CHAPTER XII : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Wardha

12.1 Construction works executed through UPSCIDCL

Entrustment of 49 works valuing ₹ 138.41 crore by MGAHV to Uttar Pradesh State Construction and Infrastructure Development Corporation Limited (UPSCIDCL) without prioritizing construction activities and availability of funds resulted in funds of ₹ 22.65 crore spent on six uncompleted works remaining idle as on March 2017.

The Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya (MGAHV), Wardha, was established in January 1997 vide an Act of Parliament (No. 3 of 1997) to promote and develop Hindi language and literature and to provide instructional and research facilities. MGAHV receives grants from the University Grants Commission (UGC) for creation of infrastructure necessary for carrying on its activities. Prior to January 2009, all construction activities of the Institute was being executed by CPWD. Subsequently, pursuant to a discussion between the Vice Chancellor and UPSCIDCL, the Corporation offered (December 2008) to execute all the works relating to the Institute. A MoU was signed in January 2009 which was subsequently applied to all construction works.

During the period 2009-17, 49 construction works were awarded to UPSCIDCL at a total cost of ₹ 138.41 crore. Out of these, 39 works were completed (March 2017) for which ₹ 39.65 crore had been paid till March 2017. Final payments for 30 works were awaited. The remaining 10 works involving ₹ 83.87 crore scheduled to be completed by 2015 were incomplete as of March 2017 and payment made on these incomplete works amounted to ₹ 33.06 crore.

An audit was conducted of the activities relating to the award and execution of these works to assure adherence to financial rules and regulations and to assess whether the objectives of the expenditure were achieved. The audit examination revealed non-adherence to the GFR in release of funds without any linkage with the actual commencement and execution of the different projects. This resulted in idling of funds amounting to ₹ 22.65 crore[1] placed at the disposal of UPSCIDCL and non-achievement of the objectives for which the funds had been released as discussed in the subsequent paragraphs.

[1] In respect of works 1 to 6 mentioned in Para B.

A) Entrustment of works without availability of funds

As per Rule 129 (1) (v) of GFR 2005, no works shall be commenced or liability incurred until funds to cover the charge during the year have been allocated by the competent authority. During 2009-10 and 2010-11, works were entrusted and payments were made in excess of available capital grants in violation of the GFR provisions as detailed in **Table No. 1** below:

Table No. 1: Statement showing availability of funds *vis-a vis* total cost of Construction works

(₹in crore)

Year	Opening Balance as on 1st April of the year	Capital Grant received from UGC	Total Funds available	No of works entrusted to UPSCIDCL	Total cost of works entrusted to UPSCIDCL	Amount of advance to UPSCIDCL (as per MOU i.e. 33% of cost of work)	Total payment made against construction works[2]	Closing Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)=(d)-(h)
2008-09	Nil	5.85	5.85	2	7.89	2.60	1.98	3.87
2009-10	3.87	5.00	8.87	6	17.60	5.81	11.30	-2.43
2010-11	-2.43	17.50	15.07	5	1.63	0.54	15.17	-0.10
2011-12	-0.10	32.41	32.31	15	30.07	9.92	14.51	17.80
2012-13	17.80	22.00	39.80	14	64.43	21.26	27.79	12.01

It was evident that works were entrusted after merely ensuring availability of funds for payment of advances i.e. 33 *per cent* of the cost of works without ensuring availability of the full amount required for the work. Further, UGC had cautioned (September 2016) MGAHV that construction works were been entrusted without prioritization and availability of funds. Due to inadequate funding coupled with poor management of works, advances of ₹ 22.32 crore in respect of 25 works were lying blocked with UPSCIDCL for period ranging from four to eight years as on January 2017.

B) Deficiencies noticed in works executed

Audit observed that despite release of advance payments to UPSCIDCL, poor monitoring coupled with unjustified delay in progress of work on part of MGAHV resulted in idling of funds totalling ₹ 22.65 crore as detailed in **Table No. 2** below:

[2] Payments to UPSCIDCL, CPWD, Maharashtra Jeevan Pradhikaran and Project Management Consultant (PMC).

Table No. 2: Idling of funds

(*₹in crore*)

Sl. No.	Item of Construction work	Work Order Cost/Stipulated completion	Expenditure [3]up to March 2017	Current status (March 2017)	Observations
1.	Building and Site Development for Regional Centre, Allahabad	₹ 11.14 / March 2015	₹ 1.80	Work not Started.	MGAHV paid an advance ₹ 1.80 crore to UPSCIDCL in October 2013 but the latter applied for approval from Awas Vikas Parishad (AVP) in February 2014. The approval was pending as of November 2017. Regional Centre Allahabad was functioning from a rented premises. This resulted in idling of advance money of ₹ 1.80 crore paid to UPSCIDCL and avoidable payment of rent of ₹ 0.33 crore from April 2015 to March 2017. MGAHV stated (November 2017) that building plan had since been approved. The reply could not be verified in audit as the relevant records to establish approval of building plan was not produced.
2.	Staff Quarters	₹ 10.86/ October 2014	₹ 5.24	40 *per cent* complete	MGAHV paid an advance of ₹ 3.58 crore in February 2013. However, work progress was only 40 *per cent* till February 2016. UGC directed MGAHV (August 2015 and September 2016), to complete the work on priority and released the grant of ₹ 50 crore for completion of staff quarters besides other works[4]. However, no work was done till March 2017. This resulted in funds of ₹ 5.24 crore (including unadjusted advance of ₹ 2.68 crore) lying idle in incomplete works (March 2017) without achieving the intended purpose. MGAHV replied that the works could not be completed due to paucity of funds and after receiving funds of ₹ 30 crore and ₹ 20 crore in November 2015 and March 2017 respectively, 48.21 *per cent* of works has been completed till October 2017. Reply is not tenable as despite release of ₹ 30 crore in November 2015, only additional eight *per cent* work progress had been achieved till October 2017. Further, it was noticed that the funds were received in two instalments of ₹ 10 crore each in December 2016 and February 2017 respectively besides additional ₹ 24 crore sanctioned in March 2017. Hence stalled progress of work cannot be attributed to paucity of funds.
3.	Building for museum	₹ 11.88/ February 2015	₹ 5.48	20 *per cent* completed	Despite release of advance of ₹ 3.92 crore in March 2013, only 20 *per cent* of the work was completed till March 2017. Resultantly, funds of ₹ 5.48 crore including unadjusted advance of ₹ 2.97 crore (as on March 2017) remained idle and led to non-

[3] Expenditure up to March 2017 was inclusive of unadjusted advances.

[4] Boys' Hostel, Academic Block, Transit Hostel and Sewage Treatment Plant

					achievement of intended benefits. MGAHV replied (November 2017) that construction will be completed within one year.
4 & 5	Boys Hostel No.5 & 6	₹ 11.30 each / August 2014	₹ 9.46 (Hostel No. 5- ₹ 4.80 and Hostel No. 6 - ₹ 4.66)	33 *per cent* completed	An advance of ₹ 3.73 crore was released for each work in March 2013. However, only 33 *per cent* of the work was completed till March 2017. Even though UGC sanctioned grants and directed (August 2015 & September 2016) MGAHV to complete the Boys' Hostels on priority, work was re-started only after January 2017. This resulted in idling of funds of ₹ 9.46 crore inclusive of unadjusted advance of ₹ 5.36 crore[5] (as on March 2017) in incomplete works. MGAHV stated (November 2017) that the works will be completed within one year. Reply should be seen in the light of the fact that MGAHV proposed in January 2017 to restart the work though funds were received in November 2015.
6.	Common Dining and Kitchen in North Campus (Between Boy's Hostel No. 3 & 4)	₹ 2.04/ April 2015	₹ 0.67	Digging work completed	An advance of ₹ 0.67 crore was released in May 2014. After lapse of about three years, UPSCIDCL asked (30 April 2017) Project Management Consultant (PMC) to provide the drawings[6]. The structural design[7] was provided by PMC as late as 15 April 2017. Internal Inspection Report revealed that the construction work had just started in February 2016. Physical inspection by audit team (March 2017) revealed that only digging work was completed. This resulted in idling of funds of ₹ 0.67 crore. MGAHV replied (November 2017) that works will be completed within one year.
7	Boys' Hostel No. 3	₹ 2.00 March 2013	₹ 3.32	Work completed in October 2015	MGAHV granted extension for completion of work up to August 2014 due to revision in drawings. The work was completed in October 2015. No record was available for grant of extension after August 2014. Final account of the work was yet to be settled, despite the works having been completed in October 2015. Revised estimates for ₹ 5.08 crore was pending for approval. Payment of 3.32 crore was made till July 2016 against sanction of expenditure of ₹ two crore. MGAHV replied that building was completed and was under use from October 2015. However, MGAHV could not provide any reasons for delay in completion of works beyond extended period as well as expenditure in excess of sanction.

5 As mentioned in the Statement on Reconciliation of Advance presented in BCC meeting in January 2017.

6 Drawings for Porch and the Passage.

7 Structural design of slab beam.

Audit observed that ability of the Institute to systematically manage and progress the works was undermined by both lack of any guidelines for works management and execution as well as grossly deficient internal control mechanism and procedures. Works Register, Work advance payment register, Work-wise payment register and Capital grant register were not maintained by MGAHV. As per a 'Reconciliation Statement,'[8] advances of ₹ 22.32 crore in respect of 25 works were lying idle with UPSCIDCL as of March 2017 for period ranging from four to eight years. Further, the total cost of 49 works entrusted to UPSCIDCL was shown as ₹ 138.25 crore in 'Progress of Plan Expenditure Statement' while the same in 'Reconciliation Statement' was shown as ₹ 129.50 crore as on March 2017. Such deficiencies and inconsistencies was reflective of the absencee of any meaningful internal control mechanism.

Matter was reported to the Ministry in August 2017; its reply was awaited as of December 2017.

Central University of Tamil Nadu, Thiruvarur

12.2 Delay and cost overruns in construction activities

Procedures prescribed in UGC guidelines and CPWD Works Manual was not adhered to in executing construction works resulting in cost overrun of ₹ 46.32 crore as well as delay in completion. Library building remains partly vacant and incomplete even after incurring of expenditure of ₹ 15.40 crore and delay of four years. Further, injudicious site selection and excess construction as well as deviation from norms resulted in avoidable expenditure of ₹ 19.82 crore.

12.2.1 Introduction

The Central University of Tamil Nadu (CUTN) at Thiruvarur, established by an Act of Parliament, commenced functioning in September 2009 in a temporary building allotted by the Government of Tamil Nadu (GoTN). CUTN shifted to its new campus in a phased manner from July 2013 and is functioning with ten schools involving 22 departments. During 2008-09 to 2016-17, CUTN received a total grant of ₹ 544.90 crore from the University Grant Commission (UGC).

Of this, CUTN deposited ₹ 395.83 crore with CPWD for construction and maintenance works. CPWD had utilized ₹ 378.11 crore up to March 2017.

An audit was undertaken of the works relating to construction of the campus covering the period since inception to 2016-17 to assess whether the activities

[8] Statement was prepared by the Committee formed to reconcile the advance payments to UPSCIDCL and presented in BCC Meeting in January 2017.

were carried out in an efficient and economical manner and in accordance with the extant rules and regulations and within the prescribed time frame.

CUTN approved the Phase-I consisting of construction of 11 buildings at estimated cost of ₹ 114.45 crore in November 2009. The audit findings are discussed below.

12.2.2 Delay and cost overrun due to deviation from prescribed procedures

A Detailed Project Report (DPR) is expected to be prepared as part of project formulation for effective monitoring and implementation of project activities to achieve the envisaged objectives within the targeted timeframe and cost. UGC Guidelines stipulate that each University should have a Building Committee and all plans and estimates of the projects are to be approved by this Committee.

In September 2009, CUTN decided that a fast track methodology would be followed for execution of works under Phase I where under CPWD would prepare estimates based on drawings of buildings already in existence in educational institutes like Pondicherry University and National Institute of Technology (NIT) Tiruchirappalli and tender would be invited by CPWD based on these estimates. This was adopted to overcome the constraints of time required in the conventional approach of involving architect, approval of buildings design, obtaining administrative sanctions and preparation of detailed estimates before calling of tenders. The work was to be executed based on drawings to be prepared after the award of work and CUTN would bear the financial implications for deviations, if any. Accordingly, CPWD prepared the estimates in November 2009 and Administrative Approval and Expenditure Sanction (AA&ES) amounting to ₹ 114.45 crore was accorded by CUTN in the same month.

Audit observed that the methodology adopted by CUTN was at variance with the UGC Guidelines[9] which mandated prior approval of all projects by the Building Committee. In the instant case, post facto approval of both the Building and Finance Committees was obtained in December 2010. This procedure was also contrary to provisions of the CPWD Works Manual which require that before preparation of estimates, information concerning nature of soil, type of foundation, etc. are to be obtained which was not done. The Architectural Consultant, subsequently appointed by CPWD, was requested to prepare modified drawings for the actual execution of work which resulted in change in the scope of work and consequent delay in completion of projects

[9] UGC Guidelines for General Development Assistance to Central, deemed and State Universities during XI Plan.

by two to three years as well as a total cost overrun of ₹ 46.32 crore i.e. over 40 *per cent*.

CUTN stated (July 2017) that CPWD had appointed the architectural consultant for design and preparation of preliminary estimates and engineering data such as soil strata was the responsibility of CPWD. It added that models of NIT Tiruchirappalli and Pondicherry University were suggested to expedite the work. CPWD had to revise the working drawings when site conditions so warranted and this cannot be considered as cost overrun.

Audit observed that the architectural consultant prepared detail design based on site condition and soil test only after the tendering had been completed due to the decision of CUTN to call the tender based on the design of Pondicherry University and NIT Tiruchirappalli. The working drawings and estimates had to be substantially revised by CPWD on more than one occasion as the tendered drawings were not based on site location and actual requirement of users which not only resulted in cost overrun but the original purpose to fast track the construction was also defeated. This could have been avoided had CUTN adhered to the UGC Guidelines and CPWD Manual stipulating preparation of DPR and estimates based on actual site conditions.

