CHAPTER XI : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

All India Council for Technical Education

11.1 Irregular expenditure on cellular phones

Chairman, All India Council for Technical Education approved purchase of cellular phones for use by the non-entitled officers in violation of the orders of Government of India resulting in irregular expenditure of Rs. 18.10 lakh between 1999-2004.

The Government of India (Ministry of Finance) imposed a ban (September 1995) on purchase of cellular phones/pagers for official use in the Union Government. All the Ministries/Departments were requested to ensure strict compliance with these instructions and advise the Public Sector Undertakings/Autonomous Bodies under them accordingly. Subsequently, the Government while partially relaxing the ban in January 2003, decided to allow the facility of cellular phones to the Secretaries and Secretary level officers of the Government of India subject to a monthly ceiling of expenditure of Rs. 1500 on rental and call charges. The cost of the hand set for cellular phone had also to be limited to Rs. 10,000. In January 2004, facility of mobile phone was extended to the officers of the rank of Joint Secretary and Additional Secretary under WLL phone schemes of MTNL/BSNL subject to monthly ceiling of Rs. 500 on telephone call charges. Thus, in the All India Council for Technical Education (AICTE), only the Chairman and four level I Advisors whose status were equivalent to that of the Secretary and Joint Secretary to the Government of India respectively were entitled to cellular phone facility.

Audit ascertained (September 2003) that in violation of the Government orders, the AICTE, with the approval of its Chairman, purchased 25 handsets for cellular phones (including 10 sets for its regional offices) between November 1999 and August 2003 at a cost of Rs. 3.18 lakh for use by non-entitled officers. AICTE and its regional offices also incurred recurring expenditure of Rs. 14.92 lakh on rental and call charges of these cellular phones provided to non-entitled officers during the period 1999-2000 to 2003-2004. The total irregular expenditure on the use of cellular phones by non-entitled officers was, therefore, Rs. 18.10 lakh upto March 2004.

Ministry directed AICTE in August 2004 to withdraw the cellular phones from the non-entitled officers and effect recoveries from them.

Delhi University

11.2 Avoidable expenditure on payment of interest

The University of Delhi delayed payment of ground rent for the land allotted to it on perpetual lease, which resulted in avoidable expenditure of Rs. 22.30 lakh towards interest.

The Land and Development Office (LDO), Ministry of Works and Housing (now Ministry of Urban Development and Poverty Alleviation) allotted (July 1977) to the University of Delhi, a plot of land measuring 65.913 acre in the Dhaula Kuan Institutional Area, New Delhi. The allotment was subsequently (November 1978) reduced by LDO to 64.999 acre. The land was given on perpetual lease at a total premium of Rs. 26.45 lakh. In addition, the University was to pay a total ground rent of Rs. 72,501 *per annum* for various uses at different rates (at the rate of Rs. 12,500 *per annum* for administrative block, faculty building, library etc., at the rate of Rs. 60,000 *per annum* for staff quarters and hostels and at rupee one *per annum* for playground, stadium and gymnasium). The rent was payable half yearly in advance on 15 January and 15 July each year irrespective of a demand notice. Delayed payment or non-payment of ground rent attracted interest at the rate of 10 *per cent per annum* for the period of delay.

Audit ascertained (January 2004) that since the allotment, the University was either not paying or short paying different components of the ground rent. The request of the University (April 2003) for waiver of interest on belated payments was not acceded to by the Ministry of Urban Development and Poverty Alleviation (June 2003). Consequently, it had to pay Rs. 22.30 lakh between July and November 2003 as interest on the delayed payments.

The University stated (June 2004) that payment of ground rent was not made as no demand was received from LDO. The reply is not tenable as, according to the conditions of allotment of land, the ground rent was payable half yearly in advance irrespective of a demand notice. Inaction of the Delhi University led to avoidable expenditure of Rs. 22.30 lakh towards interest charges.

The Ministry stated (November 2004) that the University did not pay the ground rent, as the lease of the said land had not been executed in its favour.

The reply is not tenable as the ground rent became payable on allotment of the land and by not adhering to the conditions of allotment, the University incurred the avoidable expenditure of Rs. 22.30 lakh.

