

CHAPTER - II

Department of Atomic Energy

2.1 Implementation of Performance Related Group Incentive Scheme

Department of Atomic Energy introduced group incentives under Performance Related Incentive Scheme in May 2009. Review of implementation of the scheme in three units of DAE, in which payment of group incentives of ₹ 32.19 crore was made during 2010-14, revealed instances of relaxation of targets, inflation of achievements and improper assessment of performances that not only defeated the purpose of awarding incentives for higher performances but also resulted in irregular payment of incentives.

2.1.1 Introduction

The Department of Atomic Energy (DAE) was set up on August 3, 1954 under the charge of the Prime Minister through a Presidential Order. It is a broad based multi-disciplinary organisation engaged in the development of nuclear power technology and application of radiation technology in the fields of agriculture, medicine, industry and basic research. DAE comprises five research centres, three industrial organisations, five Public Sector Undertakings (PSUs) and three service organisations. It also supports eight autonomous institutes engaged in research in basic sciences, astronomy, astrophysics, cancer research and education.

Performance Related Incentive Scheme

The Sixth Central Pay Commission (SCPC) recommended introduction of a new performance based pecuniary benefit, over and above the regular salary, for government employees, known as Performance Related Incentive Scheme (PRIS). PRIS was payable taking into account performance of the employee during the period under consideration and was based on the principle of different reward for differential performance. After acceptance of the SCPC recommendations by the Government, with the approval of Atomic Energy Commission (AEC) and Prime Minister's Office, DAE issued (May 2009) an order to implement PRIS in DAE and its aided institutions and Public Sector Undertakings. Under PRIS, DAE introduced three types of incentives, namely-

- (i) **Organisational Incentive (PRIS-O)** - Organisational Incentive was to be awarded to all personnel of DAE, payable on monthly basis from September 2008, based on achievement of set mission goals and review of overall performance of the organisation once in five years by the AEC.
- (ii) **Group Incentive (PRIS-G)** - Group Incentive of 10 *per cent* of pay plus grade pay was to be awarded to specific groups on annual basis, based on their achieving set targets in high end research and development areas/innovative technologies/programmatic goals in a particular year. Achievement of not less than 75 *per cent* of target would qualify for incentive, which was payable on proportionate basis as follows:
- achievement of not less than 75 *per cent* of target : 60 *per cent* of incentive (six *per cent* of pay plus grade pay);
 - achievement of 85 *per cent* and above : 80 *per cent* of incentive (eight *per cent* of pay plus grade pay); and
 - achievement of 95 *per cent* and above : 100 *per cent* Group Incentive (10 *per cent* of pay plus grade pay).
- (iii) **Individual Incentive (PRIS-I)** - Grant of incentives with effect from January 2009 in the form of variable additional increments to deserving Scientific and Technical personnel at the time of promotion in recognition of individual meritorious performance.

2.1.2 Audit findings

Three units of DAE viz. Directorate of Purchase and Stores¹⁵ (DPS), Heavy Water Board¹⁶ (HWB) and Directorate of Construction, services and Estate Management¹⁷ (DCSEM) were selected to review implementation of Group Incentive (PRIS-G). DAE incurred expenditure of ₹ 32.19 crore in payment of PRIS-G to employees of the three organisations as given in Table 6.

¹⁵ Directorate of Purchase and Stores, Mumbai is the centralised agency responsible for materials management functions of various units of DAE.

¹⁶ Heavy Water Board Mumbai is a constituent unit of DAE engaged in the production of heavy water.

¹⁷ Directorate of Construction, Services and Estate Management, Mumbai is a constituent unit under DAE responsible for construction works, services and estate management for various establishments of DAE.

