

## OVERVIEW

This Report contains significant audit findings arising from the compliance audit of financial transactions under 64 civil grants relating to 37 Civil Ministries/Departments of the Union Government including Union Territories without Legislatures under the General and Social Services sectors and of Autonomous Bodies/Corporations under their administrative jurisdiction excluding the Ministries/Departments of Revenue, Railways, Defence, Telecommunications, Electronics & Information Technology and Posts.

The gross expenditure of these 37 Civil Ministries/Departments decreased by 0.47 per cent from ₹ 8,71,297 crore in 2017-18 to ₹ 8,67,164 crore in 2018-19. Previous Audit Reports of the Comptroller & Auditor General have been highlighting instances of loss of non tax revenues or non recovery of dues as well as avoidable or extra expenditure due to non adherence to codal provisions and applicable rules and regulations, deficiencies in project management, poor internal controls, irregularities in release of pay and staff entitlements and poor financial management. Audit continued to find similar irregularities across various Ministries/Departments during the compliance audit for the financial year ended March 2019 which was symptomatic of the need to further strengthen extant systems of internal controls and budget management as well as to ensure that prompt and effective action on the audit findings have been drawn to prevent recurrence, of these paragraphs have been drawn. In a number of cases, the concerned Ministry/Department has given response which has been suitability incorporated with appropriate rebuttal.

This Report contains 43 illustrative cases<sup>1</sup> of such irregularities involving ₹ 274.26 crore covering 13 Ministries/Departments and five Union Territories without Legislatures and Autonomous Bodies/Corporation under their administrative control. Some major cases included in this Report have been summarised category-wise as below:

### **I. Loss of non tax revenues**

#### **Ministry of Human Resource Development (Now Ministry of Education)**

Banaras Hindu University, Varanasi gave undue favour to a private firm by changing the terms of payment, in contravention of the tender terms, which has resulted in short realisation of variable monthly licence fee of ₹ 2.44 crore.

*(Paragraph No. 8.2)*

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<sup>1</sup> Five cases included under Para 1.13 under 'Action taken/recoveries effected by Ministries and Departments'

## **Union Territories–Chandigarh Administration**

The Transport Department of Union Territory Chandigarh, failed to levy revised rates of temporary registration fee from Motor Vehicle dealers, on account of issue of Temporary Registration Number to them, resulting in short collection of revenue amounting to ₹ 0.83 crore.

*(Paragraph No. 13.2)*

## **II. Lapses in Financial Management**

### **Ministry of Consumer Affairs, Food and Public Distribution**

#### **Food Corporation of India**

Food Corporation of India did not execute movement plan of food grains transportation as intended which resulted in non availment of the concessional railway freight amounting to ₹ 35.96 crore.

*(Paragraph No. 4.1)*

#### **Department of Science and Technology**

Jawaharlal Nehru Centre for Advanced Scientific Research, Bengaluru purchased air tickets for its employees through travel agents other than those authorised under extant orders, thereby incurring irregular expenditure of ₹ 4.61 crore.

*(Paragraph No. 11.2)*

#### **Ministry of External Affairs**

Ministry of External Affairs made excess payment of ₹ 2.89 crore to the Service Provider for Passport Services due to incorrect application of rate of service charges for processing passport applications during June 2015 to February 2020.

*(Paragraph No. 5.1)*

The High Commission of India irregularly engaged a private party, authorising it to: (i) receive and retain government receipts of ₹ 78.41 lakh in its private bank account and (ii) disburse a substantial part of the receipts towards the Mission's own expenditure.

*(Paragraph No. 5.3)*

The High Commission of India, London undertook work relating to renovation of the basement at the India House, at a cost of GBP 744,971 (approx. ₹ 6.63 crore), without prior approval from the Ministry of External Affairs. The initial award of the work was to an ineligible company through an

irregular and manipulated tendering process which was followed by award of extra work without tendering to the same company, thereby extending undue benefit to it. Further, additional work was awarded based on fraudulent quotations, to an associated ineligible company, incorporated immediately prior to the award of work and dissolved after receipt of payments.

