

## OVERVIEW

There are seven Union Territories (UTs) specified under Part II of the First Schedule to the Constitution of India, viz., Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Lakshadweep, National Capital Territory of Delhi and Puducherry. Except for National Capital Territory of Delhi and Puducherry, the UTs do not have Legislature. Audit observations arising from the audit of the five UTs without Legislature, were being included in the C&AG's Compliance Audit Report for the Union Government, until 2014. This Audit Report has been prepared as a separate Report in respect of UTs without Legislature for the first time.

The Report contains three chapters. Chapter I gives a brief introduction and a summarised position of the Action Taken Notes furnished by the Ministries to the Audit Reports of the earlier years and status of replies received from the Ministries to the paragraphs included in this Report. Chapters II to III present detailed audit observations.

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

### **Significant audit observations**

In the last few years, audit has reported on several significant deficiencies during the audit of the UT departments/organisations. The present report contains compliance audit paragraphs based on such audits. The highlights are given in the following paragraphs.

### **Financial Management and Internal Control at Port Management Board**

The objectives of Port Management Board (PMB) entailed extension of port facilities at the Ports of Andaman & Nicobar Islands (ANI), formulation of rules and regulations towards levy and collection of various charges and for conservancy of harbours. However, the powers required for fulfilling all the objectives were not vested with PMB. No initiative was taken by the Administration for framing periodical rules and regulations necessary for the smooth operation of the activities being executed by PMB. Thus, there were shortcomings in levy and collection of charges for vessel/cargo related services; the workforce for cargo handling was not managed efficiently; there was no policy for augmentation of revenue

nor was any policy framed for land management. The absence of proper internal control mechanism further affected the functioning of PMB. PMB accepted majority of the recommendations of Audit.

**(Paragraph 2.1)**

### **Wasteful expenditure of ₹ 317.03 lakh**

Public Works Department, Union Territory, Dadra & Nagar Haveli, did not adhere to the specifications of pipes in a pipeline network, as recommended by M/s Water and Power Consultancy Services (India) Ltd, the consultant, which resulted in wasteful expenditure of ₹ 317.03 lakh.

**(Paragraph 2.4)**

### **Non modernization of communication network**

Failure of the Dadra & Nagar Haveli Administration in implementation of TETRA technology for communication network for Police Department resulted in non-modernization of communication system. The system is a crucial and vital activity under modernization scheme in the coastal and sensitive UTs. The UT Administration also blocked funds of ₹ 484.38 lakh with Omnibus Industrial Development Corporation for more than four years.

**(Paragraph 2.6)**

### **Irregular parking of government funds**

Parking of funds to the tune of ₹ 216.59 crore with Lakshadweep Development Corporation Limited (LDCL) and not refunding the unspent amount of ₹ 40.48 crore to Union Territory of Lakshadweep (UTL), resulted in blocking of government money to the tune of ₹ 257.07 crore.

**(Paragraph 2.8)**

### **Excess payment of Special Allowance**

In contravention of the orders of Ministry of Finance, UTL Administration allowed two Special Compensatory Allowance *i.e.* Special Compensatory (Remote Locality) Allowance (SCRLA) and Hard Area Allowance (HAA) in addition to Island Special Duty Allowance (ISDA) at a time to its employees. This led to excess payment of ₹ 79.87 lakh.

**(Paragraph 2.9)**

### **Short levy of stamp duty on registration of lease deeds**

Short levying applicable rate of stamp duty on registration of lease deeds by UT of Chandigarh resulted in short recovery of ₹ 226.57 lakh.

**(Paragraph 3.2.2)**

### **Non-collection of service tax on rental income**

Renting of immovable property was brought under the purview of service tax in the year 2007 by the Government of India. Delayed payment of service tax also attracts interest thereon. It was observed in audit that the Tourism Department of the UT of Dadra & Nagar Haveli had given its properties at various locations on lease to private parties. The department however neither collected service tax nor deposited the same to service tax department resulting in a total liability of ₹ 51.54 lakh on account of tax and interest. On being pointed out in audit, the department accepted the audit observation and intimated that it had already recovered an amount of ₹ 10.01 lakh till October 2014.

**(Paragraph 3.2.4)**