



**Report of the
Comptroller and Auditor General of India
for the years ended March 2020 & March 2021**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Union Government (Civil)
Compliance Audit Observations
No. 24 of 2022**

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Comptroller and Auditor General
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Report was presented in the Parliament on :

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PREFACE

This Report of the Comptroller and Auditor General of India for the years ended March 2020 and March 2021 has been prepared for submission to the President under Article 151 of the Constitution of India. The Report contains the results of compliance audit of 28 Ministries/Departments of the Union Government and their field offices under the General and Social Services Sector, including the Central Public Sector Enterprises under them as also the Union Territories without Legislatures.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2019-20 and 2020-21 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2020-21 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains significant audit findings arising from the compliance audit of financial transactions under 54 grants relating to 28 Civil Ministries/ Departments/Constitutional Bodies (**Appendix-I**) of the Union Government under the General and Social Services sectors and Central Public Sector Enterprises under their administrative jurisdiction as also Union Territories without Legislatures.

The gross expenditure of these 28 Civil Ministries/Departments increased by 68.91 *per cent* from ₹ 9,78,347.90 crore in 2019-20 to ₹ 16,52,521.27 crore in 2020-21 (**Appendix-II**).

This Report contains 24 illustrative cases¹ of irregularities involving ₹ 348.57 crore pertaining to four Ministries/Departments, four Central Public Sector Enterprises² under their administrative control and two Union Territories without Legislatures. An overview of the main audit findings included in this Report is given below:

Ministry of External Affairs

Short collection of fees due to application of incorrect exchange rate in fixing the fees for Overseas Citizenship of India Card scheme

Failure of the Missions/Posts in extending the revised Rate of Exchange (RoE) for local currencies as prescribed by the Ministry of External Affairs (Ministry) for calculating visa fee in the OCI Scheme and lack of monitoring by the Ministry in ensuring compliance of its directions, led to short levy of fees being charged by the Missions/Posts in issue of OCI cards leading to loss of ₹ 58.23 crore.

(Paragraph No. 2.1, Page No. 12)

Irregularities in setting up of Indian Cultural Centres by Indian Missions at Washington and Paris

Ministry of External Affairs had purchased two properties for setting up Indian Cultural Centres at Paris (2011) and Washington (2013). Due to inherent deficiencies, such as significant structural concerns and issues of encroachment at ICC Washington and delay in renovation (Paris), these properties could not be put to use as Cultural centres even after nine and eleven years respectively. The expenditure incurred on purchase of property for ICC Washington along with its renovation/refurbishment amounting to ₹ 41.93 crore remained infructuous.

¹ Three cases included under Para 1.11 under 'Action taken/recoveries effected by Ministries and Departments'

² Including CPSEs mentioned in Para 1.11

Similarly, the property for ICC Paris procured at a cost of ₹ 30.03 crore (2011) remained unused as of June 2022 with an irregular expenditure of ₹ 14.89 crore on hiring a local security agency for an under-renovation building.

(Paragraph No. 2.2, Page No. 15)

Avoidable payment of cost escalation and interest

Embassy of India, Beijing made avoidable payment of ₹ 8.53 crore on account of escalation, even though the clause regarding escalation was not applicable as per the terms and conditions of the contract. Similarly, withholding of payment of the Contractor's dues by the Mission for a period ranging between three and five years, resulted in avoidable payment of interest of ₹ 1.58 crore.

(Paragraph No. 2.3, Page No. 22)

Adoption of improper tendering process led to cost overrun besides arbitrary deviation from the identified items of work under the tender

Execution of tendering related to repair and renovation work of India House with disregard for Ministry's instructions and extant provisions led to retendering and time and cost overrun. This resulted in avoidable expenditure of ₹ 51.76 lakh (Jamaican Dollar (JMD) 9.65 million) coupled with an *ad-hoc* approach in execution of the work with arbitrary changes in identified items of work costing ₹ 49.52 lakh (JMD 9.17 million).

(Paragraph No. 2.4, Page No. 27)

Ministry of Fisheries, Animal Husbandry and Dairying

Unfruitful expenditure due to improper sanction of the Artificial Insemination (AI) Sub-Project under National Dairy Plan

Project Steering Committee, National Dairy Plan-I approved the sub project to End Implement Agency without considering overlap in AI delivery services, resulting in unfruitful expenditure of ₹ 2.74 crore and the premature closure of the sub-project.

(Paragraph No. 2.6, Page No. 32)

Ministry of Home Affairs

Central Industrial Security Force Unit, DMRC

Excess exemption on account of House Rent Allowance

Failure to include Dearness Allowance in Salary, while calculating exemption on account of House Rent Allowance, as per Income Tax Act, 1961 by Central Industrial Security Force (CISF) Unit, Delhi Metro Rail Corporation (DMRC) resulted in excess exemption aggregating ₹ 2.01 crore and consequently, short deduction of income tax.

(Paragraph No. 2.7, Page No. 34)

Sashastra Seema Bal**Avoidable payment of interests on acquisition of land**

Lackadaisical approach on the part of *Sashastra Seema Bal* in sending the proposal for construction of Separated Family Accommodations, Jaipur to MHA led to avoidable extra expenditure aggregating ₹ 1.12 crore.

(Paragraph No. 2.8, Page No. 36)

Ministry of Personnel, Public Grievances and Pensions**Department of Administrative Reforms and Public Grievances****Infructuous Expenditure**

Department of Administrative Reforms and Public Grievances hired office space from State Trading Corporation of India Limited with effect from December 2020. However, the space required extensive renovation works to make it fit to occupy. The initiation of renovation process only in September 2021 resulted in infructuous expenditure aggregating ₹ 13.26 crore towards rent for nine months from December 2020 to August 2021.

(Paragraph No. 2.9, Page No. 38)

Union Territories-Andaman and Nicobar Administration**Director General of Police, Andaman & Nicobar Islands****Irregular payment of Licence Fee *in lieu* of rent-free accommodation**

Irregular Payment of 'Rent Free Accommodation Allowance', resulted in overpayment of ₹ 2.57 crore, to Police personnel of the Andaman and Nicobar Administration, during July 2017 to November 2019.

(Paragraph No. 3.1, Page No. 41)

Union Territories–Chandigarh Administration**Report on Audit of Pay & Allowances in Police Department, UT, Chandigarh**

Due to deficiencies in internal & IT controls and gross negligence on the part of Drawing and Disbursing Officers under Office of the Director General of Police, Union Territory, Chandigarh, inadmissible payment on account of Pay & Allowances, LTC and other benefits amounting to ₹ 1.60 crore were made to the Police personnel. After being pointed out by audit, an amount of ₹ 1.10 crore was recovered from them. Bills and vouchers, on account of pay, LTC, TA, Medical, Leave Encashment, retirement benefits, etc during period 2017-2020 were not produced to audit and thus no assurance on the correctness of these payment could be derived.

(Paragraph No. 3.2, Page No. 42)

Subject-specific Compliance Audit on “GST Refunds”

Timely refund mechanism constitutes a crucial component of tax administration as it facilitates expansion and modernisation of existing business. To streamline and standardise the refund procedures under GST regime, Central Board of Indirect Taxes and Customs decided (18 November 2019) that the refund process would be completely online. Due to non-availability of electronic refund module on the common portal, electronic-cum-manual procedure was adopted wherein the applicants required to file the refund applications in Form GST RFD-01A on the common portal and take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents. Scrutiny of 112 GST refund cases processed in office of the Excise and Taxation Commissioner, UT, Chandigarh from July 2017 to July 2020 revealed various irregularities viz inadmissible grant of refund, irregular grant of refund due to non-debiting the Electronic Credit Ledger and Cash Ledger, non-following the order of debit to IGST, CGST and UTGST, acknowledgment not issued/not issued within time in GST refund cases under Pre & Post Automation Process, GST Refunds not sanctioned within the stipulated time, and improper maintenance of Records.

(Paragraph No. 3.3, Page No. 55)

Short assessment of rent

Estate office of Union Territory Chandigarh, while fixing the rent of shops/booths in the year 2000, did not adhere to the prescribed procedure for increase in rent resulting in short assessment of rent of ₹ 9.37 crore for the period 1992-2022.

(Paragraph No. 3.4, Page No. 65)

Avoidable payment due to non-charging of Service Tax/GST from the passengers

Failure of the Chandigarh Transport Undertaking to implement the relevant tax enactments from the prescribed dates and the consequent non-collection of the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses resulted in avoidable payment of ₹ 5.89 crore from Government Exchequer and burden of taxes on the public without any corresponding service being availed by them.

(Paragraph No. 3.5, Page No. 66)

Short realisation of Entry Fees and Licence Fees

Failure of the Chandigarh Transport Authority to exercise basic checks like inspection of the records maintained by the licensee, details of trips, details of all taxis in licensee's control etc., resulted in short realisation of Entry fees and Licence Fees of ₹ 4.23 crore.

(Paragraph No. 3.6, Page No. 68)

Loss of revenue due to non-registration of lease agreement

Acceptance of lease agreement by Municipal Corporation Chandigarh on non-Judicial Stamp paper without ensuring it was registered as a lease deed resulted in loss of revenue of ₹ 29.66 lakh on account of Stamp Duty and Registration fee.

(Paragraph No. 3.8, Page No. 72)

Ministry of Chemicals and Fertilisers, Department of Fertilisers

Madras Fertilisers Limited

Irregular encashment of Casual Leave and Sick Leave

Madras Fertilisers Limited (MFL), in violation of Department of Public Enterprises (DPE) guidelines allowed encashment of Casual Leave and Sick Leave which resulted in irregular payment of ₹ 8.07 crore with additional future liability of ₹ 13.17 crore as on 31 March 2021.

(Paragraph No. 4.1, Page No. 75)

Ministry of Consumer Affairs, Food & Public Distribution

Central Warehousing Corporation

Land Management

Unplanned acquisition of land coupled with delayed action in execution of title/lease deeds and surrendering of surplus land, resulted in avoidable expenditure of ₹ 8.65 crore.

(Paragraph No. 4.2, Page No. 78)

CHAPTER-I

INTRODUCTION

1.1 About this Report

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the Government to ascertain whether the provisions of the Constitution of India and applicable laws, rules, regulations, order and instructions issued by the competent authorities are being complied with and also to determine their legality, adequacy, transparency, propriety, prudence and effectiveness in terms of achievement of the intended objectives.

The Auditing Standards adopted by the Comptroller and Auditor General of India require that the materiality level for reporting be commensurate with the nature, volume and magnitude of transactions. The findings of Audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations thereby contributing to better governance.

1.2 Authority for Audit

The authority for audit by the C&AG and reporting to Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (the Act). The C&AG conducts audit of receipts and expenditure of Ministries/ Departments of the Government of India under Sections 13, 16 and 17 of the C&AG's (DPC) Act. Bodies established by or under law made by the Parliament and containing specific provisions for audit by the C&AG are statutorily taken up for audit under Section 19(2) of the Act. Audit of other organisations (Corporations or Societies) is entrusted to the C&AG in public interest under Section 20(1) of the Act.

1.3 Planning and conduct of Audit

As per the Annual Audit Planning process, units for compliance audit are selected on the basis of risk assessment, besides topicality, materiality, social relevance etc. Risk assessment includes appraisal of internal control systems of the units, past instances of defalcation, misappropriation, embezzlement, etc. as well as findings of previous Audit Reports. Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are settled with action for compliance advised, wherever necessary. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report after

seeking responses from the Ministry/Department concerned. Audit Reports are laid before the Parliament under Article 151 of the Constitution of India.

1.4 Audit coverage

This Report contains significant results of the Compliance Audit of financial transactions of 28 Ministries/Departments of the Union Government covering 54 civil grants (**Appendix-1**) under the General and Social Sectors. The Report has been organised in four chapters as under:

- This chapter (Chapter I), in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of 28 Union Ministries/Departments under the General and Social Sectors for the financial years 2019-20 and 2020-21, outstanding Utilisation Certificates, response of the Government to draft paragraphs and follow up action on Audit Reports.
- Chapter II contain significant observations arising out of compliance audit of the 28 Civil Ministries/Departments as a result of audit of transactions up to 2020-21.
- Chapter III contains significant observations arising from the audit of Government Departments/Offices/Institutions under the control of the five Union Territories without Legislatures (UTs) viz. Andaman and Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Ladakh and Lakshadweep covering five grants, as a result of audit of transactions up to 2020-21.
- Chapter IV contains observations arising out of compliance audit of Central Public Sector Enterprises under the purview of the 28 Ministries/Departments of the Union Government as a result of audit of transactions up to 2020-21.

1.5 Budget and Expenditure control of Civil Ministries/Departments

The position of expenditure of 28 Union Ministries/Departments covering 53 civil grants for FY 2019-20 and 54 civil grants FY 2020-21 are given in **Table No. 1** and the details are in **Appendix-II**.

Table No. 1: Details of grants received and Expenditure incurred under General and Social Sectors

(₹ in crore)

Segment	2019-20			2020-21		
	Grant/Appropriation#	Total Expenditure	Savings (-)/ Excess (+)	Grant/Appropriation#	Total Expenditure	Savings (-)/ Excess (+)
Revenue (Charged)	6,839.53	6,734.29	(-)1,05.24	5,668.75	4,207.35	(-)1,461.40
Revenue (Voted)	11,40,759.49	9,50,500.46	(-)1,90,259.03	16,89,930.18	16,22,675.85	(-)67,254.33
Capital (Charged)	97.99	86.79	(-)11.20	63.08	58.56	(-)4.52
Capital (Voted)	74,151.32	21,026.36	(-)53,124.96	78,965.69	25,579.50	(-)53,386.19
Total	12,21,848.33	9,78,347.90	(-)2,43,500.43	17,74,627.70	16,52,521.26	(-)1,22,106.44

Source: Union Government Appropriation Accounts (Civil) 2019-20 and 2020-21.

#Grant/Appropriation = Budget Estimates + Supplementary

Analysis of expenditure of the Ministries/Departments depicted in **Appendix-II** revealed that in following four Ministries/Departments the expenditure incurred during FY 2020-21 was more than or equal to ₹ 1,000 crore and was in excess of 30 per cent of expenditure in comparison to FY 2019-20.

- **Department of Fertilisers:** Increase of ₹ 48,577.07 crore in the expenditure during 2020-21 in comparison to 2019-20 pertained mainly to Subsidy viz. Urea Subsidy (₹ 36,761.31 crore) and Nutrient based Subsidy Policy (₹ 11,003.62 crore).
- **Ministry of Consumer Affairs, Food and Public Distribution:** Increase of ₹ 459705.42 crore in expenditure during 2020-21 in comparison to 2019-20 mainly pertained to Subsidy viz. Subsidy payable to FCI & Others on Food grain transactions under National Food Security Act (₹ 3,87,789.00 crore), Subsidy to State Governments on Decentralised Procurement of Food grains Under National Food Security (₹ 44,829.42 crore), Ways and Means Advance Payable to FCI (₹ 10,000 crore) and Price Stabilisation Fund (₹ 9,422.30 crore).
- **Ministry of Health and Family Welfare:** Increase of ₹ 27,080.54 crore in the expenditure during 2020-21 in comparison to 2019-20 was mainly due to transfer of funds to National Investment Fund (₹ 11,041.15 crore), National Rural Health Mission (₹ 9,280.14 crore), Infrastructure Maintenance {Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN)} (₹ 5,098.68 crore), National Health Authority - (PMSSN) (₹ 1,765.57 crore), Procurement of Supplies and Material for emergency epidemic

preparedness and response (₹ 1,548.70 crore) and Grants to Indian Council of Medical Research, New Delhi (₹ 1,407.62 crore).

- **Ministry of Rural Development:** Increase of ₹ 1,30,983.38 crore in the expenditure during 2020-21 in comparison to 2019-20 was mainly due to transfer of fund to National Rural Employment Guarantee Fund (₹ 39,483.15 crore), National Social Assistance Programme (₹ 33,771.15 crore), Assistance to District Rural Development Agencies/District Programme Co-Ordinators and Others (₹ 32,281.38 crore), Central Road Fund/Central Road and Infrastructure Fund (₹ 18,119.29 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 7,079.73 crore) and Pradhan Mantri Gram Sadak Yojana (₹ 1,374.30 crore).
- Further analysis revealed that there were savings of 25 *per cent* or more against sanctioned provision in seven Ministries during 2019-20 and nine Ministries during 2020-21. In addition, there was total excess expenditure of 15.57 *per cent* over sanctioned provision during 2020-21 in the Ministry Consumer Affairs, Food and Public Distribution. The chief component of the excess was on account of complete repayment of outstanding balance of National Small Saving Fund (NSSF) loan grant to FCI. As the loan is a known factor, incurring excess expenditure despite the opportunity to take Supplementary demands with the Parliament's approval is not judicious.

1.6 Saving of over ₹ 500 crore in Major Schemes

The Public Accounts Committee (PAC) in Para 14 of the 17th Report relating to Union Government Appropriation Accounts (Civil) 1996-97 had observed that “large scale unspent provisions under Grants/Appropriations by the Civil Ministries/Departments have become an almost recurring feature and the position is still to improve and had concluded that the concerned Ministries/Departments have not made any serious attempts to apply effective corrective measures in accordance with the Committee's recommendations”. Therefore, in compliance with the recommendation made by the PAC in this regard, the Ministry of Finance requested all the Financial Advisers to carry out a thorough study of the cases/schemes where large scale unspent provisions have occurred and take appropriate action so as to avoid recurrence of large-scale unspent provisions in their respective Demands for Grants.

Audit observed that savings of ₹ 500 crore and above constituting more than 15 *per cent* of the budget provisions occurred in the following Major schemes implemented by 28 Ministries/Departments covered in this Audit Report during

2019-20 and 2020-21 as detailed in **Table No. 2**. Large savings are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. Such savings it also implied unnecessary provisioning of resources raised through taxes etc. and correspondingly depriving other deserving sectors of the economy.

