OVERVIEW

General

Annual accounts of autonomous bodies

In 2000-2001 there were 226 central autonomous bodies whose accounts were to be certified under section 19(2) and (20(1) of the CAG's (DPC) Act, 1971. Accounts of only 203 of these were received for certification. Government of India released Rs 6686.62 crore towards grants and Rs 300.57 crore towards loan to these bodies during 2000-2001. The annual accounts for the year 2000-2001 of the balance 23 bodies were not finalised and therefore the amount of Government grants received by them was not available.

The annual accounts of 99 out of 139 central autonomous bodies (other than those under Scientific Departments) whose accounts were to be certified by Chartered Accountants but required transactions audit under sections 14(1) and 14(2) of the CAG's (DPC) Act, 1971 were also not finalised by concerned bodies. The remaining 40 bodies had received grants amounting to Rs 193.16 crore from the Union Government.

Audited accounts for 1999-2000 of 223 central bodies were to be placed before Parliament by 31 December 2000. Of these, audited accounts of 91 bodies were submitted for audit within the stipulated time. The accounts of 11 bodies were not submitted for audit by the concerned organisations.

(Paragraph 15.1)

Results of certification audit

Jawaharlal Nehru Port Trust (JNPT)

Capital debt of the Port Trust were understated by Rs 435.45 crore by not providing for the defaulted payment of Rs 53.61 crore towards principal and Rs 381.84 crore towards interest on the World Bank.

(Paragraph 15.2.1)

Utilisation certificates

As many as 52201 utilisation certificates for sanctions to Rs 6495.85 crore during 1976-77 to March 1999 were outstanding at the end of March 2001 in respect of grants released to statutory bodies. This indicated that the system by which Government satisfies itself that grants are used for the purpose for which they are given was not functioning effectively.

(Paragraph 15.3)

Ministry of Human Resource Development

Department of Secondary and Higher Education

Malaviya Regional Engineering College, Jaipur (MREC)

MREC failed to utilize equipments of Rs 3.11 crore received during August 1997 to September 1999 under UK REC project. Near relatives of College authorities were given undue benefits in fixation of pay at the time of appointments.

(Paragraph 1.1)

Navodaya Vidyalaya Samiti

The Navodaya Vidyalaya Scheme was introduced in 1986 to foster academic excellence with national integration. The Jawahar Navodaya Vidyalayas (JNVs) set up under the scheme, one in every district, were to act as pace-setter institutions, fortified with an integrated core curriculum and complement of high caliber teachers. The review brought out that in implementation, the scheme lost its visionary track as the concept of inter-state migration proved a failure and the quality of infrastructure and academic support continued to remain unsatisfactory. The examination results of JNVs have been consistently good but are not impressive in comparison with the results of private educational institutions of excellence. The best results of JNVs are still a shade lower than the results of the private institutions. Further, JNVs have not acted as pace-setting institutions as visualized despite strong financial and policy support largely because of the absence of strong academic backup and academic leadership. A large number of posts of academic staff remained vacant and 23 principals have resigned without fulfilling the tenure. The scheme required strong monitoring in order to keep the performance of institutions in line with the objectives; no serious monitoring was undertaken by the administrators of the scheme.

(Paragraph 1.2)

University Grants Commission (UGC)

UGC did not have any mechanism to monitor compliance of its instructions relating to standards of education, implementation of recommendation of Curriculum Development Committee. A few cases of degree courses being run by Universities without notification by UGC were found. No inspection of Universities was ever conducted as required by the statutory provisions. Out of

146 Universities visited during 1997-98 to decide quantum of development grants, only 6 Universities were assessed for standards of teaching upto 1999-2000. No measures were taken to eliminate disparity in disbursement of development grants to State Universities despite directives of Public Accounts Committee 25 years ago nor did UGC formulate and implement a package of examination reforms. While decision to freeze internal income of Universities at 1990-91 level resulted in excess release of maintenance grants amounting to Rs 26.87 crore during 1992-98 to Central Universities, 50877 utilization certificates for Rs 511.37 crore for the period 1958-59 to 1988-89 were outstanding as on 31.3.1999.

Operation of irregular 'upward movement' schemes by two Universities resulted in an average additional annual burden of Rs 5.69 crore on maintenance grants of Jawaharlal Nehru University and Jamia Millia Islamia alone. Rs 8.12 crore on account of conversion of CPF to GPF remained unadjusted in Banaras Hindu University and Delhi University. Non-adherence of norms set out in guidelines of various schemes resulted in irregular release of grants of Rs 18.33 crore in 67 cases.

An amount of Rs 356.29 lakh remained blocked in 423 research projects due to their non-completion even after permissible extended period and extension of their date of implementation.

Expenditure of Rs 1.33 crore incurred on UGC computerization proved infructuous due to software not being developed and failure to fill up vacant posts created in the Computer Unit. While expenditure on account of establishment for Rs 903.80 lakh was irregularly diverted to plan funds, Rs 262 lakh was injudiciously allocated to National Eligibility Test division.