12.2.3 Construction of Library Building

CUTN approved (November 2009) the construction of a library block for ₹ 5.82 crore with a total plinth area of 3,000 sqm. Tender invited in October 2010 was cancelled by CPWD in November 2010 citing administrative reasons. Subsequently, based on drawings of the architectural consultant, CUTN sanctioned a revised estimate in December 2010 for ₹ 11.64 crore with a total plinth area of 5,282 sqm. The work was awarded to a contractor (January 2011) for ₹ 8.34 crore. However, due to non-furnishing of structural drawings for more than six months by CPWD, the contractor requested (June 2011) CPWD to foreclose the agreement and the contract was foreclosed in August 2011. The work was re-tendered again in August 2011 and awarded to another contractor in February 2012 for ₹ 10.10 crore with stipulated period of completion of 12 months.

In October 2014, CPWD submitted a revised estimate[10] for ₹ 17.79 crore. CUTN requested (January 2015) CPWD to reduce the scope of work due to paucity of funds. Even though CUTN approved the re-revised estimate (October 2015), the work was foreclosed in January 2016 after incurring an expenditure

[10] Due to change in cost index, additional strengthening of foundation due to poor soil condition, additional provisions like lift, automatic fire alarm system etc.

of ₹ 15.40 crore (March 2017). Even with the reduced scope of work, the building is yet to be finally completed (March 2017).

Audit observed that delay of more than six months on part of CPWD in providing the structural drawings to the contractor led to foreclosure of agreement and consequent need for re-tender. This resulted in cost escalation of ₹ 1.76 crore[11] and delay of one year. Further, the change in foundation and additional expenditure involved became known to CUTN only in October 2014 *viz.* after two and a half years after the award of the work in February 2012. This was indicative of inadequate monitoring of the progress of work by CUTN.

CUTN stated (July 2017) that the design was initially made for ground plus one floor. As there was a need for one more floor, there had to be a change of foundation necessitating additional expenditure. Further, the work of Learner Resource Using Centre in first floor and world class Auditorium-cum-Theatre in the second floor is in progress.

The reply is not tenable as additional expenditure due to change of foundation was known in October 2014 whereas the work of library building with ground plus two floors was awarded in January 2011. The late realisation of need for an additional floor was itself an indication of inadequate conceptualisation and planning. As per the original plan, the second floor was planned to be utilised for audio visual room and records store room, protection room, collection space, lounge seating, store manager room, old book store, back issues store and furniture store. But now CUTN has proposed to utilise it for an auditorium-cum-theatre the work for which was yet to be taken up.

Thus, the library building remains partly vacant and incomplete even after incurring an expenditure of ₹ 15.40 crore against the original estimated cost of ₹ 5.82 crore and a delay of four years.

12.2.4 Excess construction of Professors' quarters

CUTN sanctioned (November 2009) 30 Professors' (Type-VI) Quarters for ₹ 12.44 crore and the work was awarded by CPWD to a contractor in December 2010. Subsequently, the drawing was modified by the architectural consultant and CUTN accorded (June 2011) revised sanction for ₹ 19.29 crore. The work was completed in June 2013 at an expenditure of ₹ 19.27 crore.

Audit observed that UGC had sanctioned (April 2011) 20 posts of professors for 20 departments. CUTN while according sanction in June 2011 for 30 number of

[11] Earlier tender awarded in January 2011 for ₹ 8.34 crore and revised tender awarded in February 2012 for ₹ 10.10 crore.

Professors' quarters did not take into consideration the UGC sanction for only 20 posts which resulted in avoidable estimated expenditure of ₹ 6.42 crore[12] on 10 excess quarters. Out of the 30 quarters constructed, only seven quarters have been allotted to Professors while three quarters were converted into guest house, three were allotted to Finance Officer, Controller of Examination and Registrar and balance 17 quarters were vacant as of June 2017.

CUTN stated (July 2017) that though UGC had sanctioned 20 departments consisting of 20 professors, the sanction did not consider any additional requirements envisaged for Visiting Professors, Professor Emeritus, etc. CUTN added that allocation of posts is not frozen but incremental and the Master Plan has provision for 30 schools with several departments and courses in each school.

Reply of CUTN is not tenable as Visiting Professors are not allotted separate quarters but suitably accommodated in guest house which was separately constructed by CUTN. Further, the Master Plan prepared by CUTN did not have any details of number of schools/departments proposed to be opened by CUTN.

12.2.5 Construction of hostel buildings in excess of approved plinth area

CUTN accorded (November 2009) approval for the construction of hostel accommodation for 200 students (each for men and women) with a plinth area of 3,956 sqm. for each hostel at a cost of ₹ 17.24 crore. Tenders were invited in January 2010 and both the works were awarded in March 2010 at a cost of ₹ 16.95 crore. The work was completed by CPWD in December 2012 for Girls hostel and March 2013 for Boys hostel at a total cost of ₹ 28.44 crore with plinth area of 7219 sqm. for each hostel.

Audit observed that after the completion of hostel buildings, CPWD forwarded revised estimates (December 2013) to CUTN in which it was stated that revised estimates were necessitated due to increase in the plinth area from 3,956 sqm. to 7,219 sqm. for each hostel. Though the Building Committee raised the issue of increase in plinth area in its meeting held on 20 February 2015, it approved the revised estimates submitted by CPWD (October 2015) with the advice to furnish reasons for increase in plinth area.

CUTN stated (July 2017) that the design originally made was small and hence CPWD prepared revised estimates. It added that the cost index at the time of the original estimate increased by the time of start of work which also impacted the cost.

[12] Total expenditure ₹ 19,26,67,000 ÷ 30 = 64,22,333 x 10 quarters = ₹ 6,42,23,330 or ₹ 6.42 crore.

The reply is not tenable as the original design for hostel building was for 200 student and revised design with increased plinth area was also for same number of students and hence there was no justification for increasing the plinth area. It is pertinent to mention that two 300 bedded hostels were subsequently constructed (August 2016 and January 2017) at CUTN with a plinth area of 7,543 sqm. per hostel. Hence, unjustified increase in plinth area by nearly 82 *per cent* necessitated revision of estimate and additional expenditure of ₹ 5.98 crore[13]. The revised estimates were approved by the Building Committee without any justification which was indicative of poor financial and administrative control.

12.2.6 Construction under Phase-II

CUTN took up the construction of 14 works under Phase-II at an estimated cost of ₹ 213.78 crore from March 2011. The audit findings are discussed below.

12.2.6.1 Injudicious selection of site for Primary Health Centre

GoTN allotted 517 acres of land for construction of permanent campus of CUTN which include 3.63 acres land where 39 families had been given free patta. Even after several rounds of negotiation by State Government authorities/ CUTN, the issue of re-locating the families could not be settled. In the meantime, CUTN decided to construct a Primary Health Centre (PHC) at a site adjacent to the disputed land and accorded (February 2012) Administrative Approval & Expenditure Sanction for ₹ 5.73 crore.

The work for construction of PHC was awarded by CPWD to a contractor in July 2012 for completion by May 2013. The work was abandoned in July 2014 after incurring an expenditure of ₹ 32.01 lakh on foundation and concrete basement due to continuing protest by the families.

Audit observed that CUTN was aware of the disputed state of the adjacent land and the protest by these families. Yet CUTN went for selection of site adjacent to the disputed site for the construction of PHC which ultimately led to abandonment of work after incurring an expenditure of ₹ 32.01 lakh.

CUTN stated (July 2017) that the land is not part of the disputed area and it had been legitimately handed over to the University by the Government of Tamil Nadu. It stated that the stoppage of work was purely temporary and the same would be commenced at any time.

Audit observed that the issue of re-location of these families through negotiation had not yielded positive results. CUTN should have anticipated the obstruction

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[13] Actual cost of both the hostels (after excluding cost of mess block) ₹ 23.22 crore minus original estimated cost ₹ 17.24 crore

if the site for construction of PHC was selected adjacent to this area. Hence, it would have been prudent for CUTN to re-locate the PHC at another location on its campus. CUTN had not been able to re-locate these families even after lapse of more than seven years. Thus, the objective of constructing a PHC could not be achieved even after incurring an expenditure of ₹ 32.01 lakh.

12.2.6.2 Deviation from norms in construction of Quarters

UGC Guidelines[14] stipulate that estimates of buildings should conform to the norms, specification and schedule of rates of CPWD or State PWD. As per extant rules[15], officers with Grade Pay of ₹ 4,200 or more are eligible for Type III quarters with plinth area of 76.02 sqm.[16] for each quarter. No deviation from the prescribed scales should normally be made unless specifically desired by the client department.

Audit observed that construction of 32 numbers of Type-III quarters for non-teaching staff was completed with a total plinth area of 4,305.4 sqm. at a cost of ₹ 10.11 crore. Each quarter was constructed with an area of 134.54 sqm. against the prescribed norms of 76.02 sqm. *viz.* excess of 76.98 *per cent*. No specific reason had been recorded in the estimates for adoption of excess plinth area against the norms. This incorrect adoption of plinth area for Type III quarters against the UGC Guidelines and CPWD norms resulted in approximate excess expenditure of ₹ 4.40 crore.

Similarly, the Registrar of Central University with pay scale of ₹ 37,400-67,000 and Grade Pay of ₹ 10,000 and Vice Chancellor of CUTN were eligible for Type VI quarters with an area of 270.40 sqm. as per CPWD norms. However, CUTN constructed VC/Registrar residences with plinth area of 845 sqm. and 544 sqm. respectively against the norms of 270.40 sqm.

Audit noted that even though the Superintending Engineer, Planning, CPWD, informed (March 2011) CUTN that plinth area considered in the architect drawings was more than the approved norms, CUTN did not consider the norms referred by CPWD while giving Administrative Approval and Expenditure Sanction (June 2011). Accordingly, VC/Registrar residences were constructed at an expenditure of ₹ 4.37 crore with plinth area of 845 sqm. and 544 sqm.

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14 Para 4.4- "Procedure for preparation of plans and estimates for various building projects" in guidelines for General Development Assistance to Central, Deemed and State Universities during XI Plan (2007-2012)

15 Supplementary Rules 317-B5 and Sec 4.1.3 read with Appendix 5 of CPWD Manual.

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Type	Area of unit	Staircase/ circulation	Sleeping out balcony	Cycle/ scooter shed/Garage	Architectural consideration	Total area sqm.
III	55.75	5.00	7.45	4.20	3.62	76.02
VI	223	10.5	16	20.90	Nil	270.40

respectively against the norms of 270.40 sqm. resulting in excess expenditure of approximately ₹ 2.70 crore.

CUTN stated (July 2017) that it was originally proposed to construct the quarters as per the Manual provision. However, this was revised due to adoption of GRIHA[17] norms.

Audit observed that as per UGC guidelines, plinth area norms of CPWD Manuals were to be followed. Further, the GRIHA norms relates to green building ratings system to maximise conservation and utilisation of resources and do not discuss the plinth area.

Thus, failure of CUTN to abide by CPWD norms while approving the estimates and adoption of incorrect plinth area despite CPWD's observations resulted in excess expenditure of ₹ 7.10 crore.

12.2.6.3 Idling of Chemistry Labs

CUTN accorded Administrative Approval and Expenditure Sanction for construction of Lab Based School for Chemistry Department (LBS) in March 2011. The work commenced in August 2012 and was completed in February 2015 at a cost of ₹ 15.70 crore. Out of 15 labs, 13 labs were not operational due to non-availability of infrastructure and equipment[18]. CUTN appointed (February 2015) a consultant for equipping the Lab based school and work order for creation of infrastructure was placed in March 2017 with stipulated period of completion of ten months. The work order for supply of lab equipment was awaited (June 2017). A total of 210 students were admitted in Chemistry Department during 2010-11 to 2016-17 and courses were being conducted without proper lab. Delay in supply of lab equipment resulted in idling of 13 labs since February 2015 and denial of lab facility to the students.

CUTN stated (July 2017) that at the time of initial construction, there was no faculty to assess precisely the provisions for installation of lab equipment and therefore this could not be decided at the initial stages.

The contention of CUTN is not acceptable as the CUTN had appointed consultant only in February 2015 after the completion of civil work. The consultant could have been appointed simultaneously at the time of construction of lab which would have avoided idling of the 13 chemistry lab. Thus, lack of

[17] GRIHA an evaluation tool to help design, build, operate, and maintain a resource-efficient built environment issued by Ministry of New and Renewable Energy, Government of India and The Energy and Resources Institute New Delhi.

[18] Lab furniture and accessories, electrical works for HVAC, Fume hood and accessories, calcium silicate partition, electrical and fire alarm systems, gas distribution system, lab exhaust system and other electrical works.

coordination and proper planning led to 13 labs remains idle for more than two and a half years.

12.2.7 Conclusion

Non-adherence to procedures prescribed in UGC guidelines and CPWD Works Manual resulted in time and cost overrun. 11 works which were initially proposed for ₹ 114.45 crore were completed at a cost of ₹ 160.77 crore with delay ranging from 17 months to 46 months due to change in specifications and drawings. A library building constructed at a cost of ₹ 15.40 crore was yet to be fully utilised for the intended purpose. Further, injudicious selection of site for PHC, excess construction/deviation from norms in construction of quarters for academic and administrative personnel and construction of hostel buildings with excess plinth area resulted in avoidable expenditure of ₹ 19.82 crore. Lastly, 13 chemistry labs remained idle due to non-availability of infrastructure and equipment.

University Grants Commission

12.3 Implementation of Scheme for Construction of Women's Hostel Eastern Regional Office, Kolkata, of the University Grants Commission

The University Grants Commission is implementing a scheme to provide hostel facilities to women to achieve the goal of enhancing the status of women and gender equity. Financial assistance of ₹ 9.91 crore was released without ensuring compliance with the extant scheme guidelines and there was excess approval of grant of ₹ 56.11 lakh on inflated estimates. Further, 31 projects involving payment of grant of ₹ 26.16 crore remained incomplete even after periods ranging between two months and over nine years beyond the stipulated completion while two hostels created at a cost of ₹ 2.30 crore remained unutilised for more than three years.

12.3.1 Introduction

The University Grants Commission (UGC), under the administrative jurisdiction of the Ministry of Human Resource Development, is responsible for providing funds and coordination, determination and maintenance of standards in institutions of higher education in the country. UGC is implementing a Scheme for Construction of Women's Hostel (Scheme) for providing hostel facilities to women to achieve the goal of enhancing the status of women and gender equity. The Eastern Regional Office of UGC at Kolkata (ERO-UGC) implemented the scheme through the colleges located in the four States of West Bengal, Odisha, Bihar and Jharkhand.

