



Report of the  
Comptroller and Auditor General  
of India

for the year ended March 1998

**Union Government (Civil)**  
Other Autonomous Bodies  
No.4 of 1999

20125

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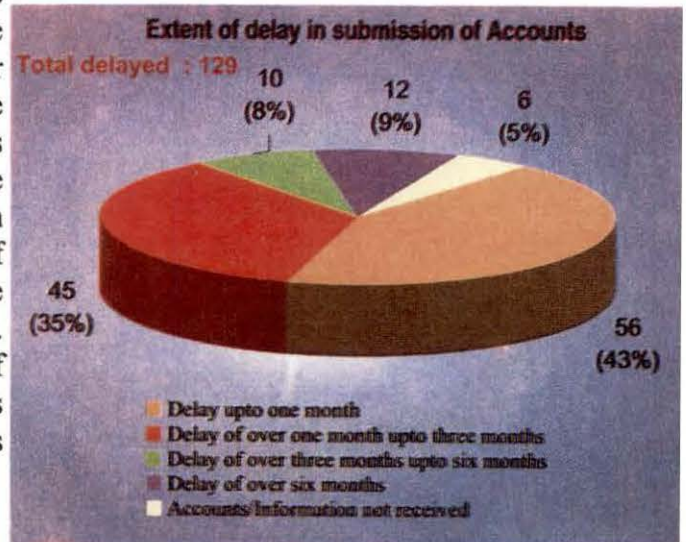


## CHAPTER I GENERAL

### 1.1 Annual Accounts of Autonomous Bodies

This Report deals with Central Autonomous Bodies other than those under the Scientific Departments. The Committee on Papers laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year.

(i) For the year 1996-97, audit of accounts of 200 Central Autonomous Bodies was to be conducted under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before Parliament by 31 December 1997. Out of these 200, the accounts of 71 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 129 autonomous bodies was delayed as indicated in the chart.



In Appendix I the position of autonomous bodies whose accounts were delayed between three to six months and for over six months is given. Appendix II gives the list of bodies whose accounts were not received.

(ii) Grants/Loans received by Central autonomous bodies during 1997-98 are given in the following table:

**Table 1(ii)**

**Abstract of Grants/Loans received by Central Autonomous Bodies during 1997-98**

<b>CAG's (DPC) Act, 1971- Section under which audited</b>	<b>No. of Central Autonomous Bodies</b>	<b>Grants (Rs in lakh)</b>	<b>Loans (Rs in lakh)</b>	<b>Remarks</b>
19(2) 20(1)	205	268672.71	14283.11	The amounts relate to <b>191</b> bodies only. Annual accounts of remaining <b>14</b> bodies had not been furnished.
14(1) and 14(2)	226	25676.81	2052.00	The amounts relate to <b>54</b> bodies only. Annual accounts of remaining <b>172</b> bodies had not been furnished.

As on 31 March 1998 there were 205 Central autonomous bodies (other than those under Scientific Departments) including 15 Universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During 1997-98 grants and loans amounting to Rs 2686.73 crore and Rs 142.83 crore respectively were paid by the Union Government to 191 autonomous bodies (Appendix III). Of these, grants to the extent of Rs 314.23 crore were received by 13 Universities from University Grants Commission/Central Government (Appendix IV). The annual accounts for 1997-98 in respect of the balance 14 bodies including 2 Universities were not finalised by the concerned bodies and thus the amount of Government grants received by them was not available as of December 1998 (Appendix V).

(iii) As on 31 March 1998, there were 226 central autonomous bodies (other than those under Scientific Departments) whose annual accounts were initially audited by Chartered Accountants and supplementary audit was to be conducted by the Comptroller and Auditor General of India under Sections 14(1) and 14(2) of the Act. As per information available upto December 1998, 54 of these bodies received grants and loans amounting to Rs 256.77 crore and Rs 20.52 crore respectively from the Union Government during 1997-98 (Appendix VI). The annual accounts in respect of 172 of these bodies were not finalised by the concerned bodies (Appendix VII).

## 1.2 Utilisation Certificates

Consequent on the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc., to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1998 are given in Appendix VIII. The Ministries/Departments of Law and Justice, Civil Supplies and Supreme Court of India did not furnish the required information.

Out of a total number of 26728 utilisation certificates amounting to Rs 4495.99 crore awaited by ten major Ministries/Departments at the end of March 1998, 19790 certificates for an amount of Rs 1831.82 crore related to grants released upto 1994-95 as shown below:

### Utilisation Certificates Outstanding as on 31st March 1998

(Rs in crore)

Sl No	Ministry/Department	In respect of Grants released upto September 1996		In respect of Grants released upto 1994-95	
		Number	Amount	Number	Amount
1.	Agriculture	439	218.25	203	102.30
2.	Commerce and Textiles				
	(i) Commerce	19	35.07	18	35.06
	(ii) Development Commissioner of Handicrafts, Delhi	863	19.13	563	9.41
3.	Food processing Industries	295	26.26	172	11.93
4.	Health and Family Welfare				
	(i) Health	1189	997.86	686	115.07
	(ii) Family Welfare	1152	99.63	413	30.11
5.	Human Resource Development				
	(i) Women and Child Development	7512	842.95	6150	672.82
	(ii) Youth Affairs and Sports	2733	129.24	2041	93.22
	(iii) Education	7574	1530.45	6144	413.31
	(iv) Culture	3548	256.67	2604	154.98
6.	Labour	444	20.74	111	20.04
7.	Planning and Statistics Planning Commission and National Informatics Centre	147	10.16	108	8.64
8.	Power	164	49.53	106	24.89
9.	Urban Affairs and Employment	522	248.99	398	136.33
10.	Water Resources	127	11.06	73	3.71
	<b>Total</b>	<b>26728</b>	<b>4495.99</b>	<b>19790</b>	<b>1831.82</b>

Thus, authorities in Government of India releasing grants to statutory bodies and non-Government organisations did not satisfy themselves about the utilisation of grants in 74.04 per cent of cases involving 40.74 per cent of the total grants released.

### **1.3 Results of certification audit**

Separate audit reports for each of the autonomous bodies audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's ( DPC) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the important comments issued to the Organisations/Ministries concerned were as mentioned below:

#### **1.3.1 Form of Accounts**

In the cases of the following institutions the form in which the accounts were to be maintained by the institutions was not approved by the Ministry/Governing Body:

- (i) Tejpur University
- (ii) Jute Manufacture Development Council, Calcutta
- (iii) Regional Engineering College, Kurukshetra
- (iv) Pharmacy Council of India, New Delhi
- (v) National Board of Examinations, New Delhi
- (vi) Central Research Institute of Yoga, New Delhi
- (vii) Rehabilitation Council of India, New Delhi

#### **1.3.2 Unauthorised diversion of funds - Jawaharlal Nehru University**

The accounts of Jawaharlal Nehru University, New Delhi showed that an unspent balance amounting to Rs 1.24 crore (after deducting expenditure of Rs 13.32 lakh on construction of staff quarters upto 31.3.1998) was not transferred/adjusted in the maintenance grant of the University. Instead, it was kept in a deposit account which was also irregular since separate accounts for works are required to be maintained.

#### **1.3.3 Overstatement of Non-Plan funds - Khadi and Village Industries Commission (KVIC)**

The Non-Plan administrative fund of KVIC, Bombay was overstated by Rs 2.84 crore due to KVIC retaining Rs 4.49 crore as on 31.3.1998 as against the ceiling limit of Rs 1.65 crore fixed by Government of India for meeting expenditure of the succeeding year.

#### **1.3.4 Accounts not certifiable as true and fair - Delhi Development Authority**

Delhi Development Authority (DDA) was constituted by Government of India in exercise of powers under Delhi Development Act, 1957. The authority is required to maintain separate sets of accounts for each of the different streams of activity undertaken by it. There are four major sets of accounts maintained by DDA. For functions of management on behalf of Delhi Administration (now Government of Delhi) for the old Nazul estate entrusted in 1937 to the Management of the erstwhile Delhi Improvement

Trust, now DDA, the accounts of transactions are maintained as Nazul Account I. The second activity of DDA relates to the scheme of large scale acquisition and disposal of land in Delhi vested with DDA by Delhi Administration under provisions of Section 22(1) of the Delhi Development Act, 1957. Accounts related to transactions under this scheme are maintained as Nazul Account II. Transactions relating to implementation of Jhuggi - Jhopri removal scheme are maintained as Nazul Account III. There is also a separate General Development Account to record transactions relating to management of DDA's property, control and development of land, building operations in the development areas and construction disposal of houses for citizens.

DDA (Budget and Accounts) Rules 1982 require that apart from receipt and payment account in respect of each of these separate sets of activities DDA should draw up Income and Expenditure Account as well as balance sheets in respect of Nazul Account I and General Development Account. For Nazul Account II only a Receipt and Payment Account was prescribed. However in view of the fact that transactions pertaining to debt, deposits and advances had been necessitated under the scheme of large scale acquisitions and disposal of land by DDA, Audit took up with DDA from 1987-88 onwards the matter regarding the need to draw up Income and Expenditure Account and Balance Sheet in respect of Nazul Account II as well. Despite appreciating the need to do so, DDA failed to draw up their final accounts of Nazul Account II accordingly.

It was found in Audit that the cash balances of Nazul Account I, Nazul Account II, Nazul Account III and General Development Account could not be verified due to a common cash book being maintained for all of them despite the requirement of Budget and Account Rules 1982 requiring maintenance of separate sets of accounts for each major activity of DDA.

In the Receipt and Payment Account of Nazul Account II, receipts from disposal of Land Premia amounting to Rs 4.72 crore and from disposal of undeveloped land amounting to Rs 70.75 crore had been shown. The scrutiny of the items revealed that both developed and undeveloped land was included under Nazul Account II. DDA was requested to furnish complete lists of land developed and undeveloped available under Nazul Account II and also the relevant records of the land for which premia had been received. This was not made available and hence these receipts of Rs 75.47 crore remained unverified.

The Balance Sheet of Nazul Account I as on 31 March 1993 showed a liability amounting to Rs 46.18 crores as the surplus fund payable to Government of India. It was used by DDA without any approval of Government. DDA stated (March 1995) that the surplus balance had been kept by them for development works under the schemes.

Out of a total liability amounting to Rs 44.70 crore on account of General Provident Fund (GPF) of the employees shown in the Balance Sheet as on 31 March 1993, only Rs 6.50 crore was invested by DDA. The balance of Rs 38.20 crore was utilised by DDA in contravention of the GPF Rules as

well as their own decision. Thus a total amount of Rs 84.38 crores were unauthorisedly retained by DDA as on 31 March 1993.

In view of the above and other serious irregularities, the account could not be verified despite giving sufficient opportunity and time to DDA to provide documentary proof for many transactions. Therefore in the absence of any proof for major transaction forth coming from DDA, the accounts of 1997-98 could not be certified by Audit as true and fair.

### *1.3.5 Defaults in repayment of Loans by Port Trusts*

#### **(a) Jawaharlal Nehru Port Trust (JNPT)**

During 1997-98, JNPT defaulted in payment of Rs 244.33 crore (principal Rs 35.80 crore plus interest of Rs 208.53 crore) to the World Bank which had not been disclosed in the accounts. There was a surplus of Rs 205.15 crore of which an amount of Rs 200.50 crore was transferred to various reserves during 1997-98 as against the transfer of Rs 66.10 crore in 1996-97 to the reserves. The increase in transfer to reserves during 1997-98 was Rs 134.40 crore (Rs 200.50 crore from Rs 66.10 crore) which included Rs 102 crore transferred to "Reserves for Development, repayment of loans and contingencies". Despite availability of surplus no repayment of any part of World Bank Loan (principal and interest) was made.

#### **(b) Cochin Port Trust (CoPT)**

During 1997-98, the CoPT had defaulted in repayment of loans from Government of India to the extent of Rs 25.40 crore (principal Rs 8.39 crore and interest Rs 17.01 crore). The total amount of repayment defaulted upto 31 March 1998 was Rs 214.20 crore (principal Rs 49.17 crore and interest Rs 165.03 crore ) excluding penal interest. No provision has been made for penal interest (Rs 3.83 crore) on outstanding instalments of loan and interest due to Government of India during the period 1997-98.

#### **(c) Paradip Port Trust (PPT)**

During the year 1997-98 the PPT defaulted in repaying Rs 23.75 crore (principal Rs 7.81 crore and interest Rs 15.95 crore) to Government of India towards loans, ways and means advances received, thereby attracting levy of penal interest. There was a surplus of Rs 50.71 crore of which an amount of Rs 10.40 crore was transferred to reserves during 1997-98 which included Rs 5.20 crore transferred to "Reserve for Development, repayment of loans and contingencies". As per balance sheet, a sum of Rs 58.06 crore was shown against the said reserve. Despite availability of surplus, no repayment of any part of loan (principal and interest) was made.

## CHAPTER II MINISTRY OF AGRICULTURE

### National Horticultural Board, Gurgaon

#### 2.1 Loss due to release of grant on fake bank guarantee

#### Loss of Rs 19.50 lakh from failure of NHB to check up fake bank guarantee

National Horticulture Board (NHB) Gurgaon initiated a project for providing financial assistance to Agro-Horticulture Corporations Society engaged in marketing/processing horticultural products. The financial assistance was to be sanctioned after the beneficiary had furnished a bank/Government guarantee for repayment of loan and interest in time. NHB sanctioned financial assistance of Rs 12.50 lakh (25 *per cent* in the form of subsidy and 75 *per cent* as loan carrying an interest of 9 *per cent per annum*) in March 1994 to a Marketing Society of Kanpur to install 50 juice vending machines for providing alternate structure for marketing of fruit juice/fruit based beverages.

The amount was released (March 1994) to the firm on the basis of bank guarantee of the Punjab National Bank (PNB) Kanpur furnished by the firm.

**NHB failed to verify genuineness of bank guarantees and lodge FIR**

NHB failed to verify genuineness of the bank guarantee issued by PNB before release of the assistance. On a reference made by NHB to the PNB, bank intimated in July 1994, that no such guarantee had been issued and it would not entertain any claim arising out of fake guarantee. First Information Report (FIR) against the firm on the charge of production of fake bank guarantee was lodged with the Police Station Kanpur as late as January 1997. NHB also filed in March 1998, a suit against the society and the guarantors for the recovery of subsidy, loan and interest. The amount of principal (Rs 12.50 lakh) and interest (Rs 7.00 lakh) was yet to be recovered from the beneficiary even four years after the date of release of funds.

Failure of NHB to confirm the genuineness of the bank guarantee before releasing the grant and delay in taking action against the firm had resulted in loss of Rs 19.50 lakh; the purpose for which the grant was given also could not be served.



Accepting the fact NHB stated in September 1998 that being non-technical persons it was not known whether the bank guarantee was to be verified or not before release of funds by the Board. The reply was not tenable as Financial Advisor, Department of Agriculture and Cooperation was a member of the Board of Directors as well as Managing Committee of NHB and he should have been consulted.

The matter was referred to the Ministry in November 1997; their reply was awaited as of January 1999.

## **National Oilseeds and Vegetable Oils Development Board, Gurgaon**

### **2.2 Irregular financial assistance to non-entitled districts**

**There was an irregular grant of assistance (Rs 22.50 lakh) under NOVOD scheme to two districts already covered by OPP.**

National Oilseeds and Vegetable Oils Development Board (NOVOD) assisted the Technology Mission on Oilseeds and Pulses in identifying new areas for oilseeds cultivation and exploitation of non-traditional oilseeds in an integrated manner. Managing Committee of NOVOD in its meeting held in April 1995 decided to exclude from its purview those crops and districts already covered under Oilseeds Production Programme (OPP) to avoid overlapping/duplication in the implementation of programme.

Administrative approval for Rs 29.25 lakh for distribution of 13000 minikits of groundnut seed by Department of Agriculture, Assam was accorded by the NOVOD Board, Gurgaon in March 1996 for rabi/summer 1995-96 for programmes, being implemented by Assam Seeds Corporation (ASC). As the Director of Agriculture, Assam had intimated in February 1996, that in anticipation of the Board's approval ASC had already implemented the programme by supplying 13000 groundnut minikits to farmers of Darrang (6000 Nos. for Rs 13.50 lakh), Dhubri (4000 Nos. for Rs 9.00 lakh) and Tinsukia (3000 Nos. for Rs 6.75 lakh), considering the progress made the Board released Rs 29.25 lakh to Assam Government in March 1996.

Test check of records of NOVOD Board, Gurgaon, however, revealed that OPP was already in operation during 1995-96 in Darrang and Dhubri districts of Assam and hence release of Rs 22.50 lakh as assistance to these two districts under NOVOD was not in accordance with the directions of the Board.

**ASC implemented the programme in anticipation of Board's approval**

**NOVOD released funds for two not entitled districts covered by ASC**

The Board stated in January 1998 that the implementing agency in the State was to decide which districts were to be covered under NOVOD and under OPP programmes.

The Ministry stated in August 1998 that no doubt these districts were covered under OPP but the programme was taken up only in riverine tracts and non-traditional areas which were not covered by OPP. The reply was not tenable as the districts covered under OPP were to be excluded from the NOVOD programme.

Thus, expenditure of Rs 22.50 lakh incurred for implementing the NOVOD programme in districts already covered under OPP was irregular.

## CHAPTER III MINISTRY OF COMMERCE

### Marine Products Export Development Authority, Kochi

#### 3.1 Non-utilisation of assistance for fish processing plants

**Due to the slow implementation/ non-implementation of sanctioned projects funds amounting to Rs 1.48 crore remained blocked for over two years**

In March 1996 Ministry of Food Processing Industries (MFPI) sanctioned assistance of Rs 446.05 lakh to 20 firms for establishing fish processing facilities in five coastal states (Andhra Pradesh – 7, Gujarat – 3, Kerala – 8, Maharashtra – 1 and West Bengal – 1). The assistance towards 25 per cent cost of processing machinery required for the plants was to be disbursed to the individual beneficiaries by the Marine Products Export Development Authority, Kochi (MPEDA) in accordance with the broad policy guidelines approved by MFPI in October 1995. The disbursement of assistance to beneficiary firms was to be made in three instalments as prescribed by MFPI in November 1995 – 25 per cent on receipt of machinery, 50 per cent on installation and balance 25 per cent on commissioning.

**Rs 1.48 crore not  
disbursed even after  
two years of sanction**

The grants-in-aid sanctioned in March 1996 were based on the individual project reports approved by MPEDA during January 1994 to March 1995 and its recommendation of December 1995. According to the scheme, MPEDA was responsible for eventual disbursement of the assistance sanctioned by MFPI ensuring its proper utilisation and also closely monitoring the progress of implementation of the projects. No assistance was released to four firms though Rs 84.28 lakh had already been sanctioned in March 1996. Out of Rs 446.05 lakh released in April 1996 by MFPI to MPEDA, as of August 1998, assistance in full (Rs 266.26 lakh) was paid to only twelve firms and partially (Rs 32.15 lakh) to four retaining a balance of Rs 63.36 lakh. Thus, even after two years of receipt of the sanctioned amount in April 1996 grants-in-aid of Rs 1.48 crore remained undisbursed (August 1998).

According to the terms and conditions laid down by MFPI, utilisation certificates were to be submitted to them by August 1996. Quarterly and annual progress reports on the implementation of the projects were also to be furnished as required in the individual sanction orders. However, no such reports were submitted by MPEDA.

Partial release/non-release of substantial assistance due to slow implementation/non-implementation of sanctioned projects, led to prolonged locking up of funds totalling Rs 1.48 crore.

Accepting the facts, MPEDA stated in August 1998 that setbacks in aqua-culture sector, non-availability of raw materials required by processing units due to fluctuations in landings etc., led to non-implementation or delay in implementation of the scheme. The fact however, remains that assistance of Rs 1.48 crore released by Government of India in April 1996 for establishing eight processing facilities remained tied up with MPEDA for over two years.

The matter was referred to the Ministry in May 1998; their reply was awaited as of January 1999.

### **3.2 Unnecessary expenditure on payment of rent**

#### **MPEDA incurred unnecessary expenditure Rs 10.13 lakh on payment of rent due to injudicious retention of hired residential accommodation for its Resident Director**

The validity of the lease agreement of the residential accommodation at New York of the then Resident Director of Marine Products Export Development Authority (MPEDA) was last extended upto June 1996. On relinquishing the post in August 1995, the Resident Director vacated the apartment on 8 September 1995.

Though the appointment of a new Resident Director was not in sight, yet no attempt was made to terminate the lease. Stating that the selection of the new Resident Director was in an advanced stage, Chairman, MPEDA, Kochi approved (August 1996) continued retention of the apartment. Accordingly, MPEDA continued to pay the monthly rent for the vacant apartment. Even the letter dated 29.11.96, of the Consul (Commerce), Consulate General of India, New York, (who functioned as acting Regional Director, MPEDA) advising the Chairman, MPEDA, Kochi, to terminate the lease of the apartment as finding a suitable accommodation in New York at a later date would not be difficult, had no impact. The new Resident Director was posted only in December 1996 and shifted to the apartment in January 1997 after executing a fresh lease agreement with retrospective effect from November 1996. Thus, MPEDA continued to unnecessarily pay rent from 9 September 1995 till the end of December 1996. Further, there was no lease agreement for the period July 1996 to October 1996. The continued retention of the apartment which remained idle resulted in MPEDA incurring nugatory expenditure of Rs 10.13 lakh on dead rent paid for the vacant accommodation.

**New York apartment  
needlessly retained**

Accepting the facts MPEDA stated in October 1998 that at no time it felt that the appointment of the new Resident Director would be delayed this much by the Ministry and therefore the residential accommodation was retained for the new incumbent. This was not borne out by facts since Ministry informed MPEDA in June 1996 that selection of new Residential Director would take time. MPEDA incurred unnecessary expenditure of Rs 10.13 lakh on payment of rent despite knowing fully well that there would be delay in appointment of new incumbent.

## **Spices Board, Kochi**

### **3.3 Irregular refund of cess collected on spices exported**

#### **Irregular refund of cess of Rs 1.91 crore collected on spices exported by the Spices Board**

Spices Cess Act, 1986 provided for levy of cess on export of different spices and its collection by way of duty of customs on spices in addition to normal duty of customs leviable under the Customs Act, 1962. The Act 1986, specifically provided for application of the provisions of the Customs Act and rules thereunder in so far as refunds and exemptions from the levy of cess were concerned. In terms of various notifications issued by Government of India, pepper, cardamom, saffron, spices oil and oleoresin were exempted from levy of cess for the period 16 October 1992 to 31 March 1996. Through another notification issued on 1 August 1996, the period of suspension of the export cess on the aforementioned spices was extended from 1 August 1996. As the intervening period from 1 April 1996 to 31 July 1996 was left out of the purview of the above notification, export cess was levied on these spices during this period. In the wake of demands from exporters, Ministry of Commerce directed the Spices Board in March 1997, to refund the cess collected from exporters for the period 1 April 1996 to 31 July 1996. Accordingly, Spices Board refunded Rs 1.91 crore during 1997-98 from its budgetary resources using non-plan assistance received from Government of India.

**Unintended levy of cess and irregular refund from non-plan budget**

As collection of cess and its refund were governed by the provisions of the Customs Act, 1962, refund of the cess should have been made strictly in accordance with the provisions of this Act. As Spices Board was not statutorily empowered to make such refunds of amounts collected by the Customs Department in the form of customs duty and since there was no specific statutory notification exempting collection of cess on spices exported during 1 April 1996 to 31 July 1996, refund of the cess by Spices Board was irregular and violative of provisions of the Spices Cess Act 1986 and unsupported by any provision in the Customs Act, 1962. The contention that refund was made with the approval of the Ministry and by meeting the expenditure of Rs 1.91 crore from non-plan budget provision of Spices Board approved by the Ministry, therefore is not in order.

The Ministry stated in August 1998 that though advance action was initiated to extend the period of exemption beyond 31 March 1996, Ministry of Finance approved the proposal only by the end of July 1996. The Ministry also admitted that there was no statutory backing for refund of cess made because the Spices Act, 1986 did not give any power to grant exemption or levy of cess with retrospective effect and that it was a deliberate decision to refund the cess collected during April – July 1996. However, the fact remains that the refund of cess collected during the period was not covered by the statutory provisions and was irregular. Further, had the delay in processing the proposals by the Ministry of Finance been avoided, the need for adopting a devious method to make the refund from budgeted funds for Non-Plan expenditure of the Board could have been avoided.

## **CHAPTER IV**

### **MINISTRY OF COMMUNICATIONS**

#### **Department of Telecommunications**

#### **4 Telecom Regulatory Authority of India – Audit of Entitlements**

**The form of accounts of Telecom Regulatory Authority of India (TRAI) and its funding arrangements were not finalised by the Government even after about two years of establishment of the Authority. TRAI unauthorisedly issued a number of orders without approval of the Central Government in violation of provisions of TRAI Act. The unauthorised orders sought to give the best possible package of benefits to the Chairperson and Members of TRAI. The system of internal checks and controls was also found lacking resulting in a number of serious irregularities.**

##### **4.1 Introduction**

Telecom Regulatory Authority of India was established by an Act of Parliament, called the Telecom Regulatory Authority of India Act, 1997 to regulate the telecommunication services and for matters connected therewith or incidental thereto. The Act came into force on the 25<sup>th</sup> day of January 1997.

##### **4.2 Maintenance of accounts and funding arrangements**

- Section 23(1) of the TRAI Act stipulates that the Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor General of India. But Government could not finalise the form of accounts of TRAI as of December 1998 and therefore, the accounts of the Authority for the year 1997-98 were prepared and certified in a provisional format.
- Government failed to finalise funding arrangements for the Authority as of December 1998. The expenditure of TRAI during the year 1997-98 was met mainly from the grants provided by the Government.

### **4.3 Functioning of TRAI Establishment**

In the audit of Telecom Regulatory Authority of India (TRAI) during April-May 1998, a number of instances came to light where the Chairperson and Members of the Authority exceeded their powers and decided matters relating to their personal entitlements which were to be decided by the Central Government under the Act. There were also serious irregular payments in settlement of personal claims. The important cases of irregularity and impropriety are discussed below:

### **4.4 Conditions of service of Chairperson and Members**

**Central Government alone is empowered to decide conditions of service of Chairperson and Members of TRAI under the Act**

The Central Government is the sole authority under Section 35(2)(a) of the TRAI Act empowered to frame rules relating to Conditions of Service of the Chairperson and the Members of TRAI. The Central Government notified scales of pay and rates of dearness allowance of the Chairperson and Members of TRAI in December 1997 but failed to determine and notify other Conditions of Service of Chairperson and Members of TRAI immediately.

**Chairperson and Members issued orders about their own conditions of service without approval of Government**

It was noticed in Audit that in utter disregard of provisions of TRAI Act, the Chairperson and Members of TRAI issued orders fixing the rates of travelling allowance for domestic and foreign travel, medical benefits, furnishing of residential accommodation etc., for themselves without even informing the competent authority viz. the Central Government, of these unauthorised decisions. The details of adhoc decisions taken by the Chairperson and Members between 29<sup>th</sup> May and 1<sup>st</sup> September 1997 relating to their own Conditions of Service are given in Appendix IX. Neither the Authority had any power under the Act to issue such orders nor did it take prior approval or concurrence of the Central Government in this regard.

To an Audit inquiry, the Ministry of Communications stated that it had no information about the interim decisions taken by the Chairperson and Members of TRAI about their own Conditions of Service.

TRAI in their reply in November 1998 stated that in view of the independence sought to be vested in the Authority by the TRAI Act, the approval of the Central Government for the bonafide decisions taken may not be necessary, especially since these were taken in the context of the Central Government not having made rules governing the Conditions of the Service.

The reply of the Authority is not tenable as the Chairperson and Members have no powers under the TRAI Act to issue any order fixing their own Conditions of Service without the approval of Central Government. Top executives are becoming dispensers of largess to themselves against all established norms. In all other agencies where independence is equally vital these powers have never been usurped by any agency/authority.

#### 4.5 Irregular orders allowed high rates of entitlements

The Central Government granted the pay scale of Rs 9000 fixed (Pre-revised) to Chairperson and Rs 8000 fixed (pre-revised) to Members of TRAI which are the scales of pay of the Cabinet Secretary and the Secretary to Government of India respectively. The Central Government also allowed rates of dearness allowance to the Chairperson and Members at par with Central Government Group A officers only.

It was noticed in Audit that the entitlements provided to the Chairperson and Members by the Authority under its adhoc orders were substantially higher than those admissible to the officers of the equivalent status in Government of India to whom the Chairperson and Members of TRAI were equated by the Government in the matter of pay scales and dearness allowance.

##### 4.5.1 Foreign Travel

Inordinately high rates of allowances for foreign travel

The TRAI in its meeting held on 17 June 1997 fixed the entitlement of the Per Diem halting allowance for foreign tours in respect of Chairperson, Members and other officers and staff as under:

Designation	Scale of Pay (Pre-revised) Prescribed by the Central Government	Per Diem Halting Allowance* Rate fixed by TRAI (All countries except Nepal)
Chairperson	9000 (fixed)	US \$ 500 per day
Members	8000 (fixed)	US \$ 500 per day
Secretary	7300-7600	US \$ 500 per day
Economic Advisor	5900-7300	US \$ 500 per day
Joint Secretary and Directors	5900-6700/ 4500-5700	US \$ 350 per day
DS and below	3700-5000	US \$ 250 per day

NOTE : In Nepal all the officers will be entitled for Per diem Halting Allowance @ US \$ 250 per day

\* For lodging and boarding

Audit examination revealed that:

TRAI fixed rates higher than the highest paid civil service in the world

- (i) The Per Diem halting allowance rates of TRAI were higher than the rates prescribed for the officers of International Civil Service of United Nations which is the highest paid Civil Service in the world. A comparative position of rates of Per Diem halting allowance of TRAI officers and UN officers for various stations/countries is given in Appendix X. The United Nations conducts regular surveys in various countries to determine cost of lodging and boarding and fixes rates of Per Diem halting allowance (daily subsistence allowance) for the officers of International Civil Services. The uniform TRAI rate of US \$



500 was much higher than the UN rates even in the costliest cities like London, New York, Geneva, Singapore, Paris and Tokyo.

- (ii) The above rates of Per Diem halting allowance for foreign travel for TRAI Chairperson, Members and other officers were much higher as compared to the rates admissible to Central Government officers of equivalent status. A direct comparison of TRAI rates with the rates of Daily Subsistence Allowance prescribed by the Ministry of External Affairs (MEA) for foreign travel was not possible as MEA provides a panel of hotels for stay and reimburses lodging charges in addition to paying daily allowance between US \$ 60 to US \$ 100 depending on the cost of boarding in the country of visit. The TRAI on the other hand allowed uniform lumpsum rates covering meals, hotel charges etc. Audit however compared MEA rates with TRAI rates in cases where free accommodation is provided to the visiting delegation and found that while daily subsistence allowance ranging between US \$ 60 to US \$ 100 was admissible under MEA rules, TRAI would pay at a flat rate of US \$ 200 uniformly in all the countries except Nepal.
- (iii) The decision of the TRAI to fix uniform lumpsum rate of Per Diem halting allowance for various countries is against the basic principles of determination of daily allowance viz. (a) D.A. shall be so fixed that it does not become a source of profit and (b) since the D.A. is paid to meet the cost of meals, hotel etc., the rate of D.A. should have some linkage with the cost of lodging and boarding at a particular place/country.
- (iv) The uniform rates of Per Diem halting allowance prescribed by the Authority makes the allowance a source of profit for TRAI officers.

In the first year, TRAI officers undertook foreign tours to Singapore, Manila, Australia, Hong Kong, Los Angeles, US, London, Paris, Malta, Canada, Geneva, Sweden, Kathmandu and Bangkok between May 1997 and March 1998 in connection with various study tours and for attending the meetings of International Telecommunication Union etc. Most of these tours were undertaken by the Chairperson, Members and Secretary TRAI.

TRAI stated in their reply that the rates of Per Diem halting allowance were fixed broadly in line with the entitlements of equivalent grades in other organisations like SEBI, C-DOT and MTNL and cannot be termed excessive in the context of work required to be done and the stature accorded to the Members of the Authority.

The reply is not tenable as the Reserve Bank of India fixed the Per Diem ceiling for special scale for Chief/Senior Executives at a rate not exceeding US \$ 500. Thus, the rate of US \$ 500 fixed by RBI is only a ceiling rate and cannot be made applicable uniformly for all the countries. Adoption of the ceiling rate uniformly for all the countries as the base rate is indicative of the intention of TRAI i.e., to make it a source of profit.

#### **4.5.2 Sanction for foreign tours**

The Authority in its meeting on 29<sup>th</sup> May 1997 decided that a Committee consisting of the Chairperson, Vice Chairperson and senior most Member of TRAI would decide all cases of foreign tours of TRAI officers including Members and the Chairperson.

TRAI, therefore, did not take any approval of Government of India in respect of foreign tours/deputation undertaken by TRAI officers including the Chairperson and Members during 1997-98. This action was without any authority.

The Sections 6(1) and 35 (2)(b) of the Act *inter alia* prescribe that the Chairperson shall have powers of general superintendence and directions in the conduct of the affairs of the Authority and shall discharge such powers and functions of the Authority as may be prescribed by the Central Government by notification. On being asked by Audit, the Ministry of Communications clarified in May 1998 that no orders had been issued by the Central Government empowering Chairperson or any other Member of TRAI to exercise the functions of the Screening Committee for the purpose of giving approvals for foreign travel. Since the Conditions of Service Rules of Chairperson and Members of TRAI and the powers to be exercised by them were to be prescribed by the Central Government, the decision of the TRAI to approve cases of foreign travel including those of Chairperson and Members, was not covered under the provisions of the Act or any delegation of powers made by the Central Government to TRAI in this regard.

On being pointed out by Audit, TRAI modified the procedure in November 1998 to submit such proposals in respect of the Authority for the approval of the Minister of Communications prior to undertaking a foreign tour.

#### **4.5.3 Domestic Travel**

While the Central Government officers of the rank of the Secretary to Government of India get daily allowance of only Rs 650 per day for stay in hotel in A-1 class cities in India and do not get any additional boarding charges, the Chairperson and Members of the TRAI prescribed reimbursement of lodging charges on actuals for stay in five star hotels and also boarding charges on actuals on production of vouchers for themselves. Hence, the rates of daily allowance for domestic travel in respect of TRAI officers were also higher as compared to the Central Government rates.

#### **4.5.4 Other facilities**

- The issue regarding grant of status of the Chief Justice of High Court to the Chairperson of TRAI had been under consideration of the Government. Without waiting for any Government notification in this regard, the Chairperson of the TRAI was provided free furnishing at residence and electric appliances totalling Rs 2.26 lakh.

**No limit on  
expenditure in  
domestic travel**

- The Chairperson has also been allowed free water and electricity at residence.

The TRAI stated that an amount of Rs 1.60 lakh was incurred on furnishing of Chairperson residence and Rs 0.66 lakh for providing furniture for office at his residence upto March 1998 keeping in view the status of the Chairperson who was earlier who was a Chief Justice of High Court. The reply is not tenable as the amount is higher than the entitlement of Rs 2 lakh of a Chief Justice of High Court.

#### **4.6 Comparative position**

A comparative position of entitlements of officers of the rank of Secretary to Government of India and those permitted by TRAI to its Chairperson and Members under the adhoc orders is given in Appendix XI.

The TRAI stated that since the Authority was not a Government department, a comparison of entitlements of its officers with those admissible to the officers of Central Government was not correct. The reply is not acceptable since the Central Government equated Chairperson and Members of TRAI with the Cabinet Secretary and Secretary to Government of India for the purpose of pay and dearness allowance; and hence rates in other matters cannot be far different.

After the issue being raised by Audit, the Central Government notified the Conditions of Service of Chairperson and Members of TRAI on 15<sup>th</sup> March 1999. As per the notification, the Chairperson and Members of TRAI would be entitled to foreign travel allowance only at par with equivalent grade officers of Central Government. For daily allowance in domestic travel the Chairperson would be entitled to allowances according to his entitlement as a Judge on the rates admissible at the time of his re-employment. The Members of TRAI have been equated with equivalent status Group A officers of Central Government. The Chairperson would be entitled to rent free furnished accommodation at rates specified by the Central Government or House Rent Allowance at the rate of 12 ½ per cent of his pay in lieu thereof.

The notification has been issued on 15<sup>th</sup> March 1999 by the Central Government and the above rates have been made applicable with effect from that date. The Central Government would have to take a decision for the period prior to 15<sup>th</sup> March 1999.

#### **4.7 Lack of Internal Financial Control**

A number of serious irregularities in settlement of personal claims of the Chairperson, Members and officers of TRAI were noticed indicating complete lack of internal financial control and monitoring in the Authority. Some of the irregularities are listed below:

#### **4.7.1 Irregular claim of entertainment allowance**

Though entertainment allowance is admissible for entertaining foreign dignitaries/guests abroad, the Chairperson claimed his hotel stay bills also as entertainment allowance in Hong Kong dollars and Australian dollars equivalent to Rs 39547. These irregular claims pertained to his visits to Hong Kong and Melbourne in September 1997 and were passed by the Authority. On being objected by Audit, the TRAI recovered the whole amount from the Chairperson as per reply furnished in November 1998.

#### **4.7.2 Double payment of allowance**

- One Member of the TRAI during his tour to Nepal in May 1997 stayed in a hotel for which an amount of Rs 7355 was paid by TRAI through the travel agent for his stay, meals and transport. He also claimed full Per Diem halting allowance at the rate of US \$ 250 per day in Indian Rupee totalling Rs 30068 for this visit resulting in double payment of allowance. On being pointed out by Audit, TRAI recovered Rs 7355 from the Member in April 1998.
- There were also cases of double payment of boarding charges domestic travel by Chairperson, Vice Chairperson and Members in respect of their visits to Mumbai, Jaipur, Bangalore and Chennai. On being pointed out by Audit, TRAI recovered Rs 3399 from the officers concerned. TRAI also stated that action was being initiated to review other cases for appropriate action.

#### **4.7.3 Travel by Foreign Airlines**

Government of India, Department of Civil Aviation instructions of October 1985 prescribe that in all cases of deputation abroad, where the cost of air passage is met from Government funds, the person concerned should travel by national carriers. In case the national carriers are unable to offer a passage on or about the desired date, or if the national carriers do not operate on the sector or do not have flights to the nearest connecting point for which the passage is required, the department/undertaking concerned will approach Air India/Indian Airlines directly for travel by foreign airlines in the prescribed proforma. In violation of these instructions of the Central Government, the Chairperson, Vice Chairperson and the officers of TRAI performed journeys abroad using foreign airlines for visiting USA, Canada, Australia, U.K., France, Sweden and Geneva though Air India's flights are available for many of these countries.

TRAI stated that travel by foreign airlines was undertaken because they could offer convenient schedules and confirmed accommodation. But TRAI did not furnish any evidence to show that it did not get confirmed accommodation or convenient schedule from Air India in respect of these visits. Nor did the TRAI produce any documentary evidence to show that it had approached national carriers for the purpose as required under the Rules.

#### **4.7.4 Air travel by first class**

Prior to 1<sup>st</sup> October 1997, Government of India, Ministry of Finance instructions issued in July and August 1991 specifically debarred officers of the Government, Public Sector Undertakings and Autonomous bodies including officers of the level of Secretaries to Government of India to perform journey by first class by air whether within the country or abroad. But two Members of TRAI performed five air journeys abroad by first class between May and September 1997 in violation of Government instructions.

TRAI stated in their reply that the Cabinet Secretariat O.M. of March 1995 permit the Secretary level officers to travel by first class. The reply is not tenable as these instructions contained in paragraph 1(ix) of Cabinet Secretariat O.M. are applicable in cases of foreign travel by Central Ministers and their personal staff. The O.M. specifically clarifies in paragraph 2(i) that the cases of deputation abroad of Government officers will be governed strictly under the guidelines of Ministries of Finance and External Affairs, issued from time to time.

#### **4.7.5 Journeys before joining office**

Chairperson and Vice-Chairperson of TRAI took charge in the Authority on 25<sup>th</sup> March 1997. The Chairperson claimed Travelling Allowance in respect of three journeys performed by him between 27<sup>th</sup> February to 24<sup>th</sup> March 1997 from Chandigarh to Delhi i.e. before joining of the Authority. Similarly the Vice Chairperson also claimed travelling allowance in respect of three journeys performed by him between 27<sup>th</sup> February to 24<sup>th</sup> March 1997 from Jaipur to Delhi. The claims were passed by the Authority.

#### **4.7.6 Excess claim of Per Diem**

Test check of TA claims relating to foreign travel revealed cases of excess drawal of Per Diem halting allowance as under:-

- Ministry of Finance instructions of May 1980 provide that where an officer is deputed abroad to attend meeting/conference sponsored by any foreign government/agency and is granted subsistence allowance by it, he will not be entitled to any daily allowance from Government of India. Secretary TRAI in violation of these instructions claimed Per Diem halting allowance from the Authority at the TRAI rate of US \$ 200 per day for his deputation to Asian Development Bank Manila from 17 to 21 August 1997 in connection with ADB Technical Assistance project instead of taking subsistence allowance of US \$ 75 per day while in transit and US \$ 55 per day in Manila offered by ADB. Thus, Secretary TRAI was given undue benefit of US \$ 705 during his visit to Manila.
- TRAI stated in their reply that no excess payment was made to the Secretary as his TA claim was regulated according to TRAI's guideline.

The reply is not tenable as TRAI has not framed any guidelines in this regard. The Per Diem halting allowance was allowed at TRAI rate as it was much higher than the rate offered by ADB Manila, thus giving undue benefit in violation of government's policy guidelines.

- TRAI also made excess payment of US \$ 7250 and AS\* \$ 480 to various officers on account of Per Diem halting allowance for foreign travel by incorrectly computing number of days of tour or permitting more days for visit than actually justified.
- TRAI in their reply stated that the visits by the Authority included not only the specified seminars but also informal meetings with telecom sector professionals, regulators, multilateral bodies and others. The reply is not tenable as tour programmes were approved for specific purpose and holding informal consultations with others were not indicated in the tour programmes approved.

#### ***4.7.7 Questionable payment of Entertainment allowance***

Ministry of Finance instructions of January 1992 allow entertainment allowance of only Rs 7500 to Ministers and Rs 6000 to officers of the level to Secretary to Government of India in cases where it was obligatory to host lunch/dinner by the delegation while on foreign tour. TRAI neither followed these Government instructions nor had any guidelines in respect of its officers undertaking foreign tours and arbitrarily allowed entertainment allowance advance which was much higher as compared to the rates prescribed by the Ministry of Finance under the above instructions.

For his visit to Australia and Hongkong from 3<sup>rd</sup> September to 19<sup>th</sup> September 1997, the Chairperson was reimbursed entertainment allowance of US \$ 1830 equivalent to Rs 66520. Out of the total entertainment allowance of Rs 66520, Rs 39547 pertained to his hotel room charges as already discussed above and for the balance amount of Rs 26973, the Chairperson did not furnish complete vouchers and details of foreign dignitaries entertained alongwith the bills. This was highly irregular as according to the Government instructions it was obligatory on the part of officers claiming entertainment allowance to support the TA claim with original vouchers in cases where the actual expenditure on entertainment exceeded the limits fixed by the Government. If such details were not furnished, the claim was liable to be disallowed.

#### ***4.7.8 Delay in refund of unutilised tour advance for foreign travel***

General Financial Rules prescribed that the amount of TA advance should be adjusted within 15 days of completion of tour or the date on which the government servant resumes duty after the completion of tour. Section 8(3)

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\* Australian Dollar

of Foreign Exchange Regulation Act also provided a limit of 30 days for selling unused foreign exchange to an authorised dealer or a money exchanger.

It was observed in Audit that TRAI on one hand gave excess tour advance to its officers and on other it did not adjust the unutilised advance within the above time limit in violation of Rules.

- Five officers of the TRAI including the Chairperson and a Member were given tour advance of US\$ 2980 over and above their full entitlement of Per Diem halting allowance for their foreign visits.
- Six officers of the Authority including the Chairperson and Secretary did not refund the unutilised advance of US\$ 7913 within the prescribed time limits. The unutilised amount was finally refunded or adjusted against subsequent visits after a delay of one to seven months.

The TRAI stated that full tour advance could not be utilised on account of partial utilisation of entertainment allowance and stay in places other than hotels or hotel charges being covered by other agencies. It explained that foreign exchange was in the form of Travel Cheque and was retained for re-use for subsequent tours which were foreseen in a short period.

The TRAI's reply is not acceptable as there was a time gap of three to seven months between the tours for which the advance became surplus and the tours against which the surplus advance was adjusted or refunded by the Chairperson, Secretary and Economic Advisor. This is a blatant violation of rules in this regard.

#### **4.8 Leased accommodation**

The rates of lease accommodation fixed by TRAI for its staff were also excessive as indicated in the table below:

Basic Pay in revised scale	Type of lease accommodation allowed by TRAI	Maximum lease rent admissible under TRAI orders (in Rs)	Maximum house rent admissible under Central Government rules (in Rs)
2550-3049	I	1500	765-915
3050-4589	II	2500	915-1376
4590-8499	III	4500	1376-2550
8500-10999	IV	6000	2550-3300
11000-18399	V	9500	3300-5520
18400-22399	VI	12000	5520-6720
22400 and above	VII	15000	6720-9000

In addition, TRAI has permitted the facility of self leasing to its employees. The employees can lease their own houses and claim lease rent at the rates indicated in the table above. In the Central Government, employees/officers residing in their own houses are entitled for House Rent Allowance ranging between Rs 765 to Rs 9000 per month as compared to

Rs 1500 to Rs 15000 per month allowed to TRAI's officers and staff. The scheme of self leasing of own house introduced by TRAI indirectly gives huge undue benefit to TRAI staff by the way of granting house rent allowance at almost double the rate in the form of lease rent.

#### **4.9 Unjustified purchase of vehicle**

Authority has eight staff cars including five air conditioned Ambassadors and three non-AC cars. It also purchased one Maruti Esteem EX air-conditioned car for VIP visitors.

On Audit examination it was found that Maruti Esteem AC car was neither on the approved list of Ministry of Finance nor under the DGSD rate contract. It was also observed that there were only three visits by foreign dignitaries during 1997-98 and therefore maintaining of separate Maruti Esteem car for VIP visitors was not justified.

TRAI stated that the utility of the Maruti Esteem car was felt in the flexibility available for receiving and entertaining VIPs. The Maruti Esteem car was also used as a back up vehicle for the Authority. The reply is not tenable in view of the fact that the Authority already has a number of staff cars which could be utilised for occasional visits of foreign dignitaries or suitable vehicles hired for the short period of visits of foreign delegates.

The matter was referred to the Ministry in August 1998. The Ministry directed TRAI to furnish reply to Audit instead of giving its comments on the points raised by Audit. The final reply of the Ministry was awaited as of December 1998.



## **CHAPTER V**

### **MINISTRY OF HEALTH & FAMILY WELFARE**

#### **Department of Health**

#### **5.1 Postgraduate Institute of Medical Education and Research, Chandigarh – A Review**

##### **5.1.1 Introduction**

The Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh was set up in July 1963 under the composite Punjab Government. The Institute was declared to be of national importance by an Act of Parliament (Act 51 of 1966) and granted autonomous status from April 1967 and placed under the administrative control of Ministry of Health and Family Welfare, Government of India. The activities of the Institute fall broadly under teaching, training, hospital services and research. As on 31 March 1998, the Institute had 42 departments, 35 wards with 1155 beds, 5 operation theatres and 26 laboratories..

