

CHAPTER II : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Education

2.1 Indian Institute of Technology, Kharagpur

IIT failed to increase its intake of students as envisaged by the Ministry. Chairs for eminent scholars remained unfilled despite availability of donations. IIT created an Endowment Fund from its net income in addition to the matching grants received from the Government. However, the Institute had not prepared any perspective plan nor did it take any action for utilisation of the income of the Endowment Fund. Instead the balances available amounting to Rs 83.79 crore upto March 2000 were invested with Financial Institutions and Public Sector Banks. IIT also received Specific Purpose grants amounting to Rs 13.80 crore between 1995-99 for increasing infrastructural facilities. Its utilisation was also very poor.

Ministry continued to grant funds to IIT Kharagpur from 1997-98 without deciding the issue whether the Block Grant System should be continued or not. The accruals to the Endowment Fund were not adjusted against releases to IIT in subsequent years. Thus the Endowment Fund was not utilised by IIT for a period of eight years.

Highlights

- IIT utilised only Rs 6.95 crore out of Specific Purpose Plan Grants of Rs 13.80 crore received between 1995 and 1999.
- Contrary to Government of India's directive, IIT did not utilise the income amounting to Rs 83.79 crore by March 2000 from Endowment Fund for its development work.
- Ministry failed to decide on continuation of Block Grants system from 1996 till date.
- Excess matching grants amounting to Rs 3.82 crore were claimed during 1993-97.

- **The intake capacity of IIT had not increased as targeted; funds remained unutilised.**
- **IIT could not create Chairs for eminent scholars and donations received from various organisations remained unutilised.**
- **IIT's failure to pursue the industries to recover their contribution towards different projects of Technology Development Mission resulted in additional expenditure of Rs 1.17 crore.**

2.1.1 Introduction

IIT¹, Kharagpur, West Bengal was set up in April 1950. It was declared as an "Institute of National Importance" in 1962 under the Institutes of Technology Act 1961.

The objectives of this Institute are to impart quality education in various areas of pure and applied science as well as in engineering and technology at the undergraduate and post-graduate levels, to further the advancement of knowledge through the conduct of basic and applied research in pure and applied science and engineering & technology and to disseminate and transfer the knowledge for the benefit of Indian industry and other user sectors.

2.1.2 Organisational set up

Under the Act, a central body called Council was established to coordinate the activities of all the IITs. Each IIT is governed by a separate BOG² and a Senate. The activities of the Council, inter alia, are to advise on matters relating to duration of the course, to lay down policy regarding cadres and methods of recruitment, to examine the development plans of each Institute, to examine the annual budget estimate of each Institute, to advise the visitor, the President of India, if so required in respect of any matters to be performed by him under this Act.

The executive control of the Institute is vested with the BOG.

2.1.3 Scope of Audit

A review of the working of the IIT Kharagpur for 1995-96 to 1999-2000 was conducted in August -September 2000.

2.1.4 Finance

2.1.4.1 The Institute is financed mainly by grants from the Government of India. It has also its own income from fees, consultancy, seat rent, computation charges and donation. The financial position of the Institute for the period from 1995-2000 is shown below:

¹ Indian Institute of Technology

² Board of Governors

Table 2.1.4.1 : Grants and other income vis-a vis expenditure**(Rs in crore)**

Year	Grant		Other income ³	Total income	Revenue expenditure	Capital expenditure ⁴	Total expenditure	Revenue expenditure as percentage of total expenditure	Capital expenditure as percentage of total expenditure
	Non-plan	Plan							
	Sanctd.	Sanctd							
1995-96	25.61	4.25	9.16	39.02	29.21	5.48	34.69	84.21	15.79
1996-97	34.51	4.80	13.92	53.23	32.08	7.86	39.94	80.32	19.68
1997-98	34.90	7.75	16.02	58.67	35.49	6.15	41.64	85.23	14.77
1998-99	59.50	10.00	20.97	90.47	56.43	9.81	66.24	85.19	14.81
1999-00	60.25	21.80	23.59	105.64	57.69	10.94	68.63	84.06	15.94

Thus the total expenditure increasingly fell short of total income and on an average only 16.03 *per cent* of total expenditure was incurred for creation of assets while 83.97 *per cent* was spent on maintenance.

2.1.4.2 Grant (plan) for specific purpose

Utilisation of only 50.36 *per cent* of plan grants.

