakh were auctioned for Rs 22.06 lakh resulting in Capital loss of Rs 8.38 lakh due to lower rates received.
Total						**259.43**	**2233.12**	

Section B - Transaction Audit Paragraphs

CHAPTER VI: MINISTRY OF AGRICULTURE

Department of Animal Husbandry and Dairying

6.1 Non-recovery of liquidated damages and under utilisation of vessels

Failure of the Director, Integrated Fisheries Project to levy liquidated damages for belated deliveries of vessels led to non-recovery of Rs 18.24 lakh including other charges of Rs 3.61 lakh, besides under utilisation of vessels.

The Director, Integrated Fisheries Project entered into an agreement with M/s. Bharati Shipyard Private Ltd, Bombay for construction of two fishing vessels at a cost of Rs 3.66 crore in September 1991.

As per the terms of agreement, the first vessel was to be delivered by July 1992 and the second by October 1992. The agreement also, *inter alia* provided for levy of liquidated damages for delay in delivery of vessels.

It was, however, noticed that the vessels were delivered only in May 1995. Yet, Director, Integrated Fisheries Project did not impose penalty on the firm for belated supply of vessels despite provision in agreement, which resulted in loss of Rs 18.24 lakh including other charges of Rs 3.61 lakh to the Government.

Besides, the two vessels could not be used for regular fishing operations due to defects in construction 'MFV Lavanika' was continuously laid off due to stern tube leak and shortage of crew and 'MFV Tharangini' was put into restricted operation during June to December 1996. The former vessel was out at sea only for 218 days during 1995-99 while the latter was used for fishing for 78 days during 1995-97 and did not ply during 1997-99 for want of staff.

Thus, expenditure of Rs 3.66 crore incurred on acquisition of the two vessels turned out to be largely unproductive.

While accepting the facts, Ministry stated in September 1999 that issue of additional payment of Rs 79.11 lakh on account of foreign exchange variation and cost escalation as well as the extent of liquidated damages to be recovered from firm was under consideration with them. The decision of Ministry was, however, awaited as of October 2001.

6.2 Loss of revenue

Inspection of imported plants and seeds was not conducted by the Plant Protection Officer, Kalimpong resulting in loss of Rs 1.66 crore and risk of import of infected plant materials into India.

The Plants, Fruits and Seeds (Regulation of import into India) Order 1989 issued by the Ministry provides that

- No consignment shall be imported into India without a valid permit.
- All applications for a permit to import consignments shall be sent by the importer to the Plant Protection Adviser one month in advance and the permit issued shall be valid for six months.
- All consignments of plants and seeds shall be imported into India only through authorised Customs Stations as may be notified by the Central Government from time to time.
- The consignment, on arrival at an entry point, shall be inspected, and, if necessary, fumigated or disinfected by the Plant Protection Adviser or any other officer duly authorized by him on his behalf and may be accorded quarantine clearance or require, in public interest, destruction of the consignment or return of the same to the country of origin.
- The importer of the consignment or his agent shall pay to the Plant Protection Adviser or any officer duly authorized by him in this behalf, the fees prescribed from time to time for inspection, fumigation and disinfection before the release of the consignment.

The Plant Quarantine Station at Panitanki, West Bengal at Indo Nepal Border, an authorized entry point for plant and plant materials functions under the control of the Plant Protection Officer (PPO). Plant Quarantine Station, Kalimpong for inspection of the consignments imported from Nepal and collection of the inspection fees. The station commenced functioning from September 1987 with staff strength of one PPO and six other staff members.

Audit found in November 2000 that the PPO did not inspect imported consignments of agricultural products for the period since inception in September 1987 to July 2000. The Customs authorities, for whom it was obligatory to release these consignments only after such inspection and clearance certificate by the PPO, also failed to discharge their duty and released the imported consignments without such inspection. It was noticed that the Superintendent of Customs, Panitanki Land Customs Station wrote to the Assistant Commissioner of Customs, Naxalbari Division only in December 1998 seeking instructions in this regard. Due to non-receipt of instructions, the Superintendent of Customs, Panitanki

Land Customs Station did not refer any consignment of imported plant material to the PPO till July 2000. Inspections by the PPO commenced only from August 2000.

As a result of the foregoing acts of negligence and omission the following irregularities occurred:

1. From September 1987 to July 2000 all consignments of imported plant material were allowed into the country without necessary certification from the PPO. This negligence and failure resulted in the risk of import of infected plant material into the country and a revenue loss of Rs 1.66 crore for the period April 1994 to July 2000. The PPO, however, could not furnish figures pertaining to period from September 1987 to March 1994 though called for by Audit.

2. Since PPO did not carry out a single such inspection of infected plant material, a large part of the expenditure incurred during the period September 1987 to July 2000 on his office amounting to Rs 81.59 lakh was infructuous.

3. The Customs authorities were also at fault in releasing the consignments without inspection and certification from the PPO.

4. The case calls for investigation both by the Customs authorities and Ministry of Agriculture for such serious lapses, which, besides causing financial losses, also exposed the country to the risk of entry of infected plant material into the country.

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

CHAPTER VII: MINISTRY OF COMMERCE

7.1 Recovery at the instance of Audit

Joint Director General of Foreign Trade, Mumbai recovered Rs 69.88 lakh towards excess payment of Cash Compensatory Support, refund of terminal excise duty and deemed exports duty/draw back etc. upon being pointed out by Audit.

A mention was made in paragraphs 2.3 of the Comptroller and Auditor General's Report No. 2 of 1997, 3.2 of Audit Report No. 2 of 1998 and 3.4 of Audit Report No. 2 of 1999 of excess payments made due to non-adherence to stipulated rules and procedure in the scrutiny of various claims. Though there was a need for ensuring better internal control with a comprehensive check of payments, such excess payments continued to recur. Sample check of paid vouchers in the office of Joint Director General of Foreign Trade (JDGFT), Mumbai revealed the following excess payments on claims submitted to JDGFT, Mumbai.

(a) JDGFT, Mumbai paid Cash Compensatory Support (CCS) claims of Rs 81.55 lakh in 607 cases without imposing any cut in respect of the exports made by them during 1989-90 to 1991-92, though there were delays ranging between 7 and above 24 months in submission of their applications for CCS. On this being pointed out by Audit between March 1995 and February 1996, JDGFT, Mumbai recovered Rs 12.18 lakh in 126 cases during 1998-2000.

(b) Contrary to the laid down procedure, JDGFT, Mumbai released full refund of terminal excise duty, and deemed export duty draw back of Rs 56.55 lakh in 33 cases during 1997-2000 without imposing any cut in respect of the exports made by them during 1996-98, though, there were delays ranging between 7 and above 12 months. JDGFT, Mumbai recovered Rs 31.81 lakh in respect of 23 cases when pointed out by Audit during 1998-2000.

(c) JDGFT, Mumbai admitted and paid refund of Terminal Excise Duty though there were deficiencies in the documents furnished in 23 cases involving payments of Rs 2.04 crore. JDGFT, Mumbai recovered Rs 17.94 lakh in seven cases when it was pointed out by Audit during 1997-2001.

(d) According to paragraph 10.3 of Export and Import Policy (1997-2002), refund of Terminal Excise Duty/Duty Draw back can be made under Deemed Exports in respect of the goods manufactured and supplied in India. Contrary to this, JDGFT, Mumbai admitted and paid the terminal excise duty (refund) on 'Job Work' packing and forwarding charges and also refunded cess to five firms of Rs 7.95 lakh. JDGFT, Mumbai recovered this amount when pointed out by Audit during 1999-2001.

The JDGFT, Mumbai while accepting the facts stated in October 2001 that audit observations arose owing to improper record management, clerical errors etc. It was also stated that, compared to the annual disbursement of Duty Draw back/Central Excise Duty, the amount held in objection by audit on an average worked out to only 0.13 *per cent* which would be settled soon. The reply of the Department underscores the requirement of proper record management and strengthening the internal control system in order to avoid excess payments, irrespective of the quantum of excess payment involved.

The Ministry stated in October 2001 that they have since taken several steps to ensure that such instances do not recur.

CHAPTER VIII: MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

8.1 Unproductive expenditure due to defective planning

Erroneous planning of the Ministry in establishing a National Institute of Sugarcane and Sugar Technology at Mau when a similar Institute was already in existence at Kanpur, resulted in unproductive expenditure of Rs 16.72 crore.

Ministry of Consumer Affairs and Public Distribution decided to establish National Institute of Sugarcane and Sugar Technology (NISST) at Mau during 1993-94 to undertake research in sugarcane and to provide training and extension programmes for development of sugar industry. The Institute was to be completed by 1995-96.

Test check of the records of the Institute in January 2001 revealed that after incurring an expenditure of Rs 14.84 crore, Ministry realised that there would be a duplication of activities performed by National Sugar Institute, Kanpur and NISST, Mau. Accordingly, Ministry constituted a Committee in September 2000 to examine the feasibility of transferring NISST, Mau to Ministry of Agriculture or any other agency.

The decision of the Ministry was based on the recommendations made by Central Monitoring Group (CMG), Ministry of Finance, Department of Expenditure in their meeting held in January 2000. The Committee, in its meeting held in September 2000 expressed the view that Indian Council of Agricultural Research (ICAR) should come out with a clear decision within a month after examining the issue. The proposal of ICAR for taking over the assets of NISST was awaited as of September 2001. Despite the decision of the Ministry to wind up the project and transfer the land and buildings to ICAR or any other agency, the expenditure on the Project was allowed to continue, which went up to Rs 16.72 crore as of September 2001. Neither land and buildings could be transferred either to any other agency or Ministry of Agriculture as of date.

Injudicious planning of Ministry in establishing NISST at Mau, when a similar Institute (NSI, Kanpur) already existed, which was involved in sugar cane research, training and extension programmes, resulted in unproductive expenditure of Rs 16.72 crore as of September 2001.

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

CHAPTER IX: MINISTRY OF EXTERNAL AFFAIRS

9.1 Infructuous expenditure on purchase of computer systems

Purchase of hardware, without the required software by the Embassay of India, Paris and indecisiveness on the part of the Ministry resulted in expenditure of Rs 10.88 lakh being rendered infructuous.

Ministry of External Affairs (MEA) asked all the Missions in April 1995 whether their computerised database system had link ups to database in India and elsewhere and whether there were any projected requirements along with approximate outlay. In August 1995, MEA delegated financial powers to Heads of Missions/Posts to the tune of US $ 5000 per annum for the purchase of computer systems and other ancillary items and directed them to formulate detailed justification for utilisation of the computer system vis-a-vis workload and staff strength. Embassy of India (EI), Paris submitted a proposal in September 1995 for computerisation of their Consular Wing which involved purchase of one server, ten terminals, three dot matrix printers along with Foxbase and MS Word for 16 users, including training to staff. The proposal was made without detailed study of work requirement and availability of required application software.

Mission awarded the contract to M/s Decision System International in September 1996 on the basis of approval of MEA granted in May 1996, despite the fact that the company had refused on 5 September 1996 to take responsibility for installing the application software. The company installed the hardware in July 1997 at a cost of FFr. 188196 (including VAT) equivalent to Rs 10.88 lakh.

Mission borrowed software from EI, Hague, which could not be modified to the Mission's requirements. The Mission sought the approval of the Ministry in September 1997 to procure the software from the French market at a cost of Rs 1.88 lakh. On being asked by the Ministry in January 1998 to send concrete proposals including three quotations, the Mission could respond only in February 1999. Three quotations sent by the Mission in February 1999 included one at £ 20360 (equivalent to Rs 14.41 lakh) from a London based software house M/s Transputec, which was involved in the computerisation of the visa wing of HCI, London. Ministry informed the Mission in May 1999 that they were in the process of negotiating a general frame work agreement for a multi user/multi Mission contract with M/s Transputec.

The Mission's request to delink their proposal from the general frame work agreement in view of the delay already suffered by them was not accepted by the Ministry. The proposal of entering into a general frame work agreement with M/s Transputec was, however, shelved by the Ministry in September 1999.

In August 2000, Ministry informed the Mission that it had signed a contract with M/s Birlasoft Ltd. to computerise major missions including Paris and directed the Mission to wait for the completion of this project. The project which was to be completed within 6 months from the date of initiation, was yet to be completed as of March 2001.

Thus, the Mission failed to link the purchase of hardware with required application software. The Ministry too gave clearance to the purchase of hardware without looking into requirement of appropriate application software.

In the absence of application software for visa wing, the hardware purchased by the Mission at a cost of Rs 10.88 lakh in July 1997 became obsolete. Computerisation of the Consular wing has not been achieved and the entire expenditure was rendered infructuous.

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

9.2 Unauthorised expenditure on operation of posts without sanction

Operation of three local and three contingency paid posts by the Embassy of India, Almaty without the sanction of the competent authority resulted in unauthorised expenditure of over Rs 69 lakh.

Successive Audit Reports have highlighted disregard of Ministry's instructions by the Missions/Posts abroad in the matter of unauthorised appointment of local and contingent paid employees. The Audit Reports for the years ended March 1998 and March 1999 contained five such paragraphs pointing out aggregate unauthorised expenditure of Rs 10.13crore. **(Annex)**

Audit of Embassy of India, Almaty disclosed yet another instance of violation of the standing orders of Ministry of External Affairs (MEA) by the Mission in as much as it continued to operate the following local and contingency paid posts for several years without sanction of the competent authority:

Name of Post	Local/ Contingency	Period of un-authorised employment	Expenditure (in US $)
Charwoman	Local	1 April 1995 to March 1996 (sanctioned from April 1996)	2392.00
Charwoman	Local		
Chauffeur	Local	27 June 1994 to June 2001 (continuing)	29768.00
Janitor	Local	November 1993 to June 2001 (continuing)	10274.12
Messenger with car	Local	5 December 1994 to March 1995 (sanctioned from April 1995)	1017.27
Messenger with car	Local	7 December 1994 to June 2001 (continuing)	29329.55
Clerk	Contingency paid	12 June 1994 to June 2001 (continuing)	74454.07
Clerk	Contingency paid	21 July 1994 to June 2001 (continuing)	
Clerk	Contingency paid	22 July 1994 to June 2001 (continuing)	
Total			**147235.01**

This resulted in unauthorised expenditure of at least $ 147235, equivalent to Rs 69.24 lakh from 1993 to 2001. The unauthorised expenditure was continuing as of June 2001.

The Mission continued these posts despite categorical orders of the Ministry in September and November 1997 to dispense with the irregular employments immediately. Maintenance of contingency-borne posts for more than six months by the Mission was against the Ministry's instructions.

The Missions have no delegated powers to sanction local regular posts and delegation for engagement of contingent workers is subject to the limitation that they are not employed for work of regular nature and their engagement for work of casual nature does not exceed six months, in each case. Continuous employment of contingent paid workers for regular nature of work tantamounts to creation and operation of local posts by the Mission, without approval of the Government.

On being pointed by Audit, the Mission stated, in January 1999, that it had employed these posts on the recommendations of Foreign Service Inspectors. It added, in December 2000, that it had taken up the matter with the MEA.

The reply of the Mission is not acceptable, since only Government of India is competent to sanction local posts. Moreover, the Missions do not have authority to appoint contingent paid employees even for casual nature of work for more than six months at a time. Mere reference to the Ministry for post-facto approval does not diminish the seriousness of unauthorised action by the Mission in incurring expenditure without sanction.

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

Annex

Unauthorised expenditure on operation of posts without sanction

Sl. No.	CAG's Report No.	Para No.	Title of Paragraph	Unauthorised expenditure (Rs in crore)	Action Taken Note
1.	2 of 1999	4.1.1	Appointment of staff in violation of Government's orders	4.04	Received
2.		4.1.2	Retention of staff after expiry of sanction of the post	0.16	Received
3.		4.1.3	Unauthorised appointment of Marketing Consultant	0.06	Received
4.	2 of 2000	8.6	Appointment/rentention of personnel and inadmissible payments	3.51	Not Received
5.		13.2	Unauthorised expenditure on the operation of local posts (Department of Education, Ministry of Human Resource Development)	2.36	Not Received from the HRD Ministry
Total				**Rs 10.13 crore**	

9.3 Ineffective utilisation of Government owned/leased property

Missions at Dushanbe and Athens incurred avoidable expenditure of Rs 23.81 lakh for taking residential accommodations on lease despite the availability of vacant space in the Chancery premises.

Embassy of India, Dushanbe (Tajikistan)

Embassy of India, Dushanbe submitted to Ministry of External Affairs in January 1996, a proposal for leasing a built-up property comprising of three separate buildings with a total built-up area of 1344 sq. m. to house the Chancery and a Cultural Centre. Ministry of External Affairs, while according their approval in principle, in April 1996, requested the Mission to consider *inter-alia*, the possibility of utilising a part of the complex for accommodating the residential needs of the Mission till such time the Indian Council of Cultural Relations cleared the proposal for a Cultural Centre.

Indian Council of Cultural Relations intimated to the Mission in April 1996 that they had no funds for setting up a Cultural Centre in Dushanbe. Ministry of External Affairs reminded the Mission in October 1996, that the approval for leasing the property was granted by them on the basis that the space in the Chancery building would be used to accommodate one or two residences for the staff since it was unlikely that the Cultural Centre would be opened in Dushanbe immediately.

The Mission leased the property in April 1996 for a period of three years, extended to 10 years in May 1997, at an annual rent of US $ 60000 and also renovated the Chancery premises at a cost of US $ 47582 before moving into the premises in March 1997. No effort was initiated to explore the possibility of accommodating any of the staff in the excess space available in the building.

The actual space requirements of the Mission in accordance with the space norms laid down by Ministry of External Affairs was 718 sq. m., leaving an excess space of 626 sq. m. The Mission also leased four residences at monthly rentals ranging from US $ 225 to 300 to accommodate four India-based officials. As Embassy of India, Dushanbe was a non-family station, the Mission could have explored the possibility of accommodating at least two of the staff, as suggested by the Ministry. Taking into account the rents at US $ 225 and US $ 300 incurred by the Mission towards rent for two residences, the avoidable expenditure on residential rent during the period from March 1997 to June 2001 was US $ 27300 equivalent to Rs 12.87 lakh[1] which is continuing. The cost of renovation of the property to accommodate two staff members could have easily been dovetailed into the overall scheme of renovation of the Chancery building executed by the Mission.