Table 6: Expenditure incurred by DPS, HWB and DCSEM in payment of PRIS-G

Name of entity	Expenditure incurred in payment of PRIS-G (₹ in crore)			
	2010-11	2011-12	2012-13	2013-14
DPS	0.50	0.83	1.54	1.51
HWB	3.98	3.51	6.89	6.94
DCSEM	1.37	1.79	1.45	1.88
TOTAL	5.85	6.13	9.88	10.33

On a test check basis, Audit evaluated the assessment of various parameters for the payment of PRIS-G to the employees of above three organisations during 2010-11 and 2011-12 (for performance of 2009-10 and 2010-11). DAE carried out assessment on the basis of similar parameters during 2012-13 and 2013-14.

Detailed audit findings are discussed in the succeeding paragraphs.

2.1.2.1 Fixing of targets for performance evaluation at the end of the year

According to the order issued (May 2009) by DAE for implementation of PRIS, each group was to be assigned targets/goals at the beginning of each year with the approval of an Expert Committee. DAE constituted (November 2009) the Expert Committee for identification and firming up of goals/targets and evaluating achievements/performance there against after a gap of six months. Subsequently, DPS, HWB and DCSEM submitted their proposals for parameters/targets identified and points to be allotted to each for awarding group incentive for consideration of the Committee. The Expert Committee approved the proposals of these units only in March 2010, which was the fag end of the year. Setting of targets at the end of the year and evaluation of performance against those targets defeated the purpose of PRIS, as it in effect, became retrospective.

2.1.2.2 Irregularities in award of PRIS-G in DPS

DPS is the centralised agency of DAE responsible for materials management functions of various units of DAE. DPS has its headquarters at Mumbai and has regional purchase units at Chennai, Hyderabad and Indore. DPS is entrusted with tendering, contracting and other affiliated purchase functions. DPS also performs stores management function such as receipt of material, accounting, issue to the users, storage and stock verification, etc. and handles disposal of items which have become surplus, obsolete or unserviceable.

During 2009-10, the entire DPS was considered as a single group for the purpose of grant of PRIS-G. Based on performance assessment of DPS in 2009-10, PRIS-G of 60 *per cent* was sanctioned to all employees of DPS. During 2010-11, 14 groups were created in DPS for the purpose of PRIS-G. The groups were awarded points ranging between 77.58 and 100 *per cent*, translating to 60 to 100 *per cent* of incentive

payable. Audit observed the following irregularities in setting of targets, assessment of achievements and grant of PRIS-G:

(i) Relaxation of targets after completion of target period

DPS did not achieve target set under productivity parameter namely 'total value of purchase orders released'. In the final assessment for grant of PRIS, DPS removed this parameter from the total, stating that productivity parameters were defined after assuming that amount of work load related to the productivity parameter. Thus, DPS inflated the achievement of 72 *per cent* to 80¹⁸ *per cent* by reducing the total score from 100 to 90 with the result that all staff members of DPS, who otherwise would not have been eligible, qualified for payment of PRIS-G.

DPS stated (June 2013) that in the middle of Eleventh five year plan the volume of work grew many fold without any change in manpower. This sudden surge of workload compelled DPS to revisit its defined target.

Reply is not acceptable as targets were anyway set at the fag end of year when DPS would be aware of change of workload.

(ii) Inaccurate data considered for performance evaluation

During 2009-10, DPS processed a total of 14,914 purchase cases, but for the purpose of evaluating performance of the group, it considered data of 4,150 cases only, which was inaccurate. Further, test check of record of three zonal stores namely Mod lab zonal stores, RE zonal stores and Receipt zonal stores revealed that during 2010-11, 40 cases of procurements which consumed high lead time for fulfilment were not considered while preparing achievement reports of these groups, which was irregular. The lead time taken in these 40 cases was between 40 to 1,918 days. Details of such cases are given in **Appendix IX**.

Similarly, during 2010-11, Accounts Group (Group XIV) of DPS indicated an achievement of 2.45 days for processing payments, by considering issue of 27,537 cheques in 67,621 days. However, Audit observed that the Group had actually issued only 7,329 cheques. Thus, the reported achievement of 2.45 days was incorrect. The data considered for judging performance/achievement was, therefore, inaccurate and 10 points awarded for the same was irregular. Consequently, the Group became qualified to receive 100 *per cent* incentive against a total score of 100 points, whereas it was otherwise eligible to receive 80 *per cent* only based on 90 points actually earned.

