REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH 1988

NO. 9 OF 1989

UNION GOVERNMENT

(OTHER AUTONOMOUS BODIES)

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PREFATORY REMARKS

As mentioned in the Prefatory Remarks of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988—Union Government—Civil (No. 1 of 1989), the results of test audit of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No. 7 of 1989) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report.

2. The Report includes, among others, reviews on Indian Council for Cultural Relations, Apna Utsav, National Council of Educational Research and Training, and Stores and materials management in Calcutta dock system. The audited organisations are varied and different in character and discipline but since these are autonomous bodies they all figure in this Report.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 1987-88 as well as those which came to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1987-88 have also been included, wherever considered necessary.

OVERVIEW

The Audit Report for the year ended 31 March 1988 contains 26 paragraphs including four reviews. The points highlighted in the Report are summarised below.

I. General

The accounts of autonomous bodies which receive financial assistance from Government are audited by the Comptroller and Auditor General of India.

Government of India paid Rs. 968.06 crores as grants and Rs. 108.73 crores as loans to various autonomous bodies during 1987-88. In addition, nine universities received Rs. 162.31 crores as grants from the University Grants Commission|Central Government. The annual accounts of 30 out of 53 bodies (other than those under the Scientific Departments) whose accounts were to be audited had not been received. Further, for the year 1986-87, out of 169 Central autonomous bodies whose accounts together with Audit Reports thereon were required to be placed before Parliament, accounts of 88 bodies were received late beyond the prescribed time limit of three months by periods ranging upto 12 months and accounts of one body were not received.

Utilisation certificates totalling 4399 amounting to Rs. 626.58 crores were outstanding in March 1988 in respect of grants released to various bodies during 1976-77 to 1984-85. This indicated that the authorities releasing the grants had not exercised proper control over the receipt of utilisation certificates.

(Paragraph 1)

II. Indian Council for Cultural Relations

The Council arranges exchange of cultural visitors, lecturers, dancers and instructors with other countries, organises seminars and conferences and holds exhibitions of art in India and abroad to foster cultural relations with foreign countries. There was a shortfall of 55 *per cent* in implementation of programmes in 1986-87 and 1987-88. More delegations were sent to Europe and USA than to African and neighbouring developing countries during 1982-83 to 1987-88 contravening the existing guidelines. Besides, the performances given by the artistes during their stay abroad were less than those fixed by the Council. The artistes were selected without the approval of the Experts Committee. Detailed reports from scholars and artistes were not insisted upon on completion of their tour in 81 cases in 1986-87. Further, rates of honorarium payable to performing artistes were revised in December 1983 without obtaining Government's approval. Contrary to Government's instructions for air booking directly through national carriers, the bookings amounting to Rs. 408 lakhs were made through travel agents during 1982-88. In 18 out of 28 cases during 1983-84 to 1987-88, expenditure on conferences and seminars was incurred without prior sanction; expenditure of Rs. 11.76 lakhs on air fare of 87 foreign participants, to be borne by the sponsoring countries, was met by the Council.

Royalty of Rs. 2.03 lakhs accumulated till 1987-88 under Maulana Azad Memorial Fund had not been distributed by way of prizes. The Council failed to organise summer camps for foreign students during 1983-84 to 1986-87.

The Council proposed in August 1976 to establish a Cultural Centre in Bonn. However, in March 1985, only an Indian Cultural window was set up. It was closed in January 1987 as a review of its activities showed that its utility and output did not match its expenses, amounting to Rs. 15.00 lakhs per annum.

(Paragraph 2)

III. Apna Utsav

The National Cultural Festival, Delhi Society, was hurriedly formed in September 1986 to organise the Apna Utsav from 8th to 26th November 1986 which resulted in non-observance of financial rules and procedures. Against the approved budget of Rs. 500.50 lakhs for holding the festival, a sum of Rs. 551.24 lakhs was actually spent resulting in an excess expenditure of Rs. 50.74 lakhs. Against the estimated cost of Rs. 64 lakhs for site development, the Municipal Corporation of Delhi spent Rs. 131.47 lakhs for which no detailed accounts were rendered to the Society. The payments to artistes for performance, their expenditure on travel, board and lodging were made without framing any norms. In respect of seven works worth Rs. 22.97 lakhs, open tender system was not followed. In 49 cases, quotations for making purchases|entrustment of works at competitive rates were not called for and payment of Rs. 14.22 lakhs was made at the rates charged by the firms. Proper records for materials purchased| got fabricated, consumed and balance left were not maintained. Shortage|loss of stores worth Rs. 2.15 lakhs was also noticed. No independent mechanism was evolved to evaluate the achievements and draw backs of the festival.

(Paragraph 3)

IV. Infructuous expenditure on unrecognised M. Phil. course

Asiatic Society, Calcutta introduced M. Phil. course of two years duration on (i) Manuscriptology and (ii) Oriental studies in July 1985. But the management of the Society could neither get the course recognised by any Indian University nor get the Society declared as Deemed University for awarding degrees. Consequently, the course was abandoned

after first batch of scholars completed their courses in June 1987 without obtaining any degree. Thus, expenditure of Rs. 7.61 lakhs incurred on introduction of M. Phil. course proved to be infructuous.

(Paragraph 4)

V. National Council of Educational Research and Training

NCERT had paid Rs. 399.05 lakhs during five years upto March 1988 as scholarships under the National Talent Search Scheme. Large number of the awardees had dropped out at various levels of studies; NCERT had neither kept record of awardees who were successful in post-graduate studies, nor undertaken periodical evaluation of the scheme to ascertain its impact as assured to the Public Accounts Committee in February 1982.

In the Department of Measurement, Evaluation, Survey and Data Processing, there was shortfall of 43 *per cent* in expenditure on training programmes for item writers and 45 *per cent* on developmental programmes during 1984-85 to 1987-88. In 20 out of 36 cases, material developed during workshops/ seminars held from 1984-85 onwards was still not finally ready.

During 1983-84 to 1987-88, the Workshop Department could execute only 14 to 41 *per cent* of the total orders received for supply of primary science Kit. Delays ranging from 1 to 59 months were noticed. NCERT did not prepare "Profit and Loss Account" for production of science kit and there was no way of verifying whether science kit produced were actually on 'no profit, no loss' basis. The Workshop Department did not conduct review of the optimum capacity of the manpower and machinery and their actual utilisation; under-utilisation of manpower in the production of science kit was noticed. Physical verification of stores has not been conducted every year; action was also not taken on the shortages/ excesses noticed during physical verifications conducted in 1978 and 1985.

(Paragraph 5)

VI. Delay in construction of Science Block of Miranda House

Improper planning and delay in taking decisions at the appropriate time by the University of Delhi resulted in escalation of cost of construction of Science Block in Miranda House from Rs. 8.62 lakhs to Rs. 22.55 lakhs, besides delay in completion of work by 15 years. Due to inordinate delay in completion of the new building, the University was deprived of the use of its existing laboratory complex for holding its computer course, as the same continued to be used by Miranda House.

(Paragraph 7)

VII. Bombay Port Trust

Bombay Port Trust purchased four mooring launches fitted with mechanical gear boxes between April 1985 and July 1986 from a Mangalore based firm at a total cost of Rs. 31.96 lakhs, despite the fact that the old mooring launches used in the port were fitted with hydraulic gear boxes. During operation, it was noticed in October 1985 that launches were not working satisfactorily due to fitment of mechanical gear boxes and consequently were replaced by hydraulic gear boxes. The improper assessment of the requirements resulted in avoidable expenditure of Rs. 2.60 lakhs being the cost of mechanical gear boxes besides non-availability of the benefit of launches for two to three years.

(Paragraph 11)

Bombay Port Trust incurred expenditure of Rs. 10.19 lakhs on the construction of RCC lift shafts for installation of two goods lifts in Indira Dock. The entire expenditure became unfruitful as one shed was decommissioned in October 1986 and the other shed was earmarked for demolition.

(Paragraph 12)

Two plots of land belonging to Bombay Port Trust were leased by it to a firm for forty years in 1940 and 1942 which assigned the plots to another firm (lessee) in March 1970. Contrary to the provisions of the lease deed, the lessee sublet a portion of the premises to another firm from March 1981 to August 1984. The Port Trust decided to recover only an amount of Rs. 2.55 lakhs as additional lease rent and a penalty of Rs. 0.10 lakh from the lessee as against the benefit of Rs. 12.75 lakhs derived by the lessee by subletting the premises.

(Paragraph 13)

VIII. Calcutta Port Trust

Calcutta dock system maintains a central stores including five separate store depots outside the central campus.

The Stores Manual regulating the main activities of the stores department has not been updated since October 1960 and there were deficiencies in indenting procedures and processing the indents. Fifty six cases of imported materials involving Rs. 60.94 lakhs had been lying uncleared at the dock till April 1988 for periods ranging up to 10 years. As many as 375 claims for loss of coal in transit involving Rs. 16.12 lakhs pertaining to the period from June 1968 to June 1983 had not been settled. A consignment of coal in 1984 was diverted by the Railways but no claim for Rs. 9.40 lakhs for the cost of coal including freight had been lodged with the Railways. The claim had become time barred. There was abnormal delay in finalisation of the results of physical verification and stock adjustments. Report of verification carried out in 1979-80 was finalised in January 1987. The unadjusted advance payment made to suppliers amounted to Rs. 915.48 lakhs as on 31st March 1988, out of which Rs. 337.25 lakhs were for the period prior to 1986-87. The Port Trust had adopted consumption as maximum storing level against the norm of not exceeding 40 *per cent* of the issue of each item of the preceding year. Inspite of such over fixation of stock limit, the maximum storing level exceeded in 27 items by Rs. 16.17 lakhs.

Although non-stock items were not required to be stored, stores ledger, as on 31st March 1987, showed heavy balance of non-stock items amounting to Rs. 105.18 lakhs.

(Paragraph 14)

The navigation channel below Diamond Harbour from downstream of Calcutta Port to the sea is divided by Nayachara Island into two distinct channels (i) Rangafalla channel along east bank and (ii) Balari-Haldia channel along west bank. The western channel passes through a shallow area around Balari, which helped in the growth of a sand flat. The growth of the sand flat deteriorated the depth of Balari bar navigation way.

Although the Port Trust had incurred an expenditure of Rs. 22.24 crores on maintenance dredging during 1982-83 to 1986-87, the required depth could not be achieved. Expenditure of Rs. 1.45 crores incurred during November 1985 to March 1986 on a temporary scheme of dredging gutter over the Balari bar also proved to be unfruitful. Due to failure of maintenance dredging as well as the temporary scheme, the Port Trust had to open the alternative Rangafalla channel at a cost of Rs. 0.89 crore to maintain navigation. The Port Trust also undertook a recession scheme of the sand flat in February 1988, but the scheme was discontinued in April 1988 after incurring an expenditure of Rs. 2.13 crores.

A capital dredging scheme sanctioned by Government in August 1982 at a cost of Rs. 11.05 crores was to commence within two years of commencement of execution of a guidewall. The guidewall work, taken up in December 1982, has not yet been completed (October 1988) and the capital dredging was yet to commence.

(Paragraph 15)

Calcutta Port Trust did not levy surcharge on the basic rates in respect of foreign going vessels nor did it work out the net rebate in respect of the coastal vessels at Haldia dock. This resulted in over charging of Rs. 23.36 lakhs in respect of coastal vessels and under-charging of Rs. 56.22 lakhs in respect of foreign going vessels during April 1983 to March 1988. Thus, the Port Trust sufferred a net loss of revenue amounting to Rs. 32.86 lakhs during the period 1983-88.

(Paragraph 16)

Two electric motor driven capstans purchased by Calcutta Port Trust in July 1982 at a cost of Rs. 8.10 lakhs could not be put into operation so far as they were not suitable for pit-type outdoor application at Kidderpore dock basin resulting in wasteful expenditure.

(Paragraph 17)

Six flame proof electric capstans, procured in October 1980 and installed in July 1982, had not been commissioned (October 1988) because of non-procurement of missing parts of the machine. This resulted in blocking up of capital of Rs. 30.73 lakhs for over six years.

(Paragraph 18)

IX. Kandla Port Trust

Kandla Port Trust approved in August 1985 procurement of one conventional tug and approached the Ministry of Surface Transport in September 1985 for obtaining sanction of the Expenditure Finance Committee. Limited tenders were invited in November 1985. The lowest offer of M/s. Bharati Shipyards Private Limited for Rs. 290.45 lakhs with a price reduction of Rs. 10 lakhs in case the letter of intent was issued by 31st December 1985 and order was placed by 12th January 1986 (subsequently extended to 31st March 1986) was approved by the Board. However, Government sanction to the purchase of tug was received only in August 1986 and order was placed in October 1986. Consequently, the Port Trust could not avail of price reduction of Rs. 10 lakhs.

(Paragraph 19)

X. Madras Port Trust

The work of construction of an outer protection arm to Bharathi Dock for a length of 1005 metres from the existing arm of the main harbour of Madras Port Trust was awarded to a firm in October 1978 for Rs. 6.48 crores to be completed by August 1981. The work was actually completed in March 1986. After the agreement was executed and work was started, certain concessions were granted to the contractor, which were neither contemplated at the time of calling tenders nor provided in the agreement. The contractor was paid a sum of Rs. 166.12 lakhs for escalation in prices, which was allowed even beyond the scheduled date of completion of work. Further, a reduction in the prescribed rate of hire charges for crane was allowed reuslting in refund of Rs. 10.18 lakhs. In addition, an extra payment of Rs. 22.59 lakhs was made to the contractor for rehandling of stones stocked in the harbour. Moreover, the hypothecation advance to the contractor was increased from Rs. 77 lakhs to Rs. 117 lakhs and the rate of recovery of advance was also reduced

(Paragraph 21)

Madras Port Trust reduced the hire charges for the use of gantry crane for loading or unloading inland container depot containers from Rs. 600 to Rs. 450 per container from 27th January 1984 without obtaining prior approval of the Central Government as required under the Major Port Trust Act, 1963. The Port Trust restored the original rate of Rs. 600 per container with effect from 2nd April 1985 since the Central Government did not agree to the reduction in the rate of hire charges as the original rate itself was below the assessed cost. The Port Trust suffered a loss of revenue amounting to Rs. 7.27 lakhs on 4849 containers handled during 27th January 1984 to 1st April 1985

(Paragraph 22)

Madras Port Trust reduced the schedule of hire charges for providing reefer plug points with effect from 1st October 1984 without obtaining the approval of Government. The reduction was approved by Government only in June 1985 and notified in the gazette on 4th September 1985. However, the Port Trust had charged reduced rates from 1st October 1984 itself, which was not in order and resulted in short levy of hire charges amounting to Rs. 3.96 lakhs for the period upto 3rd September 1985.

(Paragraph 23)

XI. Mormugao Port Trust

A mechanical ore handling plant was commissioned for commercial operations in October 1979 at Mormugao Port. The provisional handling rate of Rs. 23 per tonne fixed in September 1979 was revised in November 1980 to Rs. 27.56 per tonne of iron ore. It was further revised to Rs. 28.22 per tonne from October 1983 with a surcharge of Rs. 8.80 per tonne of ore handled towards rental charges. A scheme allowing rebate of Re. 1.00 to Rs. 8.80 per tonne on the level of turnover achieved from 6.25 to 8 times of the nominal plot capacity was also adopted. It was observed by audit that though some of the exporters achieved the plot capacity and became eligible for the rebate, the optimum annual throughput of eight million tonnes was never achieved. Thus, there was a mismatch between plot capacity and throughput. Against envisaged annual income of Rs. 22.58 crores, the actual income realised was found to be short by Rs. 4.99 crores during October 1983 to September 1986 due to non-achievement of throughput. In order to overcome the accumulated deficit of Rs. 15.55 crores at the end of March 1988, the Port Trust proposed in August 1986 for revision of basic handling rate from Rs. 28.22 to Rs. 34.00 per tonne and reducing the maximum surcharge rebate from Rs. 8.80 to Rs. 4.50 per tonne. The proposal was pending with Government.

(Paragraph 24)

XII. Nhava-Sheva Port Trust

According to the terms and conditions of a contract for main civil works concluded by Nhava-Sheva Port Trust, the contratcor was required to pay all customs or other import duties. However, the items which would bear 'Project Import' endorsment were entiteld for concessional rates under the relevant provisions of the Customs Tariff Act, 1975 and it was the responsibility of the contractor to complete the requisite formalities and satisfy the prescribed conditions in this regard. As some of the goods imported by the contractor were not eligible for Project Import assessment, the contractor took delivery of these goods on payment of customs duty. Contrary to the terms and conditions of the contract, the Port Trust reimbursed customs duty to the extent of Rs. 73 lakhs to the contractor which consituted irregular payment.

(Paragraph 25)

XIII. Paradeep Port Trust

Paradeep Port Trust awarded a contract in December 1978 to a firm for construction of one Bollard Pull Harbour Tug at a total cost of Rs. 28.56 lakhs to be installed by August 1980. The Port Trust paid Rs. 17.14 lakhs to the firm by August 1980 and a further amount of Rs. 5 lakhs in December 1980 to enable it to procure the main engines and accessories, although such advance payment was not provided in the contract. Even then the firm did not procure the engines and accessories and in December 1982, the Port Trust decided to bring the vessel without the engines from Calcutta to Paradeep. After arrival of the vessel at Paradeep Port, in January 1983, the Port Trust had to incur further expenditure on purchase and fitting of engines and accessories to make the tug operational. The tug, in all, costed Rs. 35.73 lakhs resulting in extra expenditure of Rs. 7.17 lakhs as compared to the contract amount of Rs. 28.56 lakhs. The tug was finally commissioned in August 1984 and remained idle since then resulting in blockage of Rs. 35.73 lakhs.

(Paragraph 26)

XIV. Other Topics of Interest

Loss on recovery of electricity charges :—The Indian Institute of Technology, Kharagpur sustained a loss of Rs. 15.98 lakhs during four years upto March 1987 in distribution of electricity although it was intended to be on 'no profit, no loss' basis. Loss was due to less realisation of electricity charges from the campus residents when the Institute paid more to State Electricity Board, West Bengal for purchase of electricity as a bulk consumer.

(Paragraph 8)

Re-orientation of Medical Education Scheme:—A Centrally sponsored scheme known as Re-orientation of Medical Education was launched in 1977 to expose medical students and faculty members to rural environment and upgrade the quality of health care services in rural and peripheral areas.

The scheme was launched in Varanasi in 1978 and in Aligarh in 1981 by the Institute of Medical Sciences, Banaras Hindu University and Jawahar Lal Nehru Medical College, Aligarh Muslim Uiniversity, respectively. Though the scheme envisaged the medical colleges to cater to the total health care of the entire district in which the medical colleges were located within a period 3 to 5 years, yet the medical colleges had confined their activities to the three Primary Health Centres which were taken up at the beginning of the scheme. Even the mobile clinics (issued three to each college) could not be utilised to their full extent and purpose.

(Paragraph 10)

CHAPTER I

I. General

(i) The accounts of autonomous bodies which receive financial assistance from Government are being audited by the Comptroller and Auditor General of India under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

As on 31st March 1988, there were 53 Central autonomous bodies (other than those under Scientific Departments) whose annual accounts were to be audited by the Comptroller and Auditor General of India under Section 14(1) and (2) of the Act ibid. During 1987-88, grants and loans amounting to Rs. 2640.13 lakhs and Rs. 6.00 lakhs respectively were paid by the Union Government to 23 bodies. The annual accounts for 1987-88 in respect of 30 bodies have not been received.

