सत्यमेव जयते

Report of the Comptroller and Auditor General of India for the year ended March 2018

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

This Report is Digitally Signed for laying in the Parliament.

Digitally Signed by:
Sreeraj Ashok, Director (IS)
O/o C&AG of India

Union Government (Civil)
Compliance Audit Observations
No. 6 of 2020

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Comptroller and Auditor General
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PREFACE

This Report for the year ended March 2018 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains significant results of the compliance audit of financial transactions of the Ministries/Departments of the Union Government including Union Territories without Legislatures and their autonomous bodies under the General and Social Services.

Reports in relation to accounts of a Government Company or Corporation are submitted to the Government by the Comptroller and Auditor General of India under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report contains audit observations relating to Central Public Service Enterprises under the administrative control of the Scientific and Environmental Ministries/Departments. The Audit Report also contains audit observations relating to Food Corporation of India which is under the administrative jurisdiction of the Ministry of Consumer Affairs, Food and Public Distribution.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2017-18 as well those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2017-18 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains significant audit findings arising from the compliance audit of financial transactions under 62 civil grants relating to 37 Civil Ministries/Departments of the Union Government including Union Territories without Legislatures under the General and Social Services sectors and of Autonomous Bodies/Corporations under their administrative jurisdiction excluding the Ministries/Departments of Revenue, Railways, Defence, Tele-communications, Electronics and Information Technology and Posts.

The gross expenditure of these 37 Civil Ministries/Departments increased by 18.01 *per cent* from ₹ 7,38,280 crore in 2016-17 to ₹ 8,71,297 crore in 2017-18. Previous Audit Reports of the Comptroller & Auditor General have been highlighting instances of loss of non-tax revenues or non-recovery of dues as well as avoidable or extra expenditure due to non-adherence to codal provisions and applicable rules and regulations, deficiencies in project management, poor internal controls, irregularities in release of pay and staff entitlements and poor financial management. Audit continued to find similar irregularities across various Ministries/Departments during the compliance audit for the financial year ended March 2018 which was symptomatic of the need to further strengthen extant systems of internal controls and budget management as well as to ensure that prompt and effective action on the audit findings have been drawn to prevent recurrence, of these paragraphs have been drawn. In a number of cases, the concerned Ministry has given response which has been suitability incorporated with appropriate rebuttal.

This Report contains 40 illustrative cases[1] of such irregularities involving ₹ 1361.54 crore covering 13 Ministries/Departments and five Union Territories without Legislatures and Autonomous Bodies/Corporation under their administrative control. Some major cases included in this Report have been summarised catergory-wise as below:

I. Loss of non-tax revenues

Ministry of External Affairs

Incorrect adoption of exchange rate by High Commission of India (HCI) Wellington in levying renunciation charges of Indian citizenship and penalty on

[1] Eight cases included under Para 1.13 under 'Action taken/recoveries effected by Ministries & Departments'.

misuse of passports resulted in less collection of revenue of ₹ 4.44 crore.

(Paragraph No. 8.2)

II. Lapses in Financial Management

Ministry of Home Affairs

Ministry of Home Affairs failed to effectively monitor the unutilised funds of Central Assistance lying with States under the Scheme of "Construction of Police Stations/Outposts to States affected by Left Wing Extremism" resulting in savings (including interest thereon) aggregating ₹ 52.18 crore remaining idle with eight States even after three years of completion of the scheme, while in Madhya Pradesh, the State had utilised the savings of ₹ 3.79 crore on construction of two additional Police Stations which, in the absence of sanction, was irregular. On this being pointed out by Audit, Ministry has recovered ₹ 22.69 crore, while ₹ 33.28 crore is yet to be recovered.

(Paragraph No. 10.1)

Department of Science and Technology

The Technology Development Board did not properly manage the financial assistance extended by it. This resulted in default in repayment of loan and interest amounting to ₹ 66.05 crore in seven selected projects.

(Paragraph No. 14.1)

Union Territories–Lakshadweep Administration

Directorate of Port, Shipping and Aviation, Union Territory of Lakshadweep (UTL) had retained an amount of ₹ 29.18 crore in their SB Account without remitting it to Government Account in violation of the provisions of Receipt & Payment Rules, thereby frustrating optimum cash management.

(Paragraph No. 15.11)

III. Deficiency/Non-adherence to Scheme guidelines/Acts/Rules and Regulations

Audit noticed three cases where applicable guidelines or rules and regulations were not adhered to resulting in unauthorised expenditure of ₹ 5.34 crore relating to three Ministries.

Ministry of Agriculture and Farmers' Welfare

Coastal Aquaculture Authority, Chennai

Survey of coastal areas to delineate land suitable/unsuitable for aquaculture was not carried out. Adequate regulations for construction, operation, inspection and monitoring of aquaculture farms were not framed. Standards for inputs used in aquaculture, Standard Operating Procedure for testing of waste water samples and guidelines for periodicity of DLC/SLC meetings were not prescribed. Environment Protection Fund for compensating the affected persons was not created and Grievance Redressal Mechanism was inadequate.

(Paragraph No. 2.1)

Ministry of Human Resource Development, Health and Family Welfare and Ayush

Educational Institutions coming under these Ministries made payment of service tax aggregating to ₹ 5.34 crore on outsourced services (housekeeping and security), although these services were exempted from payment of such tax.

(Paragraph No. 11.2)

IV. Deficiency in project management

Ministry of Agriculture and Farmers' Welfare

Out of 21 commercialisable technologies developed by CAZRI since its inception, 13 technologies were yet to be commercialised as of March 2019 and eight technologies though commercialised, could not reach the end users. Out of 14 Intellectual Property Rights enabled technologies, patents for only six technologies could be obtained by CAZRI till March 2019. Institute was not successful in releasing new foodgrain crop variety since 2005. Evaluation Committee, for carrying out objective evaluation of all research projects was not formed. In 35 test checked cases audit noticed that CAZRI was primarily dependent on Scientists to choose the research project and no record was available to show involvement of stakeholders and farmers in research topic selection. Average shortage of 35 *per cent* existed in scientific staff. The average publication of research papers in Indian and foreign Journals by scientists of CAZRI was only 68 per year during 2012-18. Out of total 405 research papers published by Scientists only 149 papers were published in journals having six and above rating by National Academy of Agricultural Sciences. Citation index of research papers revealed that 252 out of 405 research papers were never cited. CAZRI was not aware until 2015 that Institute was in short possession of 16.43 acres of land. Shortfalls were noticed in coverage of blocks under Frontline Demonstrations, On-farm Trials and achievements of various kinds of training programmes by *Krishi Vigyan Kendras.*

(Paragraph No. 2.2)

Ministry of Culture

Indian Museum, Kolkata

Indian Museum, Kolkata awarded the modernisation work on nomination basis and executed the work without any conservation plan or preparation of Detailed Project Report and proper planning. Major works pertaining to providing modern storage system, fire-fighting, fire-detection and prevention and HVAC were not taken up though sanctioned. It also did not ensure financial safeguards and failed in monitoring of the quality of work in the initial phases. Works sanctioned at a cost of ₹ 83.66 crore were executed for ₹ 105.70 crore, with works estimated to cost ₹ 25.76 crore not awarded at all. Proper conservation processes were also not followed during renovation resulting in damage to priceless artifacts.

(Paragraph No. 3.1)

Department of Space

Indian Space Research Organisation, Bengaluru and International Advanced Research Centre for Powder Metallurgy, Hyderabad established a Silicon Carbide Mirror Development Facility without ensuring that the technology for development of the mirrors was either proven or validated. The facility created could not produce the required quality of mirrors during its entire operational life of 10 years despite expenditure of ₹ 47.12 crore incurred on its establishment and maintenance.Silicon Carbide Mirror Development Facility

(Paragraph No. 5.2)

Management of civil works in five centres of Department of Space was deficient resulting in time overrun of 109 days to 1,142 days and cost overrun of ₹ 37.62 crore. Besides, there were cases of irregular payment of cost escalation, short levy of compensation for delay in work by contractors, short levy/collection of statutory recoveries and extra payments, etc. having total financial implication of ₹ 12.08 crore.

(Paragraph No. 5.5)

Ministry of External Affairs

SAARC Museum of Textiles and Handicrafts is yet to be operational (December 2019) even after a lapse of 10 years and incurring an expenditure of ₹ 18.47 crore.

(Paragraph No. 8.1)

Union Territories–Andaman and Nicobar Islands Administration

Andaman Public Works Department did not ensure availability of all the requisite materials before signing of a construction contract which was ultimately foreclosed after flip flops on the issue.

It delayed the construction of the Sea wall, increased the cost of shore protection, in the Tsunami affected area and also resulted in wasteful expenditure of ₹ 1.18 crore, as the incomplete work was washed away. The work has again been sanctioned with an estimated cost increase of ₹ 30.36 crore. The habitation of the affected area remained unprotected for 15 years after Tsunami.

(Paragraph No. 15.2)

Union Territories–Chandigarh

Municipal Corporation Chandigarh, (MCC) decided to implement a project to design and build a tertiary treatment plant and associated facilities with a capacity of 10 Million gallons/day (MGD), in addition to an existing tertiary treatment plant of 10 MGD, to treat the discharge from its Sewerage Treatment Plants (STPs), in order to supply treated water for irrigation purposes replacing potable water otherwise being used.

The design wrongly assumed sufficient availability of sewage water, One of the Underground Reservoirs was shifted to the older network with lower than required discharge capacity of pumps were installed at both plants, and the old STP was not technically upgraded. Moreover, MCC did not ensure the required BOD level i.e. below 5mg/l. in the output to TTP likely leading to non-acceptance of treated water among the consumers.

Moreover, MCC could not recover the 43 *per cent* of the cost of operation and maintenance of the project as planned. Treated water was supplied free to the green spaces being maintained by MCC Horticulture wing. MCC also did not bill the tertiary water connections. Audit found that the intended results could not be achieved even after 6-7 years after the completion of the project, and audit could not assure itself of the viability of the project.

(Paragraph No. 15.4)

Chandigarh Industrial and Tourism Development Corporation Limited (CITCO) operated Union Territory Chandigarh Secretariat Canteen at Chandigarh and Guest House at New Delhi without any agreements or operational arrangements and incurring a deficit of ₹ 8.27 crore and ₹ 1.52 crore respectively.

(Paragraph No. 15.7)

V. Idling of equipment/buildings/infrastructure

Improper planning and lack of necessary synchronisation of activities resulted in unfruitful expenditure and idling/sub-optimal utilisation of assets valued at ₹ 84.25 crore in two cases pertaining to Department of Atomic Energy as summarised below.

Department of Atomic Energy

Variable Energy Cyclotron Centre, Kolkata (VECC) did not prepare the site in time for installation of equipments for the proposed Medical Cyclotron facility due to which equipment costing ₹ 82.12 crore remained idle for more than eight years and the project remained incomplete for more than 15 years since sanction and after incurring an expenditure of ₹ 219.50 crore.

(Paragraph No. 4.1)

An Ion Trap System procured by Directorate of Purchase and Stores, Mumbai for Bhabha Atomic Research Centre, Mumbai after incurring expenditure of ₹ 2.13 crore, could not be commissioned even after more than seven years due to defective parts. The organisations did not obtain adequate financial safeguards for ensuring the security of the procurement.

(Paragraph No. 4.2)

VI. Lapses in Internal Control

Lack of effective internal controls led to short realisation of dues, avoidable payment and double payment as well as doubtful expenditure on procurement amounting to **₹ 18.17 crore in seven cases** are summarised below.

Department of Atomic Energy

Tata Memorial Hospital, Mumbai did not carry out mid-term revision of the sum assured for its medical stock based on actual trend of inventory levels, which resulted in under coverage of stock and consequent loss of ₹ 1.64 crore from an insurance claim after a fire accident.

(Paragraph No. 4.3)

Ministry of Environment, Forest and Climate Change

National Zoological Park, Delhi incurred additional expenditure of ₹ 3.66 crore during 2013-18 towards energy charges for electricity drawn from a non-domestic high tension connection but consumed for domestic purpose, due to non-installation of electricity meters for the residential quarters

(Paragraph No. 7.1)

Ministry of External Affairs

Thirteen Regional Passport Offices out of twenty-five test checked could avail only half of the discount available to bulk customers of speed post services due to inability to provide required address data electronically. Another RPO failed to avail any discount, as it did not enter into an agreement with postal authority unlike other offices. Thus, non-availing of discount by the Regional Passport Offices lead to extra expenditure of ₹ 4.11 crore.

(Paragraph No. 8.3)

Ministry of Human Resource Development

Failure of internal controls led to advances drawn on Abstract Contingent Bills to the tune of ₹ 1.86 crore not being settled during the years 2006-07 to 2017-18.

(Paragraph No. 11.3)

Department of Legal Affairs

Grant of ₹ one crore sanctioned for the purpose of construction of Golden Jubilee Auditorium in January 2000 to Supreme Court Bar Association was neither utilised for the purpose for which it was sanctioned nor refunded, along with interest, even after lapse of 19 years, in violation of the GFRs governing the grant.

(Paragraph No. 12.1)

Ministry of New and Renewable Energy

Karnataka Solar Power Development Corporation Limited

TDS was not carried out from the payment of land lease charges to the land owners. It was borne by the company on behalf of the land owners, which resulted in irregular expenditure of ₹ 5.25 crore.

(Paragraph No. 13.2)

UT Chandigarh

Department of Information Technology, Chandigarh made irregular payment of ₹ 64.83 lakh to the Society of Promotion of Information Technology, Chandigarh on account of service tax, which was recovered after being pointed out by Audit

(Paragraph No. 15.6)

VII. Irregularities in pay and staff entitlements

Non-adherence to rules and guidelines relating to payment of pay and entitlements of personnel resulted in irregular payment/reimbursement amounting to ₹ 500 crore in six cases in four Ministries are summarised below.

Department of Space

Department of Space did not take action for more than five years on the advice of Ministry of Finance to consider immediate withdrawal of payment of two additional increments being granted to its Scientists/Engineers. This resulted in payment of ₹ 251.32 crore towards continued grant of the two additional increments during the period December 2013 to March 2019 in 15 test checked centres and Autonomous Bodies under the Department.

(Paragraph No. 5.1)

Department of Space created 955 posts in administrative cadres without obtaining approval of the competent authority and filled them up by promotion of employees working in lower posts. Expenditure of ₹ 235.05 crore was incurred on the salaries of employees in the higher posts, a part of which was paid from the deposit projects of the department, which was contrary to the Government rules and procedures.

(Paragraph No. 5.3)

Department of Space did not obtain the approval of the competent authority for fixing the minimum residency period for promotion of its Group A officers at a lower than prescribed level which resulted in pre-mature grant of promotions and payment of pay and allowances in the higher scales to the extent of ₹ 1.29 crore in 13 test checked cases.

(Paragraph No. 5.4)

Ministry of Earth Sciences

Ministry of Earth Sciences allowed five of its Autonomous Bodies to grant additional financial benefits to their Scientists without obtaining approval of Ministry of Finance and consequently incurred expenditure of ₹ 2.63 crore during the period 2002-18. On being pointed out by Audit, the matter was referred to the Ministry of Finance for *ex-post facto* approval, which advised the Ministry to withdraw the financial benefits

(Paragraph No. 6.1)

Ministry of Health and Family Welfare

Ad-hoc bonus paid to the employees of JIPMER without receiving the orders from the Ministry of Finance for the years 2015-16 and 2016-17 resulted in irregular payment of Ad-hoc bonus of ₹ 4.56 crore.

(Paragraph No. 9.1)

Department of Bio-Technology

National Brain Research Centre, Manesar incurred extra expenditure of ₹ 5.15 crore on payment of House Rent Allowance, Non-Practising Allowance, Transport Allowance and Project Allowance to its employees in contravention of extant rules.

(Paragraph No. 14.2)

VIII. Avoidable payments by Autonomous Bodies/Departments/Corporations

Ministry of Human Resource Development

Atal Bihari Vajpayee Institute of Information Technology and Management advanced a sum of ₹ 4.32 crore to M/s EdCIL and failed to recover ₹ 3.98 crore.

(Paragraph No. 11.4)

CHAPTER I : INTRODUCTION

1.1 About this Report

This Report contains the significant results of the Compliance Audit of financial transactions of the Ministries/Departments of the Union Government and their Autonomous Bodies under General, Social, Scientific Services and Environment Sectors.

The Report has been organised in 15 chapters as under:

- Chapter 1, in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of the Union Ministries/Departments under the General, Social, Scientific Services and Environment Sectors for the last three years, outstanding Utilisation Certificates, delays in submission of accounts by Central Autonomous Bodies (CABs), response of the Government to draft paras and-follow up action on Audit Reports.

- Chapters 2 to 14 contain significant observations arising out of compliance audit-of various Civil Ministries/Departments falling under the sectors of General, Social, Scientific & Environment and their Autonomous Bodies/Corporations, covering 57 civil grants arising as a result of audit of transactions up to 2017-18.

- Chapter 15 contains significant observations arising from the audit of Government Departments/Offices/Institutions under the control of the five Union Territories without Legislatures (UTs) *viz*. Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep covering five grants as a result of audit of transactions up to 2017-18.

1.2 Types of Audit conducted by CAG

CAG broadly carries out three types of audits, *viz*. Financial Audit, Compliance Audit and Performance Audit. Financial Audit is an expression of audit opinion on the set of financial statements, whereas Performance Audits seek to examine as to how programmes and projects were implemented with regard to economy, efficiency and effectiveness. Compliance audit refers to the examination of transactions relating to expenditure, receipts as well as assets and liabilities of audited entities to examine and report on their compliance to the provisions of the Constitution of India as well as other applicable laws, rules, regulations and various orders and instructions issued by competent authorities. Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence.

Audits are conducted on the basis of approved CAG's Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The findings of audit are expected to enable the Executive to take corrective action and frame such policies and procedures which will lead to improved financial management of the organisations and contribute to better governance.

1.3 Authority for Audit

The authority for audit by the C&AG and reporting to Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (the Act). The C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Sections 13 and 17 of the C&AG's (DPC) Act. Bodies established by or under law made by the Parliament and containing specific provisions for audit by the C&AG are statutorily taken up for audit under Section 19(2) of the Act. Audit of other organisations (Corporations or Societies) is entrusted to the C&AG in public interest under Section 20(1) of the Act. In addition, CABs, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the C&AG under Section 14(1) of the Act.

1.4 Planning and conduct of Audit

As per the Annual Audit Planning process, units for compliance audit are selected on the basis of risk assessment besides topicality, materiality, social relevance etc. Risk assessment includes appraisal of internal control systems of the units, past instances of defalcation, misappropriation, embezzlement, etc. as well as-findings of previous Audit Reports. Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are settled with action for compliance advised, where necessary. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report after seeking responses from the Secretary of the Ministry/Department concerned. Audit Reports are laid before the Parliament/respective State Legislature under Article 151 of the Constitution of India.

1.5 Profile of the Ministries/Departments under the Union Government and audit jurisdiction

The gross provision and expenditure of all Union Ministries/Departments as of March 2018 covering 96[1] civil grants in 2017-18 and 95 civil grants in 2016-17 are given in **Table No. 1**:

[1] This includes Defence Civil Grants (2), Telecommunications and Electronics & Information Technology Grants (2), Union Territories (without Legislatures) Grants (5), Transfers to Delhi and Puducherry (2), Scientific Department (9) and Central Receipts (3).

Table No. 1: Gross Provision and Expenditure

(₹ in crore)

Nature of Disbursements	2016-17			2017-18		
	Gross Provision	Gross Expenditure	Savings (-) Excess (+)	Gross Provision	Gross Expenditure	Savings (-) Excess (+)
Revenue (Charged)	6,14,699	6,05,198	(-) 9,501	6,52,480	6,41,217	(-) 11,263
Revenue (Voted)	12,60,178	11,36,498	(-) 1,23,680	14,80,913	13,22,124	(-) 1,58,789
Capital (Charged)	55,10,602	56,97,040	(+) 1,86,438	57,99,508	58,90,670	(+) 91,162
Capital (Voted)	2,61,720	2,07,390	(-) 54,330	3,53,322	3,26,541	(-) 26,781
Total	**76,47,199**	**76,46,126**	**(-) 1,073**	**82,86,223**	**81,80,552**	**(-) 1,05,671**

**In 2016-17, the net saving of ₹1,073 crore was due to gross saving of ₹1,90,227 crore and excess of ₹187511 crore. In 2017-18, the net saving of ₹1,05,671 crore was due to gross saving of ₹1,96,834 crore and excess of ₹91,162 crore.*

The details of tax and non-tax revenues in 2017-18 are given in **Table No. 2**:

Table No. 2: Details of tax and non-tax revenues

(₹ in crore)

Receipts		
	2016-17	**2017-18**
Tax Revenue	11,07,968	12,46,178
Non-Tax Revenue	5,06,720	4,41,383

Includes Union Territories without Legislatures

The gross expenditure incurred by 39 Ministries/Departments (Civil and Scientific) during 2015-16 to 2017-18 are shown in **Table No. 3** and the details are given in **Annexe-1.1**.

Table No. 3: Gross Expenditure

(₹ in crore)

Period	Amount
2015-16	9,44,264.84
2016-17	7,38,280.02
2017-18	8,71,296.68

1.6 Audit of Union Territories (UTs)

There were seven Union Territories[2] (UTs) specified under Part II of the First Schedule to the Constitution of India, *viz.* Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, National Capital Territory of Delhi and Puducherry. Except for the National Capital Territory of Delhi and Puducherry, UTs do not have Legislatures.

[2] Now there are Eight Union Territories *viz.* Andaman and Nicobar Islands, Chandigarh, Dadra-Nagar Haveli-Daman & Diu, Jammu & Kashmir (w.e.f. 9 August 2019), Ladakh (w.e.f. 9 August 2019), Lakshadweep, National Capital Territory of Delhi and Puducherry.

Under the Government of India (Allocation of Business) Rules, 1961, the Ministry of Home Affairs (MHA) is the nodal Ministry for legislative matters, finance and budget and services for the UTs. Each UT functions under an Administrator appointed by the President under Article 239 of the Constitution of India. In the Andaman and Nicobar Islands, the Lt. Governor is designated as the Administrator while the Governor of Punjab is the Administrator of Chandigarh. Administrators are also separately appointed for Dadra and Nagar Haveli, Daman and Diu and Lakshadweep. The Administrator's Advisory Councils in these UTs advise the administrators. The Home Minister's 'Advisory Committees' in these UTs address general issues relating to the social and economic development of the UTs. The Island Development Authority (IDA) facilitates the integration of high level decisions concerning the island UTs of the Andaman and Nicobar Islands and Lakshadweep. The budget provisions in respect of UTs are under the administrative control of the MHA. The MHA prepares the Demands for Grants and Detailed Demand for Grants (DDGs) relating to these UTs for approval of Parliament. While the general administration of the UTs is the responsibility of the MHA, other ministries/departments of the Union Government administer funds on the subjects mentioned in Lists I and II of the Seventh Schedule to the Constitution of India insofar as they exist in regard to these territories. Thus, the DDGs also contain proposals of other ministries and departments relating to the expenditure on these UTs on activities concerning these ministries and departments. Administrators of the UTs have been delegated financial powers upto a certain limit by MHA for sanction of plan schemes.

1.6.1 Provision and Expenditure in UTs

Details of budgetary allocation and expenditure in the five UTs in 2017-18 are given in **Table No. 4**.

Table No. 4 : Budgetary allocation and expenditure

(₹ in crore)

Name of Union Territory	Total Grant/ Appropriation		Actual Expenditure		Savings			
					Revenue		Capital	
	Revenue	Capital	Revenue	Capital	Amount	*Per cent*	Amount	*Per cent*
Andaman and Nicobar Islands	3890.86	942.72	3884.49	906.56	6.37	0.16	36.16	3.84
Chandigarh	3865.14	459.73	3802.85	459.73	62.29	1.61	0.00	0.00
Dadra and Nagar Haveli	761.25	389.16	760.11	256.43	1.14	0.15	132.73	34.11
Daman and Diu	1288.15	345.36	1234.37	344.97	53.78	4.17	0.39	0.11
Lakshadweep	1083.28	165.76	1074.44	136.31	8.84	0.81	29.45	17.77
Total	**10888.68**	**2302.73**	**10756.26**	**2104.00**	**132.42**	**6.90**	**198.73**	**55.83**

Source: Union Government-Appropriation Accounts (Civil) 2017-18

In Andaman and Nicobar Islands, savings occurred under the capital section due to delay in purchase of ships, delay in construction works etc.

In Chandigarh, savings occurred due to non-implementation of the schemes, non-filling up of posts, non-implementation of the recommendations of the Punjab Pay Commission, and non-holding of elections of municipalities and Gram Panchayats.

In Daman and Diu, significant savings occurred under revenue section mainly due to non-filling up of vacant posts, less tours undertaken and requirement of less funds towards e-Governance Project.

In Dadra and Nagar Haveli, significant savings occurred in the capital section mainly due to non-finalisation of road projects, delay in commencement of work of establishment of power sub-station, delay in finalisation of tender process for construction of bridge, design of Tribal Museum and Silvassa Haat.

In Lakshadweep, savings under capital section occurred mainly due to delay in tender process for acquisition of ships/barges, delay in finalisation of tender process for procurement of firefighting equipment, medical equipment, speed boats/ferry vessels etc. and delay in construction of dedicated berths for ships/vessels in mainland ports.

1.7 Audit of Autonomous Bodies

Separate Audit Reports (SARs) are prepared on the accounts Autonomous Bodies (ABs) coming under various Ministries/Departments under sections 14, 19(2) and 20(1) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The total grants released to these ABs during 2017-18 aggregated to ₹ 27106.64 crore including previous year's unspent grants. The details are given in **Appendix-I**.

1.8 Utilisation Certificates

As per the General Financial Rules, certificates of utilisation in respect of grants released to statutory bodies/organisations are required to be furnished within 12 months from the closure of the financial year by the bodies/organisations concerned. There were a total of 89104 utilisation certificates involving an amount of ₹ 27175.75 crore in respect of grants released up to March 2017 by 16 Ministries/Departments that were outstanding after 12 months of the financial year in which the grants were released are detailed in **Appendix–II**.

The period of pendency of Utilisation Certificates are depicted in **Table No. 5**:

Table No. 5: Period of Pendency of UCs

(₹ in crore)

Period	No. of UCs	Amount
upto March 2011	30083	5106.36
2011-16	43919	13239.18
2016-17	15102	8830.21
Total	89104	27175.75

The pendency of utilisation certificates for such a long duration defeats the very purpose of certificate. The procedure prescribed in Rule 238 GFRs that the further grants should not be released by the Sanctioning authority before receipt of Utilisation Certificate for earlier grants needs to be strictly enforced.

The position of outstanding utilisation certificates with significant money value relating to **11** Ministries/Departments as of March 2018 is given in **Table No. 5A**:

Table No. 5A: Utilisation Certificates Outstanding as on 31 March 2018

(₹ in crore)

Sl. No.	Ministry/Department	For the period ending March 2017	
		Number	Amount
1.	Department of Science and Technology	39409	7981.45
2.	Department of Bio-Technology	26136	6815.41
3.	New and Renewable Energy	1198	2739.00
4.	Agriculture & Farmers' Welfare	923	1758.54
5.	Culture	5070	843.68
6.	Food Processing Industries.	2116	618.70
7.	Woman & Child Development	4941	578.80
8.	Water Resources, River Development and Ganga Rejuvenation	352	531.32
9.	Environment, Forest and Climate Change	4200	529.08
10.	Home Affairs	165	340.77
11.	Drinking Water & Sanitation	34	315.88
Total		**84544**	**23052.63**

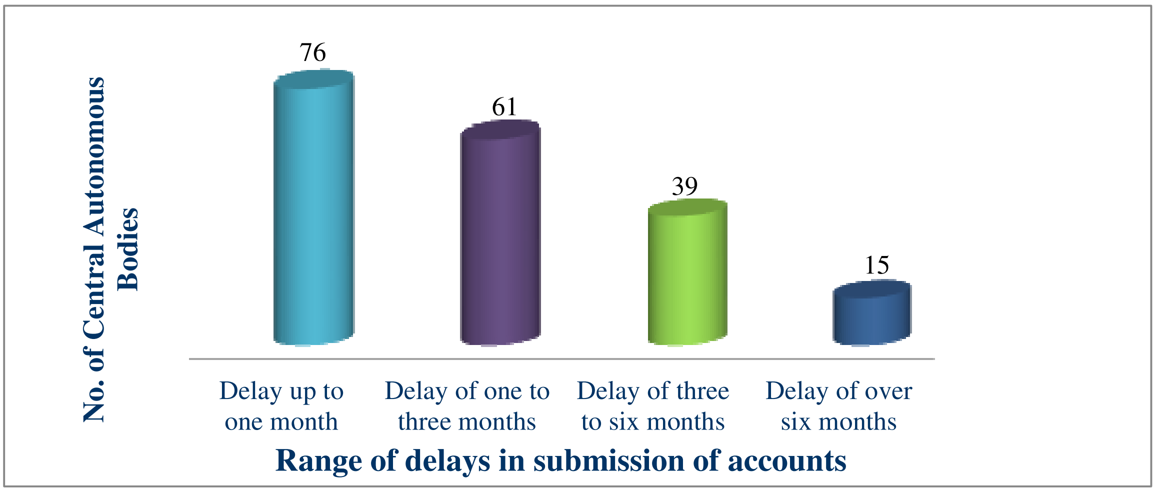
1.9 Delays in submission of accounts to audit and presentation of audited accounts of Central Autonomous Bodies before both Houses of Parliament by Central Autonomous Bodies

The Committee on Papers Laid on the Table of the House had recommended in its First Report (5th Lok Sabha) 1975-76 that every Autonomous Body should complete its accounts within a period of three months after the close of the accounting year and make them available for audit. This is also stipulated in Rule 237 of the General Financial Rules 2005. The audit reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year.

a) Delays in submission of accounts to audit

Audit of accounts of 464 CABs was to be conducted by the C&AG for the year 2016-17. Out of these**,** the accounts of 191 CABs were furnished after the due date as indicated in the **Chart No. 1** given:

Chart No. 1: Delay in submission of accounts



The details of CABs whose accounts were delayed beyond three months as of December 2017 are given in **Appendix–III**.

b) Delay in presentation of audited accounts to Parliament

The status of laying of the audited accounts before the Parliament as on 31 December 2019 is given in **Table No. 6**:

Table No. 6: Status of laying of the audited accounts in the Parliament

Year of account	Total number of bodies for which audited accounts were issued but not presented to Parliament	Total number of audited accounts presented after due date
2012-13	02	-
2013-14	02	-
2014-15	04	-
2015-16	07	-
2016-17	21	40

The particulars of CABs whose audited accounts had not been laid or laid after due dates before Parliament are given in **Appendix-IV** and **Appendix-V**.

1.10 Results of certification of audit

Separate Audit Reports for each of the CABs bodies audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are appended to the certified final accounts that are to be tabled by respective Ministries in Parliament.

Some of the important deficiencies noticed in the annual accounts of the Central Autonomous Bodies for the year 2017-18 (details in **Appendix-VI**) are as below:

(a) Internal audit of **143** CABs was not conducted **(Appendix-VII)**;

(b) Physical verification of the fixed assets of **123** CABs was not conducted **(Appendix-VIII)**;

(c) Physical verification of the inventories of **119** CABs was not conducted **(Appendix-IX)**;

(d) **51** CABs were accounting for grants on realisation/cash basis which was inconsistent with the common format of accounts prescribed by the Ministry of Finance **(Appendix-X)**;

(e) **158** CABs had not accounted for gratuity and other retirement benefits on actuarial valuation basis **(Appendix-XI)**;

(f) No depreciation on fixed assets had been provided by **11** CABs **(Appendix-XII)**; and

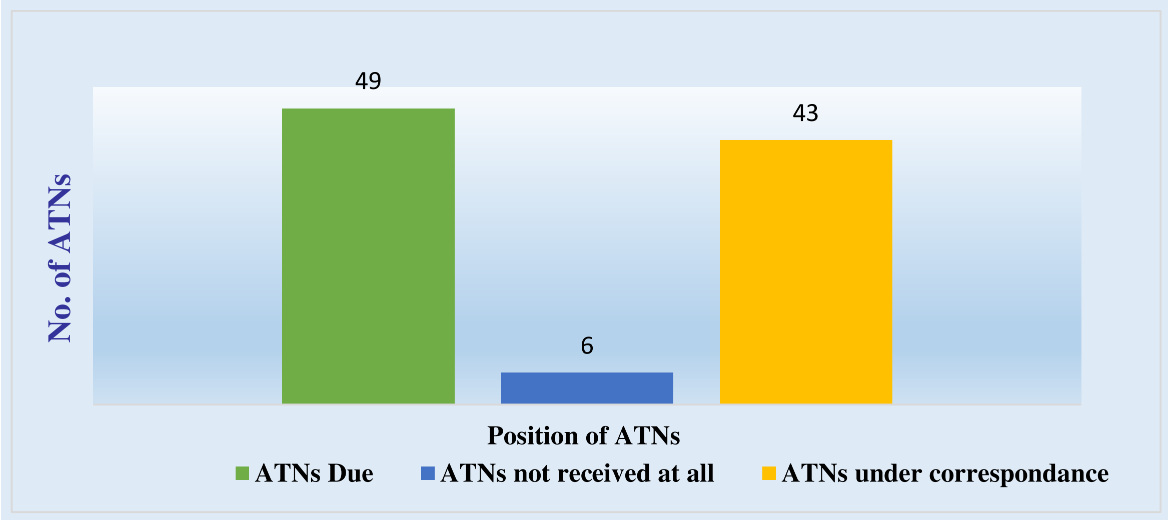
(g) **26** CABs revised their accounts as a result of audit **(Appendix-XIII)**. The impact of the revision was a net decrease in assets/liabilities by ₹ 18.59 crore and net decrease in surplus by ₹ 10.97 crore and net increase in deficit by ₹ 919.98 crore.

1.11 Status of pending ATNs

In its 105th Report (10th Lok Sabha – 1995-96) presented to the Parliament on 17 August 1995, the Public Accounts Committee had recommended that Action Taken Notes (ATNs) on all paragraphs of the Reports of the C&AG should be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of four months from the date of laying of the Audit Reports on the Table of the House starting from 31 March 1996 onwards. Subsequently, a Monitoring Cell was created under the Department of Expenditure which is entrusted with the task of coordination and collection of the ATNs from all Ministries/Departments concerned duly vetted by Audit and sending them to the Public Accounts Committee within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports Union Government (Civil) up to the period ended March 2017, as of December 2019, disclosed the position, in **Chart No. 02**.

Chart No. 2: Summarised position of ATNs



Out of 49 paragraphs on which ATNs were required to be sent, ATNs in respect of six paragraphs were not received at all while the remaining 43 were pending at various stages. Year wise details are indicated in **Appendix-XIV**.

In respect of Union Territories, Audit observed that four ATNs pertaining to the Audit Report of the C&AG for the period upto December 2019 were pending as given in **Appendix-XV**.

1.12 Saving of over ₹ 500 crore in six Major Schemes

The Public Accounts Committee (PAC) in Para 14 of the 17th Report relating to Union Government Appropriation Accounts (Civil) 1996-97 has observed that "large scale unspent provisions under Grants/Appropriations by the civil Ministries/ Departments have become an almost recurring feature and the position is still to improve and had concluded that the concerned Ministries/Departments have not made any serious attempts to apply effective corrective measures in accordance with the Committee's recommendations". Therefore, in compliance with the recommendation made by the PAC in this regard, the Ministry of Finance requested all the Financial Advisers to carry out a thorough study of the cases/schemes where large scale unspent provisions have occurred and take the following appropriate action so as to avoid recurrence of large-scale unspent provisions in their respective Demands for Grants.

Savings of ₹ 500 crore and above constituting more than 15 *per cent* of the budget provisions occurred in the following Six major schemes implemented by various Ministries/Departments during 2017-18 as detailed in **Table No. 7**. Large savings is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. Such savings not only indicated poor budgeting, it also implies unnecessary provisioning of resources through taxes etc., and depriving resources to other deserving sectors of the economy.

Table No. 7: Savings of ₹ 500 crore and above constituting more than 15 *per cent* of the budget provisions

(₹ in crore)

Sl. No.	Ministry	Scheme	Budget Estimates	Actual Expenditure	(-) Savings	Savings in percentage
1.	Water Resources, River Development and Ganga Rejuvenation	National Ganga Plan and Ghat Works	2,300.00	700	-1,600.00	69.57
2.	New and Renewable Energy	Solar Power-Grid Interactive Renewable Power	2,661.00	1,001.34	-1,659.66	62.37
3.	Health and Family Welfare	Rashtriya Swasthya Bima Yojna	1,000.00	455.98	-544.02	54.40
4.	Skill Development and Entrepreneurship	Pradhan Mantri Kaushal Vikas Yojana	2,924.26	2,149.95	-774.31	26.48
5.	Health and Family Welfare	Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	3,975.00	3,162.27	-812.73	20.45
6.	Agriculture	Pradhan Mantri Krishi Sinchai Yojna (PMSKY)	3,400.00	2,819.24	-580.76	17.08

1.13 Response of the Ministries/Departments to audit paragraphs

On the recommendation of the Public Accounts Committee (PAC), the Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of receipt of the paragraphs. Accordingly, the draft paragraphs are forwarded to Secretaries of the Ministries/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

Concerned Ministries/Departments did not send replies to 06 out of 41 paragraphs (up to December 2019) featured in Chapter-II to XV. The response of the concerned Ministries/Departments received in respect of 35 paragraphs have been suitably incorporated in the Report.

An amount aggregating ₹ 145.21 crore has been recovered during the compliance audit process as per details given in **Table No. 8**.

Table No. 8: Details of recovery

(₹in crore)

Sl. No.	Ministry/Department	Audit observations	Amount recovered
1.	Department of Animal Husbandry, Dairying & Fisheries	The Department of Animal Husbandry, Dairying & Fisheries paid excess fund channelising charges aggregating ₹ 2.79 crore to NABARD between the years 2014-15 and 2016-17 against which ₹ 2.76 crore has been recovered.	2.76
2.	External Affairs	As a result of Audit pointing out failure of the Missions/Posts abroad to observe the prescribed rules and procedures, which led to overpayment of pay and allowances, other miscellaneous payments, penalties not imposed on account of contractual deviations with vendors etc., 43 Missions/Posts abroad have recovered ₹ 1.70 crore in 92 cases during the period between April 2015 and May 2019.	1.70
3.	External Affairs	Ministry of External Affairs failed to avail rebate of 10 *per cent* on the services charges paid to the New Delhi Municipal Council, despite paying these charges before the due date fixed for availing such rebate. This resulted in avoidable payment of ₹ 69.41 lakh on service charges bills raised by NDMC during the period 2012-13 to 2017-18. On this being pointed out by Audit, MEA took up the matter with NDMC. Consequently, rebate of ₹ 62.06 lakh has been adjusted in the subsequent bill. Rebate of ₹ 7.35 lakh is yet to be adjusted.	0.62
4.	Health & Family Welfare	Safdarjung Hospital failed to exercise due diligence and made irregular payment of service tax aggregating to ₹ 6.28 crore to HSCC (India) Ltd., on construction activities in the Safdarjung Redevelopment Project which were exempted from service tax. After the issue was pointed out, SJH took up the matter with HSCC, which claimed and received refund of ₹ 6.28 crore from Central Goods and Service Tax Department. It was subsequently adjusted in the Statement of Expenditure relating to the Project in July 2019.	6.28
5.	Home Affairs	Ministry of Home Affairs made irregular reimbursement of subsidy claims aggregating ₹ 4.42 crore to the	1.65

		State Governments of Jammu & Kashmir and Himachal Pradesh for seats remaining vacant during flights under Subsidised Helicopter Services. When pointed out, MHA adjusted ₹ 59.81 lakh and ₹ 1.05 crore from the reimbursement claim bills of Governments of HP and J&K respectively, stating that the remaining excess subsidy would be adjusted in future claims of the States.	
6.	Home Affairs	Under the 'Helicopter Subsidy Scheme' in North-Eastern States, the Goods and Services Tax aggregating ₹ 41.34 lakh was irregularly reimbursed by the Ministry of Home Affairs in contravention of the agreement entered between Government of Nagaland and third party agency, M/s Global Vectra Helicorp Limited. Further, Ministry reimbursed subsidy claims aggregating ₹ 53.12 lakh for helicopter services used by VIPs to the Government of Meghalaya in violation of scheme guidelines. On Audit pointing out, Ministry has adjusted these payments in subsequent reimbursements.	0.94
7.	Home Affairs	North-Eastern Police Academy, Shillong, Ministry of Home Affairs entered into an agreement with WAPCOS for construction of four works relating to 'Strengthening of infrastructure (Phase-II) of North-Eastern Police Academy (NEPA), Shillong' at a cost of ₹ 36.64 crore and released Mobilisation Advance aggregating to ₹ 3.36 crore bearing interest at the rate of 10 *per cent*. It had, however, failed to recover interest aggregating to ₹ 69.30 lakh as per approved terms for release of Mobilisation Advance from WAPCOS. After being pointed out by Audit, it recovered ₹ 69.30 lakh.	0.69
8.	Consumer Affairs, Food and Public Distribution, HRD, Health and Family Welfare & Statistics and Programme Implementation	Amount recovered in case of PSUs/ Statutory Corporation/ CABs. **Appendix-XVI**	130.57
		TOTAL	**145.21**

CHAPTER II : MINISTRY OF AGRICULTURE AND FARMERS' WELFARE

Coastal Aquaculture Authority, Chennai

2.1 Establishment of regulatory and administrative mechanism for coastal aquaculture by the Coastal Aquaculture Authority

Survey of coastal areas to delineate land suitable/unsuitable for aquaculture was not carried out. Adequate regulations for construction, operation, inspection and monitoring of aquaculture farms were not framed. Standards for inputs used in aquaculture, Standard Operating Procedure for testing of waste water samples and guidelines for periodicity of DLC/SLC meetings were not prescribed. Environment Protection Fund for compensating the affected persons was not created and Grievance Redressal Mechanism was inadequate.

2.1.1 Introduction

The Ministry of Environment and Forests (MoEF), New Delhi constituted (February 1997) an Authority called 'Aquaculture Authority' (AA) on the directions (December 1996) of Supreme Court in response to a public interest petition[1]. The AA was vested with all the powers necessary to protect the ecologically fragile coastal areas, sea shore, water front and other coastal areas and was specially expected to deal with the situation created by the shrimp culture industry in the Coastal States/Union Territories (UTs). Subsequently, the Parliament enacted (June 2005) the 'Coastal Aquaculture Authority (CAA) Act, 2005' (Act) under which the Coastal Aquaculture Authority (Authority) was established. The main objective of the Authority is to promote sustainable development of coastal aquaculture in coastal areas[2] without causing damage to the coastal environment and to ensure that the concept of responsible coastal aquaculture is followed.

Section 3 of the Act empowers the Central Government to take all such measures to ensure that the coastal aquaculture does not cause any detriment to the coastal environment and the concept of responsible coastal aquaculture contained in the guidelines so framed, is to be followed to protect the livelihood of various sections of the people living in the coastal areas.

1 WP (Civil) No. 561 of 1994 in the Supreme Court highlighting the serious threats posed to the environment by the uncontrolled intensified shrimp farming.

2 The area of land within two kilometres from the High Tide Line (HTL) of seas, rivers, creeks, and backwaters in the country.

The powers and functions of the Authority include making regulations for the construction and operation of aquaculture farms within coastal areas, inspecting coastal aquaculture farms to ascertain their environmental impact, registering coastal aquaculture farms and ordering the removal or demolition of any coastal aquaculture farm causing pollution after giving hearing the occupier of the farm. CAA Rules, 2005 were notified (December 2005) by the Government of India (GoI), Ministry of Agriculture which contained the administrative powers and procedures of the Authority and guidelines for regulation of coastal aquaculture, hereinafter referred to as 'Guidelines'. Subsequently, the GoI notified (March 2008) the Coastal Aquaculture Regulations, 2008 which mainly included norms for conduct of Authority meetings, method of recruitment of employees of the Authority, etc. For processing the applications for registration/renewal of registration of coastal aquaculture farms, State Level Committees (SLCs)[3] and District Level Committees (DLCs)[4] were set up. A total number of 35,670 aquaculture farms and 302 hatcheries had been registered by the Authority as of March 2018 in the 12 Coastal States/UTs of the country.

2.1.2 Objective and Scope

An audit was undertaken with the objective of verifying whether an effective regulatory and administrative mechanism had been put in place by the Authority, as envisaged in the directions from the Supreme Court and the CAA Act, 2005, to regulate the coastal aquaculture farming. Records covering the period 2013-14 to 2017-18 were examined at the Coastal Aquaculture Authority, Chennai, Tamil Nadu SLC, Chennai, and four[5] DLCs of Tamil Nadu.

2.1.3 Audit Findings

Even though the Coastal Aquaculture Authority had been formed under the Act as early as in 2005, Audit noted that till date (July 2019), the regulatory and administrative mechanism was deficient. Additional regulations to govern Coastal Aquaculture are yet to be framed, standards have not been set, and

[3] 12 SLCs in Coastal States/Union Territories (UT) with Secretary in-charge of Fisheries Department of the State/UT Government as Chairperson and Secretaries of Revenue, Environment Departments of the State/UT Government and a representative of Marine Products Export Development Authority (MPEDA) as members and the Commissioner/ Director in-charge of Fisheries Department of the State/UT Government as Member-Convener.

[4] At the District Level, there are 68 DLCs consisting of the District Collector as Chairperson and representatives of Revenue, Agriculture, Environment Departments and Zilla Parishad as members and the District Level Fisheries Officer of the State/UT Fisheries Department as Member-Convener.

[5] DLCs at Cuddalore, Nagapattinam, Thanjavur, and Thiruvarur were selected based on district-wise highest number of farms registered in Tamil Nadu.

environment protection fund had not been created till date (July 2019). The details are as discussed below:

2.1.3.1 Regulations for construction and operation of aquaculture farms

Section 11(1)(a) of the Act states that it is the responsibility of the Authority to make regulations for the construction and operation of aquaculture farms within the coastal area. The existing regulations/guidelines were not adequate as they did not stipulate that coastal aquaculture has to be carried out only with the prior approval of the Authority. It also did not prescribe the procedure to ascertain compliance with the norms before according registration nor did they set out regulations about how existing aquaculture farms could register with the Authority.

Though created in 2005, the Authority set up an Expert Group[6] to frame the regulations for construction and operation of facilities connected with coastal aquaculture activities only in May 2014. This was in response to the Andhra Pradesh High Court (HC) admitting three Writ Petitions[7] on complaints regarding location of shrimp farms adjoining the agricultural lands causing seepage of saline water and pollution due to effluents from shrimp farms. The Terms of Reference (ToR) of the Expert Group included making of regulations for construction activity associated with coastal aquaculture facilities and suggesting required norms for site selection, excavation/construction/ installation of such of the facilities required for coastal aquaculture without causing detriment to the coastal environment so that the concept of responsible coastal aquaculture is complied with. The Expert Group which was to submit its Report to the Authority within 90 days, met twice (August 2014 and December 2014) and is yet to submit the Report (July 2019).

The Authority stated (May 2019) that the framing of the Expert Group Report was delayed as the post of Chairperson of the Authority had been lying vacant since 2015 and that the Expert Group did not meet subsequently due to administrative reasons.

Thus, even after 14 years of enactment of the Act, the Authority had not yet framed adequate regulations for the construction and operation of aquaculture

6 Expert Group consists of Member Secretary, CAA as chairperson; Scientist 'F', National Institute of Ocean Technology, Chennai & Member CAA as Member; A representative from Central Institute of Brackish-water Aquaculture (CIBA), Chennai with background of aquaculture engineering as Member; A representative from the Union Ministry of Environment and Forests as Member; and Assistant Director (Tech.), CAA as Member Convenor.

7 No. 33146 of 2012, No. 8164 of 2013 and No. 21174 of 2013.

farms within the coastal areas. The Authority did not hold the Expert Group accountable despite its inability to deliver according to the mandate of its ToR.

2.1.3.2 Environment Protection Fund

The Supreme Court had directed (December 1996) that an "Environment Protection Fund" should be created with the proceeds from compensation received from the aquaculture polluters. The fund was to be utilised for compensating the affected persons as identified by the Authority and also for restoring the damaged environment. However, no provision for creation of such a fund was provided in the Act/Rules/Regulations and no 'Environment Protection Fund' was created by the Authority, as such.

In similar cases where environment is affected, the GoI had established Compensatory Afforestation Fund, as per order of Supreme Court in 2002, to be utilised for afforestation, regeneration of forest ecosystem, wildlife protection and infrastructure development. Similarly, District Mineral Foundations (DMFs) were set up in all districts in the country affected by mining related operations as per mandate of the Mines and Minerals (Development & Regulation) Amendment Act, (MMDRA) 2015. The DMFs were to work for the interest and benefit of persons and areas affected by mining related operations and is funded through the contribution from miners which is fixed by the Central Government.

The Authority stated (March 2019) that the creation of Environment Protection Fund would be proposed in the next meeting and would be placed before the Ministry for approval and added that so far, no compensation had been given to affected parties.

2.1.3.3 Norms for Water Spread Area (WSA)

Para 4.9 of the Guidelines *inter alia* stipulate that the WSA of a farm should not exceed 60 *per cent* of the total area of the farm land. The Authority had, however, decided (February 2007) not to insist on the above mandatory condition in respect of farms with less than two hectares (ha), but in case of larger farms, the stipulated percentage was to be strictly complied with. Audit noticed that, out of 35,670 farms registered by the Authority, the WSA of 24,417 farms was more than 60 *per cent* of the total farm area as detailed in **Table No. 1**. It is pertinent to mention here that the Authority failed to maintain the ratio even in case of larger farms (more than two ha).

Table No. 1: Details of Water Spread Area

Category	No. of Farms registered	No. of Farms in which WSA is more than 60% of Total Farm Area	No. of Farms in which WSA is more than 90% of Total Farm Area
Farm area of up to 2.00 ha	29,579	20,339 (69%)	983
Farm area between 2.00 and 5.00 ha	5,312	3,621 (68%)	162
Farm area more than 5.00 ha	779	457 (59%)	12
Total	**35,670 (100%)**	**24,417 (68%)**	**1,157 (3%)**

The relaxation in Guidelines was not notified by the Authority in the Official Gazette as laid down under Section 25 of the Act which states that the Authority may make Rules and Regulations by notification in the Official Gazette.

The Authority stated (March 2019) that it had carried out analysis of Total Farm Area (TFA) *vis-à-vis* WSA and found that 24 *per cent* of farms still retain 60:40 (WSA: TFA) ratio in most of the states. Since most of the applications pertain to small farms of less than two ha, a flexibility was given with respect to area between TFA and WSA since the provision of land area is not related to any environmental issue. Efforts are, however, made to amend the ratio of WSA: TFA under the present aquaculture scenario.

The reply is at variance with our understanding that 68 *per cent* of the farms, as indicated in the table above, have WSA of more than 60 *per cent* of the TFA, which include 174 farms which are above the relaxed norms of two ha which in any case have not been notified as yet. The Authority also failed to maintain the ratio even in case of larger farms (more than two ha). Further, the minutes of the meeting (28 February 2007), in which the Authority had taken the decision, do not mention of any study/analysis being carried out to assess the impact of relaxation of the cap on WSA. The relaxation of this mandatory provision was not in the interest of safeguarding the coastal areas from social and environmental impacts since the smaller farms (up to five ha) were already exempted, under Para 13.4 of the Guidelines, from the provision of mandatory Effluent Treatment Systems unlike large farms resulting in waste water from these shrimp farms which is high in nitrogen, phosphorous, carbon compounds, organic matter etc. getting dissolved in soil and polluting the ground water/irrigation canals and also the soil quality.

2.1.3.4 Procedure for conduct of Environmental Impact Assessment of large farms

As per Para 15.1 of the Guidelines, an Environment Impact Assessment (EIA) should be made even at the planning stage by all the aquaculture units of more than 40 ha of WSA. The DLCs/SLCs set up by the Authority should ensure that

EIA has been carried out by the aquaculture units before they forward their recommendations to the Authority for registration. Similarly, as per Para 16.1 of the Guidelines, the shrimp culture units with a net water area of 40 ha or more shall incorporate an Environment Monitoring Plan and Environment Management Plan (EMMP) covering the impact on watercourses in the vicinity, on ground water quality, on drinking water sources, on agricultural activity, on soil and soil salinisation, waste water treatment and Green Belt development (as per specifications of the Local Authorities).

As per the guidelines issued (September 2006 & May 2012) by the MoEF on EIA, the EIA shall be prepared on the basis of the existing background pollution levels *vis-à-vis* contributions of pollutants from the proposed plant and shall address some of the basic factors like – meteorology and air quality; hydrology and water quality; site and its surroundings; occupational safety and health; details of the treatment and disposal of effluents (liquid, air and solid) and the methods of alternative uses; control equipment and measures proposed to be adopted. Preparation of EMP is required for formulation, implementation and monitoring of environmental protection measures during and after commissioning of projects. Further, MoEF had constituted State Level Environmental Impact Assessment Authorities to examine the EIA applications and accord permission for taking up specified activities. However, though the Guidelines of CAA mandate for preparation of an EIA and EMMP, the Guidelines are silent about the procedure for preparing an EIA and EMMP and about the competent environmental authority to make such an assessment.

The Authority had registered 16 farms each with a WSA of 40 ha or above as of March 2018. Audit scrutiny of the records pertaining to 13 farms made available revealed that:

(a) Eight out of the 13 farms[8] had merely furnished a self-certificate to the effect that they made EIA but no reports incorporating the details of EIA were furnished. Three farms had submitted the EIA report prepared by private firms and one farm had not furnished any statement in this regard.

(b) 11 farms had merely furnished a self-certificate of EMMP without any supporting documents.

[8] Registered between August 2008 and January 2018.

Farm in Nagapattinam District of Tamil Nadu where effluents are let out on the road

Farm in Cuddalore District of Tamil Nadu where the effluents are let out in open

The Authority replied (September 2018) that the EIA/EMMP should be made by the concerned aquaculture units and it will be verified by the DLC/SLC before their recommendations of the farms to the Authority.

Audit is unable to conclude how the SLCs had ensured that the EIA had been carried out and EMMP had been prepared by the aquaculture units of more than 40 ha, while forwarding their recommendations to the Authority for registration, based merely on the self-certifications of the applicants.

We recommend that Remote sensing and satellite data be utilised to map aquaculture farms and ensure that farms of size greater than 40 ha have indeed carried out EIA as mandated, and lay down guidelines for such EIA and ensure that it is validated by the SLC/DLC before forwarding it to the authority

2.1.3.5 Survey of coastal areas to delineate land suitable/unsuitable for aquaculture

Rule 5(iii) of the CAA Rules, 2005 requires the Authority to survey the entire coastal area of the country and advise the Central and the State/UT Governments to formulate suitable strategies for achieving eco-friendly coastal aquaculture development. The Guidelines also envisage that detailed master plans for development of aquaculture through macro and micro-level surveys of the potential areas and zonation of coastal area delineating the land suitable and unsuitable for aquaculture using the remote sensing data, ground truth verification, Geographical Information System (GIS) and socio-economic aspects should be considered. In areas where pond density or WSA of shrimp ponds are in excess of Carrying Capacity (CC) of the eco-system, a reduction in pond density and thus, a reduction in the overall WSA should be effected. The Authority had not conducted any such survey even after 14 years of its establishment. The Authority replied (March 2019) that the land survey of costal states for suitability or non-suitability for aquaculture being a herculean task requires huge manpower and investment.

Most of the States and MPEDA have completed geo-tagging of various aquaculture farms. The Authority contemplates acquiring the data from these Authorities and will come out with the study of delineating suitable/unsuitable aquaculture areas.

As the data on geo-tagging of the farms stated to be done by the States Authorities/MPEDA was not made available to Audit, Audit is unable to comment on the relevance and correctness as to how the data would serve the purpose of the Authority and by what time, the Authority would complete the work of delineation of coastal areas for aquaculture activities. The excuses put forth by the Authority are hardly acceptable, as the Authority has been formed for regulating aquaculture

2.1.3.6 Standards for Coastal Aquaculture Inputs

The functions of the Authority, include fixation of standards for all coastal aquaculture inputs[9] for the maintenance of the water bodies and the organisms reared therein and other aquatic life. Inputs used in coastal aquaculture play a vital role in sustainable aquaculture. Food Safety Standards Authority of India issued Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011 which mention the permissible items and their tolerance limits in respect of antibiotics/drugs used in the process of shrimp production. A sub-committee, formed (May 2008) by CAA for fixing standards for probiotics with a timeline of three months to submit a report, had not furnished any report. No further action was taken by the Authority for fixing standards of probiotics and other inputs.

The Authority stated (July 2018) that no standards were fixed for inputs as they did not have required skilled manpower, infrastructure facility and financial support. The reply is not tenable as the Authority should have taken up the case of insufficient resources with the Ministry and made an attempt to recruit personnel from the academic and institutions dealing with the subject, since it is not an unknown commercial activity for the entity. The Authority further stated (March 2019) that the sub-committee could not submit report since no plausible decision could be arrived by the committee members. A new Committee has been set up especially in the wake of export rejections due to antibiotic usage and final committee meeting would be shortly convened for developing guidelines for inputs. No timeline was mentioned by the Authority to complete this job which had a significant impact on the commercial and safety aspects of the aquaculture farm.

[9] Feed, feed additives, disinfectants, immune-stimulants, probiotics, drugs and other growth supplements.

2.1.3.7 Standard Operating Procedure (SOP) for testing waste water samples

The waste water from shrimp farms contains suspended solids comprising unconsumed feed, faecal matter and plankton[10] and dissolved nutrients such as ammonia, nitrite, phosphorus, carbon-di-oxide, hydrogen sulphide. The nutrients and organic matter in the waste waters have potential to cause reduction in dissolved oxygen in receiving waters due to breakdown of dissolved and particulate organic matter and other waste materials.

Para 13.4 read with 13.5 of the Guidelines stipulate that before discharging the waste water into environment by any hatchery/farm/feed mills/processing units, the waste water has to be properly treated in an Effluent Treatment System (ETS) and the intensity of the Residual Suspended Solids/Biological Oxygen Demand (BOD)/Chemical Oxygen Demand (COD) dissolved nutrients has to be ensured within the permissible levels[11]. However, the Authority had not notified any SOP for testing the samples in the laboratory/conducting such tests. Quality of water that is to be let out had not been defined with regard to Suspended Solids/BOD/COD and dissolved nutrients.

The Authority established its own laboratory in 2011 at a cost of ₹ 82.12 lakh for testing of waste water samples collected from farms. The laboratory was not accredited by any Accreditation Authority *viz.*, NABL, ISO, etc. The Authority had not drawn any Annual Action Plan for the number of waste water samples to be collected and tested. During the period from March 2011 to April 2016, only 275 waste water samples were collected and tested in the laboratory. In 85 of the 275 samples, the test results indicated that suspended particulate matter were beyond the permissible limits. The Authority warned the farm owners wherein samples revealed irregularity and directed them to take rectificatory action. However, no samples were collected thereafter by the Authority, even in the above cases where irregularity was noticed.

Thus, one of the main functions of the Authority, i.e., to ensure that waste waters from coastal aquaculture units does not cause any damage to environment, had not been carried out by the Authority effectively. Also, the laboratory established at a cost of ₹ 82.12 lakh to test waste water samples had been kept idle since May 2016.

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[10] The small and microscopic organisms drifting or floating in the sea or fresh water, consisting chiefly of diatoms, protozoans, small crustaceans, and the eggs and larval stages of larger animals.

[11] Suspended solids (Max milligrams per litre (mg/l)) – 100 (Coastal Marine Waters) & 100 (Creek or estuarine courses when the same inland water courses are used as water source & disposal point); BOD (Max mg/l) – 50 & 20 respectively; COD (Max mg/l) – 100 & 75 respectively.

The Authority stated (March 2019) that the laboratory was used as and when randomly the water samples were collected. Due to various administrative reasons, manpower and fund deficiency, the lab was not utilised at full strength in later three years. The Authority contemplates to establish a functional lab and fully utilise the equipment and seek requisite accreditation.

While there is no separate Sanctioned Strength for the laboratory, the Sanctioned Strength of the Authority includes two Senior Technical Assistants, one Assistant Director (Tech.) and one Director. The post of the Assistant Director (Tech.) is vacant since June 2016 and no efforts of the Authority to recruit staff and make the laboratory functional were noted.

2.1.3.8 Regulations for periodicity of conduct of meetings of DLC/SLC

The CAA Regulations, 2008 stipulate a timeframe of four and two weeks for the disposal of application by the DLCs and SLCs respectively from the date of receipt of applications, but the Authority had not framed any regulations regarding the periodicity and places of the meetings of the DLCs/SLCs, and the rules including quorum to be observed at its meetings during the transaction of business. Since the conduct of meetings was irregular, 319 applications for registration/renewal were pending with the four Committees[12] as on 31 March 2018 for periods ranging from May 2007 to August 2017. In case of SLC, Tamil Nadu, no meeting was conducted after November 2012.

The Authority replied (March 2019) that the delay in processing was due to the non-availability or pre-occupation of the Chairperson of DLC/SLC and that it was beyond the purview of the Authority to frame regulations. The reply is not acceptable as Section 25 of the Act enables the Authority to frame regulations for better monitoring of coastal aquaculture and a primary objective should be quick and timely disposal of applications.

2.1.3.9 Verification of small farms before registration

As per provisions of Rule 10 (1)(b) of the CAA Rules, 2005 read with Section 13 (7) of the Act, in the case of application of shrimp farms above 2.0 ha WSA, the DLC shall have to inspect the farm concerned to ensure that the farm meets the norms specified in the Guidelines with specific reference to the citing of coastal aquaculture farms prior to making recommendation, through the SLC, to the Authority.

However, the above inquiries and inspections are not a pre-requisite for shrimp farms up to 2.0 ha of WSA, since the provisions of Rule 10 (1)(a) of the CAA

[12] SLC at Tamil Nadu and DLCs at Nagapattinam, Thanjavur and Thiruvarur.

Rules, 2005 empowers the DLCs to recommend the applications directly to the Authority, upon satisfaction of the information furnished in the application.

Audit noticed in a test check of complaints regarding the failure to maintain requisite distance from the nearest agricultural farms were received against some of these smaller farms with a WSA of less than or equal to 2.0 ha (each) registered by the Authority on the recommendations of DLCs (4 farms in Cuddalore district of Tamil Nadu and 5 farms in Guntur District of Andhra Pradesh). Audit further noticed that 83 *per cent* of the farms registered by the Authority (i.e., 29,579 out of 35,670 registered farms) were smaller farms each having WSA of 2.0 or less. As such, prior inspection of the farm, irrespective of the size of the farm, should have been stipulated to safeguard environmental issues due to violations that would impact agricultural fields and drinking water resources.

Farm in Cuddalore District of Tamil Nadu where the farm is adjacent to water body

Farm in Cuddalore District where ground water is tapped for farm

Authority stated (March 2019) that due to manpower shortage, the applications could not be processed after onsite verification. However, the states were approached in case of clarification or queries raised by stakeholders.

Reply is not tenable, since it was not clear as to how this would help, when the farms had already been established and no details were provided as to which stakeholders were heard and what was considered.

2.1.3.10 Single Window System of registration

The coastal aquaculture farms, hatcheries and inputs used in coastal aquaculture are registered by the Authority. Processing Centers and Export Agencies are registered by MPEDA, which is an autonomous organisation under Ministry of Commerce dealing with export of all marine products from India. The shrimp quality check labs and ELISA screening centers for Pre-Harvest Test are also operated by MPEDA. However, the feed mills, input manufacturers and

Polymerase Chain Reaction (PCR)[13] laboratories are not being registered and monitored by any Authority. Thus, there is no single-window system of registration of all stakeholders in the shrimp production. Lack of single window registration system in the country for shrimp culture was also commented (November 2017) by European Union (EU) teams (shrimp importers from India) during their visit of farms in the country.

