

## CONTENTS

| CHAPTER/<br>PARAGRAPH | SUBJECT  | CPSE                                       | PAGE<br>NO. |
|-----------------------|--|--|-------------|
|                       | <b>PREFACE</b>   |  | <b>vii</b>  |
|                       | <b>EXECUTIVE SUMMARY</b>   |  | <b>ix</b>   |
| <b>Chapter I</b>      | <b>DEPARTMENT OF ATOMIC ENERGY</b>   |  |             |
| 1.1                   | Extra expenditure on purchase of power from external source due to delay in completion of power supply system                | Nuclear Power Corporation of India Limited | 1           |
| <b>Chapter II</b>     | <b>MINISTRY OF CIVIL AVIATION</b>  |  |             |
| 2.1                   | Lack of appropriate action by AAI led to loss of its revenue and undue benefit to contractor                                 | Airports Authority of India                | 3           |
| 2.2                   | Loss of revenue due to non-inclusion of land in lease agreement  | Airports Authority of India                | 5           |
| 2.3                   | Idling of civil enclaves due to absence of realistic assessment of their requirement   | Airports Authority of India                | 7           |
| 2.4                   | Non-realisation of potential rental income   | Air India Limited                          | 9           |
| 2.5                   | Short coming in tendering process in renewal of Aviation Insurance resulting in a loss of USD 30,89,959 to Air India Limited | Air India Limited                          | 11          |
| 2.6                   | Irregular award of contract  | Air India Limited                          | 15          |
| <b>Chapter III</b>    | <b>MINISTRY OF COAL</b>  |  |             |
| 3.1                   | Loss due to non-utilisation of Cenvat Credit   | Bharat Coking Coal Limited                 | 19          |
| 3.2                   | Loss due to incorrect fixation of reserve price of coal under e-auction sale   | Coal India Limited & its subsidiaries      | 22          |
| 3.3                   | Delayed Payment of Central Excise Duty   | Eastern Coalfields Limited                 | 25          |
| 3.4                   | Failure to earn additional revenue   | Northern Coalfields Limited                | 26          |
| 3.5                   | Operational performance of Power Plants  | NLC India Limited                          | 29          |

|   |  |   |    |
|---|--|---|----|
| 3.6   | Non-recovery of Transportation Charges from the Customer   | Western Coalfields Limited                            | 37 |
| <b>Chapter IV MINISTRY OF COMMERCE AND INDUSTRY</b>                       |  |   |    |
| 4.1   | Imprudent financing decisions resulted in non-realisation of dues                                | The State Trading Corporation of India Limited        | 40 |
| <b>Chapter V MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION</b>          |  |   |    |
| 5.1   | Review of Non-Performing Assets  | North Eastern Development Finance Corporation Limited | 46 |
| <b>Chapter VI DEPARTMENT OF FERTILIZERS</b>                               |  |   |    |
| 6.1   | Failure to safeguard the interests of RCF  | Rashtriya Chemicals and Fertilizers Limited           | 56 |
| <b>Chapter VII MINISTRY OF FINANCE (DEPARTMENT OF FINANCIAL SERVICES)</b> |  |   |    |
| 7.1   | Non-Performing Assets  | Canbank Factors Limited                               | 58 |
| 7.2   | Failure to exercise due diligence before sanctioning/disbursing loan led to non-recovery of dues | IFCI Venture Capital Fund Limited                     | 65 |
| 7.3   | Loss of Premium in respect of Group Mediciclaim Insurance Policies                               | National Insurance Company Limited                    | 67 |
| 7.4   | Absence of monitoring mechanism for assessment and prompt recovery of reinsurance claims         | United India Insurance Company Limited                | 70 |
| 7.5   | Implementation of CORE Insurance Solution  | United India Insurance Company Limited                | 71 |
| <b>Chapter VIII MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES</b>   |  |   |    |
| 8.1   | Violation of CVC and internal guidelines resulted in avoidable expenditure                       | Bharat Heavy Electricals Limited                      | 83 |
| <b>Chapter IX MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION</b>       |  |   |    |
| 9.1   | Sanction of loan violating internal guidelines   | Housing and Urban Development Corporation Limited     | 85 |

| <b>Chapter X</b>         | <b>MINISTRY OF PETROLEUM AND NATURAL GAS</b>   |  |     |
|--------------------------|--|--|-----|
| 10.1                     | Implementation of City Gas Distribution Projects by GAIL Gas Limited   | GAIL Gas Limited   | 87  |
| 10.2                     | Irregular payment of special monetary appreciation   | GAIL (India) Limited   | 97  |
| 10.3                     | Additional burden on RGGLV consumers due to incorrect declaration of Retail Selling Price of LPG   | Bharat Petroleum Corporation Limited and Hindustan Petroleum Corporation Limited | 98  |
| 10.4                     | Inability to operate newly constructed Liquefied Petroleum Gas Bottling Plant due to lack of Environmental Clearance   | Indian Oil Corporation Limited   | 100 |
| 10.5                     | Idle investment of ₹15.30 crore  | Indian Oil Corporation Limited   | 101 |
| 10.6                     | Extra expenditure of ₹18.52 crore on pipeline replacement project due to shortcomings in the Bid Evaluation Criteria   | Oil and Natural Gas Corporation Limited  | 103 |
| 10.7                     | Supply of gas without security resulted in non-recovery of dues  | Oil and Natural Gas Corporation Limited  | 105 |
| 10.8                     | Delay in repair of critical HP flare tip led to extra expenditure of ₹16.11 crore due to replacement of repairable HP flare tip  | Oil and Natural Gas Corporation Limited  | 107 |
| 10.9                     | Failure to obtain the share of cost of Immediate Support Vessels purchased by ONGC for security of offshore assets from private Exploration and Production (E&P) operators | Oil and Natural Gas Corporation Limited  | 108 |
| 10.10                    | Wasteful expenditure on idling of rig  | ONGC Videsh Limited  | 110 |
| <b>Chapter XI</b>        |  |  |     |
| <b>MINISTRY OF POWER</b> |  |  |     |
| 11.1                     | Incorrect decision for payment of ex-gratia to the employees   | Damodar Valley Corporation   | 113 |
| 11.2                     | Loss due to delay in rectification of defect   | Damodar Valley Corporation   | 114 |
| 11.3                     | Water Resource Management  | Damodar Valley Corporation   | 115 |
| 11.4                     | Violation of CVC guidelines resulted in undue benefit to contractor  | NHPC Limited   | 124 |

