



कार्यालय महानिदेशक लेखापरीक्षा
उद्योग एवं कॉर्पोरेट कार्य,
ए.जी.सी.आर. भवन, इन्द्रप्रस्थ एस्टेट,
नई दिल्ली —110002

Ltr No: AMG-III/2024-25/DIS-16637792

Date: 05 Apr 2024

सेवा में,

वित्त एवं लेखा नियंत्रक,
ईट खेडी, ग्राम अचारपुरा,
पोस्ट अरवा लया, भोपाल,
मध्य प्रदेश-4620381

विषय: राष्ट्रीय डिजाईन संस्थान, (एन.आई.डी.) मध्य प्रदेश (भोपाल) के वर्ष 2023 तक की अवधि की लेखापरीक्षा निरीक्षण प्रतिवेदन से संबंधित ।

महोदय,

मैं इस पत्र के साथ राष्ट्रीय डिजाईन संस्थान, मध्य प्रदेश (भोपाल) के वर्ष 2023 तक की अवधि की लेखापरीक्षा निरीक्षण प्रतिवेदन संलग्न कर रही हूँ । आपसे अनुरोध है कि निरीक्षण प्रतिवेदन के प्राप्त होने की तारीख से चार सप्ताह के अंदर इस निरीक्षण प्रतिवेदन के उत्तर भेजने की कृपा करें ।

भवदीया,

Sr. Audit Officer

प्रति: संलग्न

Inspection Report on the audit of the National Institute of Design, Bhopal

PART-I- (Introduction)

The audit of office of the National Institute of Design, Bhopal was conducted from 05/02/2024 to 01/03/2024 by the following members of field audit party of office of the DGA (Industry & Corporate Affairs), New Delhi.

Name	Designation	Member from	Member till
Pawan Kumar	Sr. Audit Officer	05/02/2024	01/03/2024
Vishal	Assistant Audit Officer	05/02/2024	01/03/2024
Anil	Assistant Audit Officer	05/02/2024	01/03/2024

The audit was supervised by the following officers.

Name	Designation	Effective from	Effective to
Pawan Kumar No.3	Sr. Audit Officer	05/02/2024	01/03/2024

1.Introduction:

National Institute of Design (NID), Madhya Pradesh is an "Institution of National Importance" under Department for Promotion of Industries and Internal Trade (DPIIT), Ministry of Commerce and Industry, Govt. of India. The Institute has a 29.49 acres residential campus at Acharpura in Bhopal.

2. Organizational set-up:

The Institute is run by a full-time Director who is assisted by Administration Staff such as Chief Administrative Officer, Controller of Finance & Accounts, Registrar and Faculty Members.

3. Objectives:

NID, MP currently offers full-time four year Bachelor of Design (B.Des.) with specialisation streams of Industrial Design, Communication Design and Textile & Apparel Design. The Bachelor of Design (B.Des.) commences with a two semester rigorous Foundation Program followed by six semesters of specialized courses. Teaching methodology incorporates Industry and Field exposure.

4. Capital structure: N.A. However, it's noteworthy that the Institute receives support from the Government in the form of grants sanctioned by the Department for Promotion of Industry and

Internal Trade (DPIIT), Ministry of Commerce & Industry and has [utilized a Capital Grant amounting to ₹ 25.09 crores up to 07.02.2024.](#)

5. Budget and Financial Performance:

Budget Performance

(Rs. in crore)

Financial Year	2020-21	2021-22	2022-23
Revenue Expenditure	6.83	8.61	12.74

Financial Performance

(Rs. in crore)

Particulars	2020-21	2021-22	2022-23
CAPITAL FUND & LIABILITIES			
Capital Fund	110.41	119.29	120.96
Depreciation Fund	2.44	4.05	5.89
Earmarked Funds	3.15	8.62	15.84
Grants and Contributions	5.42	0.53	0.005
Current Liabilities	1.26	1.43	1.90
TOTAL	122.69	133.92	144.61
ASSETS			
Fixed Assets (At Cost)	110.21	121.29	123.40
Current Assets, Loans and Advances, etc.	12.49	12.64	21.20
TOTAL	122.69	133.92	144.61

6. Financial performance of the Institution:

(Rs. in crore)

Particulars	2020-21	2021-22	2022-23
<u>INCOME</u>			
Fees	2.19	4.43	6.76
Service Charges: Project/Consultancy Income	0.03	0.01	0.09
Grants	5.62	9.09	12.42
Interest Earned	0.49	0.29	0.01
Other Income	0.16	0.25	0.34
Transferred from Capital Fund to the extent of Depreciation	1.30	1.61	1.83
TOTAL (A)	9.81	15.70	21.47
<u>EXPENDITURE</u>			
Establishment Expenses	2.87	3.77	5.25
Other Administrative Expenses	3.96	4.84	7.49

Expenses on Projects	0.01	0.007	0.06
Interest/ Bank Charges	-	0.0007	0.0002
Depreciation	1.30	1.61	1.83
Amount Transferred to Specific Funds	1.65	5.47	6.82
TOTAL (B)	9.81	15.70	21.47

7. MOU targets and Achievements of the Institution:

NID, MP is registered as a society working under administrative control of the DPIIT, Ministry of Commerce & Industry. No MoU stipulating targets for the Institution were signed in financial year 2022-23 between the Ministry and the Institution.

8. Manpower Analysis:

(As on 31.03.2023)

<u>Designation</u>	<u>Sanctioned Strength</u>	<u>Men-in-position (On Regular basis)</u>	<u>Men-in-position (On Contract basis)</u>
Faculty/Academic Post	35	16	01
Administration Post	35	17	11
Non-Teaching (Technical) Posts	17	05	06
Total	87	38	18

9. Internal Audit:

Internal Audit of the Institute has been conducted by Chartered Accounts firm Dinesh Singhal & Co and completed upto March 2023.

10. Risk and Threats:

The risk areas associated with NID, MP encompass several key aspects, including procurement and annual maintenance contracts, TDS compliance, recruitments, adherence to Government statutes and orders, and financial propriety in the utilization of grants and internal resources.

11. Status of Computerization:

NID MP has implemented a diverse IT infrastructure aimed at automating the operational processes of the institution. Numerous software applications including Library Management System and accounting tools are actively employed to address both administrative and educational requirements within the Institute. Additionally, the institution boasts a Digital Media Lab and Resource Centre furnished with cutting-edge digital equipment and ICT facilities. These resources play a pivotal role in imparting knowledge to students, aligning with the institution's commitment to leveraging technology for effective education delivery.

12. Government Audit:

The audit of National Institute of Design, Madhya Pradesh was conducted under section 14 of C&AG (DPC) Act, 1971 by Audit Party consisting of Shri Pawan Kumar, Sr.AO, Shri Vishal Chhillar, AAO and Shri Anil Kumar Dhayal, AAO from 05.02.2024 to 01.03.2024.

13. Scope of Audit:

The audit for compliance at NID, MP was carried out for the financial year 2022-23. The audit was conducted taking the followings into consideration:

- General Financial Rules (GFR), policies, procedures, Delegation of financial powers;
- Agenda/Minutes of Meetings of Governing Council, Internal Audit Reports, Annual reports;
- Guidelines and circulars issued by the Ministry;
- Files related to recruitments, tax compliance, construction of campus etc. and
- Other files furnished to audit.

14. Sampling procedure:

Throughout the financial year 2022-23, a [total of 701 procurements of goods and services were conducted through the Government e-Marketplace \(GeM\)](#). Additionally, [a total of 96 orders \(purchase/work/service\) were executed outside GeM](#). To ensure compliance and accuracy, a sample of files pertaining to procurement through GeM, with values exceeding ₹4 lakh, and out-of-GeM procurement with values exceeding ₹1 lakh were selected for thorough audit scrutiny. Total 38 contracts were examined during the audit based on above sampling methodology. All the selected files underwent a comprehensive review process as part of the audit procedure.

15. Details of theft/ fraud/ misappropriation/ embezzlement etc.

There were no cases of theft/ fraud/ misappropriation/ embezzlement in NID, MP during the financial year 2022-23.

16.Entry & Exit Conference:

The entry and exit conference was held on [05.02.2024](#) and [01.03.2024](#) respectively with Director & Centre Head of NID, Madhya Pradesh.

17.Disclaimer:

The inspection report has been prepared on the basis of information furnished/ made available by NID, Madhya Pradesh. The O/o the Director General of Audit (Industry & Corporate Affairs) New Delhi disclaims any responsibility for any misinformation and/ or non-information on the part of NID, Madhya Pradesh.

PART-II-(A)
(Significant Audit Findings)

Nil

PART-II-(B)
(Other incidental Audit Findings)

Para 1: Creation of Corpus Fund amounting to ₹ 15.84 crore without the approval of Administrative Ministry.

The National Design Policy approved by the Cabinet on 08th February 2007 envisaged setting up of 4 new National Institutes of Design (NID). Subsequently, NID, Bhopal has been set up and it commenced its academic activities from the academic session 2019-20 as an autonomous institute under the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, to emerge as a global leader in Design Education and Research. NID, Bhopal has submitted proposal to receive grants under salary, General and Capital Head from the DPIIT to meet out its expenditure since its inception.

In the 2nd Governing Council (dated: 27th August 2020) meeting under Agenda item no. 58, it was observed by the GC that the internal revenue earned cannot be transferred to the Corpus fund/Earmarked fund. The revenue earned shall be utilized towards expenditure to be incurred by the Institute during the F.Y. 2020-21 and it be reduced from the total requirement of GIA funds submitted to DPIIT for the current year.

The Details of Sanctioned Recurring Grant received from DPIIT along with Expenditure incurred and Income generated from internal resources from inception to 2022-23 as mentioned below: - (₹ in lakhs)

Period	Sanctioned Recurring Grant (in Rs) I	Sanctioned Recurring Grant Utilised (in Rs) II	Total recurring Expenditure Incurred (in Rs) III	Income Generated from Internal Resources to be utilised (in Rs) IV	Overstated Sanctioned Grant (in Rs) V= I-(III-IV)
2019-20	511.00	491.00	559.59	149.67	101.08
2020-21	562.00	562.00	685.50	288.81	170.31
2021-22	909.00	909.00	862.54	500.38	546.84
2022-23	1242.00	1242.00	1280.77	338 (50% of 676)	299.23
				Total	1117.46

Hence, it is evident from the above table that NID Bhopal, has not utilized the internal revenue generated during 2019-20 to 2022-23 towards expenditure to be incurred by the Institute during next financial year and has not reduced it from the total requirement of GIA funds submitted to DPIIT in compliance to the decision taken by GC in 2nd meeting dated 27.08.2020 which has resulted into over demand of grant amounting to Rs. 11.17 cr. Also, the Corpus fund has been created from the Internal revenue generated which was in violation of the instructions of the 2nd GC. A total revenue of Rs.16.14 crore was generated and a Corpus fund of Rs. 15.84 crore has been created.

