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कार्यालय महानिदेशक लेखापरीक्षा
आर्थिक एवं सेवा मंत्रालय
ए.जी.सी.आर. भवन, इन्द्रप्रस्थ एस्टेट
नई दिल्ली - 110002

पत्रांक : ए.एम.जी-VI/3(3)/आई-आर.25/ओ.नी.स.वि./एन.पी.सी./2018-19/12505/दिनांक : 27 MAR 2019

सेवा में,

Dr. Amita Prasad
Director General
National Productivity Council
Utapadkta Bhawan
5-6 Institutional Area Lodi Road
New Delhi-110003

विषय : लेखा परीक्षा निरीक्षण रिपोर्ट।

महोदय,

आपके कार्यालय का वर्ष 2014-15 से 2017-2018 की अवधि का 29.01.2019 से 01.03.2019 तक लेखा निरीक्षण किया गया था। इसकी निरीक्षण रिपोर्ट आपको भेजी जा रही है तथा आप से अनुरोध है कि सभी पैरों के उत्तर अपने मंत्रालय की जानकारी में लाकर इस पत्र के मिलने के एक माह के अन्दर भेजने का कष्ट करें।

संलग्न : लेखा निरीक्षण प्रतिवेदन

भवदीय

सोहन खन्ना 27/3/19
वरिष्ठ लेखापरीक्षा अधिकारी
(ए.एम.जी.-VI)

GM(F)
कृपया अवधि के भीतर
उत्तर भेजें।

29.3.19
DG, NPC

कृपया समय अवधि
के अंतर्गत उत्तर देने
की कृपा करें।
सांत्विक लेखा परीक्षा अधिकारी
समील कुमार
सांत्विक सेन

Inspection Report on the accounts of National Productivity Council for the period 2014-15 to 2017-18.

Name of the Head of the Department	: Dr. Amita Prasad, Director General
Name of Director (Finance)	: Sh. Sunil Kumar
Name of the Senior Audit Officer	: Sh. Sudhir Kant Sharma
Name of the AAO	: Ms. Sarita
Name of the Supervisor	: Sh. Anil Kumar
Name of the Auditor	: Sh. Manish Mathur
Period of Accounts Audited	: 2014-15 to 2017-18
Date of Audit	: 29.01.2019 to 01.03.2019

Part - I

1. Introduction

National Productivity Council (NPC) was set up as an autonomous organization by Government of India with the objectives of generating productivity consciousness and providing productivity service to various sector of national economy. Besides its headquarters, NPC has 13 regional Offices called Regional Professional Management Group at all major State Capital/Industrial Centre, apart from its own-in-house training institute, Dr. Ambedkar Institute of Productivity AIP at Chennai.

NPC organize programmes, seminars, workshop and conference for training public and private sector managers and Central/State government Officials and offers consultancy service in the areas of Process management, Strategic Productivity, Technology Management, Pollution Control, Information Technology, Economic Services, Agri- Business, Total Quality Management (TQM), Benchmarking, ISO-9000/14000 and OHSAS 18000, Informal Sector Productivity etc. apart from undertaking research in productivity areas.

2. Budget

(Rs. in lacs)

Year	Budget Estimate	Revised Estimate	Actual Expenditure
Revenue (Grant-in-aid: salary)			
2014-15	997.00	997.00	997.00
2015-16	1100.00	1100.00	1100.00
2016-17	1100.00	1100.00	1100.00
2017-18	1400.00	1400.00	1400.00
Revenue (Grant-in-aid: General)			
2014-15	1308.00	1308.00	1308.00
2015-16	395.00	395.00	395.00
2016-17	395.00	395.00	395.00
2017-18	500.00	500.00	500.00
Capital			
Nil			
Grant –in-aid (Project Based Support to Autonomous Institutions)			
2014-15	800.00	681.35	566.96
2015-16	510.02	510.02	433.83
2016-17	575.00	575.00	445.33
2017-18	165.86	165.86	94.52

Current Inspection Report for the period 2014-15 to 2017-18

PART - I (A)

NIL

PART - II (B)

Para 1: Non-recovery of payment of Rs.21.15 lacs from Department of IPP on account of "Evidence based Research Study on Medical Devices Manufacturing in India for Effective Public Policy Intervention in Health Sector".

Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry assigned National Productivity Council (NPC) to undertake Evidence based Research Study on Medical devices manufacturing in India for Effective Public Policy Interventions in health Sector at a total cost of Rs. 28.20 lakhs.

NPC was to conduct field level interactions and surveys of various stakeholder categories such as Medical Devices/Diagnostic Devices Manufactures Associations, Manufacturing Units, Hospitals/Diagnostic Centers, R&D Centers, Central Drug Standard Control Organization (CDSCO), State Industrial Development Corporation etc.

Time period and Work Plan of the Study

The study will be completed by NPC study team within a period of Four months from the date of award of the study to NPC.

Cost Estimate and Terms of Payment

NPC will undertake the study at a total cost of Rs. 28.20 lakhs inclusive of 15% service tax.

Terms of Payment

- 50% of the total project cost amounting to Rs. 14.10 lakhs will be paid to NPC along with award letter for facilitating the study.
- 25% of the total project cost amounting to Rs. 7.05 lakhs will be paid to NPC after submission of the Draft Report.
- Remaining 25% of the total project cost amounting to Rs. 7.05 lakhs will be paid to NPC after submission of the Final Report.

As per the proposal, the project of 'Evidence based Research Study on Medical Devices Manufacturing in India for Effective Public Policy Intervention in Health Sector' was to be commenced on 06.04.2017 and completed on 05.08.2017. However, the same was commenced on the scheduled date i.e. 06.04.2017 however only draft Report has been submitted on 21/11/17.

As per the, terms of the work order payments, 50% of the total project cost amounting to Rs. 14.10 lakhs was to be paid to NPC along with award letter for facilitating the study & 25% of the total project cost amounting to Rs. 7.05 lakhs was to be paid to NPC after submission of the Draft Report. However, scrutiny of records revealed that no payment has been received by National Productivity Council from Department of Industrial Policy & Promotion till date which is violation of terms & condition of the work order.

The reason for undertaking study without receipt of 50 % of project cost that was to be paid along with award letter, may be clarified. Further, efforts may be made to recover 75% of sanctioned amount before submission of Final Report to DIPP under intimation to audit.

Para 2: Examining the Effect of FDI on Brownfield and Greenfield Pharmaceutical Industry.

National Productivity Council (NPC) under the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India, has been assigned to undertake an independent study for "Examining the Effect of FDI in Brownfield and Greenfield Pharmaceutical Industry". The study is sponsored by DIPP, Ministry of Commerce and Industry, on nomination basis at a total cost of Rs 20.44 lakhs. The draft report of the study was scheduled to be given to DIPP within 60 days and final report within 90 days from the start of the study. The project was commencing w.e.f. March, 2016.

As per the terms of payment DIPP has to release the payment in three installments. First installment 50% of the total project cost amount along with the award letter for facilitating the study, second installment 25% of the total project cost after submission of the Draft Report and third and last installment remaining 25% of the total project cost after submission of the Final Report.

Scrutiny of the records revealed that National Productivity Council has commenced the project during March, 2016 and submitted Draft Report on February, 2017 than revised Report on October, 2017 and May, 2018 respectively. Even after the lapse of approximately 36 months the status of the project is not clear whether it is completed or not. Further, DIPP has not released even a single installment of the project cost as per terms and condition and NPC has worked on the project without getting any financial assistance. Further, project was not completed within the stipulated time frame i.e. 90 days from the commencement of the project. NPC has submitted Draft Report on February, 2017 after a delay of 9 months. Recovery of the project cost may be initiated under intimation to Audit.

Para 3: Impact study about the Activities of National Cooperative Union of India during XII Plan.

The National Cooperative Union of India (NCUI) is an apex organization representing the entire Cooperative Movement in country. The working of NCUI reflects the democratic yearnings of the co-operators and the cooperative institutions involved in cooperative development. The membership of NCUI is broad-based comprising of cooperative institutions at national level, state level and multi-state cooperative societies representing all sectors of the Indian cooperative movement. At present, there are 207 institutions which are member of NCUI. The supreme authority of NCUI vests with its General Body which meets once in a year to decide the policy and programmes for cooperative development and also elects the Governing Council of NCUI once for a period of five years. The Governing Council meets once in every quarter and functions through the Executive Committee and other functional committees. The President is the head of the organisation and is supported by the Chief Executive who operates through various functional divisions of the NCUI Secretariat.