|  |  |   |     |
|--|--|---|-----|
| 11.5   | Injudicious investment of REC  | Rural Electrification Corporation Limited | 125 |
| <b>Chapter XII MINISTRY OF ROAD TRANSPORT AND HIGHWAYS</b>           |  |   |     |
| 12.1   | Undue benefit to the concessionaire resulted in accumulation of dues                               | National Highways Authority of India      | 128 |
| 12.2   | Loss of revenue on account of failure to charge user fee since completion of the project           | National Highways Authority of India      | 130 |
| 12.3   | Incorrect revenue projection in financial analysis   | National Highways Authority of India      | 131 |
| 12.4   | Toll Operations in NHAI  | National Highways Authority of India      | 134 |
| <b>Chapter XIII DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH</b> |  |   |     |
| 13.1   | Infructuous expenditure of ₹20.21 crore on Integrated Security System at Old Delhi Railway Station | Central Electronics Limited               | 145 |
| <b>Chapter XIV MINISTRY OF SHIPPING</b>                              |  |   |     |
| 14.1   | Operation and Maintenance of Dredgers  | Dredging Corporation of India             | 148 |
| 14.2   | Loss due to failure to restore interest payment clause   | The Shipping Corporation of India Limited | 157 |
| 14.3   | Management of Agency Agreements  | The Shipping Corporation of India Limited | 159 |
| <b>Chapter XV MINISTRY OF STEEL</b>                                  |  |   |     |
| 15.1   | Failure to safeguard financial interest of MSTC  | MSTC Limited                              | 164 |
| 15.2   | Avoidable expenditure towards interest on delayed payment of royalty                               | NMDC Limited                              | 166 |
| 15.3   | Loss of ₹11.25 crore due to failure of BSL/SAIL to effectively manage imported coal                | Steel Authority of India Limited          | 168 |
| 15.4   | Avoidable expenditure of penalty/ idle freight   | Steel Authority of India Limited          | 169 |
| 15.5   | Deficient project management of CRM complex in BSL/SAIL  | Steel Authority of India Limited          | 170 |
| 15.6   | Unauthorised supply of power to a contractor cost ₹22.83 crore to RSP/SAIL                         | Steel Authority of India Limited          | 174 |
| 15.7   | Loss on account of payment of penalty in Bokaro Steel Plant/SAIL                                   | Steel Authority of India Limited          | 175 |

|   |  |  |     |
|---|--|--|-----|
| 15.8  | Deficient production planning resulted in avoidable stock carrying cost in Bokaro Steel Plant and Rourkela Steel Plant of SAIL | Steel Authority of India Limited   | 177 |
| 15.9  | Material Management  | Steel Authority of India Limited   | 178 |
| <b>Chapter XVI MINISTRY OF TEXTILES</b>   |  |  |     |
| 16.1  | Implementation of revival scheme   | National Jute Manufactures Corporation Limited   | 190 |
| <b>Chapter XVII MINISTRY OF WATER RESOURCES, RIVER DEVELOPMENT AND GANGA REJUVENATION</b>   |  |  |     |
| 17.1  | Irregularities in execution of work of construction of road and fencing along the Indo-Bangladesh Border                       | National Projects Construction Corporation Limited   | 196 |
| <b>Chapter XVIII IRREGULARITIES IN PAYMENT OF ENTITLEMENTS, RECOVERIES AND CORRECTIONS/RECTIFICATIONS BY CPSEs AT THE INSTANCE OF AUDIT</b> |  |  |     |
| 18.1  | Excess payment of Performance Related Pay to the employees   | NLC India Limited and Rashtriya Ispat Nigam Limited  | 200 |
| 18.2  | Undue benefit extended to the executives in the form of shift allowance  | GAIL (India) Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited and Steel Authority of India Limited | 201 |

|                    |   |  |            |
|--------------------|---|--|------------|
| 18.3               | Recoveries at the instance of audit                 | Airports Authority of India, Bharat Heavy Electricals Limited, Mangalore Refinery and Petrochemicals Limited, National Insurance Company Limited, National Projects Construction Corporation Limited, Northern Coalfields Limited, NLC India Limited, Oil India Limited, Rashtriya Chemicals and Fertilizers Limited, SJVN Limited, The New India Assurance Company Limited, The Oriental Insurance Company Limited and Western Coalfields Limited | 204        |
| 18.4               | Corrections/rectifications at the instance of audit | Balmer Lawrie & Company Limited, National Fertilizers Limited, National Payments Corporation of India Limited and Oil & Natural Gas Corporation Limited  | 205        |
| <b>Chapter XIX</b> | <b>Follow up on Audit Reports (Commercial)</b>      |  | <b>206</b> |
|                    | <b>Appendix I</b>                                   |  | <b>209</b> |
|                    | <b>Appendix II</b>                                  |  | <b>212</b> |
|                    | <b>Appendix III</b>                                 |  | <b>215</b> |
|                    | <b>Annexures</b>                                    |  | <b>217</b> |