An audit of the implementation of the scheme by the ERO-UGC covering the period from April 2014 to March 2017 was conducted to assess whether the Scheme had been implemented in accordance with the guidelines issued by UGC. Out of 680[19] approved cases, 60 cases[20] spread over the Xth to XIIth Plans were selected for audit. 15[21] out of these 60 cases were selected for site visit **(Annexe-VI)**.

12.3.2 Audit Findings

The scheme of construction of women hostels was ongoing since the VIIIth Plan. The implementation of the Scheme is to be in accordance with (i) the "Guidelines on the special scheme for construction of women's hostel for colleges (Scheme guidelines)" and (ii) the "Guidelines for the scheme of development assistance to colleges for construction of buildings (Construction guidelines)." UGC extended 100 *per cent* financial assistance for construction of hostel to eligible colleges in instalments subject to ceilings[22] fixed from time to time. After approval of the proposals received from colleges, the assistance is to be released to the colleges in three instalments[23] with prescribed terms and conditions. The status of projects *vis-à-vis* grants released during 2014-17 is shown in **Table No. 3** below:

Table No. 3: Status of projects *vis-à-vis* grants released during 2014-17

Year	Projects ongoing[24]	Projects sanctioned	Projects completed	Balance	Grant released (₹ in crore)
2014-15	638	42	21	659	27.79
2015-16	659	0	11	648	7.95
2016-17	648	0	15	633	7.20

Audit noted non-adherence to the Scheme guidelines and other applicable rules that resulted in both avoidable expenditure and undue delays in completion of projects as detailed in the following paragraphs.

19 638 cases ongoing as on 1 April 2014 and 42 cases approved during 2014-17.

20 20 ongoing (started before April 2014 and not completed till March 2017), 20 completed during 2014-17 and 20 newly approved during April 2014 to March 2017.

21 Five ongoing, five completed during 2014-17 and five newly approved projects were visited by Audit.

22 ₹ 60 lakh to ₹ 2.00 crore for Xth Plan (2002-07) and ₹ 40 lakh to ₹ 1.20 crore for XIth (2007-12) and XIIth (2012-17) Plans based on the enrolment of women student.

23 First instalment (50 *per cent*), second instalment (40 *per cent*) and final instalment (10 *per cent*).

24 As on 1 April.

12.3.2.1 Approval of projects in deviation from scheme guidelines

The Scheme guidelines stipulate specific documents that should accompany a proposal received from colleges and the procedure for evaluation and accord of approval by UGC. Audit observed that the ERO-UGC failed to exercise due diligence in scrutiny of proposals received from colleges that resulted in grant of financial assistance of ₹ 9.91 crore in deviation from extant guidelines as well as excess financial assistance of ₹ 56.11 lakh as detailed below:

(i) The Scheme Guidelines stipulate that the estimate is to be prepared on the basis of Schedule of Rates (SOR) of the Central Public Works Department or the State Public Works Department including specified percentage rate for different ancillary services[25]. Scrutiny revealed that inflated estimates were submitted by colleges in four[26] cases by applying higher than the specified percentage rate for ancillary services. This resulted in approval of excess financial assistance of ₹ 56.11 lakh.

(ii) The Construction Guidelines stipulate that the resolution and certificate of the Building Committee (BC) of the college shall bear the signatures of all the members of the BC. In six[27] cases, ERO-UGC sanctioned ₹ 4.80 crore though the resolution did not contain signature of all the BC members and hence their validity was doubtful.

(iii) The Construction Guidelines stipulate provision for ramp in all buildings for disabled persons. In 43 cases, no provision of ramp for disabled had been made in the hostel.

(iv) The Construction Guidelines state that the BC of the concerned colleges should verify that the building plans have been approved by the local authority before they are submitted for consideration of UGC. In six cases[28], ERO-UGC approved grant of ₹ 4.80 crore though no documents supporting the approval of the plans by local authority were submitted by the colleges. Out of the above six

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25 Ancillary services include water supply and sanitary installation (7.5 *per cent* of civil cost), Electrification work (10 *per cent*/12.5 *per cent* of civil cost), Contingency (three *per cent* of civil work including services), Architect's fee (five *per cent* of civil cost including services and contingency), External services (five *per cent* of civil cost), PWD/CPWD verification charges (0.50 *per cent* of civil cost)

26 (i) Baripada college, Odisha (ii) Anandapur College, Odisha (iii) Deshbandhu College for girls, Kolkata and (iv) Brahmananda Keshab Chandra College, Kolkata.

27 (i) Mahishadal Girls' College, West Bengal (ii) Krishak College, Bihar (iii) Gopabandhu Choudhury College, Odisha (iv) Bhatter College, Dantan, West Bengal (v) Mahadeo Singh College, Bihar and (vi) Phuldevi Kusheshwar Jha College, Bihar

28 (i) Indira Gandhi Women's College, Odisha, (ii) Nayagarh Autonomous College, Odisha, (iii) Gautam Budh Mahilla College, Bihar, (iv) Mahadeo Singh College, Bihar, (v) Krishak College, Bihar and (vi) Gurusahay Deosharan Memorial College, Bihar.

cases, only one project had been completed (February 2016) and rest were yet to be completed as of December 2017.

(v) As per the Scheme guidelines, the land ear-marked for construction in the proposal should be under the undisputed ownership of the college. The Lady Brabourne College, Kolkata, proposed (November 2006) construction of a hostel on land belonging to PWD West Bengal. The Expert Committee of the UGC that conducted a spot inspection of the proposed site recommended (March 2012) that land ownership was not in the name of the college and this needed to be rectified. ERO-UGC approved grant of ₹ 1.91 crore to the college for construction of the hostel. However, no documentation could be produced to audit as to whether proposal had been brought in line with the scheme guidelines.

In each of the above cases highlighted by audit, ERO-UGC merely stated (June 2017) that the issues raised would be looked into together with the college authorities.

12.3.2.2 Delay in execution of projects

Audit observed that there was delay at each stage of implementation and execution of the projects beginning from release of funds to its completion that was indicative of lack of coordination and planning as well as ineffective monitoring as brought out below:

(i) Delay in release of instalments: The Construction Guidelines envisages release of 50 *per cent* of the grant as 1st instalment while conveying the approval for the projects and 40 *per cent* as 2nd instalment on receipt of the audited Utilization Certificate (UC) and statement of expenditure of 1st instalment. Audit observed delay in release of installments in 41 cases ranging from five months to over seven years. This consequently led to delay in completion of 16 projects which were completed after 18 months to over seven years of their scheduled dates while 21 projects were behind schedule by two months to over nine years. ERO-UGC attributed (June 2017) the delay in release of instalments to delayed submission of documents as well as constraints of fund. The reply is not tenable since sanction of project implied that all requisite documents had been received as well as availability of funds ensured.

(ii) Delay in submission of tender documents: The Construction Guidelines required the colleges to intimate the details of tender to UGC within six months of award of work in case it was not executed through CPWD/PWD as deposit work. Five[29] colleges submitted the tender details after a lapse of 15 months to 28 months from the award of work whereas ten colleges had not submitted the details of tender till May 2017 *viz.* even after a lapse of period ranging between one to over 10 years. ERO-UGC stated that the colleges would be sent notices for the compliance of guidelines.

(iii) Delay in commencement of work: The Construction Guidelines state that if the project does not start within the stipulated period or six months from the date of approval by UGC, whichever is later, the matter was to be placed before the BC under intimation to UGC. Audit noted 18 cases that had commenced after the stipulated period without any intimation to ERO-UGC. No action was taken by UGC for non-intimation of such cases which ultimately would result in delay in completion of the projects. ERO-UGC stated (June 2017) that matter would be looked into.

(iv) Delay in completion of projects: The Construction Guidelines require the colleges to indicate in their proposal the likely date of commencement of the construction and the period required for completion of the project. However, there was no provision as to the steps to be initiated by UGC in case of non-construction/delayed construction by the colleges. Audit noted 22 projects had been completed after a delay ranging between 10 months and over seven years from the stipulated period of completion. Further, 31 projects involving grant of ₹ 26.16 crore remained incomplete (May 2017) even after a lapse of period ranging between two months to over nine years from the stipulated period of completion. ERO-UGC stated (June 2017) that there was no specific time frame in the guidelines to complete the projects and only colleges specify the completion date of the project and BC alone was responsible for completion of the project. The facts remain that there was no action taken by UGC as the grant releasing authority to ensure that projects for which financial assistance had been given were completed as per the time lines stipulated in the project proposals thereby defeating the purpose of timely achievement of the objectives of the scheme.

12.3.2.3 Award of work on selection basis

The Construction Guidelines provide that colleges may execute the work either through the CPWD/PWD as deposit work or by the civil engineering department of the college or by other agencies. In case it was not executed through CPWD/PWD as deposit work, the guideline stipulated that colleges

[29] (i) Scottish Church College, West Bengal, (ii) R. B. College, Bihar, (iii) Sri Arvind Mahila College, Bihar, (iv) Lal Bahadur Shastri Memorial College, Jharkhand and (v) Egra Sarada Sasi Bhushan College, West Bengal.

may invite tenders on item-rate basis from interested parties through notice published in at least one national daily newspaper and two local dailies. Information about the tendering process was to be sent to UGC within six months from award of work.

St. Xavier's College, Kolkata, submitted (November 2006) a proposal for construction of Women's Hostel at an estimated cost of ₹ 4.59 crore. In February 2007, UGC sanctioned ₹ two crore for the project. Audit observed that the college entrusted (September 2010) the work to a private agency for ₹ 2.91 crore without a tendering process. The work was completed in March 2014. The college stated that the agency was selected on the basis of their long association with the college, earlier performance and trustworthiness.

Audit observed that grant of work on selection basis was not only in violation of the prescribed guidelines but was also violative of the fundamental principles of the canons of financial propriety and award of contracts of works as also stipulated in both the General Financial Rules and the CPWD manual where tendering for works of such nature is a mandatory requirement except in certain exceptional circumstances. However, UGC took no action to ensure compliance by the college of even such basic requirements for utilisation of its financial assistance. ERO-UGC merely stated (June 2017) that the matter would be looked into.

12.3.2.4 Excess expenditure in works

Audit noted excess payment amounting ₹ 13.90 lakh released by colleges to contractors for execution of works as below:

a) KST College, Bihar, made payment for brick work ₹ 319.05 per cubic meter higher than the tendered rate which resulted in excess payment of ₹ 1.46 lakh[30] to the contractor. The College stated that it would examine the audit observation and recovery would be made;

b) Gurusahay Deosharan Memorial College, Bihar, paid supply and carriage charges on bricks at the rate of ₹ 241.50 and ₹ 544.30 per 100 bricks instead of tendered unit of 1000 bricks respectively. This resulted in overpayment of ₹ 10.50[31] lakh to the contractor; and

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30 456.94 cubic meters (quantity executed) x ₹ 319.05 (Actual payment rate ₹ 4032.30- Tendered rate ₹ 3713.25).

31 Extra cost on supply – ₹ 3.23 lakh, carriage charges – ₹ 7.27 lakh.

c) Deoghar College, Jharkhand, made excess payment of ₹ 1.94 lakh[32] on account of carriage charges of bricks and sands due to payment of higher rates of ₹ 665.62 and ₹ 393.73 than the agreement rates of ₹ 317.75 and ₹ 248.94 respectively.

ERO-UGC stated (June 2017) that the matter would be taken up with the colleges and the amount would be adjusted from the next instalments.

Audit observed that such excess releases were symptomatic of lack of internal controls and checks and balances that ran the risk of excess payments to contractors remaining undetected.

12.3.2.5 Idling of infrastructure created out of the financial assistance

Of the 15 colleges selected for physical inspection, hostels in seven[33] colleges were completed. Audit noted that of these seven hostels, two hostels constructed at a total cost of ₹ 2.30 crore were not being utilized (May 2017) even after three years from the date of completion as detailed below:

a) Banki College, Odisha, completed a 96 bedded women's hostel at a cost of ₹ 1.08 crore in December 2013. But the hostel could not be utilised for want of internal water supply, ramp at main entrance, painting of some portion of the building and furniture even after a lapse of more than three years. UGC had released all funds based on the completion certificate submitted by college. However, during site visit by audit, it was noticed that the above items of work were yet to be completed.

b) The Women's Hostel at Tarakeshwar Degree College, West Bengal, was constructed at a cost of ₹ 1.22 crore in March 2014. The College stated (May 2017) that the Higher Education Department, Government of West Bengal, was yet to sanction hostel staff, cook and security guards. Hence, the hostel could not be utilised for the purpose for which it was constructed.

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32 On bricks- ₹ 1.25 lakh: 358082 bricks x ₹ 347.87 per thousand (₹ 665.62 – ₹ 317.75). On sand- ₹ 0.69 lakh: 475.765 cum sand x ₹ 144.79 per cum (₹ 393.73 – ₹ 248.94).

33 Includes two projects which were approved as well as completed during 2014-17.

12.3.3 Conclusion

Thus, implementation of the scheme by ERO-UGC was marked by non-adherence to the extant scheme guidelines which resulted in release of financial assistance of ₹ 9.91 crore without ensuring compliance with the stipulated requirements as well as excess release of ₹ 56.11 lakh. Delay was endemic at every stage of project approval and execution with delays ranging upto nearly 10 years. Completion of 22 projects were delayed while 31 projects were yet to be completed even after delays ranging upto over nine years from the stipulated date of completion. Two hostels created at a cost of ₹ 2.30 crore remained unutilised for more than three years.

The matter was reported to the Ministry (July 2017); its reply was awaited (December 2017).

Banaras Hindu University, Varanasi, Indian Institute of Management, Ahmedabad, and Indian Institute of Management, Kolkata

12.4 Overpayment of interest to the GPF/CPF subscribers

Banaras Hindu University, Varanasi, Indian Institute of Management, Ahmedabad and Indian Institute of Management, Kolkata, paid higher rates of interest to GPF/ CPF subscribers in contravention of extant orders resulting in overpayment of ₹ 6.28 crore.

