

## CHAPTER III : DEPARTMENT OF ATOMIC ENERGY

### Institute for Plasma Research, Gandhinagar

#### 3.1 Non installation of Special Purpose Winding Machines

**Institute for Plasma Research, Gandhinagar procured two Special Purpose Winding Machines without identifying site for their installation. The machines were not installed even after lapse of more than seven years, resulting in idling of funds of ₹ 4.29 crore.**

Para 27.15 of the Purchase Manual of Department of Atomic Energy (DAE) stipulates that in a contract involving erection and commissioning to be undertaken by the Supplier, it is the responsibility of the user to arrange for the site, as well as provide the other utilities to the Supplier for carrying out the erection & commissioning within the agreed time frame. Para 15.14 of the Manual also stipulates that the Indenting Officer should record the status of preparedness of site at the time of technical evaluation of the tender.

The Institute for Plasma Research, Gandhinagar (IPR), an Autonomous Body under Department of Atomic Energy (DAE) entered (October 2009) into a contract with M/s Patel's Analog & Digital Measurement Co. (P) Ltd (PADMCO), Pune for design, fabrication, supply and commissioning of Special Purpose Winding Machine for prototype magnets (SPWM-MWP)<sup>1</sup> at a cost of ₹ 2.40 crore plus packing and forwarding charges and taxes (payable at different stages for the procurement<sup>2</sup>). The Contractor was selected after issuing (October 2008) Expression of Interest against which the offer from M/s PADMCO was received and evaluated.

In the terms of the contract, SPWM-MWP was to be delivered at IPR within 18 months from the date of receipt of first advance and its erection and commissioning completed within three months from the date of receipt of material. The first advance was released (November 2009) to M/s PADMCO; thereby SPWM-MWP was to be delivered by May 2011. Due to repeated

<sup>1</sup> The equipment was envisaged for use in the XI Plan Project for Magnet Development of IPR. SPWM-MWP was to be used for winding single/double pancake coils for fabricating irregular shaped fusion grade magnet winding packs.

<sup>2</sup> 10 per cent as advance: 10 per cent against approval of design and drawings; 35 per cent upon providing engineering details, etc.; 25 per cent after integration of all essential units; and 20 per cent after installation, commissioning and final acceptance of the machine on submission of Performance Bank Guarantee (PBG) for 10 per cent of the contract value.

changes in design as suggested by IPR, the work was delayed and finally completed only in December 2012. Though the SPWM-MWP was ready for delivery, despatch clearance was not given by IPR as the site for installation of the machine had not been identified. As the matter was being pursued by the Contractor, IPR gave (March 2013) the despatch clearance and the SPWM-MWP was received in IPR in March 2013. It was, however, not installed due to non availability of site.

Similarly, IPR entered (April 2013) into another contract with M/s PADMCO for design, manufacturing, inspection, testing, supply and commissioning of Special Purpose Winding Machine for ELM control coils (SPWM-ELM) at a cost of ₹ 1.45 crore plus taxes payable at specific milestones<sup>3</sup>. SPWM-ELM was to be used for developing a prototype JET-ELM magnet under IPR-Joint European Torus, United Kingdom (JET)<sup>4</sup> collaboration. The Contractor was selected after evaluation of the bid (March 2013) received in response to public tender notice (December 2012). SPWM-ELM was to be delivered at IPR site within six months from letter of Intent (March 2013) i.e. by September 2013, and subsequently installed and commissioned by the Contractor. The machine was delivered at IPR in November 2013, but was also not installed due to non availability of site.

IPR made (November 2009 to September 2014) a total payment of ₹ 4.29 crore<sup>5</sup> comprising 95 *per cent* of the payment for SPWM-MWP and 100 *per cent* of the payment for SPWM-ELM. However, both machines remained unused without installation as of October 2020.

Audit observed that IPR procured the two winding machines without identifying sites for their installation, which was in contravention of the provisions of the DAE Purchase Manual. There was no mention of site preparedness at the time of technical evaluation of the tenders. Audit further noticed that IPR had not installed the machines and they remained unused for more than seven years after their procurement. Pending installation, IPR also did not store the machines properly, as it was noted by the Contractor

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<sup>3</sup> 10 *per cent* as advance; 10 *per cent* against approval of designs and drawings; 60 *per cent* against delivery, and 20 *per cent* after final acceptance on submission of PBG for 10 *per cent* of the contract value.

<sup>4</sup> A central research facility of the European Fusion Programme, used for carrying out fusion experiments.

<sup>5</sup> ₹ 2.66 crore for SPWM-MWP and ₹ 1.63 crore for SPWM-ELM.

(August 2015) that both machines were lying rotting in the open and were badly rusted due to poor storage.

IPR confirmed to audit (August 2020) that repairs/maintenance may be required for smooth operation of the components of the machines. The operational efficiency of the machines also remained in doubt.

