

## CHAPTER VIII : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

### Department of Secondary and Higher Education

#### Delhi University

#### 8.1 Irregular grant of advance increments

**University of Delhi made irregular payment of Rs. 25.07 lakh as advance increments to 32 teachers in violation of the orders of University Grants Commission.**

The University Grants Commission (UGC), with the approval of the Ministry of Human Resource Development, had extended the benefit of two advance increments to the University teachers at the time of their promotion as Reader/Lecturer (Selection Grade). However, this was applicable to those teachers who had acquired or would acquire Ph.D on or after 01 January 1996. In August 2001, UGC further extended this benefit to the teachers who had acquired Ph.D during their service period prior to 01 January 1996 and had not been given the benefit of advance increments as per the earlier career advancement scheme. The benefit was payable with effect from 27 July 1998.

Audit ascertained that the University of Delhi (University) granted two advance increments from 27 July 1998 to 32 teachers who had secured Ph.D before joining the University. The grant of two advance increments to such teachers was irregular as the orders of UGC clearly stated that the benefit was meant for those teachers who had acquired Ph.D while in the service of the University. Thus, the University made irregular payment of Rs. 25.07 lakh to 32 teachers for the period 27 July 1998 to 30 September 2003. The payment made in similar cases for the subsequent period was not furnished by the University to Audit.

In response to Audit observation (March 2005), while the University confirmed (July 2005) that the benefit was admissible to only those teachers who acquired Ph.D during service before 01 January 1996 in terms of the orders of UGC, it did not clarify the reason for the benefit being extended to those teachers who had secured their Ph.D. before joining the University.

The Ministry stated (September 2005) that in the absence of any reply from the University, they presumed that the above facts were correct.

## Indian Institute of Management, Indore

### 8.2 Avoidable expenditure on electricity consumption

**Failure of the Indian Institute of Management, Indore to accurately assess the requirement of electricity demand resulted in an avoidable expenditure of Rs. 39.76 lakh on payment of additional demand charges. In addition, low power factor charges amounted to Rs. 15.32 lakh.**

The Indian Institute of Management Indore (Institute) executed an agreement in January 2003 with the Madhya Pradesh State Electricity Board (MPSEB), for an HT connection for supply of 2000 KVA contract demand for its newly constructed building at Rau, Indore. According to the tariff of MPSEB, forming part of the agreement, the demand charges for the month should be the actual maximum KVA of the consumer or 75 per cent of the contract demand or 60 KVA whichever is higher.

Audit noted (August 2004) that MPSEB started billing for electricity for the new building from June 2003. During June 2003 to July 2005, the actual demand ranged between 183 KVA and 516 KVA. This was significantly below 75 per cent of the contract demand.

MPSEB issued bills for 1500 KVA, each month, being 75 per cent of the contract demand. This resulted in avoidable expenditure of Rs. 39.76 lakh towards additional demand charges for the period June 2003 to July 2005. The agreement with MPSEB further provided that if the average monthly power factor of the consumer falls below 90 per cent, then the consumer should, for each one per cent fall in his average monthly power factor, pay one per cent of the total amount of bill, as energy charges.

The average power factor ranged between 0.57 and 0.88 during the period from June 2003 to July 2005, except in September, October 2004 and May-July 2005. As a result, the Institute paid Rs. 15.32 lakh towards low power factor charges for these periods.

In response to the Audit observation (August 2004), the Institute stated (August 2004) that its requirement was worked out at 2000 KVA but due to delay in shifting to the new campus, the actual utilisation fell short of the demand. The Institute further stated (February 2005) that the contract was made for a period of two years from 21 June 2003 to 20 June 2005 and subsequently its requirement was reassessed at 700 KVA. An application was made to the MPSEB for lowering the demand load from 2000 KVA to 700 KVA.

However, Audit ascertained (August 2005) that MPSEB had reduced the contract demand to only 1000 KVA in accordance with the Section 7-12 of Electricity Supply code with effect from August 2005.

