CHAPTER VI : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Culture

Indira Gandhi Rashtriya Manav Sangrahalaya Bhopal

6.1 Loss due to non-execution of agreement

Loss of Rs 4.41 crore due to non-execution of agreement with capital project administration for construction of Indoor Museum.

The Executive Council, Indira Gandhi Rashtriya Manav Sangrahalaya (IGRMS) vide its resolution passed in the year 1988, resolved to construct an Indoor Museum at an estimated cost of Rs 6 crore inclusive of building work, water supply, sanitary and internal electrification. After completion of design and cost estimates IGRMS short listed two Government Agencies, viz. Capital Project Administration (CPA) of Madhya Pradesh (MP) Government and Madhya Pradesh Housing Board (MPHB), a Government of Madhya Pradesh (GOMP) undertaking and requested them to submit their offers for the above work. Accordingly, both these agencies after due and careful consideration of design finalisation submitted their rates for carrying out the work.

The estimate for Rs 7.50 crore submitted by CPA was duly considered and accepted by the Finance Committee (FC) of IGRMS, headed by the Financial Advisor of the Department of Culture of Ministry in its meeting held on 8.3.92 and administrative approval was accorded by the Executive Council (EC) in its meeting held on 16.3.92. CPA also agreed to complete the museum building within 13 months from the date of commencement of the work.

IGRMS however, did not execute any agreement with CPA but entrusted the work in July 1992 with the stipulation to complete the work by August 1993 and released an advance of Rs 15 lakh on 4.9.92. CPA in turn, after a gap of one year six months entered into an agreement on 20.1.94 with M/s 'A' (Bhopal) on the basis of item rate tender at an estimated cost of Rs 5.42 crore. IGRMS had released an advance of Rs 4.48 crore upto 31.1.96 to CPA.

According to clause 2.6 read with clause 13 of the agreement between CPA and the contractor, the Superintending Engineer (SE), CPA was not competent to sanction any rate/amount over and above the sanctioned item or amount, except upto 10 *per cent* for such items.

It was observed that the contractor was paid item rates at exhorbitant rates beyond the permissible limit mentioned in Schedule of Rates (SOR) and approved estimate and in 10 such cases though these 10 items were available in SOR, different nomenclature was used to disguise the item as extra and non-scheduled items. This has resulted in avoidable excess payment of Rs 140.47 lakh to the Contractor.

A reference was made vide paragraph No 5.2 in Comptroller and Auditor General's Audit Report (Civil) of GOMP for the year 1996-97 pointing out the irregularities in execution of agreement and sanction of rates for extra items indicating (i) that though an agreement in terms of MPWD manual was supposed to be executed between CPA, Bhopal and IGRMS the same could not be entered because of insistence of IGRMS for inclusion of arbitration clause (ii) sanction of exorbitant rates for extra/modified items.

(a) SE, CPA sanctioned (August 1994) rates for "Form work for star type octagonal/ornamental columns" at Rs 414 per sq. mt. against of Rs 35 per Sq. mt. provided in agreement, resulting in extra expenditure of Rs 17.37 lakh. The Architect however, stated (March 1996) that construction drawings hardly varied from the tender drawings. (b) the agreement provided an item for centering and shuttering for suspended floors, roofs, landings, shutters and their supports, balconies, chhajjas etc. @ Rs 125 per Sq. mt. SE sanctioned (August 1994) rate of Rs 450 per sq mt. for this item. (c) Estimate provided for "Form work for waffle slab upto 3.5 mts. height as per architectural drawings with 12 MM thick shuttering etc. complete" with a condition that the expenditure on this item should not exceed Rs 17.70 lakh. However, it was noticed that an amount of Rs 65.40 lakh was spent on this item against the estimates of Rs 17.70 lakh resulting in excess expenditure of Rs 47.70 lakh. It was further observed that nomenclature of an extra item could not change the basic fact that this was a centering for roof slab. The architect (March 1996) in this case also observed that the construction drawings hardly varied from tender drawings. (d) Similarly rates for centering and shuttering for vaults and dome, was sanctioned (March l996) much exhorbitantly at Rs 1401.50 per Sq. mt. as against of Rs 200 per Sq.mt. attracting an extra cost of Rs 24.62 lakh. While sanction for centering and shuttering for shell was awaited (February 1996), the rate for providing and removing staging for columns for height above 3.5 mt. was sanctioned by SE at Rs 328 per Sq.mt. with financial limit of Rs 16.28 lakh. This sanction was irregular because schedule of quantities did not contain any limitation of height for this item of work.

At the instance of IGRMS and CPA, the contractor stopped the construction work on 22.3.96 and the construction remained stand still for more than two years. IGRMS was compelled to engage M/s 'B' for completion of the left over work after approaching the Government agencies like CPWD, NBCC. The left over work was awarded to M/s 'B' for an amount of Rs 5.20 crore plus supervision charge of 16 *per cent* which comes to Rs 0.83 crore i.e. Rs 6.03 crore. Thus IGRMS was required to pay a total sum of Rs 6.03 crore to M/s 'B' for the remaining left over work for which an advance of Rs 6.30 crore was released to M/s 'B' as on 31.3.2001.