[1] At the official rate of exchange of US $ 1 = Rs 47.15 as of June 2001.

The Mission continued to incur expenditure on rent instead of exploring the possibility of purchasing the property in accordance with the terms of the lease agreement, despite the fact that the landlord was positive to the sale of the property to the Mission.

Though the team of the Ministries of External Affairs and Finance, which visited the Mission in December 1998, broached the subject of housing the Cultural Centre in Dushanbe, they did not question the action of the Mission in not effectively utilising the property.

Embassy of India, Athens (Greece)

EI Athens, a small sized Mission, is housed in a Government owned building, acquired in May 1988, having a total built up area of 1470 sq.m. The Mission, on the direction of the Ministry of External Affairs in February 1989, converted the third and fourth floors of the Chancery building for residential use at a cost of Drs.9622578 equivalent to Rs 10.42 lakh[2] and accommodated the Attache and the First Secretary (Head of Chancery) in the third and fourth floors in June 1990.

In August 1997 the then Minister (Head of Chancery) requested Ministry of External Affairs to allow renting of a suitable accommodation on the ground that the existing accommodation was not suitable for his family and for representational purposes. Ministry of External Affairs accorded approval in December 1997 on the condition that the space vacated would be fully utilised by shifting the Attache to the fourth floor and the Commercial wing to the third floor. The Mission leased a house at a monthly rent of Drs. 280000 for the Minister in December 1997. However, while the fourth floor remained vacant till August 2000, Mission took on lease two residences in December 1997 for India based officials.

The staff strength in the Commercial wing of the Mission had not undergone any change since 1989. Hence the proposal of the Mission to shift the Commercial wing to the third floor with a built-up area of 273.26 sq.m. was unjustified. Further the Mission had spent a sum of Rs 10.42 lakh for the conversion of the two floors to make them fit for residential purposes and the Mission had been using the two floors only for residential purposes till December 1997. The usable area in the fourth floor was 258.79 sq.m. as against the requirement of 150 sq.m. for the two India based Assistants. The Mission could have utilised the vacant space in the fourth floor of the building to accommodate the two India based Assistants instead of hiring separate accommodations for them. The avoidable expenditure on account of this injudicious hiring of the two residences was Drs. 8752372 equivalent to Rs 10.94 lakh[3] during the period from 1 July 1998 to 31 August 2000.

The injudicious and financially imprudent actions on the part of the Missions at Dushanbe and Athens resulted in Government incurring avoidable expenditure of Rs 23.81 lakh during the period March 1997 and June 2001.

[2] At the exchange rate of Re 1 = Drs.9.233.

[3] At the official rate of exchange of Re 1 = Drs. 7.997

The matter was referred to the Ministry in July 2000. Ministry stated in January 2001 that the residential accommodation hired by Embassy of India, Athens for the then Minister had since been surrendered and new incumbent (Counsellor) had moved into the Government owned accommodation in September 2000. Ministry did not reply to the issue of ineffective utilisation of the space by the Mission at Dushanbe.

9.4 Deficient cash management and loss of interest

Deficient financial control in the Ministry of External Affairs resulted in holding of excess cash ranging from Rs 2.56 lakh to Rs 328.23 lakh by the Embassies/ Consulates General of India at Hamburg, Bonn, Birmingham, Prague, Frankfurt, Stockholm, St. Petersburg, Seoul, Pyongyang, Beijing and Ulaanbaatar with consequential loss of interest of Rs 94.50 lakh.

In terms of the standing instructions of the Ministry of External Affairs, closing balance of cash during any month in any Mission/Post should not exceed six weeks' requirements. Request for special remittances are to be made in terms of these instructions, in case any authorised expenditure is anticipated.

Cases of violation of these instructions and holding of monthly cash balances in excess of six weeks' requirement by various Missions/Posts abroad leading to a loss of interest of Rs 30.75 lakh, Rs 22.62 lakh, Rs 31.00 lakh and Rs 69.70 lakh were included in Report No.2 of the Comptroller and Auditor General of India for the years 1997, 1998, 2000 and 2001 respectively.

Further scrutiny of accounts disclosed that the Embassies/Consulates General of India at Hamburg, Bonn, Birmingham, Prague, Frankfurt, Stockholm, St. Petersburg, Seoul, Pyongyang, Beijing and Ulaanbaatar held cash between Rs 2.56 lakh and Rs.328.23 lakh in excess representing up to 606 *per cent* of six weeks' requirements, during April 1997 to April 2001 as under:

(Rs in lakh)

Name of the Mission/ Post	Period of excess cash holding	Amount of excess cash holding		Loss of interest @ 14 *per cent per annum*
		Minimum	Maximum	
Consulate General of India, Hamburg	October 1997 to March 1999	3.21	25.16	1.43
Embassy of India, Bonn	February 1999 to February 2000	30.96	136.01	10.52
Consulate General of India, Birmingham	February 1999 to April 2001	20.87	328.23	30.30
Embassy of India, Prague	May 1999 to October 1999	6.17	136.28	2.65
Consulate General of India, Frankfurt	November 1999 to October 2000	26.25	86.64	7.49
Embassy of India, Stockholm	November 1999 to October 2000	8.13	98.25	5.91

Name of the Mission/ Post	Period of excess cash holding	Amount of excess cash holding		Loss of interest @ 14 *per cent per annum*
		Minimum	Maximum	
Consulate General of India, St. Petersburg	April 2000 to March 2001	6.92	109.61	9.61
Embassy of India, Seoul	April 1997 to July 1999	34.81	129.37	15.06
Embassy of India, Pyongyang. North Korea	April 1997 to March 2000	2.56	24.65	3.29
Embassy of India, Beijing. China	May 1999 to September 1999	6.10	137.14	3.95
Embassy of India, Ulaanbaatar. Mongolia	April 1997 to September 1999	4.36	35.03	4.29
Total		**150.34**	**1246.37**	**94.50**

Although these Missions had cash balances in excess of six weeks' requirements, the Heads of Missions/Posts did not advise Ministry to restrict the monthly remittances. The Chief Controller of Accounts also failed to notice the holding of cash by the Missions/Posts from the monthly cash accounts sent by them.

Holding of excess cash by these Missions/Posts resulted in loss of interest of Rs 94.50 lakh at the rate of 14 *per cent per annum.*

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

9.5 Unauthorised expenditure on pay and allowances

Embassy of India, Seoul incurred expenditure of Rs 25.69 lakh on payment of pay and allowances and Over Time Allowance of a locally recruited chauffeur who was continued in service irregularly for more than 5 years beyond the date of extended period of superannuation.

Paragraph 8.9 of Report No.2 of 2001 of the Comptroller and Auditor General of India pointed out that Embassy of India, Athens continued to retain a local employee for seven years beyond the date of his superannuation despite clear instructions issued by Ministry of External Affairs (MEA) in March 1988 that all local employees of the Mission must be made to retire on the date of their superannuation, as per the age of retirement prescribed by the Government of India for each Mission; and that cases of extension of service would need prior approval of the Ministry.

Scrutiny of records of Embassy of India (EI), Seoul revealed yet another case of non observance of Ministry's instructions. In this case, a chauffeur-cum-messenger was appointed by the Mission in pay scale of Wons (Currency of Korea) 3,50,000-10,000-4,50,000 with effect from 17 June 1994. At the time of appointment, the incumbent was due to attain the age of superannuation *i.e.*

58 years, within 3 months. MEA in September 1994 allowed extension in service of the official for one year, i.e., up to 30 September 1995. However, the Mission continued to employ him for more than six years even after the expiry of the extension period without obtaining approval of the Ministry for further extension of his service.

Mission stated in December 2000 that fresh appointments were not possible since the existing pay scale was too low and that the Ministry did not take action to revise the pay structure despite their request for increase in the pay scale of chauffeur. The fact remains that the Mission did not obtain sanction of Ministry for extending the services of the chauffeur which resulted in unauthorised expenditure of Rs 25.69 lakh towards pay and allowances and over time allowance of the chauffeur, from October 1995 to October 2001. Further, the Mission stated in July 2001 that the chauffeur had been retained for the job because of conditions beyond its control and he was expected to leave the job soon. The Mission also stated that it was making all efforts to find a replacement for him. It had requested the Ministry to regularise employment of chauffeur beyond the age of superannuation.

The matter was referred to the MEA in May 2001; their reply was awaited as of November 2001.

9.6 Embezzlement of Government Money

Failure to follow the procedure laid down in the Consular Manual resulted in embezzlement of Government money amounting to Rs 5.05 lakh in the Embassy of India, Tel Aviv, Israel.

Consular Manual stipulates that the Consular Officer will check and verify each entry in the Consular Service register with reference to the receipt issued before initialling the register daily, to safeguard Government revenue. It also lays down that on completion of the transaction for the day, the Consular Assistant will deposit the day's collection with the Chancery Accountant/Cashier through a pay-in-slip (in duplicate) to be signed by the Consular Officer. The Chancery Accountant will receive the cash and acknowledge its receipt on the duplicate copy of the challan, which would be countersigned by the Head of Chancery (HOC) after verifying the receipt entry in the Chancery Cash Book.

Audit scrutiny of Consular receipts of the Embassy of India, Tel Aviv, Israel disclosed that the Consular Officer did not check the amount collected as per receipt book with amount recorded in the cashbook maintained by the Consular wing. The Consular Clerk, after receiving the cash towards Consular receipts directly remitted the money into the bank instead of depositing the daily receipts with the Chancery Accountant. The total amount received against 253 receipts during the period 26 July 1999 to 11 October 1999 worked out to New Israeli Shekel (NIS, Currency of Israel) 185485 against which only NIS 137395 was deposited in the bank and accounted for in the Cash Book of the Chancery. Thus, failure of the Consular Clerk to follow the prescribed procedures led to embezzlement of Government money to the tune of NIS 48090 equivalent to Rs 5.05 lakh during the said period at the average exchange rate of one rupee equivalent to 0.09525 NIS. Absence of internal control of the accounting of receipts created a situation, which was exploited by the delinquent official.

The Embassy of India, Tel Aviv intimated in November 2001 that MEA had recovered the defalcated amount alongwith interest and penal interest of Rs 6,97,526 from the accused person and deposited the same into Government Account. It is essential to strengthen internal control systems to prevent recurrence of similar instances in future.

9.7 Loss of revenue due to inefficient monitoring and control in Missions/ Posts

Inefficient monitoring system and lack of internal control of Ministry of External Affairs in providing Passport, Visa and Consular Services in the Missions/Posts abroad resulted in loss of revenue of Rs 8.90 crore.

Deficient internal control and monitoring system in the Ministry of External Affairs (MEA) in realisation of Visa and Consular Service fees by the Missions/Posts abroad leading to a loss of revenue of Rs 9.25 crore was pointed out in Paragraphs 8.2 and 8.3 of Report No.2 of 2000 of the Comptroller and Auditor General of India.

In the Action Taken Note on the above Paragraphs, Ministry stated in September 2000 and January 2001 that instructions had been issued to all Missions to ensure that latest instructions on visa fees are strictly followed.

Sample check of records of some Missions/Posts in Europe and Commonwealth of Independent States (CIS) countries disclosed that the MEA has still not introduced an efficient system of monitoring and internal control in the matter of realisation of fees for Passport, Visa and Consular Services. Sample check in 14 Missions/Posts disclosed further loss of revenue of at least Rs 8.90 crore[4] as detailed in **Annex**, which was attributable to the negligence of the Missions and deficient monitoring system in the Ministry of External Affairs.

High Commission of India (HCI), London and Embassy of India, Berne adopted lower rate of exchange in fixation of fee for visa and passport services respectively in local currency, causing loss of revenue of Rs 3.76 crore during June 1997 to July 2000.

Failure to round off the fees in local currency for passport and visa services to next higher integer by the HCI, London resulted in less recovery of Rs 49.57 lakh between 1995 to June 2000 in HCI, London and Consulates General of India (CGI) at Birmingham and Edinburgh which follow the rates prescribed by the former.

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[4] Converted into Rupees as per rates of exchange prevailed at the time of audit

Embassy of India, Seoul revised the visa fee downward during September 1998 to November 2000 when local currency gained against the US dollar, in contravention of the instructions of the Ministry and caused a loss of Rs 1.92 crore.

HCI, London, CGI at Birmingham and Edinburgh and Embassies of India at Rome and Athens charged less than the prescribed fee for duplicate and child passport causing loss of revenue of Rs 35.42 lakh between June 1997 and October 2000.

HCI, London issued visa on receipt of cheque, without realising the money, in violation of provisions of Consular Manual, which caused a loss of revenue of Rs 3.13 lakh between November 1997 and March 2000.

Mission/Posts at London, Prague, Bonn, Edinburgh, Frankfurt, Geneva and Hague continued to issue three months visas at a lower fee of US $ 20 instead of the prescribed fee US $ 40[5]/US $ 30[6] causing loss of revenue of Rs 2.20 crore during July 1997 to January 2000.

HCI, London charged lower fees for issue of student visa valid up to six months causing loss of revenue of Rs 1.60 lakh during July 1997 to March 2000.

Failure of HCI, London in non-rounding the consular fees to next higher integer and non-revision of the same on devaluation of local currency and charging of less than the prescribed fees for Consular Services by the Embassies of India at Almaty and Belgrade resulted in loss of revenue of Rs 12.54 lakh between March 1994 and April 2001.

MEA needs to fix the responsibility for the above loss of revenue and take action to write off the loss. Further, it should put in place a system to monitor compliance of rules and orders relating to providing of Passport, Visa and Consular Services to avoid recurrence of such mistakes which result in loss of revenue.

Ministry stated in November 2001 that (a) the visa fee fixed by High Commission of India, London was correct as per Federal Reserve Statistical Release of the United States Government for the month of October 1997; (b) the High Commission of India, London had stopped accepted cheques with effect from April 2001 and approximately 23 *per cent* of the amount had been recovered and efforts were on to recover the rest; (c) the Missions had been right in charging US $20 for visas, other than tourist, valid for three months till June 1999; and (d) the Embassy of India, The Hague issued three month's duration tourist visa at fee of US $20 only for 7 days from 1 to 7 July 1997.

The reply of the Ministry is not tenable because (a) the High Commission of India, London had adopted the official rate of exchange for fixation of visa fee in October 1997; there was no reference to the US Government's Federal

[5] Prescribed fee upto 14 October 1997
[6] Prescribed fee from 15 October 1997

Reserve Statistical Release when the visa fee was approved in local currency. As the re-fixation of six months' visa fee in local currency in October 1997 was necessitated due to reduction of the then existing fee from US $40 to US $30, the fee was to be fixed at the same commercial rate of exchange adopted by the Mission at the stage of initial fixation effective from 1 January 1995 to maintain the visa fees for various services in local currency; (b) the loss of revenue occurred due to violation of codal provisions and the Mission had to recover the visa fee after issue of visas; (c) the Ministry, itself, had clarified prior to 21 May 1999 to a number of missions that there was no visa with a fee of US $20; and (d) the Ministry had not provided any evidence in support of its contention. The number of visas issued by the Embassy of India, The Hague was based on audited figures, mentioned in the Local Audit Report issued to the Mission in May 2000, which was not contradicted by the Mission as of December 2001.

Ministry did not give any comments on other observations included in the paragraph.

Annex

Mission/Post wise break-up of total loss of revenue of Rs 6.98 crore on Passport, Visa and Consular Services.

(Rs in lakh)

Sl. No.	Name of Mission/ Post	Particulars	Period (as noticed during audit)	Break-up of loss of revenue	Total Amount of loss of revenue
1	High Commission of India, London	Failure to round-off the passport fees to next higher integer	1997 to 1999	15.69	471.21
		Charging of less fee for duplicate passports	June 1997 to December 1999	6.95	
		Charging of less fee for child passports.	January 1999 to June 2000	2.17	
		Adoption of incorrect rate of exchange in fixation of visa fee.	October 1997 to March 2000	325.36	
		Issue of visas without actual realisation of fee.	November 1997 to March 2000	3.13	
		Charging of less visa fee for shorter duration of visa.	June 1997 to June 1999	108.00	
		Charging of less fee for shorter duration of student visa	July 1997 to April 2000	1.60	
		Non rounding-revision of fees for consular services.	August 1997 to March 2000	8.31	
2	Consulate General of India, Birmingham (Linked to incorrect decision taken by the HCI, London)	Failure to round-off the passport fees to next higher integer	January 1995 to June 2000	15.63	77.25
		Charging of less fee for duplicate passports	June 1997 to June 2000	4.56	
		Charging of less fee for child passports	October 1998 to May 2000	1.47	
		Adoption of incorrect rate of exchange in fixation of visa fee	July 1998 to May 1999	34.61	
		Lower rounding off the visa fee	January 1995 to June 1998	17.53	
		Non rounding-revision of fees for consular services	March 1994 to April 2001	3.45	

Sl. No.	Name of Mission/ Post	Particulars	Period (as noticed during audit)	Break-up of loss of revenue	Total Amount of loss of revenue
3	Consulate General of India, Edinburgh (Linked to incorrect decision taken by the HCI London)	Charging of less fee for duplicate passports	June 1997 to June 2000	0.34	18.16
		Adoption of incorrect rate of exchange in fixation of visa fee	October 1997 to July 2000	13.98	
		Lower rounding off the visa fee	November 1995 to May 1998	0.72	
		Charging of less visa fee for shorter duration of visa	June 1997 to June 1999	2.84	
		Non rounding-revision of fees for consular services	1996 to 2000	0.28	
4	Embassy of India Office, Bonn	Charging of less visa fee for shorter duration of visa	July 1997 to June 1999		54.90
5	Embassy of India, Hague	Charging of less visa fee for shorter duration of visa	July 1997 to November 1999/ January 2000	30.39	34.26
		Charging of less visa fee for three months tourist visa	July 1997 to January 2000	3.87	
6	Embassy of India, Rome	Charging of less fee for duplicate passports	June 1997 to October 2000		10.00
7	Embassy of India, Athens	Charging of less fee for duplicate passports	September 1997 to May 2000		9.93
8	Consulate General of India, Frankfurt	Charging of less visa fee for shorter duration of visa	July 1997 to December 1999		7.78
9	Embassy of India, Prague	Charging of less visa fee for shorter duration of visa	July 1997 to June 1999		7.23
10	Permanent Mission of India, Geneva	Charging of less visa fee for shorter duration of visa	July 1997 to June 1999		5.00
11	Embassy of India, Berne	Adoption of incorrect rate of exchange for fixation of fee in local currency	June 1997/ October 1998/ December 1999 to July 2000		2.11
12	Embassy of India, Almaty	Charging of less fee for consular services	January 1999 to June 2000		0.37
13	Embassy of India, Belgrade	Charging of less fee for consular services	September 1998 to June 2000		0.13
14	Embassy of India, Seoul	Downward revision of visa fee	September 1998 to November 2000		191.84
		Total			**890.17**

CHAPTER X: MINISTRY OF HEALTH AND FAMILY WELFARE

Department of Health

10.1 Incorrect payment of Patient Care Allowance

Additional Director, Central Government Health Scheme, incorrectly paid Patient Care Allowance of Rs 34.16 lakh to non-entitled Group-C ministerial staff.