Indian Council of Historical Research

11.3 Irregular expenditure on running home offices

Ministry did not prevent the Indian Council of Historical Research from incurring irregular expenditure of Rs. 12.92 lakh in running home offices of its Chairmen during the period 1997-98 to February 2004.

The Indian Council of Historical Research is a registered society under the Societies' Registration Act, 1860. The Council, being wholly financed by the Union Government, is bound to follow the financial rules and regulations laid down by the Government of India from time to time. The Chairman of the Council is appointed by the Government on honorary basis.

Audit observed (August 2003) that the Chairmen of the Council appointed by the Government during the period 1997-98 to 1999-2000 and July 2001 onwards had, without the approval of the Ministry, set up offices in their respective residences in Dharwad (Karnataka) and Calicut (Kerala) and incurred expenditure of Rs. 12.92 lakh on pay and allowances of staff, rent of building, telephone charges etc. upto 23 February 2004. Audit also observed that though the Council had been showing this irregular expenditure in its budget and annual accounts, the Ministry had failed to point out and disallow this irregularity.

In response, the Council informed (February 2004) that the home office of the Chairman had been closed from 10 December 2003 and all assets brought to its Southern Region Centre, Bangalore. The Ministry (April 2004) while endorsing the facts mentioned by the Council, added that for the honorary Chairmen residing outside New Delhi, skeleton staff and other facilities were necessary to enable them to discharge their responsibilities. It added (August 2004) that ICHR was an autonomous body and expenditure on those items was approved by their Administrative Committee and the Council. The reply of the Ministry contradicts its own action of instructing the Council to close the home office. Further, it had also asked for the explanation of the former Member Secretary of ICHR for hiring the building in Calicut and opening an office without prior approval. Moreover, it had not provided for home office facilities for the Chairmen in their terms of appointment. The Ministry did not intimate further developments regarding the explanation asked from the former Member Secretary of ICHR although requested (September 2004) by Audit.

Thus, failure of the Ministry to prevent the expenditure on home office of the Chairmen resulted in avoidable irregular expenditure of Rs. 12.92 lakh.

Indian Institute of Management, Calcutta

11.4 Avoidable loss on investment

Failure of the Indian Institute of Management Calcutta to assess the declining trend of US-64 and to take timely decision regarding redemption of its investment in the Scheme resulted in an avoidable capital loss of Rs. 66 lakh.

The Board of Governors of the Indian Institute of Management Calcutta (Institute) in June 1994 constituted a Managing Committee for managing its Endowment Fund. The Institute invested Rs. 1.94 crore out of the Endowment Fund[1] in 11,57,400 Units of US-64 Scheme of the Unit Trust of India (UTI) between February 1994 and January 1995. UTI declared dividend of Rs. 2.60 per Unit on US-64 for the year ended June 1995. In December 1996 the Institute received one bonus unit for every ten units held by it - taking the total number of Units to 12,73,140. UTI reduced the dividend for the year ended June 1996 to Rs. 2 per Unit and maintained the same rate for the subsequent two years.

In July 1998 UTI announced that the reserves of US-64 had turned negative to the extent of Rs. 1,098 crore due to steep depreciation in its investments. This was followed by redemptions of US-64 to the tune of Rs. 1,500 crore in the first six months of the fiscal year ending June 1999. UTI drastically reduced the dividend on US-64 to Rs. 1.35 per Unit for the year ended June 1999. But the Institute continued with the investment in US-64 despite the decline in the performance of the Scheme. UTI declared Rs. 1.375 per Unit dividend on US-64 for the year ended June 2000, which was marginally higher than the previous year, but again reduced the dividend to Rs. 1 per Unit in the following year. In July 2001 UTI imposed restriction on repurchase of US-64 and did not declare any dividend thereafter. In March 2003 UTI conveyed its decision to terminate the Scheme in its present form with effect from June 2003. Consequently, the Institute in May 2003 redeemed 12,73,140 Units of

[1] This includes Rs. 56 lakh pertaining to the Institute's Management Centre for Human Values

US-64 and received Rs. 1.28 crore[2] against the investment of Rs. 1.94 crore, thereby suffering a capital loss of Rs. 66 lakh.

