

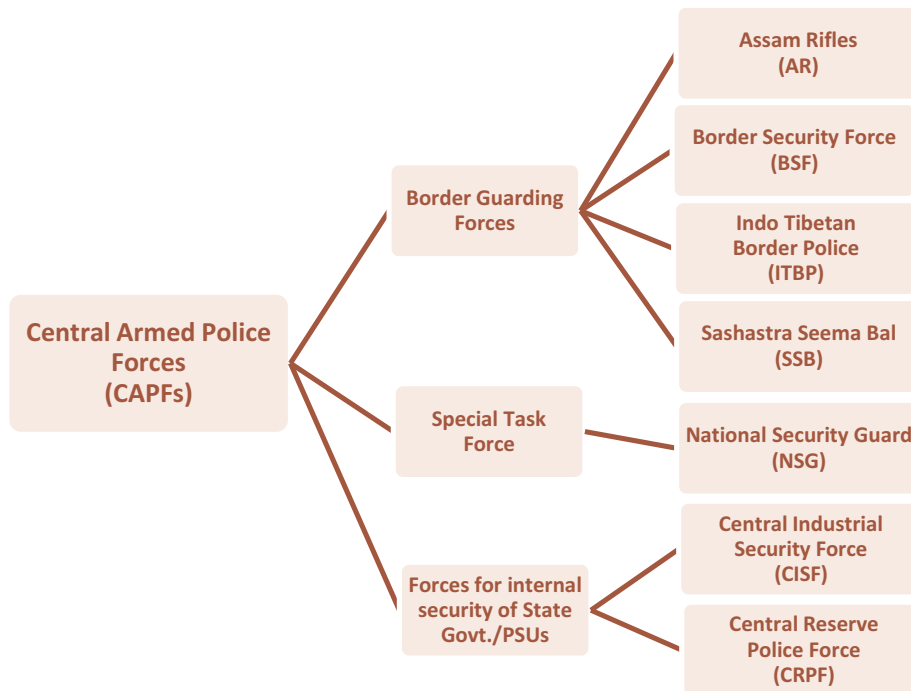
CHAPTER – I

Introduction

1.1 GENERAL INFORMATION ABOUT THE AUDITEE

The Ministry of Home Affairs (MHA) has a wide spectrum of responsibilities, the primary being internal security of the country, which involves the management of the Central Armed Police Forces (CAPFs)¹. The seven armed police forces of Union of India are under the authoritative control of MHA. The overview of these CAPFs along with their roles is as detailed below:

Chart 1.1: Role of CAPFs



Out of these, AR, BSF, ITBP and SSB² are the '*Border Guarding Forces*' while CRPF assists the State Governments/UT Administrations in matters related to maintenance of public order. CISF provides security and protection to vital installations, Public Sector Undertakings (PSUs), airports, industrial units and important national institutions. NSG is