Ministry of Health and Family Welfare revised in January 1999 the rates of Patient Care Allowance (PCA) from Rs 140 to Rs 690 per month which were applicable only to Group 'C' and 'D' (Non-Ministerial) employees working in Central Government Health Scheme (CGHS) dispensaries with effect from 29 December, 1998.

Scrutiny of records in the office of the Additional Director, CGHS revealed that Group 'C' employees comprising LDCs, UDCs and Office Superintendents etc. working in offices at Headquarters Nirman Bhawan, Zonal Offices (Nirman Bhawan, Sankar Road and R.K. Puram) and Medical Stores Depot, Mandir Marg were also paid PCA. Group-C ministerial staff not working in dispensaries were not entitled to PCA. Thus, payment of PCA of Rs 34.16 lakh for the period from 29 December 1998 to 28 February 2001 to such employees was incorrect. Details in respect of Group-D employees who were not working in CGHS dispensaries but were paid PCA could not be computed for want of details of these employees.

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

10.2 Follow up on Audit Reports

Despite repeated instructions/recommendations of the Public Accounts Committee the ministry did not submit remedial/ corrective Action Taken Notes on one Audit Paragraph.

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Civil) as of 31 October 2001 revealed that the Ministry has failed to submit ATNs in respect of one Paragraph included in the Audit Report for the year ended March 1999 as detailed below:

Number and year of the Audit Report	Paragraph Number	Subject
2 of 2000	11.2	Loss on account of expired medicines

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

CHAPTER XI: MINISTRY OF HOME AFFAIRS

11.1 Recovery at the instance of Audit

Indo Tibetan Border Police recovered an amount of Rs 60 lakh irregularly granted to *Himveer Arthik Sahayata Kosh,* a fund created without the approval of Ministry of Home Affairs.

Ministry of Home Affairs (MHA) released Rs 1.15 crore for the welfare activities of Indo Tibetan Border Police (ITBP) during 1999-2000. Out of this, Director General, ITBP transferred Rs 60 lakh between February–August 2000 to *Himveer Arthik Sahayata Kosh* (HASK). HASK is a fund created in August 1999 at the instance of DG, ITBP to extend monetary loans at nominal rate of interest to the members of ITBP. This fund did not have the approval of MHA or Ministry of Finance. The transfer of welfare funds to HASK was incorrect and unauthorised.

On this being pointed out by Audit, DG, ITBP withdrew Rs 60 lakh in September 2001 from HASK and deposited it back into the welfare account. The fact that Government funds could be diverted to maintain a welfare fund without the approval of the Ministry is indicative of serious indiscretion in the discharge of delegated financial powers. Appropriate systemic remedial measures need to be devised to prevent recurrence of such irregularities in future.

11.2 Extra expenditure due to delay in construction

Central Industrial Security Force, West Zone, Mumbai, had to pay additional lease premium of Rs 43.56 lakh to City and Industrial Development Corporation of Maharashtra Limited for not completing the construction work of Central Industrial Security Force complex in the stipulated time frame.

The Central Industrial Security Force (CISF), West Zone (WZ), Mumbai (Licensee) entered into an agreement and lease deed with City and Industrial Development Corporation of Maharashtra Limited (CIDCO), Mumbai for lease of a plot measuring 20,000 square metres for construction of non residential CISF complex at Taloja in January 1992 for 99 years for full premium amount of Rs 1.20 crore paid in October 1991, before the execution of the agreement.

As per the terms and conditions of the agreement, CISF was required to commence construction on the plot within a period of 12 months from the date of agreement and complete it within a period of four years from the same date i.e. by January 1997, failing which the licensee would be liable for an additional lease premium under the terms and conditions of the lease. However, there was no progress of development of plot and construction at Taloja in the time frame accepted under the agreement and the work was not completed within five years i.e. by January 1997. Resultantly, CIDCO in May 1998 levied additional lease premium of Rs 43.56 lakh for extension of three years up to January 2000. CISF paid the additional lease premium of Rs 43.56 lakh in February 1999. CISF obtained further extension up to January 2001 without levy of additional premium.

Scrutiny of records of Deputy Inspector General (DIG), CISF, Mumbai revealed the following:

The CISF referred the matter to Central Public Works Department (CPWD) for preparation of plans and estimates in 1992. The CPWD prepared the preliminary drawings inclusive of buildings for HQ Training Centre and incidentals i.e. compound wall & gate etc. in March 1993. CISF requested CPWD in March 1994 to include the requirement of residential accommodation of CISF in plan estimates. The CPWD accordingly revised the plan in December 1994 and with the approval of CISF (February 1995) presented it to CIDCO in June 1996. CIDCO objected to the revised plan since the original lease deed of January 1992 did not provide for construction of residential quarters. CIDCO in September 1997 conveyed approval to the revised plan subject to payment of Rs 62.33 lakh being the differential amount of premium as decided for the area proposed to be used for construction of residential quarters. CISF paid the amount of Rs 62.33 lakh in January 1999. The work of CISF complex started in January 1998. Though the work has been completed in January 2001, it had not been handed over to CISF as of May 2001.

Thus, lack of initial firm plans and consequent midstream changes, besides delay in execution of the work, resulted in extra expenditure of Rs 43.56 lakh along with Rs 1.20 crore remaining blocked for five years beyond normal period of five years.

While accepting the facts, the Ministry stated in September 2001 that normally residential and non-residential buildings were constructed in the same complex but there was clearly a slip in the present case. Ministry also stated that they would like to give clear-cut instructions to all the Central Para Military Forces in this regard to avoid recurrence of such situations in future. They further added that CPWD also contributed some delay in finalising drawings and estimates but this was not tenable because time required by CPWD was always taken into account while accepting the time frame under the agreement. The delay was mainly due to lack of initial planning and midstream change as the revised plan was presented to CIDCO after more than four years from the date of agreement.

National Security Guard

11.3 Procurement of defective Mini Jammer

National Security Guard incurred infructuous expenditure of Rs 75.09 lakh on purchase of defective security equipment.

In order to conduct bomb detection/disposal operations more effectively, National Security Guard (NSG) in July 2000 requested the Cabinet Secretariat for purchase of a Mini Jammer along with spares for VIP security. The equipment is used to jam signals from communication devices meant to detonate explosives remotely. Indent for purchase of the equipment was issued by Special Protection Group (SPG) in August 2000. An order for the purchase of the equipment was placed with M/s Thunderbird Industries Inc., Virginia, USA in August 2000 and the Cabinet Secretariat conveyed necessary expenditure sanction of Rs 75.09 lakh in August 2000, debitable to the NSG. As per the conditions of contract the inspection and the test of the equipment was to be made on the charge of the supplier in his factory by the Inspecting Officer deputed by the Government.

Ministry of Home Affairs (MHA) in November 2000 intimated the NSG that the Mini Jammer alongwith spares and power supply had been procured from USA after proper testing of the equipment.

NSG collected the equipment from SPG in November 2000. The Board of Officers of NSG carried out trials on equipment and reported that the equipment did not meet the specifications claimed by the firm. NSG, in December 2000, during additional trials on the equipment, also concluded that the Jammer could not jam the communication equipment used.

Since the guarantee and warranty period of the equipment was in force till 31 August 2001, NSG in March 2001 requested the MHA to convene a meeting with Cabinet Secretariat and SPG to sort out the issue. No such meeting was held. The equipment, which was lying with NSG, had also not been returned to SPG for further action.

Thus, the expenditure of Rs 75.09 lakh incurred on the purchase of the equipment has been rendered infructuous. Besides, the security concerns remained unaddressed due to lack of appropriate standards in the selection and testing of sensitive equipment with the jamming device.

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

CHAPTER XII: MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

12.1 Release of grant without assessment of need

Releasing of Plan Grant of Rs 18 crore to All India Council for Technical Education in the year 1997-98, without assessing requirement of funds and subsequently granting permission to carry forward the unspent balance year after year upto 2000-2001 resulted in locking up of funds and loss of interest of Rs 1.61 crore on account of differential amount of interest between market borrowings of the Government and interest earned on Fixed Deposit.

All India Council for Technical Education (AICTE) was formed in 1987 by an Act of Parliament to plan and coordinate development of technical education system throughout the country. The Council was operating from a rented office space at Indira Gandhi Indoor Stadium at a monthly rent of Rs 9.64 lakh since March 1994, revised to Rs 19.27 lakh from April 1997. The Council, without any specific proposal in hand of purchase of land/building for its own office complex or staff quarters, earmarked a sum of Rs 18 crore for the purpose in its Annual Plan of Rs 79.10 crore for the year 1997-98. The Ministry, without assessing the prospect of utilisation, approved the proposed allocation of the Council for Rs 79.10 crore while no land or building was in sight. The Council failed to utilise the funds and the amount continues to be kept in fixed deposit in a nationalized bank as of August 2001. On being pointed out in audit (January 2001), the Ministry got five acres of land transferred to the Council in Jawahar Lal Nehru University (JNU) Campus in August 2001 out of 25 acres already transferred by JNU to University Grants Commission (UGC). The Council took possession of the land in August 2001.

Thus, the Ministry failed to secure its funds against the conjectural budgetary practice adopted by the AICTE and in the process has borne the interest differential of Rs 1.61 crore being the cost of borrowed funds lying locked up in bank account without use for three years.

The Ministry stated in November 2001 that AICTE was actively engaged in the process of acquiring office space since it became operational. However, the fact remains that no concrete proposal ever existed with AICTE to utilise the grant of Rs 18 crore which continues to remain locked up for more than three years and government continues to bear the burden of differential rate of interest between market borrowing and the interest earned on fixed deposit.

12.2 Follow up on Audit Reports

Despite repeated instructions/recommendations of the Public Accounts Committee the ministry did not submit remedial/ corrective Action Taken Notes on five Audit Paragraphs.

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Civil) as of 31 October 2001 revealed that the Ministry has failed to submit ATNs in respect of five Paragraphs included in the Audit Reports up to and for the year ended March 1999 as detailed below:

Number and year of the Audit Report	Paragraph Number	Subject
2 of 1999	8.1	Non receipts of Books and Journals
2 of 1999	8.2	Non allotment of staff quarters
2 of 2000	13.1	Unprocessed Books
2 of 2000	13.2	Unauthorised expenditure on the operation of local posts
3 of 2000	3	Integrated Child Development Services Schemes.

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

CHAPTER XIII: MINISTRY OF INFORMATION AND BROADCASTING

13.1 Non-recovery of advertising charges

Failure of the Doordarshan Kendra, Lucknow to recover dues as per contract led to non-realisation of arrears of Rs 2.58 crore and interest of Rs 0.71 crore.

Clause 18 of the contract with accredited advertising agencies provides for recovery of penal interest at the rate 18 *per cent per annum* and/or automatic cancellation of the accreditation of the agency for non-payment of dues by the due date on more than three occasions in a year, within 45 days after the prescribed credit period of 45 days from the month following the date of broadcast.

Test check in March 2001 of the records of Doordarshan Kendra, Lucknow revealed that a sum of Rs 3.29 crore (advertising charges: Rs 2.58 crore and interest Rs 0.71 crore) was outstanding against 60 accredited agencies for the period from 1995 to March 2001. But Doordarshan Kendra did not take action to recover the outstanding dues as of March 2001.

Doordarshan Kendra stated in March 2001 that reminders and legal notices had been issued for outstanding dues. However, it gave no reason for not cancelling accreditation of those, who defaulted on more than three occasions in a year.

Thus, failure of the Doordarshan Kendra in enforcing the terms and conditions of the contract and in initiating penal action against the defaulting agencies for non payment of advertising charges led to accumulation of arrears of Rs 3.29 crore including interest of Rs 0.71 crore.

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

13.2 Undue benefit to a sponsor

The Director of Doordarshan Kendra, Kolkata extended undue benefit to a sponsor, which resulted in a loss of Rs 96.75 lakh to the Government.

The Director, Doordarshan Kendra, Kolkata (DDK) approved telecast of 'Sri Ramkrishna' a non-film based serial produced by Sunrise Media and Effects Private Limited from 30 November 1998. Doordarshan telecast the programmes on both DD-1 and DD-7 channels. The Director, DDK extended undue financial benefit of Rs 96.75 lakh to the sponsor as detailed in succeeding paragraphs:

(a) Loss of revenue of Rs 57.83 lakh due to excess utilisation of banked FCT

As per rate card, for a daily serial, five telecast days per week is considered as one episode and a sponsor can utilise upto 100 seconds of banked Free Commercial Time (FCT) per episode. A scrutiny of Sponsor Register and Telecast Certificates in respect of the serial 'Sri Ramkrishna' revealed that the Director, DDK allowed the sponsor to utilise banked FCT in excess of 100 seconds in each episode consisting of five telecast days in contravention of the rate card.

This resulted in an undue benefit of Rs 57.83 lakh to the sponsors by allowing excess utilisation of banked FCT as shown below :

Channel/ Time	Period	No. of episode	Admissible banked FCT (in sec)	Banked FCT utilised (in sec)	Excess banked FCT utilised (in sec)	Rate per 10 sec (in Rs)	Total amount (Rs in lakh)
DD-1 10 A.M.	1/2/99 to 31/3/2001	17	1700	7440	5740	7500	43.05
DD-7 2 P.M & 9 P.M.	1/2/99 to 31/3/2001	12	1200	6125	4925	3000	14.78
Total							**57.83**

(b) Loss of revenue of Rs 29.89 lakh due to excess grant of banked FCT

The Director, DDK did not separately maintain details of banking of FCT in respect of the serial 'Sri Ramkrishna'. FCT was allowed without ascertaining the actual balance of FCT available to the sponsor after each episode.

Audit noticed that the Director, DDK allowed FCT to the sponsor even when they had no credit balance which led to minus balance on 23 occasions detailed below. This resulted in undue benefit to the sponsor to the tune of Rs 29.89 lakh as calculated on the basis of spot buy rate.

Channel	Episode Nos.	Deficit of FCT (in sec)	Rate per 10 sec (Rs)	Total Amount (Rs in lakh)
DD-1	50&51	292	7500	2.19
	57	73	7500	0.55
	60 to 62	347	7500	2.60
	65 to 69	1375	7500	10.31
	77&78	309	7500	2.32
	86	102	7500	0.77
	94 to 96	620	7500	4.65
DD-7	49 to 53	2094	3000	6.28
	55	72	3000	0.22
Total				**29.89**

(c) Short levy of Rs 9.03 lakh in sponsorship fee in a repeat programme

As per provisions of the rate card, if a programme is repeated from DD-1 to DD-7, a premium of 25 *per cent* is to be paid in addition to the sponsorship fee of Rs 5000 and Rs 10000 for non-prime time and prime time respectively on DD-7 with no change in FCT. 'Sri Ramkrishna', was first telecast on DD-1 from 30 November 1998 and repeated on DD-7 on the same day at 2 PM and again on DD-7 from 21 February 2000 at 9 PM.

The Director did not charge premium for repeat telecast of Sri Ramkrishna on DD-7. This resulted in short levy of sponsorship fees of Rs 9.03 lakh as shown below:

Period	Duration	No. of telecast	Sponsorship fees per days of telecast		Short levy	Total short levy
			Chargeable (Rs)	Charged (Rs)	(Rs)	(Rs in lakh)
30.11.98 to 18.2.2000	30minutes	256	6250	5000	1250	3.20
21.2.2000 to 31.3.2001	30minutes	233	12500	10000	2500	5.83
Total						9.03

Thus total undue benefit given to the sponsor amounted to Rs 96.75 lakh as detailed in table below:

Particulars	Amount (Rs in lakh)
Excess utilisation of banked FCT	57.83
Excess grant of banked FCT	29.89
Short levy of sponsorship fee	9.03
Total	**96.75**

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

13.3 Under utilisation of television transmitter

Doordarshan incurred injudicious expenditure of Rs 5.32 crore due to mismatch and lack of capacity synchronization between the transmitter and the tower.

The procurement and installation of 10 Kilo Watt High Power Transmitter (KWHPT) with a 300 meter high steel tower at Barmer (Rajasthan) was sanctioned in 1985 under the scheme for television coverage of border areas. Doordarshan (DD) placed the order on M/s Bharat Electronics Limited (BEL) in November 1986 who supplied it in March 1991. The transmitter installed in February 1993 has been operative only on 1 KW capacity with effect from March 1997. The work for erection of tower awarded to M/s Triveni Structurals Limited in February 1997, at a total cost of Rs 10.20 crore and scheduled to be completed by March 1999, had not commenced as of July

2001. DD decided in July 2001 to reduce the height of the tower to 100 meters and cancelled the original contract in August 2001, but had not placed the revised order so far.