Audit also noted that the initial assessment of contract demand had no relation to the actual requirement, which resulted in wasteful expenditure amounting to Rs. 39.76 lakh during June 2003 to July 2005.

The matter was referred to the Ministry in October 2004; their reply was awaited as of February 2006.

### **Indian Institutes of Technology and other institutions**

#### **8.3 Irregular expenditure due to non-recovery of service tax**

**Indian Institute of Technology (IIT), Delhi; Kharagpur; Mumbai; MNNIT Allahabad; NITIE Mumbai and VNIT Nagpur failed to recover service tax amounting to Rs. 1.16 crore from their clients on consultancy services rendered to them and incurred expenditure out of their own funds for depositing the tax.**

According to Sections 32 and 65 of the Finance Act, 1994, service tax is leviable on scientific and technical consultancy services. In July 2001, the provisions of this Act were amended making the public funded research institutions including the Indian Institutes of Technology (IIT) liable to charge service tax from the clients for scientific and technical consultancy services.

Audit noted (February 2004) that IIT, Delhi had received Rs. 4.21 crore on account of consultancy services rendered during the period from 16 July 2001 to 26 December 2002 without recovering service tax of Rs. 21.05 lakh at the prevailing rate of *five percent*. In response to Audit observation (February 2004), the Institute deposited (April 2004) Rs. 21.05 lakh as service tax out of its own income instead of recovering it from the clients. Thus, failure to adhere to the statutory conditions relating to recovery of service tax resulted in the IIT incurring expenditure out of its own funds. IIT Delhi also confirmed (February 2005) the facts and added that it had started collecting service tax from clients from 27 December 2002.

Audit also noted that similar payments amounting to Rs. 95.15 lakh on account of service tax and interest for delayed payment were made by the following institutions as detailed below out of their own funds:

*(Rupees in lakh)*

Sl. No.	Name of the Institution	Period of services provided	Month of payment	Amount
1.	IIT, Kharagpur	July 2001 - March 2004	April 2004	9.72
2.	IIT, Mumbai	July 2001 - September 2002 August 2002 - December 2003	July 2004 October 2004	60.79
3.	MNNIT <sup>1</sup> , Allahabad	July 2003 - June 2004	November 2004	2.35
4.	NITIE <sup>2</sup> , Mumbai	July 1997 - March 2002	March 2003	13.14
5.	VNIT <sup>3</sup> , Nagpur	July 1997 - July 2001	September 2001	9.15
<b>Total</b>				<b>95.15</b>

<sup>1</sup> Motilal Nehru National Institute of Technology, Allahabad

<sup>2</sup> National Institute for Industrial Engineering, Mumbai

<sup>3</sup> Visweswaraya National Institute of Technology, Nagpur

Thus, a total Rs. 1.16 crore was not recovered by these institutions from their clients towards service tax.

On the matter being pointed out in audit, IIT Kharagpur while admitting the mistake stated (February 2006) that it was under the impression that service tax would not be applicable to IIT till Excise Department raised demand for service tax in March 2004. It added that it had no option but to deposit Rs. 9.72 lakh from its own income from such services. The Institute added that it had now recovered Rs. 6 lakh from some clients and had been regularly following up with the others to recover the balance. In response to audit observation pertaining to IIT Delhi, the Ministry stated (February 2006) that IIT Delhi paid service tax from the funds generated by enhancing overhead charges for the period from 16 July 2001 to 26 December 2002. Similar argument was given by the NITIE, Mumbai whose reply was forwarded by the Ministry in January 2006. The Ministry also stated (February 2006) that IITs were being advised to make efforts to collect service tax in respect of past services from respective clients wherever it was possible. The payment of service tax by IIT Delhi out of overhead charges was not correct as service charge is a distinct item which cannot be mixed up with overhead charges which are to meet certain specific types of expenses.