The Ministry of Human Resource Development Department (MHRD), Government of India, in consultation with the Ministry of Finance, instructed (February 2004) all autonomous organizations under its jurisdiction not to pay interest to General Provident Fund (GPF)/ Contributory Provident Fund (CPF) subscribers at a rate higher than that notified by the Government. However, a lesser rate of interest than the rate notified could be paid depending upon the financial position of the organization.

Audit noticed that Banaras Hindu University (BHU), Varanasi, and the Indian Institutes of Management at Ahmedabad (IIM-A) and Kolkata (IIM-C) paid interest on GPF/CPF accumulations at rates higher than the notified rates fixed by the Central Government. This resulted in over-payment of interest of ₹ 6.28 crore for the years 2010-11 to 2016-17 as detailed in **Table No. 4** below:

Table No. 4: Over-payment of interest

Name of the Institute	For the Year	Rate at which paid by Institute (%)		Rate notified by Central Government (%)	Excess interest credited (₹ in crore)
Banaras Hindu University	2012-13	9.30		8.80	1.17
	2015-16	9.20		8.70	1.75
Indian Institute of Management,	2010-11	12.00		8.00	0.93
	2011-12	12.00 (up to Nov' 11)		8.00 (up to Nov' 11)	1.11

Ahmedabad		12.60 (Dec' 11 – Mar' 12)		8.60 (Dec' 11 – Mar' 12)	
	2012-13	10.80		8.80	0.65
	2013-14	9.45		8.70	0.27
	2014-15	9.10		8.70	0.17
	2015-16	8.82		8.70	0.05
Indian Institute of Management, Calcutta	2016-17	8.70		8.10 (up to Sept' 16) 8.00 (Oct' 16 – Mar' 17)	0.18
Total overpayment					**6.28**

IIM-A stated (June 2017) that instruction of MHRD issued in 2004 is not applicable to the Institute. They contended that these instructions were applicable to those autonomous bodies seeking approval of their respective Finance Committees for augmenting their budget with a view to meeting the shortfall between the income earned on investment of GPF/CPF accumulations made and the amount required to give interest to the GPF/CPF subscribers at the rate of interest notified by Government. In the instant case, the trustees had declared additional interest to employees as per the earning of the trust after taking care that adequate cushion is created to cater for fall in interest rate. BHU replied (May 2017) that the GPF/CPF subscribers were paid enhanced rate of 9.3 and 9.2 *per cent* respectively for the years 2012-13 and 2015-16 as a special case on occasion of 150th birth anniversary of Mahamana Pt. Madan Mohan Malaviyaji and Centenary Year of BHU respectively. IIM-C replied (September 2017) that over-payment of interest was due to incorrect application of interest rate and the excess paid will be recovered/adjusted.

Reply of IIM-A is not acceptable as the institutions whose Provident Fund Rules have been notified under Section 8(2) of Provident Fund Act, 1925, have to mandatorily follow the rate of interest on Provident Fund as notified by the Government of India (GoI) for its employees from time to time. Since the CPF Rules of IIM-A were approved by GoI in October 1964, it is bound by the interest rates notified by GoI and instructions of MHRD are applicable. Further, instructions of MHRD does not provide for any exemption. Hence, replies of IIM-A and BHU were not in consonance with the Ministry's instructions of 2004 which place restrictions on all autonomous organisations on payment of higher rates of interest.

Thus, failure of these institutions to comply with the instructions of MHRD resulted in over-payment of interest of ₹ 6.28 crore to the GPF/CPF subscribers of these institutions.

The matter was reported to the Ministry in (December 2016/June 2017); its reply was awaited as of December 2017.

Indira Gandhi National Tribal University, Amarkantak

12.5 Non-utilisation of funds and irregular payments

Grants sanctioned for specific projects/ schemes/ programmes to the extent of ₹ 3.30 crore were lying unutilized with the University defeating the purpose for which they were sanctioned. There was also irregular payment of Tribal Area Allowance of ₹ 35.39 lakh and irregular reimbursement of Service Tax amounting to ₹ 22.09 lakh.

12.5.1 Introduction

The Indira Gandhi National Tribal University (University), Amarkantak, Madhya Pradesh was established as a Central University under the Indira Gandhi National Tribal University Act, 2007, to provide avenues of higher education and research facilities and to evolve different programs primarily for the tribal population of India. The University has 12 Faculties and 30 Departments which offer Honours, Under Graduate, Post Graduate and PhD programmes. It has one Regional Centre at Manipur. The University had Corpus/ Capital Fund of ₹ 590.46 crore, Fixed Assets of ₹ 496.39 crore and Investments & Cash & Bank balances amounting to ₹ 60.33 crore as of 31 March 2017. The position of utilization of funds by the University during the last five years ending 31 March 2017 is given **Table No. 5** below:

Table No. 5: Utilization of funds

(₹ in crore)

Year	Opening Balance	Plan Grants	Other Grants	Internal Receipt	Total Available Fund	Utilization	Closing Balance
2012-13	2.99	100.00	--	2.72	105.71	111.71	(-) 6.00
2013-14	(-) 6.00	100.00	--	2.97	96.97	98.27	(-) 1.30
2014-15	(-) 1.30	185.16	2.70	5.31	191.87	189.50	2.37
2015-16	2.37	97.67	2.43	5.83	108.30	90.34	17.96
2016-17	17.96	116.18	0.32	5.38	139.84	103.53	36.31

Source – Separate Audit Reports

An audit was conducted to assess the utilisation of funds during the period 2012-13 to 2016-17 with reference to the relevant financial rules and canons of financial propriety. The audit findings are discussed in the subsequent paragraphs.

12.5.2 Under-utilization of funds for Research Projects/Programmes/ Schemes

The University Grants Commission (UGC) as well as different Ministries/ Departments sanction grants for specific Research Projects/Programmes/ Schemes to the University with prescribed conditions which inter alia include that (i) the sanctioned amount is valid for payment during the financial year in which the grant is released, (ii) the grantee institution shall ensure the utilisation of grant for which it is being sanctioned and (iii) in case of non-utilisation/ part utilisation, the simple interest @ 10 *per cent per annum* or as amended from time to time on unutilised amount from the date of drawing to the date of refund as per provisions contained in General Financial Rules (GFRs) of Government of India will be charged. Audit noted that the University failed to utilise 84 *per cent viz.*, ₹ 3.30 crore out of ₹ 3.93 crore of grants received for various schemes as detailed below:

A) In May 2013, the University proposed to establish a full-fledged Centre for preservation and promotion of endangered languages of extinct tribal groups and their dialects for long term research in documentation, conservation and for promotion of endangered languages exclusively in Central India. The proposal was accepted (April 2014) by the UGC and it sanctioned ₹ 2.65 crore in August 2015 for utilisation during the financial year 2015-16. However, the University could spend only ₹ 6.15 lakh during 2015-16 and ₹ 27.47 lakh during 2016-17 towards entitlement expenditure and for purchase of computer hardware leaving a balance unspent grant of ₹ 2.31 crore (87 *per cent*). In May 2017, the University informed UGC of the progress of the Centre and the way-forward and requested release of second instalment of ₹ 2.65 crore even without utilizing the funds granted in the first instalment.

B) The Ministry of Micro, Small and Medium Enterprises launched (March 2015) a scheme for promoting innovation, entrepreneurship and agro-industry with components like creation of technology centres, capacity building and support for setting up livelihood business incubation centres and technology incubation centres and accelerator workshops. The University was made (September 2016) the nodal agency with focus area of training as multi trade and an amount of ₹ 49.43 lakh was released. However, the entire grant remained unutilized as of 31 March 2017.

C) The Ministry of Environment, Forest and Climate Change released ₹ 43.16 lakh (₹ 12.59 lakh in January 2016 and ₹ 30.57 lakh in October 2016) towards two projects, namely (i) land use dynamics and its impact on micro-elements, structure, composition and diversity of Achanakumar – Amarkantak Biosphere using satellite remote sensing and GIS techniques, and (ii) identification of potential risk from ecologically relevant toxicants on Narmada river and evaluation of its health using aquatic macro invertebrates. In February 2017, even though the University had failed to utilise the grant received in January 2016, the Project in-charge was given permission to utilize the sanction during 2016-17. However, only ₹ 6.92 lakh could be utilized by 31 March 2017 leaving an unspent balance of ₹ 5.67 lakh (45 *per cent*) with the

University. Similarly, against the grant received for ₹ 30.57 lakh in October 2016, an amount of only ₹ 0.99 lakh could be utilized leaving an unspent balance of ₹ 29.58 lakh (97 *per cent*) as of 31 March 2017.

D) UGC launched (2011) a scheme by name of 'Start-Up Research Grant' to boost Basic Science Research (BSR) amongst young faculty at the Assistant Professor level. The grant provided can be utilized for items like minor equipment, consumables, contingencies, fieldwork and travel. UGC released ₹ 35.40 lakh to six Assistant Professors as Start-Up Research Grant during the five years period ending 31 March 2017 out of which only ₹ 20.76 lakh could be utilised and ₹ 14.64 lakh (41 *per cent*) is lying with the Institute which has neither been utilized within the specified period nor refunded to UGC as per the terms of its sanction order.

The University stated (August 2017) that it has to follow the prescribed guidelines for incurring the expenditure and there may be certain cases of under-utilization which is unavoidable as the compliance of guidelines is also equally significant. It added that the utilization will be ensured for the projects as per the sanction and extension of the Project will be obtained, whenever required, from the concerned funding agency.

Audit observed that the University, being the grantee institution, has not written to UGC justifying the non-utilisation of grant within the stipulated period and requested for extension of time. It is the responsibility of the University to oversee the utilisation of grants for the purposes intended to ensure that the objectives for which the same are sanctioned are being met. Further, the non-refund of unutilised grants entails a penalty of 10 *per cent* simple interest on the unutilised portion of the grant which upon demanded by UGC is an avoidable expenditure.

12.5.3 Irregular award of Civil and Electrical works

As per Rule 160 (x) of GFR 2005, bids received should be evaluated in terms of the conditions already incorporated in the bidding documents. No new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids.

The University floated (March 2011) a Notice Inviting Tender for civil and electrical works for HT Electrical System including sub-station, overhead transmission line and ground cabling at the University campus. The eligibility criterion was specified as (i) the contractor should have successfully executed jobs of similar nature in the last three financial years, (ii) the contractor or the firm should be registered or must have executed at least one work in last three years with any department of Central Government, State Government, Public Sector Undertaking or any private company of repute and (iii) the contractor or the firm should have all necessary registrations such as Income Tax, Sales Tax, Labour Department, Service Tax etc.

The Vice Chancellor of the University constituted (May 2011) a Technical Committee to open and evaluate the technical bids and prepare a comparative chart of the tenders received. The Technical Committee opened the technical bids and rejected one tender on the ground that the counter-signature of the bank authority was not there on the Fixed Deposit Receipt submitted as EMD and recommended the other five tenders received for opening of financial bids. Subsequently, while approving the proposal of the Technical Committee, the Registrar proposed that the firms having similar work experience of less than ₹ 25 lakh may not be short-listed as being technically qualified. The Vice Chancellor approved the proposal of the Registrar and two firms were disqualified and subsequently the works were awarded for ₹ 1.68 crore to the L1 bidder from the remaining three bidders.

Audit noted that the introduction of a new condition of firms with similar work experience of at least ₹ 25 lakh at the time of evaluation of technical bids and disqualifying two firms who were otherwise technically qualified is in contravention of Rule 160 of the GFR.

The University stated (August 2017) that according to the certificates provided by the firms, they possessed experience of 11 KVA and LT works whereas as per tender, the minimum requirement was 33 KVA and HT works and thus both the firms were technically disqualified by the tender committee.

The reply is not tenable as the experience certificates provided by both the firms indicated experience of HT works and both the firms were proposed by the Technical Committee for opening of the financial bids. One of the disqualified firms had experience of executing the work of 33 KV HT line, sub-station, ground cabling etc. with Public Works Department, Rewa, Madhya Pradesh with turnover of ₹ 1.37 crore during 2010-11 and similar work for ₹ 39.95 lakh during 2007-08. The second firm which was disqualified had the experience of working with Bharat Sanchar Nigam Limited and completed works of supply, installation, testing and commissioning of transformer sub-station and extension of HT/LT line for providing LT supply amounting to ₹ 3.95 crore during 2008-10 and ₹ 1.30 crore during 2009-11.

12.5.4 Irregular payment of Tribal Area Allowance

As per instructions issued by the Government of India for Special Compensatory (Hill Area) Allowance[34] and for Scheduled/Tribal Area Allowance[35], 'in places where more than one Special Compensatory Allowance is admissible, the Central Government employees posted in such stations will have the option to choose the allowance which benefits them the most'.

As Anuppur District of Madhya Pradesh where the University is located has been notified as a tribal area and is at an elevation of 1,048 meters above sea level, the employees of the University were paid both Tribal Area Allowance amounting to ₹ 35.39 lakh as well as Hill Area Allowance amounting to ₹ 56.39 lakh during the period 2012-2017. As such, payment of ₹ 35.39 lakh, being the least amount paid among both the allowances, was in violation of the extant orders.

The University stated (August 2017) that the orders of the Government dated 29 August 2008 do not cite the Tribal Area Allowance as a special compensatory allowance and hence it is also admissible.

Reply is not tenable as the instructions clearly stipulate that only one Special Compensatory Allowance is admissible to employees posted in a station.

12.5.5 Irregular reimbursement of Service Tax

The services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of a structure meant predominantly for use as an educational establishment are exempt from levy of service tax as per Clause 12(c) of the Ministry of Finance (MoF) Notification No. 25/2012 dated 20 June 2012. This exemption was withdrawn vide MoF Notification dated 1 March 2015 with effect from 1 April 2015, but subsequently re-introduced vide MoF Notification dated 1 March 2016 with a caveat that the contract for services should have been entered into prior to March 2015 to avail the exemption with effect from 1 April 2016.

In respect of execution of works for construction of buildings and allied structures for University's Campus at Amarkantak, University reimbursed ₹ 91.59 lakh towards service tax to contractors during 2016-17. Audit noted that three works relating to construction of school of education building, teachers residences and internal roads and allied structures were awarded prior to

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[34] Office Memorandum no. 4(2)2008-E.II(B) dated 29 August 2008.

[35] Office Memorandum no. 17(1)2008-E.II(B) dated 29 August 2008.