Audit ascertained that the Institute's effective yield on the investment in US-64 fell from 16.09 *per cent* for the year ended June 1995 to 8.35 *per cent* for the year ended June 1999. Compared to this, the average rate of earning on other investments during 1998-99 was around 12.5 *per cent.* It was also noticed that the Institute had made investment in July 2000 in ICICI Bonds at 12 *per cent* rate of interest. The Endowment Fund Managing Committee (EFMC), however, had not considered the issue of falling returns in US-64 and the Institute continued with its investment in the Scheme till May 2003 without any justification.

Thus, failure of the Institute to assess the declining trend of US-64 and to take timely decision regarding redemption of its investment in the Scheme resulted in an avoidable capital loss of Rs. 66 lakh.

The Ministry stated in September 2004 that the investment was continued till May 2003 with the expectation of recovery of US-64.

However, the Institute could not furnish any resolution of the EFMC in this regard. Further the EFMC had not considered the declining performance of US-64 at any stage. Hence, the Institute continued with the investment in the Scheme merely by default.

Indian Institutes of Technology

11.5 Overpayment due to incorrect pay fixation

Misinterpretation of orders on pay fixation resulted in overpayment of Rs. 2.44 crore to 479 Assistant Professors as of March 2004 by the Indian Institutes of Technology. The Institutes have not recovered the overpaid amount despite orders of the Ministry.

Orders issued by the Ministry of Human Resource Development in February 1999 on revision of pay scales of faculty and scientific/design staff of the Indian Institutes of Technology (Institutes)[3] provided that the pay of Assistant Professors, in the pre-revised pay scale of Rs. 3700-125-4950-150-5700, who had completed five years in the grade as on the 1 January 1996, be fixed initially in the revised pay scale of Rs. 12000-420-18300 in terms of the

[2] This includes Bonds valuing Rs. 7.60 lakh.
[3] IIT Delhi, IIT Guwahati, IIT Kanpur, IIT Kharagpur, IIT Madras, IIT Bombay,.

Central Civil Services (Revised Pay) Rules, 1997 and if the pay so fixed as on the 1 January 1996 was less than the stage of Rs. 14,940, it be stepped up to Rs. 14,940. Subsequently, the Ministry in its letter of March 2001 clarified that the pay of Assistant Professors who had not completed five years of service in the grade as on the 1 January 1996 be stepped up to the stage of Rs. 14,940 on completion of five years if the pay otherwise admissible in terms of the CCS (RP) Rules, 1997, was less than the stage of Rs. 14,940. Similarly, the pay of Assistant Professors who were appointed after 1 January 1996, whether for the first time or by transfer or promotion, in the pre-revised pay scale could be fixed initially in the revised pay scale and stepped up to the stage of Rs. 14,940 on completion of five years if the pay otherwise admissible in the revised pay scale was less than the stage of Rs. 14,940.

Audit scrutiny showed that the Institutes misinterpreted the stipulation for fixing of pay of the Assistant Professors, who had not completed five years in the grade by 1 January 1996 or were appointed after 1 January 1996. The pay was first fixed at the stage of Rs. 14,940 on a future date of completion of five years and then brought down notionally to find the pay at the current date, instead of fixing their pay initially in accordance with the relevant provision of the CCS (RP) Rules, 1997 and finally stepping up to the stage of Rs. 14,940 on completion of five years, if the pay happened to be less than this stage. This faulty method of pay fixation resulted in undue benefit of Rs. 2.44 crore to 479 Assistant Professors in their emoluments during the period 1996-2004 as detailed below:-

(Rupees in lakh)

S. No.	**Name of Institute**	**No. of Assistant Professors**	**Amount of overpayment to be recovered**	**Period covered**
1.	IIT, Delhi	71	39.94	01.01.96 to 31.3.2004
2.	IIT, Guwahati	41	22.92	01.01.96 to 31.3.2004
3.	IIT, Kanpur	59	37.43	01.01.96 to 31.3.2004
4.	IIT, Kharagpur	137	62.82	01.01.96 to 31.3.2004
5.	IIT, Madras	101	47.57	01.01.96 to 31.3.2004
6.	IIT, Bombay	70	33.02	01.01.96 to 31.3.2004
	Total: -	**479**	**243.70**	