As on 31st March 1988, there were 172 Central autonomous bolies (other than those unler Scientific Departments) including nine universities whose annual accounts were to be audited by the Comptroller and Auditor General of India as sole auditor of these bolies under Sections 19(2) and 20(1) of the Act ibid. During 1987-88, grants and loans amounting to Rs. 94165.16 lakhs and Rs. 10867.20 lakhs respectively were paid by the Union Government to 163 autonomous bodies and grants to the extent of Rs. 16231.10 lakhs were received by nine universities from University Grants Commission|Central Government. The audited accounts of these autonomous bodies alongwith the Separate Audit Reports on each individual body|organisation are issued to Government of India every year for being placed before Parliament.

(ii) The Committee on Papers Laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year. For the year 1986-87, audited accounts together with Separate Audit Reports thereon of 169 Central autonomous bodies (other than those under Scientific Departments) which were under audit by the Comptroller and Auditor General of India, were to be placed before Parliament. Out of these, the accounts of 80 autonomous bodies only were made available for Audit within the prescribed time limit of three months of the close of the accounting year. Submission of accounts of 89 autonomous bodies was delayed as indicated belw :—

Delay upto one month	46
Delay of over one month upto 3 months	29
Delay of over 3 months upto 6 months	12
Delay of over 6 months upto 12 months	1
Accounts not received	1
Total	89

(iii) *Outstanding utilisation certificates of grants.*— Consequent on the departmentalistion of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries|Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-Government institutions, etc., or specific purposes specifying that the grants had been properly utilised on the objects for which they were sanctioned, and that, where the grants were conditional, the prescribed conditions had been fulfilled. The Ministry|Department-wise details, indicating the position of outstanding utilisation certificates are given in Appendix I.

An analysis of the Appendix indicated that the Ministry|Department of Petro-Chemicals, Energy, Power, Human Resource Development, Social Welfare, Public Enterprises, Urban Development, Tourism and Chandigarh Administration have not furnished information inspite of letters issued to them in 1988.

Further, a large number of utilisation certificates (4399) amounting to Rs. 626.58 crores were outstanding in March 1988 in respect of grants released in 1976-77 to 1984-85. This points out that the authorities releasing the grants to statutory bodies, non-Government institutions, etc. had not exercised proper and adequate control over the receipt of utilisation certificates.

CHAPTER II

Ministry of External Affairs

2. Indian Council for Cultural Relations

2.1 *Introduction*

The Indian Council for Cultural Relations (Council) was set up in 1950 by a resolution of Government and was registered in March 1957 as a Society under the Societies Registration Act, 1860. The objectives of the Council were (i) to participate in the formulation and implementation of policies and programmes relating to India's external cultural relations; (ii) to foster and strengthen such relations between India and other countries; (iii) to promote cultural exchanges with other countries and peoples and (iv) to establish and develop relations with national and international organisations in the field of culture.

In order to achieve the above objectives, the Council receives and guides visitors and scholars from abroad, sends abroad, lecturers, dancers and music instructors to promote Indian studies and culture, publishes and presents books to foreign cultural and academic institutions, arranges seminars and conferences of international character, holds exhibitions of art in India and abroad. The Council is also entrusted with institution and management of Jawaharlal Nehru Award for International Understanding. The Council also undertakes agency work on behalf of other Government departments and running of British libraries at nine centres and Soviet Cultural Centre at Trivandrum.

2.2 *Scope of Audit*

The accounts of the Council are audited under Section 20(i) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the audited accounts together with reports thereon are placed before Parliament. This review covers the period from 1982-83 to 1987-88.

2.3 *Organisational set up*

The authorities of the Council the General Assembly, the Government Body, the Finance Committee and any other Committee which the President of the Council, the General Assembly or the Governing Body may set up for discharging any of the functions of the Council.

2.4 *Highlights*

- **There were shortfalls to the extent of 55 per cent in implementation of programmes as per plan of action, 1986-87 and 1987-88.**
- **Contrary to the general policy of increasing cultural ties with African, neighbouring and developing countries, more visitors|delegations were sent to Europe and USA during 1982-83 to 1987-88. Incoming visitors exceeded the outgoing visitors which was contrary to the guidelines.**
- **The Council does not have a system to identify its activities and check on-going deviations from policies.**
- **There was considerable shortfall in the number of performances given by the troupes as compared to days of stay abroad. Artistes and scholars availing travel grants did not submit their reports on completion of tours, as prescribed.**
- **Most of the conferences|seminars were held without prior financial approval; an extra expenditure of Rs. 11.76 lakhs on air travel was incurred on foreign delegates against the norms adopted by the Council.**
- **Revised rates of honorarium, amounting to Rs. 33.30 lakhs were paid during 1985-86 to 1987-88 to performing artistes without obtaining the approval of Government of India.**
- **Contrary to the instructions of Government of India for booking air tickets and air freights directly through national carriers, the bookings to the tune of Rs. 407.53 lakhs were made through travel agents during 1982-83 to 1987-88.**
- **Royalty of Rs. 2.03 lakhs accumulated under Maulana Azad Memorial Fund has not been distributed by way of prizes till 1987-88 contrary to the terms of agreement made in September 1958.**
- **No summer camps for foreign students were organised during 1983-84, 1984-85 and 1986-87.**
- **Despite the existence of Experts Committee for selection of artistes, some delegations were sent abroad without obtaining its approval.**
- **Test check of records revealed cases of non-adherence to prescribed norms by the Council.**

2.5 *Receipts and payments*

The Council is financed mainly by grants received from the Ministry of External Affairs and the Ministry of Human Resource Development. A summary of

the Receipts and Payments of the Council from 1982-83 to 1987-88 is given below :—

(Rupees in lakhs)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Receipts						
1. Grants from Government for general activities	201.09	229.35	300.00	330.00	425.00	447.36
2. Agency work	31.76	25.71	46.03	136.44	84.49	131.28
3. Foreign cultural centres	27.73	35.72	45.97	41.61	45.88	49.29
4. Nehru award	1.00	...	7.50	...	15.00	..
5. Sale of publications	1.60	1.12	1.59	1.67	1.45	1.82
6. Other sources.	13.32	14.15	52.31	21.41	31.99	622.17
TOTAL	276.50	306.05	453.40	531.13	603.81	1251.92
Payments						
1. General activities	162.26	192.99	283.56	277.27	315.64	348.69
2. Agency work	56.18	27.44	34.87	134.08	110.63	92.38
3. Foreign cultrual centres	26.37	36.65	45.95	41.33	45.44	49.12
4. Nerhu award	1.00	..	7.50	...	15.00	...
5. Publications	7.04	4.66	2.93	6.27	9.03	7.23
6. General administration	43.55	51.54	57.44	62.50	88.94	106.12
7. Capital expenditure	0.06	0.07	4.10	2.83	8.76	12.40
8. Miscellaneous expenditure	4.82	4.80	3.23	2.81	8.28	473.42
TOTAL	301.28	318.15	439.58	527.09	601.72	1089.36

Abnormal increase during 1987-88 under the head "Other sources" was mainly due to a receipt of Rs. 460.74 lakhs from Ministry of Human Resource Development (Department of Culture) for Festival of India in USSR and Sweden as also Festival of USSR in India and Rs. 125.28 lakhs on gate-collection on Festival of USSR in India. An expenditure of Rs. 444.33 lakhs was incurred including Rs. 125 lakhs as donation to the Prime Minister's Relief Fund against such receipts.

2.6 *Non-implementation of programmes as per plan of action*

Prior to 1986-87, the programmes of the Council were undertaken under 'Cultural Exchange Programme' drawn with various countries or under its 'Cultural Activities Programmes' without drawing up any plan of action and getting it approved from the Programme Committee before hand. It was only from 1986-87 that an actual plan of action was formulated. A review of plan of action for 1986-87 and 1987-88 revealed as under :—

Nature of programme	Total as per plan of action	Implemented	Unimplemented	Implemented outside plan of action
Outgoing delegations	117	80	37	31
Incoming delegations	72	25	47	6
Outgoing visitors	279	80	199	26
Incoming visitors	410	207	203	34
Total	878	392	486	97

It will thus be seen that 55 per cent of the programmes envisaged remained unimplemented. The Council stated in December 1988 that plan of action was not expected to be implemented in full as the budget allocation proposed by the Ministry of External Affairs was for a smaller amount and a large number of proposals do not get implemented due to local circumstances abroad.

2.7 *Visitors/delegations to from foreign countries*

2.7.1 Sending of performing and non-performing delegations, scholars/artistes abroad has been the major activity of the Council on which it spends about 30 per cent of Government grant. The General Assembly of the Council had been laying stress on increasing our cultural relations with the African, Carribean, neighbouring and developing countries. It was, however, noticed that the number of delegations and visitors to USA and Europe during 1982-83 to 1987-88 was comparatively large than those sent to other countries as per details given below :—

Year	(A) Europe and USA		(B) Carribean and Latin America		(C) African and neighbouring countries		Total B + C	
	Number of visitors	Number of delegations	Number of visitors	Number of delegations	Number of visitors	Number of delegations	Number of visitors	Number of delegations
1982-83	46	43	1	1	22	10	23	11
1983-84	53	38	2	1	21	14	23	15
1984-85	58	41	5	—	28	17	33	17
1985-86	91	44	1	1	21	18	22	19
1986-87	59	19	1	3	10	15	11	18
1987-88	13	18	3	5	20	52	23	57
TOTAL	320	203	13	11	122	126	135	137

The number of delegations and visitors sent to Europe/USA and other developing countries, etc. was in the ratio of 66 to 34. The expenditure was to the extent of Rs. 369.97 lakhs and Rs. 223.97 lakhs respectively during 1982-83 to 1987-88 (excluding 1985-86). The figures for 1985-86 were not made available. The ratio of expenditure was 62 to 38.

In August 1988, the Council stated that more emphasis had to be given to Europe and USA as expenses on local hospitality of our visitors and delegations were to be borne by the Council in the neighbouring and African countries.

The Council decided in April 1986 that more emphasis should be given to outgoing as compared to icnoming visitors/delegations for which the ratio was to be kept at 60 to 40. On scrutiny of records of the Council for 1986-87 and 1987-88, it was, however, observed that 70 and 36 visitors were sent abroad as against 140 and 91 received from other countries keeping a ratio of 33 to 67 in 1986-87 and 28 to 72 in 1987-88.

The Council did not have a proper review system to identify the deviations and hence timely corrective measures were not taken.

Ministry stated in January 1989 that in the plan of action for 1988-89, the ratio of the number of outgoing and incoming visits has been kept approximately equal.

2.7.2 As per norms of the Council, artistes/cultural troupes are not sponsored on a foreign cultural tour within three years of their previous visit. Exception was however, made in June 1987 in the case of artistes of outstanding eminence. A test check of records of the Council for the year 1986-87 and 1987-88 revealed that nine troupes were sent abroad more than once (four troupes twice, three troupes thrice and two troupes four times) in a span of three to 22 months. Out of the above, one dance troupe was sponsored to three different countries separately in a period of three months.

2.7.3 In February 1984, the Finance Committee of the Council was informed that artistes and cultural troupes sent abroad for a period of about 30-32 days were expected to give 20 performances namely 2/3rd of the days of stay after considering the days of travel and days of rest. On scrutiny of records of the Council for 1983-84, it was observed that out of 82 delegations sent abroad and for whom data were made available, only 19 delegations gave performances of 60 per cent or more of the days of stay and the remaining 63 delegations gave less than 60 per cent— 16 delegations 51 to 60 per cent, 39 delegations 26 to 50 per cent and 8 delegations below 25 per cent. In respect of five delegations, data were not made available.

The Council stated in August 1988 that the performances of the troupes were normally arranged by the host country and they had no control over the number of performances.

It is surprising that the Council did not have any control over the number of performances particularly when the expenditure was borne by the Council on the troupes sent abroad.

2.7.4 In April 1986, the Council prescribed guidelines for giving travel grants to intellectuals and artistes. These guidelines stipulate that after completion of their visits, detailed reports were to be submitted by them on activities undertaken abroad.

persons contacted, paper read by various participants alongwith submission of background papers and their own observations. It was, however, noticed that no detailed reports on their activities were insisted upon in respect of 81 travel grants in 1986-87. The expenditure on such travel grants was to the extent of Rs. 9.56 lakhs.

Ministry stated in January 1989 that the record of such conferences and seminars is generally circulated later on. Council, therefore, did not insist upon submission of report in such cases and in the case of performing artistes, the Mission sent detailed reports on the impact of the tour. However, the fact remains that reports were not insisted upon by the Council from the intellectuals and the artistes sponsored by them in 1986-87.

2.8 *Conferences|Seminars*

2.8.1 The Council Organises conferences|seminars to promote better cultural understanding with other countries. During 1983-84 to 1987-88, 28 conferences|seminars involving a total expenditure of Rs. 33.13 lakhs were held.

Separate rules and guidelines for incurring expenditure on this activity had not been framed by the Council. Accordingly, rules relating to incoming visitors were to be followed in these cases. A scrutiny of records relating to expenditure incurred on various conferences|seminars revealed as under :—

(i) Out of 28 conferences|seminars organised by the Council during 1983-84 to 1987-88, sanction of the competent authority was obtained in 18 cases after these were concluded.

(ii) As per norms of the Council, the international air fare is the responsibility of the sponsoring country. Contrary to this, it was observed that an expenditure of Rs. 11.76 lakhs was incurred by the Council on international air travel of 87 foreign participants for organising four conferences. The circumstances under which norms were not adhered to, were not explained by the Council.

2.8.2 An International Buddhist Conference was organised by the Council in collaboration with the Indian Council for Philosophical Research in October 1984. Five hundred participants including 104 foreigners attended the conference. It was observed that

(a) while preparing the estimates, it was expected that the Council's share of the total expenditure would be Rs. 4.28 lakhs against which Rs. 10.71 lakhs were actually borne by the Council. This included an amount of Rs. 3.48 lakhs on international air fare of 26 foreign participants. The Council stated that increased expenditure was due to expansion of scope of seminar as the event drew nearer. The reply of the Council was not based on facts as neither the duration of the conference nor the number of foreign participants increased, and

(b) expenditure on local hospitality of 104 foreign participants was estimated at Rs. 1.20 lakhs against which Rs. 7.03 lakhs was incurred by the Council.

2.9 *Indian Cultural Window Bonn*

A proposal for establishment of a cultural centre in Bonn was first approved by the Governing Body of the Council in August 1976. As the opening of the cultural centre was an expensive proposal, it was decided in March 1983 to open only an Indian Cultural Window which was finally inaugurated in March 1985.

After about one year of its functioning, it was decided by the Council in April 1986 to reduce its financial commitments in West Europe and North America so as to intensify its cultural exchanges with other developing countries in Asia, Africa and Latin America. In addition, a review of the activities of window showed that its utility and output did not match its expenses which amounted to Rs. 15.00 lakhs annually. The window was finally wound up in January 1987. Thus, the window was opened without proper assessment of the need for it.

As a result of the decision to open the window, a building was taken on lease in January 1984 at a monthly rent of DM 4410 (Rs. 0.18 lakh). It was, however, set up in March 1985 resulting in wasteful expenditure of Rs. 2.51 lakhs. The Council stated in September 1988 that during this period, the building was occupied by the Education Wing of the Mission which was also looking after the setting up of the cultural centre.

2.10 *Publications*

The Council brought out 45 titles on Indian culture and literature in various languages like English, Hindi, Urdu, Spanish, French and Arabic with a view to promoting cultural understanding with other countries. During 1982-83 to 1987-88, the Council printed 36,757 copies of priced publications out of which 12,906 were sold, 9,886 were distributed free and 13,965 valuing Rs. 5.61 lakhs were lying in stock by March 1988.

The number of copies printed were generally more than the requirement in as much as 38 per cent of the publications were lying in stock.

The Council is printing six quarterly journals—two in English and one each in Arabic, French, Spanish and Hindi. It was noticed that printing schedule of four of these journals was heavily in arrears as shown in the table given below :—

Name of the journal	Delay in printing of issue	Last issue printed as in December 1987
Africa Quarterly (English)	35 to 39 months	1984—IV issue
Arabic Quarterly	20 to 27 months	1986—IV issue
French Quarterly	7 to 24 months	1986—IV issue
Indian Horizon (English)	7 to 19 months	1986—IV issue

The Council stated that translation into foreign languages, editing and proof reading contributed to delay in production of journals. The nature of delays should have been anticipated by the Council and taken into account while formulating the project. The Council should have considered the desirability of changing the periodicity of the journal.

Since 1984, the Council had printed 46,916 copies with sale price of Rs. 3.83 lakhs. Of these, only 2885 copies valuing Rs. 0.26 lakh (6 per cent) were sold and 40,547 copies valuing Rs. 3.26 lakhs (86.5 per cent) were distributed free and the balance 3,484 copies valuing Rs. 0.31 lakh (7.5 per cent) were lying in stock.

2.11 *Irregular revision of rates of honorarium and equipment allowance to the performing troupes*

In accordance with the scheme approved by Government of India in December 1970 the responsibility of the Council relating to outgoing delegations would be to meet expenses on travel within India, assemblage, international air fare, honorarium, costume allowance, equipment allowance, etc. An upward revision in the rates of honorarium and equipment allowance were proposed by the Council in 1979 but was turned down by Government of India. The Finance Committee of the Council gave its approval for the following revision of the rates of honorarium and equipment allowance in December 1983 subject to the approval of Government of India :—

	Old rates	Revised rates proposed
Honorarium	Rs. 25 per artiste per day where the stay of the group abroad is more than a month.	Rs. 2,000 or Rs. 3,000 per performance for an artiste or a composite group respectively.
Equipment allowance	Rs. 300 per artiste where the stay is more than a month abroad but payable only once in two years.	Rs. 500 per artiste.

No approval of Government of India was obtained by the Council for such revisions in rates. While one can appreciate the rationale of such steep increase in rates as a facility to artistes but prior approval of Government of India should have been obtained as directed by the General Assembly of the Council.

Detailed scrutiny of the payments made at the revised rates revealed the following irregularities :—

(i) At the time of obtaining approval from the Finance Committee in December 1983, it was assured that the annual financial impact on payment of honorarium at higher rates would be Rs. 2.00 lakhs. After these rates were introduced from April 1984. no exercise was ever done to see the actual financial impact of payments of honorarium made at the revised rates. The picture as emerged from the account of the Council for 1985-86 to 1987-88 was as under :—

Year	Honorarium at old rates		Honorarium paid at new rates		Difference
	Number of delegations	Amount (Rs. in lakhs)	Number of delegations	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
1985-86	5	1.08	22	8.48	7.40
1986-87	2	0.39	19	5.31	4.92
1987-88	8	1.10	31	22.08	20.98
TOTAL	15	2.57	72	35.87	33.30

Thus, there was an actual impact of Rs. 33.30 lakhs against the anticipated impact of Rs. 6.00 lakhs during 1985-86 to 1987-88.

(ii) Payment of honorarium was further revised to Rs. 5,000 per performance to an established artiste in February 1987. However, since July 1985 the Council made payments amounting to Rs. 3.60 lakhs to four artistes at the above rate even before this revision.

(iii) Keeping in view of the standing of a dance troupe, honorarium of Rs. 0.18 lakh at the rate of Rs. 2,000 per performance was paid by the Council for their nine performances in Afghanistan in August 1987. The same troupe was paid honorarium at the rate of Rs. 5,000 per performance for five performances for Mauritius festival in September 1987.

(iv) As per Rules of the Council, artistes/cultural troupes would not be sent outside Cultural Exchange Programme unless the foreign impressario/cultural body inviting them agree to pay honorarium and provide local hospitality. Twenty five delegations were, however, sent abroad during 1985-86 to 1986-87 outside Cultural Exchange Programme and were paid honorarium of Rs. 6.91 lakhs by the Council.