IGRMS went into litigation (June 1998) against the CPA for appointment of Arbitrator in the Hon'ble High Court of MP, Bench Jabalpur and the case was dismissed with the reasons that in the absence of agreement with CPA the writ petition was not maintainable. IGRMS then filed a civil suit in June 1999 against CPA for recovery of Rs 3.98 crore.

FC which had approved the estimates was chaired by Financial Advisor of the Ministry and EC who had approved the recommendation of FC for award of work to CPA was chaired by the President, Rashtriya Manav Sangrahalaya Samiti also failed to point out the lapse in award of work without entering into written agreement with CPA.

Had IGRMS entered into proper agreement with CPA before awarding the work and release of advance, the loss of Rs 4.41 crore, as detailed below could have been avoided.

Amount of loss ***(Rs in lakh)***

1	Excess amount required to be paid to M/s 'A' towards the cost paid for completion of left over work with supervision charges @ 16 *per cent*	287.00
2	Excess amount paid by CPA to the contractor	140.47
3	Court fee paid	12.54
4	Legal fee paid	0.55
	Total	**440.56**

Besides this legal fee Rs 0.65 lakh yet to be paid.

The matter was referred to the Ministry in September 2001 in reply Ministry stated (January 2002) that matter was subjudice.

6.2 Undue favour to producer

Undue benefit to private film maker resulted in blocking of Indira Gandhi Rashtriya Manav Sangrahalaya funds of Rs 12.11 lakh besides loss of interest of Rs 14.96 lakh on blocked amount.

IGRMS, Bhopal decided in March 1993 to produce a 40 minutes documentary film on the Society, Culture, Customs of the HILL KORWA TRIBE of Madhya Pradesh at an estimated cost of Rs 10 lakh. Accordingly, an agreement was entered by the IGRMS with Shri 'A', Bombay in March 1993.

The payment clause of agreement envisaged release of payment in four instalments of 10, 40, 30 and 20 *per cent* at various stages of film ending viz first stage script, commencement of shooting, after rough cut approval and within 15 days of delivery of the release prints respectively.

According to agreement the work was to be completed and handed over alongwith Hindi and English version of film to IGRMS by the end of March 1994. IGRMS released Rs 5 lakh on 31.3.93. The producer, without completing the film by March 1994, suggested increasing the duration of film from 40 to 65 minutes which was accepted by IGRMS who entered into revised agreement on 15 December 1994 enhancing the cost at Rs 14 lakh with increased duration from 40 to 65 minutes; it released further advance of Rs 5 lakh on 17 December 1994. The film was to be completed within one year from the date of revised agreement. In the meantime Shri 'A' died in 1995 and IGRMS entered into another revised agreement with Shri 'B' on March 1997 again reducing the length from 65 to 50 minutes at a cost of Rs 12.61 lakh with a completion date of 31 July 1997.

IGRMS in violation of the terms of payments of agreement and before completion of film had already paid Rs 10 lakh and further agreed as per new agreement to pay Rs 1.30 lakh immediately and the balance Rs 1.31 lakh within 15 days of the delivery of the release print. The amount of Rs 1.30 lakh was paid on 31 March 1997.

The Hindi version of film was handed over to IGRMS on 23 June 1998. However in the absence of censor certificate the film could not be considered as released and after retaining Rs 0.50 lakh for censor certificate and English version of the film IGRMS further paid Rs 0.81 lakh in March 1999. The film was yet to be released as the producer had not submitted the censor certificate and English version so far (August 2001).

Thus, the release of Rs 5 lakh on 31 March 1993 and Rs 5 lakh on 17 December 1994 without completion of film in contravention of the terms and conditions of the agreement not only resulted in undue benefit to a private film maker but also resulted in blocking of IGRMS funds from 31 March 1993 to 31 August 2001. Even after spending an amount of Rs 12.11 lakh besides foregoing an interest of Rs 14.96 lakh on blocked amount IGRMS could not make use of the film for publicity purpose thereby defeating the very purpose of making the films.

The reply of IGRMS that the Museum's intention behind making of this film was the documentation of various aspects related to the life and culture of the Korwa people in visible format besides screening of film, was not tenable because that intention remained a paper intention only even after spending Rs 12.11 lakh which has remained blocked for periods ranging from 31 March 1993 to 31 August 2001.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

Department of Elementary Education and Literacy

National Council for Teacher Education

6.3 Recovery at the instance of audit

Payment of rent of the hired building without getting the measurement done by the competent authority resulted in excess payment of Rs 17.03 lakh. At the instance of audit the measurement was got done and excess payment recovered.