Performance Review of the PGIMER was conducted by Audit and the highlights of the review are as follows:

##### **5.1.2 Highlights**

- **Budget grant under Plan to the tune of Rs 15.10 crore remained unutilised during 1993-98; sanctioned schemes for new wing of advanced cardiac and ophthalmology centres were not started while New Emergency Block remained incomplete. Works on PGIMER progressed at a slow pace.**
- **Against the sanctioned strength of 325 doctors as on 31 March 1998, 239 doctors were in position; of the total of 86 vacancies, 35 were in the grade of Professors.**
- **Medicines/disposables worth Rs 5.17 crore were provided to indoor patients without any account of replacements by patients during 1995-98.**
- **Fee to the tune of Rs 2.30 crore against various tests was short realised by endocrinology, radiology and physiotherapy departments.**

- For admission to MD and MS courses, 58 to 92 *per cent* of the sponsored seats advertised during 1993 to 1998 remained vacant.
- 19 sets of laundry equipment valuing Rs 44.05 lakh and central sterile surgical plant purchased in 1992-93 were found sub standard but their replacement by the supplier had not been sought so far (October 1998).
- Electrol Microscope Model EL-906 purchased at a cost of Rs 90.78 lakh and installed at the Institute in June 1997 went out of order in December 1997 due to short circuiting of electrical system. The Institute did not seek its replacement by the supplier.
- Laboratory equipment and other medical equipment worth Rs 4 crore were lying either uninstalled or were non-functional resulting in blocking of funds.
- Technical sanction to the detailed cost estimates of works, against which Rs 21.63 crore had already been spent upto 1997-98, had not been obtained.
- Due to incorrect preparation of cost estimate (Rs 7.46 crore), actual cost of five works had exceeded the initial cost estimates by Rs 4.14 crore.
- Rs 7.49 crore recoverable from Punjab and Haryana Governments against bed charges earmarked for their officers during 1990-98 had not been recovered.

### **5.1.3. Objectives**

The objectives of PGIMER, as stipulated in the Act, are:

- (a) to develop patterns of teaching in undergraduate and postgraduate medical education in all its branches so as to demonstrate a high standard of medical education;
- (b) to bring together, as far as may be at one place educational facilities (medical and health) of the highest order for the training of personnel in all important branches of health activity, and
- (c) to attain self-sufficiency in postgraduate medical education to meet the country's needs for specialists and medical teachers.

#### **5.1.4. Functions**

With a view to promote its objectives, the Institute was responsible for providing:

- (a) undergraduate and postgraduate teaching facilities
- (b) facilities for research in various branches of science of modern medicine.
- (c) establishing a well equipped hospital with all infrastructure, medical equipment, nursing staff and services.

#### **5.1.5. Organisational set up**

An Institute Body constituted of 20 members (with its President nominated by GOI) decides all policies and important matters relating to the Institute. There is one Governing Body (the executive body of the Institute) which comprises 15 members. The President of the Institute Body is chairperson of this body as well. The Director of the Institute is the Member Secretary of both these bodies. Other Committees viz. Standing Finance Committee, Academic Committee, Selection Committee, Purchase Committee and Estate Committee are constituted by the Institute Body.

For carrying out day to day administration work, the Director is assisted by the Dean, Medical Superintendent, Financial Advisor and Deputy Director (Administration). There are 42 departments in the Institute providing indoor and outpatient services, facilitating training in various courses and continuing research in the selected thrust areas with one College of Nursing.

#### **5.1.6. Scope of Audit**

The performance review covered scrutiny of records for the period 1993- 98 relating to the Institute's income and expenditure, clinic facilities, procurement of hospital equipment, construction of buildings, etc. and procedure for admission to various medical courses.

#### **5.1.7. Financial arrangements and control**

As per the Act, the Institute maintained a Fund to which all moneys received by the Institute as grants from Government of India or hospital receipts are credited.

Grants received from Government of India, Indian Council of Medical Research, Council for Scientific and Industrial Research, World Health Organisation and hospital/other receipts collected during 1993-98 were as under:

**Table 5.1.7 Grants and Receipts**

(Rs in crore)						
Sl. No.	Type of Receipt	1993-94	1994-95	1995-96	1996-97	1997-98
(i)	Main Grant	45.25	65.85	54.78	59.90	79.26
(ii)	Grant for specific purposes	2.76	2.42	3.35	3.77	3.99
(iii)	Hospital Receipts	3.27	3.90	5.47	7.71	8.05
(iv)	Other Receipts	1.82	5.39	4.91	3.70	7.02
	<b>Total</b>	<b>53.10</b>	<b>77.56</b>	<b>68.51</b>	<b>75.08</b>	<b>98.32</b>

Grants for specific purposes include research grants released by Indian Council of Medical Research, Council for Scientific and Industrial Research, World Health Organisation and Ministry of Health and Family Welfare to Heads of faculty branches for specific research and also various donations/fellowships for students involved in the research work.

### 5.1.8 Budget estimates and expenditure

The Institute submitted annual budgets showing the estimated receipts and expenditure to the Ministry of Health and Family Welfare for release of grants.

The details of original budget estimates, revised estimates and expenditure incurred during the years 1993-98 were as under:

**Table 5.1.8 Estimates and Expenditure**

(Rs in crore)			
Year		Plan	Non-Plan
1993-94	Original budget	17.00	33.67
	Revised budget	17.00	36.00
	Expenditure	12.70	37.36
1994-95	Original budget	16.98	37.08
	Revised budget	28.00	38.10
	Expenditure	20.46	43.86
1995-96	Original budget	18.00	41.78
	Revised budget	18.00	46.20
	Expenditure	21.32	46.89
1996-97	Original budget	20.00	45.00
	Revised Budget	31.25	58.47
	Expenditure	36.91	49.97
1997-98	Original budget	30.00	55.00
	Revised Budget	36.40	83.20
	Expenditure	24.16	71.02
<b>Total</b>	<b>Original budget</b>	<b>101.98</b>	<b>212.53</b>
	<b>Revised Budget</b>	<b>130.65</b>	<b>261.97</b>
	<b>Expenditure</b>	<b>115.55</b>	<b>249.10</b>

Sub-head-wise details of budget provision and expenditure during 1993-94 to 1997-98 are given in Appendix XII. A scrutiny of records relating to budget provision and expenditure revealed the following:

### **5.1.8.1 Plan**

Plan Budget comprised 7 schemes. During 1993-98, original plan budget provision of Rs 101.98 crore was revised to Rs 130.65 crore, of which only Rs 115.55 crore (88 *per cent*) could be spent (Appendix XII-A). It was found that Rs 6.19 crore booked as expenditure under 'Plan' were actually spent on 'Non-Plan' works of maintenance nature in violation of Rule 10.6 of Delegation of Financial Powers.

Short-utilisation of revised budget provision was mainly under the following sub-heads/schemes:

- a) Against budget provision of Rs 54.97 crore under the sub-head 'Works', Rs 33.81 crore (61 *per cent*) were spent.
- b) Similarly, against budget provision of Rs 3 crore under 'Development Schemes' Rs 0.24 crore only were spent.
- c) Construction of proposed new wing of PGI for which Rs 1.00 crore were received in 1993-94 was not started even in 1997-98
- d) As against availability of Rs 7.90 crore for New Emergency Block only Rs 3.24 crore were spent.
- e) No progress was made for setting up advanced Cardiac and Ophthalmological Centres though funds to the tune of Rs one crore was provided for them.

### **5.1.8.2 Non-Plan**

Non-plan budget comprised 15 sub-heads/components like salaries, travel expenses, rent/rates/taxes, machinery/equipments, material & supplies, maintenance of buildings, grants, loans, etc. During 1993-98 against the final budget grant of Rs 261.97 crore (Appendix XII B), only Rs 249.09 crore (95 *per cent*) were utilised.

## **5.1.9 Accounts**

### **5.1.9.1 Annual Accounts**

(a) Annual Accounts of the Institute are subject to audit and certification by the Comptroller and Auditor General of India, under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service Act, 1971). Annual accounts of the Institute upto the year 1997-98 had been finalised and audited.

(b) The Institute did not maintain accounts in respect of individual advances to suppliers, contractors, outstanding liabilities or general ledger to consolidate the monthly entries of subsidiary books, and priced inventories of fixed assets created.

### 5.1.9.2 Non-reconciliation of bank accounts-Rs 45.55 lakh

In order to reconcile cash balances in bank pass book with those appearing in books of account maintained by the Institute, a monthly bank reconciliation statement was required to be prepared. It was noticed that bank reconciliation was not being carried out regularly.

The difference between Cash Book and Bank Pass Book as on 31 March 1998 was as under:

**Table 5.1.9.2**

(Rs in Lakh)

Name of Account	Balance as per Cash Book	Balance as per Bank Account	Difference Less in Bank (-) Excess in Bank (+)
Main Grant	10.50	0.25	(-) 10.25
Grant for specific purpose	26.27	49.13	(+) 22.86
Provident Fund	17.68	49.76	(+) 32.08
Employees Group Insurance Scheme	2.22	3.08	(+) 0.86
<b>Total</b>	<b>56.67</b>	<b>102.22</b>	<b>(+) 45.55</b>

The difference was attributed mainly to non-debiting of cheques to the account of the Institute issued at the end of the financial year and wrong debit/credit entries made by the bank.

Cheques of the value of Rs 30.71 lakhs issued in favour of suppliers during 1990-93 had already become time-barred but not adjusted (by cancellation) in accounts by the Institute. Delays in effecting bank reconciliation is fraught with the risk of fraud/misappropriation of money.

### 5.1.10 Manpower management

#### 5.1.10.1 Medical Faculty

The Institute had a sanctioned strength of 5512 employees in various cadres of medical, para-medical, ministerial and class IV staff against which 4921 staff (89 per cent) were in position as of March 1998 as indicated below:

**Table 5.1.10.1**

Sl. No	Name of Wing	Sanctioned Strength	In position	Vacant posts
			(In number)	
(i)	Medical Faculty	325	239	86
(ii)	Research	79	73	06
(iii)	Hospital Services	3681	3358	323
(iv)	Administration and Accounts	587	522	65
(v)	Engineering	840	729	111
	<b>Total</b>	<b>5512</b>	<b>4921</b>	<b>591</b>

Against a total of 325 sanctioned posts in the cadre of Professor, Additional Associate and Assistant Professor actual strength was 239 (74 per cent). Of the total 86 vacancies, 35 were in the grade of Professors. It was stated by the Institute (January 1999) that no regular recruitment to the vacant faculty posts could be made in the past due to prolonged litigation on the subject of reservation. After clearance from the Ministry of Health, the vacant posts were advertised in December 1998.

### **5.10.2 Hospital Services**

Category wise analysis of manpower deployed revealed that among others there were 65 vacancies in cadre of Sr/Jr Resident Doctors, 10 vacancies of Operation Theatre Assistants, 33 vacancies of lab/other technicians and 45 vacancies of nursing staff.

### **5.10.3 Engineering**

In the Engineering Department, while there were 16 vacancies in the cadres of Assistant Executive Engineer, Junior Engineer and 15 vacancies in clerical cadres, the Institute sanctioned 576 work charged posts in these cadres against which 517 employees were deployed. There were no norms for sanctioning work charged posts and therefore, justification for creating work charged posts and appointing persons was not verifiable in audit. Further no action was taken by the Institute to fill the vacant posts under different categories.

### **5.1.11 Hospital Services**

Nehru Hospital, which as a part of the Institute came into existence in July 1963 had 17 out-patient clinics and 11 special clinics to provide medical aid to outdoor patients. For indoor patients, the services are consolidated under various wards like general, private, special and emergency.

Audit of Hospital Service revealed the following irregularities:

#### **5.1.11.1 Dispensing facilities**

The Hospital provided clinical facilities to indoor and outdoor patients. In emergency cases, only life saving medicines and disposables were also allowed to indoor patients on replacement basis.

Test check of records of sub-store (medicines) revealed that medicines/disposables worth Rs 5.17 crore were provided during 1995 -98 to in-door patients without charging any cost, as indicated below:

**Rs 5.17 crore  
not collected  
from indoor  
patients**

**Table 5.1.11.1**

Year	Value of medicines provided to indoor patients (Rs in lakh)	No. of indoor patients	Value of medicines provided to outdoor patients (Rs in lakh)	No. of outdoor patients
1995-96	157.00	33735	23.00	766705
1996-97	208.50	35220	30.50	764167
1997-98	152.00	36164	22.00	783143
	<b>517.50</b>	<b>105119</b>	<b>75.50</b>	<b>2314015</b>

The expenditure incurred by the Institute in this regard was to be recouped by payment of replacement value by the patients. No record of replacements made by patients was maintained.

#### 5.1.11.2 Clinical tests

The hospital fixed varying rates for clinical tests for indoor and outdoor patients and for carrying out certain tests for academic/research purposes.

During test check of the records of Endocrinology, Radiology and Physiotherapy Departments, it was noticed that in many cases testing fee to the tune of Rs 2.30 crore was either not charged or charged less as indicated below:

**Table 5.1.11.2**

Name of the Department	Period	Details of tests carried out		Fee not charged (Rs in lakhs)	Reasons for not charging as given by the concerned Head of the Department
		Name	Number of cases		
Endocrinology	April 1993 to March 1998	Hormone	29079	114.27	Various hormone tests were done purely for clinical research.
		Bio-chemical	38658	83.80	
Radiology	April 1996 to March 1998	CT Scan	9598	28.79	Reasons awaited
Physiotherapy	August 1996 to March 1997	Physiotherapy	1435	3.46	Reasons awaited
			<b>Total</b>	<b>230.32</b>	

The reasons given by the Institute in cases of endocrinology were general in nature and not acceptable as in some cases the fee was charged whereas in other similar cases the fee was not charged.



### 5.1.11.3 Blood Bank

- (a) The Blood Transfusion department of the Institute is recognised as one of the national level North Zone Centre for ensuring safety of blood and strengthening the blood bank system in the country. Following posts in this department remained vacant for long periods as indicated against each:

Table 5.1.11.3

Designation of Post	Sanctioned posts	Vacant posts	Vacant since
Professors	1	1	September 1988
Asstt. Professor	1	1	May 1993
Tutor	2	1	October 1992
Senior Resident	2	1	May 1993
Junior Resident	2	2	May 1993

Out of 14 sanctioned posts of faculty members six remained vacant. Reasons for the posts remained vacant for a such long periods were not intimated by the Institute.

- (b) The Institute had one Blood Bank with proper licence from the Drug Controller, Government of India. The collection of blood units decreased from 85 *per cent* of the targeted number in 1993-94 to 82 *per cent* of the target in 1997-98. Reasons for the decrease in collection of units were not intimated by the Institute.

### 5.1.11.4 Bone Bank

The Institute received a grant of Rs 15 lakh in February 1992 for development of the existing Bone Bank. Only Rs 2.17 lakh were spent on procurement of equipments and balance of Rs 12.83 lakh remained unutilised at the end of March 1998. The reasons for the unspent grant even after five years were not intimated to Audit.

### 5.1.11.5 Indoor patient wards and facilities

As per norms laid down by PGIMER, the strength of nursing staff (staff nurse) was prescribed for Intensive Care Units Wards and Operation Theatres at the rate of one for one bed, one for three beds and three for two operation tables respectively. Further leave reserve up to 30 *per cent* of the norms was provided. Number of wards, beds and nursing staff deployed, during the period 1993-94 to 1997-98 were as follows:

**Table 5.1.11.5**

Year	No. of Beds/ Operation tables	Nursing Staff deployed	Norms	Excess (+) Shortfall (-)	Leave Reserve (30 per cent of Norms)	Net Excess (+) Short (-)
<b>1993-94</b>						
-Intensive Care Units(ICUs)	216	216	-	-	-	-
-Wards	861	379	287	(+)92	86	6
-Operation Theatres (OTs)	43	76	65	(+)11	19	-8
<b>1994-95</b>						
-ICUs	216	216	21-6	-	-	-
-Wards	875	387	292	(+)95	87	8
-OTs	44	75	65	(+)10	20	-10
<b>1995-96</b>						
ICUs	220	220	220	-	-	-
Wards	878	419	293	(+)126	88	38
OTs	43	83	65	(+)18	19	-1
<b>1996-97</b>						
ICUs	220	220	220	-	-	-
Wards	878	487	293	(+)194	88	106
OTs	43	89	65	(+)24	19	5
<b>1997-98</b>						
ICUs	260	260	-	-	-	-
Wards	905	415	301	(+)114	90	24
OTs	64	92	96	(-)4	28	-32

**Excess nursing staff  
for wards at the cost  
of staff for operation  
theatres**

As was evident from the above table, excess deployment of nursing staff during 1993-98 for ward duties increased from 6 in 1993-94 to 106 in 1996-97 whereas for duties in operation theatres, the deployment was short by 8, 10 and 32 in the years 1993-94, 1994-95 and 1997-98 respectively. This shows that the 27 per cent excess deployment of nursing staff in the wards was at the cost of (25 per cent) staff for operation theatre.

### 5.1.12 Teaching

(a) Admission to post graduate courses in various disciplines of medicine was strictly on all India merit basis. Of the total seats, 22.50 per cent seats were reserved for scheduled castes/schedule tribes and five per cent for candidates belonging to rural areas for Doctor of Medicine (MD) and Master of Surgery (MS) courses

Year-wise number of seats sanctioned for MD/MS courses, filled, vacant and reasons for vacant seats during the years 1993-98 were as under:

**Table 5.1.12(a) (Sponsored Seats)**

Year	Seats advertised/ sanctioned			Seats filled			Total vacant seats	Percentage vacant sea
	Indian	Foreign National	Total	Indian	Foreign National	Total		
1993	57	-	57	20	4	24	33	58
1994	34	-	34	25	7	32	2	6
1995	3	24	27	2	3	5	22	81
1996	17	18	35	6	2	8	27	77
1997	38	27	65	14	4	18	47	85
1998	36	24	60	3	2	5	55	92

58 per cent to 92 per cent seats remained vacant in MD/MS courses

Except in the year 1994, the percentage of vacant seats ranged from 58 to 92 per cent. There was wide variation in the number of seats advertised during 1993 to 1998 for which no reasons were recorded.

Management attributed (September 1998) the vacancies to non-availability of suitable candidates. High percentage of vacant seats in MD/MS courses had adverse effect on attaining self sufficiency in post-graduate medical education to meet the country's needs for specialists and medical teachers, as envisaged in section 12(c) of PGI Act, 1966. This also means gross under utilisation of the facilities for higher medical education created in this premier institution.

(b) For courses in B.Sc (medical technology) and operation theatre assistant (OTA), the total number of seats advertised, filled and remained vacant during 1993-98 were as under:

**Table 5.1.12(b)**

Year	No. of seats			Percentage of vacant seats
	Advertised	Filled	Vacant	
1993	41	37+2*	4	10
1994	41	35+5*	6	15
1995	51	40	11	20
1996	51	37+1*	14	28
1997	51	48+2*	3	6

\* sponsored seats without any liability on PGI.

The reasons for vacant seats were not intimated to Audit.

Further for M.Sc (Technology) course, the Institute had not fixed any norms of seats to be offered.

### 5.1.13 Research and Training

#### 5.1.13.1 Research

The research activities of the Institute were carried out by various departments of the hospital during the course of treatment of patients in OPD and indoor and secondly through research activities allotted by Indian Council of Medical Research (ICMR) and World Health Organisation (WHO). In case of research work allotted by ICMR/ WHO, money were released for the projects by the sponsoring Institutes and such grants formed part of funds shown as 'Grant for specific purpose'. But schemes-wise account was not maintained by the Institute. During 1993-98 amount of grants received, expended and balance at the close of the year were as under.

**Table 5.1.13.1**

(Rs in lakh)

	1993-94	1994-95	1995-96	1996-97	1997-98
Opening balance	227.48	261.25	259.46	335.51	368.12
Amount received	276.33	241.44	334.49	377.04	399.38
Total	503.81	502.69	593.95	712.55	767.50
Amount expended	242.56	243.23	258.44	344.43	372.88
Balance at the close of year	261.25	259.46	335.51	368.12	394.62

**51 to 56 per cent research grant not utilised, 30 research schemes not begun, 23 remained incomplete out of 125 research schemes**

As was evident from the above table, of the total research grant received during 1993-98, 51 to 56 per cent remained unutilized. The unutilised funds were deposited in 'Term Deposits/Magnums of SBI/PNB/Bonds, etc. and the interest so earned during the year formed part of the grants earmarked as 'Research grant of PGI'. The Institute did not maintain any record to show department-wise schemes undertaken. At the end of March 1998, out of 125 research schemes undertaken 30 were not even begun and 23 remained incomplete.

Rs 19.62 lakh received by the Institute for specific research on 30 schemes had not been utilised till March 1998. Evidently, such research was not carried out.

The investigators/researchers (heads of the concerned departments) failed to report to the Institute the details of assets created out of such expended grants and thus the accountability of such assets, remained unverified in audit.

#### ***5.1.13.2 Training***

The Institute was running para medical courses for B.Sc. (Nursing) and M.Sc. (Nursing), the latter for staff nurses already in service. During 1997-98, against a capacity of 46 seats for B.Sc. (Nursing) 24 students were enrolled. Only 7 students were enrolled for M.Sc. (Nursing).

Since inception upto 1997-98 only 1667 students graduated and 118 students post-graduated in nursing from the Institute.

#### ***5.1.14 Sub-standard laundry equipment and undue favour to contractor***

The Institute had its own laundry plant. To upgrade services for Laundry and Central Sterile Surgical Department, the Institute entered into an agreement (June 1991) with Hospital Services Consultancy Corporation India Ltd, New Delhi, for procurement, installation and commissioning of the equipment on turnkey basis at a total cost of Rs 1.46 crore.

The contractor was paid advance of Rs 1.39 crore (95 per cent) during June 1991 to July 1992.

The work was completed during November/ December 1992. The Institute constituted (July 1993) verification committees to inspect the material/equipments installed in the plant with reference to Purchase Order issued. The verification conducted revealed that the 19 sets of equipment valuing Rs 44.05 lakh were sub-standard and not in working order. As the fact of equipments being sub standard was noticed by the Institute within the extended warranty period of 1½ years from the date of commissioning of equipment, the Institute should have sought replacement of these equipment from the contractor which was not done.

After a lapse of three years in July 1996, the Institute recovered from the contractor only Rs 13.40 lakh out of Rs 44.05 lakh blocked up in sub-standard non-working equipment.

### **5.1.15 Purchases**

**5.1.15.1** For purchase of material and equipment for PGIMER, there was a Technical Committee for approving the technical specifications of material, equipment etc. framed by the respective heads of the departments. One Tender Committee for opening/approving of tenders for supply of such equipment and one Purchase Committee to consider the price bids and technical bids evaluated by Technical Committee were also constituted.

Audit of some of the purchases revealed the following irregularities:

a) Institute placed (November 1997) supply order for surgical operating microscope complete- leica model-840 for Rs 10.76 lakh on Scientific Instruments, New Delhi. On receipt of the equipments in May 1998 by the Institute, it was found that instead of leica model-840, leica model-841 was supplied by the firm. The equipment had not been replaced so far (October 1998).

**Single quotation purchase**

b) Institute purchased (March 1997) ISO Kinetic Biofeed back system at a cost of Rs 34.55 lakh from Hospimedica International, New Delhi on single tender basis instead of obtaining offers/bids at least from three firms. Similar equipment was purchased by All India Institute of Medical Sciences, New Delhi at a cost lower by Rs 3.70 lakh. The Director, PGI stated that considering the technical superiority of the chosen model of the equipment, the price difference of Rs 3.70 lakh (10.7 per cent) was minor. The reply was not tenable as the prescribed procedure of obtaining of offers at least from three firms before purchase of material/ equipments was not followed.

**Equipment worth Rs 90.78 lakh not working**

c) Purchase order for Loom Transmission Electrol Microscope Model EL-906 at a cost of Rs 90.78 lakh was placed in March 1995 on a firm, Carlzeiss Postfach, Germany. The equipment was to be handed over and installed at PGI within 25 weeks of the opening of letter of credit (LoC) in favour of the supplier. The LoC was opened in August 1995 and therefore, the equipment was to be installed by February 1996. However, the equipment was installed/ commissioned at PGI only in June 1997. After functioning for a short period, the equipment went out of order in December 1997. The equipment was set right but again stopped working in the same month due to short circuiting of electric system. The equipment had warranty period upto June 1998. As the equipment went out of order within the warranty period, the Institute could have got it replaced which was not done. The Institute also failed to levy liquidated damages @ 2 per cent of the value of equipment as provided in the supply order.

**Rs 27.78 lakh worth equipment non-functional**

d) Institute purchased Nicolet EMS/5000 long term Video EEG Monitoring system at a cost of Rs 27.78 lakh in January 1996 from Nicolet Bio-Medical Institute, London. Main items, viz., VCR tapes, Electrode, Electrode paste and camera were not received and therefore, the equipment

had not been installed so far (October 1998). As per terms and conditions of the agreement, it was stipulated that the supplier will supply the entire equipment within a period of 6-8 weeks after receipt of LoC and the Institute had the right to recover the damages at 2 per cent of FOB value per month in case of delay. The Institute had not taken any effective steps to secure the procurement of items short received. The penalty for delay in supplies was also not imposed

#### 5.1.15.2 Non receipt of consignment

Test-check of the records for purchase of material by Audit revealed that though the payment of Rs 3.38 lakh against seven purchase orders placed during 1981-88 for supply of spares of machinery had been made consignments were still awaited (October 1998). After a lapse of ten years, the Director, PGI ordered (May 1998) the Medical Superintendent to investigate the cases thoroughly for fixing responsibility. Further progress in the matter was awaited.

#### 5.1.16 Blocking of funds in uninstalled equipments

(i) Equipment were procured for introducing latest techniques in carrying out the various clinical tests required for treatment of the patients.

Test check of the records revealed that equipments worth Rs 1.32 crore procured about 10 years were still awaiting their installation due to either being defective or complete parts not received as indicated below:

Table 5.1.16

Sl. No.	Name of equipment/ machinery	Date of purchase/ receipt	Value (Rs in lakh)	Remarks
1.	Microscibe Electro-encephalograph EEG model	May 1992	26.16	Partially installed for EEG but not working for ED.
2.	Morgan Exercise Test Monitor	December 1988	15.90	Unsuccessful installation
3.	Microwax-11	-do-	16.42	Lying packed
4.	Medical laser	1988	20.00	--
5.	Gama Camera	-do-	54.00	Particular part of the camera not functioning
<b>Total</b>			<b>132.48</b>	

#### (ii) Non-functioning of laboratory equipments

Most of the patients, after examination by doctors in OPD, were advised various tests like urine, blood, stool, etc. But the patients had to get these tests done from private lab at a high cost as the equipments worth

upply against 10  
ear old purchase  
rder not received

Rs 2.68 crore detailed in Appendix XIII were lying idle/ non-functional & non-repair by the Institute.

#### **5.1.17. Non-auction of condemned items**

**Items condemned in 1986-94 yet to be auctioned**

Unserviceable articles beyond economic repair were to be condemned by the competent authority. The condemnation board in its meetings between 19 August 1986 to 14 December 1994 condemned a number of pieces of equipment of various departments valuing Rs 46.49 lakhs, US \$ 66,000, Holland HFL 321580 and Japanese Yen 15975000. These were still awaiting auction (October 1998). No reasons were furnished by the Institute for the delay in auction of these equipment condemned long ago.

### **Engineering and maintenance services**

#### **5.1.18.1 Construction of Advanced Pediatric Centre**

**Undue financial aid to contractor**

The work 'Providing Heating, Ventilation, and Air Conditioning (HVAC) system' in the building of Advanced Pediatric Centre was awarded to a contractor in March 1996 at a tendered cost of Rs 1.86 crore.

The contractor was allowed the facility of drawing advance up to 10 per cent of the contract value though the notice inviting tender provided for advance payment up to 10 per cent of contract value. The work was not completed within 8 months of the award of work i.e. by November 1996. The contractor, however, did not start the work during these 8 months and, instead, demanded revision of payment terms which included opening of a letter of credit for Rs 45 lakh in favour of the suppliers from whom the contractor had to purchase material for heating, ventilation and air conditioning system at his own cost. Institute accordingly made a supplementary agreement in November 1996. A letter of credit for Rs 31.60 lakh in favour of supplier and advance payment of Rs 37.16 lakh was also made to the contractor. Thus payment of advance of Rs 18.58 lakh in excess of 10 per cent of contract value & additional facility of opening letter of credit for Rs 31.60 lakh tantamount to undue financial favour to the contractor. The work was in progress and an expenditure of Rs 1.61 crore had been incurred up to June 1998.

#### **5.1.18.2 Tampering with tender documents**

As per usual practice each correction, overwriting or addition found in the tender/contractor's offer should be encircled in red ink, initialed & numbered by the officer opening the tenders in order to reduce the scope for malpractice.

**Tender rates tampered by institute to favour a party**

The Institute floated tenders for the work 'Internal Electrification in Advanced Pediatric Centre building' in the year 1993 in response to which three firms tendered their rates. Rates offered by MEC Electric Centre were the lowest according to which the total cost was to be Rs 88.83 lakh. However, the rates quoted by Shine Electric Works were over written in order to bring down their rates from original amount of Rs 89.50 lakh to Rs 87.70 lakh and make them the lowest. The rates in the Abstract

cost of tenders furnished by the agency remained unchanged showing the offer as Rs 1.02 crore with 12 *per cent* discount i.e. at Rs 89.55 lakh. Evidently, rates offered by this firm were changed to favour the firm to make its offer the lowest thereby getting the contract.

#### **5.1.18.3 Non-functional central AC system**

The work 'Providing Air Conditioning and Ventilation works in Advanced Paediatric Centre (APC) building' had a provision for installation of Central Air Conditioning Plant and Central Hot Water System. The system comprised of installation of reciprocating chiller, absorption chiller and steam boilers. As the system was compact and inter connected, floating of tenders for all these systems was required to be synchronized and managed in such a way that the system of air conditioning became operational immediately after the completion of work. It was, however, noticed that tenders for 'Providing Heating, Ventilation, Air Conditioning (HVAC) system' (excluding supply/installation of steam boilers) were invited in April 1995 and the work was allotted to a contractor in March 1996. An expenditure of Rs 1.61 crore had been incurred on installation of HVAC system. However, for commissioning of steam boilers, without which HVAC system could not be commissioned, tenders were invited in June 1998 and the work was yet to be awarded.

Due to delay in inviting tenders for steam boilers and their non-installation, the entire expenditure of Rs 1.61 crore incurred on the AC system remained unfruitful.

#### **5.1.18.4 Avoidable delay leading to payment of escalation charges — Rs 1.08 crore**

The Works 'Construction of Advanced Pediatric Centre' and 'Construction of OPD' Block were put to tenders in July 1993 and October 1994 respectively. As per NIT, the stipulated time limit of completion for both these works was 36 months. Both these works were awarded to the lowest tenderer i.e. Kalsi Constructions Company at a cost of Rs 7.04 crore and Rs 7.29 crore in October 1993 and March 1995 respectively with the time limit of completion of 24 months and 30 months. The time limit of 36 months for completion of these works (as per NIT provisions) was got reduced from the contractor in consideration of the fact that the Institute would save against cost of additional escalation charges for the reduced period of 12 months and 6 months. These works were still in progress after a lapse of 35 months and 12 months even after the expiry of the stipulated time limit for completion. Consequently total escalation amount of Rs 1.08 crore was (1st work-Rs 92.80 lakh, 2nd work-Rs 15.06 lakh) paid till September 1998, due to escalation in costs of which Rs 69.66 lakh; (Rs 64.56 lakh for the first work and Rs 5.10 lakh for the second work) pertained to the extended period beyond the original time limit of completion. The reasons for delay in the completion of these works were attributable to non-clearance of various site-hindrances and manifold increase in the scope of works by the Institute.

Unfruitful  
expenditure due to  
non-synchronized  
supplies



Thus lack of proper planning on the part of the Institute had resulted in the payment of extra cost of additional escalation for the extended period, thereby defeating the very purpose of reducing the time limit for completion of work.

#### 5.1.18.5 *Non-preparation of cost estimates for maintenance works*

As per usual practice separate estimates should be prepared for each work of annual repairs and maintenance for special repairs of buildings. Each estimate should include entire expenditure expected to be incurred on repair of buildings during the year.

However during 1993-98 expenditure of Rs 16.12 crore had been incurred without such estimates of annual repairs and maintenance works for the buildings of the Institute.

#### 5.1.18.6 *Enhancement in the scope of work due to poor planning*

In 5 works allotted to various contractors at the cost of Rs 7.62 crore during the period October 1993 to May 1997, an expenditure of Rs 11.76 crore had been incurred which was in excess by Rs 4.14 crore (54 per cent) over the cost at which these works were allotted as indicated in the following table:

**Table 5.1.18.6**

(Rs in crore)						
Sl. No.	Name of the Work	Allotment date	Cost at which allotted	Expenditure	Excess expenditure	Percentage increase
1.	Construction of Advanced Pediatric Centre.	20.10.1993	7.04	10.74	3.70	53
2.	Construction of 54 No. Type-I houses in Sector-12	10.6.1997	0.42	0.75	0.33	79
3.	Providing and fixing Gypsum Board Ceiling in 'A' Block in the building of Advanced Pediatric Centre	19.5.1997	0.05	0.10	0.05	100
4.	Construction of Dining hall near Janta Saria Sector-12, Chandigarh	11.5.1996	0.06	0.09	0.03	50
5.	Construction of working women hostel (PH. work)	8.3.1996	0.05	0.08	0.03	60
	<b>Total</b>		<b>7.62</b>	<b>11.76</b>	<b>4.14</b>	

The increase in expenditure by 50 to 100 per cent showed poor planning. The Institute stated (October 1998) that excess expenditure in respect of 3 works at Sl. nos. 3, 4 and 5 above was due to change of site, revision of structural designs, enhancement in the scope of work and the excess had been approved by the competent authority. Reasons for the

remaining works were not intimated to audit and excess expenditure there on had not yet been approved. Payment of Rs 4.03 crore in excess of allotment amount for works at Sl. nos. 1 and 2 above were therefore unauthorised.

#### **5.1.18.7 Misappropriation of stock-Rs 3.55 lakh**

Material from the stock was required to be issued only on receipt of an indent signed by Divisional or Sub-Divisional Officer. An entry of stores received/issued should simultaneously be made in the bincard/stores ledger. The Divisional Officer, should arrange to have the balances as per bincards verified periodically with those shown in the priced store ledger.

**Defective maintenance of stores ledger led to misappropriation of stores worth Rs 3.55 lakh**

Test check of the records of main stores revealed that the material valuing Rs 3.55 lakh was misappropriated by the store keeper by entering inflated quantities of the material issued in excess of those shown in the indents, posting the quantities of material issued against the fictitious indents and wrong totalling of the quantities of material. The matter was investigated by CBI and in their report received in November 1997, the misappropriation of Rs 3.55 lakh had been confirmed. Departmental action however, had not been taken so far (December 1998).

#### **5.1.19 Other points of interest**

##### **5.1.19.1 Non-recovery of electricity and water charges-Rs 33.50 lakh**

The Institute leased out 34 shops in its premises to private contractors during the period 1993-98. It was, however, noticed that PGI did not recover electricity and water charges in respect of leased shops though provided in the lease agreement. The recoverable amount accumulated to Rs 33.50 lakh upto March 1998.

##### **5.1.19.2 Non-recovery of annual charges of beds in the hospital-Rs 7.49 crore**

The Institute allocated 120 and 80 beds for admission of officers belonging to Punjab Government and Haryana Government respectively and fixed annual charges of Rs 11600 per bed initially. The Governing body of the Institute increased (July 1990) the maintenance cost of beds from Rs 11600 to Rs 64500 per bed *per annum* from April 1990. Punjab Government agreed to pay the enhanced rate from April 1998. Consent of Haryana Government had not been received so far (October 1998). A sum of Rs 7.49 crore for the years 1990-98 was recoverable from these two Governments on this account.

**Punjab and Haryana Governments owe Rs 7.49 crore to the Institute**

## **Lala Ram Sarup Institute of Tuberculosis and Allied Diseases, New Delhi**

### **5.2 Denial of CT Scan facility to patients by delayed installation**

**Lala Ram Sarup Institute of Tuberculosis and Allied Diseases imported one CT Scanner in March 1995. The equipment was received in November 1995 but could be made operational only in August 1998 resulting in denial of scanning facility to patients for over two years, besides blocking of Rs 1.82 crore and lapse of warranty of the equipment.**

A High Resolution CT Scan was imported in March 1995, from General Electric International Singapore through its Indian representative Wipro G.E. Medical Systems Limited, at a cost of US\$ 5.95 lakh including agency commission, freight and insurance of US\$ 41680. The equipment was warranted against defective workmanship and material for a period of 27 months from the date of shipment (October 1995) or 24 months from the date of installation, whichever was earlier. The equipment was received in the Institute in November 1995.

**Work order for construction of site was issued 16 months after the receipt of equipment**

It was also decided by the Institute in March 1995 itself, to award the work of turnkey project to the same firm for installation of the CT Scan system, which included construction of building (civil, electrical, air-conditioning and sanitary work etc.) on 1400 sq ft area at a cost of Rs 18.50 lakh against the plan submitted by the firm in February 1995. The master plan of the Institute including CT Scan was submitted to the Municipal Corporation of Delhi (MCD) in July 1995, the approval for which was given by the MCD in February 1997. The firm submitted revised plan in February 1997, since the original plan had some shortcomings with regard to bye laws for waiting areas, holdup area etc. The work order was issued to the firm in March 1997 for a covered area of 2368.50 sq ft at a cost of Rs 31.29 lakh. The construction work of the CT Scan Centre was started in July 1997. The CT Scan was installed and made operational in August 1998.

Purchase of CT Scan before the approval of master plan of the Institute by MCD and award of work order for turnkey project not only resulted in idle investment of Rs 1.82 crore for over two years and expiry of its warranty but also in non-achievement of the purpose of its purchase. Due to its delayed installation the patients had to be referred to clinics outside the Institute for CT Scan.

**Penalty of 1 per cent  
was yet to be  
recovered from  
contractor**

The Ministry stated in October 1998 that the turnkey project had been completed in August 1998 and CT Scanner inaugurated by the Union Minister of State for Health and Family Welfare. It further stated that the delay had occurred due to delay in implementation of the turnkey project by the firm for which a penalty would be levied as per agreement at the rate of 1 *per cent* of the total cost of the buildings project per week, subject to maximum of 10 *per cent*. The reply of the Ministry was only an assurance to levy penalty on the firm and did not state if action was being take against any concerned official. The original plan which proved defective was approved prematurely by the Institute and efforts after receipt of the equipment in November 1995 to get it installed were inadequate.

## **CHAPTER VI**

### **MINISTRY OF HUMAN RESOURCE DEVELOPMENT**

#### **Department of Culture**

#### **6.1 Indira Gandhi National Centre for Arts — A Review**

##### **6.1.1 Introduction**

**Indira Gandhi National Centre for Arts (IGNCA) was established in March 1987 by Government of India. IGNCA was visualised as a Centre to encompass the study and experience of all the arts, each form with its own integrity, yet within a dimension of mutual interdependence, inter-related with nature, social structure and cosmology.**

The aims and objectives of IGNCA are to :

- Serve as a major resource centre for the arts
- Undertake research and publication
- Establish tribal and folk arts collection
- Provide a forum for creative and critical dialogue among the diverse arts and develop links with other national and international centres of arts and culture.

##### **6.1.2 Highlights**

- Government of India abdicated its responsibilities for administrative and financial control over IGNCA by approving in June 1995 major amendments in the original Deed of Declaration of 1987.
- Sanctions for initial Corpus Fund of Rs 25 crores in March 1987 and additional grants to augment the Corpus Fund between 1992-95 violated provisions of General Financial Rules 149 (2) and 149(3). As a result of irregular sanctions, even interest accruals to the tune of Rs 24 crore were not used for programmes of IGNCA but re-invested to increase income from further interest accruals.
- Rs 2.85 crore remained unutilised out of Rs 3 crore sanctioned for observance of 10 Martyrdom Anniversary of Smt. Indira Gandhi.

- Against a total expenditure of Rs 45.52 crore on construction of building complex upto March 1998, IGNC A had already received Rs 84.55 crore as separate grants for construction by March 1997 and accumulated Rs 1.49 crore on investments from these grants. Continued grants thereafter, of Rs 20 crore in 1995-96 and Rs 14 crore in 1996-97 for construction of building complex were in excess of actual requirement.
- Despite the preference of Board of Trustees for government agencies to serve as construction management agency, CPWD was overlooked in favour of a private company which resulted in avoidable expenditure of Rs 2.40 crore.
- No penalty was levied on the Architect for inordinate delay in the completion of the building project.
- Expenditure on architectural services was 9.77 *per cent* as against 3 *per cent* for similar projects and actual cost of all services worked out to over 20 *per cent* of project cost.
- Rs 18.36 lakh were paid to the contractor in contravention of the provisions of contract.

### **6.1.3 Scope of Audit**

A review was carried out during July to September 1998 with a view to examine the functions of IGNC A and utilisation of funds etc.

### **6.1.4 Organisational set up**

The Trust consists of a minimum of seven and maximum of twenty one trustees. The original Deed of Declaration provided that on expiry of a period of ten years, two third of the trustees would retire out of which one third of the trustees would be nominated by Government while the rest one third of trustees would be nominated by retiring trustees. In addition to above trustees, the Member Secretary appointed by Government of India would be deemed to be a Trustee for the duration of appointment.

The Trust formed an Executive Committee to run IGNC A and implement the decisions taken by it. In order to achieve the aims and objectives, IGNC A set up the following five divisions:

- (i) Kala Nidhi:- development of national information system and data bank on arts, humanities and cultural heritage of India,
- (ii) Kala Kosha:- research and publication of fundamental texts and encyclopaedia,
- (iii) Janapada Sampada:- conducting systematic scientific study and research projections of tribal and folk arts,

- (iv) Kala Darshana:- provide a forum for creative expression, participation and communication in art and culture
- (v) Sutradhara:- provide administrative, managerial and organisational support and services.

### **6.1.5 Funding pattern**

The Government of India provided a Corpus Fund of Rs 50 crore in four installments during 1987-94. The interest earned from investment of this fund was to be utilised for day to day expenditure. The IGNCA also received Rs 169.34 crore for building construction (Rs 84.55 crore), observance of 10<sup>th</sup> anniversary of martyrdom of Smt. Indira Gandhi (Rs 3 crore), interest on fund (Rs 74.77 crore) and grant from UNESCO, UNDP (Rs 7.02 crore) etc.

### **6.1.6 Deed of Declaration**

#### **6.1.6.1 Amendment in Deed of Declaration to escape accountability**

The original Deed of Declaration of the Trust of 1987 was amended in June 1995 resulting in significant changes as detailed below:

- i) The preamble of the original Deed did not mention corpus funds but only stated Trust Funds would include corpus funds from Government. By amendment in 1995 the decision of Government of India to grant corpus funds was introduced in the preamble itself.
- ii) Article 7 of the Deed provided that on the expiry of a period of ten years, two third of total number of Trustees would retire out of which one third of the Trustees would be nominated by Government of India and the rest one third would be nominated by the retiring Trustees. This article was amended in 1995 to revoke the retirement of trustees to treat them as "Life Trustees".
- iii) Article 9 of the Deed providing for appointment of Member Secretary by the Government of India was amended to give the power of appointment of Member Secretary to the Trust.
- iv) Article 24 of the Deed provided that the objects and other terms of the Deed may be amended, altered or modified by a majority of three fourth members of the IGNCA Trust present and voting at a meeting specially convened for the purpose. Such amendments, alterations or modifications were to come into effect only with the prior written approval of the Government of India. However, this clause of prior written approval of the Government of India was deleted in 1995.

- v) Article 25 of the Deed provides that the President of India would be the Visitor of IGNCA and he may set up from time to time a "Review Committee" to review the working of IGNCA, its component divisions, institutions, units etc. and submit a report thereon. The recommendations/ suggestions of the Review Committee as were accepted by the Government of India in consultation with the Trust, were to be binding on the Trust. This article was also deleted through amendments made in the Deed of Declaration in 1995.

**No accountability**

The amendments carried out by the Trust in the Deed of Declaration duly accepted by Government of India left the latter without any effective role in securing accountability of IGNCA. To an Unstarred Parliament Question No.1139 in the Rajya Sabha on 5 June 1998 regarding the rationale, circumstances and legal validity of the amendments, Government assured the House that information was being collected and the advice of Attorney General was awaited.

These amendments were patently not in public interest because Rs 50 crores as corpus funds plus Rs 162 crore otherwise had been invested in the Trust from tax payers' money.

**6.1.6.2 Periodical Review**

No review committee was appointed by the Government of India during March 1987 to May 1995 as required under Article 25 specified in sub-para 5.1.6.1 (v) above.

**No review of performance**

Thus, the activity of the Trust had not been reviewed by Government of India at any time inspite of large Corpus Fund/building fund released to it. Further, large funds continued to be released by Government of India without assessing its functioning.

**6.1.7 Financial irregularities**

**6.1.7.1 Irregular grant of corpus fund**

Resolution of Government of India dated 19 March 1987 made no mention of corpus funds as a means of financing activities of IGNCA. Department of Arts sanctioned on 30 March 1987 an amount of Rs 25 crore as initial corpus fund with benefit of interest or other returns thereof to be utilised solely towards the promotion of objects of IGNCA.

**GFRs do not allow grant of corpus funds**

General Financial Rules (GFR) of Government of India do not allow grant of funds in the nature of a corpus. GFR 149 (2) stipulates that a sanction to grants should be considered only on the basis of viable and specific schemes drawn up in sufficient details by the institution concerned. No such details were obtained before sanction of grants in a rush.



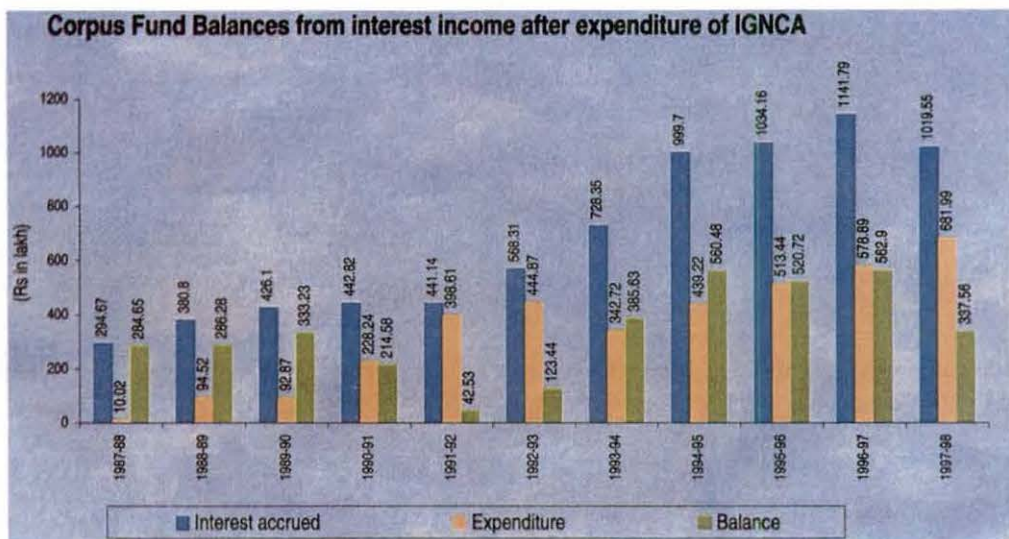
Moreover, GFR 149(3) requires that a sanction should state whether it is recurring or non-recurring in nature and in case it is non-recurring, it should specify the time period within which it is to be remained in force. It was not clear as to whether the grant for initial corpus fund was of a recurring or non-recurring nature. Though sanction of Rs 25 crore was granted in 1987 as an endowment and therefore presumably as non-recurring, an additional Rs 25 crore were sanctioned in three installments of Rs 11.75 crore, Rs 10 crore and Rs 3.25 crore during 1992-95 to augment the corpus fund. No time limit by which these were to be spent was specified.

The funds were made available by Government of India without justification of expenditure as yearly expenditure out of interest earned left considerable balance every year as indicated below:

**Table 6.1.7.1**  
**Interest earned and expenditure of IGNCA**

(Rs in lakh)			
Year	Interest earned	Expenditure	Balance
1987-88	294.67	10.02	284.65
1988-89	380.80	94.52	286.28
1989-90	426.10	92.87	333.23
1990-91	442.82	228.24	214.58
1991-92	441.14	398.61	42.53
1992-93	568.31	444.87	123.44
1993-94	728.35	342.72	385.63
1994-95	999.70	439.22	560.48
1995-96	1034.16	513.44	520.72
1996-97	1141.79	578.89	562.90
1997-98	1019.55	681.99	337.56
<b>Total</b>	<b>7477.39</b>	<b>3825.39</b>	<b>3652.00</b>

It is evident from the above table that interest income realised from investments of Rs 50 crore was in excess of the annual expenditure of the IGNCA thereby requiring no additional grants to the corpus fund as released by Government of India.



Further, out of total savings of Rs 36.52 crore, an amount of Rs 23.95 crore was further invested by IGNC A to increase its interest income.

**Further grants released without assessing actual requirement**

It is apparent that no review was conducted by Government of India at any stage to assess the actual requirement of IGNC A before releasing Rs 25 crore during 1992-95 to augment the Corpus Fund.

