CHAPTER V : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary Education

Kendriya Vidyalaya Sangathan

5.1 Unfruitful expenditure

Kendriya Vidyalaya Sangathan purchased land, which should have been acquired free of cost, for opening new schools at a total cost of ` 3.16 crore.

According to Kendriya Vidyalaya Sangathan (KVS) norms, any proposal for opening a new school is to be considered only if the land is provided free of cost by the State Government/Sponsoring Authority.

Audit noted that during 2003-2005, KVS purchased land from State Governments at three[1] places and from private parties at four[2] places at a total cost of ` 3.16 crore for constructing new schools. The proposal had the concurrence of the Minister of Human Resource Development (February 2003) in his capacity as the Chairman (KVS). However, later, the Ministry directed (August 2005) KVS to annul the illegal purchases of land and submit an Action Taken Report to the Ministry in one month. The Works Committee of KVS in its meeting of 8 June 2007 decided that in respect of three schools where land was purchased from the State Governments, the respective State Governments may be requested to refund the money. It also decided that in respect of purchases from private parties, legal opinion may be sought. These recommendations were approved by the Board of Governors on 20 June 2007.

The KVS took up the matter for the refund of money with the respective State Governments without any success. The Legal Advisor of KVS expressed his inability to advise on the matter relating to purchase from private parties stating that his opinion had not been taken at the time of purchase.

The Board of Governors of KVS resolved on 3 November 2010 that in three cases where land had been purchased from State Governments, efforts should be continued to get refund of money. It also resolved that in other four cases efforts should be made to dispose of the land to recover the cost. In these

[1] Bhubaneswar (Orissa), Barpetta (Assam) and Lakhimpur (Assam)
[2] Bhimtal (Uttrakhand), Dibrugarh (Assam), Lunglei (Mizoram) and Rameshwaram (Tamil Nadu)

States, the respective State Governments should be requested to provide alternate land for the construction of schools.

Audit noted that despite prolonged correspondence, KVS was neither able to obtain refund from the State Governments nor dispose of the land purchased from private parties. Thus, the amount which could have been utilized to develop infrastructural facilities by KVS remained blocked for more than six years.

KVS stated (September 2011) that it had taken up the matter with the State Governments concerned and was in the process of recovering the cost of land. KVS also stated that the other State authorities had been requested to work out the modalities for disposal of land through auction/advertisement. KVS reiterated the position in January 2012.

Thus, the imprudent decision of KVS to buy land for opening new schools, in contravention of the prescribed norms, resulted in avoidable expenditure of ` 3.16 crore without any fruition defeating the very purpose of the expenditure.

The Ministry/KVS may determine accountability in the instant case for the deviation from the prescribed norms which led to idling of ` 3.16 crore for more than six years.

The matter was referred to the Ministry in November 2011; their reply was awaited as of January 2012.

5.2 Premature release of funds

Kendriya Vidyalaya Sangathan (KVS) had prematurely released ` 2.25 crore to the CPWD for construction of School building at Sector 22, Rohini, Delhi. The construction could not commence due to an ongoing litigation.

Delhi Development Authority (DDA) allotted a plot of land measuring 4.168 acre to KVS for establishment of a new Kendriya Vidyalaya and the possession of the land was handed over to KVS in January 2000.

Pending construction of permanent building for the KV, the Commissioner (KVS) issued sanction order (February 2003) for construction of temporary class rooms at Sector 22, Rohini. The construction work was entrusted to Central Public Works Department as a deposit work. The action for construction of permanent building was initiated by KVS in February 2005.

During the course of inspection of construction works of temporary class rooms in March 2006, the structure was found unsafe and beyond repair. A departmental enquiry was subsequently set up and First Information Report (FIR) lodged with Central Bureau of Investigation (CBI) against the erring officials. Consequently the children of KV Sector 22 were accommodated in KV Sector 3, Rohini, Delhi.

KVS accorded administrative approval and expenditure sanction (October 2007) for construction of School building at an estimated cost of ` 7.46 crore even after being aware that departmental enquiry was being executed for this site. Further, Audit noted that despite being aware of uncertainty in finalizing inquiry proceedings for the irregular construction, KV went ahead and released (August 2008) ` 2.25 crore to CPWD for construction work.