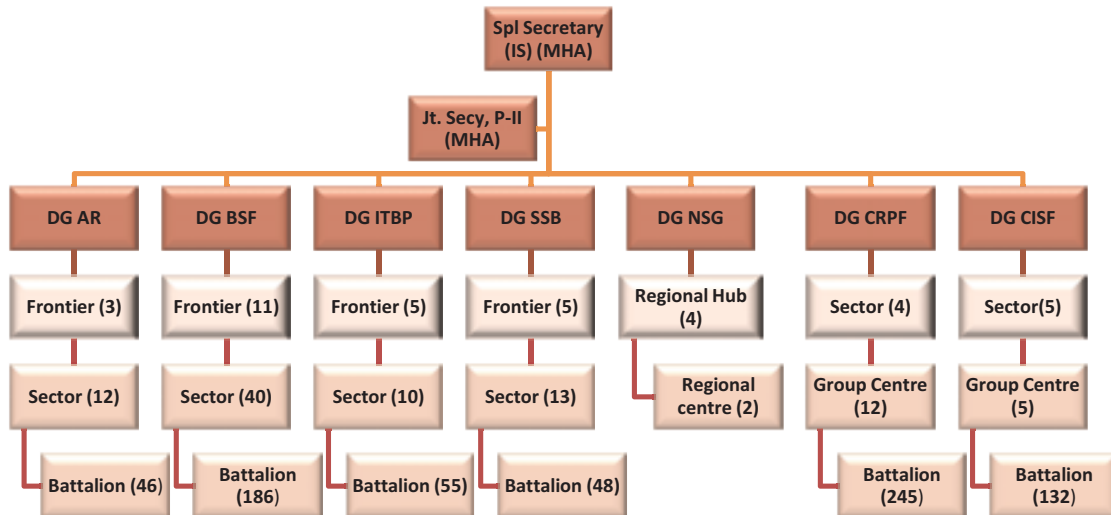
¹ Since March 2011, while all other forces are re-designated as Central Armed Police Forces (CAPF), Assam Rifles remains a Central Para Military Force (CPMF). However, for the purpose of this performance audit, CAPFs include Assam Rifles also.

² Abbreviations like AR for Assam Rifles are used throughout this document.

a specialized force for counter terrorism and anti-hijacking operations and is also entrusted with the task of VIP security.

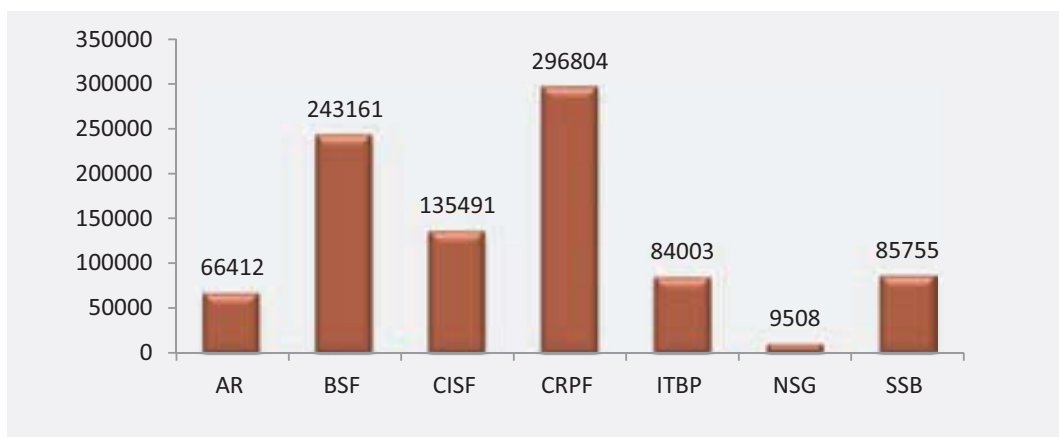
1.2 ORGANOGRAM OF FORCES

Chart-1.2: Organizational Chart of CAPFs



MHA is headed by Home Secretary who is assisted by Special Secretary (Internal Security). The Police II division of MHA under the SS(IS) headed by a Joint Secretary is responsible for processing the cases in respect of construction works of all the CAPFs. Each CAPF is headed by a Director General with HQrs. in Delhi except Assam Rifles which has its HQrs. in Shillong, Meghalaya. The sanctioned strength along with number of battalions of these CAPFs is depicted below:

Chart-1.3: Sanctioned Strength of CAPFs



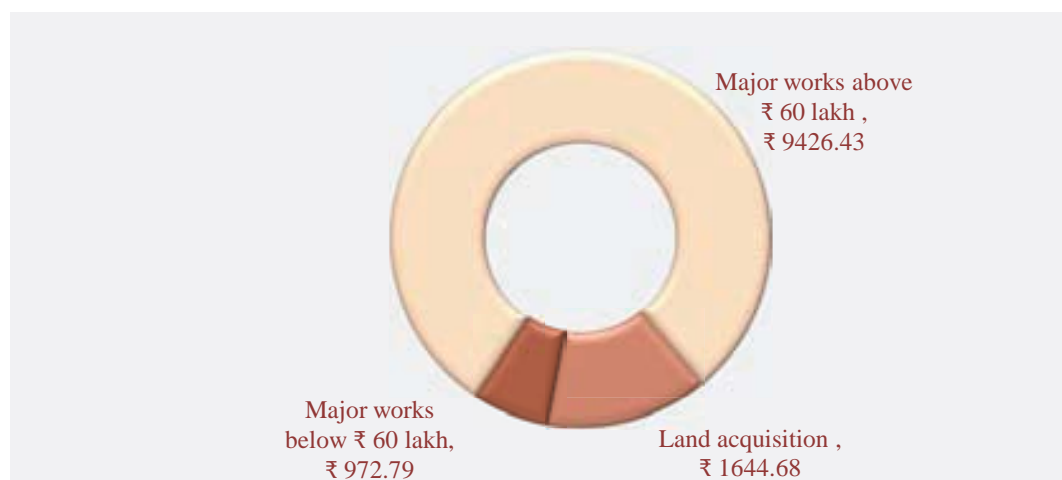
CAPFs are spread across the country, many of which are in remote/border areas. To function effectively, these forces require office complexes, training centres, residential buildings (including barracks) and Border Out Posts (BOPs) for guarding the borders.

For construction activities, CAPFs acquire land through State Governments and carry out their activities through government executing agencies like the Central Public Works Department (CPWD) and other Public Works Organizations (PWOs) such as National Building Construction Corporation (NBCC), Engineering Projects India Limited (EPIL), National Projects Construction Corporation Limited (NPCCL), Hindustan Prefab Limited (HPL) etc. CAPFs, viz. BSF, SSB, AR, ITBP and NSG have their own engineering wings also execute works up to an estimated cost of ₹ 60 lakh besides repair and renovation works.

1.3 BUDGETING BY MINISTRY

For acquisition of land and construction activities, MHA allocates budget under Capital (Major Works) to these CAPFs. In Major Works, budget is allocated under three sub heads viz., Office Buildings (OB), Residential Buildings (RB) and Border Out Posts (BOPs). Force-wise budget and expenditure under major works during 2008-09 to 2013-14 is placed at **Annex-1.1**. Total expenditure under major works including land acquisition cases by CAPFs for the period 2008-09 to 2013-14 was ₹ 12043.90 crore as detailed below:

Chart 1.4: Expenditure on construction activities including land acquisition during 2008-09 to 2013-14 by CAPFs (₹ in crore)



1.4 RATIONALE FOR SELECTION OF THIS TOPIC

During audit of MHA, it was noticed that a large portion of the plan expenditure of MHA was earmarked for the construction activities of the CAPFs. Past experience of our audit of CAPFs, including their HQrs. and field offices, revealed that delays in acquisition of land and completion of construction activities resulted not only in cost and time overruns but also deprived the recipients from getting timely benefits of construction activities. Since no performance audit on construction activities in CAPFs had been undertaken so far, it was decided to take up this issue. As this report focuses on important issues

relating to land acquisition, construction activities by PWOs, maintenance and utilisation of assets created, it would be of value to MHA, CAPFs as well as the executing agencies.

