OVERVIEW

General

Annual accounts of autonomous bodies

Audited accounts for 1997-98 of 214 central bodies were to be placed before Parliament by 31st December 1998. Of these, audited accounts of 62 bodies were submitted for audit within the stipulated time. The accounts of 11 bodies were not submitted for audit by the concerned organisations.

In 1998-99 there were 216 autonomous bodies whose accounts were to be certified under sections 19(2) and 20(1) of the CAG's (DPC) Act, 1971. Accounts of only 195 of these were received for certification. Government of India released Rs 4341.08 crore towards grants and Rs 659.97 crore towards loan to these bodies during 1998-99. The annual accounts for the year 1998-99 of the balance 21 bodies were not finalised and therefore the amount of Government grants received by them was not available.

The annual accounts of 188 out of 221 central autonomous bodies (other than those under Scientific Departments) whose accounts were to be certified by chartered accountants but required transactions audit under section 14(1) and 14(2) of the CAG's (DPC) Act, 1971 were also not finalised by the concerned bodies. The remaining 33 bodies had received grants amounting to Rs 136.88 crore from the Union Government.

(Paragraph 1.1)

Results of certification audit

Separate audit reports for each of the autonomous bodies audited under Sections 19(2) and 20(1) of the CAG's (DPC) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the glaring cases in which major comments were issued to the Organisations/Ministries concerned are mentioned below :

Unspent Grants

National Cooperative Development Corporation (NCDC)

Out of Rs 11.88 crore received as recurring grant during the year 1998-99, only Rs 0.11 crore was utilised, leaving unutilised balance of Rs 11.77 crore not shown as 'Returnable'.

Defaults in Repayment of Loans by Port Trusts

The following three port trusts continued to default in repayment of loans to World Bank/Government of India.

a) During 1998-99 the Jawaharlal Nehru Port Trust defaulted in payment of Rs 306.38 crore to the World Bank which was not disclosed in the accounts.

b) Similarly, during 1998-99, Cochin Port Trust defaulted in repayment of loans from Government of India to the extent of Rs 5.16 crore. The total cumulative amount of repayment defaulted up to the end of March 1999 was Rs 54.34 crore and interest Rs 153.77 crore and penal interest for defaulted principal was Rs 149.67 crore.

c) Paradip Port Trust defaulted in repayment of loan to Government of India to the extent of Rs 23.46 crore attracting levy of penal interest.

(Paragraph 1.2)

Utilisation certificates

As many as 30517 utilisation certificates for sanctions to Rs 7535.49 crore during 1976-77 to September 1997 were outstanding at the end of March 1999 in respect of grants released to statutory bodies and non government institutions. This indicated that the system by which Government satisfies itself that grants are used for the purposes for which they are given was not functioning effectively.

(Paragraph 1.3)

Ministry of Commerce

Tea Board

India Tea Logo awareness media campaign in Poland launched by Tea Board at a cost of Rs 33.95 lakh proved counter-productive as the campaign was launched in the summer season instead of prewinter season without ensuring adequate availability of pure Indian tea with Indian logo in the Polish market. The campaign resulted in Polish consumers growing suspicious of the genuineness of Indian tea available in the market as Indian logo was hardly used on any tea packets.

(Paragraph 3.1)

Ministry of Finance

Securities and Exchange Board of India

Securities and Exchange Board of India defaulted in repayment of loans of Rs 105 crore out of Rs 115 crore granted by Government of India during 1992-97 and did not make timely efforts to realise fees due from merchant bankers.

(Paragraph 4.1)

Ministry of Food and Consumer Affairs

Department of Consumer Affairs

Bureau of Indian Standards revised application and annual licence fee from September 1994, but actually implemented in September 1997. Thus it sustained a loss of Rs 2.49 crore due to delay in implementation of revised rates of license fees.

(Paragraph 5.1)

Ministry of Industry

Khadi and Village Industries Commission, Mumbai

Due to careless purchase management, the Commission piled up huge quantity of cotton stocks worth Rs 18.63 crore for which it had availed of a credit facility from banks and had paid interest of Rs 2.15 crore.

(Paragraph 8.1)

Violating Government instructions, Commission created and filled 88 posts in various cadres; the unauthorised expenditure on salary and allowances for 37 of these posts was Rs 85 lakh during 1991-98.

(Paragraph 8.2)

The Commission also released Rs 44.96 lakh to one of its directly aided institutions without insisting on a prescribed mortgage deed.