The Authority stated (March 2019) that to bring the registration process under "Single Window" system, it has requested MPEDA to transfer details of farms enrolled with them. The Authority contemplated to bring PCR equipment registration under its purview and also bring notification for input registration. This provision needs to the initiated early and with a specified timeline for compliance.

2.1.3.11 Renewal of registration

Section 13 (3) (a) of the Act stipulates that the registration shall be valid for a period of five years. Further, Section 13(10) of the Act stipulates that any application for the renewal of such registration shall be filed along with the prescribed fees within two months before expiry of such registration of a farm.

Audit observed that out of 35,670 farms registered by the Authority up to the end of March 2018, the validity of the registration of 22,216 farms (62.28 *per cent*) had expired during the period between 2012 and 2017 and not renewed yet. Non-renewal of registration resulted in non-realisation of registration fee to the extent of ₹ 1.27 crore. Test check in audit showed that 725 farms in Nagapattinam District have been continuing the aquaculture activities even after expiry of their registration.

The Authority replied (March 2019) that renewal of registration has been an impending factor as the Authority had to depend on DLCs/SLCs recommendations. Through persuasion during the last year (2018), the Authority could gather from many states, renewal applications for registration, but there were no specific numbers cited for such renewal requests received as against the required number considering expired registrations.

Even though the Authority was aware of the expiry of the registrations from time to time, it had no mechanism in place, such as alerts through the digital database/system, to remind the DLCs/SLCs to ensure renewal of registration in

[13] Polymerase Chain Reaction (PCR) PCR is a laboratory method used for making a very large number of copies of short sections of DNA from a very small sample of genetic material. This process is called "amplifying" the DNA and it enables specific genes of interest to be detected or measured.

time and discontinuance of operations by farms that had not renewed the registration.

2.1.3.12 Inspection and Monitoring of Aquaculture Units

Section 11(b) of the Act stipulates that the Authority shall inspect coastal aquaculture farms to ascertain their environmental impact caused by coastal aquaculture. An adequate inspection and monitoring of coastal aquaculture units is essential for effective discharge of the basic functions of the Authority i.e., to ascertain the environment impact caused by coastal aquaculture and to order for removal or demolition of farms causing pollution.

The Central Pollution Control Board (CPCB) carries out random surprise inspection of the 17 categories of highly polluting industry sectors to verify their compliance and on receipt of public complaints. Since, aquaculture farms/hatcheries do not fall under these 17 categories of industries, their periodic monitoring is not being carried out by CPCB. It has not mandated any such periodic monitoring by State Pollution Control Boards (SPCBs) also and the respective SPCBs decide upon the frequency of such monitoring based on the pollution potential and categorisation of such individual units.

In spite of the absence of monitoring by CPCB/SPCB, the Authority being the regulator for aquaculture farms in the country, through the CAA Rules, 2005 did not provide any periodicity of inspection of the aquaculture farms. Authority has no inspection plan based on the size of the farm or target for number of farms/hatcheries to be inspected in a year. For inspection of thousands of farms spread out in entire coastal line of the country and in the adjacent areas of various rivers and creeks, there are four technical posts sanctioned in the Authority and it has no Regional/Branch Office even in the places such as Andhra Pradesh where the farms density was as high as 54 *per cent* of the total registered farms. During April 2013 to March 2018, the Authority inspected only 246 farms and 213 hatcheries.

The Authority stated (March 2019) that due to manpower deficiency, limited inspection was conducted.

2.1.3.13 Grievance Redressal Mechanism

No Guidelines were framed by the Authority with regard to the procedure and timelines on how to attend a complaint *viz.*, (i) after receiving the complaint within what time the complainant has to be given first response, (ii) if forwarded to DLC for verification, within what time they have to reply, (iii) if reply is not received from DLC, whether and when the matter has to be escalated to higher authority (SLC), (iv) if no reply is received from SLC, within what time it has to be placed in Authority meeting and get their further directions, etc. No Citizen's Charter was prepared by the Authority to clear the grievances as seen from their portal. The complaints were in most cases simply forwarded to the DLCs.

From a scrutiny of the available files, Audit observed that there were complaints of serious nature like huge area of coastal land with vegetation taken for construction of illegal shrimp farming, construction of ponds neighbouring paddy fields, close to habitats, polluting groundwater, etc., In many cases, the complaints received by the Authority were forwarded to the DLC of the respective district and the Authority asked them to enquire the facts of the complaint and called for their response but not followed up thereafter, even in cases where pollution of groundwater in the vicinity were reported.

The Authority stated (March 2019) that complaints are recorded in a register and complaints are sent to DLCs/SLCs for verification, confirmation and reporting but no action is seen forth from DLCs/SLCs.

Since 2018, the Authority is said to have conducted site inspection with a team and responded to the complaints. However, no details of site inspection carried out in response to complaints were provided and no complaint registers were furnished to Audit.

2.1.4 Conclusion

The main objective of the Authority is to promote sustainable development of coastal aquaculture in coastal areas without causing damage to the coastal environment and to ensure that the concept of responsible coastal aquaculture is followed. The Authority did not frame adequate regulations for construction and operation of aquaculture farms and conduct of periodical meetings by SLCs/DLCs. "Environment Protection Fund" envisaged by the Supreme Court order to compensate the affected persons as identified by the Authority and also for restoring the damaged environment was not created.

The Authority relaxed the TFA:WSA norms without any analysis on record and without following due procedure of notifying the amendments in the official gazette. Guidelines did not prescribe the procedure for making an EIA and EMMP and about the competent environmental authority to make such an assessment. Authority had not carried out survey of coastal areas to delineate land suitable/unsuitable for aquaculture. Authority has not fixed standards for aquaculture inputs like feeds, feed-supplements, drugs, etc.

SOP has not been prescribed for testing of wastewater samples by Authority. No samples had been collected and tested since last three years due to non-functioning of laboratory. Provisions for verification of small farms before registration were not adequate. There was no single window system of registration for all the parties in the coastal aquaculture activity.

Authority did not ensure renewal of registration of farms after validity period of five years and the farms continued to operate without valid registration. Authority had not framed a proper plan for inspection and monitoring of aquaculture units. Proper grievance redressal mechanism to attend to complaints relating to environmental issues of coastal aquaculture farms had not been established by the Authority. The Authority does not have any mechanism to monitor quantum of damage to the environment. There is an urgent need to step up reliance on advanced technologies such as geo-spatial information systems for identification of the farms during registration process, inspection and monitoring.

Recommendations

The Authority needs to prepare a Plan of Action to fulfill the objectives of its creation very early.

It should also adopt digital technology and remote sensing to map aquaculture farms and their composition, registration and spread

Regarding manpower, it needs to accelerate recruitment through regular or contractual process preferably directly from campuses where related subjects are taught

The observations were issued to the Ministry of Agriculture and Farmers' Welfare in November 2018 and their reply is awaited (December 2019).

2.2 Working of Central Arid Zone Research Institute, Jodhpur

Out of 21 commercialisable technologies developed by CAZRI since its inception, 13 technologies were yet to be commercialised as of March 2019 and eight technologies though commercialised, could not reach the end users. Out of 14 Intellectual Property Rights enabled technologies, patents for only six technologies could be obtained by CAZRI till March 2019. Institute was not successful in releasing new foodgrain crop variety since 2005. Evaluation Committee, for carrying out objective evaluation of all research projects was not formed. In 35 test checked cases audit noticed that CAZRI was primarily dependent on Scientists to choose the research project and no record was available to show involvement of stakeholders and farmers in research topic selection. Average shortage of 35 *per cent* existed in scientific staff. The average publication of research papers in

Indian and foreign Journals by scientists of CAZRI was only 68 per year during 2012-18. Out of total 405 research papers published by Scientists only 149 papers were published in journals having six and above rating by National Academy of Agricultural Sciences. Citation index of research papers revealed that 252 out of 405 research papers were never cited. CAZRI was not aware until 2015 that Institute was in short possession of 16.43 acres of land. Shortfalls were noticed in coverage of blocks under Frontline Demonstrations, On-farm Trials and achievements of various kinds of training programmes by *Krishi Vigyan Kendras*.

2.2.1 Introduction

The arid zone of India covers about 12 *per cent* of the country's geographical area occupying 38.7[14] million ha. The Central Arid Zone Research Institute (CAZRI), Jodhpur was established (1952) as Desert Afforestation Station, later expanded (1957) into Desert Afforestation and Soil Conservation Station and subsequently upgraded (1959) to a multidisciplinary research institute of Indian Council of Agricultural Research (ICAR), New Delhi, which is an autonomous organisation under the Department of Agricultural Research and Education (DARE) of Ministry of Agriculture and Farmers' Welfare, Government of India.

CAZRI carries out research projects through six divisions[15] located at the Headquarters in Jodhpur and five Regional Research Stations (RRS) located in different agro-climatic zones which work on location specific issues. CAZRI hosts three Krishi Vigyan Kendras (KVKs) at Jodhpur, Pali and Kukma-Bhuj for carrying out agricultural extension activities[16] viz. 'On Farm Trials'[17] (OFT) and 'Frontline Demonstrations'[18]. Director, head of the CAZRI, oversees

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14 31.7 million hectares of hot desert and about 7 m ha is under cold desert.

15 Six Divisions of CAZRI are Division of (i) Natural Resources, (ii) Integrated Farming Systems, (iii) Plant Improvement and Pest Management, (iv) Livestock Production and Range Management, (v) Agricultural Engineering and Renewable Energy and (vi) Transfer of Technology and Training.

16 Agricultural extension activities are carried out for dissemination of technologies in agricultural and allied fields.

17 On Farm Trials (OFT) are aimed at testing the proven technologies evolved at Research Stations on farmers' field with their farming system perspective in view under their management and their active participation so as to convince them the relevance and viability of the new technology.

18 Front Line Demonstrations (FLD) are conducted with an objective to demonstrate newly released crop production and protection technologies and its management practices in the farmers' fields under different agro-climatic regions and farming situations, by the Scientists before being fed into the main extension system of the State Line agricultural departments. While demonstrating the technologies in the farmers' fields, the scientists are required to study the factors contributing higher crop production, field constraints of production and there by generate production data and feedback information.

research projects and administrative matters and is also the Chairman of Institute Research Committee[19] (IRC).

The mandate of CAZRI as approved by DARE, is:

- to undertake basic and applied research on sustainable farming systems in the arid ecosystem,
- to act as repository of information on the state of natural resources and desertification processes,
- to develop livestock-based farming systems and range management practices for the chronically drought-affected areas and
- to generate and transfer location-specific technologies.

CAZRI identified ten themes for undertaking research projects during 2012-18 for fulfilment of its mandate (**Annexe-2.1**).

2.2.2 Audit Scope and Methodology

Audit was undertaken to assess (i) research projects with output/outcomes, (ii) implementation of extension activities and (iii) utilisation of resources covering the period 2012-18 for examination of institutional records at CAZRI Headquarters as well as its Divisions, three Regional Research Stations (RRSs-Jaisalmer, Kukma-Bhuj and Leh-Ladakh)[20] and three KVKs located at Jodhpur, Pali and Kukma-Bhuj alongwith collection of information from the related agencies/institutions/departments[21]. Of the 137 research projects concluded by CAZRI during 2012-18, records relating to 35 research projects (25 *per cent*) were selected on a random basis for detailed scrutiny apart from other activities of CAZRI. Audit commenced with an Entry Conference with CAZRI on 22 February 2018, wherein the audit objectives, scope and methodology were explained to the Institute. Exit Conference was held on 18 June 2019 wherein important audit findings were discussed. The replies furnished by the CAZRI/ICAR during audit and Exit Conference have suitably been incorporated.

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[19] Institute Research Committee (IRC, previously Staff Research Council) is the highest body where research projects are presented and approved.

[20] Out of five RRSs located at Bikaner, Pali, Jaisalmer (Rajasthan), Kukma-Bhuj (Gujarat) and Leh-Ladakh (Jammu & Kashmir) audit selected one RRS from each State.

[21] ICAR, Department of Agriculture/Horticulture/Animal Husbandry, Rajasthan, Gujarat and Jammu &Kashmir.

2.2.3 Audit findings

2.2.3.1 Budget allocation for Research activities

CAZRI proposed a budget of ₹ 20.90 crore (₹ 18.65 crore vide SFC Memo for 2012-17 + ₹ 2.25 crore for 2017-18 vide Budget Estimates) for research and operational activities (including equipment) against which ICAR allocated ₹ 10.29 crore for the said period.

Audit noted that during 2012-18 ICAR released ₹ 460.54 crore to CAZRI for Plan (₹ 15.61 crore) and Non-Plan (₹ 444.93 crore) expenditure. Against total allocation of ₹ 460.54 crore actual expenditure of CAZRI during the period 2012-18 was ₹ 458.77 crore **(Annexe-2.2)**. Of the total allocation of ₹ 460.54 crore, major portion of grants of ₹ 408.82 crore (88.77 *per cent*) was allocated to meet establishment (₹ 225.60 crore i.e. 48.99 *per cent*) and pension expenses (₹ 183.22 crore i.e. 39.78 *per cent*)[22], ₹ 41.43 crore (nine *per cent*) for other expenses and only ₹ 10.29 crore (2.23 *per cent*) was allocated for conducting research and operational activities (including equipment) against ₹ 20.90 crore projected by CAZRI for research and operational activities.

CAZRI had an average strength of 92 scientists during 2012-18. The allocation of ₹ 10.29 crore on research and operational activities when seen against budget proposal of ₹ 20.90 crore for a six year period appeared to be insufficient for a premier research institute of national importance which is mandated to carry out these activities in entire arid zone of India. Further, the allocation was also meagre considering the number of scientists and the substantial expenditure of ₹ 225.60 crore on establishment expenses of scientists and supporting staff during 2012-18.

CAZRI accepted and verified the figures (June 2019). As regards substantial reduced allotment by ICAR, ICAR stated (November 2019) that it was due to limited availability of the budget in the SMD (NRM-Subject Matter Division) of ICAR and in view of the fund crunch, the allocation for other institutes/schemes of NRM Division was also reduced proportionately.

The reply substantiates the audit contention that resources allocated for the research activities, that are a major component of CAZRI's mandate were meagre.

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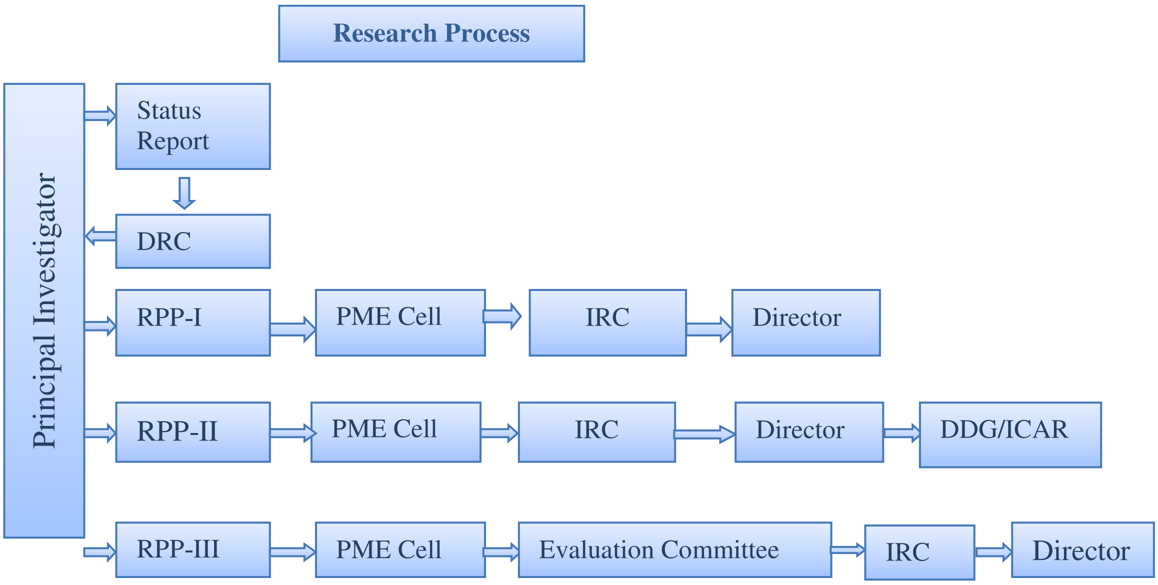
[22] Pension expenses of ₹ 183.22 crore during 2012-18 were allocated in the name of CAZRI to meet pension expenses relating to retired employees of ICAR institutes situated in Rajasthan and Gujarat.

2.2.4 Research activities and dissemination of Technologies

2.2.4.1 Research Process

ICAR's Proformae and Guidelines for Research Project Proposal, Monitoring and Evaluation (Guidelines) vide para 10 prescribes the chronology of activities for research project proposal submission, approval, implementation and completion. The research process covers steps as given in following flow chart:

Flow Chart of Research Process



DRC: Divisional Research Committee[23]
RPP : Research Project Performae
PME Cell : Priority Setting, Monitoring and Evaluation Cell[24]
IRC: Institute Research Committee[25]
DDG: Deputy Director General
ICAR: Indian Council of Agricultural Research

Activities of the Institute including research are reviewed and guided by the Quinquennial Review Team[26] (QRT) constituted by ICAR which reviews all the research projects at the interval of five years.

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[23] Divisional Research Committee (DRC) comprises the HoD of the division of concerned PI and other scientists of the Division.

[24] PME Cell is a cell constituted in CAZRI to vet and monitor the research projects.

[25] Institute Research Committee (erstwhile Staff Research Council) as defined in Rules and By-laws of ICAR consists of Director of the Institute as Chairman, and members viz. Joint Director Research, Heads of Divisions, PIs of all projects, Deputy Director General/Additional Director General of ICAR concerned with the CAZRI and Scientists-in-charge of Research Management Unit (Member Secretary).

[26] Quinquennial Review Team (QRT) comprising of five/six eminent scientists is constituted by ICAR to examine institute and its activities to assess whether research and development programmes are inconformity with the priorities of the ICAR and the nation. The recommendations of QRT approved by ICAR are implemented by the Institute and Action Taken Report on such recommendations is submitted as and when required.

(A) Status of Research Projects

CAZRI completed 137[27] Research Projects (Institutional: 92 and externally funded: 45) under 10 themes during 2012-18 as per details given in **Table 2**. Theme-wise research projects completed during 2012-18 are detailed in **Annexe-2.1**.

Table No. 2: Year-wise details of Research Projects completed

(Units in numbers)

	Institutional projects				Externally funded projects			
Year	On-going at the beginning of the year	Newly taken up	Projects concluded	On-going at the end of the year	On-going at the beginning of the year	Newly taken up	Projects concluded	On-going at the end of the year
2012-13	70	14	26	58	31	04	15	20
2013-14	58	13	06	65	20	05	05	20
2014-15	65	19	14	70	20	07	04	23
2015-16	70	17	16	71	23	05	07	21
2016-17	71	15	20*	66	21	06	08	19
2017-18	66	06	14**	58	19	03	06	16
Total		**84**	**96#**			**30**	**45**	

******Including two projects merged with externally funded projects and one project terminated.*
*** Including one project terminated.*
\# 96 – 4 projects terminated/merged = 92 projects

Out of above, audit selected 35 research projects (Institutional: 24 and externally funded: 11) which constituted 25 *percent* of total concluded projects during 2012-18. Findings in implementation of projects are as discussed below:

(B) Non-involvement of Stakeholders in selection of research topics

Para 6.1 of Guidelines prescribes that the farmers and the landless livestock owners be mandatorily involved in the initial project formulation and in areas directly addressing the farmers. Also, recommendation 14(4) of guidelines states that identification/involvement of stakeholders should be a pre-requisite for each research project formulation.

In 35 test checked research projects, Audit noted that CAZRI was primarily dependent on Scientists to select the research project topic and involvement of stakeholders and farmers in topic selection was not available on record.

CAZRI stated (May 2019) that it is not mandatory to select topics of research projects only by involving the stakeholders and farmers. However, issues brought out by stakeholder/farmers during *kisan goshthis*/interactions with the Scientists, found important to farming community, are proposed for undertaking the research.

[27] Excluding two projects terminated and two projects merged with externally funded projects.

Reply is not acceptable as it is in contravention of the Guidelines (para 6.1) which clearly states that '*in consideration of the fact that research under ICAR has to address agriculture community, the farmers and the landless livestock owners, it has invariably been made mandatory to involve the stakeholders in the initial project formulation and in areas directly addressing the farmers involving the clients in the project itself*'. The proceedings of kisan goshthis *etc.* were not documented so it was not possible to relate them to actual activities of the Institute. It was also noted that the list of research projects furnished by CAZRI which were claimed to be initiated based on inputs from the farmers/stakeholders included only ongoing projects as on March 2018 which were different from the research projects test checked in audit.

(C) Evaluation of Research projects by Evaluation Committee

Paragraph 9.2.2 (ii) of the Guidelines prescribed (January 2012) that a Committee[28] will carry out objective evaluation of all projects before submission to the Chairman, IRC. Audit noticed that Evaluation Committee was not formed in CAZRI as of March 2019.

ICAR stated (January 2019) that the suggestion has been noted and mentioned that experiments had been monitored during *Kharif* and *Rabi* seasons by the Director and Heads of Divisions and research projects had also been evaluated by the DRCs.

Reply of ICAR regarding evaluation by DRCs is not tenable as the evaluations conducted at division level are done by the concerned division where the project is listed, whereas evaluation conducted by the Evaluation Committee includes ratings by two more HoDs of related disciplines, hence evaluation by DRC cannot substitute for the evaluation to be conducted by Evaluation committee at Institute level, which was a mandatory requirement of the ICAR guidelines.

(D) Delay in completion of Project Reports

After completion of a research project and its presentation in IRC, the Principal Investigator of Research prepares final Project report (RPP III) after incorporating IRC's recommendations on project report and submits to the Director CAZRI for final approval.

Of the 35 test checked cases, it was noted that though in 12 research projects, the research was completed in time but the research completion reports were not presented in the IRC meeting[29] held subsequent to the date of completion, and

[28] Comprising (i) Chairman, PME Cell, (ii) Head of Department (HOD) where the project is listed and two other HODs of related disciplines and (iii) Member Secretary, PME Cell.

[29] IRC meetings are held twice a year during the period April –July and October- November normally before onset of the cropping season.

were presented in the next IRC with a delay of two to 23 months. In five out of these 12 cases, final reports (RPP-III) were submitted with delay of 8-12 months to the Director CAZRI for approval from the date of their presentation in IRC. Delay in submission of completion reports of research projects (RPP-III) resulted in delayed extension of outcomes of the research projects.

CAZRI stated (June 2019) that time taken to complete the formalities of Research project report was as per approved procedure, hence extra time needed was not delay, but was part of procedure with reference to approval of results by IRC.

Reply is not acceptable as (i) in 12 cases where research had been concluded, there was no further procedural formalities required for presentation of actual results/reports in the IRC and (ii) only those five cases have been pointed out in which the results were not submitted to Director even after lapse of six months from the presentation in IRC with due consideration of six months for procedural formalities. In any case it is assumed that the timelines have been prescribed keeping in mind procedural formalities and the Institute needs to observe their own schedules for timely review.

(E) Development, Patenting and transfer of technologies

CAZRI is mandated to generate and transfer location-specific technologies for the arid zone. As a result of various Research Projects conducted under different themes, CAZRI had developed 58[30] technologies (including 21 commercialisable/marketable technologies[31] - **Annexe-2.3**) since its inception. Out of 21 commercialisable/marketable technologies developed, only eight technologies were commercialised and 13 technologies were yet to be commercialised (March 2019).

Further, of the 21 commercialisable/marketable technologies developed by CAZRI, 14 were Intellectual Property Rights (IP) enabled technologies[32]. However, of these 14 technologies, CAZRI could obtain patents for six technologies while three patent applications were rejected and five patent applications were under process with Indian Patent Office as of March 2019.

Further, though CAZRI had signed nine Memorandum of Understandings (MoUs) with four agencies between September 2014 and December 2016 for

[30] Including commercialisable/non-commercialisable technologies, varieties and Package of Practices

[31] Out of these 21 technologies, five technologies were developed and completed during 2012-14.

[32] IP enabled and seven Non-IP enabled (IP protected technologies are those that fall under the category of "Inventions" and can be patented under Indian Patent Act. All other are non-IP protected technologies).

transfer of commercial rights of eight technologies, it was noted that only one agency had commenced production using CAZRI technologies from which CAZRI received nominal amount of ₹ 274 as royalty (March 2018). Hence, dissemination of these technologies to the end-users also is yet to be achieved.

ICAR stated (January 2019) that the Indian Patent Law came into existence since 1970 but ICAR started focusing on commercialisation and management of Intellectual Property through establishment of Institute Technology Management Units in different institutes since 2006. Regarding commencement of commercial production of IP enabled technologies, ICAR stated that it is expected that in near future that would be further up-scaled by the agencies including those that have earlier taken CAZRI's technology.

The reply of ICAR may be viewed in the light of the fact that the commercialisable/marketable technologies developed by CAZRI lacked appeal/utility for mass production which was evident from the negligible amount of royalty of ₹ 274 received since inception till date. This indicates that despite expenditure of approx. ₹ 18.36 lakh[33] on development of commercialisable/marketable technologies the outcomes of these technologies remained out of the reach of the end users. The Institute whose core objectives included to ensure commercialisation of technologies for their effective transmission up to the end users, has not achieved this objective in the last 13 years despite establishment of Institute Technology Management Unit in 2006 with the aim to overcome barriers in commercialisation. It is to be noted that the Institute had a budget ranging from ₹ 28.13 crore to ₹ 112.17 crore in the last 10 years and the cumulative expenditure amounts to ₹ 597.25 crore since 2008-09.

(F) Releasing of crop variety of food grain

CAZRI had released the last foodgrain crop variety (Moth-3) in 2005. Despite concluding maximum number of research projects (32) under the theme 'Biodiversity conservation and improvement of annuals and perennials' including five research projects related to foodgrain crop varieties during 2012-18, CAZRI could not succeed in releasing any new crop variety of foodgrain since 2005.

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[33] As per the records made available by CAZRI, out of 21 commercialisable technologies Institute incurred expenses of ₹ 18.36 lakh on development of 15 technologies. Amount of ₹ 18.36 lakh included cost of raw material excluding salary of scientists, technical staff and institutional expenses, except two technologies wherein salary of innovator, technical and supporting staff was included in development cost. In respect of remaining six technologies (21-15) no development expenditure was available with the Institute.

ICAR stated (January 2019) that breeding for improved variety is a continuous process. As a result of such efforts three varieties of grasses[34] developed by CAZRI were released in the country by the Central Varietal Release Committee in 2018. Similarly, watermelon variety[35] developed by the Institute has been released for north western parts of the country. One variety each of Lasora (CAZRI G 2025 Maru Samridhi) and Karonda (CZK-2011 Maru Gaurav) have been identified for release in the States of Rajasthan, Gujarat and Haryana where their formal release is still awaited for want of finalisation of minimum standards. CAZRI during Exit Conference (June 2019) stated that new hybrids of pearl millet (26) and varieties of cluster bean (14) were contributed to All India Coordinated Research Projects (AICRP) trials[36]. From among these cultivars, many were promoted to Advance Varietal Trials[37] AVT-I and AVT-II. The release proposals were also submitted to AICRP workshops and more efforts would be made to release the varieties in field crops.

The fact, however, remains that only after a long gap of 12 years from 2005, the varieties of grasses and watermelon were released in 2017-18 but no new foodgrain crop variety could be released by CAZRI. Though CAZRI has participated in varietal trials but final release of any food grain variety is awaited since last 13 years.

2.2.4.2 Dissemination of results of Research Projects

(A) Research publication

ICAR guidelines for 'Internal Evaluation and Forwarding Research Papers to Scientific Journals and Data Management in ICAR Institutes'(2014) prescribe (para 1.2.1) that to maximise the benefits from research, publications resulting from research activities must be disseminated in the most effective manner and at the earliest opportunity and that the best mode for publications arising from the research should be considered by the author(s) based on the status and reputation of the journal or publisher (para 1.2.3).

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34 Two varieties of *Cenchrusciliaris* (CAZRI 358 and CAZRI 2178) and one variety of *Lasiurussindicus* (CAZRISewan-1).

35 CAZIK-13-2.

36 All India Coordinated Research Project (AICRP) is a programme in which the central research institutes as well as agricultural universities and State Departments of Agriculture work together as a team to resolve research problems of the crop at national level.

37 Under Advance Varietal Trials a variety is evaluated for three years, one year in the Initial Varietal Trials (IVT) and for two years under Advanced Varietal Trials – AVT-I and AVT-II.

Further, Vision 2025 (effective from 2007) of CAZRI prescribes on an average 180 to 200 publications (including research papers) per year for the Institute. The reputation of a journal relating to agriculture is judged by its National Academy of Agricultural Sciences (NAAS) rating and NAAS rating of six and above is also required (as per RFD 2017-18). It was noted that despite emphasis by ICAR for publishing research papers in reputed journals by their Scientists, publication of research papers by CAZRI's scientists was not significant as discussed below:

- The total publications including research papers published by Scientists of CAZRI were 110 (2012-13), 100 (2013-14), 135 (2014-15), 194 (2015-16), as against 180-200 publications contemplated in Vision 2025. Although total publications subsequently increased to 278 and 272 during 2016-17 and 2017-18 respectively which was more than publications contemplated in Vision 2025, yet total publications during 2012-15 were less than those contemplated in Vision 2025.

- As regards publication of research papers, during 2012-18, scientists of CAZRI, had published 405 research papers in Indian and foreign Journals with an average of 68 research paper publications per year.

- RFD 2017-18 of CAZRI has a success indicator namely 'Research articles published' which requires publication of research articles in the journals having the NAAS rating of six and above. 149 of the 405 research papers, (37 *per cent*) have been published in journals having NAAS rating six and above while 174 papers (43 *per cent*) were published in the journals having NAAS rating between 1 and 5.90 and 82 papers were published in journals having no NAAS rating. This was reflective of the quality of research and efforts to document the same.

- Review of Citation index[38] of 405 research papers published by Scientists of CAZRI during 2012-18 revealed that 252 research papers (62 *per cent*) were never cited in other published researches. Out of remaining 153 research papers (38 *per cent*) cited during this period, only four research papers were highly cited ranging between 39 and 135 times, 39 research papers were cited between 6 and 38 times and 110 research papers were cited between one and five times.

ICAR stated (January 2019) that (i) the publication parameter was added in the RFD 2014 and this is only one, and not the sole parameter to judge the

[38] A kind of bibliographic index, an index of citations between publications, allowing the user to easily establish which later documents cite which earlier documents.

productivity of scientists, and (ii) the Institute is now encouraging the scientists to publish more research papers in high impact journals. As a result, the number of research papers being published is showing an increasing trend which has increased from 42 in 2012-13 to 105 during 2016-17. Also, citation of research papers takes time, and is likely to increase over a period of time.

In our observation, however, the publication did not meet the prescribed levels as per Vision 2025 and RFD 2017-18. Further, higher frequency of citation of the publications depends upon the topicality/importance of the research papers this criticality was seen in case of four research papers[39] which were published in 2013, 2015 and 2017 but cited 39 to 135 times.

(B) Co-ordination of CAZRI with State Line Departments

The functions of CAZRI *inter alia* include collaboration with different national and international institutions in similar field for knowledge sharing and improvement of skill and hence, CAZRI is expected to develop better co-ordination with the State Government Departments (Agriculture and Animal Husbandry) of Rajasthan, Gujarat and Jammu & Kashmir who were engaged in implementing various developmental activities in arid areas. Research outcomes including improved practices developed by CAZRI which could be directly implemented by farmers are presented by the Scientists of CAZRI in a committee namely Zonal Research and Extension Advisory Committee (ZREAC) consisting of Scientists of research Institutes as well as officers of State Department of Agriculture responsible for extension activities.

It was noted that though CAZRI conducted various basic and applied researches and documented the results of research systematically, yet the impact of CAZRI's work at State level was lower due to poor linkage with State line departments as detailed below:

- Audit enquiry (April 2018) with Animal Husbandry Department of Rajasthan and then Jammu & Kashmir revealed that their co-ordination with CAZRI was 'nil' with reference to various aspects viz. utilisation of research of CAZRI, technical support to line departments, CAZRI's participation in workshops/seminars and formation of coordination committee etc., except delivering some lectures by its Scientists at a training institute, Jodhpur.

[39] Research papers on (i) 'Effect of zinc oxide nanoparticles on growth and antioxidant system of chickpea seedlings (2013), (ii) ZnO Nanoparticle Biosynthesis and Its Effect on Phosphorous-Mobilising Enzyme Secretion and Gum Contents in Cluster bean (2013), (iii) Performance of indirect through pass natural convective solar crop dryer with phase change thermal energy storage (2015) and (iv) Pearl millet genome sequence provides a resource to improve agronomic traits in arid environments (2017).

- Agriculture Department of Government of Rajasthan publishes zone-wise booklets viz. Package of Practices (POP) every year incorporating varieties/technologies recommended by the ZREAC for distribution among field level agricultural officials and farmers. Agriculture Department, Rajasthan stated (July 2018) that CAZRI's involvement was limited to participation in ZREAC meetings held at Jodhpur and Bikaner. Audit found that CAZRI presented only 19 research/technologies in ZREAC meetings during 2012-18 and of this seven were included in POP. It was found that no follow up of these accepted research/technologies was carried out by CAZRI to assess field level implementation.

- QRT 2010-16 had also recommended CAZRI to improve linkage with State Government/line departments. This indicates there were scopes for developing more co-ordination with State Line departments as officials of these departments were not much acquainted with the activities of CAZRI.

- Audit could not locate any records to verify the co-ordination of CAZRI with Agriculture Department of Government of Gujarat except that the Director of Horticulture is one of the committee members of Management Committee of CAZRI, Jodhpur.

Thus, extension of CAZRI's research/technologies at State level suffered due to inadequate co-ordination with State line departments and a lack of participatory approach.

ICAR stated (January 2019) that once the technologies are accepted in ZREAC and included in POP of the State Government, follow up is usually taken up by the State line departments. However, ICAR agreed that there was a scope for more coordination with the State line departments and the Institute would make efforts in that direction.

Reply of ICAR may be seen in the light of main functions of CAZRI as prescribed in RFD 2017-18 which includes technology dissemination, socio-economic assessment and capacity-building of the stakeholders.

2.2.4.3 Agricultural Technology Information Centre

The Agricultural Technology Information Centre (ATIC) at CAZRI, Jodhpur was established(January 2000) to provide a single window delivery system for the products and services of the institute to the farmers and other interested groups as a process of innovativeness in technology dissemination, to facilitate direct access of the farmers to the institutional resources available in terms of technology, advice, technology products like seed, plant saplings, small implements, value added products etc. for reducing technology dissemination losses and to provide mechanism for feedback from the users to the Institute.

Audit noted that ATIC had established a Kisan Helpline facility and 1,768 telephone calls were received during 2012-18, averaging 295 calls per year. However, there was no dedicated toll free number for this purpose, but a general telephone number of ATIC is being used without any extension facility to connect to the concerned scientist or specialist with whom the tele caller farmer could discuss his agriculture related problem. Further, there was a progressive decline in number of visitors to ATIC during this period from 12,456 persons in 2012-13 to 11,699, 5,825, 8,398 and 8,964 and 8,194 during 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 respectively. This number only increased to 15,295 during 2018-19.

ICAR stated (January 2019) that all the visitors visit ATIC as per their own programme, budget and convenience. However, the observation of Audit had been noted for further action.

ATIC should make proactive efforts to provide toll free helpline facility for giving free and easy connectivity to farmers and other stakeholders to solve their issues. After the issue was raised by audit (June 2018), ATIC organised two *Kisan Melas* which were attended by more than 8000 farmers (including ATIC visitors in 2018-19).

Picture 1 : Quality plant seedlings being demonstrated by staff of CAZRI to stakeholders during Kisan Mela 2018 organised by CAZRI

Picture 2: Transfer of technology to farmers through Krishi Vigyan Kendra gateway of CAZRI during Kisan Mela 2018 organised by CAZRI

2.2.4.4 Digitisation of maps/information prepared by CAZRI as repository of information

CAZRI's performance as repository of information on the state of natural resources and desertification processes was commented positively by Quinquennial Review Team (QRT) 2010-16 stating that Division of Natural Resources and Environment of Institute has generated valuable data and maps and recommended that all digital data bases and maps produced from 1960 are to be preserved. QRT also recommended that a website may be created and access provided to the users with a password. ICAR stated (January 2019) that all maps had been digitised and uploaded on CAZRI's website. Audit noted that maps prepared since 1974 were uploaded on the website (February 2019), which is a positive development.

2.2.5 Krishi Vigyan Kendras (Extension activity)

KVKs, an arm of CAZRI for extension activity of CAZRI, conducts Frontline Demonstrations (FLDs) to demonstrate the potentials of newly released varieties/technologies on the farmers' fields and introduces the advantages of the new variety/technology over traditional practices. KVKs also conduct On Farm Trials (OFTs) for identifying technologies in terms of location specific sustainable land use systems. Audit covered all the three KVKs of CAZRI located at Jodhpur, Pali and Kukma-Bhuj. Findings noted in implementation of various activities by these KVKs, are discussed below:

2.2.5.1 All blocks not covered in Frontline Demonstrations

ICAR through Agricultural Technology Application Research Institute-ATARI (erstwhile Zonal Project Directorate) monitors, reviews and co-ordinates the

KVK system through different Zonal Offices. KVKs at Jodhpur and Pali (Rajasthan) of CAZRI are monitored by ATARI Zone II, Jodhpur. KVK at Kukma-Bhuj was also monitored by ATARI Jodhpur before being transferred to ATARI Zone VIII, Pune with effect from 2017-18.

The Zonal Project Directorate, Zone VI, Jodhpur (now ATARI Jodhpur), while allotting of FLDs to be conducted by KVKs during 2014-15, instructed (June 2014) all Programme Co-ordinators of KVKs (Zone VI Rajasthan and Gujarat) that '*respective KVKs must cover the whole district/blocks and suggested that priority should be given to those blocks/villages which are still not covered under FLDs, training and other activities."*

Audit noted that coverage of blocks during 2012-17 under FLDs by KVKs Jodhpur, Pali and Kukma-Bhuj were only 3, 5-6 and 3-5 blocks as against 7, 10 and 5 blocks respectively under their jurisdiction, which resulted in depriving the farmers of the blocks not covered from the adoption/benefits of new varieties/technologies developed by the Scientists. However, during 2017-18 the KVKs covered all the blocks under their jurisdiction for FLDs.

ICAR stated (January 2019) that covering all the blocks in FLDs every year was not possible because of the limitation of manpower and mobility. However, the point raised by Audit would be suitably addressed.

The fact remains that during the years 2012-17, some blocks (nine) were repeatedly skipped by all three KVKs for conducting FLDs despite clear instructions from Zonal Project Director to give priorities to such blocks which were not covered under FLDs.

2.2.5.2 Shortfall in achievements of targets of OFTs

Achievements against targets for OFTs fixed by the KVKs (Jodhpur, Pali and Kukma-Bhuj) for the period 2012-18 were as detailed in **Table No. 3**:

Table No. 3: Achievements against targets for OFTs fixed during 2012-18

(Units in numbers)

Year	Targets of OFTs fixed in Annual Action Plan (in numbers)			OFTs conducted as per Annual Progress Report (in numbers)			Shortfall in OFTs (*in nos.& percentage*)		
	KVK Jodhpur	KVK Pali	KVK Kukma-Bhuj	KVK Jodhpur	KVK Pali	KVK Kukma-Bhuj	KVK Jodhpur	KVK Pali	KVK Kukma -Bhuj
2012-13	5	7	4	3	5	3	2 (40)	2 (29)	1 (25)
2013-14	5	7	3	4	5	3	1 (20)	2 (29)	0 (0)
2014-15	5	10	10	5	8	4	0 (0)	2 (20)	6 (60)
2015-16	7	10	7	7	7	4	0 (0)	3 (30)	3 (43)
2016-17	8	10	9	9	10	6	0 (0)	0 (0)	3 (33)
2017-18	11	8	8	9	8	6	2 (18)	0 (0)	2 (25)

The table indicates that shortfall in conducting OFTs by KVK Jodhpur, Pali and Kukma-Bhuj ranged between 18 to 40 *per cent*, 20 to 30 *per cent*, and 25 to 60 *per cent* respectively during 2012-18.

ICAR stated (January 2019) that shortfall in targets were due to leave of staff, limitation of funds and vacant positions and that in future, necessary steps would be taken to achieve the set targets.

The issues regarding shortage of staff due to leave/vacancy and funds arrangement at KVKs should have been visualised and managed by Head of KVK/respective ATARI Zone through alternate arrangements to avoid the shortages in meeting the OFT targets.

2.2.5.3 Training programmes by KVKs

As per ICAR guidelines, KVKs were required to organise on-campus and off-campus, short and long term vocational training courses in agricultural and allied areas for the farmers, farm women, rural youth for higher productivity and generation of self-employment. They were also required to conduct training courses for extension personnel for updating their knowledge with emerging advances in agricultural research. Further, the RFD of CAZRI has shown high percentage of achievement regarding trainings organised.

Audit noticed following shortcomings in organising trainings by KVK, Kukma-Bhuj and KVK Jodhpur of CAZRI during scrutiny of their Annual Action Plans and Annual Progress Reports:

- **Non-fixation of training targets:** KVK Kukma-Bhuj did not fix any targets for ‘on campus’ and ‘off campus’ training programmes during 2012-13, 2016-17 and 2017-18 and 2012-13, 2014-15, 2016-17 and 2017-18 respectively in respect of Rural youth **(Annexe–2.4)**. Similarly, in KVK, Jodhpur targets for training to Extension personnel were not fixed for the years 2013-14 to 2016-17 and hence no such trainings were conducted during this period.

- **On campus training:** In KVK Kukma-Bhuj there was shortfall of 40 *per cent* and 100 *per cent* in respect of training courses for Extension Functionaries and Rural Youths respectively during 2013-14 to 2015-16 when targets were fixed **(Annexe-2.4)**.

- **Off campus training:** In KVK Kukma-Bhuj there was a shortfall of 60.86 *per cent* in training courses to Rural Youths during 2013-14 and 2015-16 when targets were fixed **(Annexe-2.4)**.

- **Vocational training:** In KVK Kukma-Bhuj no vocational training courses for farmers, farm women and rural youths were conducted during 2012-18.

- **Ex-trainee Sammelans:** KVKs were required to evaluate and take follow-up action on training courses to make further improvements and enhance their usefulness. This was to be done through questionnaires, interviews and interaction with the participants and ex-trainees meets. Audit noticed that KVK, Jodhpur organised one ex-trainees sammelan during 2014-15 and no ex-trainees sammelans were organised during 2012-13, 2013-14 and 2015-16 to 2017-18. In KVK, Kukma-Bhuj also no ex-trainees sammelans were organised during 2012-18.

ICAR accepted the facts and stated (January 2019) that the shortfall in trainings by KVKs was due to vacant posts of Subject Matter Specialist (SMS)/Head, lack of hostel building and demonstration unit at KVK, Kukma-Bhuj. ICAR further stated that the point raised by Audit has been noted and will be taken care of in future. In respect of KVK Jodhpur ICAR admitted the facts and stated that training for extension functionaries would be undertaken by KVK, Jodhpur. In respect of ex-trainees Sammelans also, ICAR noted the audit observation for action in future.

2.2.5.4 Non-availability of infrastructure facilities with KVKs

As per ICAR guidelines[40], each KVK was required to establish infrastructure facilities as mentioned in table below. The shortcomings noticed in audit with respect to infrastructure facilities in KVKs Jodhpur, Pali and Kukma-Bhuj are mentioned in **Table No. 4**:

Table No. 4: Details of shortcomings in infrastructure facilities

Norms for infrastructure facilities prescribed for KVK	Status of availability of infrastructure facilities in KVK		
	KVK Jodhpur	KVK Pali	KVK Kukma-Bhuj
Administrative cum laboratory building with a plinth area of 550 sqm.	Available	Available	Not available
A trainees' hostel with a plinth area of 305 sqm.	Available	Available	Not available
Residential apartments for six staff with a total plinth area of 400 sqm.	Not Available	Not available	Not available
Two demonstration units of 160 sqm each with brick wall, tubular structure and GI/asbestos sheet.	Available	Available	Not available

40 A Guide for KVK Managers.

Permanent source of water supply atleast for drinking and part of area to be irrigated in KVK	Available	Not available	Not available

As such some of the infrastructure facilities as prescribed in Guidelines were not available with KVKs Jodhpur, Pali and Kukma-Bhuj as shown above, which affected the activities of KVKs. The infrastructure facilities were not developed due to non-providing of funds by ICAR to KVKs upto March 2018.

ICAR while accepting the facts stated (January 2019) that infrastructure facilities would be developed as and when funds are made available.

2.2.5.5 Monitoring of KVK activities

Each KVK has a Scientific Advisory Committee (SAC) which is chaired by the head of the host Institution (CAZRI) and includes members from different agricultural Institutions/Line Departments including Training organisers of KVKs as Member Secretary. SAC provides necessary guidance to KVKs on various issues, considers annual plans, reviews the progress of their activities and achievements and suggests to improve the functioning of KVKs.

SAC of KVK Jodhpur recommended (February 2014) that KVK, Jodhpur may organise interface workshop involving KVKs of arid region to redefine the thrust areas and also to popularise the solar appliances. However, Interface workshop as recommended by SAC was not organised by KVK, Jodhpur.

KVK Jodhpur replied (April 2018) that the interface workshop could not be conducted due to insufficient funds. ICAR accepted (January 2019) the facts and stated that efforts should have been made by KVK for allotment of funds for organising Interface workshop.

2.2.6 Utilisation of Resources

2.2.6.1 Vacancy position of Scientific Staff

During 2012-18, the average sanctioned posts of scientific staff in CAZRI were 141. Audit noted that average filled up posts of scientific staff was 92 resulting in average shortage of 49 posts during this period which was 35 *per cent* of sanctioned posts. Average shortage of Scientists in RRS, Jaisalmer was 65 *per cent*, RRS, Kukma-Bhuj 56 *per cent*, and in RRS Leh-Ladakh it was 74 *per cent* which was higher than the average shortage for the Institute as a whole. Post-wise shortage of Scientific Staff is shown in **Annexe-2.5**.

There was shortage of 22 personnel in the cadre of Scientists, 16 in the cadre of Senior Scientists and seven in Principal Scientist's cadre as of 31 March 2018. Further, it was noted that the posts of Principal Scientist in Agricultural

Entomology, Senior Scientists in the disciplines of Agricultural Economics, Agricultural Statistics, Agricultural Meteorology and Physics and Scientists in the disciplines of Agricultural Statistics and Animal Nutrition remained vacant during the entire period of 2012-18 which adversely affected the researches in these disciplines.

Audit also noted that despite QRT recommendation (2010-2016) to ICAR for filling up all vacant posts on priority basis, many posts in CAZRI remained vacant.

ICAR while accepting the facts stated (January 2019) that the vacant posts were in the process of recruitment and some RRS posts would also be filled up by transferring scientists from the CAZRI Headquarter. ICAR further stated (May 2019) that non-appointment on important posts were owing to ongoing restructuring process in Agricultural Scientists Recruitment Board. CAZRI further replied during Exit Conference (June 2019) that five scientists have been transferred from Headquarters to RRSs.

2.2.6.2 Asset Management

Findings on the management of assets by CAZRI are described in the succeeding paragraph:

- **Shortage in area of land under possession of CAZRI**

Jodhpur Development Authority[41] (JDA), allotted 695.55 acres land[42] between May 1957 and October 1960 to CAZRI. However, lease deed was not obtained by CAZRI at the time of allotment. Subsequently, in compliance to the decision of ICAR, 100 acres land was handed over (2006) by CAZRI to All India Institute of Medical Sciences (AIIMS), Jodhpur without measuring the balance land available with CAZRI.

In 2015, as a condition for issuance of lease deed (JDA patta), land survey was got conducted through an agency which revealed that total land in possession of CAZRI was 579.12 acres instead of 595.55 acres (695.55-100). In compliance with the directions of concerned Ministries/Departments of GoI and Government of Rajasthan, 67 acres land was again handed over (2016) by CAZRI to AIIMS, Jodhpur.

Audit noticed that issuance of lease deed (JDA patta), was pending with JDA (March 2019) due to discrepancies in possession of the land as given **Table No. 5:**

41 Erstwhile known as 'City Improvement Committee'
42 162.95 acres on 6 May 1957, 95.80 acres on 6 March 1960 and 436.80 acres on 6 October 1960

Table No. 5: Discrepancies in possession of the land

Sl. No.	Description	Area of land in acres
1.	Land allotted by JDA to CAZRI during 1957 to 1960	695.55
2.	Total land transferred by CAZRI to AIIMS, Jodhpur in 2006 and 2016 (100 acres + 67 acres)	167.00
3.	Total area of land which should be in possession of CAZRI	528.55
4.	Actual area of land in possession of CAZRI (ascertained during land survey in 2015)	512.12
5.	Area of land found short possessed	16.43

Hence, CAZRI is now in possession of 512.12 acres land instead of 528.55 acres resulting in shortage of 16.43 acres. CAZRI wrote to JDA (November 2016) for providing *khasra*-wise details of allotted land and to locate the exact *khasra* which would correspond to the short possessed land. JDA informed (December 2016) that the revenue maps of this land, available with them, were in tattered condition and *khasra* number of disputed land could not be traced. Subsequently, based on report (November 2019) of *Tehsildar* (Land Records) Jodhpur, JDA replied (December 2019) that at the time of allotment of land (1957 to 1960) to CAZRI there were *kachcha* roads towards north and east side of CAZRI and present roads have been widened as per master plan which were part of land of Haddi Mill colony adjacent to CAZRI land. Hence, due to Haddi Mill colony and widening of kachcha roads, CAZRI's land is short by 16.43 acres.

CAZRI had not measured land during initial possession and even during construction of boundary wall in various phases. Also, no measurement of remaining land with CAZRI was done at the time of handing over of land to AIIMS Jodhpur. The institute is not in possession of 16.43 acres of land, which is very valuable.[43]

ICAR accepted the audit observation and stated (January 2019) that the Institute would further pursue the matter with the District Administration.

2.2.7 Conclusion

Institute developed 21 commercialisable/marketable technologies since inception, but these were not effectively disseminated through mass production. CAZRI has not released any new foodgrain crop variety seed since 2005. In 35 test checked cases it was observed that CAZRI was primarily dependent on

[43] Land measuring 16.43 acres was valued at ₹ 71.56 crore. Calculation made on the basis of District Level Committee (DLC) rate of ₹ 1000 per sq. feet of nearby Udyog Nagar Colony. Since khasra wise map is not available so the DLC rate of land having common khasra number of CAZRI and the Udyog Nagar colony has been considered.

Scientists to choose the research project and no record was available to show involvement of stakeholders and farmers in research topic selection. Average research papers published by CAZRI was 68 per year during 2012-18; research papers were published in journals having low ratings by NAAS and citation index of research papers was low for maximum research papers. For carrying out research and operational activities CAZRI received meagre grant of ₹ 10.29 crore against the projected grant of ₹ 20.90 crore which was 2.23 *per cent* of total allocation to CAZRI from ICAR during 2012-18. Therefore, more than 97 *per cent* of the grant of CAZRI was utilised for salaries and related expenditure.

Shortfalls were noticed in extension activities viz. coverage of blocks under FLDs, in achieving targets of OFTs and conduct of training programmes etc., by KVKs. Infrastructure facilities as prescribed in guidelines were not available at KVKs at Jodhpur, Pali and Kukma-Bhuj. There was average shortage of 35 *per cent* in respect of scientific staff. CAZRI was not aware until 2015 that Institute was in short possession of 16.43 acres of land worth ₹ 71.56 crore.

These points were referred to the Ministry in October 2018 and June 2019, reply awaited as of December 2019.

CHAPTER III : MINISTRY OF CULTURE

Indian Museum, Kolkata

3.1 Modernisation of Indian Museum, Kolkata

Indian Museum, Kolkata awarded the modernisation work on nomination basis and executed the work without any conservation plan or preparation of Detailed Project Report and proper planning. Major works pertaining to providing modern storage system, fire-fighting, fire-detection and prevention and HVAC were not taken up though sanctioned. It also did not ensure financial safeguards and failed in monitoring of the quality of work in the initial phases. Works sanctioned at a cost of ₹ 83.66 crore were executed for ₹ 105.70 crore, with works estimated to cost ₹ 25.76 crore not awarded at all. Proper conservation processes were also not followed during renovation resulting in damage to priceless artefacts.

3.1.1 Background and Overview of modernisation

Indian Museum (IM) Kolkata, founded in 1814 as the 'The Asiatic Society Museum', was shifted from the Asiatic Society to the present building and opened for the public in 1878 as 'Imperial Museum' and later renamed as 'Indian Museum'. IM is an autonomous organisation under the Ministry of Culture (MoC), Government of India with a Board of Trustees (BoT) as its apex body.

BoT initiated the process for renovation, upgradation and modernisation of the Museum by constituting the Indian Museum Bicentenary Vision Concept and Development Committee (IMBVCDC) in July 2008 keeping in view the bicentenary celebration in 2014. Accordingly, IM, with the approval of BoT, entered into a Memorandum of Understanding (MoU) with M/s NBCC (India) Ltd. (NBCC) in August 2011 for repair and renovation of various buildings. Subsequently, IM submitted (June 2013) a proposal to the Standing Finance Committee (SFC) to undertake the following:

(a) Restoration, repair and painting of the heritage building under the guidance of best available experts in civil engineering and conservation architect;

(b) Modernisation of museum galleries; and

(c) Addition of new visitor facilities like washrooms, cafeteria, souvenir corners *etc.*

The entire modernisation work was funded/approved by three sources -

(i) IM sanctioned (2011) ₹ 0.66 crore for repair and renovation of the external facade of Fire Proof Spirit (FPS) building from its funds/General Grant;

(ii) IM received (March 2013) ₹ nine crore from MoC under 'Scheme of Modernisation of Museums in the Metro Cities'; and

(iii) MoC, after approval of SFC (June 2013) sanctioned ₹ 99.76 crore.

Thus, the entire fund available for modernisation was ₹ 109.42 crore and each of works were scheduled to be completed within two years from the date of receipt of payment.

NBCC divided the entire work into 23 packages (**Annexe-3.1**) and awarded these packages to sub-contractors (October 2011 to June 2016), released the payments after scrutiny of the bills submitted by sub-contractors and submitted the statement of expenditure to IM for adjustment/reimbursement. The awarded packages were completed[1] at a cost of ₹ 105.70 crore. Audit noted that there was no record of proper handing/taking over of the completed works.

3.1.2 Audit Objectives, Scope and Methodology

An audit on the modernisation of the IM was taken up to ascertain whether:

(a) Modernisation was carried out in consonance with the relevant government rules and regulations and within the prescribed time frame and cost;

(b) IM followed an effective monitoring mechanism to ensure full and efficient utilisation of the available resources; and

(c) Intended purpose of modernisation was achieved without damage to priceless artefacts.

Provisions of the MoU between IM and NBCC, records, files, documents and other relevant information were sought from the audited entity. Audit analysed the records/information furnished to audit, in relation to the audit objectives.

IM did not offer its comments on the observations, but an Exit Meeting was held with the Management of IM on 29 July 2019 and their views on the observations were recorded. The matter was reported (September 2018) to MoC and their reply is awaited as of March 2020.

[1] FPS Building - fund paid to NBCC in November 2011 and work recorded to be completed in March 2013; Metro Museum - fund paid to NBCC in June 2012 and work recorded as completed in May 2014; Modernisation - fund paid to NBCC in August 2013 and work recorded as completed in April 2015.

3.1.3 Production of records

Audit of the modernisation project of IM was taken up from April 2018. During the course of Audit, records relating to the modernisation project, which was initiated since 2008 and completed by April 2015, were requisitioned from the IM authorities. The records requisitioned included files relating to award of work to NBCC, minutes of Board of Trustees, Finance Committee meetings, Ministry correspondence, files relating to Project Implementation and Monitoring Committee, files relating to the Expert Committee for Conservation of Projects, all work related/package related files etc.

In response, IM submitted a copy of the complaint filed by the Security Officer, IM on 24 July 2018 with the New Market Police Station, Kolkata regarding loss of majority of the requisitioned documents/files. Further, there was no record to indicate - (i) duration from which the records were unavailable/not traceable; (ii) efforts by the IM authorities to trace the relevant records; (iii) whether the issue was intimated/taken up with MoC; and (iv) whether any action was initiated on persons responsible to maintain the records. The relevant record available with the Ministry was also not made available to Audit.

Hence, the audit findings are based on the limited documents made available by IM and NBCC.

3.1.4 Audit Findings

On scrutiny of the records made available, the following observations are being made:

3.1.4.1 Reduction of Scope and its Impact

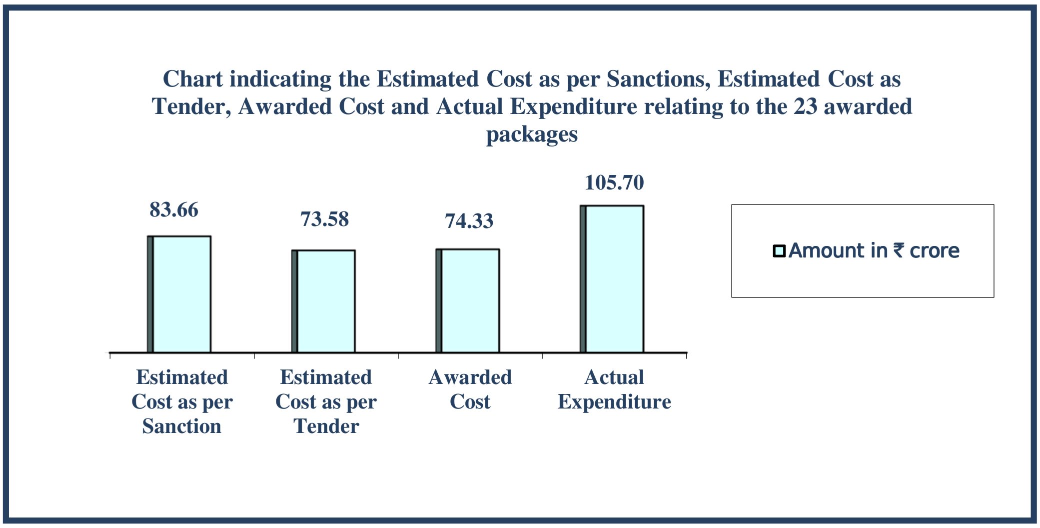
The work of modernisation was taken up with the funds received from the MoC (₹ 108.76 crore) and funds sanctioned from General Grants by IM to the tune of ₹ 0.66 crore. Audit noted that the scope of work actually executed vis-à-vis the intended scope under each of the three sanctions/sources as per details given **Table No. 1:**

Table No. 1: Scope of work actually executed vis-à-vis the intended scope

Sanction/Source	Scope and Estimated Cost	Actual Scope executed and Expenditure
IM from General Grants	Repair and renovation of the external facade of Fire Proof Spirit (FPS) building (₹ 0.66 crore).	Entire work was completed by March 2013 with expenditure of ₹ 0.49 crore.
MoC under 'Scheme of Modernisation of Museums in the Metro Cities'	(i) Restoration, repair and renovation of the exterior façade of main museum building (₹ 6.75 crore); (ii) Construction of toilets,	Only restoration, repair and renovation of the exterior façade of main museum building and construction of toilets were completed after an expenditure of ₹ 9.34 crore.

	replacement of lifts (₹ 2.22 crore); and (iii) Gravity Fall System (Fire Protection) in the main museum building (₹ 0.03 crore).	Works relating to replacement of lift are yet to be completed and those relating to Gravity Fall System (Fire Protection) in the main museum building are yet to be awarded.
MoC with SFC approval	Restoration, renovation and modernisation of IM (₹ 99.76 crore).	Works executed and completed at an expenditure of ₹ 95.87 crore. Major part of work viz. Restoration and Modernisation of Reserve Store, Installation of Fire-Fighting, Fire Detection and Prevention System and Heating, Ventilation and Air-Conditioning (HVAC) System, estimated at ₹ 25.73 crore, was not awarded at all.

Further, even for the 23 packages executed and completed, Audit noted wide variations in award and execution with reference to initial estimates indicating that due diligence was not exercised while preparation of package-wise BoQs and hence, extra/excess expenditure were incurred.



In the absence of records relating to detailed estimates and rate analysis for non-scheduled items, Audit was unable to analyse the reasons for variation in costs. Audit also could not correlate the estimated cost with the awarded cost as the description/nomenclature of the works in the 'Estimated Cost as per SFC sanction' and that of the 'Award' were different. Further, the impact of non-inclusion and subsequent non-award of some critical works in the 23 packages executed are discussed below:

(A) Storage of Reserve Artefacts

Audit noticed that the storage and upkeep of Reserve Artefacts were completely ignored during the project execution although provision for providing modern storage system for the artefacts was included in the SFC proposal at an estimated cost of ₹ 15.75 crore. The Reserves, which account for almost 94 *per cent* of the collection of the Museum and consist of inorganic objects susceptible to heat and humidity, are now subject to excessive temperature and humidity variance, crumbling walls, dust, dampness, water seepage, loose hanging electrical wires and unscientific storage systems. Fire detection system, HVAC and CCTV surveillance were also not provided in the Reserve Store, though included in the approved cost.

Reserve store – Roof with rust and termite, Artefacts on ground, Fabric bundled and stacked

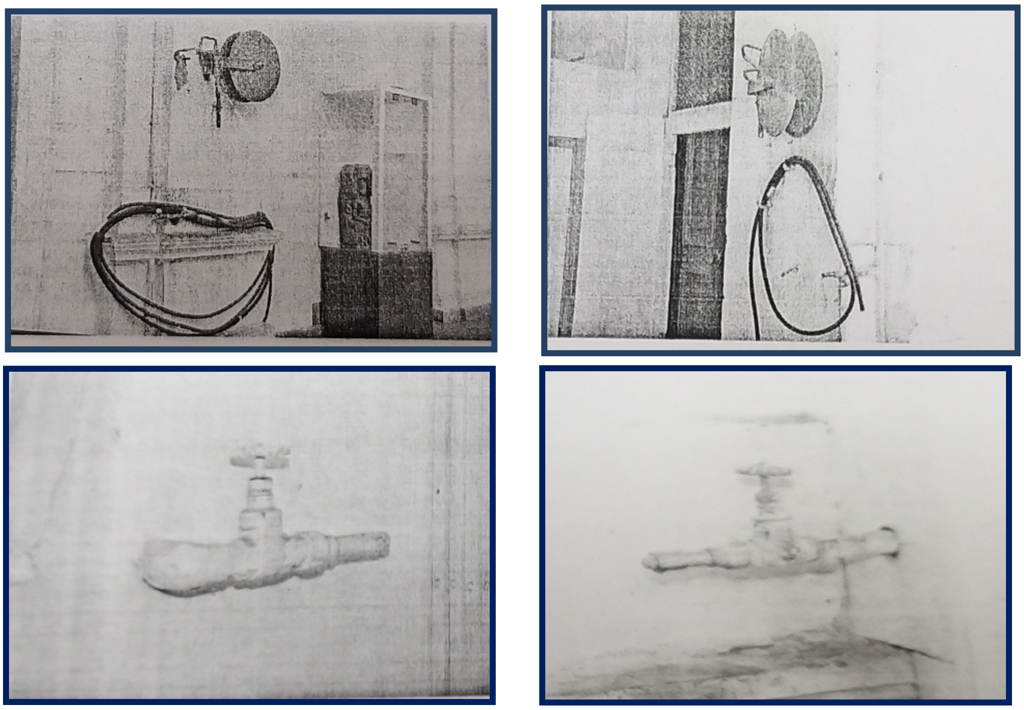
(B) Fire-Detection, Fire-Fighting and Prevention System

With a view to minimise danger and loss of life and property from fire, Guidelines[2] stipulate that a museum should install Heat/Smoke detectors for detecting fire, manually operated alarms and public address systems, fire

[2] As per Guidelines on Fire & Life Safety of National Building Code 2005; National Disasters Management Guidelines for Museums issued by the National Disaster Management Authority; and Guidelines for Disaster Preparedness in Museums issued by the International Council of Museums.

extinguishers, clearly mark exit routes with universally understood emergency signage, emergency lighting, public address system, intercom etc.