(v) Each cultural troupe going abroad was entitled to costume allowance before leaving the country and equipment allowance for the same purpose if stay abroad was for more than a month. This con-

tingent clause was removed by the Council from the revised norms without recording any justification for its deletion. During 1985-86 and 1986-87, 23 delegations were paid equipment allowance of Rs. 1.70 lakhs who were otherwise not entitled for the same in the old scheme. They were also paid costume allowance of Rs. 0.79 lakh having less than a month's stay abroad. The Council abolished the payment of equipment allowance in December 1987 and prescribed new rate for costume allowance.

2.12 *Travel Agents*

The Council provides travel facilities for incoming and outgoing visitors|delegations. Ministry of Tourism and Civil Aviation issued in 1973 detailed instructions for booking air passages which, inter alia, stipulated that all government bookings in India including bookings of airfreight with the national carriers should be made directly with them and not through a travel agency. The Council, however, had been making the bookings through travel agencies since 1982. The Council stated in August 1988 that the national carriers did not offer any service apart from booking of passages while the travel agencies provide other facilities like assistance in issue of passport and visas, arranging foreign exchange, receiving and seeing off artistes, etc.

The Council incurred an expenditure of Rs. 407.53 lakhs during 1982-83 to 1987-88 on international air travel.

If the Council encounters problems in arranging the above facilities directly and the help of travel agents might make things easier in the context of a number of incoming and outgoing artistes|delegations it should get the Ministry to exempt it from the operation of the said instructions and a suitable tie up entered into with the travel agency who can provide maximum discount.

2.13 *Maulana Azad Memorial Fund*

As agreed to between the composer and the publishers of the book 'India Wins Freedom' in September 1958, half of the amount of royalty payable to the composer was to be paid to the Council for the purpose of awarding annually two prizes, one meant for the best essay in English on Islam to be written by a non-Muslim citizen of India or Pakistan below 30 years of age and the other to a Muslim citizen of India or Pakistan below 30 years of age for the best essay in English on Hinduism.

The Council accumulated upto 1987-88, Rs. 2.03 lakhs (Rs. 0.61 lakh as royalty including Rs. 0.05 lakh for Azad Memorial lectures and Rs. 1.42 lakhs as interest on its investments) since 1959-60 but has not yet started organising any essay competition for distribution of prizes as per terms of the agreement which was meant to improve national integration in India|Pakistan. On this being pointed out by Audit, the Council stated in December 1988 that a press notification has been issued in November-December 1988 for holding the first essay competition.

2.14 *Summer Camps*

One of the major activities of the Council relating to the welfare of foreign students in India is to organise camps during summer vacations.

During 1982-83, five camps were organised by the Council in which 246 foreign students participated. No such camps were organised in 1983-84, 1984-85 and 1986-87. Only one camp was organised during 1985-86 in which 75 foreign students participated.

2.15 *Selection of Programmes*

Under article 3(iv) of the Constitution of the Council, its General Assembly formulates a Programme Committee presently named as Standing committee for selection and approval of incoming|outgoing delegations, visitors, scholars, artistes, etc. Thirteen members distinguished in the field of culture, are selected from among the members of General Assembly and Governing Body after every four years. Despite the existence of such a Committee in the Council, it was noticed that:—

(i) during 1985-86, fifteen programmes of incoming|outgoing delegations involving a total expenditure of Rs. 17.01 lakhs were undertaken without approval of the Programme Committee. Even the financial approval of the Governing Body was obtained in March 1986, enblock after the completion of the programmes, and

(ii) a person of Indian origin who is a citizen of USA was sponsored by the Council in November 1985 to give performance in GDR and USSR at an expenditure of Rs. 1.04 lakhs without approval of the Programme Committee.

2.16 *Other points of interest*

On test check of records of the Council, the following irregularities were also noticed:—

(i) The return air fare amounting to Rs. 2.44 lakhs was paid by the Council for the 15 member Ramayana ballet troupe from Rangoon, in December 1985 in violation of the approved norms. An avoidable extra expenditure of Rs. 0.15 lakh was also incurred on the forced halt of five members of the troupe at Bangkok due to inefficient handling of the travel agent.

(ii) A six member dance group from Karnataka was sponsored to UK in June 1985 on an understanding from Karnataka Government on 50 *per cent* cost sharing basis. However, the Karnataka Government later backed out of the arrangements. The Council had to bear the total expenditure of Rs. 1.06 lakhs on this visit.

(iii) The itinerary of a well-known odissi dance group which was to visit Australia in July-August 1985 could not be finalised in time to avail APEX (Advance Purchase Excursion) fare for which the

expenditure sanction of the President of the Council for Rs. 0.51 lakh obtained. As a consequence, an extra expenditure of Rs. 0.37 lakh was incurred by the Council.

(iv) The Council sponsored the visit of a magician with an entourage of 31 members to USSR, Czechoslovakia and Poland during September-November 1985. The troupe was allowed to carry excess luggage of 1500 kgs. against the normal maximum permissible luggage of 750 kgs. Out of this, 500 kgs. was to be sent back from Moscow, instead, the group carried 1800 kgs. excess luggage from Moscow onwards, incurring an avoidable expenditure of Rs. 2.68 lakhs.

(v) The Council organised two exhibitions in Italy in March-April 1987 and Norway in May 1988 on Madhubani paintings and incurred an expenditure of Rs. 2.07 lakhs so far. The Council's purpose was to sell these paintings abroad and to recover the expenses. Although more than a year has passed in the case of the first exhibition (still abroad) 27 paintings out of the total collection of 207 could only be sold so far and their sale proceeds are yet to be received by the Council (August 1988).

Ministry of Human Resource Development (Department of Culture)

3. Apna Utsav

3.1 *Introduction*

A national cultural festival called 'Apna Utsav' (festival) was held in Delhi from 8th to 26th November 1986. The festival was organised by the National Cultural Festival, Delhi Society, which was formed on 18th September 1986 and with the assistance of seven zonal cultural centres located at Allahabad, Calcutta, Dimapur, Nagpur, Patiala, Thanjavur and Udaipur.

The main aims and objectives of the festival were to :—

(i) capture and recreate the Indian way of life in all its originality, diversity and richness ;

(ii) preserve and promote cultural heritage of India by creating awareness among masses and encouraging their active participation in various events under the auspices of the festival ;

(iii) enhance cross-cultural communication and interaction by bringing together artistes, artisans, performers, linguists, writers, folklorists, sculptors, photographers, etc. from various parts of India; and

(iv) form an organised body of various cultural events, reflecting commonalities of culture from different regions of the country.

3.2 *Scope of audit*

The accounts relating to the festival were test audited during November 1987 to April 1988 under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3.3 *Organisational set up*

Government of India set up an Organising Committee comprising 51 members in August 1986 with a Chairman. The committee formulated details of the programme and set up several sub-committees comprising a cross section of people's representatives, artistes and officers of Delhi Administration and the Department of Culture.

The Executive Committee was to exercise overall superintendence, control and direction for conduct of the programme and to form groups and committees.

3.4 *Highlights*

— **The Society was formed hurriedly on 18th September 1986 to hold the festival in November 1986 resulting in non-observance of financial rules and procedures.**

— **Against approved budget of Rs. 500.50 lakhs for the festival, a sum of Rs. 551.24 lakhs (Rs. 348.58 lakhs by the Society and Rs. 202.66 lakhs by the zonal centres) was spent resulting in an excess expenditure of Rs. 50.74 lakhs.**

— **Five zonal centres had unutilised balance of Rs. 24.46 lakhs which has not been refunded by them.**

— **Annual accounts of the Society for 1986-87 were submitted late by 11 months. Audited accounts of four zonal centres have not been received.**

— **Against estimated cost of Rs. 64 lakhs for site development, the Municipal Corporation of Delhi spent Rs. 131.47 lakhs.**

— **Payments to artistes for performance, their expenses on travel, board and lodging were made without framing any norms in this regard.**

— **In respect of seven works worth Rs. 22.97 lakhs, open tender system was not followed. In 49 cases, the quotations for making purchases/entrustment of works at competitive rates were not called for and payments of Rs. 14.22 lakhs were made at the rates charged by the firms.**

— **No proper record of materials purchased/got fabricated, consumed and the balances left was maintained. Shortage/loss of stores of Rs. 2.15 lakhs were reported.**

— **No independent mechanism was involved to evaluate the achievements and drawbacks of the festival.**

3.5. *Financial outlay*

Against the revised budget estimates of Rs. 500.50 lakhs, the grant released by Government of India for

the festival was Rs. 490 lakhs (Rs. 280 lakhs to the Society and Rs. 210 lakhs to the seven zonal centres at Rs. 30 lakhs each). The grant to the Society was released from the Contingency Fund of India which was subsequently recouped through a Supplementary Demands for Grants, 1986-87.

The details of the approved estimates and actual expenditure incurred by the Society are given below :—

	Approved estimates	Actual expenditure
	(in lakhs of rupees)	
Site development	148.00	194.50
Signage, publicity, etc.	35.00	48.16
Expenses on artistes and cultural groups	20.00	18.20
Travel, freight and packing	5.00	1.85
Local transportation	38.00	35.67
Board and lodging	40.00	30.78
Administration	36.00	19.42
Total	322.00	348.58

As against approved estimates of Rs. 322 lakhs, the actual expenditure was Rs. 348.58 lakhs resulting in excess expenditure of Rs. 26.58 lakhs.

The excess occurred mainly under "Site development" (Rs. 46.50 lakhs) and "Signage, publicity etc." (Rs. 13.16 lakhs). The excess under "Site development" was attributed to excess incurred by the Municipal Corporation of Delhi at the maidans where different functions were held. The excess expenditure under "Signage, publicity, etc." was due to advertisement done through the India Tourism Development Corporation.

The zonal centre-wise expenditure incurred is given below :—

Name of the zonal centre	Amount
	(In lakhs of rupees)
Allahabad	25.93
Calcutta	19.30
Dimapur	28.52
Nagpur	25.12
Patiala	38.51
Thanjavur	26.67
Udaipur	38.61
Total	202.66

As against approved estimates of Rs. 178.50 lakhs, the actual expenditure was Rs. 202.66 lakhs resulting in excess expenditure of Rs. 24.16 lakhs. Reasons for the excess were not available.

Further grant of Rs. 80.08 lakhs was released to the Society in 1987-88 to meet excess expenditure incurred by the Society (Rs. 66.06 lakhs) and two zonal centres viz. Patiala and Udaipur (Rs. 14.02 lakhs).

3.6 *Non-refund of unutilised grants by the zonal centres.*

Against the grant of Rs. 210 lakhs released to the seven zonal centres, a sum of Rs. 202.66 lakhs was spent resulting in an overall saving of Rs. 7.34 lakhs.

The expenditure incurred by two zonal centres viz. Patiala and Udaipur exceeded the grant by Rs. 17.12 lakhs. The remaining five centres had spent Rs. 125.54 lakhs which resulted in unutilised balance of Rs. 24.46 lakhs. This was not refunded to Government contrary to the terms and conditions of the grant.

Except one centre, viz., Thanjavur, none of the zonal centres had furnished the utilisation certificates for the grants released to them for the festival.

3.7 *Submission of audited accounts*

In October 1986, the Society appointed a firm as its auditors at a remuneration of Rs. 0.45 lakh per annum against which it decided to pay Rs. 0.70 lakh. This resulted in excess payment of audit fee payable to the firm by Rs. 0.25 lakh. The Society stated in January 1989 that extra remuneration of Rs. 0.25 lakh was given on the basis of extra work performed by the firm for completion of the accounts and was approved by the Finance Committee in April 1988.

The Society was required to submit the annual accounts for 1986-87 to Audit by 30th June 1987. These were delayed by 11 months. The Society stated in January 1989 that the delay in finalisation of accounts was due to non-production of a number of documents/statements by the Municipal Corporation of Delhi to the Society "for justification for inclusion of their amounts as liability in the accounts".

The audited statement of accounts of four zonal centres viz. Allahabad, Calcutta, Dimapur and Patiala had not been received.

3.8 *Excess expenditure incurred by Municipal Corporation of Delhi.*

For carrying out works for the development of eight sites on deposit work basis, the Municipal Corporation of Delhi (MCD) demanded Rs. 64 lakhs against which an advance payment of Rs. 55 lakhs was made by the Society.

MCD, however, incurred a total expenditure of Rs. 131.47 lakhs for which no detailed accounts for incurring of such huge expenditure in excess of their demand were rendered to the Society. Instead, a list of expenditure on works carried out was provided to the Society by MCD. Thus a balance of Rs. 76.47 lakhs had been claimed by MCD. Reasons for the excess expenditure were not made available. The Society stated in January 1989 that the work-wise

estimate had not been furnished by MCD despite repeated requests. Further, though MCD had agreed to undertake the work at a total cost of Rs. 64 lakhs as deposit work yet the details have not been furnished by MCD.

3.9 *Artistes*

(i) *Participation* :—The number of artistes estimated to participate were 4,000 (500 by the Society and 3,500 by the zonal centres). Ministry stated in November 1986 that 5,001 artistes participated in the festival and about 1,000 supporting staff were deployed for making arrangements for lodging, boarding, transportation and co-ordination.

However, the zone-wise figures of the participants who attended the festival as stated by Ministry did not tally with the figures supplied by some of the zonal centres to Audit. Ministry reported the total number of participants from three zonal centres as 2,322 whereas the centres intimated the number as 2,456.

(ii) *Payment to artistes* :—Against the budget provision of Rs. 9 lakhs, a sum of Rs. 18.20 lakhs was paid to the artistes invited by the Society for special programmes. No norms for payment regarding quantum of honorarium/fee payable to artistes participating in the festival were prescribed by the Society. The payment was made as demanded by them which ranged from Rs. 500 to Rs. 50,000. Similarly, in the case of zonal centres, payments to artistes were made at rates which differed from State to State and zone to zone. Audit came across instances of payments of more than Rs. 2,500 in cash to artistes and prize winners instead of by cheque. This was in contravention of the decision of the Finance Committee.

The Society attributed (January 1989) the excess in expenditure to inclusion of a programme under the Caption Vishisht Manch comprising of a number of sub-programmes to which expostfacto approval of the Governing Body was accorded in January 1987. As regards the norms for payment of honorarium, the Society stated that payments to artistes were made after ascertaining the rates of such artistes from Delhi Doordarshan, All India Radio, Indian Council for Cultural Relations and other cultural bodies of State/Central Governments. However, the Society did not produce any record in support thereof. The Society further stated that payments had been made in cash since the authorities empowered to sign the cheques could not be asked to be present on the spot for signing the cheques as they were engaged on other important matters relating to the festival.

No norms for payment of travel entitlements to the participants were made. Even the entitlement of the mode of conveyance to be used by the participants was not decided. The Society stated in January 1989 that transportation was provided to the artistes after taking into account the dignity and the standing of the artistes.

A total expenditure of Rs. 10.32 lakhs was incurred by the Society on hotel bills (Rs. 8.95 lakhs) and refreshments (Rs. 1.37 lakhs) on the participants against the sanctioned estimates of Rs. 5 lakhs. The Society stated in January 1989 that expenses exceeded mainly because of board and lodging of artistes for additional programmes which were taken up subsequently. Although the Society furnished list of artistes who had been provided with food, the number of days for which food was supplied to these artistes was not intimated.

3.10. *Other financial irregularities*

(i) The Society was formed hurriedly on 18th September 1986 to hold the festival in November 1986 resulting in non-observance of financial rules and procedures. The Society awarded seven works costing Rs. 22.97 lakhs (each work exceeding Rs. 1 lakh) without preparing the preliminary estimates and were awarded on the basis of limited/single quotation. In the absence of preliminary estimates, it is not understood how the festival authorities satisfied themselves about the reasonableness of the rates. Similarly, in 49 cases, the works/purchases costing Rs. 14.22 lakhs were got executed/made from parties/individuals without quotations.

The Society stated in January 1989 that it was only on the basis of specialised work required and the past performance of groups selected that the Society could assess the reasonableness of rates paid for these items of work. Also, due to shortage of time and non-availability of requisite materials in Delhi, the choice of the concerned parties became very limited.

(ii) In the case of four centres, purchases/entrustment of works worth Rs. 32.96 lakhs as detailed below were made without following the prescribed procedure :—

Centres	Amount
	(In lakhs of rupees)
Calcutta	2.55
Nagpur	11.42
Patiala	3.37
Thanjavur	15.62
Total	32.96

(iii) The work of sound re-inforcement costing Rs. 1.77 lakhs was awarded to a firm without obtaining tenders on the basis of a certificate of the Society that this was the only firm available and capable of executing a job of specialised nature.

(iv) The Society procured grey cloth and got it dyed instead of purchasing coloured cloth according to the requirement and thus an amount of Rs. 0.41 lakh spent on dyeing of cloth could have been avoided. The Society stated in January 1989 that the weight and structure of the cloth required

for banners, etc. was based on specified colours and that was not available in the market. The Society had to take raw Khadi cloth and get it dyed as per pattern devised for the signage of the festival.

(v) Dimapur centre paid Rs. 6.30 lakhs for food expenses in Delhi against admissible bill of Rs. 4.28 lakhs. This resulted in excess expenditure of Rs. 2.02 lakhs. Further, payment of gifts to VIPs for Rs. 0.29 lakh was not envisaged in the programme. Also, payment of dress allowance of Rs. 0.30 lakh to 76 participants at Rs. 400 each was not in order as hire charges of traditional dresses had been paid for separately.

(vi) Thanjavur centre did not provide in the catering agreement, a provision regulating payment on the basis of actual number of artistes fed. This resulted in excess payment of Rs. 1.19 lakhs in Delhi as the contractor was paid for 12,500 meals against 9,372 meals.

(vii) Allahabad centre paid remuneration of Rs. 1.63 lakhs to four group leaders for disbursement of remuneration to artistes. Neither the stamped receipts were obtained from these group leaders nor the stamped receipts for making payment to the ultimate payees were furnished by them. In 33 cases, for which expenditure exceeded Rs. 0.25 lakh each, ex-post-facto sanction was not obtained. A sum of Rs. 2.65 lakhs was spent on purchase of blankets, durries, bed sheets and hold-alls for distribution amongst the participants as gifts for which no orders of the competent authority were produced by the zonal centre.

(viii) Calcutta centre did not produce to Audit vouchers for Rs. 11.24 lakhs. Further, 500 blankets, mattresses and pillows (cost not known) were purchased for distribution as gifts amongst the participants. No record in respect of purchase|distribution was made available.

(ix) The Society paid Rs. 2.12 lakhs as remuneration to 28 co-ordinators who worked for the festival. The amount paid ranged from Rs. 1,500 to Rs. 20,000 per co-ordinator. The Society did not frame norms regarding the quantum of remuneration to the co-ordinators. The Society stated in January 1989 that remuneration of the co-ordinators was fixed on the basis of their competence and their experience in organising such a festival.

(x) Vouchers in support of expenditure for Rs. 4.35 lakhs were not produced to Audit by Patiala centre.

3.11 *Stores and stock*

The Society purchased stores worth Rs. 17.82 lakhs which were not properly accounted for in the stock registers. Stores were issued without indents. Proper records of material issued for fabrication e.g. flags, banners, etc. and balance material not consumed by the fabricating agencies were not maintained. Register of fixed assets was also not maintained. Stock entries were made only in respect of materials|store items which were available at sites and in office after the festival was over. The Society allowed depreciation amounting to Rs. 5.23 lakhs (including therein depreciation between 40 and 50 per cent on craft and handloom, tents and kanats, sarees, etc.) which was not in order.

Physical verification of stock done in March 1987 revealed shortage of items of stores like furniture, fixture, tents, kanats, office equipment, craft and handloom items, etc. amounting to Rs. 2.15 lakhs. The Society has not fixed any responsibility for the shortage|loss. The Society stated, in January 1989, that items of stores had been damaged|consumed during festival and as such the question of fixing the responsibility for the loss|shortage did not arise.