IIT Delhi stated (September 2004) that the decision to fix the pay in the manner it was done in all IITs, was taken after discussion among their Directors on the consideration that whereas in the University system a person could join as Assistant professor without possessing a Ph.D. degree in IIT system the minimum qualification for such appointment was Ph.D. Also, in the University system, a person on acquiring Ph.D. was given two additional increments. IIT Delhi also contended that all IITs had adopted a policy of uniformity on the applicability of the instructions of the Ministry and that it had also obtained the approval of the Board of Governors. It added that Boards of Governors/Directors of IITs had observed (April 2004) that any recovery at this stage would be difficult for the above reasons. IIT Bombay also replied (October 2003) in a similar manner and added that Directors of IITs had decided that recovery at that stage was not desirable since it would send a wrong signal to the young faculty and would result in difficulties in retaining good faculty. IIT Kanpur stated (September 2003) that pay had been fixed as per the Ministry's circulars and Board of Governor's decisions. The contentions of IITs are not tenable as in matters of fixation of pay; the Institute have to follow Government's orders. They do not enjoy the privilege of suo motu interpretation or rationalisation. The rules for pay fixation are prescribed by the Government of India and the Institutes as grantee bodies have to abide by these rules. Further, the Ministry had directed the Institutes in August 2002 to fix the pay in accordance with the clarification issued by the former in March 2001 and recover the amounts due. However, the Directors of Institutes, in disregard of these instructions, decided not to effect the recovery. This resulted in the overpayment of Rs. 2.44 crore remaining unrecovered.

The Ministry endorsed (October 2004) the above views of IITs. The reply is not tenable as it contradicts its own orders for fixation of pay and its instructions to IITs for refixing the pay and recovering the amounts overpaid.

11.6 Irregular payment of bonus

Indian Institute of Technology at Delhi, Kanpur, Kharagpur, Bombay, Madras and Roorkee paid bonus of Rs. 84.24 lakh to ineligible employees in contravention of the Government of India orders.

Government of India, Ministry of Finance (Department of Expenditure) sanctioned (October 1997) ad-hoc bonus equivalent to 30 days' emoluments from the accounting year 1996-97 to Central Government Employees in Groups 'C' and 'D' and all non-gazetted employees in Group 'B' who were not covered by any Productivity Linked Bonus Scheme. These orders were also extended to the autonomous bodies. In October 1999, the Ministry of Human Resource Development, with the concurrence of Ministry of Finance, clarified to Kendriya Vidyalaya Sangathan and all other autonomous bodies that since there was no classification as gazetted employees in the autonomous bodies, the payment of bonus may be made to only those categories which were comparable in all respects with similar categories in the central government. Ministry further clarified that the employees who were drawing pay in the scale exceeding Rs. 1640-2900 (pre-revised) revised to Rs. 5500-9000 were not eligible for ad-hoc bonus. All autonomous bodies were requested to make payments of bonus in the light of the above clarification and make recoveries in cases where excess payments had already been made for the year 1996-97 and 1997-98. The Ministry on a reference from IIT Kanpur, reiterated (September 2000) that the employees of autonomous bodies including IITs in the pre-revised scales of pay of Rs. 2000-3200 and Rs. 2000-3500 (revised scales of pay of Rs. 6500-10500) were not entitled to ad-hoc bonus on the basis of orders issued by the Ministry of Finance.

Audit ascertained (April 2004) that Indian Institute of Technology (IIT), Delhi’s Board of Governors had approved, in March 2003, the payment of adhoc bonus for the period 1999-2000 to 2002-03 to its employees in the pay scale of Rs. 6500-10500 and Rs. 7500-12000. The approval accorded by the Board of Governors was in contravention of the Government of India’s order and resulted in irregular payment of bonus amounting to Rs. 22.90 lakh for the year 1999-2003. Audit further revealed that similar irregular payments of bonus were made by IITs at Bombay, Kanpur, Kharagpur, Madras and Roorkee amounting to Rs. 17.52 lakh, 9.14 lakh, 19.01 lakh, 10.81 lakh and 4.86 lakh respectively for the period between 1999-2000 and 2002-03. Thus, there was total irregular payment of Rs. 84.24 lakh on this account.