The Ministry of Human Resource Development, Department of Culture was requested to make available the files relating to the Corpus Fund for verification in audit but the relevant files were reported to be not traceable in the Ministry.

#### **6.1.7.2 Blocking of funds**

Government of India, Ministry of Human Resource Development, Department of Culture sanctioned in March 1995, Rs 3 crore for the observance of the 10 anniversary of the martyrdom of Smt. Indira Gandhi. The amount was to be spent on programmes approved by Department of Culture.

The IGNC A in June 1995 sent three proposals for approval to the Department of Culture, namely:

- (i) Indira Gandhi Memorial fellowship scheme.
- (ii) Organisation of programme on tribal arts and culture, and
- (iii) Bringing out publications for schools and colleges on tribal arts and culture.

**Funds for 10 anniversary of martyrdom of Smt. Indira Gandhi not utilised**

The IGNC A also proposed diversion of Rs 2.50 crore for creation of corpus fund out of the above grant to have revolving fund account from the interest earned to meet the expenditure on the above mentioned schemes. In the meantime IGNC A spent Rs 14.63 lakh on programmes approved by Department of Culture. Approval of these schemes and proposal for diversion of fund for creation of corpus fund of Rs 2.50 crore were still under consideration of the Ministry resulting in the funds of Rs 2.85 crore remaining unutilised since March 1995.

#### **6.1.7.3 Other unutilised grants**

A grant of Rs 3.90 lakh was received from UNESCO during 1991-92, for International Academic Workshop on Conceptual Structures and Models. Out of this grant, Rs 1.98 lakh was expended during 1991-93 leaving a balance of Rs 1.92 lakh. The unspent balance remained blocked from April 1993 to March 1998 with IGNC A. The above project file called for in Audit was also not traceable with IGNC A.

#### **6.1.7.4 Loss of interest on re-investment**

Article 14 of the Deed provided that all moneys forming part of the Trust Funds and recurring investment with the approval of the Trustees were to be invested or re-invested.

The IGNCA had formed a Long Term Investment Committee to decide the pattern of investment keeping in view the highest yield of interest, safety and liquidity of investments.

A test check of records revealed that there was delay upto 6 days in re-investment of amounts resulting in loss of interest of Rs 2.48 lakh as under:

**Table 6.1.7.4**

**Loss of interest due to delays in investments**

(Rs in lakh)					
Sl. No.	Year	Amount Invested	Date of Maturity	Date of Re-Investment	Loss of Interest
1.	1993-94	500	15.4.96	19.4.96 (4 days)	0.77
2.	1993-94	150	15.3.97	19.3.97 (4 days)	0.23
3.	1993-94	500	30.4.96	06.5.96 (5 days)	0.96
4.	1994-95	90	28.6.96	02.7.96 (3 days)	0.10
5.	1994-95	50	28.6.96	02.7.96 (3 days)	0.06
6.	1994-95	80	05.6.97	12.6.97 (6 days)	0.18
7.	1994-95	79	06.6.97	13.6.97 (6 days)	0.18
<b>Total</b>					<b>2.48</b>

Delay in reinvestment had not been investigated by IGNCA.

**6.1.8. Construction Works**

**6.1.8.1 Avoidable expenditure on fees etc. paid to Construction Management Agency**

In November 1984, Government decided to construct a building complex to commemorate the memory of late Smt. Indira Gandhi. Enquiries were made from Central Public Works Department (CPWD), Rail India Technical and Economical Services (RITES), National Building Construction Corporation (NBCC), and Engineers Projects (India) Ltd. (EPIL) and National Industrial Development Corporation (NIDC) to work as Construction Management Agency (CMA).

The Building Committee was not in favour of entrusting work to the private sector in view of the findings of Central Vigilance Commission as published in its annual report for 1986 that a large number of serious irregularities occurred in construction projects entrusted to private agencies. A sub-committee formed to examine the issue and make recommendations was of the view that CPWD and RITES had better rating than other organisations.

Despite preference for Government agencies private firm appointed as Construction Management Agency

The CPWD offered to execute the work at a commission of 3 per cent of the actual expenditure whereas RITES offered to execute the work at a commission of Rs 1.85 crore plus other charges but its offer was valid upto December 1993. The Building Committee in August 1988, included Tata Projects Limited (TPL), a private sector firm as a competitor who offered to execute the work at 2.3 per cent of the project cost with provision of free secretariat assistance, transport vehicles and travelling expenses. No reasons

were recorded for excluding CPWD from the competition. A letter of intent was issued to TPL on 31 January 1991 and the agency started functioning from February, 1991.

As against the original offer of TPL the actual agreement entered into with them provided for the following for completion of work:

- (a) Mobilisation Component Expenses — Rs 15 lakh.
- (b) Fee calculated in terms of man month component i.e. payment of salary and other charges to the staff deployed on the work as detailed in agreement with quarterly escalation in accordance with the consumer price index of the Government of India.
- (c) Facilities to be provided viz. for secretarial assistance, transport vehicles, travelling expenses and free furnished office accommodation in Delhi.
- (d) Re-imburement of consultant fees besides expenses incurred on obtaining licenses, advertising charges and insurance etc.

TPL was paid a total amount of Rs 3.35 crore on construction expenditure of Rs 31.62 crore upto 1997-98 which works out to 10.59 *per cent*, while an amount of Rs 94.86 lakh would have been payable at 3 *per cent* to CPWD. Thus, the Trust incurred an avoidable expenditure of Rs 2.40 crore.

#### **6.1.8.2 Non-levy of penalty on Architect**

An International Design Competition was held for the building complex of IGNCA to be built on a plot of 24.7 acres in the Central Vista area of New Delhi and Mr. Ralph Lerner, an architect from USA was engaged to prepare detailed designs and supervise construction of the IGNCA project as per agreement executed in January 1988. The Architect was to submit designs and drawings of the project so as to start construction on 15 August 1988 and to complete it by 19 November 1993. The fee payable was at 5 *per cent* of the actual cost of the project out of which 40 *per cent* was payable in US dollars and 60 *per cent* in Indian currency. The fee payable at 5 *per cent* of actual cost of project was even higher than the fee at 3 *per cent* paid to the Architect engaged to design and supervise construction of the prestigious Parliament Library buildings.

The Architect did not observe the time schedule. The designs of the building namely Kala Nidhi, Kala Kosha and Shared Resources-‘A’ received in November 1991 were found incomplete during scrutiny by TPL. Even the designs for concept stage submitted by the architect in October 1989 were not approved by Central Vista Committee and Delhi Urban Arts Commission in their meeting on 26 December 1991. The documents in revised form required to be submitted to New Delhi Municipal Committee by 30 June 1992 were not submitted.

The Building Project Committee finally observed that Mr. Ralph Lerner was a very good designer but very poor in project execution. Therefore, the arrangement was modified to save the project from endless delays and Sawhney Consultants Private Limited was appointed as Architect in July 1993.

The failure on the part of Mr. Ralph Lerner to furnish requisite designs/drawings to start construction of the project on 15 August 1988 resulted in increase in the estimated cost of building project from Rs 100 crore to Rs 330 crore by June 1997. As the Architect was residing in USA and was not available for day to day supervision, this led to abnormal delay in completion of project.

#### **Penalty not imposed**

It was not on record as to why IGNC A did not consider levy of penalty for delay in submission of drawings in terms of article 13.1 of the agreement dated 30 January 1998 which provided for a penalty upto US\$ 5 lakh equivalent to Rs 65 lakh during one year for breach of contract. Fees and travel related expenses amounting to Rs 1.29 crore and Rs 0.25 crore respectively were paid to Mr. Ralph Lerner during the period 1990-94.

#### **6.1.8.3 Architectural service fee**

Due to the poor performance of Mr. Ralph Lerner causing abnormal delay in completion of building project, IGNC A appointed Sawhney Consultants Private Limited as Architect on 15 July 1993 to carry forward the project work running behind schedule. An amount of Rs 80.14 lakh was payable to the architect as fee besides travel related expenses for the building namely Kala Nidhi, Kala Kosha and Shared Resources 'A'.

The IGNC A paid Rs 3.09 crore including travel related expenses of Rs 0.32 crore for architectural services against actual expenditure of Rs 31.62 crore incurred upto 1997-98.

The expenditure on architectural services amounting to Rs 3.09 crore worked out to 9.77 per cent of total expenditure of Rs 31.62 crore. While commenting on Expenditure Finance Committee memo with reference to this project in March 1993, the Director General Works (DGW) and the Superintending Surveyor of Works (NDZ-I) observed that the fee to be paid to the Architect as per the agreement at 5 per cent was on the higher side. The DGW further stated in May 1993 that for the similar prestigious Parliament Library Building, it was limited to 3 per cent of tendered cost excluding cost of electrical and air conditioning works and not complete cost of project as provided for in the IGNC A agreement.

The actual cost of all services worked out to an unprecedented 20.36 per cent (Architectural services : 9.77 per cent, Construction Management Agency: 10.59 per cent) upto 1997-98 besides expenditure incurred by building project committee.

#### **6.1.8.4 Irregular payment to contractor**

Tenders were invited for construction of main structure of institutional building of IGNCA at an estimated cost of Rs 8.44 crore. The lowest quotation of Ahluwalia Contracts (India) Limited was accepted out of three quotations and work was awarded to them at a negotiated amount of Rs 14.09 crore (against justified cost of Rs 13.65 crore) on 9 June 1993. The work was to be completed in 18 months i.e. by December 1994.

A test check of records revealed as under:

(i) Despite deletion of certain items of work costing Rs 1.90 crore from work order, the contractor took 39 months to complete the work which was completed in October 1996 at a cost of Rs 12.33 crore.

The contractor was granted extension of 21 months resulting in payment of escalation cost of Rs 12.70 lakh on labour component although the delay occurred due to change of sequence of work by the contractor and to his objection on use of silicon sealant in joint fillings.

(ii) An amount of Rs 5.66 lakh was paid to the contractor against his claim for Rs 73.42 lakh for damages caused to the material owned by him due to heavy downpour on 25 June 1994 which caused a sewer line to burst. The Engineer Incharge of TPL to whom the matter was referred stated that the contractor was advised to work near sewer line very carefully after taking suitable protective measures and had they fast tracked these measures the loss could have been averted. Subsequently in July 1997 TPL recommended to IGNCA to approve payment of Rs 5.66 lakh to the contractor. The recommendation of TPL for payment of Rs 5.66 lakhs to the contractor was contrary to the provisions of contract entered into between the Trust and the contractor, according to which no payment was to be made for any damages caused by rain, snow fall, flood or any other natural cause what so ever during execution of work.

#### **6.1.8.5 Award of work without call of tender**

An agreement was entered into in October 1996 between IGNCA Trust and Lighting Design Partnership Limited of United Kingdom for providing lighting control system for the complete project.

The consultant was entitled to draw fees in foreign currency amounting to £ 2.20 lakh subject to escalation on the basis of average earning index and office expenses amounting to £ 4000 besides travelling expenses in terms of article 7 of the agreement.

**No tenders called for lighting project**

A test check of records revealed that the Trust awarded the work without calling for tenders although a huge amount of £ 2.20 lakh equivalent to over Rs one crore in Indian currency was payable for the work.

### 6.1.8.6 Excessive grant for construction

(i) Ministry of Finance (Department of Economic Affairs) authorised IGNCA to open a deposit account in the Public Account of India with a branch of Canara Bank, New Delhi for its building fund to be used for construction of building of IGNCA. The deposits were accounted for by the bank in Government Account under the Public Account Head "8449 Other Deposits-Miscellaneous Deposits- Deposits of the IGNCA." Withdrawal from the above account were made by IGNCA and credited to project account. The project account was operated by a private Construction Management Agency of IGNCA.

Only 51 per cent of building grants utilised

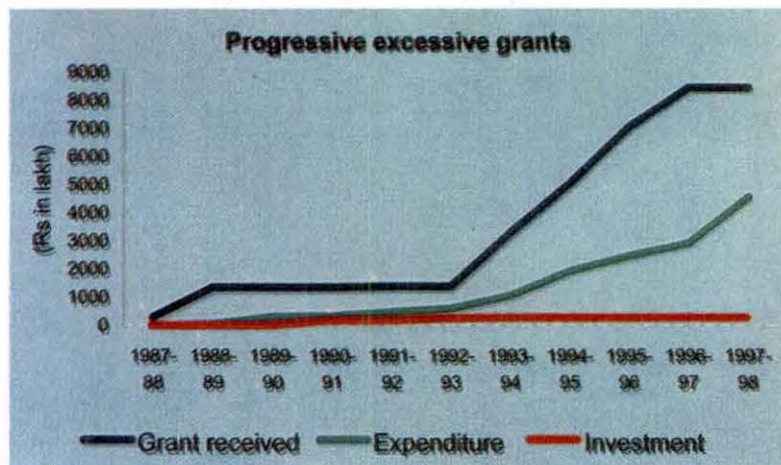
(ii) The release of funds of Rs 84.55 crore by the Ministry of Human Resource Development for construction of building was more than the requirement as only 51.43 per cent of the grant released for construction was utilized upto March 1998 as detailed below:

Table 6.1.8.6

#### Yearwise details of grant received and expenditure incurred

Year	(Rs in lakh)			
	Grant received (progressive)	Expenditure (progressive)	Investment (progressive)	Interest accrued
1987-88	294	5	-	-
1988-89	1355	50	-	-
1989-90	1355	302	-	-
1990-91	1355	315	175	23.00
1991-92	1380	474	175	23.00
1992-93	1380	594	250	29.00
1993-94	3280	1053	268	36.00
1994-95	5055	1922	268	38.00
1995-96	7055	2456	268	39.00
1996-97	8455	2899	268	39.00
1997-98	8455	*4552	268	39.00
<b>Total</b>				<b>266.00</b>

\* This includes assets worth: Rs 2.03 crore (land leasehold : Rs 183.59 lakh and other assets : Rs 19.63 lakh) acquired by IGNCA upto 1991-92.



(iii) In contravention of terms and conditions 7 for release of building grant, the IGNCA diverted a sum of Rs 2.68 crore out of building grant and invested it in fixed deposit with the sole purpose to earn interest. An amount of Rs 2.66 crore was received towards interest upto 1997-98.

#### ***6.1.8.7 Injudicious creation of Reserve Fund for staff quarters***

The IGNCA decided in December 1992 to provide residential accommodation to 367 members of staff and artists including craftsmen. Enquiries from various housing agencies were made for purchase of 500 fully developed land/residential flats for staff and 200 for craftsmen etc. IGNCA created a reserve fund of Rs 1.80 crore in two instalments of Rs 90 lakh each out of savings available during 1996-98.

The proposal for purchase of 500 flats for 367 members of staff was unjustified. Though the Reserve Fund of Rs 1.80 crore was created during 1996-98 it had not been utilised till October 1998.

#### ***6.1.9. Physical Verification of Library***

The library of IGNCA had more than 50000 books. Sample physical verification of stock was required to be conducted at intervals of not more than five years as required under GFRs.

A test check in audit revealed that the sample/physical verification was not conducted for five years from 1987-92 in contravention of rules and 893 books valuing Rs 0.78 lakh were found missing during sample physical verification conducted in subsequent years.

The Government of India decision cited above further provides that if such sample physical verification revealed unusual or unreasonable shortage, complete verification was to be conducted. Despite unreasonable number of books found missing in sample verification, the IGNCA did not conduct complete physical verification of library books.

The IGNCA made advance payment of Rs 41.30 lakh to subscribe for 1671 journals and periodicals during 1994-98 out of which 468 journals and periodicals costing Rs 13.17 lakh were not received.

#### ***6.1.10 Royalty on Publication***

A test check of records revealed that 64 titles consisting of 65120 copies were published during 1987-98 at a cost of Rs 1.17 crore whereas 19486 copies were sold and royalty of Rs 31.51 lakh was received upto March 1997 against total royalty of Rs 1.16 crore due on sale of entire stock. The IGNCA did not devise any method to ensure timely receipt of royalty and number of copies lying unsold with the publishers.

The matter was referred to the Department of Culture in November 1998; their reply was awaited as of January 1999.



## **Department of Education**

### **Aligarh Muslim University, Aligarh**

#### **6.2 Irregular appointment**

**AMU appointed faculty members without need dictated vacancies and incurred Rs 25.14 lakh without approval of the UGC.**

Aligarh Muslim University (AMU) introduced in 1991 a scheme of "Global Vacancies" which envisaged appointments in any department covering vacancies arising in the entire university irrespective of the departments to which these vacancies pertained. It was also envisaged that no vacancy would be filled up by appointment of any Professor or Reader and only Lecturers would be appointed against such vacancies. AMU had not obtained approval of the University Grants Commission (UGC) before introducing this scheme.

AMU appointed nine Lecturers, two Readers and two Professors under this scheme in various departments during 1991-97. An expenditure of Rs 25.14 lakh was incurred on the salary and other allowances of the fresh appointees during the same period.

UGC stated in October 1997, that it had not approved the scheme of "Global Vacancies" introduced by AMU in 1991 and that AMU was not competent to introduce such a scheme without UGC's approval. Thus AMU appointed 13 faculty members without need dictated vacancies and incurred Rs 25.14 lakh without justification or approval of UGC.

The matter was referred to the Ministry in May 1998; their reply was awaited as of January 1999.

**Appointment of  
faculty without need  
dictated vacancies**

## **All India Council of Technical Education, New Delhi**

### **6.3 Imprudent purchase of office space**

**All India Council for Technical Education(Council) booked office space in a building without legal contract and prior approval of the Government resulting in unfruitful expenditure of Rs 3.34 crore besides avoidable expenditure of Rs 5.30 crore on rent from March 1994 to September 1998.**

**Council has no powers to purchase building space**

The Council was formed in 1987 by an Act of Parliament to plan and coordinate development of technical education system throughout the country. The delegation of financial powers prepared by the Council and sent to Government in August 1994 for approval did not cover purchase of office space by the Council.

**Council released Rs 1.37 crore to NBCC without legal contract/approval of Ministry**

Against the estimated requirement of about 4000 sq metre of land for long term accommodation of the Council's Secretariat, the Council booked office space measuring 1000 sq metre in response to offer dated 10 September 1991 in a building built by National Building Construction Corporation (NBCC). The estimated cost of this building was Rs 2.75 crore and released Rs 1.37 crore being 50 *per cent* of the total estimated cost as booking amount on 19 September, 1991 without entering into any legal contract and without obtaining prior approval of the Ministry of Human Resource Development. It was stated that the office space would be ready for possession by September 1993. The Council planned to acquire two additional floors measuring 2000 sq metre at NBCC Place and asked the Ministry for additional funds required to go ahead with the plan. The Ministry, however, not only declined to release additional funds for purchase of building space but it observed that purchase of accommodation in a commercial area involving high capital expenditure without obtaining prior approval of Government was setting a wrong trend for other autonomous bodies and suggested that the Council should review its decision to purchase office space at NBCC Place and try to withdraw money already deposited with NBCC.

**Ministry refused funds for this accommodation in costly commercial area**

In the absence of any legal agreement, the Council failed to come out of the deal and also accepted NBCC's plan for alterations to the original plan and make additional payments. The Council had made a total payment of Rs 3.34 crore till December 1998 for building space against the estimated cost of Rs 2.75 crore.

**Rs 3.34 crore released for only 25 *per cent* requirement of office space yet to be constructed**

The Council was operating from a rented office space at Indira Gandhi Indoor Stadium at a monthly rent of Rs 9.64 lakh since March 1994 and it had paid Rs 5.30 crore as rent till September 1998 even after spending Rs 3.34 crore for purchase of office space which was yet to be completed (December 1998). Further, the office space purchased falls short by almost 75 *per cent* of the Council's requirement and as such it would not serve the purpose of accommodating Council's Secretariat even after taking its possession.

The matter was referred to the Ministry in November 1998; their reply was awaited as of January 1999.

## **Kendriya Sanskrit Vidyapeeth, Lucknow**

### **6.4 Unfruitful expenditure due to change in plans**

**Faulty planning and delayed approval of maps and estimates rendered expenditure of Rs 25 lakh unfruitful; Rs 34.10 lakh lying unspent with CPWD.**

Kendriya Sanskrit Vidyapeeth, Lucknow purchased 10 acres of land for construction of building at a cost of Rs 33.68 lakh in 1985. The possession of land was taken in 1989.

Test check of records of Vidyapeeth by Audit in August 1997 revealed that Vidyapeeth paid Rs 59 lakh to CPWD between December 1990 and March 1992 for construction of boundary wall and phase-I works like site development, sewer line and overhead tank. CPWD intimated in December 1994 that they had spent Rs 25 lakh on the work and Rs 34.10 lakh were lying unspent as the work was stopped because Rashtriya Sanskrit Sansthan desired to get another map as per Guruvayur Padhati and revised estimates from CPWD. The work remained at a standstill since then.

Vidyapeeth stated in September 1998 that the work was held up because the revised map as per Guruvayur Padhati and preliminary estimate for Rs 2.76 crore was sent to headquarters office in New Delhi in November 1996 for administrative approval and financial sanction. The administrative approval was accorded only in January 1998 and financial sanction was still awaited.

The reply is not tenable because on the one hand the Sansthan failed to decide architectural design before commencement of work and on the other did not accord financial sanction even after four years of stoppage of work. In the meantime Vidyapeeth had paid a sum of Rs 20.72 lakh as rent between 1986-87 to 1997-98 on five hired buildings.

Thus, faulty planning and delay in decision regarding approval of map and estimates had led to unfruitful expenditure of Rs 25 lakh besides Rs 34.10 lakh was lying unspent with CPWD since 1992.

The matter was referred to the Ministry in May 1998, their reply was awaited as of January 1999.

**Financial sanction not accorded even after four years**

**Faulty planning and delay in decision resulted in unfruitful expenditure of Rs 25 lakh**

## **National Council of Science Museums, Calcutta**

### **6.5 Unfruitful expenditure on construction of building**

#### **Delayed civil works and failure to complete electrification rendered expenditure of Rs 2.33 crore unfruitful.**

National Council of Science Museum (NCSM) awarded the construction work of the building to a firm Makintosh Burn Limited in December 1990 to be completed by December 1992 at a total cost of Rs 2.75 crore. This cost also included all works relating to internal electrification.

In July 1992 the firm requested NCSM to exclude the internal electrification works from the contract as the prescribed rates for it had become unworkable due to price rise. NCSM accepted the proposal and decided to separately install a modern and sophisticated electrical wiring system by a different contractor but it was dropped for want of adequate expertise. After nearly four years NCSM decided in May 1996 to execute the internal electrification system departmentally. Meanwhile, Makintosh Burn Limited completed the building in December 1994, two years after the scheduled date and till December 1998 had received Rs 2.33 crore as its payment.

It was noticed in audit in September 1997 that the construction work was delayed due to failure of NCSM to obtain necessary approval from the local municipal authority and delay in supply of steel to the firm. Although NCSM had incurred Rs 5.43 lakh towards internal electrification upto December 1998 the work was still incomplete. Consequently the building remained unfunctional (December 1998) even after nearly four years of completion of civil works.

Thus NCSM gave undue benefit to civil works contractor, failed to complete electrification even after four years and had spent on a building not fit for occupation as of now.

The matter was referred to the Ministry in June 1998; their reply was awaited as of January 1999.

**Civil works proceeded without a decision on internal electrification system**

**Electrification not completed and building not in use after four years of civil works completion**

## University of Delhi

### 6.6 Avoidable expenditure on electricity charges

**Due to poor budgeting Delhi University (South Campus) had to pay an additional amount of Rs72.75 lakh on account of higher tariff for temporary electrical connection during the period August 1990 to December 1994.**

Additional payment at higher tariff due to delay in payment for permanent electrification

Fifty per cent higher tariff for temporary electricity connection

The South Campus of University of Delhi was established in 1973 in a rented building. In 1977 the Ministry of Urban Development allotted land measuring 65.913 acres in Dhaula Kuan for development of the University. In October 1978 the University submitted the Master Plan to Delhi Electric Supply Undertaking (DESU) for preparation of an electrification scheme. As a portion of the University started functioning in its new building, a temporary connection was obtained in 1984 which entailed additional payment of surcharge. In April 1985 the University applied for permanent connection but due to certain technical difficulties, DESU released the temporary high tension connection in March 1987 involving 50 per cent higher tariff than normal tariff schedule. In November 1989 DESU formulated a scheme of electrification of Educational Institutional Area and asked the University to pay its estimated consumer share of Rs 42.72 lakh. In August 1990 DESU requested the University to deposit Rs 40.97 lakh for execution of work. Since the University had not made any provision for payment to DESU on account of electrification of the area, it requested the University Grants Commission (UGC) in March 1990 to make available the required funds. The UGC allotted the funds in March 1994. Meanwhile in February 1994 DESU revised the university's share for electrification to Rs 47.09 lakh due to increase in price and revised the additional tariff for temporary connection from 50 to 100 per cent. The permanent connection was released by DESU in December 1994.

The University shifted its offices to new building without ensuring the availability of electricity in the area at normal rates and later did not make provision of funds for making payment to DESU. This resulted in avoidable additional payment of Rs 82.13 lakh on account of higher tariff for temporary connection during the period August 1990 to December 1994 and Rs 4.37 lakh on account of revision of electrification charges. The University incurred an avoidable expenditure of Rs 72.75 lakh on this account after adjustment of rent of Rs 13.75 lakh for hired accommodation.

The Ministry while admitting the facts in April 1998 stated that the University had not followed the advice of the UGC to include the expenditure for obtaining permanent power connection in its Eighth Plan proposals. Therefore, the University could not be absolved from accepting its responsibility for the lapse which resulted in delayed release of funds by the UGC.

## **Victoria Memorial Hall, Calcutta**

### **6.7 Unfruitful expenditure**

#### **Computer worth Rs 24.39 lakh grossly underutilised.**

To serve researchers and the public with computerised museum documentation system of images and description of art objects, Victoria Memorial Hall (VMH) entered into an agreement with Computer Maintenance Corporation (CMC) in February 1992 for supply, installation and commissioning of a computer system at a cost of Rs 21.18 lakh. As per the agreement, the firm was to train the designated VMH personnel for textual data entry and image capture and for entering existing collection of the art objects into the system which VMH was to make available by March 1993.

The computer system was installed in May 1992 and VMH paid Rs 23.09 lakh including Sales tax to the CMC between December 1991 and May 1992. In addition Rs 1.30 lakh was spent on its installation. The system however remained inoperative upto August 1993 as the VMH did not depute any personnel to CMC for training. Meanwhile the warranty coverage for the system expired in May 1993. The system was operated with the help of the firm's representative from September 1993 but developed defects soon there after and finally went out of order in March 1995. VMH handed over the system in August 1995 for repair but the firm refused to rectify the defects on the ground that no annual maintenance contract (AMC) had been entered with it. Subsequently in February 1997 an AMC for Rs 0.58 lakh was entered into with the firm but the system still remained inoperative as of August 1998. Meanwhile as against the stipulated 6000 photographs only 2599 photographs were delivered to the firm between September 1993 and March 1995 in five batches of which only 791 photographs were digitised by the firm as of August 1998. The shortfall in digitisation was due to delay in photograph and transcribed data of art objects by VMH.

Thus a computer system purchased at a cost of Rs 24.39 lakh six years ago was operated for a brief period of one and half years and has been out of order since March 1995 resulting in the objective of computerised documentation of museum objects remaining unfulfilled as only 13 *per cent* of the stipulated number of photographs could be captured on the system.

The matter was referred to the Ministry in June 1998; their reply was awaited as of January 1999.

The computer system procured in May 1991 remained inoperative for four and half years

## CHAPTER VII MINISTRY OF INDUSTRY

### Automotive Research Association of India, Pune

#### 7.1 Blocking of funds

**There was blocking of Rs 3.87 crore and loss of interest of Rs 2.10 crore due to failure to ensure that the land proposed for acquisition was free from encroachment**

Automotive Research Association of India (ARAI) submitted a proposal to the Ministry of Industry in 1993-94 for setting up a Regional Centre at Gurgaon on a 10 acre plot of land offered by Haryana Urban Development Authority (HUDA) at an estimated cost of Rs 10 crore to create infrastructural facilities for testing all types of motor vehicles. The work was to commence in October 1994 and completed in four years in three phases. The Ministry of Industry released Rs 4.87 crore to the ARAI for the project in three instalments between October 1994 and December 1996.

The total cost of the 10 acres of land offered by HUDA was Rs 3.87 crore at the rate of Rs 800 per square yard. ARAI paid 25 *per cent* of the total cost (Rs 96.80 lakh) as earnest money in March 1995 and also released the balance amount of Rs 2.90 crore in May 1995 without delineating the boundaries of the plot despite knowing that the plot was under un authorised occupation. On 31 May 1995, ARAI refused to accept possession of the plot unless it was made free of encroachments. However the encroachments could not be removed by HUDA due to a stay given by the High Court of Haryana.

HUDA, therefore, in December 1997 offered an alternate plot of land of 10 acres at a total cost of Rs 7.99 crore at the rate of Rs 1650 per square yard which was 25 kms away from the first plot. ARAI did not accept this offer due to its higher cost and inconvenient location. It filed a claim for refund of Rs 3.87 crore along with interest of Rs 2.10 crore at the rate of 15 *per cent per annum*. HUDA refunded only the principal amount in May 1998.

In the meantime the Haryana State Industrial Development Corporation (HSIDC) which had been approached by ARAI allotted a plot of land measuring 7.9 acres at IMT, Manesar at a total cost of Rs 4.83 crore at the rate of Rs 1500 per sq. metre. ARAI paid Rs 1.21 crore during April-May 1998 and requested for earmarking of boundaries before making payment of balance amount. The physical possession of plot was yet to be taken by ARAI (December 1998).

Release of funds of Rs 2.90 crore despite ARAI knowing that land was encroached upon

Principal amount refunded by HUDA but not the interest

No physical possession of the plot offered by HSIDC even after payment of Rs 1.21 crore

Failure to ensure that the land proposed for acquisition was free of all encroachments before making the full payment to HUDA had resulted in non completion of a project originally conceived in 1994. Moreover, the balance payment of Rs 2.90 crore was also released, ignoring the fact that there were several illegal encroachments, while an amount Rs 3.87 crore remained blocked with HUDA for three years with consequent loss of interest of Rs 2.10 crore and ARAI had to accept an offer for a piece of land from HSIDC at almost double the cost. This alternate land was yet to be acquired.

Accepting the facts, Ministry stated in September 1998 that ARAI has been instructed to pursue the recovery of interest from HUDA.

## **Khadi and Village Industries Commission, Mumbai**

### **7.2 Blocking of funds with private institutions**

#### **KVIC failed to watch recoveries of loans of Rs 9.84 crore from aided institutions.**

Khadi and Village Industries Commission (KVIC) Mumbai, supplies implements to its aided institutions throughout the country. Orders are placed with the manufactures by KVIC on the basis of firm indents received from needy institutions along with sanction orders approved by Standing Finance Committee. Once the implements are supplied to the institutions, the value of such implements as per agreed terms and conditions are treated as loans to be refunded by the institutions to KVIC within a period of ten years. These transactions are dealt with by Directorate of Instrumentation.

It was, however, seen in audit that in Directorate of Instrumentation attached to KVIC, as on 31 March 1997, there was a huge amount of Rs 9.84 crore outstanding under sundry debtors for a period of more than three years against the supply of implements to the institutions. Delay in debiting value of implements to loan account of institutions resulted in non-recovery from debtors thereby blocking Government funds amounting to Rs 9.84 crore and unintended financial benefit to the institutions.

Accepting the facts KVIC stated in July 1998, that transfer of these debtors to loan account of institutions was in progress and 50 *per cent* of sundry debtors would be cleared within next 6 months. The Ministry endorsed the reply of KVIC (July 1998).



### 7.3 Irregular payment of rebate on polyvastra

#### Irregular rebate of Rs 1.05 crore on sale of polyvastra in 11 States.

With a view to make khadi products competitive with the product of mills and also increase production and sale of khadi, Government of India introduced in early 1950's, rebate on various varieties of khadi. These rebates were broadly of two types: standing rebate at various rates on selling prices of different varieties of cloth allowed throughout the year and special rebate at uniform rate of 10 *per cent* on all varieties for a period of 90 days in a year during festivals. Both these rebates were to be given only after it was notified by Govt. of India from time to time.

Standing rebate on polyvastra given in 1995-96 by KVIC without authorisation/ notification by Government

Scrutiny of records revealed that KVIC allowed standing rebate of 10 *per cent* on polyvastra throughout the year 1995-96 in anticipation of Government's order and on the presumption that rebate on polyvastra allowed by Government for the year 1994-95 would be continued for the subsequent year also. However, the Government order in October 1996 announcing rebate for 1995-96 excluded standing rebate on polyvastra for that year. Thus, standing rebate was given on polyvastra, on a presumptive basis despite the fact that in certain years this rebate was not allowed as in 1995-96. This resulted in irregular payment of rebate of Rs 1.05 crore of 11 States. Information from other States was awaited as of July 1998.

Accepting the facts, KVIC stated in February 1998 that while initiating action for recovery, the matter had also been taken up with Government of India for restoration of standing rebate on polyvastra for the year 1995-96 and Government's orders were awaited.

KVIC further stated in August 98 that the rebate was paid as per the normal approved policy and hence it could not be treated as irregular merely because Government approval was not communicated for a particular year. The Ministry endorsed the reply of KVIC in August 1998. The reply is not tenable since KVIC was aware that decision to introduce a system of market development assistance in lieu of rebate recommended by the High Powered Committee was pending with the Government and rebate was to be allowed only after it was notified.

## CHAPTER VIII MINISTRY OF LABOUR

### Employees' Provident Fund Organisation, New Delhi

### Regional Provident Fund Commissioner, Delhi

#### 8.1 Non-recovery of outstanding dues

Due to arbitrary discontinuance of DCBR there was no system with the organisation to monitor the subscription to be received from the establishments as well as amounts in arrears. Abnormal delays ranging between one year and 26 years resulted in non-realisation of outstanding dues of Rs 4.92 crore.

According to the provisions of Employees' Provident Fund and Miscellaneous Provisions Act 1952 the Regional Provident Fund Commissioner Delhi is one of the sixteen Regional Commissioners who assist the Employees' Provident Fund Organisation (EPFO) in discharging its functions. In Delhi Region 20100 establishments had been covered under the Act as on 31 March 1998 with a total number of 12.65 lakh subscribers. The establishments covered under the Act were required to deposit monthly subscriptions in the authorised bank by 15 of the following month. In the case of defaulters damages at the rate of 17 per cent to 37 per cent, depending upon the period of delay were to be levied.

As per the EPFO Manual of Accounting Procedure, a demand-collection-balance register (DCBR) was required to be maintained by each of the regional/sub-regional offices. The postings into DCBR were required to be made immediately evidencing the remittances made in accounts submitted by the employers. On receipt of schedule of receipts from the bank, the entries in the DCBR were to be compared and discrepancy pointed out for immediate reconciliation. If any remittance was made beyond the due date the damages were leviable to the extent of dues in arrear.

The Regional Office had discontinued the maintenance of DCBR since 1990 though no such instructions had been issued by the Government of India. Annual subscriptions due, received and amount in arrears in respect of all the three schemes, therefore, could not be verified in audit

However, as per the Annual Report for the year 1997-98, the position of contribution received *vis-à-vis* amount in arrear at the end of 1997-98 was as under:

Discontinuance of maintenance of DCBR without Government's approval

**Table 8.1**

**Contribution received**

(Rs in lakh)

Name of Scheme		Exempted Establishments	Un-exempted Establishments	Total
(i)	Employees Provident Fund	42164.77	23150.75	65315.52
(ii)	Employees Pension Scheme	3457.20	13548.98	17006.18
(iii)	Employees Deposit Linked Insurance Scheme	38.88	690.46	729.34
<b>Total</b>		<b>45660.85</b>	<b>37390.19</b>	<b>83051.04</b>
Arrear				
(i)	Employees Provident Fund	8.88	457.60	466.48
(ii)	Employees Pension Scheme	--	13.93	13.93
(iii)	Employees Deposit Linked Insurance Scheme	--	12.21	12.21
<b>Total</b>		<b>8.88</b>	<b>483.74</b>	<b>492.62</b>

**Delay in recovery of PF contribution and prescribed damages**

Of 358 defaulting establishments from whom Rs 4.93 crore were outstanding, test check of relevant files of 61 establishments revealed that there had been abnormal delay in taking action for recovery of fund contribution which ranged between one year and 26 years. In these cases the amount recoverable worked out to Rs 2.01 crore which formed 40.83 per cent of the total recovery. Of the remaining 297 establishments, 21 cases were test checked which revealed that timely action to levy damages was not initiated. The amount of damages recoverable in these cases worked out to Rs 25.23 lakh. In the absence of DCBR there was no system with the organisation to monitor such lapses.

**Many establishment within the purview of the Act not covered by RPFC, Delhi**

Further as per the Manual, continued efforts were to be made by the RPFC through the system of intensive inspections to bring within the purview of the Act all coverable establishments. At the end of the year 1997-98 the number of establishments covered under the Act was 20100. With a view to verifying whether all the eligible establishments located in Delhi had been covered by the Regional Office, a cross check was conducted by obtaining from Employees' State Insurance Corporation a list of 150 establishments in which more than 50 workers were employed. Test check revealed that out of 150 establishments, 35 establishments had not been covered by the RPFC and it was stated in December 1998 that the position was being verified from the Area Enforcement Officers. This shows that the Regional Office had failed to discharge its mandatory functions to bring all the coverable establishments within the purview of the Act. Non-coverage of establishments is tantamount to undue benefit to the owners of the establishments and depriving the work force of the benefits under the social security schemes.

The matter was referred to the Ministry in November 1998 ; their reply was awaited as of January 1999.

**8.2 Extra expenditure on purchase of office building and avoidable burden on hiring of office accommodation.**

**Employees Provident Fund Organisation incurred extra expenditure of Rs 4.32 crore on its office building in New Delhi and avoidable expenditure of Rs 1.26 crore towards rent.**

Employees Provident Fund Organisation (EPFO) requested the Housing and Urban Development Corporation (HUDCO) for allotment of about 6400 sq metre of built up area for their office in July 1993 and HUDCO agreed in August 1993 to make available the accommodation at a cost of Rs 35600 per sq metre in its Vishala building to come up at Bhikaji Cama Place, New Delhi. The construction of building was to be completed by June 1994. No agreement was executed by EPFO with HUDCO to safeguard their financial interests.

Payment of cost of building made without execution of any agreement

As per terms indicated by HUDCO, 80 per cent of the cost was payable in two installments and the balance 20 per cent at the time of taking possession. Accordingly, Rs 18.33 crore being 80 per cent of the cost was paid by EPFO in three installments during September/October 1993 and November 1993 for the actual area allotted which worked out to 6435 sq metre.

Revision of cost of land in the absence of any agreement

Subsequently in August 1994, HUDCO unilaterally revised the cost from Rs 35600 to Rs 44000 per sq metre and demanded an additional sum of Rs 4.32 crore from EPFO before giving physical possession of the building. EPFO paid Rs 3.11 crore to HUDCO in July 1996 after adjusting Rs 1.14 crore (being the rebate allowed by HUDCO against accrual of interest on the sum already deposited in 1993) in contravention of the terms and conditions of the allotment letter and against the advice of its legal advisor.

EPFO functioned from a rented building due to non-completion of its own building

Further, HUDCO was also unable to adhere to the construction schedule and EPFO finally shifted to an incomplete building in March 1996. In the meantime EPFO functioned from a rented building on which Rs 1.26 crore was incurred towards rent from April 1995 to March 1996.

Accepting the facts, EPFO stated in September 1998 that the matter regarding claim of liquidated damages for delay in completion of work and handing over of buildings, payment of interest at the rate of 18 per cent per annum for the amount already deposited in September 1993 and rectification of various defects was under correspondence with the HUDCO.

Thus, failure on the part of EPFO to enter into a formal agreement with HUDCO to protect its interests resulted in extra expenditure of Rs 4.32 crore on the building and avoidable expenditure of Rs 1.26 crore towards rent.

The matter was referred to the Ministry in October 1997; their reply was awaited as of January 1999.

**CHAPTER IX**  
**MINISTRY OF LAW AND JUSTICE**

**Department of Legal Affairs**

**International Centre for Alternate Dispute Resolution, New Delhi**

**9. Undue benefit to a private party**

**International Centre for Alternate Dispute Resolution hired office accommodation from 1 May 1996 at New Delhi at a monthly rent of Rs1.25 lakh without entering into agreement with the owners.**

**Sub-leasing accommodation at Rs 1.25 lakh per month when lease value was only Rs 30000 per month**

International Centre for Alternate Dispute Resolution (ICADR) started functioning in a private rented accommodation. The owner of the accommodation leased it out to a company on a monthly rent of Rs 30000 in September 1996. On the same day ICADR through a sub-lease agreement hired the said accommodation on a monthly rent of Rs 125000 including facility charges of Rs 62500 without disclosing the facilities to be provided by the lessor. Thus ICADR hired an accommodation at a monthly rent of Rs 1.25 lakh whose market rent was Rs 0.30 lakh and thereby extended undue benefit of Rs 13.30 lakh to the landlord from 1 May 1996 to June 1997 against the interests of the Centre.

**Other undue benefits to the lessor**

The Centre decided to vacate the accommodation on 30 June 1997 and served notice to this effect to lessor on 22 March 1997. The lessor disputed the receipt of the notice of vacation on the ground that it was not served by registered letter acknowledgement due at the address of the company as per provisions of the agreement and deducted Rs 2.50 lakh towards rent for two months in addition to Rs 1 lakh towards ad-hoc payment of electricity charges from the security deposit. The Centre accepted this deduction inspite of the fact that the electricity bills of Rs one lakh pertained to the period prior to the occupation of the accommodation by the Centre.

Ministry of Law, Justice & Company Affairs, Department of Legal Affairs, in its reply in August 1998 stated that the Centre being a private body registered under the Societies Registration Act, is totally independent and Government of India had no administrative control over the management of the affairs of the Centre and that the Government of India, was in no way connected with the transactions mentioned in the para.

The reply is not correct as the Centre was established under the aegis of Ministry of Law and Justice as an autonomous body. The memorandum of association of the Centre stated that source of funds would be Government of India and State Governments. The money released to the Centre was provided for in the budget of the Ministry. The Ministry provided Rs 3 crore as corpus fund which was not in keeping with provisions of GFRs. Further, Rs 2.84 crore for acquisition of land and building to the Centre was granted during the year 1995-96. The Ministry also paid grants-in-aid of Rs 2.30 crore and Rs 2.50 crore in 1996-97 and 1997-98. The total commitment of the Government for acquisition of land and building for the Centre was Rs 8.06 crore. Since a substantial amount was paid by the Government of India as corpus fund and for land and building of the Centre it was required of the Ministry to see that the money had been properly utilised.

## CHAPTER X MINISTRY OF RURAL AREAS AND EMPLOYMENT

### Department of Rural Employment and Poverty Alleviation

### District Rural Development Agencies (DRDAs)

#### 10.1 Payment of subsidy to ineligible beneficiaries

**Despite Government instructions DRDAs, Dausa and Sriganganagar paid subsidy amounting to Rs 2.29 crore to ineligible beneficiaries for which no responsibility was fixed.**

Government of India circulated (November 1991) detailed instructions to the State Governments for careful and correct identification of families living below the poverty line to be benefited during year 1992-97 under Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojana (JRY) and other poverty alleviation programmes. The expenditure under IRDP was to be shared in the ratio of 80:20 by Central and State Governments. Based on these instructions the State Government issued (April 1992) guidelines for identification of families living below poverty line i.e. annual income of Rs 11000 or less with effect from November 1991 in respect of various programmes. The Block Development Officers (BDOs) were to prepare fresh lists i.e. screening of old lists of beneficiaries to identify eligible beneficiaries and fresh entrants. The BDOs were required to publish the fresh lists and send them to the concerned banks, departments and District Rural Development Agencies (DRDAs) by 15 July 1992. The beneficiaries identified in the fresh lists were only eligible for subsidy payable by DRDAs under IRDP during the years 1992-97. The State Government of Rajasthan while reiterating its instructions cautioned (November 1995) DRDAs that the officers making irregular payment of subsidy to ineligible beneficiaries would be personally held responsible

**Non-fixing of responsibility for irregular payment of subsidies to ineligible beneficiaries**

Test check (July October 1997) of records of DRDAs, Dausa and Sriganganagar revealed that in contravention of Government instructions, Rs 2.29 crore was paid as subsidy to 2137 ineligible beneficiaries under IRDP during 1993-94 to 1995-96 since their names had not been included in the fresh lists. No responsibility was, however, fixed for making irregular payment of subsidy to ineligible beneficiaries (December 1998).

DRDAs Dausa and Sriganganagar accepted (August and November 1998) the audit findings.

The matter was referred to the Ministry in May 1998; their reply was awaited as of January 1999.

## **10.2 Misutilisation of EAS funds for biogas plants**

**Rs 65 lakh representing central share of EAS funds were misutilised by four DRDAs towards construction of biogas plants, depriving the targeted beneficiaries of employment to the extent of 1.65 lakh man days.**

To provide gainful employment to able-bodied adults in rural areas during the lean agricultural season and to create economic infrastructure/ community assets for sustained employment and development, Employment Assurance Scheme (EAS) a centrally sponsored scheme commenced in September 1993. The scheme contemplated execution of labour intensive works (with 60 *per cent* unskilled wage component) such as water and soil conservation, minor irrigation, link roads and community buildings.

The installation of biogas plants at the individual beneficiaries' premises was outside the purview of the EAS. Commissioner of Rural Development Andhra Pradesh had specifically instructed in January 1995 all the Project Directors of District Rural Development Agencies (DRDAs) not to release any subsidy for the construction of biogas plants.

Scrutiny of records of the DRDAs in East Godavari, Kurnool, Nalgonda and Ranga Reddy revealed that Rs 65 lakh were misutilised during 1995-98 towards installation of 7637 biogas plants by Non-conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP) to meet the deficit contribution of beneficiaries under National Project on Biogas Development Programme.

Government of Andhra Pradesh stated in April 1998 that funds were released to NEDCAP to minimise the use of fuel wood and thereby conserve vegetation. The reply was not tenable as the plants installed in beneficiaries' premises were not community assets and the installation of these plants was also being subsidised under a separate national programme. The diversion of central funds had also adversely affected the main objective of EAS by curtailing the generation of employment by 1.65 lakh mandays.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

## **10.3 Diversion of funds**

**DRDA, Kakinada diverted Rs 50 lakh for CRSP works**

According to Government of India guidelines, funds released to the District Rural Development Agencies (DRDAs) under Integrated Rural Development Programme (IRDP) were to be utilised for providing subsidies on loans to households living below the poverty line to acquire income generating assets to enable them to cross the poverty line.

**Misutilisation of EAS funds towards installation of biogas plants**

**Denial of employment of 1.65 lakh mandays under EAS**



**Release of IRDP funds for CRSP works**

It was, however, noticed in audit in November 1997 that DRDA Kakinada had released in October 1994 Rs 50 lakh to the District Manager Andhra Pradesh State Housing Corporation Limited (APSHC) towards 50 per cent subsidy for taking up construction of individual latrines under the low cost sanitation project of the Central Rural Sanitation Programme (CRSP) even though the assets were not income generating assets. APSHC constructed 5000 sanitary units at a total cost of Rs 90 lakh (Rs 1800 per unit) with Rs 50 lakh being met from out of IRDP funds and the balance cost (Rs 40 lakh) from the funds of Zilla Parishad and CRSP. As construction of individual latrines was to be taken up exclusively under CRSP release of funds in conjunction with CRSP especially for creating non-income generating assets resulted in denying this assistance to persons below poverty line for creation of income generating assets for them.

Accepting the facts DRDA Kakinada stated in November 1997 that Rs 50 lakh was released to APSHCL from IRDP funds as per orders of Chairman of DRDA Kakinada.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

#### **10.4 Irregular release of funds**

##### **Excess release of funds of Rs 1.52 crore and submission of utilisation certificates before incurring expenditure by the DRDAs Koraput and Ganjam**

Government of India guidelines on Integrated Rural Development Programme (IRDP) provided for giving priority to marketing linkages through establishment of District Supply and Marketing Societies (DSMS) in each district with an initial outlay of Rs 10 lakh. The objective was creation of appropriate marketing infrastructure upto the district level to provide integrated services to the IRDP beneficiaries in cottage and rural industries sector for supply of raw materials and marketing of surplus products. Funds were to be released to DSMS in a phased manner depending on the progress of work.