The Headquarters Office of National Council for Teacher Education (NCTE) was housed in a portion of Bharat Scouts and Guides Building at I.P. Estate, New Delhi since January 1995. Space of 8644 sq. ft. (covered area) was occupied for the office at a rent of Rs 33 per sq. ft. Due to increase in the activities of NCTE both regulatory and academic and in view of its future expansion, the existing space was found inadequate for smooth working of the Council. Accordingly, the process of hiring an alternate accommodation was initiated in November 1997 by inviting offers and a Committee headed by the Chairman of NCTE was constituted for the purpose. Out of 52 offers received, buildings in the preferred areas viz. Kasturba Gandhi Marg, Jhandewalan Extension and Jangpura Extension having areas between 10000-17600 sq. ft. were shortlisted but none of these was found suitable to meet the requirements of the Council's office. In the meantime, in March 1998 an Estate Agent proposed two other buildings out of which the building at Safdarjung Development Area was found suitable. NCTE without getting the measurement of the building done by the competent authority executed an agreement with the owner of the building M/s 'A' on 21 May 1998 for payment of rent @ Rs 50 per sq. ft. for plinth area of 13200 sq. ft. Audit, however, worked out (September 2000) plinth area of the building as 8716 sq. ft. on the basis of drawings made available to it. Consequently, NCTE withheld payment of rent with effect from 22 September 2000 and got measurement of the building done by the School of Planning and Architecture (SPA) in October 2000 who worked out the plinth area as 11983.5 sq. ft. When pointed out by Audit, the Ministry stated in December 2000 that the matter had been referred to Central Public Works Department (CPWD) and NCTE was being asked to effect appropriate recoveries, if any, due after the receipt of report of CPWD. CPWD admitted in January 2001 the correctness of the area as measured by the SPA.

Thus, at the instance of audit measurement of area of the building was got done and excess payment of rent at the rate of Rs 0.61 lakh per month detected. Consequently, excess rent of Rs 17.03 lakh paid for the period from 22 May 1998 to 21 August 2000 alongwith interest of Rs 2.87 lakh compounded @12 *per cent* was recovered by adjustment against rent payable to the owner beyond 21 August 2000. NCTE vacated the building on 4 August 2001 and shifted its office to Indira Gandhi Sports Complex, I.P. Estate, New Delhi owned by Sports Authority of India.

Department of Secondary and Higher Education

Banaras Hindu University

6.4 Unauthorised aid to the contractor

Award of Work without inviting tenders and the payment of quarterly advance and interest free mobilisation advance in violation of codal provision led to undue financial aid to contractor to the tune of Rs 2.88 crore.

University Works Accounts Rules provided for inviting sealed tenders for work exceeding the estimated cost of Rs 10000.

Test check (August 2000) of the records of Works Department, Banaras Hindu University (BHU) revealed that an agreement was entered into (January 1997) with M/s 'A' by the University for construction of two girls hostels and drugs addiction centre at an estimated cost of Rs 2.36 crore without inviting sealed tenders.

According to Central Public Works Accounts (CPWA) Code, advances to contractor are, as a rule, prohibited except secured advance up to an amount not exceeding 75 *per cent* of imperishable material actually brought at site, petty advance up to Rs 50, advance payment for work actually done but not measured and mobilisation advance and advance against plant and machinery. It was found further that a separate clause was provided in the agreement for payment of advance under a new terminology as "quarterly advance" for procurement of material and execution of work in contravention to the provision of' CPWA Code. Scrutiny also revealed that "quarterly advance" to the tune of Rs 1.56 crore was continuously paid to the contractor in five instalment during April 1997 to May 1998 on the basis of the claims made by the executing agency. However, neither the detailed measurement had been done nor the bill of the contactor finalised as of May 2001 although, the work was completed in May 1998. As a result entire amount of advance was lying unadjusted as of May 2001.

In reply, Ministry stated in October 2001 that the payment was made after examining the cash flow chart of M/s 'A' for works already executed.

The reply is not tenable as no extant rules/orders provide for payment of quarterly advance. Thus, the payment of quarterly advance of Rs 1.56 crore and non-recovery of interest of Rs 99.28 lakh (computed @ 18 *per cent per annum* as applicable on mobilisation advance) was not only irregular but amounted to unauthorised aid to the contractor.

In terms of CPWD manual, mobilisation advance is payable in respect of certain specialised and capital intensive works costing not less than Rs 1 crore limited to a maximum of 10 *per cent* of the estimated cost put to tenders or Rs 1 crore whichever is less. Manual also prescribes that rate of interest to be charged on such mobilisation advance and mode of recovery shall be incorporated in the agreement executed with the contractor. Further as per general conditions of the contract for CPWD, simple interest at the rate of 18 *per cent per annum* was to be charged on mobilisation advance on works from date of payment to the date of its recovery.

It was also noticed that no clause of recovery of the interest on mobilisation advance had been incorporated by the BHU in the agreement executed (January 1997) with M/s 'A' for the construction of two girls hostels and drugs addiction centre (estimated cost Rs 2.36 crore). Instead, the University made provision in the contract for payment of interest free mobilisation advance, against the codal provision of CPWD and paid Rs 18.68 lakh as mobilisation advance to the contractor in March 1997. As a result, University had to suffer consequential loss of Rs 13.65 lakh as of March 2001.