The approval of the local bodies could not be obtained due to revised Master Plan of Delhi 2021 which required the demolition of temporary structure as a prerequisite. The demolition could not be undertaken as the case was pending in the Hon'ble Court of Special Judge, CBI. The KVS in view of the probable delay in commencement of work sought refund of funds from CPWD. CPWD refunded ` 2.00 crore in November 2010.

As a result, funds of ` 2.25 crore remained idle with CPWD for more than 2 years, resulting in loss of interest of ` 39 lakh calculated at GOI borrowing rate.

KVS stated (October 2011) that similar practice of construction of temporary class rooms was followed by KVS in respect of all KV schools. However, in none of the KVs, DDA had insisted upon demolition of temporary class rooms before according approval of drawings. Due to implementation of revised Delhi Master Plan 2021, DDA did not agree for obtaining approval of local bodies without demolition of temporary structure. Hence the delay in construction was due to change in procedure of regulatory body and was beyond the control of KVS.

The reply is however not convincing in the light of the fact that the revised Master Plan of Delhi was approved and notified by the Central Government in February 2007,whereas the payment of ` 2.25 crore was made to CPWD in August 2008.

The matter was referred to the Ministry in November 2011; their reply was awaited as of January 2012.

Department of Higher Education

Jawaharlal Nehru University

5.3 Overpayment of interest of ` 2.75 crore to the GPF/CPF subscribers

JNU paid interest to the provident fund subscribers at higher rate than the rate fixed by the Government resulting in overpayment of interest of ` 2.75 crore.

Ministry of Human Resource Development, Government of India advised (February 2004) all Autonomous Bodies/Universities under its jurisdiction that interest on General Provident Fund (GPF)/Contributory Provident Fund (CPF) at the rate higher than the rate notified by the Government should not be paid to the GPF/CPF subscribers. University Grants Commission (UGC) also reiterated (April 2004) that the lesser rate of interest can be paid depending upon the financial position of the Institution, but higher rate of interest cannot be paid.

Audit noted that the University was paying interest at higher rate than the rate fixed by the Government to the GPF/CPF subscribers. The details of prescribed rate of interest and interest paid by the University to the subscribers during the period 2005-06 to 2010-11 are given below:

(` in lakh)

Year	Interest rate (*per cent*) fixed by the Government	Interest rate allowed by the University	Interest credited to subscribers account	Interest to be credited as per Government rates	Excess interest credited to subscriber's account
2005-06	8.00	8.50	486.02	457.43	28.59
2006-07	8.00	8.50	513.67	483.45	30.22
2007-08	8.00	9.00	569.88	506.56	63.32
2008-09	8.00	9.00	622.47	553.31	69.16
2009-10	8.00	8.50	668.26	628.95	39.31
2010-11	8.00	8.50	759.66	714.98	44.68
Total			**3619.96**	**3344.68**	**275.28**

Thus, the University made overpayment of interest amounting to ` 2.75 crore to its GPF/CPF subscribers on account of higher rate of interest fixed by it.

The University stated (July 2011) that the rate of interest notified by the Government of India was applicable to Government provident fund. However, as per Statute 40 of the University, the rate of interest of JNU provident fund was determined by the Executive Council for each year. It further stated that it

had started crediting interest at the rates notified by the Government from the current financial year.

The reply of University does not factor in the Ministry's/UGC's clarification of 2004, which places a restriction on all autonomous bodies on payment of interest at rates higher than those notified by the Government from time to time. The Statute 40 provides for the management of schemes by the Executive Council of University. However, it does not allow the Executive Council to override the powers of Government of India regarding fixing the rate of interest.

The matter was referred to the Ministry in October 2011; their reply was awaited as of January 2012.

North Eastern Hill University

5.4 Inadmissible payment of allowance amounting to ` 11.13 crore

North Eastern Hill University continued payment of Hill Area Special Allowance to employees from September 2008 onwards despite instructions of UGC/MHRD to discontinue the same.