Further, the GC considered and approved the proposal for creation of NID MP Corpus Fund of Rs.50 crores in its 5th meeting dated 11th March 2022, on the terms and conditions viz (i) 50% of the revenue generated during the year from Student fee shall be allowed to be credited to the Corpus fund so created. The balance 50% of the student fee earned shall be utilized towards general expenses of the Institute. Remaining requirement, if any, shall be requested from DPIIT for release under GIA-General head; (ii). Except student fee, all other revenue shall be credited to the corpus fund so created; (iii). Beyond the specified limit of corpus fund, the institute shall utilize its earned revenue first for its general expenditure in a financial year and deficit, if any, shall be requested from DPIIT for release under GIA-General head. The administrative ministry of NID, Bhopal approved the creation of the corpus fund on 23rd February 2023.

Audit observed that the Administrative Ministry has approved the Corpus fund policy of NID Bhopal, on 23rd February 2023. However, the NID Bhopal has 15.84 crore in its corpus fund as on 31.03.2023 in the form of FDR well before the approval of Administrative Ministry. As stated above, the NID, Bhopal has been meeting out its recurring expenditure from demanded Grant rather than utilising its own internal revenue resources first. And transferring the same to the corpus fund. Thus, NID Bhopal, has demanded excess grant from Govt. without utilizing its internal revenue for recurring expenditure and created corpus fund without the approval of Administrative Ministry. Further, as per term and conditions of corpus approved by the Ministry, 50% of the student fee was to be transferred to corpus fund.

During the financial year 2022-23, NID Bhopal, has received student fee amounting to Rs. 6.76 cr. Hence, as per policy Rs. 3.38 cr. (50% of Rs. 6.76 cr.) should have been transferred to corpus fund. However, NID Bhopal has transferred the whole amount of student fee into corpus fund in violation of the approved policy of corpus fund.

The management in its reply (dated 05.03.2024) stated that accumulation of the corpus was created out of forward balance of income and expenditure account. The management again stated that no reference has been found in the GFR where an Autonomous body shall utilize its internal revenue first to meet out expenditure and only after that the Grant for deficit fund may be demanded.

The reply of the management is not acceptable as NID Bhopal did not comply with the decision of GC regarding utilization of internal revenue for meeting out the recurring expenditure and created Corpus Fund without obtaining approval of the administrative Ministry.

Para 2: Extra expenditure amounting to ₹ 1.06 crore on amenities in the newly constructed residential Quarters.

The National Design Policy approved by the Cabinet on 08th February 2007 envisaged the setting up of the National Institute of Design, M.P. The DPIIT awarded the work of planning, designing and constructing of new campus of NID at Bhopal to NBCC Ltd. as deposit works on a turnkey basis with agency Project Management charges @ 7 percent at an initial sanctioned cost of ₹ 84.18 crore which was later revised to ₹ 105.92 crore including the estimated cost of Furniture/Fixture of ₹ 8.00 crore. Ministry of Housing and Urban affairs (MOHUA) is the nodal ministry for defining the norms of residential accommodation to be constructed for central government employees. The norms are applicable through its O.M. No. 22011/01/2008-W.3

dated 7th August 2013. The above O.M clearly defined the scale of amenities to be provided in different categories of residential quarters.

Audit observed that the NBCC constructed the fully furnished residential quarters viz sixteen residential units are built as Type 2-03 units, Type 4-06 units, Type 3-03 units and Type 5-04 units. The break-up cost of residential units was not available at NID, Bhopal. Further the NID Bhopal neither have any approval of the competent authority nor having the DPR of the project. All residential units are furnished by NBCC with furniture items (beds, sofa, side table, mattresses, dining unit, TV unit, storage unit, cabinets, shoe rack, bookcase, almirah, study table & chair etc.), curtain rods mounted on clamps/ brackets with curtains, chandelier etc., AC units, refrigerator, modular kitchen was provisioned in two units. RO systems are also provided in every unit and centralized solar water heating system is also installed for each block. The total cumulative cost of furniture items provided in residential units is ₹ 1.06 crore. Consequently, the procurement of furniture over and above against the stated amenities in the above O.M resulted in clear violation of norms of MOHUA. Further, in absence of DPR of the construction work of NID Bhopal, Campus, the approval for providing above amenities could not be ensured.

Moreover, the NID, Bhopal has not been charging any rent in utilization of above stated furniture or amenities. Thus, it has resulted in misappropriation of funds amounting to ₹ 1.06 crore in procurement of furniture which was not congruous with applicable norms of MOHUA.

The management in its reply (05.03.2024) stated that the project executing agency, NBCC India Ltd. was authorized to make all the decisions pertaining to procurement of all materials and services involved in the project.

The reply of the management is not tenable as it is responsibility of NID, Bhopal to ensure the compliance of MOHUA's OM regarding the procurement of furniture amounting to ₹ 1.06 crore before making the payment to NBCC. Also, the approved DPR was not provided for audit to verify whether these items were approved from competent authority or not.

Para 3: Improper planning in construction of approach road to the institute leading to avoidable expenses amounting to ₹ 72.73 lakhs

The National Institute of Design (NID), MP is situated in the outskirts of the city and connected to the main road through a bituminous road, which was constructed during 1st phase of infrastructure development work carried out by NBCC India Limited well before 15.02.2019 with a cost of ₹ 72.73 lakhs. NID approached (dated: 16.11.2022) CPWD for undertaking repair and maintenance of the existing approach road. Further, CPWD submitted (dated: 23.11.2022) the preliminary cum detailed estimates with the probable cost of ₹ 48,44,700/- including 5% contingencies. Subsequently management decided to carry out the complete restoration work with C.C. pavement instead of repairing of the existing road. Accordingly, the matter was taken up with CPWD Bhopal Division for carrying out restoration works on the approach road. A proposal regarding preliminary cum detailed estimate has been prepared & submitted by CPWD-Bhopal Division amounting to 93,96,300/-, including 5% towards contingencies and EPF & ESI and other applicable statutory taxes.

As per GC meeting dated 17.01.2023 that the top course of the said approach road has deteriorated due to continuous use, extreme rainfall experienced during past years & heavy amount of surface water runoff because of topographical location (sloping profile) of the roadway. The total expenditure incurred by CPWD was ₹ 67.40 lakhs as on December 2023 and the work is still under progress.

During audit, DPR of construction work of NID Bhopal, Campus which includes the construction work of approach road by NBCC was not furnished. In absence of the same, Audit could not ensure whether the conditions regarding maintenance of the road constructed by NBCC, total expected life of the road constructed and the topographical location (sloping profile) have been considered in the DPR.

Had the above conditions been considered while making the DPR, the expenditure incurred initially on the construction of Bituminous road would have been avoided. Thus, the construction of road with bituminous material rather than using Cement Concrete (C.C) road material without accessing the topographical location of the area resulted in avoidable expenditure of Rs 72.73 lakhs.

The management in its reply (05.03.2024) stated that due to excessive rainfall and adverse climatic conditions, repair works of the approach road became necessary and therefore, the matter was taken up with CPWD to prepare and submit preliminary estimates for the work. Further Since, the executing agency (NBCC) was conferred with all prerogatives to take decisions pertaining to procurement of all materials and services for the construction activity, a formal letter seeking justification from NBCC on the said observation has been sent.

The reply is not acceptable as the topographical location (sloping profile) of the roadway should have been taken into consideration by the executing agency and same should have also been ensured by the NID, Bhopal while constructing the bituminous road instead of Cement and concrete road which has resulted into avoidable expenditure amounting to Rs. 72.73 lakh.

Para 4: Inadequate representation of members in the Governing Council (GC) as per NID Act, 2014.

As per Section 11 of National Institute of Design (NID) Act 2014, the Governing Council shall consist of the members viz (a) As per Section 11 of National Institute of Design (NID) Act 2014, the Governing Council shall consist of the members viz (a) a

Chairperson, who shall be an eminent academician, scientist or technologist or professional or industrialist, to be nominated by the Visitor (e) one representative of the Ministry or Department of the Government of India not below the rank of Joint Secretary dealing with Higher Education, to be nominated by the Secretary of that Ministry or Department, ex officio, (f) one representative of the Ministry or Department of the Government of India not below the rank of Joint Secretary dealing with Information Technology to be nominated by the Secretary of that Ministry or Department, ex officio; (h) five professionals, one each from the fields of architecture, engineering, fine arts, mass media and technology, to be nominated by the Central Government; (i) an outstanding Designer, to be nominated by the Visitor in consultation with the Central Government; (j) a management expert, to be nominated by the Chairperson;

(l) three persons to be nominated by the Senate from amongst persons recommended by companies, firms or individuals who have provided financial assistance or contribution to the Institute etc.

i. Audit observed that 1st meeting of the Governing Council (GC) was taken up on 25th September 2019. After that eight meetings of GC were taken place and more than four years passed away. However, even after such a long period of time, the Governing council was not adequately represented by its members. The chairperson of eminent personality as stated under the NID Act, 2014 has not been nominated so far.

Further more, one representative of the Ministry or Department of the Government of India (not below the rank of Joint Secretary dealing with Information Technology); five professionals, one each from the fields of architecture, engineering, fine arts, mass media and technology; an outstanding Designer and a management expert etc. have not been nominated till date. Moreover, the GC may be represented by at least sixteen members of eminent personalities as per NID Act, 2014 whereas as per the 9th meeting of GC, only seven members represented it.

ii. Audit further observed that as per section 19 of NID Act 2014, the Dean of the institute shall be appointed to look after all academic, administrative, research and other activities of the Institution. However, the same has not been appointed so far.

iii. Moreover, as per clause 13 of the National Institute of Design (NID) Act 2014, the Governing council (GC) shall meet at least 4 times a year. However, in the last two financial year only two meetings of GC were held each year. Further in the current financial year 2023-24, only two meetings of GC have been held so far. Thus, NID has violated the provisions of NID, Act 2014. The management in its reply (dated 06.03.2024) stated that the matter of adequate representation of members in GC was pursued with the ministry in 2020.

The reply of the management is not tenable as NID Bhopal started its academic session in 2019-2020 and Governing Council has not been represented adequately by its eminent members even after passing of four years as provided in NID Act, 2014.

Para 5: Delay in implementation of Gratuity Scheme for the employees.