In zonal centres, stores and stock registers were not maintained properly. Stores costing Rs. 1.89 lakhs, which were received back after dismantling temporary structures, were not accounted for in any stock register of Patiala centre. Woollen blankets costing Rs. 0.13 lakh were not entered in the stock register of Allahabad centre. No physical verification of stores and stock was got done by any of the centres after the festival was over.

3.12 *Evaluation*

One of the main objectives of holding the festival was to create an awareness among the people of Delhi and its neighbouring areas about India's rich and varied cultural heritage and to enhance cross-cultural communication. The Review Meetings of the Society held in November and December 1986 felt that the Apna Utsav had achieved a great measure of success particularly in terms of evoking people's response. Ministry also stated, in April 1987, that the achievement of the festival had been significant.

However, in the absence of independent|external mechanism to evaluate the achievements and drawbacks of the festival, it was not clear whether the festival achieved the desired objectives. It was also observed that the financial discipline to the extent necessary was not in evidence.

The matter was reported to Ministry in August 1988; reply has not been received (January 1989).

The Asiatic Society, Calcutta

4. Infructuous expenditure on unrecognised M. Phil. course

The Planning Board of the Asiatic Society recommended in May 1985 imparting a new orientation to the academic and research programmes so that these

programmes together with diversified research projects would enable the Society to acquire the status of a "Deemed University" in due course.

As part of this programme, the Society started two M. Phil. courses of two years' duration on (i) Manuscriptology and (ii) Oriental Studies with a total intake capacity of 10 scholars for each course. Against this capacity, 15 scholars including three foreign scholars were admitted in July 1985 (seven for manuscriptology and eight for oriental studies). The monthly stipends paid to the scholars were Rs. 1000 and Rs. 1500 for domestic and foreign scholars respectively. But the Society's proposal made in October 1985 to the Ministry to get the Society declared as a "Deemed University" so as to enable it to award the degrees was not agreed to by the Ministry in August 1986. No Indian university also agreed to recognise the M. Phil. courses of the Society, the proposal of Rabindra Bharati University, Calcutta, which agreed to permit the students to appear in its M. Phil. examination provided they got themselves admitted to the University as a 'one time solution', was not found workable by the Society due to various difficulties involved. As a result, the programme was abandoned after the first batch of scholars completed their courses in June 1987 and a few of them were granted certificates of passing the course. Thus, a total sum of Rs. 7.61 lakhs spent on these courses including Rs. 1.50 lakhs relating to creation of infrastructural facilities proved to be infructuous.

The Society stated in August 1988, that the courses of study were started after the sanction at the appropriate level and the Society tried its best to obtain the recognition for the courses from various universities pending the recognition of the Society as a deemed university which was expected in the initial stage. Ministry also endorsed (September 1988) the views of the Society. However, the fact remains that embarking on a programme without securing academic recognition and its subsequent abandonment resulted in the infructuous expenditure of Rs. 7.61 lakhs.

Department of Education

5. National Council of Educational Research and Training

5.1 *Introduction*

The National Council of Educational Research and Training (NCERT), a registered society was established in 1961 with the object of assisting and advising the Central Government in the implementation of its policies and major programmes in the field of education particularly school education.

5.2 *Scope of Audit*

The audit of accounts of NCERT is conducted under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Earlier, the reviews on (i) Centres for Continuing Education and (ii) Departments of Publication, Policy, Research, Planning, Programmes and certain other aspects of NCERT had been highlighted in the Reports of the Comptroller and Auditor General of India for the year 1985-86 and for the period ended 31st March 1987 respectively. The present review covers the (i) Department of Measurement, Evaluation, Survey and Data Processing, and (ii) Workshop Department for the period 1983-84 to 1987-88.

5.3 *Organisational set up*

The Council consists of 59 members including the Minister for Human Resource Development as President. The Executive Committee which is the governing body of NCERT comprises of 17 members and manages the affairs and funds of NCERT. The Director of NCERT is the principal executive and academic officer responsible for the proper administration of its affairs. The head of each department conducts approved programmes within the annual budget allocations.

5.4 *Highlights*

— **NCERT had paid Rs. 399.05 lakhs during five years upto March 1988 as scholarships under the National Talent Search Scheme. Large number of the awardees had dropped out at various levels of studies; NCERT had neither kept record of awardees who were successful in post-graduate studies nor undertaken periodical evaluation of the scheme to ascertain its impact as assured to the Public Accounts Committee in February 1982.**

— **There was shortfall of 43 per cent in expenditure on training programmes for item writers during 1984-85 to 1987-88 and on developmental programmes, it was 45 per cent.**

— **No system was evolved to watch the progress on finalisation of the materials developed in various workshops/seminars. In 20 cases, material developed during workshops/seminars held from 1984-85 onwards was still not finally ready.**

— **During 1983-84 to 1987-88, the Workshop Department could execute only 14 to 41 per cent of the total orders received for supply of primary science kit, meant for improving science education in schools. Delays in supply of science kit ranging from 1 to 59 months were noticed.**

— **NCERT did not prepare profit and loss account for production of science kit and there was no way of verifying whether science kit produced were actually on "no profit, no loss basis" as required.**

— **NCERT incurred loss of Rs. 2.25 lakhs due to non-revision of price of primary science kit during 1983-84 to 1987-88 despite increase in the cost of bought-out items.**

— **The Workshop Department did not conduct review of the optimum capacity of the manpower and machinery and their actual utilisation ; under-utilisation of manpower in the production of science kit was noticed.**

— **Physical verification of stores has not been conducted every year. No action was taken on the shortages|excesses noticed during physical verifications conducted in 1978 and1985.**

5.5 *Finance and Accounts*

NCERT is mainly financed by grants from Government of India. Separate allocations are made in respect of each of the departments in NCERT. Against the total budget estimates of Rs. 653.57 lakhs for 1984-85 to 1987-88 in respect of Department of Measurement, Evaluation, Survey and Data Processing, the actual expenditure was Rs. 602.78 lakhs. In the case of Workshop, it was Rs. 155.29 lakhs against the total budget provision of Rs. 162.84 lakhs for the above period.

5.6 *Department of Measurement, Evaluation, Survey and Data Processing*

The main functions of the Department of Measurement, Evaluation, Survey and Data Processing are as under :—

(i) Development of innovative approaches and strategies for education evaluation;

(ii) Research and developmental activities for examination reforms at all stages of school education;

(iii) Conducting educational surveys to provide data base for educational planning;

(iv) Organisation of the National Talent Search Examination and arranging programmes for nurturing talent;

(v) Training of resource persons and other key personnel in evaluation procedures and improvement of examinations; and

(vi) Providing computer data processing facilities for research, survey and other administrative purposes.

(a) *National Talent Search Scheme.*—Under the National talent Search Scheme started in 1964, NCERT gave financial assistance for providing scholarships to the talented students for pursuing higher studies after class X in basic sciences so that they could serve and contribute to scientific advancement of the country. From 1977, the scheme was extended to soical sciences (including commerce), studies in medicine and engineering. The number of scholarship awardees, which was 350 in 1964, was raised to 750 from the year 1983. While the scholarship in other subjects was given up to Ph.D. level, in engineering and medicine, it was given up to the second degree level only. The total amount of scholarships paid during 1983-84 to 1987-88 was Rs. 399.05 lakhs.

On test check of records of the Department, it was noticed that a large number of National Talent Search (NTS) awardees dropped out at various levels of studies and very few did their Ph.D. or post graduation in engineering or medicine. NCERT kept no record of the awardees who were successful in Doctor of Philosophy (Ph.D.), Master of Surgery|doctor of Medicine (MS|MD), Master of Business Administration (MBA) or Master of Technology|Mechanical Engineering (M. Tech|ME). Accordingly, the number of such successful awardees yearwise, was not available with NCERT. A study conducted by the Department into the causes of drop-outs among NTS awardees during 1967—76 found the drop out rate to be 'alarming', and only a fraction of talented scholars reached the level of Ph.D. It was further noticed that 95 to 98 per cent of National Talent Search awardees for 1977 to 1982 dropped out at various stages of their studies. Two to five per cent of the awardees were only admitted in Ph.D., MBA, MS|MD and ME|M.Tech.

The Public Accounts Committee (PAC) in their 48th Report (1980-81) (Seventh Lok Sabha) recommended that NCERT should keep liaison with the National Committee on Science and Technology in so far as science subjects were concerned so that the best talent could be attracted to areas where it may be most needed. PAC also recommended that "an evaluation of the extended scheme may be undertaken, so as to ascertain the impact of the programme and how it could be made more effective".

In the action taken note, Ministry stated in February 1982, *inter alia,* that NCERT would;

— get in touch with Scientific Advisory Committee to the Cabinet with a view to making best possible utilisation of the scientific talents;

— undertake periodical evaluation of the programme to ascertain its impact.

According to NCERT (May 1988) the placement or utilisation of identified talent did not fall under the purview of the scheme. Ministry stated, in January 1989, that the main reason for NTS awardees dropping out before completing their Ph.D., ME, M.Tech., MS|MD etc. was availability of good job opportunities after the Bachelor's degree itself. Ministry also stated that the response of the ex-awardees to advertisements as well as individual letters sent to them at their last known addresses regarding their employment|utilisation of talent was poor, and because of this as well as extension of the scheme to cover other disciplines (social sciences, engineering, medicine, etc.) with consequential decline in the percentage of students in basic Science courses, Ministry took no action to approach Scientific Advisory Committee to the Cabinet to develop a strategy for the utilisation of the scientific talent.

(b) *Programmes.*—The Department of Measurement, Evaluation, Survey and Data Processing conducted a number of training programmes, workshops, seminars, etc. (i) for improvement of external examinations for various State Education Boards, (ii) to train paper setters in item writing for the question papers, (iii) to develop sample questions, unit tests, tools for evaluation, and (iv) for research projects, etc. A test check of the programmes taken up by NCERT during 1984-85 to 1987-88 revealed the following :—

(i) *Training programmes.*—The Department made an annual provision and conducted four training programmes for improvement in external examinations of various State Education Boards. As regards training programmes for item writers, only 28 training programmes were conducted during 1984-85 to 1987-88 at a cost of Rs. 7.77 lakhs against 30 programmes provided in the annual budget estimates at an estimated cost of Rs. 13.65 lakhs resulting in shortfall of 43 per cent in expenditure.

NCERT stated, in September 1988, that some of the training programmes had to be dropped because of transfer etc. of the concerned staff members without replacement.

(ii) *Developmental programmes.*—During 1984-85 to 1987-88, there was a budget provision of Rs. 16.39 lakhs for conducting 43 developmental programmes. Out of 43 programmes provided in the budget estimates, only 33 were conducted at a cost of Rs. 8.98 lakhs resulting in shortfall of 10 programmes with 45 per cent shortfall in expenditure.

Ministry stated, in January 1989, that shortfall was mainly due to the fact that the staff member responsible for these programmes had left NCERT.

(iii) *Development of material.*—The material developed in the forms of questions was used for augmenting the departmental question bank; in other cases, the developed material was meant to be cyclostyled or to be published in the form of book for distribution among the State agencies or for sale. There was, however, no system with the Department to monitor various stages of development showing the programmes undertaken, material developed and the present stage of development. A test check of 30 programmes taken up by NCERT during 1984-85 to 1987-88 revealed that in 20 cases, material developed during workshops/seminars conducted at a cost of Rs. 4.90 lakhs was under vetting or finalisation, awaiting printing, etc. (July 1988).

Ministry stated, in January 1989, that in future, monitoring registers would be maintained to show the progress of different projects at a glance.

5.7 *Workshop Department*

The Workshop Department (Workshop) was originally set up in 1964, with a view to study and assess teaching equipment in science available in the market, design, manufacture and try test designs of new teaching equipment in schools and to introduce new designs for manufacture by industries for utilisation in schools. Later on, in 1970, the workshop took up batch production of kit on specific requests from the States and UNICEF. In order to utilise its working capacity, the Workshop also undertakes (i) repair and maintenance of vehicles, air-conditioners, coolers, miscellaneous gadgets of the campus, (ii) central purchase of equipment and furniture for the campus, (iii) central storage, and (iv) stock verification and other related activities.

(a) *Production of science kit.*—With the object of improvement of science education in schools, the Workshop had been producing primary science kit and integrated science kit for use in the primary and middle schools respectively. The science kits were supplied to the State Governments/educational institutions against their demands. On 1st April, 1983, orders for supply of 1407 primary and 98 integrated science kits were pending with the Workshop. During 1983-84 to 1987-88, orders for supply of 16,856 primary and 873 integrated science kits were received and 13,014 primary and 242 integrated science kits were supplied.

It was noticed that barring supplies of small numbers to individual institutions or even small supplies to the State Governments, science kits were supplied to the State Governments after a lapse of 1 to 59 months. The kits supplied during a year against the supply orders ranged from 14 to 41 per cent in the case of primary science kit and upto 12 per cent in the case of integrated science kit. It was also noticed that no annual targets for production of science kits were fixed. In the absence of annual targets, no comparison of the production of science kit with targets was possible.

Ministry stated, in January 1989, that considering the existing non-commercial set-up of the department and complicated procurement procedure, the average delivery time was not unrealistic. Ministry attributed the delays to non-availability of raw materials, backing out of supplies by the suppliers, diversion of manufactured kits to meet other requirements and non-lifting of supplies in time by some of the States like Bihar.

(b) *Pricing of Science kit.*—On the recommendations of the Public Accounts Committee (Seventh Lok Sabha—1980-81) in their 48th Report, Ministry constituted a Task Force to critically assess the role performed by NCERT in terms of its objectives. The Task Force in its report, recommended, *inter alia*, that mass production and supply of science kits should not be NCERT's function. A separate organisation should take over this responsibility and the existing functions of designing and development of science equipment should be entrusted to the Department of Education in Science and Mathematics.

Ministry did not accept the recommendations of the Task Force (June 1985) except that the production and supply of science kit would be on 'no profit, no loss' basis. NCERT, however, did not prepare any profit and loss account for the Workshop. It could not, therefore, be ensured whether science kits were produced and supplied on 'no profit, no loss' basis.

Ministry stated, in January 1989, that action had been initiated to prepare profit and loss account from the year 1988-89 onwards.

The primary science kit consisted of 78 items out of which 65 were purchased from the market and remaining 13 were manufactured or assembled in the Workshop. The price of primary science kit fixed in october 1980 at Rs. 230 per kit was revised to Rs. 300 from April 1984 to March 1988.

Although the cost of salary of Workshop staff had gradually increased from Rs. 15.47 lakhs in 1984-85 to Rs. 29.48 lakhs in 1987-88, resulting in an increase of 91 per cent, and the cost of primary science kit items purchased directly from the market had increased from Rs. 119.81 (in the price effective from April 1984 to Rs. 156.38 (in November 1985), no revision of the price of primary science kit was effected.

During 1983-84 to 1987-88, the store section of the Workshop issued primary science kit items valued at Rs. 14.47 lakhs (items purchased at old rates valued at Rs. 6.70 lakhs and those purchased at higher rates corresponding to November 1985 rates valued at Rs. 7.77 lakhs). Due to non-revision of price of primary science kit, the Workshop had so far (March 1988), suffered a loss of Rs. 1.91 lakhs by way of difference in the cost of primary science kit items purchased at higher rates and charged at the old rates. In addition, the Workshop had to bear Rs. 0.34 lakh as overhead charges.

Ministry stated, in January 1989, that the price revision of kit was done every four years and that NCERT earned substantial amounts of interest on advance payments received from the State Governments as well as security and earnest money deposited by the suppliers.

(c) *Purchase of kit boxes.*—The Workshop had capacity to manufacture 600 kit boxes per month or 7200 boxes per annum with 15 fine mechanics| mechanics and three attendants. With the available strength of two fine mechanics, six mechanics and two attendants, the Workshop was in a position to manufacture atleast 3,600 boxes per annum. In August 1986, the Workshop decided to procure 13,000 kit boxes from the market with the object of quick execution of the then pending order of nearly 13,000 kits. Accordingly, the Workshop placed an order for supply of 13,000 kit boxes in January 1987 on a private firm at the rate of Rs. 59.90 per box to be completed by March 1987. However, the firm supplied only 3182 kit boxes at a cost of Rs. 1.90 lakhs up to May 1987. The Workshop manufactured 3,000 kit boxes during 1987-88. However, the Workshop could supply only 3,303 kit boxes during the year and even out of 3,182 kit boxes purchased from the private firm, 1,182 kit boxes were lying in store (March 1988). Thus the purpose of purchasing kit boxes from the private firm was not served although the order was placed to fulfill the pending order of nearly 13,000 kits.

Ministry stated, in January 1989, that the sheet metal fioor was busy in the first quarter of 1988 in the design and manufacture of sheet metal kit boxes for the Indo-FRG Project and other work. However, as mentioned above, the decision to purchase kit boxes from the private sources had been taken much earlier in August 1986.

(d) *Non-preparation of consumption account of raw material.*—Mild steel sheets (73.38 tonnes) valued at Rs. 4.98 lakhs were issued during 1982 and 1986 for production of science kit boxes. The workshop kept no account of the sheet metal used in the production of science kit boxes, quantity rendered waste as cut pieces and quantity still lying with the Workshop. The account regarding the number of kit boxes produced from time to time and issued to despatch branch was also not maintained. Thus, the actual quantity of mild steel sheet used in the production of science kit boxes could not be ascertained.

Ministry stated, in January 1989, that 73.38 tonnes of mild steel were issued from the store during June 1982 to November 1986 in different instalments for production of 12,700 primary science kit boxes plus other small sheet metal components. The wastage was nearly 3.5 per cent by utilisation of bigger scrap pieces in the manufacture of tiny sheet metal items and out of the total quantity, 102 kgs. of sheet were lying in the sheet metal shop for day to day use.

(e) *Utilisation of staff and machinery.*—NCERT did not fix the annual targets of production for the Workshop. The number of kits produced by the Workshop ranged from 415 (1983-84) to 3402 (1987-88). The Finance Committee of NCERT, in its meeting held in November 1986, directed that a review should be conducted to examine whether the facilities available in Workshop—both staff and machinery—were being utilised to the optimum capacity. NCERT stated in March 1988 that a Review Committee was yet to be appointed. An exercise done by NCERT showed that against salary of Rs. 37.45 lakhs exclusively charged for production work, during 1983-84 to 1987-88, the amount of direct labour and overheads charged to kits despatched worked out to Rs. 14.58 lakhs (39 per cent).

Ministry stated in January 1989 that balance salary chargeable could not be said to be unproductive as labour was put to use even on those items of kits which were produced and kits could not be assembled even for want of one part. This was not tenable since such carry over of items under production from one year to next year would always be there and their value would be taken care of, in the following year.

No log books in respect of each of 90 odd machines valuing at Rs. 9.39 lakhs indicating hours of operation were maintained. Thus, the utilisation

of the working capacity of the machines installed could not be verified in Audit.

Ministry stated in January 1989 that the observation had been noted for future guidance.

5.8 *Physical verification of stores*

Physical verification of stores is required to be conducted every year. The physical verification of dead-stock items taken up in August 1978 was completed in May 1980. Apart from the discrepancies noticed, the Physical Verification Committee, *inter alia*, observed that stock registers (twenty in number) maintained by different departments, were not properly maintained in as much as (i) proper description of furniture items was not given, and (ii) receipt and issue entries were not countersigned by the proper authorities. No action was, however, taken to fix the responsibility for the shortages noticed by the Physical Verification Committee.

From 1978, the store and stock account of dead-stock items was entrusted to Workshop. A physical verification of dead-stock items was again taken up in June 1985 and was completed in March 1986. Physical verification of other assets (equipment and apparatus, plant and machinery) was not conducted in 1985. It was observed by the second Physical Verification Committee that the book balances as per old stock registers (twenty in number) for dead-stock items purchased upto 1978 by different departments of National Institute of Education had not been transferred to the new stock registers opened in 1978. These dead-stock items, as per old twenty stock registers, had not been taken in stock (April 1988) even after 10 years. No action was taken (April 1988) to investigate the shortages and to take on charge the items found surplus.

