

## CHAPTER XV : MINISTRY OF SCIENCE AND TECHNOLOGY

### Department of Science and Technology

#### 15.1 Unfruitful expenditure and undue favour to a vendor

**Inadequate need assessment due to non identification of specific user requirements coupled with faulty implementation rendered the entire expenditure of US\$ 105,000 (₹ 43.17 lakh) on the PIOUS database unfruitful. There were also serious breaches of the General Financial Rules in selection of vendor, execution of contract and the canons of financial propriety indicating undue favour to the vendor.**

The Department of Science and Technology (DST), New Delhi sanctioned (October 2006) US\$90,000 for implementation of a project titled 'Development of Database and Networking of Professionals of Indian Origin in US (PIOUS)' for development of a multipurpose database and interactive network to strengthen Indo US partnership and bring efficacy in achieving desired goals by connecting individuals, institutions and industries in US and in India. The project was aimed at collecting data on 10,000 PIOUS and was to be implemented by the Science and Technology Wing of the Embassy of India (EOI), Washington DC with the technical and logistic support of M/s Phoenix Rose LLC, Columbia, Maryland, USA (Vendor) within six months from the actual start of the project.

The Vendor started the project in February 2007 and reported completion in November 2007. Payments were released in three instalments of US\$ 25,000, US\$ 26,200 and US\$ 38,800 on 13 February 2007, 13 August 2007 and 21 December 2007 respectively. The sanction for the phase-II was issued in March 2008 with completion date of 31 May 2009 at a cost of US\$ 30,000. The main objective of the phase-II was to roll over the shortfall of first phase to the second phase and create a database of 20,000 names. The Vendor was paid the first instalment of US\$15,000 in May 2008 and reported completion of the project in May 2009.

Following irregularities in implementing the said project were noticed by audit:

- The Vendor had been selected by the EOI while forwarding the project proposal to the Minister of Science & Technology in September 2006 even before the Government of India sanctioned the project in October 2006. There was no evidence of having observed the provisions prescribed in Rules 180, 181, 183 and 204 of the General Financial Rules (GFRs)

regarding tender enquiry, invitation of bids, evaluation of bids received and execution of a formal contract.

- There was no User Resource Specification or System Resource Specification to capture the requirements and the scope of work for the development of the PIOUS website by the Vendor. The absence of a formal document prescribing the essentials like user needs, metadata and database structure of the proposed website indicates that there was inadequate need assessment of the proposed website.
- The lack of focus in planning, absence of propriety in selection of the vendor was matched by adhocism and arbitrariness in execution of the project. Thus, there were incongruities in the estimated cost vis-à-vis sanctioned amounts and sanctioned amounts vis-à-vis deliverables. The cost under various heads was estimated at US\$157,850 in September 2006. As against this, DST sanction was accorded for US\$90,000 in October 2006 (later called phase I). Proposed cost of second phase was estimated to be US\$225,000 in January 2008 after adding outreach and other features whereas the DST sanction for phase II was accorded in March 2008 for US\$30,000 for collection of 20,000 PIOUS membership, development, enhancements, maintenance etc. As per corrigendum to the sanction, in May 2008, the task was restricted only to the collection of 20,000 PIOUS.
- Payments were not linked to the time and quantum of deliverables. DST sanction of October 2006 stipulated an expenditure of US\$90,000 for collecting data on 10,000 PIOUS within six months. As against this, the full payment of US\$ 90,000 was released to the Vendor despite the fact that there was delay of three months and the number of registered members fell short of 10,000. In fact US\$ 51,200 was released even before the stated completion in two advance instalments. Phase II of the project was entered for a fixed price of US\$ 30,000 for the delivery of 20,000 valid PIOUS entries. The corrigendum to the sanction dated May 2008 from DST permitted advance payment of 50%. Thus, an amount of US\$15,000 was paid to the vendor on 27 May 2008 without verification of the correctness of the database.

- The copy of the code of the software developed for hosting the database was handed over only on 30 August 2010. Analysis of the database by a third party indicated that 4000 records were unusable and more than 3000 were duplicate.
- The Vendor stopped hosting the PIOUS database from December 2009. As early as January 14, 2008 it had been recognized that DST could not fund this project on a long term basis and that a business model had to be developed to receive funding from private resources to add enhancements and maintain the portal. There is no evidence of any such business model, to ensure sustenance of the website. Thus, the expenditure of US\$ 90,000 made for the first phase of the project and US\$ 15,000 against second phase of the project has been rendered unfruitful.