In reply, Ministry stated (October 2001) that BHU was permitted (by Ministry of Urban Development) in December 1998 for awarding the works to CPWD as deposit work. On the same analogy, a provision for payment of mobilisation advance made in the contract bond.

The reply is not tenable as mobilisation advances are payment to contractors whereas "deposit work" refer to a transfer from one user department to CPWD. There is no provision in the rules for payment of interest free mobilisation advance against capital work. Moreover, the work was awarded on contract basis for which general conditions applicable for execution of contract bond could not be relaxed.

Thus, non-adherence to the CPWD codal provisions by the University led to undue financial benefit to the contractor to the tune of Rs 2.88 crore.

Indira Gandhi National Open University

6.5 Avoidable wasteful expenditure on warehousing

Indira Gandhi National Open University incurred an expenditure of Rs 63.83 lakh in warehousing study materials without examining the economy or utility and this resulted in rendering the entire expenditure wasteful and unproductive.

In 1998, Indira Gandhi National Open University (IGNOU) had on its rolls 4.25 lakh students, offering 460 courses. With the steady expansion of enrolment and proliferation of courses, IGNOU encountered the problem of storage and timely distribution of study materials to students throughout the country. In order to frame strategies to cope up with the problem of delay in distribution of study material, it was decided in a meeting held in April 1997, chaired by the Vice-Chancellor, to decentralize storing and distribution of study material by setting up six Regional Ware Houses (RWHs) at Bhopal, Calcutta, Delhi, Lucknow, Hyderabad and Pune by hiring necessary space from Central/State Ware-housing Corporations where study material was to be stored and distributed to Regional Centres, Study Centres of IGNOU and other partner institutions with the objective of providing study material before commencement of academic session for timely distribution to students. Since the bulk of enrolments (i.e. over 70 *per cent*) were in Management, Computer and Bachelor Degrees, study material for these courses were identified for storing in RWHs at the first instance. Accordingly, six RWHs were set up in October 1997 by providing ad-hoc staff (Ware-house Assistant, Computer Operator and Attendant). The scheme was dispensed with in September 1998 after reviewing its operation.

Audit scrutiny of the circumstances leading to the closure of the scheme brought out that the scheme was introduced hastily without examining the time schedule of production of study materials and without proper study of problems of logistics mapping and cost benefit analysis of alternatives of transportation and distribution of study material. The scheme was also not got approved or ratified by the Board of Management. Even a post-decisional ratification was not sought. This constituted a violation of statute seven framed under IGNOU Act. Besides, the scheme was implemented without any budget provision. It was provided for in revised budget for 1997-98 and budget estimates for 1998-99 were approved in February-March 1998 without making a reference to Finance Committee in violation of the statutory and financial requirements. Further due to lack of proper planning, the system of timely dispatch of study material could not be streamlined as even in Delhi, material for most of the courses/programmes, which were required to reach students in December 1997, could be received at RWHs of Delhi only in January-February 1998. Failure of the scheme led to closure of RWHs in

September 1998 after incurring avoidable expenditure amounting to Rs 63.83 lakh on rent, transportation, salaries and other charges.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

Kendriya Vidyalaya Sangathan

6.6 Lack of coordination in the construction of school building

Kendriya Vidyalaya Sangathan released payment to Railways for construction works without sorting out the issue regarding mode of payment which resulted in cancellation of the work order and extra liability of Rs 34.05 lakh being cost of escalation. Also, another project escalated by Rs 53.41 lakh due to delay in its completion.

On the basis of estimates submitted (November 1993) by the Railway Engineering Wing, Chakradharpur (Bihar), Kendriya Vidyalaya Sangathan (KVS) accorded administrative approval and expenditure sanction in March 1994 for construction of an 'A' type school building and 21 staff quarters for Kendriya Vidyalaya, Jharsuguda, Orissa at a cost of Rs 103.38 lakh and Rs 31.19 lakh respectively. While submitting the estimates the Railways had clearly stated that the work on the project would start only after deposit of entire estimated cost as per extant rules of Deposit Works. KVS without acknowledging this fact and working out any fresh modalities of payment released the first instalment of Rs 40 lakh (Rs 30 lakh for building and Rs 10 lakh for staff quarters) in March 1994 but the Railways did not start the work for want of entire amount of estimated cost. While requesting the Railways in October 1995 to start the work immediately KVS expressed its inability to release further payment on the ground that in accordance with the guidelines issued by the Railway Board, only progressive payments could be made after receipt of physical/financial report of the project. The matter remained under correspondence till July 1999 when the Railways agreed to start the work after receipt of at least 50 *per cent* of the sanctioned estimate. This proposal was not acceptable to KVS, so work order was cancelled in January 2000. Thereafter, the work was allotted to another agency UP Rajkiya Nirman Nigam Limited in June 2000 at a total cost of Rs 168.62 lakh.