The 10 KWHPT was installed at capital cost of Rs 4.70 crore and the total capital expenditure incurred till March 2001 was Rs 5.32 crore. But the transmitter is being operated at one-tenth of its capacity and its coverage is less than half the area than that covered by a 10 KW transmitter. Thus, due to improper planning for procurement of transmitter and erection of tower, the transmitter's capacity is neither being utilised optimally nor is the targeted coverage being delivered. The transmitter, which has a life of ten years, has already been in place for more than eight years and in use for more than four years at one tenth of its optimal capacity. By the time construction of the tower is completed, the transmitter's expected life would be over. Thus, mismatch and lack of capacity synchronization between the transmitter and the tower has rendered an expenditure of Rs 5.32 crore on equipment and civil works largely unproductive.

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

13.4 Hiring of KU band transponder without necessity

Hiring of KU band transponder on PAS-4 satellite without it being put into use resulted in wasteful expenditure of Rs 36.02 crore.

In a bid to enhance the quality and reach of uplinking facility, Director General, Doordarshan (DD) entered into an agreement with the PANAMSAT Corporation of U.S.A., a satellite communication company, for the hiring of transponders in August 1995. A scrutiny of the agreement revealed that a KU Band Transponder on PAS-4 was hired from the supplier without either the need or a prospective plan for its utilization. A monthly service fee of US$ 1.00 lakh was charged by the company for the first 36 months and, thereafter, at the rate of US$ 1.625 lakh per month. This worked out to Rs 36.02 crore paid as service fee to the company up to August 2001. The transponder is lying idle.

The scheme for setting up the KU band uplinking had not been sanctioned by the Ministry when DD had hired the KU band. This was on the face of the fact that the Ministry of Communication's ban on KU band satellite operation came into force in 1997 and remained operational till October 2000. Explaining the possibility of future use, DD stated in March 2001 that the KU band transponder could be used for digital satellite news gathering as and when the KU band hub was fully operational. The KU band hub which has been installed in the premises of Mandi House, headquarters of DD, has been commissioned in March 2001 but is not being utilised. Evidently, DD has no firm plans for the use of KU band transponder and almost half of its life has already been wasted without utilisation, while a large expenditure has been incurred on its servicing. Quite clearly, the decision of the DD to go in for hiring was done without close co-ordination with the Information and

Broadcasting Ministry and thus proved pre-mature leading to this position after six years of its acquisition. In the process, an expenditure of Rs 36.02 crore on hiring of KU band has been largely unfruitful.

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

13.5 Non-commissioning of television transmitter

Delay in building work and erection of steel tower resulted in non-commissioning of television transmitter installed at a cost of Rs 457.41 lakh.

A scheme for setting up a 10 Kilo Watt Television (KWTV) transmitter at Ajmer in Rajasthan was sanctioned in March 1991 at a cost of Rs 198.90 lakh, which was subsequently enhanced in October 1997 to Rs 391.60 lakh. The 150 Meter high steel tower at High Power Transmitter (HPT) Ajmer was sanctioned in March 1998 at a cost of Rs 169.36 lakh.

Director General, Doordarshan (DD) had earlier placed an order on M/s Bharat Electronics Limited (BEL) in March 1992 for the supply of 10 KW TV transmitters for Mussoorie and Jalandhar. These were subsequently ordered to be diverted to Ajmer and Jodhpur in February 1995. The transmitter meant for Ajmer was supplied by M/s BEL in December 1995. Scrutiny of records showed that building work commenced only in 1996-97 i.e after the receipt of equipment. Total capital expenditure incurred upto March 2001 amounted to Rs 457.41 lakh.

The work relating to supply, fabrication and erection of 150 M steel tower awarded to M/s Triveni Structurals Limited in March 1998, with scheduled date of erection of tower as September 1999, had not been completed. The Chief Engineer (North Zone) stated in October 2001 that only foundation of 150 M steel tower has been cast.

Thus, the 10 KWTV transmitter is not operational even after about six years of its receipt and has already outlived half its normal life of 10 years. DD stated in August 2001 that the transmitter has been commissioned as an interim setup on 1 KW on 11 July 2001.

Ministry stated in October 2001 that delay was due to non-construction of approach road by state Government and that a case was filed by Indian National Trust for Art & Culture Heritage (INTACH). The reply is not tenable as these are prerequisites for selection of site before implementing any project.

13.6 Loss due to incorrect categorisation of serials

Doordarshan categorised ordinary serials under Children and Sports categories and charged lesser rates leading to loss of revenue of Rs 5.60 crore.

For regulating the telecast fees for different categories of programmes on national television, Doordarshan (DD) lays down the rates periodically through a rate card structured on the basis of the nature, timing and commercial importance of programmes. The rate card seeks to achieve the optimal revenue generation potential. Audit found that DD, in certain instances, did not charge the rates prescribed in the rate cards, and thereby incurred substantial losses as detailed below:

(a) DD telecast a Hindi Serial 'Captain House' on its Metro Channel from 18 July 1998 to 12 October 2000 on Saturdays in the 9.00 p.m. slot. 100 episodes of the serial were run during this period.

While the slot falls under 'Super-A' category and attracts the normal telecast fee of Rs 2 lakh per episode with Free Commercial Time (FCT) of 120 seconds, DD charged lower rates applicable for children category of programmes though they neither considered the programme fit for children's category nor approved it as such. By charging the rates of children category, DD allowed additional FCT of 60 seconds valued at Rs 3 lakh besides short charging of telecast fee by Rs 1 lakh in each episode. Thus in each episode, DD sustained a loss of Rs 4 lakh.

After running 48 episodes, DD decided to charge the full telecast fee of Rs 2 lakh without reducing the FCT to that as was admissible to any normal programme. Thus, the producer of the programme continued to enjoy inadmissible FCT of 60 seconds over and above the admissible FCT of 120 seconds until the last episode on 12 October 2000.

DD also tried to impose a 50 *per cent* hike in telecast fee from 53rd episode. However, they did not do so in view of the producer's continued insistence. In their efforts to impose hike, DD had allowed an additional FCT of 30 seconds from 53rd episode (in addition to 60 seconds extra already allowed) which they did not withdraw until 70th episode when they finally agreed to the producer's request for withdrawal of 50 *per cent* hike retrospectively.

Apart from short charging due to incorrect categorization, audit also observed that DD retrospectively waived the charging of Minimum Guarantee (MG) for first 20 episodes run on MG basis which the producer himself had offered in the initial stages for getting the programme approved. By doing so, DD lost Rs 69.90 lakh on this count alone.

Owing to these failures, DD suffered an over all loss of Rs 4.45 crore in telecasting this programme.

(b) The programme titled "Champion" was again wrongly categorized by DD. The programme was a fiction serial except that the chosen topic was cricket. DD treated it as a sports serial and charged telecast fee of only Rs 0.75 lakh against normal fee of Rs 2 lakh and allowed FCT of 150 seconds against admissible 120 seconds in each episode.

This programme also went on air on Metro Channel from 1 October 1998 on Thursdays in 8.30 p.m. slot which was later shifted to 9.30 p.m. slot on Wednesdays from 10 March, 1999. These slots also fall under 'Super-A' category. So, in this case, DD allowed extra FCT of 30 seconds valued at Rs 1.50 lakh and short charged the telecast fee by Rs 1.25 lakh in each episode.

In November 1999, the mistake was realised and the commercial terms were revised to telecast fee of Rs 2 lakh with FCT 180 seconds per episode (i.e. 60 seconds extra from FCT applicable to the slot). DD asked the producer to resume telecast from 8 December 1999 as it had allowed a break of two weeks. But the producer did not agree to revised rates and no episode was telecast on revised rates. Thus, DD lost Rs 1.02 crore in 37 episodes.

During the period, apart from telecast of 37 normal episodes, DD telecast four repeat episodes. Against these repeat episodes, DD sustained a further loss of Rs 13.5 lakh as the telecast fee was charged with 50 per cent premium in such cases. The over all losses for this programme amounted to Rs 1.15 crore.

Thus, due to incorrect categorization of these two programmes, DD suffered a loss of Rs 5.60 crore in the telecast of these programmes.

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

13.7 Loss due to change of minimum guarantee terms

Doordarshan accepted requests of producers/agencies for change in agreed commercial terms which resulted in revenue loss of Rs 13.42 crore to Doordarshan.

Doordarshan introduced the Minimum Guarantee Scheme in 1995, whereby producers were to pay a "minimum lump sum amount" for telecast of the programme and in lieu they were offered certain extra commercial time. The Minimum Guaranteed amount was required to capture the telecast fee and the cost of additional commercial time. However, producers were entitled to certain concessions (at prescribed rates) on purchase of additional units of commercial time (spot buys).

Audit came across instances where DD accepted the requests of producers/agencies and agreed to bring the programmes on to normal telecast fee basis though the agreed terms were on MG basis. This resulted in revenues lower than the minimum guaranteed amount by producers/agencies under MG scheme. Besides, in some cases, the MG amount was either lowered or rates charged were lesser than prescribed. These cases are detailed below:

(a) The Mumbai High Court pronounced a judgement on 4 December 1997 in the case of a sponsored film-based programme "Super Hit Muqabla" and authorised DD to telecast any substitute programme in its place in the 9.00-10.00 PM slot on Sundays on Metro channel. Consequently, DD instead of inviting fresh bids for the slot, entered into an agreement with National Films Development Corporation (NFDC) on 12 December 1997 for telecast of 52 episodes of a sponsored programme "Avval Number" in this slot. As per agreement NFDC was to pay an MG of Rs 40 lakh (gross) and avail Free Commercial Time of 760 seconds per episode while the earlier programme "Super Hit Muqabla" was running at MG of Rs 51 lakh per episode with FCT of 655 seconds.

The telecast of 'Avval Number' commenced in December 1997 and the 52 episodes were completed on 3 January 1999.

As the agreement of NFDC for "Avval Number" was due to expire with telecast of 52nd episode, the Review Committee unanimously shortlisted two programmes out of seven offers for replacement of existing programme. But, instead of allotting the slot to any new programme, DD allowed the existing programme (Avval Number) to continue beyond 52nd episode and upto September 1999, despite the fact that Chief Executive Officer had ordered immediate replacement of the programme in January 1999.

In August 1999, NFDC requested Doordarshan to convert the programme from MG basis to slot fee basis retrospectively from July 1998 onwards. DD considered the request and decided to charge MG upto December 1998 and sponsorship fee of Rs. 5.20 lakh per episode with 180 seconds of FCT beyond this date. But NFDC again requested charging of sponsorship fee from July 1998. DD reconsidered the request and accepted it as a special case on the grounds that NFDC was on the brink of financial collapse and that Doordarshan has a long standing business relationship with NFDC. However, waiving the MG retrospectively was incorrect. Thus, DD sustained a loss of Rs 7.40 crore.

(b) In the case of another serial "Virat", DD brought down the agreed MG terms to sponsorship fee basis retrospectively and sustained losses. This serial went on air from 1st February 1998 and its terms were approved and fixed for 52 episodes on MG basis. The approved MG was Rs 12.72 lakh per episode for the first 13 episodes and Rs 15.75 lakh per episode thereafter with FCT of 270 seconds.

After running 9 episodes, the producer requested DD to charge normal telecast fee with prescribed FCT instead of MG on grounds of high production cost of the programme. But the committee formed by DD for the purpose found that cost of production of the serial was comparable to that of other serials and its quality was not above average and turned down the request. In August 1998, based on the producer's request for reconsideration, DD brought the programme on normal sponsorship fee of Rs 3 lakh per episode for the first 13 episodes and Rs 3.60 lakh per episode from 14th episode onwards with 90 seconds of FCT from the first episode itself. While doing so DD ignored the fact that the committee formed for the purpose had not found the cost of production high and that the producer himself had offered MG basis in initial stages for telecast of his serial. DD also ignored the advice of Director (Finance) who had opined that no retrospective revision of terms and conditions of sponsorship should be allowed if that was detrimental to interests of DD. Thus, injudicious decision of DD resulted in loss of Rs 3.82 crore for 34 episodes telecast up to 4 October 1998.

(c) DD acquired telecast rights of US Open Tennis Tournament 1997 for US $ 60,000 (Rs 25.80 lakh) plus 20 *per cent* income tax (Rs 5.16 lakh) and gave exclusive marketing rights for live telecast from semi-finals onwards (both Ladies and Men's) on a single quote basis to M/s Stracon India Pvt. Ltd., New Delhi at MG of Rs 25.05 lakh (gross).

The terms and conditions stipulated that the agency could avail additional commercial time over and above the admissible FCT of 150 seconds per half an hour. Revenue over and above the MG amount was to be shared in the ratio of 70:30 in favour of DD but category of matches/events was not specified. While according to approved Rate Card, the live telecast of international sports events/highlights fall under 'A-Special' category, the matches for US Open Tennis 1995 were categorised as 'A-Special' upto 22.30 hours and as 'A' beyond that except Men's final which was placed in 'A-Special' category.

After the telecast, the agency requested for discount of Rs 18.375 lakh from the MG amount on the grounds that the live telecast started late, some commercials of ESPN were telecast on DD and DD failed to run sponsor scrolls in the Ladies final. While DD did not agree to the claim for late start of the matches, it reduced the MG amount to 60 *per cent* (September 1998) and revised the bill to Rs 12,77,550 (net) without correlating it with the actual commercial time utilised by the agency.

The log books showed that agency consumed 1726 seconds and 2307 seconds on DD-I and DD-II respectively the gross value of which, on the basis of categorisation of 1995, worked out to Rs 180.40 lakh with DD's share as Rs 98.39 lakh over and above the reduced MG amount of Rs 12,77,500 (net). DD recovered only the reduced MG amount and did not ask for payment of its share of Rs 98.39 lakh and sustained a loss to that extent.

(d) The sponsored Hindi serial "Samjhota", went on air from 13 November 1996 on Wednesdays in 9.30 p.m. slot on Metro Channel against an MG of 60 seconds additional commercial time. After running only 19 episodes till 26 March 1997 it went off the air. The marketing agency requested in May 1997 to either waive the amount payable towards MG of 60 seconds or allow banking of additional commercial time of 1140 seconds (60 x 19) to be used in their existing programmes because it was incurring huge losses. DD examined both options and accepted the second one and revised the bills by deducting the value of 60 seconds per episode. The deduction amounted to Rs 68.40 lakh.

Audit noticed that the marketing agency did not purchase any commercial time out of its committed 1140 seconds while DD had already relinquished its claim against the agency and, thus, incurred a loss of Rs 68.40 lakh.

(e) In the case of "Screen Videocon Awards" telecast on 8 February 1998 for three hours from 9.30 PM to 12.30 AM on National Channel, DD charged lower rates of SBR in comparison to those prescribed in rate card and sustained loss. DD had approved an MG of Rs 12 lakh (gross) categorising the programme as 'Super A' for first hour and as "A" thereafter. DD also allowed maximum commercial time of 2700 seconds in three hours with SBR of Rs 40,000 for first hour and Rs 30,000 for next two hours while the rate card provides for Rs 80,000 and Rs 60,000 respectively. DD and the producer were to share gross revenue beyond MG in the ratio of 60 (DD): 40 (producer).

Audit noticed from the telecast certificate that the producer used a total commercial time of 1529 seconds (478 seconds in the first hour and 1051 seconds in the next two hours) the gross value of which at SBR of rate card worked out to Rs 101.40 lakh. Accordingly, DD's 60 *per cent* share of revenue surplus beyond MG worked out to Rs 53.64 lakh. But against its total share of Rs 66.44 lakh (MG Rs 12 lakh + Branding Charges 0.80 lakh + 60 *per cent* share of surplus revenue) DD charged and recovered only Rs 12.80 lakh. This resulted in short billing and consequential loss of Rs 53.64 lakh.

In these five deals, DD sustained a total loss of Rs 13.42 crore.

The matter was referred to the Ministry in August and September 2001; their reply was awaited as of November 2001.

CHAPTER XIV: MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

14.1 Idle Equipment

Ministry failed to make necessary arrangements for installation of equipment worth Rs 87.14 lakh for more than five years on account of lack of infrastructure, indicative of poor planning.

Ministry of Surface Transport (now Ministry of Road Transport & Highways) decided in September 1993 to establish about 60 Permanent Traffic Count Stations (PTCS) on the National Highway network on geographical and traffic considerations for conducting traffic research activities by installing Automatic Traffic Counter-cum-Classifiers (ATCCs). In the first phase, 15 such machines were to be installed at Chennai (6), Roorkee (3), Vadodara (3) and New Delhi (3), on immediate basis. Subsequently, in February 1995 the allotment to Roorkee and Vadodara was diverted to Mumbai. The procurement of ATCCs was to be made under Asian Development Bank Loan package-II (No 1041-IND).

Ministry placed an indent with the Director General Supplies & Disposals (DGS&D) in June 1993 to procure the equipment. Subsequently, DGS&D issued Notification of Award in March 1994 in favour of a firm M/s AJS Scale International, New Delhi (Indian Agent) followed by a formal contract (May 1994) in favour of a foreign supplier namely, M/s. International Road Dynamics, Canada. The total cost involved was US $ 229441.66 (inclusive of the Agents Commission of US $ 15069.25 payable in Indian currency plus Rs 3.30 lakh cost of installation and indigenous components to be supplied by the agent). The stores were to be supplied within 10-12 weeks from the date of opening of the letter of credit, which was 20 October 1994. The Ministry, however, did not take simultaneous action for provision of rooms at these sites to house the equipment so that they could be installed and commissioned immediately on receipt at the sites. The cargo arrived at Mumbai Port in February 1995 for which the department paid an amount of Rs 68.30 lakh in March 1995. The equipment was not cleared from the port on arrival in February 1995, and was ultimately cleared between 19 June 1995 and 1 January 1996. This delay cost the Ministry Rs 5.31 lakh in demurrage charges.