The Institute was sanctioned Rs 30.60 crore Specific Purpose Plan grants between 1995 to 2000 and received Rs 13.80 crore between 1995-99. These grants were sanctioned by the Ministry against the Institute's budget proposal. Despite projecting high requirements the Institute was able to utilise only Rs 6.95 crore till March 2000 as shown in Appendix-II. The unutilised grants of Rs 6.85 crore were kept in short term investments and the interest earned was being credited to the revenue account. The amount of interest thus credited to revenue account was not quantified by the Institute since investments were made out of the total available fund of the Institute and no details regarding investment made out of unutilised Specific Purpose Plan grants were maintained by the Institute. On the assumption of lowest average rate of interest and periods of non-utilisation, the minimum amount of interest on unutilised grants amounted to Rs 81.06 lakh as calculated by Audit.

2.1.5 Revised pattern of funding

Block grant scheme came into effect from 1993-94.

Government of India, Ministry of Human Resource Development in May 1994 switched over to Revised Pattern of Funding known as "Block Grant" scheme for all the IITs (except IIT Guwahati) which was effective from 1993-94. The scheme envisaged greater economy and autonomy in management of the IITs and limiting the financial liabilities of the Government of India. The scheme was to cover the remaining part of eighth plan period i.e. upto 1996-97.

³ Other income — Total income as shown in Income and expenditure Accounts minus Government grant credited to the Account.

⁴ Capital Expenditure —As capital expenditure and revenue expenditure are not distinctly exhibited in accounts, the net addition to assets in the balance sheet has been taken as capital expenditure.

The salient features of this scheme were as follows :

- beginning with the financial year 1993-94, the non plan grant of the IITs would be fixed at the level of the grant in the revised budget estimate for financial year 1992-93 plus 10 *per cent* thereof, and maintained at that level for the next four years (till the end of 1996-97);
- savings out of Non Plan grant and revenue receipt would be retained and carried over by the Institute to encourage the creation of an Endowment Fund;
- provision of a 100 *per cent* matching grant for any savings out of the non plan grants, revenue receipts and net earnings from consultancy and Continuing Education Programme to the extent these were transferred to an Endowment Fund to be created by each Institute;
- provision for a matching grant, on a case to case basis, for any donations received by the Institutes and placed in their respective Endowment Funds;
- provision for special "*force majeure*" grants to meet expenditure on increase in Dearness Allowances, Pay Commission's recommendations and significant devaluation;

Accordingly the first phase "Block Grant" for IIT Kharagpur fixed at Rs 23.73 crore was sanctioned and released annually during the period from 1993-94 to 1996-97.

An Expert Committee set up by the Ministry in May 1996 which studied the operation of the first phase of the Revised Pattern of Funding recommended its extension in the Ninth Plan period also. However the recommendations have not yet been accepted by the Ministry. The budgets for 1997-98 onwards were approved by Ministry and funds released without adjusting funds available in the Endowment Fund of the Institute.

2.1.5.1 Endowment Fund

IIT created a Corpus Fund in 1993-94, later renamed as Endowment Fund, as required under the Block Grant Scheme. The amounts transferred to this fund as well as assets are given in Appendix -III.

2.1.5.1.1 As per Ministry's order issued in May 1994, the interest accruing and other income from assets of the Endowment Fund would be used normally for development purpose and if necessary to meet operational expenses of the Institute. The order further envisaged that the status of the Endowment Fund including deposit, interest and assets would be included in a separate section of the Institute's Budget along with proposal for utilisation of the income of the fund.

Endowment fund was not utilised for development work of IIT.

Although Rs 83.79 crore stood at the credit of this fund as on March 2000, the Director did not prepare any action plan for development work out of its income nor was the Endowment Fund and its income reflected in its budgetary proposals. This was due to the fact that even though director of the Institute constituted a committee in December 1996 to manage the fund and its assets, it was not ratified by the BOG nor did it function during the period under review. The entire fund balance was invested in Financial Institutions and Public Sector Banks. Thus, neither the Institute nor the Government derived any benefit out of the Endowment Fund income till March 2000.

As a result the requirements voiced by different departments in critical areas of research were not met despite availability of sufficient financial resources.

IIT Kharagpur had 18 departments and five centres with 357 laboratories. Of these, 175 were academic laboratories, 125 were research laboratories and 57 were used for both academic and research purposes.

Departments were not modernised inspite of sufficient fund provision.

A test check of 10 departments and two centres indicated that while three departments and centres did not take any initiative to remove the obsolete equipment, seven departments and centres had sought funds amounting to Rs 4.56 crore for modernisation of laboratories against which only a sum of Rs 59 lakh was released to four departments, these department stated that owing to non-availability of funds the work of modernisation suffered.