Audit noted that the approved SFC proposal (June 2013) included works related to ‘Fire Detection, Fire Fighting and Prevention System’ for an estimated expenditure of ₹ 4.08 crore. However, these works were not included in the packages executed. Subsequently, NBCC (June 2016) submitted a revised proposal amounting to ₹ 1.84 crore for installation of Fire-Fighting System, Signage and others. However, no action was taken by IM on these proposals and the Museum is running with existing old fire-fighting system (September 2019). Further, IM accepted that they had not obtained any No-objection Certificate (NoC) from the Fire Department and also stated that NBCC, during the modernisation process, removed the existing fire hydrants which were not installed later.



Images of the dismantled fire equipment

NBCC stated (May 2019) that the Fire-Fighting System could not be taken up due to piecemeal availability of work front.

Absence of proper Fire Detection and Fire-Fighting System, more so in a scenario where the existing system has been dismantled, endangers the safety and security of staff, visitors and also priceless artefacts.

(C) Installation of Lift

The Letter of Intent (LoI) No. 1017 which included replacement of Lift in the main museum building was awarded by NBCC in August 2013. Audit noticed that the components of Lift, valued at ₹ 0.21 crore, had been procured and dumped on site (May 2014) before finalisation of the installation location. The Lift could not be installed till date (September 2019) due to failure of IM to provide suitable space/location. The same was confirmed by IM in the Exit Meeting.


Components of Lift dumped in the IM Campus

The main museum building has three floors and absence of Lift poses hindrance to the elderly and the handicapped visitors from visiting all the galleries and thereby partially defeats the objective of taking up the renovation project.

(D) Heating, Ventilation and Air-Conditioning (HVAC) System

Installation of HVAC System was included in the proposal approved by SFC but the work was not included in the 23 packages executed. Installation of HVAC in Galleries and Reserve Store is important not only as a measure for visitor's comfort but also to maintain a controlled atmosphere and safeguard of organic objects from temperature and humidity fluctuations.

Hence, apart from the reduction of scope of works estimated at ₹ 25.76 crore, important gallery like Egyptian Gallery, though planned, was not renovated, some galleries were partially renovated (Pre & Proto History Gallery & Mask Gallery) and some works were partially completed (Renovation of Administrative Building and Installation of Lift), and almost entire fund, i.e. ₹ 105.70 crore out of ₹ 109.42 crore, was exhausted.

3.1.4.2 Planning of works executed

(A) Adequacy of Policy, Guidelines

The conservation and restoration of monuments must have recourse to all the sciences and techniques which can contribute to the study and safeguarding of the architectural heritage.[3]

Audit noted that there were no specific guidelines/laid down criteria issued by the MoC for preservation and conservation of museums. In the absence of a comprehensive conservation policy/plan and benchmark, the entire work was executed as per the designs and discretion of the executing agency, which had no expertise in conservation of heritage building.

Proper conservation planning and estimates are to be prepared for optimum utilisation of financial resources. Audit, however, observed deviations from above procedures during modernisation activities in IM as given below:

(i) No conservation architect was employed by IM to oversee the modernisation work to be done by NBCC. Even the curatorial members of IM were not involved in the modernisation work.

(ii) No gallery-wise storyline was prepared and provided by IM to NBCC before preparation of Detailed Project Report.

(iii) The assessment report, the methodology and the Bill of Quantities (BoQ) of the material used for the restoration work had not been examined and vetted by an expert body of IM.

(iv) No guideline/directive was prepared/issued by IM for handling artefacts during modernisation work.

These are discussed in succeeding paragraphs.

(B) Preparation of Concept Plan

After constituting (July 2008) the IMBVCDC, IM called for Expression of Interest for 'Renovation, upgradation and modernisation of the IM through advertisements in September 2008. IM entrusted (December 2008) the work of preparing Detailed Project Report (DPR)/Project Estimates to a private party without any formal agreement, in violation of Rule 204 (v) of the General Financial Rules (GFR), 2005. Audit noted the IM paid ₹ 16.50 lakh to M/s DBA Partners, after authorisation of BoT in January 2009, for preparation of Concept Plan.

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3 The International Charter for the Conservation and Restoration of Monuments and Sites of 'International Council on Monuments and Sites' (ICOMOS).

IM further engaged (May 2010) CPWD for examining the feasibility of the Concept Plan prepared by M/s DBA Partners from the aspect of structural and constructional feasibility along with compliance to municipal bye-laws and heritage point of view and paid (September 2013) ₹ 22.93 lakh towards detailed survey of IM campus in connection with bicentenary celebrations of IM in 2014. The Detailed Survey Report prepared by CPWD was not found on record. Meanwhile, "Condition Survey of Indian Museum Main Building" was again carried out (April 2012) by NBCC through Jadavpur University, rendering the survey conducted by CPWD, if done, also redundant. No further action was taken on the plan prepared by M/s DBA Partners.

IM stated (Exit Meeting) that in the BoT meeting (July 2010) presided over by the Chairman of BoT, it was decided to put on hold the tripartite agreement between IM, CPWD and M/s DBA Partners as it was felt that the emphasis should be on working on the interior of the museum galleries rather than going for a tripartite agreement for exterior addition/expansion. However, this decision rendered ₹ 0.39 crore (₹ 16.50 lakh + ₹ 22.93 lakh paid to M/s DBA Partners & CPWD respectively) unfruitful.

(C) Award of work to NBCC

IM, based on the suggestion of MoC and deliberation in the BoT meeting (January 2011), awarded (August 2011) the 'Repair and Renovation' work of IM to NBCC on nomination basis without assessing the requisite expertise for conservation work of Heritage Building. NBCC was given preference on the ground of CPWD's preoccupation and involvement in other projects. Audit noted that CPWD had showed (May 2010) its willingness in executing the modernisation work and this would have been without levy of any departmental charges as it is a Central Government funded project.IM paid (up to March 2018) ₹ 6.89[4] crore to NBCC towards agency charges on modernisation work and this was avoidable had CPWD been engaged for the work.

(D) Memorandum of Understanding (MoU) signed with NBCC

Rule 204 of GFR 2005 stipulates general principles for entering into contract, according to which, the terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability. Infirmities in the MoU and Non-compliance of the provisions are detailed below:

[4] Seven *per cent* of the total value of the work done through Project Management Consultancy (₹ 98.38 crore).

(i) As per Clause 4.4 of the MoU, NBCC was to prepare the Detailed Project Report (DPR) which was not done.

(ii) Clause 4.8 of the MOU exonerated NBCC from any liability towards any harm, loss, damage etc. which may be caused on any account or on account of fault of the employees.

(iii) As per Clause 8 (Mode of Payment), on the basis of the approved DPR, IM was to deposit 40 *per cent* of the approved cost as interest free initial advance to NBCC. However, even though no DPR was prepared by NBCC, IM paid interest free advance to NBCC. IM accepted this.

(iv) There was no provision for liquidated damages or defect liability period in the MoU for defaults on the part of NBCC.

Results of failure to comply with the terms of the MoU as at (i) to (iv) above discussed in subsequent paragraphs.

(E) Detailed Project Report (DPR)

Clause 4.4 of the MoU specified that NBCC was to prepare detailed plans, designs and DPR after approval of Conceptual Project Report (CPR) by IM. NBCC only prepared a CPR (October 2012) and did not prepare any DPR. CPR formed the basis of the modernisation works to be carried out. Audit noted that the CPR lacked the following information, which a DPR, to be prepared, would have included:

(i) Detailed architectural, structural and flowchart drawings and approved layout plans;

(ii) Detailed specifications of each work/items;

(iii) Structural drawings/design calculations for all the components of the scheme;

(iv) Detailed Electrical/Mechanical drawings/design calculations for all the components of the scheme including getting approvals from the concerned authorities;

(v) Detailed Technical Specifications for all the non-scheduled items proposed in the scheme;

(vi) Required set of Tender Documents, Tender Drawings, Estimates, and Specifications etc.;

(vii) Bill of Quantities duly priced along with take-off sheets; and

(viii) Market Rate analysis for non-scheduled items supported with quotations.

Audit noted that IM, without insisting on preparation of DPR and detailed estimates, allowed NBCC to execute the work only on the basis of CPR with above deficiencies and released ₹ 105.70 crore till March 2018.

NBCC stated (May 2019) that since modernisation plan including details of display, etc. was not finalised and also as the work was to be carried out in phases, DPR could not be prepared.

The reply is not tenable since the scope of work along with site was available to NBCC. In the absence of DPR and detailed estimates, comparison of the items planned to be executed with the actual work executed could not be made. Absence of the said specifications also hindered the quality control. There were no criteria for validation which led to huge deviation in quantities executed as indicated in the subsequent paragraph at **3.1.4.3 (A) (i)**.

3.1.4.3 Execution of works

NBCC divided the modernisation work into 23 packages and awarded them to different sub-contractors, between October 2011 and June 2016. Audit noted the following issues with reference to the execution of the project.

(A) Preparation of estimates

Audit selected five packages with actual cost incurred of more than rupees five crore for detailed examination of the estimates. However, only Bill of Quantities (BoQs) and Final Bills pertaining to only four packages[5] involving actual expenditure of ₹ 86.82 crore were submitted to Audit.

(i) Deviations

Scrutiny of the records revealed that the expenditure included an absolute deviation of ₹ 51.10 crore[6] that ranged between 62 and 88 *per cent* of the awarded value of packages in quantities of 503 items out of a total of 545 items in BoQs**.** The primary reason for incorrect estimation attributable to such deviation was the absence of the DPR and freezing of the detailed estimates as already indicated in Paragraph **3.1.4.2 (E)**.

[5] (i) Renovation and Upgradation of Galleries in IM (LoI No.338) - ₹ 54.05 crore (final payment); (ii) Repair and Renovation of IM (Part-II, Main Building) (LoI No. 519) - ₹ 10.08 crore (final payment); (iii) Upgradation of Archaeology, Paleo and Anthropology etc. Galleries at IM (LoI No. 890) - ₹ 17.80 crore (final payment); and (iv) External electrical installation of IM (LoI No. 381) - ₹ 4.89 crore (final payment). Records pertaining to Repair and Restoration of IM Building (External) (LoI No.07) - ₹ 7.40 crore (final payment).

[6] Sum of absolute value of deviated amounts of all individual items. Positive deviation (increase in quantity of 204 items) of ₹ 37.71 crore and negative deviation (decrease in quantity of 299 items) of ₹ 13.39 crore.

As per the CPWD Manual 2012, Clause 24.1.2, deviations in quantities of individual items beyond the limit of ±10 *per cent* should not be made at site without the in-principle approval of Technical Sanction Authority. Audit noted that there was deviation in excess of ±10 *per cent* in quantities of 465 items out of a total of 545 items in BoQs. Audit, further, noted that no such approvals were found on record, which is irregular. Also, IM had to incur an extra expenditure of ₹ 24.32 crore (net positive deviation).

(ii) Non-Scheduled Items

As per CPWD Manual 2012, Clause 4.3(3), the rates entered in the estimates should generally agree with the scheduled rates, but where due to any reason, the later are not available, market rates may be considered. Audit scrutiny revealed that out of total payment of ₹ 86.82 crore, IM made payment towards execution of non-scheduled items for ₹ 81.15 crore which constituted 93.46 *per cent* of the total cost**.** The veracity of the rate of the non-scheduled items could not be ascertained in audit as neither IM nor NBCC furnished records on rate analysis.

IM mentioned (Exit Meeting) that the payment of Running Account (RA) bills to the sub-contractors was made by NBCC without obtaining its approval and NBCC only submitted the Statement of Expenditure to it. NBCC had not offered any remarks to the observations made.

The reply of IM is not acceptable. As per Clause 8 of the MoU with NBCC, IM cannot absolve its responsibility from discrepancies in payments made as NBCC was to submit final expenditure statement showing details of final payments made to sub-contractors/agencies engaged by it for the project, supported by authenticated documents, i.e., final bills etc. which needed to be verified by the IM authorities, before adjusting the same with the outstanding advance, if any lying with NBCC.

(B) Payment to sub-contractors

NBCC was responsible to scrutinise and make payment of bills of sub-contractors as per the terms and conditions of the agreement with the sub-contractors. Audit noted that during renovation and up-gradation work of IM, contractors were given undue advantage either by allowing higher rates than the agreed rates or incorrect application of Delhi Schedule of Rates (DSR) as detailed below:

(i) Adoption of BoQ rates

NBCC awarded (August 2013) work of 'Upgradation of Archaeology, Paleo& Cultural Anthropology Gallery' to a Contractor at a cost of ₹ 12.47 crore which was completed after incurring an expenditure of ₹ 17.80 crore. Audit noticed that in five items of BoQ, the Contractor was paid at rates, higher than the agreed rates which resulted in overpayment to the tune of ₹ 2.75 crore.

NBCC in their reply (May 2019) stated that the rate of items were revised in pre-bid meeting (July 2013) and it was uploaded on website also. It was further stated that the unrevised BoQ was inadvertently enclosed with the agreement.

However, Audit could not validate NBCC's contention in the absence of supporting documents such as minutes of pre-bid meetings etc.

(ii) Application of DSR rates

Audit noted that in respect of three major packages[7] in IM, NBCC prepared BoQ based on DSR 2012. However, while preparing the BoQ, NBCC applied incorrect rate of ₹ 93.30 instead of ₹ 77.90 towards one item[8] of work thereby the value of 'Estimated Cost Put to Tender' was increased. The tender was accepted on percentage rate basis and hence, the application of incorrect rate led to acceptance of tender on higher rate and consequently the work was executed on higher rate. Had the correct rate been applied in the BoQ for the said item, IM could have saved an amount of ₹ 0.44 crore plus applicable agency charges paid to NBCC towards renovation work.

NBCC accepted (May 2019) the observation and stated that necessary recovery would be made.

(C) Safeguarding of Artefacts

As per Clause (xii)(a) under Rule 204 of GFR 2005, in contracts where government property is entrusted to a contractor for doing further work on such property, specific provision for safeguarding government property should be included in the contracts.

Neither any guideline was prepared/issued nor any conservation architect/expert was employed by IM for handling artefacts during modernisation work. It was found that due to absence of any expert, some rare and priceless artefacts were severely damaged by the executing agency.

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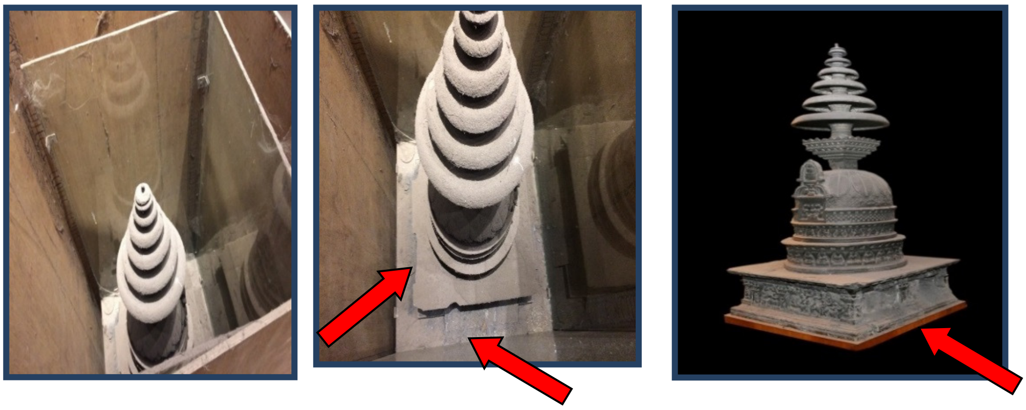
7 (i) LoI No. 519 dated 18 July 2013 for ₹ 6.79 crore; (ii) LoI No. 890 dated 16 August 2013 for ₹ 12.48 crore; and (iii) LoI No. 338 dated 21.03.2014 for ₹ 34.93 crore.

8 Item No. 10.25.2 of DSR 2012 – In gratings, frames, guard bar, ladder, railings, brackets, gates and similar works.

(i) The Stupa exhibit located at the centre of Gandhar Gallery broke down due to mishandling by NBCC.



Damaged Gandhar Stupa

(ii) The Lion Capital (more than 2000 years old) at the entrance of IM was mishandled and severely damaged during modernisation work.

Lion Capital before Renovation

Damaged during Renovation

Further, as per clause 4.8 of the MoU, NBCC was fully exempt from any liability towards any harm, loss, damage etc. which may be caused on any account or on account of fault of his employees. This made IM fully responsible for all the damages that occurred during the work of modernisation and hence would have to bear any additional financial burden.

The facts were confirmed by the IM.

3.1.4.4 Renovation of galleries

The measures undertaken by NBCC to modernise the galleries have, in fact, jeopardised the safety and longevity of the images. Though the designs of display units/showcases were finalised by NBCC after consultation with IM, many shortcomings were noticed as explained below:

(A) Pedestals

The pedestals installed during the modernisation project are made of non-porous 'Corian' surface, inside of which is an iron structure and sand filling covered by plywood on which the objects are placed. In some instances, it was found that objects were tilted and sinking into the pedestals, and sand oozing out of the pedestals due to corrosion in the iron structure inside the pedestals. Also, plywood structure inside the pedestal was found badly damaged due to absorption of moisture.


Images of broken pedestals

The above instances indicate that the pedestals installed during the modernisation project are neither durable nor appropriate for the purpose for which they have been created. The pedestals were approved by the Core Committee but assessment of appropriateness of such pedestals was never carried out.

IM authority confirmed the facts.

(B) Showcases

The quality of plywood used for construction of showcases was poor and the showcases are also not user friendly. It is difficult to open it for cleaning and other maintenance works. The lack of ease of access inside the showcases, as reported by the Museum staff, is the major cause for poor maintenance. Due to the problem of accessibility, Museum Authorities are unable to solve the problem of detachment of object information label inside a showcase in the Coin Gallery for a period of over three months. Although the showcases were approved by the Core Committee, the accessibility issue was not addressed at the implementation and monitoring stage.

Image of cobweb in Showcase in one of the ground floor corridor

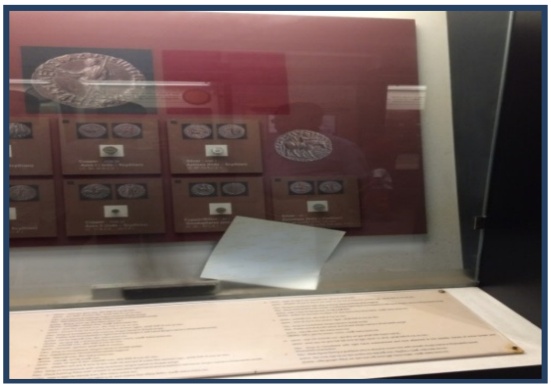


Image of detached label lying in a Showcase at Coin Gallery

Objects placed at a level much higher than the height of the general visitor

Gallery lighting and glass showcase makes the visitor see his/her own reflection

IM confirmed the fact during discussion.

(C) Lighting in Showcases and Galleries

Audit observed that the lighting in the showcases was not proper. In some cases, excess lighting was done inside the Showcases and in some cases, lighting was not done accurately. Also, Track Mounted LED Projector Lights installed in many Galleries are more than the requirement which is discussed in latter Paragraph at **3.1.4.4 (D)**.

Poorly lit Reptile Gallery; Bird Gallery; and Invertibrate Gallery

IM authority confirmed the fact.

(D) Installation of Track Mounted LED Projector Lights

The repair and renovation work of the Museum Building *inter-alia* included installation of new ceiling spot lights (Track Mounted LED Projectors) in the galleries and corridors of the museum building.

Test check in joint inspection with IM Authority during June 2018 of the installation of LED Projector Lights in 11 Galleries revealed that 1247 nos. of LED projector lights were installed at a cost of ₹ 3.32 crore. IM stated that of these, 50-60 *per cent* were redundant and keeping all the lights on, resulted in generation of heat and discomfort to the visitors. This fact was also confirmed by IM during the Exit Meeting. However, in absence of detailed electrical drawings and design calculations, Audit is unable to comment on how many lights were sufficient and how many are redundant.

NBCC replied (May 2019) that the requirement was determined in consultation with the consultant and was also approved by the Technical Committee of IM. The reply of NBCC could not be verified as minutes of such Technical Committee meeting were not made available to Audit. The fact remains that most of the LED Projector Lights installed remained unused.

(E) Surveillance System and Power Back-up

The Surveillance System, with 445 CCTV cameras installed during modernisation was inadequate as the Reserve Store holding 94 *per cent* of the artefacts were not provided with any CCTV cameras. Also, as per museum authorities, the CCTV cameras installed in different galleries were also inadequate.

The SFC approved works included works relating to ancillary electrical works like sub-station with Transformer and Air Circuit Breaker estimated to cost ₹ 2.00 crore. Though the LoI No. 381 dated 6 December 2013 for the work of 'External electrical installation' awarded to a private party for ₹ 3.87 crore included supply and installation of one 11 KV Sub-station and one 440 KW/500 KVA Diesel Generating Set, these items were not supplied and the work order was closed. There were no reasons on record for non-supply of the indented items.

As IM doesn't have any emergency power backup, in the situation of power failure by force majeure events or voltage fluctuations or during disaster, it may cause inconvenience to visitors and also, the safety of artefacts is at risk.

(F) Artefacts displayed without labels/description

Artefacts were displayed without any description/label hence, depriving the visitors of accurate details/description of the displayed artefacts.

3.1.4.5 Monitoring and Co-ordination

The modernisation works were to be overseen by a 'Core Committee'. However, no record of its constitution, terms of reference, periodicity of meetings etc. were made available to Audit. From the minutes of meetings made available pertaining to the Core Committee, Audit noted that the Core Committee was active in 2013 and discussed the progress of work including the technical issues relating to design and specifications of Pedestals, Showcases, Lift, Gallery Lighting, Souvenir Shop etc. However, as already pointed out by Audit in the previous paragraphs, monitoring by Core Committee was deficient to the extent that the design and specifications of Pedestals and Showcases were deficient; lighting in Galleries was not proper and the Lift is still to be installed.

Further, the SFC approved (June 2013) constitution of a Project Implementation Monitoring Committee (PIMC) to assess the progress of the modernisation project and determine the quality of the work to be executed. Also, MoC constituted (January 2014) a Technical Committee (TC) to technically assess the work executed.

Audit noted that the constitution of PIMC and the TC was towards the fag end of the project as it can be seen that the PIMC (1st meeting in November 2013) and TC (1st meeting November 2014) were operational only after NBCC had achieved substantial progress, both physically and financially, which resulted in lack of effective monitoring of quality of work specifically during the initial phases.

This fact was also confirmed by IM during the Exit Meeting.

Further, the Technical Committee in their meeting held on 15 November 2014 observed the following in respect of restoration/modernisation work:

(i) The assessment reports, methodology and the BOQ were not vetted and examined by experts.

(ii) IM had not made use of the services of a consultant who is aware of the conservation process and techniques, civil work as well as museum design with whom NBCC could have interacted at every stage and vetted the process in order to implement best practices.

(iii) No Committee or Expert has identified the necessary items of work in the Building, Galleries, and other areas of the Museum before awarding the work to NBCC. Entire work was done by NBCC based on their own assessment.

The fact that NBCC, during the TC meeting, agreed to rectify the defects caused as the work was done under a time pressure and as a result quality standards were not met in the process substantiates Audit observation that the best practices/standard procedures had not been adhered. Audit could not verify the compliance of NBCC towards any related work done subsequently in the absence of records.

3.1.4.6 Handing over of the project by NBCC

Audit noted that no proper handing over of the Galleries and assets created by NBCC were made to the IM and hence, no physical verification to reconcile the work done could be conducted. As a test check, Audit noted that though RA bill[9] indicated 509 CCTVs being installed by NBCC, subsequent physical verification by IM revealed that only 445 cameras existed. Thus, there was shortage of 64 cameras valuing ₹ 10.34 lakh.

[9] 5th and Final Bill for LOI No. 890 dated 16 August 2013 for (156+41) 197 CCTVs; and Final Bill for LOI No. 338 dated 21 March 2014 for (242+70) 312 CCTVs.

IM stated (May 2019) that the matter will be taken up with NBCC for further details.IM, further, mentioned (Exit Meeting) that no formal handing over was done, and only the keys of the showcases were handed over.

3.1.4.7 Maintenance of assets of the Museum Post Modernisation

After completion (2015) of modernisation work initiated in 2008, IM did not assign any agency for the upkeep and regular maintenance of the galleries/corridors renovated. Audit noticed that IM proposed (August 2016) that maintenance work would be assigned to NBCC and discussions were held between IM and NBCC. However, even after a lapse of more than four years from the completion of the modernisation work, no agency was assigned for the work of maintenance of IM.

IM stated (Exit meeting) that after the handing over of assets, AMC can be entered into. However, the fact remained that the Heritage Building was running without maintenance.

3.1.4.8 Unutilised Grants of MoC

The Sanction letter of Grants prescribe that if the grantee fails to utilise the grant for the purpose for which the same has been sanctioned, the grantee will be required to refund the entire amount with interest thereon @ 10 *per cent per annum* and that unspent balance, if any, may be surrendered to the Government without any delay.

Out of the grant of ₹ 108.76 crore sanctioned by MoC for specified purposes under the modernisation project, ₹ 105.04[10] crore was given to NBCC till date as advance. NBCC declared the project completed in April 2015 but the final completion certificate has not been submitted by NBCC to IM. The balance fund amounting to ₹ 3.72 crore remaining unutilised and is still lying with IM. The Museum authorities are liable to refund the same to the Ministry without further delay, and interest accrued, also has to be paid by IM.

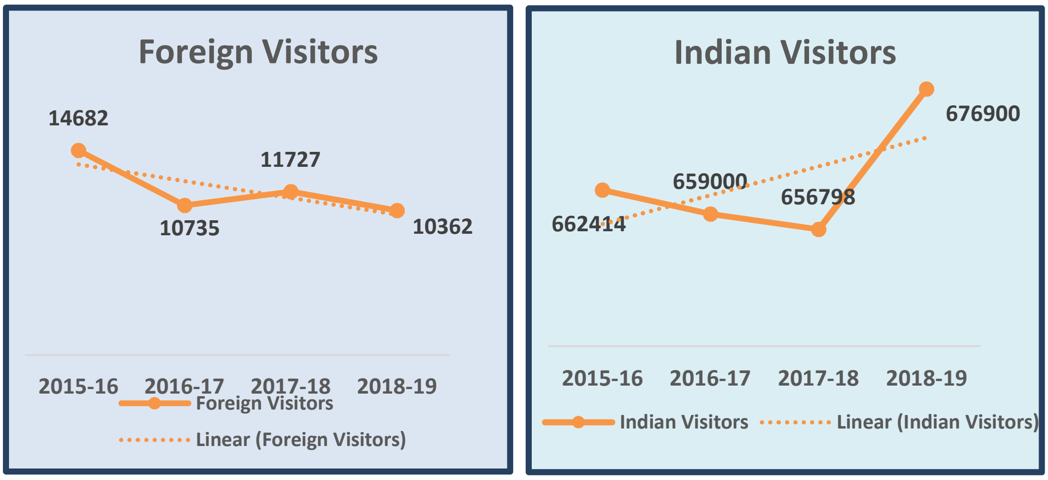
3.1.4.9 Increase in footfall post modernisation

As per the SFC proposal, IM stated that the anticipated facelift of the museum by the modernisation works would result in increased footfalls and hence, increased revenue. This would offset a substantial portion of the additional expenditure for operation and maintenance of the upgraded facilities.

[10] Total advance of ₹ 105.70 crore given to NBCC – Advance of ₹ 0.66 crore given for FPS Building from its own budget by IM = ₹ 105.04 crore.

Audit noted that the increase in revenue collection from ₹ 0.90 crore in 2014-15 to ₹ 1.99 crore in 2018-19, was due to enhancement of entry fees in December 2015[11] and March 2019[12] and not due to increase in footfalls as depicted in the **Chart No. 1**:

Chart No. 1: Number of visitors to the IM during 2015-19



This indicates that the modernisation project failed to provide the intended benefit in terms of increased footfalls.

3.1.5 Conclusion

The modernisation works, as planned, were not executed as works estimated at ₹ 25.76 crore were not awarded and almost entire fund aggregating ₹ 105.70 crore has been exhausted out of available fund of ₹ 109.42 crore. IM failed to address some major and important works like providing modern storage system, and installation of Fire-Fighting, Fire Detection and Prevention System and HVAC System as well as Lift, though provided for. It awarded the modernisation work on nomination basis without assessing the requisite expertise for taking up the restoration and renovation of museums and executed the work without preparation of Detailed Project Report and proper planning. It did not ensure financial safeguards and failed in monitoring the quality of work in the initial phases. There are no specific guidelines/laid down criteria of the MoC for preservation and conservation of artefacts. All these resulted in expenditure on redundant items and overpayments to contractors besides irreparable damage to the priceless artefacts. Also, lack of post modernisation AMC may endanger the safety of the structure and also priceless artefacts.

[11] Fee for Indian Visitor increased from ₹ 10 to ₹ 20 and for Foreign Visitor from ₹ 150 to ₹ 500.

[12] Fee for Indian Visitor increased from ₹ 20 to ₹ 50 for visitors above 18 years of age.

The matter was referred to the MoC (September 2018); their reply was awaited (March 2020)

Recommendations:

The following is recommended for modernisation and renovation work of Museums:

1. It may be ensured that restoration work, including work relating to modernisation, is carried out in with the assistance of suitable experts in the field and the work is awarded to agencies who have access to such experts. Proper conservation plans containing Standard Operating Procedures may be prepared and Conservation Architects may be involved to oversee work relating to modernisation.

2. A Detailed Project Report, having measurable outcomes such as improving aesthetics, footfall, longevity may be prepared and got duly vetted by competent agencies/ institutions before the commencement of work.

3. Agreements with the executing agencies may be unambiguous and may incorporate adequate safeguards against any damage to the building and artefacts during the execution of work.

4. All estimates, as prepared by the executing agencies, may be got vetted by technical experts, for assessment of their technical adequacy and financial justification.

5. Detailed procedures, including joint inspection by both parties, may be put in place to ensure proper monitoring and handing over by the executing agency, following completion of the work.

6. Systems may be put in place to ensure monitoring of outcomes and proper maintenance of the assets so created or restored, throughout the currency of the Annual Maintenance Contract.

CHAPTER IV : DEPARTMENT OF ATOMIC ENERGY

4.1 Establishment of Medical Cyclotron Facility

Variable Energy Cyclotron Centre, Kolkata (VECC) did not prepare the site in time for installation of equipment for the proposed Medical Cyclotron facility due to which equipment costing ₹ 82.12 crore remained idle for more than eight years and the project remained incomplete for more than 15 years since sanction and after incurring an expenditure of ₹ 219.50 crore.

Variable Energy Cyclotron Centre, Kolkata (VECC), a research and development unit under the Department of Atomic Energy (DAE), took possession (September 2002) of 5.19 acres of land received free of cost from the Government of West Bengal for establishment of Medical Cyclotron facility under a project titled 'DAE Medical Cyclotron Project'. The objective of the project was to set up 30MeV high beam current proton cyclotron which would be used for carrying out sophisticated material science experiments and to produce radioisotopes. The objective of such experiments was to develop materials that could be used in the nuclear power reactors. The large scale production of radioisotopes products would result in import substitution of some hitherto expensive vital radiopharmaceuticals and making them available at affordable price to the common people of India. The project was to be executed jointly by VECC and Board of Radiation and Isotope Technology, Mumbai (BRIT), another unit of DAE.VECC was to set up the Cyclotron System and its operation and use for research whereas BRIT was to handle the sales and distribution of radio-pharmaceuticals produced by the cyclotron machine.

DAE conveyed sanction (January 2004) of ₹ 78.01 crore[1] for the said project with the scheduled date of completion in January 2007.Some of the key milestones of the project included completion of engineering designs by July 2004, procurement of cyclotron to be commenced in July 2004 and completed by May 2006, completion of civil works by May 2006, installation of the cyclotron and beam lines by August 2006, commissioning of the cyclotron by November 2006 and commencement of its utilisation by December 2006.

VECC appointed (October 2005) a consultant for preparation of master plan, design report, detailed estimate, drawing and tender documents for the facility, to be done within a total time period of 52 weeks. In course of the project, VECC initiated (February 2005) introduction of a fifth beamline in addition to

[1] Includes setting up (A) 30 MeV Medical Cyclotron for ₹ 58.78 crore; and (B) Processing facility for radioisotopes and radiopharmaceuticals for ₹ 19.23 crore.

the four originally planned beam lines. This addition to the scope of work required inputs from the vendor, who was not finalised at that time.

VECC submitted (December 2005) a proposal to DAE for revision of the project cost and extension of time schedule citing increase in the scope of the construction of the building and services of Medical Cyclotron Facility as well as increase in the price of materials, services and equipment. Accordingly, DAE revised (May 2006) the project cost to ₹ 98.25 crore and extended the duration up to March 2008. During this first revision, the layout for the extra beam line was prepared based on gross input from the supplier and on the understanding of the users.

The consultant began to provide the drawings to VECC from March 2008. However, the consultant was unable to provide the complete set of drawings to VECC due to which the contract with the consultant was terminated (July 2014) and the Directorate of Construction Services and Estate Management, Mumbai (DCSEM)[2] was entrusted with the task of preparation of the remaining drawings. The drawings were provided to VECC in a sequential manner up to December 2014.

Meanwhile, after tendering process, VECC issued (July 2006) purchase order for supply, installation and commissioning of the complete equipment facility to a foreign firm[3] at a cost of Euro 13,302,500 to be delivered by May 2008.VECC then issued (February 2008) work order to a firm for civil works at a cost of ₹ 18.33 crore with scheduled date of completion by June 2009.However, owing to the changes made in the proposed facilities and consequent delay in releasing drawings, the construction work could not be completed within the stipulated time schedule. The construction firm informed (July 2009) VECC that it had completed almost 90 *per cent* of the works as per the drawings made available to them till June 2009 and submitted a revised quotation for the balance works. After negotiations, VECC amended (December 2010) the work order with the revised cost of ₹ 24.50 crore and extended the date of completion of the works to May 2012.

In the meantime, the cyclotron and other equipment were prepared for delivery (January 2008) and inspected by VECC (February 2008). However, due to delay in preparation of site, VECC requested the supplier to delay delivery of the same. Accordingly, between October 2008 and August 2009, VECC received 36

2 A DAE organisation responsible for civil works and estate management of DAE establishments.

3 M/s New Merchants International L.L.C., Dubai, U.A.E.

items of equipment valuing ₹ 82.12 crore[4] against the purchase order. Pending availability of site for installation, the equipment received were kept in VECC in a packed condition.

VECC submitted (November 2011) a proposal to DAE seeking a second revision of the project cost along with extension of time schedule, again on the ground of increase in the scope of works and price escalation. Based on the proposal of VECC, DAE sanctioned (November 2013) revised project cost of ₹ 241.34 crore and extended the project duration up to March 2017. Thus, due to the two revisions, the total sanctioned cost of the project increased by ₹ 163.33 crore[5].

The civil works were completed and the site was taken over by VECC in June 2016.Due to delay in completion of the works, the supplier refused to carry out the installation at the original quoted cost. As the revised cost quoted by them was too high, the purchase order was short closed and installation was carried out by VECC from November 2017 onwards using its internal resources. As of May 2019, commissioning of medical cyclotron and beam lines was completed but operational clearance from Atomic Energy Regulatory Board (AERB)[6] for utilisation of the facility was awaited. VECC had incurred a total expenditure of ₹ 219.50 crore on the project as of May 2019.

Audit observed deficient planning and coordination by VECC in the procurement of equipment, finalisation of the proposed facilities, execution of civil works and adherence to the targeted schedule, which resulted in delay in completion of the project and cost overrun. VECC took up the work of appointing a consultant for the project only in March 2005, after more than one year of sanction of the project. VECC was also unable to finalise the drawings for the civil works prior to issue of work order due to changes proposed mid-way, which led to delay in execution of the civil works. Consequently, the site for installation of the equipment could not be prepared in time to match the schedule for delivery of the equipment due to which equipment valuing ₹ 82.12 crore remained idle for more than eight years since receipt. The delay in civil works led to demand for increase in cost of installation of equipment by the supplier and resulted in change of plan whereby equipment was ultimately installed by VECC themselves. As a result, the future financial and operational

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4 Euro 1,27,02,000 x 64.65 = ₹ 82.12 crore (at the rate of conversion of one Euro = ₹ 64.65).

5 Of which ₹ 106.92 crore was towards increase in scope of work, ₹ 44.08 crore was on account of price escalation, ₹ 12 crore was due to exchange variation and ₹ 33 lakh was towards expenditure on salaries.

6 AERB was constituted in November 1983 to carry out the regulatory and safety functions under the Atomic Energy Act, 1962 and the Environment (Protection) Act, 1986.

liabilities arising from the equipment (maintenance, defects, damage, etc.) have to be borne by VECC independently.

The delay of over 10 years in execution of the project led to price escalation of ₹ 44.08 crore.

DAE accepted (October 2018) the delay in the project citing addition of the fifth beam line during the second revision of the project in November 2013 but stated that these were beyond the control of VECC due to the unique nature of the facility that required many interactions with suppliers, statutory authorities, changes due to compliance with AERB regulations, etc. DAE added that the medical cyclotron facility was commissioned by VECC in September 2018. VECC however, stated (May 2019) that the facility would be utilised for the purpose envisaged after obtaining operational clearance from Atomic Energy Regulatory Board

The reply of DAE is viewed in the light of the deficient planning and coordination for establishment of the facility. Although the fifth beam line was planned during February 2005, the proposal for sanction for the same was made in November 2011 with a completion period of March 2015, which was revised to March 2017 in the sanction received in November 2013. The fact remains that though installed, the Medical Cyclotron facility was still not operational as it is awaiting clearance of AERB. The stated objectives of developing materials for nuclear power reactors and import substitution of vital radiopharmaceuticals for making them available at affordable price to the common people of India remain unachieved.

4.2 Commissioning of Ion Trap System

An Ion Trap System procured by Directorate of Purchase and Stores, Mumbai for Bhabha Atomic Research Centre, Mumbai after incurring expenditure of ₹ 2.13 crore, could not be commissioned even after more than seven years due to defective parts. The organisations did not obtain adequate financial safeguards for ensuring the security of the procurement.

According to the Purchase Manual of Department of Atomic Energy (DAE), Bank Guarantees (BG) are required as a performance bond as guarantee for discharge of warranty obligations and towards re-export of defective instruments/equipment to the manufacturer within the warranty period for arranging repair/replacement. Rule 158 of the General Financial Rules, 2005 (GFR) stipulates that Performance Security is to be obtained from the bidder for an amount of five to 10 *per cent* of the value of the contract with a validity of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.

Bhabha Atomic Research Centre, Mumbai (BARC), a unit of DAE raised (March 2009) an indent for procurement of 'LC (ESI) (Ion Trap system) MS/MS' under an XI plan project 'Radiation Effects in Biology Systems'. The equipment was to be installed in the Modular Laboratories building of BARC and was to be used for conducting biological research.

Directorate of Purchase and Stores, Mumbai[7] (DPS) placed (November 2010) a purchase order after tendering, on Bruker Daltonik GMBH, Germany for the Ion Trap System at a cost of USD 398,427. The scope of the order included manufacture, supply, installation, commissioning of the system and also covered training and warranty. As per payment terms, 90 *per cent* of the total cost was to be paid by irrevocable Letter of Credit (LC) and the remaining 10 *per cent* within 30 days after satisfactory installation and commissioning of the equipment. The system was to be delivered within 24 weeks from the date of receipt of LC.

In terms of the purchase order, the items being purchased were guaranteed for satisfactory performance against manufacturing defects and faulty workmanship for a period of 24 months from the date of installation or 26 months from the date of shipment, whichever was earlier. If the item became defective during this period, the contractor shall be responsible for making arrangement for repair/replacement at his own cost. Further, the supplier's Indian agent was required to furnish a Performance Bond in the form of a Bank Guarantee (PBG) for 10 *per cent* of the total value of the equipment and valid till the guarantee period.

The system was received in BARC in May 2012[8] but due to a fault in two of the parts integrated to the machine, it was installed only in May 2013. Even after installation, the system did not operate smoothly and continued to develop problems from time to time due to defective parts. The supplier observed that the problems were occurring because the temperature maintained in the laboratory was not as required and requested (October 2014) BARC to take action to improve the ambient temperature and dust conditions. However, following a scheduled safety scrutiny, the Modular Laboratories building was declared unsafe for running of AC units. In the meantime, the guarantee period of the equipment had expired in May 2014. Expenditure of ₹ 2.13 crore[9] had been incurred on the equipment.

The system was ultimately moved (July 2016) to a new facility provided with the recommended temperature but this time the instrument calibration was lost.

[7] The centralised procurement organisation of DAE.

[8] LC was opened in March 2012.

[9] Including 90 *per cent* of the cost of the system, Freight, customs duty and clearance charges.

The supplier offered to repair the instrument at their factory in Germany but declined to furnish the bank guarantee for the same. After prolonged correspondence, the supplier finally agreed (September 2018) to replace the faulty equipment with a new one. However, as of August 2019, the replacement had not taken place as the export permit from the German Government was awaited.

Audit observed that BARC was unable to provide the site conditions required for the system, which caused its malfunction in the first instance. There was a delay of nearly three years in providing the site with the required temperature and ambient air conditions. Audit also observed that DPS failed to obtain a PBG from the Indian agent of the supplier towards satisfactory performance of the system, as stipulated in the purchase order. The purchase order also did not contain provisions for monetary guarantees that would safeguard BARC against the risk of non-replacement of defective items/equipment.

BARC stated (December 2016) that work to be undertaken using this machine was managed by using similar infrastructure in other institutes and that the Ion Trap system in BARC would be used in the XII Plan projects. DAE stated (August 2019) that the delay in getting the equipment commissioned was due to change of installation site and considerable time taken by the supplier to obtain export permit. DAE justified not obtaining PBG stating that it was to be submitted by the supplier only after successful installation and commissioning of the system.

The reply is not acceptable as the equipment was yet to be commissioned and could not be used for the envisaged biological research even during the XII Plan period. The hold up of replacement of the defective parts due to non-receipt of export license which has been pending for one year constitutes an operational risk. It is also not correct that the PBG was to be obtained after installation and commissioning, as the purchase order stipulated that this be given prior to shipment. This is also contradictory to the GFR, which stipulates that the PBG should be obtained in advance with a validity of sixty days beyond the date of completion of all contractual obligations of the supplier. Further, the Purchase manual of DAE clearly provides for obtaining securities against performance and defects in the system. Hence, omitting this requirement from the purchase order was not in accordance with the Purchase manual. Failure to obtain adequate security for replacement of the faulty equipment has also exposed the procurement to a financial risk.

Thus, the equipment has been lying idle for seven years after incurring expenditure of ₹ 2.13 crore, due to non-replacement of the defective components. The inability of BARC to provide site conditions for the system led to its malfunction and caused further delay in its installation. Further, there is risk of further delays in replacement of defective parts or of non-replacement, in the absence of adequate provisions in the purchase order to safeguard against delays and default in the replacement of defective parts.

4.3 Loss due to under coverage of medical stock

Tata Memorial Hospital, Mumbai did not carry out mid-term revision of the sum assured for its medical stock based on actual trend of inventory levels, which resulted in under coverage of stock and consequent loss of ₹ 1.64 crore from an insurance claim after a fire accident.

Tata Memorial Hospital, Mumbai (TMH), functions under the Tata Memorial Centre, Mumbai which is an autonomous institution of the Department of Atomic Energy (DAE). TMH took (April 2016) a Standard Fire & Special Perils Insurance policy for the period from 25 April 2016 to 24 April 2017 from New India Assurance Company Ltd. for its medical stock having a value of ₹ 18.62 crore (stock value as on 31 March 2016) at a premium of ₹ 9.82 lakh.

On 11 February 2017, a mishap occurred in TMH due to a fire in the Dispensary-Main Building. TMH raised (May 2017) an insurance claim for ₹ 6.02 crore for loss of medical stock in the said fire. The stock of medicine on the date of loss was valued at ₹ 25.60 crore. However, since the sum insured was for ₹ 18.62 crore, the insurance company proportionately deducted 27.28[10] *per cent* of value of stock from the claimed amount and admitted claim of ₹ 4.38 crore[11] only towards loss of stock. TMH received total claim amount of ₹ 4.20 crore after adjustment of the deductible amount[12] prescribed in the policy from the claim admitted. This resulted in under-recovery of the insurance claim of ₹ 1.64 crore[13] in respect of the un-insured stock held by TMH.

Audit observed that the General Rules and Regulations for fire insurance in respect of the insurance company contained a provision whereby mid-term increase or decrease in sum insured were allowed on pro-rata basis or on short-period scale respectively. Audit examined the monthly inventory levels maintained by TMH for medical stock for the period from April 2016 to January 2017 and observed that inventory levels were more than the sum insured

[10] Stock not insured as on date of loss: ₹ 25.59 crore - ₹ 18.62 crore = ₹ 6.98 crore i.e. 27.28 *per cent*.

[11] Amount claimed by TMH of ₹ 6.02 crore less ₹ 1.64 crore (being 27.28 *per cent* for uninsured stock valuing ₹ 6.98 crore) = ₹ 4.38 crore.

[12] The insurance policy contained a clause for compulsory deduction of five *per cent* of the claim amount subject to minimum of ₹ 25,000, which works out to ₹ 21.89 lakh.

[13] Claim made by TMH of ₹ 6.02 crore less claim admitted by the Insurance company of ₹ 4.38 crore = ₹ 1.64 crore.

for all the months from July 2016 to January 2017 by 7.79 to 34.88 *per cent*[14]. Though the stock levels continuously held were at levels higher than the sum insured, TMH did not exercise the option of mid-term revision of the sum insured. Hence, TMH had an inventory of 27.28 *per cent* that was not insured and did not qualify for the claim when the fire mishap occurred. In fact, scrutiny of monthly stock levels for the previous year revealed that TMH had taken an insurance policy for a stock value of ₹ 10 crore[15] but had held inventory ranging between ₹ 14.81 crore and ₹ 20.01 crore in all the months from April 2015 to March 2016 also. Thus, TMH had persistently under-insured the medical stock. The Insurance Consultant appointed by the hospital (TATA Motors Insurance broking & Advisory Services Ltd.) also did not point out this lapse on the part of the hospital.

DAE accepted (August 2019) that the stock value was not reviewed periodically.

The failure to carry out a mid-term revision in the insurance amount for medical stock resulted in under coverage of stock and consequent loss of ₹ 1.64 crore towards insurance claim. The hospital needs to amend the procedures related to insurance of stock in its custody to provide for periodical appraisal of inventory levels and adjust for insurance accordingly.

4.4 Cost escalation in short term contracts

Indira Gandhi Centre for Atomic Research, Kalpakkam modified the provision for providing cost escalation in its works procedures without obtaining the approval of the competent authority which resulted in expenditure of ₹ 1.10 crore towards cost escalation in nine test checked contracts.

Section 33, Clause 10(CC) of Central Public Works Department (CPWD) Works Manual, 2012 provides for variation in contract amount due to variations in price of materials and/or wages of labour required for execution of work in contracts where the stipulated period for completion is more than 18 months. The period of 18 months was in effect since February 2003. Prior to this, the price variation clause was eligible for contracts having duration of more than six months. The CPWD Works Manual, 2012 was further amended in August 2013 and the price variation clause was made applicable in contracts where the stipulated period for completion is more than 12 months.

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14 July 2016: 7.79 *per cent*, August 2016: 20.06 *per cent*, September 2016: 8.26 *per cent*, October 2016: 28.48 *per cent*, November 2016: 34.66 *per cent*, December 2016: 32.31 *per cent* and January 2017: 34.88 *per cent.*

15 TMH had taken insurance for medical stock for the first time for the period from 25 April 2015 to 24 April 2016 for an inventory value of ₹ 10 crore.

Department of Atomic Energy (DAE) issued (May 2006) instructions to all its constituent units to follow the provisions of CPWD Works Manual for execution of civil works. In terms of said instruction, changes to works procedures in accordance with amendments to the CPWD Works Manual were to be effected by the Department in consultation with/approval of the Member for Finance, Atomic Energy Commission (AEC).

The Civil Engineering Division (CED) of Indira Gandhi Centre for Atomic Research, Kalpakkam (IGCAR), a constituent unit of DAE, submitted (July 2007) a proposal to maintain the period of six months for operating clause 10(CC) on the ground that increase of the period from six to 18 months seemed very high. The proposal was approved (July 2007) by IGCAR after obtaining concurrence of the Nodal Officer, Directorate of Construction Services and Estate Management, Mumbai (DCSEM)[16] and Tender Committee[17] members.

Accordingly, IGCAR floated tenders with the provision of Clause 10(CC) in all works having stipulated completion period of more than six months. Test check of records showed that IGCAR had incurred expenditure of ₹ 1.10 crore towards cost escalation in nine contracts entered (March 2011 to April 2015) for execution of civil works having a total value of ₹ 21.80 crore for duration of eight to 15 months by allowing such cost escalation for the duration beyond six months. The details of these test checked contracts is given in **Annexe-4.1**.

As per extant instructions of DAE, IGCAR was required to obtain the approval of DAE/Member for Finance, AEC before reducing the period of eligibility for price escalation to six months. The lapse by IGCAR in following the procedure for changing stipulated works provisions resulted in expenditure of ₹ 1.10 crore towards cost escalation in nine test checked contracts, which was not otherwise due for payment.

DAE stated (November 2018) that having being given special exemption, the Department has framed their own works procedure and regulations for execution of works and hence have modified the conditions of contract suiting their requirements. DAE added that the concurrence of Director DCSEM, who is the nodal officer, was obtained for the proposal for sustaining the eligible contract period and was presumed as sufficient.

Director DCSEM was not the competent authority to concur with the changes proposed in the DAE works procedure. The Department may ensure that approval of the competent authority is obtained before carrying out changes to the works procedures of DAE.

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[16] A service organisation under DAE responsible for construction and maintenance of DAE establishments.

[17] Associate Director, Engineering Services Group, Bhabha Atomic Research Centre, Mumbai and Joint Controller (Finance and Accounts) IGCAR.

CHAPTER V : DEPARTMENT OF SPACE

5.1 Grant of additional increments

Department of Space did not take action for more than five years on the advice of Ministry of Finance to consider immediate withdrawal of payment of two additional increments being granted to its Scientists/Engineers. This resulted in payment of ₹ 251.32 crore towards continued grant of the two additional increments during the period December 2013 to March 2019 in 15 test checked centres and Autonomous Bodies under the Department.

Government of India (October 1998) approved granting of two additional increments to Scientists and Engineers of Department of Space (DOS) with effect from 1 January 1996 on promotion to four pre-revised pay scales[1]. DOS issued (August 1999) a clarification that value of additional increments so granted was not to be counted as pay for the purpose of various allowances[2], promotion, pension, etc.

In opposition to the said clarification, some employees of DOS took to litigation (2001) and eventually obtained orders of the Hon'ble High Courts of Kerala (January 2007) and Uttarakhand (August 2012) for considering these additional increments as pay for all further payments including pension. DOS also appealed against the said court orders, however, Special Leave Petitions filed by DOS in the Hon'ble Supreme Court of India were dismissed (April/August 2011 and October 2013). Subsequently, DOS referred (November 2013) the matter to Ministry of Finance (MoF) for further advice regarding complying with the court orders and grant of the benefits to similarly placed employees of DOS.

Meanwhile, based on the recommendations of the Sixth Central Pay Commission (August 2008), a new performance based pecuniary benefit called Performance Related Incentive Scheme (PRIS) was introduced (September 2008) for the employees of DOS. PRIS had three components as under:

(i) PRIS - Organisational incentive (PRIS - O) at the rate of 20 *per cent* of the pay;

(ii) PRIS - Group incentive (PRIS - G) at the rate of 10 *per cent* of pay; and

(iii) PRIS - Individual incentive (PRIS - I)[3].

MoF issued an OM[4] (January 2009) specifying the details of PRIS for grant of incentives in the form of variable increments. As per the OM, variable increments up to a maximum of six increments could be granted to deserving Scientists/Engineers at the time of promotion, subject to a ceiling of ₹ 10,000 per month. The value of variable increments so granted would not be counted as pay for the purpose of allowances, pay fixation on promotion, pension, *etc.*

1 ₹ 10,000-325-15,200, ₹ 12,000-375-16,500, ₹ 14,300-400-18,300 and ₹ 16,400-450-20,000.

2 Dearness Allowance, House Rent Allowance and Transport Allowance.

3 These were payable in the form of variable additional increments at the time of promotion.

4 Office Memorandum.

In the background of the orders of the High Court to count additional increments for the purpose of allowances, promotion and pension and in response to the reference received from DOS, MoF advised (November 2013) DOS to implement the orders of the courts and also advised them to consider withdrawing the two additional increments being paid to the employees of DOS immediately with prospective effect. The logic was that PRIS substituted for these two additional increments.

Audit scrutiny revealed that DOS did not adhere to the advice of MoF and continued to pay the two additional increments to its Scientists/Engineers – SD to SG (up to July 2019) over and above PRIS. During the period from December 2013 to March 2019, DOS paid an amount of ₹ 251.32 crore (in 15 centres/Autonomous Bodies[5]) towards grant of two additional increments to Scientists/Engineers on promotion.

DOS stated (July 2019) that the two additional increments were discontinued with effect from 1 July 2019. The reply is silent regarding action/proposed action for recovery of excess pay from the employees.

The fact remained that DOS did not take any definite action on the advice of MoF for more than five years, which resulted in grant of additional benefits to the Scientists/Engineers of DOS to the extent of ₹ 251.32 crore. DOS needs to recover the excess payments made to their employees towards grant of the additional increments.

5.2 Silicon Carbide Mirror Development Facility

Indian Space Research Organisation, Bengaluru and International Advanced Research Centre for Powder Metallurgy, Hyderabad established a Silicon Carbide Mirror Development Facility without ensuring that the technology for development of the mirrors was either proven or validated. The facility created could not produce the required quality of mirrors during its entire operational life of 10 years despite expenditure of ₹ 47.12 crore incurred on its establishment and maintenance.

General procedures for Research and Development (R&D) activities of Scientific Departments for development of technologies involve development of proof of concepts through research and demonstration purposes followed by validation of the technology at the field level and further scaling up in industrial mode for commercialisation.

Indian Space Research Organisation (ISRO) required large size aperture optics with low mass and volume in order to obtain high resolution imaging from space for its earth observation and meteorological missions. ISRO was hitherto using imported glass based mirrors for its space missions and sought to develop alternate material technology for manufacturing the mirrors indigenously. Among the available materials, Chemical Vapor Deposited (CVD)

[5] Audit obtained the details of expenditure incurred towards payment of the two additional increments from Indian Space Research Organisation Headquarters, Laboratory of Electro Optics Systems, ISRO Telemetry, Tracking and Command Network, Indian Institute of Space Technology, Satish Dhawan Space Centre, Vikram Sarabhai Space Centre, ISRO Inertial Systems Unit, National Remote Sensing Centre, National Atmospheric Research Laboratory, Physical Research Laboratory, Space Applications Centre, ISRO Satellite Centre, ISRO Propulsion Complex, Liquid Propulsion Systems Centre (Bengaluru and Valiamala centres) and Master Control Facility.

Silicon Carbide (SiC) was considered (March 2002) to be competitive due to its light weight, high stiffness to weight ratio and low thermal expansion. ISRO had targeted the realisation of SiC mirrors by 2003-04.

U. R. Rao Satellite Centre, Bengaluru (URSC)[6], a unit of ISRO, had carried out research and development in collaboration with International Advanced Research Centre for Powder Metallurgy, Hyderabad (ARCI), an autonomous R&D centre under the Department of Science and Technology and another organisation[7] to develop SiC mirror blanks up to a size of 100 mm without CVD coating. In order to develop mirror blanks up to a size of 1,000 mm with CVD coating for space applications, it was decided (December 2002) to establish the facilities required for development of such optical mirrors at ARCI.

URSC entered (January 2003) into an agreement with ARCI for establishment of the production facilities, development of process technology and supply of 10 space qualified SiC optical mirror blanks by September 2006. URSC was to utilise these mirrors in the Cartosat2A/2B missions of ISRO. The proposed production facilities comprise of capital equipment such as high tonnage hydraulic press, high temperature vacuum sintering furnace, SiC machining facility and high temperature CVD furnace/reactor. The process technologies included optimisation of the process parameters and development of the CVD coating process. The total cost of the project was ₹ 28.53 crore of which ARCI was to contribute ₹ 5.88 crore and the remaining cost of ₹ 22.65 crore was to be borne by URSC.

The SiC Mirror Development Facility was made operational at ARCI from June 2007 with an operational life of 10 years. ARCI supplied 10 mirror blanks to URSC/ISRO in March 2010. ISRO reported (June 2017) that during the course of fabrication of the mirror blanks supplied by ARCI, it was noticed that CVD layer coated on the mirror blanks were defective and could not be used. Consequently, the requirement of mirror blanks for the space missions of ISRO was met with the imported glass based mirrors already being used prior to development of the SiC mirror facility.

ISRO and ARCI continued to make efforts to overcome the problem of CVD coating on SiC mirror blanks. During this time, production facilities at ARCI were utilised mainly for R&D purposes. The operational life of the CVD plant expired in June 2017 and around the same time URSC reported that the CVD reactor and furnace plant was damaged due to severe corrosion of the chamber and related parts and was not in usable condition. The cost of the damaged plant was ₹ 6.11 crore.

[6] Formerly known as ISRO Satellite Centre.

[7] WIDIA, Bengaluru.

As of May 2019, DOS and ARCI had incurred expenditure of ₹ 27.80 crore and ₹ 14.10 crore respectively towards development of the facility. In addition, DOS incurred expenditure of ₹ 5.22 crore (up to March 2018[8]) towards maintenance of the SiC facility at ARCI.

Audit observed that no initial proof of concept of the technology for development of CVD layer on the SiC mirror blank was conducted, nor was the technology validated at the research or demonstration level. A more scientific approach would have been to demonstrate the technology for CVD coating on the SiC mirror blanks alsoon a smaller scale before investing in the full scale production facility at ARCI.

DOS stated (October 2018) that development of SiC mirror blanks at ARCI was successful except for the CVD coating which is the final phase of the development. DOS further stated that it was in the process of developing an alternate coating technology which had been attempted on a few samples of the smaller mirror blanks (50 to 210 mm); and that once the tests were completed, the SiC blanks produced at ARCI could be utilised. As of May 2019, work on the alternate coating technology was in progress. With regard to the damaged CVD plant, DOS stated that a proposal to refurbish the same had been kept in abeyance in view of the ongoing consideration of the alternative coating process.

The reply confirms that the technology for CVD coating on SiC mirror blanks was deployed on a production facility when it was still under development. Eventually, the technology for CVD coating was found to be unsuccessful despite several efforts and the SiC mirror plant could no longer be utilised, as its operational life had lapsed and there was no action plan for refurbishing/replacing the damaged CVD plant established under the project.

Thus, the facility on which an expenditure of ₹ 47.12 crore was incurred, could not be utilised to produce SiC mirrors for ISRO's missions as envisaged because the Department had failed to obtain satisfactory level of assurance about the suitability of scalability of a technology (which was in use elsewhere in the world) before going into full scale production. The financial benefits to be obtained from such a venture had not been assessed prior to the erection of the plant and the objective of indigenisation of a technology was also not achieved.

5.3 Creation of posts without approval of competent authority

Department of Space created 955 posts in administrative cadres without obtaining approval of the competent authority and filled them up by promotion of employees working in lower posts. Expenditure of ₹ 235.05 crore was incurred on the salaries of employees in the higher posts, a part of which was paid from the deposit projects of the department, which was contrary to the Government rules and procedures.

Ministry of Finance (MoF), Department of Expenditure issued clarifications (May 1993) on the procedure for creation of posts by Ministries/Departments stating that all Group A posts

[8] DOS did not incur expenditure on maintenance of the facility after March 2018.

(Plan and Non-Plan) and all Non-Plan Group B, C and D posts could be created only with the approval of the Union Cabinet[9] and Finance Minister respectively.

The Department of Space (DOS) executes deposit projects on behalf of other agencies. According to the procedure[10] to be followed for execution of deposit projects, funds are to be received from such agencies in advance; expenses incurred towards procurement of materials, components, machinery, etc. should be debited directly to the deposit project head[11]; expenditure towards manpower cost, overhead charges, etc. should be charged to the said accounting head and at the end of the project, the balance amount remaining after taking into consideration the actual expenditure incurred directly from the project, was to be credited to the Government. There was no provision for payment of salaries of regular employees of DOS from the deposit projects.

Scrutiny of records of DOS revealed that during the period 2003-17, DOS created 955 posts under deposit projects, in different Administrative Cadres at various centres/units of DOS, after obtaining concurrence of the Member for Finance, Space Commission. The requisite approval of Union Cabinet/ Finance Minister was not obtained. The posts were filled by promotion of employees holding regular lower posts in DOS. The lower posts were kept vacant in lieu of the promotions.

Audit further observed that up to 2013-14, pay and allowances of the promoted regular employees were paid directly from the deposit projects of DOS instead of meeting the same from the Consolidated Fund of India (CFI)[12]. With effect from 2014-15, the portion of salary pertaining to the vacant lower posts was met from CFI and the incremental salary arising due to creation and operation of the higher posts on promotion was paid from the deposit projects, on the ground that the budget available under deposit projects was not adequate to meet the salary expenses of administrative staff. As of March 2018, DOS had incurred expenditure of ₹ 235.05 crore[13] towards pay and allowances of the employees promoted to the higher posts.

Creation of posts in Administrative cadres without obtaining the approval of the Union Cabinet/Finance Minister was contrary to the orders of MoF. Further, incurring expenditure towards salaries of the regular employees promoted to such posts from deposit projects was also not in accordance with Government rules and DOS procedure for execution of deposit projects.

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9 After obtaining approval of the Finance Minister.

10 Guidelines issued by DOS in June 2001 and October 2005.

11 Major head 8443-Civil Deposits-Deposits for work undertaken for Public Bodies, Autonomous Bodies or Private individuals.

12 As per Rule 8 of Delegation of Financial Powers Rules 1978, the pay and allowances of regular Government employees should be borne from the Consolidated Fund of India and booked under the primary unit of appropriation, 'Object head 01-Salaries'.

13 ₹ 145.45 crore pertaining to the period up to 2013-14 and ₹ 89.60 crore being the incremental salary from 2014-15 onwards.

DOS stated (February 2018) that the total expenditure incurred on salary was shared between CFI and Project funds considering that the creation of 955 posts supported both deposit projects and government projects on time sharing basis. DOS further stated (November 2018) that the Cabinet had accorded approval for 1,500 personnel for FSBS project[14] in addition to the deployment of DOS/ISRO personnel, which was concurred by the Ministry of Finance (MoF). DOS added that under the Allocation of Business Rules 1972, DOS was to deal with all matters relating to their personnel.