¹⁸ $72/90 \times 100 = 80 \text{ per cent}$

DPS stated (June 2013) that achievement was worked out on the basis of indents received during the year and all indents do not result in issuing tender during the same financial year. Hence average of 4,150 cases was extended to the rest of the indents. DPS further stated that high lead time cases were exceptional cases and pending for variety of reasons and stores units have no control over them. Hence these cases were not considered for calculation.

Reply is not acceptable as the performance should be judged on actual data and not on hypothetical data.

(iii) Inflation of achievements for claiming PRIS

Audit observed that DPS inflated achievements under some parameters during 2010-11 to claim the benefit of PRIS, as shown in Table 7.

Table 7: Details of achievements inflated by DPS during 2010-11

Sl. No.	Parameter	Group No.	Target		Achievement shown in final assessment	Points awarded	Actual achievement as per basic records
			Mode of tender	Number of days	Number of days		Number of days
Purchase group							
1.	Time taken for issuing enquiry after receiving indent	I	LT*	17.65	17.53	7	17.81
			PT**	25.50	24.18	7	25.98
			TPT***	33.93	30.88	7	47.24
		II	LT	27.39	25.00	10	25.13
			PT	34.40	28.36	10	37.69
			TPT	25.95	24.98	10	36.25
III	PT	31.75	28.20	10	31.42		
	TPT	34.27	33.06	10	49.12		
2.	Time taken for preparing Note/Comparative Statement and forwarding file to Indenting Officer after the date of opening of tender	I	LT	8.70	6.71	8	6.92
			PT	15.75	9.37	8	11.37
			TPT	15.39	10.62	8	57.38
		II	PT	15.67	11.68	10	13.65
			TPT	16.29	10.34	10	10.76
Stores group							
3.	Time lag for regularising receipt against purchase order (in days)	VII	20.76	20.11	10	28.01	
		VIII	17.89	11.07	10	17.49	
		IX	17.26	17.16	10	18.40	
		X	16.50	15.65	10	18.07	
4.	Time lag for regularising receipt against Local Purchase System (LPS) orders (in days)	VII	16.21	16.20	10	24.09	
		VIII	14.67	9.62	10	14.33	
		IX	13.42	11.01	10	13.80	
		X	11.27	8.56	10	12.14	
5.	Time taken to regularise medicine and medical items received against LPS	VII	18.68	17.71	10	19.41	
6.	Time between receipt of material and clearance of Receipt Voucher to accounts in respect of purchase order	X	26.46	26.34	10	27.74	

*Limited Tender; **Public Tender; ***Two Part Tender

According to DAE procedure, goods were first received in Central Stores and then transferred to Zonal Stores for inspection and acceptance. The receipt vouchers cleared by Zonal Stores were returned to Central Stores for final clearance and forwarding to Accounts section for release of payment. Audit observed that 'time lag for regularising receipt material' was taken from the date of receipt of goods in Zonal Stores for setting of targets and evaluating achievement. As a result, lead time between transfer of stores from Central Stores to Zonal Stores was not reckoned in assessing achievements. The above practices led to inflation of achievements for the purpose of assessing eligibility for PRIS-G, which was irregular.

Thus, DPS reported a higher achievement by recording lower processing time than actual. This inflation of achievements by various groups during 2010-11 enabled the groups to qualify for benefit of PRIS which they were otherwise ineligible to receive, as shown in Table 8.