Table No. 2 : Savings of ₹ 500 crore and above constituting more than 15 per cent of the budget provisions

(₹ in crore)

For the Year 2019-20						
Sl. No.	Ministry	Scheme	Budget Estimates	Actuals	Savings	Savings in Percentage
1.	Education	Rashtriya Uchhatar Shiksha Abhiyan	2,100.00	1,277.82	822.18	39.15
2.	Agriculture	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	75,000.00	48,713.84	26,286.16	35.05
3.	Rural Development	Pradhan Mantri Gram Sadak Yojna (PMGSY)	19,000.00	14,017.19	4,982.81	26.23
4.	Skill Development and Entrepreneurship	Pradhan Mantri Kaushal Vikas Yojana	2,676.65	2,112.67	563.98	21.07
5.	Woman and Child Development	Integrated Child Development Programme	27,584.37	22,031.67	5,552.70	20.13
6.	Drinking Water and Sanitation	Swachh Bharat Mission-Rural	9,994.00	8,215.70	1,778.30	17.79
7.	Agriculture	Pradhan Mantri Krishi Sinchai Yojna (PMKSY)	9,681.56	8,211.72	1,469.84	15.18
For the Year 2020-21						
Sl. No.	Ministry	Scheme	Budget Estimates	Actuals	Savings	Savings in Percentage
1.	Drinking Water and Sanitation	Swachh Bharat Mission-Rural	9,994.10	4,946.98	5,047.12	50.50
2.	Woman and Child Development	Integrated Child Development Programme	28,557.00	18,203.86	10,353.14	36.25
3.	Rural Development	Pradhan Mantri Gram Sadak Yojna (PMGSY)	19,500.00	13,687.50	5,812.50	29.81
4.	Agriculture	Pradhan Mantri Krishi Sinchai Yojna (PMKSY)	11,126.51	7,937.44	3,189.07	28.66
5.	Education	Samagra Shiksha	38,750.50	27,834.58	10,915.92	28.17
6.	Agriculture	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	75,000.00	60,989.90	14,010.10	18.68

Source: Accounts at Glance for the year 2019-20 and 2020-21 at official website of Controller General of Accounts, Department of Expenditure, Ministry of Finance

1.7 Audit of Union Territories

With notification of The Jammu and Kashmir Reorganisation Act, 2019, and Dadra & Nagar Haveli and Daman & Diu (merger of Union Territories) Act, 2019, there are now eight Union Territories specified under part II of the first schedule to the Constitution of India. Out of these, five UTs viz. Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Ladakh and Lakshadweep are UTs without legislature, while three UTs viz. National Capital Territory of Delhi, Puducherry and Jammu & Kashmir are UTs with legislatures.

The budget provisions in respect of UTs without Legislature are under the administrative control of the MHA. The MHA prepares the Demands for Grants and Detailed Demand for Grants (DDGs) relating to these UTs for approval of Parliament. While the general administration of the UTs is the responsibility of the MHA, other Ministries/Departments of the Union Government administer funds on the subjects mentioned in Lists I and II of the Seventh Schedule to the Constitution of India in so far as they exist in regard to these territories. Thus, the DDGs also contain proposals relating to the expenditure in these UTs on activities concerning other Ministries and Departments of the Union Government. Administrators of the UTs have been delegated financial powers up to a certain limit by MHA for sanction of plan schemes.

1.7.1 Provision and Expenditure in UTs

Details of budgetary allocation and expenditure in the five UTs without Legislatures in 2019-20 and 2020-21 are given in **Table No. 3(i)** and **Table No. 3(ii)**.

Table No. 3 (i) : Budgetary allocation and expenditure in 2019-20

(₹ in crore)

Name of Union Territory	Total Grant/ Appropriation		Gross Expenditure		Savings			
					Revenue		Capital	
	Revenue	Capital	Revenue	Capital	Amount	Per cent	Amount	Per cent
Andaman and Nicobar Islands	4,502.18	601.79	4,485.16	522.19	17.02	0.38	79.60	13.23
Chandigarh	4,426.57	482.63	4,368.60	460.95	57.97	1.31	21.68	4.49
Dadra & Nagar Haveli	871.20	322.06	863.85	318.23	7.35	0.84	3.83	1.19
Daman & Diu	1,779.00	342.52	1,735.78	324.87	43.22	2.43	17.65	5.15
Lakshadweep	1,156.39	186.39	1,146.39	167.61	10.00	0.86	18.78	10.08
Total	12,735.34	1,935.39	12,599.78	1,793.85	135.56	1.06	141.54	7.31

Source: Union Government Appropriation Accounts (Civil) 2019-20

Table No. 3 (ii) : Budgetary allocation and expenditure in 2020-21

(₹ in crore)

Name of Union Territory	Total Grant/Appropriation		Gross Expenditure		Savings			
					Revenue		Capital	
	Revenue	Capital	Revenue	Capital	Amount	Per cent	Amount	Per cent
Andaman & Nicobar Islands	4,611.95	622.42	4,531.05	342.92	80.90	1.75	279.50	44.91
Chandigarh	4,644.03	494.23	4,228.60	414.47	415.43	8.95	79.76	16.14
Dadra & Nagar Haveli and Daman & Diu	2,768.10	752.44	1,963.10	377.33	805.00	29.08	375.11	49.85
Ladakh ¹	2,331.83	3,626.29	1,585.46	788.58	746.37	32.01	2,837.71	78.25
Lakshadweep	1,174.86	201.67	1,138.66	102.26	36.20	3.08	99.41	49.29
Total	15,530.77	5,697.05	13,446.87	2,025.56	2,083.90	13.42	3,671.49	64.45

Source: Union Government Appropriation Accounts (Civil) 2020-21

In Andaman and Nicobar Islands, savings ranged from 0.38 *per cent* in Revenue Expenditure during 2019-20 to 44.91 *per cent* in Capital Expenditure during 2020-21. This was mainly due to delay in construction of new medical college, slow progress of work, non-finalisation of tenders, delay in stage completion/payment *pax* vessels, non-receipt of utilisation certificate in respect of previous grants and non-filling up of vacant posts.

In Chandigarh, savings in Capital expenditure ranging from 4.49 *per cent* in 2019-20 to 16.14 *per cent* during 2020-21 occurred mainly due to non-finalisation of tender for construction of hostel blocks, Sports Injury Centre, Mother and Child Care Centre, 50-bedded hospital and purchase of various materials/equipment and non-filling up of vacant posts.

In Lakshadweep, savings of up to 49.29 *per cent* in Capital expenditure occurred in 2020-21 mainly due to less deployment of helicopters by Pawan Hans Limited, non-receipt of utilisation certificates, non-finalisation of various tenders and less construction works.

In Dadra and Nagar Haveli, savings occurred in 2019-20 mainly due to slow progress of construction work of Medical College at Sayli and up-gradation and expansion of Shri Vinoba Bhave Civil Hospital at Silvassa to a Multi-Specialty Hospital, non-finalisation of proposal for subsidies and non-submission of utilisation certificates by District Panchayats and Village Panchayats.

¹ Accounts of UT Ladakh were finalised from the year 2020-21.

In Daman & Diu, savings occurred in 2019-20 mainly due to less demand from Municipal Councils, District and Gram Panchayats, delay in sanction of projects, non-finalisation of tenders of various construction works and non-finalisation of proposals for purchase of machinery and equipment.

In Dadra & Nagar Haveli and Daman & Diu, savings occurred in 2020-21 mainly due to purchase of less power and renewable energy certificates owing to COVID-19 pandemic, delay in execution of projects and reduction of provision at Revised Estimates stage by the Ministry of Finance.

In Ladakh, during the year 2020-21 savings occurred mainly due to non-filling up of vacant posts, freezing of dearness allowance, non-execution of works/projects due to COVID-19 pandemic and expenditure restriction imposed by Ministry of Finance.

1.8 Audit of Central Public Sector Enterprises (CPSEs)

The accounts of Central Public Sector Enterprises (CPSEs) including Government Companies, Statutory Corporations and other Companies controlled by Government, are audited by the C&AG of India under Sections 143(6) and 143 (7) of Companies Act, 2013 or respective Act of the Parliament forming Statutory Corporations. The Independent Auditor(s) {Chartered Accountants(s)} are appointed by the C&AG to certify the accounts of CPSEs and the C&AG has the right to conduct supplementary audit of such audited accounts. Reports in relation to the CPSEs are submitted to the Government by the C&AG under the provisions of section 19A of the C&AG (Duties, Powers and Conditions of Service) Act, 1971.

82 CPSEs under various Union Ministries/Departments as outlined in **Appendix- III** were audited under the provisions of Companies Act, 2013 or respective Act of the Parliament.

1.9 Utilisation Certificates

As per the General Financial Rules, certificates of utilisation in respect of grants released to Statutory Bodies/Organisations are required to be furnished within 12 months from the closure of the financial year by the Bodies/Organisations concerned. For grants released from 2006-07 to March 2020, there were 5730 outstanding Utilisation Certificates, in respect of five Ministries/Departments, involving ₹ 2,085.01 crore. The details are given in **Table No. 4**.

Table No. 4 : Details of Outstanding Utilisation Certificates

(₹ in crore)

Sl. No.	Ministry/Department	Period to which grants relate (upto March 2020)	Utilisation Certificates	Amount
1.	Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution	2013-18	1	7.61
		2018-19	1	12.79
		2019-20	1	9.25
		Total	3	29.65
2.	Personnel, Public Grievances and Pensions	2006-07	1	0.0004
		2009-10	3	0.0057
		2010-11	4	0.0164
		2012-13	1	0.0002
		2014-15	6	0.3173
		2015-16	12	0.2695
		2016-17	18	0.766
		2017-18	14	1.6314
		Total	59	3.01
3.	Niti Aayog (Planning)	2013-18	1,686	144.37
		2018-19	1,892	245.45
		2019-20	2,041	399.08
		Total	5,619	788.90
4.	External Affairs	2019-2020	1	74.33
		Total	1	74.33
5.	Jal Shakti	Up to March 2019	27	411.10
		2019-20	21	778.02
		Total	48	1,189.12
		Grand Total	5,730	2,085.01

The pendency of Utilisation Certificates for such a long duration defeats the very purpose of issuing Utilisation Certificate. The procedure prescribed in Rule 238 of GFRs which stipulates that further grants should not be released by the Sanctioning Authority before receipt of Utilisation Certificate for grants released earlier needs to be strictly enforced.

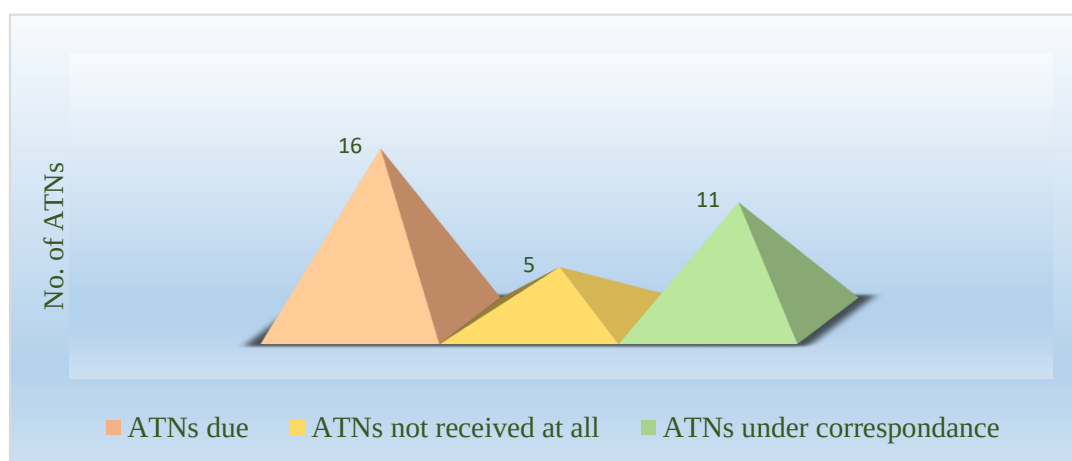
1.10 Status of pending ATNs

In its 105th Report (10th Lok Sabha–1995-96) presented to the Parliament on 17 August 1995, the Public Accounts Committee had recommended that Action Taken Notes (ATNs) on all paragraphs of the Reports of the C&AG should be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of four months from the date of laying of the Audit Reports on the Table of the House starting from 31 March 1996 onwards.

Subsequently, a Monitoring Cell was created under the Department of Expenditure which is entrusted with the task of coordination and collection of the ATNs from all Ministries/Departments concerned duly vetted by Audit and sending them to the Public Accounts Committee within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

The position of receipt of ATNs on paragraphs included in Audit Reports Union Government (Civil) up to the period ended March 2021, as of March 2022, is as outlined, in **Chart No. 1**.

Chart No. 1 : Summarised position of ATNs



Out of 16 paragraphs on which ATNs were required to be sent, ATNs in respect of 05 paragraphs were not received at all while the remaining 11 were pending at various stages. Year wise details are indicated in **Appendix-IV**.

In respect of Union Territories, Audit observed that 15 ATNs pertaining to the Audit Report of the C&AG for the period upto February 2022 were pending as given in **Appendix-V**.

1.11 Response of the Ministries/Departments to audit paragraphs

On the recommendation of the Public Accounts Committee (PAC), the Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of receipt of the paragraphs. Accordingly, the draft paragraphs are forwarded to Secretaries of the Ministries/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

Concerned Ministries/Departments did not send replies to 07² out of 24³ paragraphs (upto May 2022). The response of the concerned Ministries/Departments received in respect of the remaining 16 paragraphs has been suitably incorporated in the Report.

An amount aggregating ₹ 146.81 crore has been recovered during the compliance audit process as per details given in **Table No. 5**.

Table No. 5 : Details of recovery

(₹ in crore)

Sl. No.	CPSE/Department/Ministry	Audit observations	Amount recovered
1.	Central Warehousing Corporation/ Ministry of Consumer Affairs, Food and Public Distribution, Government of India.	Loss due to charging of lower rate of land handed over to Dedicated Freight Corridor Corporation of India Limited in Central Warehousing Corporation, Regional Office at Lucknow. In view of the audit observation, the Management has made recovery.	5.31
2.	Food Corporation of India/ Ministry of Consumer Affairs, Food and Public Distribution, Government of India.	Amount recovered in case of PSUs/Statutory Corporation are given in Appendix-VI .	141.35
3.	National Fertilisers Limited/ Ministry of Chemicals and Fertilisers	One material handling contractor was terminated in August 2019 under risk and cost clause of the agreement, Company failed to recover ₹ 0.26 crore from the contractor. In view of the audit observation, the Management has made recovery.	0.15
Total			146.81

² In these seven cases, while the reply of the audited entities has been received, the concerned Ministries are yet to furnish their response.

³ Three cases included under Para 1.11 under 'Action taken/recoveries effected by Ministries and Departments'.

CHAPTER-II

UNION MINISTRIES

This Chapter contains nine Audit Paras covering audit findings related to four Union Ministries/Departments.

(I) Ministry of External Affairs

2.1 Short collection of fees due to application of incorrect exchange rate in fixing the fees for Overseas Citizenship of India Card scheme

Failure of the Missions/Posts in extending the revised Rate of Exchange (RoE) for local currencies as prescribed by the Ministry of External Affairs (Ministry) for calculating visa fee in the OCI scheme and lack of monitoring by the Ministry in ensuring compliance of its directions, led to short levy of fees being charged by the Missions/Posts in issue of OCI cards leading to loss of ₹ 58.23 crore.

The Missions, in accordance with the provisions of the Citizenship Act, 1955 (57 of 1955), issue Overseas Citizen of India (OCI) cards to Persons of Indian Origin (PIOs) of certain categories, as specified under Section 7A of the Act. OCI services comprise of four basic services¹, out of which ‘fresh issue of OCI cards’ accounts for a substantial portion of the OCI services.

In October 2005, the Ministry of Home Affairs issued a clarification that the mechanism for collection of fees for OCI scheme would be the same as that for visa fees collection and the Missions/Posts should use the commercial/bank exchange rate for converting the fees indicated in USD into the local currency. It stated that the fee in terms of local currency was to be revised only if the local currency devalued against the USD by 10 *per cent* or more. Evidently, on account of the same mechanism for fixation of fee, the exchange rate reckoned for calculating OCI related fee should also be the same as the one adopted for fixing the visa fees. Thus, to ensure that there was no loss of revenue on account of exchange rate variations, the Missions/Posts should have ensured simultaneous revision of both the visa fee and the fee for OCI scheme, as per the stipulated devaluation of the currency or whenever the Ministry notified the new Rate of Exchange. The Ministry of Home Affairs (MHA), Government of India, has fixed² (25 February 2009) the fee for issue of OCI cards as USD 275.

¹ Fresh issue of card, re-issue of OCI Card (renewal), re-issue of OCI card (lost card) and OCI cards *in lieu* of PIO cards.

² As indicated on the website of Ministry of Home Affairs, GoI.

In June 2012, the Ministry of External Affairs (Ministry) fixed the fees for issue of fresh OCI card as € 216³ and £ 173⁴, with a validity of one year from the date of issue. After expiry of the one-year period, the rates were to be revised on currency devaluation, whenever necessary.

Subsequently, the Ministry issued consolidated instructions (March 2017), regarding rationalisation of the visa fees structure to all Missions/Posts, communicating the revised rates of visa fees⁵ for various categories of nationals, to be effective from 01 April 2017. This communicated RoE was *ipso facto* also applicable for calculating the fee for OCI scheme and was valid till March 2020. Fixation of USD/€ rates thereafter was to be done by the Ministry every three years.

Audit noted in case of issue of fresh OCI cards at 17 Missions/Posts⁶ in the Euro zone countries (EZC) and 03 Missions/Posts⁷ in the United Kingdom (UK), that the Ministry/Missions adopted two different methodologies while revising the OCI fees in UK (HCI London and its Consulates) and in 17 Missions in Euro Zone, discussed as under:

a) Fixation of OCI Fees in Euro Zone Countries (EZC): As per the Ministry's instruction, the fees for the issue of the OCI card in respect of EZC was required to be revised to € 262⁸ effective from 01 April 2017.

Audit noted that 17 Missions/Posts in the EZC did not revise the fees for the issue of OCI cards using the revised RoE of USD1= € 0.95, w.e.f. 1 April 2017. The inaction on part of the Missions/Posts resulted in short levy of fees by € 46 (€ 262 - € 216) on each instance an OCI card was issued.

Audit further noted that the Ministry extended clarifications (August 2017 and November 2019) about the revised fee structures only to a few of the Missions⁹ in the EZC, and consequently all other Missions continued to charge the old fee of € 216.

Subsequently, the Ministry informed (January 2020), all Missions/Posts in the EZC, that they had not complied with the Ministry's directions of 16 March 2017 regarding RoE of USD1= € 0.95 and sought prompt adherence.

³ USD 275 X 0.78 = € 216

⁴ US\$ 275 X 0.63 = £ 173

⁵ At the rate of USD 1= € 0.95 and at US \$ 1 = £ 0.63 for Visa rates.

⁶ EoI Athens; EoI Berlin; EoI Bratislava; EoI Brussels; EoI Dublin; CGI Frankfurt; CGI Hamburg; EoI Helsinki; EoI Lisbon; EoI Madrid; EoI Malta; CGI Milan; CGI Munich; HCI Nicosia; EoI Paris; EoI Rome; and EoI The Hague.

⁷ HCI London, CGI Birmingham and CGI Edinburgh.

⁸ USD 275 X 0.95 = € 262

⁹ Clarification was issued to EoI Ljubljana in August 2017 and to EoI Lisbon in November 2019.