Governing council in its 5th meeting dated 11.03.2022 approved in principle the Gratuity Scheme for the regular employees of the Institute based on the following merits:-The Gratuity fund shall be maintained by Life Insurance Corporation of India (LIC) which is a statutory and wholly owned corporation of the Government of India ii.) Guaranteed interest will be declared on Gratuity fund so created by the LIC for each financial quarter in advance every year iii.) Over and above the quarterly guaranteed rate of interest, annual 0.50% interest is also payable throughout the term of policy. iv.) The yearly contribution towards such gratuity fund shall be paid to the LIC on its requisition for contribution based on actuarial valuation v.) The LIC shall offer and charge best rates as Fund Management charges ranged between 0.10% to 0.50% per annum. vi.) The interest credited on the fund is exempt from tax u/s 10 (25)

(iii) of IT Act 1961. vii.) Gratuity fund, so created, along with Interest credited towards such fund shall enjoy the "Sovereign Guarantee" of Government of India under section 37 of LIC Act However, it was instructed to send the proposal to DPIIT for administrative approval.

Audit observed that Department for Promotion of Industry and Internal Trade (DPIIT) approved the provisions of the Payment of Gratuity Act, 1972 to the regular employees of National Institutes of Design (NIDs), MP through LIC of India vide its order no.. P-24016/13/2022-IPR-V dated: 04.10.2023. However, Gratuity Scheme has not been implemented by NID, Bhopal for regular employees as approved by DPIIT.

The management in its reply (06.03.2024) stated that the Payment of Gratuity Act 1972 through LIC, as approved (04.10.2023) by the DPIIT, was not implemented at the Institute as the same was yet to be approved by the Governing Council of the Institute, as instructed by the DPIIT.

The reply is not acceptable as the approval note for implementation of gratuity scheme has not been put up in the 9th GC meeting held after the approval of Scheme by DPIIT i.e on 12.12.2023. Hence, delay in implementation of Gratuity Scheme has resulted into violation of the statutory requirements.

Para 6: Irregular appointment of faculties in the institute due to incorrect advertisement.

National Institute of Design, Madhya Pradesh (NID MP) is an autonomous institution under the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Govt. of India. All the recruitments made by NID, MP during the period from its inception (2019) to 2022-23 are on the basis of the recruitment rules of NID, Ahmedabad.

During the Scrutiny of the record related to the recruitment of faculty members, it was found that following candidates did not have minimum working experience in the relevant field as mentioned in the advertisement:

1. Mr. Anil Kumar Bhaskar has been appointed as the Faculty in NID, MP, under the reference NIDB/2019-20/APT/011 dated 20.05.2019. The advertised criteria for this position specified minimum 5 years in relevant field of Design. Mr. Anil Kumar Bhaskar possesses 6 months of experience as Assistant Professor in the department of design under Nirma University, 6 months of experience as Assistant Professor in World University of Design, 1 year experience as Designer & Architect in Zyeta Interiors Pvt. Ltd, 1 year as Architectural Consultant in Plan Loci, 6 months as Consultant Architect at Integral Designs and 10 months experience as Architectural Assistant in Grup. Ism Pvt. Ltd. Thus, Mr. Anil has experience of 4 year and 4 months against experience of 5 years in the relevant field as mentioned in advertisement.

2. Ms. Lubna Saifi has been appointed as the Faculty in NID, MP, vide reference no NIDB/2019-20/APT/012 dated 20.05.2019. The advertised criteria for this position specified a minimum of 5 years in the relevant field of Design. Ms. Lubna Saifi possesses 1 year 6 months of experience as Senior Fashion & Graphic Designer at Ginni International, 1 year 3 months of experience as Senior Executive Apparel Designer in Bio world Merchandising and 1 year 9 months of experience as Assistant Design Manager in Arvind Lifestyle Brands Limited. Thus, Ms. Lubna Saifi has experience of 4 years and 6 months against the experience of 5 years in the relevant field as mentioned in the advertisement.

3. Ms. Shikha Agarwal has been appointed as the Associate Senior Faculty in NID, MP, vide reference no. NIDB/2019-20/APT/008 dated 20.05.2019. The advertised criteria for this position specified a minimum of 7 years in the relevant field of Design. Ms. Shikha Agarwal possesses 1 year 4 months of experience as an Assistant Professor in the School of Planning and Architecture,

Bhopal. Thus, Ms Shikha Agarwal had an experience of 1 year and 4 months against the experience of 7 years in the relevant field as mentioned in the advertisement.

4. Ms. Sukanya Bor Saikia has been appointed as the Associate Senior Faculty in NID, MP, under reference no. NIDB/2019-20/APT/007 dated 20.05.2019. The advertised criteria for this position specified a minimum of 7 years in the relevant field of Design. Ms. Sukanya Bor Saikia possesses 3 months of experience as Co-Coordinator at NID Ahmedabad, 6 months experience as Associative Scientist at IIT and 10 months as Assistant Professor at Avantika- University. Thus, Ms. Sukanya Bor had experience of 1 year and 7 months against experience of 7 years in the relevant field as mentioned in advertisement.

Further, it was also observed that the experience sought in the advertisement by NID Bhopal didn't include the requirement of any teaching experience whereas the appointments offered were all for teaching/Faculty positions. Rather than the requirement only experience in a relevant field, teaching experience or experience as faculty should also have been sought to cater to the actual requirements. Due to the non-availability of such criteria of experience in the advertisement, Mr. Rahul Sahni, Mrs. Aditi Sharma, Ms. Sonal Wanjare, Ms. Lubna Saifi and Ms. Purwa Kumari have been selected as faculty though they did not have any teaching experience in the relevant field.

Further, as per the UGC regulations for minimum qualification for the appointment as Associate Professor and above, there should be a minimum educational requirement of a Doctoral degree for such post. Whereas, in the recruitment rules of NID, MP the minimum essential qualification for the above post is mentioned as only Post Graduate degree/ Diploma in Design from a recognized university.

Moreover, education qualification and minimum experience for the post of Principal Designer (Grade Pay- 8700) and Senior Designer (Grade Pay -7600) are exactly same for both the posts. It is also observed that the Recruitment Rules for Non-Teaching staff/employees and Teaching Staff were not prepared based on DoPT Guidelines and common Recruitment Rules issued by the Ministry of Education for other public funded Educational Institutions like IITs/ NITs/ Central Universities.

Para 7: Miscellaneous deficiencies'

I. Non-Compliance of the CVC guidelines regarding posting of awarded contract on the NID MP Website.

The Central Vigilance Commission dated 14th July 2009 had directed all organizations to post on their websites a summary, every month, containing details of all the contracts/ purchases made above a threshold value (to be fixed by the organizations) covering at least 60% of the value of the transactions every month to start with on a continuous basis. CVOs were required to monitor the progress and ensure that the requisite details were posted regularly on respective websites, and also to incorporate compliance status in their monthly report to the Commission. The Commission, therefore, while reiterating its instructions would direct all organizations/departments to strictly adhere and post summary of details of contracts/ purchases

awarded so as to cover 75 % of the value of the transactions without any further delay. Any failure on the part of the organizations on this account would be viewed seriously by the Commission.

Audit noted that a total of 701 procurements of goods and services were conducted through the Government e-Marketplace (GeM) and a total of 96 orders (purchase/work/service) were executed outside GeM. However, NID, MP did not publish these contracts on its website in compliance to the above directions.

The management in its reply (dated 05.03.2024) stated that no such CVC order was received from its administrative ministry and it has been submitting monthly reports of procurement to DPIIT. Further the management assured for its future compliance.

The reply of the management is not tenable as the order was issued by the CVC not by the administrative ministry. Hence, NID Bhopal has not complied the CVC guidelines regarding publishing the details of procurement on its website to promote transparency.

II. Non compliance of General Financial Rules-2017 in the appointment of medical consultant.

As per clause 6(h) of the National Institute of Design (NID), Act 2014, the NID shall make arrangement for promoting the health of the students and general welfare. For promoting the health of the students and staff, NID, MP has appointed Dr. Mahesh Kumar Khanna as part time medical consultant purely on contract basis vide offer letter no: NIDB/CAO/medical Consultant/2019-20 dated 08.08.2019 with a monthly remuneration of ₹ 28,000/- (including tax and transportation). As per the offer letter, task and responsibilities included providing free of cost medical facilities to students and staff, daily two hours from 4:00 PM to 06:00 PM, at the institute, on all working days. Further, Dr. Khanna's appointment was on the same terms and conditions as offered by the two ICAR Institutes namely ICAR-IISS Bhopal and ICAR-CIAE Bhopal (Both Institutes are under the Ministry of Agriculture, Govt).

As per rule 149 of GFR-2017, the procurement of Goods and Services by Ministries or Departments will be mandatory for Goods or Services available on GeM. Further, Rule 194 of GFR-2017, the selection of the consultant by direct negotiation/ nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional circumstance.

During audit it was observed that NID, Bhopal has not made any advertisement for appointment of Dr. M.K. Khanna as medical consultant. Further, there was no clause of tenure and extension of service in the appointment letter. The remuneration of Dr. M.K. Khanna was increased from ₹ 28,000/- per month to ₹ 33,000/- per month with effect from 01.12.2021, though there was no clause for increment in remuneration in engagement letter dated 08.08.2019. Further, Audit observed that the term of service was extended for more than 4 years i.e. till date, though there was no clause for extension in engagement letter issued to Dr. M K Khanna.

Similarly, In addition to Dr. M K Khanna, a female medical consultant Dr. Vashali Pathak has been appointed by NID, Madhya Pradesh without issuing any advertisement purely on visiting basis for treatment of Students/ Employees and the dependent members of their families vide offer letter no: NIDMP/1-70/(01) AMA (02)/2021-22/02 dated: 02.03.2022 with a remuneration of ₹ 3,000/- per visit in addition to the transport charge ₹ 850/- per visit. As per the offer of engagement , task and responsibilities included providing free of cost medical consultation to

students and staff twice a week (on Wednesday and Saturdays from 9 m to 11.15am). Further, the visits of medical consultant have been revised from twice to thrice a week (Monday, Wednesday & Saturday) from 26.05.2022 onwards.

The management in its reply (05.03.2024) stated that Dr. M.K. Khanna was engaged by the NID MP in 2019 after the approval of the Competent Authority as a part time Medical Consultant to cater the medical needs of the Students/ Officials/ Family members on the same terms and conditions as offered by the two ICAR Institutes namely ICAR-IISS Bhopal and ICAR-CIAE Bhopal. Further, it is humbly submitted that the Hiring of Services of Doctor does not come under the definition of Goods as provided in GFR 2017, thus, the tendering process was not followed for the requirement. Further, the category of Medical Consultant/ Visiting Medical Consultant/ Parttime Medical Consultant is also not available on the GeM portal, hence, as per the requirement of NID MP the said service is not available through the GeM portal.

The reply is not acceptable as management did not explore services outside the GeM and not followed the due procedure for engaging consultants as provided in GFR Rules.