(Paragraph 1.3)

Ministry of Shipping

Cargo Handling and Storage Facilities at Major Port Trusts

The overall existing capacity for cargo handling at major ports remained lower than estimated requirement. Utilization of port's equipment was very poor; port users preferred to use ships own gear and/ or hired equipment.

There was insignificant progress in private sector participation to augment port facilities. Haldia Dock Complex's (HDC's) failure to prepare the bid documents correctly in respect of a planned scheme for reconstruction of ore tippler for handling additional coal traffic resulted in time over run of three years and cost over run of Rs 2.62 crore. Again, it was found that HDC leased out a berth on a minimum guaranteed throughput to TISCO which was neither commensurate with the prevailing performance nor the capacity of the berth.

Consequently it suffered a loss of Rs 19.05 crore on account of lower handling of cargo.

Failure of Jawaharlal Nehru Port Trust to assert its rights to royalty from the date of commencement of operations in a Build Operate and Transfer agreement for container handling terminal with NSICT not only resulted in avoidable loss of revenue of Rs 19.20 lakh but an additional loss of Rs 80.74 crore over the contract period.

Collection of dues was not vigorously pursued at certain ports Paradip Port Trust suffered a loss of revenue of Rs 3.36 crore due to wharfage remaining unrealised in the case of a berth leased out to Oswal Chemical and Fertilisers Ltd. Again, Chennai Port Trust did not collect premium and security deposit of Rs 10.92 crore in respect of open space/shed leased out to nine agencies. At Visakhapatnam Port Trust iron own handling charges for Rs 4.02 crore remained outstanding. Further Rs 2.08 crore being wharfage charges for the period 1995-2000 remained unrealised from Tinna Oils and Chemicals Ltd. Inaction of Kolkata Port Trust to fix the rates and collect deposit for the year 1998-99 resulted in loss of revenue of Rs 7.10 crore.

(Paragraph 2.1)

Dredging Operations at Kolkata Port Trust (KoPT)

Review of dredging operations at KoPT revealed that a comprehensive scheme including capital dredging , river training works and shore disposal for functioning of the riverine port was not implemented and ad hoc targets relying solely on maintenance dredging were resorted to. Dredging with these ad hoc targets failed to improve the navigation channel, adversely affecting revenue earnings of the port. Despite heavy recurring expenditure incurred on maintenance dredging by KoPT, shipping channels leading to Kolkata Dock System and HDC could not be made navigable for bigger ships.

Even the ad-hoc targets could not be achieved due to poor performance of KoPT's own dredgers and hired dredgers. Contracts were flawed and were poorly supervised during operations. Instances of large excess payments on account of factors such as speed of dredgers in time rated contracts and failures to deduct amounts for clay content/bulk density of dredged material in quantity based contracts were found during audit. Instead of shore disposal, dredged material continued to be dumped in the river with consequent recycling. Survey vessels were not utilised properly.

Claims for dredging subsidy made by KoPT from the Ministry were inflated, and certain items of expenditure unauthorised by the Ministry were claimed.

(Paragraph 2.2)

Ministry of Commerce

Rubber Board, Kottayam

Rubber Board did not avail of the exemptions from the payment of customs duty and excise duty on imports for World Bank aided projects. The failure of the Board to do so resulted in avoidable expenditure of Rs 1.13 crore.

(Paragraph 3.2)

Ministry of Human Resource Development

Department of Secondary and Higher Education

Banaras Hindu University (BHU)

Execution of contract bond for construction of two girls hostels and drugs addiction centre without inviting tenders by the authorities of BHU and payment of quarterly advance and interest free mobilisation advance in violation of the codal provisions led to undue financial aid to the contractor to the tune of Rs 2.88 crore.

(Paragraph 6.4)

University of Delhi

The University Press was running in heavy losses since inception in 1961 except the years 1973-1976 and 1987-1989 when it showed marginal profits. The losses were attributed to enhanced establishment charges, ageing machinery and manpower and obsolete technology. Accordingly modernisations of the Press was carried out at a cost of Rs 42.05 lakh during 1996-98. Despite this, post- modernisation losses accumulated to Rs 91.55 lakh in just three years, which almost equals the losses of Rs 94.18 lakh piled up in 35 years of pre-modernisation.

(Paragraph 6.10)

Ministry of Shipping

Chennai Port Trust (ChPT)

The contract for the work of "construction of breakwaters" undertaken by ChPT as a part of the Ennore Port Project near Chennai, provided for supply of rocks to the contractor at fixed rate. However, the Port Trust calculated the price variation payable without deducting the cost of rocks from the value of work done, resulting in excess payment for escalation of Rs 8.72 crore.