Table 8: Effect of award of points after inflating achievements on total incentive payable

Group	Total points awarded	Percentage of incentive sanctioned	Points given on account of delayed projects to be reduced from total	Net points to be received	Percentage of incentive payable
I	88.94	80	29	59.94	Nil
II	88	80	30	58	Nil
III	77.58	60	10	67.58	Nil
VII	80	60	30	50	Nil
VIII	100	100	0	100	100
IX	100	100	20	80	60
X	100	100	30	70	Nil

DPS stated (June 2013) that when large volume of files are handled and processed, the physical verification of each file for processing the correctness of data is not practically possible leading to some error in data. In respect of stores activities DPS stated that the period between receipts of material by Central Stores and transporting the same to Zonal Stores and back was not considered for calculation as the Zonal Store had no control over these two functions.

Reply corroborates audit observation that incorrect data was provided to the Expert Committee.

(iv) Targets set below established norms

General Financial Rules¹⁹ stipulate that physical verification of all items should be undertaken at least once in a year and discrepancies including shortages, surplus, slow moving, obsolete, unserviceable items should be brought to the notice of

¹⁹ Rule 192(1) and (2)

competent authority for taking appropriate action including disposal of surplus, obsolete, unserviceable stores etc. However, during 2010-11, DPS set targets for physical verification of stores on the efficiency parameter of number of items verified internally (as percentage to total inventory) ranging between 10.86 *per cent* and 68.10 *per cent* for various groups. This was irregular, as according to Government Rules, 100 *per cent* physical verification of stores is required to be done every year. Setting of targets below established Government norms is tantamount to relaxation of Government Rules.

DPS stated (June 2013) that DPS stores function is governed by departmental store procedures and targets were set according to departmental store procedures.

Reply is not acceptable as DPS is required to follow Government Rules and targets set were contradictory to the provisions of Government Rules.

2.1.2.3 Irregularities in award of PRIS-G in HWB

HWB is a constituent unit of Industries and Minerals Sector under DAE responsible for production of heavy water which is used as a moderator and coolant in the nuclear power and research reactors. HWB has set up production facilities at seven locations viz. Hazira, Thal, Talcher, Kota, Baroda, Manuguru and Tuticorin. Heavy Water Plant (HWP) at Talcher produces various organo-phosphorous solvents for meeting the requirements of DAE.

During 2009-10, the entire HWB was considered as a single group for the purpose of grant of PRIS-G. Based on assessment of performance, 100 *per cent* incentive was sanctioned to all employees as PRIS-G. Based on the recommendation of Expert Committee, six groups were created in HWB during 2010-11 for the purpose of PRIS-G. The groups were awarded points ranging between 87.94 and 98.86 *per cent*, translating to 80 to 100 *per cent* of incentive payable. Audit observed the following irregularities in setting of targets, assessment of achievements and grant of PRIS-G:

(i) Targets set on non-relevant parameters

(a) During 2009-10, one of the parameters set by HWB for assessing performance under PRIS was on production of heavy water by Heavy Water Plants (HWPs) at Manuguru, Kota, Hazira, Thal and Baroda. Similarly, during 2010-11, targets were assigned for heavy water production, specific energy consumption and safety performance of HWP Thal and Hazira.

Audit noticed that the HWPs at Thal and Hazira were being operated by the management and staff of respective fertiliser companies and not by the staff of

HWB. Therefore, production of heavy water at these plants should not have been considered as an achievement for staff of HWB/HWPs.

HWB stated (June 2013) that though the HWP, Thal and Hazira were operated through staff of respective fertilizer plants, management and production control remained with HWB and were taken care by the officers posted at these plants.

Reply is not acceptable as the targets were to be set according to the nature of duty i.e. management control whereas target was assigned on production of material.

(b) As per DAE orders on implementation of PRIS, performance incentive was to be awarded after the performance of group was measured against goals set for given period of assessment. Performance incentive was not an automatic default pay given for the nature of duties and responsibilities for a certain rank/post.

Audit observed that during 2010-11, 18.943 points were awarded to HWB based on performance of HWPs working under it. As functions of HWPs were different from the functions of HWB, measurement of performance of HWB on the same parameters as that of HWPs was incorrect.

