

## CHAPTER XIII : MINISTRY OF TEXTILES

### National Institute of Fashion Technology, Kolkata

#### 13.1 Avoidable Expenditure

**Unrealistic fixation of quantum of contract demand led to avoidable expenditure of Rs. 27.16 lakh towards payment of electricity charges by the National Institute of Fashion Technology, Kolkata.**

The National Institute of Fashion Technology, Kolkata (NIFT) had entered into an agreement with WBSEB in September 1999 for supply of high voltage electrical energy at its office premises for a period of five years from 1999-2000 to 2003-04. The agreement provided for contract demand of 600 KVA in the first two years and 700 KVA, 800 KVA and 1000 KVA in 2001-02, 2002-03 and 2003-04 respectively. NIFT was liable to pay the Annual Minimum Guaranteed Revenue (AMGR) at prescribed rates, even if the actual consumption fell short of the contract demand.

Audit noted that for the period from February 2000 to March 2004 the actual power consumption fell short, and varied only between 15 and 36.9 *per cent* of the contract demand. The expenditure of Rs. 27.16 lakh that was incurred towards AMGR by NIFT during this period, was largely avoidable with a more practical and realistic assessment of its power requirement.

In response to audit observation of August 2002, NIFT approached WBSEB in March 2003 for revising the contract demand and a fresh agreement was executed in November 2003. By this agreement, the contract demand was reduced to 300, 400, 450 KVA for the following three years with effect from January 2004 and was fixed thereafter at 500 KVA for the next two years.

In its reply to the audit observation of July 2005, NIFT stated (July 2005) that the contract demand had been fixed through a survey of experts engaged by NIFT Headquarters, New Delhi. At the same time, NIFT accepted the audit observation.

The Ministry stated (September 2005) that contract demand was fixed keeping in view the additional power required for the offices of the Jute Manufacturers' Development Council (JMDC) and the Apparel Export Promotion Council (AEPC), that were to be constructed within the same premises. However, there was considerable delay in construction of the AEPC building. Construction of

JMDC building did not start at all and the Boy's and Girl's Hostels, that were to be constructed within the premises, were also subsequently abandoned. Hence, the actual power consumption continued to be much less than the contract demand. The Ministry also stated that there was scope for further growth of the Centre and new academic, administrative and hostel blocks would be constructed very shortly and therefore, the present contract demand would be met.

However, the fact remained that the quantum of the contract demand was fixed without ensuring guaranteed utilisation of power by AEPC and JMDC during the period February 2000 to March 2004.