The agent informed Ministry in April 1996 that none of the consignees had constructed rooms at the site for the installation of ATCCs. He also categorically stated that since the grout, sealants and batteries, etc. had a shelf life of a year or so, he would not be responsible for expiry of their life. Despite this, Ministry did not ask the consignees to take action.

The Indian agent finally declined in November 1999 to install the equipment on the ground that the spares had outlived their life and DGS&D had not paid their commission. The equipment was lying uninstalled at their respective sites. Meanwhile, out of Rs 13 lakh released by the Ministry for maintenance, Rs 10 lakh was incurred on purposes other than maintenance by consignee at Chennai and consignee at Delhi had kept Rs 3 lakh in current account since October 1997.

Ministry stated in March 2001 that since clearing of cargo was multi-agency activity each functioning independently of the other, delay was attributable to postal and procedural delays and that there was no lapse on the part of Ministry. Reply of the Ministry is not tenable as the stores were to be supplied within 10-12 weeks from the date of opening of the letter of credit, which was 20 October 1994. Thus, there was constructive responsibility of the Ministry for failing to oversee the proper execution of installation of ATCCs.

Thus, equipment procured at a cost of Rs 87.14 lakh (inclusive of demurrage, transportation and maintenance charges) was lying idle for more than five years on account of the lack of infrastructure indicative of poor planning.

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

CHAPTER XV: MINISTRY OF SHIPPING

15.1 Excess purchase of flats without realistic assessment

Failure of the Department to make realistic assessment resulted in excess purchase of flats.

Pursuant to a decision of the Cabinet Committee on Accommodation (CCA) in May 1987, Ministry decided to shift the Department of Lighthouses and Lightships from Delhi to New Okhla Industrial Development Authority (NOIDA). Shifting of the office was interlinked with the availability of residential accommodation for officers and staff on the ground that on shifting the office to NOIDA, the staff would become ineligible for general pool accommodation at New Delhi.

The department had total staff strength of 142 including Pay and Accounts office staff as of February 1994. About half of them were likely to make their own arrangements for stay in Delhi for reasons of children's education, employment of spouse and other personal circumstances. Despite being aware of these facts and also that no norms of satisfaction had been stipulated by the Directorate of Estates for allotment of Government accommodation, the department decided to provide 100 *per cent* satisfaction and acquired 154 residential flats (against the decision to acquire 163 flats in September 1991) of different categories at a total cost of Rs 337.42 lakh from the NOIDA. Possession of flats was taken during October 1994 to December 1995.

On shifting of the office from New Delhi to NOIDA in August 1999, the staff association as well as staff members represented that they be allowed to stay in their own/parent's accommodation for various domestic and personal reasons.

Only 80 flats could be allotted to officers and staff including those of the Pay and Accounts office up to March 2001 and the remaining 74 flats remained vacant from the date of taking over possession between October 1994 and December 1995.

Thus:-

(a) Incorrect decision of the department to acquire flats much in excess of their actual requirements resulted in avoidable expenditure of Rs 142.89 lakh on acquisition of 74 flats which remained vacant from the date of taking over possession in October 1994 to December 1995 till date (October 2001).

(b) The purchase of residential accommodation did not synchronise with the shifting of the office from New Delhi to NOIDA. Although possession of residential accommodation was taken between October 1994 and December 1995, the office was shifted to NOIDA only in August 1999 due to delays in the construction of office building by Central Public Works Department.

(c) The payment of House Rent Allowance amounting to Rs 2.65 lakh to the employees (excluding staff of Pay & Accounts office) during the period September 1999 to April 2000 was irregular as it was admissible only if they had applied for accommodation but had not been provided with it, which was not the case.

Department stated in July 2001 that it was considering a proposal to transfer 58 out of the 74 vacant flats to an autonomous body and that the current market value of these flats would off set the expenditure. However, this contention is unacceptable since the flats were acquired by the Department without assessing their actual requirement. The department is also not in the business of constructing and selling residential units.

The Ministry, while admitting the facts in September 2001, emphasized that the decision of the Department to acquire 154 flats was with the sole aim of complying with the decision of CCA to ease congestion in Delhi. The reply is not tenable as CCA's decision related to shifting of the Department and it was the Department who was to execute the order in a judicious manner. The decision of the department to acquire residential flats based on 100 *per cent* satisfaction norms was injudicious and not based on accurate assessment of actual requirements.

Regional Directorate of Lighthouses and Lightships, Mumbai

15.2 Infructuous expenditure on decommissioned vessel "M.V.Sagardeep"

The Regional Director of Lighthouses and Lightships incurred an infructuous expenditure of Rs 3.92 crore from October 2000 to September 2001 on decommissioned vessel 'M.V.Sagardeep'.

The Regional Director of Lighthouses and Lightships, Mumbai had purchased in 1964 'M.V.Sagardeep' for maintenance of buoys in Gulf of Kutch, Vengurla Rock lighthouse and for monitoring of various visual and radio navigational aids and testing and checking of Beacon Recons. All necessary certificates required for running the vessel in good condition had expired by September 2000. The vessel was not used for maintenance or operational work of the department from October 2000 but had been berthed at Mumbai Port. The vessel was operated and maintained by Shipping Corporation of India (SCI). The SCI was paid for operating and management expenses by the Regional Directorate, Mumbai. Director General, Lighthouses and Lightships (DGLL), requested in August 2000 the SCI to intimate the charges on account of berthing and anchoring the vessel for survey and other formalities. The Regional Directorate, Mumbai also informed the SCI in October 2000 that the quarterly advance payment for operation and maintenance of the vessel would not be paid beyond September 2000. The SCI charged Rs 197.92 lakh in December 2000 for the period from October 2000 to March 2001 on account of manning, maintenance, port charges of the vessel. The SCI further charged Rs.278.15 lakh for the period April to September 2001 out of which

Rs.194.38 lakh for manning and maintenance of the vessel were also paid to SCI.

Considering the condition of the vessel as well as prior knowledge of expiry of its statutory certificates and also the time required for completing formalities for scrapping the vessel, the department should have initiated action at least four months in advance. A proposal for decommissioning of the vessel was made to the Ministry only in September 2000. Thus, failure to dispose of the vessel in time, resulted in infructuous expenditure of Rs 3.92 crore on decommissioned vessel up to September 2001.

The Regional Directorate stated in June 2001 that action in regard to scrapping of the vessel had been initiated well in advance by the DGLL as Government had constituted two committees in January 2001 and May 2001, one for scrapping the vessel and another for its sale. In view of Committee's recommendations the DGLL invited tenders, which were opened on 12 July 2001. However, pending finalisation of tender, the vessel continued to berth at Mumbai Port.

Thus, due to delay in scrapping the decommissioned vessel, the department had to incur an unnecessary expenditure of Rs 3.92 crore on account of management expenses and overhead charges up to September 2001 which proved to be infructuous.

The Ministry stated in September 2001 that the delay in decommissioning / scrapping of the vessel was due to completion of necessary procedure and the expenditure incurred was unavoidable. Thus, the fact remains that final action in regard to disposal of the vessel still remains under finalisation even after a period of one year (September 2001).

CHAPTER XVI: MINISTRY OF TEXTILES

16.1 Ill-monitored financial releases: Doubtful recovery

Releasing funds without verifying earlier utilisation and inadequate monitoring of the Census Project resulted in blocking of funds of Rs 16.62 lakh for more than five years and loss of interest of Rs 5.72 lakh.

With a view to having a regular system of feedback of economic, social, aesthetic and promotional aspects of various crafts and artisans in the handicraft sector, the Development Commissioner, Handicrafts launched an All India Census of Handicraft Artisans through State level research institutions under the overall guidance and supervision of the National Council of Applied Economic Research.

The Business School, a voluntary organisation, located in New Delhi, was assigned the work of conducting census in the area of Jammu and Kashmir, Punjab and Chandigarh and sanctioned an amount of Rs 12.55 lakh and Rs 7 lakh respectively for this work. Funds to the extent of Rs 10.67 lakh and Rs 5.95 lakh respectively were released (in instalments) to the organisation for carrying out the census in both the places between February 1995 and July 1996.

The work of census was required to be completed by October 1995 i.e. within six to eight months after the release of first instalment. The organisation could not complete the work till date even after seeking further extension of time till 24 November 1997.

On realising that there was no progress in the work, the Development Commissioner, Handicrafts issued a formal order in January 1998 for recovery of the entire amount of Rs 16.62 lakh plus interest at the rate of 6 *per cent per annum* amounting to Rs 2.14 lakh, up to December 1997.

Failure of the department in releasing funds in instalments without ensuring their earlier utilisation and inadequate monitoring of the Census Project resulted in doubtful recovery of Rs 16.62 lakh for a period of more than five years, besides loss of interest (at the rate of 6 *per cent per annum*) of Rs 5.72 lakh for the period February 1995 to July 2001. The objective of conducting census and building a reliable database also remained unfulfilled.

The Ministry in their reply in August 2001 accepted the audit observations and intimated that they were taking action for recovery of the funds and fixing responsibility on the officers concerned, besides black listing the NGO.

CHAPTER XVII: MINISTRY OF TOURISM

17.1 Infructuous expenditure on Hospitality

Department of Tourism extended repeated free hospitality under 'marketing, publicity and promotion' scheme to a US national of Indian origin and her companions, without ensuring returns by way of promised publicity. Department had not evaluated the scheme to prevent its abuse.

Department of Tourism (DOT) extends free hospitality to foreign-based travel writers, journalists and photographers, tour operators etc. under a plan scheme "Marketing, Publicity and Promotion" which covers to and fro passage, hotel accommodation, and travel within India. On return to their country of residence, it is expected that the guests would project India as an attractive multi dimensional destination in the overseas tourist traffic generating markets. The foreign tourists are selected and sponsored by 18 overseas Tourist Offices functioning under the administrative control of DOT.

DOT approved a proposal from, Government of India Tourist Office, Los Angles (GOITO-LA) to extend hospitality under the scheme to Ms. Mahendri Arundale, reportedly a freelance gourmet writer from Los Angeles, California and her associate, Ms. Suzanne Cloutier. They were provided in May 1993, return Club Class passages from New York to Delhi and back, passages on Indian Airlines for travel within India, local hospitality including free accommodation, meals and ground transportation with guide and car. DOT had assessed the value of publicity resulting from the book and articles that the guest would write on her return to the US at around US $ 250,000.

GOITA-LA had justified hospitality for the companion Ms. Suzanne Cloutier stating that she had provided invaluable insights, constructive criticism and suggestions for the guest's first book. Ms. Cloutier's curriculum vitae, however, had showed that she was a film actress and there was no reference of any connection with the culinary field. In approving the hospitality to Ms. Cloutier, DOT violated its own guidelines, which stipulated that all the guests recommended for hospitality were to be directly connected with the field of work.

Ms. Mahendri Arundale neither published any book nor had written any article after her visit. Yet, GOITO-LA again proposed in January 1994 another visit of Ms. Mahendri Arundale to South India for collecting necessary details for her second book. It contended that on her return, Ms. Arundale would write four/five articles in various Gourmet magazines besides publishing her cook book and delivering talks and lectures to various clubs. It expected the hospitality to generate a publicity value of US $ 250,000. The proposal also mentioned incorrectly that on return from her earlier visit, Ms. Mahendri Arundale had written an article on the cuisine of India in the Los Angeles Times. However, what had been published was a review by a reporter of her earlier book, which had little to do with any direct or implied commitments related to the visit for which DOT had extended full hospitality to her and her associate in May 1993. DOT again approved the proposal to extend full hospitality for ten days to Ms. Mahendri Arundale, notwithstanding the above. The guest visited Delhi, Kottakal, Cochin and Madras in April-May 1994.

Nothing was heard from Ms. Mahendri Arundale on her return till March 1, 1995 when she sent a proposal for another hospitality visit to India with a photographer associate in connection with her third book. She also stated that her second book was awaiting publication. DOT again approved full hospitality visit for four days for Ms. Mahendri Arundale together with photographer associate, Mr. Anthony Barnard to visit Delhi, Bombay and Calcutta in April 1996. The hospitality included two club class passages to Delhi and back from New York by Air India, passages by Indian Airlines on the domestic sectors Delhi/Calcutta/Bombay/Delhi and hotel accommodation for four nights at respective places. DOT expected the guests to write articles in the Travel and Food sections of the Los Angeles Times, besides the publicity accruing from the publication of her third book. DOT put the total publicity value from the visit at approximately between US$75,000 and $ 93,000. There had been no contact with Ms. Mahendri Arundale after her return from India in May 1996. There was also no evidence of her writing articles or of publication of her second or third book. No gains accrued to India, against the anticipated publicity value of US $ 575,000 (equivalent to approximately Rs 1.85 crore). This casts serious doubts as regards manner of selection of the guests and assessment of their publicity value by GOITO-LA and DOT.

DOT did not have details of expenses incurred on these futile hospitality visits. The expenditure incurred on air travel alone was Rs 9.10 lakh. The department in their reply in November 2001 also admitted that this was one of the rare cases where Hospitality was given three times and no publicity return accrued. Department further added that they had formulated a policy that no hospitality could be given to any guest/s who had availed department hospitality during previous three years. DOT, in their earlier reply sent to Audit in July 2000, accepted what they called ' a case of lapse on the part of Tourist Office Los Angeles' and stated that they had initiated action to fix responsibility. The fact, however, remains that final responsibility vests with DOT since GOITA-LA had only a recommendatory role, and it was DOT who approved the proposed hospitality visits. DOT had not made any value-for-money evaluation of the hospitality visits in the last five years as a measure of strengthening internal control procedures to (a) prevent abuse of the hospitality scheme and (b) ensure optimum gains from it. Details of department's action to fix responsibility was awaited in Audit as of November 2001.

CHAPTER XVIII: MINISTRY OF URBAN DEVELOPMENT

Central Public Works Department

18.1 Undue financial benefit to the contractor

The Superintending Engineer and the Executive Engineer, Central Public Works Department's failure to take appropriate action for timely completion of work and to recover dues from the defaulting contractor, resulted in loss of Rs 70.92 lakh, apart from delay in execution of the work.

Mention was made in Paragraph 4 of the Comptroller and Auditor General of India's Audit Report No. 2 of 1995 on Union Government (Civil) regarding added financial liability of Rs 78.02 lakh due to delay in finalisation of work site for construction of a 50 bedded Hospital for beedi workers at Dhulian, Murshidabad. The work was completed in May 1999, more than four years behind schedule, and the cost of the work stood at Rs 222.34 lakh against the original cost of Rs 84.99 lakh, as would be evident from the following:

The Executive Engineer, Calcutta Central Division VII, Central Public Works Department (CPWD) awarded the work of construction of the hospital building including water supply, sanitary installation and drainage to B.M. Pal Choudhury & Co. in March 1993 at a cost of Rs 163.01 lakh. The work was to be completed by February1995. AS per clause 5 of the general conditions of contract the contractor was to complete 75 *per cent* of the work by August 1994. However, due to slow progress the contractor completed only 26.18 *per cent* of the work till April 1994 and 26.73 *per cent* of the work valued at Rs 43.58 lakh till February 1995. After issuing two show cause notices to the contractor, the Executive Engineer rescinded the contract on 30 November 1994. However, on receiving an undertaking from the contractor regarding resumption and completion of the work, the Chief Engineer, Eastern Zone, at the Executive Engineer's request kept the rescission order at abeyance. The position did not improve and the Executive Engineer finally rescinded the contract in March 1995. The Executive Engineer awarded the balance work to another contractor in July 1995 at a cost of Rs 161.94 lakh, thereby increasing the liability of the work by Rs 42.51 lakh. The contractor completed the balance work in May 1999 at a cost of Rs 178.76 lakh. Against the sanctioned cost of Rs 84.99 lakh, the value of the work thus stood at Rs 222.34 lakh.

Immediately on rescission of the contract, the Superintending Engineer and Executive Engineer should have taken action under Para 33.1 of CPWD Manual Vol-II and Director General's orders of 1984 regarding clause 2 and clause 3 of the contract on delayed performance against B. M. Pal Choudhury & Co. Excess issue of material to the contractor should also have been adjusted. However, these actions were not taken as detailed below:

Description	Amount (Rs in Lakh)	Remarks
Levy of compensation under Clause-2	14.85	Not invoked
Recovery of Risk and Cost under clause-3	42.51	Risk and cost amount of only Rs 39.27 lakh invoked instead of Rs 42.51 lakh, as per awarded work. The reason for difference has not been given by CPWD.
Excess issue of Materials and recoverable cost of transportation etc.	13.56	Not recovered till rescission of contract
Total	**70.92**	

The Executive Engineer, however, asked the contractor to pay Rs 49.65 lakh only in July 1997 i.e. more than two years of rescission of the contract. This amount has also not been recovered till July 2001.

Against the total dues of Rs 70.92 lakh from B.M. Pal Choudhury & Co., the Executive Engineer could adjust only Rs 4.18 lakh (Rs 3.18 lakh for value of work done but not paid and Rs 1.00 lakh towards refund of Security Deposit), leaving balance of Rs 66.74 lakh.

Though the balance work was completed in May 1999, the Superintending Engineer/Executive Engineer did not finalise the bill of B.M. Pal Choudhury & Co for recovering Government dues, nor did they debar him from participating in any tender for award of work in future. It was noticed that B.M. Pal Choudhury & Co. was same contractor against whom risk and cost of Rs 36.83 lakh was not recovered in the case of an earlier contract for construction of staff quarters for Eastern Regional Electricity Board, though the contract was rescinded in July 1991.

Thus, the Superintending Engineer and Executive Engineer failed to exercise their control over the progress of the work executed by B. M. Pal Choudhury & Co. They neither finalised the bill and accounts of the defaulting contractor expeditiously as per instruction of Director General (Works) nor adhered to the provisions of clause 2, 3 and 5 of the contract to safeguard the interest of the Government. This, apart from delay in execution of the work by 51 months involving increase in cost of the work by Rs 137.35 lakh, resulted in non-recovery of government dues amounting to Rs 70.92 lakh, resulting in undue financial benefit to the contractor. The Executive Engineer stated in July 2001 that the Division had repeatedly asked the contractor to deposit all dues but the contractor did not respond. The contention, however, is not correct, as the dues remained outstanding even after six years from the date of rescission of the contract.