1 March 2015 and the contractors were reimbursed service tax component of ₹ 22.09 lakh in respect of those bills during 2016-17 which were exempt from payment of Service Tax.

University replied (August 2017) that as per the orders of the Service Tax authorities, the University is not entitled for exemption from payment of service tax. The University added that it was contesting the matter through appeal with Service Tax Department.

Audit noted that the University was established by an Act of Parliament to impart education and as such was eligible for exemption of services provided to it in terms of the MoF's notifications cited above. Hence, it should have exercised due diligence at the stage of passing of the bills to avoid the reimbursement of service tax component.

The audit observations were sent to the Ministry in September 2017; its reply was awaited (December 2017).

Kendriya Vidyalaya, Sidhi

12.6 Unfruitful expenditure on construction of school hostels

Construction of hostel building, kitchen and dining block for the Kendriya Vidyalaya, Sidhi, M.P. by the Kendriya Vidyalaya Sangathan without assessing its requirement resulted in unfruitful expenditure of ₹ 1.70 crore as the building remained unutilized since its completion in May 2012.

Rule 26 of the General Financial Rules, 2005, stipulate that a controlling officer should ensure that an adequate control mechanism is functioning in his department to guard against waste and loss of public money and such mechanism and checks are effectively applied. Further, the CPWD Manual stipulates that works should be undertaken only after a proper assessment of requirements and feasibility study so as to ensure that the objective of the proposed project would be achieved and the funds gainfully utilised.

The Kendriya Vidyalaya Sangathan, New Delhi (KVS), received a message on 6 June 2007 from the Chairman KVS for construction of a hostel building at Kendriya Vidyalaya, Sidhi (M.P.) to cater to the needs of tribal children. The matter was placed before the Finance Committee on 13 June 2007 which recommended the proposal. The construction of the hostel building was subsequently approved by the Board of Governors in its 77th Meeting held on 20 June 2007.

Subsequently, KVS accorded (January 2008) administrative approval and expenditure sanction for ₹ 1.74 crore for construction of the Boys' and Girls'

Hostel building (30 students each) along with kitchen and dining block including water supply, sanitary installation, drainage and development works for Kendriya Vidyalaya (KV), Sidhi, (M.P.). KVS executed the construction work through the Central Public Works Department (CPWD) and ₹ 1.70 crore was released by KVS to the KV Sidhi in three installments[36] during February 2008 to August 2011. The construction work commenced in March 2009 and was scheduled for completion by March 2010. However, the construction was completed by CPWD with delay of two years in March 2012 and handed over to KV Sidhi in May 2012. Though the work was completed, CPWD had yet to provide final settlement of account and completion report/certificate even after lapse of more than five years from the date of completion and handing over of the works to the KVS.

Audit observed that except an occasional use of space for yoga classes, both the hostels including the kitchen and the dining block had been lying unutilized since being handed over to KV Sidhi in May 2012. No document relating to conduct of any feasibility study or assessment of requirement could be provided to audit.

KVS and KV, Sidhi intimated in October 2017 and June 2017 respectively that (i) CPWD has not submitted completion report despite repeated reminders, (ii) even after repeated instructions, no student was willing to stay in the hostels, and (iii) the hostel was occasionally being utilized for yoga classes and art room with the permission of the Vidyalaya Management Committee. However, no yoga classes are being conducted currently in the hostel building as it was not suitable for conducting yoga classes.

Thus, the decision of the KVS to construct the hostel building without assessing its requirement or conducting a feasibility study was imprudent and resulted in unfruitful expenditure of ₹ 1.70 crore. Further, the final account with CPWD has not been settled for the last five years. Ministry/Management should find gainful alternative utilisation of the school hostel and related facilities built, including by other Ministries/Government Departments/Central Autonomous Bodies.

Matter was reported to the Ministry in June 2017; its reply was awaited as of December 2017.

[36] ₹ 60 lakh in February 2008; ₹ 50 lakh in April 2010 and ₹ 60 lakh in August 2011.

Central Board of Secondary Education

12.7 Affiliation of private unaided schools

The Affiliation Bye-Laws of Central Board of Secondary Education were not adhered to with reference to grant of approval of affiliations. Delays in grant of affiliations and deficiencies in constitution of Inspection Committees and conduct of inspection undermined their very purpose. Schools were granted affiliation without the conduct of inspection and there were instances of improper grant of affiliation and improper processing of applications.

12.7.1 Introduction

The Central Board of Secondary Education (Board), a self-financed autonomous organisation, was established in July 1929 by a Government of India Resolution (Resolution). The Central Board of Secondary Education Regulations (Regulations) prescribe the office bearers of the Board, rules for conduct of meetings and for affiliation and conduct of examinations. The Board functions under the overall supervision of the Secretary (School Education & Literacy), Ministry of Human Resource Development (MHRD), Government of India. The Chairman is the chief executive of the Board.

As per Clause 9 of the Resolution, the Board is empowered to affiliate educational institutions for the purpose of its examinations. Applications for affiliation is considered for (i) approval of middle class syllabus, (ii) provisional affiliation of a secondary school, (iii) upgradation/provisional affiliation of a school for senior secondary stage, (iv) application for additional subjects, (v) regular affiliation to schools run by the Government/Government Aided/ Kendriya Vidyalaya Sanghatan (KVS)/Navodaya Vidyalaya Samiti (NVS)/ Central Tibetan Schools Administration (CTSA) and (v) permanent affiliation to schools managed by Public Sector Undertakings and those which have earlier been granted provisional affiliation.

Private unaided schools are initially granted provisional affiliation for a period of three to five years and thereafter granted permanent affiliation subject to the fulfilment of norms and conditions stipulated in the Affiliation Bye-Laws that were formulated by the Board in January 1988.

As per Clause 15 of the Affiliation Bye-Laws, on receipt of the online application for affiliation, the Affiliation Unit of the Board examines the documents and if the applicant school fulfils the essential norms, the Secretary informs the Chairman who shall set up an Inspection Committee for the inspection of the institution. On receipt of the Inspection Report, the Secretary convenes a meeting of the Affiliation Committee to decide whether the school should be granted affiliation. The decision as to the grant of affiliation will be communicated to the school after the approval of Affiliation Committee. In case of emergency[37], this power may be exercised by the Chairman.

As on 31 March 2017, 18,694 schools including 211 foreign schools were affiliated with the Board as in **Table No. 6** below:

Table No. 6: Schools affiliated with the Board

Kendriya Vidyalaya Sanghatan	Government/ Aided Schools	Private Unaided Schools	Navodaya Vidyalaya Samiti	Central Tibetan Schools Administration	Total
1,117	2,720	14,253	590	14	18,694

An audit was undertaken to review the process of affiliation of private unaided schools covering a period of three years from 2014-15 to 2016-17. Out of 14,253 private unaided schools, 203 cases of affiliation applications received for the period 2014-17 were selected using random sample selection basis. The audit findings are discussed in the subsequent paragraphs.

12.7.2 Non-adherence of the provisions of the Regulations

Audit noted that in contravention of the provisions of the Affiliation Bye-Laws, affiliations were granted by the Chairman/Deputy Secretary of the Affiliation Unit in all 11,060 cases received during 2014-17 without these being routed through the Affiliation Committee. In all these 11,060 cases, the schools were communicated about the grant of affiliation and subsequently the decision was ratified by the Affiliation Committee. Grant of affiliation even in non-emergency cases by-passing the scrutiny expected to be exercised by the Affiliation Committee to ensure conformity to the extant rules and criteria was unjustified and undermined the objectives of the Affiliation Bye-Laws.

12.7.3 Delay in grant of affiliations

Clause 15(1) (a) of the Affiliation Bye-Laws provides that the schools fulfilling the norms of affiliation may apply online to the Board for approval of Middle Class Syllabus/provisional affiliation for Secondary/upgradation of Senior Secondary Classes on the prescribed form along with prescribed fee before 30 June of the year preceding the year in which class VI/IX/XI, as the case may be, is proposed to be started. Further, all the applications which are received by the Board on or before 30 June every year may be processed together within a period of six months. The order of granting or refusing the affiliation shall be communicated to the applicants on or before 31 December of that year.

[37] Emergency means any affiliation matter other than routine which requires immediate action in public interest.

Audit analysis revealed that affiliation was granted to the schools by the Board in 140 out of 203 cases. However, only 19 out of the 140 cases (14 *per cent*) were granted affiliation within six months. In the remaining 121 cases, Board took seven months to over three years to convey grant of affiliation to the schools. The delay occurred mainly due to (i) late processing of applications and communication of deficiencies, (ii) delay in conduct of inspection due to non-availability of members and (iii) lengthy process of compliance and communication of deficiency. Further, in 30 of the 121 cases, the Board communicated the first deficiency after preliminary scrutiny of the documents submitted along with the application after the deadline of 31 December.

Thus, the Board could not adhere with the prescribed time schedule prescribed for the grant of affiliation.

12.7.4 Improper grant of affiliations

12.7.4.1 Start of classes without affiliation

As per Clause 15(9) of the Affiliation Bye-Laws, no school is permitted to start CBSE pattern classes VI/IX/XI, as the case may be, without obtaining formal permission of affiliation of the Board and any school violating this condition will be disqualified for a period of two years.

Audit noted that in 58 out of 203 cases where the schools had applied for affiliation for Middle Class/provisional affiliation for Secondary/upgradation of Senior Secondary Classes, the affiliation was granted after the commencement of the session which indicated that the schools were operating the classes without the permission of the Board in violation of the extant guidelines. However, no disqualification was done by the Board.

12.7.4.2 Improper scrutiny of documents

As per Clause 8(5) of the Affiliation Bye-Laws, certificates in the prescribed format from the Health Officer of the Local Government regarding the health and sanitary conditions of the school and from the Municipal/Fire/Transport Authority regarding water/fire/transport/safety should be submitted along with the application for affiliation. A fresh certificate regarding fulfilment of these requirements should be submitted by the schools to the Board every five years.

Audit noticed that the certificates which were required to be enclosed from the municipal authority/fire authority/transport authority were not in proper format in 123 out of 203 cases examined. Further, affiliation was granted based on certificates whose validity either expired or were with limited validity of one year in 76 of the 123 cases. This resulted in grant of affiliation without assurance regarding health, hygiene and security of the students.

12.7.5 Deficiencies in Inspection System

As per Clauses 13(1) and 15(3) of the Affiliation Bye-laws read with Section I(10)(v) of Chapter IV of the Regulations, one of the functions of the Affiliation Committee is to form a panel of inspectors for inspection of institutes. On receipt of the application, the Secretary, after preliminary examination, shall inform the Chairman who shall set up the Inspection Committees for inspection of schools which applied for affiliation. The Affiliation Committee shall within three months of the dates of Inspection of an institution submit all applications received by it with its recommendations thereon to the Chairman.

The details of Inspection Committees formed and affiliations granted are tabulated in **Table No. 7** below:

Table No. 7: Inspection Committees formed and affiliations granted

	Total	Affiliation Granted	Affiliation not Granted/Pending
Inspection Committees formed for current application	118	65	53
Inspection Committees formed for earlier affiliation period	65	59	6
No Inspection Committees formed	20	16	4
Total	**203**	**140**	**63**

Audit observed the following:

(i) Though the Regulations under Section 1(10)(v) of Chapter IV read with Clause 15(3) and 15(5) of the Affiliation Bye-Laws stipulate the necessity of inspection by an Inspection Committee constituted by the Chairman before the grant of affiliation, affiliation was granted to 75 schools without the constitution of Inspection Committee and conduct of inspection. In 59 of the 75 schools, affiliation was granted based on the inspection carried out for the previous cycle of process of affiliation.

The selection of Inspection Committee members is done through an online system. The number of inspections for which a member is selected is maintained in the system and the system automatically gives priority to members who have conducted least number of inspections. After the constitution of Inspection Committee, the names of the members are communicated to the school to coordinate with the inspection team. However, there is no proper system thereafter to indicate whether the member has actually conducted the inspection or not. Further, the online system is also not updated whenever a member retires/gets transferred/leaves the service.

(ii) Due to non-updating of the database, Inspection Committees had to be reconstituted 16 times in case of 13 applications due to retirement of members in seven instances and transfer of members in nine instances. This resulted in delay in grant of affiliation to schools in six cases while affiliation is yet to be granted in the remaining cases.

(iii) The Inspection Committees are expected to examine all the requirements of the Board with regard to affiliation of the schools such as observation of rules, provision of infrastructure, payment of emoluments to teachers and service benefits to teachers, staff and fee structure *vis-à-vis* the facilities provided to the students.

Audit noticed that the Inspection Committee had recommended grant of affiliation to the schools in 59 cases inspite of deficiencies noticed during inspection. Though affiliation was granted to 41 schools after their compliance to the deficiencies noticed, the grant of affiliation to 18 schools is still pending as the schools are yet to rectify the deficiencies pointed out by the Inspection Committee.

12.7.6 Non adherence to the Regulations in case of affiliated schools

12.7.6.1 Non conduct of regular inspection

As per Clause 3(C)(v)(f) of the Affiliation Bye-Laws, the Board has the right to inspect schools so as to ensure that the norms/conditions laid down in the Affiliation Bye-Laws in force are strictly complied.

Audit observed that the Board has not laid down any procedure to conduct periodical inspection of schools already affiliated. It was also observed that no such inspection of schools as envisaged in the Affiliation Bye-Laws was being conducted. The inspection of the affiliated schools is all the more necessary in cases where the affiliation has been granted by the Board by specifying special conditions to be complied by the school within specified time frame as no further follow-up on compliance by the school to those conditions is being made by the Board in such cases.

The Board stated (May 2017) that only periodical inspection of the private schools are being undertaken on serious complaints/grievances/inputs received from Regional Offices/irregularities during scrutiny of application of extension and random basis. Since most of the Committees are made offline, no complete centralised data is available.

12.7.6.2 Non-furnishing of Annual Reports

As per Clause 13(3)(i) of the Affiliation Bye-Laws, the school should prepare its annual report containing comprehensive information including affiliation status, period of provisional affiliation, details of infrastructure, details of teachers, number of students, and status of fulfilment of norms of Affiliation Bye-Laws and post the same on the web-site before 15 September of every year.

Audit noted that there was no record maintained to monitor non-compliance to the above provisions by the Board.

