

OVERVIEW

There are seven Union Territories (UTs) specified under Part II of the First Schedule to the Constitution of India, viz., Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, National Capital Territory of Delhi and Puducherry. Except for the National Capital Territory of Delhi and Puducherry, UTs do not have Legislature. This report includes audit observations arising from the audit of the five UTs without Legislature.

The Report contains four chapters. Chapter I gives a brief introduction and 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. Chapter II contains paragraphs pertaining to the expenditure sector of UTs while Chapter III pertains to the revenue sector. Chapter-IV contains paragraph relating to PSUs under UT administration.

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

Andaman and Nicobar Administration

Creation of tourist accommodations and other infrastructures at Andaman and Nicobar Islands

Tourism Department failed to complete 20 out of the 26 projects approved by Government of India. Violation of financial rules and failure to plan and implement projects properly resulted in unwarranted and excessive payment of advances, delays in issue of work order leading to abandonment of work, unfruitful expenditure, blocking of funds and procurement of outlived vessel without any techno economic feasibility study.

Para No. 2.1

Avoidable payment of ₹ 1.09 crore to contractors

Failure of Andaman Public Works Department (APWD) to include the relevant clause in the Notice Inviting Tender (NIT) for reduction in the price of steel procured from secondary producers instead of primary producers and to correctly calculate escalation on steel for payment as per rules resulted in avoidable payment of ₹ 1.09 crore to the contractors.

Para No. 2.2

Irregular payment of ₹ 31.26 lakh

Directorate of Health Services routinely paid, without verification, conveyance allowance intended to compensate for visits by eligible doctors outside duty hours. This resulted in irregular payment of a minimum of ₹ 31.26 lakh.

Para No. 2.3

Union Territory, Chandigarh

Solid Waste Management by Municipal Corporation Chandigarh (UT)

Violation of the Management of Solid Wastes (MSW) Rules by Municipal Corporation Chandigarh (MCC) resulted in non-segregation of wastes of different categories, disposal of biodegradable waste in unscientific manner, and non-monitoring of air and ground water quality. In addition, MCC incurred infructuous expenditure of ₹ 2.99 crore in non-utilisation of sanitary landfill with leachate collection tank. Further, the private partners sold refused derived fuel (RDF) commercially in violation of MoU.

Para No. 2.4

Irregular payment of Service Tax

Department of Forests and Wildlife, Chandigarh Administration irregularly paid service tax of ₹ 2.94 crore to contractors, contrary to the notification of Ministry of Finance.

Para No. 2.5

Injudicious release of funds

Department of Social Welfare, UT Chandigarh made an annual release to Chandigarh Housing Board without requirement or demand and without ensuring the availability of land. This resulted in blockage of ₹ 2.40 crore.

Para No. 2.6

Union Territory, Dadra and Nagar Haveli

Working of Panchayati Raj Institutions (PRIs) in the Union Territory of Dadra and Nagar Haveli (UT D&NH)

The District Panchayat, Silvassa is yet to frame 51 Rules and seven Bye Laws relating to various functions of the PRIs under Regulation, 2012. The D&NH Administration has devolved twelve functions fully and six functions partially to the DP as against 29 functions envisaged in the Regulation. Participation of Gram Sabhas was inadequate. Lapses were found in tender procedure and implementation of schemes. Property tax assessment and collection systems were deficient.

Para No. 2.7

Union Territory, Daman and Diu

Blocking of funds of ₹ 7.00 crore

Public Works Department, Daman & Diu irregularly withdrew and deposited (September 2011) ₹ 7.00 crore with Omnibus Industrial Development Corporation (OIDC) for purchase of ready built flat at Mumbai. The proposal was unsuccessful and was dropped in September 2014. At the instance of Audit, the amount was refunded by OIDC (April 2015), but no interest has been paid.

Para No. 2.8

Idle investment due to non-utilization of Road Sweeper Machine costing ₹ 95.68 lakh

Failure of Daman Municipal Corporation to finalise the annual maintenance contract since the purchase of Road Sweeper Machine in 2008 has resulted in the machine costing ₹ 95.68 lakh remaining out of operation since January 2010.

Para No. 2.9

Union Territory, Lakshadweep

Irregular parking of Government funds and loss of interest

Poor financial management by Union Territory of Lakshadweep Administration led to parking of ₹ 11.23 crore to ₹ 41.64 crore outside Government account, resulting in loss of interest of ₹ 8.16 crore.

Para No. 2.10

Blocking of funds, recovery at the instance of audit and short recovery of interest

In violation of rules, Union Territory, Lakshadweep deposited ₹ 8.39 crore in 2010-11 with Lakshadweep Development Corporation Limited for procurement of two long liners without adequate feasibility study, resulting in blocking of funds. On this being pointed out by Audit, the amount was refunded by LDCL in March 2015 along with interest, which however was short-assessed.

Para No. 2.11

Blocking of Government funds

Disbursement of Government funds before initiation of land acquisition process resulted in blocking of ₹ 5.75 crore for more than 6 years and ₹ 14 crore from March 2014, without achieving the objectives.

Para No. 2.12

Andaman and Nicobar Administration

Embezzlement of ₹ 51.42 lakh

Failure of the Drawing and Disbursing Officer to periodically reconcile the accounts and furnish the bank reconciliation statements to the Pay and Accounts Office, as required under the Civil Accounts Manual, resulted in embezzlement of ₹ 51.42 lakh.

Para No. 3.1

Union Territory Chandigarh

Expenditure without Parliamentary approval and unauthorised retention of departmental receipts outside the Consolidated Fund of India

Police Department, Union Territory Chandigarh spent ₹ 1.25 crore on police recruitment between 2013-14 and 2016-17 by operating bank accounts with receipts amounting to ₹ 10.24 crore, in contravention of Constitutional provisions and Financial Rules.

Para No. 3.2

Profitability of operations of hotels in Chandigarh Industrial and Tourism Development Corporation Limited

Chandigarh Industrial and Tourism Development Corporation Limited (CITCO) has not formulated a long term business strategy to improve the operational efficiency of its hotels. The hotels did not practice dynamic pricing, contrary to industrial practice. CITCO unnecessarily collected luxury tax on food and drinks from its customers. In variance to industry practice CITCO distributed five *per cent* of banquet collections to its hotel staff. Staff deployment is in excess of norms. CITCO has not formulated detailed Standard Operating Procedures. No efforts were made to inform customers that online bookings secured a discount of 20 *per cent*. Undue delay in renovation of Hotel Mountview caused substantial loss of business. Despite suggestion of the Board, no energy audit was conducted.

Para No. 4.1