III. Non-maintenance of Assets Register as per sancation order of Grant-in-aid .

As per sanction order of Grant-in-Aid, NID should maintain a register of permanent and semi-permanent assets acquired wholly or mainly out of the Grant in the prescribed format and copy thereof should be furnished to this ministry.

Audit observed that no such separate asset register is maintained by NID, Bhopal for assets acquired out of Grant. Hence, no copy of such register has been shared with its administrative ministry.

PART-III

(Follow up on findings outstanding of previous Inspection Reports)

Para no.	Particular	<u>Reply of the Institute</u>	Further audit remarks
Para 1 Part II A	Para 1: Non-recovery of ₹ 1.25 crore as interest earned on the deposited funds. The Department of Promotion of Industry & Internal Trade (DPIIT) awarded the work of planning, designing and construction of new campus of National Institute of Design at Bhopal to NBCC (India) Limited as deposit works on turnkey basis with agency charges @ 7% at an initial sanctioned cost of ₹ 64.18 crores (revised upto ₹ 105.92 crore). An MoU was executed (30th March 2015) between DPIIT and NBCC including the scope of work for submission of architectural designs along with building plan, construction of office building including civil works, interiors furnishings, lifts, landscaping, electrical, plumbing and sanitation and IT infrastructure. The said work	<u>With respect to the observation raised on the subject matter at point no. 1 of the para, it is humbly submitted that: -</u> 1- The agreement for execution of capital works / project for construction of infrastructure for the Institute on turnkey basis was signed between Dept. of Promotion of Industry & Internal Trade (DPIIT) (erstwhile Dept. of Industrial Promotion & Policy), Ministry of Commerce & Industry, Govt. of India and M/s NBCC (India) Limited (formerly known as National Buildings Construction Corporation), A Navratna CPSE on 30.03.2015 (A/1).	NID, Bhopal received the amount ₹ 1,11,01,540/- out of ₹ 1,24,58,173/-. As NID, Bhopal did not receive the fully interest amount thus, <i>the para stands till the recovery of ₹ 13.57 lakhs.</i>

was to be completed in all respects within a period of 18 months reckoned from the 15 day after the payment of advance or the date of handing over the site or sanction of estimate or approvals of drawing by the statutory authorities whichever was later. The first advance payment of ₹ 147.00 lakh was released on 10.09.2015 however, the construction work started from 22.01.2016. The campus was inaugurated on 22.02.2019 and the institute had commenced its first academic session from July 2019. The sanctioned project cost was ₹ 98.63 crore inclusive of NBCC Agency Charges @7% and the last tranche of the payment was released by DPIIT to NBCC during FY 2018-19.

Clause 5.5 of the MoU provided that the Employer shall give initial deposit of 33.33% interest free advance of the estimate cost on signing of the agreement. This initial deposit would be retained for adjustment against the last portion of the estimated expenditure. Executing Agency shall incur expenditure from this advance for execution of works immediately. When 70% (Seventy Percent) of the advance made to Executing Agency for the project is utilized Executing Agency shall submit the utilization certificate so that the next instalment of 33.33% could be released. The utilization certificate may be accompanied by a statement of physical progress achieved. This procedure would be repeated till last instalment is released. On completion of work, the accounts of the works shall be closed, and a final statement shall be submitted for settlement along with refund of excess deposit received, if any, audited by a Chartered Accountant. Further, Clause 5.6 of the MoU provided that "any bank interest accrued on the deposits/advance shall be passed on to the Employer".

Audit observed that as per NBCC letter dated 09.03.2022 an interest of ₹ 1,24,58,173/- is earned on the deposited funds which will be adjusted on completion of work. Further, it being a deposit work all the payment has been made by the DPIIT/NID, MP to NBCC and there being no security available with DPIIT/NID, MP the chances of recovery of ₹ 1.25 crore as interest earned on the deposit fund is remote. Further, NBCC is claiming that

2- It is humbly submitted that the M/s NBCC has refunded the interest amounting 1,11,01,540/- during December 2023, which has been remitted to the DPIIT (A/2). For remittance of remaining amount of accumulated interest, the regular follow-ups are being made with the M/s NBCC.

Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.

	<p>interest earned was partially adjusted against the outstanding dues, in this respect details of interest earned and approval of adjustment, if any, may be furnished to audit.</p>		
<p>Para no. I Part II B</p>	<p>Para 1: Irregularity in construction of new Campus of National Institute of Design, Bhopal and non-recovery of L.D. amounting to Rs. 10.6 crore from the contractor.</p> <p>The Department of Promotion of Industry & Internal Trade (DPIIT) awarded the work of planning, designing and construction of new campus of National Institute of Design at Bhopal to NBCC (India) Limited as deposit works on turnkey basis with agency charges @ 7% at an initial sanctioned cost of ₹ 64.18 crores (revised upto ₹105.92 crore).</p> <p>In this regard, the following is observed by audit:</p> <p>1. As per clause 2 of MoU "the executing agency shall execute the work on a turnkey basis (Architectural services and Project Management Consultancy services from concept to completion) and hand it over within mutually agreed period of time from the date of signing of this MoU". However, it was observed that the NBCC has not given records such as Detailed Project Report, Master Plan, Estimates, architectural drawings for the construction of Campus to NID MP nor completed the project within the time i.e. 18 months from the date of start of construction (schedule date of completion being 22.07.2017). The work of construction of Amphitheatre is still going on.</p> <p>In the absence of necessary records, deviations from approved plan and/or any outstanding component of the project work could not be ascertained, if there was any. As per the terms of MoU, NBCC was to notify the completion of work and a joint inspection by DPIIT and NBCC was to be carried out, however, in absence of above documents handing over and taking over of the project is still pending.</p> <p>2. Clause 10.2 of MoU provided <i>that in case, completion of the project is delayed due to reasons solely attributable to the contractors/agency suppliers engaged for the project by the Executing Agency, the Executing Agency shall impose liquidated damages @</i></p>	<p><u>With respect to the observation raised on the subject matter at point no. 1 of the para, it is humbly submitted that:-</u></p> <p>1. The agreement for execution of capital works / project for construction of infrastructure for the Institute on turnkey basis was signed between Dept. of Promotion of Industry & Internal Trade (DPIIT) (erstwhile Dept. of Industrial Promotion & Policy), Ministry of Commerce & Industry, Govt. of India and M/s NBCC (India) Limited (formerly known as National Buildings Construction Corporation), A Navratna CPSE on 30.03.2015 (A/1). The construction work was started in the year 2016 and subsequently, the then Union Minister of Commerce and Industry & Civil Aviation, Shri Suresh Prabhu Ji, inaugurated the campus through video conference from New Delhi on 22.02.2019. The Institute had commenced its first academic session from July 2019.</p> <p>2. The Institute vide several communications had sought information on the approved scope of work / detailed project report (with subsequent revisions) for the 1st phase of construction of NID MP campus from NBCC as well as DPIIT; however, no official trail of correspondence made in context of administrative approval / financial sanction / approved concept plans for the agreed scope of work between DPIIT & NBCC had ever been provided to the Institute. It may be appreciated that the Institute had been continuously following-up the matter with NBCC since Jan-2019 and copies of some of the important letters had been marked to DPIIT as well. (A/3)</p> <p>3. The DPIIT, vide sanction order dated 30.03.2022, had released Grant of ₹ 7.17 Crores under Capital head in the FY 2021-22 for making payment to NBCC in r/o creation of capital assets and to execute works pertaining to construction of the Amphitheatre and balance IT related work (A/4). The work of construction of amphitheatre has been completed and Joint inspection committee (JIC) constituted under the terms of MoU (A/1) has submitted its report. The report of the JIC has been approved by the DPIIT and approval of the handing</p>	<p>NID, Bhopal neither had done any delay analysis nor any delay analysis report with the NBCC was available, in the absence of information on the approved scope of work / detailed project report (with subsequent revisions) for the 1st phase of construction of NID MP campus. Due to non-availability of delay analysis report, the liability of payment of LD cannot be ascertained. The aforementioned information was once again requested from the management and the same were not available. Hence, the para stands.</p>

	<p><i>0.375% on awarded contract value for each week of delay subject to a maximum of 10% of the awarded contract value and the benefit shall be passed on to the Employer.</i> It was observed that though there is a substantial delay in completion of the project (construction of amphitheatre still going on) NBCC has not levied any liquidity damaged on the subcontractors and passed the same to the employer (DPIIT/NID MP), in terms of the MoU. This resulted in non-recovery of liquidity damages of Rs. 10.6 crore (10% of 105.92 crore). It being a deposit work all the payment has been made by the DIPPT/ NID MP to NBCC without having any security deposits, Hence, chances of recovery of liquidity damages are remote.</p>	<p>over of the construction work was accorded by the DPIIT vide its OM dated 12.04.2023 (A/5).</p> <p>With respect to the observation raised on the subject matter at point no. 2 of the para, it is humbly submitted that:-</p> <ol style="list-style-type: none"> 1. The work pertaining to construction of the Amphitheatre was withheld due to non-availability of funds leading to delay in completion of the project. Finally, the DPIIT, vide sanction order dated 30.03.2022, had released Grant of ₹ 7.17 Crores under Capital head for making payment to NBCC in r/o creation of capital assets and to execute works pertaining to construction of the Amphitheatre (A/4). The work of construction of amphitheatre has been completed and Joint inspection committee (JIC), constituted under the terms of MoU (A/1), has submitted its report. The report of the JIC has been approved by the DPIIT and approval of the handing over of the construction work was accorded by the DPIIT vide its OM dated 12.04.2023 (A/5). 2. As per clause 10.2 of the MoU, the discretion on imposition of the Liquidated Damages on the Contractors/agency/suppliers was entrusted upon the Executing Agency i.e. M/s NBCC, which was competent to decide the same based on the reasons solely attributable to the contractors/agency suppliers engaged for the project and this Institute has no jurisdiction to impose LD on the Contractors/agency/suppliers engaged by the M/s NBCC. 3. Further, regarding imposition of LD, it is stated that works amounting to ₹ 64.18 Crores was to be completed within time period of 18 months initially; however, the total construction cost of the project as on date stands revised to ₹ 105.80 Crores and hence, time for completion of works needs to be reviewed in the light of additional sanctioned cost, shortage of funds/delay in release of payments by NBCC, pandemic situation etc. and from the date of release of additional sanction of Rs 7.17 crore approved by the DPIIT vide sanction order dated 30.03.2022 (A/4). Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped. 	
<p>Para no. 2 Part II B</p>	<p>Para 02: Expenditure on construction without approval of competent authority. NBCC vide its letter dated 11.03.2021 stated that they had executed additional work of ₹ 5.12 crore at site beyond the sanction amount (ie ₹ 98.63 crore) on the belief that overall sanctioned</p>	<p><u>With respect to the observation raised on</u> the subject matter at point no. 1 of the para no. 2, it is humbly submitted that:-</p> <ol style="list-style-type: none"> 1. The agreement for execution of capital works / project for construction of infrastructure for the Institute on turnkey basis was signed between Dept. of 	<p>NID, Bhopal stated that Detailed Project Report (DPR), Master Plan, Estimates,</p>