Thus, during the period 01 April 2017 to 31 March 2020¹⁰, due to non-revision of fee for issue of OCI Card, the cumulative loss of revenue suffered by these 17 Missions/Posts amounted to ₹ 16.26¹¹ crore.

b) Fixation of OCI Fees in UK: In UK, HCI London, citing reciprocity and impact on tourism, increased (applicable w.e.f. February 2017) the existing visa fees by only 10 *per cent*, even though the RoE devaluation required 23 *per cent* increase as compared to June 2016. Thus, HCI London and its Consulates, failed to comply with the Ministry directives, to appropriately revise the fee for issue of fresh OCI Card, @ 23 *per cent* rather than merely 10 *per cent*. In the meanwhile, the Mission revised the visa fees in accordance with the MEA's directions (March 2017). However, the OCI fees continued to be charged at the lower rate fixed by the Mission in February 2017.

Audit noted that had the Mission used the prevalent RoE of US\$ 1 = £ 0.81 instead of £0.69, the revised fee of issue of fresh OCI Cards would have been £ 223¹² as against £ 191. This resulted in a loss of ₹ 41.97 crore on issue of fresh OCI cards at a lower exchange rate, during February 2017 and March 2020, as detailed in **Table No. 6.**

Table No. 6 : Details of loss on issue of fresh OCI cards at a lower exchange rate

Mission/Post	Fees required to be fixed as per Ministry instructions (in £)	Fees fixed by HCI London (in £)	Difference (in £)	Total number issued	Short collection of fees for issue of OCI Cards (in £)
(A)	(B)	(C)	(D)	(E)	(F)
HCI London	223	191	32	76802	24,57,664
CGI Birmingham	223	191	32	66701	21,34,432
CGI Edinburgh	223	191	32	2786	89,152
Total				146289	46,81,248
Total in ₹ (@GB P1 = ₹ 89.65)					₹ 41,96,73,883

Ministry admitted (23 October 2020) that both Ministry and Mission/Posts abroad are responsible for revision of the OCI card fee in terms of local currency, based on RoE fluctuations. However, due to misinterpretation of the instructions that fixation of OCI Scheme fee is guided by the MHA, a notional revenue loss has occurred as Mission/Posts in the Europe did not timely implement the revised RoEs for local currencies. Subsequently, the Ministry stated (19 May 2021) that to address the issue of applying of correct (and uniform) RoEs by Missions/Posts, on a review of

¹⁰ Four Missions viz. EoI Athens; EoI Dublin; EoI Helsinki; and EoI Rome did not revise the fee for OCI Services till 31 March 2020, even after the issue of clarification by the Ministry vide its letter No. VII/406/24/2019 dated 22 January 2020.

¹¹ € 2020404*80.46 = ₹ 16.26 crore.

¹² US\$ 275 X 0.81 = £ 223.

the process, it was decided to devise a common modality of conversion with effect from 01 April 2021, and that circulars in this regard have been issued.

The contention of the Ministry that the loss of revenue was notional is not correct since the failure of the Missions/Posts to revise the fee structure for the OCI scheme on time and in accordance with prescribed norms, resulted in loss of revenue of ₹ 58.23 crore to the Government. This was due to the fact that (i) the Ministry did not issue a specific clarification extending the revised RoE of Visa fee in local currencies to OCI scheme as well; and (ii) the Missions/Posts also failed to take cognizance of the directions of both the MHA and the MEA regarding fixation of fee for OCI scheme which provided, *inter alia*, that the methodology for the fixation of fee for OCI scheme in local currency was to be the same as that for determining visa fees.

2.2 Irregularities in setting up of Indian Cultural Centres by Indian Missions at Washington and Paris

Ministry of External Affairs had purchased two properties for setting up Indian Cultural Centres at Paris (2011) and Washington (2013). Due to inherent deficiencies, such as significant structural concerns and issues of encroachment at ICC Washington and delay in renovation (Paris), these properties could not be put to use as Cultural centres even after nine and eleven years respectively. The expenditure incurred on purchase of property for ICC Washington along with its renovation/refurbishment amounting to ₹ 41.93 crore remained infructuous. Similarly, the property for ICC Paris procured at a cost of ₹ 30.03 crore (2011) remained unused as of June 2022 with an irregular expenditure of ₹ 14.89 crore on hiring a local security agency for an under-renovation building.

The Indian Council for Cultural Relations was set up in 1950 with the primary objective of establishing, reviving and strengthening cultural relations and mutual understanding between India and other countries. Accordingly, Indian Missions in various locations have been engaged in establishing Indian Cultural Centres in select cities involving identification of properties, their purchase and renovation.

Audit reviewed the setting up of the ICCs in Washington and Paris and observed that despite procurement of properties in 2011 (Paris) and 2013 (Washington), and an expenditure of ₹ 86.85 crore¹³, these were still to be put to use as of April 2022. The audit findings in respect of the properties in respect of the ICCs at Washington and Paris are discussed below;

¹³ ICC Washington ₹ 41.93 crore + ICC Paris cost of procurement ₹ 30.03 crore + security expenses ₹ 14.89 crore on security

(I) Infertuous Expenditure on setting up a Cultural Centre at Washington:

The Ministry of External Affairs (Ministry) stipulated *inter alia* in its guidelines of 5 August 1986 that before purchasing a property, economic viability of the deal is to be considered duly excluding properties requiring extensive and expensive repairs and renovations. Standards of Financial Propriety in General Financial Rules, 2005 stipulate financial order, strict economy and also that expenditure should not *prima facie* be more than what the occasion demands.

The Embassy of India, Washington DC, USA (EoI) purchased a property in August 2013 at ‘1438 U Street’, Washington DC for a consideration of \$5.75 Million, with a view to have its own cultural centre. During Audit (June 2020), it was seen that after a lapse of nearly nine years from the date of its purchase, the said Property remains in an abandoned condition and is unsuitable for conduct of any cultural activities. In this regard, the following irregularities were observed during scrutiny of records:

A. Selection of an Unsuitable Property:

Ministry’s Property Team (Team) had short-listed two properties at ‘1343 L Street’ and ‘1438 U Street’, in Washington DC, USA among the properties pursued for establishing a Cultural Centre. The Team emphasized that the ‘1343 L Street’ property, valued at \$5.9 Million (built in 1959 and renovated in 2008) could be remodelled easily with lesser expenditure on renovation when compared to the property at ‘1438 U Street’ (built in 1909), valued at \$5.95 Million. Though EoI (March 2013) sought early approval for the ‘1343 L Street’ property, the Ministry intimated (April 2013) that an empowered team would be visiting Washington DC during May 2013 for negotiation and finalisation of L Street property. The team quoted US \$ 5.52 million to the ‘1343 L Street’ property owner through a Letter of Intent, however, they reverted stating that they already had another prospective buyer who offered US\$ 5.9 million and were, therefore moving forward with the higher offer. Thereafter, the team negotiated with the owner of the ‘103-year’ old property located at ‘1438 U Street’ for which the Ministry sanctioned (June 2013) \$5.75 million towards Procurement and \$1.50 Million for interior works and renovation.

Audit noted that even prior to procurement of the Property, EoI was aware of the presence of a petrol filling station adjacent to the Property, the existence of encroachments and also that the Structural stability report¹⁴ revealed water infiltration, roofing issues requiring replacement, deteriorated floor joints, potential

¹⁴ Ehlert/Bryan, Inc. structural stability report dated 28 June 2013.

repair cost for the deteriorated marble façade, etc. The Structural Stability report also stated that the second floor was suitable only for office use and if anticipated to be used for gatherings, further analysis to verify live load capacity was required.

Accordingly, EoI had sought estimates for repair and renovation (June 2013), which revealed¹⁵ that as against the sanctioned cost of \$1.50 million, the total estimated cost towards repairs and renovation would be \$4.06 Million approximately if roof top additions were also considered. Another estimate¹⁶ assessed repair cost of the Property at \$2.4 Million with an assumption that if properly maintained, the lifespan of the Property would extend by 40-50 years.

Though well aware of the structural issues in the identified property, the need for extensive renovations as well as the encroachments associated with it, revised sanction for \$8.15 million was issued by the Ministry (July 2013).

Audit noted that the issue of pre-existing encroachment remained unresolved since 2013 and two reports^{17,18} obtained by EoI after purchase of the property indicated inherent potential Vapor Encroachment conditions as the petrol pump shared the Property's wall and the cement used in the Property was of poor quality.

Despite the fact that the Ministry was aware that the 103-year-old Property had significant structural concerns as also issues of encroachment, it did not opt out from procurement of the same and consequently took on avoidable liabilities.

B. Present Condition of the Property:

After procurement of the Property in August 2013, the Ministry accorded approval to hire 'M/s Studios Architecture' as Architect-consultant (Consultant) for interior renovation only in August 2015. After appointment, the Consultant's independent analysis (November 2015) of the Property revealed signs of distress, impaired structural integrity, water infiltration, large cracks within stone in the main entrance, cracks on the ground floor and potentially missing end-support in the second floor etc. The Consultant furnished (April 2016) detailed list of works, testing and permissions to be obtained for renovation of Property and also submitted (May 2016) proposals of interior works for review before preparing final tender documents.

¹⁵ Barnes Vanze Architects Inc estimate dated 13 June 2013.

¹⁶ HITT estimates dated 15 July 2013.

¹⁷ The Vertex Companies Inc.', report of October 2017.

¹⁸ Mortar Analysis report June 2019.

EoI Washington (May 2019) had dropped the renovation proposal of U Street property on the plea that US Government had offered a separate plot for the Embassy and suggested that no further expenditure be incurred on renovation of the Property and also suggested to lease an alternate property which could serve as the cultural centre on a temporary basis. A three-member property team of MEA that had visited Washington DC suggested (February 2020) that disposal of '1438 U Street' property should be considered only if the sale price is more than what had been spent so far by the Government on this property. The team advised the Mission to ascertain the current market value of the property. A property evaluation report commissioned by the EoI in March 2020 valued the property at ₹ 22.38 crore. The property continues to remain idle and thus, a total expenditure of ₹ 41.93 crore¹⁹ incurred (September 2021) on the Property has become infructuous and has not yielded the intended result.

The Ministry stated (August 2021) that being the capital city, Washington DC has an overheated real estate market where the demand clearly outstrips the supply thereby severely impacting availability of properties. There were very few viable options available that fulfilled the requisite criteria of functional suitability, space requirement, residual life, security, location, good connectivity etc. This made the task of identifying a suitable property for Cultural Centre in Washington extremely onerous and time consuming.

The response of the Ministry is not acceptable on the ground that despite having all the facts and reports, neither did the EoI realise in time that the Property would not be suitable as the Cultural Centre nor did the Ministry exercise due diligence in assessing structural feasibility, encroachment issue and cost of renovations before procurement of the Property. Both the EoI and the Ministry deviated from guidelines requiring them to refrain from purchasing properties involving huge renovation cost and associated legal issues. As a result, the Ministry resorted to injudicious acquisition of the Property by incurring expenditure of ₹ 41.93 crore (up to September 2021) without any intended result. The decision of EoI Washington to not carry out any further renovations and consider leasing an alternate property for the purpose of a Cultural Centre substantiates the audit observation that the expenditure of ₹ 41.93 crore incurred on purchase/renovation of the building has proved to be infructuous.

¹⁹ Capital outlay-₹ 38.82 crore, Utility-₹ 0.09 crore, Other-₹ 3.01 crore, Structural-₹ 0.01 crore.

(II) Establishment of Indian Cultural Centre at Paris

The Embassy of India, Paris (Mission) purchased a property for ₹ 30.03 crore in March 2011 for establishing an Indian Cultural Centre (ICC). C&AG Report no. 16 of 2014²⁰ pointed out that this property purchased for establishing an ICC, lacked primary conditions²¹ to be modified as an ICC. Further, the Mission incurred annual expenditure of approx. ₹ 1.24 crore on its 24-hour security. The Ministry (March 2015) had assured the Public Accounts Committee (PAC) that renovations/refurbishments in the building were to be completed by 2016. A follow up audit in this regard revealed the following:

(A) Delay in renovation/refurbishment of ICC building: In April 2022, the Mission intimated the Ministry that modification and renovation work at ICC Paris was estimated to be 95 *per cent* complete. Audit noted that despite the assurance to the PAC (March 2015) to complete the work by 2016, as of June 2022, the work was still in progress. The reasons for delay included resolving design deficiencies, meeting norms for fire safety, selection of Contractors, bankruptcy of a major Contractor (M/s Lacroix) in 2019, *etc.* Thus, the property purchased in 2011 at a cost of ₹ 30.03 crore for setting up an ICC remains unused as of June 2022.

(B) Irregular expenditure on hiring security services: The Embassy of India, Paris (April 2011) citing exceptional circumstances, had sought an *in-principle* approval of the Ministry for providing 24-hour security cover to the premises, seeking to extend the services of their existing service provider at the Embassy Residence, for the ICC building as well. The Ministry, however, directed (April 2011) the Mission to forward the proposal in the prescribed manner, with full justification and at least four comparable quotations.

Rule 22 of GFR, 2005²² states that no authority may incur any expenditure, or enter into any liability involving expenditure, from the Consolidated Fund of India unless the same has been sanctioned by a competent authority. However, the Mission, circumventing the directions of the Ministry and the GFR, approached (April 2011) the Indian Council of Cultural Relations (ICCR) directly, proposing such hiring. Based on the Mission's proposal, ICCR approved (20 April 2011) hiring of the security agency for the ICC building at monthly charges of €15,171.26 (₹ 9.81 lakh²³). In its approval, ICCR also asked the Mission to indicate that the

²⁰ Para 7.3 of the Report no. 16 of 2014 titled 'Global Estate Management by the Ministry of External Affairs'.

²¹ Under French regulations, such buildings require a minimum of two exits and a provision for the assembly of minimum of 100 people.

²² The GFR provision in GFR, 2005 remains same even in the GFR, 2017.

²³ RoE for April 2011 of €1 = ₹ 64.70

requirement of funds was for the financial year 2011-12 only.

Audit scrutiny of the related records in the Embassy revealed that:

- i. The Mission bypassed the Ministry's directions and obtained a direct sanction from the ICCR for such hiring, without apprising it of the Ministry's directions.
- ii. ICCR, while sanctioning the hiring of the security agency, sought the Mission's funds requirements for the FY 2011-12 only, implying that the sanction was valid only for the year 2011-12. Despite this, the Mission has continued to incur expenditure on the said security agency during the subsequent years as well.
- iii. The Mission could not substantiate that ICCR had, at any point of time, extended the original sanction. Thus, of the total expenditure from 2011-12 to September 2021 amounting to ₹ 14.89 crore, expenditure amounting to ₹ 13.87 crore for the period from April 2012 to September 2021 was without approval of the MEA and sanction of ICCR. The expenditure was being booked by the Mission under 'other expenses' head of ICCR.
- iv. On being pointed out, the Mission approached the Ministry/ICCR (January 2019) to regularise the expenditure already incurred and allow hiring at least till March 2020. The Ministry termed (January 2019) the said expenditure grossly irregular and that the ICCR too, questioned the continued 24-hour hiring of security. Further, the Ministry while seeking certain additional information²⁴, 'withheld' the proposal for continued hiring of security and clarified that it would be considered only after a security audit of the ICC building.
- v. The Bureau of Security (BoS)²⁵ of the Ministry too sought (March 2019) clarifications regarding the need for hiring of security. However, the Mission, instead of replying to the BoS, again bypassed the Ministry and wrote to the ICCR (February and April 2019) to allow continued hiring of LSGs. The ICCR advised (May 2019) the Mission to send a proposal to the Ministry. Thereafter, the Mission pursued the matter with the Ministry (May 2019) stating that the proposal would be forwarded for approval²⁶ after the tendering process.

²⁴ Such as details of sanction orders, tendering process, officers issuing such sanctions, etc.

²⁵ BoS is the nodal agency for handling all security related matters for Indian Mission/Posts worldwide.

²⁶ Under Ministry's directions, the advertisement for quotations was published (May 2019) on the Central Public Procurement (CPP) portal. In response, the Mission received three bids for supply of LSGs for ICC building.

- vi. The Mission (October 2019) stated that hiring of security guards was continued based on comments (May 2019) of the acting DG, ICCR, in view of the French Ministry of Foreign Affairs' advice about the security situation in Paris. The Mission sought regularisation of the said expenditure since 2012 and also sought Ministry's instructions on whether it should discontinue the services.
- vii. Despite handing over (June 2018) the site to the construction company/Contractor for renovation and the site containing just material/labour of the Contractor, the Mission continued to provide security for an under-renovation building.

The Mission stated (September 2020) that it was relentlessly pursuing the case for *ex-post facto* regularisation of the expenditure and had provided all the requisite information to the Ministry. Based on Ministry's directive (September 2020), the Mission proposed installation of CCTVs to the Ministry in February 2021.

The Ministry, while confirming the facts and figures (September 2021) stated that the Mission's proposal to install CCTV and anti-intrusion system was approved and advised it to de-hire LSGs till fresh security assessments. The Ministry clarified that it had no correspondence with the Mission between 2011-2018 and the Mission did not share any relevant correspondence for regularisation with the BoS Division between 2012-18. The Ministry further stated that the Mission's proposal for grant of *ex-post facto* approval of expenditure on LSGs was presently being examined. Audit noticed (June 2022) that the Mission had released payments till September 2021 and still continues to hire the LSGs.

Thus the Mission had incurred an irregular expenditure of ₹14.89 crore for the period April 2011-September 2021 on hiring LSGs for the under-renovation ICC building by (i) circumventing the directions of the Ministry in 2011; and (ii) obtaining a direct sanction from the ICCR by suppressing material facts, without apprising it about the prescribed procedures of the Ministry for such hiring.

Conclusion: Both the properties purchased by Ministry of External Affairs for setting up an Indian Cultural Centre at Paris (2011) and Washington (2013), have not been put to use as Cultural Centres, even after eleven and nine years respectively. The purchased property at Washington had inherent deficiencies, significant structural concerns, issues of encroachment and requirement of large scale renovation, etc. As against the commitment made to the PAC (2015) to complete the renovation of ICC Paris by 2016, there were significant delays with 95 per cent work being complete only by April 2022 and avoidable expenditure of ₹ 14.89 crore on hiring of a security agency.

Embassy of India, Beijing

2.3 Avoidable payment of cost escalation and interest

Embassy of India, Beijing made avoidable payment of ₹ 8.53 crore on account of escalation, even though the clause regarding escalation was not applicable as per the terms and conditions of the contract. Similarly, withholding of payment of the Contractor's dues by the Mission for a period ranging between three and five years, resulted in avoidable payment of interest of ₹ 1.58 crore.