It was observed in audit that KVS had not taken effective steps to obtain refund of deposit as the Railways had refunded only Rs 17 lakh in February 2001 though the work order was cancelled in January 2000. Balance of Rs 23 lakh remain unrecovered so far.

KVS erred in advancing money to Railways without prior settlement of parameters of payment in conformity with the rules governing the execution of Deposit Works by the Railways. Railways being a Government agency, the modalities of payment could have been worked out to mutual satisfaction of each party but for intransigence of the parties. This is an exemplary case where the students lost benefit of a facility by more than seven years due to lack of coordination between two agencies. Lack of coordination has also caused cost escalation of the project by Rs 34.05 lakh which would be additional liability on KVS. The school building is yet to be constructed.

In another case based on the estimates submitted by the Divisional Railway Manager (Engineering), North Eastern Railways, KVS sanctioned (March 1994) construction of an 'A' type school building and 11 staff quarters for Kendriya Vidyalaya, Izzatnagar, Barielly (UP) at a cost of Rs 111.41 lakh. First instalment of Rs 20 lakh was released to the Railways in March 1994. The work of construction of school building was allotted to a contractor in December l994 at a cost of Rs 45.95 lakh with stipulated date of completion as December 1995. After executing the work of the value of Rs 15.41 lakh upto November 1996, the Railways terminated the contract on contractor's account in March 1997 due to contractual problems. Without seeking approval of KVS the Railways re-tendered the left over work costing Rs 30.54 lakh and allotted it to another contractor in August 1998 at a cost of Rs 65.57 lakh. In September 1999 the Railways revised the cost of the project to Rs 233.39 lakh and asked KVS to release the balance amount to get the work completed. After discussing the matter with KVS in October 1999 the Railways re-revised the estimate to Rs 168.71 lakh in November 1999. KVS accorded in January 2000 revised administrative approval and expenditure sanction for Rs 164.82 lakh.

It was seen in audit that KVS released Rs 160 lakh in eight instalments without obtaining periodical progress reports of work from Railways. As a result KVS could not monitor/watch the physical/financial position of the work from time to time. Consequently, they had to bear not only the extra expenditure of Rs 53.41 lakh, but also failed to recover Rs 35.03 lakh the value of risk and cost of first contractor. KVS stated in October 2001 that construction was completed and the school building and staff quarters were handed over to it. KVS also stated that it had no option but to approve revised cost of the project at an extra expenditure of Rs 53.41 lakh as it had no privity of contract and contractual problems which forced the Railways to terminate the contract of first contractor.

The Ministry confirmed the facts (October 2001) and stated that the modalities of payment had been settled way back in 1989 and it was the fault of Railways not to follow the instructions of their Headquarters.

However, the fact remains that KVS failed to sort out the issue before advancing part payment to the Railways against its demand of advance payment of entire estimated cost of the project. KVS also failed to obtain periodical progress reports of works entailing non-monitoring of works and suffered losses.

Maulana Azad College of Technology, Bhopal

6.7 Failure to utilise grants to establish as a centre of excellence and irregularities in purchase of stores

Maulana Azad College of Technology, Bhopal failed to utilise grants to establish itself as a centre of excellence; there were irregularities in purchase of stores worth Rs 2.05 crore.

The Maulana Azad College of Technology (Institute), Bhopal one of the first eight Regional Engineering Colleges (RECs) of the country, was established in September 1960, as a joint venture of Government of India (GOI) and State Government, with the objectives of (i) attracting bright students from all over the country and imparting quality training to them in various branches of engineering and technology and (ii) for developing a "Centre of Excellence" in technical education in the central region as a "pace setter" for other institutions.

The Institute was registered as a society under Societies Registration Act XXI of 1860 in 1960 and was conferred autonomous status from 1997-98 by Barkatullah University, Bhopal. From 22 August 2000 the Institute has been affiliated with the Rajiv Gandhi Proudyogiki Vishwavidyalaya, Bhopal.

While one of the main objectives of the Institute was to carry out research in various fields so that it might always keep itself abreast of various developments in advanced countries in the relevant areas, it was found that actual expenditure on research was negligible and showed that no emphasis was laid on this important objective.

(i) Research projects

GOI sanctioned non-recurring grants of Rs 2.4 crore for 34 different schemes for research work in different faculties of the Institution during 1996-2001 as per details given in the Table:

(Rs in lakh)

Year	Grant received	No. of projects	No. of projects taken up	Expenditure incurred	Percentage of utilisation
1996-1997	29.75	5	3	8.67	29
1997-1998	15.18	4	3	3.87	25
1998-1999	34.18	7	6	16.18	47
1999-2000	103.50	13	5	10.18	10
2000-2001	21.70	5	Nil	Nil	Nil
Total	**204.31**	**34**	**17**	**38.90**	

According to the terms and conditions of the orders sanctioning grants, amount of grants was to be utilized within 18 months from the date of sanction. However, it was noticed that out of 34 research schemes, only two schemes were completed at a cost of Rs 10.18 lakh and the research work in 15 schemes for which Rs 81.38 lakh was allotted had not been started even after the stipulated period of 18 months for completion of schemes were over. In respect of 17 schemes for which amount of Rs 110.39 lakh was allotted, the research work was partly executed.

