

## OVERVIEW

This Report contains significant audit findings which arose from the compliance audit of the financial transactions of Civil Ministries. It contains 17 chapters. Chapter I gives a brief introduction while Chapters II to XVI present detailed audit observations. Chapter XVII presents a summarised position of the Action Taken Notes furnished by the Ministries to the Audit Reports of the earlier years.

Some of the important findings included in this Report are given below :

### **Ministry of Agriculture**

#### **Department of Animal Husbandry, Dairying and Fisheries**

##### **Financial indiscipline in DMS**

Delhi Milk Scheme an undertaking of the Ministry of Agriculture, had accumulated losses amounting to ₹ 838.67 crore up to March 2012. Audit noted several deficiencies in its financial management. The cash management system adopted in DMS was not cost effective. Gross violations were noticed in the disbursement and adjustment of advances provided to departmental officers/officials. Further, it was found that about 87 *per cent* to 90 *per cent* of the expenditure in DMS was incurred from the Personal Deposit Account during 2009-12 which meant that the necessary checks ensured by the PAO system were bypassed.

*Paragraph 2.1*

##### **Premature release of funds**

The Ministry released a sum of ₹ 1.92 crore to NABARD under the scheme “Salvaging and rearing of Male Buffalo Calves” based on an incomplete proposal and in violation of Scheme provisions. Resultantly the amount could not be utilized by NABARD leading to blocking of funds for more than nine months.

*Paragraph 2.3*

## **Ministry of Civil Aviation**

### **PSF (SC) Escrow Account of GMR Hyderabad International Airport Limited**

#### **Inadmissible expenditure out of PSF (SC) Fund Escrow Account**

GHIAL incurred inadmissible expenditure of ₹ 100.40 crore out of PSF (SC) Fund Escrow Account.

*Paragraph 3.1*

## **Ministry of External affairs**

### **Undue financial benefit to the service provider**

The permission of the Ministry to enhance the service charge per visa applicant by 12 *per cent* of the existing rates on the basis of increase in property tax resulted in undue financial benefit of ₹ 3.45 crore to the service provider from October 2011 to December 2012.

*Paragraph 5.1*

## **Ministry of Health and family welfare**

### **National AIDS Control Organization (NACO)**

The CVM scheme by the NACO was characterized by poor planning and implementation. The Ministry did not undertake a comprehensive feasibility study. In the absence of a valid documented agreement, the issues relating to security and maintenance of the CVMs remained unaddressed. Consequently the project was discontinued by NACO.

The sale of condoms through CVMs was very low in comparison to the projections of the NACO. The intended objective of improving the accessibility of condoms in high risk areas through CVMs was not achieved despite investment of ₹ 21.54 crore under the scheme. The hasty manner of release of funds by the Ministry under Phase II without ascertaining the status of CVMs installed earlier was inappropriate.

*Paragraph 6.1*

## **Pradhan Mantri Swasthya Suraksha Yojana**

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced (August 2003) by the Government with the aim of correcting regional imbalances in the availability of affordable/reliable tertiary healthcare services and also to augment facilities for quality medical education in the country. It was proposed to establish in the next three years, six new hospitals in backward

States with modern facilities like those available at All India Institute of Medical Sciences (AIIMS) in Delhi.

An audit of the process of selection and payments made to consultants and contractors for different stages of construction of the six AIIMS like institutions was conducted. Audit noted deficiencies in selection of project consultants and payment processes to consultants and contractors. Cases of irregular release of mobilisation advances were also noticed.

*Paragraph 6.2*

**Procurement of Allopathic drugs in CGHS**

Audit noted that 71 per cent of the drugs procured consisted of drugs outside the formulary despite the fact that prices of drugs in the formulary are comparatively lower. CGHS resorted to procurement of higher priced branded drugs despite availability of low cost brands.