Government of Orissa decided to execute the scheme through a State level body named Orissa Rural Development and Marketing Society (ORMAS) which was to provide marketing infrastructure relating to supply of raw materials and marketing of finished products of the districts through DSMS. Accordingly, the District Rural Development Agencies (DRDAs) of the State were directed to make contributions to ORMAS.

Test check of records of DRDA Koraput (December 1996 to February 1997) and Ganjam (October 1997 to January 1998) revealed that against the outlay of Rs 20 lakh (Rs 10 lakh for each) prescribed by Government of India, Rs 1.72 crore (Rs 1.18 crore by DRDA Koraput and Rs 54.18 lakh by DRDA

**Excess release of funds by DRDAs**

Ganjam) were released during 1993-95) in favour of ORMAS out of the funds provided under IRDP to avoid lapse of funds under the programme.

**Submission of utilisation certificates by ORMAS without incurring expenditure of Rs 1.72 crore**

Further scrutiny revealed that although ORMAS submitted utilisation certificates for the year 1993-94 and 1994-95 to the DRDAs as well as to the Government of Orissa for the entire amount of Rs 1.72 crore, no marketing infrastructure was created in the districts as of March 1998 and the expenditure incurred in this regard was Rs 5 lakh only (Rs 2.50 lakh- Koraput district and Rs 2.50 lakh -Ganjam district).

Thus, the excess release of Rs 1.52 crore (Rs 1.08 crore by DRDA, Koraput and Rs 44.18 lakh by DRDA, Ganjam) and submission of utilisation certificates to DRDAs before expenditure was incurred by ORMAS was irregular and amounted to extension of undue financial assistance to ORMAS. The balance amounts were lying unutilised with ORMAS for over four years in its Bank Account/fixed deposits. While, the interest earned on the unspent balance proved beneficial to ORMAS, the IRDP beneficiaries were deprived of marketing infrastructure.

Accepting the facts DRDA Koraput (February 1997 and February 1998) and DRDA Ganjam (January 1998) stated that the funds were released as per instructions of State Government and no marketing infrastructure was created in the districts.

The matter was referred to the Ministry in November 1998; their reply was awaited as of January 1999.

## **10.5 Misutilisation of funds**

### **Temporary residential accommodation was constructed with Rs 71.58 lakh of EAS funds.**

The Employment Assurance Scheme (EAS) was launched by Government of India during 1993-94 with the primary objective of providing employment for 100 days at least during lean agricultural season to all needy able bodied adults living in rural areas. According to the guidelines issued by the Government of India only labour intensive works of productive nature which create durable community assets for sustained employment and development were to be taken up under the scheme.

Test check of records (November and December 1997) of Project Director (PD), District Rural Development Agency (DRDA), Project Administrator (PA) and Integrated Tribal Development Agency (ITDA) Nowrangpur in Assam revealed that for providing residential accommodation to the doctors, staff of health department, office bearers of non-governmental organisations (NGO), touring lady officers, touring Zilla Parishad and Samiti ward members, the PD, DRDA Nowrangpur sanctioned and released Rs 68 lakh in March 1995 out of the funds under EAS to the ITDA, Nowrangpur for

construction of four barrack type quarters one each at an estimated cost of Rs 17 lakh at the Block Headquarters of Kosagumuda, Jharigram, Chandihandi and Raigarh. Construction of these barracks commenced during July-August 1995 and were completed by March 1997 (except at Raigarh where doors and windows had not been fixed) at a cost of Rs 71.58 lakh as of October 1997. The balance expenditure of Rs 3.58 lakh was met out of interest earnings on funds received from DRDA.

**Incurring of  
expenditure on  
temporary residential  
accommodation not  
permitted under EAS**

As construction of barrack type quarters for providing residential accommodation to the touring officers staff of medical department and others was not admissible under the scheme incurring of expenditure amounting to Rs 71.58 lakh on construction of such residential barracks out of funds under EAS amounted to misutilisation of funds. The Collector and District Magistrate, Nowrangpur while furnishing a report in July 1997 to Government on the items of works executed under EAS also observed that such type of construction did not come within the purview of EAS.

Accepting the facts the PD, DRDA stated in December 1998 that the works were taken up as per the instructions of Commissioner cum Administrator, Special Projects, Sunabeda. The reply was not acceptable as construction of quarters for residential purpose did not fall within the purview of EAS and therefore the expenditure of Rs 71.58 lakh (inclusive of the interest amount) incurred on residential quarters was irregular.

The matter was referred to the Ministry in November 1998; their reply was awaited as of January 1999.

**CHAPTER XI  
MINISTRY OF SURFACE TRANSPORT  
PORTS WING**

**SECTION A (REVIEW)**

**Calcutta Port Trust**

**11.1 Calcutta Dock System**

**11.1.1 Introduction**

Calcutta Port the only riverine major port in India comprises of Calcutta Dock System (CDS) situated on the left bank of the river Hoogly. CDS is managed by the Calcutta Port Trust (CPT), an autonomous body governed by Major Port Trusts Act 1963 and is under the administrative control of the Ministry of Surface Transport (MOST).

CDS has two docks, viz., Kidderpore Dock (KPD) and Netaji Subhash Dock (NSD). It also has a petroleum wharf at Budge Budge. Besides maintaining its 33 jetties and berths including seven petroleum jetties and five container handling berths, CDS is also responsible for maintaining the navigation channel, night navigational facilities, dry-docking facilities and railway facilities for use of its customers.

The corporate objectives of the port are to :

- Provide unimpeded navigation to ships
- Offer accommodation to vessels
- Provide facilities and services for quick and efficient cost-effective transfer of cargo
- Arrange for smooth aggregation and dispersal of cargo between port and hinterland
- Offer various facilities and services required by ships and cargo, e.g., dry docks for repairing, facilities for night navigation, etc.

**11.1.2 Highlights**

- **Rs 336.06 crore or 28 per cent of the operating income of Rs 1183.03 crore was from demurrage charges collected from users for occupying port premises beyond the specified period and not arising out of operations.**

- Net surplus of Rs 38.13 crore for the six years 1992-98 was overstated by Rs 8.66 crore due to non-provision of depreciation on some completed schemes. No provision was made for reserves towards replacement, rehabilitation or modernisation of assets.
- The operating surplus of Rs 395.21 crore over 1992-98 was burdened with huge financial and miscellaneous expenditure mainly arising out of pensionary and other terminal benefits which had not been provided for annually in the Pension Fund.
- By not revising its rent schedule in time CDS lost additional revenue of Rs 27 crore which was deemed as internal resources for its plan schemes.
- Original financial estimates for Eighth Five Year Plan schemes had to be reduced by 55 *per cent* and six major schemes for maximising capacity utilisation were deferred due to the inability of CDS to generate internal resources.
- Cost per tonne of cargo handled increased by 12 *per cent* in 1996-97 compared to 1992-93.
- In the six years 1992-98 it cost CDS Rs 14.01 crore on an average to dredge one million cubic mt. of spoils by its own dredgers while with the DCI dredgers it cost only Rs 4.25 crore
- Night navigational equipment costing Rs 64.36 lakh were pilfered during 1992-98 while CDS paid Rs 81.62 lakh to the State police authorities for police patrolling. This resulted in ships visiting CDS suffering a minimum of one day delay before entering or leaving the port.
- The newly commissioned Container Handling Berth handled only 39 to 52 *per cent* of the projected number of containers. CDS lost income of nearly Rs 14.41 crore as shippers had to resort to private agencies for handling 185594 containers(over five years), though this number was well within the projected capacity of the terminal .
- The Port Railway system drained CDS of Rs 11 crore being the aggregate loss in its operation. Despite an expenditure of Rs 3.57 crore the modernisation of railway track was still incomplete and a large number of derailments continued to occur.
- Dry docks earmarked for commercial use remained vacant 26 *per cent* of the time. CDS own vessels occupied the docks 45 *per cent* of the time. The two factors together caused loss of revenue of Rs 7.96 crore.

- CDS leased out its dry docks to a private firm despite the advice of the Chennai Port Trust that the firm had defaulted in payment of dues to Chennai Port Trust. The competence of the firm was not properly evaluated. As a result, neither the dues were realised from the firms nor could CDS utilise the dry docks for commercial use. At the time of delayed termination of the lease, Rs 7.70 crore were outstanding as accumulated dues from the lessee, as against a security deposit of Rs 2.38 crore with CDS.
- Inadequacy of land management resulted in 54 acres of its prime land remaining vacant or encroached upon, thereby causing loss to CDS of a rental revenue of Rs 12.22 crore. Ineffective action for eviction or recovery of rent led to non-collection of revenue of Rs 19.42 crore during April 1949 to September 1998. Out of a total demand of Rs 111.34 crore as its rental dues for 1992-98, CDS could realise only Rs 58.75 crore by March 1998.
- Poor inventory management led to piling up of Rs 12.82 crore worth of non-moving materials including imported spares.
- Materials worth Rs 1.33 crore were declared unserviceable between October 1976 and March 1998 remained undisposed of till June 1998.

### ***11.1.3 Scope of Audit***

The activities of CDS covering the period 1992-98 were reviewed to assess the financial viability and operational performance with reference to the corporate objectives, and planned development of the port.

### ***11.1.4. Organisational set-up***

At the apex is the Board of Trustees of the Calcutta Port Trust with representation of different interests in it. For the efficient running of CDS there are 14 departments each under a Head of Department. The Chairman, CPT is the executive head of the organisation.

### ***11.1.5 Financial Viability***

CDS derives its revenue mainly from handling of cargo and various other charges collected from ships visiting the berths. These are wharfage/landing fees, crane hire charges, demurrage charges, rentals from cargo traffic, pilotage charges and berth hire charges as well as port dues from ships and charges for use of different facilities like the Port Railways, container handling equipment and dry docks.

### 11.1.5.1 Operating surplus

Operating income, expenditure and surplus of CDS for the period 1992-98 was as under:

Table 11.1.5.1 Operating surplus

Year	Operating Income			Operating Expenditure				Operating Surplus
	Demurrage	Others	Total	Salary	Depreciation	Operations & Others	Total	
1992-93	40.36	103.75	144.11	75.95	2.98	44.66	123.59	20.52
1993-94	50.64	121.99	172.63	75.79	3.54	47.37	126.70	45.93
1994-95	57.11	131.45	188.56	91.75	3.29	46.35	141.39	47.17
1995-96	63.29	145.65	208.94	101.33	3.18	45.19	149.70	59.24
1996-97	81.17	141.90	223.07	101.50	3.44	57.23	162.17	60.90
1997-98	43.49	202.23	245.72	102.90	7.25	64.12	174.27	71.45
<b>TOTAL</b>	<b>336.06</b>	<b>846.97</b>	<b>1183.03</b>	<b>549.22</b>	<b>23.68</b>	<b>304.92</b>	<b>877.82</b>	<b>305.21</b>

(Rs in crore)

Audit analysis of the surplus, disclosed the following:

Twenty eight *per cent* of operating surplus was realised from demurrage charges alone  
Depreciation on completed schemes not provided

- (i) During the above six years, demurrage charges of Rs 336.06 crore i.e. rent for occupation by users of port premises beyond the specified period included in the operational revenue formed a major component, being more than 28 *per cent* of the total collection.
- (ii) Operating surplus of Rs 305.21 crore for the period 1992-98 shown in the table excludes depreciation of Rs 8.66 crore on completed schemes. CDS accepted in December 1998 that depreciation could not be provided on completed schemes due to delay in transferring work in progress to block account which were physically and financially completed. Thus the surplus was overstated to the extent of Rs 8.66 crore.
- (iii) The ratio of operating expenditure to operating income during the period was 74 *per cent* as against the average of 60 *per cent* in all other major ports in India indicating the lowest operating efficiency of CDS. This was accepted by CDS who stated in December 1998 that the reasons for lowest operating efficiency were high maintenance cost of old vessels and equipment.

### 11.1.5.2 Net surplus

Operating surplus, Finance and Miscellaneous income /expenditure and net surplus of CDS during 1992-98 are shown in the table below :

Table 11.1.5.2 Net surplus

(Rs in crore)

Year	Operating Surplus	Finance and Miscellaneous Income			Finance and Miscellaneous Expenditure			Net Surplus
		Interest	Others	Total	Retirement benefits	Others	Total	
1992-93	20.52	1.70	12.34	14.04	15.83	13.29	29.12	5.44
1993-94	45.93	1.34	11.78	13.12	19.82	21.87	41.69	17.36
1994-95	47.17	1.46	10.38	11.84	21.48	41.61	63.09	(-)4.08
1995-96	59.24	3.70	4.16	7.86	32.75	32.10	64.85	2.25
1996-97	60.90	6.05	10.78	16.83	33.89	29.65	63.54	14.19
1997-98	71.45	4.42	10.90	15.32	48.02	35.78	83.80	2.97
<b>TOTAL</b>	<b>305.21</b>	<b>18.67</b>	<b>60.34</b>	<b>79.01</b>	<b>171.79</b>	<b>174.30</b>	<b>346.09</b>	<b>38.13</b>

(i) As evident from the above table, the net surplus or CDS during 1992-98 was only Rs 38.13 crore mainly because pensionary and other terminal benefits amounting to Rs 171.79 crore of the total expenditure of Rs 346.09 crore was incurred without provision during this period .

(ii) Depreciation aggregating Rs 23.68 crore had been provided on historical value. The depreciation on the basis of replacement cost of assets was stated by CDS to be Rs 200.18 crore. Due to lack of adequate surplus CDS could not provide any amount for either Replacement, Rehabilitation and Modernisation Fund or the Development, Repayment of loans and Contingency Fund as prescribed by MOST for all major ports. CDS had to resort to only loans from the Government for replacement of assets.

(iii) The maximum return on capital employed registered by CDS was 6.8 *per cent* in 1993-94 as against the achievement of 12 *per cent* return laid down by Major Ports Commission. If work-in-progress is taken into account then the maximum return on capital employed during the period was only 4.40 *per cent*.

(iv) The net surplus projected for the six year period (1992-1998) at Rs 177.16 crore and later revised to Rs 114.45 crore. CDS accepted in December 1998 that the projected net surplus could not be achieved due to fall in projected traffic and increase in expenditure.

(v) CDS borrowed capital amounting to Rs 234.58 crore from Haldia Dock Complex (HDC) during 1992-98. This capital would have cost CDS interest had it been borrowed from external sources, and as such was another reason for exhibited surplus of CDS.

Even without paying taxes or cost of capital, return on capital employed was low, no provision was made annually in either Pension fund or Replacement, Rehabilitation and Modernisation Fund



### 11.1.6 Plan outlay and expenditure

11.1.6.1 The approved Eighth Five Year Plan (1992-97) for CDS contained 53 schemes for a total outlay of Rs 231 crore. The schemes in four categories, plus river related schemes, their original outlays and actual utilisation alongwith that of five additional new schemes are shown below:

Table 11.1.6.1 Outlays and Expenditure

Category (1)	No. of Schemes (2)	Original Outlay (3)	Revised Outlay (4)	Actual Expenditure (5)	Variance (4-3)/3x100 (6)	Utilisation (5X100)/4 (7)
Rupees in crore				In per cent		
A1-Schemes completed during 1991-92/ likely to be completed during 1992-93	17	14.73	13.59	12.20	(-7.74)	89.77
A2-Critical on going Schemes as on 31.3.93	11	21.89	27.31	15.79	24.76	52.82
A3-Schemes aimed at maximising benefits from existing capacities as on 31.3.93	17	117.23	34.17	23.08	(-70.85)	67.54
A4-New Schemes	3+5	1.15	13.57	5.44	1080	40.09
RR-River Related Schemes	5	76.00	16.48	16.95	(-78.32)	102.85
<b>TOTAL :</b>	<b>53+5</b>	<b>231.00</b>	<b>105.12</b>	<b>73.46</b>	<b>(-54.49)</b>	<b>353.07</b>

The original outlay was scaled down subsequently by 54.49 per cent from Rs 231 crore to Rs 105.12 crore while the number of schemes were increased from 53 to 58. The original outlay had been drawn up on the basis of Rs 38.63 crore to be generated internally by CDS. The Ministry while according approval to the plan outlay stipulated that the outlay would be reduced by the extent CDS was unable to generate internal resources. CDS generated only Rs 15.93 crore as internal resources. CDS had estimated its internal resource mobilisation on increasing traffic throughput, revenue surplus and increased rental income by revision of rent schedule. But the estimated traffic throughput and revenue surplus was not achieved and CDS effected the revision of rent schedule due from 31 March 1993 only in September 1996, resulting in non-collection of additional revenue of Rs 27 crore.

Failure to generate internal resources for plan schemes

Even the reduced outlays were not fully utilised despite adverse criticism of the Estimates Committee as conveyed by MOST (February 1993). The aggregate expenditure on schemes during the plan period 1992-97 was Rs 73.46 crore out of which Rs 25.57 crore was from loans and grants from Government, Rs 5 crore as intercorporate loan, Rs 18.65 crore as external commercial borrowings; Rs 15.93 crore from internal resources and Rs 8.31 crore from other sources.

Outlays not utilised

Six major plan schemes for capacity utilisation were deferred and four remained incomplete

**11.1.6.2** One of the objectives laid down for the Eighth Five Year Plan was to maximise capacity utilization. Accordingly CDS planned 17 schemes for replacement of vessels and cranes, development of berths and infrastructure facilities for a total outlay of Rs 117.23 crore. At the end of the period 1992-97, six schemes had been deferred after incurring an expenditure of Rs 2.65 crore. The six deferred schemes were for replacement of swing bridge, vessel pathfinder, pilot and dispatch vessels, and floating crane alongwith augmentation of equipment maintenance system. Another four schemes remained incomplete on which expenditure of Rs 5.47 crore had been incurred and only seven schemes were completed at Rs 14.96 crore.

MOST issued directives in May 1992 to prioritize all schemes directly concerned with capacity augmentation, capacity being the aggregate capacity of individual berths. While the two other ports Visakhapatnam and Paradip on the East Coast achieved a capacity increase of 3 million tonnes and 10.9 million tonnes respectively, CDS recorded a negligible capacity increase of 2 million tonnes attained by just reassessing twice its existing capacity during the plan period.

CPT stated in December 1998 that five schemes spilled over to the Ninth Five Year Plan period. No details or explanation regarding the inability to find internal resources by means of rent revision or otherwise was offered by CPT.

### **11.1.7 Operational performance**

#### **11.1.7.1 Performance indicators**

CDS had fixed no standard for its port performance. The performance as indicated by average turnaround time, average stay at berth and overall berth occupancy is given below:

**Table 11.1.7.1 Performance indicators**

Year	Average turnaround time	Average Stay at berth	Overall berth occupancy	Non working time to total time at berth	Ships suffering pre-berthing detention
1	2	3	4	5	6
	(days)		(per cent)		
1992-93	10.05	7.2	52.30	45.92	60
1993-94	9.31	6.3	48.54	45.88	64
1994-95	9.17	6.2	53.93	46.73	59
1995-96	8.63	5.4	52.49	48.43	64
1996-97	7.71	4.8	53.79	49.67	64
1997-98	7.37	4.9	57.81	48.00	65

Berth occupancy remained poor

It would be seen that while the average turnaround time was reduced from 10.05 days in 1992-93 to 7.37 days in 1997-98, berth occupancy was poor. Berth occupancy should normally range between 60 to 70 per cent.

**Poor utilisation of cargo handling equipment**

CDS however could register the best overall berth occupancy of only 57.81 *per cent* in 1997-98 indicating under utilization of resources in all the 6 years.

The average stay at berth showed a downward trend. Only during 1997-98 there was a slight increase. Non working time at berth increased reflecting continued under-utilisation of cargo handling equipment. A study conducted in 1992 by the management of CDS pinpointed poor utilization of cargo handling equipment to inadequate maintenance, obsolescence, frequent breakdowns etc. The position continued as percentage utilization of wharf crane, mobile crane and forklifts in 1997-98 declined from their corresponding values in 1992-93 by 51, 28 and 46 *per cent* respectively. In addition, CDS possessed three crane vessels Mahabahu, Birbahu and Atlas of which one was always under repairs at any time during the years 1992-97. Birbahu was condemned in November 1996. Even during their availability, crane vessels were idle for 34560 hours during 1992-98 resulting in loss of revenue of Rs 1.63 crore.

**11.1.7.2** The average stay at berth of different cargo ships is shown at table below:

**Table 11.1.7.2 Average Stay at Berth**

Year	Average stay at berth of different cargo ships (in days)			
	Container	Break bulk	Dry bulk	Liquid bulk
1992-93	4.83	10.14	13.32	2.28
1993-94	3.37	10.36	12.13	2.37
1994-95	3.87	10.02	13.22	2.42
1995-96	3.77	10.49	14.58	2.26
1996-97	3.29	9.66	14.98	2.13
1997-98	2.69	11.29	14.61	2.00

The average stay at berth of dry bulk cargo (fertilizer, food grains etc.) ships registered the highest increase while expectedly liquid bulk registered the lowest.

**11.1.7.3 Capacity utilisation**

Utilization of cargo handling capacity is a prominent indicator of the efficiency of a port. During 1992-98, CDS recorded the following utilization of its cargo handling capacity :

**Table 11.1.7.3 Capacity utilization  
( in million tonnes)**

Year	Capacity	Cargo actually handled
1992-93	6.135	5.157
1993-94	6.135	5.169
1994-95	6.135	5.804
1995-96	6.600	6.124
1996-97	6.600	6.023
1997-98	7.900	7.952

improvement in capacity utilization mainly due to increased POL handled

The capacity utilization at CDS improved during the period and ranged between 84.06 *per cent* and 94.60 *per cent*. CDS could fully utilize it only in 1997-98.

It may be seen from a composite reading of Tables 10.1.7.1 to 10.1.7.3 the operational performance in terms of berth occupancy, non working time and pre-berthing detention of ships remained more or less constant, the cargo actually handled between 1996- 98 registered an increase of 1.93 million tonnes. This was accounted for by the increase in POL handled in the last two years.

CPT stated in December 1998 that a distinction should be made between delays due to port account and delays due to non-port account. Non-working time at berth had increased only marginally and pre-berthing detention as well as detention at berth was not fully attributable to the performance of the port and there are other factors over which port has no control.

The non-reliability of targets vis-a-vis achievement in the absence of redefining the targets when activity mix is changed.

**11.1.7.4** Though the cargo handled went up, the cost per tonne of cargo handled also increased, as evident from the table below :

**Table-11.1.7.4 (a) Cost of Cargo Handling**

	<b>Total Cargo Handled</b>	<b>Average Output Per Ship Berth Day</b>	<b>Total Cost of Cargo Handling</b>	<b>Cost Per Tonne of Cargo Handled</b>
	(In million tonnes)	(In tonnes)	(Rs in crore)	(In Rupees)
1992-93	5.157	786.16	123.6	240
1993-94	5.169	928.42	126.7	245
1994-95	5.804	1042.18	141.3	244
1995-96	6.124	1188.43	149.7	244
1996-97	6.023	1188.32	162.2	269
1997-98	7.952	1325.27	174.3	219

It was also noted in audit that:

- (i) The average output per ship berth day of CDS was far below that of Visakhapatnam and Paradip in the categories of break bulk, dry bulk and liquid bulk. Table below indicates the position.

**Table 11.1.7.4 (b) Average output per ship berth day**

(in tonnes)

Years 1992-98	Break Bulk			Dry Bulk			Liquid Bulk		
	CDS	Visakhapatnam	Paradip	CDS	Vishakhapatnam	Paradip	CDS	Vishakhapatnam	Paradip
Yearly average	413	1427	628	580	4204	4816	3178	13788	8336

Average output per ship berth day remained at low levels

Cost per tonne of cargo handled increased by 31 per cent

- (ii) While percentage increase in cargo handled was around 17 in 1997-98 compared to 1992-93, the percentage increase in cost per tonne of cargo handled was 12 in the same period. The cost per tonne of cargo handled had decreased during 1997-98 because of the substantial increase in POL handled. Overall during 1992-97 the operational expenditure on cargo handling went up by 31 per cent. Therefore, the usual managerial objective of a port to reduce the cost per tonne of cargo handled remained unachieved at CDS.
- (iii) It was stated by CPT in December 1998 that in ports like Paradip and Visakhapatnam mostly break bulk cargo are handled through a mechanised system for which capital cost is high but running cost is low. In CDS, since various items of break bulk cargo are handled through the help of larger man power, therefore, the lack of mechanisation at CDS was adversely affecting its competitive position as a port.

### 11.1.8 Port facilities

#### 11.1.8.1 Navigation facilities

CDS has a 232 kms long navigational channel, including 87 kms of navigational route, from the sandheads in the Bay of Bengal upto the mouth of Hooghly. It is the responsibility of CDS to maintain the shipping channel through regular dredging and to provide for night navigation facilities.

#### 11.1.8.2 Maintenance dredging

CDS maintains the navigational channel by employing its own dredgers and dredgers hired from the Dredging Corporation of India (DCI). Table below shows the dredging conducted in quantity and cost in the period 1992-93 upto 1997-98.

Table 11.1.8.2 Dredging of shipping channel

Year	Dredging required	Total quantity dredged	Quantity dredged by CDS dredgers	Quantity dredged by DCI dredgers	Shortfall in dredging quantity	Dredging cost by CDS dredgers – per million cu.m.	Dredging cost by DCI dredgers – per million cu.m.
1	2	3	4	5	6	7	8
	(In million cubic mt.)					(Rs in lakhs)	
1992-93	19.00	14.87	2.99	11.88	4.13	232.63	337.50
1993-94	23.00	16.27	2.04	14.23	6.73	315.07	279.20
1994-95	24.00	18.58	0.44	18.14	5.42	1537.91	325.20
1995-96	24.00	15.12	0.78	14.34	8.88	1035.17	234.90
1996-97	23.00	10.94	0.29	10.65	12.06	3689.41	612.20
1997-98	21.00	12.30	0.49	11.81	8.70	1598.16	761.90

CDS dredgers cost three times more as compared to DCI dredgers per million cubic metres of spoils

Apart from increase in dredging shortfall in the period (an yearly average increase of 21 *per cent* in 6 years), the average per million cubic metre (m.cu.m.) cost of dredging by CDS was Rs 14.01 lakh as against Rs 4.25 crore by DCI dredgers during 1992-98. The average number of dredgers utilised during the period was two by CDS and four by DCI.

CPT stated in December 1998 that the higher cost of dredging by CDS dredgers was due to extensive maintenance and repairs of old dredgers and that there were no resources for the port to acquire new dredgers.

### **11.1.8.3 Night navigational facilities**

Night navigation equipment and facilities are critical for a riverine port with a long shipping channel, since ships can traverse the shipping channel only during high tide and one of the two high tides in a day rises only after sunset. The CDS uses flashers, lanterns, lighted buoys and other lighting arrangements to light and demarcate the banks of the channel.

Scrutiny of records in audit revealed that:

- (i) As of April 1992 lighting and other equipment costing Rs 74.16 lakh were installed along the navigational channel augmented thereafter by equipment costing Rs 27.92 lakh. The installation was inoperative for the entire period under review as no night navigation was done. Consequently the shippers suffered in the absence of any such facilities alongwith the entire shipping channel. The reasons cited were pilferage, non-availability of lights and gas and unserviceable despatch vessels.
- (ii) It was revealed that equipment costing Rs 64.36 lakh were pilfered during 1992-98, though CDS spent Rs 81.62 lakh during the same period on police patrolling. To step up initiatives, the Chairman, CPT in February 1997 conferred with the Police department of the Government of West Bengal. Though CDS stated in a reply to Audit that since September 1997 only stray incidents of pilferage occurred yet it was found that between September 1997 and September 1998, 52 cases of pilferage involving Rs 23.97 lakh were reported to the police.
- (iii) In December 1996 the Ministry asked CDS to furnish a concrete plan regarding reinstallation of night navigation but no action had been taken by CDS in this regard.

In the absence of adequate and proper night navigational facilities a minimum delay of one day to all ships becomes inevitable as the evening tide cannot be availed of thereby increasing turnaround time of ships and many shippers avoid CDS for this reason alone. As per records the extra cost to be borne by the shipper due to detention for a medium-sized ship calling at CDS was around Rs 2.10 lakh per day. Thus, an average yearly detention cost of Rs 17.30 crore during 1992-93 to 1997-98 was borne by clients of CDS making CDS unpopular and frustrating the acknowledged objective of a port to provide unimpeded navigation to shippers.

Pilferage of night navigation facility equipment

#### **11.1.8.4 Container handling facility**

**Newly built container handling terminal under-utilised**

To cope with the steady increase in container traffic, CDS constructed in February 1992 a fully mechanized container handling terminal at a berth of NSD at a total cost of Rs 22.11 crore. The terminal commenced operations from November 1992. The terminal was planned to handle 75000 containers (measured in TEUs) annually and thereby was expected to reduce the cost of handling containers. Further with increased and cheaper service CDS would earn revenues and also goodwill.

Scrutiny in audit however revealed the following:

- (i) A comparison of the number of containers handled at the terminal and those handled at other general cargo berths showed that while the terminal handled only 39 to 52 *per cent* of the projected number of containers, the general berths handled 236 to 419 *per cent* of the projected number during 1992-98.
- (ii) The non-achievement was due to under utilization of its three rubber-tyred gantry (RTG) cranes. The maintenance of the cranes was entrusted to Braithwaite Company Limited. During 1993-98, CDS paid Rs 2.34 crore for assured 92863 hours availability of the cranes but actually utilized the cranes only for 50003 hours resulting in an idle payment of Rs 1.09 crore.

From April 1993 to March 1998, 185594 containers ( 37119 annually on an average) not handled by the terminal were handled at the general berths by private agencies at an extra cost of approximately Rs 2600 per container. This implied an additional burden on the shipper who had to resort to the costlier option of private agency. The containers not handled at the terminal were well within its projected handling capacity and CDS thus potentially lost by way of port charges of Rs 14.41 crore during the period.

CPT stated in December 1998 that regular maintenance had to be undertaken to keep the cranes working. The fact remained that CDS failed to utilize the cranes for the working hours that could be available.

**Container Ships diverted from container terminal**

CPT also stated that the diversion of vessels to other berths was due to inadequate equipment and arrival pattern of vessels. It was found in audit that during 1997-98 at least 59 container ships were diverted to other berths even though the container terminal was free to accommodate vessels.

#### **11.1.8.5 Railway facilities**

For extending to the port users the facilities for transporting import and export cargo to and from outside the port area CDS maintained 194 kms of railway track 25 locomotives and 370 wagons.

Scrutiny in audit revealed that

**75 rail wagons with potential sale value of Rs 41.24 lakh missing**

(i) All the 370 wagons were unserviceable and were not being used. In November 1989 CDS had decided to condemn and dispose of these wagons but by December 1998 it had disposed of only 291 wagons. Of the remaining 79 wagons, 75 with a potential sale value of Rs 41.24 lakh were found to be missing in October 1996. The other four unserviceable wagons awaited disposal (December 1998).

(ii) Of the 25 locomotives, eight were condemned during 1992-98 but were still awaiting disposal. Of the remaining 17 on an average 12 remained off the tracks for breakdown and repairs during 1992-98. Furthermore as against an average demand for four locomotives per day only two were available, and were available for 13 hours only instead of round the clock. Reasons for such poor availability of locomotives were stated to be the frequent breakdowns, derailments, poor maintenance, idle hours due to shift change and absence of locomotive drivers.

**Scheme for modernisation of Port Railways still incomplete**

(iii) A scheme for modernization of the railway system at a cost of Rs 3.30 crore was taken up in the Seventh Five Year Plan in two phases in July 1987 and October 1989. This envisaged renovation of railway tracks at the NSD and KPD areas so as to bring down incidence of derailment. The first phase was completed in September 1990 at a cost of Rs 1.45 crore but the second phase started in October 1989 and November 1991 and scheduled for completion in March 1990 was still incomplete after incurring an expenditure of Rs 1.67 crore. CDS cited labour problems as the reason for this.

(iv) In the Eighth Five Year Plan CDS planned for two projects for track renewal. Only one was started in January 1994 and abandoned in September 1995 after incurring an expenditure of Rs 45.56 lakh. CDS cited non-availability of sleepers and fitting materials as the reason for this.

**Large number of derailments continued despite spending Rs 3.57 crore on modernisation**

(v) It was noticed in audit that 306 incidences of derailment were noted in 1990-91. The derailments ranged between 176 to 317 during 1991-98 and the cost of relief trains hired from Eastern Railway mounted sharply from Rs 1.70 lakh in 1990-91 to Rs 5.59 lakh per year during 1991-97. Despite spending Rs 3.57 crore on modernisation of railway tracks large number of derailments continued to occur. The stated objective of reducing derailment remained unfulfilled since CDS could not complete the track renewal schemes.

(vi) Further CDS incurred expenditure of Rs 8.99 crore on repair of damaged wagons during 1992-98. Since this cost was to be shared between CDS and Eastern Railways in the ratio of 38 and 62, Rs 5.57 crore were recoverable from the Railways. However, CDS had made a claim of Rs 1.57 crore only till 1993-94 and nothing was done thereafter.

(vii) CDS constructed a Block Rake Loading Terminal in March 1993 at east dock junction yard at a cost of Rs 38.97 lakh. This was to minimize



detention of wagons as full rake could be loaded/unloaded at a time. CDS estimated to earn additional revenue of Rs 35.60 lakh per year by way of railway charges. It was seen in audit during 1993-98, that only five rakes were handled by the terminal as against the projected 10 rakes per month and had earned Rs 5.56 lakh as against Rs 35.60 lakh per year. Reason for such under utilization was stated by CDS to be the reluctance of the users to utilize the facility in apprehension of abnormal detention of wagons following labour trouble during its first operation in 1993-94.

The overall physical and financial performance of the CDS Railways system during 1992-98 is given in table below:

**Table 11.1.8.5**

Year	Cargo Handled	Income	Expenditure	Deficit (-) Surplus(+)
	(In lakh tonnes)	(Rs in lakh)		
1992-93	13.34	429.38	867.06	(-) 437.68
1993-94	13.73	450.27	727.61	(-) 277.34
1994-95	12.38	843.47	841.66	(+) 1.81
1995-96	10.91	686.46	715.15	(-) 28.69
1996-97	10.26	646.10	804.77	(-) 158.67
1997-98	9.81	620.05	823.30	(-) 203.25

Thus, the port railways system was consistently inefficient and unviable, draining the CDS of a total amount of Rs 11.04 crore during 1992-95. Besides Rs 3.83 crore was paid by CDS to Eastern Railway towards hire charges for detention and idling of wagons at its sidings. The cargo handled through the railway had also come down by 26 *per cent* during the same period 1992-98.

CPT stated in December 1998 that the 75 missing wagons were being located and that the rise in cost of relief operation was due to increase in dependence on the equipment of Eastern Railways. Indian Ports Association (IPA) had been assigned a review of the gap between income and expenditure in the railway operations of the CDS.

It was noted in audit that the hire charges paid by CDS to the railways for railway wagons was more than the demurrage recovered from the consignees which meant that port was meeting hire charges out of its own revenues.

#### **11.1.8.6 Dry dock facility**

Dry docks earmarked for commercial vessels remained vacant 26 *per cent* of the time while CDS own vessels occupied the docks 45 *per cent* of the time. The two factors together caused loss of revenue of Rs 7.96 crore. In an effort to maximise its earnings CDS leased out the dry docks to a private firm without proper evaluation of its competence. As a result neither the dues were realised nor could CDS utilise the dry docks for commercial use. At the time of delayed termination of the lease in 1996, Rs 7.70 crore were outstanding as

Hire charges of wagons not met out of demurrages but by port

accumulated dues against the lessee with only Rs 2.38 crore as security deposit with CDS.

For under water repair works on ships, CDS maintained five dry docks two at NSD and three at KPD providing basic infrastructure facilities viz., cranes, electricity, capstans, filtered/unfiltered waters etc. Two dry docks were earmarked for vessels of CDS and provided the other three dry docks to outside agencies on hire to vessel owners or their agents. A modernisation scheme was undertaken in 1984 to improve the capacity utilisation of the dry docks, in two phases. Phase-I was completed in August 1996 at a cost of Rs 4.99 crore. Phase-II scheduled to be completed by January 1994 was still underway and Rs 3.22 crore had been spent till March 1998.

**Modernisation of dry docks phase-II long overdue not completed**

#### **11.1.8.7 Capacity utilisation of dry docks**

A scrutiny of capacity utilization of the dry docks revealed that

- (i) During 1992-98 the average per year occupancy of three dry docks by commercial vessels was only 28 *per cent* while occupancy of other two by CDS vessels was 76 *per cent*.
- (ii) Three commercial dry docks remained vacant for 1510 days during 1992-98 resulting in potential loss of revenue of Rs 30.40 crore. Moreover of the 3702 days that the commercial dry docks were utilized CDS vessels occupied them for 2462 days causing further potential loss of revenue of Rs 4.92 crore.
- (iii) As against the norm of six days for a normal dry docking service per vessel in November 1983 set by the Ministry, the service per vessel averaged 68 days and 28 days for own and commercial vessels respectively.

#### **11.1.8.8 Privatisation of dry docks**

Dredger Repair Company of India Private Limited (DRCI), a MOST approved joint sector enterprise offered in April 1991 to take on hire basis N. S. Dry Dock-II along with the adjoining plot of land. The Board of Trustees (BOT) approved in the same month in principle to lease out the dry dock and adjoining land to DRCI. However, on instructions of MOST a notification inviting tender (NIT) was issued in December 1991 for leasing out two N. S. Dry docks either separately or together on annual rental basis. But at the time of processing the offers CDS decided that both the dry docks would be given to a single firm for a better operational control. The highest bid in respect of both the dry docks, wet berths and the adjoining land was from Chokhani Shipyard (Bengal) Limited (CSBL), a private firm promoted by Chokhani International Limited (CIL). DRCI's offer lower by Rs 1.02 crore was the second highest. The BOT approved in April 1992 acceptance of the offer of CSBL subject to verifying its legal position and financial soundness. It was also stipulated by the Board that the satisfactory performance of the firm at Chennai port may be ascertained.

### Audit of records revealed that

- Legal Advisor, CDS opined that CSBL procured tender papers prior to its incorporation as a company and as such its participation was not in accordance with law even though it was incorporated as company before submission of the tender document.
- Regarding its financial soundness, the Financial Advisor and Chief Accounts Officer of CDS observed that CSBL had no financial background except for it being promoted by CIL.

**A legally ineligible firm which defaulted in payments at Chennai port was granted dry dock lease on long term basis by CDS**

Despite these opinions being expressed, and without a reference being made to Chennai Port Trust regarding satisfactory performance of the firm, the offer of CSBL for leasing of both the dry docks together with land and facilities was accepted by BOT in September 1992 and recommended to MOST for approval. Inquiries from Chennai Port Trust were made only as late as February 1993. The Chennai Port Trust (CPT) declared in March 1993 the promoter firm CIL as a defaulter and advised CDS to take necessary precautions to ensure timely recovery of rent. The dry docks were ultimately given on 30 years lease in September 1994. It was further found that agreement was executed between CDS and CSBL. The lease was granted on the basis of Memorandum of Understanding (MOU) signed in June 1994. The terms and conditions of payment in term of MOU were (a) the lease rate of each dry dock would be at the rate of US \$ 1429 per day for 365 days plus Rs 10.66 lakh per month for wet berths and adjoining land (b) the rent and charges would be payable every month in advance by the tenth day of the month and in case of any default in making payment within the specified date, interest at 18 *per cent* would be payable by CSBL on all outstanding dues (c) CSBL would maintain Cash Security deposit with CDS of Rs 2 crore for dry docks and Rs 37.89 lakh for adjacent lands and wet berths and (d) CSBL would also pay Rs 126.03 lakh towards non-refundable premium for adjoining lands in two equal instalments within six months from the execution of MOU, though payment of premium in instalments was not in conformity with the provisions of long term leasing.

**Default in payments to CDS by the firm; Rs 7.70 crore plus interest recoverable**

Security deposit of Rs 2 crore for dry docks was paid by CSBL in four equal instalments between August 1994 and May 1995 thereby attracting interest at the rate of 18 *per cent per annum* amounting to Rs 22.50 lakh as stipulated by MOST. The firm defaulted in payment of rents and dry docks charges from the very beginning and also failed to deposit within six months, premium amounting to Rs 63.01 lakh for the land. After protracted negotiations CSBL deposited only Rs 14.28 lakh in October 1994 and thereafter continued to occupy CDS' dry docks and adjoining lands without any payment. CDS ultimately took over possession of dry docks and its other property in March 1996. Total amount recoverable from CSBL stood at Rs 7.70 crore till February 1996 without including the interest as leviable at 18 *per cent*. Against the outstanding dues CDS had only the security deposit of Rs 2.38 crore. For recovery of dues CDS filed a money suit in the Alipore Court in May 1996. On an appeal by the firm to the High Court, CDS was

directed to withdraw the suit and appoint an arbitrator for the dispute. CPT appointed an arbitrator in August 1998.

It was seen in audit that:

- (i) As required in the NIT, CSBL could not be taken as a reputed and bonafide firm and its participation in the tender bid was legally void. Moreover CSBL had no previous experience of this work.
- (ii) The second highest bidder DRCI was a reputed joint sector enterprise with experience and reputation and satisfied all the conditions stipulated in the NIT but was overlooked for a higher bid from a totally new firm.
- (iii) CDS took 34 months to finally lease out the property from the date of tender invitation. Since the object was to ensure revenue such inordinate delay was avoidable. Even after the delay the final deal could not provide for adequate security leaving the CDS trying to recover its dues of Rs 7.70 crore from CSBL.
- (iv) In the money suit filed in May 1996 for Rs 7.48 crore, CDS had not preferred any claim for recovery of interest on security deposit deposited in instalments instead of in lumpsum and on outstanding rent as provided in the MOU. The total recoverable interest stood at Rs 3.77 crore as of June 1998.
- (v) CDS allowed payment of Rs 1.26 crore for premium on adjoining land in two instalments contrary to the provisions of long term lease. Moreover, CDS allowed the firm to continue with the lease of land even when the firm failed to deposit 50 *per cent* premium of Rs 63.01 lakh within the stipulated period of 6 months.
- (vi) There was an inordinate delay in terminating the lease although the firm defaulted in payment of charges from the very beginning (September 1994). It was also not prudent to allow dues to accumulate far in excess of the security deposit held by CDS.

Thus, faulty processing of tender and leasing out the dry docks frustrated the very objective of privatisation of the dry docks and the subsequent inordinate delay in termination of lease also denied CDS from utilizing its dry docks for commercial use.

CPT stated in December 1998 that the decision was taken at the level of the Board and MOST. The fact remains that the Board in its resolution on 28 April 1992 decided that inquiries may be made from the Chennai Port Trust regarding the satisfactory performance of the firm. Prior to such enquiry being made, a recommendation was sent by CPT to Government to award the lease to the firm. Moreover, on a delayed reference by Chairman CPT in February 1993, Chennai Port Trust advised CDS in March 1993 that the firm had defaulted on its contract. Despite this the contract was awarded to the firm in September 1994 and finally the firm could not fulfill its obligations of payment of rent to the CDS. The matter was pending with an arbitrator

**Disregarding Board Resolution award of lease recommended to GOI and finally awarded to firm despite advice of Chennai Port Trust**

appointed by CPT in August 1998 for adjudication of the dispute. CPT confirmed in December 1998 that the claim for interest on security deposit and all other claims would be filed before the arbitrator.

### **11.1.9. Management areas**

#### **11.1.9.1 Land management**

CDS owns 3280 acres of land, of which 1726 acres were utilized for its own purpose, 1500 acres were leased out and 54 acres were lying vacant.

Audit scrutiny revealed the following:

- (i) Out of 1500 acres leased out, 250 acres were under ejectment orders. Between April 1949 and July 1995, CDS had served ejection notices to 983 lessees in occupation of its 239 acres of land. Till June 1998, CDS had filed 300 eviction cases in various courts of law. 262 cases were filed with the Estate Officer of CDS, of which only 30 had been settled and Rs 13.50 lakh had been recovered (September 1998). Absence of effective action for recovery of rent and eviction led to non recovery of revenue of approximately Rs 19.42 crore from April 1949 to September 1998.
- (ii) CDS failed to earn potential revenue of Rs 12.22 crore due to its inability to utilize rent out the 54 acres of land lying vacant. Of this land, 13.39 acres were under unauthorized occupation. Since 1996, CDS made several attempts to evict encroachers but remained unsuccessful.
- (iii) Out of a total demand of Rs 111.34 crore as rent due for which bills were raised during 1992-98, CDS could realize only Rs 58.75 crore by March 1998.

Thus as of 31 March 1998, total accumulated outstanding dues on land was Rs 64.70 crore reflecting a unsatisfactory land management and administration of its estate on the part of CDS.

CPT accepted the facts and assured that outstanding dues would be recovered from the tenants. CPT also mentioned that while tenders for allotment of land were being invited periodically, very few financially viable tenderers were forthcoming. Regarding unauthorised occupation CDS stated that without continuous police assistance the problem could not be solved. The fact remains that concerted efforts need to be made by CDS to allot its lands unencumbered by encroachers and realise its rents.

#### **11.1.9.2 Materials management**

CDS maintained a centralised stores department for procurement of all materials. The Stores Manual, was however not updated since October 1960. The annual average procurement of stores was Rs 7.77 crore against average

**Accumulated  
outstanding dues on  
land was Rs 64.70  
crore**

issue of Rs 6.51 crore. There was an average stock holding of Rs 20.93 crore during the period 1992-98.

The following points were noticed in audit:

- (i) Procurement was without proper assessment of requirement, as would be evident from the following cases.
- (ii) Fourteen items of spares valued at Rs 39.13 lakh were procured against specific indents during 1978 and 1993 but were lying in stock till September 1998. Delivery to the indenter scheduled between 1984 and 1993 could not be made as the indenter was reluctant to collect the materials for reasons not on record. This indicated that either the indents were not based on proper assessment of requirement or were not according to the requirement.
- (iii) 101 items of steel materials valuing Rs 7.58 crore procured between 1976 and 1993 were lying in stock as of September 1998 indicating blocked investment upto 22 years.
- (iv) Eight items 46.892 tonnes valuing Rs 8.68 lakh were procured during May 1989 and January 1996 in spite of having 64.228 tonnes valuing Rs 11.14 lakh of these items in stock. The total issue of these eight items from September 1990 to January 1996 was only 11.186 tonnes.
- (v) Timber measuring 93468 cubic metres valuing Rs 4.17 crore procured between June 1974 and January 1996 against specific demands was lying in stock for periods ranging between 2 to 24 years resulting in blocking up of funds and the risk of deterioration in prolonged storage.
- (vi) Out of 1219 numbers of 56 inches ceiling fans worth Rs 7.74 lakh procured in April 1993 against specific indent of Taratala Colony Project only 62 fans were issued till September 1998 leaving a balance of 1157 fans worth Rs 7.35 lakh in stock. The change in the schedule of work resulted in non-utilisation of the fans. CDS, however, stated in June 1998 that the fans were being utilised in general purpose.
- (vii) Imported materials worth Rs 39.77 lakh had not been utilized at all, while materials worth Rs 21.06 lakh were untraceable. CDS imported 58 consignments of spares worth Rs 60.83 lakh against specific indents between 1976 and 1988. The consignments remained on the dock premises uncleared till June 1998 of which 21 consignments valued at Rs 21.06 lakh are untraceable and reasons for not clearing the balance 37 consignments from dock were not known.

**Procurement without  
assessment of  
requirement**

- (viii) 7809 items of stores worth Rs 7.91 crore had not moved for period ranging from two to over fifteen years. As such out of total 20761 items of stores valued at Rs 10.84 crore as on 31 March 1998 37.61 *per cent* of total stores and 72.97 *per cent* of the total value of stores had remained unmoved for years together.
- (ix) 61 stores items worth Rs 1.33 crore declared unserviceable between October 1976 and March 1998 still remained undisposed of till June 1998 for reasons not on record. This meant occupation of space and loss of revenue from its disposal.