Audit also noticed that IPR amended (August 2014) the payment terms for SPWM-MWP by releasing 15 *per cent* from the final payment of 20 *per cent*, which was originally to be paid only after installation. The terms and conditions were relaxed by IPR due to the delay in installation of the equipment. Further, IPR did not include a payment milestone against installation of the SPWM-ELM. Consequently, IPR released the full payment to the Contractor, without getting the machine installed, thereby incurring a risk of non commitment by the Contractor for installation of SPWM-ELM. Performance Bank Guarantees (PBGs) obtained by IPR from the Contractor for both machines lapsed in September 2015 (for SPWM-MWP) and December 2014 (for SPWM-ELM) and were not extended further.

Non installation of the machines resulted in idling of equipment procured at a cost of ₹ 4.29 crore for over seven years. In addition, prolonged poor storage of the machines and weak financial safeguards also led to uncertainty with regard to the successful installation, commissioning and satisfactory performance of the equipment in the future. Further, the manufacturing of coils as envisaged in the projects for which the machines were procured, could not be carried out. IPR accepted (October 2020) that the operational efficiency of the machines would be known only after their installation but added that installation was on hold (October 2020) pending an ongoing vigilance enquiry in the matter. DAE stated (November 2020) that IPR had been advised to take due precautions to avoid recurrence in future.

As over seven years have elapsed since the procurement of the machines at a significant cost, DAE needs to expedite installation of the machines so that these are put to use for the purpose for which these were procured, so that their condition does not deteriorate further. In addition, DAE also needs to ensure that all provisions of the Purchase Manual including those relating to preparation of sites before initiating procurement of equipment, are scrupulously followed by its units.

## General Services Organisation, Kalpakkam

## 3.2 Short realisation of lease rent

**Non revision of licence fee in accordance with extant Government Orders and non renewal of expired lease agreements by General Services Organisation, Kalpakkam resulted in short realisation of lease rent of ₹ 3.75 crore.**

General Services Organisation, Kalpakkam (GSO) a constituent unit of the Department of Atomic Energy (DAE), takes care of common facilities<sup>6</sup> in Atomic Energy Townships at Kalpakkam and Anupuram, Tamil Nadu. GSO leased land in the Kalpakkam Township to three Organisations viz. Tamil Nadu State Transport Corporation, Villupuram (TNSTC)<sup>7</sup>, State Bank of India (SBI) & Canara Bank and entered into lease agreements with these Organisations for different periods of time. As per records available, between September 2012 and March 2020, GSO received lease rent of ₹ 20.83 lakh from the three Organisations, as shown in **Table No. 1**.

**Table No. 1: Lease of land by GSO**

Organisation	Period of lease	Duration of lease (years)	Land leased (sq. ft.)	Duration of payment of lease rent <sup>8</sup>	Lease rent received (in ₹)
TNSTC	13.9.1983 to 12.9.2012	29	88,994	1.10.2012 to 31.03.2020	5,59,800
SBI	25.7.1984 to 24.7.2013	29	73,355	1.08.2013 to 31.03.2020	4,79,680
Canara Bank	11.12.1983 to 10.12.2012, 24.9.1986 to 23.9.2013, & 22.8.1990 to 21.8.2012	29 27 22	15,696	1.09.2012 to 31.03.2014	10,43,784
<b>Total</b>					<b>20,83,264</b>

In terms of the lease agreements, licence fee was subject to revision under Government Orders issued from time to time. The Registration Department, Government of Tamil Nadu revised the land cost of the area where Kalpakkam Township is situated, with effect from 01.08.2007 and 01.04.2012 to ₹ 60 per sq. ft. and ₹ 300 per sq. ft. respectively. As per the Government of Tamil Nadu, Revenue Department's policy<sup>9</sup>, the rate of licence fee per annum was seven *per cent* and 14 *per cent* of the land cost for non commercial and commercial purpose respectively.

<sup>6</sup> Housing, Medical, Transport, Water Supply, Civil, Electrical, Mechanical, Telecommunication and Computer

<sup>7</sup> Formerly known as Thanthai Periyar Transport Corporation

<sup>8</sup> Details of payment of lease rent for the prior periods was not available.

<sup>9</sup> Policy Note of 2007-08 & 2012-13.

Audit observed that though the lease agreements had expired during August 2012 to September 2013, GSO did not execute fresh lease agreements and these organisations continued their operations on the leased land without valid agreements. GSO took up the matter for renewal of lease agreements with DAE only in July 2015 i.e. nearly two to three years after expiry of the old agreements. The matter has remained under correspondence between DAE and GSO for more than five years thereafter.

