

**CHAPTER X : MINISTRY OF HUMAN RESOURCE  
DEVELOPMENT**

**Department of Secondary and Higher Education**

**10.1 Release of excess grants**

**Failure of the Ministry to release grants to the Indian Institute of Management, Lucknow, on net deficit basis resulted in the release of excess grants amounting to Rs. 35.08 crore during 1997-98 to 2003-04. The amount was irregularly parked by IIM in its Endowment/Corpus Fund.**

The Indian Institute of Management (IIM), Lucknow, receives grants which are to be released by the Ministry of Human Resource Development on a net deficit basis. According to this, the net requirement of annual maintenance grant of IIM is to be worked out after deducting its estimated total receipts including internal resources, from its approved estimated expenditure during a financial year. The main receipts of IIM, Lucknow are tuition fees, consultancy fees, hostel receipts, library fees etc.

Scrutiny in audit revealed that the Ministry did not adhere to the net deficit basis of financing while releasing grants to IIM, Lucknow which resulted in excess release of annual grants of Rs. 35.08 crore during 1997-98 to 2003-04. The year-wise details are shown below:-

*(Rupees in crore)*

Year	Internal Receipts	Expenditure	Grant admissible	Grant Released	Excess grant released which was transferred to Endowment/Corpus Fund
1997-98	3.90	3.72	Nil	0.84	0.84
1998-99	5.14	5.70	0.56	3.43	2.87
1999-00	9.05	9.03	Nil	5.79	5.79
2000-01	10.18	13.44	3.26	7.00	3.74
2001-02	14.21	15.38	1.17	7.50	6.33
2002-03	16.77	15.69	Nil	3.90	3.90
2003-04	16.39	17.58	1.19	12.80	11.61
<b>Total</b>	<b>75.64</b>	<b>80.54</b>	<b>6.18</b>	<b>41.26</b>	<b>35.08</b>

It was further noticed that IIM transferred the surplus grants to their Endowment/Corpus Fund although this was permitted only in the case of Institutes covered under Block Grant Scheme, under which the institutes were allowed to retain and transfer the savings to Endowment/Corpus Fund.

The Ministry stated in August 2004 that the Institute had parked these funds in the Endowment/Corpus Fund with the hope of being able to introduce the Block Grant Scheme in future. The reply is not tenable as the Institute was being funded on net deficit basis and was not covered under the Block Grant Scheme.

Thus, failure of the Ministry to release grants to the Institute on the net deficit basis resulted in release of excess grants of Rs. 35.08 crore to the Institute during the period from 1997-98 to 2003-04.

## 10.2 Irregular financial assistance

**Ministry released central assistance of Rs. 3.75 crore during each of the years 2002-2003 and 2003-2004 to the Government of Uttar Pradesh under the scheme Vocationalisation of Secondary Education, against the guidelines of the Planning Commission according to which expenditure on staff engaged under centrally sponsored schemes involving phased coverage becomes committed non-plan liability of the State Government from the next plan period.**

The Government of India approved a centrally sponsored scheme “Vocationalisation of Secondary Education” during the seventh Plan period (1987-92). One of the components of the scheme was ‘Vocational School Staff’ on which the expenditure was to be shared between the Centre and States in the ratio of 75:25. According to the guidelines issued by the Planning Commission from time to time, expenditure on the staff engaged under centrally sponsored schemes in a plan period becomes committed Non-Plan expenditure liability of the State Government from the next Plan period.

Audit ascertained (May 2004) that the scheme was being implemented in the State of Uttar Pradesh since 1987-88 in a phased manner. Upto the eighth plan period (1996-97), 810 schools were covered while during the ninth plan period (1997-2002), another 200 schools were covered, 100 in each of the years 2000-2001 and 2001-2002. No new school was sanctioned till May 2004 for implementation of the scheme during the tenth plan (2002-2007). Teaching needs were fulfilled by engaging guest lecturers on honorarium basis. Ministry however reimbursed Rs. 3.75 crore to the Government of Uttar Pradesh during the tenth plan period for each of the years 2002-2003 and 2003-2004, on account of honorarium to guest lecturers. The reimbursement of Rs. 7.50 crore during the above period was irregular as reimbursement of salary/honorarium to teachers was admissible only in respect of schools covered under a particular plan period. In this case no new school was sanctioned during the years 2002-2003 and 2003-2004 (part of the tenth plan period).

The Ministry stated in June 2004 that due to certain problems in appointing regular teachers with adequate pay scales, the State Government engaged guest faculty during 2002-2003 and 2003-2004. Ministry also stated that the reimbursement of Rs. 7.50 crore was made in consultation with Integrated Finance Division of the Ministry. It further stated in December 2004 that due to non appointment of regular teachers the central share of expenditure during 2001-02 was only Rs. 4.41 crore against the anticipated expenditure of Rs. 23.54 crore on appointment of regular teachers. The non-appointment of regular teachers by the State Government reduced the central government share of expenditure by Rs. 19.13 crore during 2001-2002 (last year of ninth plan period). The reply of the Ministry is not tenable as after the plan period was over on 31 March 2002, any staff cost including honorarium paid was to be the liability of the State Government. Further, the saving indicated by the Ministry was due to inability of the State Government to appoint regular teachers and this in turn was likely to affect the quality of education adversely. Ministry also intimated that considering the observation of audit, the release of grant to the State Government had been stopped pending approval of proposed revised scheme from 2005-06.