The Embassy of India, Beijing, (Mission), Ministry of External Affairs (Ministry) entered into a contract with M/s China Railway Construction Group Company (CRCC/Contractor) at lump sum tendered cost of USD 75,45,626.20 (₹ 31.33 crore) in April 2007 for the construction of Indian Embassy Complex, Beijing China. The stipulated dates of the commencement and completion of the project were June 2007 and March 2009, respectively. Later the completed cost of contract escalated to USD 96,76,959.20 (₹ 40.16 crore²⁷) after including cost of works not in original contract.

The construction project included payments in 16 intermediate stages through Running Account (RA) bill. Besides the Contractor and the Consultant (M/s Raj Rewal Associates - RRA), the Mission/Ministry had engaged CPWD to supervise the progress of the project. The intermediate payments were linked to pre-determined construction stages and the RA bills were required to be verified by Consultant/CPWD before the Mission recommended the sanction of the payment to the Ministry. At each RA stage, pre-determined construction progress payment was payable and a proportion of mobilisation advance and payment of retention money @ 10 per cent of the progress was to be adjusted.

As per clause 14.7 of the construction contract, the Mission was required to pay the amount certified in each interim payment certificate within 56 days after the Consultant received the statements and the supporting documents. Further, as per clause 14.8 of the contract, if the Contractor did not receive payment in accordance with clause 14.7, the Contractor shall be entitled to receive financing charges compounded monthly on the amount unpaid during the period of delay. These financing charges shall be calculated at the annual rate of three percentage points above the discount rate of the central bank in the country of the currency of payment and shall be paid in such currency. The Contractor shall be entitled to this payment without formal notice or certification and without prejudice to any other right or remedy. Clause 14.9 of the contract specified that when the taking over certificate had been issued for the works, the first half of the retention money shall be certified by the consultant for payment to the Contractor and the other half shall be payable

²⁷ Exchange rate of USD 1 = INR 41.50

at the end of the defect liability period i.e. two years after handing/taking over the building.

The Mission formally took over the building on 26 December 2011. The Contractor raised (between November 2011 and April 2012) the outstanding amount towards Retention money (partly), 16th RA bill and Final bill with the Mission. The Mission forwarded (18 April 2012) the final bill (comprising miscellaneous items) and 16th RA bill to MEA but the same were not approved. Audit noted that the outstanding bills of the Contractor, with the Mission as of December 2013 were as detailed in **Table No. 7.**

Table No. 7 : Details of outstanding bills of the Contractor

Sl. No.	Item	Claimed (USD)/date of claim by the Contractor
1.	16 th RA bill	3,39,553.18/November 2011
2.	9 th and 12 th RA bills	47,739/January 2010 (balance amount)
3.	Final bill amount	4,61,566/06 April 2012 (before deductions)
4.	Retention Money	9,38,673/December 2011 (50%) & December 2013 (50%)
Total		US\$ 1792237.18

Meanwhile, the Mission informed the Contractor about the defects in the lifts and issued (20 November 2013) notice for rectification of the same within the liability period. The Contractor maintained that the lifts were in good condition and only required regular maintenance and requested (15 January 2014) for its overdue amounts US\$ 16,93,636.46²⁸, in which interest, balance amount of 9th and 12th RAR and escalation amount was not included/levied. Later in June 2014, the Contractor raised a bill for the overdue amount for US\$ 28,79,168.46, which included escalation of US\$ 11,85,532.00. Till December 2014, the CRCC officials continued to demand the outstanding payment with escalation and without interest. However, in January 2015, the CRCC demanded payment including compounded monthly interest on the unpaid amount during the period of delay in accordance with clauses 14.7 & 14.8 of the contract.

The Ministry, in September 2015, paid the 16th RAR bill amounting to US\$ 1,97,175.39 to the Contractor, after deducting the amount pertaining to two lifts, retention money, Heating charges, Environmental Test, etc. The cost of lifts US\$ 61,050 was deducted, as these were found defective during defects liability period and accordingly it was to be decided later on whether the payment on account of lifts was to be made or not. The Ministry further made payment of Retention money (US\$ 9,38,648), final bill (US\$ 4,15,409) in August 2017 and unpaid

²⁸ 16th RAR US\$33,95,53.18+Final Bill US\$ 4,15,409.71+Retention Money US\$ 9,38,673.57= US\$ 16,93,636.46

amount of 9th and 12th RAR in October 2017 (US\$ 47,739). The payment of withheld cost of lifts was also released in October 2017 while making payment of pending principal amount. Thus, all the payment as raised/claimed except escalation and interest was paid to the CRCC by the Ministry up to October 2017.

Meanwhile, CRCC in August 2017 gave an offer to the Mission, that against the total amount claimed towards interest and escalation amounting to US\$ 33,55,461.30, of which the interest was US\$ 8,77,520.15 and escalation was US\$ 24,77,941.15, 55 *per cent* (payment to be made US\$ 15,09,957.59) would be waived off in order to resolve the issue as soon as possible under the premise that CRCC could receive the amount from the Embassy before 16 February 2018. However, no payment was released to the Contractor by the due date.

Subsequently, the demand rose to USD 41,25,905.55 as of June 2018 by the CRCC due to increase in interest component²⁹. Against this, the Mission made aggregate payment of USD 14,59,957.59 on account of cost escalation of USD 12,31,245.00 (₹ 8.53 crore³⁰) and interest of USD 2,28,712.59 (₹ 1.58 crore³¹) in September 2018 after waiver of the remaining amount by the Contractor. The Contractor issued the No Objection Certificate on 05 September 2018 and all accounts related to the project were settled.

In the complete process, Audit observed avoidable payment of ₹ 10.11 crore on account of escalation and interest as detailed below:

(A) (i) Avoidable payment of Escalation: The Ministry, while examining the Contractor's claim forwarded by the Mission regarding escalation and interest payment for the construction project, noticed (November 2017) that clause regarding escalation as highlighted by CRCC was not applicable in the absence of Data, which was essential, in the appendix of the Tender document. Accordingly, the Ministry took up the matter with its Legal & Treaties (L&T) Division, which clarified that as per clause 13.8, if the complete table of adjustment data is not included in the appendix to Tender then this sub clause regarding escalation shall not apply. The Notes on preparation of Tender Documents, further provided "unless this sub-clause is not to apply, the appendix to Tender should include a table for each of the currencies of payment". However, despite this position, the Ministry made payment of ₹ 8.53 crore (US\$ 12,31,245) on account of escalation in September 2018.

²⁹ June 2018-Interest on delayed payments – USD 11,81,929.46; Cost Escalation – USD 12,31,245 and interest on Cost Escalation – USD 17,12,731.09

³⁰ Exchange rate of 1 USD=INR 69.30

³¹ Exchange rate of 1 USD=INR 69.30

(ii) Audit noted that till January 2014, the Contractor had raised bills only for the overdue amounts US\$ 16,93,636.46³², in which interest and escalation amount was not included/levied. The Contractor included the escalation amount of US\$ 11,85,532 for the first time in June 2014. After that the Contractor regularly demanded the escalation charges from the Department.

Audit is of the view that the matter of cost escalation would not have arisen, had the Mission/Ministry strictly followed the contractual obligations and paid the outstanding payment to the Contractor in time.

(iii) The Ministry in their reply stated that the matter stood at a point where CRCC had completed their work, as per their contractual agreement and claimed payment against interest and escalation as per their interpretation of the contract clause. Partial payment at that stage might not have resulted in the kind of saving to the exchequer that the Mission was able to obtain through the negotiation. Ministry again stated that the possibility of arbitration, litigation and other legal complication could not be ruled out. It further stated that irreparable damage may have been caused to the reputation of the Government of India in China, if it was decided to undertake forensic analysis of the claim to ascertain its justifiability, and in the process Ministry might have ended up losing more time and facing a larger claim, due to monthly escalation.

The Ministry's reply of having avoided a larger claim on account of escalation through negotiations is not acceptable, since in the first place, as per the contract there was no provision for payment of escalation. Moreover, if Ministry wanted to avoid litigation, the claim should have been settled promptly in 2012 itself.

B) Inordinate delay in settlement of bills and avoidable payment of interest:

As per the General Construction Contract³³, the Mission was required to make the payment within 56 days from receipt of Statements³⁴ and supporting documents to avoid paying compounded monthly interest on the unpaid amount during the period of delay.

Audit noted that there was inordinate delay in settlement of final bill/RA Bills, release of the Retention Money and unpaid bills, as outlined in the **Table No. 8**.

³² 16th RAR US\$ 3,39,553.18+Final Bill US\$ 15,409.71+Retention Money US\$ 9,38,673.57= US\$ 16,93,636.46

³³ Clauses 13.8, 14.7, 14.8 and 14.9 of the contract agreement.

³⁴ Containing the amounts to which the Contractor considers himself to be entitled, together with supporting documents which include the report on the progress during the month in accordance with sub clause 4.21.

Table No. 8 : Details of delay in settlement of bills

Sl. No.	Item	Claimed (USD)/ date of claim by the Contractor	Due date as per the contract (56 days)	Paid (USD)	In INR	Remarks
1.	16 th RA bill	3,39,553.18/ November 2011	January 2012	1,97,175.30	1,30,96,383.4 USD @ INR 66.42	Paid in September 2015
2.	9 th and 12 th RA bills	47,739/ January 2010	March 2010	47,739	30,93,487 (USD @ 64.8 INR)	Paid in October 2017
3.	Final bill amount	4,61,566/ April 2012 (Before deductions)	June 2012	4,15,409	2,70,43,124 (USD @ 65.1 INR)	Paid in August 2017
4.	Retention Money	9,38,673/ December 2011 (50%) & December 2013 (50%)	February 2012 and February 2014	9,38,648	5,76,73,131.6 (August 17 @ 65.1INR) 34,17,033.6 (October 17 @ 64.8 INR)	Paid in August 2017 (USD 8,85,916) and October 2017 (USD 52,732)

It can be seen from the table that all the bills that were raised/claimed by the Contractor were eventually paid to the Contractor after three to five years. As a result of this delay, the Contractor began demanding interest component on overdue project payment. Accordingly, the Contractor was paid interest amounting to ₹ 1.58 crore (US\$ 2,28,712.59) in October 2018. This was attributable to lack of co-ordination between the Mission and Ministry.

The Ministry stated that the final bill settlement was withheld so as to get the Contractor to rectify the malfunctioning of the elevators. However, the Ministry itself added that the contract signed by the Mission with the Contractor had no provision for withholding of any amount for specific repairs/replacement.

In the absence of any contractual provision for permitting withholding of payments, the delays by the Mission in making payments towards the 16th RA Bill, unpaid amounts of 9th and 12th RA Bill, final bill and retention money led to avoidable payment of interest amounting of ₹ 1.58 crore (US\$ 2,28,712.59).

Conclusion: Thus, the payments of ₹ 8.53 crore towards escalation costs and interest of ₹ 1.58 crore were completely avoidable, had the Mission/Ministry strictly followed the contractual provisions and also settled bills raised in a timely manner.

2.4 Adoption of improper tendering process led to cost overrun besides arbitrary deviation from the identified items of work under the tender

Execution of tendering related to repair and renovation work of India House with disregard for Ministry's instructions and extant provisions led to retendering and time and cost overrun. This resulted in avoidable expenditure of ₹ 51.76 lakh (JMD³⁵ 9.65 million) coupled with an *ad-hoc* approach in execution of the work with arbitrary changes in identified items of work costing ₹ 49.52 lakh (JMD 9.17 million).

The India house at Kingston (Jamaica) having a built-up area of 960 sq. meters was acquired in the year 1976. The proposal for its renovation was mooted (2016) by High Commission of India (HCI), Kingston during 2016. Ministry of External Affairs (Ministry) instructed (05 October 2016) the Mission to follow procedures for tendering strictly as per General Financial Rules (GFR) and Chief Vigilance Commission (CVC) guidelines. Ministry further suggested *inter alia* to identify the repairs and draw up the “Scope of work” indicating the specifications and quality/standard of product so that the bidders can estimate the cost accurately in the bids, follow “Single-stage & one-bid” system or “Single-stage & two-bids” system depending upon simple non-technical work & specialised/technical work. Besides, the Ministry also suggested that pre-qualification criteria for selection of bidders and commercial terms and conditions as laid down in GFR may be determined clearly and listed in the Tender notice.

a) Acceptance of Tender and conclusion of agreement without approval of the Ministry:

However, the Mission in contravention of the Ministry's instructions floated (October 2016) notice inviting bids for renovation work at “India House - Kingston”, opting for ‘Single-stage & one-bid’ system without any estimate and detailed scope of work. The Mission opened the bid documents separately on 24 October 2016 and verified the bids and requested the prospective bidders for additional documents in the bids. The Technical Committee subsequently evaluated (31 October 2016) the bids³⁶ and, thereafter the lowest³⁷ bidder (M/s FosRich Limited) was selected (02 November 2016) with an amount of JMD 55.786 million (₹ 2.94 crore : 1 JMD = ₹ 0.5271). The Tender committee had thus evaluated an already vitiated tender. The Mission entered (15 November 2016) into an agreement with the selected Consultant for JMD 55.786 million for the renovation

³⁵ JMD–Jamaican Dollar

³⁶ Out of five bidders participated in the tender viz. M/s Performance Engineering Ltd, M/s Ubilt Construction Services Limited, M/s FosRich, M/s Top-Tier Construction & Design Services and M/s Nubian-1 Construction Limited), three consultants (M/s FosRich Group of Companies, M/s Top-Tier and M/s Nubian) were shortlisted for financial bid and M/s FosRich was selected being L1 at a cost of JMD 55.786 million³⁶.

³⁷ Other two bidders: M/s Top-Tier Construction – JMD 69.83 million and M/s Nubian – JMD 116.33 million.

work and proceeded with commencement of the work and paid (30 November 2016) M/s FosRich an amount of JMD 2.65 million (₹ 13.97 lakh) citing completion of an item of work under the project. In the meanwhile, the Mission had intimated (03 November 2016) the Ministry regarding the tender for repair and renovation of India House. Ministry cancelled (01 December 2016) the tender citing that the bids were not invited under the two bid system and two of the five bidders which eventually were L1 & L2 were rejected on technical grounds after opening the financial quotes, insufficient time had been provided for submission of bids, absence of provision of EMD, non-publishing of the Notice Inviting Tender (NIT) on the Mission website and non-vetting of the draft NIT by the Ministry since the expenditure involved was huge.

While the tender was cancelled, audit noted that work for an amount of JMD 2.65 million (₹ 13.97 lakh) had been already carried out and paid for without obtaining any financial sanction and prior administrative/technical approval as required under the GFR.

b) Acceptance of higher rates in re-tendering

The Mission re-tendered (March 2017) the work after due vetting of Request for proposal by the Ministry. The tender was responded to by two Consultants³⁸, out of which, one Consultant, i.e. M/s Hummingbird was disqualified in the pre-qualification stage by the Tender Committee citing it as being ineligible and thus the financial bid of the sole Consultant in the fray, i.e. M/s FosRich was accepted (25 May 2017) by the tender committee with a bid amount of JMD 62.79 million (₹ 3.38 crore : 1 JMD = ₹ 0.5398). Mission entered (09 April 2018) into an agreement with the bidder for execution of work. However, comparative analysis of the common items of work in the price bid of the successful bidder (M/s FosRich) in both the tenders over a period of five months revealed price escalation ranging from 16 to 175 *per cent* which included increase of ₹ 10.87 lakh (Kitchen), ₹ 17.50 lakh (Bathrooms) and ₹ 18.23 lakh (Flooring) as detailed in **Table No. 9**.

Table No. 9 : Details of price escalation between two tenders of M/s FosRich

Sl. No.	Item of Work in Old PQ	Rate Old (JMD)	Rate New (JMD)	Difference (JMD)	Equivalent Difference (in INR)	Percentage Difference
1	2	3	4	5	6	7
1.	Bathrooms	3905061.30	7146040.14	3240978.84	17,49,516.03	83%
2.	Kitchen	2789329.50	4803200.00	2013870.50	10,87,109.45	72%
3.	Flooring	4462927.20	7840000.00	3377072.80	18,22,981.05	76%
4.	Windows and Doors	4462927.20	5888000.00	1425072.80	7,69,269.97	32%

³⁸ M/s FosRich and M/s Hummingbird Aviation Consultants Ltd participated.

Sl. No.	Item of Work in Old PQ	Rate Old (JMD)	Rate New (JMD)	Difference (JMD)	Equivalent Difference (in INR)	Percentage Difference
5.	Landscaping	2789329.50	4000000.00	1210670.50	6,53,533.25	43%
6.	Staff Quarters	2231463.60	2592000.00	360536.40	1,94,621.51	16%
7.	Car Park	3347195.40	1760000.00	-1587195.40	-8,56,785.54	-47%
8.	Guard House	836798.85	2304000.00	1467201.15	7,92,011.32	175%

c) Execution of additional work without approval of the Ministry

The Mission, after commencement of the renovation work instructed the Contractor (M/s FosRich) to take up additional work in deviation of the agreed items costing JMD 10,277,996.79 (₹ 55.48 lakh) which included major items of work as detailed in **Table No. 10**.

Table No. 10 : Details of additional work in deviation of the agreed items

Sl. No.	Name of work as per agreed scope of work	Additional work/Deviation in lieu of the agreed work	Estimated Cost of additional work (JMD)
1.	Termite treatment	Gas fumigation and chemical treatment of entire complex	11,04,000
2.	Wooden flooring	Replacement of wooden flooring and work of Tile flooring	37,72,500
3.	Not provisioned earlier	Electricity work	20,36,942
4.	Window work	Double glazed windows	10,60,355
5.	Not provisioned earlier	Covering of gap in north side patio	8,95,031

No prior or *ex-post facto* concurrence of the Ministry was obtained (March 2021) for these deviations and the additional committed costs.

Audit noted that Mission executed a few items of work already included in the project scope of work as per the agreement with the vendor and booked the cost for the same under 'Minor Work'. Audit further noted that instead of surrendering the savings in the project due to the work already executed, the Mission took up additional work as mentioned in the above table for exactly the same amount which should have been surrendered as savings. Moreover, the Mission and the bidder did not assess the actual requirement despite provision of site inspection in the tendering process. Thus, unauthorised deviations further led to additional cost of ₹ 55.48 lakh³⁹ (JMD 10.28 million) in the project.

Ministry stated in its reply (March 2021) that the Agreement with the Contractor was signed (April 2018) after receipt of approval from Ministry. On the issue of assessment of actual requirement and framing of scope, Ministry accepted (March 2021) that this was a lapse on the Mission's part and added that in case of termite

³⁹ @ 1 JMD = ₹ 0.539811 for the RoE of March 2019.

infestation and fumigation, it was not possible to anticipate the extent of damage under the structures and installations without opening of the flooring and other external structures. However, this contention is not acceptable with regard to the other works including electrical, installation of double-glazed glass windows, covering the gap between north side patio and staff quarters and installation of roof-let on north side *verandah* which could have been planned for in advance and could not have arisen during the course of work.