2.1.5.1.2 In terms of the Ministry's directive, 100 *per cent* matching grant was to be provided for any savings out of Non Plan grants, revenue receipts and net earnings from consultancy and continuing education programmes to the extent these were transferred to the Endowment Fund. Scrutiny of accounts for 1993-94 to 1996-97 further disclosed that the Institute transferred the net income of this fund including the interest and dividend income to the Institute's Income and Expenditure Accounts as follows :

Table 2.1.5.1.2 : Net income of endowment fund transferred to income and expenditure account

(Rs in crore)		
Year	Excess of income over expenditure	Amount of interest and dividend income included
1993-94	3.45	-
1994-95	3.98	0.58
1995-96	4.23	1.21
1996-97	14.82	2.03
Total		3.82

Note : The interest income transferred to Income and Expenditure Accounts could not be isolated as separate Receipt and Payment Accounts for Endowment Fund was not prepared.

Excess of income over expenditure was inflated by Rs 3.82 crore .

Thus the excess of income over expenditure for 1994-95 to 1996-97 was inflated by Rs 3.82 crore which was also included for claiming matching grant contrary to the Ministry's directives.

2.1.6.1 Investments

IIT suffered a loss of Rs 20.33 lakh for improper investment.

In terms of the Ministry's guidelines of 1995 and 1996 there should be no element of speculation in the investment of surplus fund created under the revised pattern of funding. Hence, equity based investments were not allowed and the existing holdings in such schemes were to be liquidated.

Failure to offload holdings as soon as lockin period ended.

- (i) Test check of investment records of the Institute disclosed that in March 1995, IIT invested Rs two crore from Endowment Fund for purchase of 161900 units of CRTS-81 scheme at the rate of Rs 123.50 per unit from the Unit Trust of India. Though the minimum three years period of investment expired in March 1998, the Institute disinvested the holding in December 1999 after a delay of 20 months at the rate of Rs 106.00 per unit. The Institute received Rs 1.72 crore as repurchase value, Rs 1.13 crore as interest and Rs 1.81 lakh as incentive. The Institute's failure to disinvest the holding after the minimum period of three years in March 1998 as per the Ministry's guideline led to loss of Rs 15.20 lakh as interest.
- (ii) The Institute in August 1995 invested a further sum of Rs one crore from Endowment Fund for purchase of 83330 units of Unit Trust of India in violation of the Ministry's order. In August 1998 IIT received Rs 95 lakh as principal and Rs 39.16 lakh as dividend. Investment of surplus fund in post office in accordance with the Ministry's directive would have earned an additional interest of Rs 5.13 lakh during the period from August 1995 to August 1998.

Test check of investment schedule, investment register and investment records for 1999-2000 further revealed that the following investments were made in ICICI⁸ unsecured bonds which entailed market risk and were therefore contrary to the government guidelines issued in March 1996.

⁸ Industrial Credit and Investment Corporation of India

Table 2.1.6.1 : Investment made in unsecured bonds**(Rs in crore)**

Sl. No.	Name of fund	Amount of investment in the ICICI Bond
i)	Endowment	12.20
ii)	Institute Endowment Scholarship Prize Fund	0.21
iii)	IIT Main Account	3.00
iv)	Institute Development Fund	2.00
v)	Donated Chair	0.15
vi)	Technology Foundation	0.12
vii)	G.S.Sanyal School of Telecommunication	1.10

2.1.7 Intake capacity

The intake capacity of the Institute during the period 1995-96 to 1999-2000 was as follows:

Table 2.1.7 : Intake capacity vis-a vis students enrolled

Year	Under-graduate		Post-graduate	
	Intake capacity	Enrolment/ Drop out	Intake capacity	Enrolment/ Drop out
1995-96	493	487/31	405	395/76
1996-97	493	512/47	405	448/54
1997-98	493	520/17	405	485/47
1998-99	571	525/22	405	532/44
1999-00	580	549/21	405	451/Nil

The Institute stated that as per Ministry's directives the intake capacity of the Institute was to be increased every year by about 20 *per cent* so that within five years from 1998, the Institute would have doubled its capacity.

Intake capacity did not increase despite availability of fund.

IIT Kharagpur accordingly projected additional resource requirement of Rs 300 crore during the Ninth Plan period for increasing student population, introduction of new academic programmes, increasing consultancy services/joint ventures/entrepreneurship programmes and distance education programmes. The intake of students was proposed to be doubled resulting in a total student population of 6000 consisting of under-graduates, post-graduates and research scholars by the end of Ninth Plan.

The Ministry sanctioned Rs two crore in March 1998 for the purpose of increasing students intake with the condition that prior to actual utilisation of the grant the Institute would prepare a Plan of Action. This had not been prepared by the Institute till August 2000. Hence the entire amount remained unutilised. Thus due to

the Institute's lack of planning and inaction the objective of the Ministry to increase student capacity has not been achieved. The Institute, however, cited resource crunch and dearth of infrastructural facilities as reasons for not increasing the intake capacity in post-graduate courses The Ministry had again sanctioned a grant of Rs 10.70 crore in March 2000 for the same purpose.

