CHAPTER IV : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Higher Education

Dr. B.R. Ambedkar National Institute of Technology, Jalandhar

4.1 Avoidable expenditure

Dr. B. R. Ambedkar National Institute of Technology, Jalandhar had been paying electricity duty to Punjab State Electricity Board despite its exemption on account of it being an establishment of the Central Government. The Institute paid ₹ 37.78 lakh during April 2004 to October 2009 on this account which was avoidable.

According to Article 287 of the Constitution of India, no law of a State should impose or authorize the imposition of tax on the consumption or sale of electricity (whether produced by a Government or other persons) which is consumed by the Government of India or sold to the Government of India for consumption by that Government. Further, Section 3(3)(a) and (b) of the Punjab Electricity Duty Act, 1958 also provides that offices and works of Central Government are exempted from the levy of electricity duty.

Audit scrutiny (January 2009) revealed that the Punjab State Electricity Board had been charging electricity duty (duty) on the electricity consumed by Dr. B.R. Ambedkar National Institute of Technology, Jalandhar. Though the Institute was exempted to pay the duty being an establishment of the Central Government, the Management failed to check the correctness of bills and paid electricity bills, including the duty which could be avoided. A test check of records revealed that the Institute paid ₹ 37.78 lakh to the Punjab State Electricity Board during April 2004 to October 2009 on account of electricity duty which was avoidable.

On this being pointed out by audit, the Institute took up (October 2009) the matter with the Punjab State Electricity Board for exemption of the duty.

The Institute stated (December 2010) that it had been exempted from payment of the duty from September 2009 and refund of the duty already paid prior to that period was yet to be received.

The matter was reported to the Ministry in August 2009; their reply was awaited as of February 2011.

Jamia Millia Islamia University

4.2 Under-recovery of medical contribution

Non-adoption of CGHS rates of medical contribution effective from 1 June 2009, for recovery of medical contribution from its beneficiary employees as per Jamia Medical Attendance Rules, Jamia Millia Islamia (JMI) suffered a revenue loss of ₹ 44.95 lakh due to under-recovery of medical contribution.

Jamia Medical Attendance Rules provides medical contribution by the beneficiary employees at par with the rates being charged by Central Government Health Scheme (CGHS) from the Central Government Employees from time to time for availing medical facilities. Accordingly, JMI was charging medical contribution from its beneficiary employees applicable as per Government of India's orders dated 20 May 1994. After implementation of the sixth pay commission, the Government of India revised the rates of monthly contribution for availing CGHS facilities by Central Government Employees effective from 1 June 2009.

Audit scrutiny revealed that despite upward revision of rates for medical contribution, JMI was charging the medical contribution from its 1676 beneficiary employees at old rates. Although, the issue was deliberated by the Academic Council of JMI in their Resolution No. 7 on 5 April 2010 wherein it was decided to obtain information from other sister universities in Delhi regarding the rates being charged by them, it, however, continued to charge medical contribution from its employees at old rates. As such, against the total contribution of ₹ 84.53 lakh recoverable at revised rates from these beneficiary employees during the period June 2009 to November 2010, JMI recovered ₹ 39.58 lakh at old rates resulting in under-recovery of medical contribution by ₹ 44.95 lakh.

Thus, due to non-implementation of the revised rates of medical contribution, JMI, not only suffered a loss of ₹ 44.95 lakh on account of under-recovery of medical contribution, but also deviated from the provisions of its own Medical Attendance Rules.

While accepting the audit observation (June 2010), JMI stated (December 2010) that the matter was under consideration of their Executive Council.

The matter was referred to the Ministry in August 2010; their reply was awaited as of February 2011.

National Book Trust

4.3 Penalty due to inaccurate assessment and delayed payment of licence fee

National Book Trust paid penalty of ₹ 30.51 lakh to Indian Trade Promotion Organisation due to improper planning and non-adherence to the terms and conditions of allotment of space for holding 18th New Delhi World Book Fair in February 2008.

In order to organize the 18th New Delhi World Book Fair, a regular biennial mega international event, proposed to be held on 2 to 10 February 2008, National Book Trust (NBT) requested (July 2005) India Trade Fair Organisation (ITPO) to reserve an approximate space of 40000 sq mtrs in Hall Nos. 1 to 14 of the Pragati Maidan along with related facilities for the period from 29 January to 11 February 2008. Accordingly, ITPO earmarked (January 2006) space of about 47810 sq mtrs in Hall Nos. 1 to 14 at the rates ranging from ₹ 72 to ₹ 171 per sq mtr per day. Against the total invoice value of ₹ 10.44 crore, ITPO demanded an advance licence fee of ₹ 52 lakh (five *per cent*) by 15 January 2006 which the NBT deposited on 31 March 2006. NBT finally hired a total space measuring 45692.70 sq mtrs for a period ranging from 9-14 days.

As per terms of booking, the licence fee was to be paid as per schedule[1], failing which an additional three *per cent* service charge was to be levied on the due amount for the period from due date and the actual date of payment. For cancellation/surrender of booked space, a penalty in the range of two to 100 *per cent* (depending upon the notice period calculated from the commencement of tenancy period) was leviable.