The Institute had neither taken any action for completion of schemes, nor for refund of unutilised amount of grant Rs 165.41 lakh. Besides, funds amounting to Rs 28.72 lakh spent on incomplete research work were rendered unfruitful as the schemes were pending since 1996-97.

(ii) Indo-UK RECs project: Energy Theme

To strengthen the technical education system in RECs, the GOI and Government of UK had signed an agreement (January 1994) under which the selected eight RECs out of 17 in India had a collaboration with 12 important Universities of Northern Consortium of UK for four years (upto January 1999). Four thrust themes had been identified which were to be developed as multi disciplinary topics across several areas of development. Each theme covered two colleges, with Energy theme at Bhopal and Trichi. Under this project the GOI had provided grant of Rs 303.37 lakh during 1994-95 to 1998-99, out of which the Institute had incurred expenditure as detailed below:

(Rs in lakh)

Year	Opening balance	Receipt	Total	Expenditure	Closing balance
1994-1995	Nil	75.00	75.00	—	75.00
1995-1996	75.00	75.00	150.00	11.96	138.04
1996-1997	138.04	62.50	200.54	93.28	107.26
1997-1998	107.26	37.50	144.76	45.04	99.72
1998-1999	99.72	53.37	153.09	22.75	130.34
1999-2000	130.34	Nil	130.34	22.07	108.27
2000-2001	108.27	Nil	108.27	3.83	104.44

It is evident from the table that the Institute had an unspent balance of Rs 104.44 lakh as on March 2001.

Test check of records relating to the project revealed that the Institute had framed an action plan (March 1999) for the implementation of the project. The main contents of action plan were providing clean and sustainable energy for agricultural, domestic, industrial and transportation needs of rural community fully, continuously and as per their needs. However it was observed that the Institute had so far not taken any action for implementation of above action plan.

On being pointed out in audit, the Institute stated that though the project was sanctioned in 1994, it started late due to late receipt of grants. During the period the project had created permanent infrastructure in the form of building, laboratories of energy conservation, wind energy, solar energy. To utilise the unspent balance of grants the action to procure remaining equipment and laboratory facilities was on progress. Further it was stated that the Institute had arranged seminars, workshops, conferences, training of faculties, research and other activities.

The reply is not tenable as the Institute had not taken any action during stipulated period according to action plan and even after preparation of action plan in March 1999. Due to inordinate delay in execution of the project the aims, objectives and benefits of the project could not be achieved.

(iii) Irregular purchases

The Institute framed its Purchase Rules (1992). According to purchase rules, purchases should be made in most economical manner and periodical indents should be made for as many articles as required and purchase order should not be split up to avoid the necessity of obtaining the sanction of higher authority required with reference to the total amount of purchase order.

Test check of records revealed that purchases of stores worth Rs 68.44 lakh was made by the Institute for which no indents were collected. However, the purchases were made by different faculties without indents as and when funds were provided to them.

It was also observed that the purchases worth Rs 17.83 lakh were made piecemeal to avoid the sanction of higher competent authority.

As per store purchase rules, it is obligatory for all Government departments/autonomous bodies to purchase the reserved items from Madhya Pradesh Laghu Udyog Nigam (MPLUN) without inviting tenders and by placing direct supply orders to MPLUN. In case the MPLUN expresses its inability to supply, purchases should be made from other agencies in accordance with the rules.

Test check (August 2001) of the records of Institute revealed that articles worth Rs 50.62 lakh reserved for purchases through MPLUN were purchased during the year 2000-01 from private firms without obtaining the non availability certificate from MPLUN on the basis of limited quotations.

According to store purchase rules, purchases in excess of Rs 25000 are to be made by inviting open tenders through advertisement in news papers. Head of Department of a faculty is competent to make purchases upto Rs 10000 on the basis of limited tenders. However, the purchase orders were split up for avoiding the necessity of open tenders and purchases of Rs 68.45 lakh were made on the basis of quotation collected from the open market personally. Thus, the Institute had made purchases worth Rs 68.45 lakh in contravention of the provision of Rules.

The matter was referred to the Ministry in October 2001, their reply was awaited as of January 2002.

Punjab University

6.8 Avoidable exependiture on advertisements

Punjab University incurred an extra expenditure of Rs 36.28 lakh on publication of advertisements through selective private agencies without calling for the quotations/tenders or at Director of Advertising and Visual Publicity rates.

Each head of Department is supposed to enforce financial order of strict economy at every step. He is responsible for the observance of all financial rules and regulations to comply with the canons of financial propriety.