The North Eastern Hill University (NEHU), Shillong - a Central University was paying Special Duty Allowance (SDA) from September 1986 to its employees in order to mitigate the special problems faced by them. In September 1994, in compliance to the judgment of Hon'ble Supreme Court, the payment of SDA was discontinued. However, on the basis of a resolution passed by its Executive Council in September 1997 that Hill Area Special Allowance (HASA) should be paid from January 1995 as the difficult situation persisted and continued unabated, NEHU began paying HASA from January 1995 to its teaching and non-teaching staff.

Ministry of Human Resources Development (MHRD) issued Guidelines (October 2008) extending the recommendations of the Sixth Central Pay Commission (SCPC) to autonomous organizations, statutory bodies etc. set up by and funded/controlled by the Central Government. The Guidelines inter alia stipulated that *"it would be necessary to ensure that the final package of benefits proposed to be extended to the employees of autonomous organizations/statutory bodies is not more beneficial than that admissible to the corresponding categories of the employees of the Central Government"*.

NEHU while implementing the recommendations of SCPC started paying SDA to all its employees, from 1 September 2008[3] in addition to HASA.

UGC, on noticing the payment of both HASA and SDA, directed NEHU in March and September 2009 to discontinue payment of HASA. Meanwhile, MHRD directed (August 2009) UGC to instruct NEHU to recover the amounts paid from September 2008 towards HASA as the employees were entitled to SDA only. UGC while sanctioning payment of 60 *per cent* of the pay revision arrears, again directed NEHU to withdraw payment of HASA (October 2009).

However, despite the directives of the UGC/MHRD, NEHU continued with the payment of HASA along with the SDA to its employees as a result of which the UGC in March 2011, withheld ` 2.00 crore from its Non-plan grants to NEHU. This had remained withheld till January 2012.

Audit observed that two[4] other Central Universities in the North Eastern Region, who were earlier paying HASA on the lines of NEHU had discontinued payment of HASA after implementing the SCPC recommendations and started payment of the SDA to their employees.

NEHU stated (May 2011) that unlike other Universities in the North Eastern Region where payment of HASA was made without any Ordinance, the same was being paid by NEHU based on Ordinance duly promulgated in October 1997 and as subsequently amended and assented to by the President of India as the visitor of NEHU as conveyed by MHRD in June 2000. Further, the matter had been taken up with the UGC in February 2011. The reply of UGC was awaited (January 2012).

The reply of University however does not recognize that the payment of HASA was started in lieu of SDA. As such, before making the payment of SDA as per the recommendations of SCPC, clarification should have been obtained from the MHRD/UGC. Further, the payment of either of the two allowances could have been deferred till the final orders of the MHRD/UGC had been obtained.

Hence, the continued payment of both HASA and SDA by NEHU was a violation of the directives of the UGC/MHRD. The inadmissible payment of

[3] Effective date from which allowances were to be paid after the implementation of SCPC recommendation.
[4] Mizoram and Nagaland.

HASA by NEHU from September 2008 to March 2011 amounted to ` 11.13 crore.

The matter was reported to the Ministry in December 2011; their reply was awaited as of January 2012.

5.5 Extra expenditure on electricity charges

Failure to periodically review contracted demand for electricity *vis-à-vis* actual consumption resulted in extra expenditure of ` 46.73 lakh for 31 months.

Under the tariff structure of the Meghalaya State Electricity Board[5] (MeSEB), billing demand for a 'High Tension Industrial Power' (HTIP) consumer shall be the (i) maximum demand established during the month, or (ii) 80 *per cent* of the highest demand established during the preceding 11 months, or (iii) 75 *per cent* of the contracted demand or (iv) 50 KW/60 KVA, whichever is highest.

The North-Eastern Hill University (NEHU) entered into two agreements in October 1989 and May 1995with the MeSEB for availing HTIP supply for its *Umshing* and *Bijini* campuses with a contracted demand of 3000 KVA and 350 KVA from April 1992 and May 1995 respectively.