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

18.2 Unauthorised demolition of heritage building

Executive Engineer, Kolkata Central Division-III, Central Public Works Department awarded the demolition work of Old Currency Building in violation of rules which resulted in avoidable payment of rent amounting to Rs 4.88 crore by the occupying Government offices, apart from damage to the heritage building and anticipated restoration cost of Rs 12.69 crore.

The Old Currency Building at BBD Bag, Kolkata was constructed in the year 1833. The historical building was declared dangerous by the Executive Engineer, Kolkata Central Division (KCD-III), and Central Public Works Department (CPWD) in 1994.

As per section 20 of the Calcutta Municipal Corporation (CMC) Building Rules 1990, CPWD is to give prior notice to KMC for demolition of the building.

The Ministry of Urban Development, decided in July 1994 to demolish the Old Currency Building and to construct a multi-storeyed general pool office building in its place for optimum utilisation of land. Three offices of Government of India were housed in the building. In December 1995, Director General of Works, CPWD conveyed approval to the survey report for the demolition of the building fixing reserve price at Rs 24.16 lakh. However, no notice for demolition of the building was given by CPWD to KMC. In May 1996, the KMC declared the Old Currency Building a heritage building in the Land Use and Development Control Plan for the area published on 26 May 1996 in the Official Gazette. The Executive Engineer KCD-III, CPWD, however, without observing the extant municipal rules and gazette notification, unauthorisedly awarded the demolition work of the heritage building to a contractor in July 1996. As per the agreement, the contractor deposited Rs 25.51 lakh in July 1996 towards proceeds of the dismantled materials and Rs 3.55 lakh towards security deposit and earnest money.

The contractor started demolition in August 1996. In November 1996 the Municipal Architect and Town Planner issued a notice under sections 54 and 53 of the West Bengal (Town and Country) Planning and Development Act 1979 and asked CPWD to stop the demolition as well as to restore the building, within one month, to the condition as was prevailing before the unauthorised demolition. By then, the contractor had demolished the central portion of the building including three domes and removed the flooring and fittings. Meanwhile, as the building had been vacated for demolition, two of the three offices of the Government of India which shifted to hired premises in February and June 1996 respectively had incurred an expenditure of Rs .4.88 crore on rent till August 2001. The contractor, being aggrieved with the decision of the CPWD to stop the demolition work, sought arbitration and listed a claim of Rs 63.80 lakh towards refund of deposits, loss of profit and interest thereon etc. Although the Arbitrator has been appointed by the Chief Engineer to settle the dispute, the CPWD is yet to submit its counter claim.

The Department has not taken up restoration work, as the Director General (Works) has not sanctioned it as of August 2001.

Superintending Engineer, CPWD stated in August 2001 that KMC had never intimated CPWD, the custodian of the building, about declaring it a heritage building. The reply is not tenable as it was mandatory on the part of the CPWD to give prior notice of demolition to KMC under section 20 of CMC Building Rules 1990. The building was declared a heritage building through a gazette notification in May 1996 and CPWD awarded the demolition work two months later in July 1996.

Thus, CPWD's failure to observe extant rules and notification relating to preservation of heritage buildings, damaged the heritage building. The partly demolished structure remained as such for almost five years rendering it unsuitable for commercial or office use. This also resulted in avoidable payment of rent of Rs 4.88 crore up to August 2001. In addition, the department may also be liable to settle the claims of the contractor apart from anticipated restoration cost of Rs 12.69 crore.

The matter was referred to the Ministry in June 2001; their reply is awaited as of November 2001

18.3 Wasteful expenditure

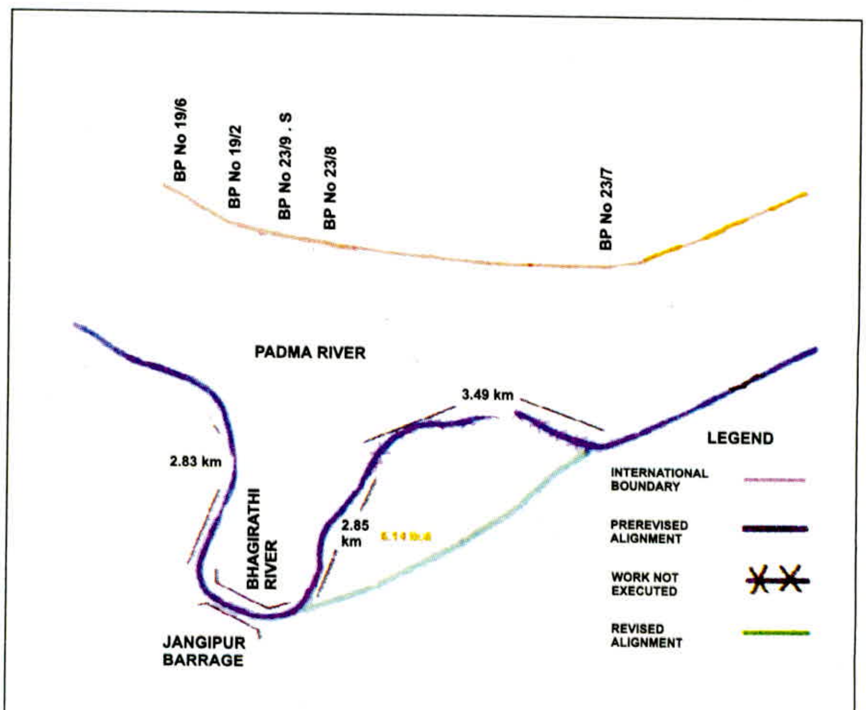
Central Public Works Department's failure to fix alignment of Indo Bangladesh Border road in Murshidabad district of West Bengal resulted in wasteful expenditure of Rs 74.45 lakh.

In April 1993 the Executive Engineer, Murshidabad Central Division CPWD after conducting survey for construction of Indo-Bangladesh Border (IBB) Road in Murshidabad District of West Bengal from Border Pillar (BP) 34/4-S to BP 10/4-S sent a proposal to Commissioner (Border), Ministry of Home Affairs for approval of alignment. As per the proposal a stretch from BP 23/7 to BP 23/9-S along with a bridge over river Bhagirathi would be constructed without using an existing pucca road on efflux bundh and a bridge on Jangipur Barrage, as these being far from the river Padma were not considered useful. This was done despite reports from the Chief Engineer, Irrigation Department, Government of West Bengal that extensive protection works against river erosion were necessary for the proposed alignment. The Border Security Force (BSF) Headquarters in February 1996 however, decided against the construction of a bridge.

The Executive Engineer therefore, forwarded a revised proposal for change in alignment to the Commissioner (Border) in December 1996. This required construction of two stretches of road on the right and left banks of the river Bhagirathi in order to connect the original alignment with the existing efflux bundh so that the Jangipur Barrage bridge could be used. The proposal was approved in June 1997 and work was taken up on the stretches of 2.85 kms in February 1998 and 2.83 kms in January 1998 respectively.

The Deputy Commissioner, (Border), the Inspector General, BSF and the Superintending Engineer, CPWD jointly decided in October, 1998 to take the IBB road along the existing efflux bundh as the 3.49 kms long road along the original alignment was vulnerable, being very near the river Padma and required extensive protection works. This stretch of 3.49 kms was to join the stretch of 2.85 kms, which was under construction to link the original alignment with the Jangipur Barrage. CPWD had not carried out any work on the stretch of 3.49 kms. BSF approved the change of alignment in June 1999 and work was taken up for construction of a stretch of 6.14 km on the newly approved alignment using the efflux bundh.

Consequent upon the approval and commencement of road work on the efflux bundh, the stretch of 2.85 kms on which work was completed in July 2000 at a cost of Rs 74.45 lakh, lost its utility as the stretch of 6.14 kms on efflux bundh directiy connects the original alignment with the Jangipur Barrage as would be evident from the diagram given below:-



The CPWD's contention that this 2.85 kms stretch can be used as feeder road is not tenable as it cannot be utilised either for patrolling or inspection by the BSF. Thus, the CPWD's decision to follow the alignment along the River Padma despite its vulnerability to river erosion, as pointed out by Chief Engineer, Irrigation Department without utilising the existing efflux bundh resulted in wasteful expenditure of Rs 74.45 lakh.

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

18.4 Injudicious expenditure

Improper planning by the Executive Engineer, Malda Central Division-II resulted in abandonment of road work after incurring an injudicious expenditure of Rs 438.05 lakh towards acquisition of land, earthwork and construction of bridge.

The joint Investigation Team of the Government of India and the Government of West Bengal proposed in December 1993, the construction of a border road in the shape of a loop and interconnecting bridge from BP No. 213 to BP No 219 in the Indo Bangla Border (IBB) Zone for better surveillance by Border Security Force (BSF). This area was cut off from land and was partly waterlogged due to the meandering course of the River Punarbhava.

Accordingly, the Chief Engineer, IBB Zone accorded technical sanction for earthwork and culvert construction in September 1995 for a 9.34 km loop shaped road from BP 213/MP to BP 218/I-S. The Executive Engineer, Malda Central Division-II, awarded the work to a contractor in September 1996 at a cost of Rs 102.40 lakh, to be completed by March 1998. However, only 6.34 km of the earthen embankment was completed till February 2001 at a cost of Rs 81.51 lakh.

In the course of construction, it was seen that the low lying loop area was flooded during rainy season and there was failure of embankment in certain parts. The Chief Engineer, Irrigation, Government of West Bengal on being consulted stated that only a low level submerged fair weather road was advisable in the area.

In view of this, the Technical Committee in its meeting of September 2000 decided that because of the risk of washing away of road work in that highly flood prone area, further work was not required. The agreement was therefore closed in July 2001.

In the meantime, Executive Engineer, Malda Central Division II, CPWD had incurred Rs 73.61 lakh for land acquisition between November 1996 and November 1997. Moreover, the construction of a Steel Trussed Bridge across the River Punarbhava was also completed in June 1999 at a total cost of Rs 282.93 lakh. Since the roadwork was abandoned, construction of bridge also became injudicious.

The Executive Engineer stated in August 2001 that as per the decision taken in 48th Technical Committee Meeting held in September 2000, the BSF agreed to patrol the area. However, it was noticed in audit that as decided by the BSF and the Technical Committee in September 2000 the earthen embankment and bridge would be used only for foot patrolling in fair weather. The Executive Engineer in October 2001 stated that the work has not been abandoned and was still under consideration. However, his contention is also not tenable in view of the Technical Committee's decision not to approve the revised preliminary estimate for continuance of the work.

Thus, improper planning resulted in abandonment of road work despite an expenditure of Rs 438.05 lakh towards acquisition of land, earthwork and construction of bridge.

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

18.5 Irregularities in execution of deposit works

The Executive Engineers of Central Public Works Department, Kolkata did not follow rule provisions in execution of deposit works, which resulted in incurring expenditure of Rs 509.95 lakh in excess of deposit apart from non-utilisation and consequent retention of funds amounting to Rs 321.64 lakh.

The term 'Deposit work' is applied to work of construction or repair, the cost of which is not met out of Government funds, but is financed by non-government sources. The amount involved may either be deposited in cash or otherwise placed at the disposal of the Divisional officer. Further as per Central Public Works Department (CPWD) code, whenever a deposit work is to be carried out, the contribution should be realized before any liability is incurred on account of the work. However, in cases where the Ministry is satisfied that the money will be forthcoming when required, it may authorize the recovery from the contributor in suitable instalments on fixed dates. No advance of Government money for this purpose is permitted.

Test check in audit revealed that as of June 2001, the Executive Engineers of seven Civil and three Electrical Divisions of CPWD, Kolkata incurred expenditure of Rs 509.95 lakh in excess of the deposits received by them from the client departments, for execution of deposit works, in violation of the codal provision. Of this, Rs 299.86 lakh remained outstanding for more than six years, which included Rs 132.55 lakh recoverable from National Airport Authority for works executed on their behalf by CPWD between 1986-87 and 1991-92. Excess expenditure on these deposit works was made either from CPWD's own budget grant or from funds available with other deposit works, violating the codal provision.

It was also noticed that the Divisional officers did not settle accounts with client departments immediately on completion of the respective deposit works. The Divisional officers, without refunding the amount to the respective client departments, continued to hold Rs 321.64 lakh upto January 2001. Out of this, Rs 65.57 lakh was retained in divisional accounts for more than six years.

In respect of expenditure incurred from CPWD's budget grant, the Executive Engineer stated in July 2001 that in order to avoid litigation the excess expenditure was incurred under Miscellaneous Public Works Advances (MPWA). No recovery has, however, been made as of July 2001 to clear the amount booked under MPWA as envisaged in CPWD rules. Similarly, for utilization of funds available with other deposit works, the divisional officers stated in July 2001 that the expenditure was incurred out of the total deposits available with the Division as per the letter of credit available. No approval was, however, obtained from the client departments for utilisation of such funds. Due to delay in settlement of accounts of the client departments, the unutilised funds continued to remain in Civil Deposits with CPWD since January 1984.

Thus, failure of Divisional Officers of CPWD, Kolkata to observe manualised provisions on receiving of deposit contribution in full before taking up of work, continuance of work despite delays in making payment of instalment and non-settlement of accounts of client department on completion of work, resulted in short realization of Rs 509.95 lakh from client departments, apart from non-utilisation and consequent unauthorized retention of Rs 321.64 lakh received from other client departments.

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

18.6 Negligence in acquisition of land

Failure of Central Public Works Department to check the status of land before making the payment of its cost of Rs 3.15 crore, resulted in non-achievement of the objectives for which land was required besides avoidable payment of Rs 76.43 lakh towards delay in payment of land costs.

Ministry of Urban Development accorded administrative and financial sanction of Rs 2.64 crore in March 1995 for acquisition of land for construction of general pool office accommodation at Vidhyadhar Nagar, Jaipur. The expenditure was to be met from the sanctioned budget grant or by reappropriation during 1994-95 and by making specific budget provision in subsequent years.

Test check of records of Superintending Engineer, CPWD, Jaipur disclosed in January 2000 that Jaipur Development Authority (JDA) allotted 7310 sqm. land in February 1995 at the rate of Rs 3180 per sqm at a total cost of Rs 2.38 crore. According to the terms and conditions of the allotment, the amount was to be deposited with JDA within one month from the date of allotment letter. CPWD deposited the amount in two instalments i.e. Rs 100 lakh on 30 January 1996 and Rs 138.27 lakh on 9 April 1996, without surveying/seeing the location of the land. Meanwhile, JDA increased the rate of land from Rs 3180 to Rs 4200 per sqm. with effect from 1 November 1995 and issued a revised allotment letter on 22 February 1996 and demanded a total amount of Rs 3.15 crore at the revised rate. The additional amount of Rs 76.43 lakh was also deposited by CPWD in March 1998. Thus, CPWD had to incur an avoidable expenditure of Rs 76.43 lakh on account of revision in the cost of land due to delay in payment.

The possession of the land had not been obtained as of February 2001 as part of the allotted land was a nallah. JDA, therefore, allotted 7481 sqm. land in other areas and demanded an additional amount of Rs 11.04 lakh for increased area of 171 sqm. at the rate of Rs 6300 per sqm., but CPWD was not ready to take possession of additional land. As the land has not been taken over, Rs 3.15 crore remained unutilised for more than four years.

Executive Engineer, CPWD (JCD-I) intimated in February 2001 that the payment of Rs 2.38 crore could not be made to JDA due to non-availability of funds during 1994-95 as administrative and financial sanction from the Ministry of Urban Development was received in March 1995. The reply was not tenable as the allotment letter was issued by JDA on I February 1995 according to which the amount was to be deposited within a period of one month. CPWD demanded the funds as late as in September 1995. The payment to the JDA was made in the last quarter of the financial year of 1995-96 and in the first month of financial year 1996-97. Had the payment been made after proper and timely survey of the land, excess payment of Rs 76.43 lakh could have been avoided.

Thus, not only was the main objective of construction of general pool office accommodation defeated but negligence in timely deposit of cost of land by the Executive Engineer to JDA, led to incurring of extra expenditure of Rs 76.43 lakh. Funds to the tune of Rs 3.15 crore remained unutilised since possession of the land was not taken.

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

18.7 Financial package for reconstruction of houses damaged by cyclone/floods in Karnataka

Poor monitoring of the scheme resulted in blocking of funds and non-recovery of the unutilized central subsidy.

Ministry approved in 1993-94 a financial package for reconstruction of houses completely damaged in cyclone/floods in Tamil Nadu, Karnataka and Kerala in October/November 1992. The package consisted of Central and State subsidy each of 30 *per cent* of the unit cost of Rs 15000 and balance 40 *per cent* as loan at the rate of 13.5 *per cent* from HUDCO. According to the package, 33428 dwelling units with Central and State shares of Rs 15.04 crore each were to be reconstructed within two years i.e. upto March 1996 in Karnataka.

HUDCO sanctioned 28449 dwelling units in Karnataka and released Rs 3.20 crore as Central Subsidy in advance to the State implementing agency viz. Karnataka Housing Board in September 1994 to enable the beneficiary to start work. A scrutiny of the records of the Ministry during October 1996 revealed that no construction work was even taken up in Karnataka. In view of the non-implementation of the scheme, Ministry decided to recover the subsidy already drawn by the implementing agency and issued directions to the effect to HUDCO in August 1995. Out of Rs 3.20 crore of subsidy drawn by

Karnataka Housing Board, Rs 2.10 crore was refunded by them as of February 2001. The balance Rs 1.10 crore of subsidy was recoverable as of July 2001.

Poor monitoring of the scheme by the Ministry resulted in blocking of funds of Rs 3.20 crore for more than five years. The objective of reconstructing the damaged houses also remained unachieved.

Ministry in their reply in July 2001 accepted the audit observation and stated that they were pursuing the matter with Chief Secretary, Government of Karnataka.