The Ministry in its reply (April 2011) stated that proper procedure had been followed in planning and implementation of this project and that all relevant documents are available in the Embassy of India, Washington DC. It also stated that there was neither any adhocism nor arbitrariness in execution of the project nor any incongruity in the estimated cost. The reply may be viewed in light of the fact that no documentation in support of the Ministry's reply that proper procedure was followed in planning and implementation of the project were found on record in the Embassy of India. Further, neither any supply order was placed, nor any formal contract signed before awarding the contract. These facts were also highlighted by their own Evaluation Committee while reviewing the progress of the project. Ministry's reply that there was neither any adhocism nor arbitrariness in execution of the project nor any incongruity in the estimated cost was also not borne out by the sequence of the events as brought out in the para. The fact that the database developed is not complete and the department has not yet commenced the process of data validation also indicates that objectives of the project have not been fulfilled, which is a reflection of the manner in which it was designed and executed.

Thus, lack of focus and improper planning of the project by not visualizing the exact requirement, coupled with mismanaged implementation and maintenance of the PIOUS database resulted in non accomplishment of the objective of the project and wasteful expenditure of US\$ 105,000 (₹ 43.17 lakh). Besides, there were serious breach of the Government Financial Rules and procedures in selection of vendor and execution of the contract and of the canons of financial propriety, indicating undue favour to the Vendor.

**Department of Scientific and Industrial Research**

**15.2 Deficient implementation of projects for generation of power through safe disposal of waste**

**Central Leather Research Institute, Chennai (CLRI) initiated three projects for setting up of plants for power generation and reduction in green house gas emission by utilising biological waste. However, these projects were taken up without ensuring the capability of beneficiaries to supply required quantity and quality of wastes to feed the plants. CLRI also failed to enforce contractual obligations and effectively monitor/supervise execution of these projects. This led to non-achievement of objective of generation of power and reduction in green house gas emission through safe disposal of waste, despite incurring an expenditure of ₹ 8.76 crore.**

Central Leather Research Institute, Chennai (CLRI), a constituent unit of Council of Scientific and Industrial Research (CSIR), is engaged in basic and applied research in leather and allied sciences. It was observed in audit that objectives of energy recovery/power generation and safe disposal of waste thereby reducing green house gases emission in three projects implemented by CLRI were not realised despite substantial investment of ₹ 8.76 crore on them as detailed below:

(i) Project for energy recovery from tannery wastewater at Dindigul, Tamil Nadu

All 65 tanneries located in Dindigul in Tamil Nadu<sup>1</sup> were connected to a Common Effluent Treatment Plant (CETP) with a capacity of 2500 cubic meters per day. The waste generated by the tanneries resulted in emissions of green house gases like methane and hydrogen sulphide which produced bad odour thereby causing social discomfort to the community. To overcome this, CLRI proposed to undertake a project<sup>2</sup> in June 2002 in Dindigul. The expected outcome of the project was reduction in green house gas emissions and reduction in odour. Apart from this, the project envisaged recovery of 2000 cubic meters of biogas leading to generation of electricity of about 4500 Kwh<sup>3</sup> per day.

Ministry of Environment and Forests (MoEF) sanctioned the project in September 2002, at a total cost of ₹4.90 crore<sup>4</sup>. CLRI received the first

<sup>1</sup> Dindigul in Tamil Nadu is one of the important tanning centres with 65 tanneries.

<sup>2</sup> Based on a technology developed by CLRI on pilot plant scale in 1996-97.

<sup>3</sup> KiloWatt Hour

<sup>4</sup> MoEF (₹2.13 crore), Ministry of New and Renewable Energy (MNRE) (₹87 lakh), CSIR (₹65 lakh) and Industry (₹1.25 crore).

instalment of ₹87 lakh from MoEF in March 2003. It was observed in audit that the work order was issued only in March 2005<sup>5</sup> (two years after release of funds) on M/s.VA Tech Wabagh Ltd (Contractor) at a total cost of ₹4.87 crore for completion of work including integration of the system with the existing CETP unit on turnkey basis before January 2006. CLRI stated that delay in selecting the contractor was due to procedure involved in open tender system and more time taken for evaluation of tenders since the project was first of its kind.