Ministry admitted (March 2021) that the Mission should have brought the newly discovered damage(s) at the time of execution of the subsequent tender to the knowledge of the Ministry and sought approval before giving the Contractor the “go ahead” to attend to it. Ministry further admitted that cost adjustment against the reduced scope of work as some items of work included in the project were carried out under the ‘Minor work’ budget head and not dropping other works from the scope of work, indicated lack of project management, supervision, and unhealthy financial practices. Ministry further stated that the fact that additional works amounted to JMD 10,277,996.79 (₹ 55.48 lakh), which was exactly the same as cost of works excluded (already executed through minor works) seemed too close to be deemed coincidental and smacked of unhealthy monitoring and implementation of the project and handling of public finances.

Ministry, however, was silent on the Mission entering (November 2016) into the agreement with the vendor in respect of the tender floated during October 2016 and proceeding with the execution of the part tender without the required approvals. Ministry also did not respond on the issue of time and cost overrun due to improper project management despite prior instructions and provisions in place.

Thus, execution of tendering related to repair and renovation work of India House in disregard of the Ministry’s instructions and extant provisions necessitated retendering, resulting in time and cost overrun which led to avoidable expenditure of ₹ 51.76 lakh (JMD 9.65 million⁴⁰) coupled with an *ad-hoc* approach in execution of the work and arbitrary changes in agreed items of work costing ₹ 49.52 lakh (JMD 9.17 million).

2.5 Excess fee charged for passport renunciation

Delayed revision of the passport renunciation fee by the Embassy of India, Rome and Consulate General of India, Milan resulted in charging of an excess amount of ₹ 1.63 crore from the applicants.

⁴⁰ JMD 7.00 million (2nd tender: JMD 62.79 million – 1st tender: JMD 55.79 million) plus JMD 2.65 million (Bathroom work already executed)

With a view to reduce the arbitrary fixation of fee in respect of Visa, Passport and other consular services, the Ministry of External Affairs (Ministry) decided (March 2021) that with effect from 01 April 2021, the rate of exchange for the month of April 2021 would be taken as the starting point for fixation of new rates of fees for visa, passport and other services. It further prescribed various modalities regarding subsequent fixation of exchange rates. The Ministry subsequently clarified (April 2021) the modalities of fixation of passport surrender fees and reiterated that the passport renunciation fee of ₹ 7,000 was to be converted into the local currency based on the official rate of exchange (ORE) of April 2021.

We noted from the records of Embassy of India (EoI), Rome and its Consulate at Milan that the Mission/Post made no change in the passport renunciation fee with effect from 01 April 2021 in accordance with the orders issued by the Ministry. In fact, Audit noted that though as per the Official Rate of Exchange as of April 2021 (Euro (€) 1 = ₹ 87.90), the passport surrender fee of ₹ 7,000 should have been reduced to € 80 instead of € 172 being charged, EoI Rome actually increased the passport surrender fee from € 172 to € 192. After being pointed out by audit, the rate was revised to € 80 by the CGI Milan from 01 August 2021. The Embassy of India, Rome, revised the rates from 15 August 2021. Due to delay in fixation of correct passport renunciation fee from April 2021 to July/August 2021, excess renunciation fee of ₹ 1.63 crore⁴¹ was charged by Embassy of India Rome⁴² and its Consulate at Milan⁴³.

The Ministry stated (December 2021) that delay in revision of fees was due to inadvertent oversight given the huge rise in Overseas Citizen of India (OCI) applications, since the OCI applications had been stopped for almost a year in 2021. The Consulate was receiving an average of 300 postal applications per day resulting in oversight in revision of Passport Surrender fee resulting in excess collection of fees.

The reply of the Ministry that the delay in implementing Ministry's instruction was due to huge rise in OCI application is not acceptable as the rate revisions by the Mission/Post was done much after the initial rush and only after the same was pointed out during the audit of the Consulate.

Further, audit is of the view that the fees to be charged for various services are decided by the Ministry and communicated to all the Missions/Posts to ensure uniformity of rates. These rates are fixed, keeping the concept of reciprocity and

⁴¹ ₹ 38.28 lakh for EoI Rome and ₹ 124.26 lakh for CGI Milan = ₹ 1.63 crore.

⁴² April 2021 to 31 July 2021.

⁴³ April 2021 to 14 August 2021.

bilateral relations in mind. Hence, the failure of the Mission and the Post to recalculate the passport renunciation fee as directed by the Ministry for a period of four months is an indication of weak internal and supervisory controls, which resulted in charge of fees in excess from the applicants amounting to ₹ 1.63 crore.

(II) Ministry of Fisheries, Animal Husbandry and Dairying

2.6 Unfruitful expenditure due to improper sanction of the Artificial Insemination (AI) Sub-Project under National Dairy Plan

Project Steering Committee, National Dairy Plan-I approved the sub project to End Implementing Agency without considering overlap in AI delivery services, resulting in unfruitful expenditure of ₹ 2.74 crore and the premature closure of the sub-project.

The pilot doorstep Artificial Insemination (AI) delivery services under National Dairy Plan Phase-I (NDP-I) of Ministry of Fisheries, Animal Husbandry and Dairying was to promote a viable system for AI delivery as well as to reduce the cost at which the State Governments were funding outsourced AI delivery services.

The Project Steering Committee (PSC) of NDP-I sanctioned (April 2015) sub-project of AI delivery services to the Shreeja Mahila Milk Producer Company (Shreeja MMPC)⁴⁴, Andhra Pradesh at a cost of ₹ 29.46 crore, comprising ₹ 15.87 crore⁴⁵ as grant assistance for the project period 2015-16 to 2019-20 on the basis of project appraisal made by the Project Management Unit (PMU) of the NDP-I. As recommended by the PMU, the PSC approved grant of ₹ 8.08 crore for the period 2015-16 and 2016-17, awaiting approval of extension of time period up to 2019-20 from GoI. The Shreeja MMPC drew an advance of ₹ 2.91 crore during 2015-16 to implement the sub-project. However, on the basis of the Regional Review (RR) Meeting (July 2016) and resolution passed by the PSC (March 2017) the project was closed prematurely on 31 March 2017 after incurring expenditure of ₹ 2.74 crore⁴⁶.

Audit observed that the Project Coordinator of Andhra Pradesh Live Stock Development Agency (APLDA) had e-mailed (May 2015) the authority of NDP-I to know the area where Shreeja MMPC was going to establish their 210 AI centers

⁴⁴ Shreeja Mahila Milk Producer Company Limited (Shreeja MMPCL) is a milk producer company, with Head Office in Tirupati, had started functioning from 15 September 2014. Shreeja MMPCL is also the End Implementing Agency (EIA) for various projects implemented by Government of India through National Dairy Development Board (NDDB) under National Dairy Plan 1 (NDP 1).

⁴⁵ Balance fund were to be brought in by Shreeja MMCP.

⁴⁶ Total expenditure ₹ 274.04 lakh (₹ 136.15 lakh = Revenue expenditure and ₹ 137.89 lakh - Capital expenditure). Revenue expenditure incurred on Salary TA DA for staff, AI Kit, Ear Tags, AI Technician lunch meet and basic training, bank charge Data entry charges etc. Capital expenditure incurred on purchase of semen container, liquid nitrogen container, Furniture, Computer and Printer.

so as to avoid overlap of AI centers and unhealthy competition among the AI technicians as APLDA was already covering almost 96 *per cent* of the breedable population of the implementing districts. Further, in a meeting between APLDA, Shreeja MMPC and National Dairy Service at Hyderabad (May 2015), it was noticed that all the villages which were being covered by the Shreeja MMPC formed part of the coverage area of the APLDA in their regular AI programme. Even though, options of separation of implementation area and convergence and merger of both the programmes were explored, the issue could not be resolved. APLDA further communicated (July 2015) to the National Dairy Development Board (NDDB) regarding overlapping of the AI delivery services as also representation of the AI technicians of the APLDA and requested NDDB to stop the introduction of the sub-project. Despite this, the PMU of NDP-I released (June and October 2015) advance grant of ₹ 2.91 crore⁴⁷ to the Shreeja MMPC. Finally, it was only in the Regional Review (RR) Meeting at Bengaluru (July 2016), that a decision was taken to close down the AI delivery service of the Shreeja MMPC.

Despite the decision having been taken in July 2016, Audit observed that Shreeja MMPC continued its operation till March 2017 and incurred expenditure of ₹ 2.74 crore until its operations were finally closed in March 2017.

(1) The Ministry stated (September 2021) that the aspect of duplication had been considered before the launch of the project, by including a condition in the approval that Shreeja MMPC would have a coordination mechanism with the State Government. The reply is not acceptable since the PSC sanctioned the project without prior consultation with the APLDA which was already servicing 96 *per cent* of the breedable population of the implementing district. Further, fund was sanctioned by NDP even after the APLDA had informed, that the area covered by the Shreeja MMPC was within the coverage area of the APLDA. Thus, sanctioning the project without undertaking a proper study of the proposed area of operations and leaving the matter to the implementing agency resulted in duplication of work being done by the State agency.

(2) The Ministry informed that the Regional Review meeting held in July 2016 had recommended closure of the sub-project and maintaining status quo of the already deployed Mobile Artificial Insemination Technician (MAIT), who continued to provide services to the dairy farmers with the help of assets already created under the sub-project. Though the information about overlap of the projects had already been provided by APLDA over a year ago in May 2015, the project continued till March 2017 incurring further expense of ₹ 2.74 crore. Further, in the

⁴⁷ ₹ 176 lakh in June 2015 and ₹ 115.15 lakh in October 2015.

Regional Review meeting, it was decided that APLDA would provide AI Services on call for all the milk producer members of Shreeja MMPC after closure of the sub project. Hence, there was no work for the MAITs maintained by Shreeja MMPC. However, Shreeja MMPC had procured a total of 50 Liquid Nitrogen Containers and 508 Semen Storage containers out of which 50 Liquid Nitrogen Containers and 191 Semen Storage containers were not transferred to other EoIAs. Further expenditure of ₹ 81.89 lakh was incurred on assets like furniture and ICT equipment.

(3) The Ministry was of the view that the core purpose of demonstrating a Pilot Doorstep AI delivery model was achieved with higher conception rate. The Ministry's contention is not correct due to the fact that four Parameters namely, 1. Villages covered under AI; 2. Total AI done; 3. Conception rate; and 4. Trained MAITs deployed were identified at the time of sanction of the sub project. Target of each parameter was 1300 villages, 163800 AI, 38 *per cent* of total AI done and 210 MAITs respectively. As against this, audit noted that Shreeja MMPC could only achieve 236 villages, 15030 AI, 42 *per cent* of total AI done and 37 MAITs, respectively. Thus, out of four parameters identified to assess success of the project, Shreeja MMPC failed to achieve targeted performance in case of three parameters namely (a) coverage of village, (b) total AI done, and (c) deployment of MAITs.

(4) The Ministry's contention that the project had been rated as Highly Satisfactory in the Implementation Completion and Results Report of the World Bank is not acceptable as the World Bank rating for the project as a whole does not justify the improper planning and execution of the individual sub project.

Thus, faulty planning and sanctioning of the project without proper study of the proposed area of operation resulted in overlap in delivery of AI services in the sub project leading to its premature closure and wasteful expenditure of ₹ 2.74 crore.

(III) Ministry of Home Affairs

Central Industrial Security Force Unit, DMRC

2.7 Excess exemption on account of House Rent Allowance

Failure to include Dearness Allowance in Salary, while calculating exemption on account of House Rent Allowance, as per Income Tax Act, 1961 by Central Industrial Security Force (CISF) Unit, Delhi Metro Rail Corporation (DMRC) resulted in excess exemption aggregating ₹ 2.01 crore and consequently, short deduction of income tax.

Section 10 (13A) of the Income Tax Act, 1961 provides that any special allowance specifically granted to an assessee by his employer to meet expenditure actually

incurred on payment of rent in respect of residential accommodation occupied by the assessee to such extent as may be prescribed having regard to the area or place in which such accommodation is situated and other relevant considerations, shall not be included in computing the total income of a previous year of any person.

Further, Rule 2 A (6) prescribes the quantum of exemption available, pertaining to House Rent Allowance, which will be the least of the following:

- 1) Allowance actually received.
- 2) Rent paid in excess of 10 *per cent* of Salary.
- 3) 50 *per cent* of Salary for Delhi, Calcutta, Bombay and Madras and 40 *per cent* for other cities.

As per Rule 2 of Part A of the Fourth schedule, Salary for this purpose includes basic salary as well as dearness allowance if the term of employment so provides. No exemption will be admissible when rent paid is 10 *per cent* or less than 10 *per cent* of salary. Exemption is also denied where an employee lives in his/her own house, or in a house for which s/he does not pay rent.

We noted from the records of CISF Unit, DMRC that in most of the cases Dearness Allowance was not included for calculating House Rent Allowance (HRA) exemption viz. Rent paid in excess of 10 *per cent* of Salary. Consequently, this resulted in excess availment of exemption on account of HRA aggregating ₹ 2.01 crore⁴⁸ by CISF personnel.

The matter was brought to the notice of the Department in October 2021. The Department stated (October 2021) that the income tax was calculated according to the Rule Book (Swamy's Income Tax on Salaries).

The reply is not acceptable as Drawing and Disbursing Officer is responsible to calculate and deduct the tax and as per Rule 2 of Part A of the Fourth Schedule of the IT Act, which clearly stipulates that Salary for the purpose of claiming exemption under HRA includes basic salary as well as dearness allowance if the term of employment so provides.

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Year	Amount (in ₹)
2015-16	87,93,914
2016-17	29,93,370
2017-18	9,57,242
2018-19	44,43,662
2019-20	29,18,958
Total	2,01,07,146

Non-inclusion of DA in the Salary for calculation of admissible HRA exemption by the CISF unit DMRC resulted in excess exemption aggregating ₹ 2.01 crore and corresponding short deduction of income tax.

The matter was referred to the Ministry of Home Affairs in April 2022; their reply was awaited as of May 2022.

Sashastra Seema Bal

2.8 Avoidable payment of interest on acquisition of land

Lackadaisical approach on the part of *Sashastra Seema Bal* (SSB) in sending the proposal for construction of Separated Family Accommodations, Jaipur to MHA led to avoidable extra expenditure aggregating ₹ 1.12 crore

Rule 21 of General Financial Rules, 2017 provides for Standards of financial propriety wherein it is stated that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his/her own office and by subordinate disbursing officers. As per clause (i) every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his/her own money.

Ministry of Home Affairs (MHA) approved (September 2016) eleven locations, including Jaipur, for Construction of Separated Family Accommodations (SFA) in respect of SSB. Accordingly, SSB requested (February 2017) Chief Secretary, Government of Rajasthan, to provide a suitable piece of land near Jaipur. Subsequently, on the directions of the State Government, Jaipur Development Authority (JDA) offered various plots to SSB. A plot at *Dahmi Kalan* Village (JDA-Zone-12), located approximately 900 meters away from Jaipur-Ajmer Highway, was found suitable by SSB.

Consequently, JDA issued (12 April 2018) an allotment-cum-demand letter for 12,000 square meters (2.97 acres) for the said plot on lease basis at a cost of ₹ 18.66 crore with the following payment conditions:

- i) In case the amount was not deposited within 30 days of issuance of allotment letter, interest would be payable as per rules.
- ii) An additional time of 30 days could be given, if the deposit was not made within the initial 30 days.
- iii) After 60 days', if the amount was deposited within next ten months, interest @ 15 per cent would be payable.

- iv) If the amount is not deposited within one year, the allotment will be cancelled automatically.

Audit noted that SSB submitted the proposal for sanction of ₹ 18.66 crore for acquiring the said plot on lease basis to MHA only on 10 September 2018, after a delay of about five months. Out of this, four months were taken by SSB to obtain additional documents/information from JDA regarding various components of cost of land, which had not been provided to it along with the allotment letter. Meanwhile, SSB also requested JDA to be exempted from the time lines for depositing of money in August 2018, being a Government of India Organisation.

MHA accorded its sanction on 27 September 2018. The payment of ₹ 18.66 crore was deposited by SSB with JDA on 28 September 2018. JDA raised (24 September 2018) the SSB's request for exemption from timelines and payment of interest in case of belated payment with the State Government. The State Government stated (March 2019) that if the deposit was not made within four months from date of issuance of demand letter, interest will be payable for complete period. Accordingly, as the period of four month had already lapsed, JDA raised (July 2019) demand for interest aggregating ₹ 1.12 crore for the belated payment of ₹ 18.66 crore for the period from 12 April 2018 to 28 September 2018⁴⁹ (171 days).

SSB again requested (August 2020 and September 2020) the State Government through MHA for waiving off the interest. However, the same was not acceded to by JDA. Subsequently, SSB paid interest aggregating ₹ 1.12 crore for the delayed payment to JDA on 25 March 2021.

On being pointed out by audit (March 2022), SSB intimated (May 2022) that the delay in submission of proposal to MHA was due to requisition of further documents/information from JDA regarding various components of cost of land, which had not been provided to it along with the allotment letter.

MHA stated (June 2022) that delay had occurred due to time taken by JDA in submitting its clarification in response to observations submitted by SSB. After clarification from JDA, a well prepared proposal was submitted to MHA by SSB for sanction.

The reply is not tenable as SSB took an unreasonable period of four months to obtain the requisite documents and send the proposal to MHA despite being aware of the fact that such delay would attract payment of interest.

⁴⁹ From the date of allotment till the date of actual payment.

The above facts indicate a lackadaisical approach on the part of SSB in sending the proposal for construction of Separated Family Accommodations, Jaipur to MHA that led to avoidable extra expenditure aggregating ₹ 1.12 crore to JDA towards interest for the delayed payment for 171 days (about five months). This was not only against the canons of financial propriety but also burdened the exchequer to that extent.

(IV) Ministry of Personnel, Public Grievances and Pensions

Department of Administrative Reforms and Public Grievances

2.9 Infertuous Expenditure

Department of Administrative Reforms and Public Grievances hired office space from State Trading Corporation of India Limited with effect from December 2020. However, the space required extensive renovation works to make it fit to occupy. The initiation of renovation process only in September 2021 resulted in infertuous expenditure aggregating ₹ 13.26 crore towards rent for nine months from December 2020 to August 2021.

The Cabinet Committee on Security (CCS) approved (July 2018) restructuring of the National Security Council Secretariat (NSCS) and allocated the entire Sardar Patel Bhawan (SPB) for exclusive use of NSCS, entailing relocation of the Ministries/Departments housed there, including the Department of Administrative Reforms and Public Grievances (DARPG), to alternative locations. Subsequently, DARPG, which was occupying approx. 16,000 sq. ft., was ordered to vacate the SPB by 31 March 2020.