<p>amount for the project is ₹ 105.92 crore and requested for release the balance payment of ₹ 7.17 crore (₹ 5.12 crore against already executed works + ₹ 2.05 crore against balance works).</p> <p>In this regard audit observed that:</p> <p>1. Clause 3.4 of MoU provided "Executing Agency shall execute the works at sanctioned cost inclusive of agency charges for project management and planning, designing consultancy services. In case at detailed design/ execution stage, if there is an increase in this anticipated cost, the Execution Agency shall submit the details of the same with the supporting documents and technical/ administrative justification to the Employer" Further clause 3.14 of MoU provided that "Executing Agency shall submit the physical and financial progress report on monthly basis". However, the NBCC neither informed DPIIT before executing the additional work nor NID MP took prior approval of DPIIT before directing NBCC to execute additional work. This was in contravention of the clauses of the MoU agreement. The payment was later on regularized by DPIIT.</p> <p>2. During execution of the contract work, NID MP directed NBCC that Amphitheatre needs to be revised completely as the current design and layout is not practical and has very limited seating capacity, NBCC submitted the proposal of completing the Amphitheatre at 2.80 crore and the amount was release by DPIIT/NID MP to NBCC. The construction of Amphitheatre is still going on. It was observed that the initial DPR was approved by DPIIT/ NID MP without assessing the actual requirement of the institute and revision in the design and layout of the amphitheatre was done after incurring a substantial amount on the construction of the amphitheatre as per original drawing and layout, which was later demolished for construction of new amphitheatre as per revised layout and plan. The value of demolished work was not found on records produced to audit. The value of demolished work of old amphitheatre and amount of expenditure incurred on</p>	<p>Promotion of Industry & Internal Trade (DPIIT) (erstwhile Dept. of Industrial Promotion & Policy), Ministry of Commerce & Industry, Govt. of India and M/s NBCC (India) Limited (formerly known as National Buildings Construction Corporation), A Navratna CPSE on 30.03.2015 (A/1). The construction work was started in the year 2016 and subsequently, the then Union Minister of Commerce and Industry & Civil Aviation, Shri Suresh Prabhu Ji, inaugurated the campus through video conference from New Delhi on 22.02.2019. The Institute had commenced its first academic session from July 2019.</p> <p>2. The Institute vide several communications had sought information on the approved scope of work / detailed project report (with subsequent revisions) for the 1st phase of construction of NID MP campus from NBCC as well as DPIIT; however, no official trail of correspondence made in context of administrative approval / financial sanction / approved concept plans for the agreed scope of work between DPIIT & NBCC had ever been provided to the Institute. It may be appreciated that the Institute had been continuously following-up the matter with NBCC since Jan-2019 and copies of some of the important letters had been marked to DPIIT as well. (A/3)</p> <p>3. Further, it is worth mentioning here that as per terms of MoU dated 30.03.2015 (signed between the DPIIT and M/s NBCC), M/s NBCC had submitted its demand of additional payment for executing the additional work vide its letter dated 11.03.2021. After thorough examination of the same, the DPIIT has approved the additional amount over and above the sanctioned cost of the project in favour of M/s NBCC vide its sanction order dated 30.03.2022, and released Grant of ₹ 7.17 Crores under Capital head in the FY 2021-22 for making payment to NBCC in r/o creation of capital assets and to execute works pertaining to construction of the Amphitheatre and balance IT related work (A/4).</p> <p>4. The work of construction of amphitheatre has been completed and Joint inspection committee (JIC) constituted under the terms of MoU (A/1) has submitted its report. The report of the JIC has been approved by the DPIIT and approval of the handing over of the construction work was accorded by the DPIIT vide its OM dated 12.04.2023 (A/5).</p> <p>Since, the DPIIT has approved the increased cost as submitted by the M/s NBCC under the terms and conditions of the signed MoU, the execution of</p>	<p>architectural drawings for the construction of Campus of NID MP, including Amphitheatre does not shared with the institute by the DPIIT and NBCC. Audit could not ascertain the details of expenditure of ₹ 2.80 crore incurred on construction of amphitheatre in the absence of above stated documents. Further, the value of demolished amphitheatre was also not made available to the audit. The aforementioned information was once again requested from the management and the same were not available. Hence, the para stands.</p>
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	<p>demolition/clearance of site may be provided to audit.</p>	<p>additional work by the M/s NBCC may be treated as ratified by the DPIIT with its ex-post facto approval on the matter of execution of additional work.</p> <p>Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.</p> <p>With respect to the observation raised on the subject matter at point no. 2 of the para no. 2, it is humbly submitted that:-</p> <ol style="list-style-type: none"> 1. The agreement for execution of capital works / project for construction of infrastructure for the Institute on turnkey basis was signed between Dept. of Promotion of Industry & Internal Trade (DPIIT) (erstwhile Dept. of Industrial Promotion & Policy), Ministry of Commerce & Industry, Govt. of India and M/s NBCC (India) Limited (formerly known as National Buildings Construction Corporation), A Navratna CPSE on 30.03.2015 (A/1). The construction work was started in the year 2016 and subsequently, the then Union Minister of Commerce and Industry & Civil Aviation, Shri Suresh Prabhu Ji, inaugurated the campus through video conference from New Delhi on 22.02.2019. The Institute had commenced its first academic session from July 2019. 2. As observed by the Audit, in point no. 1 of the para no. 1 of part II B, that the NBCC has not given records such as Detailed Project Report, Master Plan, Estimates, architectural drawings for the construction of Campus to NID MP. Since the above said documents were never shared with the Institute, the raising observation, as the initial DPR was approved by DPIIT/ NID MP without assessing the actual requirement of the institute and revision in the design and layout of the amphitheatre was done after incurring a substantial amount on the construction of the amphitheatre as per original drawing and layout, which was later demolished for construction of new amphitheatre as per revised layout and plan, would be inappropriate as the Detailed Project Report (DPR), Master Plan, Estimates, architectural drawings for the construction of Campus of NID MP, including Amphitheatre, were never shared with the Institute. 3. The Institute vide several communications had sought information on the approved scope of work / detailed project report (with subsequent revisions) for the 1st phase of construction of NID MP campus from NBCC as well as DPIIT; however, no official trail of 	
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		<p>correspondence made in context of administrative approval / financial sanction / approved concept plans for the agreed scope of work between DPIIT & NBCC had ever been provided to the Institute. It may be appreciated that the Institute had been continuously following-up the matter with NBCC since Jan-2019 and copies of some of the important letters had been marked to DPIIT as well (A/3).</p> <p>4. Further, it is worth mentioning here that as per terms of MoU dated 30.03.2015 (signed between the DPIIT and M/s NBCC), M/s NBCC had submitted its demand of additional payment for executing the additional work vide its letter dated 11.03.2021. After thorough examination of the same, the DPIIT has approved the additional amount over and above the sanctioned cost of the project in favour of M/s NBCC vide its sanction order dated 30.03.2022, and released Grant of ₹ 7.17 Crores under Capital head in the FY 2021-22 for making payment to NBCC in r/o creation of capital assets and to execute works pertaining to construction of the Amphitheatre and balance IT related work (A/4).</p> <p>5. The work of construction of amphitheatre has been completed and Joint inspection committee (JIC) constituted under the terms of MoU (A/1) has submitted its report. The report of the JIC has been approved by the DPIIT and approval of the handing over of the construction work was accorded by the DPIIT vide its OM dated 12.04.2023 (A/5).</p> <p>6. Further, the value of demolished work of old amphitheatre and amount of expenditure incurred on demolition/clearance of site were not informed by the M/s NBCC to the Institute.</p> <p>Since, the DPIIT has approved the proposal of completing the Amphitheatre with revised drawing and cost as submitted by the M/s NBCC, under the terms and conditions of the signed MoU, the construction of Amphitheatre with revised drawing and cost may be treated as ratified by the DPIIT with its ex-post facto approval on the matter.</p> <p>Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.</p>	
<p>Para no. 3 Part II B</p>	<p>Para 03: Delayed/ Non-surrender of savings in the grants.</p> <p>According to the OM of Ministry of Finance no. 2(12)-B (Dy2021 & 2(13)-B (D)/2022, the last date for accepting the Surrender of Savings anticipated in the grants for 2020-21 and 2021-22 was fixed to be 20th March and 21st March respectively. As per rule 56 (1) and 56(2) of</p>	<p><u>With respect to the observation raised on the subject matter, it is humbly submitted that the during the financial year 2019-20, the Institute received final tranche</u> of the Grant on 31.03.2020 (A/6) itself. Further, due to the severe adverse impact of Covid-19 pandemic on the Institute activities during 2020-21, the utilization plan was got adversely affected which resulted less utilization of Grant than expected and</p>	<p>In view of the reply of the management, <i>para may be treated as settled.</i></p>