Audit examination revealed that NBT failed to adhere to the time schedule and made delayed payments due to which ITPO levied penalty of ₹ 20.98 lakh[2]. Besides, NBT also reduced tenancy periods from two to three days in Hall Nos. 7 to 14 and surrendered Mezz of Hall Nos. 2 and 5 subsequently due to inaccurate assessment of requirement of space for which it had to pay penalty amounting to ₹ 9.53 lakh.

NBT stated (May 2009) that it had projected budgetary support of ₹ 3.50 crore in the non-plan budget of 2007-08 for the book fair but there was a delay in

[1](i) three *per cent* of total licence fee on allotment, (ii) five *per cent* of total licence fee - 12 months before the event, (iii) 22 *per cent* – six months before the event, (iv) 20 *per cent* – three months before the event and (v) 50 *per cent* – seven days before the event.
for facilities and services, payment to be made seven days in advance of tenancy

[2] (i) ₹ 89470 on ₹ 2982325 being due on 30.1.2006, (ii) ₹ 82586 on ₹ 2752867 being due on 30.1.2007, (iii) ₹ 154952 on ₹ 5165062 due on 30.7.2007, (iv) ₹ 677472 on ₹ 22582390 due on 30.10.2007 and (v) ₹ 1093676 on ₹ 36455857 due on 22.1.2008

release of funds by the Ministry which resulted in delayed payments. It further stated that though it wrote for surrender of Hall 7 C, it was, however, fully in possession and use by NBT during 29 January to 11 February 2008.

The reply is not acceptable as for an expenditure identified and committed in January and June 2006 respectively, the terms and conditions of payment of which was crystallized in December 2006, NBT sought additional funds of ₹ 3.50 crore from the Ministry in April 2007 followed by reminders after a gap of six months in June 2007 and thereafter again with a gap of another six months in January 2008. This indicated lack of pursuance despite being aware of the penal clauses for non-payment as per schedule. Further, requesting for cancellation of booking of Hall No. 7C on 22 January 2008 (just about seven days before the event) establishes the fact that the space was not required and the NBT had to keep it without requirement otherwise it had also to pay 100 *per cent* licence fee as penalty.

Thus, inaccurate assessment of the requirement of the space and lack of pursuance in seeking funds led to avoidable payment of penalty amounting to ₹ 30.51 lakh.

The matter was reported to the Ministry in August 2010; their reply was awaited as of February 2011.

University of Hyderabad

4.4 Undue favour to the contractor

University of Hyderabad suffered a loss of ₹ 2.21 crore due to extending undue benefit to the contractor by treating different works under one agreement as a composite project.

University of Hyderabad (UOH) awarded (March 2008) a work order to M/s RAMKY INFRASTRUCTURE LTD of Hyderabad for carrying out six different building works within the university campus. As per conditions of the tender documents forming part of the agreement, the compensation for price escalation was not allowed for a work with the stipulated period of completion of 18 months or less. Of the six works awarded under the agreement, the completion period of only one work was within 19 months whereas all the remaining five works were to be completed within a period of five to nine months commencing from fifteenth day of the date of issue of the work order.

It was noticed (March 2010) in audit that in contravention of the provisions of the agreement/tender documents, UOH allowed price escalation amounting to ₹ 2.21 crore on five works also, the stipulated period of completion of which was in the range of five to nine months treating all different works as one project.

The UOH stated (August 2010) that the contractor wanted to withdraw after getting the work order due to increase in the price of steel and cement and that the Building Committee also recommended (February 2008 and February 2010) that escalation clause was applicable for the total value of the agreement. It, therefore, treated all the works as a composite project and concluded a single agreement.

The reply has, however, overlooked the fact that neither the Notice inviting Tender, nor the work order and the agreement mentioned the whole work as a composite project. All set of the above documents mentioned these works as six separate independent works with separate period of completion for each work. As such, signing single agreement for different works may not construe all works as a composite project. Moreover the provisions of the agreement/work order was also in consonance with the provisions of CPWD Manual which inter-alia stipulates that price escalation will not be applicable on contracts where completion period is 18 months or less.

Thus, UOH had suffered a loss of ₹ 2.21 crore due to extending undue benefit to the contractor by treating all the works under the agreement as a composite project and thereby allowing price escalation on works with completion period for less than 18 months in contravention of the provisions of CPWD Manual and also deviating with the terms of their own work order and tender documents.

The matter was referred to the Ministry in October 2010; their reply was awaited as of February 2011.

Department of School Education and Literacy

National Council of Educational Research and Training

4.5 Avoidable extra expenditure on storage of obsolete books

Due to non-disposal of obsolete books within the stipulated time as per its weeding out policy, National Council of Educational Research and Training had to incur an extra expenditure of ₹ 1.41 crore on hiring charges of godown space for the storage of these books.

National Council of Educational Research and Training (NCERT) is engaged in the process of publishing text books for children, guides for teachers and journals. In order to store these printed materials, it also hires godown space from Central Warehousing Corporation (CWC) across the country. With the revision of curriculum the pre-revised printed materials becomes obsolete and accumulates at various godowns. According to the weeding out policy of NCERT, priced publications are required to be weeded out two years after the date of release and un-priced publications one year after the date of release.