Analysis by Audit of the power consumption data of the two campuses pertaining to the period April 2006 to March 2010, showed that the maximum demand of *Umshing* and *Bijini* campuses was much lower than the contracted demand during that period thereby resulting in NEHU incurring extra expenditure on electricity charges. This position was brought to the notice of the organisation in September 2010.

As regards *Bijini* campus, NEHU submitted (September 2010) a fresh agreement to the MeSEB to reduce the connected load to 200 KVA[6]. The latter however, in October 2010 returned the same with the advice that the agreement was required to be executed in the "new forms" prescribed for the purpose and that the declaration of load should be done through a licensed electrical contractor. As of November 2011, no action had been taken by NEHU.

[5] the MeSEB was corporatised as the Meghalaya Energy Corporation Limited (MeECL) on 1 April 2010.
[6] assessed by NEHU engineers.

With respect to the *Umshing* campus, NEHU had taken up (September 2000) with MeSEB, the matter relating to reduction of contract demand to 2300 KVA based on internal assessment of connected load which also included the expected/future requirement. However, no action was taken thereafter, for assessment of load through a licensed electrical contractor. It was only in February 2011, that NEHU wrote a letter to the MeSEB stating that it was able to utilise only 60 to 70 *per cent* of its billing demand as major projects on the campus were still incomplete. It therefore, requested that the demand charge be waived and to treat energy supplied as for domestic purpose[7]. Though the MeSEB did not accept (July 2011) their proposal, they suggested for reduction of contract demand from 3000 KVA to 2000 KVA. However, NEHU applied (November 2011) for revised contract demand of 2200 KVA. Further development in this regard was awaited (January 2012). Audit observed that NEHU should have reassessed the connected load of the *Umshing* campus by a licensed electrical contractor and thereafter, a fresh agreement entered into with the MeSEB.

Thus, the laxity of NEHU to periodically assess the contracted demand at its two campuses vis-à-vis connected load, billing demand and actual energy consumption even after the matter was pointed out by Audit, resulted in the University incurring extra expenditure on electricity charges which for the limited period of 31 months from April 2009 to October 2011 alone, worked out to ` 46.73 lakh[8]. The calculation is based on contract demand of 2200 KVA for *Umshing* campus and 100 KVA for *Bijin*i campus as the maximum actual demand during this period was 1872 KVA and 80 KVA respectively.

In reply, the Management stated (December 2011) that there was no laxity on its part as it was taking steps to reduce expenditure. The fact, however, remained that the NEHU had inordinately delayed action which resulted in extra expenditure

The matter was reported to the Ministry in December 2011; their reply was awaited as of January 2012.

[7] for which the tariffs were lower

[8] Calculation is based on 2200 KVA contract demand applied by NEHU in November 2011 for *Umshing* campus and 100 KVA (considering maximum demand of 80 KVA as 80 *per cent* of expected contract demand) for *Bijini* campus.

Sant Longowal Institute of Engineering and Technology

5.6 Avoidable payment

Avoidable payment of ` 27.93 lakh on account of lack of internal controls to ensure compliance of the provisions of the Employees Provident Fund & Miscellaneous Provision Act by the contractors.

Sant Longowal Institute of Engineering and Technology (Institute) had been engaging employees through contractors for different services. The Institute had entered into an agreement with M/s Punia Security Services, w.e.f. 01 February 1996 for a period of two years and with M/s Roving Eyes Security & Intelligence Service, for the period from March 2007 to April 2008. The contractors were to provide labour for security, sweeping, cleaning, horticulture etc. at Institute premises and deploy staff as sanctioned by Director from time to time on wages as approved by Punjab Government plus provident fund and service charges.

The casual employees engaged through contractors were entitled to benefits under Section 16(1) (b) of Employees Provident Fund and Miscellaneous Provisions (EPF & MP) Act, 1952. The provisions of the Section 30(3) of the Act ibid provided that it was the responsibility of the Principal employer to pay both the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor.