### 10.3 Inadequate monitoring of utilisation of grants

**Failure of the Ministry to verify utilisation of the grant of Rs. 5.96 crore released under CLASS scheme during the year 1997-98 to Government of Madhya Pradesh for maintenance of computers resulted in Rs. 3.48 crore being spent on purchase of items not covered under the scheme and the balance of Rs. 2.48 crore lying unutilised as of September 2004. The interest cost to the Government of India on the unutilised amount was Rs. 1.53 crore.**

Computer Literacy and Studies in Schools (CLASS) scheme was adopted as a Centrally Sponsored Plan Scheme during Eighth Plan. Around 5,000 schools including Kendriya Vidyalayas were covered under this scheme upto the end of Eighth Plan period. Ministry approved in December 2001 the modified CLASS scheme from 2001-02.

The Department of Education (now Department of Secondary and Higher Education) released Rs. 2.60 crore in January 1998 and Rs. 3.36 crore in March 1998 to the Government of Madhya Pradesh as recurring grant for maintenance of computers purchased by 422 schools under CLASS Scheme and included Rs. 10.34 lakh towards balance 10 *per cent* payable for purchase of 100 computers during 1996-97. As per terms and conditions of the sanction letter, the amount of grant was to be utilised only for the purpose for which it was sanctioned and the unspent balance of grant was to be refunded to the Ministry. Audit scrutiny of records of the Ministry revealed in May 2004 that State Government had transferred the entire grant to Madhya Pradesh Bhoj

Open University (University) for implementation of the scheme. The State Government on the basis of information received from the University, furnished in October 2003 utilisation certificate for Rs. 5.85 crore after retaining unspent grant of Rs. 10.34 lakh for balance payable to a firm.

However, audit scrutiny of the records of the University revealed (September 2004) that it had spent Rs. 3.48 crore on purchase of computer/peripherals, software and training although the grant was specifically for maintenance of existing computers provided to secondary and higher secondary schools upto 1996-97. The balance Rs. 2.48 crore had been lying with the University. Thus, failure of Ministry to verify the status of utilisation of the grant resulted in Rs. 3.48 crore being spent on items not covered under the scheme and Rs. 2.48 crore lying unutilised with the University for over six years as of September 2004. During the period the grant of Rs. 2.48 crore remained unutilised, the government borrowed funds at an average interest rate of 9.5 *per cent per annum*. The cost of borrowing Rs. 2.48 crore which remained idle with the University amounted to Rs. 1.53 crore.

The Ministry stated in September 2004 that the University had utilised the money for the purchase of computer peripheral and software and training programme under the CLASS project. It added that the State Government had been requested to furnish the list of schools in which computers were installed and training imparted. The reply of the Ministry itself indicates lack of monitoring of the scheme which resulted in acceptance of incorrect utilisation certificate.

#### **10.4 Irregular payment of administrative overhead/service charges**

**The Director of the Project on History of Indian Science, Philosophy and Culture who also chaired its monitoring agency a voluntary organisation paid Rs. 68.86 lakh to the latter as service overhead charges without the approval of the Ministry.**

A project on History of Indian Science, Philosophy and Culture (PHISPC) was initiated during 1990-91 under the aegis of the Indian Council for Philosophical Research (ICPR), an autonomous body under the Ministry of Human Resource Development. The basic aim of the project was to undertake a comprehensive and interdisciplinary study of the scientific, philosophical and cultural heritage of the Indian civilisation. The project, which was to be completed by 2001-02 at a cost of Rs. 10 crore, envisaged publication of 30 main volumes and 20 spin-off volumes/monographs. With effect from April 1997, the Ministry transferred the project from ICPR to the Centre for Studies in Civilisation (CSC), a voluntary organisation registered under the Societies Registration Act, 1860. CSC was to monitor the activities of the project and give appropriate directions and advice. Subsequently, the project was

expanded during 2001-02 by including a sub-project on Consciousness, Science, Society, Values and Yoga (CONSSAVY) and the number of volumes to be published was increased from 30 to 54. In January 2002 the Ministry revised the project cost to Rs. 22.75 crore and extended its period of completion to March 2010.

It was noticed in audit that while appointing CSC as the nodal agency for monitoring the project, the Ministry did not specify whether the service charges were payable to them. However, CSC in its Governing Body meeting held in July 1998 decided to charge administrative overheads and service charges from PHISPC from 1998-99 @ 15 per cent of the expenditure on the project. This decision, which was not referred to the Ministry for ratification, was based on the grounds that Universities were charging 15 per cent overheads on projects from UGC.

Audit noticed a clear conflict of interest as the Project Director of the implementing agency, PHISPC was also the Chairman of the monitoring agency CSC. Further, it was incorrect on the part of PHISPC to pay the overhead charges without referring the unilateral decision of CSC to the Ministry. While universities charge overheads in lieu of providing infrastructural facilities like use of their buildings, libraries, staff support, electricity etc. for the projects, in the instant case PHISPC had created all the necessary office infrastructure and other facilities required for the project from its funds. CSC played merely an advisory role. Thus, the payment of Rs. 68.86 lakh towards administrative overhead/service charges to CSC during 1998-99 to 2002-03 without the approval of the Ministry was irregular apart from the issue of conflict of interest.

The Ministry stated in September 2003 that PHISPC had been released grants-in-aid for the year 2003-2004 subject to the condition that no further amount would be paid to CSC as overhead charges till final decision was taken. Audit observed that Ministry had not taken final decision as of November 2004 and had released grant-in-aid for the year 2004-2005 with the same condition. While reiterating its stand, Ministry, in November 2004, informed that a proposal for payment of overhead charges to CSC had been received from PHISPC and was under consideration. The amount of Rs. 68.86 lakh already released to CSC towards overhead charges still remains unrecovered.