The reply of DOS is not accepted, as the extant Government rules and DOS procedure for implementation of deposit projects do not provide for meeting the expenses on salaries of regular employees of DOS from deposit projects. With regard to obtaining Cabinet approval for 1,500 personnel for FSBS, Audit noticed from the limited records furnished, that no separate approval of the Department of Expenditure/Finance Minister was obtained, instead, concurrence of MoF to the overall proposal for the FSBS only was obtained. Concurrence of MoF to the overall project proposal cannot be construed as approval of MoF to the creation of posts. The concurrence thus obtained was also in respect of the personnel required to develop, launch and operate satellites i.e. technical staff and not administrative staff. The reply of DOS stating that under the Allocation of Business Rules 1972, DOS was to deal with all matters relating to their personnel is seen in light of the fact that in two other cases viz. deposit project titled 'Indian Regional Navigation Satellite System' and another proposal of DOS for augmentation of manpower for ISRO/DOS, the requirement of obtaining specific approval of Department of Expenditure, MoF for additional manpower was spelt out by the Department of Economic Affairs, MoF and Member Finance, DOS respectively. Thus, in view of the instructions of MoF, Department of Expenditure of May 1993, DOS needs to uniformly follow the same for all its manpower requirements.

5.4 Residency period for promotion fixed at lower than prescribed level

Department of Space did not obtain the approval of the competent authority for fixing the minimum residency period for promotion of its Group A officers at a lower than prescribed level which resulted in pre-mature grant of promotions and payment of pay and allowances in the higher scales to the extent of ₹ 1.29 crore in 13 test checked cases.

Rule 3 of the Government of India (Allocation of Business) Rules, 1961, stipulates that all business allotted to a Department under the said rules shall be disposed of under the general or special directions of the Minister-in-charge. The Prime Minister's Office (PMO), while delegating (December 1990) powers to the Department of Space (DOS) on matters relating to the service conditions of gazetted officers, specified that Secretary, DOS had powers to frame and make amendments to Recruitment Rules in respect of Group B, C and D employees only and all other cases were to be submitted to the Prime Minister.

[14] Deposit project titled 'Future Space Based Surveillance'.

DOS had undertaken a cadre review for its officers' grades and issued (January 2004) orders revising the cadre structure of officers in administrative areas. Under these orders, residency periods for promotion to various grades were also prescribed. After implementation of the recommendations of the Sixth Central Pay Commission (SCPC), while taking up the matter of amendment of Recruitment Rules for revision of pay scales of Government employees, Department of Personnel and Training (DoPT) prescribed (March 2009) revised guidelines for the minimum qualifying periods for promotion to various categories of posts.

Test check of the records of DOS for the period from December 2011 to February 2018 showed that after implementation of the recommendations of the SCPC, DOS did not adopt the revised qualifying periods for promotion and continued to follow its existing mechanism for promotion of its Group A officers. DOS neither submitted revised proposals for promotion in accordance with the extant Government rules to the PMO for approval nor obtained specific approval to continue the existing mechanism. The variance in the qualifying periods followed by DOS with those prescribed by DoPT is shown in **Table No. 1**.

Table No. 1: Variance in the qualifying periods followed by DOS with those prescribed by DoPT

Sl. No.	Promotion from		Promotion to		Minimum qualifying period prescribed (years)	
	Post	Grade Pay (₹) /Level	Post	Grade Pay (₹) /Level	DoPT	DOS
1.	Officer	5,400 /10	Senior Officer	6,600 /11	5	4
2.	Head	7,600 /12	Senior Head	8,700[15]/13	5	2

The smaller period of residency applied by DOS resulted in pre-mature grant of promotions and consequent payment of pay and allowances in the higher pay scales to the promoted officers.

During the period from 2011-12 to 2017-18, 33 officers in DOS/ISRO were promoted from Level 12 to Level 13. Audit test checked 13 such cases and found that extra expenditure to the extent of ₹ 1.29 crore was incurred towards pay and allowances in the higher pay scales to these officers.

DOS stated (March 2017) that the approval of PMO is applicable to Group A posts of the DOS secretariat and not to the administrative officials for ISRO[16]. DOS added (December 2018) that cadre review proposals of the personnel of DOS/ISRO are referred to the Member (Finance), DOS. DOS further stated that the said posts would have been filled up by other modes of recruitment and expenditure would have been incurred.

The reply is not acceptable, as ISRO is an establishment working under DOS and rules applicable to the Group A officers in DOS would be applicable to the officers in ISRO as

[15] Administrative posts having Grade Pay ₹ 10,000 /Level 15 are given to officers from outside DOS cadre i.e. those borne on the civil service cadres.

[16] Indian Space Research Organisation, a unit of DOS.

well. Further, the department had implemented seamless integration of the administrative personnel in DOS and ISRO ensuring their free movement between both offices. The cases test checked by Audit include those officers who had worked in both DOS and ISRO. The delegation of powers to the Space Commission, which includes Member for Finance, stipulates that proposals concerning the conditions of service of personnel of the Department involving major departure from normal Government rules are to be brought to the notice of the Space Commission. DOS did not clarify to Audit whether the said proposals for promotion of Group A officers were brought to the notice of the Space Commission. DOS however, admitted (September 2019) that no orders of PMO, delegating powers to the Space Commission to frame and make amendments to Recruitment Rules in respect of Group A officers, was available. The statement of DOS justifying incurring of expenditure on the said higher posts belies the requirement of obtaining the approval of competent authority in the instant cases.

5.5 Management of Civil Works

Management of civil works in five centres of Department of Space was deficient resulting in time overrun of 109 days to 1,142 days and cost overrun of ₹ 37.62 crore. Besides, there were cases of irregular payment of cost escalation, short levy of compensation for delay in work by contractors, short levy/collection of statutory recoveries and extra payments, etc. having total financial implication of ₹ 12.08 crore.

5.5.1 Introduction

Department of Space (DOS)/Indian Space Research Organisation (ISRO) has the objective of promoting development and application of space science and technology. ISRO implements the space programmes through 12 centres and units[17] located in different parts of the country.

Construction and Maintenance Groups/Divisions (CMG/CMD) established in ISRO Headquarters, Bengaluru (ISRO HQ) and nine[18] ISRO centres/units undertake various construction activities to provide necessary infrastructure in these centres and units for successful implementation of the space programmes. CMGs/CMDs of individual ISRO Centres/units are under the control of the respective centre/unit Directors. The activities carried out by the CMGs/CMDs of the ISRO centres/units are evaluated and monitored by a Civil Engineering Programme Office (CEPO) at ISRO Headquarters, Bengaluru. CEPO is responsible for finalisation of overall civil works budget in DOS, evolving guidelines for infrastructure programmes, evolving safety and quality guidelines, land acquisition, rendering

17 ISRO centres-Vikram Sarabhai Space Centre, Thiruvananthapuram (VSSC); Liquid Propulsion Systems Centre, Valiamala (LPSC); Satish Dhawan Space Centre, Sriharikota (SDSC); U.R. Rao Satellite Centre, Bengaluru (URSC); Space Applications Centre, Ahmedabad (SAC); and National Remote Sensing Centre, Hyderabad (NRSC). ISRO units- ISRO Propulsion Complex, Mahendragiri (IPRC); ISRO Inertial Systems Unit, Thiruvananthapuram (IISU); Master Control Facility, Hassan (MCF); ISRO Telemetry, Tracking and Command Network, Bengaluru (ISTRAC); Laboratory for Electro Optics Systems, Bengaluru (LEOS); and Indian Institute of Remote Sensing, Dehradun (IIRS).

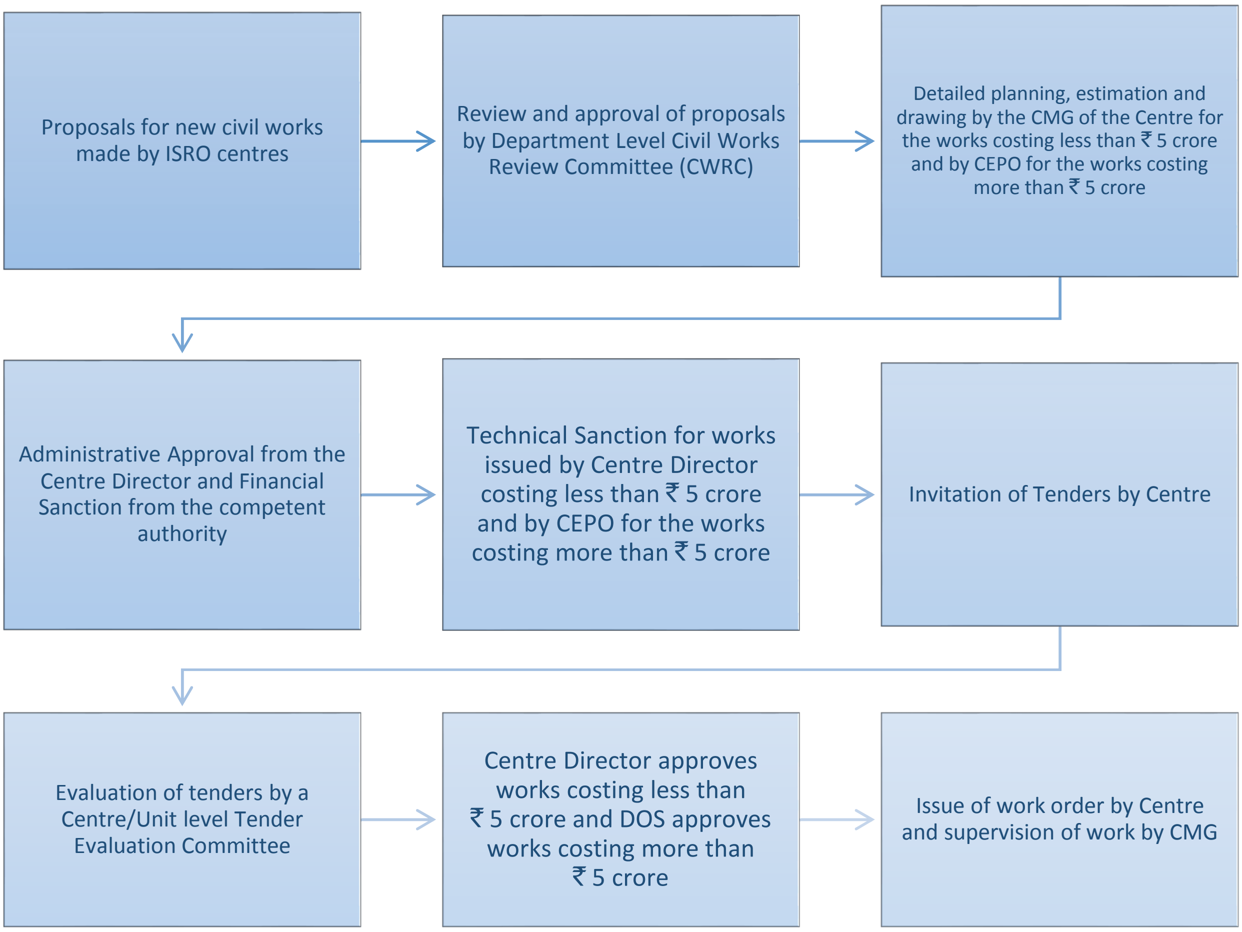
18 Construction activities at three ISRO units viz. IISU, LEOS and IIRS are dealt with by CMGs of VSSC, URSC and NRSC respectively.

guidance to CMDs/CMGs, participating in technical design reviews, associating in Civil Works Review Committee and Tender Finalisation Committee, inspecting and evaluating progress of works, etc. The procedure followed for evaluation and approval of proposals for execution of works is outlined in **Chart No. 1**.

For execution of civil works, DOS/ISRO follows its guidelines[19], which is based on Central Public Works Department (CPWD) norms/guidelines.

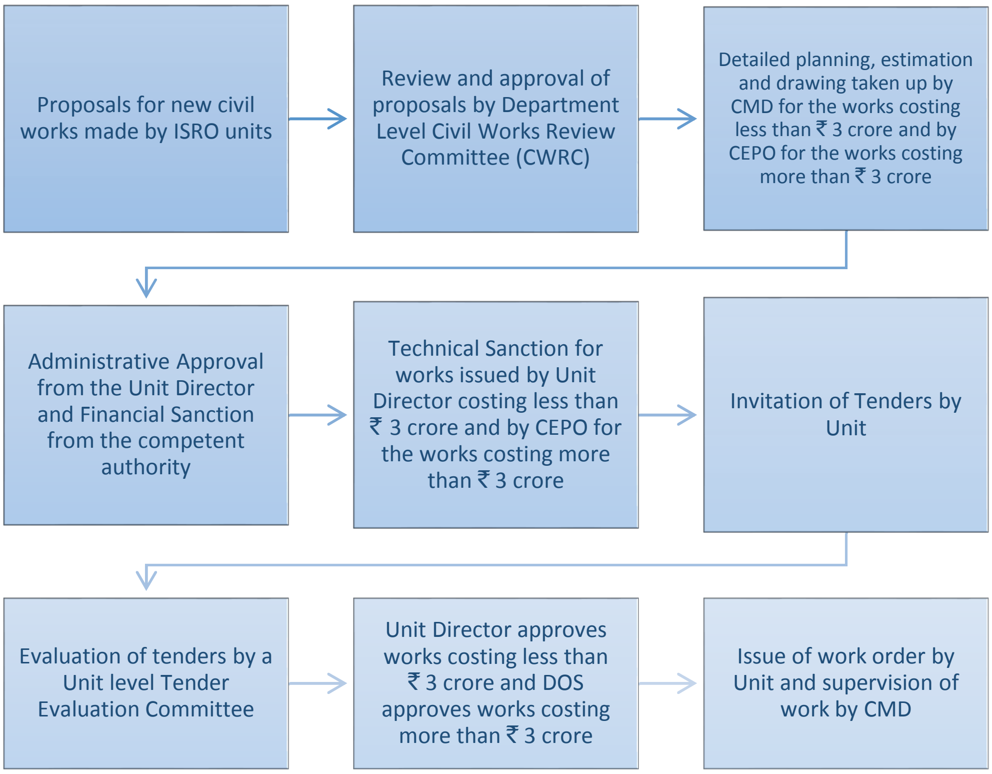
Chart No. 1: Procedure for evaluation and approval of proposals for execution of works

Works executed by ISRO centres



[19] General Rules and Directions for Guidance of contractors, 2005; a revised version called Tender Notification and Conditions of Contract was brought out in 2015.

Works executed by ISRO units



An audit of the Management of Civil Works in DOS was carried out for the period 2013-18 covering ISRO HQ and four centres/units[20] of DOS/ISRO viz. VSSC, SAC, URSC and ISTRAC. A total of 25[21] major civil works valuing ₹ 399.76 crore out of 182 works totaling ₹ 817.16 crore executed by these five entities were examined in audit. In addition, civil works for establishment of the Second Vehicle Assembly Building (SVAB) at SDSC that was executed in procurement[22] mode at a cost of ₹ 310 crore was also selected for audit scrutiny. In all, 26 major civil works involving expenditure of ₹ 709.76 crore (as of June 2018) were examined in audit.

Audit findings are discussed in the succeeding paragraphs.

5.5.2 Audit Findings

5.5.2.1 Time and cost over-run

Rule 21 of General Financial Rules, 2005 & 2017 envisages that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety.

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20 Selected on the basis of quantum of civil works executed.

21 VSSC-10, SAC- four, URSC- six, ISRO HQ- four and ISTRAC- one.

22 The work of construction of Second Launch Vehicle Assembly Building was not executed by the CMG of SDSC. Instead, the contract for the work comprising civil, structural, electrical, air conditioning, etc. was managed by the purchase and stores wing of SDSC in collaboration with the SVAB project team.

In 20[23] of the selected 26 works, Audit observed delays in completion of works ranging from three months (109 days) to three years (1,142 days). In 18 cases, the delays were either attributable to the contractor (five cases) or could have been avoided by the Department through better coordination (13 cases).

Audit also observed cost overrun amounting to ₹ 37.62 crore out of total expenditure of ₹ 460.66 crore in 14[24] of the 26 sampled works. The reasons for cost overrun in all of these cases were attributed to extra items of work.

In nine cases[25], though there was a time overrun from 184 days to 1142 days, there was no cost overrun. Similarly, in other three cases[26], though there was cost overrun ranging from ₹ 16.06 lakh to ₹ 55.93 lakh, there was no time overrun.

5.5.2.2 Delays on the part of contractors

In four works[27]at four ISRO centres having a cost of ₹ 93.73 crore, delays due to delayed commencement of work by the contractor, heavy rainfall, restrictions of working hours, delay in receipt of payments, inability of the contractor to get acquainted with the stringent security conditions at work site, etc. which were attributable to the contractor, were accepted by the centres for payment of cost escalation.

Further, according to Clause 2A of General Conditions of Contract (GCC) of DOS, compensation for delayed completion of work is to be levied and recovered from the contractor at the rate of 1.5 *per cent* for every month of delay to be computed on per day basis, on value of the incomplete work subject to maximum levy of 10 *per cent* of the total tendered value of work.

Audit observed that in three out of four cases mentioned above, there was short levy of compensation to the tune of ₹ 62.18 lakh for delays ranging from 71 to 167 days on the part of the contractor. In the remaining one case maximum compensation was levied.

The four works in which delays were noticed for reasons on the part of the contractor including three cases of short levy of compensation are listed in **Table No. 2**:

[23] URSC-four; SDSC-one; ISRO HQ-two; ISTRAC-one; SAC-four and VSSC-eight
[24] URSC-two, SDSC-one, ISRO HQ-two, ISTRAC-one, SAC-four and VSSC-four
[25] VSSC- five, SAC: two, URSC- one and ISRO Headquarters- one
[26] VSSC- one and ISRO Headquarters- two
[27] One work each at ISRO HQ and ISTRAC and two works at VSSC

Table No. 2: Cost escalation in works for delays attributable to contractors

(₹ in lakh)

Sl. No.	Centre	Work/ Scheduled completion date	Total Delay (in days)	Delay on the part of contractor accepted for payment of cost escalation		Audit Observation	Cost escalation paid	Short levy of compensation
				In days	Reason(s)			
1.	ISTRAC	Construction of INC-2 building for IRNSS facility at ILF, Lucknow (Civil &Ph Works)/02-06-15	455	24	Non-payment of Running Account bills	The work was awarded to the contractor after assessment of the financial soundness, therefore, citing non-payment of bills for delay in execution of work should not have been accepted by ISTRAC.	2.92	22.76
				143	Elaborate security procedures due to non-availability of photo identities of labour	The contractor was duly informed of the security conditions vide the conditions of contract attached with the tender documents, therefore, delays due to security procedures was not a ground for cost escalation.		
2.	VSSC	Construction of Integration and test complex at IISU, Vattiyoorkavu, Thiruvananthapuram (Civil and Ph Works)/19-09-14	376	71	Hold on pile cap clearance and inclusion of additional piles due to variations between soil parameters and original soil data.	The work order was issued to the contractor in September 2012. As per scope of the work, the contractor was to conduct routine tests on pile foundations installed. The contractor started the piling work only in November 2012 and commenced the pile foundation tests in February 2013. This resulted in delay in receiving clearance for the pile cap. The work was delayed by the contractor.	10.64	9.07
3.	VSSC	Construction of Buildings (9 Nos.) for RPP Phase-II expansion and construction of building for segment loading and transit storage facility at RPP, VSSC, Thumba (Civil, Ph and Mech Works)/14-05-14	870	109	Stringent security regulations	The contractor was duly informed of the security conditions vide the conditions of the contract attached with the tender documents.	20.90	Maximum compen-sation levied

4.	ISRO HQ	Construction of Integrated office building for ISRO at Sadiq Nagar, New Delhi (Civil, Ph, Electrical/10-10-14	1,142	59	Rain-peak monsoon in Delhi during July-August 2013 which seriously affected the excavation work.	As per information taken from India Meteorological Department, period of heavy rainfall occurred in Delhi in the month of June 2013 only.	16.52	30.35
				16	Restricted working hours	The Engineer in Chief confirmed (December 2013) that there was no restriction of working hours between 6 a.m. to 11 p.m. Thus, justifying delay by contractor due to restriction in working hours was not in order.		
Total cost Escalation paid							**50.98**	**62.18**

Thus, DOS incurred injudicious expenditure of ₹ 50.98 lakh towards payment of cost escalation for delays caused by the contractors and consequent short- levy of compensation of ₹ 62.18 lakh on such delay.

DOS stated (May 2019) that cost escalations were provided to contractors in cases where delay was beyond the control of the contractor. The reply is not acceptable, as delays due to inability to mobilise labourers, financial reasons, security conditions, etc. cannot be considered eligible for grant of cost escalation.

In regard to short levy of compensation, DOS stated (May 2019) that in all cases of delays attributable to contractor, due levy has been imposed as per contractual provisions. The reply is not acceptable, as delays due to financial crunch, conducting of pilling operation, wrong claims of delay (rain and working hours) etc., were attributable to the contractor.

5.5.2.3 Departmental delay

In 13 works[28] at five ISRO centres/units with a cost of ₹ 284.30 crore, there were delays in execution of works attributable to the centres/units. This resulted in avoidable payment of cost escalation amounting to ₹ 1.53 crore. In all these cases, Audit noticed that the delays were due to lack of proper coordination and timely action by the centres/units. The details of these cases are given in **Table No.3**.

[28] Four works at URSC; six works at VSSC; one work each at ISRO HQ, ISTRAC and SAC.

Table No. 3: Avoidable delay in execution of work by Department

(₹in lakh)

Sl. No.	Centre	Work/Scheduled date of completion	Total delay (in days)	Delay due to Department for which cost escalation was paid		Audit observation	Avoidable payment of cost escalation
				In days	Reason(s)		
1.	ISTRAC	Construction of INC-2 building for IRNSS facility at ILF, Lucknow (Civil &Ph Works)/ 02-06-15	455	67	Finalisation of soil test report	Though the soil test report was received in May 2013, Department delayed finalising the structural drawing and issued it to the contractor only in April 2014.	1.17
2.	SAC	Construction of payload Integration and checkout facility building at 39 acres New Bopal Campus, SAC, Ahmedabad (Civil, Ph and other allied works)/ 04-12-15	321	156	Hindrances arising from ongoing AC works	There was delay of more than one year in tendering and awarding of Work Order for the AC works. Civil and AC works should have been planned simultaneously to complete the building in a timely manner.	54.76
				123	Change in scope of work due to creation of Atomic Clock lab	Research on Atomic clock pertains to IRNSS project, sanctioned in June 2006. Citing delay due to sudden change in scope of work for accommodating the Atomic Clock Lab in June 2016 in this building is not acceptable.	
3.	VSSC	Construction of Building for new structural test facility at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)/ 18-02-15	560	21	Delay in site clearance/cutting of trees	Department did not ensure readiness of site before scheduled commencement of work.	2.80
				44	Revision of design plan	Proper need assessment was required prior tofinalisation of architectural/structural drawing in order to minimise future revisions in drawings and resulting delay.	
4.	VSSC	Construction of Building for Optical Structure facility for CSTG at CMSE, Vattiyoorkavu (Civil, Ph and Mech Works)/ 23-01-15	373	153	Excessive midcourse modification in scope of work and pending clearance/finalisation of drawings	Proper need assessment was required prior tofinalisation of architectural/structural drawings and prompt action for design clearances. Delay due to modification in scope of work and pending design clearance was avoidable.	7.15
5.	VSSC	Construction of 70 Nos. B Type and 48 Nos. C Type staff quarters at Housing Colony, VSSC, Thumba (Civil and Ph Works)/ 30-03-15	184	85	Delay in payment of RA bills due to financial crunch	The construction work was undertaken under the head 'Housing- Vikram Sarabhai Space Centre'. Audit observed that during 2013-14, DOS had actually surrendered an amount of ₹ seven crore citing delay in completion of housing activities.	5.38

6.	VSSC	Construction of CMSE facilities at new land Vattiyoorkavu (Civil, Ph and Mech Works)/ 10-12-15	659	29	Time consumed for confirmation of gantry bracket level	As per the scope of work, the high bays of all facilities were to be provided with EOT crane of different size and capacity, however the vendors for EOT cranes were not finalised in time.	1.09
7.	VSSC	Construction of Building for New Printed Circuit facility (PCF) at VRC, VSSC, Thumba (Civil and Ph Works)/ 17-04-16	501	94	Delay in issue of construction drawings	Construction drawings were not finalised prior to issue of work order.	5.49
				13	Delay due to clearance for filling work from Department	Since the filling work was in the original scope of work Departmental clearance could have been taken before commencement of the work.	
8.	VSSC	Construction of additional facilities for integration checkout and storage for MVIT at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)/ 20-12-16	401	49	Delay in clearance for tree cutting	Department did not ensure readiness of site before scheduled commencement of work.	6.76
9.	URSC	Sensor production facility at LEOS Ph-I/ 23-02-13	766	14	Delay in handing over of site	Department did not ensure readiness of site before scheduled commencement of work.	9.62
				71	Delay in issue of work order for AC works	Civil and AC works should have been planned simultaneously to complete the building in a timely manner.	
				32	Revision of drawings	Proper need assessment was required prior to finalisation of architectural/structural drawing in order to minimise future revisions in drawings and hence incidental delay.	
10.	URSC	Assembly and integration test facility (AITF-2) at ISITE (Civil, Ph, internal Electrical)/ 28-02-15	915	55	Delayed instructions from AC Department for issue of drawings	Civil and AC works of a building should be coordinated efficiently in order to reduce intermittent hindrances.	41.36
11.	URSC	High density interconnect (PCB) facility at ISITE (Civil, Ph, internal Electrical)/ 24-06-14	646	24	Delay in providing Vacuum Dewatered Flooring for high bay	The user requested for Vacuum Dewatered Flooring during the course of work due to which existing pipelines had to be dismantled and re-laid which hindered the work.	4.92
12.	URSC	Vertical extension to productionisation facility at ISITE (Civil, Ph, internal Electrical)/ 19-06-15	408	51	Modification in 3rd floor of the facility	Proper assessment of user requirement was necessary prior to commencement of work in order to avoid future revisions in scope of work and hence incidental delay.	0.80

13.	ISRO HQ	Construction of Integrated office building for ISRO at Sadiqnagar, New Delhi (Civil, Ph, Electrical)/ 10-10-14	1,142	55	Modifications in 3rd and 4th floor drawings	DOS sub-committee proposed revision in the original drawings. However, these revisions were not approved by DOS in view of legal requirements. The contractor finally executed the work as per the original approved plan.	12.12
Total cost escalation paid							**153.42**

DOS stated (May 2019) that it has noted the Audit findings for corrective action to avoid delay in future projects.

5.5.2.4 Completion of works before time

Audit observed one instance of execution of civil works by VSSC before the estimated time, due to which it could avail of a subsidy of ₹ 19.84 crore offered by the vendor which was favourable to the government exchequer.

VSSC entered (December 2011) into a contract with M/s AMOS, Belgium (AMOS) for supply, installation and commissioning of an Advanced Thermo Vacuum Test Facility (ATVF) on turnkey basis at a total cost of Euro 9,140,000[29] (₹ 56.68 crore) for a duration of 24 months. The Government of Belgium offered a subsidy of Euro 3,199,000 to AMOS which would reduce the price payable by VSSC to Euro 5,941,000 only if the ATVF could be established within 24 months from the date of signing of the contract.

To house this facility, VSSC floated a tender (December 2011) and finalised the same within five months. VSSC awarded (May 2012) the work of construction of building to M/s Silpi Construction Contractors, Thiruvananthapuram. Though VSSC initially proposed the expected completion period for this construction as 28 months (by November 2013), it completed the work within 18 months to coordinate the civil works with the schedule of supply, installation and commissioning of ATVF. Due to this, VSSC could avail of the subsidy from the Belgian Government. Consequently, VSSC made total payment of only ₹ 44.35 crore (Euro 5,941,000) after receiving the subsidy of ₹ 19.84 crore (Euro 3,199,000).

5.5.2.5 Payment of price variation in short term contracts

Section 33, Clause 10(CC) of Central Public Works Department (CPWD) Works Manual, 2012 provides for variation in contract amount due to variations in price of materials and/or wages of labour required for execution of work in contracts where the stipulated period for completion is more than 18 months[30]. The CPWD Works Manual, 2012 was amended in August 2013 and the price variation clause was made applicable in contracts where the stipulated period for completion is more than 12 months.

[29] Excluding the cost of construction of building.
[30] The period of 18 months was in effect since February 2003.

Rule 204 of General Financial Rules 2005[31] also stipulates that price variation clause can be provided only in long-term contracts, where the delivery period extends beyond 18 months.

However, in the General Rules and Directions for Guidance of Contractors, 2005 of DOS, the provision for stipulated period of completion of contract for payment of price variation in works was given as six months, which was revised to 12 months in 2015. Thus, prior to 2015, the provision for price variation in the guidelines of DOS was in deviation from the provisions of the CPWD Works Manual.

ISRO HQ awarded (December 2011) the work of 'Construction of CISF Quarters at ISITE[32], Bengaluru (Civil, PH and Electrical works)' to a firm for an order value of ₹ 5.99 crore with a completion period of 12 months and including a price variation clause.

Work was completed in September 2013 after a delay of more than eight months from the scheduled date. The delay was attributed to delay in issue of drawings, modifications in plan and scope, local protests and excess rainfall. ISRO HQ made a payment of ₹ 50.58 lakh towards price variation for this work. Inclusion of price variation clause in a short term contract extending for 12 months only, was in contravention of the provisions of the CPWD manual.

DOS stated (May 2019) that provision for escalation for a work of duration more than six months was included in guidelines to avoid speculative quote by the contractor. DOS added (August 2019) that it followed its own procedure and did not adopt CPWD provisions.

DOS has been largely unable to complete works within the period stipulated in contracts and has incurred significant extra expenditure towards cost escalation, as mentioned in para 5.5.2.1. The rationale given by DOS for making a provision of cost escalation in contracts having duration of more than only six months is viewed in light of the fact that in 18 of the 26 selected projects, there was delay in completion of works by three months to three years. Thus, relaxing the provision for cost escalation just to guard against speculative quotes by the contractor is not acceptable. Further, the procedure adopted by DOS was not in accordance with the GFRs.

5.5.2.6 Deviations beyond permissible limits

According to Section 15.1 (6) of CPWD Works Manual 2012/2014, permissible deviation[33] limit is 30 *per cent* in case of superstructure work and 100 *per cent* in case of foundation work. Clause 12 read with Schedule F of 'General Conditions of Contract' of DOS provides for a deviation limit of 25 *per cent* in case of superstructure work and 50 *per cent* in case of foundation work beyond which the cost of work should be worked out by adopting the

[31] Rule 225 (viii) of GFR 2017.
[32] ISRO Spacecraft Integration Test Establishment, a facility under URSC.
[33] Deviation in quantities of items, i.e. where there is increase or decrease in the quantities of items of work in the agreement.

market rate for material and labour. Thus, the provisions of DOS varied from the CPWD provisions.

In 20 works[34] at four ISRO centres (URSC, ISRO HQ, SAC and VSSC) there were deviations of items valuing ₹ 12 crore beyond the permissible limit in the work order, which indicates improper estimation of quantities of items of work in the detailed estimate stage.

The deviations beyond permissible limits were examined in five works at ISRO HQ and VSSC on test check basis. The deviations in the items given in the agreement ranged from two *per cent* to 3,904 *per cent*. The total amount of deviation beyond permissible limit of such items in these five works was ₹ 3.24 crore. In four[35] of these five works, the amount of deviation of ₹ 2.39 crore was incurred over and above the sanctioned cost. The work-wise details are given in **Table No. 4**.

Table No. 4: Deviation beyond permissible limits in contracts

(₹ in lakh)

Sl. No.	Centre	Work	No. of items having deviation	Percentage range of deviation beyond permissible limit	Excess amount paid for deviation	Reasons for deviation
1.	VSSC	Construction of building for optical structures facility for GSTG at CMSE, Vattiyoorkavu	55	3 to 1,305	98.54	Change in scope of work, midcourse revision by users, inadequacy in estimate provision and actual site requirement.
2.	VSSC	Construction of new structural test facility at TERLS, VSSC	60	2 to 1,071.50	120.70	
3.	VSSC	Construction of building for Integration and Test Complex at IISU, Vattiyoorkavu	40	9 to 1,505	84.97	
4.	ISRO HQ	Construction of multi utility complex at Indiranagar, DOS Housing Colony, Bengaluru	11	33 to 3,904	15.88	Mid-course revision, site conditions.
5.	ISRO HQ	Modification to ISAC heat pipe construction facility building for establishing spacecraft propulsion components production facility at LPSC campus, Bengaluru	6	52 to 159	3.66	
		Total			**323.75**	

Deviations indicate that quantities of items of work mentioned in the detailed estimates were not realistically estimated based on field survey and site conditions.

VSSC while accepting the Audit observation for need to ensure correctness in detailed estimates, stated (July 2018) that such deviation in quantities beyond permissible limits

[34] URSC-three, ISRO HQ-three, SAC-four and VSSC-10

[35] Except work at Sl.No. 3 of Table No. 4.

happened due to inadequacy in estimation, mid-course revision in scope of work, etc. DOS also stated (May 2019) that deviation in quantities occurred due to mid-course revision, site condition, etc.

Further, in 10 works[36] test checked at three centres of ISRO (URSC, SAC and VSSC), though the contractors had offered rebates in their respective price bids to gain competitive advantage, the centres could not claim such rebates amounting to ₹ 41 lakh on deviations amounting ₹ 7.25 crore in quantity of agreement items. The details are given in **Table No. 5**.

Table No. 5: Rebate not claimed on deviated quantities of agreement items

(₹ in lakh)

Sl. No.	Centre	Work	Amount of deviated items	Percentage of rebate	Rebate foregone/ not claimed
1.	URSC	High density interconnect (PCB) facility at ISITE (Civil, Ph, internal Electrical)	33.54	3.70	1.24
2.	URSC	Vertical extension to productionisation facility at ISITE (Civil, Ph, internal Electrical)	12.88	6.10	0.79
3.	URSC	Assembly and integration test facility (AITF-2) at ISITE (Civil, Ph, internal Electrical)	239.48	3.30	7.90
4.	SAC	Construction of Large Thermal Vacuum Chamber (LTVC) and High Power Passive component Test Area Building at New Bopal Campus, SAC, Ahmedabad (Civil, Ph and other allied works)	84.42	10.12	8.54
5.	SAC	Construction of horizontal extension of antenna assembly integration and testing lab at Building no 37A SAC, Ahmedabad (Civil, Ph and allied works)	59.95	2.00	1.20
6.	VSSC	Construction of Building for New Printed Circuit facility (PCF) at VRC, VSSC, Thumba (Civil and Ph Works)	92.92	8.65	8.04
7.	VSSC	Construction of Buildings (9 Nos.) for RPP Phase-II expansion and construction of building for segment loading and transit storage facility at RPP, VSSC, Thumba (Civil, Ph and Mech Works)	13.25	16.50	2.19
8.	VSSC	Construction of CMSE facilities at new land Vattiyoorkavu (Civil, Ph and Mech Works)	95.04	8.17	7.77

36 URSC-three, SAC-two and VSSC-five

9.	VSSC	Construction of 70 Nos. B Type and 48 Nos. C Type staff quarters at Housing Colony, VSSC, Thumba (Civil and Ph Works)	42.85	6.00	2.57
10.	VSSC	Construction of additional facilities for integration checkout and storage for MVIT at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)	50.46	1.50	0.76
Total			**724.79**		**41.00**

Thus, foregoing of rebates resulted in excess expenditure of the centres and corresponding benefit of ₹ 41 lakh to the contractors in these 10 works.

VSSC stated (July 2018) that the rebate offered by the contractor is applicable only for agreement items and cannot be claimed on any quantity more than the permissible quantity of deviation. DOS added (August 2019) that the rates for deviated quantity beyond permissible variations were arrived based on the prevailing market price and hence the rebate offered by the contractor on his quoted rate is not applicable for the rates adopted for deviated item.

The fact remained that there were significant deviations beyond the permissible limits which were needed to be checked. The wide deviations indicate that quantities of items of work mentioned in the detailed estimates were not realistically estimated based on field survey and site conditions. Further, the deviated quantities in respect of agreement items should be eligible for rebate, as the bidder offers such rebate on the quoted price of agreement items to gain competitive advantage and the lowest bidder is selected after considering the rebate offered.

5.5.2.7 Adhoc payments

According to section 32.2 of CPWD Works Manual 2012/2014, advances to contractors are, as a rule, prohibited and payments to contractors should not be made until detailed measurements of the work have been taken and recorded. Adhoc advance payments may, however, be made in cases of real necessity, when it is essential to do so. Further, according to section 32.1 read with section 32.2 of CPWD Works Manual, grant of a second advance before the first one has been recovered shall not be permitted.

Audit observed that in five works at three centres (URSC, SAC and VSSC), contractors were paid adhoc advances frequently to the tune of ₹ 20.87 crore in 39 bills. The details of the works and advances paid are given in **Table No. 6**.

Table No. 6: Ad hoc payments given to contractors

(₹ *in lakh*)

Sl. No.	Centre	Work	Number of RA bills	Amount of ad hoc advance payment	Scheduled date/Actual date of completion
1.	URSC	Vertical extension to productionisation facility at ISITE (Civil, Ph, internal Electrical)	7	1.42	19.06.2015/ 31.07.2016
2.	URSC	High density interconnect (PCB) facility at ISITE (Civil, Ph, internal Electrical)	6	2.77	24.06.2014/ 31.03.2016
3.	URSC	Assembly and integration test facility (AITF-2) at ISITE (Civil, Ph, internal Electrical)	12	8.52	28.02.2015/ 31.08.2017
4.	SAC	Construction of payload Integration and checkout facility building at 39 acres New Bopal Campus, SAC, Ahmedabad (Civil, PH and other allied works)	8	6.08	04.12.2015/ 20.10.2016
5.	VSSC	Construction of building for Thermo Vacuum Facility at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)	6	2.08	11.11.2013/ 09.11.2013
Total			**39**	**20.87**	

Further, URSC made adhoc advance payments in three instances, two of these between two successive RA bills before recovering the first advance, which was in contravention to the extant guidelines.

Thus, frequent release of advance payments for work done but not measured and more than the prescribed number of times in contravention to extant guidelines resulted in undue benefit to the contractor.

DOS stated (May 2019) that since August 2015, Department has permitted payment of maximum two consecutive adhoc bills and the third payment, only if necessity arises, with the approval of Centre Director to ensure regular cash flow to contractor to keep up the project schedule.

However, the fact remained that in test checked cases ad-hoc advances was paid ranging from six to 12 occasions without following any limits as claimed by DOS. As regards flow of regular cash to contractor, the reply is not acceptable, as Mobilisation Advance (in all five cases) and Secured Advance (in four cases) were released to aid in timely completion of work. Further, in spite of frequent release of ad-hoc advances, four out of five works mentioned in Table 6 were not completed within scheduled time.

5.5.2.8 Deduction of Labour Welfare Cess

In terms of section 3(1) of the Building and Other Construction Workers' Welfare Cess Act, 1996, a cess is to be levied and collected, at such rate not exceeding two *per cent* , but not less than one *per cent* of the cost of construction incurred by an employer, as specified by the Government from time to time; and the proceeds of the cess collected are to be transferred to the Building and Other Construction Worker's Welfare Board constituted by a State Government.

According to Rule 4 (3) and 5 (1) of Building and other construction workers' Welfare Cess Rules, 1998, where the levy of cess pertains to building and other construction work of a Government, such Government shall deduct or cause to be deducted the cess payable from the contractor at the notified rates from the bills paid for such works and transfer the proceeds of the cess collected to the Building and Other Construction Workers' Welfare Board.

For implementation of the Act, Government of Kerala followed the Central Government Rules. The Central Government Rule specified a cess at the rate of one *per cent* of the cost of construction incurred by an employer.

A paragraph was raised in the Report of the Comptroller and Auditor General of India No. 12 of 2016 highlighting that VSSC had not deducted Labour Welfare Cess (LWC) from the payments made to the contractors for civil works executed between January 2011 and November 2014.

VSSC had stated in the Action Taken Note on the above paragraph that it had started recovering LWC from May 2015 onwards for all ongoing works. However, Audit noticed that VSSC did not levy LWC even after May 2015 in eight works executed during September 2012 to January 2018 which resulted in non-levy of LWC to the extent of ₹ 26.60 lakh. The details are given in **Table No. 7**.

Table No. 7: Non-deduction of Labour Welfare Cess

Sl. No.	Work Order date	Description	Order value (₹ in crore)	Non-levy of LWC (₹ in lakh)
1.	05-09-12	Construction of Integration and test complex at IISU, Vattiyoorkavu, Thiruvananthapuram (Civil and Ph Works)	17.68	2.49
2.	02-11-12	Construction of Buildings (9 Nos.) for RPP Phase-II expansion and construction of building for segment loading and transit storage facility at RPP, VSSC, Thumba (Civil, Ph and Mech Works)	25.23	3.64
3.	04-02-13	Construction of Building for new structural test facility at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)	16.71	5.87
4.	09-05-13	Construction of Building for Optical Structure facility for CSTG at CMSE, Vattiyoorkavu (Civil, Ph and Mech Works)	9.46	0.29
5.	15-05-13	Construction of 70 Nos. B Type and 48 Nos. C Type staff quarters at Housing Colony, VSSC, Thumba (Civil and Ph Works)	17.55	4.59
6.	20-02-14	Construction of CMSE facilities at new land Vattiyoorkavu (Civil, Ph and Mech Works)	44.68	5.16
7.	02-04-14	Construction of Building for New Printed Circuit facility (PCF) at VRC, VSSC, Thumba (Civil and Ph Works)	10.96	1.40
8.	06-06-14	Construction of additional facilities for integration checkout and storage for MVIT at TERLS, VSSC, Thumba (Civil, Ph and Mech Works)	24.06	3.16
TOTAL				**26.60**

Accepting the Audit observation DOS stated (May 2019) that efforts are being made to recover LWC from contractors in all these works.

5.5.2.9 Extra payments

(i) In terms of Clause 36 of GCC of DOS, the contractor shall, immediately after receiving letter of acceptance of the tender and before commencement of the work, intimate in writing to the Engineer-in-charge (EIC), the name(s), qualifications, experience, age, address(s) and other particulars along with certificates of the principal technical representative to be in charge of the work and other technical representative(s) who will be supervising the work. The EIC shall, within three days of receipt of such communication, intimate in writing his approval or otherwise of such a representative(s) to the contractor. Further, Clause 3 of GCC empowers EIC to absolutely terminate a contract if the contractor without any reasonable cause makes slow progress of work or fails to complete the work within scheduled completion date or sublets the work or part thereof without prior written approval of EIC.

URSC awarded a contract (August 2012) for 'Construction of Boundary wall for ISRO lands at Ullarthikavalu & Khudapura, Chitradurga' at a cost of ₹ 7.50 crore to be completed in February 2014. Audit observed that there were no approvals of EIC on the name(s), qualifications, experience, age, addresses and other particulars along with certificates of the principal technical representative to be in charge of the work and other technical representative(s) who would be supervising the work engaged by the contractors. URSC found out in December 2013 that the contractor had sub-let the work, after receiving information that the sub-contractor had filed a law suit against the contractor. On discovering this, URSC terminated (September 2014) the contract invoking Clause 3 of GCC. Expenditure of ₹ 1.64 crore was incurred on the work. Subsequently, URSC awarded (January 2018) a work order for execution of the balance work to another contractor for value of ₹ 7.49 crore.

Insisting on submission of information on the persons supervising the work before commencement of work would have avoided sub-letting of work by the contractor. Belated discovery of this fact led to termination of work and cost escalation of ₹ 1.04 crore[37] towards execution of balance work.

DOS stated (May 2019) that action was initiated to terminate the contract immediately on notice of sub-letting. The reply is not acceptable as proper checks as contemplated in Clause 36 of GCC might have prevented unauthorised subletting of works in the first instance.

(ii) In the bid for the contract for construction of Second Vehicle Assembly Building at SDSC, the contractor quoted two *per cent* of Works Contract Tax (WCT)/Value Added Tax (VAT) over the cost of work. SDSC clarified to the contractor that any change in the

[37] ₹ 7.49 crore + ₹ 1.64 crore - ₹ 7.50 crore – ₹ 0.59 crore towards recovery of EMD, PG and SD

percentage of taxes and any additional taxes applicable would be to the account of the contractor, which was accepted (February 2015) by the contractor.

Subsequently, in the negotiation meetings held with the contractor (March 2015), the contractor clarified that based on prior experience, the VAT/WCT liability for this work would be two *per cent* of the value of work done but asked SDSC to deduct 3.5 *per cent* VAT at source from its payments. The contractor would claim the excess VAT/WCT paid as refund at the end of the contract from the tax authority. Accordingly, SDSC asked the contractor to submit a revised price bid including VAT/WCT of 3.5 *per cent* over the cost of work and awarded the contract to the firm. Thereafter, based on the revised price submitted by the contractor, SDSC awarded the contract to it and paid 3.5 *per cent* on each RA bill (till June 2017) towards VAT/WCT instead of two *per cent* initially offered by the contractor. This was discontinued (July 2017) once Goods and Service Act came into force in India.

Audit observed that SDSC passed on the benefit of the additional 1.5 *per cent* tax liability to the contractor by revising the price terms, instead of keeping it to the account of the contractor, as was accepted earlier by the contractor. Fixing the rate of tax in the agreement at 3.5 *per cent* resulted in extra payment of ₹ 3.75 crore to the contractor towards the additional 1.5 *per cent* on account of VAT/WCT. According to the Commercial Taxes Department, Government of Andhra Pradesh, the contractor had applied for refund of WCT, which was pending finalisation. If refunded, this would be to the contractor's advantage.

DOS stated (May 2019) that the contractor had agreed to absorb the extra tax liability of 1.5 *per cent* and hence there was no additional financial liability to the Department.

The reply is not acceptable, as by asking the contractor to revise the price bid including VAT/WCT of 3.5 *per cent* over the cost of work instead of the contractor's initial offer of two *per cent*, DOS had, in effect extended a benefit of 1.5 *per cent* to the contractor.

5.5.3 Conclusion

The audit of management of civil works in five centres of Department of Space revealed instances of weak contract management leading to time overrun of 109 days to 1,142 days in fulfilment of the contracts and cost overrun amounting to ₹ 37.62 crore. There were cases of irregular payment of cost escalation, deviations in quantity of items of work, short levy/collection of statutory recoveries, avoidable payments due to rebates not claimed, irregular adhoc advance payments, short levy of compensation for delay in execution of work by the contractor, etc. having a total financial implication of ₹ 12.08 crore.

CHAPTER VI : MINISTRY OF EARTH SCIENCES

6.1 Grant of financial benefits without approval of competent authority

Ministry of Earth Sciences allowed five of its Autonomous Bodies to grant additional financial benefits to their Scientists without obtaining approval of Ministry of Finance and consequently incurred expenditure of ₹ 2.63 crore during the period 2002-18. On being pointed out by Audit, the matter was referred to the Ministry of Finance for *ex-post facto* approval, which advised the Ministry to withdraw the financial benefits.

As per Rule 209 (6) (iv) (a) and 230 (12) (i) of General Financial Rules (GFR) 2005 and 2017 respectively, all grantee Institutions or Organisations which receive more than fifty *per cent* of their recurring expenditure in the form of grants-in-aid, should ordinarily formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Central Government. In exceptional cases, relaxation may be made in consultation with the Ministry of Finance (MoF).

The Ministry of Earth Sciences (MoES) approved (March 2004) adoption of provisions in the rules and regulations of two of its Autonomous Bodies namely Indian National Centre for Ocean Information Services, Hyderabad (INCOIS) and National Institute of Ocean Technology, Chennai (NIOT) for grant of two additional increments and Professional Update Allowance (PUA)[1]. At that time, MoES had already approved the same provision for another Autonomous Body under MoES viz. National Centre for Polar and Antarctic Research, Goa (NCPOR).

Accordingly, INCOIS, NCPOR and NIOT, with the approval of their Governing Councils, started paying (i) Two additional increments to Scientists C, D, E and F[2]; and (ii) PUA to all regular Scientists with effect from 2002-03 (INCOIS) and 2003-04 (NCPOR and NIOT) onwards. The Autonomous Bodies also granted Special pay of ₹ 2,000 per month to Scientists in the pay scale of ₹ 18,400 - 22,400. Subsequently, the remaining two Autonomous Bodies of MoES, namely Indian Institute of Tropical Meteorology, Pune (IITM) and

[1] Professional Update Allowance is an incentive given to Scientists working in Department of Atomic Energy, Department of Space and Defence Research and Development Organisation to keep themselves abreast of the latest developments in their respective fields of specialisation.

[2] In the pay-scale of ₹ 10,000-15,200, ₹ 12,000-16,500, ₹ 14,300-18,300 and ₹ 16,400-20,400 (pay scales in force prior to implementation of the recommendations of the Seventh Central Pay Commission).

National Centre for Earth Science Studies, Thiruvananthapuram (NCESS)[3] also started paying (2010-11 and 2014-15 onwards) the additional financial benefits to their Scientists. During the period 2002-18, the five Autonomous Bodies of MoES incurred expenditure of ₹ 2.63 crore towards payment of the financial benefits as shown in the **Table No. 1**.

Table No. 1: Grant of additional financial benefits by Autonomous Bodies of MoES

(₹ in lakh)

Name of Institute	Expenditure on grant of additional financial benefits						
	Additional Increments		PUA		Special Pay		Total
	Amount	Period	Amount	Period	Amount	Period	
INCOIS	29.52	2002-17	28.02	2002-16	4.76	2002-17	62.30
NCPOR	6.47	2003-17	20.29	2003-17	2.02	2003-12	28.78
NIOT	20.48	2003-10	50.40	2003-18*	1.88	2003-10	72.76
IITM[4]	Not paid		79.08	2010-18	Not paid		79.08
NCESS	12.80	2014-18	1.58	2014-18	5.52	2014-18	19.90
Total	**69.27**		**179.37**		**14.18**		**262.82**

*upto June 2017

Audit observed that MoES did not obtain approval of MoF for grant of the above financial benefits as required under the extant Government rules. INCOIS, NCPOR and NIOT eventually stopped payment of the financial benefits as shown in the table.

After it was pointed out by Audit, MoES referred (December 2018) the matter to MoF for *ex-post facto* approval. In response, MoF advised (February 2019) MoES to immediately withdraw the financial benefits. MoES stated (June 2019) that the Autonomous Bodies had been instructed to recover the payment made on account of the financial benefits.

[3] NCESS was taken over by MoES from Government of Kerala with effect from January 2014.

[4] IITM did not grant additional increments and Special Allowance to its Scientists.

CHAPTER VII : MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE

7.1 Additional expenditure on electricity charges consumed for residential purpose

National Zoological Park, Delhi incurred additional expenditure of ₹ 3.66 crore during 2013-18 towards energy charges for electricity drawn from a non-domestic high tension connection but consumed for domestic purpose, due to non-installation of electricity meters for the residential quarters.

The National Zoological Park, Delhi (NZP), functions under the Ministry of Environment, Forest & Climate Change (MoEF&CC). The electricity requirement of NZP for its office buildings, beats and residential buildings is met from BSES Rajdhani Power Ltd. (BSES) through non-domestic High Tension (HT) electric connection with a sanctioned load of 238 KW. This included installed load of 224 KW for 57[1] residential quarters, as assessed (January 2010) by Central Public Works Department (CPWD).

NZP requested (May 2010) BSES to provide separate electrical connections for its residential quarters. BSES informed (October 2010) NZP that an Electric Sub-Station would be installed for the purpose and sought a layout plan for the same. After sustained correspondence between NZP and BSES for site specifications, NZP forwarded (June 2016) a map for the proposed sub-station to BSES. In response, BSES informed NZP that work on the sub-station would be commenced only after receipt of an undertaking from NZP confirming the fulfilment of certain conditions[2] specified (May 2016) by BSES. NZP did not provide such undertaking, instead it asked (August 2016) BSES to provide cost estimates for the work. BSES clarified (September 2016) to NZP that cost estimates could not be framed until the location for the sub-station was confirmed. Nevertheless, NZP continued to pursue the matter of cost estimates with BSES and the matter remained under correspondence. As of April 2019, the work of installation of sub-station had not commenced.

Meanwhile, BSES raised (2013-14 onwards) composite electricity bill on the total energy consumption of NZP including office buildings and residential quarters, which was paid by NZP. NZP in turn recovered the energy charges from its employees for their residential consumption according to rates fixed by

[1] Type I - 46 quarters, Type II - four quarters, Type III – four quarters, Type IV – two quarters and Type V – one quarter.

[2] (i) There should be a motorable road of 4 m width on at least two sides of the sub-station plot; and (ii) There should be no cables/ducts/pipes or any other utilities passing through that plot.

NZP for domestic consumption for different types of quarters. These rates ranged from ₹ 600 to ₹ 1,500 per month (2013-14), ₹ 720 to ₹ 1,800 per month (2014-15), ₹ 900 to ₹ 2,250 per month (2015-16) and ₹ 1,080 to ₹ 2,700 per month (2016-17 and 2017-18) for different types of quarters. During the period from 2013-14 to 2017-18, 34[3] residential quarters were occupied by employees of NZP. NZP paid ₹ 6.18 crore to BSES towards electricity charges for office and residential quarters and recovered an amount of ₹ 1.99 lakh from its employees.

Audit observed that NZP did not segregate the electricity requirements of its official facilities and residential buildings in the first instance by getting electric meters installed in each of the residential quarters through CPWD. Further, NZP prolonged the matter of providing separate electricity meters for the residential areas for nearly nine years by not fulfilling the prerequisite laid by BSES. Electricity meters were not installed in the residential quarters for recording the actual consumption of electricity and effectively recovering charges for the same from the employees based on actual readings. Consequently, there was a wide gap between energy charges paid to BSES for electricity drawn from the non-domestic HT supply used for domestic consumption and amount recovered from the employees towards such consumption. Considering the assessed load of 142 KW for 34 residential quarters that were occupied during 2013-18 as a proportion of the total sanctioned load of 238 KW (59.5 *per cent*) for which the bills were paid to BSES, the corresponding expenditure for electricity consumed in 34 residential quarters is ₹ 3.68 crore[4]. However, NZP recovered only ₹ 1.99 lakh from its employees for this period thereby incurring extra expenditure to the extent of ₹ 3.66 crore.

Thus, failure of NZP in segregating energy requirements for official and domestic consumption and in fulfilling prerequisites for getting separate electricity meters for domestic consumption led to additional expenditure of ₹ 3.66 crore during 2013-18 for electricity consumed for residential purpose but paid for non-domestic HT connection.

MoEFCC stated (July 2019) that the matter was being pursued with BSES for installation of electric meters for the residents of NZP. NZP added (September 2019) that the necessary process for installation of meters had been started. Audit, however, noticed that the space identified for installation of the sub-station was yet to be handed over to BSES and the requisite undertaking was also yet to be provided to BSES.

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[3] A total of 35 quarters were occupied, however, one quarter of Type B was not included in calculations as it was occupied only partially during the period commented upon.

[4] 59.5 *per cent* of total electricity charges of ₹ 6.18 crore.

CHAPTER VIII : MINISTRY OF EXTERNAL AFFAIRS

8.1 Establishment of SAARC Museum

SAARC Museum of Textiles and Handicrafts is yet to be operational (December 2019) even after a lapse of 10 years and incurring an expenditure of ₹ 18.47 crore.

India proposed the establishment of a SAARC[1] Museum of Textiles and Handicrafts (Museum) to preserve designs in various crafts and related traditions, train artisans and crafts persons, foster design skills, hold promotional events and undertake research in the XIII South Asian Association for Regional Co-operation (SAARC) Summit held at Dhaka in November 2005. It was further decided (February 2007) during the first Inter-Governmental Meeting of SAARC that the Museum would be established in India and subsequently, in its second meeting Dilli Haat, Pitampura, was selected (November 2008) as the permanent venue of the Museum.

The Museum was to be established on the lines of SAARC Regional Centres where the capital costs are borne by the host country and the operational costs are shared by all the Member States.

The project was approved by the Committee on Non Plan Expenditure (CNE) on 14 September 2009 on the condition that the project was executed in a cost-effective manner and a monitoring mechanism is put in place so that there were no cost and time overruns.

The premises for the Museum were leased (November 2009) for 14 years from Delhi Tourism and Transportation Development Corporation (DTTDC) by the Ministry of External Affairs (MEA) and MEA paid upfront rent of ₹ 15.59 crore[2] for two exhibition halls in January 2010. India's share of maintenance charges was ₹ 4.74 crore for the subsequent 13 years[3]. The financial implication of the project was ₹ 25.18 crore[4].

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1 South Asian Association for Regional Co-operation (SAARC) comprises eight member countries, namely Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

2 Upfront charges of ₹ 13.88 crore and Service Tax @ 12.36 *per cent* amounting to ₹ 1.71 crore

3 Maintenance Charges in the subsequent 13 years of the lease period to be shared by SAARC Member States in which from the second year onwards India's contribution was to be around 30 *per cent*.

4 Rent of ₹ 15.59 crore, Development charges of ₹ 3.65 crore, Maintenance charges for the first year of operation at ₹ 1.20 crore and Share of maintenance charges for 13 years at ₹ 4.74 crore.

Thereafter, MEA circulated the layout plan and outline drawings of the Museum among the Member States in April 2010, which were further revised in May 2011 and April 2012 to make them compliant with CNE's approved plan and permissible building plan of MCD. The revised design was circulated (July 2012) in SAARC Secretariat for their approval. MEA decided (November 2012) to go ahead with the design & drawings pending approval from some of the Member States[5].

MEA selected the Handicrafts and Handlooms Export Corporation of India Limited (HHEC) as Implementing Agency for setting up and development of the two halls including their management and maintenance at the total cost of ₹ 4.85 crore[6] and released (March 2013) an advance of ₹ 50 lakh even though it entered into formal agreement with it only in March 2014. HHEC subsequently entrusted the civil and interiors work of the Museum to Delhi Tourism and Transportation Development Corporation (DTTDC) on Deposit Work basis.

As per the agreed timeline, the first stage involving preparation of drawing, estimates and tender related work was to be completed by 30 April 2014; civil, electrical and air conditioning work by 30 September 2014 and interior designing, art and finishing work by January 2015. The Museum was expected to be operational from 31 March 2015 onwards.

As of September 2019, MEA had released ₹ 18.47 crore (₹ 13.88 crore to DTTDC for lease rent and ₹ 4.59 crore to HHEC for development of the Museum).

The following observations are made:

- MEA took more than three years from entering into lease agreement with DTTDC for hiring two exhibition halls to finalise designs and drawings and then commenced the work (November 2012), pending the approval from some of the Member States.

- Agreement with the Implementing Agency HHEC was signed (March 2014) after a delay of over four years from the hiring of the exhibition stalls (November 2009).

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5 Bhutan, Maldives, Nepal and Sri Lanka.

6 Development Charges-₹ 365.25 lakh; Operational/Maintenance Charges for the first year-₹ 120.23 lakh.

- Due to cost escalation, interiors, finishing, art work outdoor etc. remained pending since May 2015. HHEC adjusted (December 2015) cost escalation by revising the scope of work i.e. by reduction, deletion, and substitution of material finishes etc. DTTDC revised (October 2017) its detailed estimate for interiors, finishing, art work, outdoor etc. from ₹ 1.04 crore to ₹ 1.99 crore and decided to initiate the work only when the funds as per the revised estimates were received in full.

- Though the Museum Project was to be completed by 30 March 2015 and made operational by 31 March 2015, the project is still not complete and operational as of December 2019.

In reply, MEA stated (December 2019) that Civil and electrical works at the SAARC Museum of Textile and Handicrafts, Pitampura, Dilli Haat is complete. An amount of ₹ 1.41 crore was released (13 March 2019) to undertake the interior works. However, the tendering process for the works has been put on hold as HHEC informed that they are not in a position to take the responsibility of management and future operations of the Museum after completion of the interior works as the administrative Ministry i.e. Ministry of Textiles is contemplating closure of the PSU. In the absence of a clear roadmap for the future of the Museum, it was thought not prudent to go ahead with the interior works. The matter was referred to Ministry of Textiles to come up with some alternative management plan. The Ministry of Textiles has invited MEA for a full-fledged discussion on the matter and further course of action.

Thus, deficient systemic approach in monitoring of the project by MEA resulted in non-completion of the project of establishment of SAARC Museum which was envisaged as a vibrant centre reflecting the living tradition of the SAARC and to provide a catalyst approach to the SAARC preferential trading agreement process despite incurring an expenditure of ₹ 18.47 crore and a delay of over 10 years.

8.2 Revenue loss due to incorrect adoption of exchange rate

Incorrect adoption of exchange rate by High Commission of India (HCI) Wellington in levying renunciation charges of Indian citizenship and penalty on misuse of passports resulted in less collection of revenue of ₹ 4.44 crore.

Schedule IV of the Citizenship Rules, 2009 which came into force from 25 February 2009 and Passport Manual, 2016 (Chapter 29 Para 8.2), provide that a service fee of ₹ 7,000 was to be charged for renunciation of Indian citizenship abroad. Further, the Passport Manual, 2016 prescribed a penalty of ₹ 10,000 for passport not surrendered upto three years, but used once for travel after obtaining foreign passport or when the passport was retained over three years. The Manual further provides that the rate of exchange for collection of penalty in applicable local currency should be the same exchange rate as being used for calculation/conversion of visa/other consular services. Further, as per practice, the exchange rate adopted for renunciation fees by the Missions is the same as used for penalty for misuse of passports.

The Ministry of External Affairs (MEA) had revised (October 2012) Passport fees and Passport related services through MEA's Gazette Notification. The MEA, while referring to revised passport fees and related fees, issued further clarifications (October 2012/December 2012) stating that the above Gazette Notification only covered passport fee and passport related services as enumerated therein and hence structure of consular fees would remain unchanged. The MEA also advised (October 2012) the Missions that the fee in terms of local currency may be revised if the local currency depreciated against US dollar by 10 *per cent* or more. However, the fees may not be revised in the case of appreciation of local currency against US dollar.

Audit noticed (September 2017), the High Commission of India (HCI) Wellington, New Zealand had applied the official exchange rate applicable in October 2012 at the rate of 1 US$ = NZ$ 1.3 for penalty and renunciation fees though the rate of exchange used by the Mission for visa services since September 2000 was 1 US$ = NZ$ 2.2160[7] (1 US$ = ₹ 47.50). Accordingly, the HCI fixed (December 2012) the penalty to be charged at NZ$ 245 while renunciation fees was charged at NZ$ 225 instead of NZ$ 467[8] for penalty and NZ$ 327[9] for renunciation fees. This downward revision was in contravention of the MEA's instructions that the fee in terms of local currency may be revised only if the local currency depreciated against US dollar by 10 *per cent* or more, which had not occurred.

Test check of records of HCI Wellington revealed that it had applied incorrect fees in respect of 14537 cases of passport renunciation and 2328 cases of penalty for misuse/retention of passport during the period from October 2012 to April 2018. Consequently, this resulted in short recovery of NZ$ 1502662

7 US$ 1 = NZ$ 2.2160 prevailing exchange rate in August 2000

8 NZ$ 467 (₹ 10000/₹ 47.50 x NZ$ 2.2160)

9 NZ$ 327 (₹ 7000/₹ 47.50 x NZ$ 2.2160)

(₹ 3.22 crore[10]) in 14537 renunciation cases and NZ$ 570272 (₹ 1.22 crore) in 2328 misuse/retention of passport cases, respectively during the said period, as detailed in **Annexe-8.1**.

On being pointed out (April 2018), MEA accepted (June 2018) the audit observation and stated that there has been a misinterpretation of instructions leading to incorrect fixation of Rate of Exchange (ROE) on the part of the Mission. It added that the Mission had since taken corrective action and revised the fees for renunciation and penalty on retention/misuse of passports using the same rate of exchange as applied for fixing the visa fees i.e. 1 US$ = NZ$ 2.2160 with effect from 1 May 2018.

Thus, unwarranted downward revision of service fees for renunciation of Indian citizenship, and penalties on misuse of passports in December 2012 resulted in revenue loss aggregating to ₹ 4.44 crore during the period April 2016 to August 2017.