An agreement was entered by CLRI with the contractor in September 2005 which stipulated that CLRI would extend its technical guidance for the successful implementation of the project and evaluate the performance. A certificate for operational performance of the plant was also required to be issued by CLRI after stabilisation of the plant.

The execution of the project, however, was inordinately delayed due to lack of effective supervision by CLRI. No monthly progress reports were received from the contractor despite the fact that the agreement provided for furnishing of such report. Initially, the project could not make any progress due to unexpected heavy rains during October to December 2005. The contract was, therefore, extended till December 2006. The work, however, was not completed even during the extended period due to failure of the contractor in ensuring availability of sufficient construction material and non-finalisation of certain supply order with its vendors. CLRI, without levying liquidated damages as required under the contract, again extended the duration of the contract till December 2007. There was a delay yet again in purchase of gas engine, gas balloon and construction of shelter for them. As per tender documents, contractor was to supply a dual fuel engine. The contractor, however, could not identify a suitable manufacturer and, therefore, requested CLRI for an alternative solution. CLRI advised the contractor in March 2007 to look for gas engine in place of dual fuel engine. Since capacity of gas engine required for the project was low, the contractor could get only one offer for the engine, at a cost higher than the tendered cost. The contractor, therefore, requested for increase in price for the supply of engine. This resulted in another extension of the contract upto November 2008.

CLRI inaugurated the plant in June 2008 but could not, however, evaluate it since the gas engine and sulphur recovery unit were not commissioned. CLRI

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<sup>5</sup> CLRI received pre-qualification bids from 10 firms in November 2003 and the technical committee completed its evaluation in June 2004. Price bids were considered in July 2004 and negotiations were held with the qualified bidder in September 2004.

incurred an expenditure of ₹4.49 crore on the project. Owing to incompleteness of the project, MNRE and MoEF, did not release balance funds of ₹12 lakh and ₹8 lakh to CLRI respectively. ₹15 lakh were also not received from the Industry as of March 2011. The contractor also did not commission the gas engine and sulphur recovery unit since his dues were not settled by CLRI for want of funds.

In October 2008, MNRE demanded performance details of biogas engine and sulphur recovery unit in terms of energy generation and sulphur extraction from the biogas produced for releasing the funds. In December 2008, MoEF agreed to release the balance amount only on receipt of completion report of the project and after technical review meeting. A joint technical review meeting though planned in February 2009 was not conducted as of March 2010. Contract duration was last extended up to March 2009.

Thus, the project sanctioned in September 2002 was not successfully completed as of March 2010 due to inordinate delay in issue of work order and ineffective contract management on the part of CLRI.

CSIR replied in January 2010 that inordinate delay was due to heavy rain and shortage of construction material. CSIR further stated that all civil works and installation of equipment had been completed and gas was generated from the reactor. CSIR also added that sulphur recovery unit and gas engine would be commissioned as and when funds are received from sponsors. CLRI added in February 2010 that CLRI was taking follow up action for early release of funds.

In March 2011, CLRI intimated that the supplier commissioned the gas engine but plant as a whole was not handed over to the beneficiary.

Thus due to non-completion of the project, environmental hazards in terms of emissions of green house gases which produced bad odour and caused social discomfort to the community could not be mitigated besides energy and sulphur from the waste generated by the cluster of tanneries could not be recovered as envisaged.

(ii) Project for biomethanation plant to treat waste at Koyambedu, Tamil Nadu.

A detailed study for establishment of a biomethanation plant to treat vegetable waste from Koyambedu wholesale market was conducted by MNRE in August 1998. The detailed project report (DPR) recommended long term monitoring

of waste to better characterise the variation in waste arising from the market and periodic assessment of composition. In May 2001, MNRE requested CLRI to revalidate the data on composition and characteristics of waste since analysis of waste was based on samples collected in January 1998. CLRI was also requested to finalise the detailed action plan and tender documents. CLRI requested MRNE sanction for engaging of foreign consultant for updation of DPR, which was rejected by MNRE on the plea that project activities were to be completed before March 2002. As a result, the data could not be updated and based on archaic data of 1998, a tender was floated and the lowest quote of M/s Enkeem Engineers Pvt Ltd (contractor) was selected. MNRE formally sanctioned the project in March 2003 for establishing the biomethanation plant at Koyambedu for generation of power utilising solid waste of vegetables<sup>6</sup> at a cost of ₹3.52 crore and US \$ 320000 (equivalent to ₹1.57 crore) which was to be shared<sup>7</sup> and CLRI was assigned the responsibility of being the implementing agency.