	<p>Budget Manual (MoF), Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year. The savings as well as provisions that cannot be profitably utilized should be surrendered to Government immediately when they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses.</p> <p>During the audit it was observed that NID, Madhya Pradesh had a savings of Rs. 2.84 crore and Rs. 5.43 crore at the close of FY 2019-20 and 2020-21 respectively in the head of account Government Grants". NID, Madhya Pradesh did not surrender any savings of grant to the government of India during 2019-20 and 2020-21. Moreover, NID Madhya Pradesh has a closing balance of Rs. 0.53 crore under the same head in 2021-22 which is a clear violation of the OM of Ministry of Finance and rule 56 of Budget Manual mentioned above. The persistent savings in NID, Madhya Pradesh indicated that the budgetary controls in the institutions were not effective and previous years' trends were not taken into account while creating the demand for grant of funds for the year.</p>	<p>unspent balance of Grant. After cooling down of disruption caused by the Covid-19, The unspent balance of Grant for the year 2019-20 & 2020-21 was refunded to the DPIIT during July 2021 itself along with interest. Further, the unspent balance for the year 2021-22 Rs 0.53 core was refunded to the DPIIT on 6th May 2022 immediately after the end of financial year 2021-22. Further, the Institute is refunding the unspent balance of Grant to the DPIIT within a month of finalization of PFMS generated Utilization Certificate. Further, it is worth to highlight here that the MoF OM no. 2912)-B (D)/2021 dated 11th February 2021 (A/7) was addressed to the Ministries/Department of the GoI and the Institute was not instructed to surrender of anticipated savings, if any.</p> <p>Further, as per the terms and conditions of the Grant Sanction order, “Any unspent balance of the Grant including interest earned should be refunded to the Govt. of India just after closing of the Financial year.” (A/8) Accordingly, the unspent balance of Grant for the year 2021-22 as on 31.03.2022 was refunded to the DPIIT on 6th May 2022.</p> <p>Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.</p>	
<p>Para no. 4 Part II B</p>	<p>Para 04: Non-recovery of Income tax due to non-accounting of perquisites in the salary.</p> <p>As per the provisions of section 17(2) of Income Tax Act 1961 perquisite, inter alia includes (i) the value of rent-free accommodation provided to the assessee by his employer and (ii) the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer.</p> <p>Further, Rule 3 of the Income Tax Rules provides as under: <i>Valuation of unfurnished residential accommodation provided by the employer:</i></p> <p>a) Union or State Government Employees -The value of perquisite is the license fee as determined by the Govt as reduced by the rent actually paid by the employee.</p> <p>b) Non-Govt. Employees- The value of perquisite is an amount equal to 15% of the salary in cities having population more than 25</p>	<p><u>With respect to the observation raised on the subject matter, it is humbly submitted that the provisions of section 17(2) of Income Tax Act 1961, w.r.t. perquisite, inter alia includes (i) the value of rent-free accommodation provided to the assessee by his employer and (ii) the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer.</u></p> <p>Further, it is submitted that the detailed information on residential furniture like list of furniture items supplied to individual dwelling units allotted to employees including cost implication of the said furniture items, has not been provided by NBCC till date. Hence, the Institute is not in position to compute the value of perquisite in respect of providing furniture in the residential accommodation and accordingly to deduct tax from the salaries of the employees who had been allotted accommodation by the Institute. Suitable action will be initiated once the information is shared by NBCC pertaining to computation of value of perquisites for providing furniture items in the</p>	<p>The Management stated that suitable action will be initiated once the information is shared by NBCC pertaining to computation of value of perquisites for providing furniture items in the residential accommodation.</p> <p>The reply is not tenable as the process of computation of value of perquisites should be expedite for compliance of Income Tax rules.</p>

<p>lakhs, 10% of salary in cities where population as per 2001 census is exceeding 10 lakhs but not exceeding 25 lakhs and 7.59% of salary in areas where population as per 2001 census is 10 lakhs or below. In case the accommodation provided is not owned by the employer, but is taken on lease or rent, then the value of the perquisite would be the actual amount of lease rent paid payable by the employer or 15% of salary, whichever is lower. In both of above cases, the value of the perquisite would be reduced by the rent, if any, actually paid by the employee.</p> <p><i>Value of Furnished Accommodation-</i> The value would be the value of unfurnished accommodation as computed above, increased by 10% per annum of the cost of furniture (including TV/radio/ refrigerator/ AC/other gadgets). In case such furniture is hired from a third party, the value of unfurnished accommodation would be increased by the hire charges paid payable by the employer. However, any payment recovered from the employee towards the above would be reduced from this amount.</p> <p>During the audit it was observed that NID MP provided the facility of furnished accommodation to its officials. Test check of salary sheet of the officials of NID MP revealed that the value of perquisite in respect of providing furniture in the residential accommodation was not taken into account for the purpose of calculation of the salary income tax of the employees. NID MP, being an autonomous Institution, was required to compute the value of perquisite in respect of providing furniture in the residential accommodation and accordingly deduct tax from the salaries of the employees who had been allotted accommodation by the Institute. Due to non-inclusion of perquisite value in salary/ Income tax calculation resulted in a short deduction of income tax.</p> <p>Further, the following information may also be provided.</p> <ol style="list-style-type: none"> 1. Residential quarter wise value of furniture provided by the NID MP in each quarter. 2. Employee (who had occupied the residential quarter) wise value of perquisite in respect of furniture provided in the residential 	<p>residential accommodation under intimation to the Audit.</p> <p>Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.</p>	<p><i>Hence, the para stands.</i></p>
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	quarters and value of tax implication on the same.																						
Para no. 5 Part II B	<p>Para 05: Short recovery of electricity charges from residents of the staff quarter. NID MP the electricity connection from Madhya Pradesh Kshetra Vidyut Vitaran Co. Ltd. Bhopal, under Tariff Category HIV-3.2. B Non-Industrial on 33 KV with sanctioned demand of 400KVA. During audit it was noticed that NID MP is paying for the electricity bills at electricity tariff which is applicable to Category HV-3.2. B Non-Industrial whereas the tariff which is being charged from the residents of the staff quarters within the campus is under the domestic tariff category. It was observed that the electricity charges/rates being low under the domestic tariff category as compared to charges rates under "Tariff Category IIV-3.2 Non-Industrial' has resulted in under collection of electricity charges from the residents of staff quarters amounting to Rs. 0.77 lakhs (Annexure 1) for the year 2021-22. Further, the approval of the competent authority for recovery of electricity charges from the residents at domestic tariff category was not found on records.</p>	<p>The draft of response is under process. Once approved, the same will be furnished.</p>	<p>Since the management failed to provide a response to the Audit observation, <i>the para stands.</i></p>																				
Para no. 6 Part II B	<p>Para 06: Irregularity noticed in Procurement of Goods and maintenance of stock registers. The National Institute of Design MP procured bags and pouches, T-shirts, Man zipper jackets, Man Hoodies jackets etc. with NID MP logo, for display/sale during the events organized by NID MP, to spread awareness about the Institute in common public. The details of purchase made by the NID MP are as follows:</p> <table border="1"> <thead> <tr> <th>S. no</th> <th>Item</th> <th>Invoice dated</th> <th>Quantity</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tote Bags + Pouch</td> <td>16.12.2019</td> <td>155</td> <td>45725</td> </tr> <tr> <td>2</td> <td>Tote Bags</td> <td>31.07.2021</td> <td>460</td> <td>70035</td> </tr> <tr> <td>3</td> <td>Men Zipper jacket</td> <td>17.12.2019</td> <td>383</td> <td>239279</td> </tr> </tbody> </table>	S. no	Item	Invoice dated	Quantity	Amount	1	Tote Bags + Pouch	16.12.2019	155	45725	2	Tote Bags	31.07.2021	460	70035	3	Men Zipper jacket	17.12.2019	383	239279	<p>With respect to the observation raised on the subject matter, it is humbly submitted that the Institute commenced its academic activities in July 2019. In order to raise awareness during MPDU 2019 (Madhya Pradesh Design Utsav) about the Institute, the items mentioned at S. No. 03, 04 & 05 were procured. However, the items mentioned at S. No. 01 & 02 were procured for academic and official use. The items mentioned at S. No. 03, 04 & 05 were intended to be sold at MPDU 2019 and other various Institute events throughout the year, without making any profit or loss. Due to the outbreak of the pandemic, the Institute remained closed for an extended period, during which no event was organized given the implemented COVID protocols by the GOI. Under these circumstances, it became practically impossible to sell the merchandise. Consequently, the items were stored in the Institute's inventory, without incurring any additional costs for their management and the balance stock amounting to ₹ 3.75 lakh (Please refer to Annexure – A/9 below) is available in good quality/condition in fabric, finishing and packaging. The Institute does not involve itself in any merchandise activities. The procurement of these items was made for promotion and brand building of the Institute in its</p>	<p>In view of the reply of the management, <i>the para may be treated as settled.</i></p>
S. no	Item	Invoice dated	Quantity	Amount																			
1	Tote Bags + Pouch	16.12.2019	155	45725																			
2	Tote Bags	31.07.2021	460	70035																			
3	Men Zipper jacket	17.12.2019	383	239279																			

4	Men Hoodies jacket	15 & 18.12.2019	389	238654	37	7717	4	74.25	These items were sold on an actual cost basis only and solely for the purpose of promoting and advertising/brand building of the Institute, without generating any profit. Further, there is no provision made in the Statutes of the Institute for conducting purchasing and selling activity for profit.
5	T-shirt	15 & 17.12.2019	1307	241164	102	20835	4	86.49	
TOTAL				834857		69546	83.30	2	

In this regard Audit observed the following:

- As per GFR 2017, Rule 144 (iv) "Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs". The institute could not sale/ utilize the above items timely, this resulted in items worth ₹ 6.95 lakh (83.30% of total purchase) lying idle for a period of about 3 years in the store of the Institution. Also the quality of the items/ material lying in the store without being utilized deteriorates with laps of time.
- Whether any provision has been made in the statutes of the Institute, for conducting purchasing and selling activity for profit. Kindly provide the copy of the provision.
- Tote bags and pouches were recorded in fixed assets register (Vol -1 page No.70) further 155 bags and pouches were issued to Textile and Apparel Department (TAD) and 460 no, of bag were issued to Admin/TAD. however, the same was not entered in their respective assets Register.
- Details of sale/distribution/ available quantity of tote bags and pouches were not found on records.
- TAD is not maintaining assets register properly i.e. details of issue of T-shirt, hoodies zipper was not available in the assets register of TAD It was also noticed that 15 Hoodies (with zipper) were missing the details of which were not available with the institution.

The Tote Bags and Pouches are consumable in nature and the necessary rectifications entries have been recorded in the appropriate consumable register (please refer to A/16). The observation has also been noted for strict future compliance for the sale/utilization details of Tote Bags and pouches, please refer to the aforementioned table at S. No. 01, according to the available records, out of a total of 460 Tote bags, all the Tote bags have been utilized as on date and out of 155 Tote bags, 10 Tote Bags were consumed and the rest of them were utilized in MOSAIC 2019 (Please refer to A/10).

MOSAIC 2019: Madhya Pradesh Design Utsav (MPDU) 2019 - the Annual Design Fest was scheduled to be held at NID MP premises from 19/12/2019 to 21/12/2019. Numerous academically significant events were planned for the event. As a part of the event, the selected works of students at the Institute were planned to be displayed with a view to spreading the realm of design to the anticipated large number of visitors. The bags were procured to display the works of students safely and securely.

The 155 Tote Bags were purchased on 16 Dec 2019 just before the MOSAIC and it is pertinent to note that the Institute started its academic activities in July 2019, and due to limited staff and storage space at the time with the procurement section, the materials were directly handed over to the indenter (Ms. Lubna Saifi, Faculty TAD) after the stock entry, (Please refer A/11). As per the requirement, the Tote Bags were used to exhibit the works of the students and were also distributed to various guests to raise awareness about the Institute. However, due to a lack of officials and procedural knowledge, the details of distribution were not formally recorded, nevertheless, it is evident from the provided images that the materials were distributed to guests and students (Please refer to A/12).