Branded drugs continue to be preferred over generic drugs despite adverse remarks of the Parliamentary Committee. This caused significant additional financial burden on the exchequer. The money value included in this report relates to only test checked cases which constitutes only a small percentage of actual procurement. Therefore, the monetary impact of such irregular practice would be much higher if the entire procurement were to be reckoned.

*Paragraph 6.3*

**Loss due to expiry of anti-TB drugs**

Improper planning in procurement of anti-TB drugs by the Central Tuberculosis Division of the Ministry resulted in losses due to the expiry of drugs valuing ₹ 5.06 crore.

*Paragraph 6.4*

**Ministry of Home Affairs**

**Sashastra Seema Bal**

**Excess expenditure on construction of residential quarters**

Sashastra Seema Bal did not initiate measures for construction of residential quarters in a timely manner after the approval of authorisation norms by the Ministry of Home Affairs. This led to cost overrun of ₹ 5.19 crore on construction of 108 residential quarters.

*Paragraph 7.1*

## **Border Security Force (BSF)**

### **Irregular procurement**

Failure of the BSF to follow laid down provisions while procuring Field Telephone Cable resulted in a loss of at least ₹ 1.45 crore.

*Paragraph 7.2*

## **Ministry of Human Resource Development**

### **Department of Higher Education**

#### **Shortcomings in the Aakash Tablet project**

The Ministry launched LCAD-AKASH through IIT, Rajasthan (IITR) without ascertaining their capacity to undertake the work. Consequently the project was withdrawn from IITR and awarded to IIT Mumbai. Thus the expenditure of ₹ 1.05 crore incurred on the project by IITR was rendered unfruitful. Further the delivery of the project was also adversely affected.

*Paragraph 8.1*

## **Department of School Education and Literacy**

### **Irregular release of grant**

The Ministry under the Scheme for providing quality education in madrassas provided financial assistance for 372 madrassas, without ensuring the fulfillment of the eligibility conditions prescribed in the scheme guidelines. This resulted in irregular release of grants amounting ₹ 8.86 crore to the State Government of Jammu and Kashmir.

*Paragraph 8.2*

## **Ministry of Overseas Indian Affairs**

### **Non-creation of self sustaining corpus funds for Indian Community Welfare Scheme**

Failure to create self sustaining corpus fund of ₹ 23.95 crore collected for Indian Community Welfare Scheme by the Ministry of External Affairs resulted in loss of interest amounting to ₹ 1.00 crore.

*Paragraph 10.1*

## **Ministry of Shipping**

### **Directorate of Lighthouses and Lightships**

#### **Non-restoration of DGPS since Tsunami and Unfruitful Expenditure of ₹ 75.14 lakh**

Essential navigational aids could not be restored even after eight years of tsunami due to flawed planning by the Department that further led to unfruitful expenditure of ₹ 75.14 lakh on purchase of equipment in December 2006 which had not yet been commissioned

*Paragraph 11.1*

## **Ministry of Textiles**

#### **Inordinate delay in purchase of ready built flats resulted in blockade of funds**

Delay in construction of residential flats in Guwahati resulted in blockade of ₹ 2.38 crore for more than seven years besides escalation of cost and loss of interest of ₹ 1.67 crore.

*Paragraph 12.1*

## **Ministry of Tourism**

#### **Irregular payment of agency handling fee to advertising agency**

India tourism offices at Frankfurt, Paris, Amsterdam and Milan paid agency handling fee to the advertising agency based on a working agreement containing provisions contrary to the orders issued by the Ministry of Tourism. This resulted in irregular payment of Rs. 88.67 lakh during November 2009 to May 2012.

*Paragraph 13.1*

## **Union Territories**

### **Andaman and Nicobar Administration**

#### **Andaman Public Works Department**

#### **Unfruitful expenditure**

Lapse of omission on the part of the Andaman Public Works Department to obtain the Coastal Regulation Zone clearance before commencement of the work and inadequate design resulted in unfruitful expenditure of ₹ 1.58 crore and additional liability of ₹ 0.31 crore on construction of two sea walls.