*(Paragraph No. 5.4)*

### **Ministry of Youth Affairs and Sports**

Ministry of Youth Affairs and Sports failed to organise the Himalayan Region Games despite release of grants-in-aid of ₹ 1.27 crore in March 2015 and to recover the unutilised grants-in-aid along with interest of ₹ 62.44 lakh from the State Government of Assam.

*(Paragraph No. 14.1)*

## **III. Deficiency/Non adherence to Scheme Guidelines/Acts/Rules and Regulations**

### **Union Territories–Andaman and Nicobar Administration**

Failure to obtain mandatory “No Objection Certificate” in terms of Ministry of Civil Aviation (Height Restrictions for Safeguarding of Aircraft Operations) Rules, 2015, prior to undertaking work of construction of a building at a site falling within a 20 km radius from an airfield where the height restrictions were applicable, resulted in wasteful expenditure of ₹ 39.17 lakh.

*(Paragraph No. 13.1)*

### **Union Territories–Dadra & Nagar Haveli Administration (now Dadra & Nagar Haveli and Daman & Diu Administration)**

District Panchayat, Silvassa incurred expenditure of ₹ three crore on purchase of fruit trees from budget head ‘2515’-PLAN GIA without budget provision and without devolution of fund, function and functionaries by the UT Administration. Further, DP Silvassa also favoured the Supplier while accepting the tender, and while making payment for supply and distribution of the fruit trees.

*(Paragraph No. 13.3)*

## **IV. Deficiency in project management**

### **Ministry of External Affairs**

Undue financial benefit of ₹ 0.76 crore extended to a Contractor due to irregular inclusion of royalty in BOQ rate by Nalanda University.

*(Paragraph No. 5.5)*

## **Ministry of Rural Development**

### **State Institute of Rural Development**

Ministry of Rural Development released ₹ 2.90 crore to State Institute of Rural Development, Ahmedabad, Gujarat for construction of its new building in December 2012 but failed to monitor its utilisation. The construction is yet to commence and the funds have remained blocked for more than seven years.

*(Paragraph No. 10.2)*

## **Ministry of Science and Technology**

### **Department of Scientific and Industrial Research**

The IT Application System 'OneCSIR' developed by the Council of Scientific and Industrial Research could not be utilised to its full potential due to non availability of some of the modules leading to non implementation of several processes in the system and lack of input controls & validation checks that rendered the database incomplete and unreliable.

*(Paragraph No. 11.1)*

## **V. Idling of equipment/buildings/infrastructure**

### **Department of Atomic Energy**

Institute for Plasma Research, Gandhinagar procured two Special Purpose Winding Machines without identifying site for their installation. The machines were not installed even after lapse of more than seven years, resulting in idling of funds of ₹ 4.29 crore.

*(Paragraph No. 3.1)*

### **Ministry of Agriculture and Farmers' Welfare**

The Transmission Electron Microscope (TEM) delivered at Central Institute of Fisheries Education, Mumbai resulted in unfruitful expenditure of ₹ 2.36 crore as the defects in the microscope were not rectified by the Supplier, even after a lapse of more than seven years

*(Paragraph No. 2.2)*

### **Ministry of Home Affairs**

Loknayak Jayaprakash Narayan National Institute of Criminology and Forensic Science could not fill the seat of Chair Professor for more than eleven years, defeating the purpose for which the post was created, which was to give insight into contemporary problems affecting large sections of society and offer solutions for crime reduction and expedite delivery of justice. Funds provided as corpus for establishing the Chair along with interest, totalling ₹ 4.28 crore had remained blocked due to non utilisation.

*(Paragraph No. 7.1)*

### **Union Territory Lakshadweep Administration**

Union Territory Lakshadweep Administration (UTLA) irregularly released funds amounting to ₹ 1.15 crore for projects much in advance of actual requirement and without taking preparatory steps. It also failed to monitor use of these funds as also the progress of projects for which the funds were released. As a result, funds amounting to ₹ 1.15 crore remained unutilised and parked with LPWD resulting in idling of funds for more than ten years.