2.1.8 Donated Chair Fund

IIT Kharagpur received funds from various private and public organisations for creation of Donated Chairs for conducting research and development work as desired by the respective donors. The Institute invested the donated amounts and credited the interest earned to the Donated Chair Fund for meeting the expenditure towards Chair Professors. The position of donated amounts received and appointment of Chair Professors during the period 1995-96 to 1999-2000 was as follows :

Table 2.1.8 : Position of donated amount received and appointment of chair professors

(Rs in crore)				
Name of the organisation	Date of receipt of the fund	Amount received	Expenditure	Period of occupation
H.C.L. ⁹	November 1986 October 1988	0.07 0.01	0.08	January 1996 to December 1998
TISCO ¹⁰	January 1988 July 1988	0.07 0.03	0.06	May 1996 to December 1997
SAIL ¹¹	January 1989	0.08	0.04	January 1998 to March 1999
VSNL ¹²	July 1994 May 1997	0.15 0.15	0.09	January 1996 to December 1998
PRESSMAN ¹³	December 1994 October 1995	0.05 0.10	Nil	No appointment
ISRO ¹⁴	April 1997	0.30	Nil	-do-
Total		1.01	0.27	

IIT did not create chairs for eminent scholars.

The table indicates that IIT had received Rs 1.01 crore as donation. Interest earned on this as stated by IIT was Rs 1.21 crore, of which only Rs 26.40 lakh had been spent for the purpose for which the funds were received. Hence IIT was not fulfilling the purpose for creation of the chairs despite availability of funds. It was noticed in audit that individual chair-wise details of income was not available with IIT.

The Institute stated that the chairs were vacant due to non-availability of suitable candidates.

⁹ Hindusthan Computers Limited
¹⁰ Tata Iron & Steel Company Limited
¹¹ Steel Authority of India Limited
¹² Videsh Sanchar Nigam Limited
¹³ Pressman Limited
¹⁴ Indian Space Research Organisation

2.1.9 Research programme

During the year 1995-96 to 1999-2000 the Institute had undertaken 285 research projects and completed 234 as follows:

Table 2.1.9(i) : Research projects undertaken

(Rs in crore)

Sl.No.	Subject	1995-96		1996-97		1997-98		1998-99		1999-2000	
		Num-ber	Expen-diture	Num-ber	Expen-diture	Num-ber	Expen-diture	Num-ber	Expen-diture	Num-ber	Expen-diture
1.	Projects undertaken	63	11.30	50	12.88	36	16.21	84	12.86	53	9.97
2.	Project completed	42	2.11	32	1.60	65	3.25	16	0.81	79	0.59

Out of 234 projects, 218 remained incomplete.

As on March 2000, 218 research projects awaited completion. 27 of these projects were granted extension ranging from six months to nine years as these were running behind schedule.

Test check of five completed projects with estimated cost of more than Rs 25 lakh revealed that overheads at the rate of 15 *per cent* as per SRIC rules was not being charged.

Table 2.1.9(ii) : Short recovery of overhead charges

(Rs in lakh)

Project Code	Actual Cost	Overheads due @ 15 <i>per cent</i> of actual cost	Overheads charged	Overhead undercharged
RTD	93.94	14.09	10.98	3.11
EMP	42.35	6.35	4.20	2.15
MFP	46.88	7.04	4.18	2.86
JBP	237.86	35.68	12.78	22.90
PML	42.77	6.41	Nil	6.41
Total	463.80	69.57	32.14	37.43

Thus it is evident that by not charging the overhead as per SRIC rules, the Institute incurred a loss of Rs 37.43 lakh. This was admitted by the Institute.

2.1.9.1 Technology Development Mission project

The Planning Commission launched TDM in 1994.

The Planning Commission launched the TDM¹⁵ in 1994 with the objective of promoting institute-industry partnership in developing technologies and transferring such technologies to industries for commercial activities. IIT Kharagpur was allotted four projects namely Food Processing Engineering, Photonic Devices and Technologies, Communication Networking and Intelligent Automation and Genetic Engineering and Biotechnology. It received Rs 9.46 crore during 1993-94 to 1998-99 from the Ministry for TDM Phase-I. The cost of the projects was to be borne by the Government and collaborating industries in the ratio of 80:20. The period assigned for this Mission was 1994-1997 with the termination date of March 1997. Owing to procedural delay in effecting Expenditure Finance Committee clearance and delay in signing Memorandum of Understanding with the collaborating Industries, the mission was conditionally extended upto March 1998.