Audit noticed that NCERT failed to dispose the obsolete printed material as per its own policy, the specific instances of which are given below:

⇒ executive committee of NCERT, on the recommendations of the publication division, declared (October 2004) text books worth ₹. 2.18 crore as obsolete. The Finance Committee being the competent authority for disposal of obsolete books approved the disposal of these books after a delay of more than four years in May 2009. Though NCERT invited tenders (October 2009) for disposal of obsolete books worth ₹ 1.71 crore[3], the process of disposal was put on hold in March 2010 due to an internal enquiry regarding physical verification of the stock of books.

⇒ another lot of textbooks, teacher's guides and journals worth ₹ 16.75 crore was recommended (April 2008) for being declared as obsolete by a committee of Publication Department of NCERT. No follow up action was found to have been taken by NCERT as of date.

Of the total 12498.76 sq. mtrs storage space rented by NCERT in various CWC godowns across the country for the storage of its printed material, space measuring 2065 sq. mtrs. (16.52 *per cent*) was occupied by these obsolete books awaiting disposal. Rental charges for the period 2005-06 to 2009-10 for space occupied by these obsolete printed materials worked out to ₹ 1.41 crore which NCERT had to incur during the above period.

While confirming the facts, the management stated (October 2010) that (i) for the printed material declared obsolete in October 2004, shortfall noticed during verification of stocks had been referred to an enquiry committee for probing the incident of theft that took place on 19 May 2009 and the Finance Committee recommended (May 2010) deferment of the disposal of stock till the enquiry committee submit its report and (ii) for the second lot recommended in April 2008 for being declared as obsolete, the proposal for

[3] Out of the obsolete books worth ₹ 2.18 crore, books worth ₹ 47 lakh were sold during 2004-to 2009

obtaining approval of Finance Committee for disposal of this lot was under process.

Thus, the fact remained that due to failure of the management to dispose of the obsolete printed material in timely manner as per weeding out policy, NCERT had to incur an avoidable extra expenditure of ₹ 1.41 crore on hire charges of the space occupied by these obsolete material during the period 2005-06 to 2009-10.

The matter was referred to the Ministry in November 2010; their reply was awaited as of February 2011.

4.6 Avoidable extra expenditure of ₹ 26.92 lakh

National Council of Educational Research and Training (NCERT) did not assign the work of transportation of books to its existing contractor and invited fresh tender which resulted in avoidable extra expenditure of ₹ 26.92 lakh.

NCERT was required to transfer a consignment of 7500 MT (approx.) of books from its existing rented godown located at sector 16 Noida to another godown located at sector 68 Noida as the former was acquired by Noida Authorities for handing over to Delhi Metro Rail Corporation. Accordingly, NCERT invited quotations through limited tenders and awarded (December 2009) the work to M/s Delhi Assam Roadways Corp. Ltd, New Delhi at a cost of ₹ 49.27 lakh for a quantity of 7500 MT (approx.) which worked out to ₹ 657 per MT.

Audit scrutiny (June 2010) revealed that NCERT maintained contracts with various transporters for its transportation requirements for different stations. Out of them, NCERT entered (May 2008) into an agreement with M/s Avneet Road Careers, Delhi for transportation of books and papers within Noida at a rate of ₹ 298[4] per MT which was valid up to May 2010. But, NCERT did not ask M/s Avneet Road Careers, Delhi to carry out this job who was designated transporter for the job. However, NCERT approached another transporter, M/s New Navrang Roadways, New Delhi (not designated for transportation jobs within Noida) who was stated not to be in favour to accept the job in view of increased cost of diesel and labour. Thus, NCERT incurred extra avoidable expenditure of ₹ 26.92[5] lakh by not assigning the job to the existing

[4] ₹ 298 = ₹ 2684/ 9 MT

[5] ₹ 26.92 lakh = 7500MT X (₹ 657 - ₹ 298)

contractor. Further, NCERT made payment of ₹ 49.27 lakh to the transporter without ascertaining the actual quantity of books transported.

NCERT stated (October 2010) that in the existing contract the delivery period in NCR[6] was the same day and trucks of nine MT capacity were required whereas in the fresh tender the books were to be shifted immediately and more labourers were required for packing, loading, unloading and stacking of books. It further stated that the work of shifting of books from one godown to another was not a routine job and was a time bound job as the godown was to be handed over to Delhi Metro rail authorities. It also stated that the conditions of the tender documents were different.

The reply of the department is not acceptable as the nature of work relating to loading, unloading and stacking of books under both the contracts was identical and the existing agreement did not impose any restriction on number/capacity of trucks or labourers to be hired for carrying out the job. Further, despite knowledge of the work in November 2009, NCERT did not plan and schedule the job in advance by issuing the work order on existing contractor as per agreement. Thus, the decision of NCERT awarding the work at higher rates obtained through fresh tender despite existing agreement with lower rates resulted in avoidable expenditure of ₹ 26.92 lakh.

The matter was reported to the Ministry in November 2010; their reply was awaited as of February 2011.

[6] National Capital Territory