Ministry stated, in January 1989, that purchases had been centralised from August 1985 and were being done by the Workshop Department and steps had been taken to reconcile the discrepancies.

University of Delhi

6. Infructuous expenditure on the staff deployed in Vallabhbhai Patel Chest Institute

The Vallabhbhai Patel Chest Institute has not conducted annual physical verification of stores since its establishment in January 1953. In order to conduct physical verification, the Institute created and filled up a regular post of Stock Verifier in March 1979 and one post of Section Officer from June 1982 to April 1984 on an ad-hoc basis. The Institute also constituted a Stock Verification Cell in June 1982, comprising one stock verifier, one A.A.O., two senior assistants and a peon. The Cell was required to achieve the target within the minimum possible time as per minutes of the meeting held in June 1982.

It was noticed that the Stock Verification Cell was not given any time bound programme nor was it required to submit periodical reports to assess its performance from time to time. The Cell has not conducted physical verification of stores so far (December 1987) even though a period of more than eight years had expired since the creation of the post of stock verifier and more than five years since the constitution of the Stock Verification Cell. The post of Section Officer was abolished in April 1984 but all other posts of the Cell were effective upto November 1987.

On enquiry by Audit, the Institute intimated that the physical verification of stores could not be conducted due to the following reasons :—

(i) Old registers for the period 1953 to September 1958 were not available, (ii) the loose ledger cards introducted from September 1958 to March 1963 and bound ledgers maintained thereafter contained entries of receipts only, while the entries of issues were missing in most of the cases as the Departmental indents and issue slips had not been posted therein for a long time. and (iii) the departmental stock registers were not being maintained.

In the absence of the above details, the ground balance of store items at the year end and progressive balances from year to year could not be worked out as a result of which the physical verification of stores could not be conducted. Thus, even after incurring an expenditure of Rs. 1.60 lakhs on the above posts created specifically for physical verification of stores, the work could not be completed.

The Ministry, in September 1988, endorsed the views of the Institute.

7. Delay in construction of Science Block of Miranda House and its non-utilisation

A mention was made in sub-para 10.3 of paragraph 66 of the Report of the Comptroller and Auditor General of India for the year 1981-82 Union Government (Civil) about non-completion of work on 'Laboratory for Chemistry and Physics (Honours class) Miranda House.'

The University of Delhi sent, in August 1973, to the University Grants Commission (UGC), the plans and estimates of Rs. 8.41 lakhs for construction of Science Block in Miranda House. Revised estimates for Rs. 9.79 lakhs were sent to UGC. The UGC in consultation with the Central Public Works Department, approved the estimates in July 1974 for Rs. 8.62 lakhs and conveyed its administrative and technical sanction in January 1975 stating, *inter alia*, that the assistance in this regard would be on 100 per cent basis.

The construction work could not commence timely due to delay in taking decision by the University about the construction and supervisory agencies. In April 1976, the University requested the UGC to revise the sanction to Rs. 10.55 lakhs due to escalation in cost. In November 1978, the UGC approved the revised estimates.

The University invited tenders in December 1978 and the work was awarded to a contractor in March 1979 at the tendered cost of Rs. 8.35 lakhs. As

per agreement, the work was to be completed within 10 months. When the work for the total value of Rs. 1.84 lakhs was completed for which a payment of Rs. 1.83 lakhs was made to the contractor, the contractor sought extension of time for eight months which was not agreed to by the University. The contractor abandoned the work in February 1980. The University ultimately rescinded the contract in May 1983.

The work was awarded to another contractor for completing the same in eight months i.e. by August 1984. Extension upto October 1985 was also given to the contractor.

Meanwhile, the University filed a claim of Rs. 10.54 lakhs against the previous contractor for not completing the work and extra-expenditure incurred for getting the work done through another contractor. This was not accepted by him. In September 1984, the dispute was referred to arbitration. In May 1988, the arbitrator rejected the claim as being time barred and held the University responsible for escalation of cost, as timely action was not taken by the University in rescinding the contract and filing of the claim thereon.

In October 1983, the UGC approved the total estimates of Rs. 22.55 lakhs for the block against which it released funds of Rs. 22.43 lakhs from August 1980 to March 1988. The University reported in November 1987 that the building was completed but the college was not taking over the building for want of furniture.

In July 1985, the University sent to the UGC an estimate of cost of furniture amounting to Rs. 5.62 lakhs. This was not accepted by the UGC. In April 1987, the estimates of Rs. 10.04 lakhs for the furniture and equipment was sent to the UGC. Rs. 7.50 lakhs were released by the UGC in August and November 1987. This amount has not, so far, been utilised. The University stated in July 1988 that the furniture was expected to be procured in another three months' time.

In July 1988, the University stated that it was a technical building; provision of laboratory furniture and equipment could be made only after the building was completed. The Ministry also stated in September 1988 that the laboratory building had to be planned in minute details according to the latest requirement of science courses and number of students, etc.

To sum up, improper planning and delay in taking decisions at appropriate time by the University resulted in escalation of the cost by Rs. 13.93 lakhs and delay in completion of work by 15 years. The existing University laboratory complex being used by the Miranda House was also to be utilised for running computer courses. Due to inordinate delay in completion of the building, the University was deprived of the use of its laboratory for holding its computer courses.

Indian Institute of Technology, Kharagpur

8. Loss on recovery of electricity charges

The Indian Institute of Technology, Kharagpur purchases electricity in bulk from West Bengal State Electricity Board for its own use as also for use of individuals and private parties (including commercial consumers) residing in its campus. Electricity consumed in staff residential buildings as well as in buildings rented to banks, post office, market stallholders etc. is supplied by the Institute from its own sub-station through inner distribution lines and consumption is recorded in meters supplied to individual consumers.

The Board of Governors of the Institute decided in December 1977 that electricity charges should be realised from individual consumers on 'no profit, no loss' basis. The rate per unit of electricity for private consumption was fixed by the Institute at 36 paise from February 1978 on the basis of payment made by it to State Electricity Board in March 1977. This rate was increased to 38 paise from 15th May 1982 on ad-hoc basis when the market rate of electricity for domestic consumption supplied by Electricity Board to general public was 48 paise per unit excluding Government duty from June 1978. The Institute did not have a separate rate for commercial consumption. When the matter was brought to the notice of the Institute by Audit in August 1987, it had raised the rate per unit to 50 paise for non-commercial consumption and fixed a separate rate of 65 paise per unit for commercial consumption from 1st November 1987 which were still lower than not only the purchase rate but also the market rates (52 paise upto 75 units and 60 paise exceeding 75 units for domestic consumption and 75 paise upto 100 units and 85 paise exceeding 100 units for commercial consumption excluding Government duty in both the cases).

During the last four years ending 1986-87 (figures for which were available), electricity charges at the rate of 38 paise per unit amounting to Rs. 20.23 lakhs were realised by the Institute for consumption of 53.25 lakhs units by individual consumers against payment of Rs. 36.21 lakhs on this account to State Electrcity Board calculated at the rate of 68 paise per unit of consumption excluding the demand charge for high tension line.

The Institute thus sustained a loss of Rs. 15.98 lakhs in a period of four years in the distribution of electricity, an operation intended to be on 'no profit no loss' basis. The position of loss after 1986-87 could not be ascertained due to non-availability of figures. Had the rates been reviewed to synchronise the charge collected from the consumers with the charge paid to Electricity Board, the loss could have been minimised. No action had been taken by the Institute to raise supplementary bills against its consumers though rates fixed earlier were on ad-hoc basis.

The Institute stated in August 1988 that if the campus residents could have been served directly by the Electricity Board, the chargeable rate would have

been much lower than the average rate paid by the Institute as a bulk consumer. The Ministry endorsed in August 1988 the views of the Institute.

However, the fact remains that had the Institute charged at least the same rates of the State Electricity Board as applicable to general public from time to time, the loss could have been minimised.

9. Infructuous expenditure on the purchase of equipment

The Indian Institute of Technology, Kharagpur, imported in June 1978 one small angle X-ray Kratky camera system with accessories from a foreign firm for its Physics and Metereology department at a cost of Rs. 1.70 lakhs for higher training and research work.

The Institute also spent (November 1978) Rs. 0.19 lakh on payment of 90 per cent advance of the installation charges to a Calcutta-based firm being the Indian agent of the supplier. The firm took up the work of installation in February 1979, but left it incomplete in May 1981. The equipment has not been installed so far (August 1988). Thus, the expenditure of Rs. 1.89 lakhs incurred so far by the Institute has been rendered infructuous and the purpose for which it was procured has also been frustrated. The Institute has failed to take any action though legel advice was obtained in December 1982 from the Institute's Solicitor.

Ministry stated in August 1988 that the Institute had not yet exhausted all the possibilities of having the equipment installed to make it operational. It was further stated that the Institute was contemplating to take legal action against the supplier since installation was a part of the contract.

Aligarh Muslim University|Banaras Hindu University

10. Re-orientation of Medical Education Scheme

With a view to exposing medical students and faculty members to the rural environment and to upgrade the quality of health care services in the rural and peripheral areas by providing meaningful referral service system linking the remotest peripheral health units to the medical colleges as well as with district|taluk|tahsil hospitals and the Primary Health Centres (PHCs), a Centrally-sponsored scheme known as 'Re-orientation of Medical Education (ROME)' was launched in 1977.

In the first phase, three community Development blocks|PHCs in the district were to be initially covered and thereafter total health care was to be extended to the entire district in a phased manner over a period of three to five years.

The scheme (first phase) at Varanasi was launched in July 1978 and at Aligarh in 1981-82 to be managed by the Institute of Medical Sciences, Banaras Hindu University (BHU) Varanasi and Jawahar Lal Nehru Medical College, Aligarh Muslim University (AMU), Aligarh respectively.

By the end of 1982-83, BHU and AMU received total grants of Rs. 16.04 lakhs each from Central Government.

At BHU and AMU till the end of March 1987 only Rs. 9.63 lakhs and Rs. 4.13 lakhs respectively could be spent out of non-recurring grant of Rs. 14.75 lakhs received by each one of them.

At BHU, grants of Rs. 1.26 lakhs for seminar room and Rs. 1.08 lakhs for addition to PHC operation theatre could not be utilised at all. The construction of hostel-cum-seminar room and a motor garage at one of the PHCs remained incomplete. Construction of residential building was taken up in two PHCs and it could not be done at the third PHC due to problem of transfer of land.

At AMU, the implementation of the scheme started from June 1983 only after differences with the State Government regarding the selection of three PHCs for the purpose were sorted out. The pace of implementation of the scheme did not pick up even thereafter. Construction of residential building was taken up at one PHC only as land at other PHCs was not available. Out of the proposed three garages for mobile clinics, only one had been constructed at the PHC and the other two at the college premises in AMU.

Provision of recurring expenditure of Rs. 1.29 lakhs also included operation of the post of one lecturer which was not filled up (March 1987) at BHU with the result that the programme suffered in its coordination and implementation. Against the recurring grant of Rs. 1.29 lakhs received during 1981-82, AMU utilised Rs. 0.45 lakh leaving an unspent balance of Rs. 0.84 lakh. From the year 1986-87 grant for the scheme was made part of the block grant.

Although the scheme envisaged the medical colleges to cater to the total health care of the entire district, in which the medical colleges are located, within a period of three to five years, the medical colleges had so far (March 1987) confined their activities to the three PHCs which were taken up at the beginning of the scheme.

To intensify rural health care under guidance and expertise of medical faculty, BHU and AMU were allotted three mobile clinics by Government of India. At BHU, these vehicles were used for making visits once in a week at three Primary Health Centres till the end of January 1982 and thereafter kept out of use as these, being wide bodied, were not found suitable for use in rural areas. BHU stated that underutilisation of mobile clinics was due to lack of repair and spare facilities. This also effected the expansion of area of service as originally envisaged. In all 994 visits were made by these vehicles given to AMU during January 1983 to March 1987 (yearly average 189).

Thus, there had been a slow progress in implementation of the scheme.

The matter was reported to Ministry in August 1988 ; reply has not been received (January 1989).

Ministry of Surface Transport
(Ports Wing)
Bombay Port Trust

11. Extra expenditure on mooring launches

An order for construction, supply and delivery of four mooring launches was placed in February 1983 by Bombay Port Trust (BPT) on a Mangalore based firm at a total cost of Rs. 31.96 lakhs. Three mooring launches 'Sonali', 'Shraddha' and 'Sunita' were delivered in April 1985, while the launch 'Shaila' was delivered in July 1986. These launches were fitted with mechanical gear boxes despite the fact that the old mooring launches used in the port were fitted with hydraulic gear boxes. During operations, it was noticed in October 1985 that the launches were not working satisfactorily due to fitment of mechanical gear boxes. It was also stated that during operations within the confined dock basins of the Bombay Port, the clutch plates in the mechanical gear boxes tend to wear quickly due to frequent reversals. BPT decided in January 1986 to replace the mechanical gear boxes with hydraulic gear boxes at an estimated cost of Rs. 7.72 lakhs.

The mechanical gear boxes were replaced by hydraulic gear boxes in the following months.

(i) Launch 'Shraddha'—May 1987.

(ii) Launch 'Sunita'—January 1988.

(iii) Launch 'Sonali'—February 1988.

The mechanical gear boxes costing Rs. 2.60 lakhs were lying unused in the Central Stores Depot (August 1988). The Port Trust stated that these mechanical gear boxes will be made use of as spares for other launches. However, though these mechanical gear boxes have been removed from three launches during May 1987, January and February 1988, they have not as yet been issued for use as spares for any other launches (October 1988).

It was stated that the first three launches, until they were fitted with hydraulic gear boxes, were used only when any of the wooden launches broke down and their use was minimal. It was also stated that the three launches are now in use, after they were fitted with hydraulic gear boxes. The fourth launch i.e. 'Shaila', has not yet been put to use (October 1988).

If the Port Trust had assessed its requirement properly and placed orders for the launches fitted with hydraulic gear boxes initially, the extra expenditure of Rs. 2.60 lakhs being the cost of the mechanical gear boxes which had to be replaced, would have been avoided. Besides, the launches, which cost Rs. 31.96 lakhs and on which a further expenditure of Rs. 7.72 lakhs was incurred on fixing hydraulic gear boxes would have been available for the Port for use as mooring launches, instead of being mostly idle for a period of two to three years.

The matter was reported to Ministry in September 1988; reply has not been received (December 1988).

12. Infructuous expenditure on construction of lift shafts

Bombay Port Trust (BPT) proposed in May 1978 for installation of two goods lifts of two tonnes capacity at each of the shed Nos. 7|8 and 12 in Indira Dock. While considering the proposal, it was observed in October 1981 that while all the three structures had outlived their estimated life of 40 years, (constructed in 1917-18), the goods lifts proposed to be installed had an estimated life of 20 years. However, as the sheds were expected to be in useable condition for another 8 to 12 years and as was no proposal to demolish these sheds in the near future, the proposal was approved by the Board in December 1981.

After inviting tenders, the civil work of construction of RCC lift shafts was awarded to a contractor in December 1982. The work was completed between December 1982 and February 1984 at a cost of Rs. 10.19 lakhs. No action was taken for procurement and installation of lifts as the first and second floors of the shed No. 12 were decommissioned in October 1986 and on a review conducted in November 1986 the shed Nos. 7|8 were earmarked for demolition.

Thus, the expenditure of Rs. 10.19 lakhs on construction of RCC lift shafts etc., remained infructuous.

Ministry stated, in October 1988, that the expenditure incurred on civil works has become 'unfruitful' as the sheds were found to be in a condition which was not conducive to safe operational use of the structures.

13. Unauthorised subletting of leasehold premises by the lessee

Bombay Port Trust (BPT) leased two plots of land admeasuring 34,889 square metres to a firm 'A' for fifty years in 1940 and 1942 under a lease deed for use as an oil mill with officers' quarters, warehouses and shops in connection with the lessee's business. By a subsequent deed (March 1970) firm 'A' assigned both the plots to a firm 'B', and as such, firm 'B' became the lessee of BPT.

The lessee requested BPT in November 1980 to permit them to sublet to a firm 'C', a portion of the leasehold premises admeasuring 1157 square metres which was stated to be surplus to their immediate needs. The lessee offered to pay, additionally 20 per cent of the rent which was recoverable from firm 'C'. Pending the grant of permission to the lessee to sublet a portion of the premises to 'C', BPT noticed in January 1982 that the lessee had already sublet a portion of the premises at the rate of Rs. 3 lakhs per annum from March 1981, though the lessee was prohibited from using the premises otherwise than for the purposes approved by the Board of Trustees. Though BPT decided in January 1983 to reject the request of the lessee and also

to issue a notice for termination of their lease for breach of the terms and conditions of the lease, a notice was issued only in February 1984. The notice, *inter alia,* directed the lessee to remedy the breach of the terms and conditions of the lease deed within a period of six months.

In reply to the notice, the lessee intimated in August 1984 that they had remedied the breach by terminating the warehousing arrangements with firm 'C' and therefore requested for withdrawal of the notice. BPT approved in March 1986 unconditional withdrawal of the notice issued to the lessee. BPT further approved in December 1986 to recover Rs. 2.55 lakhs as additional lease rent from the lessee, the amount being 20 per cent of the total rent of Rs. 12.75 lakhs received by the lessee from firm 'C' for the period from 1st March 1981 to 15th August 1984, as offered by them while making the request for subletting the premises. In addition, a penalty of Rs. 0.10 lakh was also levied for the breach committed by the lessee. BPT however, intimated in October 1987 that the lessee had not agreed to pay the additional lease rent and penalty imposed on them.

Thus, subletting a portion of the leased land by the lessee to firm 'C' during March 1981 to August 1984 was unauthorised, as there was no provision in the lease deed to sublet the land leased to the lessee.

BPT admitted in August 1988 that the lease deed was terminable in the event of any breach of the lease covenant by the lessee. However, this was not done. Though the lessee obtained a benefit of Rs. 12.75 lakhs, BPT had approved the recovery of only Rs. 2.55 lakhs towards rent and Rs. 0.10 lakh by way of penalty.

Ministry stated, in December 1988, that BPT has decided to refer the matter to a counsel through the solicitors of Bombay Port to explore the possibility of taking legal recourse of getting the maximum benefit out of Rs. 12.75 lakhs.

Calcutta Port Trust

14. Stores and materials management in Calcutta dock system

14.1 *Introduction*

Calcutta Dock System maintains a central stores including five separate store depots outside the central campus under the stores department.

The materials dealt with are divided into 21 groups. The value of current assets in the shape of stores and materials upto March 1988 stood at Rs. 12 crores.

14.2 *Scope of Audit*

A review of the systems and procedures followed by the stores department in the area of materials management as well as other related activities during 1982-83 to 1987-88 was conducted and the results thereof are given in the succeeding paragraphs.

14.3 *Organisational set up*

The stores department is under the general supervision of the Controller of Stores assisted by one Senior Deputy Controller and five Deputy Controllers.

Accounting, internal audit of the stores transactions and physical verification of stores are vested in the Financial Adviser and Chief Accounts Officer (FA&CAO) of Calcutta Port Trust (CPT).