As the first phase of the projects was delayed, the Planning Commission further extended the date of completion upto March 1999 with the stipulation that no further extension of time was possible, all efforts must, therefore, be made to complete the projects by March 1999 as no expenditure could be incurred subsequently. The Commission also stipulated that no capital equipment should be ordered after March 1998. However IIT Kharagpur was able to complete the first phase of the projects undertaken during eighth plan period only by March 2000. Though the Institute stated that as per decision of the Mission Management Board, the first phase TDM projects were allowed to operate till March 2000, formal communication to this effect was awaited.

Scrutiny of project records revealed that:

- Despite ban on procurement of capital equipment after March 1998, the Institute procured capital equipment worth Rs 21.87 lakh between April 1998 and March 1999.
- The Ministry released Rs 9.46 crore during 1993-1999 towards these projects in addition to contribution of Rs 89.80 lakh from collaborating Industries. The TDM accounts for the year 1999-2000 disclosed that there was surplus fund in the account amounting to Rs 1.48 crore which included an interest of Rs 27.91 lakh. At the close of the first phase of the projects the Institute transferred Rs 1.46 crore to the Institute's SRIC account leaving a balance of Rs 1.31 lakh in TDM account without the concurrence of the grant sanctioning authority.
- The surplus funds received from the Ministry should have been clearly exhibited in the TDM account instead of diverting the amount to an unrelated account.

IIT diverted Rs 1.46 crore to another fund .

¹⁵ Technology Development Mission

- In view of this the Institute's reply that the unspent balance along with interest is set aside in SRIC account for the time being for utilisation in the Phase II is not acceptable.
- The cost of the projects was to be borne by the Government and collaborating Industries in the ratio of 80:20. However, the percentage contribution was 91.3:8.7. The Institute stated that some industries were allowed to contribute less than 20 *per cent* as they could not afford more. The reply is not tenable in view of the Planning Commission's directive.

ITT's failure to pursue industries resulted in additional expenditure of Rs 1.17 crore .

Thus, the Institute's failure to pursue the industries for their share of contribution resulted in additional burden of Rs 1.17 crore on the exchequer.

The matter was referred to the Ministry in November 2000; their reply was awaited as of February 2001.

2.2 Regional Engineering College, Srinagar

Highlights

- The unspent balances of Regional Engineering College, Srinagar which represented mainly plan funds released by Central Government for development of infrastructure in college, increased from Rs 74 lakh at the end of March 1995 to Rs 5.27 crore in March 2000.
- The college did not have any investment policy due to which GPF/CPF receipts ranging between Rs 0.42 crore and Rs 1.61 crore had not been invested in long-term deposits during 1995-2000. Injudicious fund management resulted in loss of interest of Rs 53.99 lakh.
- The college lacked proper manpower management policy. The ratio of teaching to non-teaching staff (1:4), teaching staff and students (1:5 to 1:9) and total staff to students (1:1.71) was higher than the ratios of 1:2, 1:10 to 1:13 and 1:2 to 1:4 in other REC's. This indicated excess staffing and poor manpower management.
- Expenditure of Rs 3.17 crore incurred for development of infrastructure viz. construction of computer centre, purchase of computers and other equipments etc. was rendered idle due to defective construction of building and non-installation/commissioning of equipments etc.
- Advances aggregating Rs 3.68 crore were outstanding against various suppliers/contractors and employees for periods varying from 1 to 28 years.

2.2.1 *Introduction:*

The REC¹ Srinagar is one of the seventeen Regional Engineering Colleges established (1960) as an institution of excellence in technical education in each of the major States of the country. The REC which functions as an autonomous body under the Societies Registration Act 1860 is affiliated to Kashmir University which conducts examinations and confers degrees and other academic distinctions. The Institute is spread over an area of 67 acres of land, against the minimum of 250 acres as per norms fixed by Government.

The main objectives of the College are (i) imparting education in such branches of engineering as may be considered fit (ii) advancement of learning and research

¹ Regional Engineering College

activities and dissemination of technical knowledge and (iii) to establish, manage and maintain hostels for residence of students.

2.2.2 Scope of Audit

A review of the functioning of the College for the period 1995-96 to 1999-2000 was conducted during November 1999 to January 2000 and August 2000 under section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Important points noticed during test-check are brought out in the succeeding paragraphs.

2.2.3 Organisational set-up

The general supervision, directions and control of the affairs of the College is managed by a Board of Governors, comprising the Chairman, one ex-officio member who functions as the Principal and 15 other members. The Principal of the Institute is its Academic and Executive Officer and is responsible for the day to day administration of the College.