DARPG, in turn, hired office space of 25,566.83 square feet⁵⁰ from the State Trading Corporation of India Limited (STC)⁵¹ at *Jawahar Vyapar Bhawan* on lease for a period from 01 December 2020 to 30 November 2025 and entered into a lease agreement on 25 March 2021 on the following terms and conditions:

- (A) Rent @ ₹ 442.10 per sq. ft. per month i.e., ₹ 1.33 crore per month (including GST @ 18 per cent) from 01 December 2020 to 30 November 2023.
- (B) Rent @ ₹ 552.63 per sq. ft. per month i.e., ₹ 1.67 crore per month (including GST @ 18 per cent) from 01 December 2023 to 30 November 2025.
- (C) Common Maintenance Charges (CMC) @ ₹ 40 per sq. ft. per month plus applicable GST thereon from 01 December 2020 to 30 November 2025.
- (D) Reimbursement of *pro-rata* share i.e., 9.04 per cent of consumption of water and electricity charges to the lessor.

⁵⁰ Fourth (10363.18 sq. ft.) and sixth (15203.67 sq. ft.) floors.

⁵¹ Public Sector Undertaking under the Department of Commerce.

Audit observed that:

- i. While the DARPG was aware of the requirement of vacating the SPB in July 2018, it initiated the process for getting the office accommodation only in February 2020 by approaching the Directorate of Estates for issuance of Non Availability Certificate (NAC) for hiring the office space from open market. The process was further delayed due to changes in the requirement of space which was revised from 20,000 square feet to 24,000 square feet in July 2020. The process of searching for space was initiated only in August 2020 after the receipt of revised NAC from the Directorate of Estate. DARPG selected STC building out of nine buildings⁵² visited by it.
- ii. DARPG visited the STC building on 31 August 2020 and requested STC to handover clear office space to it. It took possession of the raw office space on 01 December 2020. Meanwhile, it had approached the Central Public Works Department (CPWD) on 26 October 2020, to provide lay out plan and drawings. The CPWD, initially, submitted the architectural drawing and furniture lay out of fourth and six floors. The Department suggested some changes in the drawings/plan submitted by the CPWD in December 2020 and January 2021. Based on the changes, CPWD submitted revised drawings/layout in February 2021, which was approved by the Department in February 2021. Based on the drawing and layout plan, CPWD gave preliminary estimates aggregating ₹ 11.04 crore on 15 April 2021. The same was, however, not concurred by the Integrated Finance Division considering non-availability of budget, unjustified items such as Italian marble floor and video conference system in the civil work etc. DARPG, in consultation with the CPWD, revised the estimated cost of renovation to ₹ 8.92 crore by removing the unjustified/unnecessary items such as Italian marble floor and video conference system and opting for ceramic tiles in May 2021. The estimated cost was again modified (June 2021) to ₹ 9.48 crore by opting for granite flooring on the recommendation of the Department in June 2021. The estimated cost for the renovation work was finally approved by the Competent Authority on 02 August 2021. The work order for renovation was issued by the DARPG to the CPWD on 31 August 2021.
- iii. While DARPG had reckoned the requirement of six months' time for renovation and furnishing of the raw office space, the inadequate planning and administrative complexities led to delays at all stages. It took nine

⁵² (i) NDCC-II, Jai Singh Road, (ii) MTNL, CGO Complex, (iii) YMCA, Jai Singh Road, (iv) JLN Stadium, Lodhi Road, (v) DC (Handloom), Janpath, (vi) Delhi Police Hqrs, ITO, (vii) LIC, Daryaganj, (viii) Centaur Hotel, IGI Airport and (ix) STC, Tolstoy Marg.

months to finalise the estimated cost for renovation due to frequent changes in the layout plan and requirements. CPWD took another three months and awarded the renovation work to the Contractor on 08 December 2021 with the scheduled date of completion as 17 April 2022. The renovation work commenced from 15 December 2021.

Thus, the delay of approximately nine months, over and above a reasonable time frame of three months' after taking possession of the building for finalising layout and estimates, selecting the Contractor and commencement of renovation led to infructuous expenditure of ₹ 13.26 crore⁵³ towards Rent, CMC and reimbursement of Electricity and Water Charges during the period between December 2020 and August 2021. The DARPG continued to function from SPB as of April 2022.

On this being pointed out (January 2022), DARPG stated (23 February 2022) that there was a time overrun in renovation against the initial projections of CPWD due to procedural intricacies on the part of other stakeholders⁵⁴ and disruption created by Covid-19. Each of the four Departments involved had its own procedure for approval which was beyond control of DARPG. The maximum delay happened at the Integrated Finance Division (IFD) and their technical team. The file was moved 16 times in IFD and twice in the Department of Expenditure. Further, the Department stated that they had not paid further rent and maintenance to STC after October 2021 and were in negotiation with STC to absorb part of the rentals and maintenance on account of delay and adjust utility payments in future rentals.

The reply is not tenable as the records indicate that the delays occurred primarily on account of repeated revisions in layout plan and estimated cost of renovation as well as submission of incomplete proposals by the DARPG to the concerned stakeholders. The decision to hire raw office space requiring extensive renovation without having approval of the competent authority for estimated cost of renovation also indicates poor planning by the Department.

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Particular	Area in square feet	Rate per square feet	Monthly charges	GST @ 18%	Monthly charges including GST	No. of months	Amount (in ₹)
Rent	25566.83	442.10	11303096	2034557.2	13337653	9	12,00,38,877
Maintenance Charges	25566.83	40.00	1022673.2	184081.18	1206754	9	1,08,60,786
Electricity and water charge paid during December 2020 to August 2021							17,07,964
Grand Total							13,26,07,627

⁵⁴ CPWD, Integrated Finance Division (IFD), Department of Personnel and Training and Department of Expenditure

CHAPTER-III

UNION TERRITORIES WITHOUT LEGISLATURES

This Chapter contains 10 audit paragraphs covering audit findings related to two Union Territories. Out of the 10 audit paragraphs, two relate to Expenditure while eight audit paragraphs relate to Revenue.

(A) EXPENDITURE

(I) Andaman and Nicobar Administration

Director General of Police, Andaman & Nicobar Islands

3.1 Irregular payment of Licence Fee *in lieu* of rent-free accommodation

Irregular Payment of 'Rent Free Accommodation Allowance', resulted in overpayment of ₹ 2.57 crore, to Police personnel of the Andaman and Nicobar Administration, during July 2017 to November 2019.

Prior to implementation of the 7th Central Pay Commission (CPC), Central Government employees, who were entitled to the facility of rent-free accommodation, but had not been provided such accommodation, were entitled to compensation, in lieu of rent free accommodation. Such compensation included the following components:

- i) The lowest amount charged as licence fee for the entitled type of accommodation, as fixed by the Ministry of Urban Development (Directorate of Estates), Government of India,
- ii) House Rent Allowance (HRA) admissible to corresponding employees in that city.

Accordingly, Police personnel, serving under the Andaman & Nicobar Administration, who were entitled to but not provided rent-free accommodation, as per provisions¹ of the Andaman and Nicobar Police Manual, 1963, were to be paid compensation, in lieu of rent free accommodation.

Subsequently, based on the recommendation of the Committee of Allowance formed under the aegis of the Seventh Pay Commission, the Government of India inter alia decided that Rent Free Accommodation Allowance stands abolished with effect from 01 July 2017 (Memorandum² issued *vide* Ministry of Housing & Urban Affairs). Further, this order was applicable to all rent free accommodation allotted to Government Employees under the General Pool Residential Accommodation.

¹ Para 4.5

² Office Memorandum 18018/1/2017-Pol.III GOI, Ministry of Housing and Urban Affairs Directorate of Estates New Delhi dated 17 August 2017.

The Ministry also advised all DDOs of all concerned Ministries and Departments to take necessary action at their end.

Audit, however, observed that the Offices of the Director General of Police (DGP), Port Blair, and Superintendent of Police, Mayabunder, continued to pay the Licence Fee component, to the Police personnel serving under these offices, even after 1 July 2017, in contravention of the Ministry's directions.

This resulted in irregular payment of Licence Fee, *in lieu* of rent-free accommodation, amounting to ₹ 25.92 lakh, in respect of the above two offices, for the period from July 2017 to November 2019.

On this being pointed out by Audit (September 2019), the Department issued directions (December 2019), to all its offices, to cease payment of Licence Fee to those Police personnel who had not been accommodated in government quarters and to recover the licence fee so paid, since 01 July 2017. The Department intimated (April 2022) that, till date, it has recovered ₹ 2.56 crore, out of the total amount of ₹ 2.57 crore, irregularly paid as Licence Fee, to the Police personnel employed at its various offices, throughout the Islands.

The matter was referred to the Ministry of Home Affairs in February 2022; their reply is awaited (May 2022).

(II) Chandigarh Administration

3.2 Report on Audit of Pay & Allowances in Police Department, UT, Chandigarh

Due to deficiencies in internal & IT controls and gross negligence on the part of Drawing and Disbursing Officers under Office of the Director General of Police, Union Territory, Chandigarh, inadmissible payment on account of Pay & Allowances, LTC and other benefits amounting to ₹ 1.60 crore were made to the Police personnel. After being pointed out by audit, an amount of ₹ 1.10 crore was recovered from them. Bills and vouchers, on account of Pay, LTC, TA, Medical, Leave Encashment, Retirement benefits, etc. during period 2017-2020 were not produced to audit and thus no assurance on the correctness of these payment could be derived.

3.2.1 Introduction

The city of Chandigarh, the joint capital of the State of Punjab and Haryana has been declared as a Union Territory. Government of India, Ministry of Home Affairs Notification dated 13 January 1992, stipulates that 'the conditions of service of persons appointed to the Central Civil Services and posts in Groups A, B, C and D under the administrative control of the Administrator of Union Territory of Chandigarh, shall subject to any other provision made by the President in this behalf, be the same as the conditions of service of persons appointed to corresponding posts in Punjab Civil Services and shall be governed by the same

rules and orders as are for the time being applicable to the latter category of persons’.

Chandigarh Police was reorganised on 1 November 1966. The Chandigarh Police is presently headed by a Director General of Police, who is further assisted by Senior Superintendent of Police (Law & Order), Superintendent of Police (Traffic Operations, City), Superintendent of Police (Crime, Intelligence and Headquarters), Senior Superintendent of Police (Security and Traffic) and Commandant (Indian Reserve Battalion-Chandigarh).

Audit examination on disbursement of Pay and Allowances in the Police Department, Union Territory of Chandigarh for the period 2017-18 to 2019-20 revealed various irregularities, which are discussed in the subsequent paragraphs:

a) Budget towards Salary and Allowances

Year	Budget (₹ in crore)	Expenditure (₹ in crore)
2017-18	399.61	399.60
2018-19	412.22	412.22
2019-20	444.82	444.82

(b) Set up for disbursement

E-*Sevaarth*, a master database/application containing information regarding pay, allowances and individual details of employees was introduced by Chandigarh Administration during 2011-12. All employees of the Police Department are registered on the E-*Sevaarth* application. Orders for increment/decrement/stop Salary/changes in grade pay approved by the competent authority are updated in this database.

The dealing assistant generates the draft salary bill in E-*Sevaarth* application and forwards the same along with a print of the draft Salary Bill to the Drawing and Disbursing Officer (DDO) under O/o the Director General of Police, UT Chandigarh through Composite Financial Accounting System (CFAS). The DDO checks and approves the Salary bill and the bill is thereafter forwarded to the Treasury Officer, both manually and through CFAS. Treasury Officer approves the Salary bill and thereafter it is automatically uploaded in PFMS for payment to the employees. In case of payment in respect of Arrear of Pay/LTC/Leave encashment for LTC, the dealing assistant/branch prepares the bill manually and uploads the same on PFMS. The same is submitted to the DDO for approval, both online/offline. The DDO approves the same on both the modes and submits to the Treasury Officer for final payment. Treasury Officer approves the bill and thereafter it is automatically uploaded in PFMS for payment to the employees.

(c) Internal Control

The Salary bill/other bills generated by the dealing Assistant either through E- *Sevaarth* or manually are forwarded to the DDO (Section Officer deputed by the Finance Department) for checking and approval. The DDO checks/verifies the bill and submits the same to the Treasury Officer for final payment. There is no other system for internal audit/post audit in the Police Department.

Rule 7.11 of the Punjab Financial Rules provides that instructions regarding the preparation and payment of Establishment and Travelling Allowance bills are contained in the Punjab Treasury Rules. Accordingly, Drawing and Disbursing Officers are responsible for seeing that Pay bills are checked and initialled by a responsible government employee and the check must always include verification of the total amount entered in the bills. Failure to observe these precautions as well as those regarding disbursement of moneys drawn will render them liable for making good any loss that may occur thereby.

(d) Procedure adopted by Audit

For Pay and Allowances – Police Department provided viewing rights of the E-*Sevaarth* portal to the audit party through NIC. The E-*Sevaarth* data for the period April 2017 - March 2020 was accessed and queries were run based on the admissibility of Allowances payable to the employees, as per the Pay Rules adopted by Chandigarh Administration. The results of the data analysis were cross verified from the Pay Bill Registers and Pay slips of the Police personnel generated from PFMS. Thereafter, the audit observations were issued to the Police Department.

For Arrear, LTC, Leave Encashment, HRA etc. – The PFMS payment data April 2017-March 2020 (employee wise) was obtained from the Police Department. The payment entries (other than those of Pay and Allowances) were cross verified from the Pay Bill Registers, Service Books, House allotment letters etc. maintained by the Police Department. Discrepancies noticed were brought to the notice of the Police Department. The Department, after due verification, acknowledged the irregular payments and initiated action for recovery of the same.

Non production of records – Audit also carried out test check of the manual records and e-data obtained from the PFMS portal in respect of Pay and Allowances, LTC, Arrears etc. disbursed to the Police personnel for the years 2017-18 to 2019-20. However, the bills and vouchers in support of these payments were not produced to audit. Accordingly, the possibility of actual irregular/excess/inadmissible payments being far greater than that pointed out in audit cannot be ruled out.

3.2.2 Audit findings

3.2.2.1 Excess payment of Conveyance Allowance

The Government of Punjab vide notification dated 23 November 2011 granted Conveyance Allowance to the following categories of Police Personnel, which was further adopted by the Chandigarh Administration, vide notification dated 28 February 2012 as detailed in **Table No. 11**.

Table No. 11 : Rate of Conveyance Allowance

Sl. No.	Name of Post	Rate per <i>Mensem</i> (in ₹)
1.	Inspector	600
2.	Sub Inspector	550
3.	Assistant Sub Inspector	500
4.	Head Constable	450
5.	Constable	400

Audit scrutiny of manual records i.e. Pay Bill Register and E-data from PFMS of 6170 employees revealed that while Conveyance Allowance of ₹ 400/- and ₹ 450/- per month was admissible to Constables and Head-Constables, respectively, the Department had drawn and paid Conveyance Allowance ranging between ₹ 4,400/- and ₹ 20,400/- per month, to 13 out of 4192 Constables, during the period 01 April 2019 to 31 December 2019. Similarly, the Department had drawn and paid Conveyance Allowance ranging between ₹ 5,450/- and ₹ 25,450/- per month against the admissible Conveyance Allowance of ₹ 450/- during the period 01 January 2019 to 31 January 2020 to 53 out of 1155 Head-Constables. Audit noted that due to non-capping of the upper limit in the software, excess Conveyance Allowance of ₹ 51.48 lakh was drawn by entering the inflated amount while preparing the Salary Bill on E-Sevaarth in respect of 66 Constables/Head Constables.

On being pointed out (August 2021), the Department, while admitting the observation, stated (October 2021 and May 2022) that recovery of ₹ 51.48 lakh had been made.

3.2.2.2 Excess disbursement of Salary

The Government of Punjab, Department of Finance vide notification dated 15 January 2015 amended the condition of service of the employees appointed under direct recruitment in Government Departments. As per the amendment, fixed monthly emoluments were to be paid during the probation of two years. Further, Government of Punjab vide notification dated 21 December 2015 ordered that

employees during probation period would be paid Salary equivalent to DC rates³, if fixed emoluments are less than DC Rates. These notifications were adopted by Chandigarh Administration on 10 July 2015 and 18 January 2016, respectively.

Audit noted from the records i.e. Appointment letters, Pay Bill Register and Pay slips, that 82 Police personnel were appointed on compassionate ground, during the period 2015-16 to 2018-19, out of which six Police personnel were appointed on compassionate ground after the date of notification dated 10 July 2015, and were accordingly entitled only to fixed monthly emoluments or DC rates, which ever were higher. The Department, however, paid full Pay and Allowances to these personnel during their probation period falling between March 2016 and October 2018, thereby resulting in excess payment of ₹ 28.57 lakh.

On being pointed out (August 2021), the Department, while admitting the observation, stated (May 2022) that the process for recovery at the rate of ₹ 0.10 lakh per month from the concerned officials had been initiated and an amount of ₹ 4.20 lakh had been recovered till April 2022 and the balance recovery would be made in the subsequent months.

3.2.2.3 Non Recovery of inadmissible payment

Rule 7.11 of the Punjab Financial Rules provides that instructions regarding the preparation and payment of Establishment and Travelling Allowance bills are contained in the Punjab Treasury Rules. Accordingly, Drawing and Disbursing Officers are responsible for seeing that Pay Bills are checked and initialled by a responsible government employee and the check must always include verification of the total amount entered in the bills. Failure to observe these precautions as well as those regarding disbursement of moneys drawn will render them liable for making good any loss that may occur thereby.

Audit noted from the records of online data of PFMS and Pay Bill Register that the recoveries of the Pay of ₹ 19.34 lakh due to personnel proceeding on Earned leave/Medical Leave/Maternity Leave/Absentee, etc. mentioned against 68 Police personnel in the Pay Bill Register for the period between September 2017 and February 2020 had not been made. This resulted in non-recovery of inadmissible payment of ₹ 19.34 lakh.

³ DC rates are minimum rates of wages including dearness allowance for the Government employees paid out of contingencies in various departments of Chandigarh District as fixed from time to time.

On being pointed out (August 2021), the Department, while admitting the observation, stated (May 2022) that recovery of ₹ 10.93 lakh had been made and the pending amount of ₹ 8.42 lakh would be recovered in due course of time.

3.2.2.4 Excess Payment of Compensatory Pay

The Government of Punjab vide notification dated 20 July 1981 granted Compensatory Pay, equivalent to one month's Pay, *in lieu* of duty on Gazetted holidays to the Non Gazetted Police personnel i.e. Assistant Sub Inspector, Sub Inspector and Inspector on the analogy of Constables and Head Constables. As per the orders, payment shall be made per month and the pay for this purpose will mean (Basic pay + DA)/12. Further, the extra pay shall be paid proportionate to the period of duty.