14.4 *Highlights*

— **The Stores Manual regulating the main activities of the stores department has not been up-dated keeping in view the changes that were required since October 1960. There were deficiencies in indenting procedures and processing the indents.**

— **Though non-stock items were not to be stored, stores ledger upto March 1987 indicated heavy balance of Rs. 105.18 lakhs in respect of four non-stock items.**

— **Spares of foreign manufacture worth Rs. 14.56 lakhs were ordered for use in a vessel which was subsequently condemned before receipt of spare parts. The spares were yet to be received although full advance payments had been made.**

— **Fifty six cases of imported materials involving Rs. 60.94 lakhs had been lying uncleared at the dock till April 1988 for periods ranging from 4 to 10 years.**

— **375 claims for loss of coal in transit involving Rs. 16.12 lakhs pertaining to the period from June 1968 to June 1983 were lying unsettled.**

— **A consignment of coal in 1984 was diverted by the Railways but no claim for Rs. 9.40 lakhs representing the cost of coal including freight had been lodged with the Railways. The claim had become time-barred.**

— **There was abnormal delay in finalisation of the results of verification and stock adjustments. Report of verification carried out in 1979-80 was finalised in January 1987 and the results of verification carried out during 1980-81 onwards were not finalised.**

— **Advance payments made to suppliers amounting to Rs. 915.48 lakhs upto March 1988 were lying unadjusted (November 1988).**

— **Eighteen months consumption has been adopted as maximum storing level against the norm of not exceeding 40 per cent of the issue of each item of the preceding year. Inspite of such overfixation of stock**

limit, the maximum storing level had exceeded in 27 items by Rs. 16.17 lakhs.

14.5 *Activities of the stores department*

The main activities of the stores department are procurement, clearing, receiving inspection of the materials, storage, distribution and disposal of unserviceable and surplus materials. Regulations in these respects are laid down in the Stores Manual of October 1960. The Manual has, however, not been updated since introduction, in consonance with the new concept of materials management and the guidelines for the materials management issued by the Bureau of Public Enterprises.

CPT stated in November 1988 that a committee had been set up to update the Stores Manual with a view to streamlining the systems and procedures. CPT also stated that to avoid functional multiplicity and to bring more co-ordination between user departments and stores department, centralisation of the stores department was being considered.

Items of stores are of two types-stock items (ordinary and emergency) and non-stock items. Stock items are only to be stored. The total number of the items of stores handled by the stores department were 22,000.

Planning and scheduling of consumable materials for procurement are done on the basis of average consumption of the preceding three years and forecasts done by the user departments. Spares of plants|machineries|vessels and other non-stock items are procured on the basis of the indents of the user department.

14.6 *Indenting*

According to the Stores Manual, the group-wise indents are to be sent to the stores department through FA&CAO for prior scrutiny thereof. But the procedure was not followed. Moreover, indents for different items of the same group were bunched and registered as a single indent but were often executed partly. As such the actual number of indents received, number of indents materialised and number of indents lapsed were not ascertainable from the records maintained.

No time schedule was laid down for processing the indents. However, indents for stock items are due for lapse after a particular period depending on the nature of items, whereas indents for non-stock indigenous items and non-stock imported items, if not acted upon for more than one year and for more than two years respectively, are required to be acted upon after ascertaining from the indentors of their requirements. But the prescribed procedure was not followed.

Indents in certain cases were found to be unrelated to actual requirement. For instance, though non-stock items are not required to be stored, stores ledger as on 31st March 1987, showed heavy balance of the following non-stock items—

Items	Amount
	(Rupees in lakhs)
Vessel spares	90.56
Motor spares	9.31
Electric goods	3.09
Books and forms.	2.22
Total	105.18

Besides, non stock spares of Rs. 24.55 lakhs procured during 1978 to 1983 on specific indents were not taken delivery by the indentors, though in the stores ledger it was shown as issued to the indentors.

CPT stated, in November, 1988, that normally stores purchased against specific indents were not to be kept in stock. But in actual practice storing of spares in the stores premises could not be avoided due to lack of storing space on vessels. These spare were drawn by indentors at the time of replacing worn out ones. But the fact remained that these spares remained unused indicating that the indents there for were not based on proper assessment of requirements.

Indenting was also marked by lack of planning and was not based on future requirements. For example, it was noticed by Audit that in July 1985 it was decided to decommission the dredger Mohana from August 1985. The vessel was, however, kept in commission upto August 1987 on special permission from Llyods' Register of Shipping and condemned thereafter. Spares worth Rs. 14.56 lakhs (f.o.b. value) were ordered during July 1980 to August 1986. The cost of spares was paid in advance in foreign exchange but the spares were not received (April 1988). Even if the items are received on a future date, there is no prospect of their utilisation since the dredger had since been decommissioned and items were of specific nature. The expenditure of Rs. 14.56 lakhs thus proved to be infructuous.

CPT stated, in November 1988, that the possibility of disposing of the spares would be explored in consultation with ship building firms

14.7 *Purchase*

Although approved list of suppliers was maintained, periodic evaluation of suppliers was not made. In the matter of selection of suppliers, systematic vendor rating was not done considering quality performance, delivery performance, price and vendor relations.

The requisitions for purchase did not contain relevant information like stock position, maximum| minimum|recorded level, monthly issue figure, past consumption, etc. Consequently, the justification for the purchase was not ascertainable.

Purchasing library containing catalogues technical and commercial bulletins, books and journals on sources of current business and economic information was not maintained for facilitating purchase.

The purchase order unless accepted by the supplier is not legally binding on the supplier. But no written acceptance of offer was obtained in any case.

Liquidated damage clause was not incorporated in the general conditions of contract to ensure the supply in time.

14.8 *Receipt and inspection of stores*

The stores department is responsible to receive, inspect, account for the receipt and lodge claims for loss and damage in transit. The stores department, however, was not having technical personnel and had to depend on the indentors for inspection of the materials (non-stock items) resulting in delay in checking, inspecting and acceptance of the materials.

In case of imported materials, there was inordinate delay in clearing the materials even after payment of customs duty for reasons not on record nor stated. 56 cases of imported materials involving Rs. 60.94 lakhs (including customs duty and freight) for which letters of credit were issued during October 1977 to June 1985 had been lying uncleared all the docks upto April 1988 for periods ranging from 4 to 10 years. Customs duty for the materials had been paid within one year of despatch of materials by the suppliers. The materials included (a) spare parts of engines worth Rs. 16.24 lakhs meant for engines condemned due to non-availability of spares (b) spare parts of Rs. 2.37 lakhs for condemned vessels (c) spare parts of Rs. 9.11 lakhs for Canadian locomotives, non-receipt of which resulted in delay in periodical overhauling of the locomotives and also departmental procurement of materials.

CPT stated, in November 1988, that action had already been taken to clear all the consignments within a reasonable period.

14.9 *Preference of claims*

It was seen in Audit that 375 claims for Rs. 16.12 lakhs from June 1968 to June 1983 for loss of coal in transit were lying unsettled with the Railways. CPT stated, in November 1988, that the matter had been taken up with the Additional General Manager of Eastern Railway.

A rake of coal containing 88 wagons of steam coal valuing Rs. 8.10 lakhs was allotted and despatched to CPT in June 1984. Railway freight charge of Rs. 1.30 lakhs was paid on the above consignment. The consignment was diverted by the Railways. But no claim for the cost of coal including freight (Rs. 9.40 lakhs) had been lodged with the Railways (August 1988). CPT stated, in November 1988, that the claim had since been preferred. But the claim had become time-barred.

14.10 *Stock verification*

Under the provisions of the Stores Manual, the materials stored in various groups were required to be physically verified once in each financial year by the stock verifiers of the outdoor audit section of FA&CAO. The materials in the spare parts group were, however, stored in assorted manner and the stores department could not sort out the spares, categorywise viz. stock spares, non-stock spares and safe custody spares to correspond with the stores ledger. As a result, the stores department could not offer the materials for physical verification for the last 18 years. A store depot had also not offered stores for physical verification from 1985-86.

The physical verification report along with the explanations of the stores department are required to be forwarded to the stores audit section for calculation and adjustment of the value of shortages and excesses. But there was abnormal delay in finalisation of the results of verification and stock adjustments. For instance, the report of verification carried out in 1979-80 was finalised in January 1987 and the results of verification carried out during 1980-81 onwards were yet to be finalised. The reasons for abnormal delay in adjustment appeared to be mainly due to adequate importance not being attached to the verification work and unduly long time taken by the stores department to return the verification sheet to the out-door audit section.

The value of shortages which do not represent normal handling loss had to be written off under Section 96 of the Major Port Trust Act, 1963. The stock adjustments were, however made by the stores audit section in anticipation of sanctions of the Board of Trustees and the net value of shortages in stores was kept in suspense account pending approval of the Board of Trustees. The shortages of material relating to 1979-80 to 1987-88 were booked under suspense head "physical verification stores". The amount so booked upto March 1988 was Rs. 28 lakhs.

14.11 *Store accounting*

Store accounting in the Priced Store Ledger (PSL) is done by the store audit section of FA&CAO. The PSL is prepared by the IDM on the basis of data fed by the stores department. But other operations involved in the maintenance of PSL viz checking of the entries in the PSL with reference to the vouchers, reconciliation of the PSL with the numerical ledger etc. were not done. A test check of 160 out of 2000 bin cards pertaining to different groups, selected at random sampling basis, revealed that in cent per cent cases there were disagreements between the bin cards and the PSL. It was also noticed that the value of balance shown in the PSL was in wide variation with the balance shown in the control accounts of FA & CAO. The position during the last five years is given below:—

(Rupees in lakhs)

Year	Balance as per PSL	Balance as per control accounts
1982-83	436	365
1983-84	556	432
1984-85	607	496
1985-86	732	424
1986-87	737	622

CPT stated, in November 1988, that reconciliation work was being taken up.

Further, about 10,000 transactions were being shown every month in the suspense list for want of proper documents and were not being included in the stores ledger and remained unadjusted for months together. Scrutiny of the suspense list for the month of April 1986 revealed that about 1175 transcations involving Rs. 21.27 lakhs remained unadjusted and consequently, out of the stores ledger for more than five years. Thus stores ledger did not reflect the acutal state of affairs.

14.12 *Unadjusted advance payments*

The unadjusted advance payments made to suppliers were Rs. 915.48 lakhs as on 31st March 1988. The year wise break up of unadjusted advances was as follows :

Year	Amount (Rupees in lakhs)
Upto 1982-83	27.75
1983-84	32.09
1984-85	42.41
1985-86	235.00
1986-87	507.60
1987-88	70.63
Total	915.48

Stores Manual provides that a detailed list of outstanding balance under advance suspense should be prepared once in every quarter indicating therein each outstanding item, the nature of adjustment called for and the action taken. The list should be reconciled every three months with the control books of FA & CAO for further action. But the procedure was not followed in as much as the detailed lists were not prepared and adjustments were not pursued. No systematic efforts were made to clear the old outstanding items.

CPT stated, in November 1988, that advance payment accounts were liquidated on the basis of monthly store bills. There was backlog in the postings of receipt challans and the postings in debit pending recovery suspense register. The correct position would emerge only when the postings are completed.

14.13 *Inventory control*

The value of stores held in stock at the end of each of he five years upto March 1988 was as follows :—

(Rupees in lakhs)

Year	Opening balance	Purchase	Issue	Closing balance
1983-84	364.65	925.42	858.08	432.01
1984-85	432.01	464.04	600.22	495.83
1985-86	495.83	688.17	760.42	423.58
1986-87	423.58	893.33	694.28	622.63
1987-88	622.63	665.41	593.15	694.89

The following points were noticed :—

(a) About 53 per cent of the balances comprised items of stores which remained unissued for more than two years as detailed below :—

(Rupees in lakhs)

Year	Number of items	Value
1983-84	7892	168.24
1984-85	5699	148.95
1985-86	6435	235.10
1986-87	6180	265.41
1987-88	6885	273.98

(b) Out of the unmoved items, 336 items worth Rs. 107.92 lakhs remained unissued for long (330 items involving Rs. 60.15 lakhs for more than 10 years and six items involving Rs. 47.77 lakhs for more than four years).

(c) Eighteen months consumption had been adopted as maximum storing level against the norm of not exceeding 40 per cent of the issue of each item of the preceding year. Inspite of such overfixation, the maximum storing level exceeded in 27 items by Rs. 16.17 lakhs.

(d) The stores at Mint Garden were wound up on 1st April 1975. Particulars regarding transfer or disposal of stocks valuing Rs. 4.35 lakhs were not furnished and the value was not written off. No investigation was also made.

CPT stated, in November 1988, that action was being taken for necessary adjustments.

(e) Unserviceable electrical materials valuing Rs. 9.05 lakhs and miscellaneous materials valuing Rs. 10.68 lakhs were lying in store since July 1978 and March 1982 respectively.

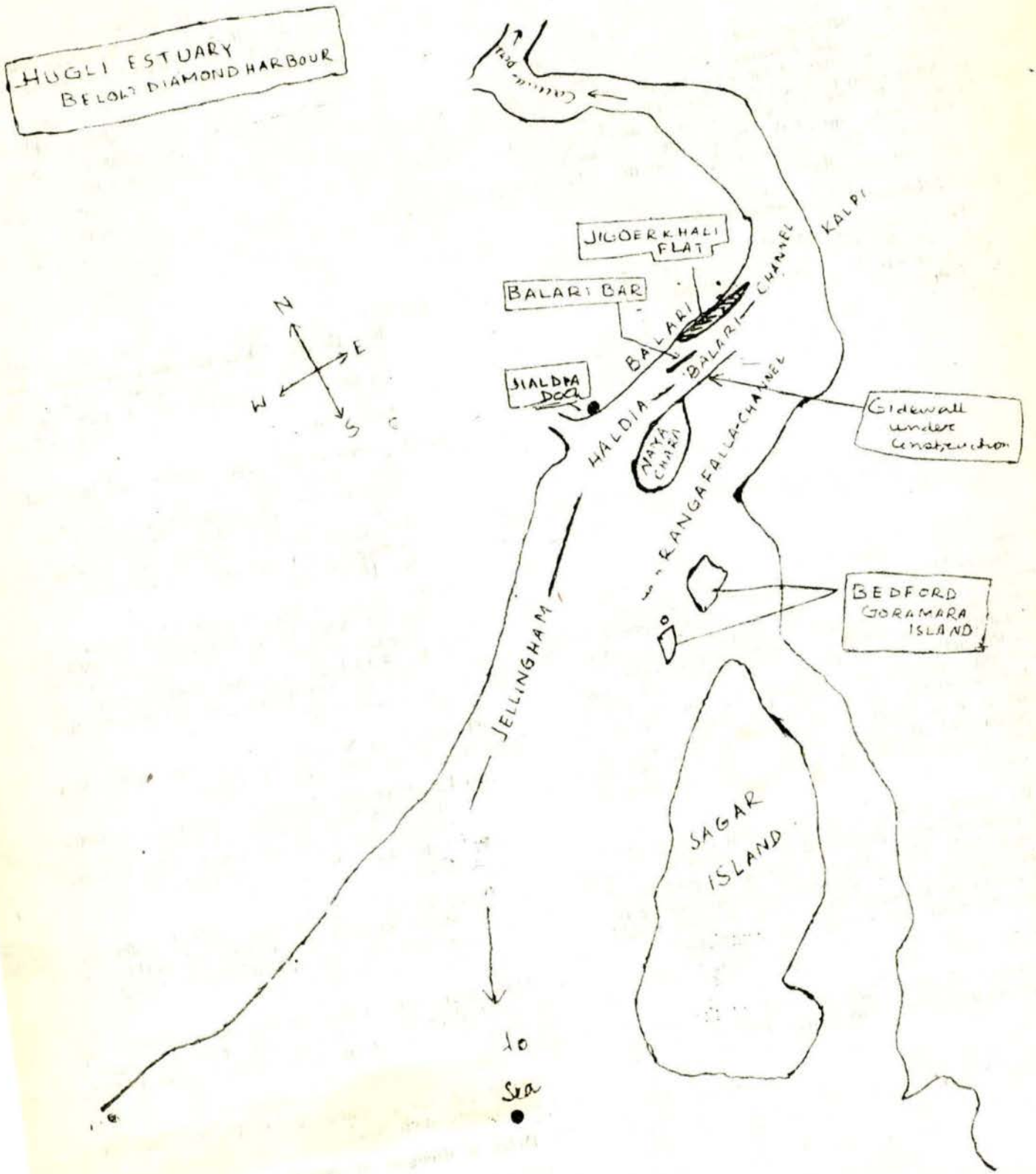
(f) No Survey Committee as required under the Stores Manual was constituted during the last five years for determining the dead surplus stores held in stock.

Thus, there was inadequate inventory control in the stores department. Consequently, there was accumulation of unmoved and over -stocked items in the stores.

The matter was reported to Ministry in July 1988; reply has not been received (March 1989).

15. Delay in dredging operations

The navigation channel below Diamond Harbour from the port of Calcutta downstream to the sea is divided into two distinct channels separated by Nayachara Island as shown in the sketch map below. The channels are (i) Rangafalla channel along east bank and (ii) Balari-Haldia channel along west bank (western channel) touching Haldia dock.


HUGLI ESTUARY
BELOW DIAMOND HARBOUR
JIGGERKHALI FLAT
BALARI BAR
BALARI
CHANNEL
KALPI
N
E
W
S
HALDIA DOCK
HALDIA
BALARI
NAYA CHAR
KANGAFALA CHANNEL
Gidewall under construction
JELLINGHAM
BEDFORD
GORAMARA ISLAND
SAGAR ISLAND
to Sea

The western channel passes through a shallow area around Balari. Balari area due to its location usually shoals at the end of freshets. The shalling helped the growth of a sand flat "Jigerkhali flat" (flat) which deters free flow of flood and entry of ebb through the channel. A shallow patch over the nevigation way known as Balari bar (bar) also exists. The growth| decay of the 'Flat' is considered to be the major parameter determining deterioration|improvement of the depth of the navigation channel. The depth on the 'bar' deteriorates when the 'flat' extends over the navigation channel from the west.

During 1956 to 1961, due to extension of the 'flat' the depth on the 'bar' deteriorated and the Rangafalla channel had to be opened (1961) for navigation. However, continued loss of depth in the Rangafalla channel compelled Calcutta Port Trust (CPT) to return to the western channel for navigation in February 1962. This was made possible when a dredged cut (of approximately 2500 metres long and 2.5 metres deep) in north-south direction over the shallowest portion of the 'flat' was executed by a hired dredger during December 1961 to January 1962. The beneficial results of the dredged cut lasted for about five years. Thereafter with the progressive growth of the 'flat' the depth of the channel continued to deteriorate from 1966 and the navigation track had to be shifted from north-south to the east-west in clockwise direction.

To contain the situation, CPT formulated (1972) a scheme of recession of the 'flat' and the scheme was included as an item of the "Project of river training work below Diamond Harbour" which was sanctioned by Government of India in 1975. The scheme was, however, not executed as Government had decided in 1977 to have the problems of depths examined "de novo" as even after having undertaken substantial amount of dredging in the estuary over the bar, the depth continued to fall after initial improvement between 1972 and 1976.

Maintenance dredging was, however, continued by deployment of CPT dredgers during 1972-73 to 1981-82. But the navigational channel over the area suffered gradual deterioration of depth and instability of alignment of navigation track due to extension of the "flat". Consequently the average depth over the 'bar', between 1972-73 and 1981-82 fell from 3.71 metres below datum to 2.68 metres below datum.

As the dredging operation failed to restore the required depth of 4.5 metres below datum, after several studies. CPT again formulated in 1981, a comprehensive scheme for improvement of draught which was sanctioned by Government of India in August 1982. The scheme *inter alia* envisaged capital dredging (cost : Rs. 1105 lakhs) in a modified form of the recession scheme of 1972 and construction of an upstream guidewall.

The scheme commenced in December 1982 with the execution of guidewall, and a dredged cut was to be executed over a length of 8600 metres with bottom width of 200 metres. The central portion of the cut would run across the outer portion of the "flat" over a length of 4800 metres. The capital dredging was to commence within two years of commencement of execution of guidewall when it was expected to be near completion. But the construction of guidewall taken up in December 1982 has not yet been completed (October 1988). The capital dredging was, however, yet to commence (October 1988). CPT stated in June 1988 that the capital dredging was yet to be given final shape and was under negotiation at the Ministry level wtih the Dutch Government agencies.