The work order was issued in June 2003 and an agreement was entered into, among CLRI, contractor and CMDA for completing the project before June 2004. The total capacity of the plant was 30 tonnes per day (TPD) and the minimum parameters agreed for successful operation of the plant stipulated in the contract were generation of biogas of 2375 cubic meters per day and electricity production of 5000 Kwh per day. CLRI, however, did not include any clause for a mandatory supply of 30 TPD waste by CMDA to the plant. Instead, a flexible clause stipulating that if CMDA was not able to deliver the designed capacity of solid waste, the performance of the plant would be evaluated based on general clauses that were included in the contract.

It was observed in audit that the contractor commissioned the plant only in April 2006 as there was delay in supply of imported equipment and commissioning thereof by the engineers from Germany. Also it was decided in June 2004 to export the generated electrical power to Tamil Nadu Electricity Board which warranted taking up additional works, leading to further delay. On evaluation of the plant upto September 2006, CLRI found that the average generation of gas was only between 340.65 to 1168 cubic meters per day and the average power generation was also only 603.75 to 2090.70 Kwh per day.

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<sup>6</sup> Under a United Nations Development Programme (UNDP)/ Global Environment facility (GEF) assisted project on development of High Rate biomethanation process for reducing green house gases emission.

<sup>7</sup> In the ratio of 75 *per cent* by MNRE and 25 *per cent* by Chennai Metropolitan Development Authority (CMDA). Accordingly, MNRE's share was ₹2.64 crore and US \$ 240000 (equivalent to ₹1.18 crore). The rupee payment was to be made by MNRE and the dollar payment was to be made by UNDP.

Further, the evaluation report indicated that for optimum generation of gas and electricity, the plant should be operated at the designed capacity of 30 TPD continuously and the waste was to be made available in a span of eight hours a day. Therefore, it was decided in April 2007 to further monitor the performance parameters as stipulated in the contract by operating the plant with designed capacity. However, CMDA could not supply the required quantity and quality of waste as stipulated in the contract due to seasonal variations and difficulties in segregation of the garbage. Therefore, CLRI decided in September 2007 that the performance parameters were deemed to have been achieved in terms of biogas yield and power generation, corresponding to the volatile solid actually fed to the digester. Even though the plant was not evaluated with the designed capacity of waste, CLRI also decided to relieve the contractor of all obligations in November 2007, despite the plant not achieving the minimum performance parameters. CLRI paid ₹ 2.64 crore to the contractor and the plant was handed over to CMDA in January 2008.

Thus, CLRI, which was entrusted with the responsibility of ensuring performances of the plant, failed to enforce contractual obligations on CMDA resulting in plant not being tested for achieving minimum prescribed performance, thereby, making its sustainability doubtful. CMDA also could not ensure supply of agreed quantity and quality of wastes even after taking over the plant resulting in failure of engine and non-operation of the plant since February 2008. The market wastes, therefore, were dumped around the city defeating the very purpose for which the plant was established.

In order to revive the Plant, the market management committee entrusted the work of operation and maintenance of the Plant as well as the work of collection of waste in the market complex to a private firm. The firm was still carrying out the rehabilitation plan for the entire plant as of February 2011.

Accepting that monitoring of wastes on long term basis should have been done prior to sanctioning of the project, CLRI stated in May 2009 that MNRE should have ensured supply of waste in quantity and quality from CMDA before approaching them. CLRI added that having obtained 75 *per cent* grant from MNRE, CMDA should have fulfilled their responsibilities on its own to realise the benefits from the project. CSIR replied in January 2010 that MNRE did not consider CLRI's request to update the data on market waste availability and its characteristic since the duration of assistance from United Nations Development Programme to the project was coming to a close and the project was to be implemented within the short duration. CSIR also stated that

role of CLRI was limited to providing technical expertise at the field level and contractual obligation of delivering the waste as per agreement laid with CMDA.