NCUI has been conducting various schemes and activities for promotion of Cooperative Development in India and desires to evaluate the schemes and activities by an external agency. In this regard, NCUI requested National Productivity Council (NPC), an experienced agency in conducting such impact evaluations studies for various Government Departments and Ministries, to undertake an Impact Study about the Activities of National Cooperative Union of India (NCUI) during XII Plan.

Scrutiny of the records revealed that National Productivity Council has commenced the project during June, 2017 and submitted the Draft Report in September, 2017. NCUI has released first installment of (Rs. 480000/-) i.e. 40% of the total project in June, 2017. As per the terms of payments of work order NCUI was to release 30% of the total project cost to NPC after submission of the Draft Evaluation Report. Scrutiny of records revealed that the same has not been released even after lapse of 25 months of submission of Draft Report. The matter may be taken up regarding release of balance payment, under intimation of audit.

Para 4: Delay in completion of Capacity Building Programme on Implementation of Six Waste Management Rules.

National Productivity Council has been assigned as the National Program Coordinator in April, 2017 for organizing Capacity Building Programme on Waste Management Rules in 68 cities across India. Central Pollution Control Board (CPCB) is acting as the National Implementing Agency for this program.

Time Schedule:

January, 2017	Receipt of Approval from MoUD.
February-March, 2017	Development of Training Kits and Training of Trainers
April, 2017	Training in 3 cities
May, 2017	Training in 7 cities
June, 2017	Training in 7 cities
Jul-March, 2018	Training in Remaining 51 cities

Budget:

Necessary budget for conducting training for trainers, preparation of tool-kit will be provided by MoUD to CPCB. The CPCB would further disburse the funds to NPC/NJPC for meeting the expenditure for trainings and cost of preparation of Guidelines, Training tool-kits and IEC material.

Payment terms:

- | | |
|---|-------|
| i. Advance along with signing of MoU | - 50% |
| ii. After approval of Training Material | - 30% |
| iii. After successful completion of capacity building programme | - 20% |

The total contractual amount approved by Ministry was Rs. 1,66,50,000/- (One crore sixty six lakh fifty thousand only). The amount will be paid by CPCB.

Scrutiny of records/information pertaining to 'Capacity Building Programme on Implementation of Six Waste Management Rules' revealed that Till July, 2018, NPC had conducted CB programmes in only 23 cities and the remaining programmes have not been conducted till date. However, as per project proposal, till March, 2018, training programmes in all 68 cities should have been conducted. The reasons for short fall in training programmes along with details of expenditure incurred by the National Productivity Council and amount recoverable from Central Pollution Control Board till date may be furnished to audit.

Para 5: Impact Evaluation of Free Coaching and Allied Scheme for Candidates/Students Belonging to Minority Communities.

The Ministry of Minority Affairs (MoMA), Government of India has implemented one of its flagship schemes "Free Coaching and Allied Scheme for the candidates/Students Belonging to Minority Communities". The scheme aims to empower the minority communities, which are relatively disadvantaged section of their skills and capabilities to make them employable in industries, services society, by assisting them as well as those institutions working for them, towards in-resilience to adapt itself to the market dynamics on a continuous basis so, that the target groups are not deprived of the professional acumen demanded by the enhancing and business sectors in addition to the government sector. It has the built changing/emerging market needs and opportunities for employment at domestic as well as international levels.

The Ministry of Minority Affairs intends to get the concurrent monitoring conducted for 94 coaching institutes Focusing on physical verification of coaching infrastructure and facilities for current financial year 2016-17. NPC submitted its proposal in response to the requirement of MoMA .

The total cost of the project was Rs 46,57,500/-. The total amount was to be payable to NPC in three installments (i) 1st installment (40% of total amount as advance along with work order, 2nd installment 40% of total amount at the time of submission of Draft Report and 3rd and final installment 20% at the time of submission of Final Report. The evaluation study was to be completed by NPC in four months from the date of receiving work order or advance payment, whichever is later.

Scrutiny of the records revealed that Ministry of Minority Affairs released first installment of Rs. 18.19 lakh as 40% of the sanctioned amount during April, 2017 and an amount Rs 18.19 lakh in December, 2017 as second installment. Draft Report was submitted on September, 2017. Final Report for the Evaluation and Impact Assessment of the "Free coaching & Allied Scheme" was submitted in November, 2017. Further NPC has requested to MoMA to release the 3rd and final installment (20%) which was not released to the NPC till date.