8.3 Excess expenditure on speed post services – ₹ 4.11 crore

Thirteen Regional Passport Offices out of twenty-five test checked could avail only half of the discount available to bulk customers of speed post services due to inability to provide required address data electronically. Another RPO failed to avail any discount, as it did not enter into an agreement with Postal Authority unlike other offices.

Ministry of Communications and Information Technology, Department of Posts (DoP) introduced (December 2010) a scheme "New Speed Post Discount Structure and Operational Mechanism" which provides discount on monthly speed post business in order to have long term business relationship with major customers. The discount offered under the scheme[11] to the bulk customers who provide a speed post business of ₹ 50,000 or more in a calendar month ranged from five *per cent* to 30 *per cent* detailed in **Annexe-8.2** on the value of booking made for the month.

For availing the discount, the bulk customer has to enter into an agreement with the Postal Department for an initial period of one year and which could be renewed every year thereafter. The full rate of discount would be available to customers who provide bulk booking data to the Postal Department in electronic

[10] 1 NZ$ = ₹ 21.44 (@ visa fee rate 1 US$ = 2.2160 NZ$, 1US$ = ₹ 47.50)

[11] Vide OM Nos. 57-02/2010-BD&MD dated 10 December.2010, 57-03/2012-BD&MD dated 24 September 2012 and 10-23/2013-BD&MD dated 24 January 2017 of Department of Post, Business Development Directorate.

format. If the data is provided only in paper manifest, the discount available would be reduced by half.

Regional Passport Offices (RPO) avail of Speed Post services of the DoP for delivery of Passports, letters, etc. Test check of 25 RPOs out of 37 RPOs in the country under Ministry of External Affairs (MEA) revealed that 13 RPOs did not furnish data in electronic format (soft copy) to DoP and could avail only half of the discount leading to excess payment of postal charges of ₹ 2.39 crore for the period from April 2015 to March 2018 as detailed in **Annexe-8.3**.

RPO Lucknow being a bulk customer failed to enter into an agreement with DoP and could not avail any discount at all under the scheme leading to extra expenditure of ₹ 1.72 crore on postal charges. RPO Lucknow admitted the facts and informed that Chief Post Master (GPO) has conveyed that permissible discount as per agreement is being processed from the month of January 2019 onwards.

Thus non-availing of discount by the RPOs lead to extra expenditure of ₹ 4.11 crore.

The para was issued to the MEA in January 2019, the reply is awaited as of December 2019.

Nalanda University, Rajgir

8.4 Incorrect adoption of rates resulting in extra cost

Nalanda University, Rajgir adopted incorrect overhead rates and cess/taxes resulting in extra cost of ₹ 2.34 crore of which, ₹ 1.85 crore had already been paid to the contractor.

Nalanda University, Rajgir (University) under the Ministry of External Affairs (MEA) was established under the Nalanda University Act, 2010.

The University awarded (September 2016) the work of construction of internal roads and earth works for providing water bodies for its permanent campus (Phase I) for ₹ 37.22 crore. The work was completed by April 2018; and ₹ 31.01 crore was paid till March 2019. Audit examination of the works revealed the following:

- ✓ The award based on Estimated Cost Put to Tender provided for an additional six *per cent* towards Labour Cess, Works Contract Tax (WCT) and Bihar

Entry Tax over and above the Schedule of Rates (SoR)[12]. Audit observed, that the SoRs permitted only addition towards Labour Cess (at *one per cent*), and WCT (at up to four *per cent*) and Bihar Entry Tax were already included in the overhead rates and rate analysis respectively.

- ✓ In respect of structures like box culverts and RCC drain outlets, the University incorrectly adopted the overhead rate of 25 *per cent* as applicable to major bridges instead of the 10 *per cent* applicable to road works below ₹ 50 crore.

- ✓ The award which was based on the rate analysis provided for Bihar Entry Tax on cement and stone aggregates on the ground that the Government of Bihar had banned stone-chip mining in Bihar and sourcing was planned from Domchach, Jharkhand. Audit observed that the contractor actually sourced the material from Sheikhpura, Bihar.

Consequently, against the inflated additional liability of ₹ 2.34 crore, the University has already released ₹ 1.85 crore to the contractor up to the 10th RA Bill. The University assured (May 2019) Audit that the amount would be recovered from the final bill of the contractor. Compliance is awaited.

The matter was referred to the MEA (July 2018); their reply was awaited (December 2019).

[12] The University adopted the SoRs, which were in line with the guidelines of Ministry of Road Transport and Highways, as of 1 April 2016 prescribed by the Road Construction Department, Bihar.

CHAPTER IX : MINISTRY OF HEALTH AND FAMILY WELFARE

9.1 Irregular payment of Ad-hoc Bonus to the employees of JIPMER - ₹ 4.56 crore

Jawaharlal Institute of Post Graduate Medical Education & Research, Puducherry paid Ad-hoc bonus to the employees for the year 2015-16 and 2016-17 without receiving the orders from the Ministry of Finance resulted in irregular payment of Ad-hoc bonus of ₹ 4.56 crore.

Ministry of Finance, Department of Expenditure issued Office Memorandum for Grant of Non Productivity Linked Bonus (Ad-hoc Bonus) to Central Government Employees in Group 'C', 'D' and all non-gazetted employees in Group 'B' annually. Orders for grant of ad-hoc bonus to Central Government employees were issued for the years 2015-16 and 2016-17 on 3 October 2016[1] and 19 September 2017[2] respectively. Orders for the grant of Ad-hoc bonus to Autonomous Bodies funded by Central Government are being issued separately every year. It was observed that orders for the grant of Ad-hoc bonus to Autonomous Bodies have been issued for the year 2014-15 but no orders for the year 2015-16 and 2016-17 were issued.

Audit noted that Jawaharlal Institute of Post Graduate Medical Education & Research (JIPMER), Puducherry paid Ad-hoc bonus to the employees amounting to ₹ 4.56 crore for the year 2015-16 and 2016-17 without the orders from the Ministry of Finance. Payment of Ad-hoc bonus without sanctioned orders from the Ministry of Finance for the year 2015-16 and 2016-17 resulted in irregular payment of ₹ 4.56 crore by JIPMER.

Ministry of Health & Family Welfare accepted the audit para and informed (July 2018) that JIPMER had initiated recovery of irregular Ad-hoc bonus paid to its employees. Subsequently JIPMER asked (August 2018) Ministry of Health & Family Welfare to obtain legal advice from Ministry of Law & Justice. The Ministry of Health & Family Welfare directed (May 2019) JIPMER to recover the amount as per audit observation.

The actual recovery is yet to be effected (June 2019) by JIPMER.

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1 Vide OM No. 7/4/2014-E.III(A), dated 03 October, 2016
2 Vide OM No. 7/4/2014-E.III(A), dated 19 September, 2017

CHAPTER X : MINISTRY OF HOME AFFAIRS

10.1 Unutilised Central assistance lying with the States

Ministry of Home Affairs failed to effectively monitor the unutilised funds of Central Assistance lying with States under the Scheme of "Construction of Police Stations/Outposts to States affected by Left Wing Extremism" resulting in savings (including interest thereon) aggregating ₹ 52.18 crore remaining idle with eight States even after three years of completion of the scheme, while in Madhya Pradesh, the State had utilised the savings of ₹ 3.79 crore on construction of two additional Police Stations which, in the absence of sanction, was irregular. On this being pointed out by Audit, Ministry of Home Affairs has recovered ₹ 22.69 crore, while ₹ 33.28 crore is yet to be recovered.

General Financial Rules (GFR) envisage monitoring of utilisation of the grants through the mechanism of utilisation certificates (UCs) containing the disclosure that the fund has been utilised for the purpose for which it was sanctioned and that the balance remaining unutilised at the end of the year has been surrendered to Government.

The Scheme for 'Construction/Strengthening of Fortified Police Stations'(2010-2016) envisaged construction of 400 Police Stations/Outposts in the Left Wing Extremism (LWE) affected 83 Districts in 10[1] States[2]. The estimated cost of construction per Police Station (PS) was determined at ₹ 2.00 crore. Financial assistance was provided by the Centre to the State Governments on 80:20 basis (80 *per cent* of the cost not exceeding ₹ 1.60 crore to be met by the Centre and 20 *per cent* of the cost including excess, if any, to be met by the State Government).The Scheme ceased to be in operation after April 2016.

Ministry of Home Affairs (MHA) released funds aggregating ₹ 623.89 crore during 2011-12 to 2015-16 to the States as Central share. As of August 2019, 397 Police Stations were constructed at a cost of ₹ 751.33 crore while construction of three PS in Bihar was still underway.

Audit noticed that the MHA, while monitoring the scheme through progress reports submitted by the States, failed to recover the unutilised central share lying with the States on completion of the projects in contravention of the GFRs. On this being pointed out by Audit, MHA called for information on the unutilised Central share from the State Governments in May 2018. The status as

[1] Nine States originally; 10 States after formation of the State of Telangana.

[2] Andhra Pradesh (17), Bihar (85), Chhattisgarh (75), Jharkhand (75), Madhya Pradesh (12), Maharashtra (10), Odisha (70), Telangana (23), Uttar Pradesh (15), and West Bengal (18).

on September 2019 revealed that in eight States[3] there were savings (including interest thereon) aggregating ₹ 52.18 crore, while Madhya Pradesh had utilised the unutilised Central assistance of ₹ 3.79 crore on construction of two additional PSs. In reply to the audit observations, MHA stated (October 2018/ June 2019) that in 2016 a proposal to construct/strengthen additional Police Stations out of the savings from allocated funds was mooted but was dropped finally by the Competent Authority in May 2018, after which an amount of ₹ 22.69 crore were recovered from the States.

However, an amount of ₹ 33.28 crore is yet to be recovered from the States **(Annexe-10.1)** or adjusted against subsequent assistance.

[3] Andhra Pradesh, Chhattisgarh, Jharkhand, Odisha, Maharashtra, Telangana, Uttar Pradesh and West Bengal.

CHAPTER XI : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Satyawati College, University of Delhi

11.1 Misrepresentation of facts to the Public Accounts Committee

Ministry of Human Resource Development in their Action Taken Note falsely informed the Public Accounts Committee that Satyawati College had recovered ₹ 83.31 lakh overpaid to subscribers as interest on Provident Funds.

Mention was made in Para 9.3 of C&AG's Audit Report No. 18 of 2015 regarding Satyawati College (College), New Delhi (under the University of Delhi) overpaying interest aggregating to ₹ 83.30 lakh for the period 2008 to 2011 against General Provident Fund/Contributory Provident Fund balances of its employees. In response, Ministry of Human Resource Development (MoHRD) in their Action Taken Note (ATN) (May 2017) to the Public Accounts Committee (PAC) stated that Officiating Principal of the College had informed[1] that the amount of ₹ 83.31 lakh[2] had been recovered from the concerned employees.

Subsequent examination of records by Audit, however, found that the College had recovered ₹ 83.31 lakh from the surplus income arising from investment of the Provident Fund (PF) balances and not from the employees who had received the excess interest. Thus, the PAC was falsely informed that the excess interest had been recovered from the employees.

The College admitted (June 2019) the facts.

The matter was referred to the MoHRD (July 2018); their reply was awaited (December 2019).

11.2 Irregular payment of Service Tax

Educational Institutions made payment of service tax aggregating to ₹ 5.34 crore on outsourced services (housekeeping and security), although these services were exempted from payment of such tax.

Ministry of Finance (Department of Revenue), Government of India exempted certain services provided to or by an educational institution from service tax with effect from 1st July 2012 (Notification No. 25/2012-Service Tax dated

[1] Letter No. SC/ADMN./64/2016 dated 21 December 2016.
[2] The MoHRD reply, however, did not address the issue of additional interest payable by the employees on the undue interest received by them.

20 June 2012). The notification clarified that exempted services *inter alia* include any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person. Ministry of Finance further clarified that by virtue of the entry in the negative list, it was clear that all services relating to education are exempt from service tax (Circular No. 172/7/2013-ST dated 19 September 2013). These services also include hostels, construction, housekeeping, security services, canteen etc.

Subsequently, the exemption to the educational institutions other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent was withdrawn by the Government *w.e.f.* 01 April 2017 (Notification No. 10/2017-Service Tax dated 08 March 2017).

Test check of records of the educational institutions under three Ministries[3] revealed that 10 Institutes[4] paid service tax aggregating to ₹ 5.34 crore (**Annexe-11.1**) to service providers during the period July 2012 to March 2017 for availing various services like security and housekeeping, even though it was exempted from payment of service tax on these services under the provisions of aforesaid notification. Thus, payment of service tax of ₹ 5.34 crore by these institutions on exempted services was irregular.

The matter of irregular payments of service tax by these Institutes were reported to the Ministry of Health and Family Welfare (MHFW), Ministry of Ayush and Ministry of Human Resource Development (MoHRD) and to concerned institutes in May 2019.

NIHFW stated in May 2019 that refund of service tax cannot be obtained as the time limit for claim has already lapsed. MHFW further stated (December 2019) that at the request of NIHFW service tax of ₹ 12.71 lakh has been refunded by one of the outsourced agency.

MoHRD stated (December 2019) that NIT Hamirpur, NIT Jalandhar and MANIT Bhopal took up the matter of refund of service tax with the Service Tax Department after a gap of more than one year from the date of payment of

[3] Ministry of Human Resource Development, Ministry of Health & Family Welfare and Ministry of Ayush.

[4] i) National Institute of Technology, Hamirpur, ii) National Institute of Technology, Kurukshetra, iii) Dr. B.R. Ambedkar National Institute of Technology, Jalandhar, iv) Maulana Azad National Institute of Technology (MANIT) Bhopal, v) National Institute of Siddha, Chennai, vi) Central University of Tamil Nadu, Thiruvarur, vii) National Institute of Health & Family Welfare (NIHFW), New Delhi, viii) Central Institute of Indian Languages, Mysore, ix) Indian Institute of Science, Bengaluru and x) National Institute Of Technology Karnataka Surathkal.

service tax and as such it became time barred as per Section 83 of the Finance Act 1994. MoHRD further stated that NIT Surathkal, paid service tax due to non-availability of clear cut clarification/instruction in the June 2012 Notification. However, after the amendment, the Institute informed the contractor not to charge service tax in their bills. Accordingly, the amount of service tax paid from November 2014 to December 2014 was refunded by the service provider. Tax amount of July 2014 to October 2014 could not be recovered as the same was remitted to the Service Tax Department by the contractor.

The reply of the MoHRD in respect of NIT Surathkal is not tenable because mere clarification on a law/rules cannot change the very nature of those law/rules and the exemption from the service tax on auxiliary education services was available to the educational institutions since, June 2012.

NIT Kurukshetra stated (June 2019) that the matter was taken up with the Service Tax Department in Ambala and New Delhi for refund of service tax but the claim was rejected being time barred.

National Institute of Siddha stated (May 2019) that it has taken up the matter with concerned department and outcome will be intimated to audit.

Replies from the Ministries in respect of other autonomous bodies were awaited as of December 2019.

Department of Higher Education

11.3 Assessment of internal control on drawing and settling of Abstract Contingent Bills

Failure of internal controls led to advances drawn on Abstract Contingent Bills to the tune of ₹ 1.86 crore not being settled during the years 2006-07 to 2017-18.

Central Institute of Indian Languages (CIIL), Mysore (a Central Government Institution) had to draw advances of government money raising contingent bills which need to be settled later as per the extant rules. The internal control mechanism for regulating the grant and the settlement of such advances is as follows:

(a) Head of the Office may sanction advances[5] to a Government servant for purchase of goods or services or any other special purpose needed for the management of the office. It is essential to ensure utilisation of such

[5] GFR 2005, Rule 292 (10 (i) & (iv).

funds for the specific purpose within the stipulated period, but not later than 31 March of the financial year.

(b) The adjustment bill[6], along with balance if any, shall be submitted by the government servant within fifteen days of the drawal of advance, failing which the advance or balance shall be recovered from his next salary(ies).

(c) The timely adjustments of the advances drawn against contingent bills are to be monitored through Form GAR 30 which has to be maintained by the office. The Head of the Office shall be responsible for timely recovery or adjustment of the advance.

(d) Head of Office[7] has to ascertain and assess Government dues payable by a Government servant due for retirement. Further, any amount outstanding till the date of retirement of the Government servant, shall be adjusted against the amount payable to him.

(e) Steps should be taken to ascertain or assess the outstanding dues[8] when the processing of pension papers is taken up two years prior to date of retirement.

As part of external Audit, successive Inspection Reports had pointed out that these controls are not being achieved and contingent bills are not settled for long period (**Annexe 11.2**).

Audit scrutiny of the relevant records (February 2017, November 2017) also revealed that the following bills forming part of such unsettled advances for the period 2006-07 to 2017-18 were in respect of the officials who have retired/died. These bills are therefore doubtful of recovery. Details are given in **Table No. 1**.

Table No. 1: Details of delay in submission of AC bills

(Amount in ₹)

Year	No of AC Bills drawn	Amount of Advance	Bills submitted/ cleared	Amount Cleared	Bills pending	Amount pending	Period of pendency
2006-07 to 2007-08	14	1000000	2	150000	12	850000	>10 years
2008-09 to 2013-14	279	24030476	151	14871476	128	9159000	> 5 years

6 GFR 2005, Rule 292.
7 CCS Pension Rules, Rule 71.
8 Government of India decision (2) under Rule 64 of CCS Pension Rules.

2014-15	134	8540734	122	7703734	12	837000	> 4 years
2015-16	165	20196578	120	13188428	45	7008150	>3years
2016-17	80	12239606	78	12064606	2	175000	>2 year
2017-18	71	11530533	69	10985533	2	545000	>1year
Total	**743**	**77537927**	**542**	**58963777**	**201**	**18574150**	

The CIIL admitted that there are inefficiencies in financial regulatory measures as untrained staff was deployed in the absence of trained staff.

Ministry may institute a mechanism for monitoring of the timely adjustment of AC bills and further, other advances are not granted till the settlement of previous bill.

The reply of ministry is still awaited as of December 2019.

11.4 Recovery/Adjustment of Advances from M/s EdCIL ₹ 4.32 crore

Atal Bihari Vajpayee Indian Institute of Information Technology and Management advanced a sum of ₹ 4.32 crore to M/s EdCIL and failed to recover ₹ 3.98 crore.

(A) CPWD works manual provides that mobilisation advance can be given in respect of specialized and capital-intensive works. As per rule 31.6 of the manual,

i. Mobilisation advance should be limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest and sanctioned on specific request by the contractors as per term of the contract.

ii. The advance should be released in not less than two instalments.

iii. Mobilisation advance shall be released only after obtaining a bank guarantee bond to cover the amount released and the period till recovery of the advance.

iv. The recovery should be commenced after 10 *per cent* of work is completed and the entire amount together with interest shall be recovered by the time 80 *per cent* of the work is completed.

Atal Bihari Vajpayee-Indian Institute of Information Technology and Management (Institute), Gwalior (M.P.) engaged the Educational Consultant India Ltd. (EdCIL), New Delhi, (a Government of India Enterprises) as project management consultant (PMC) to provide professional services for phase II construction works[9] vide an Agreement (October 2003) which *inter-alia* provided the following:

(i) Institute shall give mobilisation advance (MA) to the extent of 20 *per cent* of the initial project cost/budget cost to PMC vide Para 5.2.1, and

(ii) MA will be adjusted against payment of construction agency's bill @ 10 *per cent* of the value of each Running Account Bill and the balance amount will be adjusted fully in the final bill of the construction agency vide Para 5.2.5.

Accordingly, Institute paid ₹ 4.32 crore[10] (20 *per cent* of estimated project cost ₹ 21.60 crore) to PMC as MA. Subsequently, after the ascertainment of tender cost at ₹ 16.88 crore (February 2005) the amount of MA was revised as ₹ 3.38 crore (20 *per cent* of ₹ 16.88 crore) and hence, the excess of MA ₹ 94.00 lakh (₹ 4.32 crore - ₹ 3.38 crore) was recovered from R.A. Bills of the PMC.

The recovery of MA was made from RA Bills of the contractor with 10 *per cent* simple interest. Out of ₹ 3.38 crore, the adjustment of ₹ 2.17 crore (including interest) was made till March 2012, no recovery was made thereafter. The interest on unadjusted MA increased and remaining amount of MA ₹ 3.98 crore[11] (including interest) was unadjusted till March 2019. The work is stated to be completed and the buildings occupied but the final RA bill/closure of the works is still awaited.

Audit noted that the agreement with EdCIL for payment of mobilisation advance was in contravention of extant CPWD rules as under:

i. MA has to be awarded to a body or person executing works of a specialized and capital-intensive nature. A project consultant is not required to mobilise materials and machinery for the execution of the work.

ii. The limit of 10 *per cent* to be paid as mobilisation advance was not followed and 20 *per cent* of the tendered amount was paid.

iii. No Bank guarantee was taken for the amount of mobilisation advance disbursed.

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9 Construction of 2nd and 3rd Boys hostel, construction of staff quarters and guest house.

10 ₹ One crore in December 2003 and ₹ 3.32 crore in October 2004.

11 ₹ 3.98 crore = Principle MA ₹ 1.43 crore + interest ₹ 2.55 crore

iv. Recovery was also at variance with the extant Rules. Also the recovery of 10 *per cent* per RA bill would result in recovery of only 10 *per cent* of the tender amount and the balance 10 *per cent* of the MA would remain at the end of the work and the modalities for this recovery without any payments to the contractor except adjustments is not clear .

Institute replied (October 2018) that MA was given to PMC as per terms of the Agreement, and CPWD norms were not applicable. Regarding un-adjusted amount Institute stated that matter has been taken up with M/s EdCIL.

Reply is not tenable because (i) mobilisation advance is an advance paid to the contractor in order to mobilise his resources for starting the work, and PMC had no such requirement therefore MA was not payable, (ii) Contract terms were not clear regarding recovery of balance 10 *per cent* and action for adjustment/refund was taken only after being pointed out by Audit (2015) but no refund/recovery has been made till date, (iii) Para 2.2.8 of the Agreement mentioned that documentation for scope of work will be in accordance with CPWD norms. CPWA code is applicable to all the bodies functioning under the aegis of Government of India unless alternatively specified.

Hence, undue favour was extended to the PMC by execution of faulty agreement in violation of CPWD norms and recovery of ₹ 3.98 crore including interest was pending from M/s EdCIL as on 31 March 2019.

(B) Institute executed another contract with M/s EdCIL (India) Ltd. (04 September 2012) in r/o consultancy for procurement of equipment/items[12] required by the Institute for three years (till 31 March 2015). Audit noted that ₹ 1.23 crore was paid as advance despite absence of any such clause for payment of advance in the agreement. Till the end of the contract ₹ 1.80 crore (including an amount of ₹ 1.23 crore as advance) was released to the consultant and only ₹ 1.46 crore was adjusted during this period against actual procurement. Hence, the remaining amount of ₹ 33.69 lakh was pending for adjustment since March 2015 (closure of agreement).

Institute replied (July 2019) that EdCIL has been requested to refund the balance amount of ₹ 33.69 lakh.

[12] Air conditioners, Conference tables, chairs etc.

The fact remains that Institute took no action for refund of the unadjusted amount and took up the matter only after being pointed out by audit (July 2019) and the refund has still not been done.

A and **B** above show that Institute gave undue benefit to M/s EdCIL without safeguarding Institute's financial interests, resulting in pending recovery of ₹ 3.98 crore and ₹ 0.34 crore respectively as on March 2019.

Write off cases

Rule 12 of GFR 2005 states that 'amounts due to Government shall not be left outstanding without sufficient reasons. Where such amounts appear to be irrecoverable, the orders of the competent authority shall be obtained for their adjustment'. Further, Para 16(5) of the First Statute of the Institute (December 2016) *inter alia*, prescribes that Director may write off the irrecoverable losses on the recommendation of the Standing Committee appointed by the Board for such purpose, subject to such financial limit as may be specified by the Board.

An amount of ₹ 23.64 lakh (₹ 19.85 lakh + ₹ 3.79 lakh) which was recoverable in two different cases as detailed below had been shown as outstanding for recovery in the accounts of the years 2009-10 to 2014-15. However, this amount was irregularly adjusted in the annual accounts for the year 2015-16, without obtaining orders for write off from the competent authority:

(i) Institute was required to impart skill development training to teachers under Staff Development Programme (SDP) scheme of All India Council for Technical Education (AICTE). Out of ₹ 23.79 lakh expenditure incurred by the Institute on account of trainings imparted during July 2008 to December 2009, an amount of ₹ 19.85 lakh was outstanding to be reimbursed by AICTE which was being shown as recoverable in annual accounts from 2009-10 to 2014-15.

(ii) Out of the advance of ₹ 1.56 crore given to Education and Research Networking (ERNET) India, New Delhi (May 2006 and May 2007) for setting up of Campus Wide Network in the Institute, the expenditure of ₹ 1.52 crore was made by ERNET. The remaining amount of ₹ 3.79 lakh was being shown as recoverable in the annual accounts from the ERNET from 2010-11 to 2014-2015.

Institute replied (March 2019) that the adjustment of ₹ 23.64 lakh was made in accordance with the approval of appropriate authority. The adjustment entries were made in the accounts of the Institute and accordingly incorporated in the Annual Accounts, which were duly verified by the Chartered Accountant and approved by BoG (11 July 2016).

Reply is not tenable because specific approval of BoG was not taken for the write-off and approval of Annual Accounts cannot be treated as approval of write-off.

The above was reported to the Ministry in November 2018 and May 2019. Reply was awaited till date (December 2019).

CHAPTER XII : MINISTRY OF LAW & JUSTICE

Department of Legal Affairs

12.1 Grant for construction of Auditorium not used since January 2000

Grant of ₹ One crore sanctioned for the purpose of construction of Golden Jubilee Auditorium in January 2000 to Supreme Court Bar Association was neither utilised for the purpose for which it was sanctioned nor refunded, along with interest, even after lapse of 19 years, in violation of the GFRs governing the grant.

On the occasion of Golden Jubilee Celebration of Supreme Court of India (2010), Department of Legal Affairs (DoLA) sanctioned to the Supreme Court Bar Association (SCBA), based on its request, a grant of ₹ One crore for construction of Golden Jubilee Auditorium, in January 2000. As per the conditions of the grant, unspent grant which is not spent for the purpose for which the grant is sanctioned during the financial year ending 31 March had to be refunded to the Government at the end of the year.

The amount was kept in a term deposit account of a Bank by SCBA (2000) pending construction of the auditorium. On SCBA's request, DoLA permitted, in consultation with Ministry of Finance (MoF), to utilise the grant (February 2002) for construction of additional Lawyers' Chambers stipulating that SCBA deposit the interest earned so far in Government account. Two extensions were also allowed stretching completion time to December 2008.

DoLA's repeated requests (February 2009 to October 2012) to SCBA to submit Utilisation Certificates yielded no result. Thereafter, SCBA did not abide by an agreed decision in a meeting held at the level of Minister of Law and Justice (June 2013) to return the Grant of ₹ One crore along with interest thereon. Instead, it requested (September 2017) the MoLJ to utilise the grant–in-aid and interest thereon to construct an auditorium in the New Appu Ghar Complex. Subsequently, SCBA (May 2019) approached DoLA for changing the purpose of utilisation of the grant from auditorium to library upgradation in Supreme Court Additional Building Complex.

Audit observed that:

- The General Financial Rules[1] (GFR) provide that the grantee shall execute bonds to abide by the conditions of the grants-in-aid by the target dates, failing which the amount of the grant along with interest has to be refunded. DoLA released full grant to SCBA in January 2000 without executing bonds binding SCBA to abide

[1] GoI's decision (5) under Rule 149(1) (a) and GoI Decision 1 below Rule 150 of GFR-1963 (which was applicable at the time when the grant was sanctioned/released i.e. January 2000), Rule 209 of GFR-2005 and Rule 230 of GFR-2017 contain the similar provisions for providing Grant-in aid.

by the conditions of the grants-in-aid failing which the amount of the grant along with interest has to be refunded, as required under the Rules ibid.

- Further, the Rules also provide that a certificate of actual utilisation of the grants shall be submitted by the grantee within twelve months of the closure of the financial year. DoLA, instead of recovering the unspent grant as per the terms of the sanction, continued to give multiple extensions to SCBA, which was not strictly keeping in with the financial rules governing grants.
- SCBA had neither utilised the grant of ₹ One crore nor remitted ₹ 1.28 crore on account of accrued interest (as of April 2019) in Government account, despite specific instructions given by Ministry of Finance while extending the period of utilisation of the grant.

The matter was reported to DoLA in April 2018. In response, DoLA stated (August 2019) that the request of SCBA for utilisation of the Grant and interest accrued thereon has been referred for financial advice to Department of Expenditure (DOE). The DOE had sought the status of utilisation of grant and purpose for which the SCBA wants to utilise the grant. The queries of DOE were communicated to SCBA; their response awaited as of August 2019.

Thus, the grant of ₹ One crore sanctioned for the purpose of Golden Jubilee Celebration of Supreme Court of India to Supreme Court Bar Association was neither utilised for the purpose for which it was sanctioned nor refunded along with interest, even after lapse of 19 years.

CHAPTER XIII : MINISTRY OF NEW AND RENEWABLE ENERGY

Karnataka Solar Power Development Corporation Limited

13.1 Non availing of CENVAT credit in time on inputs/capital goods procured

CENVAT Credit on inputs/capital goods were not availed in time as per extant rules, Company had to bear an extra expenditure to the extent of ₹ 1.01 crore and also lost an opportunity to avail CENVAT credit on bought out materials.

Karnataka Solar Power Development Corporation Limited (*hereinafter referred as Company*) is developing 2000 MW solar parks in five villages of Pavagada Taluk, Tumkur District, Karnataka. Company being a solar power park developer entered into agreements with landowners for taking land on lease for development of solar park. Land(s) so acquired were allotted to solar power developers (i.e. entity responsible to build and operate solar power projects) on annual lease rent. Company also entered into implementation and support agreement with solar power developers and charged them for operations and maintenance of solar park facilities.

For creation of common/shared facilities at solar parks, Company awarded contracts to various private firms (*hereinafter referred as Contractors*) for works related to establishment of sub-stations along with connected transmission lines, terminal bays and street lighting on turnkey basis. The value of contracts was inclusive of all taxes and duties. It was noted that prices of goods supplied by Contractors to Company during December 2016 to June 2017 was ₹ 10.90 crore includes excise duty of ₹ 1.16 crore.

Audit noted that CENVAT Credit Rules (CCR) 2004 provides that an output service provider can avail input tax credit (CENVAT credit) for the excise duty paid on any input or the capital goods received by the output service provider {Rule 3(1)}. Audit also noted that Rule 3(4) of CCR 2004 states that CENVAT credit can be utilised for payment of any duty of excise on any final product or service tax on any output service. Rule 4(4) further provides that CENVAT credit in respect of capital goods shall not be allowed in respect of that part of the value of capital goods (represented by excise duty paid) on which output service provider has claimed benefit of depreciation under Section 32 of Income Tax Act, 1961. Further output service provider cannot take CENVAT credit after one year of the date of issue of documents as per Ministry of Finance notification dated 1 March 2015.

A review of service tax returns of Company for the period March 2016 to June 2017 revealed that it had paid service tax amounting to ₹ 25.39 crore (in cash ₹ 24.91 crore and CENVAT credit ₹ 0.48 crore). However, it did not avail CENVAT credit of ₹ 1.16 crore towards payment of service tax on output services provided. A CENVAT credit of ₹ 1.16 crore was available being the amount of excise duty of ₹ 1.16 crore paid on capital/input goods supplied by Contractors. It was further noted that Company also received supply of bought out materials[1] valuing ₹ 140.76 crore on which the amount of CENVAT Credit could not be worked out by Audit due to non-submission of tax invoices by Contractors.

The Management replied (August 2018) that the Contractors need not share the tax invoices with Company in respect of bought out items as the prices are inclusive of all taxes and duties. In the absence of invoices carrying requisite details as per CCR 2004, it is difficult to ascertain eligibility for CENVAT credit. It further replied that tax invoices submitted by one Contractor (M/s Larsen & Toubro Ltd.) are under examination with regard to eligible amount of CENVAT credit. It further added that it had claimed the depreciation on the amount of CENVAT credit that would offset the non-availment of CENVAT credit over a period of time. Ministry of New and Renewable Energy replied (May 2019) that there are no restrictions from Ministry regarding availing any fiscal benefits, including CENVAT credit, wherever available, to a solar park developer.

The reply of the Management is not tenable as CCR 2004 permit availing of CENVAT credit by the output service provider. Company being the provider of infrastructure facilities at solar parks had to insist for the tax invoice from the contractors even in case of bought out items for availing CENVAT credit. It was not financially prudent on part of Company to not develop a mechanism to receive tax invoices on bought out materials because of which it lost an opportunity to avail further CENVAT credit in respect of those materials. Further as per Department of Revenue, Ministry of Finance notification dated 1 March 2015 manufacturer or the provider of output service cannot take CENVAT credit after one year of the date of issue of the documents. Thus, Management submission that it is examining the matter with regard to eligibility of CENVAT credit has no relevance and would be of no results as the invoices by M/s Larsen & Toubro Ltd. were submitted in 2016 and 2017 and therefore, Company now cannot take benefit of CENVAT credit. In our opinion even if the company makes profits in all the years, the extra benefit of depreciation

[1] Materials bought by the Contractors from third source and supplied to the Company.

does not offset CENVAT credit as the net present value[2] comes out to ₹ 0.15 crore as against ₹ 1.16 crore cumulative under CENVAT credit. The net present value of benefits that would accrue due to depreciation charge would be ₹ 0.15 crore (12.93 *per cent* of the unavailed CENVAT credit).

Thus, by not availing the CENVAT credit on input/capital goods as per extant rules, Company had to bear an extra expenditure to the extent of ₹ 1.01 crore (₹ 1.16 crore less ₹ 0.15 crore i.e. net present value of benefits that would accrue due to depreciation charge) and also lost an opportunity to avail CENVAT credit on bought out materials of ₹ 140.76 crore.

13.2 Payment of tax deducted at source (TDS) on behalf of land owners

TDS was not carried out from the payment of land lease charges to the land owners. It was borne by the company on behalf of the land owners, which resulted in irregular expenditure of ₹ 5.25 crore.

Karnataka Solar Power Development Corporation Limited[3] (KSPDCL- *hereinafter referred as Company*) was formed (March 2015) to develop solar projects in the state of Karnataka, and is developing 2,000 MW solar projects in around 11,000 acres of land identified in five villages of Pavagada Taluk, Tumkur District. Ministry of New and Renewable Energy, Government of India scheme (December 2014) stipulated that for development of solar parks and ultra mega solar power projects, it was the responsibility of state government to make land available for solar parks at lowest possible price. Government of Karnataka (GoK) formed (August 2015) a Committee for fixing lease charges payable to landowners in respect of land taken on lease for solar projects. The Committee fixed (28 September 2015) land lease charges payable to landowners at the rate of ₹ 21,000 per acre per annum with five *per cent* escalation on base price once in two years. Accordingly, Company entered into lease agreements with landowners and was paying land lease charges as agreed. Land so acquired were allotted to solar power developers (SPDs) on annual lease charges basis to build and operate for solar power projects.

Board of Directors (BoD) of the Company noted (13 May 2016) that tax deducted at source (TDS) had not been deducted in compliance of the section 194I of Income Tax Act, 1961(IT Act, 1961) before release of annual lease charges to landowners. Section 201 of IT Act, 1961 provides that in the event of failure to deduct TDS by the person liable for it, he will be deemed to be an

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2 Calculated using 6.75 *per cent* rate (i.e. State Bank of India term deposit rate as on 1 July 2017 for a period of one year).

3 A 50:50 joint venture between Karnataka Renewable Energy Development Ltd (a Karnataka State Govt. PSU) and Solar Energy Corporation of India (a PSU of Union Govt. of India).

assessee in default in respect of such tax. BoD in view of consequences and legal issues involved decided to bear the TDS liability and to capitalise the same towards project cost and passed on to the SPDs.

Audit noted that possibility of recovering the expenditure towards TDS payments from SPDs are remote as they had contended that they had not factored this aspect in their project cost and Company's demand was not as per agreement entered between them and Company, and hence would not make any payment.

Audit also observed that land lease charges fixation Committee does not state that land lease charges fixed were net of income tax. Thus, income tax being direct tax in nature should be borne by the assessee. Further the possibility of claiming refund of TDS by land owners from income tax authorities cannot be ruled out despite the fact that TDS was deposited by the Company from its own funds on behalf of land owners leading to unjust enrichment of such land owners.

On being pointed out by Audit on continuing irregular payment of TDS on behalf of land owners, Company approached (July 2018) Energy Department, GoK for approval of payment of TDS on behalf of land owners. GoK accorded approval to Company proposals in September 2018. However, a review of records made available to Audit did not reveal that issue was referred to Committee which was the competent authority for fixing/revising the land lease charges payable to land owners. Company is continuing payment of TDS without deducting the same from the land lease charges paid to land owners. As of December 2018, the Company had paid TDS on land lease charges amounting to ₹ 5.25 crore for the period January 2016 to November 2018 including interest of ₹ 0.13 crore on delayed payment of TDS.

The Management stated (June 2018/January 2019) that as per the agreement the land owners shall pay the land tax/revenue tax in respect of the lands and as such ₹ 21,000 will be "net of taxes". TDS payment was made as per GoK orders and as per lease agreement entered with land lease owners. It further stated that there would not be any financial burden on the Company as the land lease charges paid by SPDs (to whom land has been further allotted for building power projects) would cover the amount of TDS deposited by the Company. It also stated that it had not issued any TDS certificate to avoid refund/adjustment of TDS by land owners.

The Ministry (March 2020) stated that they have no comments to offer on the issue raised in the audit para.

The Management's reply is not tenable. Neither land lease agreement between the Company and land owners nor the land lease charges fixed by the

Committee states that annual lease charges of ₹ 21,000 is 'net of income tax'. TDS is tax deducted at source by the disbursement authority towards the income tax payable by the recipient on their taxable income as per the provisions of IT Act, 1961. Also, any payment to or on behalf of land owners which is not recoverable from SPDs would have a direct financial burden on the Company. Further TDS certificate not being issued alone does not remove all possibilities of claiming TDS refund/adjustment by the land owners.

Thus, failure to deduct TDS from the payment of land lease charges and payment of the same by Company on behalf of the land owners has resulted in irregular expenditure to the extent of ₹ 5.25 crore (till November 2018) which should be recovered from land owners. The irregular payment will continue, unless the Company modifies its decision and initiate deduction of TDS from payment of land lease charges to land owners.

CHAPTER XIV: MINISTRY OF SCIENCE AND TECHNOLOGY

Department of Science and Technology

14.1 Financial assistance by Technology Development Board

The Technology Development Board did not properly manage the financial assistance extended by it. This resulted in default in repayment of loan and interest amounting to ₹ 66.05 crore in seven selected projects.

14.1.1 Introduction

Government of India constituted the Technology Development Board (TDB) in September 1996, under the provisions of the Technology Development Board Act, 1995 with the objectives of:

- providing equity capital, subject to such conditions as may be determined by regulations, or any other financial assistance to industrial concerns and other agencies attempting commercial application of indigenous technology or adapting imported technology for wider domestic application;
- providing financial assistance to such research and development institutions engaged in developing indigenous technology or adaptation of imported technology for commercial application, as may be recognised by the Central Government;
- performing such other functions as may be entrusted to it by Central Government.

The functions of TDB are managed by a Board. Secretary, Department of Science and Technology (DST) is the Chairperson of the Board. There are 10 other Members[1] in the Board and Secretary, TDB is the Member Secretary.

14.1.2 Financial Management

TDB is mainly financed through grants released by DST. During 2008-09 to 2018-19, TDB received grants of ₹ 378.05 crore and ₹ 478.23 crore as repayment of loan/interest/royalty from borrower companies. TDB disbursed ₹ 1,047.72 crore as loans, grants and towards equity/Venture Capital Funds

[1] Including six Secretaries to the Government of India and four members appointed from persons having experience in technology development and application, banking and finance, company, agriculture and rural development.

during the period and sanctioned 113 projects for financial support of ₹ 1,080.71 crore[2] of which ₹ 783.43 crore[3] was released to the companies as of March 2019. As per the financial statements of TDB ₹ 309.81 crore and ₹ 730.11 crore of loan to industrial concerns was outstanding as of 31 March 2008 and 31 March 2019 respectively, of which an amount of ₹ 70.10 crore and ₹ 225.05 crore respectively was overdue for repayment.

14.1.3 Criteria for grant of financial assistance

14.1.3.1 Terms and conditions for granting financial assistance

TDB provides soft loan mainly to industrial concerns at five *per cent* simple interest per annum. The financial assistance is normally in form of loan to the extent of half of the approved outlay of the project or equity subscription, which can be up to 25 *per cent* of the project cost. Evaluation of project proposals, selection of industry partner, sanction, disbursement and monitoring of loans is done in accordance with the provisions given in TDB's Manual of Standing Orders[4].

14.1.3.2 Scrutiny and approval of project proposals

Application for grant of financial assistance is examined by the Initial Screening Committee (ISC), comprising experts mainly from DST, from the point of view of completeness of the application, objective of the project, status of the technology, track record of the applicant and the total cost. Based on the recommendations of ISC, the application is then evaluated by the Project Evaluation Committee (PEC) for an independent evaluation of the project proposal for its scientific, technological, commercial and financial merits. The delegation of powers to sanction financial assistance to the private companies and actual number of projects and amounts sanctioned during 2008-19 are detailed in **Table No. 1**:

[2] Loan : ₹ 1,064.36 crore, Grant : ₹ 15.00 crore and Equity : ₹ 1.35 crore.

[3] Loan : ₹ 768.13 crore, Grant : ₹ 14.20 crore and Equity : ₹ 1.10 crore.

[4] The Manual of Standing Orders consolidates all the orders issued by TDB, provisions of TDB Rules 1996, TDB Regulations 1998 and subsequent amendments, project funding guidelines and legal attorneys' advice.

Table No. 1: Powers to sanction financial assistance and amount sanctioned

<table>
<tr><th rowspan="2"></th><th colspan="6">Power to sanction financial assistance</th></tr>
<tr><th colspan="2">Chairman</th><th colspan="2">Sub-committee appointed by Board</th><th colspan="2">Board</th></tr>
<tr><td rowspan="3">Till 09 May 2010</td><td colspan="2">Upto ₹ one crore on the recommendation of PEC</td><td colspan="2">Above ₹ one crore and upto ₹ five crore</td><td colspan="2">Above ₹ five crore</td></tr>
<tr><td>Number of projects sanctioned</td><td>Amount of financial assistance</td><td>Number of projects sanctioned</td><td>Amount of financial assistance</td><td>Number of projects sanctioned</td><td>Amount of financial assistance</td></tr>
<tr><td>1</td><td>₹ 0.75 crore</td><td>19</td><td>₹ 71.49 crore</td><td>6</td><td>₹ 66.64 crore</td></tr>
<tr><td rowspan="3">10 May 2010, onwards</td><td colspan="2">Upto ₹ 2.50 crore on the recommendation of PEC</td><td colspan="2">Above ₹ 2.50 crore and upto ₹ 10 crore</td><td colspan="2">Above ₹ 10 crore</td></tr>
<tr><td>Number of project sanctioned</td><td>Amount of financial assistance</td><td>Number of projects sanctioned</td><td>Amount of financial assistance</td><td>Number of projects sanctioned</td><td>Amount of financial assistance</td></tr>
<tr><td>28</td><td>₹ 52.10 crore</td><td>48</td><td>₹ 298.11 crore</td><td>11</td><td>₹ 591.62 crore</td></tr>
</table>

For every case of loan assistance, the beneficiary is required to enter into a formal agreement with TDB. The repayment of loan together with interest thereon should commence one year after the project is successfully completed and loan along with interest should be recoverable within five years of project completion. Further, royalty is also charged at the rate of 0.5 *per cent* on the total turnover after completion of the project and limited to the period till the loan repaid.

14.1.3.3 Monitoring of the projects

As per the Loan agreement signed with the borrower companies, each project under which loan assistance is released is required to be monitored continuously by the Project Monitoring Committee (PMC) comprising representatives of the Board and other experts. The Borrowers have to submit six-monthly returns indicating details of expenditure incurred, technical progress made, financial position of the company, plant & machinery procured/insured, etc. in the format prescribed for the purpose and have to submit a final project report to TDB at the end of the project.

14.1.4 Audit objectives

Performance Audit on 'Functioning of Technology Development Board' was undertaken for the period 1999-2005. The audit findings were published in Report No. 1 of 2006 of the Comptroller and Auditor General of India and five recommendations were made. A follow up audit was undertaken covering the period 2008-09 to 2018-19 to evaluate the extent to which the recommendations made in the Audit Report were implemented. This included assessment of whether

- proper due diligence was followed by TDB before providing funding to private companies;
- financial support was extended in accordance with approved terms;
- management of the loans was prompt and efficient in safeguarding the financial interests of the Government; and
- Progress of the projects was monitored adequately by TDB.

14.1.5 Audit scope and methodology

113 projects involving release of financial assistance of ₹ 783.43 crore were sanctioned by TDB during 2008-09 to 2018-19. Audit classified these projects into four categories viz. completed, not completed, abandoned and ongoing. Further, from each category of projects, sample was chosen which included both high as well as low monetary value. Thus, 21 projects were sampled for audit, involving total release of financial assistance of ₹ 337.65 crore. The details are as shown in **Table No. 2**.

Table No. 2: Status of projects sanctioned and selected projects for audit

(₹ in crore)

Category	Total number of projects	Proposed Financial assistance	Financial assistance released, as of March 2019	Number of projects selected	Proposed Financial assistance	Financial assistance released, as of March 2019
Completed	50	242.84	227.68	10	65.91	64.05
Not completed[5]	16	81.51	57.64	4	26.32	21.65
Abandoned/Foreclosed	09	43.50	15.98	3	12.55	6.60
Ongoing	38	712.86	482.13	4	359.41	245.35
Total	**113**	**1,080.71**	**783.43**	**21**	**464.19**	**337.65**

The list of selected projects along with sanctioned cost and funds released is given in **Annexe-14.1**.

14.1.6 Follow-up of major observations made in previous Audit Report

The Performance Audit Report (No. 1 of 2006) of the Comptroller and Auditor General of India on 'Functioning of Technology Development Board' highlighted issues relating to sanction of inflated sales projections (para 3.7.2), release of loans without fulfilling required conditions of the Loan Agreement

[5] Project which have not completed its milestone proposed in the project proposal and pending for final decision.

(para 3.7.3), inadequate monitoring (para 3.7.4), default in repayment of loan (para 3.7.5), etc. Audit verified the action taken by TDB on the recommendations made in the Audit Report and found that despite assurance given by DST/TDB for addressing these issues, four of the major audit issues continued to recur during the audit period 2008-19. The gist of pending audit observations, recommendations made, action stated by TDB and the status of the same as of March 2019 are given in **Annexe-14.2.**

The audit findings are discussed in the subsequent paragraphs.

14.1.7 Audit findings

14.1.7.1 Sanction of financial assistance after relaxing the eligibility conditions

In four out of the 21 projects scrutinised, dilution of the conditions for grant of loan as approved by the Board were observed. The cases are discussed below:

(i) The Board of TDB approved (March 2010) a project of M/s MIC Electronics Limited, Hyderabad for development and commercialisation of LED based lighting products as Green Energy Solutions. The loan amount of ₹ 15.00 crore was sanctioned with the condition that 50 lakh shares of the company at the rate of ₹ Two, face value of share held by the promoter(s) aggregating ₹ One crore would be pledged to TDB. As the company expressed inability to pledge the requisite number of shares, TDB relaxed this condition and signed the agreement for pledging of only 37.50 lakh shares worth ₹ 75.00 lakh. However, no justification for this relaxation was found on the records of TDB and the full amount of ₹ 15.00 crore was released to the company.

Though the project was declared as completed, the company failed to repay the loan repayment. TDB recalled (January 2014) the loan and referred (March 2014) the case to Arbitrator. The Arbitrator passed (October 2016) an award for ₹ 17.63 crore in favour of TDB. However, the company was declared as insolvent in March 2018 and no recovery proceedings could be initiated.

DST stated (February 2019) that power was delegated to Secretary TDB with approval of Chairperson for effecting changes/allegations in the conditions stipulated in the documents without adversely affecting/diluting the interest of TDB.

Although approval of competent authority was taken for changing the terms and conditions but by reduction in the amount of collateral, the financial security of TDB was diluted and outstanding loans could not be realised from the company.

(ii) Board of TDB sanctioned (February 2017) loan assistance of ₹ 250.00 crore to M/s Grasim Industries Limited, Mumbai for their project 'Birla Excel solvent spun cellulosic fibre plant' with conditions that loan assistance should be secured by way of first charge on fixed assets (movable and immovable) of the company both present and future, located at its Kharach plant on *pari-passu* basis with existing lenders.

While signing (March 2018) the Loan Agreement with the company, TDB did not include the clause of execution of Mortgage Deed for immovable property. TDB also did not obtain the details of either fixed assets in possession of the company at its Kharach plant. Consequently, the financial safeguard for TDB was reduced, as there was no collateral from immovable property as advised by the Board.

DST stated (February 2019) that company did not comply with the condition of mortgage of immovable property due to their policy decision keeping in view of their financial standing. However, the cost of the movable assets available to TDB was ₹ 910.69 crore which was 3.96 times of the loan amount.

The reply is not acceptable, as the Board while recommending the project for funding, stipulated that the loan should be secured by movable as well as immovable assets, which was subsequently diluted.

(iii) The sub-committee of TDB approved (October 2011) loan assistance of ₹ 9.99 crore to M/s Biogenex Life Sciences Pvt. Limited, Hyderabad subject to the conditions that (i) five lakh shares of ₹ 10 each aggregating to ₹ 50.00 lakh would be pledged to TDB and (ii) that loan amount should be secured by mortgaging the property of the company.

The company, however, expressed its inability for pledging the shares. At the time of entering into the agreement, TDB excluded this condition from the agreement. Further, on the request of the company, TDB also relaxed the condition for mortgage by limiting it to production of No Objection Certificate (NOC) issued by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) in favour of TDB to have right on the land in question. In the agreement, TDB inserted another clause for pledging of shares of the promoter in promoter[6] company, instead of company's own shares having intrinsic value of USD 10.00 lakh in favour of TDB. Accordingly, the company deposited original share certificates held by the promoter along with an NOC issued by APIIC with TDB. No mortgage deed was executed.

[6] M/s Bio Genex Laboratories Inc., USA

Audit observed that TDB modified the terms and conditions of the loan agreement without the approval of sub-committee. Further, the value of USD 10.00 lakh reported by the promoter was not verifiable from the share certificates as the face value of each share was not mentioned on the share certificates. TDB also did not verify the actual value of these shares. Audit also noticed that the declaration made on the share certificates deposited by the promoter states that these shares cannot not be sold, offered for sale, pledged or hypothecated, as the same was not registered under Securities Act, 1933[7]. In the absence of a Mortgage Deed, the NOC from APIIC furnished by company did not have any meaning. Further, in the absence of documentary evidence, the value of the shares could not be ascertained. Thus, the effectiveness of the securities obtained by TDB towards the loan of ₹ 9.99 crore remained doubtful.

The company did not complete the project within stipulated time. Therefore, TDB closed (May 2015) the project without achievement of its objectives. The company also did not repay its loan. Consequently, TDB referred (August 2016) the case to Arbitrator, who passed (March 2018) an award of ₹ 12.86 crore along with *pendente lite*[8] interest at the rate of 10 *per cent* per annum on the amount of award in favour of TDB. As of September 2019, dues amounting to ₹ 16.59 crore were pending for recovery from the company.

DST stated (February 2019) that the modified terms and conditions were accepted by TDB after due approval of Chairperson TDB.

Although approval of competent authority was taken for changing the terms and conditions but changes in the terms and conditions of the loan recommended by the Board adversely affected the interest of TDB and the loan amount was yet to be recovered.

(iv) The Board sanctioned (August 2016) the loan to M/s Biological E Limited, Hyderabad for setting up manufacturing facilities for Pneumococcal Conjugate Vaccine with a condition that the royalty at the rate of 0.5 *per cent* on sales turnover of the product, commencing from the date of start of commercialisation to till repayment of entire loan, etc. will be paid by the company to the Board. TDB reduced the rate of royalty to 0.2 *per cent* against the terms sanctioned by the Board. Altering the terms and condition of the loan without obtaining approval of the Board was irregular and defeated the purpose of the oversight functions of the Board.

DST stated (February 2019) that the company requested TDB to reduce the rate of royalty from 0.5 to 0.2 *per cent* and the same was discussed during the 55th

[7] The Securities Act of 1933 of United States was enacted by the United States Congress on May 27, 1933.

[8] Pending litigation.

Board meeting (5 August 2016) wherein the project was approved and Board had noted the same.

The reply is not tenable as the Board approved (August 2016) the project along with other clauses of TDB. Based on the same draft Letter of Intent was issued in September 2016 to the company which contain the clause of payment of 0.5 *per cent* royalty. This indicates that reduction in rate of royalty did not have the approval of TDB, Board.

14.1.7.2 Non-assessment of the intrinsic value of the pledged shares

As per para 4.12 of Manual of Standing Orders of TDB, the industrial concern is required to provide collateral to TDB for the loan assistance provided in the form of bank guarantees, corporate guarantees, personal guarantees, pledging of shares, mortgaging of property, etc. In the cases where loan assistance is provided against pledging of shares, the equity/preference shares of the borrowing company are to be pledged in favour of TDB.

Of the 21 projects examined, in 15 cases, the collateral security obtained included pledging of shares by borrower companies to TDB. However, Audit noted that the shares pledged by 13[9] companies were not listed in any Stock exchange of India as of March 2019. In the absence of this, the intrinsic value[10] of the shares pledged by these companies was not known. There were no records on file to indicate that intrinsic value of shares of these companies were assessed before signing of agreement and release of loan. This exposed the loan assistance to a financial risk in the event of recovery of loan through sale of shares.

14.1.7.3 Excess release of first instalment of loan

In terms of para 4.25 of Manual of Standing Orders of TDB, financial assistance to be disbursed as first instalment was to be fixed between 10 and 25 *per cent* of the total assistance. In case the quantum of first instalment has to be enhanced above 25 *per cent*, specific reasons were to be recorded and approval of Chairperson was to be obtained.

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[9] M/s Spray Engineering Devices Limited, Chandigarh, M/s SBP Aqua Tech Pvt. Limited, Hyderabad, M/s Ogene Systems (I) Pvt. Limited, Hyderabad, M/s Sahajanand Laser Technology Limited, Gandhi Nagar, M/s Reliance Cellulose Products Limited, Secunderabad, M/s Intelizon Energy Pvt. Limited, Hyderabad, M/s Biogenex Life Sciences Pvt. Limited, Hyderabad, M/s Samics Research Materials Pvt. Limited, Bareilly (UP), M/s Kavia Carbons (Chennai) Pvt. Limited, Tamil Nadu, M/s Angels Health Pvt. Limited, Navi Mumbai, M/s Forus Health Pvt. Limited, Bangalore, M/s Intemo Systems Limited, Hyderabad, M/s Mobilexion Technologies Pvt. Limited, Trivandrum

[10] Intrinsic value of a stock is its true value. This is calculated on the basis of the monetary benefit investor can expect to receive from it in the future. Further, it is the maximum value at which investor can buy the asset, without making a loss in the future when you sell it.

Audit noted that in five cases[11], TDB disbursed the first instalment of loan at 30 to 50 *per cent* of the total approved loan assistance. In all of these cases, TDB neither recorded reasons for the higher amounts of first instalment sanctioned nor obtained the approval of Chairperson as stipulated in its guidelines, which was irregular.

DST stated (February 2019) that excess release of first instalment was done only in exceptional cases, such as for short duration projects requiring faster infusion of funds and to support procurement activities.

The reply is not acceptable, as instalments at higher rate were disbursed without recording the specific reasons and approval of the competent authority. Further, two of the five companies mentioned above, viz. M/s Kavia Carbons (Chennai) Pvt. Limited, Chennai and M/s Biogenex Life Sciences Pvt. Limited, Hyderabad had defaulted in repayment of the loan, as discussed in **Para 14.1.7.5**.

14.1.7.4 Release of loan instalments without fulfilment of terms of the agreement

The loan agreements signed with the borrower companies stipulate that each instalment of loan would be released after accomplishment of prescribed milestones such as pledging of shares, execution of Hypothecation/Mortgage Deed, submission of No Objection Certificate from bankers/financial institutions for execution of hypothecation/mortgage of fixed assets, arrangement of working capital, submission of bank guarantee, submission of copy of registration of charge with Registrar of Companies, etc.

Audit observed that in four projects, TDB released various instalments of loan without ensuring fulfilment of the prescribed milestones by the borrower companies. Release of loan instalments without fulfilment of required conditions and adequate security compromised the financial interests of TDB, as discussed in **Table No. 3**.

Table No. 3: Release of loan instalments without ensuring fulfilment of terms of the agreement

Sl. No.	Industry partner	Terms of the loan agreement	Audit observation
1.	M/s Jyoti Limited, Vadodara	As per the terms of the loan agreement entered into (October 2008) for providing financial assistance of ₹ 10	TDB released (January 2013) the third instalment of ₹ three crore without obtaining any documentary evidence for arrangements made by the company for

[11] Companies (quantum of first instalment of loan): M/s Zen Technologies Limited, Hyderabad (30.17 *per cent*), M/s Kavia Carbons (Chennai) Pvt. Limited, Chennai (41 *per cent*), M/s Forus Health Pvt. Limited, Bangalore (31.25 *per cent*), M/s Biogenex Life Sciences Pvt. Limited, Hyderabad (50.06 *per cent*) and M/s Biological E Limited, Hyderabad (40 *per cent*).

		crore, before release of first instalment of ₹ 2.50 crore, TDB was to satisfy itself about arrangement of working capital made by the company. This clause was changed by TDB Board and was made a condition for release of third instalment instead of first instalment of loan.	working capital. Audit found that after one year of release of third instalment of loan, company informed (January 2014) TDB that it approached its bankers and Corporate Debt Restructuring Cell for restructuring the existing debts and to get additional support for working capital and would not draw fourth final instalment of ₹ 50.00 lakh from TDB. Company was ultimately declared as a sick company. The loan including interest, etc. remained unrecovered as of March 2019. DST in its reply (February 2019) had not furnished any reasons for release of third instalment without satisfying itself about arrangement of working capital made by the company.
2.	M/s Kavia Carbons (Chennai) Pvt. Limited, Chennai	As per the Loan Agreement signed with the company for financial assistance of ₹ 6.15 crore, the first *pari-passu* charge of Immoveable property (Land) of the company was to be created in favour of TDB as security/collateral before release of the first instalment of the loan.	TDB disbursed three tranches of the loan of ₹ 4.25 crore without ensuring that the charge of the land was created in its favour. Subsequently, the company ran out of its resources and came under the purview of SARFAESI[12]. The outstanding loan and interest was pending for recovery as of March 2019. DST accepted (February 2019) that charge on immoveable property in favour of TDB could not be created.
3.	M/s Intemo System Limited, Hyderabad,	According to the terms of the agreement, the Borrowers were required to keep insured the properties up to their replacement value and duly pay the premium and other sums payable for the purpose. The Board was to be made beneficiary of the insurance until the loan amount and interest, etc. have been fully repaid by the borrowers.	TDB did not have any information about whether these companies executed insurance policies of their properties. Further, in seven[13] other projects, TDB did not have latest insurance policies of these projects although entire loan and interest amount has not been repaid to the TDB. DST accepted (February 2019) that insurance policy in respect of two companies mentioned at serial number 3 and 4 are not available with the TDB. Audit further observed that TDB did not have insurance policies from the remaining seven companies also as of September 2019. This indicated that TDB did not take any action to obtain the insurance certificates from the companies.
4.	M/s SBP Aqua Tech Pvt. Limited, Hyderabad		

[12] SARFAESI Act (The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) was enacted to regulate securitization and reconstruction of financial assets and enforcement of security interest created in respect of Financial Assets to enable realisation of such assets.

[13] M/s Biogenex Life Sciences Pvt. Limited, Hyderabad, M/s Jyoti Limited, Vadodara, M/s Kavia Carbon (Chennai) Limited, Chennai, M/s MIC Electronics Limited, Hyderabad, M/s Reliance Cellulose Products Limited, Secunderabad, M/s Zen Technologies Limited, Hyderabad and M/s Siechem Technologies Pvt. Ltd., Chennai,

14.1.7.5 Default in repayment

As per Loan Agreements, in case of defaults in repayment of loan, etc. and/or failure to comply with the provisions of the loan agreement, Board may, by notice in writing to the Borrower, terminate the Loan Agreement. Manual of Standing Orders of TDB has not prescribed any time limit for recall of loan, in the event of default in repayment of loan by the companies.

As per the financial statements of TDB as of 31 March 2019, ₹ 730.11 crore of loan was outstanding from 107 borrower companies, of which an amount of ₹ 225.05 crore was overdue for repayment from 64 borrower companies for periods ranging from eight days to 19 years.

In the 21 projects examined in audit, TDB had sanctioned financial assistance of ₹ 464.19 crore and released ₹ 337.65 crore as of March 2019. Audit found that:

- Full and final payment had been received in 10 projects[14], while in four[15] projects repayment was not due yet, as of 31 March 2019.

- In remaining seven[16] projects, borrower companies had defaulted in repayment of loans and the cases against five[17] borrower companies were filed in the court of Arbitrators. Further, the repayments of ₹ 66.05 crore become overdue from these seven companies, including interest for periods ranging between eight days and six years.

- Further, out of seven companies, four companies **(Annexe-14.3)** to whom an amount of ₹ 27.00 crore had been released as loan, defaulted in repayment of loan/interest amounting to ₹ 11.87 crore for three successive times, yet TDB took more than a year to recall the loans/interest from the companies. The lack of prompt action by TDB in

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[14] M/s Spray Engineering Devices Limited, Chandigarh, M/s Siechem Technologies Pvt. Limited, Chennai, M/s Ogene Systems (I) Pvt.Limited, Hyderabad, M/s Sahajanand Laser Technology Limited, Gandhi Nagar, M/s Intelizon Energy Pvt. Limited, Hyderabad, M/s Samics Research Materials Pvt. Limited, Bareilly (UP), M/s Zen Technologies Limited, Hyderabad, M/s Angels Health Pvt. Limited, Navi Mumbai, M/s Forus Health Pvt. Limited, Bangalore and M/s AXIO Biosolutions Pvt. Limited, Ahmedabad.

[15] M/s Biological E Limited, Hyderabad, M/s Grasim Industries Limited, Mumbai, M/s Abilities India Pistons & Rings Limited, Delhi and M/s Mobilexion Technologies Pvt. Limited, Trivandrum.

[16] M/s Intemo Systems Limited, Hyderabad, M/s Jyoti Limited, Vadodara, M/s SBP Aqua Tech Pvt. Limited, Hyderabad, M/s MIC Electronics Limited, Hyderabad, M/s Reliance Cellulose Products Limited, Secundarabad, M/s Biogenex Life Sciences Pvt. Limited, Hyderabad and M/s Kavia Carbons (Chennai) Pvt. Limited, Tamil Nadu.

[17] M/s SBP Aqua Tech Pvt. Limited, Hyderabad, M/s MIC Electronics Limited, Hyderabad, M/s Reliance Cellulose Products Limited, Secundarabad, M/s Biogenex Life Sciences Pvt. Limited, Hyderabad and M/s Kavia Carbons (Chennai) Pvt. Limited, Tamil Nadu.

the cases of default of loan also indicates poor management of loans granted by TDB.

DST provided (February 2019) status of execution of arbitration award in the above cases which have been included in **Annexe-14.3**, however, DST did not comment on the reasons for the delay in recalling the loan in the first instance.

