

CHAPTER IX : MINISTRY OF TEXTILES

National Centre for Jute Diversification

9.1 Unnecessary expenditure

Blocking of Rs. 7.39 crore on unnecessary purchase of a plot.

To set up “National Centre for Jute Diversification” (NCJD), 40,000 square meters plot at NOIDA was taken on lease at a premium of Rs. 3.26 crore paid at different stages from 1989 to 1994. The lease agreement for a period of 90 years was signed with NOIDA authority in December 1997. As per the agreement, in addition to the premium of the plot, lease rent of Rs. 8.16 lakh *per annum* was also to be paid to NOIDA. Further, in case of default, interest at the rate of 24 *per cent* was chargeable on the defaulted amount for the defaulted period. The plot of land was to be used for setting up of an Eco-Hub, a Jute R & D Centre, an in-house Design Development and Dissemination Centre, marketing sales outlet, jute raw material facilitation center and a Regional Office to look after the above activities.

Further, as per the lease agreement the construction of the building was to be completed by NCJD within four years by December 2001 from the date of possession of the plot (December 1997) failing which a levy of four *per cent* on the premium *per annum* is payable as extension charges.

So far a sum of Rs. 7.02 crore has been paid to NOIDA authority towards land premium, penal interest for delayed payment, and extension of period of construction up to July 2009. Further an amount of Rs. 16.32 lakh is outstanding from accounts of lease rent for the years 2005-07. It was noticed that the land is lying unutilized since December 1997. NCJD has taken no initiative in this regard except construction of a boundary wall for the plot in March 2000 at a cost of Rs. 21 lakh.

It was also noticed that Ministry/NCJD have been vacillating on the ways of utilisation of the land and have so far failed to arrive at any concrete decision as may be seen from the table below:

Period	Decision taken
From possession of land in December 1997 till 2001	To set up NCJD
During 2002	Ministry proposed for establishment of NIFT NCJD R&D Centre
February 2005	Council of NCJD decided to dispose of the land
March 2006	Ministry sought extension of time from NOIDA for completion of construction of infrastructure. Ministry further conveyed to NOIDA that the land would be utilized for locating regional offices of jute related bodies in Delhi/NCR as well as establishment of National Institute of Natural Fibers.
December 2006	Ministry suggested NCJD/JMDC to draw a plan for furtherance of not only jute but other sectors of textiles also.
March 2007	A private firm was hired to conduct pre-feasibility study for a Jute Mart. The report of this study was examined by Ministry.
July 2007	Ministry confirmed that the project will be executed by a Special Purpose Vehicle (SPV) to be formed with a public sector infrastructure company. NCJD is in the process of getting fresh valuation of the plot.

However, the land remains unutilized till date.

Thus, though a sum of Rs. 7.23 crore had already been spent and an amount of Rs. 0.16 crore is outstanding as rent, Ministry/NCJD have not yet decided on its use, indicating that the plot was purchased without having concrete plans and without proper assessment of requirement resulting in blocking of Rs. 7.39 crore.

The matter was referred to the Ministry in July 2007; their reply was awaited as of November 2007.