Inspite of dredging of 12.83 million cubic metres (mcm) at a cost of Rs. 2223.91 lakhs during 1982-83 to 1986-87 to achieve the depth of 4.5 metres below datum, the depth did not improve, but further fell from 2.84 metres below datum to 2.25 metres below datum in 1986-87 due to continuous growth of the 'flat' extending over the navigation track.

CPT considered (December 1987) it necessary to undertake a maintenance recession scheme of the 'flat' prior to embarking upon the capital dredging project to restore essentially the conditions of the 'flat' obtaining in 1982. The quantity of maintenance dredging involved in the recession scheme was of the order of 6.5 mcm. For the purpose, CPT had to hire (Februray 1988) a dredger from Dredging Corporation of India to dredge upto the end of March 1988 at an estimated cost of Rs. 375 lakhs. The dredging operation commenced in February 1988 and discontinued in April 1988 due to weather conditions. During the period only 0.8 mcm of spoil was lifted at a total cost of Rs. 212.51 lakhs.

In September 1985, CPT engaged a consultant for making recommendation on the execution of the capital dredging at a total fee of Rs. 4.95 lakhs. But, before receipt of the recommendation in January 1987 and before finalisation of the alignment of the dredged cut CPT undertook a scheme of dredging a gutter of depth 3.5 metres below datum over the 'bar'. CPT engaged their three dredgers during November 1985 to March 1986 over the bar. The dredgers dredged 1.61 mcm against the projected 1.45 mcm at a total cost of Rs. 144.50 lakhs. But, the operation proved to be unsuccessful as the required depth of 3.5 metres could not be achieved and was discontinued.

Owing to deterioration of depth over the 'bar', CPT had to open the alternative Rangafalla channel in June 1987 for navigation to the port of Calcutta inspite of the fact that the channel would not be stable and would go wayward after two or three years. In reopening the channel for navigation CPT had to provide navigational aids costing Rs. 88.50 lakhs.

To sum up,

CPT identified the main constraints for maintaining adequate depth for navigation but did not execute the required works viz., recession of 'flat' and capital dredging of 'bar' during the last ten years. CPT continued maintenance dredging during 1982-83

to 1986-87 at a total cost of Rs. 2223.91 lakhs. But the required depth was not achieved.

Expenditure of Rs. 144.50 lakhs (charged under maintenance dredging) incurred during November 1985 to March 1986 on a temporary scheme of dredging a gutter over the 'bar', proved to be unfruitful as the required depth of 3.5 metres below datum could not be achieved.

Due to the failure of maintenance dredging as well as the temporary scheme CPT had to open alternative Rangafalla channel (stable for two or three years only) at a cost of Rs. 88.50 lakhs to maintain navigation and undertake a recession scheme at an estimated, cost of Rs. 375 lakhs in February 1988. CPT had to discontinue the scheme after incurring an expenditure of Rs. 212.51 lakhs.

CPT stated in June 1988 that the dredging undertaken was mostly to maintain the navigation channel for shipping and the scheme for improvement of depth had been under study all that time. While admitting delay in undertaking capital dredging CPT stated that it was due to CPT's keenness to avoid infructuous expenditure of a large magnitude in case the dredged channel fails to maintain the navigation. Ministry also endorsed (July 1988) the view of CPT.

16. Incorrect application of hire rates of tugs

Calcutta Port Trust (CPT) incorporated Section 38 in Scale of Rates in February 1978 laying down the charges on vessels for services rendered at Haldia dock. The hire charges for tugs in stream under this Section were similar to the rates prevailing at Calcutta dock except a surcharge at the rate of 20 per cen was to be added or a rebate at the rate of 30 per cent was to be allowed in accordance with notes I and II of the Section ibid. The provisions of surcharge and rebate were withdrawn with effect from 10th March 1988 and 5th May 1988 respectively. Thus, 30 per cent rebate was admissible only for tug services rendered to coastal vessels upto 4th May 1988, whereas, 20 per cent surcharge was leviable in case of both coastal as well as foreign going vessels upto 9th March 1988.

Test check conducted by Audit revealed that CPT did neither levy the surcharge on the basic rate in respect of foreign going vessels nor did work out the net rebate in respect of the coastal vessels by way of deduction of rebate at the first instance from the basic rate of hire of tugs and then adding this surcharge thereto. Thus, in accordance with Section 29 of the scale of rates, the basic rates of hire of tugs only was charged. Non-application of the correct rates had resulted in overcharging of Rs. 23.36 lakhs in respect of coastal vessels and undercharging of Rs. 56.22 lakhs in respect of foreign going vessels during April 1983 to March 1988. Thus during a period 1983-88 CPT had sustained a net loss of revenue of Rs. 32.86 lakhs. The loss sustained prior to April 1983 could not be ascertained in Audit for want of record.

The matter was brought to the notice of CPT and Ministry in May 1987. In reply, CPT stated in December 1987 that neither the stipulation relating to rebate nor surcharge was applicable to charges leviable by Haldia dock in respect of tugs in stream for the reason that Section 38 which prescribes the rates for services rendered by Haldia dock does not provide any separate rate for the hire charges of tugs in stream. The rates for the hire charges for the tugs in stream were indicated to be in consonance with the rate applicable for Calcutta dock and since no surcharge was applicable in respect of this particular service rendered by Calcutta dock similar charges could not be made applicable to the rates leviable at Haldia dock.

The contention of CPT is not acceptable for the following reasons :

(i) Rates prescribed in Section 38 were separate rates, implying thereby that these rates were exclusively applicable to Haldia dock and these were subject to the conditions provided in that Section.

(ii) Notes given below Section 38 were applicable uniformly over the rates prescribed in item (iv)(b) tug hire 'in stream' of Section 38. Thus, the rate of hire charges for tugs in stream at Haldia dock would be the basic rate as provided in Section 29, deduct rebate and add surcharge on coastal vessels or add surcharge on foreign going vessels.

(iii) The fact that the subsequent notifications in March and May 1988 specifically withdrew the application of the provisions of surcharge and rebate on hire charges of tugs in-stream in respect of Haldia dock goes to prove that these provisions were applicable till the dates of their withdrawal.

The matter was reported to Ministry in July 1988; reply has not been received (December 1988).

17. Injudicious purchase of electric motor driven capstans

Calcutta Port Trust (CPT) procured and installed at Kidderpore Dock (KPD) basin two 10-tonne capacity electric motor driven capstans at a total cost of Rs. 8.10 lakhs in July 1982 by replacing the two existing old hydraulic capstans. The capstans were found to be satisfactory during trial runs in June 1983 and February 1984. They could not be operated for normal run upto December 1984 due to labour disputes and thereafter due to damage of their components consequent on inundation of the capstan pits. The demaged parts were overhauled departmentally in March 1986, but the capstans could not be put into operation even thereafter till date (May 1988) due to continuous seepage of water into the capstan pits. CPT did not, however, take any steps to stop the seepage. In a report on modernisation of lock entrance machinery, it was suggested in December 1984 that such electric motor driven capstans were not suitable for pit-type outdoor application as in KPD. CPT authorities after technical examination decided in February 1986 that electric motor driven

capstans being unsuitable for pit-type application, the two may be replaced by electro-hydraulic ones. The electric motor driven capstans have thus been rendered useless.

CPT stated in July 1988 that the capstans could neither be pressed into service nor could be attended to owing to labour problems due to which capstan pits were inundated. It was also stated that the report of the unsuitability of the capstans was not acceptable as the capstans were never pressed into service and after overhauling, the capstans could again possibly be put into service successfully.

But the fact remained that labour problem was solved by December 1984 and the damaged parts were overhauled in March 1986 but the capstans were not pressed into service. Besides, CPT authorities approved in February 1986 the replacement of the same by electro-hydraulic ones without any proposal for use of the electric motor driven capstans in alternative sites. No further action has been taken (October 1988).

Thus, injudicious procurement of the electric motor driven capstans without considering their suitability resulted in wasteful expenditure of Rs. 8.10 lakhs.

The matter was reported to Ministry in July 1988; reply has not been received (December 1988).

18. **Blocking of capital**

Calcutta Port Trust (CPT) engaged M|s. Garden Reach Shipbuilders and Engineers Ltd. (GRSE) in October 1973 for design, manufacture and supply of six 'flame proof electric capstans (ten tonne capacity)' for Haldia oil jetty at a cost of Rs. 18.18 lakhs (inclusive of a foreign exchange component of £ 10,323) plus taxes, duties and insurance at actuals. The price was subject to escalation on labour and imported components. CPT would arrange the erection and commissioning of the capstans which would be supervised by GRSE on extra payment.

The delivery of the capstans was to commence in January 1975 and was to be completed by May 1975 but after placement of the order, GRSE asked for a revision in the price escalation clause due to disproportionate price rise since their offer of October 1972. It was agreed in March 1979 that CPT would pay to GRSE.—

(i) Rs. 21.12 lakhs towards indigenous parts and the actual cost of imported parts for all the six capstans, and,

(ii) wage escalation subject to a maximum of Rs. 3.80 lakhs calculated on the basis of standard wage escalation clause of Director General of Supplies and Disposals with wage factor as 0.3 per cent.

GRSE completed the delivery of the six capstans in October 1980 for which CPT paid Rs. 30.73 lakhs upto June 1980 including foreign exchange component £ 13,230 (Rs. 2.24 lakhs). The capstans were stored in an open space. Joint inspection conducted in June 1981 after the award of installation work revealed that the capstans had deteriorated and some parts valuing around Rs. 0.93 lakh were missing.

The work of installation and commissioning of the capstans was entrusted to a private firm in May 1981 at a cost of Rs. 1.99 lakhs. The installation of the capstans without missing parts was completed in June 1982 and the firm was paid Rs. 1.48 lakhs. But the capstans could not be commissioned (October 1988) as the missing parts were not procured.

The flame proof electrical equipments which were installed on the oil jetty during 1977, required overhauling due to their non-operation since inception. CPT engaged another private firm in July 1985 but the work could not be completed as CPT could not provide ship free shutdown oil jetty. The work has not been completed (October 1988).

Non-commissioning of the capstans, thus led to blocking up of capital of Rs. 30.73 lakhs since June 1980 apart from infructuous expenditure to the extent of Rs. 1.48 lakhs on the installation of the capstans which were required (as estimated in April 1988) to be dismantled and reinstalled due to damages caused by open storage and non-commissioning.

In the absence of the capstans, general berthing duties were being performed manually.

The matter was reported to Ministry in July 1988 ; reply has not been received (December 1988).

Kandla Port Trust

19. **Avoidable expenditure due to delay in placing an order**

Kandla Port Trust (KPT) approved in August 1985 procurement of one conventional tug, in replacement of steam tug 'Roopvati'. An estimate for Rs. 440 lakhs based on the quotations of Goa Shipyard Limited (Government of India undertaking) was approved. A provision of Rs. 440 lakhs was made in the Seventh Five Year Plan and the proposal was sent to Ministry in September 1985 for obtaining the sanction from the Expenditure Finance Committee.

With a view to cut short delay and to avoid lapse of provision of Rs. 60 lakhs made for the scheme in 1985-86, limited tenders were invited in November 1985 from six shipyards. The lowest and technically suitable offer of M|s. Bharati Shipyards Private Limited, Bombay for Rs. 290.45 lakhs with a price reduction of Rs. 10 lakhs (if letter of intent was issued by 31st December 1985 and a technically and commercially clear order was placed by 12th January 1986) was approved by the Board. It was subject to the placement of order after receipt of Government sanction to the scheme.

KPT intimated Ministry on 29th January 1986 regarding the special price reduction offered by the firm and requested for an early sanction of the purchase. The validity period of the offer was got extended upto 31st March 1986.

Government sanction amounting Rs. 367 lakhs to the purchase of tug was received in August 1986 after

seeking clarifications from KPT on various occasions. The order was placed on M|s. Bharti Shipyard Private Limited in October 1986 for Rs. 290.45 lakhs. Due to the delay in receiving Government sanction to the purchase, KPT could not avail of the special price reduction offered by the firm. Thus, it resulted in avoidable extra expenditure of Rs. 10 lakhs to the Port Trust.

Ministry stated, in October 1988, that generally a period of four to six months was taken in processing the proposal and obtaining approval of the Expenditure Finance Committee. Ministry further stated that in this case more time was taken in obtaining a number of clarifications|additional information from the Port Trust on various points which was unavoidable.

20. Delay in construction of a workshop

The project estimate for off shore oil terminal at Vadinar included (October 1975) a provision of Rs. 4.20 lakhs for establishing a workshop for carrying out day to day repairs to small port crafts deployed at Vadinar. This estimate was revised in July 1980 to Rs. 5.75 lakhs against which an expenditure of Rs. 11.17 lakhs had been incurred upto February 1984 (buildings : Rs. 5.07 lakhs ; workshop equipments : Rs. 6.10 lakhs). The construction of the workshop building was completed in July 1983 while the workshop equipments were procured between December 1979 and February 1984. Neither the original estimate nor the revised estimate did include provision for the staff for running the workshop.

The workshop could be put to partial use from December 1986 and to regular use only from July 1987 after filling up vacancies in the skilled categories. Ministry stated, in July 1987, that due to ban imposed by Government on recruitment of staff from January 1984 to May 1986, the required posts could not be filled up. Ministry clarified, on 23rd February 1984, that the ban on recruitment of staff was applicable only in respect of cases where recruitment action had not already been taken. Had the Port Trust initiated action to recruit technical staff alongwith the placement of orders for the equipment the workshop would not have remained idle.

Failure to synchronise the construction of workshop, acquisition of equipment and appointment of staff rendered the outlay of Rs. 11.17 lakhs remaining unutilised for about three years resulting in non-availability of the facility for which investment was made.

Madras Port Trust

21. Construction of outer protection arm to Bharathi Dock

21.1 The outer harbour of Madras Port Trust, (MPT) named Bharathi dock, comprises an oil berth, a fully mechanised iron ore berth and a container berth. As the draft of 46 feet available in this dock was getting lowered to 38 feet during north-east monsoon (October—January) causing inconvenience to vessels, Government sanctioned in September 1976 an estimate for Rs. 774 lakhs for construction of an outer protection arm for a length of 1005 metres from the existing arm of the main harbour.

21.2 *Award of work*

Tenders were invited in January 1977 for this work for both departmental design and for contractor's own alternative design. Seven firms tendered of which four tendered for alternative designs also. The lowest offer was from firm 'A' for its alternative design for Rs. 6.46 crores and next lowest was from firm 'B'. A High Level Committee appointed to go into the tenders, decided in May 1978 to award the contract to firm 'B' on the basis of revised offers of Rs. 6.82 crores and Rs. 6.48 crores obtained from firms 'A' and 'B' respectively. This was accepted by government in October 1978. A contract was entered into with firm 'B' in December 1978 stipulating August 1981 as the date for completion of work. After the agreement was executed and the work was started, the following concessions were granted to the contractor, which were neither originally contemplated at the time of calling for tenders, nor provided in the original agreement.

(i) *Payment for escalation in prices* : Though the contractor had withdrawn the escalation clause at the time of negotiation, he represented in September 1980 that, due to runaway inflation, it would not be possible for him to continue the work without compensation for escalation in cost. In September 1981, a supplemental agreement was entered into providing for escalation payment (with the cost index as on 18th April 1978 as the base) from 1st January 1981 onwards upto 31st October 1983 (revised date of completion) subject to a maximum limit of Rs. 167.25 lakhs. The progress of work was however, very much behind schedule and MPT continued the escalation payment totalling Rs. 166.12 lakhs in all, based on monthly indices till completion of work in March 1986.

(ii) *Hire charges for Lime crane* : According to the original agreement, MPT was to make available to the Contractor 1 Lime crane on payment of hire charges at the rate of Rs. 1.30 lakhs per month for the period of contract. The Lime crane purchased at a cost of Rs. 36.64 lakhs was hired to the contractor from March 1979. On the contractor's plea in April 1981 for reduction of the hire charges, a supplemental agreement was executed in September 1981, reducing the hire charges to Rs. 0.65 lakh per month from January 1982 and again to Rs. 11,400 per month from November 1982 on the ground that the value of the crane had been recovered. This resulted in a refund of Rs. 10.18 lakhs.

MPT stated in February 1988 that the hire charges were revised to give relief under the package deal under the supplemental agreement.

(iii) *Payment for rehandling of stones* : The original agreement stipulated that payment for stones quarried would be made only after they were dumped in the breakwater and that no part payment was to be made at any intermediate stage. However, in Novem-

ber 1979, the agreement was amended and the contractor was allowed part payment amounting Rs. 48.73 lakhs at 60 per cent of the agrement rate for the stones quarried, transported and stacked at the harbour during monsoon months to enable him to have better cash flow and to maximise the dumping at the site after the monsoon months.

MPT agreed for part payment on the condition that the contractor would not claim any extra charge for rehandling the stones from the stacked piles. But rehandling charges were allowed subsequently on the recommendation of the High Level Technical Committee constituted by MPT in November 1983 with the approval of Government. MPT made payments aggregating Rs. 22.59 lakhs for the total quantity of stones rehandled till completion of work.

(iv) *Hypothecation advance* : As per the original agreement, hypothecation advance was payable subject to a ceiling of Rs. 77 lakhs. In a supplemental agreement executed in September 1981, this ceiling was raised to Rs. 117 lakhs. Actually a total advance of Rs. 116.89 lakhs had been paid besides a mobilisation advance of Rs. 21 lakhs in November 1978.

Pro-rata recoveries of these advances were to be effected on an outturn of 82,000 tonnes per month promised by the contractor. However, from April 1982, MPT restricted the recovery to a notional outturn of 40,000 tonnes or actuals whichever was higher. It further reduced the recovery on the basis of actual turnover during monsoon months from November 1982 and during all months from October 1983.

MPT stated in February 1988 that it was only an advance recoverable with interest and mode of recoveries was regulated with a view "to have cash-flow to the contractor" and all the advances have been fully recovered.

21.3 *Delay in execution of work*

The work was originally scheduled for completion by August 1981. In December 1983, considering the slow progress, the escalation charges payable to the contractor for the extended period and the commitment for export of iron ore, MPT substituted, on the recommendation of the High Level Committee, a part of the armour stones with concrete blocks with a view to completing the work by 31st October 1985 and this involved an additional cost of Rs. 61.03 lakhs. Extension of time for completion of work was granted by MPT from time to time and finally upto March 1986 when the work was actually completed. One of the reasons given by the contractor for the delay was the failure of MPT's quarry at Pallavaram to yield the required quantity of stones. A High Level Committee constituted in November 1983 had observed that the availability of transport was short of requirement to the extent of 50 per cent or more and production of stones was considerably below the target, that the quarry exploitation by the contractor was not done on a systematic basis and that the contractor had often cash flow problems.

21.4 *Increase in project cost*

The original estimate for Rs. 774 lakhs sanctioned in September 1976 was revised in July 1981 to Rs. 919 lakhs due to delay in execution and the estimated was again revised to Rs. 1142 lakhs on account of increase in the cost of cement, payment for rehandling of stones, substitution of concrete blocks for armour stones and capitalised interest on borrowed funds. The total actual expenditure on the work upto March 1987 was Rs. 1103 lakhs.

21.5 *To conclude*

Concessions which were not provided in the original agreement were subsequently allowed to the contractor by way of (i) payment for escalation in prices (Rs. 166.12 lakhs), (ii) reduction in hire charges for crane resulting in a refund of Rs. 10.18 lakhs, (iii) extra payment for rehandling of stones stacked in the harbour (Rs. 22.59 lakhs), (iv) increase in hypothecation advance from Rs. 77 lakhs to Rs. 117 lakhs and reduction in the rate of recovery of the advance. Concrete blocks were used in place of armour stones to some extent, involving extra expenditure of Rs. 61.03 lakhs on the ground that this would avoid further delay in completion of work.