The Board stated (May 2017) that the data was not maintained on monitoring/ compliance by the schools as it was not feasible. The Board further informed that an Online Affiliated School Information System (OASIS) has been introduced in November 2016 for all its affiliated schools to update their detailed information online. A total of 16,047 out of 18,124 schools affiliated as of November 2016 have submitted the information online as of August 2017.

12.7.6.3 Non-conducting of audit of the school funds

Clause 13(10) of the Affiliation Bye-Laws provide that the Board may conduct an audit of the funds of the school as and when it thinks necessary to ensure that (a) the funds/fee collected by the school authorities are not diverted for any purpose other than furthering education, (b) the staff is paid salaries as per the Bye-Laws and (c) any other financial irregularity. Audit noticed that no such audit is being conducted by the Board.

The Board informed (May 2017) that no such data (specific to audit of funds) is being maintained and hence, not available.

12.7.7 Conclusion

There were deviations from the provisions of the Affiliation Bye-Laws including by-passing of the scrutiny expected to be exercised by the Affiliation Committee while granting affiliation. This, coupled with delay in grant of affiliations, not ensuring compliance with health, hygiene and security requirements and lack of periodic inspections resulted in the Board not being able to ensure the compliance and supervision expected of it over the standard of the affiliated schools and quality of infrastructure and education imparted to students.

The audit observations were sent to the Ministry in September 2017; its comments were awaited (December 2017).

Indian Institute of Technology, Mumbai

12.8 Irregular payment of special allowance/honorarium

Payment of special allowance/honorarium in violation of provisions of GFR resulted in irregular payment of ₹ 9.76 crore.

Rule 209 (6) (iv) (a) of the General Financial Rules (GFR), 2005, stipulates that all grantee institutions which receive more than 50 *per cent* of their recurring expenditure in the form of grants-in-aid should formulate terms and conditions of service of its employees which are not higher than those applicable to similar categories of employees in Central Government. In exceptional cases, relaxation may be made in consultation with the Ministry of Finance. The pay and allowances of academic and non-academic staff of the Indian Institute of Technology (IIT), Mumbai, an autonomous institution fully funded by Government of India, is regulated as per the Central Government rules and notifications.

The Ministry of Human Resource Development (Ministry) classified certain posts[38] as eligible for special allowance/honorarium and prescribed the rates at which such payments were to be made at various Indian Institutes of Technology. However, IIT Mumbai had over the years vide various resolutions of the Board of Governor (Board) added other posts to the eligible list of beneficiaries for payment of monthly honorarium/special allowance. The Institute also enhanced these rates periodically by such Board resolutions on a regular basis without obtaining approval of the Ministry.

MHRD while extending the benefit of revised scale of pay as per the Sixth Central Pay Commission to the employees of the central autonomous bodies specified (August/September 2009) that all such facilities and perquisites that were not in conformity with Government instructions should be withdrawn as the conditions of service of employees of autonomous bodies were at par with those of Central Government departments. Further, considering the definition of 'Honorarium' (FR 46) i.e. 'amount granted for work which is occasional or intermittent in character,' Government viewed the granting of honorarium to its staff by IIT Mumbai on monthly basis in a routine manner as a deviation from its instructions and directed the Institute to discontinue such payments and effect recovery of payments made since January 2006.

IIT Mumbai decided (October 2009) to withdraw such payments of honorarium and directed that sources other than Government funds be explored for compensating the faculty members. Subsequently, the Director, IIT Mumbai, approved (October 2009) payment of honorarium to faculty and other staff from an Institute

[38] Deputy Director, Deans, Wardens and Assoc./Asstt. Wardens.

Development Fund (IDF) that is collected from Institute's earnings and interest earned on thereof and to adjust the payments already made to the beneficiaries from this fund instead of recovering from the concerned beneficiaries from January 2006.

This decision of IIT Mumbai to continue regular monthly payment of honorarium/ special allowance and adjusting the same from the IDF was in violation of the Government directions. During the period from January 2006 to March 2017, IIT Mumbai paid honorarium/special allowance of ₹ 9.76 crore to faculties and staff.

In April 2017, Ministry informed that the Principal Chief Controller of Account (Pr. CCA) and Integrated Finance Division (IFD) of MHRD had opined that IITs are substantially financed by Government of India (GoI) and any allowance irrespective of source of payment has to be approved by GoI. Ministry had prescribed special allowances to four categories of employees in 2010 and any subsequent revision ought to be approved by the Ministry before payment. This was not done in the present case. The Integrated Finance Division (IFD) of MHRD added that IFD does not possess the powers to relax the relevant provisions/rules and grant ex-post facto approval since the Institution has not only raised the rates for the approved categories of employees but added another 11 categories to the list for payment of special allowance/honorarium.

Ministry subsequently stated in July 2017 that the provision for payment of honorarium/special allowance to special category of employees is in the Section 23.5 of Statutes (1962) of IIT Mumbai. The honorarium and allowances in IIT cannot be dealt as per FR 46 where annual limit of ₹ 5000 is prescribed i.e. honorarium and special allowances in IIT do not fall under any government rules. Hence, decision of the Board to pay this allowance/honorarium was not wrong.

The reply of Ministry was not tenable as it was in contravention of Rule 209 (6) (iv) (a) of GFR 2005 as no relaxation for payment of special allowance/honorarium has been given by MHRD to IIT Mumbai in consultation with the Ministry of Finance. Further, Section 23.5 of the Statutes cited by the Ministry only provides that Wardens and Assistant Wardens shall be paid an allowance of ₹ 50 per month provided that in case a Professor is appointed as Warden, he shall not be entitled to receive any allowance. In the instant case, IIT Mumbai had paid honorarium/special allowance to large categories of employees. Hence, payment of ₹ 9.76 crore to faculty and staff as honorarium/special allowance was irregular and in contravention of the extant rules. The instances of irregular payment of special allowances/honorarium mentioned in this audit observation are those which came to the notice of audit during test check of records of IIT Mumbai and do not exclude the risk of similar other instances. Ministry may thus, review the irregular payment of special allowances/honorarium in all autonomous bodies under their control to obviate the possibility of similar cases.

12.9 Irregular payment of Service Tax

The Indian Institute of Technology, Mumbai failed to exercise due diligence and made irregular payment of service tax amounting ₹ 2.56 crore on construction activities under taken by them which was exempted from payment of service tax.

Ministry of Finance (Department of Revenue) vide Notification No.25/2012 ST dated 20 June 2012 exempted service tax on services provided to a government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of a structure meant predominantly for use as an educational establishment. The above exemption was omitted vide notification 06/2015 ST dated 1 March 2015 but subsequently re-introduced vide Ministry of Finance (Department of Revenue) vide Notification 09/2016 ST dated 1 March 2016 with the stipulation that the aforesaid activities should be under a contract which had been entered into prior to 1 March 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date.

Audit examination revealed that the Indian Institute of Technology Mumbai had entered into agreement for five construction works prior to 1 March 2015 and paid service tax of ₹ 2.56 crore on these works during the period 1 March 2016 to 31 March 2017. As these activities were exempted from service tax with effect from 1 March 2016, the payment of ₹ 2.56 crore as service tax after 1 March 2016 was irregular.

IIT stated (August 2017) that in the case of Shapoorji Paloonji & Company (P) Ltd./IIT, Patna vs. Commissioner of Customs Central Excise and Service Tax (2015) in Patna High Court, the Service Tax Department had contended that IIT Patna is not a government authority as Government did not have 90 *per cent* or more equity in it and hence the exemption notification was not applicable to IIT Patna. Hence, it was not clear whether IITB could take *suo-moto* action to stop payment of service tax to contractors based on the judgement of Patna High Court. Therefore, the Institute paid service tax to the contractors as the exemption in relation to educational institution was withdrawn with effect from 1 April 2015.

The reply of the Institute is not tenable as the agreements for these construction works were entered before 1 March 2015 and the Patna High Court had clearly pronounced (March 2016) during the course of judgement that IITs were set up under the Indian Institute of Technology Act, 1961, as institutes of national importance and the Notification of June 2012 exempted the activity of construction undertaken by the institute from payment of service tax. There was no bar on IIT Mumbai being an eligible institution to avail service tax exemption on such activity.

The matter was reported to the Ministry (April 2017); its reply was awaited (December 2017).

Indian Institute of Technology (ISM), Dhanbad, National Institute of Foundry and Forge Technology, Ranchi and National Institute of Technology, Jamshedpur

12.10 Irregular re-imbursement of LTC claims

Three Central Autonomous Bodies irregularly reimbursed air fares of ₹ 1.28 crore during 2011-16 against air tickets purchased by their employees from unauthorized agents in violation of guidelines for availing Leave Travel Concession.

As per the guidelines issued (September 2010) by Ministry of Finance, Department of Expenditure (MoF) for air travel on Leave Travel Concession (LTC), air tickets are to be purchased directly from airlines[39] or by utilizing the services of authorised travel agents *viz.* M/s Balmer Lawrie & Company, M/s Ashok Travels & Tours and Indian Railway Catering & Tourism Corporation (IRCTC)[40].

Audit scrutiny of LTC bills in three[41] Central Autonomous Bodies (CABs) revealed that air tickets amounting to ₹ 1.28 crore[42] were purchased by employees of these Central Autonomous Bodies from agents other than the authorized travel agents during 2011-12 to 2015-16. Since the purchases of air tickets were made in violation of MoF guidelines, reimbursement of ₹ 1.28 crore was irregular.

IIT (ISM) Dhanbad stated (May 2017) that since the facility of booking tickets from counter of Air India and from authorized travel agents is not available in the city of Dhanbad, employees of the Institute were facing problem. However, after being pointed out by audit, necessary guidelines for booking of air tickets from Air India website/Authorized Travel Agents had been issued. NIFFT Ranchi stated (June 2017) that there have been no such cases of booking

39 At Booking counters/Website of Airlines

40 To the extent IRCTC is authorised as per DoPT OM No. 31011/6/2002-Estt. (A) dated 2 December 2009.

41 Indian Institute of Technology (ISM), Dhanbad, National Institute of Foundry and Forge Technology (NIFFT), Ranchi and National Institute of Technology (NIT), Jamshedpur

42 IIT(ISM) Dhanbad - ₹ 36.29 lakh, NIT Jamshedpur- ₹ 62.80 lakh and NIFFT Ranchi - ₹ 29.01 lakh.

through such agencies since 2015-16 and all the bookings have been made directly through the approved airlines/booking agencies. NIT Jamshedpur stated (March 2017) that the payment of air fares have been stopped from the financial year 2016-17 in cases where tickets are booked through unauthorized travel agents.

The matter was reported to Ministry in June 2017. In respect of IIT (ISM) Dhanbad, Ministry stated (July 2017) that after identification of such lapse by C&AG in March 2017, the Institute has made it mandatory to procure air tickets only from the Government authorized sources/Air India site for availing air travel w.e.f. financial year 2017-18. The replies from Ministry in respect of NIT Jamshedpur and NIFFT Ranchi were awaited (December 2017).

Indian Institute of Technology, Chennai

12.11 Avoidable expenditure due to non-recovery of service tax

Failure of Indian Institute of Technology Chennai to collect service tax from the service receiver resulted in payment of arrears of service tax and interest from their own resources resulting in an avoidable expenditure of ₹ 1.19 crore.

The Centre for Continuing Education (CCE) of the Indian Institute of Technology Chennai (IIT Chennai), provides training for faculty members to excel in their respective fields. The Centre also organises several short-term courses for professionals from industry and R&D establishments as well as user oriented programmes to meet the requirements of industrial organisations for which it charges fees. As per sub clause zzc of clause 105 read with clauses 26 and 27 of Section 65 of Finance Act, 1994, service tax is to be levied on training or coaching provided by any commercial training or coaching centre[43] for imparting skill or knowledge or lessons on any subject or field other than sports, with or without issuance of certificate. The training courses conducted by CCE were thus subject to levy of service tax under the Finance Act, 1994.

Audit examination revealed that IIT Chennai did not collect and remit service tax for the training courses conducted by CCE. These training courses were

[43] Explanation under sub-clause zzc of clause 105 of Section 65 - For the removal of doubts, it is hereby declared that the expression "commercial training or coaching centre" occurring in this sub-clause and in clauses (26), (27) and (90a) shall include any centre or institute, by whatever name called, where training or coaching is imparted for consideration, whether or not such centre or institute is registered as a trust or a society or similar other organisation under any law for the time being in force and carrying on its activity with or without profit motive and the expression "commercial training or coaching" shall be construed accordingly.

mainly for private institutes and entities as well as some PSUs and government entities. The Service Tax Department demanded (January 2016) payment of ₹ 72.76 lakh towards service tax on commercial coaching training provided for the period from April 2010 to March 2015 by the CCE. IIT Chennai had thereafter to pay ₹ 72.76 lakh towards service tax arrears along with ₹ 45.76 lakh towards interest on belated payment of service tax in March 2016. It was observed that the Institute failed to recover the service tax from the service receiver for providing commercial training through CCE. As a result, IIT Chennai had to pay ₹ 1.19 crore from its own resources towards arrears of service tax and interest which was avoidable.

The Ministry stated (April 2007) that service tax along with interest was paid to avoid further legal liabilities. It added that service tax on these courses is now being collected and remitted to the Service Tax Department.

Thus, failure of IIT Chennai to recover the service tax from service receiver resulted in avoidable expenditure of ₹ 1.19 crore.

National Institute of Technology, Tiruchirappalli

12.12 School building not utilized for intended purpose

National Institute of Technology, Tiruchirappalli constructed a school building for Kendriya Vidyalaya without obtaining approval and financial sanction of Ministry resulting in non-utilisation of the building constructed at a cost of ₹ 6.64 crore for the intended purpose.

National Institute of Technology, Tiruchirappalli (NIT) decided in October 2006 to construct a school building for Kendriya Vidyalaya (KV) school in its campus and sought the detailed requirements from Kendriya Vidyalaya Sangathan (KVS). In February 2007, KVS asked NIT to submit the proposal for opening a KV under 'Project Sector/Institute of Higher Learning (IHL).' KVS added that the resolution to be passed by the Board of Governors (BoG) of NIT for opening a KV under IHL should, *inter alia*, state that NIT will bear the entire cost i.e. recurring and non-recurring expenditure including proportionate overhead charges and future development expenditure and shall also provide suitable and sufficient land, buildings, furniture and equipment as well as residential accommodation for the staff of the proposed KV. Further, the Memorandum of Understanding to be signed between NIT and KVS required an undertaking that NIT shall bear all costs of opening and running the KV and should be with the concurrence of the Secretary, Ministry of Human Resource Development (MHRD).