In response, IIT, Delhi stated (April 2004) that Group ‘B’ employees in the scale of Rs. 6500-10,500/7500-12,000 were eligible for grant of the bonus as they were equivalent to non-gazetted status only. The reply is not tenable in view of the specific clarification from the Ministry that employees who were drawing pay in a scale exceeding Rs. 5500-9000 were not entitled for adhoc bonus.

The Ministry (December 2004) stated that it has considered the matter in consultation with its Internal Finance Division and has advised IIT, Delhi to make necessary recoveries. Recoveries also need to be made in respect of the irregular payments made by the other IITs.

Indian Institute of Technology, Bombay

11.7 Short Recovery of Licence fee

Due to non-implementation of revised rate for recovery of licence fee for quarters allotted to employees, the Institute suffered revenue loss of Rs. 29.16 lakh.

The Board of Governors of the Indian Institute of Technology, Bombay in its 121 meeting (May 1989) resolved to recover licence fee from the occupants of residential units constructed in the campus and allotted to its employees at rates circulated by the Ministry of Urban Development. Accordingly, the Institute was required to recover licence fee at rates revised by the Government of India from time to time after the approval of the Board of Governors. The licence fee rates were revised by the Government of India in July 1990, July 1993, July 1996, July 1999 and April 2001.

Audit ascertained (November 2003) that the Institute had implemented earlier revisions of licence fee but had not effected the revision made by the Government of India in July 1999 and April 2001. This non-revision led to short recovery of licence fee of Rs. 29.16 lakh (as on February 2004).

In response, the Institute stated (January and May 2004) that the revision of licence fee could not be done in the absence of communication from the Ministry. The Institute further replied in August 2004 that the revised licence fee as per the Government of India order was being deducted from March 2004 and arrears of licence fee would be deducted from the month of September 2004 in 24 monthly installments.

The reply is not acceptable, as the Institute should have established a mechanism to ensure receipt of all relevant orders from the Government of India. Further, the Institute had previously (January 1997) revised the licence fee on the basis of Government orders printed in a private publication.

While accepting the facts, the Ministry stated (November 2004) that the matter would be examined further and necessary remedial measures adopted.

Indian Institute of Technology, Kharagpur

11.8 Undue favour to a contractor

The Indian Institute of Technology, Kharagpur did not accept the offer of the lowest pre-qualified tenderer and awarded the work to another contractor in violation of the instruction of the Central Vigilance Commission and the provisions of CPWD Manual, resulting in avoidable expenditure of Rs. 51.08 lakh.

With a view to tackle corruption and to usher in transparent and effective system in the tendering process, the Central Vigilance Commission (CVC) in November 1998 banned all post tender negotiations except negotiations with the lowest tenderer. This restriction is also laid down in the CPWD Manual (Manual).

The Indian Institute of Technology, Kharagpur (IIT) issued a press notice in February1999 inviting pre-qualification application for selection of contractor for the work of construction of a Lecture Hall Complex in its campus at an estimated cost of Rs. 7.60 crore. Thirteen firms submitted pre-qualification applications. After examining the pre-qualification applications, in March 1999 IIT issued tender documents to only four firms.

Out of the four firms, L&T[4] quoted the highest price of Rs. 10.09 crore (32.67 *per cent* above the estimated cost) while EPIL[5] quoted the lowest price of Rs. 7.98 crore (4.92 *per cent* above the estimated cost).

IIT did not accept the offer of EPIL - the lowest tenderer. It conducted post tender negotiations with all the four tenderers, in violation of CVC's instructions and the specific Manual provision[6]. After the negotiation L&T reduced their price to Rs 8.82 crore (16 *per cent* above the estimated cost) but EPIL remained the lowest tenderer even without altering their earlier price.

IIT, instead of awarding the contract to EPIL, further evaluated the performance of the four tenderers on the basis of their competence, competitiveness and reliability by allotting marks. One of the factors under reliability was timely completion of work. No such procedure is, however, laid down in the Manual. On evaluation, IIT awarded the highest marks to L&T and selected it for the work.