Please refer to A/13, A/14 & A/15 for the details of sale/utilization/free distribution provided by the TAD department.

Further regarding missing 15 Nos. Hoodies, it is submitted that the Men Hoodie Jacket, Men Hoodie Jacket (Without Zip) & T-Shirts were procured for

		<p>MOSAIC 2019, in order to raise awareness about the Institute. The items were sold during the MOSAIC 2019 and were intended to sell on actual cost basis at various Institute events throughout the year, without making any profit.</p> <p>The Institute commenced its academic activities in July 2019 with very few numbers of officials/ Staff Heads, moreover, the infrastructure was also under its final completion stage. Due to the outbreak of the COVID – 19 pandemics, the Institute was closed for an extended period and the academic operations were shifted to online mode and hence no public event was organized due to COVID protocols imposed by the GOI. Under these circumstances, it became practically impossible to clear/utilize the merchandise purchased in December 2019. Consequently, the items were stored in the Institute's inventory, without incurring any additional costs for their management/upkeeping.</p> <p>Post COVID the Institute reopened with staggered manpower as per the guidelines issued from time to time by the GOI and due to the GOI guidelines, the Institute felt necessity of broader and safe working space for the working of the officials. Due to constraints in infrastructure for accommodating officials' working space, the material was relocated from one place to another place multiple times for providing the necessary wider working area for officials. During one such relocation of the items, regrettably, the process was marred by mishandling due to the absence of proper supervision by any official. Unfortunately, this lapse in oversight ultimately resulted in the inadvertent loss of the items in question.</p> <p>The Institute has gained valuable insights from the aforementioned incident and has since implemented a robust system for the meticulous management of its inventory. Currently, there is a stringent practice in place for maintaining accurate stock records, and routine verification procedures are conducted at regular intervals in compliance to the GFR 2017. This proactive approach ensures the ongoing accuracy, integrity, and accountability of the Institute's materials, reflecting a commitment to continuous improvement and a proactive stance towards preventing future discrepancies.</p>	
<p>Para no. 7 Part II B</p>	<p>Para 07: Irregularity noticed in Procurement of Goods through comparison with different category/specification of items.</p>	<p>With respect to this point it is submitted that, during the first wave of COVID-19, an indent was raised by the TAD discipline for the procurement of 8 Nos. Portable Stitching Machine (Household Zig-Zag Sewing Machine) for academic activities and order was placed</p>	<p>The Management stated that the range of products in the category on the GeM portal</p>

<p>a) As per the Clause 3 of Electrical Wires, Cables, Appliances and Protection Devices and Accessories (Quality Control) order 17 February 2003, "No person shall by himself or through any person on his behalf manufacture or store for sale, sell or distribute any electrical wires, cables, appliances, protection devices and accessories, which do not conform to the specified standards and do not bear Standards and do not bear Standard Mark of the Bureau on obtaining certification marks license." The BIS registration is essential for all electronics products/ appliances, Audit observed that NID MP procured (GEM order no, 511687723037598 dated 04.09.2020) "Unbranded both (single and twin) household Zig-Zag Sewing Machine Head" for 282240 (quantity 8 no 10280 per machine) which is available as per "BIS Specification No. IS 15449 (part 1): 2004" However, it was observed that the NID MP procured above item which do not have the mandatory BIS certification.</p> <p>b) Clause 3(B) (ii) of General Terms and Conditions of GeM 4.0 (version 1.4) states that Primary User shall be fully responsible and accountable for all actions transactions done by Secondary Users on GeM portal. Further, clause (B)(iv) states that "while making procurement on GeM, the Buyers shall judiciously search and shortlist items using filters such as quantity, technical parameters, delivery period, warranty period, consignee location(s), Seller's eligibility etc. as per their approved requirements. Placement of contract for a product /service uploaded by the Seller in any wrong/inappropriate product category is strictly prohibited and such contracts be treated, as null and void and such buying shall adversely affect Buyer Rating on GeM".</p> <p>The NID MP have purchased various types of goods from GeM portal at rates which were arrived at on a faulty and incorrect comparison basis. The rates of the goods procured were compared with rates of wrong/inappropriate product category or compared with prices of items whose specifications were different from the desired specifications of the goods which were eventually purchased by the buyer department. Audit noticed such anomalies as explained in the table below:</p>	<p>as per the specification provided by the indenter. (A/17)</p> <p>The range of products in the category on the GeM portal during the COVID-19 period was limited as compared to the present times. Due to this, preparing a comparison sheet of the desired machine/equipment as per the standard was quite difficult. However, as per the catalogue attached (A/17) in the file of the concerned category it can be seen that only one Golden parameter was available and BIS Certification was not among the Golden Parameters. As per the Terms and Conditions of the GeM portal, while comparing, the comparison sheet is prepared by the portal itself on the basis of the Golden Parameters selected by the buyer (Please refer A/18).</p> <p>Therefore, since the BIS Certification was not among the Golden Parameters, hence it was not in the control of the Buyer to select the L1 product having the BIS Certification.</p> <p>However, as per the catalogue and contract order, it is evident that the Model of the procured machine i.e. USHA / SEWING MACHINE ZIG ZAG MACHINE USHA ALLURE USHA has BIS specification as mentioned in the Technical Specification of the Product, however, the GeM Portal/Seller has not provided the BIS certification detail in the required section. (Refer A/17 & A/19).</p> <p>With respect to the observation raised at para no. B on the subject matter, it is humbly submitted that:</p> <p>1. For Cannon iR 2006N with Duplex DADF & Toner</p> <p>The Institute was in its nascent stage in the year 2019 and it lacked adequate resources for academic and administrative work. At the same time, the academic activities and administrative work of the Institute were getting disrupted due to the outbreak of COVID-19 and the implementation lockdown. During the COVID-19 period, the range of products on the GeM portal was much less as compared to the present times. Due to which to meet the academic and administrative demands of the Institute during the COVID-19 period, the procurement on the GeM portal was done after comparative evaluation as per the best available range of products.</p> <p>Photocopy machines range comes with two types of component units, Dual component machines and Mono component machines. Dual component machines require a Toner and Developer both for operation whereas the Mono component Machines require only toner for its operation. While the availability of RAM</p>	<p>during the COVID-19 period was limited as compared to the present times. Due to this, preparing a comparison sheet of the desired machine/equipment as per the standard was quite difficult. Further, as per the terms and conditions of the GeM portal, while comparing, the comparison sheet is prepared by the portal itself on the basis of the Golden Parameters selected by the buyer. Subsequently, the Institute, while procuring such machines carefully selects the Golden Parameters for comparison as per the indented specifications and noted for strict compliance in future as well. In view of the reply of the management, para may be treated as settled.</p>
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S.No	Item	GEM Tender No. & Date	Tender value (in lakhs)	Specification of Purchased items	increases the printing speed of the machine. Accordingly, the purchase, as well as usage/ maintenance cost of Mono component machines, is lesser. Further, as per the Terms and Conditions of the specifications prepared by the portal itself on the basis of the Golden
1	Canon iR 2006 N with Duplex DADF & toner	5116877 3425590 6 Dated 09.10.2020	4997 54	Type of printing machine RAM size (GB) Hard Disk (GB)	Parameters selected by the buyer. Therefore, the machine was procured considering the said parameters. (A/20) As per the comparison sheet (A/20), it may be observed that the Type of Printing and Hard Disk were not selected as a Golden Parameter for comparison by the Buyer and only the RAM size along with other parameters was selected considering the requirement of the Institute. 2. For Countrees Blackout Roller Blind
2	Countrees Blackout roller blind	5116877 7360763 8 Dated 26.03.2021	3466 52	Length Width	With respect to this point, it is submitted that, before the second wave of COVID-19, an indent was raised by the ID discipline requesting the procurement of various materials required for the infrastructure of classrooms of ID Discipline, in which roller blinds were also included. 4000mm 4500mm 2000mm 2400mm The quantity had been sought from the Estate Section of the Institute and the material was explored on GeM.
3	GBC Automatic plastic body paper shredding machine	GEMC 5116877 3368972 8 Dated 11.02.2021	1450 00	Loading capacity Sheet Thickness	As per the catalogue (A/21) of the concerned category Golden parameter available can be seen and Length & Width were not among the Golden Parameters. As per the Terms and Conditions of the GeM portal, while comparing, the comparison sheet is prepared by the portal itself on the basis of the Golden Parameters selected by the buyer. Therefore, since the Length & Width were not among the Golden Parameters, it was not in the control of the Buyer to select the L1 product having equal Length and Width.
As noticed above, the Institution has committed flagrant negligence while comparing specifications as well as price which resulted in the departments failing to get best competitive rates for the items procured by them. This also violated the General Terms and Conditions of GeM and rendered the contracts entered by them with the supplier as null and void and affected the concerned.					3. GBC Automatic Plastic Body Paper Shredding Mahine During the second wave of COVID-19 in the Institute, the admissions of students and recruitment of employees were going on in the Institute. Various resources were required to run the academic and administrative activities of the Institute smoothly. Accordingly, the shredder machine was procured to maintain the confidentiality of documents related to academic and administrative works. During the COVID-19 period, the product range/categories on the GeM portal were much less as compared to present times. Further, the parameters highlighted in the audit para i.e. Loading capacity and Sheet Thickness were not among the Golden Parameters selected by the Buyer for Comparison,