**Complete stock  
verification carried  
out only upto 1980-81**

There was no complete stock verification done in the last 18 years. The materials stored in various groups are to be physically verified once in every financial year by the Stock-Verifier of the Outdoor Audit Section under the control of Financial Advisor and Chief Accounts Officer. The Physical Verification Report along with the explanations of the Stores department are required to be forwarded to the Store Audit Section for calculation and adjustment of the value of shortages and excesses, if any. Scrutiny revealed that complete physical verification of stock was carried out only upto 1980-81. Thereafter although partial verification of stock were conducted periodically, reconciliation and final adjustments were not done since 1980-81. CDS engaged in April 1992 a private agency for reconciliation and adjustment of physical stock with book-balance since 1980-81 at a cost of Rs 0.50 lakh *per annum* plus lump sum payment of Rs 0.25 lakh for studying the system. The work was to be completed by June 1992. The firm in its report (December 1992) stated that reconciliation work could not be completed due to non-availability of documents as required by them. CDS paid Rs 0.25 lakh to the agency while the reconciliation work for the period 1980-81 onwards remained incomplete till June 1998.

CPT stated in December 1998 that Indian Institute of Port Management had been entrusted the task of updating the stores manual and the port was making all efforts to utilise the stock. A public sector agency had been engaged for disposal of the goods.

An Audit Board meeting convened on 22 January 1999 as per convenience of Secretary MOST was not attended by the Ministry. Despite repeated assurances by the Ministry, no replies to the observations in the review were received (January 1999).

## **SECTION-B (PARAGRAPHS RELATING TO OTHER PORTS)**

### **11.2 Blocking of funds due to injudicious purchase of equipment**

#### **Blockade of Rs 91.72 lakh on procurement of two trimmers by the Haldia Dock complex.**

To increase the loading rate and improve operational efficiency, Haldia Dock Complex (HDC) placed in April 1991 an order on a private firm, who was the only tenderer, for design, manufacture, supply and delivery of two modified trimmers for use by coal shiploaders at berth No. 4 at a cost of Rs 91.72 lakh including taxes and duties. HDC paid the total amount to the firm in July 1991 and September 1992. Installation of the trimmers was to be carried out by HDC under technical supervision of the firm.

**Procurement of defective trimmers**

During trials in February 1993 the trimmers did not operate due to defects in the design and in some components. The defective components were sent to the supplier in November 1993 and after repairs these were received back at Haldia in November 1994. Meanwhile, because of prolonged idling, the trimmers required overhauling and painting. The equipment was dismantled and taken by the supplier in January 1995 and returned in November 1996 after revamping. Thus a period of more than three years was taken by the firm for rectification and overhauling the trimmers.

**Trimmers procured in 1993 remained uninstalled even after lapse of 5 years**

It was seen in audit that the trimmers as of October 1998 were yet to be installed. As the coal shiploaders were old, they were not capable of carrying the extra load of the trimmers and the capacity of some of the components of the shiploaders had derated.

HDC, however, had not considered these before first ordering and thereafter revamping the trimmers. Moreover, HDC had neither provided adequately for satisfactory performance of the equipment in the contract nor taken any effective step for the expeditious installation/use/delivery of the equipment after its rectification/overhauling. This resulted in blocking of funds of Rs 91.72 lakh for over six years.

Accepting the facts, HDC stated in August 1998 that as the shiploaders had outlived their normal life, replacement of the same was under way and the trimmers would be fitted to the shiploaders by October 1998. The Ministry endorsed in November 1998 the HDC's reply. The trimmers were finally fitted in November/December 1998.



### 11.3 Loss due to waiver of liquidated damages

**CPT suffered a loss of Rs 17.20 lakh due to waiver of liquidated damage without entering into any agreement.**

For handling barge traffic and reefer containers, Calcutta Port Trust (CPT) awarded a contract in July 1989 to a private firm 'A' for manufacture and supply of two top lift trucks (TLT) at a cost of Rs 2.02 crore with stipulated delivery by September 1990. The firm completed delivery in February 1992 and CPT withheld Rs 20.20 lakh towards liquidated damage for delay in supply of TLTs.

The TLTs could not be put to use due to problems in recruitment of operators and CPT resolved the problem of manning of the TLTs in August 1995. Meanwhile CPT decided in April 1994 to waive the liquidated damage of Rs 17.20 lakh on the ground that CPT would have to depend on services of firm 'A' for recommissioning, repairs and for supply of spares for the equipment. Liquidated damages were waived subject to the condition that firm 'A' would repair and recommission the TLTs which had suffered damage due to their long idling. In May 1994 the firm accepted CPT's offer of repair and recommissioning the TLTs at a cost of Rs 1 lakh exclusive of cost of spares, subject to the release of Rs 17.20 lakh within a month. CPT, however, without entering into any agreement with the firm released the payment of Rs 17.20 lakh in June 1995. In October 1995 the firm claimed recommissioning charges of Rs 8 lakh because of delay in releasing the payment, deteriorated condition of the TLTs and escalation in costs. CPT in turn blacklisted the firm in February 1996 for not honouring its commitment.

Release of payment to a private firm without entering into any agreement

The TLTs were finally got repaired and recommissioned by another private firm 'B' in November 1997 and January 1998 at a cost of Rs 4 lakh.

Thus, waiver of liquidated damages and payment of Rs 17.20 lakh to firm 'A' without entering into an agreement for repairs/ recommissioning was irregular. As a result CPT suffered loss of Rs 17.20 lakh. The TLTs remained in-operative for a further period of four years (1994 to 1998) and the recommissioning was done at a cost of Rs 4 lakh as against the original offer of Rs 1 lakh of firm 'A'.

Accepting the facts CPT stated in September 1998 that the waiver of liquidated damages was acceded to as the services of the firm were considered indispensable for CPT. The Ministry endorsed (October 1998) CPT's reply. The reply is not tenable as finally the work was got done by another firm. Moreover, in matters of contract a written agreement ought to have been signed by CPT with the firm.

#### **11.4 Unproductive cost of repairs**

**CPT incurred an unproductive expenditure of Rs 79.42 lakh on overhauling of locomotives.**

Calcutta Port Trust (CPT) sent its WDS/4B type diesel locomotive to Jamalpur Locomotive Works (JLW) of Eastern Railways for periodical overhauling in August 1991. The estimated cost of overhauling Rs 12.82 lakh was deposited in September 1991 with the Railways. Costs of replacement of components were to be paid in addition before taking delivery of locomotive.

It was noted during joint inspection by CPT-JLW in April 1992 that the locomotive took six months to travel from the docks to JLW and some components valuing Rs 2.15 lakh had been pilfered.

**Locomotive parts worth Rs 2.15 lakh were pilfered**

In July 1994 JLW claimed Rs 79.42 lakh for the completed overhauling and additional components fitted into the locomotive. CPT contested the claim of JLW for the balance amount of Rs 66.59 lakh and also did not take delivery of the locomotive. In August, 1996, however, CPT decided to dispose of the locomotive and asked JLW to do so on "as is where is basis" and authorised JLW to recover the entire balance amount of Rs 66.59 lakh from its sale proceeds. The final disposal of the locomotive was awaited (November 1998).

It was found in audit that CPT could not explain its inability, while deciding on sending the locomotive for overhauling, to anticipate even approximately the huge costs of replacement of components required over and above the overhauling costs of just Rs 12.82 lakh. CPT could not also explain the inordinate transit delay of the locomotive to reach JLW.

**CPT failed to estimate huge costs of replacement of components**

CPT stated (September 1998) that the decision to dispose of the locomotive was taken in view of the declining rail borne traffic and to prevent further loss in its railway operations. The delay in reaching JLW had not been explained by the Railways and that CPT had been insisting on adjustment of costs of items pilfered against the dues for repairs and components raised by JLW. The Ministry endorsed (October 1998) the reply of CPT.

#### **Chennai Port Trust**

#### **11.5 Loss of revenue due to short levy of wharfage charges**

**Chennai Port Trust suffered a loss of Rs 21.50 lakh due to short levy of wharfage charges.**

According to the agreement entered into in January 1995 with the licensee who was allotted a berth of 200 metre in West Quay I and II of Ambedkar Dock from 25 September 1995 was to achieve a guaranteed

minimum throughput of 50000 twenty equated units (TEUs) *per annum*. In case of failure to achieve the same, the licensee had to pay to the Chennai Port Trust (ChPT) the wharfage charges in force as per the scale of rates for the prescribed guaranteed throughput except for “force majeure event” which included strike.

Force majeure clause invoked to waive shortfall in guaranteed minimum throughput of 50000 TEUs

It was noticed in audit that at the end of the first year of operations the licensee could achieve a throughput of 30911 TEUs only resulting in a shortfall of 19089 TEUs for which wharfage charges at Rs 540 per TEUs were liable to be paid by the licensee. ChPT however, gave an allowance of 6987 TEUs under the force majeure clause on the ground that the shore labourers were on strike during the period 5 October to 24 November 1995 (i.e. for 51 days at the rate of 137 TEUs per day). The records of ChPT disclosed that the strike commenced on 4 October and ended on 5 October 1995. Thus the stoppage of work was only for one day. Between 5 October 1995 and 24 November 1995, nine vessels belonging to operators other than the licensee were handled in the berth area allotted to the licensee, which would not have been possible without deploying shore labour. Moreover, five vessels (2869 TEUs) belonging to the licensee were berthed and handled at the Container Terminal Berths 2 and 3 during the period.

Force majeure event did not occur

Thus, the allowance of 51 days given, while arriving at the minimum guaranteed throughput, by applying the “force majeure clause” was not based on facts. Consequently ChPT had suffered revenue loss due to non-collection of wharfage charges for 6850 TEUs for 50 days. Taking into account the 2869 TEUs handled at container terminal, the actual shortfall worked out to 3981 TEUs resulting in revenue loss of Rs 21.50 lakh.

ChPT accepted in May 1998 that the labour strike was for one day only and the allowance of the remaining 50 days was given because of the dispute in deployment of manpower at West Quay I and II. The Ministry endorsed in June 1998 the reply of ChPT. This reply is not tenable as the dispute did not attract force majeure clause and the licensee was allowed to perform in alternate area.

#### **11.6 Short collection of revenue due to software deficiency**

**ChPT suffered a loss of Rs 35.69 lakh due to short recovery in respect of 95054 containers.**

According to the scale of rates prescribed by the Chennai Port Trust (ChPT.), the storage charges for containers shall be recovered from the date following the date of landing of full container loads (FCLs) if they were destuffed or cleared within seven days of landing (Category I), and from the date of landing if they were destuffed or cleared after seven days of landing (Category II).

It was, however noticed that the software used for billing computed the storage charges by reckoning the date following the date of landing in respect of both categories I and II resulting in short recovery of storage charges for one day in respect of containers coming under category II. Such short recovery in respect of 95054 containers worked out to Rs 35.69 lakh.

The Ministry stated (October 1996) that there was no short recovery as per the note 3 under item 2 under "Scale B" of Chapter II (A) of the scale of rates provided for calculating free days for both the categories of containers from the date following the date of landing. It was further stated that the ambiguity in the provision of scale of rates would be corrected in due course. The reply was not tenable as the note referred to therein was applicable to free days granted to FCL containers moved (i.e. second movement) from container parking yard to freight station for the purpose of destuffing or to the trailer yard for customs inspection. The free days referred to in the note were not applicable to the collection of storage charges. As such there was no ambiguity in the 'Scale of rates provisions' and the short collection pointed out was due to the defect in the software.

The Chairman, ChPT stated in April 1998 that the uniform procedure of collection of storage charges from the date following the date of landing was adopted to forestall any litigation on account of lack of clear provision in the scale of rates which would be made after obtaining sanction from the Tariff Authority of Major Ports.

The matter was referred to the Ministry in June 1998; their reply was awaited as of January 1999.

### **Cochin Port Trust**

#### **11.7 Loss of revenue due to non-revision of hire charges**

**Cochin Port Trust suffered a loss of Rs 2.56 crore due to non-revision of hire charges for transfer cranes as was done for other user services in 1993.**

As per Government of India direction issued in August 1990, the use charges for port's services were to be reviewed at least once in three years with a view to meet the increase in expenditure due to inflation and wage increase. Also the revision was to aim not only at recouping the past deficits but also to taking care of the increase in expenditure during the next three years. However, the tariff rates in respect of transfer cranes had not been revised by Cochin Port Trust (CoPT) though there should have been a minimum of two upward revisions between August 1990 and December 1996.

Income fell short of cost of operations of transfer cranes due to non revision of hire charges

A review of the operations during 1995-96 revealed that against the estimated cost of Rs 5.19 crore, the income generated was Rs 2.24 crore only. CoPT had been incurring substantial loss in the operations of its four transfer cranes due to non-revision of the hire charges. Meanwhile, some of the user charges, viz., port dues, pilotage fee, berth hire etc., were enhanced by 31 *per cent* in June 1993. If the same rate of enhancements in charges could be applied for the hire charges of the 4 cranes, CoPT could have earned additional revenue of Rs 2.56 crore during 1995-98.

Ministry stated in August 1998 that transfer cranes were procured for the Container Terminal Project and that as the project was earning operating and net surplus, isolating a particular equipment and attributing loss was not justified. But it was seen from the audited accounts for 1996-97 the operations of container terminal project actually ended in a loss of Rs 50.6 lakh to CoPT. Even otherwise, the reply was not tenable as it was the operational efficiency and revenue yield from such individual item/category of equipment that boost the revenue collection and CoPT had decided in October 1992 to hike vessel related charges by 31 *per cent* "to cover the full deficit".

### 11.8 Idle outlay

#### Idle outlay of Rs 71.77 lakh on procurement of a water barge by CoPT.

In August 1991 Cochin Port Trust (CoPT) placed orders on a small scale unit in Orissa for supply of a 200 ton self propelled water barge at a cost of Rs 95.31 lakh. In terms of the contract payments to the firm were to be made in nine stages on production of completion certificates issued by the Indian Registrar of Shipping (IRS). Upto July 1997, the firm was paid Rs 66.84 lakh (i.e. 80 *per cent* of the cost of the vessel). Payment of Rs 4.9 lakh was also made to the sub-suppliers of the firm for obtaining certain vital equipment for the barge.

According to stage completion certificate issued by IRS in December 1993, the vessel was ready in all respects for launching. However, the barge had not been delivered afloat at Kochi even as of December 1998.

Owing to the inordinate delay in completion/delivery of the vessel expenditure of Rs 71.77 lakh incurred on the vessel remained unfruitful besides, the decision of the Board of Trustees of CoPT taken as early as in March 1990 to replace the old water barge "Tapaj" built in 1963, with a new and bigger one could not be implemented (December 1998).

Accepting the facts the Ministry stated in December 1998 that though the entire works to keep the barge afloat were completed by December 1997 the remaining works like dock fittings, furnishings and pipe fittings could be completed by the firm only by January 1998 because of the firm's difficulties in getting the required material for fittings from its suppliers. It was also stated that arrangements were being made by CoPT to arrange delivery of vessel at Kochi.

The water barge completed in 1993 was yet to be put afloat

## **11.9 Loss of revenue due to delay in implementation of revised electricity tariff**

**Failure of CoPT to recover the revised tariff rates resulted in loss of revenue of Rs 34.98 lakh.**

Kerala State Electricity Board (KSEB) had notified in the Kerala Gazette of 29 January 1997 enhanced high tension and low tension power tariffs for all licensees and sanction-holders from 1 May 1997. Since Cochin Port Trust (CoPT) was a licensee of KSEB for power supply to different consumers in port's area, it was necessary to effect corresponding revision of electricity charges leviable from port's consumer so as to compensate the increase in tariff proposed and to ensure reasonable returns as permitted under provisions of the Electricity (Supply) Act 1948. The Act, 1948 requires that a licensee should give a notice of not less than 60 clear days about its intention to revise the rates to the State Government and KSEB.

The statutory notice was however issued to the State Government as late as 22 July 1997 and the Board of Trustees decided in August 1997 to enhance the rates from 1 October 1997. Failure of CoPT to take prompt action to give effect to the revision of the tariff rates for sale of electricity to its consumers from 1 May 1997, the date from which tariff revision announced by KSEB came into force, resulted in a loss of revenue of Rs 34.98 lakh for the five months (May to September 1997).

CoPT attributed in January 1998 the delay mainly to procedural formalities like putting up proposals to the Board, notification in official gazette and communication to the parties. The reply was not tenable as CoPT could have completed all the required procedural formalities in the interregnum between the date of notification in January 1997 and the actual date of implementation of the new tariff (1 May 1997).

The Ministry stated in October 1998 that there was no financial loss even with the pre-revised rates and that as the return on investment (17.17 *per cent*) was far higher than the minimum fixed by Government (6 *per cent*) it was empowered even to cross subsidise rates. The reply was not relevant since CoPT actually decided to raise rates corresponding to revision of tariff by KSEB. Moreover, it was noticed in audit that the electricity charges collected from Port's consumers during 1996-97 did not even cover the cost of purchase. It was also noteworthy that in its proposals made in August 1997 for revision of electricity tariff CoPT had justified the proposed hike citing factors such as increase in prices of all materials, labour cost, maintenance expenses and enhancement of tariff by KSEB. Therefore, the contention that the delay in revision did not cause financial loss was not well founded.

**CoPT failed to promptly issue notice about its intention to raise electricity rates based on tariff revision by KSEB**

## 11.10 Loss due to irrational determination of berth hire charges

**CoPT suffered a loss of Rs 28.13 lakh due to irrational determination of berth hire charges.**

Cochin Port Trust (CoPT) levied berth hire charges at slab rates on the basis of Gross Registered Tonnage (GRT) of the vessels. In the slab system in vogue, the berth hire charges were specified berth-wise, grouping the vessels in different slabs on the basis of GRT. For example, the berth hire charges for foreign vessels anchored in Q1 to Q9 berths with effect from 24 May 1994 were structured as under:

GRT	Rate/GRT/day in US cents (From 24 May 1994)
Up to 3000	16
3001 to 10000	10
10001 to 15000	6
15001 to 30000	5
30001 to 60000	5
60001 and above	6

As the unit rate from second slab onwards was fixed without taking into cognisance the maximum rate applicable for the previous slab, vessels with higher GRT needed to pay less berth hire charges than vessels of lower GRT in certain cases. As a result while vessels with GRT 3000 would be required to pay US dollars 480 per day, vessel with GRT 3001 to 4000 would be paying US dollars 300 to 400 only. On being pointed out by Audit in June 1996, the Ministry accepted the validity of audit observations and directed (December 1996) CoPT to revise the charges, immediately incorporating minimum leviable charges for each slab. However, it was only after a delay of nearly one year, CoPT proposed in November 1997 minimum floor charges in respect of each slab. Approval of Tariff Authority of India (TAI) had not been obtained as of June 1998.

Due to failure to revise berth hire charges as directed by the Ministry, the charges continued to be levied at the existing rates (i.e. without any minimum rates corresponding to the maximum of the preceding slab) and consequently, CoPT suffered a loss of Rs 28.13 lakh during April 1997 to December 1997 in respect of 155 vessels.

CoPT contended in April 1998 that berth hire rates were fixed in line with the principle of charging sliding rates to attract higher capacity vessels. The Ministry endorsed (May 1998) the reply of CoPT. The reply is not tenable as the loss of Rs 28.13 lakh related to vessels whose GRT ranged between 3098 and 18468 and in other ports minimum slab rates with reference to the maximum of the preceding slabs had been prescribed in the lower strata of the slab system. Further, this reply was at variance with the Ministry's reply of December 1996 wherein Ministry had directed CoPT to revise the charges immediately incorporating minimum leviable charges for each slab.

Slab system of berth hire charges was revised one year after Ministry's instructions issued at the instance of Audit

Loss of Rs 28.13 lakh due to non-revision

The Ministry stated in December 1998 that revised proposal incorporating minimum leviable charges for each slab was pending with Tariff Authority for Major Ports (TAMP) and that revised rates would be implemented on approval by the TAMP.

### **11.11 Loss of revenue**

**CoPT suffered a loss of Rs 15.48 lakh due to lowering of rates of hire charges for container handling equipment which was not approved by Ministry.**

Mention was made in audit paragraph 47 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1994, Union Government (Other Autonomous Bodies), No. 11 of 1995, of the Ministry's rejection of the proposals forwarded by Cochin Port Trust (CoPT) for revision of hire charges for the Port's 20 feet and 40 feet trailer chassis and further directives in March 1992 to CoPT to forward fresh cost based proposals.

In June 1994 CoPT introduced uniform box rates for levy of charges for use of container handling equipment from 23 May 1994 which were later approved by the Ministry in November 1996. In so far as movement of containers using trailer-chassis was concerned, application of box rates was confined only to those movements from quay side (Ernakulam wharf) to Container Parking Yard (CPY) and vice-versa. For movements of containers from any other place to CPY or quay side and vice-versa, hire charges for port's chassis were levied at hourly rates and that too at the lower rates already turned down by the Ministry. In terms of Sections 48 and 52 of the Major Port Trusts Act 1963 on non-approval of its proposals for revision of rates from December 1990 by the Ministry in March 1991, CoPT should have restored the pre-revised rates adopted upto November 1990. Failure to revert to the rates prevalent prior to 1 December 1990 which were incidentally higher than the revised proposals led to loss of revenue of Rs 15.48 lakh for the period 1994-96.

**Pre-revised rates were not resorted to even after Ministry's specific instructions**

**Transgression of sections 48 and 52 of MPT Act 1963 resulted in loss of Rs 15.48 lakh**

CoPT stated in July 1998 that there was no loss of revenue as standard minimum rates of Rs 50/ Rs 80 per hour were adopted as against the cost based average rate of Rs 39.26 per hour calculated with reference to the book value of the asset as on 31 March 1994. This argument was not tenable as the pre-December 1990 hourly rates of Rs 70 and Rs 80 per hour for 20 feet and 40 feet chassis respectively were fixed more than fifteen years ago and those rates being service charges, there could only be an upward revision in view of mounting cost increases and periodical wage revisions. Further, as Government of India had not sanctioned the proposal of CoPT to introduce revised rates from 1 December 1990, persistence with such unapproved rates for levy of user charges for port's equipment hired for those movements other than that between the Ernakulam wharf and CPY was in transgression of provisions of the Major Port Trusts Act 1963.



While reiterating the aforesaid comments of CoPT Ministry also stated in August 1998 that strict instructions had been issued to all the Port Trust Chairmen not to revise/implement rates without prior approval of the Government.

**11.12 Short collection of wharfage due to wrong classification of cargo**

**CoPT suffered a loss of Rs 14.21 lakh due to short collection of wharfage.**

Copper concentrate required to be charged wharfage at 0.5 per cent *ad valorem* and not as ore

Cochin Port Trust (CoPT) provisionally collected wharfage for copper concentrate at the rate applicable to metallic copper (Rs 39 per tonne + 56 per cent surcharge) as copper concentrate was not listed as a separate item in the Port's Scale of Rates (SOR). In September 1996, Board of Trustees of CoPT decided to levy wharfage on copper concentrate at the rate applicable to 'ores' (Rs 24 per tonne + 56 per cent surcharge) and to refund the excess wharfage already collected. As the import documents described the goods as copper concentrate which was not listed in the Port's SOR, it should have been treated as an unenumerated item and the wharfage applicable at 0.5 per cent *ad valorem* levied. Levying of wharfage on copper concentrate at the rates applicable to 'ores' led to loss of revenue of Rs 14.21 lakh on import of 58894 tonnes during 1996-97.

The Ministry stated in August 1998 that the material covered under the import document was only copper ore concentrate and therefore it was an ore. It was also stated that for collection of wharfage, the description of item was only generic and that the chemical composition as to the percentage of mineral content was totally immaterial. The reply was not tenable. For collection of wharfage, if chemical composition of imported item was immaterial and only the generic description was supposed to be given credence to, copper concentrate should have been correctly classified as an 'unenumerated item' relying on the description in the import application. The fact that the item, 'zinc concentrate' (a similar ore concentrate) had been listed in the Port's SOR as a distinct item with a higher wharfage compared to ores refutes the contention that for collection of wharfage ore-concentrate was to be treated as 'ores'. Further, in the SOR of Tuticorin port approved by the Ministry, copper concentrate had been included as a separate entry. Since the item imported, viz., copper concentrate was not listed in the Cochin port's SOR, wharfage applicable to unenumerated goods should have been levied.

### **11.13 Loss of revenue due to non-collection of hire charges in US dollars**

**CoPT suffered a loss of Rs 14.23 crore in respect of 765 foreign vessels due to non-collection of hire charges in US dollars.**

Government of India directed (December 1991) all major port trusts to notify the vessel related charges in US dollars and collect the same in equivalent Indian rupees at the rates notified by the Reserve Bank of India on the date of arrival of the vessel. Accordingly Cochin Port Trust (CoPT) was levying vessel related charges such as berth hire charges, pilot fees and port dues in US dollar rates from July 1992 onwards.

**Loss in respect of 765 foreign vessels during 1995-98**

On commissioning of 2 quay side gantry cranes in July-September 1994 for handling containers, CoPT notified in June 1995 user charges of the cranes at Rs 800 per 20 feet container and Rs 1200 per 40 feet container. As the quay side gantry cranes were generally used for 'first operations' to load or unload containers, hire charges of these cranes should have been levied in US dollars and collected in equivalent Indian rupees. Failure to do so, deprived CoPT of Rs 14.23 crore in respect of 765 foreign vessels berthed in 1995-98.

CoPT stated in February 1998 that charges for quay cranes were levied in Indian rupees as there was no instruction from Government of India to denominate the charges in US dollars and that no other ports were levying crane charges in dollar terms. The Ministry endorsed (June 1998) the reply of CoPT although it was contrary to the Ministry's earlier instructions issued in December 1991 to collect all vessel related charges in terms of US dollars and inconsistent with the decisions (July 1992 and August 1994) taken in regard to levy of charges for supply of fresh water to vessels and licence (storage) fee on containers by CoPT.

In Mumbai Port Trust (MPT), the charges for portainer used for moving containers were being levied in US dollars. The charges for labour supplied for stuffing and destuffing cargo containers were also collected by MPT in terms of US dollars. The fact that charges for portainer used in MPT for handling containers (similar to the quay cranes of CoPT) were payable in US dollars disproves the contention about non-levy of hire charges in dollars for cranes used for container operations.

As such the hire charges of the quay cranes used for 'first operations' should not have been given a different treatment especially as these cranes were basically used for container operations related to berthed vessels and their hire charges were being collected from steamer agents only.

## Cochin Dock Labour Board

### 11.14 Irregular diversion of provident fund accretions

#### Cochin Dock Labour Board diverted provident fund accretions to meet current expenditure instead of investing in specified schemes.

As per Rule 18 of Cochin Dock Labour Board (CDLB) Contributory Provident Fund Rules and Rule 14 of CDLB Employee's General Provident Fund Rules, the accumulation of provident fund (PF) moneys not immediately required shall be invested in certain specified schemes.

Details of investments made during the last five years are shown below:

Year	(Rs in crore)			
	CPF balances as of March	CPF investment	GPF balances as of March	GPF investment
1993-94	3.43	2.69	0.55	0.36
1994-95	3.86	2.56	0.73	0.40
1995-96	3.99	1.43	0.84	0.25
1996-97	3.73	0.57	0.99	NIL
1997-98	3.80	0.54	1.22	NIL

Investments were much lower than the accumulations

During 1996-97, CDLB invested only Rs 0.57 crore against outstanding PF balance of Rs 4.72 crore. On enquiry, CDLB stated that the balance of Rs 4.15 crore was utilised for defraying day to day expenditure of CDLB. The investment during 1997-98 was still lower, being Rs 0.54 crore (out of accretion of Rs 5.02 crore). CDLB stated (October 1998) that monthly investment of balances was not done during the last five years as there were no investible funds.

Diversion of CPF funds for Port requirement

Accepting the facts the Ministry stated in October 1998 that the purpose of diverting provident funds balance to the general fund of CDLB was to enable it to carry on its functions and this position would be rectified after merger of CDLB with Cochin Port Trust and for that notification had been issued. The reply was not tenable since the expediency resorted to by CDLB were in violation of its rules.

**11.15 Avoidable expenditure**

**JNPT suffered a loss of Rs 2.90 crore due to unrealistic assessment of contracted demand for power supply.**

To cater to power supply for entire port operations the Master Unit Sub Station (MUSS) was energised by the Maharashtra State Electricity Board (MSEB) in May 1989 with contracted demand at 20000 KVA per month. The charges were payable as per the tariff fixed by MSEB from time to time. The tariff included a demand charge payable on the billing demand which was estimated at 75 per cent (15000 KVA) of the contracted demand or the maximum established demand, whichever was higher.

Maximum established demand was much lower than reduced contracted/billing demand

Audit scrutiny revealed that maximum established demand during May 1989 to May 1993 was 2100-3700 KVA. This was 10.50 to 18.50 per cent of the contracted demand of 20000 KVA and 14 to 25 per cent of billing demand of 15000 KVA per month. In June 1993 JNPT reduced the contracted demand by 10000 KVA and billing demand to 7500 KVA. Even so, the average maximum established demand during June 1993 to December 1997 came to 5336 KVA per month which was only 71.15 and 53.36 per cent of the revised billing and contracted demands respectively. However, JNPT continued to pay the demand charges on the estimated billing demand of 7500 KVA.

It was clear that a contracted demand of 8000 KVA would have been sufficient as actual maximum established demand before June 1993 came nowhere near the billing demand. Similarly it rose above the revised billing demand twice between June 1993 and December 1997.

JNPT stated in April 1998 that after monitoring the traffic trends for a few years the contracted demand was reduced to 10000 KVA in June 1993. It was also stated that the maximum established demand was not constant indicating that it varied between 4900 KVA and 7200 KVA during April 1997 to December 1997.

Contracted demand should have been fixed at conservative level

The Ministry stated in October 1998 that any shortfall in the level of supply may result in failure of electrical equipment and that payment in respect of a billing demand of 7500 KVA during June 1993 to December 1997 was well justified. It was also stated that the contracted demand of 20000 KVA initially incorporated in the agreement in April 1989 was reduced to 10000 KVA after stabilisation of the operations and experiencing the actual energy requirements. The reply is not tenable as the maximum established demand was substantially less than the contracted demand upto 1993 and remained at lower levels than even the reduced contracted demand. Fixing the contracted demand at a conservative level would have been to the benefit of the port because, even if there was an increase in demand exceeding 75 per

cent of the contracted demand in a certain month, the demand charges payable in that month would have been on the maximum established demand.

As a result of contracted demand not having been realistically estimated, JNPT suffered a loss of Rs 2.90 crore.

### **11.16 Extra expenditure on bagging machines**

**JNPT incurred an extra expenditure of Rs 1.61 crore on 10 bagging machines due to charging of lower rates from exporters.**

As per the scale of rates prevailing during January 1994 to March 1997 the handling charges for discharging cargo in bulk by Jawaharlal Nehru Port Trust (JNPT) was Rs 180 per tonne while the charges for bagging and discharging cargo was Rs 235 per tonne. Thus, Rs 55 per tonne was being charged towards bagging from the importers.

The bulk terminal of JNPT was equipped with 20 machines for bagging fertiliser cargo. Of these the port was operating 10 machines and the other 10 machines remained idle since 1989.

In July 1994, JNPT awarded a contract to a private party for operation and maintenance of 10 fertiliser bagging machines for bagging cargo at Rs 80 per tonne.

Thus, while JNPT was charging only at Rs 55 per tonne for bagging bulk cargo, it contracted out 10 machines to a private party paying at the rate of Rs 80 per tonne for bagging cargo. On being pointed out by Audit the rate charged by JNPT from exporters for bagging bulk cargo was revised and fixed at Rs 100 to Rs 120 per tonne depending upon the size of the bag from March 1997. Thus JNPT had incurred extra expenditure of Rs 1.61 crore during 1994-97 towards payment of bagging charges to a private party.

The matter was referred to the Ministry in April 1998; their reply was awaited as of January 1999.

### **11.17 Loss of revenue**

**JNPT suffered a loss of Rs 1.18 crore due to non-inclusion of escalation clause in the agreement for leasing the land.**

Policy guidelines regarding land management at ports, framed by the Ministry in March 1992, *inter alia*, warranted incorporation of provisions in all the lease agreements for increase in rent at a uniform rate every year with an option to refix the base after every five years. The guidelines also stipulated

that any departure should be with the prior approval of Government. The Ministry's policy guidelines do not leave any discretion to the leasing authority to do away with the escalation clause.

Accordingly, the port had allotted undeveloped land to various firms for setting up liquid storage terminals (tank farms) outside the port operational area with varied lease rents fixed by the port for undeveloped land or ten *per cent* of the City and Industrial Development Corporation (CIDCO) rate for developed land prevailing in the year of allotment.

Non inclusion of  
escalation clause in  
agreement for leasing  
the land

Audit scrutiny of the records revealed that the Port allotted in September 1993, 60000 sq. metres of undeveloped land and 4575 sq. metres of way leave in Phase I for a period of ten years for storing class 'B' liquid chemicals at the rate of Rs 150 per sq. metre *per annum* at the prevailing CIDCO rate without an escalation clause. It was, however, noticed that in all other cases of allotment to the firms, for the period September 1993 to December 1995 (including the firm which was allotted an additional area of 60000 sq. metre in May 1995) escalation clause upto 10 *per cent* per year compoundable every year was included in the lease agreement.

Non adherence to the provisions contained in the government guidelines to include an escalation clause while leasing the land in the instant case resulted in a loss of revenue of Rs 1.18 crore till September 1998.

Accepting the lapse of non-incorporation of escalation clause in the allotment letter, the Ministry stated in September 1998 that escalation clause had been incorporated in the draft lease agreement yet to be signed with the allottee. However, no action had been taken to recover the loss of Rs 1.18 crore from the firm.

#### **11.18 Avoidable expenditure in leasing of cranes.**

**JNPT incurred an avoidable expenditure of Rs 25.72 crore on leasing of cranes due to defective assessment of traffic level.**

With a view to handle the increase in traffic, Jawaharlal Nehru Port Trust (JNPT) acquired three rubber tyred gantry cranes (RTGCs) on lease in March 1995 and three more in January – February 1997 in addition to eight RTGCs already under operation since 1989. The annual lease rent for the six RTGCs was Rs 5.76 crore subject to 6 *per cent* annual escalation and 88 *per cent* availability for the first year.

Audit scrutiny revealed that during the period April 1995 to April 1998, JNPT had handled 535942 productive moves by the RTGCs. Out of these, JNPT's eight RTGCs accounted for 197389 productive moves as against 338553 moves made by the six leased RTGCs.

Additional RTGCs leased while JNPT's RTGCs remained idle

The average number of moves per month made by both JNPT's and leased RTGCs were 845 and 2137 during April 1995 to December 1996 when only three RTGCs were leased and decreased to 433 and 2124 between January 1997 to April 1998 when all the additional six RTGCs were leased. The percentage availability and actual utilisation of JNPT's cranes were lower at 84.56 *per cent* and 36.38 *per cent* during January to December 1996 as against 97.4 *per cent* and 57.61 *per cent* for leased cranes. Again, availability of JNPT cranes was 90.85 *per cent* and 29.88 *per cent* against 90.43 *per cent* and 67.14 *per cent* for leased cranes during January 1997 to April 1998. JNPT's RTGCs thus remained idle on an average for 48.18 *per cent* of the time from April 1995 to December 1996 and 60.97 *per cent* during January 1997 to April 1998.

As the average number of productive moves made by the leased cranes was 2137 per month per crane, the number of cranes required to handle the entire port traffic during the period April 1995 to December 1996 worked out to six RTGCs. During the period January 1997 to April 1998, the average productive moves was 2124 and the maximum required RTGCs worked out to eight only. Thus the requirement of RTGCs during March 1995 to April 1998 was well within the capability of the port as it owned eight RTGCs and there was no need to acquire additional private cranes on lease.

The Ministry stated in October 1997 and September 1998 that the port owned RTGCs were eight years old with poor operational efficiency. The decision to utilize leased cranes were taken to meet the growth in traffic. The reply is not acceptable as assessment of crane handling capacity had been made by the port. Further the records showed that the total productive moves decreased substantially after the introduction of the leased cranes in April 1995.

Defective assessment of traffic level had resulted in six RTGCs being taken on lease during the period April 1995 to April 1998 due to which avoidable expenditure of Rs 25.72 crore towards lease rent was incurred. It was not explained by JNPT how a total of 11 cranes in 1995-96 and 14 cranes in 1996-97 could handle less containers.

## **Kandla Port Trust**

### **11.19 Loss of interest due to delay in fixing pumping charges**

**KPT suffered a loss of interest of Rs 25.53 lakh due to inordinate delay in fixing the rate of pumping charges for transfer of POL product.**

The charges for transfer of POL products from tanks of Indian Oil Corporation (IOC) to HPC or BPC and vice versa were recovered separately

prior to October 1988, at the rates prescribed for initial pumping of POL products from the vessels to the tanks. After October 1988, pumping charges for initial pumping of POL products were merged with wharfage charges but no separate charge was prescribed for transfer of POL from one tank to another.

When the non-recovery of pumping charges from one tank to another was pointed out in audit in August 1991, KPT fixed the charges only in October 1994 and published this in the Gazette of Government of Gujarat in October 1995. The charges for pumping from one tank to another for the period from October 1988 to November 1996 amounting to Rs 84.91 lakh in respect of IOC was adjusted by KPT from the parties deposit account from December 1996 onwards.

Though the rate of pumping charges was to be fixed alongwith the revision of scale of rates (October 1988), the same was fixed by KPT after six years and recovery of charges was further delayed by another two years.

Thus, inordinate delay of eight years in fixing the rate of pumping charges and effecting recovery resulted in loss of interest of Rs 25.53 lakh.

KPT stated in March 1998 that charges were fixed and published after carrying out a critical analysis which was a time consuming job. Reply was not tenable as only initial pumping charges were merged with wharfage charges and there was no reason with KPT for non-levy of pumping charges from one tank to another. There was no justification for delay of nearly eight years in fixing the charges as the rates of pumping charges levied earlier for pumping from one tank to another were known to KPT.

The matter was referred to the Ministry in January 1999; their reply was awaited.

### **11.20 Irregular nomination of trustee**

#### **KPT suffered heavy losses in hiring of dirty ballast tank, maintenance dredging, berth and tug hiring and pilotage fees**

According to Section (6) of the Major Port Trusts Act 1963, a person is disqualified for being chosen as a trustee if he has directly or indirectly any share or interest in any work done by order of the Board. In contravention of above provision Shri S.G. Kevalramani who was Chairman and Managing Director of Jaisu Shipping Company, with direct interest in KPT was nominated as a trustee from April 1996.

It was noticed during audit review that Jaisu Shipping Company was given undue benefits as discussed below:

Eight years delay in fixing and recovering the rates for pumping charges



**11.20.1** Dirty ballast tank was given on hire at the rate of Rs 41600 per month without inviting tender and as per the approved schedule of rates the hire charges worked out to Rs 4.65 lakh per month.

KPT constructed in September 1987 a tank of 4000 tonnes capacity at a cost of Rs 21.70 lakh for receipt of dirty ballast from tankers visiting Kandla port for the purpose of loading cargo. The tank was never used for discharging dirty ballast from the time of its construction. As the tankers calling at Kandla port arrived with clean ballast and did not carry dirty ballast, it was hired out in June 1993 to Jaisu Shipping and Company for use as bunkering facilities.

The initial construction of the tank was justified by KPT on the assumption of arrival of ships at Kandla port with shore facility requirements for discharging dirty ballast. KPT also contended that it was mandatory for the port to provide reception facilities by way of anti-pollution measures as per "International Convention for the Prevention of Pollution from Ships".

**Dirty ballast tank constructed though not required**

Scrutiny of records revealed that KPT was aware from its past experience before construction of tank that tankers arriving at Kandla port for loading naphtha came with clean ballast and did not carry dirty ballast. It was also noticed that action for hiring out the tank was initiated in June 1987 even before completion of its construction in September 1987. Construction of tank on wrong assumption resulted in non-utilisation of tank valuing Rs 21.90 lakh for six years from 1987 to 1993.

**Tank hired out without inviting tenders**

A proposal was moved in October 1992 by Jaisu Shipping Company for hiring it out for storage of fuel oil for bunkering. The Board passed a resolution in June 1993 for hiring out the tank to the party at the rate of Rs 41600 per month. Scrutiny of the Board proceedings revealed that the tank was hired out without inviting tenders. During deliberations one of the trustees felt that the rate of Rs 41600 per month was very low and it might fetch at least four times more if tenders were invited.

It was also seen that the rate fixed for hiring out the tank for a shift of eight hours as per the KPT's scale of rates was Rs 15500. It was contended that the rates prescribed in the scale of rates were meant for hiring for short term period and that separate rate was required to be fixed for long term hire. Accordingly, KPT worked out a rate of Rs 41600 per month for hire on long term basis and stated that this rate would require the approval of Government.

**Hiring rate was fixed without approval of the Government**

Even if it was assumed that the tank was used for only one shift of eight hour daily, the hire charges per month would work out to Rs 4.65 lakh as per scale of rates of KPT. The actual rate of Rs 41600 per month was thus only 9 *per cent* of the approved scale of rates. Moreover, KPT did not furnish the information as to whether proposal for approval of rate was sent to Government and whether the approval of Government was received or not.

Thus, hiring out the tank on long term basis at 9 *per cent* of the approved scale of rates of KPT was irregular. KPT stated in March 1998 that as the tank was hired out for not more than 30 years Government approval was not considered necessary. Reply was not correct since, as per Board's

resolution the hiring was subject to approval of Government and the action of KPT was in violation of Board's directives.

**11.20.2** Contract for maintenance dredging was awarded to Jaisu Shipping Company at the rate of Rs 223 per cu. metre, whereas the actual rate payable as per KPT's calculation ranged between Rs 73 and Rs 95 per cu. metre. Idle charges of Rs 6.72 lakh for 42 days for operating the dredger only for three days were also paid.

(a) As per Government guidelines the work of maintenance dredging was to be given to Dredging Corporation of India Limited (DCI), a GOI company. In the Board resolution of June 1994 it was contended that DCI was contacted and they would be able to deploy the dredger for this work after November 1995. On grounds of urgency, Board decided to give the work to a private party. It was also resolved that as per new guidelines issued by Government (April 1993) dredging was included as an item open for privatisation.

**Entrustment of maintenance dredging to a private party was contrary to Government's guidelines**

Scrutiny of Government letter of April 1993, however, revealed that the work of maintenance dredging was actually not included for private participation. Hence, the Board's decision to give the work to a private party was in contravention of Government guidelines. KPT stated in March 1998 that reference was made to Government in July 1994 enumerating the critical situation of depths and awarding work to the single tender of the private party. Reply was not tenable as tenders were invited only after four months in November 1994.

Tenders invited in November 1994 were received from two parties viz., Jaisu Shipping Company and Dhatri Dredging and Construction Limited Chennai. The price bid of Dhatri Dredging was not opened by tender committee because the party gave earnest money deposit (EMD) in the form of bank guarantee as against demand draft; the party demanded idle charge at a rate of Rs 10000 against Rs 2000 per hour and the party demanded 30 days for demobilisation against two days offered by KPT.

**Incorrect decision of tender committee**

The decision of tender committee not to open the price bid of Dhatri Dredging was not correct because Chairman was competent to waive the condition of EMD, as was done in other cases, excess on account of higher rate of idle charges was ultimately to be recovered from concerned ships occupying the berth and party was not asked to withdraw its conditions as was being done by KPT in all other tenders. KPT thus lost the benefit of competition by not opening the price bid of Dhatri Dredging and Construction Limited.

**Acceptance of single tender at a very high rate**

Price bid of Jaisu Shipping Company was opened in January 1995 and negotiations were held with the party who finally agreed to work at Rs 223 per cu. metre and this rate was accepted by the Board in March 1995. Scrutiny of proceedings of the tender committee revealed that the rate of Rs 223 per cu. metre was considered exorbitantly high compared to the estimated rate of Rs 73 per cu. metre and Rs 95 per cu. metre calculated after taking into account 12 *per cent* inflation per year on the basis of previous dredging rate of similar work carried out in the past by Essar and DCI respectively. It was

also observed from the papers of Board's meeting of March 1996 that in the latest tender received at that time one party came down to Rs 59 per cu. metre. Thus, the acceptance of single tender of Jaisu Shipping Company at a very high rate of Rs 223 per cu. metre resulted in avoidable extra expenditure of Rs 1.02 crore taking into account the highest possible rate of Rs 95 per cu. metre as worked out by the tender committee.

KPT stated in March 1998 that due to urgency the work was awarded at the rate of Rs 223 per cu. metre which was found reasonable. Reply was not tenable as tender committee had recommended a rate of Rs 95 per cu. metre and in the recent past one party had also come down to a rate of Rs 59 per cu. metre. Further, the grounds of urgency were not tenable as the work was awarded after nine months of taking decision by the Board to award the work to a private party. Thus there was no justification to award the contract at the exorbitantly high rate of Rs 223 per cu. metre.

**Execution of additional quantity beyond tendered quantity of dredging allowed by KPT**

(b) The estimated quantity of dredging put to tender was 80000 cu. metre. The scheduled date of completion was October 1995 which was extended upto February 1996. As per the measurement recorded in measurement book, contractor dredged 79773.19 cu. metre upto December 1995. As against tendered quantity of 80000 cu. metre, which the contractor dredged by December 1995, the contractor was allowed to continue dredging upto total quantity of 102413.13 cu. metre upto February 1996 without prior approval of the Board and even without the knowledge of the Chairman. The matter was submitted to the Board for *post facto* approval of excess quantity after the execution of work. Board approved (14 March 1996) additional dredging of only 16000 cu. metre i.e. upto 20 *per cent* of tendered quantity. Though the excess quantity was approved by the Board on 14 March 1996, payment for excess quantity was made on 13 February 1996 (i.e. one month in advance of approval by the Board).

Since the tendered quantity of 80000 cu. metre was already dredged by contractor by December 1995 and DCI also indicated availability of its dredger by December 1995, the execution of additional quantity beyond tendered quantity by Jaisu Shipping Company at an exorbitantly high rate of Rs 223 per cu. metre against prevailing rate of Rs 59 per cu. metre was irregular and resulted in excess expenditure of Rs 26.24 lakh.

**11.20.3** Berth hire charges of Rs 21.31 lakh for RCC dry dock were not recovered and extension of time for towing of dry dock was given in violation of conditions of contract.

RCC dry dock procured by KPT in 1953 at a cost of Rs 5.38 lakh was declared unserviceable in July 1992 and sold to Jaisu Shipping Company in January 1993 at a cost of Rs 7.29 lakh. The following points were noticed in audit:

**Further extension of three years granted beyond extended period**

(a) As per delivery order of December 1992 the party was given transitory period of two years from January 1993 for operating dry dock at Kandla for their own vessel, till completion of formalities for towing the dry dock elsewhere or beaching the same for removal of material.

On expiry of retention period of two years the party was granted extension of one year from January 1995 with the condition that in case they fail to get approval for towage of dry dock to an other place within a period of one year, they would beach the dry dock at Kandla, remove the material and clear the site at their risk and cost. But further extension of three years from January 1996 was decided to be given in violation of the contract agreement.

Loss of interest due to abnormal delay in deciding the rate of berth hire charges

- (b) As per terms and conditions, party was required to pay berth hire charges and other dues as may be decided by KPT one month in advance. However, KPT decided only in May 1996 that berth hire charges would be recovered at Rs 1120 per day. Accordingly, KPT raised demand of Rs 14.85 lakh towards berth hire charges from January 1993 to August 1996.

Thus, abnormal delay of more than three years in deciding the rate of berth hire charges resulted in irrecoverable loss of interest amounting to Rs 5.28 lakh calculated at 18 *per cent* upto March 1998.

Non recovery of berth hire charges

- (c) Further, total amount of berth hire charges for the period upto March 1998 amounting to Rs 21.31 lakh was not paid by the party. Thus, revenue to the extent of Rs 21.31 lakh remained unrealised.

KPT stated in March 1998 that a committee which was formed to fix the charges had decided to fix the rate at Rs 640 per day but party had appealed to Chairman on which no decision had been taken.

Reply was not tenable as rate of Rs 1120 per day fixed as per scale of rate was reduced by the Committee to Rs 640 per day allowing Rs 480 as rebate which was not admissible in this case as it was not occupying cargo berth No.5(A) for which alone such rebate was permissible.

**11.20.4** 30 tonne BP tug was hired from Jaisu Shipping Company at an estimated cost of Rs 1.35 crore without conducting 'bollard pull tests' and it was deployed for pulling vessels of lesser capacity which could have been handled by KPT's own vessels.

- (a) Board passed a resolution in January 1994 to procure one 30 tonne bollard pull tug at an estimated cost of Rs 9.80 crore as there was an acute need for the same. But the proposal remained in correspondence with the Government till November 1996. Meanwhile, in view of the enhancement of financial powers of the Board for sanctioning capital expenditure upto Rs 50 crore, Board passed a resolution in January 1997 to acquire the tug at an estimated cost of Rs 16.78 crore. Actual acquiring of the vessel was not yet finalised (March 1998).

