

## CHAPTER XIII : PLANNING COMMISSION

### Unique Identification Authority of India

#### 13.1 Avoidable payment of ₹ 1.95 crore as Stamp Duty

**Failure of the Unique Identification Authority of India to avail exemption from payment of stamp duty granted under the statute, resulted in avoidable payment of ₹ 1.95 crore.**

In terms of Proviso 1 to Section 3 of the Indian Stamp Act, 1899, no stamp duty shall be chargeable in respect of any instrument executed by, or on behalf of, or in favour of the Government in cases where, but for this exemption, the Government would be liable to pay duty chargeable in respect of such instrument.

Unique Identification Authority of India (UIDAI), was set up by the Government of India to issue unique identification numbers to the residents of India. UIDAI was constituted and notified as an attached office under aegis of Planning Commission through GOI notification of January 2009. UIDAI was mandated to construct two Central Identification Data Repositories (CIDRs)<sup>1</sup> one at Bengaluru and another in National Capital Region. Bengaluru Development Authority allotted (March 2011) to UIDAI a plot of land measuring 12,372.40 sq. m. at Kodigehalli, Bengaluru on lease for a period of 30 years. Subsequently (November 2011), the Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC) allotted another plot of land measuring 20,700 sq. m. at Manesar, Gurgaon to UIDAI.

UIDAI paid (June 2011, June 2012 and January 2013) a sum aggregating to ₹ 1.95 crore as stamp duty for execution of conveyance deeds in respect of these plots. Audit noted that UIDAI, being a Government organisation, was entitled to avail the exemption from payment of stamp duty granted under the statute.

On it being pointed out, UIDAI stated (July 2013) that it had requested to Inspector General of Registration and Controllers of Stamps (IGR) of

<sup>1</sup> CIDR verifies whether the data submitted matches the data available with it.

respective states to refund the amount of registration charges paid by this office, for execution of conveyance deed.

Thus, the failure of UIDAI to keep itself abreast of extant provisions resulted in avoidable payment of ₹ 1.95 crore as Stamp Duty.

### 13.2 Premature release of funds

**Unique Identification Authority of India prematurely released funds to Engineers India Limited (EIL) in violation of codal provisions and without assessing the immediate requirement of funds. The released funds were not invested in fixed deposits leading to loss of interest of ₹ 1.20 crore.**

In terms of guidelines issued (December 2006) by the Secretary, Department of Expenditure, Ministry of Finance to all the Financial Advisers/Chief Controller of Accounts, payments during the last month of the year may be made only for the goods and services actually procured. The guidelines further stipulated that no amount should be released in advance during the last month of the financial year.

The Unique Identification Authority of India (UIDAI) entered (March 2011) into a contract with Engineers India Limited (EIL) for project management consultancy services for construction of data centres<sup>2</sup> and UIDAI Headquarters at an estimated cost of ₹ 300 crore. UIDAI released ₹ 38 crore to EIL as advance on 30 March 2011.

Audit observed that the plots of land for construction of data centres at Bengaluru and Manesar were acquired by UIDAI in June 2011 and November 2011 respectively while the land for UIDAI Headquarters was acquired in May 2012. Audit further observed that the work orders for data centres at Bengaluru and Manesar were awarded by the EIL to the contractors only after August 2012, while the work order for construction for UIDAI Headquarters was yet to be awarded (June 2014). Thus, the advance payment made by the UIDAI, 17 months prior to the issue of work order, breached the terms of agreement and also the specific directions issued by the Ministry of Finance. Further,

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<sup>2</sup> At Bengaluru and Manesar

the funds were released without reckoning the readiness of the implementing agency to undertake the project. These facts indicate the funds were released merely to avoid lapse of budgetary provision.

Audit also observed that in terms of the agreement, interest earned by EIL on project was to be credited to the project account. The agreement authorized EIL to keep surplus funds in fixed deposits. UIDAI released advance of ₹ 38 crore on 30 March 2011 and the funds were received by EIL on 7 April 2011. The EIL invested ₹ 37.40 crore from these funds in Fixed Deposit Receipts (FDRs) only on 02 September 2011. The delay in investing the funds in FDRs resulted in loss of interest amounting to ₹ 1.20 crore<sup>3</sup>.

UIDAI in its reply stated (January 2014) that agreement with EIL was intrinsically modelled on the lines of Deposit works executed by CPWD. The initial deposit based on the anticipated cost of project was provided to EIL just like the advance to be deposited with the CPWD under Deposit works. The UIDAI further added that EIL maintained a dedicated project account for funds being released from UIDAI for the construction projects and adequate visibility with reference to fund flow would have to be maintained to provide effective oversight. Opening of the dedicated project account by EIL involved fulfilling the extant KYC<sup>4</sup> norms of the bank, provision of TAN no. of UIDAI, addressing clarifications, etc which involved time and, therefore, the investment could be made only in September 2011.

The reply of the UIDAI is not acceptable, as the contracts were concluded after 17 months of release to advance payment. Moreover, the amount of advance was transferred to EIL Account on 30 March 2011, just to avoid the lapse of budgetary provisions. UIDAI's plea that time was required for completing the formalities is not acceptable, as the UIDAI released the funds on the same day after signing the

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<sup>3</sup> Interest has been calculated on 8 per cent per annum on ₹ 37.40 crore for 147 days as EIL received interest at the rate of 8 per cent on subsequent FDRs.

<sup>4</sup> Know your Customer

agreement with EIL, but the latter took unreasonably long period of 147 days in completing the formalities for investment.

Thus, failure of UIDAI to comply with the extant provisions of the Ministry of Finance, led to irregular release of advance to EIL. The avoidable delay in investing the funds resulted in loss of interest of ₹ 1.20 crore.