HWB justified the position stating (February 2013) that HWB provided overall technical guidance, support to operating plants and overall supervision of plants, hence 10 *per cent* contribution was considered for HWB.

The contention of HWB is not acceptable as being a controlling office, parameters should have been set according to duties of the board and not of the plants functioning under it. Setting of targets in respect of activities to be performed by other entities was unrealistic.

(ii) Points awarded for delayed projects

Scrutiny of assessment report of HWB for 2009-10 revealed that HWB awarded 24 points under five projects that were badly delayed for six months to more than three years. Similarly, during 2010-11, five of the six groups of HWB were given 73 points in respect of projects delayed by periods ranging from eight months to more than four years. Irregular award of points for delayed projects served to make some of the groups qualify for higher rates of PRIS-G, which would otherwise not be payable to them, as shown in Table 9.

Table 9: Effect of award of points for delayed projects on total incentive payable

Year	Group	Total points awarded	Percentage of incentive sanctioned	Points given on account of delayed projects to be reduced from total	Net points to be received	Percentage of incentive payable
2009-10	HWB Mumbai	97.00	100	24	73.00	Nil
2010-11	HWP Baroda	92.92	80	34	58.92	Nil
	HWP Talcher	93.62	80	17	76.62	60
	HWB Mumbai	87.94	80	16	71.94	Nil

The details of the projects are given in **Appendix X**.

HWB stated (June 2013) that all above projects/plants were unique in nature and were first of its kind in the country. The progress of these projects/plants was continuously monitored and reviewed at various stages to assess the constraints and identify the remedial measures. Based on these reviews, appropriate schedule was worked out.

Reply is not acceptable as the Groups failed to complete these projects within the schedule prescribed by them.

2.1.2.4 Irregularities in award of PRIS-G in DCSEM

DCSEM is responsible for planning, designing, engineering, execution, testing and commissioning of civil, public health, electrical, mechanical, air-conditioning and ventilation works for housing, hostels, schools, hospitals, laboratories and various public buildings for units of DAE. DCSEM is also responsible for operation and maintenance of various services, estate management and security for various installations of DAE at Mumbai.

During 2009-10, DCSEM was divided into two groups for the purpose of assessment for PRIS-G. Based on assessment of performance, 91.50 points and 92.30 points were awarded to construction and estate management groups respectively and 80 *per cent* incentive was sanctioned to the two groups. During 2010-11, four groups were constituted for the purpose of performance evaluation under PRIS. The groups were awarded points ranging between 95.25 and 96.75 *per cent*, translating to 100 *per cent* of incentive payable. Audit observed the following irregularities in setting of targets, assessment of achievements and grant of PRIS-G:

(i) Points awarded for delayed works and dilution of targets

During 2009-10, 13 projects/works were identified by construction group and considered for setting of targets under PRIS-G. Of the 13 projects, four projects that were to be completed before/during 2009-10 were not completed on time. Audit observed that for the purpose of setting targets for 2009-10, scope of work under these delayed projects was further reduced and points awarded for achievement reported there against. This was irregular, as targets were set in contradiction to the scheduled dates of completion of works and points were awarded for delayed projects. The details are given in Table 10.

Table 10: Details of works in which targets were reduced

Sl. No.	Name of work	Scheduled date of completion	Target set	Achievement	Points awarded
1.	Aquatic and Athletic facilities at Anushaktinagar				
	Construction of main field and building	February 2009	90%	100%	8.0
	Filtration plant			Ongoing as of March 2010	
	Development work			Ongoing as of March 2010	
2.	Integrated Facility for Radiation Technology Project at Board of Radiation and Isotope Technology, Vashi				
	Civil works	April 2009	90%	92%	6.0
	E&M works		90%	50%	
3.	Atomic Mineral Directorate for Exploration and Research				
	Jaipur (Housing etc.)	March 2008	100 %	75 %	3.5
	Hyderabad (Auditorium, Fire fighting etc.)	November 2007	95 %	Ongoing as of March 2010	
4.	National Centre for Cell Science, Pune				
	Civil Works	October 2009	40 %	45%	6.0
	E&M Works		60 %	60%	
TOTAL					23.5

It can be seen from the above table that 23.5 points were awarded by reducing the targets and thereby inflating the achievements. Consequently, the group scored 91.50 points and qualified for payment of incentive, which it was otherwise ineligible to receive, based on 68 points actually earned.