14.1.7.6 Waiver of outstanding loan/interest

As per Rule19 (13) of Technology Development Board Rules 1996, in case of project having been declared as a failure in terms of provisions of the agreement, the Board may consider waiving off the recovery of the interest and the loan amount; and in such an eventuality, the unutilised balance amount shall be refunded to the Board and the assets created shall be disposed of in a manner decided by the Board.

During the period 2008-19, TDB waived off the principal amount of loan of ₹ 5.20 crore and interest/royalty of ₹ 36.98 crore outstanding from 14 companies[18] that had defaulted in repayment of loan. Audit observed that there was no provision in the loan agreements defining the circumstances in which the project could be declared as failure. Audit observed that of the 14 cases, in five[19] cases TDB had declared the projects as completed. The waiver of principal amount of loan and interest in these cases by TDB was not authorised under the provisions of the TDB Rules 1996 and was, therefore, irregular.

DST stated (February 2019) that failure of a project could be due to technology failure, marketing failures, commercial failure, insufficient sales/revenue generation, change in market conditions, etc. and that all the cases wherein principal or interest was waived off, was done in accordance with TDB Rules 1996.

The reply is not acceptable, as the TDB Rules 1996 specify that the Board may consider waiving off the outstanding amount of loan/interest where the project has been declared as a failure in terms of provisions of the agreement. The agreements entered into with the companies mentioned above, had no provision

[18] National Aerospace Laboratories, Bengaluru, M/s SIDD Life Sciences Pvt. Limited, Tamilnadu, M/s Shripet Industries, M/s Naveen Additives Limited, Hyderabad, M/s Alpha Amins Pvt. Limited, M/s Haryana Biotech Pvt. Limited, Gurugram, M/s Pushkar Chem Limited, Mumbai, M/s Midas Communication Technologies Pvt. Limited, Chennai, M/s Valuepitch e Technologies Pvt. Limited, Mumbai, M/s Angels Health Pvt. Limited, Navi Mumbai, M/s Ogene Systems (I) Pvt. Limited, Hyderabad, M/s Powai Lab Technology Pvt. Limited, Mumbai, M/s ATV Projects and M/s Ind Swift, Chandigarh.

[19] M/s Naveen Additives Limited, Hyderabad, M/s Haryana Biotech Pvt. Limited, Gurugram, M/s Midas Communication Technologies Pvt. Limited, Chennai, M/s Ogene Systems (I) Pvt. Limited, Hyderabad and M/s Ind Swift, Chandigarh.

defining the conditions in which the project could be declared as a failure. TDB needs to incorporate such terms in their loan agreements.

14.1.7.7 Inadequate project monitoring

As per the Loan Agreements signed with the Borrowers, a Project Monitoring Committee (PMC) comprising representatives of the Board and other experts was to be appointed by the Chairperson to continuously monitor the progress of the projects. The Borrowers also had to submit six-monthly returns indicating details of expenditure incurred, technical progress made, financial position of the company, plant & machinery procured/insured, etc. in the format prescribed for the purpose. At the end of the projects, the Borrowers had to submit a final project report to TDB.

Scrutiny of records revealed the following deficiencies in the monitoring of projects by TDB:

(i) Although the agreements mentioned the requirement of continuous monitoring of progress of projects by PMC, no periodicity for holding of PMC meetings was prescribed in the agreements in any of the 21 projects. Hence, PMC meetings were held only at the time of release of loan instalments (second instalment onwards). Regular monitoring by the PMC might have provided expert technical oversight and directions for the progress of the projects.

(ii) In the case of three projects[20], no meeting of PMC was convened during the sanctioned duration of the projects. Absence of meeting resulted in lack of information on the technical and financial progress of the projects as well as the financial status of the companies. One project though completed, did not culminate in commercialisation of the end products, another project was abandoned by the company and the third project was also closed without being completed. Two of these three companies viz. M/s Intemo System Limited, Hyderabad and M/s SBP Aqua Tech Pvt. Limited, Hyderabad also defaulted in repayment of loan.

(iii) In the case of six[21] projects, no PMC meetings were held after release of the final/last instalment of loan, resulting in lack of monitoring of

[20] M/s Forus Health Pvt. Limited, Bangalore, M/s Intemo System Limited, Hyderabad and M/s SBP Aqua Tech Pvt. Limited, Hyderabad.

[21] M/s Angel Health Pvt. Limited, Navi Mumbai, M/s Biogenex Life Sciences Pvt. Limited, Hyderabad, M/s Intelizon Energy Pvt. Limited, Hyderabad, M/s Jyoti Limited, Vadodara, M/s Kavia Carbons (Chennai) Limited, Chennai and M/s Samics Research Materials Pvt. Limited, Bareilly.

the projects in their advanced stages. Eventually, only two projects were finally completed, whereas two projects were not completed and the remaining two projects were foreclosed.

(iv) None of the companies submitted prescribed six-monthly progress returns of the projects.

Failure to convene meetings of the PMC resulted in lack of monitoring of the projects and thus defeated the purpose of technical oversight of the projects by TDB and periodic technical guidance of the experts of TDB on the progress of the project and constraints faced, if any. This also resulted in lack of monitoring of financial status of the companies and assessment of their capability to continue with the execution of projects, commercial production of envisaged products and repayment of outstanding loans. Absence of PMC meetings after release of the final instalment of the project also led to lack of information on the status of commercialisation of the projects, as discussed in para 14.1.7.8 below.

DST stated (February 2019) that as per present arrangement, the PMC meeting is held prior to release of loan instalments as indicated in loan agreement. DST added that TDB does not monitor the project on routine basis after it is declared completed as the company carries out other activities related to commercialisation of the TDB supported product/technology. DST also stated that in case of half yearly returns, the companies normally submit the return after substantial amount of work done as per the approved implementation plan.

The reply is not acceptable, as in the absence of a prescribed periodicity for monitoring of the projects, there were instances as mentioned in Sl. No. (ii) above, in which no PMC was held during the sanctioned duration of the projects, which undermined the objective of continuously monitoring the progress of the projects in conformance with the provisions of the agreements. Further, monitoring of projects post-completion was also necessary to ascertain the achievement and extent of commercialisation within the stipulated duration and monitor the accrual and receipt of Royalty. The absence of periodic monitoring after completion of projects resulted in lack of information about the commercialisation of envisaged products, if any, by the companies, as discussed in **Para 14.1.7.8**.

14.1.7.8 Inflated sale projections

Projects are sanctioned by TDB after considering product, sales and profitability projections given by the companies in their project proposals. As per the agreements entered into, companies are to pay Royalty at the rate of 0.5 *per cent* on sales turnover of the products developed commencing from the date of start of commercialisation until repayment of the entire loan by the companies.

Of the 10 completed projects, five[22] projects involving financial assistance of ₹ 44.75 crore were declared complete by TDB on the basis of the recommendation of the concerned PMC. Audit observed that the projects were declared as completed before verifying whether these companies had actually started commercialisation/production of products envisaged under the projects. Consequently, TDB did not have any information about the commercialisation of envisaged products, if any, by these companies. Audit noticed that no royalty was received from any of these five companies as of March 2019.

In the remaining five projects, although production at commercial scale was undertaken by the companies, the same was far below the projections of production/sales made by them in their project proposals. This consequently resulted in lesser receipt of royalty as projected in the project proposal. Against the receivable amount of royalty of ₹ 3.30 crore from the five projects, royalty aggregating to ₹ 35.17 lakh only was received.

DST stated (February 2019) that in some cases, TDB did not receive any royalty payment due to absence of royalty clause in the loan agreement, projects getting abandoned or foreclosed, failure to generate revenue, deterioration of financial situation, etc. DST further stated that the gap between projections and actual extent of commercialisation was due to change in the technological, financial or regulatory scenarios.

Loan agreements of all the cases mentioned in the para contained the clause for payment of royalty and in any case it was reformulated in a manner suitable to financial interests of the company. In the absence of post completion monitoring, TDB was unaware of the royalty amount due to it. Further, the reply of DST citing change in the technological, financial or regulatory scenarios does not justify the huge gap of 75 to 99 *per cent* in projected sale *vis-à-vis* actual sale in the five completed projects.

14.1.8 Conclusion

The Technology Development Board was established with the mandate of providing financial assistance to industrial concerns and other agencies for commercialisation of indigenous or imported technologies for wider domestic distribution. The achievement of this mandate fell short largely due to inadequate due diligence in selection of the industrial partners as most of the companies selected in audit sample defaulted in repayment of loans/interest or royalty. Deficient management of the loans sanctioned to them was obvious as

22 M/s MIC Electronics Limited, Hyderabad (₹ 15.00 crore), M/s Ogene Systems (I) Pvt. Limited, Hyderabad (₹ 13.50 crore), M/s SBP Aqua Tech Pvt. Limited, Hyderabad (₹ 25.00 lakh), M/s Reliance Cellulose Products Limited, Secunderabad (₹ 4.40 crore) and M/s Zen Technologies Limited, Hyderabad (₹ 11.60 crore).

the Board failed to fix periodicity of monitoring meetings, non-holding monitoring meeting during currency and after completion of the projects and delayed recall of loans.

Of the 21 projects selected in Audit, only 10 projects were completed. Of these 10 projects, TDB had no information on the status of commercialisation in five projects, whereas in the remaining five projects, the extent of commercialisation was far below the projected figures. This resulted in receipt of lesser amount of royalty as against the projections made by the companies in the project proposals.

Instances of sanction of financial assistance after relaxing the eligibility conditions, excess release of first instalment of loan and release of loan instalments without fulfilment of terms of the agreement were noticed which compromised the financial interest of the Government. Prompt legal action was not taken against defaulting companies for recovery of loan which resulted in outstanding dues of ₹ 66.05 crore from seven companies. An amount of ₹ 42.18 crore outstanding from 14 defaulting companies was waived off leading to loss to the TDB.

In an exit meeting held in October 2019, TDB accepted the audit observations and recommendations and assured that remedial measures would be initiated on the same.

Recommendations

(i) TDB should review all the loans sanctioned and take definite action to recover the outstanding dues in a time bound manner.

(ii) In order to secure its interest, TDB should not dilute the amount of collateral security fixed by the Board, without proper and recorded justification.

(iii) TDB should ensure that loan instalments are released only on fulfilment of the milestones prescribed in the loan agreement.

(iv) TDB should consider stipulating a prescribed frequency for meetings of the Project Monitoring Committee and ensure that such meetings are duly conducted. The periodic returns, audited annual accounts and insurance policies of assets may be obtained from the companies strictly within the time schedule prescribed in the agreement.

(v) TDB needs to incorporate in the loan agreements entered into with the companies, the conditions in which the project could be declared as a failure.

Department of Bio-Technology

14.2 Extra expenditure towards grant of allowances to employees

National Brain Research Centre, Manesar incurred extra expenditure of ₹ 5.15 crore on payment of House Rent Allowance, Non-Practising Allowance, Transport Allowance and Project Allowance to its employees in contravention of extant rules.

Audit of the records of National Brain Research Centre, Manesar (NBRC)[23] revealed extra expenditure on grant of allowances to employees. The excess payments mentioned below represent only the results of test check and NBRC is required to comprehensively review all such payments for effecting recoveries.

14.2.1 House Rent Allowance

In terms of Ministry of Finance (MoF), Government of India (GoI) order dated 09 December 1986 (applicable to NBRC), employees having their places of duty at Gurgaon Municipal Corporation (presently known as Gurugram Municipal Corporation) are entitled to House Rent Allowance (HRA) at the rates applicable to Delhi.

NBRC had initially commenced its activities from Gurugram, Haryana but thereafter (March 2003) shifted to Manesar, Haryana, which was outside the limits of Gurugram Municipal Corporation.

Audit observed that though NBRC correctly paid HRA at lower rates applicable to Manesar till August 2008, it granted HRA at the higher rates applicable to Delhi from September 2008 onwards. This resulted in extra payment of ₹ 3.22 crore as HRA during 2008-09 to 2017-18 alone.

DBT stated (January 2019) that the payment of higher rate of HRA was approved by the Governing Council (GC) of NBRC with reference to MoF orders dated 27 November 1965 according to which administrative Ministry/Department are authorised to sanction HRA at higher rate to its employees who fulfil certain conditions[24]. While DBT accepted that NBRC did not obtain their approval, they also stated that this was done under the perception that the proposal was approved by a body comprising Secretary, DBT as the Chairman and JS&FA, DBT as a member.

[23] An autonomous body under the Department of Bio-Technology (DBT)

[24] HRA to employees whose place of duty is in the proximity of a qualified city and who, of necessity have reside within the city, may be paid at a rate admissible in that city, subject to the contention that the distance between the place of duty and periphery of the municipal limit of the qualified city does not exceed eight km and the staff concerned have to reside in the qualified city out of necessity i.e. for want of accommodation nearer their place of duty.

The approval of Secretary and JS&FA, DBT as office bearers in the GC of NBRC cannot be construed as the approval of the administrative Department, as the internal control framework in DBT for proper administrative scrutiny of the case, examination, due diligence and approval of the proposal was not exercised. Further, no valid documentary evidence in support of either the distance between periphery of the municipal limit of Gurugram and NBRC, Manesar or the necessity of the staff to reside at the qualified city due to lack of accommodation near the place of duty was found on record. Audit noticed that in the meeting of the Finance Committee of NBRC (April 2019), it was decided that a certificate of the distance between NBRC and municipal limits of Gurugram be obtained from the concerned authority. However, the issue of necessity for the employees to reside at the qualifying city has still not been adhered though it would appear that Manesar was not short of residential accommodation.

14.2.2 Non-Practising Allowance

In terms of extant orders (March 1971) of MoF, GoI, occupants of clinical medical/public health posts are entitled to Non-Practising Allowance (NPA). Employees of NBRC are not entitled to NPA. Despite this, the GC of NBRC, comprising among others[25] three members from DBT approved (August 2009) payment of NPA to scientists/other officers of NBRC having Medical/ Veterinary qualifications. Accordingly, NBRC paid NPA amounting to ₹ 72.06 lakh between 2009-10 and 2017-18 to six Scientists/Veterinarians.

DBT stated (January 2019) that payment of NPA was stopped from September 2017 and action for recovery from concerned employees initiated.

The reply indicates that the recovery was yet to be made even after more than a year after stopping the payment of NPA.

14.2.3 Transport Allowance

In terms of MoF order (August 2008), Transport Allowance (TA) is not admissible to employees who have been provided with Government transport.

Audit noted that NBRC hired cars to provide pooling facility to 32 employees and also transported approximately 13 employees by bus[26]. During 2014-18

[25] NBRC Society; Department of Science and Technology; IVI Bengaluru; Institute of Human Behaviour and Allied Sciences, New Delhi and NBRC..

[26] On nominal payments ranging from ₹ 20 to ₹ 1,000 per month.

alone, NBRC incurred ₹ 1.02 crore on hiring of cars[27]. Audit observed that these employees were paid TA amounting to ₹ 56.36 lakh.

DBT stated (January 2019) that the transport facility provided by NBRC was not meant for journey between residence and office but from certain fixed points in the city and was offered to the employees after recovering monthly charges for availing the said facility. However, DBT also added that NBRC had been directed to withdraw the facility in a phased manner at the earliest.

The justification cannot be accepted as extant Government orders for grant of Transport Allowance do not distinguish between the entire journey between residence and office or a portion thereof. It was also not clear as to why the transport was being provided to a certain point and not beyond nor was any evidence furnished for any such arrangement. There is also no provision in Government rules to provide transport facility to employees on chargeable basis.

14.2.4 Project Allowance

In terms of MoF Office Memorandum (January 1975) Project Allowance is admissible to staff employed on large scale construction projects[28]. Such allowance is admissible only in those projects that have been declared by special orders by Government and requires approval of MoF.

Though NBRC is not covered under the above orders and without the approval of MoF, the GC of NBRC approved (July 2004) Project Allowance to NBRC employees with effect from April 2003[29] on the ground of remote location of Manesar. The payment of Project Allowance amounted to ₹ 78.34 lakh for the period 2007-08 to 2016-17.

Following the Audit observation, NBRC stopped (April 2017) the Project Allowance and effected partial recovery of ₹ 14.26 lakh for the period January 2016 to March 2017.

DBT stated (January 2019) that NBRC was directed to take appropriate action for recovery of the balance amount of Project Allowance.

The reply indicates that full recovery was yet to be made even after more than a year of stopping the payment.

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[27] Car-pooling facility was provided to 32 employees of NBRC. Expenditure on hiring of buses has not been included, as these buses were also used by students.

[28] To compensate them for lack of amenities such as housing, schools, markets and dispensaries.

[29] Date of NBRC shifting to its new campus at Manesar.

CHAPTER XV: UNION TERRITORIES

Union Territories–Andaman and Nicobar Islands Administration

15.1 Violation of codal provisions in grant of mobilisation advance

Andaman Lakshadweep Harbour Works violated codal provisions in grant of mobilisation advance, resulting in undue financial favour to the contractor to the extent of ₹ 0.66 crore.

Ministry of Shipping (MoS), Government of India approved (November 2014) a project, 'Development of Alternate Sea Route from Port Blair to Baratang in Andaman and Nicobar Islands', to be implemented by the Andaman Lakshadweep Harbour Works (ALHW). Part of the work involved the dredging of the navigational channel in Baratang. ALHW awarded (January 2015) this work to the Dredging Corporation of India Ltd. (DCI), on nomination basis, for ₹ 26.10 crore. The award included a lump-sum provision of ₹ 2.00 crore towards mobilisation charges on arrival of the dredger. Since the agreement did not provide for payment of mobilisation advance for deployment of dredger at site, at the request of DCI, ALHW authorised modification of the agreement (September 2015) to provide mobilisation advance of ₹ 10.00 crore (38.31 *per cent* of the contract value). Accordingly, ALHW released mobilisation advance of ₹ 8.00 crore to DCI. The dredging work commenced in June 2016 and completed in July 2016 at a total cost of ₹ 23.20 crore.

Audit examination revealed the following:

The CPWD Manual, which applies to ALHW, limits mobilisation advance to 10 *per cent* of the tendered amount (₹ 2.61 crore in this case). Consequently, the authorisation of ₹ 10 crore exceeded the permissible limit by ₹ 7.39 crore and ultimately resulted in undue financial assistance to DCI to the tune of ₹ 5.39 crore.

The CPWD Manual also stipulates that mobilisation advances would attract 10 *per cent* simple interest till their adjustment. The agreement of ALHW, however, did not provide for such interest, and consequently, DCI gained further undue financial benefit of ₹ 0.66 crore[1] towards unlevied interest.

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Sl. No.	Amount of Advance (₹ in lakh)	Date of sanction of advance	Date of adjustment of advance	Period of interest	Rate of interest	Amount of interest (₹ in lakh)
1.	650	21.09.2015	26.08.2016 *	11 months	10%	59.58
2.	150	30.03.2016	26.08.2016 *	05 months	10%	6.25
			Total			**65.83**
*** The advance was adjusted in final Bill on 26.08.2016**						

The matter was referred to the Ministry of Shipping in June 2018; their reply was awaited (March 2020).

15.2 Construction of protective sea wall

Andaman Public Works Department did not ensure availability of all the requisite materials before signing of a construction contract which was ultimately foreclosed after flip flops on the issue.

It delayed the construction of the Sea wall, increased the cost of shore protection, in the Tsunami affected area and also resulted in wasteful expenditure of ₹ 1.18 crore, as the incomplete work was washed away. The work has again been sanctioned with an estimated cost increase of ₹ 30.36 crore. The habitation of the affected area remained unprotected for 15 years after Tsunami.

The earthquake and tsunami of 2004 had resulted in land erosion and rise in the level of sea in Mus and other areas of Nicobar. Therefore, the Tribal Council had approached Andaman and Nicobar Administration (Administration) for construction of a sea wall for shore protection.

The Administration appointed Water and Power Consultancy Services Ltd. (WAPCOS) in March 2007 for consultancy work of survey and investigation and submission of Detailed Project Report (DPR) along with designs for the sea wall, which was finalised only in February 2010 (five years after the tsunami).

Thereafter, Andaman Public Works Department (APWD) awarded (November 2011) a contract[2] for shore protection to a private Contractor at cost of ₹ 18.03 crore, to be completed by April 2013. The scope of work required uses of stone boulders, which were to be arranged by the Contractor[3]. However, the Administration had already stopped (October 2011 i.e. before the execution of the agreement in November 2011) blasting permission for private quarry operation, and therefore the Contractor on facing difficulty in obtaining quarry products, urged (May 2012) APWD to

(i) Supply the required stone boulders from the APWD quarry on recovery basis as APWD was still extracting stone boulders; or,

(ii) Allot a quarry to them and issue them explosives for extraction of boulders; or,

(iii) Allow the contractor to bring quarry products from Mainland and pay the extra transportation cost.

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2 Construction of Sea Wall/Shore Protection at Mus, Car Nicobar (800 m) Phase-I.

3 Clause 21 of the Agreement stipulated, "Stone boulders, aggregates and pulverized sand shall be arranged by the contractor on his/her own from the approved quarries at Port Blair."

APWD did not consider any of the above suggestions for execution of the work and foreclosed the contract in May 2013 under clause 3A of the agreement (for reasons beyond the control of the contractor). The work was retendered in July 2013 taking into consideration the constrains faced by the contractor in the initial stages.

Meanwhile, the erstwhile contractor requested for revocation of foreclosure stating that he has since been awarded a quarry in an auction and APWD revoked (September 2013) the foreclose agreement, for which there are no provisions available in the General Condition of Contract for Central Public Works Department's Works Manual 2010. While the work resumed and APWD incurred an expenditure of ₹ 1.18 crore for the work done, the contractor could only arrange for a limited quantity of stone boulders. He expressed (January 2015) his inability to acquire the boulders of 500-1000 kg and again requested APWD[4] to provide necessary explosives and quarry. Thereafter, the work was foreclosed again by APWD in June 2016 citing delay or suspension of work.

Meanwhile, the alignment of the proposed shore protection area had changed due to efflux of time, with erosion exposing harder soil strata and also changes in the bed profile due to dredging in nearby area.

APWD had requested Andaman Lakshadweep Harbour Works (ALHW) in June 2017 regarding willingness and opinion for taking up work of Mus Sea Wall. ALHW conveyed (August 2017) its willingness to take up work of Mus Sea Wall stating that the estimate submitted for ₹ 31.84 crore by APWD is under revision in consultation with CWPRS Pune for redesign of sea wall to a length of 800 meter. The Administration, thereafter, decided (January 2018) to transfer the work to Andaman Lakshadweep Harbour Works (ALHW). The ALHW prepared (January 2018) an estimate of ₹ 49.19 crore for the work, which has been sanctioned by the Ministry of Shipping. It was found that the limited work done has also been washed away.

APWD executed the initial agreement despite being aware that the Administration had stopped blasting quarry operations in ANI. Further, APWD did not take effective measures to mitigate the problem of non-availability of requisite boulders, despite the fact that the contractor had repeatedly expressed his inability to obtain boulders and had proposed other alternatives. APWD also foreclosed the work, revoked it without citing authority and foreclosed it again. The limited portion of work executed by the contractor in the interim had been

[4] CE, APWD approved allotment of quarry phase to complete the work, however formal order could not be issued due to superannuation of then CE.

washed away completely and the total expenditure of ₹ 1.18 crore incurred thereon rendered useless while increasing the estimated cost of the Sea Wall protection from ₹ 18.83 crore to ₹ 49.19 crore. The habitation also remained unprotected till date, 15 years after the event.

The audit observation has been accepted by the Department, who stated that they are yet to prepare any loss statement or write off proposal for regularising the loss of Government property. Ministry's reply was awaited (March 2020).

Union Territories-Chandigarh Administration

15.3 Short-levy of Value Added Tax

Designated Officer allowed deduction of ₹ 2.25 crore as claimed by dealer from gross turnover on account of goods damaged due to fire without verification of documents in support of their claim, resulting into suppression of sales and consequent short levy of tax of ₹ 11.25 lakh.

As per Rules 45, 47 & 48 of Chandigarh VAT Rules, 2006 for the purpose of Audit of Returns, Annual Accounts and Statements, the designated officer may require any person to produce evidence for verification of correctness of any return and any other additional information as may be considered necessary. The designated officer after considering documentary evidence shall pass an order of assessment in writing determining the tax liability of such person.

The Designated Officer of Ward 4 UT, when he assessed the case of M/s New Ashoka Textiles (November, 2017), engaged in the business of Readymade Garments, Leather Goods and Textiles, Chandigarh for the year 2012-13, allowed a deduction of ₹ 2.25 crore as claimed by dealer from gross turnover, on account of goods damaged due to fire, without obtaining and verifying documents in support of their claim, as required under the rules.

Audit pointed out (May, 2018) that failure to verify relevant documents may have resulted in a short levy of tax ₹ 11.25 lakh (i.e. five *per cent* of ₹ 2.25 crore), due to suppression of sales.

On this being pointed out by Audit, the Department stated (October 2018) that it had initiated revision proceeding against the dealer under Section 65(i) of the Punjab Value Added Tax Act, 2005, which has resulted in an additional demand of tax amounting to ₹ 11.25 lakh, vide order dated October 2018, after adding the value of the damaged stock to the tune of ₹ 2.25 crore into the gross turnover shown in the trading account. An amount of ₹ 2.81 lakh has been deposited by the firm in March 2019, while, the Firm filed an appeal against the revisional order before the Chandigarh VAT Tribunal, UT Chandigarh.

The matter was referred to the Ministry of Home Affairs in July 2018 and reply was awaited (December 2019).

15.4 Usage of Tertiary Treated Water in UT Chandigarh

Municipal Corporation Chandigarh, (MCC) decided to implement a project to design and build a tertiary treatment plant and associated facilities with a capacity of 10 Million gallons/day (MGD), in addition to an existing tertiary treatment plant of 10 MGD, to treat the discharge from its Sewerage Treatment Plants (STPs), in order to supply treated water for irrigation purposes replacing potable water otherwise being used.

The design wrongly assumed sufficient availability of sewage water, One of the Underground Reservoirs was shifted to the older network with lower than required discharge capacity of pumps installed at both plants, and the old STP was not technically upgraded. Moreover, MCC did not ensure the required BOD level i.e. below 5mg/l. in the output of TTP likely leading to non-acceptance of treated water among the consumers.

Moreover, MCC could not recover the 43 *per cent* of the cost of operation and maintenance of the project as planned. Treated water was supplied free to the green spaces being maintained by MCC Horticulture wing. MCC also did not bill the tertiary water connections. Audit found that the intended results could not be achieved even after 6-7 years after the completion of the project, and audit could not assure itself of the viability of the project.

15.4.1 Introduction

The city of Chandigarh had a gross demand[5] of drinking water of about 110-MGD (Million Gallons per day), which is met 50 MGD from the Bhakhra Canal, 16 MGD from the Bhakhra main line and 24 MGD from underground water sources leaving a shortage of 20 MGD.

In order to meet the shortage of drinking water by replacing the drinking water that was being used for irrigation, Chandigarh Administration initially established (1991) a tertiary treatment plant of capacity 10 MGD and a distribution network for supplying tertiary treated water so generated for irrigation in Sector 1 to 12 and Sector 26, under Phase I of the project.

[5] As per Detailed Project Report on Conservation of drinking water by harvesting of the tertiary treated sewage for irrigation of green spaces in Chandigarh city.

Municipal Corporation, Chandigarh (MCC) then planned to further augment the supply of tertiary treated water under JNNURM in the year 2007 under Phase-II with funds provided by GOI (80 *per cent*), Chandigarh Administration (10 *per cent*) and MCC (10 *per cent*) totalling ₹ 36.72 crore. The MCC also took a separate work for supplying tertiary treated water for irrigation to various open spaces in 3rd phase sectors i.e. sector 48 to sector 56 with an estimated cost of ₹ 6.18 crore. This involved the following:

1. a new tertiary treatment plant having capacity 10 MGD on the newly established 30MGD STP at Phase XI, Diggian, Mohali,
2. a rising main line, 04 UGRs (Underground Reservoirs) and
3. laying of a distribution network, covering certain sectors.

The aim of this Project was to achieve the indirect augmentation of water supply system of Chandigarh city by way of conservation of 20 MGD drinking water presently being utilised for irrigation of public parks/green belts/lawn and open spaces.

A total of 3573 acres of green spaces were to be covered under three phases;

Phase	Area covered
Phase I (Sector 1-12 and 26)	1290 acres
Phase II (Sector 14 to 47 except Sector 26) and provision provided for supplying tertiary water to Sector 48 to 56	2283 acres
Phase III (Distribution network for Sector 48 to 56)	
Total area covered	**3573 acres**

Municipal Corporation, Chandigarh was responsible for implementation of the project.

15.4.2 Audit Objective

The Project was audited to derive assurance as to whether:

- the project objectives have been achieved
- execution of the work in an economical fashion and after following norms and parameters and as per the detailed project report.
- the project is operating as planned

15.4.3 Scope and Coverage

The Capital expenditure incurred on Phases II and III of the project and other capital works taken up for the augmentation were covered in the audit. The period covered under audit was from April 2012 to March 2018.

15.4.4 (a) Audit Findings

(i) Preparation of Detailed Project Report for Tertiary Treatment plant – Inflated assumption of availability of sewage water

As per DPR (Phase II) 67 Million Gallons of sewage was being generated per day in UT Chandigarh, which was taken as the basis for the TTPs.

Audit, however, observed that as certain old STPs having capacities of 15 MGD[6] at Diggian, Mohali and 05 MGD at 3BRD, Chandigarh were shut down and a 2 MGD STP at Maloya was under construction, the available treatment capacity as on 31 March 2015 was only 50 MGD (45 MGD w.e.f. October 2017).

Audit further observed that against the available treatment capacity of 50 MGD (45 MGD w.e.f. October 2017), during the period (April 2015 to March 2018), the actual sewage generation in the city ranged from 23.57 to 32.80 MGD, which meant that the planning parameters for the inlet water for the project in DPR (i.e. 67 MGD) was inflated, resulting in less production of tertiary treated water. MCC in its reply (November 2018) stated that by the end of December 2018, 116 MGD drinking water will be made available in the city and as per the parameter of CPHEEO, 80 *per cent* of the water supply, i.e. 92.8 MGD shall be considered as the sewage capacity of the city.

The reply of the MCC is not acceptable, as after considering that 20MGD potable water was being utilised for irrigation purposes. Only remaining 70 MGD potable water should be used to estimate sewage generation, even as designed. Also, it is a matter of fact that the actual minimum and maximum sewage generation in the city (April 2015 to March 2018) ranged from 23.57 to 32.80 MGD.

ii) Defective planning

A Sewage Treatment Plant at 3 BRD with a capacity of 10 MGD (approx.) is being maintained (since November 2013) by the MC Chandigarh, with the final effluent having a BOD (Biochemical Oxygen Demand) less than 5.00 mg/l, and in order to use this effluent for irrigation purposes,a pipe line, pumping machinery and other contingent works was completed in August 2015 by incurring expenditure of ₹ 2.62 crore to cover this water.

[6] Since the shutdown of 15MGD old STP at Diggian, Mohali, the old and the new tertiary treatment plants are taking their input from the new STP of capacity 30MGD installed at Phase XI, Diggian, Mohali

Audit scrutiny of records of Public Health Circle) revealed that out of a total of 6-7 MGD treated effluent being produced at this STP, only 0.6-0.7[7] MGD of treated effluent could be supplied to the rising main of the old distribution network, and the remaining treated water had to be flushed out in the adjoining nallah due to non-planning of underground reservoir at the exit point of treated water. Hence, the purpose of using/supplying the effluent with BOD level < 5mg/l to the rising main was not met despite expenditure of ₹ 2.62 crore, due to failure plan of the adequate capacity.

MCC accepted the fact and stated (Nov 2018) that the observations of this para have been noted for designing of UGRs in vicinity of tertiary treatment plants using the old abandoned structure at site.

15.4.4 (b) Project Design Parameters

i) Project Outcome Vis a Vis Objective

As per the DPR, 20MGD of water was required to cover a total of 3573 acre of green spaces in Chandigarh out of which 10 MGD had been done earlier which was actually producing 3-4.5 MGD.

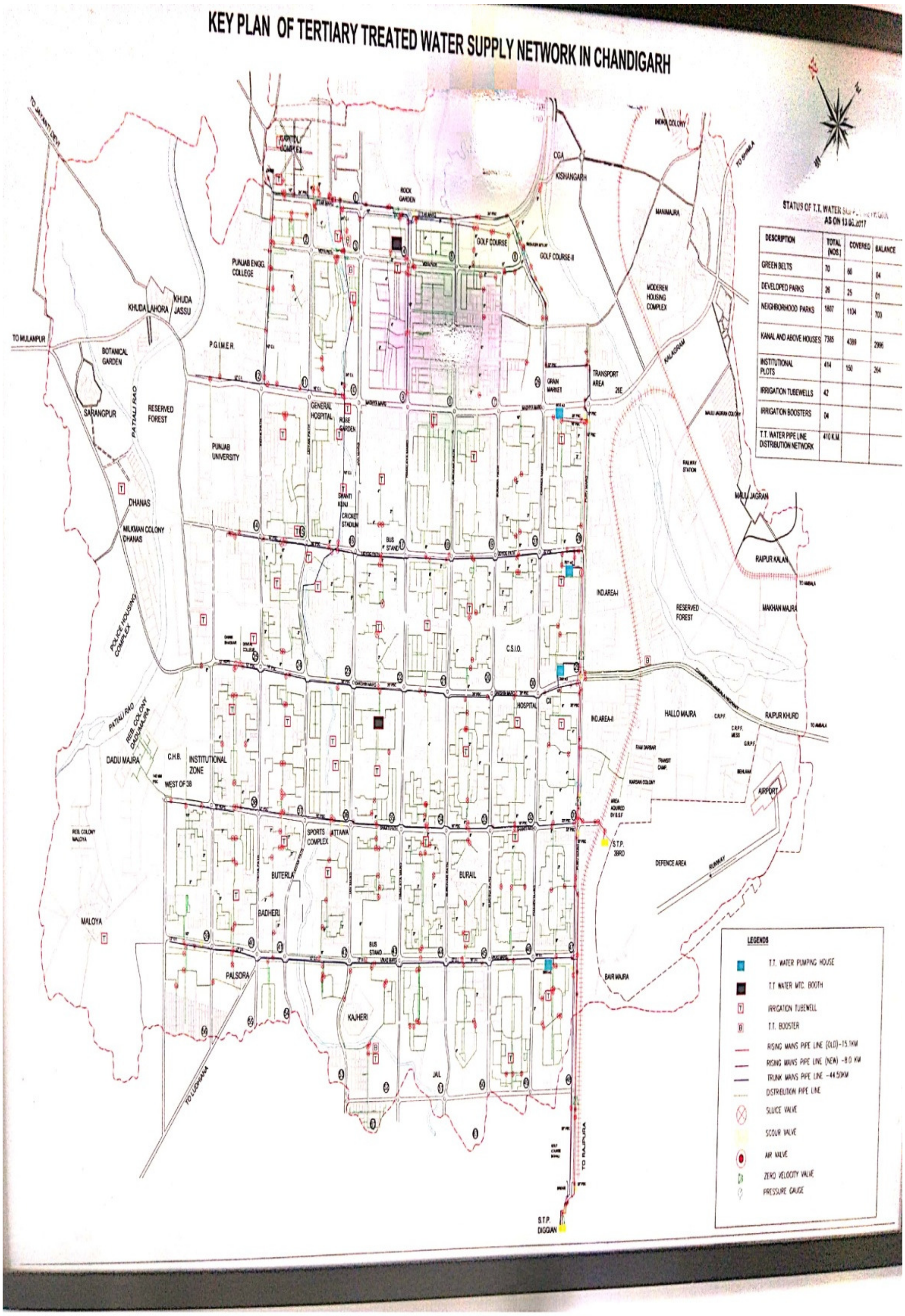
Audit noted that pumps were operated for two shifts in a day and taking into consideration the discharge capacity of the pumps at both plants, a maximum 14.90 MGD tertiary water only can be pumped to the city in 16 hours in a day. This indicates that all the components and system designed, was not capable of pumping 20 MGD of tertiary water to the city.

Audit noted that as against a planned supply of 20 MGD in all only 6-9 MGD was being actually supplied, which includes about 3-4.5 MGD from Phase II.

To meet the shortage of water for irrigation purpose, 25 irrigation tube wells installed prior to the tertiary water project in gardens/parks/green belts were still operational.

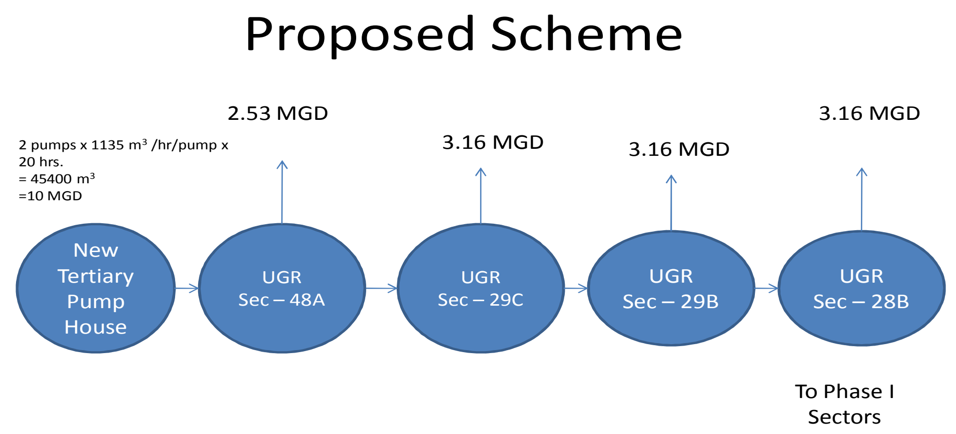
MCC in their reply (November 2018) stated that the connections for usage of tertiary treated water are being inactive, which will be extended and the same would take time, thereby implicitly accepting the audit conclusion.

[7] One MGD = 4546 cubic meter, maximum time run of each pump 3.3o hr, Discharged of two pumps – 920 cubic meter/hr, total discharge – 3220 cubic meter/per day, treated water supplied 3220/4546 = 0.71 MGD.

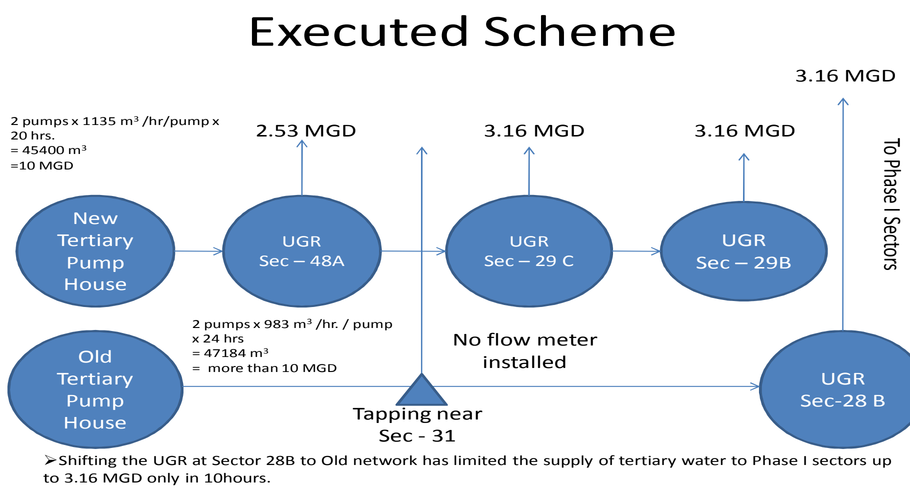


ii) Shifting of Under Ground Reservoirs (UGR) hampering the overall capacity of the Tertiary water Distribution network

As per DPR, four Underground Reservoirs (UGR) were proposed to be constructed in Sectors 47C, 29C, 29B and 28B in new distribution network to balance the inflow and supply of treated water.



Audit noticed that three out of the four UGRs i.e. UGRs at Sectors 48A (UGR originally proposed at Sector 47C), 29B and 29C were constructed in the new distribution network but the UGR at Sector 28B was shifted to the old distribution network which was already being used for providing irrigation water under Phase 1 of the project. No justification/approval of the competent authority in support of these alterations could be found on record.



Audit is of the view that shifting of UGR at Sec 28B from new distribution network to old distribution network, changed the thrust of the whole project:

1. Despite the extra UGR, only 3-4 MGD of tertiary water like before was supplied in the old network and thus no major significant change in the supply of tertiary water to Phase I sectors.
2. In new distributions network, the maximum capacity of pumping was reduced to 7.08 MGD of tertiary water from 10 MGD as per original

design, in 10 hours against which 3-4.5 MGD only tertiary water was supplied during the period April 2015 to March 2018, thus not operating as per the design capacity.

MCC in its reply (Nov 2018) stated that Sec 31 UGR is not justified near the STP of 11 MGD at 3BRD. It was then proposed that tertiary treated water shall be supplied from this STP plant directly to the feeding area.

The reply of MCC is not tenable as area of the sector-31 (near STP of 11 MGD capacity at 3BRD) is being fed directly through the rising main and not from the STP directly as stated by the MCC. Moreover, if it was desirable to shift the UGR at Sector 28B to the old network, the desired specifications/design of the pumps to be installed in all the UGRs should have been reworked keeping in view the requirement of tertiary water to be supplied in the respective networks so that optimal supply of the tertiary water could be made to the end consumers.

iii) Tertiary treated water Connections not billed

As per DPR *(Viability of the Project),* a part of the operation and maintenance cost of the project to the tune of 43 *per cent* shall be recovered from sale of TT water and remaining expenditure was to be met from the revenue generated by the sale of saved drinking water.

Audit noticed that out of a total 5,734 tertiary water connections under the Tertiary Treated project, bills were being raised for 1,327 tertiary water connections only, resulting in 4,407 tertiary treated water connections remaining unbilled.

MCC in its reply (Nov 2018) stated that tertiary treated water bills are being raised as per record maintained in Public Health Division".

The reply is not tenable as the figures reflected above have been provided by the MCC. Moreover, MCC has been supplying free of cost tertiary water to the Green belts/gardens/parks etc. which were being maintained by the Horticulture wing of MCC, the revenues of which had not been excluded at the time of approval of the DPR.

iv) Revolving fund as desired in the Detailed Project Report was not maintained

As per DPR approved in 2007 at least 25 *per cent* of the funds released are to be recovered and credited in revolving fund at the city level to meet the Operation and Maintenance expenses of the assets created under the mission, and it would amount to ₹ 372.58 lakh per year.

Out of this 43 *per cent* expenditure was to be met from the revenue generated from sale of tertiary water and the remaining was to be met from revenue generated from sale of potable water saved by using tertiary water for irrigation purposes.

Scrutiny of the records of MCC revealed that no such revolving fund was created by the implementing agency, and no separate account of revenue collected from supply of tertiary water was maintained by the MCC. MCC stated (November 2018), that the revenue generated as tertiary water charges is being used for maintenance of tertiary water network, but there was no records available to validate this.

v) Avoidable expenditure on rehabilitation of Old Tertiary Treatment Plant

The MCC completed the work of Rehabilitation of 10 MGD capacity at old TTP (September 2015) for ₹ 3.13 crore.

Audit noticed that while undertaking this work the specification relating to BOD (Biochemical Oxygen Demand) level of the final effluent was not upgraded to the level of less than 5mg/l which was approved in the DPR for Phase II, thereby rendering it unsuitable for tertiary water supply.

In opinion of audit the higher level of BOD[8] is the likely reason for non-acceptance of tertiary water among the consumers. Hence, the entire expenditure incurred in rehabilitation of the plant was rendered infructuous.

MCC in its reply (November 2018) agreed that only secondary treatment removes 80 *per cent* to 95 *per cent* of BOD and that that tertiary treatment plant does not play a vital role, in restricting BOD.

The reply of MCC is to be viewed in the light of the fact that as per parameters prescribed under JNNURM, tertiary water should be of BOD level <5mg/l, which was not achieved.

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8 BOD is a measure of, the amount of oxygen that required for the bacteria to degrade the organic components present in water/waste water. Biochemical Oxygen Demand is an important water quality parameter because it provides an index to assess the effect discharged wastewater will have on the receiving environment. The higher the BOD value, the greater the amount of organic matter or "food" available for oxygen consuming bacteria. A BOD level of 1-2 ppm is considered very good. A water supply with a BOD level of 3-5 ppm is considered moderately clean. In water with a BOD level of 6-9 ppm, the water is considered somewhat polluted because there is usually organic matter present and bacteria are decomposing this waste.

vi) Less utilisation of pump house due to improper estimation of sewage water

Audit noted that the discharge of pumps installed at the old and new tertiary plants is 983[9] cubic meter per hour and 1135[10] cubic meter per hour respectively for each pump. As a result, sewage after secondary treatment in excess of 4,236 cubic meter per hour was bound to be flushed in the adjoining nallah, even at optimum pumping efficiency.

Audit further noted that on the other hand, the inflow of sewage to the treatment facility at night time is quite low i.e. around 1800 cubic meter per hour, thereby reducing the inflow for tertiary plant. As a result, the tertiary plant cannot be run at its full strength at night, contrary to the assumptions made while designing the capacity of the pumps to be installed at tertiary plants. Also, there is no demand for irrigation in the city at night.

Audit observed that the entire calculation for design parameters was based on the requirement of supplying 20 MGD of tertiary water to the city for irrigation completely ignoring the fact that the inflow of sewage during peak hours was far in excess of the discharge capacity of the pumps installed at the tertiary plants and at night time, is far below than what is required to run the plant at its full strength.

MCC in their reply stated that pumping capacity was designed for maximum peak load & pumping is done as per the requirement of tertiary treated water and the storage of TT water by constructing underground reservoir at TT plant or the secondary places for further distribution to end user.

The reply of M.C.C. is not tenable in view of the fact that during peak hours due to less pumping capacity (i.e. 4236 cubic meter/hour) secondary treated water was being flushed out into the adjoining nallah and during low hours pumps were operated below capacity.

15.4.4 (c) Execution

i) Irregularities in the execution of work

MCC Chandigarh concluded a contract with M/s H L Handa & Co for construction of 10 MGD capacity TTP to treat Biologically Treated Sewage by installing Dual Media Filters and other associated units at Diggian for

9 Discharge specification of old tertiary pump.

10 Discharge specification of new tertiary pump.

₹ 7.78 crore (₹ 7.29 crore for Capital work & ₹ 0.49 crore for Operation & Maintenance). Audit noted that:

1. As against the administrative approval of ₹ 4.73 crore for aforesaid work an amount of ₹ 7.29 crores (54 *per cent* excess) was incurred. The justification for enhancement of cost of the project to the extent, without any significant change in the capacity/technology of the tertiary plant to be installed, could not be found on record.

2. Against the capacity of 10MGD tertiary treated water from the aforesaid plant on an average only 3 - 4 MGD tertiary treated water was being supplied.

3. The parameters of BOD level as agreed upon between the agency and MC Chandigarh was below 20 mg/l, which was far above what was approved in the DPR i.e. five mg/l.

As per the reports obtained from Chandigarh Pollution Control Committee (CPCC), the parameters for BOD and Chemical Oxygen Demand (COD) were also on the higher side in comparison to the parameters approved in the DPR, establishing the fact that the quality of tertiary water being supplied to the green spaces/houses for irrigation was sub-standard.

MCC in their reply stated that the administratively sanction was for the whole project and excess in any phase cannot be termed as irregularity.

(i) The supply through two different cannot be consolidated as their nomenclature is different.

(ii) The old and the new tertiary plant were designed for BOD level more than five mg/l.

The reply of MCC was not tenable in view of the fact that the work cost was enhanced by 54 *per cent* without introducing any significant change in the capacity/technology of the tertiary plant and no reasons were given for not adhering to Ministry's standard for less than five mg/ l BOD[11].

[11] BOD is a measure of, the amount of oxygen that required for the bacteria to degrade the organic components present in water/waste water. Biochemical Oxygen Demand is an important water quality parameter because it provides an index to assess the effect discharged wastewater will have on the receiving environment. The higher the BOD value, the greater the amount of organic matter or "food" available for oxygen consuming bacteria. ABOD level of 1-2 ppm is considered very good. A water supply with a BOD level of 3-5 ppm is considered moderately clean. In water with a BOD level of 6-9 ppm, the water is considered somewhat polluted because there is usually organic matter present and bacteria are decomposing this waste.

15.4.5 Conclusion

A total tertiary treated water of only 6-9 MGD instead of 20 MGD as planned is being supplied, due to both design and implementation failures, while the project viability is affected due to Non billing etc.

15.4.6 Reporting

The matter has been reported to the Municipal Corporation, Chandigarh in July 2018 and August 2019 and to the Ministry of Home Affairs, New Delhi in August 2018; their reply is awaited as of December 2019.

15.5 Fixation of lease rentals

Punjab Engineering College Chandigarh failed to adopt the prescribed rates of rent to banks operating in their premises, resulted in short realisation of rent from Banks of ₹ 1.15 crore.

Ministry of Finance Office Memorandum of 04 October 2016 invoked provisions of Rule 208 of General Financial Rules which included that i) all autonomous organisations, new or already in existence should be encouraged to maximise generation of internal resources and eventually attain self-sufficiency, ii) whether user charges, wherever the output or services are utilised by others, are levied at appropriate rates and iii) the scope for maximising internal resources generation in the organisation so that the dependence upon government budgetary support is minimised.

The Directorate of Estates (DoE), Ministry of Urban Development & Poverty Alleviation, notified (1 January 2004) for the first time separate rates of licence fee to be recovered from Service Departments/entities like banks/post offices which operate from General Pool Office Accommodations. The rates prescribed by the DoE were effective from March 1999 and revised from time to time. The DoE, Ministry of Urban Development, Government of India, (MoUD) is responsible for the administration and management of estates residential/office accommodation of GOI in the city of Chandigarh.

The Punjab Engineering College, (PEC) Chandigarh, is a fully funded Institute of Union Territory, Chandigarh, which leased its building to two nationalised banks i.e. State Bank of India (SBI) and Punjab National Bank (PNB) from October 1992 and March 2005 with space allocation of 315 square meter and 104 square meter for their premises respectively, at a lump sum rental of ₹ 1,876 per month and ₹ 10,800 per month respectively, which was ultimately escalated to ₹ 18,772 per month (04/2013) and ₹ 29,738 per month (10/2014), respectively.

Audit noted that PEC had not adopted the latest DoE prescribed rates i.e. @ ₹ 455 per square meter (April 2011) and @ ₹ 585 per square meter (April 2014), in their rental agreements for banking services within its premises. This resulted in a short realisation of license fee amounting to ₹ 1.15 crore for the period from April 2013 to March/November 2018, in respect of both the banks.

PEC replied (September 2018) that the rent was fixed initially as per assessment made by PWD department Chandigarh with the approval of Chandigarh Administration. PEC also claimed that they are a non-commercial organisation and hence the DOE's instructions regarding rent are not applicable. On being clarified that while PEC is an academic Institution, the banks who have rented its premises are commercial undertakings and they are liable to pay as per the norms. Thereafter, PEC took up the matter with Engineering Department of UT to reassess the rent for bank premises in the campus, but failed to ensure that the base deed covered the entire period in question.

In a meeting held on September 2019, PEC informed (September 2019) that the rents have been revised in respect of both the banks. SBI has also deposited rent with effect from 01 April 2018, as per the revised lease deed, while PNB's rent is being revised from 01.10.2019 and the lease deed is awaited. The banks are yet to pay the arrears for the earlier periods.

Thus, the failure of the PEC to apply the prescribed rates of license fees on the banks in time resulted in short charging of rent from banks, amounting to ₹ 1.15 crore.

The matter was referred to the Ministry of Home Affairs in July 2018 and their reply was awaited (December 2019).

15.6 Irregular payment of Service Tax

Department of Information Technology, Chandigarh made irregular payment of ₹ 64.83 lakh to the Society of Promotion of Information Technology, Chandigarh on account of service tax, which was recovered after being pointed out by Audit.

Department of Information Technology (DIT), Chandigarh Administration designed (2001) an IT project named e-Sampark for the betterment of the residents of Union Territory Chandigarh and engaged two vendors viz SQL Star

International Limited (September 2004) and M/s Datamation (December 2006) for operating the Urban e-Sampark Centres and Rural Sampark Centers at the rate of ₹ 8.89/- per transaction and ₹ 3.90/- per transaction respectively, inclusive of any kind of duties charges, and taxes levied/applicable, whereas contract with both the agencies were ended on December 2010.

The DIT assigned (January 2011) the job of running these e-Sampark Centres to the Society for Promotion of Information Technology, Chandigarh (SPIC) on same terms and conditions as was agreed upon with the former service providers (M/s SQL Star International and M/s Datamation) on temporary basis initially for a period of six months. Extension of service period on six months basis continued till June 2015 and thereafter the project was transferred to SPIC on permanent basis w.e.f. 01 July 2015.

Audit noted that (September 2017) that the DIT, UT Chandigarh, paid ₹ 2.08 crore in the form of Service Tax for the period September 2011 to March 2017 as claimed by SPIC, in contravention to the agreed terms and conditions under which the SPIC was liable to pay the Service Tax.

While accepting the audit observation, the DIT had recovered ₹ 64.83 lakh from the SPIC for the period September 2011 to June 2015 where the transaction rates were inclusive of Service Tax. DIT further stated that they had revised the transaction rates subsequently on July 2015 after which Service Tax are reimbursable.

The matter was referred to the Ministry of Home Affairs in May 2019; their reply was awaited (December 2019).

Chandigarh Industrial and Tourism Development Corporation Limited

15.7 Operation and Management of Secretariat Canteen, Chandigarh and Guest House, New Delhi on behalf of Union Territory, Chandigarh Administration

CITCO operated Union Territory Chandigarh Secretariat Canteen at Chandigarh and Guest House at New Delhi without any agreements or operational arrangements and incurring a deficit of ₹ 8.27 crore and ₹ 1.52 crore respectively.

Chandigarh Industrial and Tourism Development Corporation Limited (CITCO) manages and operates a secretariat canteen at Chandigarh and a guest house at New Delhi on behalf of Union Territory (UT), Chandigarh Administration since 1983 and 1990 respectively.

Board of Directors (BoD) of CITCO had approved the arrangement for operations of canteen considering it a package deal from UT Administration Chandigarh which also involved transfer of hotels and cafeteria. The operations and management of guest house at New Delhi was approved by the BoD on the request of UT Administration, considering the lack of accommodation facilities at New Delhi for visiting officers. However, CITCO did not enter into any agreement or even reach an understanding regarding terms and conditions for performing such functions at both the establishments. A draft agreement for UT guest house at Delhi was sent by CITCO to UT Chandigarh Administration for execution only in May 2016, which is yet to be formalised (July 2019). CITCO did not seek any agreement in respect of UT Secretariat canteen at Chandigarh. CITCO operated a similar guest house at Chandigarh on behalf of UT Chandigarh Administration, where an agreement for defraying the expenses was available.

CITCO had incurred net expenditure of ₹ 8.27 crore[12] during 2004-05 to 2017-18[13] for running UT Secretariat canteen at Chandigarh and during 2009-10 to 2017-18[13], ₹ 1.52 crore for UT guest House at Delhi. In view of financial constraints and declining profitability faced by the CITCO, it took up the matter with UT Chandigarh Administration for reimbursement of the expenditure only in February 2014, but to no avail, in the absence of any agreement or even an understanding.

Audit further noted that UT Chandigarh Administration had agreed (February 1995) for grant of ₹ 50,000 per month to CITCO for subsidising the eatables served in the canteen. However, UT Chandigarh Administration neither released the subsidy of ₹ 50,000 per month to CITCO nor did CITCO made a formal claim for the same, which amounted to ₹ 1.38 crore as on March 2018.

In the absence of any agreement with UT Administration, expenditure incurred by CITCO on these two establishments, to the tune of ₹ 9.79 crore till March 2018 are irregular.

The Management replied (August 2018) that these activities were taken up as 'a social function on non-commercial basis'. It further stated that the issue of reimbursement of expenses with UT Administration Chandigarh has also been followed up periodically. UT Administration Chandigarh replied (August 2019) that a meeting was held on 29 July 2019 to discuss the issue of reimbursement of expenses in running of UT Secretariat canteen at Chandigarh and it was decided that CITCO and Hospitality Department will send a proposal to Finance Department, which is still awaited from CITCO.

[12] Expenditure (₹ 11.71 crore) *less* Revenue from sales (₹ 3.44 crore)
[13] Figures for prior period not available.

The Management's contention that activities were taken up as a social function on non-commercial basis, is not acceptable as CITCO was set up as a commercial undertaking and supplying food items at subsidised rates to UT Administration employees or running UT guest house at Delhi without reimbursement of expenses incurred, is not covered under its object clause in the Memorandum of Association. UT Administration, Chandigarh informed that a proposal has been sought from CITCO for grant in aid for reimbursement of expenses incurred in running UT Secretariat canteen at Chandigarh, however the reply was silent about the reimbursement of expenses on running UT guest house at Delhi.

Union Territories-Dadra & Nagar Haveli and Daman & Diu Administrations

15.8 Delayed Filing of Returns

VAT Departments Dadra & Nagar Haveli (DNH) and Daman & Diu (DD) did not monitor the timely filing of return of the dealers which resulted in penalty of ₹ 1.14 crore for filing of return by the dealers not being levied.

As per Rule 26 of DNH and DD VAT Rules 2005, a dealer whose turnover in the preceding year exceeds ₹ five crore shall file monthly return. Further, as per section 86 (8) of the DNH and DD VAT Regulations, if a person required to furnish a return fails to furnish any return by the prescribed date such person shall be liable to pay, by way of penalty, a sum of one hundred rupees for each day during which such failure continues or ten thousand rupees, whichever is less.

Audit observed (July-August 2018) that 139 dealers (2015-16) and 179 dealers (2016-17) of VAT departments DNH and DD whose Total Turnover (TTO) were ranging from ₹ 5.02 crore to ₹ 464.31 crore filed returns quarterly instead of monthly. Audit, further, observed that the department did not levy penalty for delay in filing the return ranging from one month to two months which resulted in loss of revenue to the extent of ₹ 1.14 crore.

VAT Department, DD and DNH accepted the audit observation and replied that demand notices have been issued to the defaulter for recovery of penalties for late filling of returns and action to recover the penalty would be taken under intimation to audit (October 2019).

VAT DD has also recovered ₹ 2.06 lakh from seven dealers and assured that recovery of penalty from the remaining dealers would be adjusted in final assessment till the end of March 2020 (October 2019).

15.9 Excess refund due to Non/Less reversal of tax credit on Branch Stock Transfer

VAT Departments Dadra & Nagar Haveli (DNH) did not reverse tax credit on Branch Stock Transfer (BST) of ₹ 23 lakh in case of M/s Time Techno Plast Ltd. for the tax period 2013-14 and reversed less credit on BST of ₹ 13 lakh in case of M/s KEI Industries Ltd. for the tax periods 2012-13 to 2015-16 which resulted in excess refund of tax credit of ₹ 36 lakh.

As per Section 9(*6*) of DNH VAT Regulation 2005, where a dealer has purchased goods (other than capital goods) for which a tax credit arises and the goods so purchased or goods manufactured out of such goods so purchased are to be exported from Dadra & Nagar Haveli (DNH), by way of transfer to a (*i*) consignment agent who is not residing in DNH and such transfer is not by way of sale in the DNH; or(*ii*) branch of the dealer when such branch is located outside DNH and such transfer is not by way of sale in the DNH, the amount of the tax credit shall be reduced by such percentage as may be prescribed.

During test check of the records of DNH VAT, audit observed (July 2018) that tax credit in case of two dealers as discussed below were not reversal/short reversal:

Case-I

Tax credit on branch stock transfer not reversed

As per section 32(1) of the DNH VAT Regulation 2005, if any person has furnished incomplete or incorrect returns; the Commissioner may, for reasons to be recorded in writing, assess or re-assess to the best of his judgment the amount of net tax due for any tax period or tax periods.

Audit observed (July 2018) that a dealer[14] had made Interstate Branch Stock Transfer (BST) of ₹ 22.15 crore during 2013-14 out of local purchases for which the dealer did not reverse tax credit of ₹ 23.00 lakh while filing return as detailed in the **Table No. 1**:

Table No. 1: Details of non-reversal of tax credit

(₹ in crore)

Tax period	Interstate Branch stock transfer	Gross Turn Over (GTO) Sales	Total credit availed	Credit to be reversed
2013-14	22.15	175.71	1.82	0.23[15]

Thus, failure to reverse tax credit by the dealer resulted in to short levy of VAT of ₹ 23 lakh for the period 2013-14 which also attracted levy of interest of

[14] M/s Time Techno Plast limited.
[15] (₹ 22.15 crore/₹ 175.71 crore) x ₹ 1.82 crore.

₹ 14 lakh[16] at the rate 15 *per cent* under Section 42(2) of the DNH VAT Regulation 2005.

The observation was made by the audit in July 2018 but while making assessment for the period 2013-14 in December 2018 also, the VAT Department, DNH did not reverse the tax credit.

VAT department is required to make re-assessment under section 32 (1) of the DNH VAT Regulation 2005 and take necessary action to recover the tax not reversed including accrued interest.

Case-II

Short-reversal of tax credit on branch stock transfer

M/s KEI Industries Ltd. under VAT Commissioner, DNH transferred goods to its branch depot outside DNH against form-F and showed sale of depot in its Sales Gross Turn Over (GTO). Thus, due to wrong inclusion of depot sale in its GTO, DNH VAT made less reversal of tax credit of ₹ 13 lakh for the periods 2012-13, 2013-14, 2014-15 and 2015-16 as detailed in **Table No. 2**:

Table No. 2: Details of less reversal of tax credit

(₹ in crore)

Tax period	Interstate stock transfer	Gross Turn Over (GTO) Sales including Depot sale	Depot sale	Tax credit availed	Tax credit to be reversed	Tax actually reversed	Difference
2012-13	38.23	597.78	23.97	1.94	0.13[17]	0.07	0.06
2013-14	66.42	635.64	44.74	1.80	0.20	0.19	0.01
2014-15	119.43	752.75	73.67	1.83	0.32	0.29	0.03
2015-16	198.57	820.54	50.27	1.82	0.47	0.44	0.03
Total					**1.12**	**0.99**	**0.13**

Thus, irregular inclusion of Depot sale in GTO resulted in excess refund of tax credit of ₹ 13 lakh attracting interest of ₹ 7 lakh[18] at the rate 15 *per cent* for the period up to March 2018 under Section 42(2) of the Regulation 2005.

VAT Department, DNH accepted (August 2018) the audit observation and issued (May 2019) notice of default assessment under section 32 of the DNH VAT Regulation 2005.

15.10 Refund of Input Tax Credit

VAT Department Daman & Diu (DD) allowed inadmissible Input Tax Credit (ITC) of ₹ 30.13 lakh for construction activity to two dealers. On being pointed out by Audit, the VAT Department recovered the inadmissible ITC along with interest of ₹ 6.78 lakh

As per Section 9 of the Daman and Diu Value Added Tax (DDVAT) Regulation 2005, a dealer shall be entitled to a tax credit in respect of the turnover of

16 ₹ 0.14 crore for the period 2013-14 for four years up to March 2018.

17 (₹ 38.23 crore/₹ 573.81 crore) x ₹ 1.94 crore.

18 ₹ 4.5 lakh for 2012-13, ₹ 0.6 lakh for 2013-14, ₹ 1.35 lakh for 2014-15 and ₹ 0.9 lakh for 2015-16.

purchases made during the tax period. However, no tax credit shall be allowed for the purchase of goods by a person, which is to be used as a part of the structure of a building owned or occupied by such person. Further, explanation below Section 9 (2) of the Act ibid stipulates that tax credit shall be allowed in respect of goods and building materials which are purchased by a person either for the purpose of re-sale without alteration, or for the performance of a works contract in respect of a building owned or occupied by another person. Thus tax credit on construction of factory building or shed owned by the factory shall not be allowed.