1.5 AUDIT OBJECTIVES

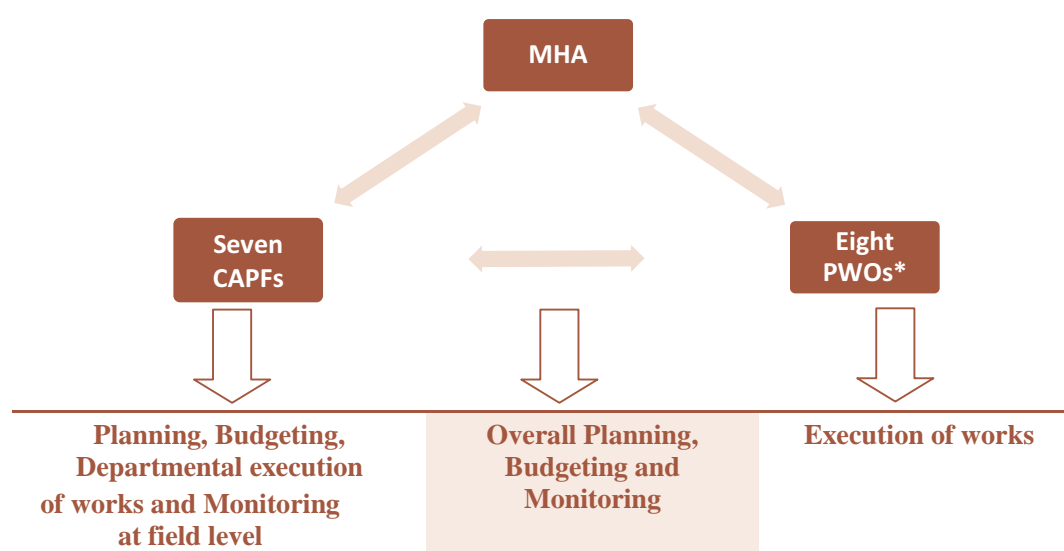
The performance audit was conducted with a view to examine economy, efficiency and effectiveness in construction activities in CAPFs. Specific audit objectives were the following:

1. Whether adequate land as per the prescribed norms was acquired on time in a cost effective manner and made available for construction.
2. Whether the concerned agencies observed financial propriety during construction activity.
3. Whether construction activities were carried out as per relevant government rules and regulations within the prescribed time frame and cost.
4. Whether the intended purpose behind the land acquisition and construction carried out was achieved effectively.
5. Whether the MHA and CAPFs along with the executing agencies followed a strong monitoring mechanism to ensure the effective utilization of the available resources.

1.6 AUDIT SCOPE AND COVERAGE

The performance audit was limited to major works above ₹ 10 lakh undertaken by CAPFs themselves or through various PWOs. Under major works, those executed through PWOs as well as the Engineering wings of the CAPFs were selected through random sampling. The main activities and agencies audited are depicted below:

Chart 1.5: Scope of audit



Eight PWOs*: National Building Construction Corporation (NBCC), Engineering Projects India Limited (EPIL), National Projects Construction Corporation Limited (NPCCL), Hindustan Prefab Limited (HPL), Delhi Metro Rail Corporation (DMRC), Jammu and Kashmir Project Construction Corporation (JKPCC), Electricity Board Manipur (ECB), Uttar Pradesh Jal Nigam (UPJN)

The scope of audit covered the period from 2008-09 to 2013-14; but land acquisition cases and construction works sanctioned prior to audit period which were ongoing during the audit period were also covered. Field audit was conducted through the audit offices of CAG located across the country, covering construction activities in all the states.

The following works are excluded from the scope of this performance audit:

- ❖ Major works below ₹ 10 lakh and minor works undertaken by the CAPFs.
- ❖ Projects of Border Out Posts (BOPs) funded through the Border Management Division of MHA.

1.7 SOURCES OF AUDIT CRITERIA

The construction activities undertaken by CAPFs, performance of the Ministry and executing agencies were evaluated on the basis of the following criteria:

- i) CPWD Manual
- ii) CPWA Code
- iii) General Financial Rules
- iv) Manual of policies and procedures for Works Contract
- v) Guidelines issued by Central Vigilance Commission for Works Contract
- vi) Guidelines issued by MHA to CAPFs in respect of land acquisition and construction activities
- vii) Manuals and policies of concerned Public Works Organisations (other than CPWD)
- viii) Land Acquisition Act 1894 (Revised with effect from 1 January 2014)
- ix) Other relevant government rules and regulations