Para 6: Outstanding amount of Rs. 1,98,46,839/- on account of consultancy charges.

National Productivity Council provides consultancy service to private parties as well as public organizations covering wide range of subjects in the areas of process management, human resources, environment management, pollution control, information technology, economic services etc. apart from research in productivity related areas.

Scrutiny of records revealed that huge outstanding balance of Rs. 1,98,46,839/- are required to be recovered from different clients against their projects which were assign to NPC. Details of specialist charges outstanding as on 31.01.2019 are as under:-

(Rs. In---actuals)

S. No.	HQ/RDs	Outstanding as on 31.01.2019
Head quarters		
1.	HRM	4,74,315
2.	PMG	67,07,808
3.	TMG	1,42,170
4.	AB	0
5.	EM	20,69,040
6.	ED	14,17,113
7.	RD Delhi – OLD	11,29,210
Total (A) – HQ		119,39,656
Regional Directorates		
8.	AIP	13,67,183
9.	Bengaluru	9,46,158
10.	Bhubaneswar	12,04,098

Para 7: TDS recoverable of Rs. 19,55,80,71/-.

NPC was given exemption from Income Tax u/s 35 (1) clause (ii) of Income Tax Act, 1961 up to period of 31.01.2015. Further, no exemption was granted to National Productivity Council till date. The TDS recoverable since 2006-07 onward was Rs. 19,55,80,71/-. The details of the same are as under:-

(Amount in Rs.)

S. No.	Assessment Year	TDS recoverable (H. Quarters Office + Regional Directorate)
1.	2006-07	14,77,211
2.	2007-08	30,99,503
3.	2010-11	74,1136
4.	2011-12	12,78,978
5.	2012-13	9,43,550
6.	2013-14	11,296
7.	2014-15	120,06,397
Total		19,55,80,71

Sincere efforts to recover the outstanding TDS of Rs. 19,55,80,71/- may please be initiated under intimation to audit.

Part - III A

List of old outstanding paras

S. No.	Period of IR	Para No.	Subject
1.	2008-10 (Part II B)	6	Delay in completion of projects.
2.	2012-13 to 2013-14 (Part II B)	8	Outstanding Miscellaneous advance of Rs. 2,07,000/-

Para No. 6: Delay in completion of projects

NPC provides consultancy services to private parties as well as public organisations covering a wide range of subjects in the areas of process management, human resources, environment management, pollution control, information technology, economic services etc. apart from taking research in productivity related areas.

The audit scrutiny of consultancy project registers and sanction files revealed that in 16 test checked projects (annexure) NPC incurred not only excess expenditure of Rs. 56.76 lakh in 9 cases but delays ranging from 12 to 53 months also seen in completion of these projects. In 7 other projects funds of Rs. 24.45 lakhs are lying with NPC where no activities were going on and lying defunct for a period ranging from 27 to 59 months.

Delays in completion of the projects has not only resulted in blocked of funds but also deprive benefit to the society. Further, inordinate delay in the outcome of the results of the study/consultancy project may not be useful to the society/industry with technology advancement fast changing now a days. The reasons for delays and outstanding recoveries may be intimated to audit and remedial action taken under intimation to audit.

for updation
subject to reply

Delay in completion of projects

No.	Name of the Project	Cost (Rs.)	Period of Project	Delay (Months) as on 31.03.2011	Excess (+)/Short(-) expr. Over receipts Rs.
1	CPCB Coper Smilter Ind.	316800	11.10.07 to 10.10.08	29	(+)106173
2	CPCB Chlor Alali Ins.	316800	DO	29	+37937
3	CBCB ZINC SMELTER IND	316800	5.11.07 to 4.11.08	28	+61153
4	CPCB ALUMINIUM SMELTER IND	316800	5.11.07 to 4.12.08	27	-89571
5	PREPARATION OF ECO PROD. DIRECTORY	3415000	19.07.07 to 18.07.08	32	-273772
6	FEASIBILITY STUDY ON CBSN PLASTIC WASTE	1704000	1.1.08 to 30.06.08	33	-353793
7	PREPARATION OF ACTION PLAN IN MSH in CHATISGARH	1994312	1.05.05 to 30.04.06	59	-909946
8	PERFORMANCE OF BR&W MGT FACILITIES	247240	1.03.2006 TO 31.10.2006	53	+236986
9	DAMAGED CAUSED E W & HEALTH IN SANGANER	603660	1.05.2007 TO 30.04.2008	35	+388709
10	CPCB RECYCLING OF IND.	867000	1.06.2006 TO 31.03.2007	48	-321841
11	ASSESSMENT OF FUGATIVE EMITION	1246000	1.08.06 TO 31.03.07	48	-435060
12	STUDY ON PROD.& COMP. OF UTENCIL, CUTLERY	2370000	19.12.08 TO 12.06.2009	21	+442413
13	STUDY ON PROD. COMP. OF LIGHT ELECT.	2460000	10.11.08 TO 20.04.09	23	+799341