The reply needs to be viewed in the context of the fact that CMDA could not make available required quantity and quality of waste due to seasonal variations which could have emerged had the DPR been updated; therefore, project should have been initiated after re-assessment of quantity and quality of waste either by CLRI or MNRE. Further, CLRI's responsibilities, in addition to providing technical expertise, included supervision of execution, commissioning and performance monitoring. CLRI, therefore, should have enforced contractual obligations by including appropriate clauses in the contract. As a result, initiating project based on archaic data and ineffective contract management led to project not achieving the objective of safe disposal of vegetable waste.

(iii) Project for treatment of solid waste at Hind Agro Industries Limited, Aligarh (HAIL)

National Bio-energy Board (NBB) of MNRE sanctioned a project in July 2001 for turnkey execution of a demonstration high rate biomethanation plant for treatment of solid wastes from slaughter houses for generation of power<sup>8</sup> at the factory premises of HAIL<sup>9</sup>. The project was sanctioned at a total cost of ₹ 3.25 crore and US \$ 656000 (equivalent to ₹ 2.55 crore)<sup>10</sup> to be shared equally between HAIL and MNRE. The rupee payment was to be made by MNRE and the dollar payment was to be made by UNDP.

No assessment of exact availability of waste was made at HAIL prior to initiation of the project. Based on declaration made by HAIL that it generated waste of 50 TPD, NBB invited tenders and awarded the work to a Japanese firm (contractor) in October 2001. CLRI, being the implementing agency, entered into an agreement with the contractor and HAIL in November 2001 which provided for minimum process performance guarantee of biogas generation of 4800 cubic meters per day and electricity generation of 9800 Kwh per day. The envisaged completion of the project was before April 2003. The contractor had to furnish a composite bank guarantee of 15 *per cent* of total contract price in favour of CLRI.

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<sup>8</sup> Under a UNDP/GEF assisted project on development of High Rate biomethanation process for reducing green house gases emission.

<sup>9</sup> An export oriented modern integrated abattoir-cum-meat processing plant generating waste of about 50 TPD was set up by HAIL.

<sup>10</sup> To be paid by UNDP

It was observed in audit that the commissioning of the plant was, however, delayed due to slow progress of work by the contractor. The date of completion was, therefore, extended from time to time till July 2007. However, HAIL did not complete its scope of work which included upstream and downstream works involving construction of a buffer/storage tank for storing the digested slurry and dewatering equipment for separation of digested residue / sludge and waste water. Arrangement for transfer of the solid waste to the feed preparation tank was also not made by them. Further, HAIL could supply only 4-5 tonnes of waste per day due to fluctuating market demand of their export products against requirement of 52 tonnes of waste required for operation of plant to its designed capacity. Though the Steering Committee directed HAIL to complete its scope of work before February 2008, it failed to complete the work. The contractor, therefore, withdrew from the project without commissioning the plant and CLRI paid ₹ 1.63 crore released by MNRE to the contractor. Due to non-fulfillment of the contractual obligations by the contractor, CLRI encashed two bank guarantees amounting to ₹ 90.73 lakh furnished by contractor in July 2008.

To resolve the issues, a meeting was convened in April 2009 wherein CLRI was authorised to get the remaining work done through other contractors before August 2009. MNRE also spelt out the procedure and the manner in which remaining works were to be completed. CLRI, however, in June 2009 refused to engage a new contractor unless MNRE itself terminated the contract with the existing contractor since it was MNRE which floated the tenders, selected the contractor and issued letter of award of work. MNRE, again in July 2009 impressed upon CLRI to expedite commissioning of the plant, stating that no such communication was necessary. CLRI, however, reiterated its stand in September 2009 and requested MNRE to float a fresh tender and award the work to a new contractor. However, no action was taken by MNRE and the work of commissioning the plant remained incomplete as of March 2010 resulting in a stalemate.

While accepting the fact that HAIL did not complete installation of the facilities under their scope for commissioning of the plant and also did not make arrangement for supplying the quantity of wastes in terms of agreement within the stipulated time resulting in non-demonstration of the performance of plant by the contractor, CLRI stated in May 2009 that it still considered that the contractor was responsible for non-fulfillment of contractual obligations.

CSIR added in January 2010 that MNRE had not terminated the contract and also did not take any decision on further course of action and, therefore, CLRI

was not in a position to do anything in the project. CSIR further stated that CLRI could not be made responsible for the non-fulfillment of the objectives since HAIL failed to implement its scope of work and deliver the required quantity of waste.