Unnecessary hiring of tug

In the meantime Board passed a resolution in May 1997 for hiring of 30 tonne BP tug, from Jaisu Shipping Company at the rate of Rs 1.11 lakh per day on the ground of urgent need and also approved estimate of Rs 1.35 crore towards hire charges (for four months only).

Expenditure of Rs 1.88 crore was incurred and the period of hiring was extended for one more month beyond 16 October 1997.

**Escalation in cost  
resulted due to delay  
in acquisition of tug**

Thus, delay for three years in acquisition of tug not only resulted in escalation of cost from Rs 9.80 crore to Rs 16.78 crore but also led to avoidable expenditure of Rs 1.88 crore on hiring of tug. KPT stated in March 1998 that it was only a procedural delay. This was not tenable as procedural delay of three years was not justifiable.

**Changes in location  
for deployment of tug  
was in violation of  
board's resolution**

- (b) While obtaining approval of the Board for hiring a tug, it was contended that the tug Kutch Kesari deployed at Vadinar was to be laid off for dry docking and 30 tonne tug Girnar available at Kandla port could not be sent to Vadinar in replacement of Kutch Kesari, as the services of tug Girnar were required at Kandla. It was also contended that other three tugs available with KPT were of 19 tonne capacity and as tankers ranging from 0.60 lakh DWT to 3.00 lakh DWT were handled at Vadinar, the other tugs would not be able to meet the load requirement. Hence, it was decided to hire a tug of 30 to 35 tonne BP capacity from outside.

Hiring of tug was approved by the Board for Vadinar port only. However, while issuing tender notice specification was changed from Vadinar port to Kandla port, by the Deputy Conservator without the approval of the Board. Accordingly the tug which was hired from Jaisu Shipping Company was deployed at Kandla port and tug Girnar was sent to Vadinar. Changing the location for deployment of the tug 30 tonne BP tug at Kandla instead of Vadinar and transferring tug Girnar to Vadinar was in violation of Board Resolution.

KPT stated in March 1998 that location was changed as the President of Kandla Port Karamchari Sangh threatened to go on strike on the above issue. This was not tenable as this was not brought to the notice of the Board and the location was changed without approval of the Board.

**Irregular hiring of  
tug without bollard  
pull test stipulated in  
tender acceptance  
letter**

- (c) Rates quoted by Jaisu Shipping Company were the lowest. Hence it was decided by the Board to accept the lowest offer of Jaisu Shipping Company. In the tender acceptance letter of 31 May 1997 it was stated by the Deputy Conservator that the tug would be accepted after the bollard pull test. It was, however, found that the tug was accepted without bollard pull tests on the ground that suitable condition for carrying out the test was not available at Kandla.

When Finance raised an objection in June 1997 for hiring the tug without conducting the bollard pull test the Deputy Conservator certified in June 1997 that he was satisfied about the capabilities of the tug and hence, requested the Chairman to sanction hiring of the tug without conducting the test. The same was approved in the same month by the Chairman though he was not competent to do so and the tug was hired. Thus, hiring the tug without conducting bollard pull test was against the tender condition and irregular.

KPT stated in March 1998 that tug was accepted without bollard pull test in view of certificate issued by IRS. Reply was not tenable as according to specification tug was to be accepted only after conducting test.

In the absence of bollard pull test report Audit could not verify as to whether the tug hired actually had a bollard pull capacity of 30 to 35 tonne.

**Infructuous  
expenditure of  
Rs 1.20 crore on  
hiring of tug**

Examination of details of the deployment of hired tug revealed that during the month of July 1997 the hired tug was deployed only for attending four ships all of which had DWT capacity below 30000. Thus, tug hired specifically for handling tankers ranging from 0.60 lakh DWT to 3 lakh DWT was actually deployed for handling tankers below 0.30 lakh DWT, which could have been handled effectively by KPT's own tugs. Expenditure of Rs 1.20 crore incurred on hiring the tug was avoidable and infructuous.

Thus, the tug hired for Vadinar port was actually deployed at Kandla port by shifting the departmental tug from Kandla to Vadinar port. The tug was accepted without carrying out bollard pull test and it was deployed to handle vessels with lesser DWT capacity which resulted in unintended benefit to Jaisu Shipping Company.

**11.20.5** Pilotage fee of Rs 12 lakh was not levied on barge Alnims. Neither deposits were received nor billing done for five voyages performed by the barge in February and March 1996.

The correct GRT of the vessel barge Alnims as per the certificate of survey of December 1991 was 498.16. The barge was licensed under Kandla Harbour Craft Rules and pilotage was compulsory for initial entry and final departure of such vessels. However, the GRT of the barge was shown as 298. As no pilotage fees was recoverable for vessels with GRT of 300 and below marine bills relating to this barge were prepared without levying pilotage fees.

**Issue of license with  
lower GRT**

Test check of records revealed that the barge arrived/sailed at Kandla port as many as 170 times during December 1991 to August 1993 and January 1995 to April 1996 and no pilotage fees were recovered for the above voyages. Thus, issuing license with GRT of 298 instead of 498.16 resulted in non recovery of Rs 12 lakh.

**Non realisation of  
marine charges**

It was also noticed that in respect of five voyages mentioned above neither marine deposits were received, nor any marine bill prepared which resulted in non realisation of marine charges and consequential loss of interest. The loss of interest could not be quantified in the absence of bills.

The barge mainly plies between Kandla and Vadinar. Although no entry for the barge was available after April 1996 (the month in which the owner of the barge Shri S.G. Kewalramani became a trustee of KPT), in the database file "VOYAGE.DBF" maintained at CDC, Kandla, the vessel performed 19 voyages between April 1996 and July 1997 as per the records.

available at Signal Station, Vadinar. As the barge entered Vadinar on 19 occasions it would have left Kandla port on these occasions and entry for the same should have been made at Kandla also. No reason was furnished by KPT for non-accountal and non-billing of the above voyages at Kandla.

KPT stated in March 1998 that barge Alnims was granted license with GRT of 298 tonnes on the basis of the registration certificate issued by the Ajman port and hence pilotage was not necessary at that time and that craft was subsequently required to be surveyed and registered with the Indian Authority and accordingly the craft was granted certificate of Indian Registrar with GRT of 498.16 tonnes. However no reason was furnished for difference in GRT of the same barge on different occasions.

**Undue benefit to a KPT's trustee**

No reason was furnished by KPT for providing above benefits to the above craft belonging to Shri S.G. Kewalramani, trustee of KPT from April 1996 (October 1997).

**Information not furnished to Audit**

KPT stated in March 1998 that the audit points had been brought to the notice of Ministry for information and necessary action.

The matter was referred to the Ministry in January 1999; their reply was awaited.

## **11.21 Unreliable computerised billing system**

### **KPT suffered losses due to lack of control on computer system.**

**11.21.1** Billing of various services rendered by KPT was computerised with effect from April 1996. The preparation of billing report for the services rendered was carried on by way of batch processing whereas accounting for the money received from parties towards deposit/ service charges were captured online.

Software was developed in FOXBASE and run in SCOUNIX environment. The expenditure incurred on procurement and maintenance of hardware/software, though called for, were not furnished to Audit.

As computerised data was amenable to easy manipulation and as flow of work was not easily traceable in a computerised environment, it was absolutely essential to incorporate various controls in a computerised system.

During review of the various controls in the Billing System computerised at KPT following points were noticed:

Computerised data put to susceptible to manipulation

(a) *Logical Access Control:*

Separate identification code/password was not allotted to the users who were also not categorised into groups with restricted access as required for these jobs exposing the risk of access to all Master and data of all files.

No basic validation checks in software and dummy records were found on files. Verification and validation of input had not been assumed in the system.

(b) *Output Data Control:*

Lack of management of data control

There was no provision in the software to keep track of the number of printouts taken even for important outputs like billing reports. As a result, innumerable copies of the output could be obtained without any indication of the number of copy.

(c) *Documentation:*

Inbuilt documentation like details of purpose, files and memory variables used and data flow logic adopted were not available in any of the programmes. The same data was stored under different field names in different files.

**11.21.2 *Short receipt of deposit of Rs 7.07 crore from J.M. Baxi and Company***

Short realisation of money from a private party

According to KPT Rules deposit was to be collected in advance before providing various services. However, during test check of records for the period April 1995 to June 1997 details for which was available in computer printouts it was noticed that an agent J.M. Baxi and Company who was billed for marine dues of Rs 42.36 crore on 290 bills, made short payment of deposit in 144 bills. The amount of shortfall of deposit worked out to Rs 7.07 crore. The interest to be charged on such short deposit at the rate 18 *per cent per annum* (assuming one month for the preparation and settlement of bill) worked out to Rs 10.60 lakh.

KPT stated in March 1998 that minor shortfall of deposits in respect of certain voyages could not be treated as insufficient deposit and that the agents had sufficient opening balances at their credit. This was not tenable in view of the fact that there was shortfall in respect of 144 bills out of 290 bills (50 *per cent*). The shortfall in deposits was Rs 7.07 crore out of total bill amount of Rs 42.36 crore (i.e. 17 *per cent*). Moreover, the contention that sufficient opening balance was available was not correct as the average opening balance for the period worked out to Rs 75.45 lakh as against an average balance of Rs 1.09 crore required to be maintained.

**11.21.3 *Non-receipt/delayed receipt of deposit of Rs 9.89 crore for marine dues at Kandla***

During test check it was noticed that in respect of 658 cases deposit amounting to Rs 9.89 crore was received after the sail date of the vessel. As



according to provisions deposit is to be received before rendering services receiving deposits even after the sail of vessel was irregular and resulted in loss of interest to KPT.

KPT stated in March 1998 that if the date on which payment was made happened to be holidays, service rendering department kept the D.D./Cheque with them and presented on the next working day after rendering services. Reply was not tenable as delay in receipt of deposit was upto three months.

#### **11.21.4 Abnormal delay in billing**

**Computerised billing delays go beyond 300 days in 1200 cases.**

It was noticed during audit of the Computerised billing operation that there was abnormal delay between the date of rendering of services and the actual date of preparation of bill. It was further noticed that in 1200 cases the delay exceeded 300 days. Non preparation of bills resulted in belated realisation of revenue worth crores of rupees. KPT stated that as deposit was received there was no loss due to delay in billing and that the delay was due to procedural and other related issues.

KPT did not state whether any time limit was prescribed for preparation of bills though this was specifically called for.

#### **11.21.5 Non-billing of Wharfage/Marine dues**

**Non levy of marine charges**

Test check of records revealed that in respect of 1052 voyages, though wharfage charges were billed marine charges were not levied. Similarly, it was noticed that in respect of 444 voyages marine bills were prepared whereas wharfage charges were not levied.

KPT stated in March 1998 that this was due to initial stage of computerisation and the same have been proposed and adjusted for each voyage. However, KPT did not state as to when the amount was realised and in how many cases.

#### **11.21.6 Irregular transfer of balances amounting to Rs 22.86 lakh**

**Loss of revenue due to debit of dummy voyage**

A separate Voyage Deposit Account was to be maintained for every voyage. If after billing all charges, any balance was left in a particular deposit account the party could transfer the balance to another voyage deposit account. During test check it was noticed that 40 voyage accounts were credited by debiting dummy voyage account 0 resulting in loss of revenue.

KPT stated that billing operations were computerised only from April 1996 and balances which were received before that date and lying in various voyage accounts were transferred by debiting voyage Code 0 and in few cases deposits were received directly without crediting voyage accounts and in such cases also, voyage code 0 was debited.

The above reply of KPT was not tenable for the following reasons. Although billing operations were computerised only from April 1996 detail:

of the voyages were captured in computers from 1995 itself and Voyage codes were allotted even before April 1996 in computers. Besides, deposits received and accounted under the manual system should have been computerised and the voyage code could have been debited.

KPT further stated in March 1998 that there were hundreds of voyages account being maintained manually prior to computerisation and it was not felt necessary to bring them all into the computer. Reply was not tenable as partial computerisation of a system can not be an excuse for loss of revenue.

The matter was referred to the Ministry in January 1999; their reply was awaited.

### **11.22 Irregular awarding of contract for construction of seventh and eighth cargo jetties**

**KPT suffered heavy losses due to injudicious award of work of construction of seventh cargo jetty; eighth cargo jetty awarded to same contractor.**

Tenders for construction of seventh cargo jetty were opened in November 1987. As all the parties tendered with various conditions KPT prescribed common terms and conditions and gave an option to them in February 1988 to quote their firm rates i.e., without escalation clause. Two firms Afcons and HCC intimated KPT to add 4 *per cent* and 8 *per cent* respectively on the rates quoted by them to arrive at their firm rates. Accordingly KPT worked out the firm rates of Rs 17.78 crore and Rs 17.84 crore for Afcons and HCC respectively and decided to award contract to Afcons being the lowest. KPT also decided to accept alternative design for defence dyke of Afcons and reduced Rs 0.32 crore from their firm rate of Rs 17.78 crore and awarded contract for Rs 17.46 crore.

Following points were noticed in audit :

- (i) According to KPT's letter of February 1988 no escalation was payable on item No. 1 and 2 of Section 2.

However, KPT applied 4 *per cent* and 8 *per cent* on the original rates of Rs 17.09 crore and Rs 16.53 crore quoted by Afcons and HCC and arrived at the firm rates as Rs 17.78 crore and Rs 17.84 crore respectively. HCC clarified in July 1988 that the additional 8 *per cent* quoted by them were not to be applied to items 1 and 2 of Section 2 of schedule of items as escalation clause was not applicable to them as per KPT's letter of February 1988. HCC also contended that if 8 *per cent* were not provided on those items their rate would be the lowest which was not contested by the tender committee. Despite such clear clarification from HCC on 7 July 1988, the tender committee which met on 15 July 1988 added 8 *per cent* on items 1 and 2 of Section 2 and

regular rejection of  
offer

rejected offer of HCC on the ground that clarifications were received after opening of the price bid.

**Information not  
furnished to Audit**

Thus, rejection of the lowest offer of HCC was irregular and resulted in avoidable expenditure to KPT. The amount could not be quantified as the tender papers of HCC were not produced to audit though called for.

**Contractor held  
responsible for  
failure of piles**

(ii) While construction was going on 83 piles of 750 mm dia tilted very badly towards the creek. A committee constituted by the Ministry of Surface Transport to analyse the causes for the failure of piles and fix responsibility held contractor accountable for 50 *per cent*, consultant (DCPL) 40 *per cent* and Chief Engineer and Scientific Officer of KPT 10 *per cent* for the failure of piles. Details of action initiated against the Chief Engineer and Scientific Officer for failure, though called for, were not furnished to audit.

**Delay in completion  
of work**

(iii) The work scheduled to be completed by January 1991 was completed in September 1992 after a delay of 19 months.

**Damage/additional  
cost of Rs 2.27 crore  
due to failure of piles**

(iv) The damage/additional cost as a result of failure of piles was assessed at Rs 2.27 crore and the contractor was requested by KPT to deposit Rs one crore as a part of his share.

As the arbitrators appointed by KPT and Afcons could not arrive a unanimous decision, the case was referred to the umpire who gave his award in May 1994 in favour of the contractor. KPT filed an appeal against the umpire's award in the Court at Bhuj.

(v) Tender for the work 'construction of eighth cargo jetty' was invited and pre-qualification offers were received from 11 parties on 22 November 1994. STUP Consultants Limited Mumbai who was consultant for preparing detailed design and engineering for the above work, while pre-qualifying eight parties, including Afcons, stated that KPT may take into account the working relations with some of the contractors on previous jobs before pre-qualifying the firms.

The tender committee prequalified the contractors for the work of construction of eighth cargo jetty including Afcons, though they were aware of the performance of Afcons in the construction of the seventh cargo jetty and the various legal tussles in which KPT was dragged by the firm.

Though Afcons was mainly responsible for failure of piles in the seventh cargo jetty and also entered into legal tussles with KPT and despite objection by one of the trustee in the Board meeting, Board passed resolution in July 1996 and awarded contract to Afcons (lowest bid) at a cost of Rs 40.98 crore.

KPT stated in March 1998 that the work of construction of the cargo berth and eighth cargo jetty was awarded to Afcons by competent authority and tender committee has recommended to accept the lowest offer after carefully considering all factors. The reply was not tenable as tender committee had not deliberated either about the performance of Afcons in the construction of

seventh cargo jetty or about the various legal tussles in which KPT was dragged by the firm. Further, the Board was not bound to accept the recommendation of TPC as was done by the Board in the cases of purchase of five electric wharf cranes between October 1993 and December 1995.

The matter was referred to the Ministry in January 1999; their reply was awaited.

### **11.23 Irregularities in the purchase of cement**

#### **11.23.1 Purchase of 2500 MT cement**

#### **KPT Committed irregularities in purchase of cement.**

According to MOST order of June 1992 purchase of cement was to be resorted to only through DGSD. Accordingly Board resolved in September 1992 to purchase cement through DGSD.

However, on receipt of requisition from Executive Engineer (Projects) in November 1994 for 43 grade cement for the quarter April-June 1995 for construction of third oil jetty, Superintending Engineer decided to enter into annual rate contract for 43 grade cement directly with the manufacturers. Quotations were invited from seven major manufacturers for supply of 3000 tonne cement ((+/-) 30 *per cent*) during the year 1995-96 as per DGSD rate contract. Gujarat Ambuja Cement offered 53 grade cement as against the requirement of 43 grade cement and ACC informed that they did not have DGSD rate contract and none of the other parties responded. Approval of Chairman was obtained and supply order was placed on Gujarat Ambuja in April 1995 for Rs 37.75 lakh for 2500 tonne of ordinary portland cement of 53 grade from May 1995 to February 1996 with 100 *per cent* advance payment against the quantity to be supplied by them each month.

Accordingly 2450 tonne of cement was purchased between May 1995 and May 1996 at a total cost of Rs 46.52 lakh including Sales tax of 15 *per cent*. The following points were noticed in audit.

- (a) Order was placed with Gujarat Ambuja with a specific condition to furnish test certificate along with each batch of cement. However, it was noticed that test certificate was not received with 250 tonne of cement supplied in September 1995.
- (b) As mentioned by Chief Engineer in his note dated 7 April 1995 the cement was to have a compressive strength of 430 kg/cm<sup>2</sup> at 28 days age. However as per the report of the Senior Scientific Officer in July 1995 out of the test carried out on 58 cubes with 53 grade cement in third oil jetty the requirement of 430 kg/cm<sup>2</sup> after 28 days was met only in one cube. It was also noticed that in 53 cubes the compressive strength after 28 days was lower than the compressive strength after

urchase was without  
st certificate

oor compressive  
rength of cement  
ted in July 1995

seven days and in remaining five cases the compressive strength was the same after seven days and 28 days. The compressive strength was less than 300 kg/cm<sup>2</sup> in 19 cases after 28 days.

**Compressive strength was poor even in October 1995**

(c) Again, it was seen from the letter written by Senior Scientific Officer to Gujarat Ambuja Cement in October 1995 that out of the test carried out on 31 cubes using Ambuja 53 grade cement in third oil jet requirement of 430 kg/cm<sup>2</sup> after 28 days was not met in any case. It was also noticed that in all the cases the compressive strength after 28 days was lower than what it was after 7 days.

**Purchases made beyond the agreement**

(d) Though contract was only upto February 1996 and minimum quantity as per agreement was already purchased by then further purchase of 500 tonne of cement in May 1996 after expiry of contract period was irregular.

**Advance payments were made out side the agreement**

(e) According to the terms of contract 100 *per cent* advance was to be paid for the quantity to be lifted in each month. Advance payments amounting to Rs 20.65 lakh for 1000 tonne in November 1995 and in May 1996 was in violation of contract agreement.

KPT stated in March 1998 that test certificate was not received at the time and had now been obtained and that the test report of Sr. Scientific Officer was entirely a different issue. The above shows that the cement purchased was not fully utilised in the construction.

### **11.23.2 Purchase of 1800 tonne cement**

Executive Engineer (Project) sent a requisition in November 1995 for 1800 tonne of 43 grade cement for the period March 1996 to February 1997. It was decided to purchase this quantity from manufacturers at DGSD rate prevailing during the quarter as was done previously. Accordingly quotations were called for from five leading manufacturers in Gujarat, out of which the offer of Gujarat Ambuja Cement for 53 grade cement was accepted and order for supply of 1800 tonne of 53 grade cement valuing Rs 31.86 lakh was placed at the prevailing DGSD rate contract for 43 grade cement.

The following points were noticed in audit :

**Cement was not meeting the required compressive strength**

(i) Cement was purchased directly from manufacturer on the grounds of economy and urgency without justifying the same.

(ii) As against the requirement of 43 grade cement Senior Stores Officer proposed to purchase 53 grade cement on the grounds of better quality without any test certificate in support of his contention. On the contrary Senior Scientific Officer informed Senior Stores Officer (October 1995) that the 53 grade cement did not meet the required compressive strength. The above test result was neither brought to the notice of Finance nor the Chairman by Senior Stores Officer.

Procurement was made without any rate contract

- (iii) On a reference by Senior Stores Officer to DGSD, it was informed that rate contract for 43 grade cement was available and no rate contract was available for 53 grade cement. However, DGSD advised KPT to raise indent for both the grades if required. But the Senior Stores Officer submitted the proposal for direct purchase from the manufacturers by citing storage problem.
- (iv) The request of the company for furnishing test certificate separately for each batch was accepted by KPT without assigning any reason even though 53 grade cement supplied by them in 1995 did not meet the required compressive strength.
- (v) The storage problem cited by Senior Stores Officer for not purchasing cement from DGSD was unfounded as the cement was meant for meeting urgent requirement (as mentioned by him in his note justifying direct purchase) and was expected to go to the worksite on receipt. Further, supply of cement by DGSD for a quarter was spread over a period of 20 days.
- (vi) Copies of the test certificates from Gujarat Ambuja Cement were neither available on record nor furnished to audit though called for (August 1997).

Test certificates were not shown to Audit

KPT stated in March 1998 that direct purchase was made as the period of receipt of cement from DGSD was not certain and that there was no complaint from user department regarding 53 grade cement.

Reply was not tenable as the requirement of Executive Engineer (Projects) was for 43 grade and 53 grade cement did not meet the requirement as per test certificate of Senior Scientific Officer.

### **11.23.3 Purchase of 750 tonne cement**

Purchase was made on advance payment

To meet the requirement for the work of construction of eight cargo berth, Senior Stores Officer contacted only Gujarat Ambuja Cement in April 1997 for supply of 750 tonne of cement at the prevailing DGSD rate. This was approved by the Chairman on ninth May 1997 and supply order placed for supply of 750 tonne of 43 grade cement amounting to Rs 12.75 lakh with 100 per cent advance payment.

Loss of credit facilities

It was noticed that another order was placed on L&T for supply of 43 grade cement at the DGSD rate with credit facility only in February 1997. As on earlier occasion when L&T had offered to supply cement with credit facility, purchase of cement from Gujarat Ambuja Cement in April 1997 with 100 per cent advanced payment, resulted in loss of credit facilities of Rs 12.75 lakh.

Direct purchase of 53 grade in stead of 43 grade cement

KPT stated in March 1998 that transportation charges arranged by Gujarat Ambuja was Rs 205 per tonne whereas transportation charges of L&T was Rs 281 per tonne. Hence placement of order on L&T was not economical even after availing credit facility. Reply was an afterthought as the rate of

transportation of Rs 281 per tonne received was on 2 May 1997 whereas only Ambuja cement was contacted on 16 April 1997 and L&T was neither approached for supply of cement nor for its transportation though suggested by Financial Advisor and Chief Accounts Officer.

#### **11.23.4 Purchase of 6000 tonne cement**

To purchase 6000 tonne of ordinary portland cement 43 grade (IS 9112) from cement manufactures at DGSD rates, KPT invited in April 1997 quotations from five cement manufacturing companies. According to the terms offered by KPT.

- i) Cement shall be of 43 grade
- ii) Test certificate for each batch of cement supplied shall be furnished alongwith the supply.
- iii) Payment shall be made within seven days from the date of receipt of cement.

Out of five, three companies submitted (April 1997) their offer of which offer of Shri Siddhi Cement was not considered as they quoted the rate of Rs 2900 per tonne. While Larson and Toubro Limited accepted all the condition prescribed by KPT, Gujarat Ambuja Cement Limited offered with the following changes :

- i) Cement supplied shall be of 53 grade
- ii) Test certificate shall be submitted separately after each batch
- iii) 100 *per cent* payment shall be made in advance alongwith the order

Following points were noticed in audit :

- (i) While justifying the direct purchase from manufacturers Senior Store Officer stated in his note of May 1997 that direct purchase from manufacturers was more economical to KPT as it saved lot of interest on huge advance payments to DGSD. However, the offer accepted from Gujarat Ambuja was with 100 *per cent* advance payment and for 53 grade (as against 43 grade indented). Thus, it was neither economical nor in consonance with indented grade. This aspect was not mentioned in the note submitted to the Board for approval of offer.

As per MOST directives of May 1992, KPT was required to procure cement only through DGSD. In all the above four cases direct purchase from manufacturers in violation of MOST directives was justified by submitting misleading notes.

KPT stated in March 1998 that in case of urgency and storage problem due to excess requirement some orders were placed directly with manufacturers at DGSD rate. Reply was not tenable because, as per MOST

**Uneconomical purchases**

**Purchase was made in violation of MOST directives**

directives cement was to be purchased only through DGSD and in all the above mentioned cases purchases were made directly from manufacturers.

The matter was referred to the Ministry in January 1999; their reply was awaited.

### **Marmugao Port Trust**

#### **11.24 Extra expenditure due to adoption of alternative plan**

#### **Marmugao Port Trust incurred extra expenditure of Rs 4.49 crore due to double handling of construction of General Cargo Berth No. 11.**

Scheme of construction of General Cargo Berth No.11 at Marmugao port was sanctioned by the Government of India in March 1992 at a cost of Rs 21.53 crores. The scheme included dredging at a cost of Rs 6.12 crore. Dredging was to be taken up only after completion of main berth structure which was completed in February 1994. Further, construction of reclamation bund was also necessary before commencing the dredging work so that the dredged material could be pumped by the dredger directly to the area beyond the reclamation bund. This would have resulted in creating additional land measuring 1.40 lakh sq. metre for further port development. Therefore, provision was made for construction of reclamation bund in the Vasco bay opposite berth No.11. Marmugao Port Trust (MPT) awarded the work of construction reclamation bund to a contractor at a cost of Rs 2.15 crore in September 1993 to be completed by April 1994.

However the work on the reclamation bund could not commence as the trawler owners operating in the Vasco bay area resisted construction of bund or any structure until and unless a fishing jetty was constructed for them. Though the Board of MPT approved construction of fishing jetty at Chicalim Bay in April 1993 the work was yet to be commenced due to delay in settlement of various issues with the State Government and trawler owners.

As the delay in construction of reclamation bund led to delay in taking up and completion of dredging, an alternative mode for disposing the dredged material was undertaken, according to which the material dredged by a cutter suction dredger would be dumped in the existing approach channel in the first instance and then shifted from there through trailer suction dredger for dumping ultimately in the port's dumping ground. Additional expenditure on account of double handling was Rs 4.49 crore.

Instead of pursuing the construction of fishing jetty at Chicalim Bay approved by the Board in April 1993 prior to taking up the scheme of construction of General Cargo Berth No.11, for which work order was issued in September 1993 the port opted for an alternative which proved too costly for the port and it also failed to reclaim land originally planned for.

**The work on reclamation bund could not start due to delay in settlement of various issues with State Government**

**Additional expenditure of Rs 4.49 crore**

**Alternative option proved costlier**



MPT stated in July 1998 that by resorting to the alternative method of disposing of the dredged material by double handling they could commission the berth in time in August 1994. Further expenditure of Rs 2.15 crore to be incurred for construction of the reclamation bund was stated to have been saved. The Ministry endorsed the reply of MPT in August 1998. The reply is not tenable as the saving of Rs 2.15 crore projected was achieved at the cost of incurring an additional expenditure of Rs 4.49 crore. Further, no justification was given for the loss of 1.40 lakh sq. metre of land which would have been acquired by construction of the reclamation bund.

### **11.25 Infructuous expenditure on dredging for double banking operations**

**MPT incurred an infructuous expenditure of Rs 4.26 crore on dredging of area inside the harbour.**

On the request of the Oil Coordination Committee, Mumbai to provide additional facilities in Mormugao port to handle petroleum products, the Mormugao Port Trust (MPT) decided in July 1992 to dredge an area of 8500 sq. metre (this was later reduced to 69120 sq. metre) at an estimated cost of Rs 4.50 crore inside the harbour for facilitating double banking operation by oil tankers.

The work of capital dredging of the double banking area (DBA) was entrusted to the Dredging Corporation of India (DCI) in January 1994 at a cost of Rs 4.27 crore based on the estimated quantity of 4.75 lakh cu metre to be dredged. Though the DCI started dredging in the DBA on 11 March 1994 the work had to be suspended on 19 March 1994 on account of encountering hard soil strata and bad weather conditions. Thereafter, dredging work in the DBA recommenced in November 1994. However, within five days of commencement of the work, the dredger encountered a submerged wreck resulting in damage to its cutter head, swing wires etc. Dredging was therefore discontinued in November 1994 and the dredger permitted in the same month to sail from the port. Further dredging was considered possible only after removing the wreck or shifting the location of the DBA clear of the wreck and carrying out detailed investigation at a new location by underwater seismic studies and scanning the area by the National Institute of Oceanography (NIO) to ensure that the area was free from any obstructions for dredging. A removal of wreck was considered very expensive, a new area clear of the encountered wreck was selected and got scanned by NIO who certified it to be free from any wrecks in July 1996.

**Dredging was discontinued due to hard soil strata and emergence of wrecks. A new area had to be selected**

MPT had incurred an expenditure of Rs 4.26 crore (Rs 2.23 crore for capital dredging and Rs 2.03 crore for disposing the dredged material) for the work done in the DBA before the site was shifted.

Work was undertaken without proper studies

Scrutiny of records of MPT revealed that the sub-soil investigations of the area to be dredged conducted through a private agency was limited to sinking of boreholes. The more reliable investigations like underwater seismic studies and scanning the area were not conducted initially for ascertaining possible shipwrecks in the area to be dredged. The failure of the MPT to conduct detailed investigations to ascertain that the area was free from obstructions before undertaking this expensive project resulted in infructuous expenditure of Rs 4.26 crore.

MPT stated in January 1998 that it had records of all the wrecks in the port area and all such wrecks were removed in 1970 and sub-soil investigations done by sinking bore holes did not indicate the existence of any wrecks. It was also stated that the total expenditure could not be considered infructuous as substantial part of this was included on the revised area for double banking and mooring. Ministry endorsed the reply of MPT. The reply is not tenable as the wreck was encountered when the dredging work was taken up in 1994 which proves that the records relating to 1970 could not be depended upon. Soil investigation would have indicated the existence of wrecks at the site of the boreholes only and not in respect of complete area covered. Adoption of an advanced technology such as scanning in the initial stage itself could have revealed the existence of wreck which would have helped avoiding dredging in the area and infructuous expenditure thereon. The MPT however stated that the facility of scanning presently available with NIO was not well developed in 1970.

As regards utilisation of part of the dredged area, it was noticed that only 29940 sq. metre out of 69120 sq. metre earlier dredged was included in the revised area and that area was also not dredged to the desired depth. Further even that area may have to be dredged again since the area would have silted up subsequent to 1994.

The matter was referred to the Ministry in June 1998; their reply was awaited as of January 1999.

#### **11.26 Loss due to irregular allowance of free shifting to ships**

**MPT suffered a loss of Rs 1.53 crore due to allowance of additional shifting over and above the admissible normal shifting of vessels.**

As per Section 48 of the Major Port Trust Act, 1963 services provided to various port users by the Mormugao Port Trust (MPT) should be charged as per rates provided in the MPT scale of rates. The rates and mode of assessment of charges for pilotage and shifting of vessels are laid down in Part I Section B of the scale of rates. As per note (a) below shifting charges, for shifting a vessel from stream to berth or berth to stream or change of berths or anchorage (beyond the two normal acts of shifting) separate charges are leviable.

Normal acts of shifting denotes the act of shifting a vessel from sea to berth or berth to sea by the port pilot, an exercise every ship calling at the port was to undergo and for which charges were included in the pilotage fees. Any extra shifting over and above the above said normal shifting was to be considered as additional shifting and was liable for levy of shifting charges.

**Additional shifting was allowed without charging the shifting charges**

It was observed in audit that the MPT had been allowing two additional shifting to a number of ships without levying and recovering shifting charges. A scrutiny of the shipping bills for the period April 1996 to June 1998 revealed that the port had allowed additional shifting over and above the admissible normal shifting without charging shifting fees in the case of 603 ships during the said period resulting in loss of income of Rs 1.53 crore on this account.

MPT stated in July 1998 that the Empowered Committee on Rationalisation of rates had recommended to have a consolidated pilotage rate inclusive of use of tugs and launches. It was however indicated that while working out the new consolidated rate, no extra charges should be slapped on the trade. Accordingly, to ensure that the new rate did not involve additional expenditure to the trade, it was decided that two normal acts of shifting (in addition to the initial inward and outward movements of shifting) be granted free and were part of pilotage. It was also stated that in order to remove any ambiguities the words 'two normal acts of shifting' were proposed to be reworded as "two acts of shifting in addition to the inward and outward pilotage movements". The reply is not tenable as charges and conditions given in the scale of rates were to be applied as they were, leaving no scope for interpretation by the user and in the absence of any other definition normal shifting refers to the initial inward and final outward movement only. Any other shiftings were to be charged separately. It was found that practices at different ports varied significant from that in MPT.

The matter was referred to the Ministry in June 1998; their reply was awaited as of January 1999.

## **Mumbai Port Trust**

### **11.27 Non recovery of Port charges**

**MBPT had not recovered Rs 46.05 lakh from a private company even after a lapse of four years.**

Mumbai port Trust, (MBPT) in its resolution of March 1994, accorded permission to Nippon Denro Ispat Limited for transit of barges through port limits subject to payment of all inclusive charges of Rs 15 per tonne of throughput. It was also stipulated in the resolution that the routes and timings of the travel of barges be defined and properly monitored and controlled. This arrangements was required to be brought up for review after one year. Since

the rate of Rs 15 per tonne was not acceptable to the company, the MBPT asked it in November 1996 to pay the charge at the rate fixed till the Board reconsidered the same and pay advance deposit of Rs one crore towards charges for future loading/unloading operations. The company's request to reduce the rate had been turned down by Board in February 1998, which was upheld by Tariff Authority for Major Ports in July 1998.

MBPT records revealed that the Company handled 15.89 lakh tonnes of raw material during November 1994 to October 1996 and the port charges payable for the same were Rs 2.38 crore. Accordingly, the MBPT issued a demand notice for the payment of the dues. The demand was enhanced to Rs 2.45 crore in March 1997 as the actual cargo handled was 16.34 lakh tonnes as informed by the company. Perusal of the records, however, revealed that actual amount recoverable was Rs 2.88 crore on the cargo handled of 19.27 lakh tonnes after adjusting refund of Rs 0.77 lakh. Out of Rs 2.88 crore the company paid Rs 2.42 crore till September 1997 leaving a balance of arrears of port dues of Rs 46.05 lakh. No demand notice had been issued beyond October 1996 due to the non-availability of any details with MBPT.

**Demand notice not served after October 1996**

Though, the company had failed to pay the full amount as demanded, no action had been initiated by MBPT to either recover the dues or withdraw the permission granted for the transit of the company's barges through port limits. Further the arrangement was not reviewed after one year as envisaged in the resolution nor was any billing done for subsequent transits.

**Inaction of MBPT**

Failure on the part of MBPT in permitting the company to carry out the operations without getting its terms and conditions accepted formally had resulted in blocking of port dues of Rs 46.05 lakh . The loss of interest from November 1994 to June 1998 comes to Rs 83.38 lakh.

**Outstanding dues Rs 46.05 lakh and interest Rs 83.38 lakh**

Explaining the difficulties faced in getting the information and raising demand, MBPT replied that the outstanding amount had already been recovered from the company and demand for the period November 1996 to June 1998 would be raised immediately. The reply is not tenable as an amount of Rs 46.05 lakh as worked out by the Audit was relating to the period prior to November 1996 and was yet to be realised. MBPT failed to recover the charges in time due to lack of proper control and monitoring and even could not enforce the advance deposit of Rs 1 crore. No remedial action to avoid the delay in billing had been taken by the MBPT.

The matter was referred to the Ministry in February 1998; their reply was awaited as of January 1999.

## **11.28 Non recovery of hard charges and monthly licence fee**

### **MBPT failed to recover port dues of Rs 1.22 crore from the vessel owners due to non observance of standard norms.**

According to section III of Mumbai Port Trust (MBPT) Scale of Rates the charges on the basis of gross registered tonnage (GRT) are for vessels being broken up on the Port Trust Hards at Re.1 per day per GRT from the date of beaching, vessels being constructed or fitted out in Port Trust Hards at Rs 3 per day per GRT from the date of occupation of the hard and monthly licence fee at Rs 10 per GRT are recoverable.

Scrutiny of the records of MBPT revealed that six vessels were lying on Port Trust hard at Coal Bunder for different periods during 1988-98 for which neither hard charges nor in some cases monthly licence fee was levied. Since Coal Bunder hard was constructed specifically for the purpose of constructing/ fitting of vessels, the charge leviable was at Rs 3 per day per GRT as laid down under section III (ii) of scale of rates. In addition, monthly licence fee of Rs 10 per GRT was also leviable.

Vessels not arrested

It was also revealed that neither prior permission as contemplated in section III was obtained from the Board of MBPT nor the charges were levied/collected in advance as required. Action to arrest the vessels and their disposal to recover the Port Trust hard charges was yet to be initiated (October 1998).

Failure of MBPT to effect the recovery from the concerned parties had resulted in accumulation of Port Trust hard charges and licence fee amounting to Rs 1.22 crore till July 1998.

Accepting the facts, MBPT stated in October 1998 that legal aspect for auction of the vessels was being examined. Once it was sorted out the vessels would be placed for auction, dues would be recovered from the sale proceeds and the balance, if any, demanded from the owners of the barges. It was also stated that the MBPT did not have control over entry and exit of the crafts as bunders are unprotected areas and no specific permission was required for plying in the bunders. Though MBPT had agreed with their inability to control the arrival and departure of the crafts in and out of the bunders, no remedial action to safeguard the port revenue and unauthorised occupation of bunders in future was indicated.

The matter was referred to the Ministry in February 1998; their reply was awaited as of January 1999.

## **11.29 Irregular inclusion of HRA for encashment of earned leave**

**MBPT incurred an irregular expenditure of Rs 67.69 lakh due to inclusion of HRA for encashment of earned leave.**

**HRA included for leave encashment against rules**

The Ministry decided in December 1978 to extend the scheme for encashment of earned leave to the Port and Dock Workers. This facility was later extended to group I and II Officers as well. Ministry's instructions extending this scheme stipulated that the amount admissible on encashment shall be the pay and allowance for which the employee/workers would have been eligible had he actually gone on leave. Mumbai Port Trust (MBPT), however, while sanctioning encashment of leave to its employees included house rent allowance (HRA) also besides pay and dearness allowance. When this irregularity was noticed, Ministry issued instruction in August 1991 and again in May 1993 that only pay and dearness allowance should be included for the purpose of leave encashment and a notice under Section 9(A) of the Industrial Dispute Act, 1947 be issued where required in consultation with their legal advisers for discontinuance of the practice as it would amount to change in condition of service. The above instructions were reiterated in Ministry's letter of December 1995 addressed to MBPT.

**Rs 67.69 lakh overpayment due to MBPT not obeying instruction of MOST**

MBPT did not act on these instructions of Ministry till 1996. In January 1996 while discontinuing the practice of inclusion of HRA for leave encashment in respect of group III and IV employees who had entered service after 1 December 1995 MBPT continued to include element of HRA for leave encashment in respect of those group III and IV employees who had entered service prior to 1 December 1995 pending issue of a notice for a change in the conditions of service as envisaged under section 9(A) of the Act *ibid*. However, the notice for change in the conditions of service under section 9(A) was issued only in March 1998 but held in abeyance as the matter was referred to the Assistant Labour Commissioner, Mumbai for in conciliation in view of an industrial dispute raised by the employees union.

Failure of the Mumbai Port Trust to effect the required change envisaged under the Industrial Disputes Act in 1995 resulted in irregular expenditure of Rs 67.69 lakh during 1995-98.

MBPT stated in July 1998 that the Government orders of 1991 and 1993 discontinuing the inclusion of HRA for leave encashment could not be implemented as this involved action under Industrial Dispute Act and no agreement could be reached with the unions. Pending finalisation of the conciliation proceedings, position in regard to payment of HRA on encashment of earned leave prior to the issue of notice prevailed. The reply is not tenable as no justification was given for paying HRA element in the first instance in 1971 and for the delay of five years from May 1993 to March 1998 in implementing Government's instruction of issuing notice under section 9(A) of the Industrial Dispute Act. There was also no justification in considering HRA for leave encashment for a group of employees while it was denied to other group of employees. Further, port was aware that HRA should

not be included for leave encashment and correctly excluded it in respect of group I and II employees from November 1991.

The matter was referred to the Ministry in February 1998; their reply was awaited as of January 1999.

### **11.30 Loss due to unauthorised occupation of excess office space**

#### **MBPT suffered a loss of Rs 60.01 lakh due to less billing of licence fee.**

Mumbai Port Trust (MBPT) allotted office space of 214.77 sq. metre to Damania Shipping (I) Limited at the rate of Rs 502 per sq. metre per month from October 1994 with 4 *per cent* increase every year without giving any wide publicity and without negotiating for the best offer as required in Ministry's guidelines of April 1995 and January 1996. No written agreement was also executed between Port Trust and the Company. A survey carried out in May 1996 revealed that the company was actually occupying 368.17 sq. metre of space which was in excess by 153.40 sq. metre than what was allotted. As per the decision of MBPT of February 1998 in case of any breach of agreement the breach may be regularised by levy of revised rate at 25 *per cent* over the applicable letting rate or a levy of premium of 12 month's rent on applicable letting rate. This was however not done in this case. The orders of Chairman to terminate the licence and arrest the vessel for recovery of port charges were also not carried out.

Chairman's orders  
not followed

Failure to adopt the penal rate at 25 *per cent* over the applicable letting rate as approved by the Board in February 1998 in respect of the entire area occupied by the company resulted in less billing of licence fee of Rs 60.01 lakh till July 1998. No eviction proceedings under Public Premises Eviction Act 1971 had also been initiated so far.

The matter was referred to the Ministry in December 1998; their reply was awaited as of January 1999.

### **11.31 Revenue loss due to unwarranted compromises**

#### **MBPT suffered a loss of Rs 31.33 lakh on lease of land due to unwarranted compromises with lessee.**

Mumbai Port Trust (MBPT) leased out a 286.14 sq. metre plot of land with a building to Goolbai Nowrogi Dadabhoy Engineer from 1 February 1935 at a monthly rent of Rs 241.09 for a period of 50 years. There were several transfers of the titles of the lease until it passed to Shri J. N. Shah and others who held the title at the time it expired on 31 January 1985. A notice

under Section 34 of Major Port Trust Act 1963 terminating the agreement was served on Shri J.N. Shah by MBPT in November 1985.

It was found in audit that the lessee continued to occupy the premises in disregard of termination notice and also carried out additions and alterations to the existing structure in violation of the terms and conditions of the agreement. MBPT did not take any further action for eviction from premises. Even after the decision of Government of India in 1989 for extending the applicability of Public Premises Eviction (PPE) Act 1971 to the properties held by Port Trusts it took MBPT two years to issue a eviction notice in September 1991 under the PPE Act 1971. In the eviction notices MBPT held that Shri J.N. Shah and others were liable for payment of rent of Rs 9156.48 per month towards damages from February 1985. This liability was not accepted or paid by the occupant. The loss of revenue at the rate of Rs 9156.48 per month for the period February 1985 to December 1998 amounted to Rs 31.33 lakh including interest.

Accepting the facts MBPT replied that with a view to settling several tenancy disputes, on the basis of valuation of properties conducted by Kirloskar Consultants a proposal for revision of rent was circulated in December 1994 among lessees. The circular was also issued to the occupant Shri J.N. Shah. Since the application received from Shri J.N. Shah did not fulfill all the requirements, action for eviction under PPE Act 1971 would continue. The reply was not tenable since it was not clarified why an offer of revised rents for lessees in December 1994 was extended to an illegal occupant whose lease was terminated in 1985 and who had been already served eviction notices in 1985 and in 1991 under PPE Act 1971. The odd offer to and application of the occupant compromised MBPT's legal position on eviction of the occupant even though the application was rejected by MBPT. There was nothing on record (October 1998) to show pursuance of the case for eviction beyond the notices issued by MBPT ever since December 1994.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

### **11.32 Loss of revenue due to non-allotment of a vacant plot.**

#### **MBPT suffered loss of Rs 28.75 lakh due to non-allotment of a vacant plot.**

In June 1978 the Mumbai Port Trust (MBPT) handed over a plot of land measuring 2369 sq. metre to State Trading Corporation (STC) on 30 years lease commencing from 16 February 1979 at an annual rent of Rs 111.20 per sq. metre. In March 1983 STC sought the permission of MBPT to surrender the plot before completion of the lease period. MBPT agreed to this proposal on the condition of STC's making payment of all dues including payment of compensation of Rs 7.90 lakh equal to three years rent reserved



under the lease for premature surrendering. The port, however, waived the levy of compensation and took possession of the land on 28 February 1984.

**Uniform policy not adopted**

MBPT received fresh offers from Hindustan Petroleum Corporation Limited (HPCL) in April -June 1992 and again in July 1996 to acquire the plot which was lying vacant since February, 1984 at Rs 8 per sq. metre per month or the rent fixed by MBPT on the ground the vacant plot was a threat to their oil installation on the adjoining plots. Under the guidelines plots can be let out without holding any auction in public interest to an organisation engaged in an activity of vital importance to the nation even if their activity did not have a direct bearing on the functioning of the port. Since the subject plots was given to STC without holding any auction, the same principle should have been followed in the case of HPCL as well.

**Loss due to non-allotment of a vacant plot.**

MBPT, however, did not allot the plot to HPCL and thus suffered a loss of Rs 28.30 lakh including interest of Rs 6.75 lakh on rentals upto March 1998 and compensation of Rs 7.90 lakh. In addition the MBPT also asphalted the plot in June 1992 incurring an avoidable expenditure of Rs 9.57 lakh which the HPCL agreed to pay. This expenditure could have been saved, had MBPT handed over the plot to HPCL.

MBPT stated in October 1998 that the plot was offered to Post and Telegraphs department in 1985 and again in 1987 in lieu of other two plots which were being acquired by them. Since Post and Telegraphs department was not interested in the plot, it was decided to put the plot for departmental use. While offer of HPCL in response to an advertisement was under scrutiny, the land was paved for using it as a parking lot and informed HPCL in 1993 the intention of MBPT to allot the plot, provided the expenditure incurred on paving was reimbursed by HPCL. HPCL conveyed their agreement only in February 1998. Their reply is not tenable as there was no need for the MBPT to pave the plot when the offer of HPCL was under consideration. MBPT should have acted prudently and allotted the plot in April 1992 itself without inviting advertisement under the existing guidelines as in the case of STC. The plot was still lying vacant without earning any income and with the result MBPT had suffered a loss of Rs 31.23 lakh upto December 1998.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

## **New Mangalore Port Trust**

### **11.33 Avoidable payment of escalation charges**

**NMPT incurred an avoidable expenditure of Rs 1.83 crore on maintenance dredging due to violation of standard norms and guidelines**

New Mangalore Port Trust (NMPT) entrusted in August 1996 the maintenance dredging for the year 1996-97 to Dredging Corporation of India (DCI) on nomination basis, with a stipulation to complete the work within six months from 18 October 1996. The work commenced from 30 October 1996 and was completed by February 1997, and the work of edges of the channel and lagoon area was completed in May 1997 at a cost of Rs 17.73 crore. Though the stipulated period for completion was six months, the work was actually completed in five months.