[4] Larsen and Tubro Limited
[5] Engineering Projects (India) Limited
[6] Para 18.16 of CPWD Manual (Volume-II)

In April 1999 IIT placed the work order on L&T for Rs. 8.82 crore to be completed within 24 months. L&T commenced the work in June 1999 but could not complete it within the scheduled time. IIT granted extension of time upto April 2003. With some deletion and addition of items, L&T completed the construction in March 2003 at a cost of Rs. 6.36 crore. This included Rs. 59.41 lakh towards cost of extra items of work.

A comparative study of L&T's final bill, settled in November 2003, with that of the price quoted by EPIL revealed that IIT incurred extra expenditure of Rs. 51.08 lakh on scheduled items of work.

Thus, IIT extended undue favour by awarding the work to L&T instead of EPIL, the lowest pre-qualified tenderer, in violation of CVC's instructions and the Manual provision, resulting in avoidable expenditure of Rs. 51.08 lakh. The work was also not completed in time.

IIT stated in August 2004 that CVC's guidelines would be strictly followed in the Institute. It has also issued instructions to all concern in the Institute to follow CPWD norms only.

The matter was referred to the Ministry in July 2004; its reply was awaited as of December 2004.

Indira Gandhi National Open University

11.9 Wasteful expenditure

Study material printed in substantial excess of the actual need resulted in avoidable surplus stock leading ultimately to wasteful expenditure of Rs. 58.20 lakh as the course for which the material had been printed was discontinued rendering the material unusable.

Indira Gandhi National Open University (IGNOU) offered an academic course styled "Diploma in Computers in Office Management" (DCO) which was taught to 26837 students during 1991 to 1999. The course was discontinued from January 2000.

The study material for the course was divided into different units in booklet form. IGNOU did not keep in view the number of students enrolled and the stock available in hand at the time of placing orders for printing of study material, which resulted in unnecessary accumulation of a large stock. For instance, in 1997, 7935 students were enrolled for DCO programme and each student was to be provided study material comprising 18 booklets. Audit observed that against the requirement of 1,42,830 booklets (7935 students x 18 booklets), IGNOU printed 9,01,500 booklets on an average of 50,000 of each unit.

As a result, IGNOU had in stock 5,62,268 copies of the booklet of the course produced at a cost of Rs. 58.20 lakh as on 31 March 2000. The Vice Chancellor constituted (February 2001) a committee to suggest the action to be taken for the study material, which had been rendered useless because of the discontinuance of the course. The Committee proposed (December 2001) that the material could be given in bulk to Kendriya Vidyalayas and Navodaya Vidyalayas on "as is where is" basis to be distributed in their respective schools or it could be provided as additional reading material for certificate in computing and other computer-related programmes. The Committee felt that the first option was cost-effective. It was noticed in audit that there were no records to show whether the material was offered to the two Vidyalayas and what was their reaction.

In response to Audit observations, IGNOU stated (May 2004) that obsolete DCO material would be disposed of as per the existing rules, regulations and procedures of the University. In another reply IGNOU stated (June 2004) that since their material was also adopted by State Open Universities and Institutions, provision was made in anticipation of such demand. The reply of IGNOU is not borne out by facts as against the last print run of 9,01,500 in 1997, only 1,42,830 copies of the material were issued to fresh students and 19,602 to others in that year.

Thus, printing of study material without assessing the actual requirement led to substantial excess printing resulting in surplus stock worth Rs. 58.20 lakh, which was yet to be disposed even after the lapse of more than three years of the Vice Chancellor initiating the process.

The matter was referred to the Ministry in November 2003 and again in September 2004; its reply was awaited as of Feburary 2005.

National Institute of Open Schooling

11.10 Irregularities in award of contract

Irregularities committed by the National Institute of Open Schooling in awarding the contract for packing, transportation and distribution of study material to its Accredited Institutions resulted in undue favour to a contractor and extra expenditure of Rs. 47 lakh.