*Paragraph 14.1*

### **Directorate of Shipping Services**

Ignoring safety concerns and applicable Acts, as well as instructions of MoS, GOI and DGS, DSS approved faulty designs of engines of two vessels which led to unfruitful expenditure of ₹ 16.35 crore besides depriving public of their services for more than three years.

*Paragraph 14.2*

### **Non-recovery of penalty of ₹ 3.73 crore plus cost of repair and refit for damage**

Due to inaction of the Directorate of Shipping Services penalty of ₹ 3.73 crore together with the cost of repair towards damage of vessel remained unrecovered from the Manning Agent

*Paragraph 14.3*

### **Non-recovery of penalty**

Due to inaction of the Directorate of Shipping Services to impose penalty, an amount of ₹ 2.18 crore remained unrecovered from Shipping Corporation of India besides denial of proper connectivity between the islands to the general public.

*Paragraph 14.4*

### **Overpayment made to the Manning Agent**

The Director of Shipping Services failed to recover differential Wages between officers with total competence and those with lower qualification as per agreements, leading to overpayment of ₹ 78.96 lakh.

*Paragraph 14.5*

### **Irregular payments of ₹ 58.43 lakh to contractors**

The Directorate of Shipping Services allowed irregular payments of ₹ 58.43 lakh to contractors for victuals which were not actually supplied.

*Paragraph 14.6*

### **Lakshadweep Administration**

### **Failure to procure Landing Barges resulted in wasteful expenditure of ₹ 12.21 crore**

Failure of the UTL Administration in timely renewal of Bank Guarantees as per contract clause, resulted in non-recovery of the amount of ₹ 12.21 crore from supplier.

*Paragraph 14.7*

### **Non-commissioning of Radar Transponders**

Failure to obtain Wireless Operating Licence (WOL) from Department of Telecommunication (DoT) resulted in non-commissioning of Radar Transponders valuing ₹ 1.52 crore despite incurring ₹ 1.17 crore towards royalty/spectrum charges.

*Paragraph 14.8*

### **UT Chandigarh Administration**

#### **Misappropriation of Government money**

Non-remittance of cash in the treasury received from the cash counters of the Registering and Licensing Authority of UT Chandigarh, resulted in misappropriation of Government money of ₹ 25.68 lakh.

*Paragraph 14.10*

### **Chandigarh Administration-Police Department**

#### **Non-recovery of charges for deployment of police force**

Non-compliance of rules for providing police force to Punjab Cricket Association (PCA) and Kings XI, Punjab, resulted in non-recovery of ₹ 8.92 crore by UT Administration, Chandigarh

*Paragraph 14.11*

### **Chandigarh Building & Other Construction Workers Welfare Board, Chandigarh**

#### **Non-achievement of objectives due to non-utilization of cess of ₹ 28.04 crore collected for welfare of construction workers**

Due to non-implementation of welfare schemes for the benefit of building and other construction workers', cess of ₹ 28.04 crore collected from Government, public sector undertakings and others remained unutilized.

*Paragraph 14.12*

### **Ministry of Women and Child Development**

#### **Inordinate delay in the construction of office building for the National Commission for Women**

The office building for the National Commission for Women could not be constructed despite acquiring the land in 2001. The delay was mainly attributable to deficient planning. As a result, funds amounting to ₹ 1.47 crore released to the Central Public Works Department for the construction activity

remained blocked since March 2004. Despite substantial time and cost overruns, the project was still at the preliminary stage.

*Paragraph 15.1*

**Ministry of Youth Affairs and Sports**

**Ineffective monitoring of grants**

The Ministry failed to effectively monitor the release of the grants related to Common wealth Games- 2010. As a result funds amounting ₹ 191.22 crore were parked with SAI for periods ranging from 17 to 26 months. This contravened the provisions of the sanctions governing the utilization of the grants. Besides, the Ministry failed to take into account the interest earned on the unspent grants amounting ₹ 22.12 crore before releasing subsequent grants to SAI.

*Paragraph 16.1*