NIT submitted a proposal for the KV to the Ministry in May 2008. Subsequently in April 2009, the BoG of NIT approved the proposal for establishing the KV from 2009-10 with salaries being paid from NIT's funds though the response from Ministry to the proposal was still awaited. Subsequently, NIT reminded MHRD to expedite the requisite approvals (September 2009) and sought (September 2011 and November 2011) approval and financial sanction for recurring and non-recurring expenses and to sign the MoU with KVS. Without waiting for MHRD concurrence, NIT entrusted (July 2009) the work of construction of school building for KV to Central Public Works Department (CPWD) for ₹ 7.57 crore. The work was completed at a cost of ₹ 6.64 crore and the building was handed over in May 2013. In the meanwhile, MHRD requested (May 2012) NIT to negotiate with KVS to make them agree to bear the recurring and non-recurring cost from their own budget in exchange for land which could be provided to KVS free of cost. However, KVS conveyed (April 2013) that opening of KV at NIT is viable only as per norms prescribed under IHL/Project Sector.

Audit observed that in spite of there being no commitment of MHRD on funding the recurring and non-recurring expenditure and before obtaining its concurrence for signing the MoU to establish the KV, NIT constructed the school building. As the school could not be started, the building remains partially utilised as a Student Activities Centre and partly allocated to Indian Institute of Information Technology Tiruchirappalli from March 2016.

MHRD stated (October 2017) that it has directed NIT to strictly and scrupulously adhere to the norms prescribed in the GFRs and the instructions issued by GoI from time to time with respect to construction of building in the Institute. The Institute has also been requested not to repeat such procedural lapses in the future.

Thus, construction of school building by NIT even before obtaining approval and financial sanction of MHRD as mandated under the extant rules resulted in non-utilisation of the building constructed at a cost of ₹ 6.64 crore for the intended purpose.

Central University of Gujarat, Gandhinagar

12.13 Non-functional equipment

Poor contracting practices and lack of effective follow-up to enforce terms of supply order resulted in equipment worth ₹ 2.22 crore remaining non-functional.

Central University of Gujarat (CUG), Gandhinagar, purchases equipment for research and training programmes by its various departments. The terms and conditions of the tenders for procurement of equipment stipulate a warranty period of the equipment of 24 months from the date of installation or 27 months from the date of shipment whichever is earlier. In case of breach of warranty, the supplier shall pay to the purchaser such compensation as may arise by reason of such breach. The tender conditions provide that the successful bidder will have to enter into a contract (with standard terms and conditions of supply) on the receipt of supply order including bank guarantee/warranty and Performance Guarantee.

The School of Life Sciences (SLS) of CUG proposed the procurement of a Matrix Assisted Laser Desorption/Ionization-Time of Flight machine for the purpose of Mass Spectrometry. The equipment was procured in August 2012 at a cost of ₹ 2.22 crore and installed in September 2012. After installation, it was noticed that the equipment was functioning intermittently and it failed to function totally in November 2013 due to UPS failure. The UPS was repaired by the supplier in December 2013. However, it failed to function even thereafter. Subsequently, SLS understood (April 2015) that a Reflector Detector was damaged and replacement was the only alternative. A meeting was convened between SLS and representatives of the supplier on 15 April 2015 wherein it was agreed that as the malfunction developed during the warranty period, the supplier must bear the cost of repair and make the equipment fully functional. However subsequently, the supplier demanded (21 April 2015) US$ 25,000 for replacement of the Reflector Detector.

Thereafter, as the supplier did not respond and take action to repair the equipment, CUG encashed the Performance Bank Guarantee of ₹ 19.90 lakh in May 2015. However, no action was taken thereafter to make the equipment functional. After the matter was raised by audit (August 2015/July 2016/ January 2017), CUG wrote (March 2017) to the supplier to resolve the issue. However, there was no response from him.

Audit observed that no contract had been entered into with the supplier for the procurement as stipulated in the tender documents. Hence, there was no standard provision for penalties that could be invoked in the event of breach of contract or legal remedies that could be pursued.

CUG informed (October 2017) that due to the elaborate nature of the tender document which was duly signed by the supplier, the University had not entered into a separate contract after issue of the supply order.

The reply is not tenable as existence of a contract is necessary to clearly set out the obligations of both parties and the enforceable remedies available in the event of breach by any of the contracting parties. Audit further noticed that the tender terms included a provision for arbitration under the Arbitration & Conciliation Act, 1996, in the event of any claim, dispute or difference arising out of or in connection with the agreement. CUG failed to even explore invoking this provision to resolve the matter.

Thus, deficient contracting coupled with ineffective follow-up resulted in an equipment procured at a cost of ₹ 2.22 crore in August 2012 remaining unusable (October 2017).

The matter was reported to the Ministry in June 2017; its reply was awaited as of December 2017.

Visva-Bharati, Shantiniketan

12.14 Irregular payment of honorarium

Payment of honorarium in violation of provisions of Financial Rules resulted in irregular payment of ₹ 1.07 crore.

Visva-Bharati, Shantiniketan (VB) is fully funded by the Government of India (GoI) through the University Grants Commission. Rule 209 (6) (iv) (a) of the General Financial Rules (GFR), 2005, stipulates that all grantee institutions which receive more than 50 *per cent* of their recurring expenditure in the form of grants-in-aid should formulate terms and conditions of service of its employees which are not higher than those applicable to similar categories of employees in the Central Government. In exceptional cases, relaxation may be made in consultation with the Ministry of Finance. Further, as per resolution passed (July 1989) by the Executive Council of VB relating to establishment and related affairs, if the VB rules do not come to assistance, application of the related GoI Rules may be treated as authorised.

There is no provision for payment of honorarium in the Act/Statute of VB. Hence, Rule 46 (b) of the Fundamental Rules (FR) applies which stipulate that the Central Government may grant or permit a government servant to receive an honorarium as remuneration for work performed which is occasional or intermittent in character and either so laborious or of such special merit as to justify a special reward. The Rule further states that except when special reasons exist for a departure from this provision, sanction to the grant of an honorarium should not be given unless the work has been undertaken with the prior consent of the Central Government and its amount has been settled in advance.

Audit examination revealed that VB paid monthly honorarium to faculties/officers appointed to perform regular duties attached to various posts at rates detailed in **Table No. 8** below:

Table No. 8: Monthly honorarium to faculties/officers

Posts	Amount of Monthly Honorarium (₹)
Proctor, Provost, Principals of Bhavans/Vibhagas, Controller of examination, Director	5000
Heads of Departments/Centres	3500
Deputy Dean, Deputy Proctor, Warden	3000
Vice Principal	2000

During the period from March 2013 to March 2017, VB paid honorarium amounting to ₹ 1.07 crore to 165 faculties/officers. Since VB paid honorarium for regular work which was neither occasional nor intermittent in character, the payment of such honorarium was not in consonance with the applicable rules. Further, VB had not taken any approval from the Ministry for departure from the provisions of FRs for payment of honorarium thereby rendering as irregular the entire payment of ₹ 1.07 crore towards honorarium.

VB stated (July 2017) that though the amount was paid as honorarium, it was in the nature of special allowance for shouldering additional responsibilities in the interest of the students assigned for a specific period and accordingly it was paid regularly every month. VB added that they had however stopped payment of honorarium to the Principals, Head of the Departments and Proctor from April 2017. The reply in not tenable as the payment of honorarium as special allowance is not covered under the provisions of FR and VB had also not taken any approval from the Ministry for payment of special allowance.

The matter was reported to the Ministry in May 2017; its reply was awaited as of December 2017.

Tezpur University, Assam

12.15 Undue benefit to teachers

Tezpur University, Assam allowed promotion/re-designation for higher post and granted higher pay to 10 teachers in contravention of extant regulations resulting in excess payment of pay and allowances of ₹ 99.25 lakh.

Ministry of Human Resource Development (Ministry) revised (December 2008) the pay scales, service conditions and the Career Advancement Scheme (CAS) for teachers and equivalent positions in Central universities following the recommendations of the Sixth Central Pay Commission effective from January 2006. The Ministry stated that the revision of pay scales of teachers shall be subject to various provisions of the Scheme and Regulations to be framed by the University Grants Commission (UGC) in this behalf. Accordingly, UGC framed Regulations[44] in June 2010 and adopted the revised pay structure as prescribed by the Ministry. The revised pay structure under the CAS stipulated that incumbent Readers who had not completed three years shall be placed at the appropriate stage in the pay band of ₹ 15,600 - ₹ 39,100 with an Academic Grade Pay (AGP) of ₹ 8,000 till completion of three years of service as Readers. Thereafter, they shall be placed in the higher Pay Band of ₹ 37,400-₹ 67,000 with an AGP of ₹ 9,000 and shall be re-designated as Associate Professors. The same pay structure was also applicable for directly recruited Readers. The revised pay structure further stipulated that Associate Professors on completion of three years of service in the AGP of ₹ 9000 shall be eligible to be promoted to the post of Professor with an AGP of ₹ 10000.

Test check of records of Tezpur University (University) Assam brought out that the University re-designated (May 2009) four[45] of their incumbent Readers as Associate Professors from January 2006 even before completion of three years of service and extended the benefit of higher pay band with AGP of ₹ 9000 to them. The University also extended such benefit to another six[46] Readers who were either promoted under CAS or appointed between January 2006 and June 2010. As none of the teachers had completed three years' of service as Readers, their pay should have been fixed in the pay band of ₹ 15600 - ₹ 39100 with an AGP of ₹ 8000. Audit further noticed that University extended benefit to one of these teachers[47] by granting him promotion to the post of Professor under CAS

44 UGC (Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education) Regulations 2010.

45 A.K. Mukherjee, D. Hazarika, N. Karak and R.C. Deka

46 N. Das, G.A. Ahmed, D.P. Nath, D. Deka, D.C. Baruah and P. Deb

47 Shri D.P. Nath

before completing the required service. This resulted in excess payment of ₹ 99.25 lakh to ten teachers towards pay and allowances during the period from January 2006 to December 2016.

While accepting the observation, the University informed (August 2017) that the action has been initiated for recovery of excess pay and allowances. This was done after Ministry of Finance, Government of India turned down (May 2017) the waiver request of the University and advised it to route the proposal through their administrative Ministry in consultation with the Department of Personnel and Training. The Ministry endorsed (September 2017) the reply of the University.

Indian Institute of Information Technology, Allahabad

12.16 Irregular expenditure in procurement of books and journals

The Indian Institute of Information Technology, Allahabad incurred an expenditure of ₹ 1.50 crore towards purchase of 1,830 books/journals from a non-empanelled publisher in violation of its own laid down procedure and the provisions of GFR. Out of these 1,830 books/journals, there is no receipt nor entry in Library Accession Register pertaining to 801 books and 180 journals worth ₹ 81.45 lakh which renders the expenditure doubtful.

The Indian Institute of Information Technology, (Institute) Allahabad, had empanelled five vendors for supply of books on certain terms and conditions that are specified in the Purchase Order. The Library generally procures such book titles which are recommended by faculty members duly forwarded by the concerned Heads of Departments and approved by the Competent Authority (Director). Further, Library procures online e-journals through INFLIBNET E-SodhSindhu consortium (previously INDEST) established by the Ministry of Human Resource Development.

Rule 187(1) of the General Financial Rules (GFR), 2005, stipulate that, the officer-in-charge of the stores should refer to the relevant contract terms and follow the prescribed procedure while receiving materials from supplier. Further, Rule 187(3) states that the details of the materials so received should be entered in the appropriate stock register and the officer in-charge of the store should certify that he has actually received the materials and recorded it in the appropriate stock register. The Drawing and Disbursing Officer should satisfy himself that the material was actually received while making payment.

Scrutiny of records revealed that the Institute procured 1,830 books/journals (1,550 books and 280 journals) worth ₹ 1.50 crore between October 2012 and October 2013 from a non-empanelled publisher which were delivered between

February and October 2013 without following its own laid down procedure for procurement of library books/journals. All the books/journals were invoiced in the name of the then Director of the Institute. The payments were authorized by the then Director, being the competent authority, without ensuring the actual receipt of the books in the Library. There is no record of any indent from the faculty members/departments and no record of the purchase order. Further, out of 1,830 books/journals, audit noticed that 801 books and 180 journals valued at ₹ 81.45 lakh were neither received by Library nor entered in the Library Accession Register.

The Institute stated (March 2017) that they had no information/relevant documents pertaining to the matter. The payments were made to the Publisher after approval of the Director through wire transfer.

Thus, the Institute failed to comply with its own laid down procedures for procurement of library books/journals and the provisions of GFR resulting in irregular expenditure of ₹ 1.50 crore. Out of this, there is no receipt in Institute's Library and entry in Library Accession Register pertaining to books and journals worth ₹ 81.45 lakh which renders the expenditure doubtful.

The matter was reported to the Ministry in May 2017; its reply was awaited as of December 2017.

ABV-Indian Institute of Information Technology and Management (ABV-IIITM), Gwalior, Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Jabalpur and National Institute of Technical Teachers Training and Research, (NITTTR), Bhopal

12.17 Irregular payment of Service Tax

ABV-IIITM, Gwalior, IIITDM Jabalpur and NITTTR Bhopal paid ₹ 82 lakh as service tax on outsourced services though these Institutes were exempted from payment of such tax.

The Ministry of Finance (Department of Revenue), Government of India exempted certain services provided to or by educational institutions, from service tax with effect from 1 July 2012[48]. The notification clarified that exempted services include *inter alia* any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person. The Ministry of Finance further clarified that by virtue of entry in the negative list, it was clear that all services relating to education are exempt

[48] Notification No.25/2012-Service Tax dated 20 June 2012

from service tax[49]. These services also include hostels, housekeeping, security services, canteen, etc.