Although no compensation was payable as per standard terms for the work completed within six months or less, escalation clause was included in the agreement with DCI despite the guidelines issued by the Ministry of Surface Transport in February 1996 that the escalation clause be provided if the work is not to be completed within a year. The DCI during December 1997 claimed escalation charges of Rs 1.83 crore towards escalation cost of material, labour, fuel and was paid by the port. The violation of standard norms and guidelines while entering into agreement had resulted in an avoidable payment towards escalation charges of Rs 1.83 crore.

Financial Advisor and Chief Accounts Officer of the port stated in March 1998 that escalation clause was included at the insistence of the DCI, for the reason that it had quoted the rates fixed as on 1 April 1996 and the work was to be completed in March 1997. The actual time for which the contract was spread over had to be considered and not the contract period of six months. The reply is not tenable as the criteria for inclusion of escalation clause was the stipulated time for completion of work as per Ministry's guidelines.

The matter was referred to Ministry in April 1998; their reply was awaited as of January 1999.

inclusion of  
escalation clause  
ignoring the standard  
norms

## **Paradip Port Trust**

### **11.34 Irregular payment of escalation charges**

**PPT had made irregular payment of escalation charges of Rs 63.45 lakh due to incorrect fixation of base period.**

According to the provisions of Para 33.8.9 of Central Public Work Department Manual the base date for working out compensation for escalation in the prices of material, labour, petrol, oil and lubricants (POL) for a work shall be reckoned from the last date of receipt of tenders. This was however not adopted by Paradip Port Trust (PPT) in a construction work as detailed below:

Extra payment made due to incorrect fixation of base period

For the execution of work 'Construction of shore based structures for deep sea trawler berth within commercial harbour and mechanised fishing vessels at Atharbanki Creek' a component of the 'Integrated Fishery Harbour for which estimates, conditions of contract guidelines etc. were framed during January 1990 and executed in phased manner, tenders were invited from prequalified contractors with 30 November 1992 as opening date of tender. The work was awarded in March 1993 to the lowest tenderer at a negotiated amount of Rs 3.07 crore being 28.40 *per cent* excess over estimated cost put to tender (Rs 2.39 crore). Though the original agreement executed in September 1993 with the contractor contained a clause for non payment towards escalation it was deleted by a supplementary agreement executed in January 1995 providing for payment of escalation fixing the base period as January 1990. Accordingly an amount of Rs 78.35 lakh was paid to the contractor as compensation for escalation on material, labour and POL upto September 1995. Since the stipulated date for receipt of tenders for the work was 30 November 1992, fixation of January 1990 as base period for payment of escalation instead of November 1992 was irregular. Thus failure to adopt November 1992 as base date by PPT resulted in excess payment of Rs 63.45 lakh towards compensation for escalation.

PPT stated in December 1997 that the work was awarded to the lowest tenderer after negotiation in the tender committee based on consideration of escalation having base period of January 1990. The reply was not tenable as adoption of base period prior to November 1992 for allowing compensation for escalation was irregular and against the laid down provisions. Besides the negotiation process cannot over-ride or alter the basic rules.

The matter was referred to Ministry in June 1998; their reply was awaited as of January 1999.

## **Tuticorin Port Trust**

### **11.35 Non-collection of wharfage charges**

**TPT had not recovered wharfage charges of Rs 1.24 crore due to its inaction.**

Four acres of land of Tuticorin Port Trust (TPT) along with area required for the way leave corridor was allotted to Southern Petro Chemical Corporation (SPIC) for import, storage and despatch of liquified petroleum gas (LPG) for a period of 30 years. Though the land was handed over to SPIC on 18 June 1994, the lease agreement was entered into on 29 June 1995 only. As per the lease agreement, SPIC should give a minimum guaranteed traffic (MGT) of 0.6, 0.7, 0.8, 0.9 and 1.05 lakh tonnes *per annum* during the first, second, third, fourth and fifth year respectively. MGT was to be 1.20 lakh tonnes *per annum* from the sixth year onwards and it was stipulated that SPIC was liable to pay wharfage for the MGT, even if the same was not achieved.

It was seen in audit that during first three years, SPIC had handled 0.61 lakh tonnes of LPG traffic only (first year : nil; second year : 0.16 lakh tonnes; and third year : 0.45 lakh tonnes) and TPT had collected wharfage in respect of 0.61 lakh tonnes only as against the MGT of 2.10 lakh tonnes. The wharfage in respect of balance 1.49 lakh tonnes worked out to Rs 2.69 crore.

When pointed out by Audit in June 1997, TPT raised a demand (October 1997) for Rs 1.46 crore towards wharfage charges for the MGT of 1.30 lakh tonnes only for the financial years 1995-96 and 1996-97 instead of for 2.10 lakh tonnes for 1994-95 and 1996-97 and stated in December 1997 that SPIC had requested not to insist for MGT upto March 1997 explaining their market position.

The Ministry in June 1998 supported the contention of TPT that there was ambiguity in the lease agreement and MGT should be considered from 18 June 1995 after allowing one year for construction of storage facilities for LPG. Ministry also stated that TPT had been directed to take measures to realise the dues from SPIC.

The Chief Engineer, TPT who was responsible for the delay in raising the demand stated in August 1998 that the claim was raised only in October 1997 as it was thought that the Traffic Department might have included it in the regular wharfage charges in respect of the LPG handled. He added that the demand was revised in June 1998 to Rs 1.24 crore based on MGT for two years from 18 June 1995 and SPIC had paid Rs 31 lakh as part payment under protest.

It was observed that while TPT stated in December 1997 that the MGT was not insisted upon from June 1994 to March 1995 considering the market position of SPIC, it was contended by TPT as an afterthought in June 1998 that there was ambiguity in the agreement regarding the meaning of 'first year'

**Outstanding  
wharfage charges**

**Action taken at the  
instance of Audit**

**Recovery made at the  
instance of Audit**

for the purpose of calculating MGT. Besides, failure to realise the dues of Rs 1.24 crore in time had resulted in loss of interest of Rs 24.36 lakh to TPT at 12 *per cent per annum* for the period upto June 1998.

### **11.36 Loss due to excess payment of escalation charges**

#### **TPT made excess payment of Rs 69.24 lakh to a firm towards escalation charges not covered under standard norms.**

In March 1982 the Indian Ports Association (IPA) standardised the terms of tender and contract documents and prescribed the formulae for calculation of variation in price of labour and materials for adoption by all the major port trusts. According to the standardised format no variation was to be allowed in case of materials to be supplied by the employer under the terms of contract and in respect of contractor's profit, depreciation on machinery overheads etc. Variation on the balance amount taken at 75 *per cent* of contract price for materials and 60 *per cent* of contract price for labour was to be worked out taking into account the percentage component of material or labour and the relevant increase in price index for the quarter concerned.

Tuticorin Port Trust (TPT) while awarding the work of 'construction of second coal jetty' to firm 'X' did not adopt the standardised format. The agreement entered into with firm 'X' *inter alia* provided for quarterly payments towards price variation on material and labour based on the wholesale price index in India on 25 *per cent* value of the work done in that quarter without considering the departmental supply of material and other ineligible items. Consequently, there was excess payment of Rs 69.24 lakh to the firm towards escalation charges.

The TPT replied in September 1998 that the escalation formula approved by IPA in March 1982 was not final and the matter was discussed in the conference held by the Chief Engineers and Chief Mechanical Engineers at Kandla during March 1984, and no final decision about the implementation was taken. While agreeing to adopt the formula approved by IPA in future contracts, TPT stated that the contractors for the work had quoted their tenders with reference to escalation formula given in the tender document and that if the port had given a different formula in the tender document the contractors might have quoted different rates in the tender, as the payment was made based on the agreed formula, it could not be construed as over payment. Ministry endorsed in January 1999 the reply of TPT. The reply was not tenable as chairmen of all major ports who were members of IPA had devised the formula and ordered for adoption by all ports. Further, the rates quoted by the tenderers in respect of tenders having escalation clause would be based on market value of materials at the time of tender, if these were to be purchased by the contractor and on the issue rates of materials if supplied by the port. Hence, quoting of higher rate by contractor based on escalation clause did not arise. Besides, allowance of escalation on the cost of material supplied by the port without corresponding increase in the rate of recovery would be against

Entering into an agreement without following the standard norms

financial propriety and tantamount to unintended benefit of Rs 69.24 lakh to the contractor.

### **11.37 Loss of revenue due to incorrect lease rent**

**TPT suffered a loss of Rs 59.10 lakh due to incorrect fixation of rent for the land leased to a private company.**

The lease period for 262.80 acres of port land leased by Tuticorin Port Trust (TPT) to Tuticorin Salt and Marine Chemicals Limited (TSMC) at Rs 30 per acre *per annum* expired in July 1993 and the committee constituted by TPT to assess the lease rent recommended a rate of Rs 100 per acre *per annum* with a condition to raise the rate by 5 *per cent* every year. Accordingly TPT sent in August 1993 a proposal to the Government of India (GOI) for renewing the lease to TSMC, for a period of 30 years at the lease rent recommended by the Committee. GOI approved in October 1994 the lease for a period of 20 years on the terms that the lessee should pay the lease rent of Rs 100 per acre *per annum* or the scheduled rate for such lands fixed by TPT from time to time, whichever was higher and the rent was subject to escalation of 10 *per cent* every year and TPT might revise the base of lease rent every five years.

As there was no specific rate for such land in the schedule of rates, TPT fixed the rent for the land as Rs 100 per acre *per annum* from July 1993.

It was seen in audit that the lease rent fixed was on *ad hoc* basis without any relation to the market rate. In July 1985, TPT had leased 3.4 acres of land for manufacture of salt at a lease rent of Rs 6000 *per annum* (i.e. Rs 1765 per acre) based on competitive bidding. Though TPT decided not to resort to competitive bidding considering the investment made by TSMC and the unemployment problem that would arise, no reason was given for fixing the rent on *ad hoc* basis. TPT did not also furnish the prevailing market rate as requested by GOI in September 1993. It was further seen that the Superintendent of Salt, Tuticorin, a Government Department, had leased land in Sevendakulam Salt Pan which lies in the same area at Rs 10500 per acre *per annum* in open tender during 1995-96.

While accepting in August 1998 that the lease rent was not fixed with reference to the market rate, the Ministry stated that the lease deed provided for revision during the lease period and TPT was taking all efforts to settle the matter with the lessee. TPT, however, had not fixed the scheduled rate for land allotted to salt pans.

Not adopting the lease rent of Rs 1765 per acre *per annum* fixed by TPT for leasing land for the purpose of salt manufacture in July 1985 and enhancing it by 10 *per cent per annum* compounded and fixing the *ad hoc* rate of only Rs 100 per acre *per annum*, resulted in a loss of Rs 59.10 lakh for five years from July 1993 to July 1998.

Fixation of lease rent ignoring the market rate

## CHAPTER XII MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

### Department of Urban Affairs

### Delhi Development Authority

#### 12.1 Unfruitful expenditure on water supply

#### DDA incurred an unfruitful expenditure of Rs 1.76 crore on water supply in group housing societies at Bodella.

In 1980-81, Delhi Development Authority allotted land to 37 group housing societies at Bodella Phase I and II. The water supply scheme for the requirement of 13.47 lakh gallons of water for this area was approved by the Municipal Corporation of Delhi (MCD) in November 1985. It was stipulated in MCD's sanction that an underground tank of 7 lakh gallons capacity should be provided and till identification of raw water source and the augmentation of Haidarpur Plant beyond 100 MGD, supply of potable water would not be feasible. It was further advised by MCD that DDA should make their own arrangements of tubewells till the filtered water was made available.

As it was not considered feasible to meet the large requirement through tubewells, the Chief Engineer (WZ) took up the matter with the Commissioner, MCD in March 1987 for supply of water through 'T' connection near overhead tank Vikaspuri Block 'C', without insisting on the construction of under ground tank of 7 lakh gallons capacity since the individual group housing societies were expected to have their own tanks with booster arrangement.

Instead of pursuing the matter for supply of water through 'T' connection, DDA proceeded to undertake work of laying of peripheral water lines, construction of underground tank and other ancillary works, without obtaining firm commitment for supply of water from the MCD and incurred an expenditure of Rs 1.76 crore during 1997-98 on completion of these works. The scheme of water supply could not be made operational so far (August 1998).

Thus, due to defective planning and lack of coordination with MCD the scheme approved in mid eighties had not been implemented by DDA so far (August 1998), despite incurring an expenditure of Rs 1.76 crore.

The matter was referred to the Ministry in October 1998; their reply was awaited as of January 1999.

**Work undertaken  
without firm  
commitment from  
MCD**

## **12.2 Loss due to lack of proper supervision**

**DDA suffered a loss of Rs 1.73 crore on construction of flats at Trilok puri due to lack of proper supervision.**

Delhi Development Authority (DDA) awarded the work of construction of 260 dwelling units (52-MIG and 208-LIG) in Trans Yamuna Area at Trilokpuri to Apex Construction Company in July 1982 at a cost of Rs1.36 crore. The work was to be completed by August 83. During inspection in March 1984 it was noticed that the quality of RCC work was very poor. The matter was reported to Chief Engineer, Quality Control (QC) of DDA. The CE (QC) after intensive examination of the work observed in April 1984 that the quality of the concrete in general was very poor and therefore instructed stoppage of all further works immediately so that defects could be rectified. However, the work remained in progress and no rectification of major defects was carried out. This was possible because the site supervisory staff did not exercise the required controls over the agency. The Executive Engineer had not undertaken any test check even while 60 *per cent* of the work had been completed. During the period April 1984 to March 1989, an amount of Rs 22.87 lakh was paid to the contractor in contravention of CE (QC)'s orders. The work was rescinded only in March 1989 i.e. after a lapse of five years.

**Payment made in contravention of specific orders**

The balance work was awarded to another contractor in May 1992 at a tendered amount of Rs1.13 crore. Only 40 of the 260 units were completed after rectifying the defects and released for allotment in 1995.

**Write off of Rs 1.73 crore on the recommendations of NCCBM**

With a view to adopt suitable strengthening measures for the balance 220 units, DDA referred the matter to National Council for Cement and Building Material (NCCBM) in December 1992. The recommendation of NCCBM was that, "even after extensive repair measures, it would not be possible to be sure of full service life for the repaired dwelling units" On the basis of the recommendations of NCCBM, the DDA accorded sanction for write off of the total expenditure of Rs1.73 crore incurred on these 220 dwelling units in October 1995 with the condition to recover the damages from the contractor through arbitration.

**Contractor not traceable**

Through the work of first contractor was rescinded in 1989, Arbitrator in this case was appointed only after a lapse of five years in January 1995. During the last three years (1995-1998) three Arbitrators resigned mainly due to the fact the Arbitral reference could not be delivered to the contractor upto May 1998, and the fourth Arbitrator adjourned the case sine die July 1998 as the whereabouts of the contractor, were not traceable. Tenders for dismantling of 220 dwelling units had been invited and opened in August 1998 for further necessary action.

Thus, due to lack of adequate supervision DDA suffered a loss of Rs1.73 crore. Besides, the sanction for regularisation of the loss was not in order as the same was conditional.



The matter referred to the Ministry in June 1998, their reply awaited as of January 1999.

### 12.3 Avoidable expenditure

**DDA incurred an avoidable expenditure of Rs 66.40 lakh on construction of SFS houses in Sukhdev Vihar and Jasola due to defective pile tested before commencement of work.**

Delhi Development Authority (DDA) awarded the works for construction of SFS houses in Sukhdev Vihar and Jasola to these contractors in 1993 as detailed below :

Name of work	Contractor	Tendered amount	Stipulated date of	
		(Rs in lakh)	Start	Completion
51 Cat.II, 40 Cat.III SFS houses at Jasola Sector -7, Gr.III	M/s Makhijani Const. Co.	215.53	9.7.93	8.2
51 Cat.II, 44 Cat.III SFS houses at Jasola Sector -7, Gr.IV	M/s K.R. Builders (P) Ltd.	222.76	15.11.93	14.0
15 SFS houses at Sukhdev Vihar, Pocket -B	M/s Makhijani Const. Co.	36.90	13.4.93	12.4

These works were awarded with the provision of conventional rammed concrete pile. During the course of testing of piles in all these works, the piles were not found fit though the design of pile was finalised after getting the design investigated. A decision was taken in September 1994 to change the design of piles, and compaction pile design was adopted. Due to change in the design, the drawings for superstructure were also required to be changed. There was considerable delay in supply of drawings at various stages to the contractors viz., alternative foundation design (September 1993 to September 1995), details of M.S. Grills (October 1995 to January 1996) and structural drawings (September 1993 to September 1996). These works were finally completed by December 1997. Thus, due to delay in supply of design drawings to the contractors which was attributable to department, there was an abnormal delay ranging from 30 to 33 months in completion of works. These delays in completion of works attracted the provisions of clause 10 C of the agreement under which contractors claimed difference of the cost in respect of labour and material. An extra amount of Rs 66.40 lakh was paid to the contractors under clause 10 CC.

Delay attributable to DDA.

Thus, due to defective design of piles which could not be properly tested before commencement of the works and delay in finalisation of drawings, the DDA had to incur an avoidable expenditure of Rs 66.40 lakh.

The matter was referred to the Ministry in August 1998; their reply was awaited as of January 1999.

#### **12.4 Loss on sale of commercial plot**

##### **DDA suffered a loss of Rs 36.06 lakh on sale of a commercial plot at Gujranwala.**

As per para 6.1 of resolution No.28 of 12 March 1992, of Delhi Development Authority (DDA) the reserve price of commercial plots was to be fixed by reducing the average auction price in the immediate preceding year by 10 *per cent* subject to the reserve price so fixed was not less than the cost of acquisition plus development of plot.

Four commercial plots, one of 180 sq. metre and three of 135 sq. metre each, meant for shops/offices/bank in local shopping centre (LSC), Gujranwala, were put to auction for the first time on 28 April 1995 with a reserve price of Rs 33.09 lakh for each. Bids for three plots amounting to Rs 1.10 crore, Rs 75.21 lakh and Rs 75.01 lakh respectively were accepted while bid for the fourth plot was withdrawn by the DDA from the auction stating that the use of the plot was inadvertently shown as shops/ offices. This plot was put to auction afresh on 31 August 1995 with the same reserve price and the bid of Rs 33.11 lakh was rejected by the Vice Chairman being a single bid and much below expectation.

The same plot was again put to auction on 2 January 1996 with the same reserve price. This time the bid of Rs 42.03 lakh was accepted.

In accordance with the decision taken by the D.D.A. in its resolution No.28 of 12 March 1992 the reserve price for the fourth plot which was auctioned on 2 January 1996 should have been fixed after reducing 10 *per cent* from the average auction price obtained in the auction held in the immediate preceding year i.e. in 1995. The reserve price for this plot on the basis of average auction rate was Rs 86.77 lakh and after reduction by 10 *per cent* it worked out to Rs 78.09 lakh. DDA did not follow the procedure as per its resolution on fixing the reserve price and this plot was auctioned for Rs 42.03 lakh only and thus suffered a loss of Rs 36.06 lakh.

**Non adoption of standards norms in fixation of reserve price**

The Ministry stated in March 1998 that the reserve price of Rs 33.09 lakh for this plot fixed for the auction held on 2 January 1996 was average auction price in the immediate preceding year reduced by 10 *per cent* in accordance with the guidelines laid down in D.D.A. resolution No.28 of 12 March 1992. The reply is factually incorrect as the DDA had not fixed the

reserve price of plot No.10 in accordance with the aforesaid resolution under which the reserve price was to be fixed on the basis of average auction price in the immediate preceding year after reducing by 10 *per cent* which worked out to Rs 78.09 lakh. Instead the reserve price was adopted as fixed in the preceding year. Further the Ministry's contention that the said plot was inadvertently shown as shops/offices in auction of April 1995 and was as such withdrawn from auction was not correct as the plot was ultimately auctioned in January 1996 for bank office.

### **12.5 Loss due to non-verification of documents**

**DDA suffered a loss of Rs 30.42 lakh in award of work for construction of command tank in sector 20 of Dwarka Phase I due to non-verification of documents of the tenderer.**

In July 1995, Delhi Development Authority (DDA) invited tenders for construction of 'Command Tank No. 4 in Sector 20 of Dwarka Phase I' at an estimated cost of Rs 2.78 crore on the stipulation that the following two conditions were fulfilled : yearly turnover during two of the last three years should not be less than Rs 150 lakh and tenderers should submit a certificate of satisfactory completion in respect of those two works from the user organisations.

Five firms responded. However, the lowest tender of firm 'A' was not found acceptable since it was 2.42 *per cent* above the estimated cost and as per directions of Work Advisory Board (WAB) DDA permitted acceptance of only those negotiated offers that were 0.90 *per cent* below the estimated cost.

As a result of negotiations with the next two lowest tenders, i.e. firm 'B' and firm 'C', rates finally offered by them were 4 *per cent* and 3 *per cent* respectively below their quoted rates. Accordingly the work was awarded in January 1996 to firm 'B' and till August 1996 the firm was paid an amount of Rs 4.14 lakh. However, while awarding the work to firm 'B' documents furnished for fulfillment of above conditions were not got cross verified from the issuing organisations and subsequently were found to be forged.

In a subsequent tender in August 1996 for 'Water Proofing Treatment of the Command Tank with the same conditions as specified in July 1995 tender only firm 'B' responded. At this time when supporting documents were verified it transpired that forged documents were submitted thereby establishing that the firm had secured both tenders on the basis of forged documents.

The matter was considered by the WAB and on its directions the contract of firm 'B' was closed on 18 March 1997. Thereafter, the remaining work including water proofing treatment was retendered at estimated cost of Rs 3.18 crore and finally awarded to another contractor in November 1997 at

**Non-verification of documents at the time of award of work**

**Documents found to be forged in subsequent tender**

**Action not taken against the mischievous contractor**

16.39 *per cent* above the estimated cost thereby causing an extra expenditure of Rs 30.42 lakh to DDA with respect to offer (December 1995) of firm 'C'. While closing the contract in March 1997, it was stated in the notice issued to firm 'B' that DDA reserve its right to award the unexecuted work to another contractor at its risk and cost. However, no further action in this regard was taken on the ground that there were no directions from WAB to get the balance work done at the risk and cost of firm 'B'.

Thus, failure of DDA to cross verify the documents/certificates before the award of the work to firm 'B' resulted in loss of Rs 30.42 lakh.

Accepting the facts DDA stated in October 1998 that the firm had been debarred for three years for tendering for DDA works and FIR had been lodged with Police against the firm for submitting false documents for securing contract.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

**CHAPTER XIII**  
**MINISTRY OF WELFARE**

**National Institute for the Orthopaedically Handicapped**

**13.1 Undue financial benefit to a firm**

**NIOH gave undue benefit to a private firm by giving interest free advance of Rs 70 lakh for civil, electrical and plumbing works**

National Institute for the Orthopaedically Handicapped, entered into an agreement with Hospital Service Consultancy Corporation (HSCC) in February 1995 for consultancy and project management services for civil, electrical and plumbing works in the Institute building at an estimated cost of Rs 1.21 crore. The Institute neither obtained the prior approval of the Ministry for the works nor did it invite any tender while assigning the work to HSCC.

**Payment of advance not provided in the agreement**

As per the agreement the Institute was to pay to HSCC an interest free advance of Rs two lakh within one month of the signing of the contract which was to be adjusted in the subsequent running bills. The Institute, however, paid Rs 70 lakh as interest free advance to HSCC in March 1995 so as to show utilisation of the allotted fund within the year.

**Money was refunded by HSCC after 32 months without interest**

After more than six months, in September 1995 the Institute approached the Ministry for approval of the project. But the Ministry decided in March 1997 to annul the agreement with HSCC as its prior approval had not been obtained and codal formalities viz. Ministry's prior approval and invitation of open tenders not fulfilled while assigning the work to HSCC. The Institute annulled the agreement in April 1997 and requested HSCC to refund the advance deposit. The HSCC finally refunded Rs 67.84 lakh in December 1997 after having retained it for 32 months and deducting Rs 2.16 lakh as expenditure incurred by them on design and other activities.

NIOH stated in September 1998 that the work was similar to deposit work and as such the advance was paid as per the spirit of the agreement. The reply is not tenable as advance payment of Rs 70 lakh was not provided in the agreement. However, while paying the advance, NIOH did not account for interest that would be earned on it and nor did the firm while refunding the principal amount of Rs 70 lakh paid any interest on it.

Thus, extra contractual payment of interest free advance of Rs 70 lakh to HSCC by the Director led to a loss of interest of Rs 28.24 lakh at prevailing prime lending rate of interest besides according the firm an undue benefit of Rs 70 lakh deposited with it for nearly two and half years.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

### **13.2 Unfruitful expenditure on a Computer**

#### **Failure of the Director of National Institute for the Orthopaedically Handicapped to procure the necessary software rendered the expenditure of Rs 14.19 lakh on a computer system unfruitful.**

To upgrade existing library information system, statistical information system and patient information system with developed software, the Director, National Institute for the Orthopaedically Handicapped, placed a purchase order on Artery Consultants Private Limited (ACP) in March 1994 for supply of the latest version of Oracle and development of three other software and placed another purchase order in September 1994, for development of two more software at an aggregated cost of Rs 8.18 lakh. The scheduled date of delivery of the softwares were three months from the date of each purchase order. Meanwhile the Institute purchased a computer system from PCS Data General India Limited in February 1994 at a cost of Rs 8.07 lakh. As per purchase order, the Institute was to release payment to ACP in stages on successful installation of Oracle, approval of system specification and test results of the developed software and on completion of users training and two months live run support. But the Institute in violation of the provisions of the purchase order paid Rs 6.12 lakh to ACP between August 1994 and December 1995 though none of the stages of the purchase order were fulfilled by ACP.

Release of payment without fulfillment of conditions

In February 1996 the Institute approved the software and in October 1996 ACP informed the Institute that the software was ready. The Institute, apprehending that the original software version might have been used by ACP to develop other programmes did not have it installed and it neither collected the software nor took any penal action against ACP in the absence of any such provision in the purchase order. As a result the computer system procured in February 1994 remained inoperative as of October 1998 for non availability of software even after spending Rs 14.19 lakh.

Computer system procured in 1994 remained uninstalled in the absence of software

The Institute while accepting the facts in October 1998 attributed the reason for delay to lack of in-house expertise in computers and software.

NIOH accepted the facts

Thus, failure of the Institute to obtain the necessary developed software for the computer system resulted in unfruitful expenditure of Rs 14.19 lakh; besides, the objective of upgrading information system remained unfulfilled.

The matter was referred to the Ministry in July 1998; their reply was awaited as of January 1999.

## CHAPTER - XIV

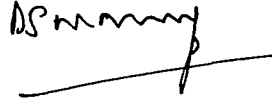
### 14. Follow up action on Audit Reports - Summarised Position

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

The Public Accounts Committee reviewed the position of submission of Action Taken Notes (ATNs) during 1995-96 and observed inordinate delays and persisting failure on the part of a large number of Ministries in reporting ATNs on audit paragraphs. The Committee viewed these delays and non-submission of ATNs seriously and through its One Hundred and Fifth Report of 1995-96 (10th Lok Sabha) directed all Ministries to furnish ATNs in the prescribed format in respect of all outstanding audit paragraphs included in the Report of the Comptroller and Auditor General of India upto the year ended 31 March 1993 within three months from the date of presentation of their Report. The Committee further recommended that in future, while ATNs should invariably be submitted for all paragraphs contained in the Audit Report irrespective of their selection or otherwise for detailed examination by the PAC, the ATNs on paragraphs selected by the PAC for detailed examination should be submitted within three months from the date of communication of their being so selected.

A review of the position regarding receipt of ATNs on the paragraphs included in the Audit Reports (Other Autonomous Bodies) upto the period ended 31 March 1998 (Appendix XIV) revealed that the Ministries had not submitted the remedial/corrective ATNs in respect of large number of paragraphs relating to them, inspite of instructions. Out of 143 paragraphs on which ATNs were required to be sent, remedial/corrective ATNs on as many as 91 paragraphs (63.64 *per cent*) were still awaited as of 31 December 1998.

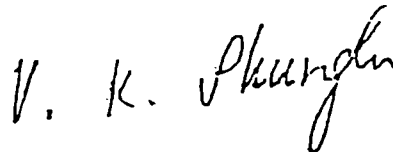
Out of 91 paragraphs on which ATNs were awaited, 62 paragraphs pertain to the Reports for the period 1988-96.



**(DHIRENDRA SWARUP)**  
**Director General of Audit**  
**Central Revenues**

**New Delhi**  
**Dated : 26th April, 1999**

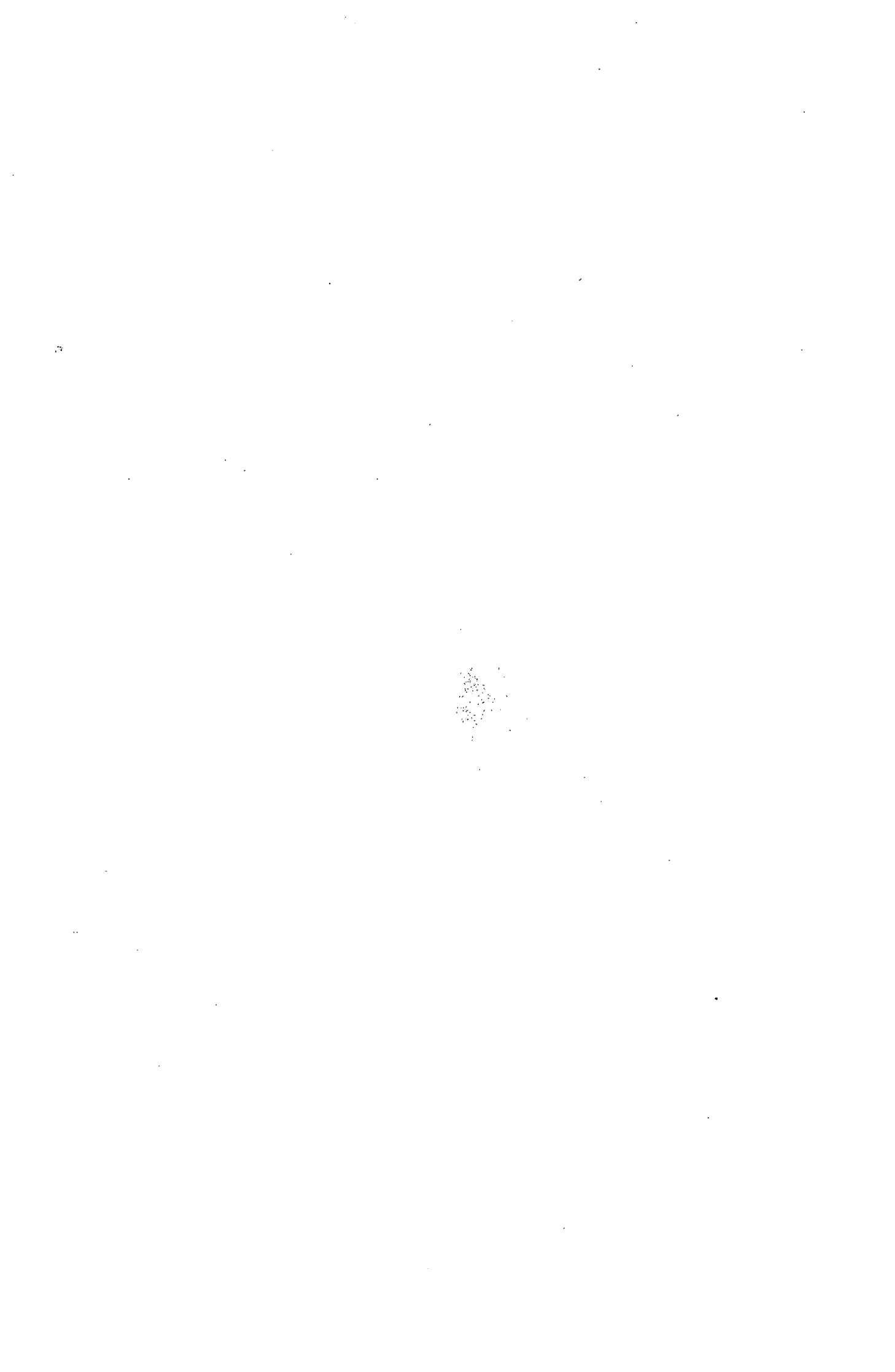
**Countersigned**



**New Delhi**  
**Dated : 28th April, 1999**

**(V.K. SHUNGLU)**  
**Comptroller and Auditor General of India**





## APPENDIX I

(Referred to in paragraph 1.1(i) at page 1)

**Delay in submission of Annual Accounts for 1996-97 by Autonomous Bodies to be certified by CAG under sections 19(2) and 20(1) of CAG's (DPC) Act, 1971**

Sl. No.	Name of the Autonomous Body	Date of receipt of accounts
<b>(A) Over three to six months</b>		
1.	Regional Engineering College Srinagar	01.12.97
2.	Indira Gandhi National Open University	21.11.97
3.	University Grants Commission, New Delhi	08.10.97
4.	School of Planning & Architecture	27.11.97
5.	Gandhi Samriti and Darshan Samiti, New Delhi	07.10.97
6.	Lal Bahadur Shashtri Rashtriya Sanskrit Vidyapeeth, New Delhi	30.12.97
7.	Nagaland University	21.10.97
8.	Sports Authority of India	01.12.97
9.	Coffee Board General Fund	14.10.97
10.	National Human Rights Commission	20.10.97
<b>(B) Over Six Months</b>		
1	Rashtriya Sanskrit Vidyapeeth	06.02.98
2	Delhi University	19.01.98
3	North Eastern Hill University	09.02.98
4	Indian Institute of Technology, Guwahati	24.06.98
5	Delhi Development Authority	14.07.98
6	National institute of Mental Health and Neuro Science, Bangalore	04.02.98
7	Chennai Port Trust	04.05.98
8	All India Institute of Medical Sciences	19.01.98
9	Centre for Railway Information Systems	19.05.98
10	Council for advancement of People's Action and Rural Technology, New Delhi	27.02.98
11.	Nahru Yuvak Kendra Sangathan	06.04.98
12	Coffee Board Pool Fund	27.10.98

## **APPENDIX-II**

(Referred to in paragraph 1.1(i) at page 1)

**Non-submission of Annual Accounts for 1996-97 by Autonomous Bodies to be certified by CAG under sections 19(2) and 20(1) of CAG's (DPC) Act, 1971**

<b>Sl.No.</b>	<b>Name of Autonomous Body</b>	<b>Accounts not submitted for the year</b>
1.	National Institute of Adult Education	1996-97
2.	Central Agriculture University	1995-96 1996-97
3.	National Commission for Minorities	1993-94 to 1996-97
4.	National Commission for Backward Classes	1993-94 to 1996-97
5.	Indian Society of International Law	1993-94 to 1996-97
6.	DTC Employees Provident Fund Accounts	1993-94 to 1996-97

### APPENDIX III

(Referred to in paragraph 1.1(ii) at page 2)

**Grants/Loans received during 1997-98 by Central Autonomous Bodies audited under section 19(2) and 20(1) of CAG's (DPC) Act, 1971**

(Rs in lakh)

Sl.No.	Ministry /Name of the Body	Grant	Loan
<b>Agriculture</b>			
1.	National Oil Seeds and Vegetable Oil Development Board, Gurgaon	380.19	Nil
2.	Coconut Development Board, Kochi	1975.00	Nil
3.	National Cooperative Development Corporation, New Delhi	1758.16	8799.65
4.	Veterinary Council of India, New Delhi	63.97	Nil
5.	National Institute of Rural Development, Hyderabad	1012.00	Nil
6.	Council for Advancement of People's Action and Rural Technology, New Delhi	5326.86	Nil
7.	National Institute for Management of Agriculture extension	340.00	Nil
<b>Civil Supplies, Consumer Affairs and Public Distribution</b>			
8.	Bureau of Indian Standards, New Delhi	285.00	Nil
<b>Commerce</b>			
9.	Coffee Board (Pool Fund Account), Bangalore	Nil	Nil
10.	Export Inspection Agency, Mumbai	Nil	Nil
11.	Export Inspection Agency, New Delhi	Nil	Nil
12.	Export Inspection Council, Calcutta	43.46	Nil
13.	Export Inspection Agency, Calcutta	Nil	Nil
14.	Export Inspection Agency, Cochin	Nil	Nil
15.	Export Inspection Agency, Chennai	Nil	Nil
16.	Tea Board, Calcutta	2083.81 <sup>1</sup>	Nil
17.	Tobacco Board, Guntur	Nil	Nil
18.	Spices Board, Kochi	1630.00	Nil
19.	Marine Products Export Development Authority, Kochi	1166.47	Nil
20.	Agricultural and Processed Food Products Export Development Authority, New Delhi	2774.00	Nil
21.	Coffee Board (General Fund Account), Bangalore	2387.00	50.00
22.	Rubber Board, Kottayam	5246.00	Nil
<b>Defence</b>			
23.	Nehru Institute of Mountaineering, Uttarkashi	67.33	Nil
24.	Himalayan Mountaineering Institute, Darjeeling	102.19	Nil
25.	Jawahar Institute of Mountaineering and Winter Sports, Batote	9.15	Nil

<sup>1</sup> 483.81 Grant + 1600.00 Cess

Sl.No.	Ministry /Name of the Body	Grant	Loan
<b>Environment and Forest</b>			
26.	Animal Welfare Board of India, Chennai	192.30	Nil
<b>External Affairs</b>			
27.	Indian Council for Cultural Relations	2700.00	Nil
<b>Finance</b>			
28.	Securities Exchange Board of India, Mumbai	Nil	Nil
<b>Health and Family Welfare</b>			
29.	Pharmacy Council of India, New Delhi	5.00	Nil
30.	Central Council of Indian Medicines, New Delhi	69.00	Nil
31.	National Institute of Ayurveda, Jaipur	566.89	Nil
32.	Central Council for Research in Homeopathy, New Delhi	546.33	Nil
33.	Central Council for Research in Yoga and Naturopathy, New Delhi	118.70	Nil
34.	Central Research Institute for Yoga, New Delhi	108.23	Nil
35.	Central Council for Research in Unani Medicine, New Delhi	905.76	Nil
36.	Central Council for Research in Ayurveda and Siddha, New Delhi	2202.20	Nil
37.	Rashtriya Ayurveda Vidyapeeth, New Delhi	26.00	Nil
38.	Central Council for Homoeopathy, New Delhi	51.00	Nil
39.	National Institute of Health and Family Welfare, New Delhi	875.38	Nil
40.	National Board of Examination, New Delhi	15.00	Nil
41.	Ali Yavar Jung National Institute for Hearing Handicapped , Mumbai	405.66	Nil
42.	National Institute of Mental Health and Neuro Science, Bangalore	736.52	Nil
43.	Dental Council of India , New Delhi	28.50	Nil
44.	Post Graduate Institute of Medical Education and Research, Chandigarh	7926.00	Nil
45.	National Institute for Homoeopathy, Calcutta	344.11	Nil
46.	Chittaranjan National Cancer Institute, Calcutta	335.00	Nil
47.	National Institute of Naturopathy, Pune	21.00	Nil
48.	Indian Nursing Council, New Delhi	11.00	Nil
49.	Medical Council of India, New Delhi	125.00	Nil
50.	All India Institute of Medical Sciences, New Delhi	24128.00	Nil
<b>Home Affairs</b>			
51.	National Human Rights Commission, New Delhi	373.73	Nil

Sl.No.	Ministry /Name of the Body	Grant	Loan
<b>Human Resource Development</b>			
52.	National Council for Teacher's Education, New Delhi	496.05	Nil
53.	All India Council for Technical Education, New Delhi	7341.94	Nil
54.	Indian Institute of Technology, Kanpur	4394.82	Nil
55.	Banaras Hindu University, Varanasi	8330.59	Nil
56.	Aligarh Muslim University, Aligarh	8264.88	Nil
57.	Rampur Raza Library, Rampur	118.75	Nil
58.	Indian Institute of Technology, Kharagpur	5957.00	Nil
59.	Visva Bharati, Shantiniketan	2280.64	Nil
60.	Asiatic Society, Calcutta	291.75	Nil
61.	Salarjung Museum, Hyderabad	291.35	Nil
62.	University of Hyderabad, Hyderabad	1966.00	Nil
63.	Assam University, Silchar	500.00	Nil
64.	Tezpur University, Tezpur	458.38	Nil
65.	North-Eastern Hill University, Shillong	2342.77	Nil
66.	Indian Institute of Technology, Guwathi	1550.00	
67.	Indian Institute of Technology, Mumbai	4666.00	Nil
68.	Bal Bhawan Society, New Delhi	386.96	Nil
69.	Centre for Cultural Resources and Training , New Delhi	727.36	Nil
70.	Kendriya Vidyalaya Sangathan, New Delhi	39520.00	Nil
71.	Lalit Kala Akademi, New Delhi	394.06	Nil
72.	Sangeet Natak Akademi, New Delhi	686.26	Nil
73.	National School of Drama, New Delhi	499.40	Nil
74.	National Museum Institute of Art Conservation and Museology, New Delhi	53.84	Nil
75.	Indian Council of Philosophical Research , New Delhi	132.64	Nil
76.	Indian Council of Historical Research, New Delhi	218.70	Nil
77.	Sahitya Kala Akademi, New Delhi	518.90	Nil
78.	Gandhi Smriti and Darshan Samiti, New Delhi	320.00	Nil
79.	Nehru Memorial Museum and Library, New Delhi	328.99	Nil
80.	Indian Council of Social Science Research , New Delhi	1355.00	Nil
81.	Delhi Library Board, Delhi	413.00	Nil
82.	Central Tibetan Schools Administration , New Delhi	928.00	Nil
83.	National Council of Educational Research and Training, New Delhi	3845.89	Nil
84.	Navodaya Vidyalaya Samiti , New Delhi	23290.00	Nil
85.	National Book Trust, New Delhi	649.68	Nil

Sl.No.	Ministry /Name of the Body	Grant	Loan
86.	National Institute of Educational Planning and Administration, New Delhi	425.31	Nil
87.	Regional Engineering College, Rourkela	664.24	Nil
88.	University Grants Commission, New Delhi	870.25	Nil
89.	Indian Institute of Management, Lucknow	576.00	Nil
90.	Board of Apprenticeship Training, Kanpur	72.06	Nil
91.	Allahabad Museum Society, Allahabad	62.23	Nil
92.	Motilal Nehru Regional Engineering College, Allahabad	614.55	Nil
93.	Kendriya Hindi Sikshan Mandal, Agra	472.00	Nil
94.	Central Institute of Higher Tibetan Studies, Sarnath	230.00	Nil
95.	Technical Teachers' Training Institute, Calcutta	502.35	Nil
96.	Board of Practical Training (ER), Calcutta	192.08	Nil
97.	National Council of Science Museum, Calcutta	1020.00	Nil
98.	Raja Ram Mohan Roy Library Foundation, Calcutta	420.00	Nil
99.	Indian Museum, Calcutta	372.50	Nil
100.	Indian Institute of Management, Calcutta	581.25	Nil
101.	Regional Engineering College, Warangal	571.00	Nil
102.	North Eastern Regional Institute of Science and Technology, Nirjuli, Itanagar	1469.00	Nil
103.	Sardar Vallabh Bhai Regional College of Engineering and Technology, Surat	398.56	Nil
104.	Regional Engineering College, Kurukshetra	550.72	Nil
105.	Technical Teachers' Training Institute, Chandigarh	454.84	Nil
106.	Indian Institute of Advanced Studies, Shimla	251.31	Nil
107.	Regional Engineering College, Hamirpur	276.83	Nil
108.	Central Institute of Buddhist Studies, Leh	155.75	Nil
109.	Indian Institute of Science, Bangalore	3736.86	Nil
110.	Indian Institute of Management, Bangalore	859.55	Nil
111.	Regional Engineering College, Kozikode	489.28	Nil
112.	Visveswaraya Regional Engineering College, Nagpur	552.98	Nil
113.	National Institute of Industrial Engineering, Mumbai	508.12	Nil
114.	Board of Apprenticeship Training, Mumbai	214.19	Nil
115.	Regional Engineering College, Srinagar	489.03	Nil
116.	Rashtriya Sanskrit Vidyapeeth, Tirupati	148.40	Nil
117.	Baba Sahib Bhimrao Ambedkar University, Lucknow	697.50	Nil
118.	National Institute for Adult Education,	30.40	Nil
119.	National Council for Promotion of Urdu Language	224.00	Nil
120.	Regional Institute of Technology, Jamshedpur	498.02	Nil

Sl.No.	Ministry /Name of the Body	Grant	Loan
121.	National Institute of Public Cooperation and Child Development, New Delhi	400.00	Nil
122.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	218.84	Nil
123.	Dr B.R. Ambedkar Regional Engineering College, Jalandhar	695.91	Nil
124.	Malviya Regional Engineering College, Jaipur	887.52	Nil
125.	Board of Apprenticeship Training, Chennai	443.68	Nil
126.	Technical Teachers' Training Institute, Chennai	322.47	Nil
127.	Khuda Bux Oriental Public Library, Patna	115.21	Nil
128.	National Institute of Foundry and Forge Technology, Ranchi	295.75	Nil
129.	Maulana Azad College of Technology, Bhopal	598.75	Nil
130.	Jamia Milia Islamia, New Delhi	2516.41	Nil
131.	Jawaharlal Nehru University, New Delhi	3421.14	Nil
132.	National Commission for Women, New Delhi	250.00	Nil
133.	Indian Institute of Technology, Chennai	3385.00	Nil
134.	Auroville Foundation, Auroville	57.61	Nil
135.	Kalakshetra Foundation, Chennai	171.00	Nil
136.	Pondicherry University, Pondicherry	858.26	Nil
137.	Indira Gandhi National Open University	1655.30	Nil
138.	National Open Schools, New Delhi	520.00	Nil
139.	Indian Institute of Technology, New Delhi	4190.00	Nil
140.	Nagaland University, Lumani	691.23	Nil
141.	Rashtriya Sanskrit Sansthan, New Delhi	1074.00	Nil
142.	Sports Authority of India, New Delhi	778.00	Nil
143.	Sant Longowal Institute of Engineering and Technology, Chandigarh	13.74	Nil
<b>Information and Broadcasting</b>			
144.	Press Council of India, New Delhi	141.23	Nil
<b>Industry</b>			
145.	Coir Board, Kochi	1199.00	5.00
146.	Khadi and Village Industries Commission, Mumbai	453.62	3028
<b>Labour</b>			
147.	V.V. Giri National Labour Institute, Noida	233.00	Nil
148.	Employees Provident Fund Organisation, New Delhi	Nil	Nil
149.	Employees State Insurance Corporation, New Delhi	Nil	Nil
150.	Central Board for Workers Education, Nagpur	1071.00	Nil



Sl.No.	Ministry /Name of the Body	Grant	Loan
<b>Law and Justice</b>			
151.	National Judicial Academy, New Delhi	1200	Nil
<b>Mines</b>			
152.	Coal Mines Provident Fund Organisation, Dhanbad	Nil	Nil
<b>Power</b>			
153.	National Power Training Institute, Faridabad	943.51	Nil
<b>Railway</b>			
154.	Centre for Railways Information Systems, New Delhi	344.98	Nil
<b>Surface Transport</b>			
155.	Chennai Port Trust, Chennai	Nil	Nil
156.	Chennai Dock Labour Board, Chennai	Nil	Nil
157.	Tuticorin Port Trust, Tuticorin	Nil	Nil
158.	Seamen's Provident Fund Organisation, Mumbai	Nil	Nil
159.	Mormugao Port Trust	Nil	Nil
160.	Jawaharlal Nehru Port Trust, Mumbai	Nil	Nil
161.	Mumbai Port Trust	31.20	2375.46
162.	Mumbai Dock Labour Board, Mumbai	Nil	Nil
163.	Cochin Port Trust, Kochi	Nil	Nil
164.	Cochin Dock Labour Board, Kochi	Nil	Nil
165.	New Mangalore Port Trust Penambur, Mangalore	Nil	Nil
166.	Calcutta Port Trust, Calcutta	Nil	Nil
167.	Calcutta Dock Labour Board, Calcutta	Nil	Nil
168.	Visakhapatnam Port Trust, Visakhapatnam	Nil	Nil
169.	Visakhapatnam Dock Labour Board, Visakhapatnam	Nil	Nil
170.	Kandla Port Trust, Kandla	Nil	Nil
171.	Kandla Dock Labour Board, Kandla	Nil	Nil
172.	Mormugao Dock Labour Board	Nil	Nil
173.	Paradip Port Trust	3802.08	Nil
<b>Textiles</b>			
174.	Jute Manufactures Development Council , Calcutta	2702.00	Nil
175.	Central Silk Board, Bangalore	6475.00	25.00
176.	Textiles Committee, Mumbai	4280.96	Nil
177.	National Institute of Fashion Technology, New Delhi	953.00	Nil
<b>Urban Affairs and Employment</b>			
178.	National Capital Region Planning Board, New Delhi	4282.00	Nil
179.	Delhi Urban Arts Commission, New Delhi	55.85	Nil
180.	Rajghat Samadhi Committee, New Delhi	82.58	Nil