2.2.4 Financial parameters

2.2.4.1 Finance and expenditure

The source of funds of the College are plan and non-plan grants from the Central Government, non-plan grants from State Government and other receipts such as fees, interest from investments, fines and rent of buildings. The position of receipts and expenditure of the College for the five year period 1995-2000 was as under:

Table 2.2.4.1 : Receipt and expenditure

(Rs in crore)

Year	Opening unspent balance	Grants received from			Other receipts	Total funds available	Expenditure incurred	Unspent balance
		Centre		State				
		Plan	Non-plan	Non-plan				
1995-96	0.74	1.95	1.91	2.90	0.27	7.77	5.61 (0.71*)	2.16
1996-97	2.16	2.13	3.33	1.73	0.45	9.79	6.94 (1.43)	2.85
1997-98	2.85	2.85	2.07	1.98	1.46	11.21	7.26 (0.97)	3.95
1998-99	3.95	1.80	3.04	3.45	0.59	12.83	9.56 (1.44)	3.27
1999-00	3.27	3.37	6.15	5.73	0.20	18.72	13.45 (1.98)	5.27
Total	12.97	12.10	16.50	15.79	2.97	60.33	42.82	17.51

* Figures in parenthesis indicate plan expenditure

Unutilised grant which was Rs 73.76 lakh at the end of March 1995 rose to Rs 5.27 crore at the end of March 2000.

Unspent balance which was Rs 73.76 lakh at the end of March 1995 increased to Rs 5.27 crore at the end of March 2000. Poor utilisation of funds was attributed to disturbed conditions, delay in approval of works programme etc. Further, against release of central plan grants of Rs 12.10 crore during 1995-2000 Rs 6.53 crore (54 per cent) only had been utilised on planned development activities viz. construction/renovation of laboratories, construction of central heating system and residential quarters etc. This was attributed to delay in release of non-plan funds to the College by the Central/State Governments for meeting expenditure on salaries of the staff and purchase of consumables for running of laboratories necessitating diversion of funds.

2.2.4.2 Deficiencies in maintenance of accounts

Retention of heavy balances in cash chest.

Test-check of records of the College revealed that various checks/controls prescribed in the financial rules viz physical verification of cash at periodic intervals, bank reconciliation etc. had not been conducted during the period 1995-96 to 1999-2000 nor had cash security been obtained from the persons dealing with cash. Store account of cheque books had also not been maintained. Further heavy cash balances ranging from Rs 50 thousand to Rs 6.77 lakh had been retained in office chest at the end of each of the 51 months during the period from April 1995 to March 2000. Retention of heavy cash balances besides being fraught with the risk of loss/pilferage of cash also resulted in loss of income to the College by way of interest.

2.2.5 Investment management

2.2.5.1 Management of Provident Fund of employees

College failed to form any investment policy/rules.

College has neither framed any Rules prescribing the management of the GPF/CPF accounts nor has been following Government rules for deposit of balance available in GPF/CPF. The amounts credited to the fund were merged with the general fund of the College instead of keeping them separately. Test-check revealed that substantial portion of the GPF/CPF receipts had not been invested in long term deposits. Moreover, the interest earned on the GPF/CPF deposits was treated as revenue of the College. The position of GPF/CPF deposits including the investment made out of the net available deposits and un-invested amounts for last five years ending 1999-2000 was as under:

Table 2.2.5.1 : Position of uninvested amount

					(Rs in crore)
Year	Opening balance	Net deposits [¶]	Total	Long term investment	Un-invested amount
1995-96	2.74	0.19	2.93	1.58	1.35
1996-97	2.93	0.32	3.25	1.64	1.61
1997-98	3.25	0.31	3.56	3.14	0.42
1998-99	3.56	0.52	4.08	3.14	0.94
1999-2000	4.08	0.92	5.00	4.03	0.97

[¶] Subscription to fund plus interest minus withdrawals from the fund.

Huge balances under GPF/CPF remained in current account.

Poor management of funds led to loss of interest of Rs 53.99 lakh.

Amounts ranging between Rs 0.42 crore and Rs 1.61 crore had been kept in current account during the year 1995-2000 which indicated improper fund management and lack of financial discipline. Trend of monthly withdrawals from the fund during 1996-97 to 1998-99 (between Rs 2.71 lakh and Rs 17 lakh) indicated that retention of Rs 15 lakh per month in the current account was sufficient to cover the anticipated withdrawals from the fund and the remaining amount could have been utilised for earning additional interest in long term investments. Poor fund management by the College resulted in loss of interest of Rs 53.99^K lakh during 1995-96 to 1999-2000.