(ii) Inaccurate performance evaluation

During 2009-10, construction group DCSEM executed 26 works orders but only 13 works (ten departmental works and three deposit works) were considered for setting of targets under PRIS-G. Similarly, Engineering Service Division (ESD) undertook 296 number of maintenance works, but only 59 works were considered for setting targets. Further, though targets were assigned for ESD under 'arresting leakages' in 24 cases, performance was evaluated only in 16 cases.

Audit also noticed that no targets were allotted to Accounts Section of DCSEM during the year 2009-10 but 100 *per cent* incentive was paid to the staff of Accounts Section, which was irregular.

DCSEM stated (February 2014) that Accounts Section was fully involved from initial stage of the project to release of financial payment and considered as part of construction group and paid the incentive.

Reply is not acceptable as no specific targets were assigned to the section for evaluation of performance.

(iii) Incorrect performance assessment

During 2010-11, targets were fixed for each of the four groups and points out of 100 were awarded to each group based on the achievement reported. In three of the four groups viz. Planning and Design Group, Execution Group and Engineering Services Group, Audit observed irregularities such as unspecific targets, fixing of targets for work that was already completed, points awarded when targets were not achieved, etc. The abstract of points awarded to these groups is given in Table 11.

Table 11: Irregular award of points during 2010-11

Name of group	Points awarded	Gist of audit observations
Planning and Design Group	27.25	<ul style="list-style-type: none"> • Targets were actually achieved after the end of the target period. • Targets were actually partially achieved but reported as fully achieved. • Targets were set for work that was actually completed in the previous year.
Execution Group	58.25	<ul style="list-style-type: none"> • Targets were not achieved. • Small targets were set for works that were already delayed. • Target was set for activity that did not pertain to the group.
Engineering Services Division	66.00	<ul style="list-style-type: none"> • Targets were not achieved.

The details of the cases are given in **Appendix XI**. Incorrect assessment of performance rendered the three groups eligible for receipt of incentive, as shown in Table 12.

Table 12: Effect of irregular award of points on total incentive payable

Group	Total points awarded	Percentage of incentive sanctioned	Points irregularly awarded to be reduced from total	Net points to be received	Percentage of incentive payable
Planning and Design Group	96.75	100	27.25	69.50	Nil
Execution Group	95.25	100	58.25	37.00	Nil
Engineering Services Division	95.50	100	66.00	29.50	Nil

Thus, incorrect performance assessment rendered the above groups eligible for payment of 100 *per cent* incentive, which they were otherwise not qualified to receive.

2.1.3 Conclusion

The main purpose of Performance Related Incentive Scheme was to improve deliverable services to society and increase productivity of Government Departments. Hence targets needed to be assigned in such manner as to provide scope for improvement in those services. However, in the framework for Group Incentive implemented in three units of Department of Atomic Energy, under which payment of ₹ 32.19 crore was made during 2010-14, Audit observed several instances in which targets were understated and achievements overstated. The instances of relaxation of targets, setting of targets below established Government norms and setting of targets for irrelevant parameters defeated the purpose of providing incentives for higher performances. Audit also observed several irregularities in the assessment of achievements, such as presentation of inaccurate data for assessment, inflation of achievements, points awarded for projects that were already badly delayed, etc. that not only defeated the intention of differential rewards for different purposes, but also resulted in irregular payment of incentives.

The matter was referred to DAE in May 2015; its reply was awaited as of June 2015.