### **Kendriya Vidyalaya Sangathan**

#### **8.4 Idling of investment due to deviation from Memorandum of Understanding**

**In deviation from the Memorandum of Understanding, KVS did not consult IIM, Kolkata, before commencing work on a school building resulting in a dispute which remained unresolved leading to stoppage of work on the project and consequential idling of investment of Rs. 1.59 crore for two years. The project cost is likely to escalate by Rs. 95 lakh because of the time overrun.**

The Indian Institute of Management (IIM), Kolkata and the Kendriya Vidyalaya Sangathan (KVS) entered into a Memorandum of Understanding (MOU) in May 1994. In terms of this MOU, IIM Kolkata earmarked five acres of land with boundary pillars within its campus to KVS for construction of a school building. The design of the building had to be prepared either by the architect of IIM Kolkata or by the architect authorized by KVS, working closely with the former.

Audit ascertained (October 2003) that KVS accorded (February 1997) administrative approval and expenditure sanction for construction of the

building through CPWD, Kolkata, at an estimated cost of Rs. 3.11 crore. However, IIM Kolkata was not consulted on the drawings of the building or the approach road. The stipulated date of completion of the work of pile foundation was September 2000; it was March – April 2002, for the school building. KVS also released Rs. two crore to CPWD in five instalments between March 1997 and January 2002. CPWD took up the work of earth filling and pile foundation in December 1998 and completed it in December 2002 at a cost of Rs. 1.59 crore. However, the work of superstructure of the building could not be taken up as IIM Kolkata did not permit transport of building materials and equipment through the campus on the ground that the approach road to the school site proposed by KVS was a colony road with residential quarters of faculty members and other staff of IIM Kolkata on both sides. According to IIM Kolkata, movement of heavy trucks would completely disturb the peace of the surroundings and create dust pollution and suggested that KVS should use peripheral approach road along the boundary wall. KVS did not agree with this proposal as this road, besides falling outside the proposed school premises, was non-motorable and KVS was not prepared to bear the heavy expenditure on its upgradation. The issue of the approach road remained unresolved and the construction work could not be taken up. Consequently the investment of Rs. 1.59 crore on earth filling and pile foundation remained idle for 18 months.

In response to Audit observation, KVS stated (October 2003) that IIM Kolkata, being the sponsoring authority, should have extended co-operation to the construction agency as the land had also been provided by them for constructing the building. It also added (September 2004) that Director IIM Kolkata who was also the Chairman of Vidyalaya Management Committee, Kendriya Vidyalaya, Joka was informed about approval of drawings. It further added that administrative approval and expenditure sanction of Rs. 2.47 crore for construction of super-structure was accorded in March 2003 and the stipulated date of completion was September 2005. This work had started in July 2004 after IIM Kolkata permitted temporary use of approach road and the progress of work was totally dependent on availability of approach road to the site which was under the control of IIM Kolkata.

The reply of KVS was not tenable as the dispute arose because it did not secure the approval of IIM Kolkata to the architectural drawings as required under the MOU. The dispute remained un-resolved till 24 July 2004; even thereafter, no clear-cut agreement was reached to ensure availability of approach road for smooth execution of work.

KVS further intimated (May 2005) that 38 percent of the work had been carried out till March 2005.

The matter was referred to the Ministry in May 2004. The Ministry while accepting the facts stated (February 2005) that the work had been completed and KVS at IIM Kolkata, Joka was functioning successfully.

The reply of the Ministry ran counter to the reply of KVS which stated (May 2005) that only 38 *per cent* of the work had been completed till March 2005. KVS intimated in December 2005 that only 55 *per cent* of the work had been completed till September 2005. Audit further ascertained that 65 *per cent* of the construction work had been completed as of November 2005 and the school continued to be run in a temporary building with brick wall and tin roof provided by the IIM Kolkata. Thus, 35 *per cent* of the work was yet to be completed even after the stipulated date of completion.