18.8 Failure to construct earthquake resistant demonstration houses in Uttaranchal

The lack of planning and coordination coupled with administrative indecision reflected the absence of sense of urgency in the construction of demonstration houses resistant to earthquake in the district of Uttaranchal

Himalayan region is an earthquake prone area where earthquakes of magnitude 5 on the Richter scale are not un-common. Garhwal circle of Uttaranchal state suffered an earthquake with a magnitude of 6.6 on the Richter Scale on 20th October 1991. 20,000 homes were destroyed and thousands more were partially damaged apart from loss of human and animal life. Uttarkashi, Tehri Garhwal and Chamoli districts were the worst affected.

In the wake of the earthquake, the Ministry of Urban Development (now Urban Development & Poverty Alleviation) and the Government of Uttar Pradesh (now Uttaranchal) decided in November 1991 to construct earthquake resistant demonstration houses at different places in the earthquake affected districts of Uttarkashi, Tehri Garhwal and Chamoli under the National Building Organisation's (NBO) Experimental housing scheme. The main objective of this project was demonstration of innovative techniques and earthquake resistant measures through the right type of construction of earthquake proof houses in sensitive areas of Uttarkashi and Garhwal. It also aimed to provide on-the-site training to the rural artisans and workers in new technologies.

Out of Rs 16.27 lakh approved for the project, Rs 14.42 lakh was released in April 1992 as first instalment to the Commissioner, Uttar Pradesh Rural Housing Board.

The project, however, is yet to commence (as of August 2001) on grounds of non availability of matching/balance funds with the Uttar Pradesh Rural Housing Board and also non-operationalisation of Building centres by HUDCO in that region. Audit scrutiny of records of NBO and Ministry revealed that this case was not pursued after February 1995.

On being pointed out by Audit in January 1997 NBO asked the Board in May 1997 to refund the grant of Rs 14.42 lakh released to them. The unutilised grant of Rs 14.42 lakh had not been refunded as of May 2001. NBO stated in

February 2001 that the State Government was being pursued to refund the grant at the earliest.

Thus, total lack of planning, co-ordination and administrative indecision on the part of Central/State Government has already resulted in delay of nearly 10 years in implementing the project and, resultantly, has defeated the very objective of demonstration of innovative techniques and earthquake resistant measures in housing in the earthquake-prone areas of Himalayan region. It reflected the absence of a sense of urgency in addressing a problem with such grave implications.

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

18.9 Delay in completion of jobs

Poor monitoring by the Forms Unit of Government of India Press led to inordinate delay in completion of jobs resulting in loss of Rs 74.51 lakh with risk of further loss of Rs 38.56 lakh.

The Government of India Press undertakes printing jobs for the Ministries and departments of the Government of India. The cost incurred on printing is recovered from them on the basis of the cost of materials, labour and overheads. The Managers of the Press are responsible for timely completion of the jobs and for realisation of the cost. The Press Hand Book provides for maintenance of Work Docket, Daily Work Progress Book and monthly Arrears List to monitor progress of work.

Test check of records relating to jobs received in the Forms Unit of the Press between August 1987 and September 1998 revealed that for 29 jobs, completion dates were neither fixed nor recorded in the Work Docket. The Press recorded entries in the Work Progress Book only in respect of five jobs. Of the balance 24 jobs, the Press recorded no entries in the Daily Work Progress Book in respect of 14 jobs and part entries in respect of the remaining 10 jobs. The Press also did not prepare any monthly arrear list upto July 2000, while between August 2000 and March 2001, it had prepared the list on four occasions. Thus failure to monitor the progress of work by the Manager and Director of Printing delayed the completion of jobs as detailed below:

(i) Nine out of the 29 printing jobs received from various indentors between March 1988 and January 1992 were completed between April 1991 and October 1997 i.e. after 16 to 68 months. Resultantly, the indentors refused to accept the printed matter, as the concerned forms had become obsolete. In one case the Press erroneously printed 2 crore forms against the order for 2 lakh forms with consequent excess expenditure of Rs 24.02 lakh.

The delay in printing and excess printing resulted in loss of Rs 73.15 lakh.

(ii) In respect of the balance 20 jobs, eight jobs, for which paper worth Rs 32.83 lakh was issued, were closed between April 2001 and June

2001 after partial despatch. A sizeable part of these jobs involving paper worth Rs 16.21 lakh could not be completed till July 2001 even after 34 to 167 months.

Similarly, in case of the remaining 12 jobs, the major portion of the work for which paper worth Rs 23.71 lakh was issued remained incomplete till July 2001, 39 to 138 months after receipt of indent.

This invites the risk of rejection of these jobs too by the indentors and probable loss of Rs 38.56 lakh besides loss of paper valuing Rs 1.36 lakh damaged by rainwater.

Thus, the poor control over the functioning of the Press resulted in loss of Rs 74.51 lakh and also involved the risk of further loss of Rs 38.56 lakh.

The Manager of the Press stated in April 2001 that in order to avoid further criticism from the indentors as well as loss to Government, the press had kept all the jobs above 3 years in abeyance to ascertain the requirement from the department concerned. The inefficiency of the press was responsible for delay in completion of work and consequent loss to the Government.

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

18.10 Follow up on Audit Reports

Despite repeated instructions/recommendations of the Public Accounts Committee, the Ministry did not submit remedial Action Taken Notes on two Audit Paragraphs.

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Report of the Comptroller and Auditor General of India, Union Government (civil) as of September 2001 revealed that the Ministry has failed to submit ATNs in respect of two Paragraphs included in the Audit Report for the year ended March 1999 as detailed below:

Number and year of the Audit Report	Paragraph Number	Subject
2 of 2000	5.1	Functioning of Land and Development Office
2 of 2000	19.2	Retention of rented premises beyond requirement

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

CHAPTER XIX: UNION TERRITORIES

Andaman and Nicobar Administration

Directorate of Shipping Services

19.1 Idling of funds due to injudicious release

Deficient planning and injudicious release of funds of Rs 188.12 lakh by Directorate of Shipping Services to Andaman and Lakshadweep Harbour Works for providing air conditioning to a shed resulted in idling of funds for more than 33 months.

The Andaman and Lakshadweep Harbour Works (ALHW) undertakes all civil engineering works for development and maintenance of Port and Harbour facilities in Andaman and Nicobar Islands (ANI). Funds for execution of works are released by Directorate of Shipping Services (DSS) as departmental advance and are adjusted after completion report.

To strengthen the infrastructural facilities in the shed for fabrication of fibre glass boat at Port Blair, DSS obtained administrative approval and expenditure sanction from A & N Administration and released funds for three works. The details of the works are given in the table below:

Sl. No.	Name of works	Estimated cost *(Rs in lakh)*/ date of Administrative Approval	Amount of expenditure sanction *(Rs in lakh)*	Date of release	Time frame for completion	Status of works as of May 2001
1	Construction of slipway from water front to inside the Fibre Glass Boat Shed (Stage II)	114.16/ 11.08.1999	12.00 10.00 70.00 Total 92.00	13.10.1999 01.02.2001 09.03.2001	6 months of A/A, E/S & release of funds	50 *per cent* completed
2	Additional room for storage of chemicals (Stage I)	44.61/ 04.03.1999	5.00 10.00 26.75 2.86 Total 44.61	31.03.1999 13.10.1999 09.02.2001 02.03.2001	6 months of A/A, E/S & release of funds	70 *per cent* completed
3	Providing air conditioning of Fibre Glass Boat shed at Port Blair	188.12/ 02.04.1998	188.12	26.08.1998	18 months of A/A, E/S & release of funds	2 *per cent* work completed

The table indicates (i) the DSS did not release funds in terms of the priority of work. Air-conditioning work was to be taken up only after the civil construction work was completed. However, the administrative approval was obtained in April 1998 even before the other works were approved and the entire advance of Rs 188.12 lakh was released in August 1998.

(ii) While the advance for air-conditioning remained unutilised, progress on the storage room and slipway was held up since DSS released only Rs 27 lakh between March 1999 and October 1999 against the total requirement of Rs 158.77 lakh for these works.

By March 2001, DSS released the entire amount of Rs 44.61 lakh to ALHW for the storage room while it could release only Rs 92.00 lakh against the total requirement of Rs 114.16 lakh for the slipway.

Due to delayed release of funds, only 70 *per cent* of the work on additional storage room and 50 *per cent* of the slipway construction work could be completed till May 2001.

There was however a progress of just 2 *per cent* in the work of air-conditioning and only Rs 0.05 lakh was utilized against an advance of Rs 188.12 lakh till May 2001, due to non-completion of the other works.

Thus, deficient planning and injudicious release of funds by the DSS much before actual requirement resulted in idling of Rs 188.12 lakh for more than 33 months besides delay in implementation of the whole project.

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

19.2 Avoidable expenditure on manning contract of a vessel

The Directorate of Shipping Services, Andaman and Nicobar Islands handed over the manning contract of a vessel to the Shipping Corporation of India, instead of continuing with the lowest tenderer, resulting in an avoidable expenditure of Rs 261.70 lakh during the period from July 1994 to September 1999.

In November 1992, the Directorate of Shipping Services (DSS), Andaman and Nicobar Islands (ANI) awarded, the manning contract of the vessel M.V Dering to a firm, being the lowest tenderer at a cost of Rs 3.39 lakh per month initially for a period of six months and extended periodically. The cost was revised to Rs 3.99 lakh per month from August 1993 due to change in staffing pattern to meet statutory requirements.

The DSS handed over the manning of the vessel to Shipping Corporation of India (SCI) in July 1994 after terminating the contract with the private firm. The A & N Administration observed that awarding the manning contract to SCI would be economical and trouble free. However, Audit observed that the evaluation exercise of tender was not proper as the element of management remuneration and overhead charged by SCI were ignored. Audit also noticed that the vessel was being manned by the same private firm on behalf of SCI from July 1994 to September 1999.

The DSS paid Rs 756.04 lakh to SCI for manning the vessel during the period July 1994 to September 1999 which could have been done at a cost of Rs 494.34 lakh had the contract been continued with the firm.

Thus, injudicious award of manning contract of the vessel to SCI instead of continuing with the lowest tenderer resulted in avoidable expenditure of Rs 261.70 lakh during the period from July 1994 to September 1999.

DSS stated in December 2000 that the manning contract was awarded to SCI as desired by the A & N Administration and also accepted that the Department was incurring considerable expenditure on SCI for this purpose.

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

Directorate of Information, Publicity and Tourism

19.3 Idle investment on procurement of a tourist vessel

The investment of Rs 51.83 lakh for a tourist vessel remained idle due to Andaman and Nicobar Administration's frequent changes in design and delay in repairing. The vessel meant for transporting tourists is still not operational even after four years of its delivery by the manufacturer.

To facilitate quick transport for tourists to various islands, the Administration entered into an agreement in November 1992 with Vadyar Boats Private Limited, Madras for construction of a seagoing passenger vessel with capacity for 25 passengers at an estimated cost of Rs 35 lakh excluding taxes and duties. The vessel was to be formally delivered at Port Blair by August 1993.

The construction of the vessel was delayed due to delay in receipt of engine. In April 1994, the Administration suggested an alteration in the accommodation arrangement of the vessel whereby the forward portion was converted into a VIP cabin, thus reducing the passenger capacity to 8. The vessel with the revised design arrived at Port Blair in February 1997. The Administration paid Rs 44.08 lakh inclusive of Rs 3.50 lakh for conversion to the builder between November 1992 and February 1997. The balance amount of Rs 1.75 lakh was yet to be paid as of June 2001. Liquidated damages for Rs 3.50 lakh were to be deducted from the builder's bill for delay in delivery of the vessel beyond permissible limit out of which only Rs 1.75 lakh had been recovered.

The capacity of the vessel had been reduced to eight and Mercantile Marine Department (MMD) could not certify it as a passenger vessel in July 1997 as a passenger vessel is one, which carries more than 12 passengers. Meanwhile, the vessel suffered an accident in May 1997. In March 1998, after a lapse of 11 months from the date of accident, the Administration entrusted the work of reconversion and repair to a private firm at a cost of Rs 7.75 lakh inclusive of Rs 3.15 lakh for reconversion. The vessel was repaired in May 1998. After repair, the seating capacity was only 12. The Administration, however, did not approach the MMD for certification. The bill for Rs 7.75 lakh for the reconversion and repair work was yet to be paid as of May 2001. To keep the boat in running condition, the Directorate of Shipping Services (DSS) conducted trial run in January 1999 in the course of which the vessel was again damaged. Thereafter, in November 1999, the vessel was inspected by MMD for estimation of repair. Though MMD submitted its report in December 1999, no arrangement for repair was made as of June 2001. The vessel, therefore, has not been made operational as of June 2001.

The commissioning of the vessel was, thus delayed due to Administration's frequent change in decision regarding conversion and reconversion and delay in making arrangements for repair. Thus, the vessel which was meant for transportation of tourists has never been used for the intended purpose. It is yet to be made operational even after more than four years since its delivery. Investment of Rs 51.83 lakh inclusive of cost of repair thus remained idle, out of which Rs 6.65 lakh being the cost of conversion and reconversion work became infructuous. Moreover, due to substantial reduction in passenger capacity, the certification of the vessel as passenger vessel was not possible.

The matter was reported to the Ministry in August 2001; their reply was awaited as of November 2001.

Andaman Lakshadweep Harbour Works - Ministry of Shipping

19.4 Loss due to non-compliance with agreement

The Executive Engineer (Marine) neither proposed levy of compensation for delayed execution nor recovered risk and cost amount from the defaulting contractor leading to loss of Rs 2.61 crore.

Ministry of Surface Transport accorded administrative approval and expenditure sanction in January 1994 of Rs 47.63 crore for the construction of a break water and wharf at Mus, Car Nicobar in Andaman and Nicobar Islands, to be completed by July 2001.

The Chief Engineer, Andaman Lakshadweep Harbour Works accorded technical sanction in October 1994 to a portion of the total work, namely, construction of break water at chainage[7] 22M to chainage 200 M for Rs 15.43 crore. Executive Engineer (Marine) awarded the work in April 1995

[7] Jointed measuring line consisting of linked metal rods

to Ellon Hinengo Limited at a cost of Rs 14.10 crore, to be completed by February 1998. Till January 1998 the contractor had completed only 15 to 47 *percent* of various components of the work. In April 1998, the Executive Engineer took out only a part of the unexecuted work from Ellon Hinengo Limited for awarding it to other contractor.

Test check conducted by Audit revealed that:

(i) In April 1998, the Chief Engineer permitted the contractor to continue with part of the balance work to be completed by May 2000. However, as per CPWD Manual, in case of breach of contract the department cannot cancel only a part of the unexecuted work and permit the original contractor to execute the other part under the same contract.
In July 1998, the Executive Engineer awarded the remaining part of the work taken out from Ellon Hinengo Limited to Reacon International at Rs 6.28 crore with scheduled completion in May 2000. Reacon International completed the work in February 2000, while Ellon Hinengo Limited completed remaining part of the work only in May 2000. The Executive Engineer had not settled the final bill till September 2001. Moreover, as per terms of contract, the Executive Engineer did not take any action to recover the amount of Rs 2.61 crore from Ellon Hinengo Limited as detailed below:

Description	Amount (Rs in crore)	Remarks
Levy of compensation under clause 2 of the contract for delay in execution of work limited to 10 *per cent* of the tendered value of the work.	1.19	Not levied
Recovery of risk and cost under clause 3 of the contract for breach of contract.	1.42	Not invoked
Total	**2.61**	

In October 2001, the Chief Engineer stated that there was no extra expenditure as the rates quoted by Reacon International were less than the rates quoted by the original contractor after allowing escalation. Hence by awarding the balance work to Reacon International there was a saving of Rs 35 lakh. This is factually not correct since while computing the cost of the balance work at accepted rates of Ellon Hinengo Limited, the escalation to be paid beyond the initial stipulated date of completion i.e., February 1998 was taken into account. The Chief Engineer's contention that compensation was not levied as the work was delayed mainly because of involvement of multi modal transportation and Ellon Hinengo Limited completed the work within extended time was also not correct, as the contractor could not complete two main items of the work within the extended period and the department at the time of award of the work to Ellon Hinengo Limited was aware of the adoption of various modes of transport.

Thus, due to delay in construction of a portion of the breakwater coupled with non-compliance with agreement terms, the department had sustained a loss of Rs 2.61 crore, apart from increase in cost of the work by Rs 3.55 crore.

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

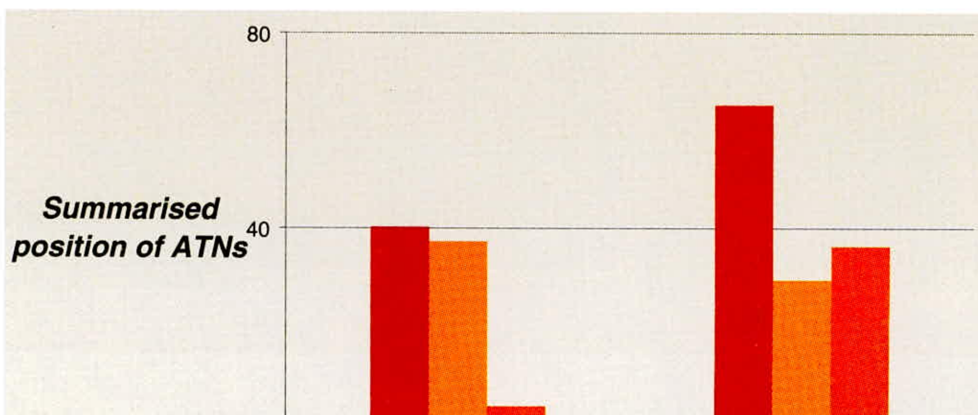
CHAPTER XX: GENERAL

20.1 Follow up on Audit Reports-Summarised Position

Despite repeated instructions/recommendations of the Public Accounts Committee various ministries/departments did not submit remedial/ corrective Action Taken Notes on 66 Audit Paragraphs in time.