(Paragraph 8.3)

Ministry of Labour

Employees Provident Fund Organisation

In a performance review for the period 1993 to 1999, it was noted that while rates of contribution to provident fund and administrative charges increased in 1997, coverage of establishments remained poor. Notifications were not issued even for 14345 establishments that applied voluntarily for coverage. Cases of 30820 provisionally covered establishments were not finalised. Shortfall in inspections conducted doubled during the period.

Dues of establishments were not determined promptly and powers to realise outstanding dues were not vigorously exercised. Arrears of damages recoverable increased from Rs 31.01 crore to Rs 71.12 crore. The number of revenue recovery certificates pending recovery of revenues increased by 93.36 per cent to 17941 RRCs, valued at Rs 368.10 crore as on 31st March, 1999. Funds not invested with Board of Trustees of establishments, though required for such establishments increased by 322 per cent during the period.

The amounts kept in Interest Suspense Account doubled from Rs 4158.30 crore in March 1993 to Rs 8176.17 crore in March 1999. There were short recoveries of interest amounting to Rs 73.90 crore in 230 cases relating to 1997-98 and 1998-99. Poor progress of computerisation was noted in West Bengal, Tamil Nadu, Delhi and Madhya Pradesh.

(Paragraph 9.1)

Employees State Insurance Corporation, New Delhi

Deficient cash management by ESIC led to loss of interest of Rs 30.93 crore.

(Paragraph 9.2)

Ministry of Rural Areas and Employment

Department of Rural Employment and Poverty Alleviation

District Rural Development Agencies (DRDA)

DRDAs were registered in 1980 jointly by Union and State Governments in each district for implementation of poverty alleviation programmes. These programs are designed to provide either wage employment on labour intensive work, like the Jawahar Rozgar Yojana (JRY) or subsidised loan assistance to acquire individual assets for self employment, like the Integrated Rural Development Programme (IRDP)/Ganga Kalyan Yojana.

Some of the important irregularities noticed in the course of audit of DRDAs were:

i. Funds released under Ganga Kalyan Yojana remained un-utilised by DRDAs in Kerala and Birbhum district in West Bengal due to a decision pending with Government of India. In Kerala, the DRDAs also diverted funds amounting to Rs 1.29 crore received under Ganga Kalyan Yojana to other schemes.

(Paragraph 10.1)

ii. IRDP funds were diverted for a State sponsored scheme resulting in dilution of IRDP norms, despite clear cut directives of Central Government. The DRDAs of Adilabad, Ranga Reddy and Vizianagaram released subsidy amounting to Rs 1.71 crore out of IRDP funds to CMEY beneficiaries without following guidelines.

(Paragraph 10.2)

iii. Commencement of works of Baleshwar Wasteland Development Project (BWDP) without obtaining approval of Government of India and subsequent closure of works led to unauthorised expenditure of Rs 1.25 crore.

(Paragraph 10.4)

Ministry of Surface Transport

Department of Ports

Land Management by Port Trusts

Prime lands owned by Port Trusts are not well managed. In a performance review of four Port Trusts (JNPT, Mumbai, Calcutta and Cochin), it was found that outstanding lease rental as on 31st March, 1999 stood at Rs 573.49 crore.

Ministry guidelines of 1995 required the Port Trusts to plan their land use. None of the four Port Trusts were able to furnish data with regard to land use in categories required by the Ministry guidelines.

Failure to comply with prescribed provisions related to lease deeds resulted in revenue loss of Rs 6.39 crore in three Port Trusts.

Minimum guaranteed throughput was not insisted on while monitoring leases to private parties, resulting in a loss of Rs 39.43 crore. Failure to adhere to tendering/bidding process in allotment of land led to forfeiture of revenue of Rs 11.38 crore in two Port Trusts involving 18 cases. Failure to comply with Ministry's guidelines to stipulate utilisation of land by lessee led to loss of revenue of Rs 41.29 crore. Failure to revise lease rental based on prevalent market rate in 65 cases in three Port Trusts led to loss of Rs 28.39 crore.