Though Clause 19 of the agreement provided that the Institute shall not be liable to pay any amount/contribution/compensation under the provisions of Employees State Insurance (E.S.I) Act, Workmen's Compensation Act, EPF & MP Act, payment of Bonus Act, payment of Gratuity Act or any other labour or Industrial Act or any other statutory liability and such amount shall be paid by the contractor, the Management of the Institute did not ensure compliance by the contractor with the provision of the said Acts.

Audit observed that before passing the contractor's bills for the following months, the Institute did not ensure that the Provident Fund Contribution for the previous month was deposited by the contractor in terms of the provisions of the aforesaid agreement. It was further observed that the contractors did not deposit any amount towards EPF. In spite of these deficiencies, the Institute issued No Dues Certificates to contractors and their security deposits were also released.

The Assistant Provident Fund Commissioner (APFC), Bhatinda had instituted

inquiries Under Section 7-A of EPF & MP Act, 1952 on 13 November 2009 to 4 June 2010 and 14 September 2009 to 11 February 2011 in both the cases respectively. APFC held that contract with M/s Punia Security Services was only a time gap arrangement made by the Institute as even after the expiry of contract period, it had engaged the same employees and some other persons directly for different types of works in the succeeding years. APFC passed an order on 25 June 2010 for payment of `17.47 lakh towards provident fund, family pension, insurance fund and administrative charges on EPF, Employees deposit linked Insurance Fund for the period of March 1996 to October 2009, within a period of 15 days from the date of issue of order on the Institute as Principal Employer. The Institute deposited the amount of ` 17.47 lakh with the EPF authorities (August 2010).

Similarly in the case of M/s Roving Eyes Security & Intelligence Service, APFC (February 2011) directed the Institute to deposit a sum of ` 10.46 lakh in respect of the contractor within 15 days which was deposited on 21 March 2011.

Thus, failure of the Institute to ensure compliance of provisions of Clause 19 of the agreements entered into with the contractors, resulted in loss of ` 27.93 lakh (` 17.47 lakh plus ` 10.46 lakh).

In reply, the Institute stated (August 2011) that contractor was responsible for payment of any amount under the provisions of ESI/EPF/Workmen Compensation etc. under the agreement and recovery was imposed by the EPF Commissioner on the Institute in capacity of Principal Employer in case of contractor's failure. The fact remains that the Institute did not have effective internal control for ensuring deposit of EPF dues by the contractors before releasing payment for the subsequent months to them and the fact remained that the Institute had to pay the amount due to its own failures.

The matter was referred to the Ministry in December 2011; their reply was awaited as of January 2012.

University of Delhi

5.7 Recovery at the instance of audit

University of Delhi did not revise the rates of medical contribution recoverable from its employees and pensioners who were given medical facility on the analogy of CGHS.

University of Delhi (DU) extends medical facilities to its employees on the analogy of the Central Government Health Scheme (CGHS). The University had approved certain hospitals and diagnostic centres for reimbursement of medical claims at CGHS rates. It also maintains four health centers (World University Services) at different locations in Delhi. DU had been charging monthly medical subscription from its employees at rates fixed by the Advisory Committee in July 1999. The rates were however fixed below than that applicable for CGHS beneficiaries.

Government of India revised the rates[9] of monthly contribution to be charged from CGHS beneficiaries with effect from June 2009 on the implementation of Sixth Pay Commission. However, the University continued to charge medical subscription at the pre-revised rates which were fixed in July 1999 from its 1429 beneficiaries[10] . This led to short recovery of ` 53.08 lakh during the period June 2009 to March 2011.

The pensioners were given an option to get their CGHS pensioners' card with life time validity made by either making contribution annually or one time payment equal to 10 years (120 months) contribution.

Audit observed (April 2011) that the University continued to charge from its pensioners a one time payment equivalent to 60 months contribution, which was inconsistent with the CGHS Rules. This resulted in short recovery of ` 1.11 crore during 2009-11.

The Ministry while endorsing (January 2012) the reply of the University stated that action had been initiated for effecting recovery of revised medical contribution from serving employees and pensioners. It confirmed the recovery of ` 1.68 crore on this account till December 2011.

[9] ` 50 to ` 500 per month according to grade pay
[10] 1301 and 128 beneficiaries from North Campus and South Campus respectively.