In audit (September 2000) of the Punjab University (PU) it was noticed that 212 advertisements were got published from July 1998 to August 2000 in different newspapers through selective private advertising agencies for which neither quotations/tenders were invited nor the work was got done at the rates approved by Director of Advertising and Visual Publicity (DAVP), who finalises yearly rate contracts with some leading newspapers of Punjab and Chandigarh for publication of advertisements. The rates paid to the private agencies were higher than the rates approved by the DAVP and resulted into an extra expenditure of Rs 36.28 lakh by PU.

On being pointed out in audit (December 2000) PU stated (January 2001) that some newspapers were approached in December 1995 who refused to give any concession and as such advertisements were got published through the agencies approved by the Vice Chancellor. The reply is not tenable as

University had not reviewed the position in view of the annual rate contracts executed by the DAVP and the work to private advertising agencies were given without calling competitive tenders involving avoidable expenditure of Rs 36.28 lakh.

The matter was referred to the Ministry in March 2001; their reply was awaited as of January 2002.

School of Planning and Architecture

6.9 Loss of consultancy fees on account of undue benefit given to the Consultants

Non-observance of Government rules regarding equal sharing of consultancy income between the School of Planning and Architecture and the Consultants resulted in undue benefit to the Consultants thereby depriving the School of its due share by Rs 16.09 lakh.

The School of Planning and Architecture (School) had been undertaking individual consultancy and institutional consultancy since its inception in 1956. In respect of individual consultancy (Type I) the faculty members were authorised to enter into agreement with the clients and to receive fees directly with the permission of the Director of the School. In the case of institutional consultancy (Type II), the consultancy job was undertaken by the School for which fees etc. was received directly by the School and expenditure, including remuneration to the faculty members, was incurred by the School.

In August 1993, the Ministry approved the Consultancy Rules for the School superseding all the earlier rules and procedures. According to these rules, in respect of Type II consultancy, the Consultant-in-charge would submit the proposal for distribution of consultancy earnings alongwith necessary details of expenditure and supporting vouchers etc. to the Director of the School. The earnings on account of consultancy would be shared equally between the School and the Consultant.

It was noticed in audit (July 2000) that in contravention of the Consultancy Rules approved by the Government, the School adopted a procedure of its own for working out share of consultancy earnings as would be seen from the following:

The School received Rs 406.60 lakh on account of consultancy fees (Type II) during the period from 1993-94 to 2000-2001 out of which Rs 40.66 lakh (10 *per cent*) was retained by the School in advance as its share. However, with effect from 1 April 1998 the School started retaining additional 0.25 *per cent* to 1 *per cent* of the gross consultancy fees to meet administrative expenses of the supporting staff. The School retained Rs 0.42 lakh, Rs 0.46 lakh and Rs 0.84 lakh on this account during 1998-99, 1999-2000 and 2000-01 respectively. The remaining amount of Rs 364.22 lakh (i.e 90 *per cent* of the total consultancy fee of Rs 406.60 lakh minus Rs 1.72 lakh) was placed at the disposal of the Consultant-in-charge (Faculty Members). Rs 291.38 lakh i.e 80 *per cent* of Rs 364.22 lakh was treated as deemed expenditure by the School without obtaining any supporting vouchers etc. from the Consultant. The balance of Rs 72.84 lakh i.e 20 *per cent* of Rs 364.22 lakh was treated as income of the Consultants. Thus the total income of consultancy fees works out to Rs 113.50 lakh (Rs 40.66 lakh + Rs 72.84 lakh) which was to be shared in equal amount of Rs 56.75 lakh between the School and the Consultants.

Thus, non-observance of the Government of India rules regarding equal sharing of consultancy income between the School and the Consultant resulted in undue benefit to the Consultants thereby depriving the School of its due share by Rs 16.09 lakh (Rs 72.84 lakh minus Rs 56.75 lakh). Further, in absence of details of expenditure and supporting vouchers, the amount of Rs 291.38 lakh placed at disposal of the Consultant-in-charge cannot be treated as actual expenditure. On having pointed out this, the School stated in August 2000 that (i) 10 *per cent* of the gross receipts retained by the School represented 50 *per cent* of the net earnings of consultancy, and (ii) decision to treat the entire amount kept at the disposal of the Consultants as deemed expenditure without calling for details of expenditure and supporting vouchers had been taken by the competent authority (School). The reply is not tenable as (i) 50 *per cent* of the total net income works out to Rs 56.75 lakh whereas the School received only Rs 40.66 lakh; and (ii) any amendment to the Consultancy Rules could be done only by the Government.

The matter was referred to the Ministry in January 2001; their reply was awaited as of January 2002.

University of Delhi

6.10 Recurring losses in running the University Press

Poor management of the University Press resulted in loss of Rs 91.55 lakh during 1997-98 to 1999-2000 even after modernisation of the Press at a cost of Rs 42.05 lakh during 1996-98.

On the basis of a decision taken by the Executive Council of Delhi University in 1960 to establish a printing press of its own the University Press was acquired from a private party in April 1961 with assets worth Rs 1.62 lakh out of grants received from the University Grants Commission. The Press is a service department catering to important printing work of degree certificates, answer books, annual reports and other departmental jobs.

