

CHAPTER – III

Department of Science and Technology

3.1 Fraudulent payment of legal fees

Indian Association for the Cultivation of Science and Bose Institute paid legal fees of ₹83.55 lakh to an advocate without verifying actual attendance in court. Out of this, payment of ₹54.93 lakh was found to be fraudulent.

Indian Association for the Cultivation of Science, Kolkata (IACS) and Bose Institute, Kolkata (BI), autonomous organisations under Department of Science and Technology (DST) were taking services of a Kolkata based advocate for dealing with their legal cases. IACS paid ₹57.33 lakh in respect of 17 claims between July 2007 and November 2012 and BI paid ₹26.22 lakh in respect of 20 claims between September 2008 and August 2012.

Audit observed that both organisations did not follow any procedure to select the advocate who was working for the last 15-20 years. Neither any agreement was signed with the advocate nor any *Vakalatnama* to plead the organisations' cases, was found on record. It was informed by both organisations that long back the present advocate's father used to plead their cases.

Audit further observed that both IACS and BI made payments to the advocate against bills raised by him relating to appearances claimed to be made by him and/or other advocates whose services were claimed to be used by him for the institutes' cases before the High Court at Calcutta and subordinate courts. The institutes were also not verifying progress of their cases while processing the bills for payment. Payments were also being made for cases not related to the organisation. Audit scrutiny of certified documents obtained from High Court at Calcutta in respect of 13 bills raised on IACS and 12 bills raised on BI amounting to ₹54.93 lakh revealed that bills were passed for payment without verifying proof of actual appearances in court. Detailed scrutiny revealed:

- In 144 dates of appearances claimed by the advocate, there were no hearings on the said dates in the High Court;

- Of these 144 dates of appearances, 49 dates were after the date on which the concerned case was disposed of by the court;
- 54 dates of appearances claimed by the advocate, for which payments were made by BI were in respect of a case that did not pertain to the Institute.
- In 10 dates of appearances, orders of the High Court did not indicate appearance of advocates for whom the bills were claimed; and
- In one case, payment was made twice against appearance on the same date claimed by the advocate in two separate bills.

The details of above claims are given in the *Appendix VIII*.

On being pointed out by Audit to IACS and BI (July 2013), IACS admitted (August 2013) that legal expense bills were released erroneously for payment without pre-audit. IACS further informed (February 2014) that two separate panels of the advocates, one for High court and other for the Lower Courts has been made. BI stated (March 2014) that single copy of *Vakalatnama* was made and given to the advocate for filing before the court. With regard to formal agreement with the advocate, whereas IACS accepted (June 2014) that formal agreement with the advocate was not available, BI stated (June 2014) that the advocate was engaged around 15 to 20 years ago.

Thus, IACS and BI had not only been availing services of an advocate without exercising due diligence but also were paying legal fees against false claims of appearances resulting in fraudulent payment of ₹54.93 lakh. DST stated (August 2014) that the said advocate was removed from the panels of both IACS and BI after the audit observation. DST further stated that both institutes had been directed to take legal and administrative steps to recover the excess payments and carry out internal enquiries and fix responsibilities for the lapses.

The fact, however, remained that although the issue was initially reported by Audit in July 2013, neither any preliminary inquiry nor filing of criminal case was reported (August 2014).

3.2 Non-installation of equipment

Indian Association for the Cultivation of Science, Kolkata failed to identify site in time for installation of equipment, delayed preparation of site and also failed to ensure proper storage of the equipment in the interim period. As a result, equipment procured at a cost of ₹3.40 crore remained uninstalled for more than five years and suffered damage due to improper storage which was repaired at an additional cost of ₹21.17 lakh.

The Indian Association for the Cultivation of Science, Kolkata (IACS) an autonomous Institute under Department of Science and Technology (DST) is engaged in fundamental research in Physics, Chemistry, Biology, Energy, Polymer and Materials. IACS undertook (August 2006) a project titled 'CRP¹⁹- Spintronics Materials - Preparation and Characterisation of Double Perovskite based Spintronic Materials', at a cost of ₹1.77 crore funded by Board of Research in Nuclear Sciences (BRNS), Department of Atomic Energy (DAE) for a period of three years. Of the total sanction, an amount of ₹1.60 crore was allotted for procurement of equipment.

IACS placed (March 2007) a supply order with a U.K based firm, for procurement of 'Basic 16 Tesla CFM²⁰ with Pulse tube cold head' along with accessories at a cost of GBP²¹ 1,80,000 after global tender. The Project in charge reported (19.8.2007) that the ordered equipment would be useless in absence of measurement systems²² and requested the Director, IACS to approve matching funds for additional equipment. As funds were insufficient under the project, it was proposed to procure the second equipment from institute funds. Resultantly, IACS placed (20.8.2007) another supply order on the same supplier for procurement of 'DC Resistivity and Hall effect system electronics, software, multi-scanning facility' at a cost of GBP 1,85,000, without any tendering process.

Both equipment were received by IACS in October 2008²³ and IACS had incurred expenditure of ₹3.40 crore for the procurement. They were proposed (February 2008) to be installed in an old building in the IACS premises after carrying out structural rehabilitation. The Project in charge, meanwhile, resigned (December 2008) from IACS. Though a new in-charge of

¹⁹ Coordinated Research Programme

²⁰ Cryogen Free Measurement

²¹ British Pound Sterling

²² AC/DC resistivity with Hall measurement system, VSM + AC susceptibility set up, specific heat measurement as well as heaters for high temperature.

²³ IACS did not put any clause for schedule of delivery of the above equipment and the suppliers delivered both the equipment in October 2008 i.e. after lapse of 19 and 14 months.

the project was approved in November 2009, the equipment could not be installed due to non-readiness of site. In the meantime the project was formally declared (August 2009) as closed.

Pending availability of site, equipment were stored inside a temporary structure and covered with tarpaulin. The site was finally prepared in October 2010, but by then, improper storage and prolonged exposure to moisture for two years had caused corrosion and damage to the main equipment. After inspection of equipment the supplier requested (November 2011) IACS to return the damaged equipment for repair. The equipment was delivered to the supplier only in August 2012 and the repaired equipment was received back in May 2013. IACS incurred additional expenditure of ₹21.17 lakh on repair. The second equipment, comprising the measurement systems, however, remained in a packed condition since its receipt.

Audit observed that IACS did not plan installation of equipment in advance. The site for installation of equipment was identified in February 2008, nearly a year after placing the supply order. There was delay of more than two years in preparing the site. IACS also failed to store equipment properly in the interim period, which resulted in its damage. Consequently, the equipment remained uninstalled as of March 2014.

IACS accepted (April 2013) that initially it was unable to identify enough available laboratory space. IACS however remained silent on the issue of delay in preparation of site. IACS also accepted that the said equipment was required for a part of the project that could not be completed. IACS further stated that the objective of the project was largely completed by accessing similar facilities elsewhere through collaborative efforts.

Thus, failure to identify site on time, delay in preparation of site and negligence in ensuring proper storage of equipment resulted in idling of costly equipment worth ₹3.40 crore for more than five years, which could have been utilised for other research works. Damage due to improper storage resulted in additional expenditure of ₹21.17 lakh towards repair of equipment.

While DST accepted (July 2014) that there was failure to identify the site on time and delay in preparation of site, it stated that damage to the equipment was caused due to a cyclone which was unanticipated. DST also stated that IACS was unable to house the equipment inside the building due to severe space constraints. The reply corroborates audit observation that advance planning for site for installation of costly imported equipment was of utmost importance in view of the space constraints faced by the institute.