	STUDY ON DE RESERVATION IN SSI SECTOR	2275000	17.12.08 TO 15.06.09	21	+806713
15	GLASS MFG CLUSTER IN FERROZABAD	2625000	28.02.08 TO 27.08.09	19	+820474
16	MONITORING EVALUATION OF AFSM	7920000	1.04.09 TO 31.03.10	12	+2037751
Total					+5676497 -2445136

2012-13 to 2013-14

Part-II(B)

35
3

Para 8 : Outstanding Miscellaneous advance of Rs. 2,07,000/-

For the proposal on "Development & Implementation of Automated Postings and Transfers (APT) System" and "Digitization of documents for Delhi Police", National Productivity Council (NPC) signed the MoU on October 2009 with M/s CST Solutions (P) Ltd. for exploring business opportunities that can be taken up together. Both the organization explored the opportunity of working with Delhi Police. The Delhi Police was required to migrate from the existing 2 tier application into 3 tier Web Based architecture based on NET platform. Subsequent a meeting of NPC consultant and M/s CST Solutions (P) Ltd. consultant with Delhi Police officials was held to work out & plan for the preparation of the proposals.

National Productivity Council (NPC) approached Delhi Police to consider the above said proposals. After considering the NPC's proposals, Delhi Police awarded the contracts to NPC vide its letter No. 10913/Q-1/CSA/P&I dated 13.07.2010 and 10906/Q-I/CSA/P&I dated 13.07.2010 @ a cost of Rs. 6,80,000/- + taxes extra and Rs. 7,00,000/- + taxes extra with 30% advance drawl of Rs. 2,04,000/- and 2,10,000/- in both cases. According to agreed terms, assigned work was to be completed within 2-4 months for both projects and firm would submit the bills (in triplicate) for making final payment. The project work was categorized into four tasks/phases basis. Responsibilities & work sharing would be equal (50%-50%) share for each task/phase as per the specified terms & conditions in the work order to be issued by Delhi Police. Delhi Police paid advance payment of Rs. 4,14,000/- through ECS/RTGS dated 20.07.2010 & 25.07.2010. M/s CST Solutions (P) Ltd had demanded for the release of its share of 50% of advance payment as per the guidelines. NPC released Rs. 2,07,000/- on 11th November, 2010. The consultants of M/s CST Solutions and NPC carried out initial study and submitted inception reports during Nov., 2010. Further progress of the study was dependant on the feedback to be provided by Delhi Police. Despite repeated reminder from NPC, no feedback was provided by Delhi Police on these reports. Since then, after having 2-3 meetings with the officials of Delhi Police, there was no response received from Delhi Police. The then signed authority was retired and existing authority were not taken up the matter seriously. NPC has requested for foreclosure of the project. M/s CST Solution (P) Ltd. has not submitted the utilization of Rs. 2,07,000/- and is still outstanding in the books of NPC for more than last four years. The same may please be sorted out at the earliest under intimation to audit.

update

Part - IV

Achievements of the National Productivity Council

Part - V

Disclaimer Statement:

The Inspection Report on accounts of National Productivity Council for the period 2014-15 to 2017-18 has been prepared on the basis of the records and information furnished by the National Productivity Council, New Delhi. The O/o Director General of Audit, Economic and Service Ministries, AGCR Building, I.P Estate, New Delhi disclaims any responsibility for non-information and/or mis-information by the auditee unit.


Sr. Audit Officer (LAP)