The reply of CSIR needs to be viewed in the background that in the meeting held in April 2009, CLRI was authorised by MNRE to get the remaining work completed through other contractors before August 2009 and the manner in which the works were to be completed was also prescribed. CLRI, however, took a stand that it would not take any action unless MNRE itself terminated the contract. Thus, CLRI failed to effectively enforce contractual obligations and there was also lack of proper co-ordination with MNRE. As a result, the objective of generating power from treatment of solid waste from slaughter houses remained unachieved.

CLRI, while stating that commissioning of the plant has been completed but the power was not generated, intimated in March 2011 that on the advice of MNRE, it had refunded the unspent amount of ₹1.17 crore to MNRE in April 2010 and treated the project as closed.

Thus, CLRI failed to supervise and monitor these three projects which were aimed at energy recovery/power generation and safe disposal of waste, which would have reduced green house gas emission, despite substantial investment of ₹8.76 crore.

Audit observed that in projects involving multiple agencies, the project sanctioning authorities should define the roles and responsibilities clearly and in case of non-performance of obligations by any party, adequate penalties like getting the work done from other contractors at the costs of original contractor, levy of liquidated damages etc., should be prescribed to ensure that parties perform their allotted tasks. The agency entrusted with supervision and monitoring of project activities, should also be empowered to take decisions in best interests of the project. In this case MNRE had failed to do so.

### **15.3 Non-realisation of objectives of a project**

**Central Leather Research Institute, Chennai failed to ensure achievement of the objectives of a project intended for upliftment of families below the poverty line due to deficiencies in implementation of the project and inadequate monitoring even after spending ₹ 59.69 lakh.**

Central Leather Research Institute, (CLRI) Chennai, a constituent unit of Council of Scientific and Industrial Research (CSIR), in a survey conducted in

1987 for another project, found that about nine million fallen carcasses were not collected all over India, leading to loss of ₹ 600 crore worth of rural income for weaker sections of the society. CLRI also estimated that an economically gainful recovery of an additional 4.5 million raw hides and skins was feasible in India for creating an additional employment or income for nearly 45000 people in rural India. Therefore, CLRI in October 2001 submitted a proposal for strategic expansion of carcass utilisation for rural employment to Ministry of Rural Development (MoRD) seeking ₹ 2.80 crore for implementing the strategy in four districts at a cost of ₹ 70 lakh per district. The expected benefits out of the project were increase in gainful employment, untapped opportunity for marketing carcass by-products inclusive of hides and skins, improved flaying affording better quality leather for the industry, social upliftment of the community, economic benefits to the beneficiary through sale of by-products and clean environment through technology additions.

In March 2003, MoRD approved implementation of this project under Swarnajayanti Gram Swarozgar Yojna in Rajgarh district, Madhya Pradesh. The project was to be implemented by CLRI for duration of one year at a total cost of ₹ 70 lakh with the help of LUPIN, a Non Governmental Organisation. Accordingly, CLRI targeted more than 3000 families below poverty line for providing employment through implementation of this project. Between March 2003 and December 2004, MoRD released ₹ 56 lakh against the sanctioned amount of ₹ 70 lakh.

A Memorandum of Understanding (MoU) was signed between LUPIN and CLRI in March 2003. As per the MoU, LUPIN was required to manage the project at field level by undertaking networking of leather artisans, training of artisans, capacity/competence building of artisans, management/overall supervision of the units, proper maintenance of machinery and equipment, appointment of suitable technical/other personnel and marketing of by-products. The responsibilities of CLRI included development of unit specific technology package, constitution of project monitoring committees, ensuring periodic review of the project etc.

The implementation of the project, however, was delayed due to heavy monsoon and, therefore the project duration was extended till February 2005 against a completion date of March 2004. CLRI ultimately wound up the project in December 2008 without achieving the targeted objectives.