2.2.6.1 Manpower management

- (a) The College was committed to incur an obligatory expenditure on salaries/wages annually for maintaining a sizeable number of teaching and non-teaching staff. It was seen that the expenditure on salaries/wages during 1995-2000 was high and constituted 61 to 66 per cent of the total expenditure during this period. Total strength of teaching and non-teaching staff and students during 1995-96 to 1999-2000 was as under:

Table 2.2.6.1 : Ratio of teaching, non-teaching staff and students

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
Teaching staff	128	130	126	127	127
Non-teaching staff	543	512	496	579	567
Students	659	784	888	1036	1188
Ratio between teaching staff to non-teaching staff	1:4	1:4	1:4	1:5	1:4
Ratio between teaching staff to students	1:5	1:6	1:7	1:8	1:9
Ratio between teachmg/non-teaching staff to students	1:1	1:1	1:1.43	1:1.47	1:1.71

Norms for requirement of teaching and non-teaching staff not laid.

Norms for requirement of teaching and non-teaching staff in various disciplines, based on intake capacity, had not been framed. Ministry had advised (January 1994) maintaining a ratio of 1:2 between teaching staff to non-teaching staff and had also stressed the need for bringing down the higher ratios within a span of three to five years. This ratio was, however, stagnant at 1:4/5 during 1995-2000, which indicated excess non-teaching staff as also inaction in bringing this ratio to the desired level of 1:2. The ratio between teaching staff and students ranged from 1:5 to 1:9 (against the ratio of 1:10 to 1:13 in RECs Rourkela/Warrangal/

^K Based on interest earned by the College on investments already made

The ratio of teaching/non-teaching staff to students was 1:1

Overstaffing in the college.

Allahabad) which also indicated excess manpower availability. Similarly, the ratio of 1:1.71 between teaching/non-teaching staff to students was also very high compared to the ratio of 1:2 to 1:4 obtaining in other RECs. There is, thus, an urgent need for rationalising the requirement of teaching and non-teaching staff for bringing down manpower costs and utilising available funds on development of infrastructure.

2.2.6.2 Academic activities

2.2.6.2.1 Admission of students

The College imparts instruction/education in six engineering disciplines for four years (eight semesters) duration and a post graduate course of 18 months (three semesters) in Water Resource Engineering. Test-check revealed that no new engineering disciplines either at graduate level or at post-graduate level had been introduced during the last 10 to 15 years despite rapid strides in various technological fields particularly in information technology and computer sciences, etc. Reasons for the same were not on record.

While nine and five students only were admitted to the Post-Graduate of course during the years 1995 and 1998 respectively against annual intake capacity of 10 students, nine students only completed the course in 1997. The position of annual intake capacity of students for BE courses, actual number admission, and pass outs number during the years 1995-99 was as under:

Table 2.2.6.2.1 : Position of students for BE courses

Year	Intake capacity	Actual intake	Percentage shortfall	Number of students who appeared in final semester	Number of students who passed examination (Percentage in brackets)
1995	280	123	56	Nil	Nil
1996	280	120	57	54	50 (93)
1997	280	150	46	67	55 (82)
1998	280	214	24	64	31 (48)
1999	280	200	29	57	50(88)

Shortfall in the intake of students for B.E course vis-a-vis capacity ranged between 24 and 57 *per cent*. This was attributed by the management to disturbance in the valley due to which admission of students from outside the State was stopped. Further, while none of the candidates appeared in the final semester examination in 1995, the pass percentage which was 93 in 1996 declined to 48 in 1998 and 88 in 1999. Reasons for decline in the pass percentage had not been analysed.

2.2.6.3 Delay in completion of courses

There was substantial delay in the completion of degree courses by the students as indicated in the following table.

Table 2.2.6.3(i) : Delay in completion of courses

Batch	Due date for final semester examination	Month in which examination held	Delay (in months)	Results declared
September 1991	July/August 1995	December 1996/January 1997	17	July 1997
September 1992	July/August 1996	August 1998	24	March 1999
December 1993	July/August 1997	June 1999	22	November 1999
October 1994	July/August 1998	May 2000	21	-
September 1995	July/August 1999	Expected in December 2000	16	-

The positions of the progress of completion of courses in respect of admissions made after September 1995 was as under:

Table 2.2.6.3(ii) : Position of progress of completion of courses

Month and year of admission	Semester due for completion as of October 1999	Semester actually completed
September 1996	7 th	4 th
September 1997	5 th	2 nd
April 1998	4 th	1 st

The delay was attributed to the disturbed conditions in the State due to which the University of Kashmir could not hold examinations in time and also to delay of about 8 months in the declaration of results of entrance examination during 1998. The Management, however, stated that the delays in completion of courses and holding of examinations could have been avoided had academic autonomy been granted to the College.

2.2.7 *Infrastructure development/management*

Inordinate delay in completion of work undertaken at an estimated cost of Rs 5.49 crore causing time over-run of 4-15 years and cost over-run of Rs 84.01 lakh.

Central assistance of Rs 1.48 crore remained unutilized.