The scrutiny of Pay Bill Registers and E-data from PFMS revealed that the Department had paid ₹ 21.61 lakh on account of compensatory pay to 50 Police personnel during the period between October 2017 and November 2019 even though scrutiny of reports generated from CFAS/E-sevaarth system revealed that Compensatory Pay calculated on system was only ₹ 4.91 lakh. Thus, the Department had drawn and paid excess compensatory pay of ₹ 16.70 lakh to the personnel, by entering an inflated amount.

On being pointed out (August 2021), the Department, while admitting the observation, stated (May 2022) that the entire amount had been recovered.

3.2.2.5 Irregular payment of Salary

a) Audit noted from the Pay Bill Registers, pay slips and corresponding data of PFMS in respect of 127 employees who retired voluntarily/died/were dismissed during the period 01 April 2017 to 31 March 2020, that two official i.e. Shri Jasbir Singh, Constable and Smt. Kulwant Kaur, Assistant Sub Inspector retired voluntarily on 01 April 2018 and on 01 January 2018, respectively. However, the Department continued to pay salary after retirement to Shri Jasbir Singh for the period from November 2018 to August 2019 and October 2019 to January 2020 and to Smt. Kulwant Kaur for the period January 2018 to May 2018. Audit further noted that the Department had not updated the information regarding the retirement of these officials in the IT system. Thus, the failure of the Department to update the information and to exercise checks on the payment of salary to the employees post retirement, resulted in irregular payment of ₹ 13.31 lakh.

On being pointed out (August 2021), the Department, while admitting the observation, stated (May 2022) that recovery of ₹ 3.12 lakh had been made in the case of Smt. Kulwant Kaur. Regarding recovery of ₹ 10.19 lakh in respect of Shri Jasbir Singh, it was stated that letter had been issued to him for depositing the amount. Since the employee had retired, the matter regarding recovery from pension was taken up with the O/o Principal Accountant General (A&E), Chandigarh, which stated that the same could not be made without the consent of the Pensioner. The Department further stated that the case was under process, for further action.

b) Scrutiny of e-data from PFMS revealed that Sh. Rattan Kumar, Head Constable was promoted as ASI on 14 August 2019. Further, it was noticed that the Department had paid him double salary of ₹ 70,612/- as Head Constable and ₹ 73,052/- as Assistant Sub Inspector, in the month of August 2019. Similarly, Shri Nachattar Singh was paid ₹ 0.90 lakh twice in May 2018 and May 2019 on account of Salary for the month of February 2018 and April 2018.

These omissions resulted in excess payment of Salary of ₹ 1.97 lakh.

3.2.2.6 Irregular payment of House Rent Allowance

Rule 5.5 of Punjab Civil Services Rules provides that when the Government allots a Government employee a residence leased or owned by it, no House Rent Allowance is admissible.

Audit noted from the records i.e. Pay Bill Registers, Allotment letter, Possession letters and PFMS data, that out of 154 Police personnel allotted government accommodation during the period between 12 December 2013 and 31 May 2021, 12 Police personnel continued to draw House Rent Allowance. Thus, failure of the Drawing and Disbursing Officer to exercise due checks and stop drawal of House Rent Allowance in respect of these personnel, resulted in irregular payment of ₹ 9.98 lakh.

On being pointed out (August 2021), the Department, while admitting the observation, stated (May 2022) that recovery of ₹ 6.48 lakh had been made and recovery of the balance ₹ 3.64 lakh was under process.

3.2.2.7 Excess payment of leave encashment for LTC

The Punjab Government vide notification dated 03 October 2011 allowed the State Government employees encashment of ten days earned leave at the time of availing of leave travel concession, subject to the following conditions:

- a) The encashment of earned leave shall be allowed only once during the relevant LTC Block of four years.
- b) The encashment of Earned Leave shall be limited to the extent of 60 days during entire service career.

Chandigarh Administration adopted the above notification on 04 January 2012.

Audit noted from the manual records and E-data from PFMS that the Department had sanctioned ten days' leave encashment for LTC for the block year i.e. 2014-17 and 2018-21 and made entries of sanctions in service book of 18 Police personnel. However, instead of ten days' leave encashment once for the LTC block, the amount was actually drawn twice, thrice or even four times for the same block year i.e. 2014-17 and 2018-21, against the same sanction order and paid to these personnel. As a result, excess leave encashment of ₹ 7.47 lakh was paid. Drawing and Disbursing Officer failed to verify admissibility of payment and check on double drawal of encashment of Earned Leave for LTC.

On being pointed (August 2021), the Department admitted excess payment of ₹ 6.58 lakh and stated that recovery of ₹ 4.39 lakh had been made and balance recovery was under process. However, the Department did not admit the payments of remaining ₹ 0.89 lakh (₹ 7.47 lakh – ₹ 6.58 lakh), which was also not justified as no supporting documents were provided to audit.

3.2.2.8 Payment of inadmissible allowances

The Chandigarh Administration has allowed the following allowances with salary to the Police personnel as detailed in **Table No. 12**.

Table No. 12 : Details of allowance and its rates

(Amount in ₹)

Sl. No.	Allowance	Head Constables	Constables
1.	Conveyance Allowance	450	400
2.	CCA Allowance	120	120
3.	Medical	500	500
4.	Ration Allowance	100	100
5.	Kit Allowance	50	50
6.	Mobile Allowance	250	250
7.	Family Planning Allowance	3% of pay	3% of pay
8.	CID Special Pay	600	400
9.	Security Special Pay	600	400
10.	Commando Allowance	673	673
11.	Wireless Special Pay	320	240
12.	House Rent Allowance	25% of Pay	25% of Pay
13.	13 th Pay	1/12 of Pay	1/12 of Pay
14.	Interim Relief	5% of Pay	5% of Pay
15.	Dearness Allowance	As Govt. Decided	As Govt. Decided

- *Pay = Basic Pay + Grade Pay + Interim Relief.*

Audit scrutiny of records and e-data from PFMS revealed that the Department had paid ₹ 7.30 lakh on account of Allowances not included in the above table such as Higher Education Allowance, Electricity Allowance, Other Allowance, Secretariat Allowance, Oil and Soap Allowance, Additional Pay, Special Pay other than Allowance, Uniform Allowance, Washing Allowance and House Rent Allowance State Consumer Dispute Redressal Commission (HRASCDRC) to 42 Police personnel during the period between 01 May 2017 and 31 January 2020. The failure of the Drawing and Disbursing Officer to check and ensure the admissibility of the payments made towards various Allowances resulted in inadmissible payment of ₹ 7.30 lakh.

On being pointed out (August 2021), the Department, while admitting the observation, stated (October 2021 & May 2022) that the entire amount of ₹ 7.30 lakh had been recovered.

3.2.2.9 Excess/Irregular/Inadmissible payment of Pay and Allowances to the Police personnel

Audit noted from the record and e-data from PFMS that the following excess/irregular/inadmissible payment on account of Pay & Allowance, Retirement benefits, Handicapped Allowance, Personal pay, Computer advance, Ration allowance, Kit maintenance allowance, City Compensatory Allowance, Interim relief, etc, was made to the Police personnel as detailed in **Table No. 13**.

Table No. 13 : Details of Excess/Irregular/Inadmissible payment of Pay and Allowances

Sl. No.	Audit Objection	Department's reply
1.	Excess payment of leave encashment on Retirement The Department had paid ₹ 1.95 lakh to Shri Jasbir Singh, Constable on account of Leave encashment equivalent to leave salary of 143 days, which was at his credit on the day of his voluntary retirement on 01 April 2018. It was further noticed that the entry of 30 days' Earned Leave availed by the officer from 02 July 2016 to 31 July 2016 was not debited to the leave account and 38 days Earned Leave were credited for the period of Leave without Pay from 16 April 2016 to 19 April 2016 and 03 December 2016 to 27 February 2018, as a result of which 68 days leave encashment of ₹ 0.93 lakh was paid in excess. Failure of the Department to check and ensure the accuracy of payment resulted in excess payment of ₹ 0.93 lakh.	The Department admitted (October 2021 & May 2022) the audit observation and stated that the process for recovery from Ex-Constable Sh. Jasbir Singh had been initiated.

Sl. No.	Audit Objection	Department's reply
2.	Inadmissible payment of Enhanced Transport (Conveyance) Allowance (Handicapped Allowance) Chandigarh Police Department had paid enhanced Transport (Conveyance) Allowance (Handicapped Allowance) amounting to ₹ 0.87 lakh in addition to Conveyance Allowance to 19 Police personnel, during the period between 01 November 2017 and 30 November 2018. These Police personnel were not handicapped, as there was neither any entry in Service Book nor were certificates of handicap found on record. The payment of ₹ 0.87 lakh made to these Police personnel was inadmissible.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.87 lakh.
3.	Irregular payment of Personal Pay Chandigarh Police Department had paid Personal Pay of ₹ 0.75 lakh to 14 Police personnel during the period between 01 July 2018 and 31 December 2018 on account of promoting small family norms. The sanction orders of the competent authority in this regard were neither found on record, nor were entries made in the service books. The payment of ₹ 0.75 lakh made to these Police personnel was irregular.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.75 lakh.
4.	Non-commencing of recovery of Computer Advance The Department sanctioned Computer Advance of ₹ 0.50 lakh in respect of Shri Raj Kumar, Constable in August 2019. The advance amount was recoverable in 25 instalments @ ₹ 2,000/- per month. Scrutiny of PFMS data and records revealed that payment of Computer Advance of ₹ 0.50 lakh was made to Shri Raj Kumar, Constable in September 2019. Even though a period of seven months had elapsed, no recovery has been commenced till the date of audit.	The Department admitted the audit observation and recovered the entire amount of ₹ 0.50 lakh.
5.	Excess payment of Ration Allowance As per rules, ration allowance of ₹ 100/- per month was admissible to the Police personnel. However, Chandigarh Police Department had drawn and paid Ration Allowance at rates ranging between ₹ 3,100 and ₹ 10,000 per month during the period 01 August 2018 and 31 October 2019 to eight Police personnel. As a result, Ration Allowance of ₹ 0.49 lakh, instead of admissible amount of ₹ 0.008 lakh was paid, during the said period, thereby resulting in excess payment ₹0.48 lakh.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.48 lakh.

Sl. No.	Audit Objection	Department's reply
6.	Excess payment of Kit Maintenance Allowance As per rules, Kit Maintenance Allowance of ₹ 50/- was admissible to the Head constable. However, Chandigarh Police Department had drawn and paid ₹ 5,050/- per month each to three Head Constables during the month of December, 2018. As a result, Kit Maintenance Allowance of ₹ 15,150/- instead of ₹ 150/- was paid to three Head Constables during the above said period, thereby resulting in excess payment of ₹ 0.15 lakh.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.15 lakh.
7.	Excess payment of City Compensatory Allowance As per rules, City Compensatory Allowance of ₹ 120/- per month was admissible to the Police personnel, Chandigarh Police Department had drawn and paid ₹ 6,120/- per month each to two Police personnel in the month of December 2018. As a result, the Department had paid ₹ 0.122 lakh, instead of admissible amount of ₹ 0.002 lakh during the above said period.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.12 lakh.
8.	Inadmissible payment of Interim Relief Chandigarh Police Department had drawn interim relief of ₹ 1,064/- as UT employee and ₹ 6,200/- as Haryana/Himachal Pradesh employee in the Pay Bill of November 2018 of Head Constable Shri Gurmail Singh and paid to him. Further scrutiny revealed that Shri Gurmail Singh, being an employee of UT, Chandigarh, was only entitled to IR UT of ₹ 1,064/- (five per cent of the Basic Pay i.e. ₹ 21,280/-). The payment of ₹ 6,200/- as Interim Relief was paid to him in excess. Failure of the Drawing and Disbursing Officer to check and ensure the accuracy of Pay Bill resulted in excess payment of ₹ 0.06 lakh.	The Department admitted the audit observation (October 2021 & May 2022) and recovered the entire amount of ₹ 0.06 lakh.

3.2.2.10 Questionable payment of pay arrears and leave encashment on LTC

Rule 2.20 of Punjab Financial Rules provides that every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particular of the claim and all information necessary for its proper classification in the accounts. Further, Rule 70 (vii) of General Financial Rules (2017), stated that Ministry or Department must maintain full and proper records of financial transactions and adopt systems and procedures that shall at all times afford internal controls.

Audit noted that an amount of ₹ 89.58 lakh on account of Pay arrears and ₹ 9.97 lakh on account of leave encashment on LTC had been paid to 51 Police personnel. Bills and vouchers in respect of these payments were not produced to audit on the plea that they were not traceable. Moreover, entries of LTC were also not found in the service book of the concerned Police officials. In the absence of bills and vouchers and entries of LTC in service books, the above said payments could not be verified in audit.

However, based on the audit observation, the Department started verification of leave encashment and pay arrears and an amount of ₹ 8.66 lakh had been recovered up to May 2022. It stated that the process of verification of leave encashment and pay arrears was under process and recovery, if any, would be made accordingly.

3.2.2.11 Non deduction of NPS contribution under National Pension Scheme in r/o newly recruited Constables

Government of India, Ministry of Finance, Department of Economic Affairs introduced in December, 2003 a new restructured defined contribution pension system for new entrants to Central Government, replacing the existing system of defined pension system, with effect from 01 January 2004. The monthly contribution would be 10 *per cent* of the salary and DA to be paid by the employee and matching contributions from respective Government as an employer was to be collected and accumulated in an individual pension account. Recoveries/contribution payable by the Government Servant under the scheme were to start from the salary of the month following the month in which the government servant has joined service.

Audit noted that the Department had recruited 485 Police Personnel during the period 2019-20. A fixed Salary was being paid to these employees equivalent to District Collector rates i.e. ₹ 19,875/- up to October 2019 and ₹ 21,863/- from November 2019 to March 2020, but the monthly NPS contributions @ 10 *per cent* of the Salary was not being deducted, resulting in non-deduction of NPS contributions amounting to ₹ 96.97 lakh.

On being pointed out (August 2021), the Department stated (October 2021 & May 2022) that PRAN Card issuance was under process. Final compliance is awaited (May 2022).

3.2.2.12 Non-production of records

As per Rule 70 (vii) of General Financial Rules, 2017, the Secretary of a Ministry/Department who is the Chief Accounting Authority of the Ministry/Department shall ensure that the Ministry or Department maintains full and proper

records of financial transactions and adopts systems and procedures that shall at all times afford internal controls.

As already pointed out in para 1(d), audit noted from the records and PFMS data, that payments of ₹83.59 crore were made to the Police personnel on account of Pay, Pay arrears, LTC, TA, Medical, leave encashment on LTC, retirement benefits etc, during the period 2017-18 to 2019-20. Bills and vouchers in support of these payments were not produced to audit. In the absence of bills and vouchers, these payments could not be verified and no assurance on the correctness of these payments could be derived. Further, this also carries the risk of misappropriation of funds.

On being pointed out (August 2021), the Department stated (October 2021) that matter regarding tracing of bills/vouchers was being looked into by the crime branch. Final action would be awaited in audit.

3.2.2.13 Conclusion: *Thus, due to deficiencies in internal & IT controls, connivance of dealing assistants and officials and gross negligence on the part of Drawing and Disbursing Officers under O/o the Director General of Police, Union Territory, Chandigarh, inadmissible payments on account of Pay & Allowances, LTC and other benefits amounting to ₹ 1.60 crore were made to the Police personnel. Of these, inadmissible payments of ₹ 77.33 lakh on account of more than three allowances were paid to a group of 16 employees, which constituted 48.34 per cent of the total inadmissible payment of ₹ 1.60 crore. It indicates that a single group of employees was paid these amounts in flagrant violation of rules and regulations. Moreover, it also indicates the gross negligence on the part of Drawing and Disbursing Officers and the lack of basic checks before making the payments. After being pointed out by audit, an amount of ₹ 1.10 crore was recovered from them.*

Since, the bills and vouchers, on account of Pay, LTC, TA, Medical, Leave Encashment, retirement benefits, etc. during period 2017-2020 were not produced to audit, no assurance on the correctness of these payment could be derived. Thus, the risk of misappropriation of funds continues to exist. Out of the amount of ₹ 99.55 lakh pointed out for non-availability of bills/vouchers in respect of LTC/Arrear bills, the Department has recovered ₹ 8.66 lakh.

Recommendations:

- Action may be taken against erring officials who made wrong entries to benefit some officials.
- Responsibility may be fixed for lapses in disbursement of Pay and Allowances.

- Drawing and Disbursing Officers may ensure that necessary checks as per the Financial Rules are meticulously exercised before release of all payments.
- Pay, arrears, LTC, TA, Medical etc. as pointed out at para 3.2.2.12 should be got internally checked to avoid excess/double/inadmissible payments.
- Thorough review of IT systems may be undertaken to develop sufficient controls and validation checks to ensure data integrity and prevention of frauds. Specific steps recommended are as follow:
 - I. Provision for deactivating the salary account of the retired/terminated employees needs to be incorporated in the IT system, to avoid possibility of disbursing salary after retirement.
 - II. Various allowances being disbursed must be validated and capped with their maximum limits in the programme/system in order to avoid the possibility of payment in excess of admissibility.
 - III. A robust password policy may be developed to ensure controls over data entry and greater accountability.

(B) REVENUE

Chandigarh Administration

3.3 Subject-specific Compliance Audit on “GST Refunds”

Timely refund mechanism constitutes a crucial component of tax administration as it facilitates expansion and modernisation of existing business. To streamline and standardise the refund procedures under GST regime, Central Board of Indirect Taxes and Customs decided (18 November 2019) that the refund process would be completely online. Due to non-availability of electronic refund module on the common portal, electronic-cum-manual procedure was adopted wherein the applicants required to file the refund applications in Form GST RFD-01A on the common portal and take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents. Scrutiny of 112 GST refund cases processed in office of the Excise and Taxation Commissioner, UT, Chandigarh from July 2017 to July 2020 revealed various irregularities viz inadmissible grant of refund, irregular grant of refund due to non-debiting the Electronic Credit Ledger and Cash Ledger, non-following the order of debit to IGST, CGST and UTGST, acknowledgment not issued/not issued within time in GST refund cases under Pre & Post Automation Process, GST Refunds not sanctioned within the stipulated time, and improper maintenance of Records.

3.3.1 Introduction

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernisation of existing business. The provisions pertaining to

refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. It was decided (18 November 2019) by Central Board of Indirect Taxes and Customs that the claim and sanctioning procedure would be completely online. Due to unavailability of electronic refund module on the common portal, a temporary mechanism was devised and implemented. In this electronic-cum-manual procedure, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents.

3.3.1.2 Further processing of those refund applications, i.e. issuance of acknowledgement, issuance of deficiency memo, passing of provisional/final refund orders, payment advice etc. was being done manually. In order to make the process of submission of the refund application electronic, the refund applications in Form GST RFD-01A, along with all supporting documents, had to be submitted electronically. However, various post submission stages of processing of the refund applications continued to be manual.