There was increase in project cost from Rs. 774 lakhs to Rs. 1103 lakhs. The work expected to be completed by August 1981 was actually completed in March 1986.

Ministry endorsed, in April 1988, the reply given by MPT.

22. **Short levy of crane hire charges**

Under Section 52 of the Major Port Trust Act, 1963, every scale of rates and every statement of conditions framed by a Board should be submitted to Central Government for sanction and will have effect when so sanctioned and published in the official gazette. The Board of Trustees of Madras Port Trust decided on 27th January 1984 to reduce the hire charges for the use of gantry crane for loading or unloading inland container depot (ICD) containers from Rs. 600 to Rs. 450 per container of size upto 20 feet and the reduced rates were made effective from 27th January 1984 itself without prior approval of Central Government. In February 1984, the Port Trust sought the approval of Government for the reduction in hire charges under Section 52 of the Major Port Trust Act, 1963. However, in April 1985, Govenment rejected the proposal on the ground that the present rate of Rs. 600 was itself below the assessed cost. Thereupon, the Port Trust restored the original rate of Rs. 600 per container with effect from 2nd April 1985. In November 1986, Government accorded export-facto approval for the levy of handling charges at the reduced rate of Rs. 450 per container for the period from 27th January 1984 to 1st April 1985.

It was pointed out in Audit in April 1987 that Central Government did not have power under Section 52 or any other Section of the Major Port Trust Act, 1963 to regularise the rate charged from

27th January 1984 to 1st April 1985. Ministry replied in July 1987 that the grant of expost-facto approval for the reduction of charges under Section 52 of the Act was given in consultation with the Ministry of Law on the ground that the reduction had become a fait accompli and that the reduction had been beneficial to users and it might not be successfully challenged by anyone. The reduction of handling charges at Rs. 150 per container for 4849 containers handled during the above period amounted to a loss of revenue of Rs. 7.27 lakhs.

Based on the Audit observation, Ministry issued in January 1988 instructions reiterating that revision of rates become effective only after approval by Government and publication in the official gazette and that any revision of rates shall be given effect to only after complying with the above legal requirements.

23. Unauthorised revision of hire charges

The Board of Trustees of the Madras Port Trust decided to reduce the hire charges for providing reefer plug points from Rs. 200 to Rs. 120 per 20 feet container per shift or part thereof and from Rs. 250 to Rs. 160 per container above 20 feet and up to 40 feet per shift or part thereof with effect from 1st October 1984.

In June 1985, Government of India accorded sanction to the proposal contained in the Board's resolution. As the revision of scale of rates could be given effect to only from the date of notification of the rates in the official gazette (4th September 1985), the irregularity in having given effect to the revised rates of hire charges from a date (1st October 1984) prior to its notification in the gazette, in contravention of the provisions of Section 52 of the Major Port Trust Act, was brought to the notice of the Port Trust and Government in December 1985.

In January 1988, Government agreed with the stand taken by Audit and issued necessary instructions to the Port Trust not to implement the approved rates before the date of their publication in the gazette.

The Port Trust stated, in July 1988, that the instructions issued by Government, in January 1988, were to be complied with for prospective implementation only. As Government's instructions were only to reiterate the provisions of Section 52 of the Major Port Trust Act, 1963 to the attention of the major Port Trusts, the revision of hire charges for the reefer plug points, prior to approval of the revision by Government and its publication in the gazette was not in order.

The short levy of hire charges during 1st October 1984 to 3rd September 1985 prior to the date of publication of Government's approval in official gazette amounted to Rs. 3.96 lakhs (approximately).

Mormugao Port Trust

24. Loss of revenue

A mechanical ore handling plant was commissioned at a cost of Rs. 84 crores for commercial operations in October 1979 at Mormugao Port berth No. 9. While approving the provisionally fixed handling rate of Rs. 23 per tonne of iron ore, Central Government directed in September 1979, that the plant account should be kept separate.

Mormugao Port Trust (MPT) proposed in November 1980 to revise the rate from Rs. 23 to Rs. 27.56 per tonne keeping in view the life and throughput (eight million tonnes) of the plant (throughput capacity is lower than the installed capacity). The revision was sanctioned by Government from November, 1980.

The plant could never achieve a throughput of eight million tonnes per annum. The capital cost of the plant also increased as a result of an arbitration award given in favour of the dredging contractors in January 1983. MPT accordingly proposed, in February 1983, for a revision of the handling rate from Rs. 27.56 to Rs. 28.22 per tonne and for the first time a surcharge of Rs. 8.80 per tonne of ore pellets handled through the plant to be levied towards rental charges. Simultaneously a scheme allowing a rebate of Re. 1.00 to Rs. 8.80 per tonne on the aggregate tonnage handled for the year with reference to the level of turnover achieved ranging from 6.25 to 8 times the nominal plot capacity was also adopted (plot capacity is the area available for stocking iron ore).

The revised rate alongwith the rebate scheme came into force from October 1983.

Scrutiny of the rebate scheme and the plant account revealed the following :

(i) Though some of the individual exporters achieved 6.25 to 8 times the plot capacity and became eligible for the rebate, the optimum annual throughput of eight million tonnes with reference to which the basic handling rate was fixed had not been achieved so far (1987-88). The fixation of the basic rates at Rs. 28.22 per tonne based on a throughput of eight million tonnes envisaged an annual income of Rs. 2257.60 lakhs. However on the basis of the actual throughput the income actually realised was found to be less by Rs. 499.45 lakhs during October 1983 to September 1986, due to non-achievement of the optimum throughput.

On being pointed out by Audit in November 1986, MPT stated (January and July 1987) that short fall in the income was due to the fact that the total plot capacity which was presumed as 10 lakh tonnes while fixing the rate was found to be only 9.45 lakh tonnes. It was further stated (June 1988) that the nominal plot capacity varied from year to year according to the actual allotments based on operational requirements.

Thus, to achieve the income on eight million tonnes at the handling rate of Rs. 28.22 per tonne with reference to the varying plot capacity the throughput

should have been more than eight million tonnes per annum or more than eight times the plot capacity. However, even eight million tonnes throughput was not achieved so far (1987-88) and the shortfall in recovery of handling rate continued.

(ii) As instructed by Government a separate account had been maintained for the plant. The economic viability statement prepared on the basis of such accounts revealed that there was an accumulated deficit of Rs. 1555.00 lakhs as on 31st March 1988.

MPT was preparing these accounts taking into account 6 per cent reserves for replacements, rehabilitation and modernisaiton of capital assets upto 1984-85 and stopped taking it into account from 1985-86.

In view of the accumulated deficits in the accounts, the Board resolved (August 1986) that the basic handling rate of Rs. 28.22 be raised to Rs. 34.00 per tonne and that the maximum surcharge rebate be reduced from Rs. 8.80 to Rs. 4.50 per tonne. Approval of Government has not been received (November 1988).

The matter was reported to Ministry in August 1988 ; reply has not been received (November 1988).

Nhava-Sheva Port Trust

25. Irregular payment to a contractor

The main civil works contract-I of the Nhava Sheva Port Trust was awarded to a foreign firm for Rs. 110 crores in July 1985. It was stated in the contract that the Port Trust will assist the contractor where required, in obtaining clearance from the Customs Department in regard to the constructional plant, materials and other items required for the works. It was, however, made clear that the contractor shall pay all customs or other import duties. It was also made clear in the pre-bid conference held in March 1984 that all the goods which will be imported will be subject to payment of customs duty (basic, auxiliary and countervailing duty). However, the items which would bear 'Project Import' endorsement by the Ministry concerned will be entitled for concessional rate under heading 98.01 (formerly under heading 84.66) of the Customs Tariff Act, 1975. The contractor had to complete all the required formalities for the project registration and satisfy the conditions relating to heading 98.01 to avail of the concessional import duty in respect of imports made.

The contractor imported certain materials in February 1986 and cleared these goods during April 1986—January 1987 after paying customs duty of Rs. 470.83 lakhs. As some of the goods imported were not eligible for 'Project Import', assessment under heading 98.01 of the Customs Tariff Act, 1975, the customs authorities did not agree to allow the concessional rate under the said heading in respect of these goods. When the matter was brought to their notice, the Port Trust also took up the matter with the customs authorities in July 1986; the later stated that the goods in question did not merit concession under head 98.01 customs tariff. The contractor was accordingly required to clear the goods on payment of customs duty as assessed under the Customs Tariff. On his representation in the matter (June 1986) the Port Trust reimbursed to the contractor in November 1987 an amount of Rs. 73 lakhs which represented the difference in customs duty paid by the contractor as assessed by the customs authorities and the duty held as assessable by the contractor in term of clarification given to him at the pre-bid conference. However, as per the clarification given at the pre-bid conference, all the goods imported were to be cleared subject to customs duty (basic, auxiliary and countervailing duty) and only those items which had Project Import endorsement by the Ministry concerned were entitled for clearance at the concessional rate under heading 98.01 of the Customs Tariff Act, 1975, provided all the project registration formalities were followed by the contractor and the goods were governed by the relevant provisions under customs heading 98.01. The customs authorities therefore, did not agree to concessional rate of customs duty in respect of certain items as the contractor had neither registered the contract as per Project Import Regulations nor did the said items conform to the provisions under heading 98.01 of Customs Tariff. Ministry of Finance, Department of Revenue also held vide their ad hoc exemption order of October 1986 that since the said goods were not for the manufacture of machinery, equipment etc. of Nhava-Sheva Port, they were not eligible for project import assessment under heading No. 98.01 of Customs Tariff. As the terms of contract read with clarifications given to the contractor during pre-bid conference only contemplated affording customs duty concessions subject to the provisions under heading 98.01 of Customs Tariff and to the extent provided thereunder, the reimbursement of customs duty of Rs. 73 lakhs to the contractor by the Port Trust constituted an irregular payment involving an extra contractual concession.

Though Ministry of Finance upheld the denial of concessional rates under heading 98.01 of Customs Tariff, yet having regard to circumstonces of exceptional nature of the case justifying grant of partial exemption from customs duty on specified materials imported by the contractors for the execution of Nhava-Sheva Port Trust, they issued adhoc orders in October 1986 exempting specified items to the extent indicated therein. This, however, does not detract from the fact that the concession in payment of customs duty afforded to the contractor by way of reimbursement of Rs. 73 lakhs was not warranted by the terms of contract or the clarifications given in pre-bid conference, and, therefore, constituted irregular payment involving an extra contractual benefit to the contractor. It is significant to note that Government of India did not agree to give retrospective effect to their adhoc exemption orders of October 1986 to cover the goods which were already imported before the issue of these orders.

The Port Trust contended in June 1988 that the combined effect of the notification issued by the Ministry of Finance (October 1983) specifying

Nhava-Sheva Project as a project under the heading 84.66 (presently 98.01) of the Customs Tariff Act, 1975 and the clarification given at the pre-tender meeting that the materials imported for the project would be entitled to concessional customs tariff subject to the condition that the project registration formalities are completed, was that the materials imported for the project would be eligible for project import concessions. The Port Trust further stated that the question of obtaining refund of additional customs duty paid has been taken up with the Collector of Customs, Bombay.

The matter was reported to Ministry in August 1988; reply has not been received (October 1988).

Paradeep Port Trust

26. **Procurement of a harbour tug**

A Calcutta based firm was awarded a contract by Paradeep Port Trust (PPT) in December 1978 for construction of one Bollard Pull Harbour Tug (five ton) and delivery at Paradeep Port at a total cost of Rs. 28.56 lakhs (exclusive of excise duty and sales tax). The tug was to be completed and installed within 20 months i.e., by August 1980. Three instalments agreegating Rs. 17.14 lakhs were paid by August 1980 to the firm by which time the tug had been constructed but the assembling of machinery and other final fittings were yet to be done. In December 1980 an advance of Rs. 5 lakhs was paid by PPT to enable the firm to procure the main engines and accessories for the tug, although payment of such advance was not stipulated in the agreement. The engines and accessories were however not obtained by the firm and the tug remained incomplete. PPT decided in December 1982 to bring the vessel without engines from Calcutta to Paradeep on the ground that the firm was passing through acute financial crisis. Labour charges amounting Rs. 0.80 lakh were paid by PPT in January 1983 on behalf of the firm before bringing the vessel to Paradeep port. While closing the contract in March 1985 a further amount of Rs. 0.20 lakh was paid to the firm for obtaining stability charts, drawings etc. even though such payment was not stipulated in the agreement. After arrival of the vessel at Paradeep port in January 1983. PPT had to incur a further expenditure of Rs. 12.59 lakhs on purchase and fitting of engines and accessories to make the tug operational. Thus the tug had cost Rs. 35.73 lakhs resulting in an extra expenditure of Rs. 7.17 lakhs compared to the contract amount of Rs. 28.56 lakhs. Recovery of this extra expenditure from the firm is remote.

The tug was finally commissioned in August 1984 and has remained idle since then resulting in blockage of Rs. 35.73 lakhs.

PPT stated, in November 1986 that the tug was ordered in 1978 keeping in view the mooring operations as well as operation of 300 ton hopper barges. The tug could not however, be used for conducting towage operations since mooring berth had not been used by any vessel either for loading or discharging cargo through lighters and the 300 ton hopper barges were yet to be completed (September 1988).

The matter was reported to Ministry in August 1988, reply has not been received (January 1989).

Dharam V.

(DHARAM VIR)
Director of Audit-I, Central Revenues.

New Delhi
The 24 APR 1989

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)
Comptroller and Auditor General of India.

New Delhi
The 24 APR 1989

APPENDIX- I

[Vide sub-paragraph 1(iii)]

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (upto September 1986)	Number of utilisation certificate outstanding at the end of March 1988	Amount (in lakhs of rupees)
1	2	3	4
Agriculture and Co-operation	1976-77	29	20.62
	1977-78	25	37.49
	1978-79	72	407.48
	1979-80	36	264.82
	1980-81	27	230.78
	1981-82	39	612.58
	1982-83	61	439.58
	1983-84	106	1320.37
	1984-85	152	1532.74
	1985-86	154	1819.14
	1986-87	40	7760.01
		741	14445.61
Cilvi Aviation and Tourism Tourism		Not received	
Commerce	1976-77	3	5.00
	1977-78	3	2.90
	1983-84	12	990.89
	1984-85	30	631.71
	1985-86	52	1676.65
	1986-87	65	2834.71
		165	6141.86
Energy Power		Not received	
External Affairs	1984-85	2	22.29
	1985-86	7	11.28
	1986-87	15	212.56
		24	246.13
Finance			
(i) Economic Affairs	1986-87	1	0.01
		1	0.01
(ii) Revenue	1985-86	2	0.04
	1986-87	2	6.75
		4	6.79

1	2	3	4
Food and Civil Supplies			
(i) Civil Supply	1977-78	1	0.07
	1979-80	1	200.00
	1980-81	1	0.40
	1981-82	3	1.63
	1982-83	1	0.25
	1983-84	11	11.34
	1984-85	3	2.58
	1985-86	5	27.62
		26	243.89
(ii) Food	1976-77	3	1.30
	1977-78	2	1.02
	1978-79	1	2.00
	1979-80	1	0.03
	1980-81	3	2.82
	1981-82	2	1.16
	1983-84	1	4.00
	1984-85	7	10.97
	1985-86	5	4.01
	1986-87	18	51.86
		43	79.17
Health and Family Welfare			
(i) Family Welfare	1976-77	24	10.94
	1977-78	18	31.47
	1978-79	13	31.46
	1979-80	18	64.15
	1980-81	32	102.36
	1981-82	48	240.91
	1982-83	53	125.53
	1983-84	93	396.22
	1984-85	143	693.69
	1985-86	125	1069.74
	1986-87	24	148.73
		591	2915.20
(ii) Health	1976-77	96	104.36
	1977-78	87	186.55
	1978-79	81	900.47
	1979-80	138	275.06
	1980-81	81	345.04
	1981-82	129	227.36
	1982-83	149	832.57
	1983-84	290	3773.71
	1984-85	331	3740.92
	1985-86	263	8365.55
	1986-87	75	2377.75
		1720	23129.34

1	2	3	4
Home Affairs	1976-77	3	75.00
	1977-78	7	128.23
	1978-79	8	90.67
	1979-80	8	104.83
	1980-81	8	105.25
	1981-82	13	118.34
	1982-83	9	162.97
	1983-84	8	174.54
	1985-86	4	136.59
	1987-88	10	1.53
		78	1097.95
Andaman and Nicobar Administration	1980-81	26	1.96
	1981-82	3	0.07
	1982-83	20	9.38
	1983-84	19	21.09
	1984-85	39	70.13
	1985-86	33	56.47
	1986-87	11	7.73
		151	166.83
Chandigarh Administration		Not received	
Delhi Administration	1977-78	119	1322.44
	1978-79	141	1498.46
	1979-80	113	2439.85
	1980-81	101	611.48
	1981-82	108	1069.45
	1982-83	160	1519.58
	1983-84	120	3046.69
	1984-85	139	4860.84
	1985-86	221	7674.37
	1986-87	78	7601.40
		1300	31644.56
Human Resource Development			
(i) Culture		Not received	
(ii) Education		Not received	
(iii) Youth Affairs and Sports		Not received	
Industry			
(i) Petro Chemicals		Not received	
(ii) Public Enterprises		Not received	
(iii) Salt Commission, Jaipur	1980-81	1	0.01
	1985-86	18	53.00
	1986-87	1	1.00
		20	54.01
(iv) Small Scale Industries	1984-85	10	128.00
	1986-87	4	38.00
		14	166.00

1	2	3	4
Information and Broadcasting	1976-77	2	40.00
	1977-78	2	50.00
	1978-79	1	22.18
	1982-83	1	4.22
	1983-84	2	3.37
	1984-85	3	68.00
	1985-86	3	68.29
	1986-87	7	74.68
		21	330.74
Labour	1985-86	16	13.07
		16	13.07
Law and Justice	1981-82	1	00.10
	1982-83	12	3.65
	1983-84	39	15.01
	1984-85	30	14.16
	1985-86	31	14.61
	1986-87	16	5.30
		129	52.83
Personnel Public Grievances & Pension	1983-84	3	1.25
Personnel & Training	1984-85	3	0.95
	1985-86	7	1.61
	1986-87	20	13.02
		33	16.83
Planning			
Planning Commission	1976-77	1	1.67
	1977-78	1	2.78
	1978-79	1	4.56
	1979-80	1	9.60
	1980-81	18	35.78
	1981-82	4	6.79
	1982-83	1	1.74
	1983-84	7	1.98
	1984-85	47	59.17
	1985-86	80	25.63
	1986-87	1	0.18
		162	149.88
Social Welfare		Not received	
Surface Transport (Roads Wing)	1976-77	14	728.00
	1977-78	17	888.00
	1978-79	52	2303.00
	1979-80	31	1969.47
	1980-81	72	1988.79
	1981-82	62	1216.41
	1982-83	39	1205.88
	1983-84	52	1769.91
	1984-85	37	1853.76
	1985-86	51	1910.39
	1986-87	54	1668.38
		481	17501.99

1	2	3	4
Steel and Mines	1980-81	2	4.96
Department of Mines	1981-82	9	60.70
	1982-83	1	0.50
	1983-84	6	56.28
		18	122.44
Textiles	1977-78	3	11.55
	1978-79	40	151.83
	1979-80	51	122.71
	1980-81	20	31.51
	1981-82	6	5.15
	1982-83	32	38.92
	1983-84	38	45.89
	1984-85	30	24.97
	1985-86	50	66.14
	1986-87	9	12.76
		288	511.43
Urban Development		Not received	
Water Resources	1984-85	11	14.00
	1985-86	35	102.00
	1986-87	2	368.00
		48	484.00
	Grand Total	6074	99520.56

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