*(Paragraph No. 13.5)*

## **VI. Lapses in Internal Control**

### **Department of Atomic Energy**

Non revision of licence fee in accordance with extant Government Orders and non renewal of expired lease agreements by General Services Organisation, Kalpakkam resulted in short realisation of lease rent of ₹ 3.75 crore.

*(Paragraph No. 3.2)*

### **Ministry of Health and Family Welfare**

Ministry of Health and Family Welfare made irregular payment aggregating ₹ 3.26 crore for DBT transactions on account of additional cash-out incentive in respect of schemes not covered under the extant instructions of Ministry of Finance.

*(Paragraph No. 6.1)*

### **Ministry of Human Resource Development (now Ministry of Education)**

IIT-B failed to effectively communicate their requirements for decentralised mode of operation to the Vendor for implementation SAP ERP in IIT-B and decided to embark on ERP solution suggested by the Vendor without a clear definition of what the project entailed, thereby incurring avoidable extra expenditure of ₹ 1.29 crore on purchase of additional licences.

*(Paragraph No. 8.3)*

### **Dadra & Nagar Haveli Administration (now Dadra & Nagar Haveli and Daman & Diu Administration)**

#### **DNH Power Distribution Corporation Limited**

The delay in remittances by the online payment processing service provider of ₹ 94.19 crore for a period ranging from 36 days to 241 days resulted in a loss of interest of ₹ 4.08 crore.

*(Paragraph No. 4.6)*

District Panchayat (DP) Silvassa made payment of ₹ 1.98 crore to a Supplier for supply of food stuff under Supplementary Nutrition Programme, without any supply order and without any approval for the higher tendered rates for the supply and without allocation of funds under the budget. In the absence of due approvals and allocations, norms for making payments were by-passed and payment released as a loan from “interest” accrued by another Department. This also resulted in payment which was ₹ 18.23 lakh in excess of the approved rates of the Department.

*(Paragraph No. 13.4)*

## **VII. Irregularities in pay and staff entitlements**

### **Department of Atomic Energy**

National Institute of Science Education and Research, Bhubaneswar paid House Rent Allowance to its employees at higher rates, which resulted in excess payment of ₹ 2.80 crore during the period from July 2015 to February 2020.

*(Paragraph No. 3.3)*

### **Nuclear Power Corporation of India Limited**

Nuclear Power Corporation of India Limited paid Family Planning Allowance of ₹ 5.42 crore to its employees in violation of extant Government of India orders.

*(Paragraph No. 4.5)*

### **Ministry of Human Resource Development (now Ministry of Education)**

13 Central Autonomous Bodies (CABs) made payments of *ad hoc* bonus to their employees in the absence of any order issued by the competent authority, which resulted in irregular payment, amounting to ₹ 6.08 crore, to their employees, during the period from 2015-16 to 2017-18

*(Paragraph No. 8.1)*

### **Ministry of External Affairs**

South Asian University was established by the eight member nations of the South Asian Association for Regional Co-operation (SAARC). Under the SAU Act, the President and other faculty members were exempted from payment of taxes in respect of their salaries. On 15 January 2009 the Ministry of External Affairs issued a notification to make the Registrar of the University eligible for grant of tax exemption, which was contrary to the provisions of SAU Act. Irregular exemption of income tax granted to the Registrar resulted in loss of ₹ 90.06 lakh to the Government exchequer.

*(Paragraph No. 5.2)*

## VIII. Avoidable payments by Autonomous Bodies/Departments/ Corporations

### Ministry of Agriculture and Farmers' Welfare

Ministry's failure to fix an appropriate reserve price in time and inordinate delay in decision making at different stages of the disposal process of vessel *Matsya Sugandhi*, resulted in avoidable expenditure of ₹ 1.14 crore. Delay in disposal also led to the Ministry receiving a lower price for the vessel due to depreciation of the vessel

*(Paragraph No. 2.1)*

### Ministry of Consumer Affairs, Food and Public Distribution

#### Food Corporation of India

Despite operational exigencies, delay in finalisation of *ad hoc* Handling and Transport contract resulted in avoidable expenditure of ₹ 20.69 crore towards carry-over charges to State Government Agencies.

*(Paragraph No. 4.2)*