Audit observed (March 2018) that VAT Department, Daman refunded (September 2016) ITC of ₹ 30.13 lakh for construction activity in case of two dealers as detailed in the **Table No. 3**:

Table No. 3: Inadmissible ITC and refund

(₹ in lakh)

Sl. No.	Name of the dealer and TIN No.	Period of tax credit	Inadmissible ITC and refund	Remarks
1.	M/s Flair Writing Instrument 25000007033	2014-15	26.64	Construction of two factory buildings at Kachigam through STAR BUILDCON, Daman
2.	M/s Hertz Chemicals Pvt. Ltd. 25000003675	2015-16	3.49	Various construction work for factory building through M. B. Developers Daman
Total			**30.13**	

This resulted in excess allowance of tax credit to the extent of ₹ 30.13 lakh.

VAT Department, Daman accepted the audit observation and recovered (April-June 2018) the inadmissible ITC of ₹ 36.91 lakh including interest.

Union Territories–Lakshadweep Administration

15.11 Retention of Government money in Savings Bank Account

Directorate of Port, Shipping and Aviation, Union Territory of Lakshadweep (UTL) had retained an amount of ₹ 29.18 crore in their SB Account without remitting it to Government Account in violation of the provisions of Receipt & Payment Rules, thereby frustrating optimum cash management.

Rule 100 (2) of R&P Rules *inter alia* stipulates that, the bills should be drawn for making payments, only when it is required and no moneys should be drawn in anticipation and kept outside the Government Account. Shipping Corporation of India Limited (SCI), a Public Sector Undertaking had received an advance of ₹ 72.24 crore in 2009-10 from the Administration of the Union Territory of Lakshadweep (UTL) for running, manning and maintenance of its vessels.

Similarly, the Land Acquisition Collectorate (LAC) of UTL Administration had received an advance of ₹ 5.75 crore in May 2009 and ₹ 14 crore in March 2014 for land acquisition for the extension of existing airport at Agatti Island. These moneys were kept with them unutilised, which were reported by CAG in his Compliance Audit Report No.24 of 2016. While forwarding Action Taken Note to Public Accounts Committee, the Ministry of Home Affairs (March 2017) gave an assurance to the PAC in the case of land acquisition that action had been initiated to get the amount refunded and remit the same back to Government Account.

Audit noted that Land Acquisition Collectorate, Agatti had however refunded (July 2017) an amount of ₹ 19.75 crore into the Savings Bank Account of the Department which was opened for the purpose of receiving Earnest Money Deposit (EMD). Similarly, SCI had also refunded an amount of ₹ 9.43[19] crore only into the Savings Bank Account of the department.

On being pointed out by Audit (April 2018), the Department informed (October 2019) that balance amount of ₹ 9.43 crore refunded by the SCI has been remitted to the Government Account in August 2019. It was further stated that, as the issue of extension of Agatti airport was being pursued vigorously, the competent authority had decided not to deposit this fund into Government Account on the plea that the land acquisition would be undertaken on a war footing and funds would be utilised soon.

Although the amount of ₹ 9.43 crore (refunded by the SCI) was remitted in the Government Account by the Department only in August 2019, the remaining amount of ₹ 19.75 crore (refunded by the LAC) is yet to be remitted into the Government Account.

[19] ₹ Two crore on 17.03.2016, ₹ two crore on 10.05.2016, ₹ two crore on 07.07.2016, ₹ two crore on 02.08.2016 and ₹ 1.43 crore on 09.06.2017.

Thus an amount of ₹ 29.18 crore has been held irregularly outside the Government Account for more than two years in violation of the provisions of R&P, and in contravention to the assurance of the Ministry to the PAC. Moreover, unnecessary retention of money adversely affects the cost of borrowing of Government, which worked out to ₹ 5.43 crore on account of interest on the retained Government money at the highest borrowing rate of Government of India during the period of 2016-17 to up to August 2019.

The matter was communicated to the Ministry of Home Affairs in August 2018; its reply was awaited as of May 2020.

New Delhi
Dated: 16 July 2020

(SUNIL DADHE)
Director General of Audit

Countersigned

New Delhi
Dated: 23 July 2020

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

ANNEXES

Annexe-1.1

(Referred to in paragraph no. 1.5)

Gross expenditure incurred by these Ministries/Departments during 2015-16 to 2017-18

(₹ in crore)

Sl. No.	Name of Ministry	2015-16	2016-17	2017-18
1.	Agriculture	22778.34	48997.61	55971.04
2.	Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy	1112.14	1292.60	2034.72
3.	Consumer Affairs, Food and Public Distribution	162384.89	147333.84	160517.15
4.	Culture	2011.83	2302.55	2530.51
5.	Development of North Eastern Region	2036.68	2543.61	2568.36
6.	Department of Atomic Energy	16380.70	18238.40	20067.60
7.	Nuclear Power Schemes	4733.26	--	--
8.	Department of Bio-Technology	1554.30	1895.50	2231.40
9.	Department of Science & Technology	3658.50	4325.60	4635.20
10.	Department of Scientific & Industrial Research	4028.60	4051.70	4618.80
11.	Department of Space	6920.00	8040.00	9130.60
12.	Drinking Water and Sanitation	13481.18	26475.66	27338.77
13.	Earth Sciences	1328.30	1464.20	1553.30
14.	Environment, Forest and Climate Change	2024.70	3360.30	4277.70
15.	External Affairs	14472.95	12772.62	13749.73
16.	Finance (Department of Expenditure)	166.79	285.00	224.47
17.	Food Processing Industries	504.44	716.97	685.83
18.	Health and Family Welfare	35390.48	40407.08	84704.43
19.	Home Affairs (including UTs without Legislatures)	70006.68	81310.12	103666.29
20.	Human Resource Development	86657.36	91673.04	112615.16
21.	Information and Broadcasting	14681.30	3978.30	3487.62
22.	Labour and Employment	4832.02	5313.31	6528.57
23.	Law and Justice	3127.96	3851.01	4567.13

Sl. No.	Name of Ministry	2015-16	2016-17	2017-18
24.	Minority Affairs	3654.85	3049.15	4139.31
25.	New and Renewable Energy	4244.80	7754.10	7456.20
26.	Overseas Indian Affairs	68.34	--	--
27.	Panchayati Raj	208.67	673.98	700.29
28.	Parliamentary Affairs	15.09	17.09	17.11
29.	Personnel, Public Grievances and Pensions	1127.29	1279.12	1563.59
30.	Planning	1781.03	225.69	258.95
31.	The President, Lok Sabha, Rajya Sabha, Union Public Service Commission, the Secretariat of the Vice President and Election Commission	1189.81	1368.20	1250.34
32.	Rural Development	121366.19	157952.27	180407.77
33.	Skill Development and Entrepreneurship	1007.47	1553.09	2198.01
34.	Social Justice and Empowerment	6309.64	7305.78	7682.83
35.	Statistics and Programme Implementation	4178.40	4270.84	4302.07
36.	Tribal Affairs	4495.18	4822.29	5317.79
37.	Water Resources, River Development and Ganga Rejuvenation	7906.90	6427.30	6054.90
38.	Women and Child Development	17260.28	17097.61	20520.45
39.	Youth Affairs and Sports	1460.90	1576.20	1722.71
	Total	**944264.84**	**738280.02**	**871296.68**

Source: Union Government-Appropriation Accounts (Civil) 2015-16, 2016-17 and 2017-18

Annexe-2.1
{Referred to in paragraph no. 2.2.1 & 2.2.4.1(A)}

Theme-wise details of Research Projects completed during 2012-18

Sl. No.	Title of the theme	No. of projects completed during 2012-18
1.	Integrated natural resources appraisal, monitoring and desertification	15
2.	Biodiversity conservation, improvement of annuals and perennials	32
3.	Integrated arid land farming system research	30
4.	Integrated land and water resources management	22
5.	Live stock production and management	8
6.	Plant products and value addition	5
7.	Integrated pest management	5
8.	Non-conventional energy sources, farm machinery and power	9
9.	Socio-economic investigation and evaluation	4
10.	Technology assessment, refinement and training	7
	Total	**137**

Annexe-2.2
(Referred to in paragraph no. 2.2.3.1)

Details of budgetary allocation and expenditure during 2012-18

(₹ in crore)

Year	Budget provision			Expenditure			Saving/ Refund
	Plan	Non- Plan	Total	Plan	Non- Plan	Total	
2012-13	3.45	54.03	57.48	3.44	54.02	57.46	0.02
2013-14	2.75	60.37	63.12	2.75	60.35	63.10	0.02
2014-15	2.63	69.02	71.65	2.61	68.74	71.35	0.30
2015-16	2.80	70.40	73.20	2.80	70.38	73.18	0.02
2016-17	3.98	78.94	82.92	2.87	78.81	81.68	1.24
2017-18	112.17		112.17	112.00		112.00	0.17
Total			**460.54**			**458.77**	**1.77**

Annexe-2.3

{Referred to in paragraph no. 2.2.4.1 (E)}

Details of 21 Commercialisable Technologies Developed by CAZRI since inception of Institute

Sl. No.	Name of technology developed	Technology IP protected/Non-IP protected[1]	Commercialisation status	Status of patent
1.	Three-in-one solar device	Non-IP protected	Commercialised	NA
2.	Solar PV duster	Non-IP protected	Commercialised	NA
3.	Improved Animal Feed Solar Cooker	Non-IP protected	Commercialised	NA
4.	Inclined Solar dryer	Non-IP protected	Commercialised	NA
5.	Improved Kassi	Non-IP protected	Commercialised	NA
6.	PV Winnower-cum-dryer	Non-IP protected	Commercialised	NA
7.	Solar Dryer	Non-IP protected	Commercialised	NA
8.	Jaisalmeri preserve and candy from fruit of Toosh (Citrullus Colocynthis)	IP protected	Under process	Granted
9.	Preparation and method of processing of Aloe candy from Aloe species	IP protected	Under process	Granted
10.	A novel method for isolating Aloin by extraction from yellow sap of Aloe vera	IP protected	Under process	Granted
11.	Nano-induced bacterial polysaccharide production	IP protected	Under process	Granted
12.	A process for synthesizing a Multi-nutrient organic manure	IP protected	Under process	Granted
13.	Bio-formulation of a Bio-pesticide and a process for preparing the same	IP protected	Under process	Granted
14.	Biosynthesis of mental nanoparticle from fungi	IP protected	Commercialised	In order for Grant (U/S 43)
15.	Rapid synthesis of platinum nanoparticles from Aspergillus flavus TFR 12	IP protected	Under process	In order for Grant (U/S 43)

[1] IP protected technologies are those that fall under the category of 'Inventions' and can be patented under Indian Patent Act. All other are non-IP protected technologies.

Sl. No.	Name of technology developed	Technology IP protected/Non-IP protected[1]	Commercialisation status	Status of patent
16.	Consortium of bio-pesticides and bio-formulation comprising same	IP protected	Under process	Application in Amended Stage
17.	Development of nano-induced biological phosphorous fertilizer (NB-PHOS) using Aspergillus flavus CZR-2	IP protected	Under process	Application in Amended Stage
18.	Compacted Compost-Gypsum Blocks	IP protected	Under process	Application in Amended Stage
19.	Petpyara churna from Toosh (Citrullus Colocynthis)	IP protected	Under process	Application Refused U/S 15
20.	A novel product "Aloe jelly" and method of processing the same	IP protected	Under process	Application Refused U/S 15
21.	Aloe Pickle and method of processing the same	IP protected	Under process	Application Refused U/S 15

Annexe-2.4

(Referred to in paragraph no. 2.2.5.3)

Details of shortfall in achievement of targets of on campus and off campus training programmes by KVK CAZRI, Kukma-Bhuj

On campus training:

Year	Rural youth (No. of trainings)			Extension Functionaries/Personnel (No. of trainings)		
	Target	Achievement	Shortfall	Target	Achievement	Shortfall
2012-13	0	0	0	0	0	0
2013-14	2	0	2	5	2	3
2014-15	1	0	1	3	2	1
2015-16	2	0	2	6	4	2
2016-17	0	0	0	4	2	2
2017-18	0	0	0	2	2	0
Total	**5**	**0**	**5***	**20**	**12**	**8****

* Percentage shortfall in trainings to Rural Youth was 100 *per cent.*
** Percentage shortfall in trainings to Extension functionaries was 40 *per cent.*

Off campus training:

Year	Rural youth (No. of trainings)		
	Target	Achievement	Shortfall
2012-13	0	0	0
2013-14	6	1	5
2014-15	0	0	0
2015-16	17	4	13
2016-17	0	3	(-) 3
2017-18	0	1	(-) 1
Total	**23**	**9**	**14***

* Percentage shortfall in trainings to Rural Youth was 60.86 *per cent.*

Annexe-2.5

(Referred to in paragraph no. 2.2.6.1)

Statement showing the details of vacancy position of scientific staff during 2012-18

Post	2012-13			2013-14			2014-15			2015-16			2016-17			2017-18		
	S	M	V	S	M	V	S	M	V	S	M	V	S	M	V	S	M	V
Director	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0
Principal Scientist	16	12	04	16	13	03	16	12	04	16	12	04	16	09	07	16	9	7
Senior Scientist	38	20	18	38	25	13	38	23	15	38	24	14	38	23	15	38	22	16
Scientist	86	50	36	86	50	36	86	53	33	86	60	26	86	63	23	86	64	22
Total	**141**	**83**	**58**	**141**	**89**	**52**	**141**	**89**	**52**	**141**	**97**	**44**	**141**	**96**	**45**	**141**	**96**	**45**
Percentage shortfall	**41.13**			**36.88**			**36.88**			**31.21**			**31.91**			**31.91**		

S: Sanctioned **M: Men-in-position** **V: Vacant**

Annexe-3.1

(Referred to in paragraph no. 3.1.1)

Details of packages awarded and their expenditure

(₹ in lakh)

Sl. No.	LOI No.	Date	Work Details	Name of the Sub-contractor	Actual Cost
1.	1762	07.10.2011	Consultancy Service for Repair, Renovation and Upgradation of IM	M/s Chapman Taylor	36.08*
2.	1022	06.01.2012	FPS Building	M/s Singh Techno Infra Pvt. Ltd.	45.48
3.	07	25.01.2012	Repair and Restoration of IM Building (External)	M/s The Millennium Construction Co.	740.30
4.	06	04.04.2012	Condition Survey of IM	Jadavpur University	4.98
5.	519	18.07.2013	Restoration of Ground Floor Corridors, Entrance Lobby etc. at IM	M/s The Millennium Construction Co.	1008.04
6.	890	16.08.2013	Construction of Upgradation of Archaeology, Paleo & Cultural Anthropology etc. galleries at IM	M/s Urmila RCP Projects Pvt. Ltd.	1780.40
7.	1017	26.08.2013	Creation of Toilet and Replacement of Lift at IM	M/s Ganapati Projects Pvt. Ltd.	132.65
8.	381	06.12.2013	External Electrical Installation of IM	M/s Translec Systems (India) Pvt. Ltd.	488.75
9.	1218A	10.01.2014	Providing & fixing steel labels etc. inside showcases of IM	M/s Adunique 76	9.35
10.	Nil	11.01.2014	Supply of Computers	M/s Computer Exchange Pvt. Ltd.	3.97
11.	1230	15.01.2014	Miscellaneous work of ABC Hall	M/s The Millennium Construction Co.	24.97
12.	1224	15.01.2014	Providing Security Surveillance System in Coin Gallery of IM	M/s Rahi Systems Pvt. Ltd.	21.35
13.	1239A	21.01.2014	Providing & fixing Display & Directional Signage of IM	M/s Adunique 76	18.45
14.	1238A	21.01.2014	Temporary shed with Fiber Glass Sheet and other misc. works at IM	M/s Structon	2.74
15.	1471A	08.03.2014	Miscellaneous & Finishing Works at IM	M/s Urmila RCP Projects Pvt. Ltd.	24.98
16.	338	21.03.2014	Renovation and upgradation of Galleries of IM	M/s Urmila RCP Projects Pvt. Ltd.	5405.04
17.	390	25.06.2014	Supply and Installation of Court Yard Illumination at IM	M/s Translec Systems (India) Pvt. Ltd.	23.93
18.	515A	25.07.2014	Preparation of As Built Drawing of Building within the premises of IM	M/s Bithi Basak	1.09
19.	748A	10.10.2014	Photo Framing of Valuable Painting for display at IM	M/s Adunique 76	37.02
20.	972	17.12.2014	Consultancy Services for Display System of Galleries of IM	M/s ACME Consultant Pvt. Ltd.	6.70*
21.	1033	05.01.2015	Supply of Godrej Furniture at IM	M/s Godrej Boyce Mfg. Co. Ltd.	58.10
22.	1133	03.02.2015	Providing and fixing steel labels & vinyle labels etc. inside showcases of IM	M/s Adunique 76	3.59
23.	401A	22.06.2016	Providing and fixing labels of Mask Gallery of IM	M/s Color Magic	3.19
				Sub-Contractor Total	**9881.15**
Agency Commission paid to NBCC (7% of ₹ 98.38 crore (₹ 98.81 crore *minus* (₹ 36.08 lakh *plus* ₹ 6.70 lakh)*)					688.66
				Total Expenditure	**10569.81**

* Agency Commission has not been paid for both the payments at Sr. 1 & 20, as expenditure was incurred without NBCC's Project Monitoring Consultancy.

Annexe-4.1

(Referred to in paragraph no. 4.4)

Cost escalation in contracts executed by Indira Gandhi Centre for Atomic Research, Kalpakkam

Sl. No.	Name of Civil Work	Date of Agreement	Work Order Value (in ₹)	Period of completion stipulated in agreement (in months)	Period *beyond* which cost escalation applicable as per CPWD provision (in months)	Amount paid as cost escalation (in ₹)
1.	Construction of Computer Annex Building	June 2013	2,16,68,635	15	18	9,55,053
2.	Construction of storage Building and office building for MRPU at DAE facility in Pallavaram Chennai.	March 2011	1,63,41,745	12	18	11,24,784
3.	Construction on of O&M Stores Building besides IFSB in FBTR complex	December 2011	92,35,565	8	18	2,02,124
4.	Construction of HTER Building	May 2013	4,37,90,900	12	18	17,23,988
5.	Laying of Peripheral Road for plant site at FRFCF	July 2014	2,78,38,100	8	12	4,36,976
6.	Providing Fencing with Chain link and Concreting for FRFCF Site at Kalpakkam	July 2014	2,65,77,130	8	12	7,53,568
7.	Construction of Experimental hall facility building at SRI, AERB, IGCAR.	August 2014	1,70,68,150	12	12	5,53,076
8.	Augmentation of Sewage Treatment Plant Phase-II	November 2014	1,80,75,500	12	12	12,46,485
9.	Formation of Asphaltic concrete road drain and RR compound wall from Helipad to PDC-5	April 2015	3,73,69,767	12	12	39,84,177
	TOTAL		**21,79,65,492**			**1,09,80,231**

Note: In all the cases, cost escalation was paid considering the period eligible for cost escalation as six months.

Annexe-8.1

(Referred to in paragraph no. 8.2)

Year	Renunciation No. of cases	Penalty No. of cases	Short recovery in renunciation fee (NZ$)	Short recovery in penalty (NZ$)
2012 (Jan-Dec)	582	Nil	59262	Nil
2013 (Jan-Dec)	1796	742	183192	185119
2014 (Jan-Dec)	1953	434	199006	105410
2015 (Jan-Dec)	2085	370	212670	87690
2016 (Jan-Dec)	2988	287	304776	69953
2017 (Jan-Dec)	939+3001 (3940)	66+336 (402)	95778+306502 (402280)	15762+83472 (99234)
2018 (Jan-Apr)	1193	93	141476	22866
Total	**14537**	**2328**	**1502662**	**570272**

Short recovery in **14537 cases** of **renunciation fees** amounting to **₹ 3,22,17,073.30** (**1502662 NZ$) i.e. ₹ 3.22 crore** for the period from **2012-2018.**

Short recovery in **2328 cases** of **penalty** amounting to **₹ 1,22,26,631.70 (570272 NZ$) i.e. ₹ 1.22 crore** for the period from **2012-2018.**

Annexe-8.2

(Referred to in paragraph no. 8.3)

Monthly Speed post business	Discount rate offered from 01.01.2011 to 30.09.2012	Discount rate offered from 01.10.2012 to 31.12.2016	Discount rate offered w.e.f. 01.01.2017
₹ 50,000 to ₹ 1,00,000	5%	6.25%	10%
₹ 1,00,000 to ₹ 2,50,000	7.5%	9.38%	
₹ 2,50,001 to ₹ 5,00,000	10%	12.50%	
₹ 5,00,001 to ₹ 7,50,000	12.5%	15.63%	15%
₹ 7,50,001 to ₹ 10,00,000	15%	18.75%	
₹ 10,00,001 to ₹ 15,00,000	17%	21.25%	
₹ 15,00,001 to ₹ 20,00,000	18%	22.50%	
₹ 20,00,001 to ₹ 25,00,000	19%	23.75%	
More than ₹ 25,00,001 to 1,00,00,000	20%	25%	20%
₹ 1,00,00,001 to 5,00,00,000			25%
Above ₹ 5,00,00,001			30%

Annexe-8.3

(Referred to in paragraph no. 8.3)

Non Production of details/data in electronic format (Soft Copy)

Sl. No.	Name of the RPO	Period of Observation	₹ in lakh
1.	Ahmedabad	April 2015 to March 2018	52.66
2.	Bareilly	April 2015 to March 2018	5.43
3.	Bhopal	April 2015 to March 2018	12.20
4.	Delhi	April 2015 to March 2016	6.06
5.	Dehradun	April 2015 to March 2018	3.99
6.	Ghaziabad	April 2015 to March 2016	9.48
7.	Guwahati	April 2015 to March 2018	6.38
8.	Hyderabad	April 2015 to March 2018	7.13
9.	Jaipur	April 2015 to March 2018	33.52
10.	Kolkata	April 2015 to March 2017	55.50
11.	Kozhikode	April 2015 to March 2018	18.48
12.	Patna	April 2015 to March 2018	11.93
13.	Trichy	April 2015 to January 2018	15.82
Total			**238.59**
14.	Lucknow	2015-16 to 2017-18	172.14
Grand Total			**410.73**

Annexe-10.1

(Referred to in paragraph no. 10.1)

(₹ in crore)

State	No. of PS	Funds released by Centre	PS comp-leted	Comple-tion cost	No. of PS with cost < ₹2 crore	Eligible Amount of Central Share*	Funds Unutilised			Amount Reco-verable	Amount Recovered	Recovery awaited
							Centre	State	Inte-rest			
Andhra Pradesh	16	25.60	16	27.88	16	22.30	3.30	0.00	0.00	3.30	1.79	1.51
Jharkhand	75	116.90	75	138.58	70	110.86	6.04	0.00	0.54	6.58	5.73	0.85
Odisha	70	112.00	70	134.83	70	107.86	4.14	0.00	15.17	19.31	15.17	4.14
Telangana	24	38.40	24	42.25	24	33.80	4.60	0.00	0.00	4.60	0.00	4.60
West Bengal	18	28.70	18	35.51	1	28.41	0.30	0.00	0.00	0.30	0.00	0.30
Madhya Pradesh	12	19.20	12	19.69	12	15.75	3.45	0.00	0.34	3.79	0.00	3.79
Maharashtra	10	16.00	10	28.07	2	16.00	0.26	0.00	1.26	1.52	0.00	1.52
Uttar Pradesh	15	23.89	15	31.96	9	23.68	0.21	0.00	0.00	0.21	0.00	0.21
Bihar	85	124.80	82	165	0	132.00	0.00	0.00	0.00	0.00	0.00	0.00
Chhattisgarh **	75	118.40	61	106.33	16	85.06	16.36	0.00	0.00	16.36	0.00	16.36
			14	21.23	12	16.98						
Total	**400**	**623.89**	**397**	**751.33**	**232**	**592.70**	**38.66**	**0.00**	**17.31**	**55.97**	**22.69**	**33.28**

PS: * Eligible amount of central share per Police Station was 80% of actual cost of a Police Station subject to ceiling of ₹ 1.60 crore per Police station.

** Chhattisgarh Government informed (October 2019) that construction of 75 police had been completed. Out of 75 Police Station, final bill of 61 PS had been paid and payment in respect of final bill of 14 PS is yet to be paid.

Annexe-11.1

(Referred to in paragraph no. 11.2)

Statement showing payment of Service Tax by Educational Institutions

(Amount in ₹)

Sl. No.	Name of the Institute	Amount	Period
1.	Maulana Azad National Institute of Technology, Bhopal, Madhya Pradesh	15086047	July 2012-March 2017
2.	National Institute of Technology, Hamirpur, Himachal Pradesh	1871367	March 2013-Feburary 2014
3.	National Institute of Technology, Kurukshetra, Haryana	4533641	February 2013-September 2014
4.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar, Punjab	1493819	July 2012-September 2013
5.	National Institute of Siddha, Chennai, Tamil Nadu	5260798	July 2012-March 2017
6.	Central University of Tamil Nadu, Thiruvarur, Tamil Nadu	1243172	December 2012-March 2017
7.	National Institute of Health and Family Welfare, New Delhi	6564899	July 2012-March 2017
8.	Central Institute of Indian Languages, Mysore, Karnataka	3108206	April 2014- March 2017
9.	Indian Institute of Science, Bengaluru	10573499	April 2016-March 2017
10.	National Institute Of Technology Karnataka Surathkal	3669523	July 2012-December 2014
Total		**53404971**	

Annexe-11.2

(Referred to in paragraph no. 11.3)

(D/o Higher Education)

Sl. No	Year of IR	Para No.
1.	1999-2000	Para II/IIA/98-2000
2.	2006-07	Para III/IIB/2006-07
3.	2009-10	Para II/IIB/98-2000
4.	2011-12	Para I/IIB/2009-10
5.	2013-14	Para C,D,E and F
6.	2014-15	Section A para I
7.	2016-17	Section A

Annexe-14.1

(Referred to in paragraph no. 14.1.5)

Details of 21 sampled projects funded by TDB during 2008-09 to 2018-19

(₹ in lakh)

Sl. No.	Year of signing of Agreement	Name of the Company	Name of the Project	Total Project Cost	Loan assistance sanctioned	Total release made, as of 31 March 2019	Status of the project, as on 31 March 2019
1.	2008-09	M/s Spray Engineering Devices Limited, Chandigarh	Development and Commercialisation of Indigenously Developed" Vertical Continuous Vacuum Pan"	1,281.00	430.00 (L)	430.00 (L)	Completed
2.	2008-09	M/s Siechem Technologies Pvt. Limited, Chennai	Developing and commercializing of Electron Beam Irradiation Technology to produce Heat Shrinkable Tubes, Profiles & Sheets, EB Cross linked Polymeric Wires & Cables	1,993.87	400.00 (L)	400.00 (L)	Completed
3.	2008-09	M/s SBP Aqua Tech Pvt. Limited, Hyderabad	Commercialisation of nano silver coated ceramic water filter candles	152.17	75.00 (L)	25.00 (L)	Completed
4.	2008-09	M/s Jyoti Limited, Vadodara	Design, Development Manufacturing and Marketing of 850Kw Wind Energy Converter Systems and Development of Wind farms and its Commercialisation for Electrical Power Generation	2,702.00	1,000.00 (L)	950.00 (L)	Not completed
5.	2009-10	M/s MIC Electronics Limited, Hyderabad	Development and Commercialisation of LED Based Lighting Products as Green Energy Solutions	6,000.00	1,500.00 (L)	1,500.00 (L)	Completed
6.	2009-10	M/s Ogene Systems (I)	Development and Manufacturing of Active	2,985.25	1,350.00 (L)	1,350.00 (L)	Completed

Sl. No.	Year of signing of Agreement	Name of the Company	Name of the Project	Total Project Cost	Loan assistance sanctioned	Total release made, as of 31 March 2019	Status of the project, as on 31 March 2019
		Pvt.Limited, Hyderabad	Pharmaceutical Ingredients (APIs)" namely Cetrizine Dihydrochloride, D-Naproxin, Sumatriptan Succinate, Racecadortil and Amlodipine Besylate.				
7.	2009-10	M/s Sahajanand Laser Technology Limited, Gandhi Nagar, Gujarat	Commercialisation of Fiber Laser cutting system	2,314.04	1,040.00 (L)	1,040.00 (L)	Completed
8.	2011-12	M/s Reliance Cellulose Products Limited, Secunderabad	Development and Commercialisation of Colloidal Microcrystalline Cellulose	985.00	490.00 (L)	440.00 (L)	Completed
9.	2011-12	M/s Intelizon Energy Pvt. Limited, Hyderabad	Solar and Wide Voltage Grid based Rural Home Energy Management System	240.30	100.00 (L)	30.00 (L)	Completed
10.	2011-12	M/s Biogenex Life Sciences Pvt. Limited, Hyderabad	Development and Commercialisation of Highly Specific and Sensitive Molecular Diagnostic Systems	2,468.80	998.80 (L)	975.00 (L)	Not completed
11.	2012-13	M/s Samics Research Materials Pvt. Limited, Bareilly (UP)	Scale-Up Manufacturing of Advanced Ceramic Oxides in Ultra-High Purity Grade for Applications such as Fuel Cells, Thermal Barrier Coatings and Research	116.90	46.35 (L)	30.00 (L)	Completed

Sl. No.	Year of signing of Agreement	Name of the Company	Name of the Project	Total Project Cost	Loan assistance sanctioned	Total release made, as of 31 March 2019	Status of the project, as on 31 March 2019
12.	2012-13	M/s Kavia Carbons (Chennai) Pvt. Limited, Tamil Nadu	Development and Commercialisation of Auto canister Carbon	1,976.00	615.00 (L)	425.00 (L)	Foreclosed/ Abandoned
13.	2013-14	M/s Zen Technologies Limited, Hyderabad	Development and Commercialisation of Unmanned Aerial Vehicle Mission Simulator	2,374.83	1,160.00 (L)	1,160.00 (L)	Completed
14.	2013-14	M/s Angels Health Pvt. Limited, Navi Mumbai	Medi Angels-The World's First Online Hospital providing technology based healthcare solutions across the world	1,150.00	400.00 (L)	160.00 (L)	Foreclosed/ Abandoned
15.	2013-14	M/s Forus Health Pvt. Limited, Bangalore	Development and Commercialisation of 3nethra – An intelligent pre-screening Ophthalmology Device	835.00	240.00 (L)	75.00 (L)	Foreclosed/ Abandoned
16.	2013-14	M/s Intemo Systems Limited, Hyderabad	Expansion of Infrastructure facilities	1,406.65	500.00 (L)	200.00 (L)	Not completed
17.	2013-14	M/s AXIO Biosolutions Pvt. Limited, Ahmedabad	Commercialisation of emergency Haemostatic dressing to control traumatic bleeding	331.41	133.00 (L)	40.00 (L)	Not completed
18.	2016-17	M/s Biological E Limited, Hyderabad	Setting up manufacturing facilities for Pneumococcal Conjugate Vaccine	32,039.00	10,000.00 (L)	8,000.00 (L)	Ongoing
19.	2017-18	M/s Grasim Industries Limited, Mumbai	Birla excel solvent spun cellulosic fibre plant	68,900.00	25,000.00 (L)	16,250.00 (L)	Ongoing
20.	2017-18	M/s Abilities India Pistons & Rings Limited, Delhi	Technology Adaption & Manufacturing of BS VI Quality Standard Pistons	1,682.72	841.36 (L)	210.36 (L)	Ongoing

Sl. No.	Year of signing of Agreement	Name of the Company	Name of the Project	Total Project Cost	Loan assistance sanctioned	Total release made, as of 31 March 2019	Status of the project, as on 31 March 2019
21.	2017-18	M/s Mobilexion Technologies Pvt. Limited, Trivandrum	Development and Commercialisation of Ubimedique Acute Care System	259.54	85.00 (L) 15.00 (G)	60.00 (L) 15.00 (G)	Ongoing
			Total (A)		**46,404.51 (L)** **15.00 (G)**	**33,750.36 (L)** **15.00 (G)**	

Annexe-14.2

(Referred to in paragraph no. 14.1.6)

Status of compliance to recommendations made in the previous Audit Report pertaining to TDB

Audit observation in Report No. 1 of 2006	Recommendations made in the report	Statement of TDB in Action Taken Note	Audit observations on follow up
The production and sales projections were invariably found to be inflated. In 15 completed projects, the achievement of production and sales against projected targets were between zero and 62 *per cent*. *[Paragraph 3.7.2]*	The production and sales projections of the company may be critically examined by the technical and financial experts before acceptance to avoid such wide variances between targets and actual achievements.	TDB assured (March 2016) that necessary instructions had been issued to examine the production and sales projections of the company critically before acceptance and signing of the agreement, to avoid variance between targets and actual achievements.	Despite assurance given by the TDB, significant variance between the targets and actual achievements persisted. The issues have been discussed in detail in para 14.1.7.8 of this report.
In 12 projects, TDB had released various instalments of loan without fulfilling some of the prescribed milestones required in the loan agreement. *[Paragraph 3.7.3]*	TDB may ensure that loan instalments are released only on fulfilling the milestones prescribed in the loan agreement. For adequate caution, the claims of the company should be verified from independent sources like Registrar of Companies before release of each instalment.	TDB stated (March 2016) that although milestones were reviewed during Project Monitoring Committee (PMC) meetings and conscious decision was taken with the approval of the competent authority to release the loan instalments on fulfilling the milestones.	TDB did not ensure the fulfilment of the milestones by the company before releasing loan instalments. The issues have been discussed in detail in para 14.1.7.4 of this report.
Regular monitoring was not done in 17 projects. In five projects, recommendations of PMC were not properly implemented. There was delay in receipt of prescribed returns	PMC meetings should be arranged more frequently, and the PMC should verify the status of implementation of the project against the benchmarks indicated under the agreement.	TDB assured (March 2016) that it had issued instructions for holding of PMC meetings to follow up the case under implementation,	Despite assurance given by TDB, periodicity for holding of PMC was not fixed, PMC meetings were not regularly convened and periodic

Audit observation in Report No. 1 of 2006	Recommendations made in the report	Statement of TDB in Action Taken Note	Audit observations on follow up
including project completion reports in 17 projects including some where none was received. Audited annual accounts were not received in 14 projects. Moreover, companies did not insure the assets or properties making TDB as a sole beneficiary in 11 projects. *[Paragraph 3.7.4]*	The recommendations of the PMC should be followed up regularly. The periodic returns, audited annual accounts and insurance policies of assets should be obtained from the companies strictly within the time schedule prescribed in the agreement. TDB should examine these documents properly so as to keep close watch on the developments under the project.	obtain periodic returns, audited annual accounts and insurance policy of assets within the stipulated time prescribed under agreement.	returns/ insurance policies of assets were not obtained from the companies. The audit observations have been discussed in detail in para 14.1.7.7.
The repayment had been received only in two projects while in four other cases repayment was not due. In another project, loan was converted into preference shares and recovery of interest was deferred. In the remaining 19 projects, the companies had defaulted on repayments. Out of the 19 default cases, in 13 cases TDB tried to accommodate the companies by revising the repayment schedule, sometimes more than once. Of these, in nine cases, the companies had again defaulted on repayments of the revised schedules. *[Paragraph 3.7.5]*	TDB may take prompt action on defaulters. Obtaining additional collaterals from the borrowers while revising the repayment schedule could be considered to ensure better adherence to revised schedules.	TDB stated (March 2016) that instructions had been issued to take prompt action against defaulters and obtain additional collaterals from the borrowers while revising the repayment schedule to ensure better adherence to revised schedules.	No action was taken by TDB for initiating prompt action on defaulters. The issues have been discussed in detail in para 14.1.7.5 of this report.

Annexe-14.3

(Referred to in paragraph no. 14.1.7.5)

Default in repayment of loan extended by TDB

(₹ in crore)

Sl. No.	Company	Amount of loan released	Amount repaid	Period of default till recall of loan by TDB	Repayment due till recall of loan by TDB	Audit observation
1.	M/s Biogenex Life Sciences Pvt. Ltd. Hyderabad	9.75	Nil	October 2014 to October 2015	3.98	TDB issued (March 2016) a Loan Recall Notice but did not receive any response from the company. Consequently, TDB referred (July 2016) the case to Arbitrator for settlement of outstanding dues. An award amounting to ₹ 12.86 crore was passed (March 2018) in favour of TDB which was also not recovered. As of May 2019, TDB was in the process of filing the execution petition.
2.	M/s Intemo Systems Limited, Hyderabad	2.00	Nil	January 2016 to January 2017	1.95	TDB issued the notice recalling the loan in May 2017. After getting no response from the company, TDB issued a notice (August 2017) for invocation of Arbitration clause. However, as of March 2019, TDB could not appoint an Arbitrator. DST Stated (February 2019) that TDB was in the process of incorporating & empaneling new arbitrators in its panel which took considerable time, as the consent of arbitrator was received

Sl. No.	Company	Amount of loan released	Amount repaid	Period of default till recall of loan by TDB	Repayment due till recall of loan by TDB	Audit observation
						by the time end of June, 2018. Further status was, however, not reported by DST.
3.	M/s SBP Aqua Tech Pvt. Ltd. Hyderabad	0.25	0.09	May 2010 to May 2011	0.20	As the scope of the project was changed by the company, TDB closed the project and requested (October 2010) it to return the along with interest. The company repaid (October 2010) an amount of ₹ nine lakh only due to which TDB recalled (July 2011) the loan and referred (September 2013) the case to the Arbitrator. Arbitrator passed (June 2014) an award of a sum of ₹ 20.01 lakh in favour of TDB for which it filed (January 2016) Execution Petition against the company. The recovery was not effected as of March 2019.
4.	M/s MIC Electronics Ltd. Hyderabad	15.00	Nil	January 2013 to January 2014	5.74	TDB issued (January 2014) Loan Recall Notice but on failure of response from the company, TDB referred (March 2014) the case to Arbitrator. Arbitrator passed (October 2016) an award for ₹ 17.63 crore in favour of TDB. DST stated (February 2019) that TDB started the procedure of execution of award from October 2017, but the

Sl. No.	Company	Amount of loan released	Amount repaid	Period of default till recall of loan by TDB	Repayment due till recall of loan by TDB	Audit observation
						company was declared insolvent in March 2018 due to which no civil or recovery proceedings could be initiated against the company.
Total		**27.00**			**11.87**	

APPENDICES

APPENDIX-I

(Referred to in paragraph no. 1.7)

Grants Released to Central Autonomous Bodies during 2017-18 (Under sections 14, 19(2) and 20(1) of the Comptroller & Auditor General's Act, 1971.)

(₹ in crore)

Sl. No.	Central Autonomous Body	Grants released during 2017-18
	ATOMIC ENERGY	
1.	Harish Chandra Research Institute, Allahabad	**30.32**
2.	Institute of Mathematical Sciences, Chennai	**57.04**
3.	Atomic Energy Education Society, Mumbai	**83.50**
4.	Tata Institute of Fundamental Research, Mumbai	**553.05**
5.	Tata Memorial Centre, Mumbai	**515.90**
6.	Institute for Plasma Research, Gandhinagar	**500.77**
7.	Institute of Physics, Bhubaneswar	**35.96**
8.	National Institute of Science Education and Research, Bhubaneshwar	**141.65**
9.	Saha Institute of Nuclear Physics, Kolkata	**120.31**
	AYUSH	
10.	Central Council of Research in Yoga and Naturopathy	**37.40**
11.	Central Council of Homeopathy	**3.52**
12.	Central Council of Indian Medicine	**2.86**
13.	Rashtriya Ayurvedic Vidyapeeth	**8.60**
14.	Central Council for Research in Homeopathy	**112.50**
15.	Central Council for Research in Unani Medicine	**133.94**
16.	Central Council of Research in Ayurvedic Sciences	**216.14**
17.	Morarji Desai national Institute of Yoga	**11.74**
18.	All India Institute of Ayurveda	**29.45**
	BIO-TECHNOLOGY	
19.	National Brain Research Centre, Gurgaon	**42.21**
20.	National Centre for Cell Sciences, Pune	**54.40**
21.	National Institute of Immunology, New Delhi	**71.75**
22.	Rajiv Gandhi Centre for Biotechnology, Thiruvananthapuram	**75.12**
23.	Centre for DNA Finger Printing & Diagnostics, Hyderabad	**40.20**

Sl. No.	Central Autonomous Body	Grants released during 2017-18
24.	Institute of Bio-resources and Sustainable Development, Imphal	**25.00**
25.	Institute of Life Sciences, Bhubaneshwar	**58.58**
26.	Translational Health Science and Technology Institute, Faridabad	**29.48**
27.	National Agri-Food Biotechnology Institute, Mohali	**31.00**
28.	Institute for Stem Cell Research and Regenerative Medicine Bengaluru	**82.50**
29.	National Institute of Biomedical Genomics, Kalyani	**25.50**
30.	National Institute of Animal Biotechnology, Hyderabad	**75.50**
31.	National Institute for Plant Genome Research, New Delhi	**38.00**
32.	Centre of Innovative and Applied Bioprocessing, Mohali	**14.46**
33.	Regional Centre for Biotechnology, Faridabad	**22.48**
	CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	
34.	Warehousing Development and Regulatory Authority	**5.81**
35.	Bureau of Indian Standards	**2.00**
	CULTURE	
36.	Centre for Cultural Resources and Training	**58.59**
37.	Lalit Kala Akademi	**27.93**
38.	Delhi Public Library	**21.14**
39.	Sahitya Akademi	**34.10**
40.	Sangeet Natak Akademi	**63.00**
41.	Indira Gandhi National Centre for Arts	**35.60**
42.	National School of Drama	**154.56**
43.	International Buddhist Confederation	**2.55**
44.	Nehru Memorial Museum and Library	**25.94**
45.	National Museum Institute	**3.54**
46.	Gandhi Smriti & Darshan Samiti	**15.05**
47.	Tibet House	**1.20**
	EARTH SCIENCES	
48.	National Institute of Ocean Technology, Chennai	**182.77**
49.	Indian Institute of Tropical Meteorology, Pune	**311.41**
50.	Indian National Centre for Ocean Information Services, Hyderabad	**82.70**
51.	National Centre for Antarctic & Ocean Research, Goa	**260.47**
52.	National Centre for Earth Sciences Studies, Thiruvananthapuram	**24.19**

Sl. No.	Central Autonomous Body	Grants released during 2017-18
	EMPOWERMENT OF PERSONS WITH PHYSICAL DISABILITY	
53.	ISLRTC	**4.50**
	ENVIRONMENT, FOREST AND CLIMATE CHANGE	
54.	Animal Welfare Board of India, Chennai	**6.07**
55.	Central Zoo Authority, New Delhi	**13.24**
56.	National Biodiversity Authority, Chennai	**20.40**
57.	National Tiger Conservation Authority, New Delhi	**13.73**
58.	Wildlife Institute of India, Dehradun	**39.42**
	EXTERNAL AFFAIRS	
59.	Indian Council for Cultural Relations	**233.14**
60.	Indian Council for World Affairs	**11.06**
61.	Indian Development Foundation of Overseas Indians	**1.00**
62.	South Asian University[#]	**287.55 (2017)** **143.89 (2018)**
	HEALTH AND FAMILY WELFARE	
63.	Indian Nursing Council	**0.21**
64.	Dental Council of India	**0.25**
65.	Pharmacy Council of India	**0.20**
66.	Medical Council of India	**1.00**
67.	AIIMS	**3184.06**
68.	Rashtriya Arogaya Nidhi	**30.00**
69.	Indian Council of Medical Research	**1413.60**
70.	National Institute of Health & family Welfare	**56.97**
71.	Food Safety & Standards Authority of India	**183.44**
	HOME AFFAIRS	
72.	National Human Rights Commission	**41.60**
73.	Land Ports Authority of India	**100.00**
	INFORMATION & BROADCASTING	
74.	Prasar Bharati	**2737.86**
75.	Press Council of India	**6.06**
	LAW & JUSTICE	
76.	National Legal Service Authority	**100.00**
77.	Institute of Constitutional & Parliamentary Studies	**1.51**

[#] ***The Accounts are prepared for the period January to December.***

Sl. No.	Central Autonomous Body	Grants released during 2017-18
	MINORITY AFFARIS	
78.	Central Waqf Council	**13.67**
	NEW AND RENEWABLE ENERGY	
79.	Centre for Wind Energy Technology (National Institute of Wind Energy), Chennai	**23.00**
80.	National Institute of Bio-Energy, Kapurthala	**1.00**
	RURAL DEVELOPMENT	
81.	Council for Advancement of People's Action and Rural Technology	**8.19**
	SOCIAL JUSTICE AND EMPOWERMENT	
82.	Rehabilitation Council of India	**5.71**
83.	National Trust	**13.14**
84.	Pt. Deendayal Upadhyay National Institute for Person with Physical Disabilities (Divyangjan)	**32.08**
	SCIENTIFIC AND INDUSTRIAL RESEARCH	
85.	Consultancy Development Centre, New Delhi	**1.00**
86.	Council of Scientific and Industrial Research, New Delhi	**4,735.04**
	SCIENCE AND TECHNOLOGY	
87.	Aryabhatta Research Institute for Observational Sciences, Nainital	**17.23**
88.	Birbal Sahni Institute of Paleobotany, Lucknow	**36.49**
89.	Indian National Academy of Engineering, Gurgaon	**4.78**
90.	Technology Information, Forecasting and Assessment Council, New Delhi	**16.00**
91.	Vigyan Prasar, New Delhi	**16.07**
92.	Wadia Institute of Himalayan Geology, Dehradun	**33.52**
93.	Agharkar Research Institute, Pune	**23.50**
94.	Indian Institute of Geomagnetism, Mumbai	**40.20**
95.	International Advanced Research Centre for Powder Metallurgy, Hyderabad	**55.77**
96.	Indian Institute of Astrophysics, Bengaluru	**60.47**
97.	Indian Academy of Sciences, Bengaluru	**12.21**
98.	Jawaharlal Nehru Centre for Advanced Scientific Research, Bengaluru	**78.92**
99.	Bose Institute, Kolkata	**86.03**
100.	Indian Association for the Cultivation of Science, Kolkata	**102.74**
101.	S N Bose National Centre for Basic Science, Kolkata	**42.20**

Sl. No.	Central Autonomous Body	Grants released during 2017-18
102.	Institute of Advanced Study in Science and Technology, Guwahati	**31.37**
103.	National Innovation Foundation, Ahmedabad	**19.51**
104.	Indian National Science Academy, New Delhi	**22.50**
105.	National Academy of Sciences, Allahabad	**16.31**
106.	Raman Research Institute, Banglore	**49.35**
107.	Centre for Nano and Soft Matter Sciences, Bangalore	**12.74**
108.	Indian Science Congress Association, Kolkata	**10.75**
109.	National Innovation Foundation, Ahmedabad	**19.51**
110.	Science and Engineering Research Board, New Delhi	**824.52**
111.	Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram	**205.03**
112.	Technology Development Board, New Delhi	**206.25**
	SPACE	
113.	North Eastern Space Application Centre, Shillong	**32.40**
114.	Indian Institute of Space Technology, Thiruvananthapuram	**97.00**
115.	National Atmospheric Research Laboratory, Tirupati	**24.70**
116.	Physical Research Laboratory, Ahmedabad	**190.00**
117.	Semi-Conductor Laboratory, Chandigarh	**329.00**
	Skill Development & Entrepreneurship	
118.	National Skill Development Agency	**20.00**
	WATER RESOURCES, RIVER DEVELOPMENT AND GANGA REJUVENATION	
119.	National Institute of Hydrology, Roorkee	**23.75**
120.	Betwa River Board, Jhansi	**31.04**
121.	Brahmaputra Board, Guwahati	**202.62**
122.	Narmada Control Authority, Indore	**45.75**
123.	National Mission for Clean Ganga, New Delhi	**4,625.80**
124.	National Water Development Agency, New Delhi	**100.26**
	WOMEN AND CHILD DEVELOPMENT	
125.	Central Adoption Resource Agency	**8.77**
126.	National Commission for Women	**24.29**
127.	National Commission for Protection of Child Rights	**16.01**
	YOUTH AFFAIRS & SPORTS	
128.	National Sports Development Fund	**2.00**
129.	National Anti Dope Agency	**5.30**

Sl. No.	Central Autonomous Body	Grants released during 2017-18
130.	Sports Authority of India	**913.43***
131.	National Dope Testing Laboratory	**9.90**
132.	Nehru Yuva Kendra Sangathan	**303.68**
Total		**27106.64**

*including ₹ 448.47 crore of Specific Purpose Grant

APPENDIX-II

(Referred to in paragraph no. 1.8)

Outstanding Utilisation Certificates

(₹ in lakh)

Sl. No.	Ministry/Department	Period to which grants relate (upto March 2017)	Utilisation Certificates outstanding in respect of grants released upto March 17 which were due by 31st March 2018	Amount (in lakh)
			Number	Amount
1.	**Agriculture & Farmers' Welfare**			
	Agriculture Cooperation	Up to March 2011	32	5698.50
		2011-2016	370	51045.20
		2016-17	343	91728.99
		Total	**745**	**148472.69**
	Animal Husbandry, Dairying & Fisheries	Up to March 2011	2	792.26
		2011-2016	117	14600.78
		2016-17	59	11987.92
		Total	**178**	**27380.96**
2.	**Culture**			
		Up to March 2011	2416	18790.88
		2011-2016	1624	27246.65
		2016-17	1030	38330.47
		Total	**5070**	**84368.00**
3.	**Woman & Child Development**			
		Up to March 2011	4384	27874.59
		2011-2016	459	16050.39
		2016-17	98	13954.55
		Total	**4941**	**57879.53**
4.	**Social Justice & Empowerment**			
	Empowerment of persons with Disabilities (Divyangjan)	Up to March 2011	2	233.81
		2011-2016	19	1835.56
		2016-17	16	7807.93
		Total	**37**	**9877.30**
	Assistance to disabled persons for purchasing/fitting of aids and Appliances (ADIP)	Up to March 2011	0	0.00
		2011-2016	4	62.80
		2016-17	10	165.32
		Total	**14**	**228.12**

Sl. No.	Ministry/Department	Period to which grants relate (upto March 2017)	Utilisation Certificates outstanding in respect of grants released upto March 17 which were due by 31st March 2018	Amount (in lakh)
5.	**Ministry of Consumer Affairs**			
	Consumer Affairs	Up to March 2011	37	85.32
		2011-2016	19	897.52
		2016-17	20	389.90
		Total	**76**	**1372.74**
6.	**Ministry of Food Processing Industries**			
	Food Processing Industries	Up to March 2011	1271	14616.57
		2011-2016	604	22109.66
		2016-17	241	25143.84
		Total	**2116**	**61870.07**
7.	**Ministry of Rural Development**			
	MGNREGA	Up to March 2011	1	99.00
		2011-2016	0	0.00
		2016-17	0	0.00
		Total	**1**	**99.00**
	Training Division	Up to March 2011	16	290.68
		2011-2016	18	464.81
		2016-17	56	1999.46
		Total	**90**	**2754.95**
	District Rural Development Agencies (DRDA) Administration Division	Up to March 2011	0	0.00
		2011-2016	2	49.20
		2016-17	27	498.83
		Total	**29**	**548.03**
8.	**Drinking Water & Sanitation**			
	National Rural Drinking water programme	Up to March 2011	9	4441.84
		2011-2016	21	23125.83
		2016-17	2	3873.20
		Total	**32**	**31440.87**
	Swachh Bharat Mission	Up to March 2011	0	0.00
		2011-2016	1	42.48
		2016-17	1	105.02
		Total	**2**	**147.50**
9.	**Home Affairs**			
	Police Modernisation Division	Up to March 2011	17	32.31
		2011-2016	63	289.30
		2016-17	29	478.83
		Total	**109**	**800.44**

Sl. No.	Ministry/Department	Period to which grants relate (upto March 2017)	Utilisation Certificates outstanding in respect of grants released upto March 17 which were due by 31st March 2018	Amount (in lakh)
	Border Management	Up to March 2011	2	128.91
		2011-2016	15	5805.24
		2016-17	13	22297.11
		Total	**30**	**28231.26**
	NE Division.Tripura	Up to March 2011	0	0.00
		2011-2016	0	0.00
		2016-17	1	2.18
		Total	**1**	**2.18**
	Mizoram	Up to March 2011	0	0.00
		2011-2016	2	728.38
		2016-17	1	750.00
		Total	**3**	**1478.38**
	LWE Division	Up to March 2011	0	0.00
		2011-2016	6	1264.00
		2016-17	0	0.00
		Total	**6**	**1264.00**
	Special Infrastructure Scheme	Up to March 2011	6	381.00
		2011-2016	10	1920.00
		2016-17	0	0.00
		Total	**16**	**2301.00**
	Scientific Department			
10.	**Department of Atomic Energy**			
	Atomic Energy	Up to March 2011	155	852.00
		2011-2016	1504	16961.00
		2016-17	475	4744.00
		Total	**2134**	**22557.00**
11.	**Department of Space**			
	Department of Space	Up to March 2011	133	584.00
		2011-2016	82	280.00
		2016-17	136	719.00
		Total	**351**	**1583.00**
12.	**Science & Technology**			
	Department of Bio-Technology	Up to March 2011	3006	92533.00
		2011-2016	18037	466432.00
		2016-17	5093	122576.00
		Total	**26136**	**681541.00**

Sl. No.	Ministry/Department	Period to which grants relate (upto March 2017)	Utilisation Certificates outstanding in respect of grants released upto March 17 which were due by 31st March 2018	Amount (in lakh)
			Number	**Amount**
	Department of Science and Technology	Up to March 2011	14204	284667.00
		2011-2016	19125	372265.60
		2016-17	6080	141213.00
		Total	**39409**	**798145.60**
	Department of Scientific and Industrial Research	Up to March 2011	131	39515.00
		2011-2016	738	97812.00
		2016-17	295	228783.00
		Total	**1164**	**366110.00**
13.	**Ministry of Earth Sciences**			
	Earth Sciences	Up to March 2011	440	3345.00
		2011-2016	137	2569.00
		2016-17	87	1267.00
		Total	**664**	**7181.00**
14.	**Ministry of Environment, Forest and Climate Change**			
	Environment, Forest and Climate Change	Up to March 2011	3600	12657.00
		2011-2016	378	18926.00
		2016-17	222	21325.00
		Total	**4200**	**52908.00**
15.	**Ministry of New and Renewable Energy**			
	New and Renewable Energy	Up to March 2011	59	1796.00
		2011-2016	507	147973.00
		2016-17	632	124131.00
		Total	**1198**	**273900.00**
16.	**Ministry of Water Resources, River Development and Ganga Rejuvenation**			
	Water Resources, River Development and Ganga Rejuvenation	Up to March 2011	160	1221.00
		2011-2016	57	33162.00
		2016-17	135	18749.00
		Total	**352**	**53132.00**
Grand Total			**89104**	**2717574.62**

APPENDIX - III

(Referred to in paragraph no. 1.9 (a))

List of bodies which submitted accounts after delay of over three months

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
1.	Central Agricultural University, Imphal	08.11.2017	4
2.	Central Institute of Buddhist Studies, Choglamsar, Ladhak	30.10.2017	3
3.	Indira Gandhi National Center for Arts, New Delhi	28.12.2017	5
4.	Maulana Abul Kalam Azad Institute of Asian Studies Kolkata	13.12.2017	5
5.	Nehru Memorial Museum and Library, New Delhi	24.11.2017	4
6.	North-Central Zone Cultural Centre, Allahabad	06.11.2017	4
7.	Rampur Raza Library Board, Rampur (U.P.)	04.10.2017	3
8.	Victoria Memorial Hall, Kolkata	20.12.2017	5
9.	Indian Council for Cultural Relations, New Delhi	23.11.2017	4
10.	Haj Committee of India, Mumbai.	29.11.2017	4
11.	Pension Fund Regulatory and Development Authority	26.10.2017	3
12.	Rashtriya Arogya Nidhi	06.10.2017	3
13.	Central University of Kashmir, Sonwar	17.10.2017	3
14.	Indian Council of Philosophical Research, New Delhi	30.10.2017	3
15.	Indian Institute of Technology, Mumbai	26.10.2017	3
16.	National Council of Rural Institutes, Hyderabad	13.10.2017	3
17.	National Institute of Technology, Goa	06.11.2017	4
18.	National Institute of Technology, Sikkim	28.11.2017	4
19.	National Institute of Technology, Aizawal, Mizoram	18.10.2017	3
20.	Jawahar Navodaya Vidyalaya, South Tripura	08.11.2017	4
21.	Puducherry University, Puducherry	03.10.2017	3

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
22.	Indian Institute of Information Technology, Una	31.10.2017	3
23.	Indian Institute of Information Technology, Srirangam	04.12.2017	5
24.	Indian Institute of Information Technology, Kottayam	27.10.2017	3
25.	Indian Institute of Engineering Science and Technology, Shibpur	01.12.2017	5
26.	Indian Institute of Management, Visakhapatnam	12.10.2017	3
27.	Indian Institute of Technology, Tirupati	12.12.2017	5
28.	National Judicial Academy, Bhopal	26.12.2017	5
29.	Council for Advancement of People's Action & Rural Technology, New Delhi	18.10.2017	3
30.	National Institute for the Orthopaedically Handicapped, Kolkata	09.10.2017	3
31.	Lakshmibai National Instt. of Physical Education, Gwalior	05.12.2017	5
32.	Sports Authority of India, New Delhi	22.11.2017	4
33.	National Sports Development Fund, New Delhi (Entrustment received in Oct. 2012)	16.10.2017	3
34.	National Dope Testing Laboratory	03.11.2017	4
35.	Rajiv Gandhi National Institute of Youth Development ,Sriperumbudur	11.12.2017	5
36.	Indian Museum, Kolkata	02.02.2018	7
37.	National Museum, New Delhi	26.2.2018	7
38.	North Eastern Institute of Folk Medicine,(NEIFM), Itanagar	03.04.2018	9
39.	North Eastern Institute of Ayurveda and Homeopathy, Shillong	15.06.2018	11
40.	Municipal Council, Port Blair, A&N islands(2007-08 onwards) (Entrustment received in 2013)	06.02.2018	7
41.	Building & Other Construction Workers Welfare Board, Chandigarh	05.01.2018	6
42.	Indian Institute of Management, Kozhikode	13.06.2018	11
43.	Sardar Vallabhbhai National Institute of Technology, Surat	18.09.2018	14

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
44.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	15.01.2018	6
45.	Ghani Khan Choudhary Institute of Engineering & Technology, Malda	26.03.2018	8
46.	Indian Institute of Information Technology, Kalyani	11.07.2018	12
47.	Indian Institute of Information Technology, Manipur	12.02.2018	7
48.	Employees Provident Fund Organisation. New Delhi	27.02.2018	7
49.	Andaman & Nicobar Islands Building and other Construction Workers Welfare Board	02.03.2018	8
50.	Chandigarh Building & Other Construction workers welfare Board , Chandigarh	05.01.2018	6
51.	District Legal Services Authority, Chandigarh	15.02.2018	7
52.	National Cultural Fund, New Delhi	15.02.2018	7
53.	Animal Welfare Board of India, Chennai	02.04.2019	9
54.	National Mission for Clean Ganga, New Delhi	17.10.2019	3.5

APPENDIX -IV

(Referred to in paragraph no. 1.9 (b))

List of Autonomous Bodies in respect of which audited accounts for the year 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 had not been presented before the Parliament as on 31 December 2017

Sl. No.	Name of Autonomous Body
For the year 2012-13	
Ministry of Culture	
1.	Tibet House
Ministry of Ayush	
2.	North Eastern Institute of Ayurveda & Homoeopathy, Shillong
For the year 2013-14	
Ministry of Ayush	
1.	North Eastern Institute of Ayurveda & Homoeopathy, Shillong
Ministry of Culture	
2.	Tibet House
For the year 2014-15	
Ministry of Ayush	
1.	North Eastern Institute of Ayurveda & Homoeopathy, Shillong
Ministry of Culture	
2.	Tibet House
3.	International Buddhist House
Ministry of Science & Technology	
4.	Council of Scientific and Industrial Research, New Delhi
For the year 2015-16	
Ministry of Agriculture	
1.	Veterinary Council of India
Ministry of Ayush	
2.	North Eastern Institute of Ayurveda & Homoeopathy, Shillong
Ministry of Culture	
3.	Tibet House
4.	International Buddhist Confederation ,Delhi
Ministry of Science & Technology	
5.	Council of Scientific and Industrial Research, New Delhi
Ministry of Human Resource Development	
6.	National Institute of Open Schooling, Noida.

Sl. No.	Name of Autonomous Body
Ministry of Social Justice & Empowerment	
7.	National Commission for Backward Classes
For the year 2016-17	
Ministry of Agriculture	
1.	Coastal Aquaculture Authority, Chennai
2.	Central Agricultural University, Imphal
Ministry of Ayush	
3.	North Eastern Institute of Ayurveda & Homoeopathy, Shillong
Ministry of Chemicals & Fertilisers	
4.	National Institute of Pharmaceutical Education and Research, Guwahati
Ministry of Culture	
5.	Maulana Abul Kalam Azad Institute of Higher Studies
6.	Nav Nalanda Mahavira, Nalanda
Ministry of Environment & Forest	
7.	Animal Welfare Board of India, Chennai
Ministry of Higher Education	
8.	Indian Institute of Management, Lucknow
9.	Indian Institute of Technology, Tirupati
10.	National Institute of Technology, Arunachal Pradesh
11.	National Institute of Technology, Delhi
12.	National Institute of Open Schooling, Noida.
Ministry of Law & Justice	
13.	National Judicial Academy, Bhopal
Ministry of Youth Affairs & Sports	
14.	Sports Authority of India Delhi
Ministry of Science & Technology	
15.	Council of Scientific and Industrial Research, New Delhi
16.	Science and Engineering Research Board, New Delhi
17.	Technology Development Board, New Delhi*
18.	Sree Chitra Tirunal Institute for Medical Science & Technology, Thiruvananthapuram
19.	Betwa River Board, Jhansi
21.	Narmada Control Authority, Indore
21.	National Bio-diversity Authority, Chennai
**Accounts were presented in Lok Sabha on 27.12.2017 and in Rajya Sabha to 02.01.2018.*	

APPENDIX -V

(Referred to in paragraph no. 1.9 (b))

Delay in presentation of audited accounts for the years 2016-17 by Autonomous Bodies to Parliament

Sl. No.	Name of Autonomous Body	Year of Audited accounts	Delay in month
	Ministry of Chemical and Fertilizers		
1.	National Institute of Pharmaceutical Education and Research, Mohali	2016-17	2
	Ministry of Culture		
2.	Allahabad Museum Society, Allahabad	2016-17	3
3.	Delhi Public Library	2016-17	7
4.	Khuda Bux Oriental Public Library, Patna	2016-17	7
5.	Raja Ram Mohan Roy Library Foundation, Kolkata	2016-17	7
6.	Salarjung Museum Board, Hyderabad	2016-17	7
	Ministry of Human Resource Development	2016-17	
7.	Pandit Dwarka Prasad Mishra Indian Institute of Information Technology Design & Manufacturing, Jabalpur	2016-17	2
8.	Indian Institute of Management, Bengaluru	2016-17	3
9.	Indian Institute of Management, Kolkata	2016-17	3
10.	Indian Institute of Management, Rohtak	2016-17	3
11.	Indian Institute of Management, Tiruchirapalli	2016-17	3
12.	Indian Institute of Science Education & Research, Kolkata	2016-17	3
13.	Indian Institute of Technology, Chennai	2016-17	3
14.	Indian Institute of Technology, Kanpur	2016-17	3
15.	Indian Institute of Technology, Ropar	2016-17	3
16.	National Institute of Technical Teachers Training & Research, Kolkata	2016-17	3
17.	National Institute of Technology, Silchar	2016-17	3
18.	National Institute of Technology, Surathkal.	2016-17	3
19.	Rajiv Gandhi Indian Institute of Management, Shillong	2016-17	3
20.	Indian Institute of Management, Indore	2016-17	7
21.	Indian Institute of Science Education & Research, Mohali	2016-17	7
22.	Indian Institute of Technology, Mandi	2016-17	7
23.	Maulana Azad National Institute of Technology, Bhopal	2016-17	7
24.	Motilal Nehru National Institute of Technology, Allahabad	2016-17	7
25.	National Institute of Technology, Durgapur	2016-17	7

Sl. No.	Name of Autonomous Body	Year of Audited accounts	Delay in month
26.	National Institute of Technology, Kurukshetra	2016-17	7
27.	National Institute of Technology, Nagaland, Chumukedima	2016-17	7
28.	Sant Longowal Institute of Engineering and Technology, Longowal	2016-17	7
29.	Indian Council of Historic Research, Delhi	2016-17	12
30.	Indian Institute of Advanced Studies, Shimla	2016-17	12
31.	National Institute of Technology, Agartala	2016-17	13
	Ministry of Law & Justice		
32.	National Legal Services Authority, Delhi	2016-17	13
	Ministry of Social Justice & Empowerment		
33.	Rehabilitation Council of India, New Delhi	2016-17	1
34.	National Institute for Empowerment of Person with Intellectual Disabilities, Secunderabad	2016-17	3
	Ministry of Science & Technology		
35.	Science and Engineering Research Board, New Delhi (L.S.-04.04.2018 & R.S.-02.04.2018)	2016-17	3
36.	Sree Chitra Tirunal Institute for Medical Science & Technology, Thiruvananthapuram (presented in Rajya Sabha on 02.01.2018)	2016-17	2 days
37.	National Bio-diversity Authority, Chennai (Presented to Lok Shabha and Rajya sabha on 16.03.2018 and 12.03.2018 resp.)	2016-17	2.5
38.	Council of Scientific and Industrial Research, New Delhi	2016-17	Yet to be presented
39.	Betwa River Board, Jhansi (Submitted before LS & RS on 27.07.2018 & 28.07.2018 resp.)	2016-17	7
40.	Narmada Control Authority, Indore (Submitted before LS & RS on 04.01.2018 & 05.01.2018 resp.)	2016-17	4 to 5 days

APPENDIX - VI

(Referred to in paragraph no. 1.10)

Significant observations on the accounts of individual Central Autonomous Bodies

1. Central University of Haryana, Mahendergarh

Loans & Advances - ₹ 265.01 crore

Above included an amount of ₹ 177.79 crore for which works have been completed by the executing agencies and the assets have been put to use by the University but the advance amount has not been capitalised in the Annual Accounts. This has resulted in overstatement of Loans, Advances and Deposits by ₹ 177.79 crore, understatement of Tangible Assets by ₹ 174.00 crore and understatement of Depreciation by ₹ 3.79 crore.