Audit also observed that rates of lease rent were revised (April 2012) as per the prevailing rates of lease charges only for the land leased to Canara Bank. However, no payment was received from Canara Bank after March 2014 due to non finalisation of the lease agreement. The other two Organisations continued to pay lease rent based on the old rates. This has resulted in short realisation of lease rent to the extent of ₹ 3.75 crore<sup>10</sup> (as of March 2020).

Thus, failure of GSO and DAE to revise licence fee of land leased out to the three Organisations in terms of the lease agreements, and non renewal of expired lease agreements for over eight years by GSO resulted in short realisation of lease rent of ₹ 3.75 crore as of March 2020 which will accumulate further till the new lease agreements are executed.

The delay of over seven years in taking action to renew the lease agreements indicates a serious lapse of internal control by GSO.

DAE stated (October/December 2020) that GSO has held discussions (September 2020) with the three Organisations and the lease agreements would be renewed retrospectively at the prevailing State Government land guideline values at the rates of seven *per cent* for TNSTC and 14 *per cent* for SBI and Canara Bank, for a period of 15 years. DAE informed (December 2020) that this was expected to be completed by January 2021.

The fact remains that inaction by GSO and DAE has led to non finalisation of the lease agreements, which resulted in short realisation of amount due to the Government. GSO needs to establish a suitable mechanism to monitor the lease agreements upon their renewal and ensure timely recovery of lease rent.

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<sup>10</sup> SBI: ₹ 2.01 crore and Canara Bank: ₹ 39.55 lakh calculated at the rate of 14 *per cent* of ₹ 300 i.e. ₹ 42 per sq. ft. *per annum*. TNSTC: ₹ 1.34 crore calculated at the rate of seven *per cent* of ₹ 300 i.e. ₹ 21 per sq. ft. *per annum*, being a wholly owned State Government corporation.

## National Institute of Science Education and Research, Bhubaneswar

### 3.3 Payment of House Rent Allowance at higher rates

**National Institute of Science Education and Research, Bhubaneswar paid House Rent Allowance to its employees at higher rates, which resulted in excess payment of ₹ 2.80 crore during the period from July 2015 to February 2020.**

National Institute of Science Education and Research, Bhubaneswar (NISER) is an Autonomous Institute under the Department of Atomic Energy (DAE). A primary objective of NISER is to train and nurture human resources in the Sciences for the knowledge economies of the future. In terms of the Bye-laws of NISER, the pay and allowances of its employees are admissible as applicable to similarly placed employees of DAE i.e., in accordance with extant rules and instructions of Government of India (GoI).

The Department of Expenditure, Ministry of Finance, reclassified<sup>11</sup> (July 2015) cities/towns based on Census-2011 into 'X', 'Y' and 'Z' categories for the purpose of grant of House Rent Allowance (HRA)<sup>12</sup>. As per the said OM, Cuttack Urban Agglomeration (UA), Bhubaneswar UA and Rourkela UA were classified under the 'Y' category. The remaining cities/towns in Odisha were classified under the 'Z' category. HRA was payable at the rate of 20 per cent and 10 per cent for 'Y' and 'Z' categories respectively; which was revised to 16 per cent and eight per cent from July 2017<sup>13</sup>.

NISER initially started functioning (September 2007) in Bhubaneswar<sup>14</sup> and shifted (July 2015) to its permanent campus at Jatni town of Khurda District, which is 25 km away from Bhubaneswar city.

Audit examination revealed that though Jatni belongs to the 'Z' category of city/town, the employees of NISER were granted HRA at the rate applicable for the 'Y' class cities. Audit referred the matter to the Office of the Director of Census Operations, Odisha, Ministry of Home Affairs, GoI, who confirmed (August 2020) that NISER does not fall under Bhubaneswar UA. Thus, the payment of HRA at higher rates by NISER was irregular, which resulted in the

<sup>11</sup> OM No-2/5/2014-E. II(B) dated 21 July 2015 on Reclassification/Upgradation of Cities/Towns based on Census 2011 for the purpose of grant of House Rent Allowance to Central Government employees.

<sup>12</sup> In supersession of all the existing orders relating to the classification of cities/towns for the purpose of the grant of HRA to Central Government employees.

<sup>13</sup> Consequent to implementation of recommendations of Seventh Central Pay Commission.

<sup>14</sup> At the campus of Institute of Physics, another Autonomous Institute of DAE.

grant of additional benefits to its employees to the extent of ₹ 2.80 crore during the period from July 2015 to February 2020.

NISER stated (October 2020) that for all practical purposes the Institute was situated in Bhubaneswar and therefore HRA rates as applicable to Bhubaneswar were payable.

The reply is not acceptable in view of the clarification provided by the Census Authorities. As such, NISER needs to adopt the applicable rate of HRA and recover the excess amount paid to its employees.

The matter was referred to DAE in October 2020; their reply was awaited as of December 2020.