

Overview

Introduction

This report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of the transactions of nine Scientific and Environmental Ministries/Departments of the Government of India. The report contains eight chapters. Chapter I, in addition to explaining the objective of preparing this report, defines audit scope and methodology and also provides a synopsis of significant audit findings and observations. Chapters II to VIII present detailed findings/observations arising out of the compliance audit of Scientific and Environmental Ministries/Departments and the research centres, institutes and autonomous bodies under them.

Important areas of concern highlighted in the current report fall under the following broad categories:

- **Inefficient project management;**
- **Weaknesses in procurement and contract management;**
- **Financial benefits extended to employees without requisite approvals; and**
- **Deficient internal controls**

An overview of the specific audit findings included in this report is given below:

Inefficient project management

EDUSAT Utilisation Programme

EDUSAT, launched by the Department of Space in September 2004 was India's first thematic satellite dedicated exclusively for educational services to provide distance education service to remote areas of India. The total investment was ₹549.09 crore comprising of direct investment of ₹282.76 crore towards the launch of the spacecraft and further expenditure of ₹266.33 crore on establishment of ground network.

It was observed in audit that EDUSAT failed to effectively achieve its objectives due to deficiencies in planning for the network connectivity, content generation and failure to have a robust management structure. There were deficiencies in actual

implementation of the programme such as delay in establishment of ground network, idling of network connectivity, disparities in the allocation and idling of satellite bandwidth, inadequate content generation and deficiencies in monitoring and evaluation. The replacement strategy for the existing satellite was also deficient resulting in idling of operational networks. Thus, the objectives of implementation of EDUSAT could not be met fully even at the end of its life.

(Paragraph 3.1)

Public Private Partnership for setting up ‘The Centre for Genomic Application’ by Institute of Genomics and Integrative Biology

Institute of Genomics and Integrative Biology (IGIB) signed an agreement with the Institute of Molecular Medicine (IMM), a private partner for setting up ‘The Centre for Genomic Application’ (TCGA). IGIB did not follow due diligence before selecting the private partner. The agreement with IMM did not have adequate provisions for safeguarding interests of Government. TCGA could not achieve self-sufficiency, as envisaged. The pricing policy for its services was uneconomical. The financial practices of TCGA leaned in favour of the private partner, due to undercharging of services rendered, booking of expenditure unrelated to TCGA in its accounts and not charging the partner for use of equipment belonging to IGIB. The monitoring mechanism established for TCGA was lax. Advisory Council of TCGA did not issue the policy framework and guidelines for operation of TCGA by the private partner. The objective of TCGA in becoming a national research facility and a shared resource for use by universities, industries and laboratory groups remained largely unachieved. The activities of TCGA were suspended in August 2011.

(Paragraph 4.1)

Unfruitful expenditure

Central Institute of Mining and Fuel Research, a constituent unit of Council of Scientific and Industrial Research, failed to utilise technology of energy efficient coke oven in development of a demonstration/commercial plant. As a result, expenditure of ₹2.14 crore incurred on the project was rendered unfruitful.

(Paragraph 4.2)

Maintenance of Farakka Barrage and its ancillaries

Maintenance of the Farakka Barrage constructed by Government of India during the 1970s was inadequate. Consequently, there were major gate failures on six occasions from 1985 to 2011, major systems such as remote control systems for the gates and navigational lock of the barrage remained inoperative for nearly three decades. The project management did not have enough spare gates as prescribed by the Central Water Commission norms. Bed protection works and maintenance works

on the feeder canal were not undertaken. No action for preventive maintenance of the barrage structures was taken.

(Paragraph 7.1)

Weaknesses in procurement and contract management

Avoidable expenditure on compensation due to breach of agreement

Nuclear Fuel Complex (NFC) entered into an agreement for procurement of a minimum quantity of magnesium granules from a private firm for a period of seven years. No clause to cover deviations in the procurement quantity was included in the agreement. In the meantime, the requirement shifted to magnesium chips from magnesium granules. NFC could not revise the agreement and also failed to document the proceedings of an important meeting with the firm on the issue, resulting in avoidable payment of ₹1.43 crore towards compensation due to breach of agreement.

(Paragraph 2.1)

Hasty procurement of equipment without creating infrastructure facilities for installation

Saha Institute of Nuclear Physics, Kolkata could not install equipment of ₹38.90 crore for want of required infrastructure.

(Paragraph 2.2)

Parking of a foreign satellite in Indian Administration coordinated orbital slot

Department of Space allowed a foreign private satellite service provider to park its satellite in an orbital slot coordinated by the Indian Administration and meant for Indian Satellites, in violation of the country's SATCOM policy and International Telecommunication Union's radio regulations.

(Paragraph 3.2)

Loss due to unsafe transport and belated insurance of consignment

Liquid Propulsion Systems Centre, Mahendragiri did not ensure safe sea transport of a Liquid Hydrogen Storage Tank procured at a cost of ₹6.15 crore resulting in extensive damage to the consignment, due to which additional expenditure of ₹1.36 crore was incurred on repair. Insurance claim of ₹3.39 crore was also rejected by the Insurance Company due to delay in obtaining the insurance cover.

(Paragraph 3.3)

Financial benefits extended to employees without requisite approvals

Inadmissible payment of Transport Allowance

Jawaharlal Nehru Centre for Advanced Scientific Research irregularly paid transport allowance of ₹69.93 lakh to its employees who were utilising Institute's transport facility.

(Paragraph 5.2)

Repeated unauthorised creation and up-gradation of posts by Central Pollution Control Board

Central Pollution Control Board (CPCB), an autonomous institution under the Ministry of Environment and Forests (MoEF), created and upgraded posts in violation of orders of Ministry of Finance, did not comply with guidelines on ad-hoc appointments and incurred a recurring financial burden of more than ₹3.22 crore per annum on the exchequer. The repeated breach of delegation of powers by CPCB indicates the lack of control and monitoring by MoEF over the units under its administrative jurisdiction.

(Paragraph 6.1)

Irregular introduction of pension scheme and diversion of funds

Indian National Centre for Ocean Information Services, Hyderabad, irregularly introduced a pension scheme for its employees in violation of the orders of Ministry of Finance.

(Paragraph 8.1)

Deficient internal controls

Avoidable expenditure on hiring of office premises

Science and Engineering Research Board failed to occupy the premises hired from a private agency, for its office for 22 months and incurred avoidable expenditure of ₹8.84 crore towards rent.

(Paragraph 5.1)