2. Hemvati Nandan Bahuguna Garhwal University, Garhwal

Capital work in progress- ₹ 16.77 crore

The entire amount of ₹ 16.77 crore depicted under above head was given to a service provider as capital advance for establishment of Wi-Fi. This has resulted in overstatement of Capital Work in Progress and understatement of Loans and Advances by ₹ 16.77 crore

3. Assam University, Silchar

Grants/Subsidies: ₹150.15 crore

In a deviation of instruction contained in Format of Accounts prescribed by MHRD, revenue grant of ₹ 150.15 crore was recognised under the above head instead of the amount equivalent to revenue expenditure of ₹ 122.91 crore incurred in the year 2017-18. This resulted in overstatement of Grant/Subsidies and understatement Current Liabilities by ₹ 27.24 crore each and consequently overstatement of Excess of Expenditure over Income by the same amount.

4. All India Institute of Medical Sciences, New Delhi

Current Liabilities and Provisions (Main)- ₹ 225.69 crore

The above includes an amount of ₹ 20.81 crore received for specific purpose which should be shown under Earmarked Fund. This has resulted in overstatement of Current Liabilities as well as understatement of Earmarked Fund by ₹ 20.81 crore.

5. National Institute of Health & Family Welfare, New Delhi

Secured Loans and Borrowings – ₹ 48.29 crore

The Institute was conducting the Certificate Courses under Distance Learning for which fees were being received from the enrolled students. However, the income and expenditure of these courses was shown in the Project Account, instead of being shown in the Income and Expenditure Accounts of the Institute. As a result, the surplus including fixed deposits made out of surplus of the course fees was shown as a liability in Schedule 4 of the Balance Sheet, along with liabilities of Project Accounts. As there is no liability outstanding in these courses, the total liabilities of the Institute were overstated by ₹ 1.55 crore and the income of the Institute was understated by the same amount over the years.

6. Food Safety & Standards Authority of India, New Delhi

Current Liabilities & Provisions: ₹ 34.10 crore

An amount of ₹ 18.19 crore was collected as fees under the Product Approval Scheme during the period 2012-13 to 2015-16 which was stated to be non-refundable. However, the Product Approval Scheme was quashed by Supreme Court on 19 August 2015. At that time 1876 applications were pending with the Authority. The fee of the same was not refunded to the applicants and the same was taken as receipt of the Authority in previous year accounts. As these applications were pending decision of either rejection or approval of the application, the fees received on these applications should have been shown as liability in the accounts. Hence, the Current Liabilities of the Authority were understated by ₹ 4.69 crore and Corpus Fund was overstated by the same amount. The fact of case should also be disclosed in Notes to the accounts

7. Central Council of Indian Medicine

Fixed Assets

Ministry of H&FW entered into an agreement (April 2008) with M/s HSCC Ltd. (consultant) for providing consulting services for construction of building for the Institute. Institute has started using this building from May 2015. As on 31.03.2018 Ministry/Institute paid an amount of ₹ 140.38 crore to the consultant. Out of which, consultant had already incurred expenditure of ₹ 120.02 crore for the construction of building and procurement of furniture and equipment. Institute had not included above assets in its accounts. This resulted in understatement of Fixed Assets/Work in progress and Current Assets, Loans and Advances by ₹ 120.02 and ₹ 20.36 crore, respectively and also understatement of Corpus/Capital Fund by ₹ 140.38 crore

8. National Institute of Homoeopathy, Kolkata

Earmarked/Endowment Fund: ₹ 35.53 crore

The above head was overstated by ₹ 6.37 crore due to inclusion of fund balance of General Provident Fund and Contributory Provident Fund owned by employees in the Institute's accounts. Correspondingly, Current Assets, Loans and Advance was overstated by ₹ 6.37 crore.

9. Eastern Zonal Cultural Centre, Salt Lake, Kolkata

Establishment Expenses: ₹3.95 crore

Though an amount of ₹ 1.45 crore out of ₹ 1.80 crore towards actuarial provision for gratuity and leave encashment was already included in the annual account for the year 2016-17, Institute charged entire amount of ₹ 1.80 crore instead of ₹ 35.77 lakh in the annual account for the year 2017-18. This resulted in overstatement of Establishment Expenses and Current Liabilities & Provisions by ₹ 1.44 crore and consequently overstatement of Excess of Expenditure over Income by the same amount.

10. National Institute of Technology, Arunachal Pradesh

Grant from MHRD : ₹ 30.00 crore

Institute had incurred revenue expenditure of ₹ 17.21 crore but has booked entire grant as income in the Income & Expenditure Accounts in contravention of instructions for preparation of accounts issued by MHRD. This has resulted in overstatement of Income and understatement of Current Liabilities by ₹ 12.79 crore.

11. National Institute of Technology, Durgapur

Capital Work-in-Progress: ₹213.05 crore

The above head was overstated by ₹ 73.44 crore due to inclusion of works completed between March 2014 and April 2017 and put to use. The impact of the depreciation due to non-capitalisation of buildings worth ₹ 73.44 crore @ 2 per cent depreciation was ₹ 2.17 crore. This resulted in overstatement of Capital work in progress by ₹ 73.44 crore, understatement of Buildings by ₹ 71.27 crore and understatement of Expenditure by ₹ 2.17 crore.

12. Aligarh Muslim University, Aligarh

Administrative and General Expenses:- ₹ 46.55 crore

The above included a sum of ₹ 1.21 crore pertaining to purchase of fixed assets (Books - ₹ 11.03 lakh, Equipment - ₹ 3.64 lakh, Furniture & Fixture - ₹ 70.87 lakh and Instrument Accessories - ₹ 35.90 lakh) which should have been included under Fixed Assets. This resulted in overstatement of Administrative and General Expenses and understatement of Fixed Assets by ₹ 1.21 crore each.

13. Indian Institute of Technology, Roorkee

Intangible Assets- ₹ 12.37 crore

The Institute purchased e-journals for ₹ 13.74 crore and charged depreciation at the rate of 10 per cent instead of 40 per cent as provided in the format of account prescribed by MHRD. Consequently, the depreciation was undercharged by ₹ 4.12 crore. This has also resulted in overstatement of Fixed Assets and Capital Fund by ₹ 4.12 crore each.

14. All India Institute of Medical Sciences, Rishikesh

General

The Institute has not made any provision for retirement benefits on actuarial basis in contravention of the Accounting Standard 15 issued by ICAI.

15. National Institute of Technology, Tiruchirappalli

Fixed Assets – Tangible Assets – ₹ 247.47 crore

The above includes assets of net value ₹ 50.35 crore installed at the Centre of Excellence established by Siemens and the assets would be handed over to the Institute only after 3 years as per agreement. Thus, Capital Fund and Fixed Assets were overstated by ₹ 50.35 crore.

16. Indian Institute of Management, Trichy

Capital Work-in-Progress ₹ 313.58 crore

IIM, Trichy occupied buildings in its new campus during November 2017. However, the value of the Buildings has been shown under Capital work in Progress instead of under Fixed Assets. This has resulted in overstatement of Capital Work in progress and understatement of Fixed Assets to the extent of ₹ 154.22 crore. This has also resulted in understatement of depreciation by ₹ 3.08 crore.

17. Indian Institute of Science, Education and Research, Thiruvananthapuram

Corpus/ Capital Fund: ₹ 792.91 crore

This includes an amount of ₹ 84.34 crore being unutilised capital grant, which should have been shown as current liability in the Balance Sheet. This has resulted in overstatement of Capital Fund to the tune of ₹ 84.34 crore with corresponding understatement of Current Liabilities and Provisions by the same amount.

18. Indian Institute of Management (IIM), Kozhikode

Current Liabilities & Provisions – ₹ 25.62 crore

This is understated by ₹ 1.41 crore due to non-provision of 32 cases of revenue expenses pertaining to 2017-18 for which invoices/ bills were received before the finalisation of the Accounts. This has resulted in corresponding understatement of Expenditure in the Income and Expenditure Account.

19. Indian Institute of Technology, Palakkad

Current Liabilities and Provisions

This is understated by ₹ 1.28 crore due to non-creation of provisions for meeting various items of expenditure both revenue and capital nature incurred during 2017-18 and actually paid in April/ May 2018. This has also resulted in understatement of Expenditure by ₹ 22.89 lakh and Fixed Assets by ₹ 1.05 crore.

20. Visvesvaraya National Institute of Technology, Nagpur

Loans, Advances and Deposits - ₹ 73.51 crore

The above head was overstated by ₹ 57.96 crore due to depiction of excess expenditure over and above the grant received as grant receivable for which no sanction has been received from the Government. This has also resulted in overstatement of Institute Corpus Fund by the same amount.

21. Indian Institute of Technology, Gandhinagar

Academic Expenses: ₹ 19.62 crore

The expenditure incurred on procurement of E-Journal (Procured as E-Content) amounting to ₹ 2.93 crore for year was booked as revenue expenditure instead of booking under capital expenditure. This has resulted in understatement of Fixed Assets by ₹ 2.93 crore and overstatement of Academic Expenses by ₹ 2.93 crore

22. Pandit Dwarka Prasad Mishra Indian Institute of Information Technology Design and Manufacturing, Jabalpur

Current liabilities & Provisions: ₹ 59.74 crore

This includes ₹ 18.40 crore being loan from internal corpus (to meet shortage of grants-in-aid). As any expenditure over and above grant has to be met from internal generation, the depiction of shortage of grant as current liability is incorrect. This resulted in overstatement of Current Liabilities by ₹ 18.40 crore and understatement of Corpus/Capital Fund by same amount.

23. Atal Bihari Vajpayee Indian Institute of Information Technology and Management, Gwalior

Fixed Assets - Capital Work-in-Progress - ₹ 93.22 crore

This does not include ₹ 9.40 crore being expenditure incurred by CPWD out of the deposit (advance) given to the CPWD during 2017-18. This resulted in understatement Capital Work-in-Progress and overstatement of Loans, Advances and Deposits by ₹ 9.40 crore.

24. All India Institute of Medical Sciences, Raipur

Current Liabilities and Provisions – ₹ 13.64 crore

This does not include ₹ 251.84 crore being unspent balance of grants-in-aid (GIA). As per grants-in-aid sanction letters, the unutilised grants and interest earned on GIA (as per Rule 230 (8) of GFR- 2017) were required to be refunded to the Government of India. This resulted in understatement of Current Liabilities by ₹ 251.84 crore and overstatement of Corpus/Capital Fund by ₹ 251.84 crore.

25. All India Institute of Medical Sciences, Bhopal

Income from Interest Earned - ₹ 11.81 crore

This includes ₹ 11.81 crore being interest earned on unutilised grant- in-aid. This has been depicted as Income of the Institute instead of current liability. This resulted in overstatement of Income by ₹ 11.81 crore and understatement of Current Liabilities by same amount.

26. Sant Longowal Institute of Engineering & Technology, Longowal

Current Liabilities & Provisions: ₹ 53.01 crore

Above does not include ₹ 8.47 crore provision for arrears of salary & allowances as fixed by 7th Pay Commission though the sanction had been received in December 2017. This has resulted in understatement of Current Liabilities & Provisions as well as Staff Payments & Benefits by ₹ 8.47 crore each.

27. The English and Foreign Languages University, Hyderabad

Current Liabilities & Provisions: ₹ 218.61 crore

This includes ₹ 2.22 crore which were of the nature of internal income generated by the University but incorrectly classified under Sponsored Projects. This had resulted in overstatement of Current Liabilities and understatement of Income by ₹ 2.22 crore. Consequently, deficit was also overstated by ₹ 2.22 crore.

28. Central University of Karnataka

Current Liabilities and Provisions

This does not include provisions of ₹ 2.30 crore towards 7th CPC arrears (approved by Ministry of Human Resources Development, New Delhi vide orders dated 12th/30th January 2018). The arrears was paid on 4th May 2018. Non-provision of Pay Commission Arrears has resulted in understatement of Current Liabilities and Provisions and Expenditure by ₹ 2.30 crore.

29. National Institute of Unani Medicine, Bengaluru

General:

Institute had not provided for Retirement Benefits viz., Gratuity, Superannuation/Pension and Leave Encashment on actuarial basis in contravention of Accounting Standard 15 issued by ICAI.

30. Indian Institute of Information Technology, Allahabad

General

As per Significant Accounting Policy No. 7 regarding Retirement Benefits, the provision for leave encashment has been made on basis of actual leave accrued to credit of employees and provision for gratuity has been made after actualisation as per availability of fund received from MHRD. The accounting policy adopted by the Institute was in contravention of the Accounting Standard 15 issued by ICAI and format of accounts prescribed by MHRD which provided that retirement benefits are required to be provided on actuarial valuation basis.

31. Indian Institute of Technology (BHU), Varanasi

Fixed Assets- ₹ 184.05 crore

The Institute capitalised ₹ 29.86 crore given to CPWD in lieu of running bills for construction of building. The works, however, were not completed as on 31.3.2018 therefore should have been shown as 'work in progress' instead of capitalising it. This resulted in understatement of Capital Work in Progress by ₹ 29.86 crore and overstatement of Fixed Assets (tangible) by ₹ 29.26 crore. Consequently, the Depreciation was overcharged by ₹ 60.00 lakh.

APPENDIX - VII

(Referred to in paragraph no. 1.10 (a))

List of Autonomous Bodies where internal audit was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	National Trust, New Delhi
2.	National Board of Education, New Delhi
3.	Medical Council of India, New Delhi
4.	Food Safety and Standards Authority of India, New Delhi
5.	Central Council for Research in Yoga and Naturopathy, New Delhi
6.	Dental Council of India, New Delhi
7.	Central Council for Indian Medicine, New Delhi
8.	Morarji Desai National Institute of Yoga, New Delhi
9.	All India Institute of Medical Sciences, New Delhi
10.	Central Council of Homeopathy, New Delhi
11.	Central Council of Research in Homeopathy, New Delhi
12.	Pharmacy Council of India, New Delhi
13.	National Institute of Health and Family Welfare, New Delhi
14.	Indira Gandhi National Centre for the Arts, New Delhi
15.	Lalit Kala Akademi , New Delhi
16.	Sangeet Natak Akademi, New Delhi
17.	National Commission for Women, New Delhi
18.	National Commission for Protection of Child Rights, New Delhi
19.	Warehousing Development and Regulatory Authority, New Delhi
20.	National Human Rights Commission , New Delhi
21.	Rashtriya Sanskrit Sansthan, New Delhi
22.	Protection of Plant Varieties and Farmers' Rights Authority, New Delhi
23.	National Bal Bhawan, New Delhi
24.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha, New Delhi
25.	Indian Institute of Technology, New Delhi
26.	Indian Council of Philosophical Research, New Delhi
27.	School of Planning and Architecture, New Delhi
28.	National Institute of Technology, New Delhi
29.	Central Board of Secondary Education, New Delhi
30.	Indian Council of World Affairs, New Delhi
31.	Indian Council of Medical Research, New Delhi
32.	Central Council for Research in Ayurvedic Sciences, New Delhi
33.	Rashtriya Ayurveda Vidyapeeth, New Delhi
34.	Indian Council for Cultural Relations, New Delhi

Sl. No.	Name of Autonomous Body
35.	All India Institute of Ayurveda, New Delhi
36.	National Culture Fund, New Delhi
37.	Tibet House, New Delhi
38.	National Legal Service Authority, New Delhi
39.	National Skill Development Agency, New Delhi
40.	National Council for Teachers Education, New Delhi
41.	Indian Council of Historical Research, New Delhi
42.	University of Delhi
43.	National Institute of Education Planning and Administration, New Delhi
44.	National Centre for Cold-chain Development, New Delhi
45.	The Asiatic Society
46.	Port Blair Municipal Council
47.	Tezpur University
48.	University of Allahabad , Prayagraj
49.	Indian Institute of Information Technology, Allahabad
50.	Babasaheb Bhimrao Ambedkar University, Lucknow
51.	Indian Institute of Technology(BHU), Varanasi
52.	Indian Institute of Information Technology, Lucknow
53.	Indian Institute of Technology, Kanpur
54.	Kendriya Hindi Shikshan Mandal, Agra
55.	National Institute of Open Schooling, Noida
56.	National Institute of Technology, Uttarakhand
57.	Pharmacopoeia Commission for Indian Medicine and Homoeopathy, Ghaziabad
58.	Rampur Raza Library, Rampur
59.	Rani Lakshmi Bai Central Agricultural University, Jhansi
60.	Central Agricultural University
61.	Manipur University
62.	National Institute of Technology, Manipur
63.	Coastal Aquaculture Authority, Chennai
64.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
65.	National Institute of Technical Teachers Training and Research, Chennai
66.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
67.	Pondicherry University, Puducherry
68.	Indian Institute of Information Technology, Trichy
69.	Central Council for Research in Siddha, Chennai.
70.	South Zone Cultural Centre, Thanjavur

71.	National Institute of Technology, Calicut
72.	Coconut Development Board, Kochi
73.	Indian Institute of Technology, Palakkad
74.	Lakshadweep State Legal Services Authority, Kavaratti
75.	National Institute of Naturopathy, Pune
76.	Indian Institute of Technology, Goa
77.	Haj Committee of India, Mumbai
78.	Dattopant Thengdi National Board for Workers Education & Development, Nagpur (formerly CBWE, Nagpur)
79.	North Eastern Indira Gandhi Regional Institute of Health & Medical Sciences, Shillong
80.	North Eastern Institute of Ayurveda And Homeopathy, Shillong
81.	Rajiv Gandhi Indian Institute of Management, Shillong;
82.	North Eastern Hill University, Shillong
83.	National Institute of Technology Meghalaya.
84.	National Institute of Technology, Arunachal Pradesh
85.	North Eastern Regional Institute of Science and Technology, Nirjuli, Arunachal Pradesh
86.	Rajiv Gandhi University, Doimukh, Arunachal Pradesh
87.	Central University of Gujarat, Gandhinagar
88.	Malviya National Institute of Technology, Jaipur
89.	All India Institute of Medical Sciences , Jodhpur
90.	Indian Institute of Information Technology, Kota
91.	Indian Institute of Technology,Jodhpur
92.	Indian School of Mines, Dhanbad
93.	All India Institute of Medical Sciences, Raipur, Chhattisgarh
94.	Maulana Azad National Institute of Technology (MANIT), Bhopal
95.	Indian Institute of Information & Technology, Sonepat
96.	Indian Institute of Information & Technology, Una
97.	Central University of Haryana, Mahendargarh
98.	Indian Institute of Management, Amritsar
99.	Indian Institute of Technology, Mandi
100.	Central University of Kashmir, Srinagar
101.	National Institute of Technology, Srinagar
102.	National Institute of Technology, Hamirpur
103.	Central University of Himachal Pradesh
104.	Central University of Jammu
105.	Indian Institute of Technology, Jammu
106.	Chandigarh Building & Other Construction Workers Welfare Board
107.	Library of Tibetan Works & Archives, Dharamshala
108.	Central Institute of Buddhist Studies, Leh-Laddakh
109.	Sate Legal Services Authority, Chandigarh

110.	District Legal Services Authority, UT Chandigarh
111.	Rashtriya Sanskrit Vidyapeetha, Tirupati
112.	University of Hyderabad
113.	National Institute of Technology, Warangal
114.	The English and Foreign Languages University, Hyderabad
115.	Maulana Azad National Urdu University, Hyderabad
116.	Indian Institute of Technology, Hyderabad
117.	Indian Institute of Technology, Tirupati
118.	School of Planning and Architecture, Vijayawada
119.	Indian Institute of Information Technology, Chittoor
120.	Indian Institute of Science Education and Research, Tirupati
121.	National Institute of Rural Development & Panchayati Raj, Hyderabad
122.	Indian Institute of Technology, Bhubaneswar
123.	Indian Institute of Science Education and Research, Berhampur
124.	All India Institute of Medical Science, Bhubaneswar
125.	Mizoram University
126.	National Institute of Technology, Mizoram
127.	National Institute of Technology, Sikkim
128.	Central University of Karnataka, Kalburgi
129.	National Institute of Unani Medicine, Bengaluru
130.	Advanced Centre For Ayurveda In Mental Health & Mental Neuro Sciences, Bengaluru
131.	All India Institute of Speech and Hearing, Mysuru
132.	Tripura University
133.	National Institute of Technology, Agartala
134.	National Institute of Technology, Nagaland
135.	North East Zone Cultural Centre, Nagaland
136.	Nagaland University
137.	National Tiger Conservation Authority, New Delhi
138.	Betwa River Board, Jhansi
139.	Narmada Control Authority, Indore
140.	Science and Engineering Research Board
141.	Regional Centre for Biotechnology, Faridabad
142.	National Mission for Clean Ganga, New Delhi
143.	Central Zoo Authority, New Delhi

APPENDIX - VIII

(Referred to in paragraph no.1.10 (b))

List of Autonomous Bodies where physical verification of fixed assets was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	Rehabilitation Council of India, New Delhi
2.	Indian Sign Language Research and Training Centre, New Delhi
3.	Central Council of Research in Homeopathy, New Delhi
4.	All India Institute of Medical Sciences, New Delhi
5.	Morarji Desai National Institute of Yoga, New Delhi
6.	Delhi Public Library, New Delhi
7.	Centre for Cultural Resources and Training, New Delhi
8.	Lalit Kala Akademi, New Delhi
9.	Sangeet Natak Akademi, New Delh
10.	Central Adoption Resource Agency, New Delhi
11.	Sahitya Akademi , New Delhi
12.	National Bal Bhawan, New Delhi
13.	National Co-operative Development Corporation, New Delhi
14.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha, New Delhi
15.	School of Planning and Architecture, New Delhi
16.	National Council of Educational Research and Training, New Delhi
17.	Central Council for Research in Ayurvedic Sciences, New Delhi
18.	Prasar Bharati, New Delhi
19.	Indian Council of Medical Research, New Delhi
20.	South Asian University, New Delhi
21.	Indian Council for Cultural Relations, New Delhi
22.	Indian Development Foundation of Overseas Indians, New Delhi
23.	All India Institute of Ayurveda, New Delhi
24.	National Council for Teachers Education, New Delhi
25.	Indian Council of Historical Research, New Delhi
26.	National Institute of Education Planning and Administration, New Delhi
27.	National Centre for Cold-chain Development, New Delhi
28.	International Buddhist Confederation, New Delhi
29.	National Anti-Doping Agency, New Delhi
30.	National Institute of Homoeopathy
31.	Indian Museum,
32.	The Asiatic Society

Sl. No.	Name of Autonomous Body
33.	Victoria Memorial Hall
34.	Port Blair Municipal Council
35.	Assam University, Silchar
36.	Ghani Khan Choudhury Institute of Engineering and Technology, Malda,
37.	Indian Institute of Engineering Science and Technology, Howrah
38.	Indian Institute of Management, Calcutta
39.	Indian Institute of Science Education and Research, Kolkata
40.	Indian Institute of Technology, Kharagpur
41.	Indian Institute of Technology, Guwahati
42.	National Institute of Technology, Durgapur
43.	Visva-Bharati
44.	University of Allahabad, Prayagraj
45.	Babasaheb Bhimrao Ambedkar University, Lucknow
46.	Indian Institute of Management, Lucknow
47.	Motilal Nehru National Institute of Technology, Allahabad
48.	Kendriya Hindi Shikshan Mandal, Agra
49.	Rampur Raza Library, Rampur
50.	Central Agricultural University
51.	Manipur University
52.	National Institute of Technology, Manipur
53.	National Institute of Technical Teachers Training and Research, Chennai
54.	Pondicherry University, Puducherry
55.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
56.	Indian Institute of Management, Kozhikode
57.	Lakshadweep State Legal Services Authority, Kavaratti
58.	Indian Institute of Technology, Palakkad
59.	Central University, Kerala, Kasaragod.
60.	South Central Zone for Cultural Centre, Nagpur
61.	National Institute of Industrial Engineering, Mumbai
62.	Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Nagpur
63.	Indian Institute of Technology, Goa
64.	Indian Institute of Technology, Dharwad
65.	Indian Institute of Technology, Bombay
66.	North Eastern Hill University, Shillong
67.	National Institute of Technology, Meghalaya
68.	National Institute of Technology, Arunachal Pradesh
69.	North Eastern Regional Institute of Science and Technology, Nirjuli, Arunachal Pradesh
70.	Rajiv Gandhi University, Doimukh, Arunachal Pradesh
71.	Indian Institute of Technology, Gandhinagar

Sl. No.	Name of Autonomous Body
72.	National Institute of Ayurveda, Jaipur
73.	Indian Institute of Management, Udaipur
74.	Indian Institute of Information Technology, Kota
75.	Indian Institute of Technology -Jodhpur
76.	Central University of Jharkhand, Brambe, Ranchi
77.	Indian School of Mines, Dhanbad
78.	National Institute of Technology, Jamshedpur
79.	Indian Institute of Management, Ranchi
80.	National Institute of Foundry and Forge Technology, Hatia, Ranchi
81.	Atal Bihari Vajpayee Indian Institute of Information Technology and Management, Gwalior
82.	Indian Institute of Technology (IIT), Indore
83.	Pandit Dwarka Prasad Mishra Indian Institute of Information Technology Design and Manufacturing (IIITDM), Jabalpur
84.	Indian Institute of Technology (IIT), Bhilai
85.	Central University of Punjab, Bathinda
86.	Central University of Haryana, Mahendargarh
87.	Indian Institute of Management, Amritsar
88.	Indian Institute of Science Education & Research, Mohali
89.	Indian Institute of Technology, Ropar
90.	Indian Institute of Management, Sirmaur
91.	Indian Institute of Technology, Mandi
92.	Indian Institute of Management, Jammu
93.	National Institute of Technology, Srinagar
94.	National Institute of Technology, Hamirpur
95.	Indian Institute of Technology, Jammu
96.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
97.	Sant Longowal Institute of Engineering & Technology, Sangrur
98.	Central Institute of Buddhist Studies, Leh Laddakh
99.	National Institute of Technology, Warangal
100.	Rashtriya Sanskrit Vidyapeetha, Tirupati
101.	University of Hyderabad
102.	Maulana Azad National Urdu University, Hyderabad
103.	Indian Institute of Technology, Hyderabad
104.	The English and Foreign Languages University, Hyderabad
105.	Indian Institute of Technology, Tirupati
106.	National Institute of Rural Development & Panchayati Raj, Hyderabad
107.	Indian Institute of Science Education and Research, Tirupati
108.	All India Institute of Medical Science, Bhubaneswar

Sl. No.	Name of Autonomous Body
109.	Mizoram University
110.	National Institute of Technology, Mizoram
111.	Indian Institute of Science, Bengaluru
112.	Central University of Karnataka, Kalburgi
113.	National Institute of Unani Medicine, Bengaluru
114.	Tripura University
115.	National Institute of Technology, Agartala
116.	National Institute of Technology, Nagaland
117.	North East Zone Cultural Centre, Nagaland
118.	Nagaland University
119.	National Tiger Conservation Authority, New Delhi
120.	Wildlife Institute of India, Dehradun
121.	Council of Scientific and Industrial Research
122.	Regional Centre for Biotechnology, Faridabad
123.	National Mission for Clean Ganga, New Delhi

APPENDIX - IX

(Referred to in paragraph no.1.10 (c))

List of Autonomous Bodies where physical verification of inventories was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	Pandit Deendayal Upadhyaya National Institute for Persons with Physically Disabilities, New Delhi
2.	Indian Sign Language Research and Training Centre, New Delhi
3.	All India Institute of Medical Sciences, New Delhi
4.	Press Council of India, New Delhi
5.	Central Council of Research in Homeopathy, New Delhi
6.	Morarji Desai National Institute of Yoga, New Delhi
7.	Lalit Kala Akademi , New Delhi
8.	Centre for Cultural Resources and Training, New Delhi
9.	Central Adoption Resource Agency, New Delhi
10.	Sangeet Natak Akademi, New Delhi
11.	Indira Gandhi National Centre for the Arts, New Delhi
12.	Indira Gandhi National Open University, New Delhi
13.	Central Board of Secondary Education, New Delhi
14.	School of Planning and Architecture, New Delhi
15.	Indian Council of Philosophical Research, New Delhi
16.	National Council of Educational Research and Training, New Delhi
17.	National Cooperative Development Corporation, New Delhi
18.	National Legal Service Agency, New Delhi
19.	Central Council for Research in Ayurvedic Sciences, New Delhi
20.	Prasar Bharati, New Delhi
21.	South Asian University, New Delhi
22.	Indian Council for Cultural Relations, New Delhi
23.	Indian Development Foundation of Overseas Indians, New Delhi
24.	All India Institute of Ayurveda, New Delhi
25.	Indian Council of Historical Research, New Delhi
26.	National Institute of Education Planning and Administration, New Delhi
27.	International Buddhist Confederation, New Delhi
28.	National Anti-Doping Agency, New Delhi
29.	Indian Museum,
30.	The Asiatic Society
31.	Victoria Memorial Hall

Sl. No.	Name of Autonomous Body
32.	Ghani Khan Choudhury Institute of Engineering and Technology, Malda,
33.	Indian Institute of Engineering Science and Technology, Howrah
34.	Indian Institute of Management, Calcutta
35.	Indian Institute of Science Education and Research, Kolkata
36.	National Institute of Technology, Durgapur
37.	University of Allahabad, Prayagraj
38.	Babasaheb Bhimrao Ambedkar University, Lucknow
39.	Hemvati Nandan Bahuguna Garhwal University, , Garhwal (Uttarakhand)
40.	Indian Institute of Management, Lucknow
41.	Kendriya Hindi Shikshan Mandal, Agra
42.	Motilal Nehru National Institute of Technology, Allahabad
43.	National Institute of Technology, Uttarakhand
44.	Rampur Raza Library, Rampur
45.	Central Agricultural University
46.	Manipur University
47.	National Institute of Technology, Manipur
48.	National Institute of Technical Teachers Training and Research, Chennai
49.	Pondicherry University, Puducherry
50.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
51.	Rajiv Gandhi National Institute of Youth Development, Sriperumpudur.
52.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
53.	Gandhigram Rural Institute, Dindigul
54.	National Institute of Technology, Calicut
55.	Indian Institute of Management, Kozhikode.
56.	Indian Institute of Technology, Palakkad
57.	Lakshadweep State Legal Services Authority, Kavaratti
58.	Indian Institute of Technology, Goa
59.	Indian Institute of Technology, Bombay
60.	Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Nagpur
61.	North Eastern Hill University, Shillong
62.	National Institute of Technology, Meghalaya
63.	National Institute of Technology, Arunachal Pradesh
64.	North Eastern Regional Institute of Science and Technology, Nirjuli, Arunachal Pradesh
65.	Rajiv Gandhi University, Doimukh, Arunachal Pradesh
66.	Indian Institute of Management, Ahmedabad
67.	Indian Institute of Technology, Gandhinagar
68.	National Institute of Ayurveda-Jaipur
69.	Indian Institute of Management, Udaipur
70.	Indian Institute of Technology, Jodhpur

Sl. No.	Name of Autonomous Body
71.	Central University of Jharkhand, Brambe, Ranchi
72.	Indian School of Mines, Dhanbad
73.	National Institute of Technology, Jamshedpur
74.	Indian Institute of Management, Ranchi
75.	National Institute of Foundry and Forge Technology, Hatia, Ranchi
76.	Atal Bihari Vajpayee Indian Institute of Information Technology and Management, Gwalior
77.	Indian Institute of Technology (IIT), Indore
78.	Pandit Dwarka Prasad Mishra Indian Institute of Information Technology Design and Manufacturing (IIITDM), Jabalpur
79.	Indian Institute of Technology (IIT), Bhilai
80.	Central University of Punjab, Bathinda
81.	Central University of Haryana, Mahendargarh
82.	Indian Institute of Management, Amritsar
83.	Indian Institute of Science Education & Research, Mohali
84.	Indian Institute of Technology, Ropar
85.	Indian Institute of Management, Sirmaur
86.	Indian Institute of Technology, Mandi
87.	Indian Institute of Management, Jammu
88.	National Institute of Technology, Srinagar
89.	National Institute of Technology, Hamirpur
90.	Indian Institute of Technology, Jammu
91.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
92.	Sant Longowal Institute of Engineering & Technology, Sangrur
93.	Central University of Jammu, Jammu
94.	Central Institute of Buddhist Studies, Leh-Laddakh
95.	National Institute of Technology, Warangal
96.	University of Hyderabad
97.	Maulana Azad National Urdu University, Hyderabad
98.	Rashtriya Sanskrit Vidyapeetha, Tirupati
99.	Indian Institute of Technology, Hyderabad
100.	The English and Foreign Languages University, Hyderabad
101.	Indian Institute of Technology, Tirupati
102.	Indian Institute of Science Education and Research, Tirupati
103.	All India Institute of Medical Science, Bhubaneswar
104.	Mizoram University
105.	National Institute of Technology, Mizoram
106.	National Institute of Unani Medicine, Bengaluru
107.	Indian Institute of Science, Bengaluru

Sl. No.	Name of Autonomous Body
108.	Indian Institute of Management, Bengaluru
109.	Tripura University
110.	National Institute of Technology, Agartala
111.	National Institute of Technology, Nagaland
112.	North East Zone Cultural Centre, Nagaland
113.	Nagaland University
114.	National Tiger Conservation Authority, New Delhi
115.	Wildlife Institute of India, Dehradun
116.	National Mission for Clean Ganga, New Delhi
117.	Council of Scientific and Industrial Research
118.	National Water Development Agency (Hyderabad, Chennai)
119.	Regional Centre for Biotechnology, Faridabad

APPENDIX - X

(Referred to in paragraph no. 1.10 (d))

List of Autonomous Bodies which are accounting for the grants on realisation/cash basis

Sl. No.	Name of Autonomous Body
1.	Indian Sign Language Research and Training Centre, New Delhi
2.	National Board of Education, New Delhi
3.	Delhi Public Library, New Delhi
4.	Warehousing Development and Regulatory Authority, New Delhi
5.	Land Port Authority of India, New Delhi
6.	National Commission for Women, New Delhi
7.	Gandhi Smriti & Darshan Samiti, New Delhi
8.	Bureau of Indian Standard, New Delhi
9.	Sahitya Akademi, New Delhi
10.	National School of Drama Society, New Delhi
11.	Sangeet Natak Akademi, New Delhi
12.	Lalit Kala Akademi, New Delhi
13.	National Commission for Protection of Child Rights , New Delhi
14.	Indira Gandhi National Open University, New Delhi
15.	National Legal Services Authority, New Delhi
16.	National Council for Teachers Education
17.	National Council for Promotion of Sindhi Language, New Delhi
18.	All India Institute of Medical Sciences, Rishikesh
19.	Board of Apprenticeship Training (Northern Region), Kanpur
20.	Hemvati Nandan Bahuguna Garhwal University, Garhwal (Uttarakhand)
21.	Indian Institute of Information Technology, Lucknow
22.	Indian Institute of Technology, Kanpur
23.	National Institute of Technology, Uttarakhand
24.	National Institute of Open Schooling, Noida
25.	National Institute for Visually Handicapped, Dehradun
26.	Pharmacopoeia Commission for Indian Medicine and Homoeopathy, Ghaziabad
27.	VV Giri National Labour Institute, NOIDA (Gautam Budh Nagar)
28.	Rani Lakshmi Bai Central Agricultural University, Jhansi

Sl. No.	Name of Autonomous Body
29.	Allahabad Museum, Allahabad
30.	Indian Institute of Information Technology, Kerala, Kottayam
31.	Lakshadweep Building Development Board, (LBDB) Kavaratti
32.	Board of Apprentices Training, Mumbai
33.	All India Institute of Medical Sciences (AIIMS), Raipur, Chhattisgarh
34.	All India Institute of Medical Sciences (AIIMS) , Bhopal
35.	Central University of Punjab, Bathinda
36.	National Institute of Technology, Srinagar
37.	Central University of Himachal Pradesh
38.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
39.	Central Institute of Buddhist Studies, Leh-Laddakh
40.	Tripura University
41.	National Institute of Technology, Agartala
42.	National Institute of Technology, Nagaland
43.	North East Zone Cultural Centre, Nagaland
44.	National Tiger Conservation Authority, New Delhi
45.	Betwa River Board, Jhansi
46.	Brahmaputra Board, Guwahati
47.	Technology Development Board, New Delhi
48.	Science and Engineering Research Board, New Delhi
49.	National Water Development Agency (Chennai, Bengaluru and Hyderabad)
50.	National Biodiversity Authority, Chennai
51.	Regional Centre for Biotechnology, Faridabad

APPENDIX - XI

(Referred to in paragraph no. 1.10 (e))

List of Autonomous Bodies which have not accounted for gratuity and other retirement benefits on the basis of actuarial valuation

Sl. No.	Name of Autonomous Body
1.	National Trust, New Delhi
2.	Rehabilitation Council of India, New Delhi
3.	Medical Council of India, New Delhi
4.	Central Council for Research in Yoga and Naturopathy, New Delhi
5.	Central Council for Indian Medicine, New Delhi
6.	Morarji Desai National Institute of Yoga, New Delhi
7.	Indian Nursing Council, New Delhi, New Delhi
8.	All India Institute of Medical Sciences, New Delhi
9.	Central Council of Homeopathy, New Delhi
10.	Press Council of India, New Delhi
11.	Central Council of Research in Homeopathy, New Delhi
12.	National Institutional of Health and Family Welfare, New Delhi
13.	Centre for Cultural Resources and Training , New Delhi
14.	Lalit Kala Akademi , New Delhi
15.	Sangeet Natak Akademi , New Delhi
16.	National School of Drama Society , New Delhi
17.	Land Port Authority of India , New Delhi
18.	Warehousing Development and Regulatory Authority , New Delhi
19.	Delhi Public Library, New Delhi
20.	Sahitya Akademi , New Delhi
21.	National Human Rights Commission, New Delhi
22.	National Commission for Protection of Child Rights , New Delhi
23.	Rashtriya Sanskrit Sansthan, New Delhi , New Delhi
24.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha, New Delhi
25.	Kendriya Vidyalaya Sangathan, New Delhi
26.	Central Board of Secondary Education, New Delhi
27.	University Grant Commission, New Delhi
28.	Indian Council of World Affairs, New Delhi
29.	National Institute of Technology, New Delhi
30.	Indian Council of Medical Research, New Delhi
31.	Central Council for Research in Ayurvedic Sciences, New Delhi

Sl. No.	Name of Autonomous Body
32.	Rashtriya Ayurveda Vidhyapeeth, New Delhi
33.	Prasar Bharati, New Delhi
34.	Indian Council for Cultural Relations, New Delhi
35.	All India Institute of Ayurveda, New Delhi
36.	National Council for Teachers Education, New Delhi
37.	Indian Council of Historical Research, New Delhi
38.	National Council for Promotion of Sindhi Language, New Delhi
39.	National Council for Promotion of Urdu Language, New Delhi
40.	National Institute of Homoeopathy
41.	Indian Museum,
42.	Maulana Abul Kalam Azad Institute of Asian Studies
43.	The Asiatic Society
44.	Victoria Memorial Hall
45.	Chittaranjan National Cancer Institute
46.	Port Blair Municipal Council
47.	Central Institute of Technology, Kokrajhar
48.	Ghani Khan Choudhury Institute of Engineering and Technology, Malda,
49.	Indian Institute of Engineering Science and Technology, Howrah
50.	Indian Institute of Technology, Kharagpur
51.	Indian Institute of Information Technology, Guwahati
52.	National Institute of Technology, Durgapur
53.	National Institute of Technology, Silchar
54.	National Institute of Technical Teachers Training and Research, Kolkata
55.	Tezpur University
56.	Visva-Bharati
57.	Banaras Hindu University, Varanasi
58.	Indian Institute of Information Technology, Lucknow
59.	Indian Institute of Technology(BHU), Varanasi
60.	Indian Institute of Information Technology, Allahabad
61.	Indian Institute of Management, Kashipur
62.	National Institute of Technology, Uttarakhand
63.	Navodaya Vidyalaya Samiti, NOIDA
64.	Gurukula Kangri Vishwavidyalaya, Haridwar
65.	All India Institute of Medical Sciences, Rishikesh
66.	Pharmacopoeia Commission for Indian Medicine and Homoeopathy, Ghaziabad
67.	VV Giri National Labour Institute, NOIDA (Gautam Budh Nagar)
68.	Central Institute of Higher Tibetan Studies, Sarnath, Varanasi

Sl. No.	Name of Autonomous Body
69.	Rampur Raza Library, Rampur
70.	North Central Zone Cultural Centre, Prayagraj
71.	National Institute of Technology, Manipur
72.	Jawaharlal Institute of Post Graduate Medical Education and Research, Puducherry
73.	Board of Apprenticeship Training, Chennai
74.	National Institute of Siddha, Chennai
75.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
76.	National Institute of Technology, Trichy
77.	Rajiv Gandhi National Institute of Youth Development, Sriperumbudur
78.	Indian Institute of Technology, Palakkad.
79.	Haj Committee of India, Bombay
80.	National Institute of Naturopathy, Pune
81.	Ali Yavar Jung National Institute of Speech and Hearing Disabilities (Divyangjan), Mumbai
82.	Dattopant Thengdi National Board for Workers Education & Development, Nagpur
83.	National Institute for Industrial Engineering, Mumbai
84.	Visvesraya National Institute of Technology, Nagpur
85.	Board of Apprentices Training, Mumbai
86.	Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Nagpur
87.	South Central Zone Cultural Centre, Nagpur
88.	North Eastern Indira Gandhi Regional Institute of Health & Medical Sciences, Shillong
89.	North Eastern Institute of Ayurveda And Homeopathy
90.	Rajiv Gandhi Indian Institute of Management, Shillong
91.	National Institute of Technology, Meghalaya
92.	Sardar Vallabh Bhai Patel National Institute of Technology (SVNIT), Surat
93.	National Institute of Ayurveda, Jaipur
94.	All India Institute of Medical Sciences, Jodhpur
95.	Malviya National Institute of Technology, Jaipur
96.	Indian Institute of Technology -Jodhpur
97.	Indian School of Mines, Dhanbad
98.	National Institute of Technology, Jamshedpur
99.	Indian Institute of Management, Ranchi
100.	National Institute of Foundry and Forge Technology, Hatia, Ranchi
101.	All India Institute of Medical Sciences, Raipur, Chhattisgarh
102.	All India Institute of Medical Sciences, Bhopal
103.	Maulana Azad National Institute of Technology, Bhopal
104.	Atal Bihari Vajpayee Indian Institute of Information Technology and Management, Gwalior

Sl. No.	Name of Autonomous Body
105.	Maharashi Sandipani Rashtriya Vedvidya Pratishthan, Ujjain
106.	National Institute of Technology, Raipur
107.	National Institute of Technical Teachers Training and Research (NITTTR), Bhopal
108.	Indian Institute of Technology, Bhilai
109.	Laxmi Bai National Institute of Physical Education, Gwalior
110.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal
111.	Indian Institute of Science Education & Research, Mohali
112.	National Institute of Technology, Kurukshetra
113.	Indian Institute of Technology, Jammu
114.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
115.	Sant Longowal Institute of Engineering and Technology, Longowal
116.	Indian Institute of Advanced Study, Shimla
117.	National Institute of Technology, Hamirpur
118.	Indian Institute of Technology, Mandi
119.	Central University of Himachal Pradesh, Dharamshala
120.	National Institute of Technical Teachers' Training and Research, Chandigarh
121.	Post Graduate Institute of Medical Education and Research, Chandigarh
122.	National Horticulture Board, Gurgaon
123.	State Legal Services Authority, Chandigarh
124.	District Legal Services Authority, Chandigarh
125.	Chandigarh Building & Other Construction Workers Welfare Board
126.	Central Institute of Buddhist Studies, Leh-Ladakh
127.	Library of Tibetan Works & Archives, Dharamshala
128.	National Institute of Technology, Warangal
129.	National Institute of Science and Education Research, Tirupati
130.	Rashtriya Sanskrit Vidyapeetha, Tirupati
131.	Indian Institute of Technology, Tirupati
132.	Indian Institute of Technology, Hyderabad
133.	National Institute of Rural Development & Panchayati Raj, Hyderabad
134.	National Institute of Agricultural Extension Management (MANAGE), Hyderabad
135.	Salar Jung Museum
136.	Indian Institute of Technology, Bhubaneswar
137.	National Institute of Technology, Rourkela
138.	Central University of Odisha, Koraput
139.	Indian Institute of Science Education and Research, Berhampur
140.	All India Institute of Medical Sciences, Bhubaneswar
141.	Swami Vivekanand National Institute of Rehabilitation Training and Research

Sl. No.	Name of Autonomous Body
	(SVNIRTAR), Cuttack
142.	National Institute of Technology, Sikkim
143.	Central University of Karnataka, Kalburgi
144.	National Institute of Unani Medicine, Bengaluru
145.	Tripura University
146.	National Institute of Technology, Agartala
147.	Nagaland University
148.	National Institute of Technology, Nagaland
149.	National Tiger Conservation Authority, New Delhi
150.	Central Zoo Authority, New Delhi
151.	Betwa River Board, Jhansi
152.	Narmada Control Authority, Indore
153.	Brahmaputra Board, Guwahati
154.	National Water Development Authority, New Delhi
155.	National Mission for Clean Ganga, New Delhi
156.	Sree Chitra Tirunal Institute for Medical Sciences & Technology, Thiruvananthapuram
157.	Technology Development Board, New Delhi
158.	Science and Engineering Research Board, New Delhi

APPENDIX - XII

(Referred to in paragraph no. 1.10 (f))

List of Autonomous Bodies which had not provided depreciation on fixed assets

Sl. No.	Name of Autonomous Body
1.	All India Institute of Medical Sciences, New Delhi
2.	Central Medical Service Society, New Delhi
3.	National Council for Teachers Education, New Delhi
4.	Indian Museum, Kolkata
5.	Visva-Bharati
6.	National Institute of Ayurveda, Jaipur
7.	Dr.B.R.National Institute of Technology, Jalandhar
8.	Post Graduate Institute of Medical Education & Research, Chandigarh
9.	Tripura University
10.	National Institute of Technology, Agartala
11.	National Institute of Technology, Warangal

APPENDIX - XIII

(Referred to in paragraph no. 1.10 (g))

List of Autonomous Bodies that revised their accounts as a result of Audit

Sl. No.	Name of Autonomous Body
1.	Indian Sign Language Research and Training Centre, New Delhi
2.	Indian Institute of Technology, Madras
3.	Coastal Aquaculture Authority, Chennai
4.	Kalakshetra Foundation, Chennai
5.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry.
6.	Board of Apprenticeship Training, Chennai
7.	National Institute of Technical Teachers Training and Research, Chennai
8.	National Institute of Siddha, Chennai
9.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
10.	Indian Institute of Information Technology Design and Manufacturing, Kancheepuram.
11.	Pondicherry University, Puducherrry
12.	National Institute of Technology, Karaikal
13.	Central Council for Research in Siddha, Chennai.
14.	Central University of Tamil Nadu, Thiruvarur
15.	National Instructional Media Institute, Chennai
16.	Laxmi Bai National Institute of Physical Education, Gwalior
17.	Sikkim University
18.	National Institute of Technology, Sikkim
19.	National Institute of Unani Medicine, Bengaluru
20.	Indian Institute of Science, Bengaluru
21.	Indian Institute of Management, Bengaluru
22.	Central University of Karnataka, Kalburgi
23.	National Institute of Technology Karnataka, Suratkal
24.	Indian Institute of Management, Visakhapatnam
25.	National Institute of Technology, Warangal
26.	Swami Vivekanand National Institute of Rehabilitation Training and Research (SVNIRTAR), Cuttack

APPENDIX - XIV

(Referred to in paragraph no. 1.11)

Detailed position of the Action Taken Notes awaited/Under correspondence from various Ministries/Departments upto the year ended March 2018 as on December 2019

Sl. No	Name of the Ministry/ Deptt.	Report for the year ended March	Civil			Autonomous Bodies			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
1.	**Agriculture**	2016	-	-	-	1	-	1	1	-	1
2.	**Department of Atomic Energy**	2014	1	-	1	-	-	-	1	-	**1**
		2017	1	-	1	-	-	-	1	-	**1**
3.	**Department of Bio-Technology**	2017	-	-	-	2	-	2	2	-	**2**
4.	**Culture**	2012	-	-	-	1	-	1	1	-	1
		2013	-	-	-	1	-	1	1	-	1
		2016	-	-	-	1	-	1	1	-	1
		2017	-	-	-	2	1	1	2	1	1
5.	**Drinking Water and Sanitation**	2014	1	-	1	-	-	-	1	-	1
		2017	2	1	1	-	-	-	2	1	1
6.	**Earth Sciences**	2017	-	-	-	1	-	1	1	-	**1**
7.	**Environment, Forest and Climate Change**	2012	1		1				1		**1**
		2013	1		1				1		**1**
		2014				1		1	1		**1**
		2015	1	-	1				1		**1**

Sl. No	Name of the Ministry/ Deptt.	Report for the year ended March	Civil			Autonomous Bodies			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
8.	**External Affairs**	2016	1	-	1	-	-	-	1	-	1
9.	**Finance**	2016	1	-	1	-	-	-	1	-	1
		2017	1	-	1	-	-	-	1	-	1
10.	**Health and Family Welfare**	2014	2	-	2	1	-	1	3	-	3
11.	**Human Resource Development**	2006	-	-	-	1	-	1	1	-	1
		2013	-	-	-	1	-	1	1	-	1
		2014	-	-	-	1	-	1	1	-	1
		2016	1	-	1	1	-	1	2	-	2
		2017	-	-	-	5	-	5	5	-	5
12.	**Labour and Employment**	2017	-	-	-	1	-	1	1	-	1
13.	**New and Renewable Energy**	2017	2	- -	2	-	-	-	2	-	**2**
14.	**NITI Aayog**	2018	1	1	-	-	-	-	1	1	-
15.	**Social Justice and Empowerment**	2003	1	-	1	-	-	-	1	-	1
		2006	1	-	1	-	-	-	1	-	1
		2017	1	1	-	-	-	-	1	1	-

Sl. No	Name of the Ministry/ Deptt.	Report for the year ended March	Civil			Autonomous Bodies			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
16.	**Water Resources, River Development & Ganga Rejuvenation**	2016	1	-	1	-	-	-	1		**1**
		2017	1	1	-	-	-	-	1	1	**-**
17.	**Youth Affairs and Sports**	2012	1	-	1	-	-	-	1	-	1
		2013	-	-	-	1	-	1	1	-	1
		2014	-	-	-	2	-	2	2	-	2
		2015	-	-	-	1	1	-	1	1	-
		2016	-	-	-	1	-	1	1	-	1
Total			**23**	**4**	**19**	**26**	**2**	**24**	**49**	**6**	**43**

APPENDIX-XV

(Referred to in paragraph no. 1.11)

Year wise pendency of ATNs
Outstanding Action Taken Notes as of December 2019
(Union Territories without Legislatures)

Sl. No	Name of the UT	Report for the year ended March	Due	Not received at all	Under correspondence
1.	**Andaman & Nicobar Islands**	2017	1	-	1
2.	**Lakshadweep**	2014	1	-	1
3.		2016	1	-	1
4.		2017	1	-	1
Total			**4**	**-**	**4**

APPENDIX-XVI

(Referred to in paragraph no. 1.13 (Table 8))

Recovered amount out of over-payment/inadmissible payments in case of PSUs/Statutory Corporation

(₹in crore)

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
1.	Food Corporation of India	Ministry of Consumer Affairs, Food and Public Distribution	Inadmissible payment	1.93	1.93	Undue benefit due to non-recovery from Director, Food Civil Supplies and Consumer Affairs Department, Punjab on account of short delivery of levy rice crop year 2008-09 & 2009-10. In view of the audit observation, the management has made recovery.
2.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.01	0.01	Non recovery of weighment charges and stacking charges from State Agencies/Millers at Faridkot due to delivery of substandard rice and thereafter replacement thereof. In view of the Audit observation, the management has made recovery.
3.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	7.40	5.29	Short delivery of levy rice by the millers and non-recovery of forfeited amount by Director, Food Civil Supplies and Consumer Affairs Department, Punjab. In view of the Audit observation, the management has made recovery.
4.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	8.60	16.37	Excess payment to State Agencies on account of gunny depreciation due to use of B class gunny in procurement of paddy during KMS 2014-15. In view of the Audit observation, the management has made recovery.
5.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.07	0.25	Non recovery of less storage gains at economic cost in respect of Punjab State Warehousing Corporation/Private Entrepreneurs Guarantee godown. In view of the Audit observation, the management has made recovery.
6.	Food Corporation of India	Consumer Affairs, Food	Inadmissible payment	0.05	0.05	Non recovery of storage stacking charges and weighment charges on replacement of Beyond Rejection Limit (BRL) due to delay in

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
		and Public Distribution				replacement of substandard rice by State Agencies/Millers at Punjab. In view of the Audit observation, the management has made recovery.
7.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.03	0.03	Excess payment to State Agencies at Chandigarh due to non-recovery of value cut on relaxation in specification on Wheat KMS 2009-10. In view of the Audit observation, the management has made recovery.
8.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	5.29	5.29	Unjustified Payment of Guarantee fee charges to State Government Agencies at Chandigarh, Punjab. In view of the Audit observation, the management has made recovery.
9.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	2.76	2.39	Excess Payment of custody and maintenance charges to State Government Agencies at Chandigarh, Punjab. In view of the Audit observation, the management has made recovery.
10.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.05	0.05	Excess payment to State Government Agencies, Punjab due to non-recovery of value cut on relaxation in specification on Custom Milled Rice during Kharif Marketing Season 2008-09. In view of the Audit observation, the management has made recovery.
11.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	6.60	5.14	Excess Payment of custody and maintenance charges to State Government Agencies at Bathinda, Punjab. In view of the Audit observation, the management has made recovery.
12.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.19	0.19	Excess payment to State Government Agencies at Bathinda, Punjab on CMR delivered under relaxed specification by State Government Agencies of KMS 2005-06 and 2006-07. In view of the Audit observation, the management has made recovery.
13.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.40	0.40	Non-recovery against short supply of wooden crates in Godowns hired under Private Entrepreneurs Guarantee Scheme at Bathinda, Punjab. In view of the Audit observation, the management has made recovery.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
14.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.68	0.68	Non-recovery against short supply of wooden crates in Godowns hired under Private Entrepreneurs Guarantee Scheme at Faridkot, Punjab. In view of the Audit observation, the management has made recovery.
15.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	4.62	1.65	Avoidable payment of carryover charges due to not taking delivery of wheat stored by Agencies at Punjab in Katcha Plinths at FCI RO Punjab. In view of the Audit observation, the management has made recovery.
16.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	1.91	0.12	Non recovery of penalty for not providing the trucks by Road Transport Corporation, Jammu. In view of the Audit observation, the management has made recovery.
17.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.39	0.15	Non recovery of amount deposited for construction of FCI Godown at Pulwama from State Government. In view of the Audit observation, the management has made recovery.
18.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.75	0.78	Excess payment to State Government Agencies, Karnal on account to storage gain on wheat procured under Central pool. In view of the Audit observation, the management has made recovery.
19.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.01	0.01	Extra expenditure on godown rent due to hiring of Central Warehousing Corporation's godowns, Himachal Pradesh at higher capacity instead of rated capacity of godowns. In view of the Audit observation, the management has made recovery.
20.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.37	0.37	Excess payment due to non-recovery on account of once used gunny bags used in procurement of Wheat by State Government Agencies, Punjab during RMS 2013-14
21.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.18	0.54	Excess payment to State Government Agencies, Punjab due to non-recovery of value cut on relaxation in specification on Custom Milled Rice during Kharif Marketing Seasons 2006-07 and 2008-09. In view of the Audit observation, the management has made recovery.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
22.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.14	0.14	Irregular payment of unloading and stacking charges under Mandi Labour Charges on procurement of custom milled rice from State Government Agencies of Punjab during the period from Kharif Marketing Seasons 2009-10 to 2012-13. In view of the Audit observation, the management has made recovery.
23.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	2.38	2.50	Excess Payment of custody and maintenance charges to State Government Agencies of Punjab. In view of the Audit observation, the management has made recovery.
24.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.79	0.79	Excess payment to State Government Agencies of Punjab on account of gunny deprecation due to use of old gunny in procurement of paddy. In view of the Audit observation, the management has made recovery.
25.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.38	0.38	Avoidable expenditure borne by Food Corporation of India on debagging charges due to non-obtaining of undertaking from M/s Adani Logistics Limited. In view of the Audit observation, the management has made recovery.
26.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.12	0.12	Non recovery of abnormal storage loss at economic cost in respect of State Warehousing Corporation/ Central Warehousing Corporation/Private Entrepreneurs Guarantee Godowns at Kurukshetra. In view of the Audit observation, the management has made recovery.
27.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.42	0.30	Demurrage & re-booking charges incurred due to participation in strike by DPS workers recovered from the striking DPS workers. In view of the Audit observation, the management has made recovery.
28.	Food Corporation of India	Ministry of Consumer Affairs, Food & Public Distribution	Inadmissible payment	0.05	0.05	Food Corporation of India could not recover excess hire charges paid to Central Warehousing Corporation. In view of the Audit observation, the management has made recovery.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
29.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	3.50	2.24	Reimbursement of interest charges on Market Fees from State Government Agencies of Orissa. In view of the Audit observation, the management has made recovery.
30.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	0.07	0.06	Irregular payment of interest charges on Market Fees to State Government Agencies of Orissa. In view of the Audit observation, the management has made recovery.
31.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	0.01	0.01	Inadmissible payment to handling contractor by AO Imphal. In view of the Audit observation, the management has made recovery.
32.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	8.17	2.01	Procurement of paddy under Minimum Support Price scheme through private party in West Bengal Region. In view of the Audit observation, the management has made recovery.
33.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	0.04	0.04	Undue favour to State Warehousing Corporation of Ranchi on account of irregular payment of Handling and Transportation Charges. In view of the Audit observation, the management has made recovery.
34.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	2.96	1.48	Inaction of Management to recover re-booking charges from Bihar State Food & Civil Supplies/Contractor/ Central Warehousing Corporation/State Warehousing Corporation and avoidable expenditure on re-booking charges due to improper movement plan. In view of the Audit observation, the management has made recovery.
35.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Overpayment	0.26	0.17	Excess payment to labour & Contractor on account of direct dispatch of food grains from wagons due to release of payment at higher rate. In view of the Audit observation, the management has made recovery.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
36.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.81	0.81	Non recovery/adjustment of Risk and cost claims from Central Warehousing Corporation. In view of the Audit observation, the management has made recovery.
37.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	0.59	0.59	Excess payment was made by FCI District office at Port Blair on Voyage freight paid for stocks lifted from various Principal Distribution Centres (PDCs) for issue under relief works. In view of the Audit observation, the management has made recovery.
38.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	3.13	3.13	Excess Payment to State Government and its Agencies of Uttar Pradesh on account of cost of gunny & gunny depreciation in Custom Milled Rice. In view of the Audit observation, the management has made recovery.
39.	Indian Institute of Science Education and Research (IISER), Pune	Human Resource Development	Excess payment of energy charges	4.94	4.94	IISER had one electricity connection for the campus with Consumer No. 170019077550 which was classified under tariff of HT-IX-B i.e., Public Service – Others, instead of HT-IX-A i.e., Public Service – Government, for academic building, resulting in payment of energy charges at higher rates for the period from June 2015 to February 2018.
						On being pointed out by Audit (October 2017), IISER took up the matter with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) and the tariff was reclassified from March 2018. IISER in its reply (October 2019) further stated that the entire of amount of ₹ 4.94 crore has been adjusted/ recovered from MSEDL.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Audit Observation and Action taken by Ministry/ Department
40.	National Institute of Mental Health and Neuro Sciences (NIMHANS) Bangalore	Health and Family Welfare	Excess payment of Children Education Allowance	67.25	67.25	Ministry of Personnel, Public Grievances and Pensions, DoPT vide O.M dated 28 April 2014[1], prescribed the annual ceiling at ₹ 18,000 per child for reimbursement of Children Education Allowance (CEA) and at ₹ 54,000 for Hostel Subsidy. These ceilings were revised w.e.f. 1 July 2017 vide OM dated 16 August 2017[2] to ₹ 27,000 for CEA and ₹ 81,000 for Hostel subsidy respectively. Audit of National Institute of Mental Health and Neuro Sciences (NIMHANS) Bangalore revealed that for the academic year 2016-17, the auditee institution had reimbursed (during January 2017 to April 2017) CEA/Hostel Subsidy to 579 employees at the higher rates applicable from 1 July 2017 onwards.
41.	Indian Statistical Institute, Kolkata	Statistics and Programme Implementation	Excess payment of building plan sanction fees	2.30	1.87	Failure of Indian Statistical Institute to verify the veracity of the demand notice towards building plan sanction fees, resulted in excess payment of ₹ 2.30 crore towards sanction fees to the Kamarhati Municipality. As a result of audit observation, the Municipality accepted error on their part and refunded (August 2019) an amount of ₹ 1.87 crore against the observation raised for ₹ 2.30 crore. With respect to remaining amount of ₹ 0.44 crore, ISI stated (August 2019) that they would ascertain and raise the demand with Municipality shortly.
Total				**140.60**	**130.57**	