In this regard, it was observed in audit that:

- Only four Satellite Centres were commissioned even though five were established against the six targeted. An existing centre established under another project was upgraded as the mother centre. CLRI could not establish one centre due to non-availability of land and, therefore, machinery and equipment purchased for this centre were kept idle at the mother centre. Another centre could not be commissioned due to physical conflicts between the existing contractors who had rights to collect fallen carcasses and the employees of the societies of the beneficiaries under the project. Thus, all five centres were not handed over to the beneficiaries.
- The MoU entered into with LUPIN provided that the activity was deemed to have been completed successfully on submission of final report by LUPIN to CLRI. But LUPIN has not submitted the final report to CLRI even as of December 2009.
- LUPIN withdrew from the project due to non-availability of funds in April 2005 without obtaining permission from CLRI and without fulfilling its responsibilities including proper maintenance of machinery, equipment and marketing of by-products. It handed over all assets of the project to the Kendriya Carcass Samiti, though it was not authorised to do so by CLRI.
- CLRI also did not ensure receipt of final statement of expenditure from LUPIN, though the MoU stipulated this.

As such, the objectives of providing gainful employment to the targeted population by useful utilisation of the carcasses could not be achieved.

The reasons for non-achievement of objectives of the project were:

- CLRI did not ascertain the prevailing system of award of contracts in the state of Madhya Pradesh for gaining access to fallen carcasses. Under the existing system, the right to collect carcass was with certain contractors, who had vested interest in the system and were resisting any change. This resulted in physical conflicts and attempted damages to the mobile carcass recovery unit given to the societies, thereby seriously impacting performance of the project. Though MoRD had taken up the matter for a policy change, the State Government of Madhya Pradesh did not issue orders giving rights for carcass collection and recovery to these societies.
- Findings of the third party assessment conducted in April 2008 revealed that the mother centre was not working since June 2006 due to objections

raised by nearby communities over the foul smell and processing of dead animals. Sites were not selected after consultation with nearby communities as seen from the project proposal and other records made available to Audit. According to CLRI, efforts to relocate the mother centre could not be expedited due to manpower shortage and constraints of funds. The processing and operations of other centres were closed except at one centre. Even for this functional centre, CLRI could not furnish details of number of carcasses processed, revenue earned etc., after 2007. The collection process of dead animals and fallen carcass was not encouraging and societies were unable to stock their products and raw hides so as to sell them at more profitable price due to lack of working capital. There were serious problems of water resources and lack of electric power in satellite centres affecting operations.

- The District Level Committee and the Steering Committee, which were to be set up for better co-ordination at district level and to review the status of the project, did not meet even once during the tenure of the project. Regular monitoring by these Committees could have aided in resolving issues like non-allocation of land for construction of sixth centre and problems like collection of carcass etc., faced by the project implementation agency as stated above.

CLRI, while accepting the fact that mother centre and other centres were not functioning, stated in February 2009 that a meeting with district authorities was being considered for identification of sites away from residential area. On handing over of centres, CLRI stated that there had been a constant change of officials in the region and hence common date convenient to all was not possible, but a meeting was being planned shortly. Again in March 2011 CLRI confirmed that no meeting was held with the authorities and agencies concerned to solve the problems of the project. CLRI also stated that a committee was constituted to carry out physical verification of centres. The committee found in February 2010 that mother centre and three satellite centres were not functioning and equipment supplied to them were stolen. The committee also observed that two vehicles installed with flaying machine and supplied to centres were not in working condition. Though the committee observed that two centres were functioning, CLRI could not furnish details of number of carcasses processed and revenue earned etc.

CSIR admitted in December 2009 that access to carcasses proved a constraint to the individual flayer/societies and no action could be taken to change the system though the matter was brought to the notice of State Government.

CSIR, while accepting that socially oriented project of this nature needed close co-ordination and efforts, also stated that many more attempts were needed to be made in order to meet with success in solving complex problems of social and demographic issues and that for desired results, a few more attempts may be needed with better planning, keeping in view the reasons for the failure. Replies of CLRI and CSIR need to be viewed in the context of the fact that CLRI did not ascertain prevailing system of award of contract for gaining access to fallen carcasses before submitting the project proposal. Having learnt valuable lessons by implementing a similar project under Leather Technology Mission, as indicated in project proposal, CLRI should have anticipated and effectively addressed other social and demographic issues. Apart from allowing LUPIN to withdraw from the project without fulfilling its responsibilities, CLRI also did not ensure meetings of District Level Committee and Steering Committee chaired by Joint Secretary of Ministry of Rural Development were convened.

Thus, CLRI failed to ensure realisation of the objectives of the project intended for upliftment of families below poverty line due to inadequate monitoring and deficiencies in planning and implementation, leading to non-functioning of centres even after spending ₹ 59.69 lakh.