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC) decided in 1982 that the Ministries/Departments should furnish remedial/corrective Action Taken Notes (ATNs) on all paragraphs contained therein.

PAC took a serious view of the inordinate delays and persistent failures on the part of a large number of ministries/departments in furnishing the ATNs



	Upto the year ended March 1995	Upto the year ended March 1996 to March 1999
ATNs due	40	65
ATNs not received at all	37	29
ATNs under correspondence	3	36

within the prescribed time limit. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of the Reports in Parliament.

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India, Union Government (Civil, Other Autonomous Bodies and Scientific Departments) as of October 2001 disclosed that the Ministries/Departments had not submitted remedial ATNs on 66 Paragraphs.

Ministries/departments failed to submit ATNs in respect of 37 paragraphs included in the Audit Reports up to and for the year ended March 1995 within three months and till date as indicated in **Appendix-I**. The outstanding ATNs date back to as far as 1988-89.

Though, the Audit Reports for the year ended March 1996, March 1997, March 1998 and March 1999 were laid on the table of the Parliament in May 1997, June 1998, October 1999, December 1999 and May 2000 and the time limit of four months for furnishing the ATNs had elapsed in September 1997, October 1998, February 2000, April 2000 and September 2000 for the respective years, the ministries/departments did not submit ATNs on 65 paragraphs as indicated in **Appendix-II.** Out of these, while final ATNs in respect of 36 paragraphs were awaited, the remedial ATNs in 29 cases have not been furnished at all.

20.2 Departmentally Managed Government Undertakings - Position of Proforma Accounts

As per provisions of the General Financial Rules, departmentally managed government undertakings of commercial or quasi-commercial nature are required to maintain such subsidiary accounts and proforma accounts as may be prescribed by Government in consultation with the Comptroller and Auditor General of India.

There were 35 departmentally managed Government Undertakings of commercial or quasi-commercial nature as of March 2001. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading, Profit and Loss Accounts and Balance Sheet. Department of Publications, Delhi and Government of India Presses prepare only stores accounts.

It is necessary for each Ministry and Department to ensure that the audited accounts are prepared by the undertakings with their control within nine months of the close of the financial year. The position of the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in the **Appendix – III.**

From the Appendix, it will be seen that the proforma accounts have not been prepared for periods ranging from one to 27 years as shown below:

Period for which lying in arrears		
No. of years	**Period**	**No. of Undertakings**
1-5	1995-96 to 1999-2000	17
6-10	1991-92 to 1994-95	5
11-15	1985-86 to 1988-89	4
16-20	1982-83 to 1984-85	4
20-25	1977-78	1
25-30	1973-74	1
Total		**32**

The undertakings where proforma accounts were in arrears included Shipping Department of Andaman and Nicobar Island (27 years) and All India Radio (17 years), Doordarshan (17 years).

The Public Accounts Committee, in their 57th Report (Tenth Lok Sabha), had taken a serious view of the fact that the proforma accounts of Doordarshan had not been finalised since 1977-78. While deprecating the inordinate delay of more than 15 years in the finalisation of accounts, the Committee had recommended that the Ministry in consultation with the Comptroller and Auditor General of India find out ways and means of maintenance of upto date proforma accounts. In their Action Taken Report on the subject i.e. 106th Report (Tenth Lok Sabha), the Committee observed that no substantial headway had been made in the finalisation process and expressed serious concern over this state of affairs. The Committee had recommended that the pending proforma accounts be finalised within a period of two years. But proforma accounts of Doordarshan are still in arrears since 1983-84.

In the absence of proforma accounts, the cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to work out normal performance indicators like, return on investment, profitability etc. for their activities.

The delay in compilation of accounts in respect of departmentally managed undertaking was brought to the notice of Secretary Ministry of Finance, Department of Economic Affairs and Secretaries of the Ministries (i) Health and Family Welfare (ii) Road Transport and Highways (iii) Shipping (iv) Agriculture (v) Information and Broadcasting (vi) Urban Development (vii) Environment and Forests (viii) Power in December 2001; for their replies/comments which were awaited as of December 2001.

20.3 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues, duties, advances written off/ waived during 2000-01, is given in Appendix to this Report. It will be seen from **Appendix-IV** that in 255 cases, Rs 10.21 lakh representing losses mainly due to failure of system; Rs 8.48 lakh due to neglect, fraud etc. on the part of individual Government officials and for other reasons (Rs 3477.60 lakh) were written off during 2000-01. In five cases, recovery and ex-gratia payment of Rs 8.03 lakh was waived/made during the year.

20.4 Response of the ministries/departments to draft Reviews/ Paragraphs

Despite directions of Ministry of Finance issued at the instance of Public Accounts Committee, Secretaries of ministries/departments did not send response to 33 out of 47 draft Reviews/Paragraphs included in this Report.

On the recommendation of the PAC, Ministry of Finance issued directions to all ministries in June 1960 to send their response to the draft

Reviews/Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The draft Reviews/Paragraphs are always forwarded by the respective Audit offices to the secretaries of the concerned ministries/departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the ministries are invariably indicated at the end of each such Review/Paragraph included in the Audit Report.

47 draft Reviews/Paragraphs included in this Report of the Comptroller and Auditor General of India for the year ended March 2001 were forwarded to the secretaries of the respective ministries/departments during November 2000-December 2001 through demi-official letters.

The secretaries of the ministries/departments did not send replies to 33 draft Reviews/Paragraphs in compliance to above instructions of the Ministry of Finance issued at the instance of the PAC as indicated in the **Appendix-V**. As a result, these 33 Reviews/Paragraphs have been included in this Report without the response of the secretaries of the ministries/ departments.

H. P. Das

(H.P. DAS)
Director General of Audit
Central Revenues

New Delhi
Date: 11 February 2002

Countersigned

V. K. Shunglu

(V.K. SHUNGLU)
Comptroller and Auditor General of India

New Delhi
Date: 11 February 2002

APPENDIX-I

(Refers to Paragraph No. 20.1)

Summarised position of the Action Taken Notes awaited from various ministries/departments up to the year ended March 1995 as of October 2001.

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
1.	Finance (Department of Revenue)	1994	2	-	2	-	–	–	–	–	–	2	-	2
		1995	1	-	1		–	–	–	–	–	1	-	1
2.	Urban Development	1989	–	–	–	1	1	–	–	–	–	1	1	–
		1990	–	–	–	5	5	–	–	–	–	5	5	–
		1991	–	–	–	8	8	–	–	–	–	8	8	–
		1992	–	–	–	9	9	–	–	–	–	9	9	–
		1993	–	–	–	12	12	–	–	–	–	12	12	–
		1994	–	–	–	1	1	–	–	–	–	1	1	–
		1995	–	–	–	1	1	–	–	–	–	1	1	–
	Total		**3**		**3**	**37**	**37**	–	–	–	–	**40**	**37**	**3**

APPENDIX-II
(Refers to Paragraph No. 20.1)

Summarised position of the Action Taken Notes awaited from various ministries/departments up to the year ended March 1996 to March 1999 as of October 2001.

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
1.	Council of Scientific and Industrial Research	1999	–	–	–	–	–	–	1	-	1	1	-	1
2.	External Affairs	1998	3	–	3	–	–	–	–	–	–	3	–	3
		1999	7	-	7	–	–	–	–	–	–	7	-	7
3.	Finance (Department of Revenue)	1997	1	1	–	–	–	–	–	–	–	1	1	–
		1998	1	-	1	–	–	–	–	–	–	1		1
		1999	2	2	–	–	–	–	–	–	–	2	2	–
	(Department of Economic Affairs)	1999	3	-	3	-	-	–	–	–	–	3	-	3
4.	Geological Survey of India	1998	–	–	–	–	–	–	1	1	–	1	1	–
		1999	–	–	–	–	–	–	1	1	–	1	1	–
5.	Health and Family Welfare	1998	1	1	–		–	-	–	–	–	1	1	-
		1999	1	1	–	2	2	-	–	–	–	3	3	–
6.	Home Affairs	1996	1	-	1	–	–	–	–	–	–	1	-	1
		1998	1	–	1	–	–	–	–	–	–	1	–	1

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
7.	Human Resource Development (Department of Culture)	1997	–	–	–	1	1		–	–	–	1	1	
		1998	2	2	–	4	1	3	–	–	–	6	3	3
		1999	1	1	–	–	–	–	–	–	–	1	1	–
	(Department of Secondary and Higher Education)	1996	1	–	1	–	–	–	–	–	–	1	–	1
		1997	1	–	1	2	1	1	–	–	–	3	1	2
		1998	–	–	–	1		1	–	–	–	1		1
		1999	1	1	–	3	1	2	–	–	–	4	2	2
	Department of Women and Child Development	1999	1	1	–	-	-	-	–	–	–	1	1	-
8.	Indian Council of Agricultural Research	1999	–	–	–	–	–	–	2	-	2	2	-	2
9.	Indian Council of Medical Research	1999	–	–	–	–	–	–	1	-	1	1	-	1
10.	Industry	1999	-	-	–	4	4	–	–	–	–	4	4	–
11.	Labour	1997	–	–	–	1	–	1	–	–	–	1	–	1
		1998	–	–	–	1	–	1	–	–	–	1	–	1
12.	Law Justice and Company Affairs	1997	1	–	1	–	–	–	–	–	–	1	–	1
		1998	–	–	–	1	–	1	–	–	–	1	–	1
13.	Non-conventional Energy Sources	1999	–	–	–	–	–	–	1		1	1	-	1

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
14.	Rural Development	1999	1	1	–	–	–	–		–	–	1	1	
15.	Rural Employment and Poverty Alleviation	1999	-	-	–	2	2	–	–	–	–	2	2	–
16.	Statistics and Programme Implementation	1997	1	-	1	-	–	-	–	–	–	1	-	1
17.	Surface Transport	1998	-	-	–	2	2	–	–	–	–	2	2	–
18.	Telecommunications (C-DOT)	1999	–	–	–	–	–	–	1	-	1	1	-	1
19.	Urban Development	1999	2	2	–	-	-	–	–	–	–	2	2	–
Total			**33**	**13**	**20**	**24**	**14**	**10**	**8**	**2**	**6**	**65**	**29**	**36**

Appendix-III

(Refers to Paragraph No. 20.2)

Summarised financial results of Departmentally Managed Government Undertakings

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
	Ministry of Agriculture									
1.	Delhi Milk Scheme	1993-94	2289.56	824.69	1220.44	(-)1601.58	357.86	(-) 1243.72	-	
2.	Ice-cum-Freezing Plant, Cochin	1996-97	76.71	61.63	45.19	(-)71.69	-	(-) 71.69	-	
	Ministry of Defence									
3.	Canteen Stores Department	1999-2000	48.00	2029.84	1420.61	6833.92	5339.57	12173.49	31.65	
	Ministry of Power									
4.	Electricity Department, Andaman and Nicobar Islands	1998-99	12796.11	9863.22	1315.69	(-)3400.65	1020.92	(-)2379.73	-	
5.	Electricity Department, Lakshadweep	1999-2000	2345.96	1470.11	875.85	(-) 1253.25	285.68	429.71	29.22	
	Ministry of Environment and Forests									
6.	Department of Environment and Forests, Andaman and Nicobar Islands	1995-96	669.81	669.81	871.02	1326.15	870.23	10744.52	113.28	
	Ministry of Finance									
7.	India Security Press, Nasik Road	1996-97	20083.85	3621.71	2072.05	(-)5608.70	2575.66	(-)3033.04	(-)14.13	
8.	Security Printing Press, Hyderabad	1999-2000	1947.00	938.00	1031.00	(+) 24.00	304.00	328.00	-	

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
9.	Currency Note Press, Nasik Road	1997-98	12290.35	6310.76	5612.62	1572.57	3525.62	5098.18	17.50	
10.	Government Opium Factory, Ghazipur	1998-99	234.10	103.44	75.96	(+)5410.65	75.21	5485.86	875.34	
11.	Government Opium Factory, Neemuch	1992-93	219.93	191.27	27.16	(+) 2044.82	187.87	2232.69	124.78	
12.	Government Alkaloid Works, Neemuch	1996-97	437.28	545.36	216.31	(+)428.34	52.47	480.82	109.95	
13.	Government Alkaloid Works, Ghazipur	1998-99	137.82	24.50	39.35	(-)382.54	98.95	(-)283.59	-	
14.	India Government Mint, Mumbai	1995-96	27017.53	2699.75	788.12	20972.74	2811.40	23784.15	-	
15.	India Government Mint, Calcutta	1998-99	479.46	201.97	393.37	(+)389.33	798.97	1188.30	-	
16.	India Government Mint, Hyderabad	1998-99	8461.29	391.20	31.32	(+) 523.78	2622.35	3146.13	42.38	
17..	Bank Note Press, Dewas	1997-98	7477.57	2976.59	4567.17	3321.15	2778.96	6100.11	82.00	
18.	Security Paper Mill, Hoshangabad	1981-82	3171.16	2318.31	852.85	(-) 152.39	198.89	46.50	1.47	
	Ministry of Health and Family Welfare									
19.	Central Research Institute, Kasauli	1998-99	478.08	57.41	43.96	(-) 135.18	123.86	313.00	30.58	
20.	Medical Stores Depot	1984-85	(+)978.92	44.61	35.19	(+)38.14	(+)79.98	1306.13	-	The figures do not include the results of GMSD, Delhi & GMSD, Mumbai.
21.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	1994-95	0.31	0.24	0.002	(-)0.49	0.02	1.34	442.93	
	Ministry of Information and Broadcasting									
22.	All India Radio	1982-83	8325.15	5227.06	3098.09	(-)3121.89	409.64	(-)2712.25	-	
23.	Radio Publication, All India Radio	1985-86	639.64	0.45	0.11	(-) 48.58	0.90	(-) 48.49	-	

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
24.	Director General Doordarshan, New Delhi	1976-77	2545.61	2026.43	519.18	(-) 575.45	117.88	(-) 457.57	-	Proforma accounts have been received up to 1982-83 but financial results are not made available.
25.	Commercial Sales Service, Doordarshan, New Delhi	1976-77	-	0.14	-	(+) 57.62	-	(+) 57.62	-	
26.	Films Division, Mumbai	1986-87	642.75	240.20	285.81	(-) 697.81	49.71	(-) 648.10	-	(i) The interest on capital is worked out on the means of capital employed for each year. (ii) The proforma account for the year 1987-88 and onwards are yet to be finalised.
27.	Commercial Broadcasting Service, All India Radio	1983-84	251.28	178.71	72.57	(+) 1071.47	-	(+) 1071.47	-	
	Ministry of Shipping									
28.	Lighthouses and Lightships Department	1995.96	11142.27	11813.25	2901.77	3662.03	800.00	4462.03	119.62	
29.	Shipping Department, Andaman and Nicobar Islands	1972-73	43.50	56.80	7.89	(-) 80.15	4.47	(-) 75.68	-	
30.	Ferry Service, Andaman	1993-94	3355.77	3355.77	888.85	(-) 821.29	119.53	(-) 701.76	68.99	
31.	Marine Department (Dockyard) Andaman and Nicobar Islands	1994-95	8.99	8.99	5.85	(-) 116.66	39.64	(-) 77.02	22.83	

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
	Ministry of Road Transport and Highways									
32.	Chandigarh Transport Undertaking	1997-98	4303.21	2159.13	262.34	(-) 837.94	231.08	(-) 606.86	(-)14.10	
33.	State Transport Service, Andaman and Nicobar Islands	1990-91	621.49	621.49	338.73 (+) 52.45	(-) 340.05	29.91	(-) 310.14	73.13	Understated depreciation of Rs 52.45 lakh in column six was pointed out by the audit in respect of 1986-87 year's account which is yet to be rectified by the department. Hence Rs 52.45 lakh has been shown separately.
	Ministry of Urban Development									
34.	Department of Publications, New Delhi	1992-93								Proforma accounts have been received up to 1992-93 but financial results are not made available
35.	Government of India Presses	1987-88								Proforma accounts have been received up to 1987-88 but financial results are not made available

Appendix-IV
(Refers to Paragraph No. 20.3)

Statement of losses and irrecoverable dues written off/waived during 2000-2001

(Rs in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to									
	Failure of System		Neglect/fraud etc.		Other reasons		Waiver of recovery		Ex-gratia Payment	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Agriculture	1	0.10			4	0.23				
Atomic Energy					17	3307.51				
Chemical & Fertilisers					1	4.69				
Power					9	7.73	1	0.03		
Space					21	1.10				
Road Transport and Highways	36	8.52	39	8.48	117	155.40			4	8.00
Information Technology					3	0.89				
Civil Supplies	1	1.32								
Consumers Affairs					1	0.05				
Post & Telecommunication	5	0.27								
Total	**43**	**10.21**	**39**	**8.48**	**173**	**3477.60**	**1**	**0.03**	**4**	**8.00**

Appendix-V
(Refers to Paragraph No. 20.4)

Response of the ministries/departments to draft Reviews/Paragraphs

Sl. No.	Ministry/ Department	Total No. of Reviews/ Paragraphs	No. of Reviews/ Paragraphs to which reply not received	Reference to Reviews/ Paragraphs of the Audit Report
1.	Agriculture	2	1	6.2
2.	Commerce	1	-	-
3.	Consumer Affairs	2	1	8.1
4.	External Affairs	7	5	9.1, 9.2, 9.4, 9.5, 9.7
5.	Health & Family Welfare	2	2	2, 10.1
6.	Home	6	4	11.3, 19.1, 19.2, 19.3
7.	Human Resource Development	1	-	-
8.	Information & Broadcasting	9	8	3.1, 3.2, 13.1, 13.2, 13.3, 13.4, 13.6, 13.7
9.	Road Transport and Highways	1	1	14.1
10.	Rural Development	1	1	4
11.	Shipping	3	1	19.4
12.	Textiles	1	-	-
13.	Tourism	1	1	17.1
14.	Urban Development	10	8	18.1, 18.2, 18.3, 18.4, 18.5, 18.6, 18.8, 18.9
	Total	**47**	**33**	