(Paragraph 9.1)

For the supply of three tugs and two pilot crafts, ChPT resorted to negotiation with the final tenderer for reduction in price. While the reduction was given in one of the price components, the earlier declaration by the firm that the price included certain tax element was withdrawn and this in the ultimate increase in the basic price leading to an additional expenditure of Rs 2.32 crore.

(Paragraph 9.2)

Cochin Port Trust (CoPT)

CoPT acquired one transfer crane on lease instead of purchasing it outright and the imprudent decision led to avoidable loss of Rs 7.46 crore.

(Paragraph 9.4)

Before procuring an indigenous diesel generating (DG) set in April 1998, CoPT failed to ascertain and ensure the operability of the imported quay side gantry cranes with the power fed from the DG set. Consequently, the DG set, found to be incompatible, was not taken over by CoPT and investment of Rs 4.54 crore proved to be idle and unremunerative for nearly four years.

(Paragraph 9.5)

CoPT failed to incorporate suitable provisions guaranteeing trouble-free operations of a transfer crane after its revamping and thereby, investment of Rs 3.38 crore on the sick crane turned out to be infructuous.

(Paragraph 9.6)

Jawaharlal Nehru Port Trust (JNPT)

JNPT constructed a buffer yard at a cost of Rs 4.66 crore and leased it out to a private agency despite having sufficient infrastructure and manpower to operate and maintain it. This had resulted in loss of revenue of Rs 19.79 crore.

(Paragraph 9.8)

The Port Trust procured equipment/machinery at a cost of Rs 8.93 crore on the basis of recommendations of the consultant without analysing actual needs. The contractor did not commission the equipment successfully, with the result that the Port could not use them right from their procurement, which resulted in unproductive expenditure of Rs 8.53 crore after adjustment of sale proceeds.

(Paragraph 9.9)

Kolkata Port Trust (KoPT)

Against the recommendation for procurement of two bulldozers by the consultant, HDC procured three bulldozers without ensuring the guaranteed supply of thermal coal thereby incurred an avoidable expenditure of Rs 1.58 crore on procurement of the third bulldozer**.**

(Paragraph 9.14)

Mumbai Port Trust (MbPT)

Delay in initiating timely action to procure tugs despite the downward revision their economic life and inadvertent tender specification resulted in hiring of tugs and incurring avoidable expenditure of Rs 31.38 crore.

(Paragraph 9.16)

Inclusion of element of House Rent Allowance in calculating Overtime Allowance was irregular and resulted in avoidable expenditure of Rs 30.14 crore.

(Paragraph 9.17)

Inordinate delay in completion of civil work and consequential delay in completion of electrical work and award of contracts without proper assessment of required time resulted in delay of commissioning of the entire system of distribution transformers and substation equipments by two years and blocking of funds to the tune of Rs 16.36 crore for three years.

(Paragraph 9.18)

Paradip Port Trust (PPT)

An interest free advance of Rs 15 crore was paid by the PPT to the GRIDCO (then OSEB) between February, 1996 and June, 2000 for construction of 220 KV double circuit transmission line from Duburi to Paradip. The powers of PPT did not allow for such advance payment and unnecessarily burdened PPT's finances. In violation of the terms of agreement the project meant to be completed by September, 1998 remained incomplete even as of October 2001 defeating the very purpose of the advance.

(Paragraph 9.24)

Visakhapatnan Port Trust (VPT)

VPT failed to recover the advances paid to a supplier company and other dues aggregating to Rs 93 lakh from the payments made to it.

(Paragraph 9.26)

Ministry of Urban Development and Poverty Alleviation

Department of Urban Development

Delhi Development Authority (DDA)

Failure of DDA to provide basic amenities, made the Narela Housing Scheme unpopular which resulted in cancellation of allotment of houses by the allotees. Out of 6039 houses constructed in Narela, 2003 houses remained vacant leading to blockade of funds of Rs 36.08 crore for the last three years to seven years.

(Paragraph 13.1)

DDA had to incur extra expenditure of Rs 7.20 crore due to delay in supply of layout plans and materials, thereby losing the benefit of using time saving technology as well as projected savings. This case highlights one of the perennial problems that plague DDA viz. not ensuring timely supply of either drawings/plans/material/site which shows gross negligence and very poor monitoring by higher authorities.

(Paragraph 13.2)

DDA had to incur extra expenditure of Rs 1.59 crore due to defective designing of pile foundation, non-adherence to the advice of the Quality Control Wing and arbitrary rescission and foreclosure of contracts.

(Paragraph 13.3)

One of the chronic problems in DDA's functioning i.e. belated decisions and delay in supply of drawings/materials led to cost overrun of Rs 1.18 crore on a housing scheme namely Nagin Lake Apartments.

(Paragraph 13.4)

DDA had to bear cost and time overruns of Rs 65.26 lakh and 27 to 37 months respectively on account of delay in meeting contractual obligations in housing schemes at Kondli Gharoli.

(Paragraph 13.5)