National Institute of Open Schooling (Institute) provides admission to students in various courses in the month of July/August through its 2000 Accredited Institutions (AIs) spread all over India. The students collect their study material from these AIs. Till August 2000, the Institute engaged casual labour for packing the study material after which the packets were sent to the AIs throughout India by hired transport. In August 2000 the Institute divided the country in six zones and invited tenders for packing, transportation and distribution of the study material to AIs located in different zones. Of the six firms that quoted, the rates of the lowest bidder (M/s Bombay South Freight Movers) were rejected by the Institute on the ground that it did not have a fleet of trucks of its own and did not have branches all over India, although these two conditions did not figure in the tender documents.

The Institute then asked the remaining five tenders to re-quote their rates by 13 September 2000. Four firms responded and the rates of M/s R.N. Poly Plast Pvt. Ltd. were the lowest except for one zone. The Tender Opening Committee of the Institute visited the premises of M/s R.N. Poly Plast Pvt. Ltd. in September 2000 and reported that it had proper infrastructure and was capable of carrying out the work. The committee asked this firm to reduce the rate for zone-D and match with the lowest. The firm quoted its revised rates in September 2000 which were approved by the Chairman of the Institute in September 2000 itself. The work was awarded to M/s R.N. Poly Plast Pvt. Ltd. in September 2000 for one year in the first instance.

Audit scrutiny revealed that the rates quoted by M/s Bombay South Freight Movers were lower than the rates originally quoted by M/s R.N. Poly Plast Pvt. Ltd. by 14 *per cent* to 39 *per cent* for different zones. It was also noticed that the condition of having a fleet of trucks of it own and branches all over India, the basis on which M/s Bombay South Freight Mover's bid was rejected, was also not fulfilled by M/s R.N. Poly Plast Pvt. Ltd. The action of the Institute in rejecting the rates of lowest tenderer (M/s Bombay South Freight Movers) on invalid grounds and negotiating with M/s R.N. Poly Plast Pvt. Ltd. was irregular.

Audit further observed that the Institute extended the contract twice to M/s R.N. Poly Plast Pvt. Ltd. in June 2001 and June 2002 for the years 2001-02 and 2002-03 respectively on the existing terms and conditions on the ground that the service provided by the firm was satisfactory. In March 2003 the Institute invited fresh tenders for the same work for the academic session 2003-04. The work was awarded to M/s ABC at rates which were lower by 13 *per cent* to 34 *per cent* for different zones as compared to rates charged by M/s R.N. Poly Plast Pvt. Ltd. during the earlier years. Audit scrutiny revealed that Institute incurred extra expenditure of Rs. 47 lakh by applying the rates of M/s ABC to the rates at which work was done by M/s R.N. Poly Plast Pvt. Ltd. during the years 2000-01 to 2002-03. M/s R.N. Poly Plast Pvt. Ltd. was paid Rs. 54.25 lakh for 2000-01, Rs. 69.79 lakh for 2001-02 and Rs. 90.31 lakh for 2002-03 for the succeeding year. The Institute simply extended the contract. Further, an internal inquiry commissioned by the Institute in April 2004 after the matter was pointed out in Audit, clearly brought out that undue favour was extended to M/s R.N. Poly Plast Pvt. Ltd.

Audit also ascertained that while the tender documents for the subsequent bids invited in March 2003 mentioned that the study material was to be packed in 0.6 lakh packets in jute/gunny bags, the tenders invited in August 2000 mentioned that the material would be packed in approximately 10 lakh packets in jute/gunny bags. Audit noted that the study material was actually packed in 0.40 lakh packets and not 10 lakh packets as mentioned in the tender documents in August 2000. A correct assessment of the quantum of work could have resulted in lower bids in 2000.

In response, the Institute admitted (May 2004) that there was ambiguity in the tender clause and it ought to have been worded correctly. The Institute mentioned (July 2004) that based on the suggestions received in the inquiry report, it had modified the tender documents.

The Ministry stated (November 2004) that in order to discover the facts regarding the alleged irregularities, a Committee had been constituted which had started examination of the records and some more time would be required to complete the enquiry. Subsequently, Ministry intimated (February 2005) that the Committee had confirmed the irregularities and responsibility was being fixed and suitable action taken against the concerned officials.