Sl.No.	Ministry /Name of the Body	Grant	Loan
<b>Water Resources</b>			
181.	Brahmaputra Board, Guwahati	1265.00	Nil
182.	Betwa River Board, Jhansi	Nil	Nil
183.	Narmada Control Authority, Indore	Nil	Nil
184.	National Water Development Agency, New Delhi	979.00	Nil
<b>Welfare</b>			
185.	Rehabilitation Council of India, New Delhi	141.00	Nil
186.	Institute for the Physically Handicapped, New Delhi	243.10	Nil
187.	National Institute of Rehabilitation Training and Research, Olatpur, Cuttack	424.48	Nil
188.	National Institute of Visually Handicapped, Daradun	408.10	Nil
189.	National Institute for the Orthopaedically Handicapped, Calcutta	305.00	Nil
190.	National Institute of Mentally Handicapped, Hyderabad	349.87	Nil
191.	Central Waqf Council, New Delhi	108.67	Nil
	<b>Total</b>	<b>268672.71</b>	<b>14283.11</b>

## APPENDIX IV

(Referred to in paragraph 1.1 (ii) at page 2)

### Grants received during 1997-98 by Central Universities

(Rs in lakh)

Sl No	Name of University	Grant
1.	Vishva Bharti, University Shanti Niketan	2280.64
2.	University of Hyderabad, Hyderabad	1966.00
3.	Assam University, Silchar	500.00
4.	Tejpur University, Tezpur	458.38
5.	North-Eastern Hill University, Shillong	2342.77
6.	Banaras Hindu University	8330.59
7.	Aligarh Muslim University	8264.88
8.	Babasaheb Ambedkar University	697.50
9.	Jawaharlal Nehru University	3421.14
10.	Jamia Milia University	174.93
11.	Pondicherry University, Pondicherry	639.74
12.	Indira Gandhi National Open University	1655.30
13	Nagaland University, Lumani	691.23
	<b>Total</b>	<b>31423.10</b>

## APPENDIX V

(Referred to in paragraph 1.1 (ii) at page 2)

**Bodies whose accounts/information for 1997-98 not received as of 31 December 1998 - audited under Section 19(2) and 20(1) of CAG's (DPC) Act, 1971**

SI No	Ministry/Name of Body
	<b>External Affairs</b>
1.	Indian Society of International Law, New Delhi
	<b>Human Resource and Development</b>
2.	School of Planning & Architecture, New Delhi
3.	Technical Teachers' Training Institute, Bhopal
4.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal
5.	Delhi University and Maintained Institutions, Delhi
6.	Central Agricultural University, Imphal
7.	Nehru Yuva Kendra Sangathan, New Delhi
8.	National Culture Fund
	<b>Information and Broadcasting</b>
9.	Prasar Bharati
	<b>Telecommunications</b>
10.	Telecom Regulatory Authority of India
	<b>Surface Transport</b>
11.	DTC Employees Provident Fund Account, New Delhi
	<b>Urban Affairs and Employment</b>
12.	Delhi Development Authority, New Delhi
	<b>Welfare</b>
13.	National Commission for Backward Classes, New Delhi
14.	National Commission for Minorities, New Delhi

## APPENDIX – VI

(Referred to in paragraph 1.1 (iii) at page 2 )

**Grants received during 1997-98 by Central Autonomous Bodies audited under section 14 (1) and 14 (2) of CAG's (DPC) Act, 1971**

(Rs in lak)

Sl. No.	Ministry/Name of Body	Grant	Loan
<b>Agriculture</b>			
1.	National Council for Co-operative Training, New Delhi	931.00	Nil
2.	National Co-operative Union of India	37.58	Nil
<b>Commerce</b>			
3.	Indian Institute of Foreign Trade, New Delhi	794.04	Nil
4.	Regional Office of Engineering Export Promotion	337.46	Nil
5.	Indian Institute of Packaging, Mumbai	95.23	Nil
<b>Civil Aviation</b>			
6.	Institute of Catering Technology and Hotel Management – Calcutta	38.25	Nil
7.	Aero Club of India, New Delhi	Nil	Nil
<b>Civil Supplies Consumer Affairs and Public Distribution</b>			
8.	Indian Trade Centre	Nil	Nil
9.	National Co-operative Consumers Federation	Nil	Nil
<b>Health and Family Welfare</b>			
10.	Parivar Sewa Sanghatan	600.54	Nil
<b>Human Resource Development</b>			
11.	Association of Indian Universities, New Delhi	117.15	Nil
12.	Indian Institute of Education – Pune	12.30	Nil
13.	Victoria Memorial Hall, Calcutta	182.00	Nil
14.	Indian Statistical Institute- Calcutta	3146.05	Nil
15.	North Zone Culture Centre, Patiala	Nil	Nil
16.	Youth Hostel Association	3.32	Nil
17.	Indian Olympic Association	18.45	Nil
18.	Indian Institute of Public Administration	229.52	Nil
19.	Bharat Scout & Guide	58.54	Nil
20.	Harijan Sewak Sangh, New Delhi	114.21	Nil
21.	Indian Council of Education	29.55	Nil
22.	Indian Council of Child Welfare	546.13	Nil
23.	Centre Technical Committee	152.42	Nil
24.	North East Zone Cultural Centre, Deemapur	31.90	Nil
25.	Rajiv Gandhi National Institute of Youth Development	333.00	Nil
<b>Industries</b>			
26.	Central Tool Room and Training Centre, Calcutta	403.00	Nil
27.	National Productivity Council, New Delhi	405.00	Nil
28.	National Council for Cement and Building	64.00	Nil
29.	Automotive Research Association – Pune	690.00	Nil
30.	Central Institute of Plastic Engineering and Technology – Bhubneshwer	25.00	Nil
31.	Central Pulp and Paper Research Institute – Saharanpur	380.08	Nil

Sl. No.	Ministry/Name of Body	Grant	Loan
<b>Information and Broadcasting</b>			
32.	Satyajit Ray Film and Television Institute – Calcutta	919.33	Nil
33.	Indian Institute of Mass Communication	211.50	Nil
34.	National Centre of Film for Children and Young People	2.01	Nil
<b>Power</b>			
35.	Energy Management Centre	32.00	2052.00
<b>Rural Area Development</b>			
36.	DRDA Tuensang	797.31	Nil
37.	DRDA Wokha	254.72	Nil
38.	DRDA Kohima	964.22	Nil
39.	DRDA Mon	379.79	Nil
40.	DRDA Mokokchung	590.06	Nil
41.	DRDA Phek	326.03	Nil
42.	DRDA Junhebote	353.70	Nil
43.	DRDA Thanjaur	2925.83	Nil
44.	DRDA Nagapattinam	2474.55	Nil
45.	DRDA Dindigal	2295.18	Nil
46.	DRDA Siva ganga	1488.09	Nil
47.	DRDA Nagargoil	1281.11	Nil
<b>Surface Transport</b>			
48.	National Institute of Training for Highway Engineering, New Delhi	Nil	Nil
<b>Textiles</b>			
49.	Indian Jute Research Association – Calcutta	462.00	Nil
<b>Tourism</b>			
50.	Institute of Hotel Management Catering and Nutrition, New Delhi	27.00	Nil
51.	Institute of Hotel Management (BBSR)	Nil	Nil
<b>Urban Affairs and Employment</b>			
52.	National Institute of Urban Affairs	84.61	Nil
53.	Building Material Technology of Promotion Council	4.40	Nil
<b>Welfare</b>			
54.	Nagaland State Social Welfare Advisory Board	27.65	Nil
<b>Total</b>		<b>25676.81</b>	<b>2052.00</b>

## APPENDIX – VII

(Referred to in paragraph 1.1 (iii) at page 2)

**Bodies whose accounts/information not received, audited under Section 14(1) and 14(2) of CAG's (DPC) Act, 1971 during 1997-98**

Sl. No.	Ministry/Name of Body
<b>Agriculture</b>	
1.	Paddy Processing Research Centre, Thanjuuar
2.	Indo German Nilgiris Development Agency, Ooty
3.	National Consumer Co-operative Federation, Chennai
<b>Commerce</b>	
4.	Indian Diamond Institute, Surat
<b>Energy</b>	
5.	Central Power Research Institute – Bangalore
<b>Health and Family Welfare</b>	
6.	Lala Ram Swarup Institute of T.B. & Allied Diseases
7.	Indian Red Cross Society
8.	New Delhi Tuberculosis Centre
9.	Gandhi Gram Institute of Health and Family Welfare Trust
10.	Hill Area Development Programme
<b>Human Resource Development</b>	
11.	Punjab University
12.	Bharat Gyan Vigyan Samiti
13.	Central Civil Service Sports Cultural Board
14.	The North Eastern Regional Institute of Water and Land Management
15.	Bhartiya Adimjati Sewak Sangh, New Delhi
16.	Central Social Welfare Board, New Delhi
17.	All India Association for Social Health in India, New Delhi
18.	Indira Gandhi National Centre for Art, New Delhi
19.	Indian National Trust for Culture Heritage, New Delhi
20.	North Eastern Regional Institute of Water and Land Management
21.	West Zone Culture Centre, Jaipur
22.	Institute of Hotel Management Catering Technology & Applied Nutrition , Chennai
23.	Handloom Export Promotion Council, Chennai
24.	South Zone culture Centre, Thengauor
25.	North Cultural Zone Culture Centre, Allahabad
<b>Industries</b>	
26.	Central Machine Tools Industries- Bangalore
27.	Central Institute of Plastic & Engineering Technology

Sl. No.	Ministry/Name of Body
<b>Planning</b>	
28.	Institute of Applied Manpower Research, New Delhi
29.	Institute of Economic Growth
<b>Rural Areas and Development</b>	
30.	District Rural Development Agency (DRDA) – Thirunananthapuram
31.	DRDA – Kollam
32.	DRDA – Pathanamthitta
33.	DRDA – Alappuzha
34.	DRDA – Kottayam
35.	DRDA – Idukki
36.	DRDA – Ernakulam
37.	DRDA – Thrissur
38.	DRDA – Palakkad
39.	DRDA – Malappuram
40.	DRDA – Kozhikode
41.	DRDA – Wayanad
42.	DRDA – Kannur
43.	DRDA – Kasargod
44.	DRDA – U.T.L. Kavaratti
45.	National Institute of Agriculture Marketing Centre, Jaipur
46.	DRDA – Chengal Pattu
47.	DRDA – Vellore
48.	DRDA – Thiuvannalmai
49.	DRDA – S.A.Cuddalore
50.	DRDA – Trichy
51.	DRDA – Pudukottai
52.	DRDA – Ramnad
53.	DRDA – Kamagajar
54.	DRDA – Madurai
55.	DRDA – Tirunelavli
56.	DRDA – V.O. Chidambaram
57.	DRDA – Coimbatore
58.	DRDA – Periyar
59.	DRDA – Salem
60.	DRDA – Nilgiri
61.	DRDA – Anne
62.	DRDA – Villupuram
63.	All India Handloom Fabrics Marketing Society
64.	DRDA - Ooty
65.	SITRA - Coimbatore
66.	South Zone Culture Centre - Thanjavur
67.	DRDA – Kanchipuram
68.	DRDA – Tuticorin
69.	DPAR – Tuticorin
70.	DRDA – Verudhunagar



Sl. No.	Ministry/Name of Body
71.	CIPET. – Guindy
72.	Rajiv Gandhi National Institute of Youth Development
73.	DRDA – Thiruvallur
74.	DRDA – Namakkal
75.	DRDA – Thiruvananthapuram
76.	DRDA – Karur
77.	DRDA – Parambalur
78.	DRDA – Theni
79.	DRDA – Patna
80.	DRDA – Nalanda
81.	DRDA – Rohtas Sasaram
82.	DRDA – Bhabhuna
83.	DRDA – Bhoj Pur Arrah
84.	DRDA – Buscar
85.	DRDA – Gaya
86.	DRDA – Jahanabad
87.	DRDA – Aurangabad
88.	DRDA – Chapra
89.	DRDA – Siwan
90.	DRDA – Gopal-gang
91.	DRDA – Muzaffarpur
92.	DRDA – Sitamaahrhi
93.	DRDA – West Champaran Bettiah
94.	DRDA – East Champaran Motihari
95.	DRDA – Hazipur
96.	DRDA – Darbhanga
97.	DRDA – Modhubani
98.	DRDA – Samastipur
99.	DRDA – Sheohar
100.	DRDA – Madhepura
101.	DRDA – Sapoul
102.	DRDA – Purnea
103.	DRDA – Araria
104.	DRDA – Kishanganj
105.	DRDA – Katihar
106.	DRDA – Bhagalpur
107.	DRDA – Banka
108.	DRDA – Mohghyr
109.	DRDA – Jamue
110.	DRDA – Khagaria
111.	DRDA – Bigusarai
112.	MD – Sekhpura
113.	DRDA – Dumka
114.	DRDA – Deoghar
115.	DRDA – Gadda
116.	DRDA – Shahebganj
117.	DRDA – Daltonganj

Sl. No.	Ministry/Name of Body
118.	DRDA – Dhanbad
119.	DRDA – Boakara
120.	DRDA – Hazaribagh
121.	DRDA – Chatra
122.	DRDA – Giridih
123.	DRDA – Gumla
124.	DRDA – Lohardega
125.	DRDA – Jamshedpur
126.	DRDA – Nawadah
127.	DRDA – North Bihar Industrial Area Development Authority, Muzaffarpur
128.	DRDA – Ranchi I.A. Dev. Authority, Ranchi
129.	DRDA – Adityapur Industrial Area Development Authority, Jamshedpur
130.	DRDA - Bokaro Industrial Area Dev. Authority, Bokaro
131.	DRDA – Darbhanga Industrial Area Dev. Authority, Darbhanga
132.	DRDA – Patna Industrial Area Dev. Authority, Patna
133.	DRDA –Gandak Command Area Dev. Agency, Muzaffarpur
134.	DRDA – Sone Command Area Dev. Agency, sone Bhawan Patna
135.	DRDA – Kosi Command Area Dev. Agency, Saharsa
136.	DRDA – Kiul Badua Chaddan Command Area Dev Agency, Bhagalpur
137.	DRDA – Seeretany Bihar Sanskrit Siksha Board, Patna
138.	DRDA – Director, Bihar State Pollution Control Board, Patna
139.	DRDA – Director, State Institute of Education Technology Bihar Patna
140.	DRDA – Director, Human Resources deptt. Bihar Patna
141.	DRDA – Director, Bihar State Schedule Caste inv const. Ltd.
142.	DRDA – Director, Bihar state Construction and Investment Corp. Ltd. Patna
143.	DRDA – Administrative Officer Industries deptt. Bihar Patna
144.	DRDA – Director, Industries Tech. Dev. Directorate Bihar Patna
145.	Comptroller/ Director Birsa Agriculture Kanke Ranchi
146.	Director, Bihar state Hydro Electric Co-operative Ltd. Patna
147.	Special officer social security and welfare deptt. Bihar Patna
148.	Smt. Rakhika Sinha Institute and sachidanand sinha Library, Patna
149.	Director, Birla Institute of Edu. Technology Meshra Ramchi
150.	Director, Maithili Academy Bihar Patna
151.	Principal, Sainik School, Tillaiya
152.	Registrar, Urban development. Deptt. Bihar Patna
153.	Registrar, Bihar Culture and Youth Welfare Division Patna

<b>Sl. No.</b>	<b>Ministry/Name of Body</b>
154.	Swami Vivakanand Trust Jamshedpur
155.	Secy. Patna City Co-operative cold storage Bihar Patna
156.	Director/Secy. Bihar Siksha Paryojana Parishad Patna
157.	Fish farming dev. Agency Bihar, Patna
158.	Fish Farming dev. Agency Hazaipur
159.	Fish Farming dev. Agency Munger
160.	Director Resting Centre, Dhanbad
161.	Secy. Anjuman Terrigune Urdu Patna
162.	Director/Secy. Bengala Academy Bihar Patna
163.	Director Bihar Tribunal Welfare Institute Ranchi
164.	Dy. Manager Co-Operative Society Ranchi
165.	Director/Secy. Bihar State Transport Corporation Patna
	<b>Textile</b>
166.	Central Wool Development Board, Jodhpur
167.	South India Textile Research Marketing Society
168.	Bombay Textile Research Association
169.	Chemical & Allied Product Export Inspection Council
170.	Engineering Export Promotion Council, Calcutta
	<b>Tourism</b>
171.	Institute of Hotel Management and Catering Technology – Kovalam
	<b>Water Resources</b>
172.	National Institute of Hydrology Roorkee Haridwar

**APPENDIX VIII**  
(Referred to in paragraph 1.2 at page 3)  
**Outstanding Utilisation Certificates**

(Rs.in lakh)

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
Agriculture	1976-77	2	2.71
	1978-79	1	166.47
	1979-80	5	132.80
	1980-81	6	119.38
	1982-83	2	29.78
	1983-84	9	2.70
	1984-85	25	10.00
	1985-86	5	0.60
	1986-87	1	0.10
	1987-88	15	239.07
	1988-89	3	77.56
	1989-90	2	390.61
	1990-91	12	96.86
	1991-92	32	1040.08
	1992-93	9	7.05
	1993-94	34	3017.36
	1994-95	40	4896.81
	1995-96	3	1558.81
	1996-97	233	10036.26
		<b>439</b>	<b>21825.01</b>
Andaman and Nicobar Administration	1994-95	8	152.26
	1995-96	8	756.59
		<b>16</b>	<b>908.85</b>
Commerce & Textiles (i) Commerce			
	1984-85	5	75.00
	1985-86	2	35.00
	1986-87	5	95.00
	1987-88	4	90.00
	1994-95	2	3211.30
	1996-97	1	01.00
		<b>19</b>	<b>3507.30</b>

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
(ii) Development Commissioner of Handicrafts, Delhi	1978-79	14	60.87
	1979-80	6	18.64
	1980-81	5	5.27
	1982-83	14	8.64
	1983-84	4	2.93
	1984-85	15	11.51
	1985-86	14	16.05
	1986-87	9	3.94
	1987-88	9	8.67
	1988-89	6	2.89
	1989-90	17	16.04
	1990-91	19	33.54
	1991-92	26	89.38
		1992-93	38
1993-94		129	342.04
1994-95		238	292.48
1995-96		264	897.84
1996-97		36	74.54
		<b>863</b>	<b>1913.15</b>
Central Board of Direct Taxes	1991-92	1	0.08
	1993-94	2	0.54
	1994-95	13	0.51
	1995-96	1	0.01
	1996-97	4	0.11
		<b>21</b>	<b>1.25</b>
Civil Supplies, Consumers Affairs and Public Distribution	1981-82	2	1.40
	1983-84	8	7.39
	1984-85	2	2.90
	1985-86	2	1.37
	1987-88	1	5.00
	1988-89	1	4.34
	1989-90	3	13.90
	1992-93	1	2.50
	1993-94	1	4.00
	1994-95	1	4.00
	1995-96	2	40.00
	1996-97	2	216.00
		<b>26</b>	<b>302.80</b>

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
Chemicals and Fertilizers (i) Fertilizers	1995-96	5	125.85
	1996-97	4	202.00
		<b>9</b>	<b>327.85</b>
(ii) Department of Chemicals and Petrochemicals	1991-92	15	658.00
	1992-93	9	622.00
	1993-94	11	2095.00
	1994-95	13	998.05
	1995-96	8	2781.00
	1996-97	13	731.22
		<b>73</b>	<b>7885.58</b>
External Affairs	1987-88	1	1.00
	1988-89	1	1.00
	1989-90	3	260.00
	1991-92	10	28.00
	1994-95	3	7.00
	1995-96	19	39.50
	1996-97	39	337.50
		<b>76</b>	<b>674.00</b>
Finance Economic Affairs*	1993-94	6	29.25
	1994-95	7	232.85
	1995-96	14	3250.78
	1996-97	3	173.00
		<b>30</b>	<b>3585.88</b>
Food	1994-95	5	19.31
	1995-96	18	178.01
		<b>23</b>	<b>197.32</b>
Food Processing Industries	1988-89	1	0.50
	1990-91	1	4.19
	1991-92	10	136.88
	1992-93	33	328.09
	1993-94	66	330.81
	1994-95	61	392.16
	1995-96	97	1188.18
	1996-97	26	245.22
	<b>295</b>	<b>2626.03</b>	

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
Health and Family Welfare (i)Health	1976-77	43	13.41
	1978-79	8	3.34
	1979-80	9	7.03
	1980-81	2	1.46
	1981-82	14	17.58
	1982-83	9	24.35
	1983-84	18	193.87
	1984-85	27	123.29
	1985-86	24	149.44
	1986-87	33	158.42
	1987-88	5	5.84
	1988-89	50	2400.66
	1989-90	53	245.85
	1990-91	31	424.69
	1991-92	31	630.91
	1992-93	10	670.25
	1993-94	127	3492.84
	1994-95	192	2943.98
	1995-96	379	85307.62
	1996-97	124	2971.01
	<b>1189</b>	<b>99785.84</b>	
(ii)Family Welfare	1976-77	1	0.10
	1981-82	4	29.46
	1982-83	8	7.17
	1984-85	2	3.92
	1986-87	9	23.32
	1987-88	10	30.98
	1988-89	4	23.71
	1989-90	20	86.32
	1990-91	9	39.74
	1991-92	2	14.57
	1992-93	3	10.53
	1993-94	83	172.79
	1994-95	258	2568.36
	1995-96	541	5953.39
	1996-97	198	998.66
	<b>1152</b>	<b>9963.02</b>	
Home Affairs PAO (Sectt)	1990-91	2	0.25
	1996-97	-	-
		<b>2</b>	<b>0.25</b>

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
Human Resource evelopment (i) Women and Child Development	1986-87	301	2214.00
	1987-88	400	3607.00
	1988-89	505	2880.00
	1989-90	582	4969.00
	1990-91	624	7934.00
	1991-92	676	7515.83
	1992-93	816	11496.00
	1993-94	1051	10114.20
	1994-95	1195	16552.06
	1995-96	907	12979.84
	1996-97	455	4033.29
		<b>7512</b>	<b>84295.22</b>
	(ii) Youth Affairs and Sports	1987-88	20
1988-89		109	78.94
1989-90		177	76.51
1990-91		191	104.79
1991-92		142	118.78
1992-93		496	1209.47
1993-94		490	3073.11
1994-95		416	4650.85
1995-96		453	2494.42
1996-97		239	1106.61
		<b>2733</b>	<b>12923.52</b>
(iii) Education	1977-78	60	100.00
	1978-79	211	137.00
	1979-80	209	142.00
	1980-81	65	122.00
	1981-82	72	187.00
	1982-83	124	197.00
	1983-84	135	259.00
	1984-85	251	469.00
	1985-86	506	1711.00
	1986-87	346	697.00
	1987-88	545	2995.00
	1988-89	689	3312.00
	1989-90	599	3879.00
	1990-91	236	933.00
	1991-92	317	1850.00
	1992-93	388	4264.00
1993-94	679	6834.00	
1994-95	712	13243.00	



Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
	1995-96	1121	56782.00
	1996-97	309	54932.00
		<b>7574</b>	<b>153045.00</b>
(iv) Culture	1982-83	2	0.45
	1983-84	4	0.53
	1984-85	11	2.59
	1985-86	3	0.61
	1986-87	8	2.57
	1987-88	5	1.38
	1988-89	14	2.87
	1989-90	14	2.71
	1990-91	75	12.86
	1991-92	112	999.28
	1992-93	898	4196.29
	1993-94	874	7280.39
	1994-95	584	2995.93
	1995-96	643	6588.68
	1996-97	301	3580.02
		<b>3548</b>	<b>25667.16</b>
<b>Industry</b>			
(i) Small Scale Industries and Agro and Rural Industries	1993-94	27	216.35
	1994-95	22	706.84
	1995-96	52	1522.89
	1996-97	10	65.63
		<b>111</b>	<b>2511.71</b>
(ii) Industrial Development & Industrial Policy & Promotion	1993-94	4	7.88
	1994-95	4	923.60
	1995-96	24	1935.23
		<b>37</b>	<b>3000.46</b>
Labour	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	6	1.81
	1987-88	4	3.19
	1988-89	7	7.88
	1989-90	19	20.63
	1990-91	19	25.54
	1991-92	11	28.97
	1992-93	10	3.61
	1993-94	21	62.51
	1994-95	11	46.10
	1995-96	331	1858.13
	1996-97	2	15.07
	<b>444</b>	<b>2073.58</b>	

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
Mines	1995-96	1	5.00
		<b>1</b>	<b>5.00</b>
Personnel, Public Grievances and Pensions Training Division	1993-94	1	0.50
	1994-95	1	3.35
	1995-96	5	8.28
	1996-97	2	12.00
		<b>9</b>	<b>24.13</b>
Planning and Statistics (i) Statistics	1995-96	1	9.57
		<b>1</b>	<b>9.57</b>
(ii) Planning Commission and National Informatics Centre	1990-91	18	13.09
	1991-92	19	19.26
	1992-93	16	11.88
	1993-94	12	32.56
	1994-95	43	787.42
	1995-96	30	144.04
	1996-97	9	7.40
	<b>147</b>	<b>1015.65</b>	
Power	1992-93	54	673.32
	1993-94	15	400.53
	1994-95	37	1414.76
	1995-96	49	1799.94
	1996-97	9	664.00
	<b>164</b>	<b>4952.55</b>	
Rural Areas and Employment (Rural Employment and Poverty Alleviation)	1994-95	1	102.00
	1995-96	6	440.00
	1996-97	60	3220.00
	<b>67</b>	<b>3762.00</b>	
Surface Transport	1992-93	2	3.40
	1993-94	5	8.00
	1994-95	2	13.14
	1995-96	5	765.56
	<b>14</b>	<b>790.10</b>	
Urban Affairs and Employment	1981-82	4	3.31
	1982-83	7	4.40
	1983-84	11	9.35
	1984-85	8	10.57
	1985-86	20	17.15
	1986-87	7	5.36
	7	10.20	

Ministry/Department	Period to which grants relate (Upto September 1996)	Utilisation Certificates Outstanding at the end of March 1998	
		Number	Amount
	1988-89	15	5.35
	1989-90	25	40.87
	1990-91	27	1227.99
	1991-92	11	3012.14
	1992-93	39	451.38
	1993-94	97	5936.77
	1994-95	120	2898.15
	1995-96	107	9872.41
	1996-97	17	1393.78
		<b>522</b>	<b>24899.18</b>
Water Resources	1985-86	1	1.27
	1986-87	4	32.01
	1987-88	12	66.78
	1988-89	7	19.21
	1989-90	9	12.36
	1990-91	11	31.58
	1991-92	8	47.78
	1992-93	5	14.78
	1993-94	2	7.88
	1994-95	14	137.63
	1995-96	25	307.98
	1996-97	29	426.98
		<b>127</b>	<b>1106.24</b>

\* Does not include utilisation certificate in respect of Banking Division PAO, Emergency Risk Insurance Scheme and Banking.

**APPENDIX IX**

(Referred to in paragraph 4.4 at page 14)

**Adhoc orders issued by TRAI without approval of Central Government**

<b>Subject</b>	<b>Date of the meeting of TRAI</b>	<b>Unauthorised approvals accorded by Chairperson and Members for their own conditions of service</b>
<b>Foreign Travel</b>		
1. Procedure for approving foreign deputation/tours of Chairperson, Members and staff of TRAI	29 May 1997	A three member committee consisting of Chairperson, Vice Chairperson and a Member will decide all cases of foreign deputation including their own.
2. Rates of Per diem halting allowance for foreign travel	17 June 1997	The Chairperson and members would be entitled to per diem allowance @ US \$ 500 per day for all countries except Nepal. In Nepal they would be paid US \$ 250 per day in equivalent Indian Rupee.
3. Incidental expenses in case of foreign travel where all expenses are borne by the host institution	17 June 1997	US \$ 100 per day subject to a minimum of US \$ 400 in case of all countries except Nepal In Nepal the rate of incidental expenses to be paid would be US \$ 50 per day subject to a minimum of US \$ 200
4. Cash allowance in case of foreign travel	17 June 1997	When accommodation is arranged by host institution/embassy abroad, the actual expenses incurred for the purpose of accommodation would be reimbursed. In addition they will be paid cash allowance equivalent to 40 per cent of eligible per diem for the country of halt.
<b>Domestic Travel</b>		
5. Lodging charges	17 June 1997	Lodging charges will be reimbursed on actuals for stay in the Five Star Hotels.
6. Boarding charges	17 June 1997	Actual expenses on production of vouchers
7. Halting allowance	17 June 1997	At the rate of Rs 400 per day if own arrangements are made for lodging and boarding.
8. Incidental expenses	17 June 1997	At the rate of 25 per cent of halting allowance in the event of claiming boarding charges
9. Entitled class for travel	17 June 1997	Executive class by air and AC Ist class by train

<b>Subject</b>	<b>Date of the meeting of TRAI</b>	<b>Unauthorised approvals accorded by Chairperson and Members for their own conditions of service</b>
<b>Medical Facilities</b>		
10. Medical reimbursement	30 May 1997 and 4 June 1997	The cases of Chairperson, Members and their dependants may be dealt with on case to case basis. (no limit laid down)
<b>Transport Facilities</b>		
11. Transport for official use	30 May and 4 June 1997	All officers of the level of Advisor (Rs 5900-7300) and above would be provided individual chauffeur driven cars
12. Transport for personal use	30 May and 4 June 1997	The officers of the rank of Advisors and above can use individual chauffeur driven cars for personal use upto 500 km per month on payment of Rs 250 for non-AC and Rs 400 for AC cars.
<b>Facilities at Residence</b>		
13. Electricity and water charges, Furniture and fittings	1 September 1997	The Chairperson has been extended the facilities of free furnishing including electrical appliances upto Rs 2 lakh and free water and electricity at par with the Chief Justice of a High Court.

**APPENDIX – X**

(Referred to in paragraph 4.5.1 at page no 15)

**Comparison of Per diem Halting Allowance paid by TRAI to its officers with DSA rates paid by UN to International Civil Service**

Place/Country	TRAI		United Nations	
	Designation	Per diem Rate per day (US \$)	Designation	Per diem/ DSA Rate per day (US \$)
Canberra/ Australia	i)Chairperson/Member	500	i)USG/ASG	228.2
	ii)Secretary/E Advisor	500	ii)D1/D2	187.45
	iii)Director	350	iii)P5	163
	iv)DS and below	250	iv)P4 and below	163
Ottawa/ Canada	i)Chairperson/Member	500	i)USG/ASG	245
	ii)Secretary/E Advisor	500	ii)D1/D2	201.25
	iii)Director	350	iii)P5	175
	iv)DS and below	250	iv)P4 and below	175
Beijing/ China	i)Chairperson/Member	500	i)USG/ASG	259
	ii)Secretary/E Advisor	500	ii)D1/D2	212.75
	iii)Director	350	iii)P5	185
	iv)DS and below	250	iv)P4 and below	185
Hong Kong	i)Chairperson/Member	500	i)USG/ASG	271.60
	ii)Secretary/E Advisor	500	ii)D1/D2	223.10
	iii)Director	350	iii)P5	194
	iv)DS and below	250	iv)P4 and below	194
Tokyo/Japan	i)Chairperson/Member	500	i)USG/ASG	368.2
	ii)Secretary/E Advisor	500	ii)D1/D2	302.45
	iii)Director	350	iii)P5	263
	iv)DS and below	250	iv)P4 and below	263
Malta	i)Chairperson/Member	500	i)USG/ASG	141.4
	ii)Secretary/E Advisor	500	ii)D1/D2	120.15
	iii)Director	350	iii)P5	101
	iv)DS and below	250	iv)P4 and below	101
Paris/France	i)Chairperson/Member	500	i)USG/ASG	275.80
	ii)Secretary/E Advisor	500	ii)D1/D2	226.55
	iii)Director	350	iii)P5	197
	iv)DS and below	250	iv)P4 and below	197
Kathmandu/ Nepal	i)Chairperson/Member	250	i)USG/ASG	173.6
	ii)Secretary/E Advisor	250	ii)D1/D2	142.6
	iii)Director	250	iii)P5	124
	iv)DS and below	250	iv)P4 and below	124
Singapore	i)Chairperson/Member	500	i)USG/ASG	292.60
	ii)Secretary/E Advisor	500	ii)D1/D2	240.35
	iii)Director	350	iii)P5	209
	iv)DS and below	250	iv)P4 and below	209

Place/Country	TRAI		United Nations	
	Designation	Per diem Rate per day (US \$)	Designation	Per diem/ DSA Rate per day (US \$)
Johannesburg/ South Africa	i)Chairperson/Member	500	i)USG/ASG	201.6
	ii)Secretary/E Advisor	500	ii)D1/D2	165.6
	iii)Director	350	iii)P5	144
	iv)DS and below	250	iv)P4 and below	144
Colombo/ Sri Lanka	i)Chairperson/Member	500	i)USG/ASG	117.6
	ii)Secretary/E Advisor	500	ii)D1/D2	96.6
	iii)Director	350	iii)P5	84
	iv)DS and below	250	iv)P4 and below	84
Switzerland (All areas)	i)Chairperson/Member	500	i)USG/ASG	266
	ii)Secretary/E Advisor	500	ii)D1/D2	218.5
	iii)Director	350	iii)P5	190
	iv)DS and below	250	iv)P4 and below	190
Bangkok/ Thailand	i)Chairperson/Member	500	i)USG/ASG	126
	ii)Secretary/E Advisor	500	ii)D1/D2	103.5
	iii)Director	350	iii)P5	90
	iv)DS and below	250	iv)P4 and below	90
London/UK	i)Chairperson/Member	500	i)USG/ASG	338.8
	ii)Secretary/E Advisor	500	ii)D1/D2	278.3
	iii)Director	350	iii)P5	242
	iv)DS and below	250	iv)P4 and below	242
Washington/ USA	i)Chairperson/Member	500	i)USG/ASG	274.4
	ii)Secretary/E Advisor	500	ii)D1/D2	225.4
	iii)Director	350	iii)P5	196
	iv)DS and below	250	iv)P4 and below	196
New York/ USA	i)Chairperson/Member	500	i)USG/ASG	301
	ii)Secretary/E Advisor	500	ii)D1/D2	247.25
	iii)Director	350	iii)P5	215
	iv)DS and below	250	iv)P4 and below	215

USG – Under Secretary General

ASG – Assistant Secretary General

D1 – Director Level-1

D2 – Director Level-2

P5 – Professional grade 5

P4 – Professional grade 4

**APPENDIX-XI**

(Referred to in paragraph 4.6 at page 18)

**A comparison of entitlement of Secretary to Government of India with Chairman/ Members of TRAI (as per decisions taken by TRAI)**

<b>Subject</b>	<b>Entitlement of Secretary to Govt. of India (Pay Range Rs 16,400 and above)</b>	<b>Decisions taken by TRAI regarding conditions of service of Chairperson and Members of TRAI</b>
<b>Foreign Travel</b>		
1. Rates of Per diem halting allowance for foreign travel	MEA rates i.e. actual room rental for approved panel of hotels plus Daily allowance ranging between US \$ 60 to US \$ 100 depending on the country of visit.	The Chairperson and members would be entitled to per diem allowance @ US \$ 500 per day for all countries except Nepal. In Nepal they would be paid US \$ 250 per day in equivalent Indian Rupee.
2. Incidental expenses in case of foreign travel where all expenses are borne by the host institution	Only 25 per cent of Daily Allowance i.e. between US \$ 15 to US \$ 25 per day depending on the country of visit	US \$ 100 per day subject to a minimum of US \$ 400 in case of all countries except Nepal In Nepal the rate of incidental expenses to be paid would be US \$ 50 per day subject to a minimum of US \$ 200
3. Cash allowance in case of foreign travel	Where the accommodation is provided free entitlement for daily allowance ranging from US \$ 60 to 100 only	When accommodation is arranged by host institution/embassy abroad, the actual expenses incurred for the purpose of accommodation would be reimbursed. In addition they will be paid cash allowance equivalent to 40 per cent of eligible per diem for the country of halt i.e. US \$ 200 in all countries except Nepal. In Nepal it is US\$ 100.
<b>Domestic Travel</b>		
4. Lodging charges	Only Rs 650 for stay in hotel in A-1 Class Cities. This amount also includes boarding charges.	Lodging charges will be reimbursed on actuals for stay in the Five Star Hotels.
5. Boarding charges	Included in lodging charges.	Actual expenses on production of vouchers
6. Halting allowance	Rs 260 in A-I class cities	At the rate of Rs 400 per day if own arrangements are made for lodging and boarding. (irrespective of class of city)
7. Incidental expenses	Nil	At the rate of 25 per cent of halting allowance in the event of claiming boarding charges
8. Entitled class for travel	By Air or AC Ist Class in train	Executive class by air and AC Ist class by train



<b>Subject</b>	<b>Entitlement of Secretary to Govt. of India (Pay Range Rs 16,400 and above)</b>	<b>Decisions taken by TRAI regarding conditions of service of Chairperson and Members of TRAI</b>
<b>Medical Facilities</b>		
9. Medical reimbursement	CGHS Facilities	The cases of Chairperson, Members and their dependants may be dealt with on cases to case basis. (no limit laid down)
<b>Transport Facilities</b>		
10. Transport for official use	Independent Staff Cars.	Individual Chauffeur driven cars
11. Transport for personal use	Can use officials cars for private purposes upto 500 km. per month on payment of the following a)Rs.350 p.m. for Cars upto 16 hp b)Rs.450 p.m. for Cars above 16 hp	All officers of the level of Advisors and above can use individual chauffeur driven cars for personal use upto 500 km per month on payment of Rs 250 per month for non-AC and Rs 400 per month for cars. For use above 500 km, the officer will have to pay Rs 1 per km.
<b>Facilities at Residence</b>		
12. Electricity and water charges, Furniture and fittings	Government Accommodation. No facility like free electricity and water charges, furniture furnishing etc. etc.	The Chairperson has been extended the facilities of free furnishing including electrical appliances upto Rs 2 lakh and free water and electricity at par with the Chief Justice of a High Court.

**Appendix-XII-A**

(Referred to in Paragraph-5.1.8.1 at page 28)

**Details of budget provision and actual expenditure during 1993-94 to 1997-98 (Plan)**

(Rs in lakh)

Sl. No	Sub-Head	1993-94		1994-95		1995-96		1996-97		1997-98		Total	
		Final Budget	Actual Exp.	Final Budget	Actual Exp.	Final Budget	Actual Exp.	Final Budget	Actual Exp.	Final Budget	Actual Exp.	Final Budget	Actual Exp.
1.	Salaries	100.00	66.00	150.00	90.00	150.00	150.00	250.00	250.00	90.00	90.00	740	646
2.	Equipment	443.00	384.60	450.00	74.70	558.00	718.00	502.00	2194.92	800.00	1229.98	2753	4602.20
3.	Book Bank for SC/ST	2.00	---	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	10	8.00
4.	New Wing of P.G.I	100.00	---	---	---	---	---	---	---	---	---	100	---
5.	Material and Supply	60.00	150.00	60.00	---	60.00	50.00	100.00	---	---	---	280	200
6.	Books for Library	25.00	12.57	25.00	---	30.00	---	30.00	95.00	48.00	50.00	158	157.57
7.	German Grant	---	---	1000.00	1000.00	---	---	---	---	---	---	1000	1000
8.	Works of PGIMER Executing of main work and continuing new works.	870.00	632.43	1013.00	879.19	900.00	1212.03	1741.00	340.24	969.68	317.11	5493.68	3381
9.	Scheme for Development On going schemes	100.00	24.30	100.00	---	100.00	---	---	---	---	---	300	24.30
i)	Advanced paed Centre	---	---	---	---	---	---	100.00	478.87	540.92	320.93	640.92	799.80
ii)	New Emergency Block	---	---	---	---	---	---	250.00	91.59	539.78	231.95	789.78	323.54
iii)	New OPD block	---	---	---	---	---	---	150.00	234.01	500.00	162.42	650	396.43
iv)	National Institute of Nursing Education New Schemes	---	---	---	---	---	---	---	4.70	50.00	12.01	50	16.71
i)	Adv. Cardiac Centre	---	---	---	---	---	---	---	---	50.00	---	50	---
ii)	Ophthalmological Centre	---	---	---	---	---	---	---	---	50.00	---	50	---
	<b>Total</b>	<b>1700.00</b>	<b>1269.90</b>	<b>2800.00</b>	<b>2045.89</b>	<b>1800</b>	<b>2132.03</b>	<b>3125</b>	<b>3691.33</b>	<b>3640.38</b>	<b>2416.40</b>	<b>13065.38</b>	<b>11555.55</b>

**APPENDIX-XII-B**

(Refereed to in Paragraph-5.1.8.2 at page 28)

**Details of budget provision and actual expenditure during 1993-94 to 1997-98 (Non-Plan)**

**(Rs in lakh)**

S.No	Sub-Head	1993-94		1994-95		1995-96		1996-97		1997-98		Total	
		Final Budget	Actual Expr.	Final Budget	Actual Expr.	Final Budget	Actual Expr.	Final Budget	Actual Expr.	Final Budget	Actual Expr.	Final Budget	Actual Expr
1.	Salary of Officers Establishment & junior Residents.	1850.00	1980.41	2050.00	2173.40	2500.00	2522.79	2900.00	2874.12	4654.00	3947.68	13954.00	13498.40
2.	Travel Expenses	7.00	8.41	7.00	7.17	10.00	5.30	8.00	5.25	8.00	4.27	40	30.40
3.	Travel Expenses for conferences inculdung Jr. Residents & non-faculty staff	10.00	14.00	10.00	20.00	12.00	20.70	12.00	25.53	17.00	25.91	61	106.14
4.	Payment of Professional & Special Services.	19.00	17.57	19.00	30.05	19.00	24.01	22.00	16.58	28.00	37.37	107	125.58
5.	Rents, rates and taxes	10.00	13.83	10.00	10.65	15.00	9.38	15.00	12.48	20.00	12.30	70	58.64
6.	Machinery & Equipment	30.00	32.55	30.00	18.40	30.00	19.19	45.00	44.32	65.00	79.29	200	193.75
7.	Material and Supplies.	679.00	690.32	679.00	1035.74	800.000	806.95	1145.00	846.72	1294.00	972.27	4597	4352.00
8.	Office Expenses	478.00	472.05	478.00	461.65	560.00	563.45	765.00	288.10	850.00	948.91	3131	2734.16
9.	Maintenance (Bldg. & Equip.)	200.00	217.03	200.00	278.93	277.00	313.88	478.00	388.24	550.00	400.37	1705	1598.45
10.	Pension/Gratuity/GPF	225.00	208.35	235.00	219.78	300.00	291.64	350.00	375.57	676.00	519.73	1786	1615.07
11.	Training	4.00	4.63	4.00	4.38	4.00	4.36	4.00	4.12	6.00	3.59	22	21.08
12.	Grant for Research Work	40.00	41.22	40.00	79.10	50.00	64.19	60.00	68.49	68.00	58.60	258	311.60
13.	Loans and Advances	45.00	33.73	45.00	45.25	40.00	40.68	40.00	45.84	80.00	89.45	250	254.95
14.	Drug Bulletin	2.00	1.61	2.00	1.49	2.00	1.28	3.00	1.52	3.00	2.00	12	7.90
15.	Clinical Trial of new drugs.	1.00	0.40	1.00	---	1.00	---	---	---	1.00	---	4.00	0.40
i)		---	---	---	---	---	---	---	---	---	---	---	---
ii)		---	---	---	---	---	---	---	---	---	---	---	---
	<b>Total</b>	<b>3600.00</b>	<b>3736.11</b>	<b>3810.00</b>	<b>4385.99</b>	<b>4620.00</b>	<b>4687.80</b>	<b>5847.00</b>	<b>4996.88</b>	<b>8320.00</b>	<b>7101.74</b>	<b>26197</b>	<b>24908.52.</b>

**APPENDIX-XIII**

(Referred to in paragraph 5.1.16 at page 38)

**Postgraduate Institute of Medical Education and Research, Chandigarh  
Details of Machinery/Apparatus/Equipment lying idle/obsolete in PGIMER**

Sl. No.	Name of the Machinery/Equipment/Apparatus	Year/Date of non-functioning lying idle	Cost (In rupees)
1.	Dose Calibrator	5/98	40000
2.	Refrigerator	11/7/97	10000
3.	Treadmill(Venkg)with console	Not given	45570
4.	Cardiart 308 (ECG machine) (7 nos.) of different models	-do-	71500
5.	Tarian Phased Array Vitresmograph	1998	1660790
6.	CASE-II (TMT Equipment Marquette Electronic)	28/10/97	2505162
7.	Oxygen Analyses(Savumax)	1989	10000
8.	Medtronic External demand pacemaker	1989	10000
9.	Medtronic pacing System	1993	30000
10.	Acid Base Analyses	1990	110000
11.	Oxygen Saturation Meter	1990	15000
12.	D-400 Densitoe Control Curuettee XC-302	1990	10000
13.	Toshniwal Gasometer Cap 120 litre	1990	10000
14.	Cordiomax DY-TH-P-Computer for DJC dilution, Thermo Dilution & Blood Pressure	1990	613488
15.	External Temporary Pacemaker with Hystereses	1989	64175
16.	4 nos. External Pulse Generator	1990	41760
17.	Spectrophotometer	1989	11217
18.	Beckman Ultra Centrifuse L-50 Model	1984	17736
19.	Deep X-Ray Therepy Machine	1983	500000
20.	Janus Cobalt Machines Stationery Unit	1988	800000
21.	Treatment Planning System(A.E.C.C.)	1988	1200000

Sl. No.	Name of the Machinery/Equipment/ Apparatus	Year/Date of non-functioning lying idle	Cost (In rupees)
22.	Cobalt Company Machine (Came under colombo plan)	1986	-
23.	X-Ray Machine (Gastro Department)	1988	131215
24.	Rhodias cifs Unit with Stard	20/8/95	20178
25.	Emerson Rentilator 3 mr.	6/97	604940
26.	Cardio Plus Defibrillator	18/6/96	55000
27.	Cardiotocograph F.M. 6 Sonicid (2 No.s)	10/97	841390
28	DCP (Direct Correct Planning)	1993	900000
29.	Ultra Cryostat constant Temperature Water Bath	4/8/96	35026
30.	T M T Machine	8/10/97	2000000/
31.	Echo Machine	26/3/81	1500000
32.	Ultra Centrifuge	12/5/95	1500000
33.	Slide Centrifuge	16/12/96	20000
34.	Ultra Centrifuge	1/96	1500000
35.	Fac star	1/98	10000000
			26844147
			<b>say Rs 2.68 crore</b>

**APPENDIX – XIV**  
(Referred to in paragraph no. 14 at page 150)  
**Outstanding Action Notes as on 31 December 1998**

Sl. No	Name of the Ministry/Department	Year of Report	Number of Paragraph on which Action Taken Notes	
			Due	Awaited
1.	Commerce Department of Commerce	1996-97	2	1
2	Human Resource Development i) Department of Culture	1994-95	1	1
		1996-97	4	4
	ii) Department of Education	1994-95	12	1
		1995-96	7	1
		1996-97	5	5
	iii) Department of Youth Affairs and Sports	1993-94	1	1
iv) Department of Women and Child Development	1996-97	1	1	
3	Industry	1994-95	1	1
		1995-96	3	3
		1996-97	5	3
4	Labour	1995-96	2	1
5	Planning and Programme Implementation Department of Statistics	1995-96	1	1
		1996-97	1	1
6	Power	1996-97	1	1
7	Rural Area and Employment	1993-94	1	1
		1996-97	6	5
8	Surface Transport	1996-97	24	5
9	Urban Affairs and Employment Department of Urban Affairs	1988-89	5	2
		1989-90	6	6
		1990-91	9	8
		1991-92	9	9
		1992-93	13	12
		1993-94	6	5
		1994-95	11	8
		1995-96	3	1
		1996-97	2	2
10	Welfare	1996-97	1	1
	<b>Total</b>		<b>143</b>	<b>91</b>