Thus, in deviation from the MOU, KVS did not consult IIM Kolkata, before commencing work on the school building and finalising the preliminary drawings. This resulted in a dispute which remained unresolved leading to stoppage of work on the project and consequent idling of investment of Rs. 1.59 crore for 18 months. Further, escalation in cost of construction by Rs. 95 lakh has already occurred.

## **National Council of Educational Research and Training**

### **8.5 Short recovery of water charges**

**The National Council of Educational Research and Training recovered water charges at rates fixed around 15 years ago that were a fraction of the rates paid by NCERT. This resulted in short recovery of water charges amounting to Rs. 32.80 lakh during the period 2001-02 to 2004-05.**

The National Council of Educational Research and Training (NCERT) has 477 residential flats of different categories for its staff at Sri Aurobindo Marg (343) and Pappankalan (134) in Delhi. These were allotted during 1970-1996 and in March 2001 respectively. Audit ascertained (July 2003) that water charges were not being recovered from the occupants as per actual consumption at the rates charged by the Delhi Jal Board (DJB) and Delhi Development Authority (DDA). The recoveries were being effected at rates ranging from Rs. 9 to 16 per month per quarter fixed around 15 years ago for types I to V of quarters. In case of Director's bungalow, Rs. 20 per month was being charged.

NCERT did not get separate meters installed in the 343 staff quarters located in its campus at Sri Aurobindo Marg. While recoveries from the staff were effected at flat rates, NCERT was billed on commercial rates by DJB through consolidated bills received for the office buildings and staff quarters together. NCERT accepted these facts but stated (August 2004) that it was not possible to work out the expenditure on water consumed in the staff quarters.

Audit also observed that in the Pappankalan quarters where water supply was being provided by DDA, NCERT made payment at a flat rate of Rs. 157 per month for each quarter. However, water charges were recovered from the staff at a flat rate of Rs. 9 to 16 per month on the ground that the bulk water meter was not functioning. In order to estimate the expenditure on water consumed in the quarters in NCERT campus at Sri Aurobindo Marg, Audit adopted the flat rate of Rs. 157 per staff quarter per month which NCERT paid to DDA for its Pappankalan quarters. On this basis, the total water charges recoverable by NCERT from the occupants of staff quarters at both Sri Aurobindo Marg and Pappankalan during 2001-02 to 2004-05 worked out to Rs. 35.32 lakh against which NCERT had recovered Rs. 2.52 lakh only. This resulted in short recovery of Rs. 32.80 lakh.

In response to the Audit observation (May 2005) NCERT regretted (June 2005) non-revision of flat rates that were fixed about 15 years ago. It added that the rates would soon be revised to Rs. 50 per month to ensure that no loss was caused to the Council. The Ministry (August 2005) also endorsed the views of NCERT. However, Audit noted that the proposed revision of the flat rate at Rs. 50 per month will still entail NCERT heavily subsidising the occupants which is inadmissible. Instead, NCERT should expeditiously get separate meters installed for its staff quarters. Till such time as the meters are installed, NCERT should immediately enhance the rate of recovery from each occupant to the charges levied by the DJB and the DDA.

#### **8.6 Loss due to delay in award of contract**

**Delay in placing of order by the National Council of Educational Research and Training for sale of damaged paper, resulted in a loss of Rs. 10.70 lakh.**

NCERT decided (September 2002) to dispose damaged and unserviceable papers (165.335 metric tons) lying in the Publication Department and constituted a Disposal Committee (Committee) in March 2003. This Committee in turn constituted (May 2003) a technical committee, which fixed a reserve price of Rs. 5.75 per kilogram. The notice inviting tender (NIT) was

issued in the leading newspapers in September 2003. In all, nine bids were received and the second highest bid of firm 'X' for Rs. 21.21 lakh was recommended by the Committee on 23 October 2003 which was approved by the competent authority on 21 November 2003. The highest bid for Rs. 23.61 lakh was not considered due to non-deposit of earnest money.

