

## Executive Summary

### Global Estate Management by the Ministry of External Affairs

#### Introduction

In the course of discharging its functions, the Ministry of External Affairs (MEA) is, inter alia, responsible for acquisition and maintenance of properties owned by the Government of India (GoI) in India and abroad. The MEA manages properties in 180 Missions besides its offices in India. The capital expenditure for the year 2011-12 towards property management was ₹ 358.92 crore.

#### Why did we select this subject?

A performance audit of 'Property Management by Ministry of External Affairs' was carried out by Audit for the period 1999-2000 to 2003-04 (C&AG's Report No. 17 of 2005). The issues raised in performance audit were examined by the PAC and its recommendations were contained in the 51<sup>st</sup> Report of the PAC (14<sup>th</sup> Lok Sabha) laid on the table of the Lok Sabha and Rajya Sabha on 24.08.2007. The Ministry's Action Taken Note on PAC recommendations were further scrutinised by the PAC. The assurances of Ministry and further recommendations (August 2008) of PAC were contained in the 75<sup>th</sup> Report of the PAC (14<sup>th</sup> Lok Sabha).

The present audit seeks to assess efficiency of the utilisation and management of its global estate by MEA and review compliance of the assurances given to the PAC.

#### What are our findings?

- **Lack of domain information and non-preparation of action plan**

It was seen that even essential domain information i.e. owned, rental and leased number of Chancery buildings/Embassy residences/Staff residences etc. were not readily available with MEA. The absence of the information indicates a lack of a systematic approach towards reduction of rental liability as assured to the PAC. The MEA was also yet to develop an action plan for estate management despite an assurance given to the PAC.

- **Delay in acquisition of property**

The Ministry had rendered assurance to the PAC that significant steps had been taken to streamline and speed-up the internal processes related to acquisition and construction of property. However, audit noted in seven cases (Geneva, Berne, Hamburg, Munich, Bishkek, Stockholm and Milan) deficiencies and delays in decision making persisted. Failure in purchase of land/acquisition of property resulted in rental outgo amounting to ₹ 7.83 crore during 2011-12.

- **Delays in construction activities**

Audit noted delays in commencement of construction of properties in ten cases (Shanghai, Port of Spain, Port Louis, Dar-Es-Salaam, Kathmandu, Tashkent, Kyiv, Brasilia, Doha and Nicosia). The delays were attributable to delays in submission of drawings, failure to firm-up the type of properties required, non finalisation of project designs, delays in obtaining approval from local authorities, frequent changes in project requirements and other procedural delays. Most of these delays were internal to the Ministry. The PAC during the examination of the previous audit report of property management had also urged the MEA to put in place specific time frames and monitoring mechanism to avoid delay in pre construction activities. The annual rental outgo in these cases, in 2011-12 was ₹ 16.36 crore.

- **Deficiencies in renovation/redevelopment activities**

Renovation/Redevelopment work of owned buildings has been taken up by the Ministry at various stations. Audit of records maintained at Ministry/respective Missions revealed that at four stations viz., Sydney, Hong Kong, Kuala Lumpur and Jakarta there were irregularities and considerable delays in renovation/redevelopment work. This resulted in avoidable rental expenditure of ₹ 7.44 crore during 2011-12.

- **Delays in construction activities in India**

Lack of a systemic approach was also noted in domestic construction projects. Audit of records of five projects (RPO Jaipur, RPO Amritsar, RPO Mumbai, RPO Srinagar and FSI, Delhi) revealed that there were

considerable delays in start of projects upto 22 years (RPO Jaipur). Construction at RPO Srinagar had not commenced though the land was purchased in December 2006. Avoidable rental outgo in respect of three RPOs (RPO Amritsar, RPO Mumbai and RPO Srinagar) during 2011-12 alone was ₹ 3.98 crore.

#### **What do we recommend?**

- The Ministry should develop a comprehensive database of the estate under its control, which should be constantly updated.
- The Ministry needs to have a well documented Action Plan defining the goals and targets with specific budgetary allocations. A well codified manual of procedures with clear division of responsibilities would enable setting up quantifiable and measurable objectives for the officials involved in estate management.
- Adequate due diligence should be exercised at the planning and designing stage. All issues relating to local laws and procedures should be considered before acquisition/commencement of a project as these have been identified by Audit as main impediments in efficient acquisition of property and timely completion of constructions.