The College had a separate construction wing headed by an Executive Engineer for undertaking construction and expansion programme of the College. Test-check revealed that during the period 1995-96 to 1999-2000, 15 works were undertaken at an estimated cost of Rs 5.49 crore which included six spill-over works from earlier years. However, as only eight works had been completed (August 2000) the costs are likely to increase further after the completion of on going works. There was huge time over-run of 4-15 years and cost over-run of Rs 84.01 lakh in these works. Further, seven works, for which funds aggregating Rs 1.48 crore had been released by Central Government during 1998-99, had not been taken up. Following further points were noticed during test-check :

Government of India had designated (1988) REC, Srinagar as a resource centre for creation of knowledge and dissemination of information under a bilateral project between Governments of India and Italy, for addressing specific technological problems of relevance and research work to meet the requirement of industry in the fields of maintenance etc.

Government of Italy contributed in 1990 free commodity/equipment grant valued at Rs 1.50 crore and imparted training to 17 members of the technical staff of the college for operating the equipment, Government of India also provided funds amounting to Rs 56.12 lakh to the College during the period 1988-97 for development of related infrastructure viz. construction of building, installation of electric system, fixtures, accessories etc. The construction of the maintenance engineering centre for the project taken up in March 1989 was completed in June 1992 at a cost of Rs 25.98 lakh. The institution also purchased diesel generator set, fixtures, tools, and office equipment for Rs 18.88 lakh in 1993-94 and one computer at a cost of Rs 1.76 lakh in 1995-96. The project had not however, been made functional (August 2000) due to non-installation of equipment received from Italian Government. No serious effort was made by the Institute for installing the equipment except in 1998 when the matter was taken up with IIT Delhi, Kanpur and AMU Aligarh for seeking their assistance which, however, was not followed up. Thus, investment of Rs 1.97 crore in the form of equipment (Rs 1.50 crore), Building (Rs 25.98 lakh) diesel generating set and computer etc. (Rs 20.64 lakh) remained idle due to inertia/inaction of the College authorities and the objective of setting up of a maintenance engineering centre remained unfulfilled.

Investment of Rs 1.97 crore remained unfruitful.

2.2.7.1 *Upgrading and strengthening of existing computer facilities*

With a view to developing the RECs as centres of excellence and to meet the growing demand for training, research and consultancy etc. the Ministry released a special grant of Rs four crore during 1994-97 for upgrading and strengthening existing computer facilities. Construction of computer network centre was allotted in June 1995 to a contractor at a cost of Rs 10 lakh slated to be completed in September 1995 was completed in March 1997 at a total cost of Rs 22.43 lakh. The building could not, however, be utilised due to development of cracks in its beams.

Rs four crore were sanctioned for strengthening computer facilities.

Computer equipment and network system of Rs 62.12 lakh purchased in 1996-97 could not be installed till August 2000.

In anticipation of the completion of the building computer equipment and network system for over Rs one crore was purchased during 1996-97. Equipment worth Rs 62.12 lakh meant for computer network centre had, however, not been installed (August 2000) due to defective construction of the building.

In 1995-98, six computers inclusive of two Pentium computers and one laser printer and other peripherals including software were purchased at a cost of Rs 9.26 lakh and the staff in administration and accounts wing was imparted requisite training. However, the computerisation of the records had not been done as of August 2000.

In order to automate the activities and information services of the library viz. documentation, acquisition and lending etc. of 54869 books, 5479 periodicals, 10785 pamphlets and 335 technical films were available as of March 1999, the College purchased 14 computers, one UPS², laser printer and library software valued at Rs 22.47 lakh during the period 1991-98. The system had, however, remained non-operational as of August 2000. The investment of Rs 22.47 lakh on purchase of computer hardware/software was, thus, rendered idle and the teaching/non-teaching staff and students were deprived of the facility of improved documentation and library services.

Laboratory equipment valued at Rs 19.58 lakh purchased between September 1989 and March 1993 for demonstrating practical work to the students had not been installed/commissioned up to August 2000.

2.2.8 Outstanding advances

Advances aggregating Rs 3.68 crore kept outstanding for period varying from 1 to 28 years.

Temporary advances were made to suppliers/contractors and to the staff members for purchase of equipment and for meeting travelling expenses etc. Test-check of records revealed that advances were made without adjustment of the previous outstanding advances, with the result that outstanding advances had accumulated to Rs 3.68 crore as of December 1999. This included Rs 1.13 crore (31 per cent) outstanding for over five years and Rs 6.13 lakh pertaining to the period 1971-72 to 1989-90 outstanding against 29 staff members who had either retired or died. Reasons for non-recovery/adjustment of outstanding advances in these cases had not been investigated.

The matter was referred to the Ministry in December 2000; their reply was awaited as of February 2001.

² Un-interrupted power supply