Audit noted that NCERT sent the award letter to firm 'X' on 17 December 2003 i.e. 56 days after its selection. The firm refused to accept the offer on the ground that award letter was issued to it very late. Subsequently, fresh tenders were invited (March 2004) and the contract was awarded in May 2004 to firm 'Y' for Rs. 10.51 lakh. Thus, delay in awarding the contract and failure to specify a time validity clause period for the offer, in the NIT, resulted in a loss of Rs. 10.70 lakh.

In response to the Audit observation (May 2005), NCERT admitted the delay in sending the offer letter to firm 'X' attributed (June 2005) it to the time taken to obtain the required approvals. It also admitted the flaw of not including a time validity clause in the NIT which allowed the firm to refuse the offer made in December 2003.

The Ministry while admitting the delay due to administrative procedure stated (July 2005) that there was no malafide involved in issue of award letter.

### **Visva Bharati**

#### **8.7 Idle expenditure on "Dedicated Feeder"**

**Idle capital expenditure of Rs. 1.03 crore on a dedicated feeder line and avoidable expenditure of Rs. 1.25 crore towards hiring charges and fuel expenses for standby generators.**

To overcome frequent power break downs, Visva-Bharati (University) had approached (June 1993) the West Bengal State Electricity Board (WBSEB), Kolkata with a request for the financial estimate for a work to provide uninterrupted power supply through a dedicated feeder. WBSEB submitted (August 1993) a proposal with an estimate of Rs. 86.50 lakh with certain terms and conditions as follows:

- (a) the entire amount was to be deposited in advance within the validity period of three months;
- (b) the University needed to obtain specific clearance from the Department of Power, Government of West Bengal for the dedicated feeder to be free from load shedding; and



- (c) the 11 KV overhead line, to serve as the 'dedicated feeder', was to be drawn from the existing Bolpur 33/11 KV sub-station and subsequently to be connected to a proposed 132/33 KV sub-station at Bolpur whenever the latter came.

The additional capital expenditure incurred for this purpose would be borne by the University. The University agreed to the proposal in November 1993.

However, the University could not deposit the advance within the stipulated date; as a result WBSEB submitted a revised estimate for Rs. 91.10 lakh in December 1993. The University deposited the amount in March 1994. WBSEB commenced the work in June 1994 which was scheduled to be completed in May 1995. However, since some additional works were undertaken by the WBSEB with the consent of the University, the work on the dedicated feeder was completed in September 1998. Meanwhile, WBSEB advised the University (March 1998) to apply to the Power Department to obtain the necessary clearance to declare the feeder 'load shedding free'. The University took up the matter with WBSEB to operationalise the dedicated feeder in February 2000.

In March 2001, WBSEB intimated the University that stability in power supply could be achieved by connecting the dedicated feeder directly with the 132/33 KV sub-station at Bolpur (commissioned in 1997) that involved additional expenditure to be borne by the University, as agreed to in November 1993. However, the University (April 2001) expressed its inability to incur further expenditure. After a lapse of four years, the University in January 2005, deposited the additional amount of Rs. 12.03 lakh with the WBSEB, for the proposed work. After the work was completed in May 2005, the University requested the Power Department, Government of West Bengal for the necessary clearance and notification to declare the dedicated feeder free from load shedding. Necessary notification in this regard was awaited (November 2005).

Thus even seven years after completion of works related to the installation of the dedicated feeder, the University could not achieve the objective of minimizing load shedding. As a result it had to make standby arrangements for electricity supply by hiring generators from private parties during the period from October 1998 to February 2005 and incurred an expenditure of Rs. 1.25 crore towards hiring charges and fuel expenses for these generators only.

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Further, the expenditure of Rs. 1.03 crore on the dedicated feeder remained idle (November 2005). This occurred on account of the University's inability to get necessary clearance from the Power Department to operationalise the load shedding free dedicated feeder.

The matter was referred to the Ministry in August 2005. They confirmed that the University had not received the required notification from the Government of West Bengal for the dedicated feeder to be free from load shedding (November 2005).