Audit noted that three Institutes paid services tax of ₹ 82 lakh for services provided by contractors such as security, cleaning and housekeeping that were exempted from payment of service tax as detailed in **Table No. 9** below:

Table No. 9: Details of services tax paid

(₹ in lakh)

Sl. No.	Institution	Services outsourced	Period	Service Tax paid
1.	Atal Bihari Vajpayee-Indian Institute of Information Technology and Management (ABV-IIITM), Gwalior	Security, Cleaning and House keeping	July 2012 to October 2016	43.00
2.	Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Jabalpur	Security Services	September 2012 to June 2015	32.00
3.	National Institute of Technical Teacher Training and Research (NITTTR), Bhopal	Security, Cleaning and House keeping	April 2014 to July 2015	7.00
			Total	**82.00**

ABV-IIITM Gwalior stated (February and December 2017) that the Institute had stopped the payment of service tax to the service providers and recovered ₹ 5.65 lakh while IIITDM, Jabalpur (February 2017) and NITTTR Bhopal (June 2017) stated that the service tax charged by the service providers would be recovered.

Audit observed that the Institutes should have been aware of the notifications and the funds could thus have been utilised to support other activities of the Institutes.

The matter was reported to the Ministry in August 2017; its reply was awaited as of December 2017.

Motilal Nehru National Institute of Technology, Allahabad

12.18 Non-realization of lease rent

Motilal Nehru National Institute of Technology, Allahabad failed to initiate effective action for collection of rent or eviction of premises in respect of 23 lessees who were in default resulting in non-realisation of lease rent of ₹ 66.10 lakh as well as unauthorized occupation of sheds belonging to the Institute.

The Public Premises (Eviction of Unauthorised Occupants) Act, 1971 (Act) provides for eviction of unauthorized occupants from public premises. As per

[49] Circular no. 172/7/2013-ST dated 19 September 2013

Section 5 of the Act, if the estate officer is satisfied that the public premises are in unauthorized occupation, the estate officer shall make an order of eviction for reasons to be recorded therein directing that the public premises be vacated on such date as may be specified in the order but not later than fifteen days from the date of the order. If any person refuses or fails to comply with the order of eviction, the estate officer may evict that person from and take possession of the public premises and may, for that purpose, use such force as may be necessary. Further, as per Section 6 of the Act, where any person has been evicted from any public premises, the estate officer may, after giving fourteen days' notice to persons from whom possession of the public premises has been taken and after publishing the notice in at least one newspaper having circulation in the locality, remove or cause to be removed or dispose of by public auction any property remaining on such premises.

To promote self-employment amongst engineers and diploma holders, the Motilal Nehru National Institute of Technology (MNNIT), Allahabad, constructed (1973-74) 68 industrial sheds and allotted them to different applicant entrepreneurs/companies/firms on lease between 1973 and 1975. The lease rent was to be realized on monthly basis as per rate fixed in the lease agreement. Further, the lease was liable to be terminated on two months' notice by MNNIT in case the lessee failed to comply with the terms and conditions of the lease deed.

Scrutiny of records of MNNIT revealed that the lease agreement in case of 37 out of 68 sheds had expired between 1989 and 2013. Of these 37 sheds, lease rent in case of seven sheds[50] was realized as of 31 March 2017. Lease in case of seven sheds[51] is sub-judice and lease rent amounting to ₹ 66.10 lakh from the lessees occupying the balance 23 sheds[52] was yet to be realized by MNNIT. In respect of these 23 sheds, Audit noted that MNNIT had informed the lessees in November 2013 that the sheds will be sealed and they will be evicted unless the due rent was duly deposited. However, no follow-up action was taken and MNNIT was only issuing annual reminders for payment of rent due and since the leases had already expired, was demanding rent based on general phrase of 'damages for use and occupation' without any definitive action to evict the occupants by invoking the provisions of the Act ibid. MNNIT was not even in a

[50] Shed Nos. – 2, 12, 23, 40A, 48, 52 & 61.

[51] M/s U. P. Electronics Corporation (Shed Nos. 41 – 47) – Case pending with Hon'ble High Court.

[52] Shed Nos. – 3, 9, 12A, 14, 15, 16, 18, 19, 24, 25, 26, 31, 32, 33, 34, 35, 54, 58, 59, 60, 64, 65 & 68.

position to specify the periodicity of outstanding rent of each individual lease. These 23 sheds remained under unauthorized occupation as of 31 March 2017.

MNNIT stated (May 2017) that many units of the lessees had become sick over a period of time and they were not in a position to pay rent. MNNIT added that four lessees[53] had filed a case against it to obtain stay on eviction which the Hon'ble High Court dismissed.

Audit observed that MNNIT's approach has been lackadaisical as evident from inaction on the part of MNNIT until March 2017. MNNIT failed to initiate action as prescribed under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971, for eviction of the unauthorized occupants even in case of four sheds whose eviction was cleared by the Court in May 2014.

Thus, failure of MNNIT to initiate effective and meaningful action for collection of rent and eviction of premises in respect of 23 lessees resulted in non-realisation of lease rent amounting to ₹ 66.10 lakh as well as continued unauthorized occupation of sheds belonging to the Institute. The instances of non-realisation of rent brought out above are those which came to the notice of audit during test check of records of MNNIT and do not exclude the risk of similar other instances. Ministry may accordingly review the rent realisation in all autonomous bodies under their control to obviate the possibility of similar irregularities.

The matter was reported to the Ministry in May 2017; its reply was awaited as of December 2017.

National Institute of Technology, Patna

12.19 Avoidable payment of Central Excise and Custom Duty

Failure of the Institute to apply for exemption from Central Excise and Custom duty for ten years resulted in avoidable payment of ₹ 60.36 lakh in procurement of equipment.

As per Government of India notification No 10/97-CE and No. 51/96–Customs dated 1 March 1997/23 July 1996, public funded research institutions including Regional Engineering Colleges have been exempted from payment of excise and custom duty as is in excess of five *per cent* ad valorem and whole of the additional duty on scientific and technical instruments if the institution is registered with the Department of Scientific and Industrial Research (DSIR), Government of India.

[53] Shed Nos. whose Case is dismissed {12A, 32, 35 & 60}.

The National Institute of Technology (NIT), Patna, issued three supply orders[54] between October 2013 to September 2014 for purchase of equipment and paid ₹ 6.64[55] crore including central excise and custom duty of ₹ 62.31 lakh between December 2014 to July 2015. Although NIT Patna was eligible for exemption of Central Excise and Custom duty under the notifications cited above, the Institute failed to apply for registration with DSIR to be eligible for the exemption. The Institute applied for exemption only in May 2014 which was granted by DSIR in February 2015. Thus, delay in filing for exemption of Central Excise and Custom Duty resulted in an avoidable payment of ₹ 60.36[56] lakh.

NIT Patna stated (April 2017) that the exemption had been granted to the Institute in February 2015 and since the purchase orders were issued in August/September 2014, the Institute had paid duty. Further, after receipt of exemption certificate, the Institute is availing of exemption on eligible purchases/procurements.

The reply of the Institute is not tenable as the exemption had been notified by Government of India in July 1996 and March 1997 but Institute took more than 10 years[57] to apply for the exemption certificate.

The matter has been reported to the Ministry in May 2017; its response was awaited (December 2017).

National Institute of Technology, Goa

12.20 Loss of interest

National Institute of Technology, Goa kept surplus funds in savings account and lost the opportunity to generate additional interest of at least ₹ 51.87 lakh.

Section 21(2) of National Institute of Technology Act, 2007, provides that all moneys credited to the Fund of every Institute shall be deposited in such banks or invested in such manner as the Institute may, with the approval of the Central Government, decide.

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54 On 24 September 2014, 14 August 2014 and 30 October 2013

55 1. Hardware & Software: ₹ 0.43 crore + Advanced Electrical Power System Simulator ₹ 5.50 crore + ultima IV Automatic High Resolution Modular type X-Ray Diffractometer equipment with Scintillation counter ₹ 0.71 crore.

56 Total excise and custom duty paid - ₹ 62.31 lakh. Out of the custom duty of ₹ 10.09 lakh an amount of ₹ 1.95 lakh was payable and balance amount of ₹ 8.14 lakh was exempted.

57 NIT, Patna came into existence in January 2004 and it applied for exemption in May 2014.

National Institute of Technology (NIT), Goa, maintains separate savings accounts for grants received from the Ministry of Human Resources Development (MHRD) and tuition fee collected from students (Plan Grant Account) and for fees received under the Direct Admission of Students Abroad (DASA), hostel fees and for grants from sponsored projects. While funds lying in the savings accounts pertaining to DASA fee and hostel fee were not invested in term deposits (TDs), NIT invested the surplus funds lying in the Plan Grant Account in TDs.

Audit noticed that NIT had encashed TDs during April to June 2014 amounting to ₹ 4.55 crore as the funds in Plan Grant Account on the date of encashment were not sufficient to pay salaries to staff and incur other general expenditure. Subsequently, even though NIT was in regular receipt of grants from MHRD and income from academic receipts, it did not invest any further funds in TDs until January 2017 resulting in funds to the tune of ₹ 6.96 crore as of 31 March 2015 and ₹ 14.18 crore as of 31 March 2016 lying idle in the savings accounts. Non-investment of surplus funds in savings account pertaining to Plan Grant and in savings accounts pertaining to DASA fee and hostel fee during April 2015 till January 2017 deprived NIT of interest income of at least ₹ 51.87 lakh.

NIT stated (June 2017) that the amount was kept in the savings account to meet the committed expenditure estimated at ₹ 1.99 crore for renovation work of school building at Borim provided by Government of Goa for the research activity of NIT. An amount of ₹ 10 crore was kept as provision for expenditure going to be incurred for construction of boundary wall for the new permanent campus of NIT and to meet general establishment expenditure. It added that the amounts lying in savings accounts were invested in TDs between January and March 2017.

While NIT had taken corrective action by investing the surplus funds lying in savings accounts pertaining to Plan Grant, DASA fee and hostel fee between January and March 2017, the contention that the funds were not invested in TDs in order to meet the committed expenditure on renovation of school building and construction of boundary wall for permanent campus is not tenable as NIT was neither in possession of the school building nor the land for permanent campus in 2014. The school building at Borim was allotted vide order dated 8 September 2016 and the site for permanent campus was identified and transferred to NIT only in July 2017. Thus, imprudent financial management and investment planning, resulted in loss of interest income amounting to ₹ 51.87 lakh.

The matter was reported to the Ministry in June 2017; its reply was awaited as of December 2017.

Indira Gandhi National Open University (IGNOU)

12.21 Delay in construction of Regional Centre in Karnal

IGNOU acquired land measuring 7,235.4 sqm. for construction of Regional Central at Karnal from HUDA in November 2007 for ₹ 5.29 crore. As per the terms and conditions of allotment, the construction work was to be completed within two years from taking over possession of land. However, IGNOU failed to ensure timely action at various stages and construction of the building is yet to begin. This also resulted in avoidable cost of ₹ 46.41 lakh as well as non-realisation of intended objective of the project.

Indira Gandhi National Open University (IGNOU) purchased (November 2007) land measuring 6,393.60 Sqm. (approx.) for ₹ 4.41 crore[58] from Haryana Urban Development Authority (HUDA), Government of Haryana, for construction of a Regional Centre at Karnal. The possession of land was taken over by IGNOU in December 2007. As per the terms and conditions of the allotment of the land, IGNOU was to complete the construction within two years from the date of possession. The time limit was extendable by the Estate Officer, HUDA, if the reasons for non-construction were beyond IGNOU's control.

After the approval of the zoning Plan by HUDA in October 2009, IGNOU appointed M/s RITES Limited on 17 December 2009 as Architect cum Project Management Consultant for construction of the project on turnkey basis. The project was to be completed in 30 months i.e. by 16 June 2012 which was extended to 31 December 2013.

Subsequently in March 2011, HUDA informed IGNOU that the area of the allotted site was 7,235.4 sqm. and not 6,393.60 sqm. and raised additional demand of ₹ 84.77 lakh[59] including interest up to March 2011 for the increased area measuring 841.68 sqm. IGNOU paid ₹ 87.73 lakh in September 2011 including interest of ₹ 2.96 lakh for the period April 2011 to September 2011.

Owing to delay on part of M/s RITES in submission of tenders for approval and discrepancies therein, the Works Committee of IGNOU decided (25 November 2013) to withdraw the work from M/s RITES and assign the same to CPWD. The agreement with M/s RITES was terminated in July 2014. Architectural consultancy services by M/s RITES were however continued by IGNOU. The construction work on the project had not started as of September 2017.

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58 6393.60 Sqm. x ₹ 6900 per Sqm.

59 841.80 Sqm. x ₹ 6900 per Sqm. + ₹ 26.69 lakh as interest for the period March 2007 to March 2011.

It was further noted that IGNOU had hired a building from a private party in February 2010 for use as IGNOU office and warehouse at a monthly rent of ₹ 35,000/. The office and warehouse were to be shifted to the proposed new building, after its completion in 2013.

Audit observed the following:

(i) IGNOU did not ensure accurate measurement of the land before its possession nor did it take timely cognizance of the intimation (October 2009) by the District Town Planner, Karnal that the area of the land was 7,235.40 sqm. and not 6,393.60 sqm. This resulted in avoidable expenditure of ₹ 29.65 lakh on account of interest payment;

(ii) IGNOU also paid ₹ 1.36 lakh to HUDA on account of extension fee. This will continue to be levied till construction is completed;

(iii) In addition to delay on part of M/s RITES in submission of tender proposals, there was further delay of over three years on part of IGNOU in signing a MoU with CPWD that was attributed to delay on account of legal vetting and grant of financial and administrative approvals. The MoU was signed only in October 2017 and the actual construction was yet to commence; and

(iv) The agreement with M/s RITES provided for levy of compensation at the rate of 0.25 *per cent* for each week of delay of the fees payable for delayed work subject to maximum of 10 *per cent* of such fee. However, IGNOU did not recover the compensation amounting to ₹ 3.93 lakh from M/s RITES for delay in the tendering process.

Thus, failure of IGNOU to ensure timely action at various stages resulted in delay in construction of building on land acquired in December 2007 at a cost of ₹ 5.29 crore as well as avoidable expenditure of ₹ 46.41 lakh[60] as of September 2017.

The matter was reported to IGNOU and the Ministry of Human Resource Development in August 2017; their reply was awaited (December 2017).

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[60] ₹ 29.65 lakh for interest payment + ₹ 15.40 lakh for rent @ ₹ 35,000/- per month for 44 months + ₹ 1.36 lakh for extension fee.