The Press was running in heavy losses since inception excepting the years 1973-74, 1974-75, 1975-76, 1987-88 and 1988-89 when it showed marginal profits. To examine overall administrative set up and improve functioning of' the Press, a High Power Committee appointed in April 1982 recommended (August 1983) that the Press should continue to run on commercial lines. Out of the losses accumulated to the tune of Rs 94.18 lakh upto 1996-97 Rs 42.71 lakh was written off by the Executive Council in June 1992. The Committee appointed by the University to look into bottlenecks in running the Press on commercial lines attributed the heavy losses to enhanced establishment charges, ageing machinery and manpower and obsolete technology.

A Technical Committee appointed to look into modernisation of Press recommended in January 1997 for immediate modernisation of the Press as it had reached the point of no return due to its obsolete technology. The Committee also recommended for running the Press in two shifts with most of the staff absorbed in new technology. After modernisation, the Committee anticipated an annual turnover of around Rs 86 lakh and expenditure of Rs 78 lakh thereby leaving a profit margin of Rs 8 lakh. The modernisation of the Press was carried out at a cost of Rs 42.05 lakh during 1996-98.

It was observed in audit (June 2001*)* that despite incurring Rs 42.05 lakh on switching over from hand composing to off-set printing technology the quantum of losses increased considerably. A comparison of pre and post modernisation losses showed that while these accumulated to Rs 91.55 lakh in just three years of modernisation, the accumulations of these in approximately 35 years of pre-modernisation were Rs 94.18 lakh. The losses were mainly due to:-

(i) heavy expenditure of Rs 207.02 lakh on pay and allowances of the staff alone during the period from 1997- 98 to 1999-2000 against work done of the order of Rs 152.33 lakh (total value of work done- Rs 217.03 lakh minus Rs 64.70 lakh on account of work got done from outside agencies).

(ii) running of Press in single shift instead of double despite recommendation of the Technical Committee.

(iii) lack of monitoring and supervision which is evident from non-maintenance of records regarding utilisation of manpower and machinery.

(iv) non-assessment of printing work by various departments of the University resulting in the necessity of getting it done from outside agencies as emergency though there was enough capacity in the Press itself provided assessments were done in time. Out of total work done of Rs 217.03 lakh during 1997-98 to 1999-2000, work to the tune of Rs 64.70 lakh was got done from outside agencies.

On being pointed out in audit the University while confirming non-maintenance of record of machinery and manpower since 1995 stated (July 2001) that maintenance of such record had since been started. The University also stated that some printing work was got done from outside agencies due to urgency and non-availability of trained manpower. The University was yet to consider the issue of closing down the Press.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

Vallabhbhai Patel Chest Institute

6.11 Short recovery of electricity and water charges

Inaction on the part of the Institute to get individual meters installed in staff quarters resulted in short recovery of Rs 14.33 lakh on account of electricity and water charges from the occupants.

The Vallabhbhai Patel Chest Institute had allotted 92 quarters of Type I to V to its staff for residential purposes. However, electricity and water charges were being recovered from the occupants not as per actual consumption and as per the rates paid to Delhi Vidyut Board (DVB) and Municipal Corporation of Delhi (MCD) but at flat rates ranging from Rs 30 to Rs 190 per month (electricity) and Rs 19.50 to Rs 37 per month (water) for different type of staff quarters. The electricity and water charges recovered from the occupants during 1995-96 to 1999-2000 were much less than those paid to DVB and MCD as shown under:

Year	Electricity charges paid to DVB	Charges recovered from occupants	Shortfall	Water charges paid to MCD	Charges recovered from occupants	Shortfall
1995-96	263614	78405	185209	54425	26481	27944
1996-97	173572	46525	127047	51269	26961	24308
1997-98	270192	27720	242472	55801	22585	33216
1998-99	180958	31776	149182	181338	21154	160184
1999-2000	300230	39690	260540	248438	24881	223557
Total	**1188566**	**224116**	**964450**	**591271**	**122062**	**469209**

The Institute recovered only Rs 3.46 lakh from the occupants of the staff quarters on account of electricity and water charges during 1995-96 to 1999-

2000 whereas it paid Rs 17.79 lakh to DVB and MCD. This resulted in short recovery of Rs 14.33 lakh.

When pointed out in audit the Institute stated (May 2001) that due to non-installation of individual meters in the staff quarters recovery was being effected at flat rates prevalent in Delhi University in similar cases. The Institute further stated in September 2001 that flat rates were revised ranging from Rs 390 to Rs 1080 per month that is an increase ranging from 468 *per cent* to 1200 *per cent*. The Institute further stated that individual electricity meters had recently been got installed through DVB in 12 flats in December 1999 and efforts were on to get these installed in remaining flats.

Thus, inaction on the part of the Institute to get individual meters installed in staff quarters resulted in short recovery amounting to Rs 14.33 lakh for the period from 1995-96 to 1999-2000.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.