National Institute of Technical Teachers' Training and Research

11.11 Unfruitful expenditure

Injudicious decision of the National Institute of Technical Teachers' Training and Research to construct 42 staff quarters, without assessing the demand, resulted in unfruitful expenditure of Rs. 1.60 crore towards construction of 24 surplus quarters, which were never occupied by the staff in the last six years, besides non-recovery of rent amounting to Rs. 16.17 lakh from two organisations.

The National Institute of Technical Teachers' Training and Research, Kolkata (Institute)# has 42 staff quarters, of six different types, in Salt Lake. The quarters were constructed by Mackintosh Burn Limited at a cost of Rs. 3 crore and handed over to the Institute in August 1998.

Audit ascertained that the Institute made no assessment of the demand for residential accommodation while taking the decision to construct the staff quarters. Of the 42 quarters, staff members had occupied a maximum of only 11 quarters during the period from January 1999 to August 2004. There was no demand for the remaining 31 quarters representing 74 *per cent* of the total staff quarters.

Between May 1999 and August 2003 the Institute let out some of the surplus quarters to two organisations*. It charged rent ranging from Rs. 1,320 to Rs. 6,720 per month, depending on the type of quarter, and licence fee as per Central Government norms. The Institute did not enter into any formal agreement with these organisations. Electricity charges were paid by the Institute on behalf of the organisations and subsequently, reimbursement was to be claimed.

Both organisations defaulted in payment of rentals. They vacated the quarters in December 2002 and August 2003. The Institute, however, failed to recover Rs. 16. 17 lakh due from the two organisations towards rent, licence fee and electricity charges. The dues are still to be recovered (November 2004).

As 31 quarters were lying vacant, the Institute in November 2003 converted six quarters into Guest Houses and one quarter was uti1ilsed as electric room. The remaining 24 surplus quarters, whose proportionate cost of construction works out to Rs. 1.60 crore, have been lying vacant as on November 2004.

Formerly known as Technical Teachers' Training Institute

* West Bengal National University of Juridical Sciences, Kolkata and Educational Consultants India Limited, Kolkata

Thus, injudicious decision of the Institute to construct 42 staff quarters, without assessing the demand, resulted in unfruitful expenditure of Rs. 1.60 crore towards the construction of 24 surplus quarters. These quarters were not occupied by the staff members in the last six years. Further, rent amounting to Rs. 16. 17 lakh was also not recovered.

The Institute stated in September 2004 that the quarters were constructed with the expectation that the vacancies would be filled up.

The reply is not tenable as the quarters were constructed without any assessment of demand.

The matter was referred to the Ministry in August 2004; its reply was awaited as of December 2004.

Rashtriya Sanskrit Sansthan

11.12 Excess release of funds

Sale proceeds amounting to Rs. 20.19 lakh were not adjusted from the annual grants released to Deccan College, Pune in contravention of Ministry's decision leading to excess release of funds.

Deccan College, Pune, a deemed university, had been receiving financial assistance since 1948 from the Union Government for preparing a Sanskrit Dictionary of historical principles. In May 1990, the Government of India (Ministry of Human Resource Development) decided that sale proceeds of the dictionary/savings from grant received would not be deposited in fixed deposits by Deccan College as proposed by them in April 1990, but would be adjusted against future grants. In July 1991, the Ministry transferred the project under the control of Rashtriya Sanskrit Sansthan (RSS) and placed funds at their disposal for releasing to Deccan College.

Audit ascertained (October 2003) that RSS had been releasing funds to Deccan College without adjusting the sale proceeds of the dictionary. Funds so released amounted to Rs. 20.19 lakh as of March 2003 in violation of Ministry's decision.

In response, RSS admitted (October 2003) the facts and stated that the amount would be adjusted from the grants of 2003-04. Further, the Ministry confirmed (January 2004) the release of funds to Deccan College and endorsed the commitment of RSS to adjust the excess release of funds from the grant for the year 2003-04. Subsequently, in response to the audit comment, RSS intimated (July 2004) that the amount of sale proceeds was Rs. 21.83 lakh out of which it had adjusted Rs. 15.95 lakh from the grant for the year 2003-04 and remaining sum would be adjusted during the year 2004-05. The RSS intimated in December 2004 that the remaining amount had also been adjusted from the grant for the year 2004-05.