(Paragraph 11.1)

Chennai Port Trust

In a review of Civil Works Department of Chennai Port Trust it was found that awarding of contract for construction of eastern side wall of Boat Basin without specifying the basic parameter of the design resulted in payment of compensation of Rs 35.43 lakh to a contractor who failed to complete works. While the contractor remained unresponsive for this work to progress, another work valued at Rs 1.71 crore was awarded to the same firm which was completed after a delay of 21 months. Despite immense delays by the contractor, penalty and liquidated damages clauses provided in the agreement were not invoked. In another case of civil works, contractors selected for the work of modification of iron ore berth to serve as general bulk cargo berth executed only 50 per cent of works and even after 3 years of delay, no penalty or liquidated damages clauses of the agreement were invoked. There was also a loss of Rs 45.12 lakh due to unauthorised excess purchase of PCC blocks for parking area of containers Inordinate delay in replacement of dredger "Coleroon" resulted in avoidable repair charges of Rs 10 crore.

(Paragraph 11.2)

Injudicious decision of Chennai Port Trust to take 4 cranes on lease caused an avoidable expenditure of Rs 5.54 crore towards lease charges paid up to July 1999. Besides, it created a laibility of Rs 27.73 crore for the remaining period of lease up to December 2004 though they could have purchased 4 cranes at a cost of Rs 12.56 crore.

(Paragraph 11.7)

Chennai Port Trust suffered a loss of Rs 1.47 crore due to their inefficient management of electricity distribution system.

(Paragraph 11.8)

Calcutta Port Trust

Inspite of Ministry's directives to treat daughter vessels carrying crude oil brought by mother tankers from foreign countries as foreign vessels, Haldia Dock Complex treated the same as coastal vessels. This resulted in loss of revenue of Rs 1.30 crore during January 1992 to October 1995 and short realisation of revenues of Rs 11.40 crore during June 1995 to March 1999.

(Paragraph 11.4)

Due to absence of proper monitoring Calcutta Port Trust suffered a loss of Rs 2.87 crore for non recovery of wharfage charges on loading operations.

(Paragraph 11.5)

Cochin Port Trust

Cochin Port Trust suffered a loss of Rs 6.57 crore due to delay in framing cost based rates. CoPT also bestowed undue benefits aggregating Rs 2.49 crore on a firm.

(Paragraph 11.11 and 11.12)

Jawaharlal Nehru Port Trust

JNPT sustained a loss of Rs 11.61 crore on purchase of bulk and bagged cargo wagon loading system. The system could not be put to use due to design deficiency. The size and shape of the wagons were not compatible with the nature of cargo handled by the port.

(Paragraph 11.14)

Kandla Port Trust

Expenditure of Rs 1.5 crore incurred by KPT on purchase of wharf cranes remained infructuous as Port Authorities failed to take expeditious action to get the defects in wharf cranes rectified by the manufacturers / other agencies during the guarantee period.

(Paragraph 11.15)

Mumbai Port Trust

Purchase of 4 heavy duty forklifts without any feasibility study of trends of the nature of imports led to infructuous expenditure of Rs 2.20 crore.

(Paragraph 11.17)

Paradip Port Trust

Paradip Port Trust suffered a loss of Rs 2.62 crore due to misclassification of items, thereby charging lower rate of wharfage.

(Paragraph 11.21 and 11.22)

Tuticorin Port Trust

Tuticorin Port Trust suffered a loss of Rs 1.84 crore due to fixing siding charges at a lower ad hoc rate for a particular private company.

(Paragraph 11.23)

Visakhapatnam Port Trust

Ignoring the advice of the financial wing, VPT authorities paid an advance of Rs 2.57 crore to a sick company for supply of crane. The company failed to supply the crane. The advance remained idle without any value addition to the Port facilities.

(Paragraph 11.24)

Ministry of Urban Affairs and Employment

Department of Urban Affairs

Delhi Development Authority

Large scale acquisition and disposal of land in Delhi is vested with DDA by Delhi Administration under provisions of Section 22(1) of the Delhi Development Act, 1957. Some instances of avoidable losses of DDA in implementation of schemes to develop such lands as noticed in audit are given below:

i) Delay by DDA in approval of layout plans, handing over hindrance free site to contractor and award of balance of work after further delay of three years caused an extra expenditure of Rs 7.29 crore on a housing scheme at Rohini.

(Paragraph 12.1)

ii) DDA suffered a loss of Rs 2.62 crore due to its failure to invest its surplus funds in a timely fashion and to encash the fixed deposits on due dates.

(Paragraph 12.2 and 12.6))

iii) DDA failed to take legal action against a contractor to recover Rs 1.40 crore.

(Paragraph 12.3)

iv) DDA incurred an avoidable expenditure of Rs 80.52 lakh on construction of SFS houses in Jasola due to adoption of wrong design of piles and inordinate delay in finalisation of revised drawings.

(Paragraph 12.4)