		<p>which is evident from the Comparison Sheet attached to the file (A/22). Furthermore, it is pertinent to mention that as per the Terms and Conditions of the GeM portal, while comparing, the comparison sheet is prepared by the portal itself on the basis of the Golden Parameters selected by the buyer.</p> <p>Therefore, since the Loading capacity and Sheet Thickness were not among the Golden Parameters selected for comparison by the buyer, hence, the said comparison was by default made by the GeM portal itself.</p> <p>Currently on the GeM portal, which is dynamic and developing day by day, the category of products, the number of products and technical specifications/ Golden Parameters for comparative evaluation on GeM Portal have increased significantly as compared to earlier times. The Institute, while procuring such machines carefully selects the Golden Parameters for comparison as per the indented specifications. Hence, the Institute is following GFR Rules and the Terms and Conditions of the GeM while procuring such machines and the Points highlighted in the Audit para are noted for strict compliance in future as well</p>	
<p>Para no. 8 Part II B</p>	<p>Para 08: Installation of DG set without assessing capacity requirement.</p> <p>For proper electricity supply in the campus the electricity connection of 400KVA (consumer code 3274191661) is available and for power back-up 4 DG set (2 pair of DG sets with one DG set of 750 KVA and other DG set of 400 KVA) at a cost of Rs. 1.55 crore were installed in the campus. In this regard audit observe the following:</p> <ol style="list-style-type: none"> 1. Initially, as per requirement of electricity consumption in the institute, the connection demand was taken as 100KVA (30.05.2019), However, after start of the institute the connection demand was revised up to 400 KVA. At present the institute is functioning with the electricity load capacity of 400 KVA. However, the total load capacity of DG sets installed in the institute is 2300 KVA. This has resulted in installation of DG sets with load capacity which is more than the requirement and is unjustified, as huge expenditure was incurred in purchase and installation of these DG sets. 2. All these four DG sets are required to be kept in continuous use, as this is required to keep them functional. For keeping them functional, the institute 	<p><u>With respect to the observation</u> raised on the subject matter, following points are humbly submitted on the audit observation:</p> <ol style="list-style-type: none"> 1. The agreement for execution of capital works / project for construction of infrastructure for the Institute was signed between Dept. of Promotion of Industry & Internal Trade (DPIIT) (erstwhile Dept. of Industrial Promotion & Policy), Ministry of Commerce & Industry, Govt. of India and NBCC (India) Limited (formerly known as National Buildings Construction Corporation), a Navratna CPSE on 30.03.2015 (A/1). The construction work was started in the year 2016 and subsequently, the then Union Minister of Commerce and Industry & Civil Aviation, Shri Suresh Prabhu Ji, inaugurated the campus through video conference from New Delhi on 22.02.2019. The Institute commenced its first academic session from July 2019. 2. During construction stage, arrangement of 04 Silent-type DG Sets of total 2300 kVA rating were incorporated during detailed design and engineering stage after giving due consideration to overall connected electrical loads of various electro-mechanical services (namely lighting & illumination, plumbing & water supply and HVAC), diversity 	<p>As per the documents provided by the management, the utilization of the DG sets is significantly lower than their capacity. Hence, the para stands.</p>

	<p>have to incur expenditure on running and maintenance of these DG sets. If the electricity capacity requirement was assessed properly the running and maintenance expenditure on these extra capacity DG sets would have been minimized,</p>	<p>factor, maximum load demand, power factor & load factor. Copy of calculation of power load data is annexed at A/23. Further, provision of future expansion was also catered for. With the objective to provide 100% back-up power in case of grid failure for the Institute, a combination of 02 DG Sets (01 DG Set of 750 kVA rating + 01 DG Set of 400 kVA rating) each for Academic area and Residential area were installed.</p> <p>3. At the beginning, electricity connection with contract load of 100 kVA was obtained from MPMKVCL by the Institute and the same was facilitated by NBCC. Since, the load demand during 1st year of Academic operations was not high, it was thought of acquiring connection with the minimum load to save huge expenditure on security deposit and other related prepayment. Moreover, in case connection of total 2300 kVA demand load would have been acquired and 50% of the contract load is not used/consumed, the Institute would be liable for extra payment on account of not maintaining minimal consumption as per regulations of Madhya Pradesh Electricity Regulatory Commission (MPERC). Thence, the load initially was kept minimum and the same is subsequently enhanced as per increment in the load demand due to increase in the students' strength.</p> <p>4. It is further clarified that in case of power outage, only 02 DG sets at a time (out of 04) are used (01 at Academic area and another for Residential area) to provide back-up power supply.</p> <p>5. As per last discussion held with CGM, NBCC during the monthly review meeting held on 07.02.2023 (A/24), it was explained by NBCC that all the equipment and systems incorporated during infrastructure development stage were designed as per standard guidelines / provisions and considering the constructed buildings under Academic / Education Institutional category. As per basic design considerations, the following conditions/parameters are assumed:</p> <p>a. Efficiency of the equipment / system is deemed as 70% (max.).</p> <p>b. Concept of 'Working + Standby' configuration is used for critical applications, such as supplying electricity / water, where a backup arrangement would be needed to provide the full duty immediately if the first arrangement goes into breakdown / fault for any reason.</p>	
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		<p>c. To ensure both configuration / set-ups are evenly used, and to prevent stagnation or potential seizure, the lead set-up / working unit is alternated on a regular basis. If the lead set-up / working unit goes into breakdown / fault, the second set-up / stand-by unit automatically takes over.</p> <p>d. Based on the above assumptions, the actual power requirement of the Institute, as per total electrical load of the incorporated systems & future expansion aspects of the Institute, works out to 1150 kVA of actual working load and real output of DG sets as per norms are installed to cater for 805 kVA power at the campus.</p> <p>Hence, having cognizance of the facts mentioned above, it is requested that the observation may please be dropped.</p>	
<p>Para no. 9 Part II B</p>	<p>Para 09: Expenditure on additional work in excess of sanctioned cost.</p> <p>The Department of Promotion of Industry & Internal Trade (DPIIT) awarded the work of planning designing and construction of new National Institute of Design at Bhopal to NBCC (India) Limited as deposit works on turnkey basis with agency charges @ 7% at an initial sanctioned cost of ₹ 64.18 crores (revised upto ₹ 105.92 crore). An MoU was executed (30 March 2015) between DPIIT and NBCC with the scope of work for submission of architectural designs along with building plan, Construction of office building including civil works, interiors furnishings, lifts, landscaping, electrical, plumbing and sanitation and IT infrastructure. The campus was inaugurated on 22.02.2019 and the institute had commenced its first academic session from July 2019.</p> <p>Later the Institute realized that certain works are required to be carried out in addition to the works which were initially planned in the first phase. The Institute requested (26.02.2020) for additional fund under GIA capital in FY 2019-20 allotment to carry out works, which were affecting overall functionality, recreational activities and safety & security aspects of the campus. The details of works were as follows:</p> <p>a) Construction of Resource Centre & Amphitheatre</p>	<p><u>With respect to the observation</u> raised on the subject matter at point no. 1 of the para, it is humbly submitted that: -</p> <p>a) The Total Advance payment of Rs 6.43 crore was released to M/s NBCC for the said work. Certain works were amounting to ₹ 65.00 Lakhs were not executed and accordingly, these funds were remitted to DPIIT during FY 2021-22 on 28th Mar'2022 (A/25).</p> <p>With respect to the observation raised on the subject matter at point no. 2 of the para, it is humbly submitted that: -</p> <p>a) The preliminary estimates were prepared on the basis of CPWD-Plinth Area Rates 2012 and submitted during Mar'2020. These estimates were submitted without consideration of any loading for cost indices (as applicable at the time of submission of estimates).</p> <p>b) It is pertinent to mention that 'Cost Index' at the time of submission of the preliminary estimates was 118 (as on 01.04.2019) w.r.t. PAR 2012 as base 100 on 01.10.2012. Refer OM dated 01.08.2019 issued by CPWD, Ministry of Housing & Urban Affairs, GoI. (A/26)</p> <p>With respect to the observation raised on the subject matter at point no. 3 of the para, it is humbly submitted that: -</p>	<p>The management stated that NBCC had already been informed to submit a head wise expenditure statement, accounts of work duly audited / certified by a Chartered Accountant and all running measurement books and drawings. In absence of above stated documents audit cannot ascertained that how much excess expenditure was done on additional work against the sanctioned cost. Hence, the para stands.</p>

- b) Construction of Outdoor Sports Infrastructure: Football field, Basketball court, Volleyball court etc.
- c) Construction control room for monitoring CCTV system
- d) Illumination of areas in and around Residential Block
- e) Construction of Utility rooms for working staff of mess, housekeeping, security etc.

DPIIT sanctioned (12.03.2020) the grant of ₹ 7.30 crore and NID MP entered into agreement (10.09.2020) with NBCC for execution of above work at ₹ 7.69 crore with all the terms and condition, including payment to be as per the Original Agreement date on 30.03.2015.

In this regard Audit observe the following:

1. The NID MP awarded the work to NBCC at ₹ 7.69 crore which was more than the sanctioned cost of ₹ 7.30 crore. In this regard it may please be clarified that from where the NID MP plans to recoup the estimated excess expenditure of ₹ 39 lakh.
2. Reason for not negotiation with NBCC to carry out all above work within the sanctioned limit.
3. As per progress report of execution of above work dated 04.03.2022 following deviation were noticed:

Name of the Work	Sanctioned amount	Value executed
Development of volleyball court	2520000	2883
Development of Cricket Pitch	144000	2062
Construction of Changing room for working staff mess housekeeping	3357395	3974
Total	6021395	7064

Please state the reason for execution of above work beyond the sanctioned limit.

4. The schedule time for completion of the work was 18 months. However, till that time construction of Amphitheatre was still going on. Clause 10.2 of MoU provided *that in case, completion of the project is delayed due to reasons solely attributable to the contractors/agency suppliers engaged for the*

- a) NBCC had already been informed to submit a head wise expenditure statement and accounts of work duly audited / certified by a Chartered Accountant as the figures mentioned in the progress reports were provisional and were based on running payments which were regarded as payments by way of advance against the final payment only and not as payments for work actually done and completed and/or accepted from the contractor.
- b) Further, in case of any variation / deviation, appropriate action, deemed fit as per terms & conditions of the agreement, shall be initiated.

With respect to the observation raised on the subject matter at point no. 4 of the para, it is humbly submitted that: -

- a) As per records of DPIIT, total sanctioned cost for setting-up of 04 (four) new NIDs was ₹ 84.18 Crores out of which outlay of ₹ 64.18 Crores was projected for built-up space of 16,200 sqm. which would account for construction of buildings and electrical installations & allied works and the time allowed for completion of work was 18 months. (A/27)
- b) During course of execution, sanctioned cost was revised to ₹ 98.63 Crores due to increase in built-up area from 16,200 sqm. to 22,400 sqm. and execution of certain additional works due to which time extension for completion of work was granted without levy of LD, as the reasons for delay were not attributable to the contractor.

With respect to the observation raised on the subject matter at point no. 5 of the para, it is humbly submitted that: -

- a) All running measurement books and drawings are available with NBCC at their site office. The concerned official of NBCC had been requested to provide certified copies of the desired documents.

Hence, having cognizance of the facts mentioned above along with the supporting documents, it is requested that the observation may please be dropped.

<p><i>project by the Executing Agency, the Executing Agency shall impose liquidated damages @ 0.375% on awarded contract value for each week of delay subject to a maximum of 10% of the awarded contract value and the benefit shall be passed on to the Employer". NBCC did not levy any liquidity damaged on the subcontractors for delay in completion of the project work.</i></p> <p>5. The drawings of execution of above work and measurement book was not found on the records produced to audit.</p>		
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PART-IV (Best Practice)

NIL

PART-V (Acknowledgement)

The Audit Inspection Report has been prepared on the basis of information furnished/ made available by NID, Madhya Pradesh. The O/o the Principal Director of Audit, Industry & Corporate Affairs, New Delhi disclaims any responsibility for any misinformation and/or non-information on the part of NID, Madhya Pradesh.



Sr. Audit Officer