1.8 AUDIT SAMPLE

Sample for land acquisition cases and works was selected force wise through Interactive Data Extraction and Analysis (IDEA) software in proportion to number of cases pertaining to a particular force in the audit universe. After calculation of sample size, data for cases where sanctions were granted in last 6 years were arranged. Multi-layer sampling was adopted for major works relating to construction activities. The following criteria were adopted for scientific random sampling:

Table-1.1: Criteria for sampling of land/works more than ₹ 60 lakh

Details of works	Percentage of selection for audit	Total number
Land acquisition cases	20	132
Works with estimated cost above ₹ 5.00 crore	33	418
Works with estimated cost from ₹ 60 lakh to ₹ 5 crore	25	

Besides this, the selection of the sample in the following categories has been done by the respective DsG/PDs Central Audit offices as per the framework provided in the succeeding para :

Table 1.2: Criteria for sampling of ongoing works/land cases and works less than ₹ 60 lakh

Details of works	Percentage of selection for audit
Works with estimated cost less than ₹ 60 lakh	20 per cent (subject to maximum 5 works from each force)
Ongoing works sanctioned prior to 1 April 2008	100 per cent (subject to maximum 20)
Pending land acquisition cases sanctioned prior to 1 April 2008	100 per cent (subject to maximum 20)

The resultant total samples selected in land cases and construction works during the period 2008-09 to 2013-14 for this performance audit is as follows:

Table-1.3: Details of force wise selection of work and land cases

		AR	BSF	CISF	CRPF	ITBP	NSG	SSB	TOTAL
Land Cases	Total	11	156	12	62	33	7	333	614
	Selected	5	35	6	13	8	3	62	132
Works above ₹60 lakh	Total	448	470	86	164	240	32	214	1654
	Selected	115	105	21	51	65	08	53	418
Works ₹10 to ₹ 60 lakh	Total	896	1242	154	277	105	42	109	2825
	Selected	05	46	29	55	31	05	19	190
Ongoing	Total	27	4	12	72	10	1	3	129
	Selected	12	04	11	65	06	01	03	102
Total land cases	Selected	5	35	6	13	8	3	62	132
Total works	Selected	132	155	57	166	102	14	75	710

List of above 132 land acquisition cases and 710 works are placed at **Annex-1.2** and **Annex-1.3** respectively.

1.9 AUDIT METHODOLOGY

The audit methodology consisted of an entry conference, scrutiny of records/documents of MHA, CAPFs and different executing agencies, interviews with concerned officials and physical inspection of sites, including collection of photographic evidence.

Entry conference was held on 12 June 2014 by Director General of Audit (Central Expenditure) with the Joint Secretary of MHA along with representatives of all the CAPFs and executing agencies to explain the audit objectives and approach. Field audit was conducted between June and December 2014. All the field audit offices also held entry conferences in their respective audit jurisdictions with the auditee organisations before taking up the audit.

Draft agency-specific audit observations were communicated to the field units of CAPFs and executing agencies in January-March 2015 for their responses. Exit Conferences were held at central offices of CAPFs and executing agencies at appropriate levels. An exit conference co-chaired by Special Secretary (Internal Security) and Director General of Audit (Central Expenditure) was held in MHA along with representatives from MHA, CAPFs and PWOs on 29 May 2015. The responses of these agencies at various levels have been examined and suitably incorporated. Response from MHA in the exit conference and their replies has also been taken into account while finalising this Report.

1.10 SCOPE LIMITATION

Despite our best efforts and repeated reminders, certain records and information as detailed in **Annex-1.4** were not provided by the Executing Agencies.

1.11 ACKNOWLEDGEMENT

The Indian Audit and Accounts Department acknowledges the cooperation and assistance extended by MHA and all the seven CAPFs. We also acknowledge the cooperation and assistance extended by executing agencies viz. CPWD and other PWOs in providing necessary information and record to audit.