3.3.1.3 With effect from 26 September 2019, the refund procedure has been made fully electronic, wherein all the steps from submission of applications to processing thereof could be undertaken electronically (also called Automation of Refund Process). Accordingly, the Circulars issued earlier laying down the guidelines for manual submission and processing of refund claims have either been superseded or modified. A fresh set of guidelines have been issued for electronic submission and processing of refund claims vide Master Circular No.125/44/2019-GST dated. 18 November 2019. In order to ensure uniformity in implementation of the provisions of law across field formations, several earlier Circulars have been superseded vide para 2 of the aforesaid Master Circular. However, the provisions of the said Circulars shall continue to apply for all refund applications filed on the common portal before 26 September 2019 and the said applications shall continue to be processed manually, as were done prior to deployment of new system.

3.3.2 Audit Objectives

Audit of Refund cases under GST regime was conducted to assess;

- The adequacy of Act, Rules, notifications, circulars etc. issued in relation to grant of refund.
- The compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers.

- Whether effective internal control mechanism exists to check the performance of the departmental officials in disposing the refund applications.

3.3.3 Scope of Audit

During field audit, the refund cases processed in the Excise and Taxation wards under the jurisdiction of office of the Excise and Taxation Commissioner, UT, Chandigarh from July 2017 to July 2020 were examined. Pan-India refund data was obtained from GSTN and a sample of refund cases has been extracted for detailed examination.

3.3.4 Sample Selection

On the basis of GST refund data, the Audit has selected 112 GST refund cases, processed in office of the Excise and Taxation Commissioner, UT, Chandigarh from July 2017 to July 2020 for examination. The selected cases are tabulated as under detailed in **Table No. 14**.

Table No. 14 : Details of selected cases

Category of GST refund cases	Number of cases selected for SSCA
Cases processed under Pre-Automation Process	68
Cases processed under Post-Automation Process	44

Audit examination revealed that out of these (112 refund cases), 30 cases processed under Pre-Automation Process were rejected by the concerned Excise and Taxation Officer. The Audit finding for the remaining 82 GST refund cases are included in the succeeding paragraphs.

3.3.5 Results of Audit

3.3.5.1 Inadmissible grant of refund

Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017 (the provisions of Central Goods and Services Tax (CGST) Act, 2017 relating to refunds was adopted by UT Chandigarh in Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017), provides that any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date in such form and manner as may be prescribed. Further, as per Section 54 (14) (2) (e) & (h) of the CGST Act, 2017 (as adopted by UT Chandigarh in Section 21 of UTGST Act, 2017), - “relevant date” means;

Section 54 (14) (2) (e) in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under Section 39 of the CGST Act, 2017 (as adopted by UT Chandigarh in Section 21 of UTGST Act, 2017) for the period in which such claim for refund arises; and Section 54 (14) (2) (h) in any other case, the date of payment of tax.

During the scrutiny of the selected 44 online refund cases (under Post Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, it was observed that M/s Kalima Shoes (GSTIN 04AIOPK9026A1ZI) had submitted refund claim of ₹ 8.61 lakh (IGST) for the period July 2017 to March 2018 in February 2020 and M/s Positive Automation (GSTIN 04AATFP8160D1Z3) submitted refund claim of ₹ 0.95 lakh (UTGST) for the period July 2017 to March 2018 in June 2020 on account of inverted duty structure. Accordingly, the Proper officer i.e. Excise and Taxation Officer allowed refunds of ₹ 8.58 lakh to M/s Kalima Shoes and ₹ 0.95 lakh to M/s Positive Automation. Further scrutiny revealed that M/s Kalima Shoes had submitted refund claim of ₹ 3.37 lakh out of refund claims of ₹ 8.61 lakh and M/s Positive Automation submitted refund claims of ₹ 0.95 lakh after the expiry of two years from the relevant date. Further, it was noticed that M/s Positive Automation had included amount of ITC of ₹ 0.07 lakh in the refund claims which it had already utilised in March, 2018. The Proper officer allowed these refund claims without verifying the date of submission of refund claims, thereby resulting in inadmissible grant of refund claims of ₹ 4.32 lakh (₹ 3.37 lakh and ₹ 0.95 lakh, respectively).

On being pointed out (August 2021 & September 2021), the Department, while admitting the objection, stated (January 2022) that M/s Positive Automation had deposited the amount of refund and in respect of M/s Kalima Shoes the refund of ₹ 3.37 lakh had been reversed from the refund amount of ₹ 18.21 lakh for the month of April-March 2019-20, payable to the taxpayer against the ARN AA0405210002361 dated 05 May 2021. In addition to that, the taxpayer had also paid interest of ₹ 0.81 lakh through DRC-03.

3.3.5.2 Irregular grant of refund due to non-debiting the Electronic Credit Ledger and Cash Ledger

Rule 86 (3) and Rule 87 (10) of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017 provides that where a registered person has claimed refund of any unutilised amount from the electronic credit ledger or refund of any amount from the electronic cash ledger in accordance with the provisions of Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017, the amount to the extent of the claim, shall be debited in the said ledger.

Further, Sub Rule 4 and 11 provides that if the refund so filed is rejected, either fully or partly, the amount debited under sub-rule (3) or sub-rule (10), to the extent of rejection, shall be re-credited to the electronic credit ledger or electronic cash ledger by the proper officer by an order made in FORM GST PMT-03.

During the scrutiny of selected 38 refund cases (under Pre-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, it was observed that M/s MID Town Associates (GSTIN-04AAYPC1588K1Z9) had availed credit of ₹ 0.75 lakh in electronic credit ledger for the month of January, 2018, but the tax payer had claimed refund of unutilised amount of ₹ 0.80 lakh in electronic credit ledger, against the credit of ₹ 0.75 lakh on account of zero-rated supply of goods for the month of January 2018 and the same amount of refund was allowed by the Proper officer i.e. Excise and Taxation Officer on 23 July 2019. Further, audit scrutiny revealed that the tax payers had claimed refund of ₹ 0.80 lakh from the electronic credit ledger, but the said amount was not found debited from the electronic credit ledger.

Similarly, the scrutiny of selected 44 online refund cases (under Post-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, revealed that M/s Genius Computer Systems (GSTIN-04AOJPS9628B1ZT) had claimed refund of ₹ 0.09 lakh on account of excess deposit of amount in the electronic cash ledger (UTGST) and the same amount of refund was allowed by the Proper officer i.e. Excise and Taxation Officer on 21 November 2019. Further, audit scrutiny revealed that the tax payer had claimed refund of ₹ 0.09 lakh from the electronic cash ledger, but the said amount was not found debited from the electronic cash ledger.

The Proper officer in both the cases allowed refund of ₹ 0.80 lakh and ₹ 0.09 lakh without verifying the debit entry in the electronic credit ledger and electronic cash ledger respectively, thereby resulting in irregular grant/ allowance of refund of ₹ 0.89 lakh.

On being pointed out (August 2021 & September 2021), the Department, while admitting the objection, stated (January 2022) that M/s MID Town Associates had debited the objected refund amount of ₹ 0.80 lakh from the electronic credit ledger and in respect of M/s Genius Computer Systems, the taxpayer had paid the amount of ₹ 0.09 lakh, with interest of ₹ 0.03 lakh.

3.3.5.3 Non-following the order of debit to IGST, CGST and UTGST

The Board vide Circular dated 4 September 2018 clarified that after determination of amount refundable, the equivalent amount is to be debited to electronic credit ledger by the taxpayer in the following order: First, against Integrated Tax to the extent of balance available and thereafter to Central tax and State/Union territory tax equally to the extent of balance available and in the event of shortfall in the balance available in a particular electronic credit ledger, the differential amount is to be debited from the other electronic credit ledger (i.e., State tax/Union Territory tax, in this case). Further, this procedure was to be followed for all refund application filed after the date of issue of aforesaid circular.

During the scrutiny of selected 38 refund cases (under Pre-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, it was observed that M/s Nagpal Woollen Textile (GSTIN - 04AAJPN7329Q1Z2) had a balance of IGST of ₹ 101.00 lakh, CGST of ₹ 2.02 lakh and UTGST of ₹ 2.02 lakh in the electronic credit ledger. The tax payer had claimed refund of ₹ 25.87 lakh (IGST - ₹ 24.97 lakh, CGST - ₹ 0.45 lakh & UTGST- ₹ 0.45 lakh) on account of zero-rated supply of goods for the period of September 2017 to December 2017. After scrutiny, the Proper officer rejected claim of ₹ 0.34 lakh and allowed refund of IGST of ₹ 24.63 lakh, CGST of ₹ 0.45 lakh and UTGST of ₹ 0.45 lakh.

Similarly, the taxpayer had a balance of IGST of ₹ 84.62 lakh, CGST of ₹ 1.69 lakh and UTGST of ₹ 1.69 lakh in the electronic credit ledger. In May 2019, the taxpayer had claimed refund of IGST of ₹ 17.78 lakh, CGST of ₹ 0.26 lakh and UTGST of ₹ 0.26 lakh and accordingly, the Proper officer allowed refund of IGST of ₹ 17.78 lakh, CGST of ₹ 0.26 lakh & UTGST of ₹ 0.26 lakh on account of zero-rated supply of goods for the period of January 2018 to March 2018.

It was observed that the Department had not followed the order of debiting the refund amount from electronic credit ledger in the refund cases as envisaged in circular dated 4 September 2018.

On being pointed out (August 2021 and September 2021) the Department stated (January 2022) that in case of unutilised input tax credit, the common portal calculated the refundable amount of IGST, CGST and UTGST as the least of (a) amount calculated as per rule 89 (4) or 89 (5) (calculation to be applied on consolidated amount of IGST/CGST and SGST), (b) balance in electronic credit ledger at the end of the period for which refund is claimed, and (c) balance in electronic credit ledger at the time of claim of refund, and accordingly, the least amount of IGST, CGST and UTGST was allowed to the taxpayer. Hence, no excess sanction/allowance of refund was issued to the taxpayer.

The fact remains that the Department had not followed the order of debiting the refund amount from electronic credit ledger, as envisaged in circular dated 4 September 2018.

3.3.5.4 Acknowledgment not issued/not issued within time in GST refund cases under Pre & Post Automation Process

Rule 90 (1) of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017 provides that where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017 shall be counted from such date of filing.

Further, Rule 90 (2) of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017, provides that the application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinise the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of Rule 89 of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017 shall be counted from such date of filing.

During the scrutiny of selected 38 refund cases (under Pre-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, it was noticed that in all refund cases, acknowledgments were not issued to the applicants.

Similarly, the scrutiny of selected 44 refund cases (under Post-Automation Process) revealed that in 13 refund cases, there was a delay up to three months in eight cases and three to six months in five cases, in issuance of acknowledgement (RFD-02).

This has resulted in non-observance of the provisions of Rule 90 of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017.

On being pointed out (August 2021 and September 2021) the Department stated (January 2022) that in 38 cases of Pre-Automation, the delay in issuance of acknowledgement was mainly due to refund file not reflecting initially on the portal of the jurisdictional officer and in most of the cases, file was not submitted by the taxable person, based on which processing of file was to be done. Further, the

Department had forwarded the same reply in Post Automation refund cases as given in Pre-Automation refund cases.

Reply is not tenable, as in 38 cases of Pre-Automation, the Department had not issued acknowledgement and in 13 cases of Post Automation, there was a delay in issuance of acknowledgment. As regards delay in issuance of acknowledgement in 13 cases of Post Automation, the Department had forwarded the same reply as given in 38 cases of Pre-Automation refund cases which was not applicable to the Post Automation refund cases.

3.3.5.5 GST Refunds not sanctioned within the stipulated time

Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017 provides that the proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

Further, Rule 92 of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017 provides that where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (1A) or sub-rule (2) is payable to the applicant under Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017, he shall make an order in FORM GST RFD-06 and issue a payment order in FORM GST RFD-05 for the amount of refund and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund on the basis of a consolidated payment advice.

During the scrutiny of selected 38 refund cases (under Pre-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh, it was noticed that in 19 refund cases, there was a delay up to three months in 13 cases, three to six months in five cases and more than six months in one case in sanction of refunds. Besides, interest at the rate of six *per cent* was payable on these delayed refund cases under Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017.

Similarly, during the scrutiny of selected 44 refund cases (under Post-Automation Process), it was noticed that in 11 refund cases, there was a delay up to three months in seven cases, three to six months in three cases and more than six months in one case in sanction of refunds. Besides, interest at the rate of six *per cent* was payable on these delayed refund cases under Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017.

This has resulted in non-observance of the provisions of Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017, read with Rule 92 of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017.

On being pointed out (August 2021 and September 2021), the Department stated (January 2022) that in Pre-Automation Refund cases, the delay in processing of files was mainly due to: i) late submission of offline files by the taxpayers while ARN was generated quite early, ii) even after issuance of GST RFD-03, same ARN was considered for fresh files submitted by the taxpayers after clearance of deficiency and lack of awareness among taxpayers of newly introduced tax regime. It was further stated that in Post Automation Refund cases, delay was mainly due to COVID-19 restrictions/lockdown.

Reply is not tenable, as in 19 Pre Automation Refund cases, a delay in sanction of 17 refund cases ranged between 15 days to 290 days after the expiry of 60 days of receipt of refund applications, whereas the tax authority was to issue the final sanction orders within 45 days of the date of generation of application, as per para-5 of Central Board of Indirect Taxes and Customs circular dated 31 December 2018. Further, in case, physical applications were not received in the jurisdictional tax office within a period of 60 days from the date of generation of application, a communication was to be sent to these claimants on their registered email ids, informing them to submit the physical applications to the jurisdictional tax office within 15 days of the date of the email, failing which the application would be rejected as para-6 of the above stated circular. The jurisdictional tax authority had neither communicated to the claimants, nor rejected the refund applications even after lapse of 75 days from the date of applications.

As regards the reply of the Department in respect of Post Automation Refund cases, it is stated that the time limit of sanction of 11 refund cases of Post Automation did not fall during the period 20 March 2020 to 29 June 2020 in view of the notification dated 3 April 2020 wherein, in view of the spread of COVID-19, the Central Board of Indirect Taxes and Customs had extended the time limit for completion or compliance of any action falling during the period 20 day of March 2020 to 29 day of June 2020 up to 30 day of June 2020.

3.3.5.6 Improper maintenance of Records

As per Board Circular No. 24/24/2017 GST dated 21 December 2017, refund order issued either by central tax authority or state tax/UT tax authority shall be communicated to the concerned counterpart tax authority within seven working days for the purpose of payment of relevant sanctioned amount of tax or cess as the case may be. It was also reiterated therein to ensure adherence to time line specified

under Section 21 of Union Territory Goods and Services Tax (UTGST) Act, 2017 and Rule 91 (2) of Union Territory Goods and Services Tax (UTGST) (Chandigarh) Rules, 2017 respectively for sanction of refund orders.

During the scrutiny of refund order records (under Pre-Automation Process) in the office of the Excise and Taxation Commissioner, UT, Chandigarh for the period July 2017 to 25 September 2019, it was observed that records relating to payment advice forwarded to the Nodal Officer of the Central Tax authority and payment advice received from the Central Tax authority was not maintained properly. In 231 cases, date of communication of payment advice to the concerned counterpart tax authority was not mentioned, as a result of which the timeline followed by the Department for the purpose of payment of relevant sanctioned amount of tax or cess could not be ascertained.

On being pointed out (August 2021 and September 2021), the Department stated (January 2022) that there was delay in processing offline files which further resulted in delayed transmission of these orders to the concerned counterpart tax authority.

Reply is not tenable, as the objection pertained to improper maintenance of records in respect of 231 sanctioned refund cases, and not delay in processing of offline refund files. Further, in respect of 231 sanctioned refund cases of Pre-Automation where payments had been made by the tax authority, entries of details of these payments i.e. date of communication of payment advice to the concerned counterpart tax authority was not found mentioned in records, as a result of which the timeline followed by the Department for the purpose of payment of relevant sanctioned amount of tax or cess could not be ascertained.

3.3.5.7 Recommendation for post Audit of Refund Orders

The Central Board of Excise and Customs (now Central Board of Indirect Taxes and Customs) had instructed all Central Tax Authorities to continue post audit of refund orders as per extant guidelines vide circular no. 17/17/2017-GST dated 15 November 2017. The Tax Authority of UT, Chandigarh may either adopt provisions of post audit of refund of orders, applicable for Central Tax Authority or make their own provisions for post audit of refund orders, so that cases of irregular sanction of refunds could be detected in time and possible loss of revenue to exchequer prevented.

3.4 Short assessment of rent

Estate office of Union Territory Chandigarh, while fixing the rent of shops/booths in the year 2000, did not adhere to the prescribed procedure for increase in rent resulting in short assessment of rent of ₹ 9.37 crore for the period 1992-2022.

Chandigarh Administration leased out Government Built Shops (SCOs)/Booths in Sector 17-E in 1960s and 1970s for a period of five years. The lease so granted was renewable after every five years, with 20 *per cent* increase in rent. The rent of these SCOs was increased to ₹ 14,000/- per month in 1992. Further, rent of five Booths formed out of three SCOs was fixed on pro rata basis. The same was challenged by the Lessees in the High Court and Hon'ble Supreme Court. The Hon'ble Supreme Court in the year 1999 ordered that the rent of the said SCOs/Booths shall not be further enhanced, without framing the rules. As per the directions of the Court, the Chandigarh Administration framed a scheme known as "Leasing out of Government Built up Shops/Booths on Monthly Rent Basis in Chandigarh Scheme, 2000 (Scheme)", notified on 19 April 2000 and thereafter, rents were to be fixed w.e.f. March 1992 in accordance with the scheme.

As per Clause 9 of the Scheme (as substituted vide Chandigarh Administration Gazette (Extra) dated 16 April 2002), the annual increase in respect of shops/booths of Sector 17-E (categorised as 'A') was to be as under:

- The annual increase shall be 7½ *per cent* over the base rate, for the rent to be charged from the lessee for the first five years. A fresh lease deed after the expiry of first five years' period shall be executed, for a period of another five years, with further increase of 50 *per cent* of the base rent and thereafter the rent may be enhanced by 37.5 *per cent* after every five years.
- The rent deed would be similarly renewed after five years as above.

Further, as per Clause 10 of the above said scheme, the base rate for the rent to be charged from the lessee against the category 'A' property shall be calculated after applying the same formula as under Clause 9 under the head Category 'A' with effect from 01 March 1992, when the rent for these SCOs was fixed @ ₹ 14,000 per month.

Audit scrutiny of records of the Estate Office, UT, Chandigarh, for the year 2018-19, noticed that while re-assessing the rent in case of 18 Shops & 05 Booths in Sector 17-E under Category 'A', the Estate Officer (after notification of the scheme by Chandigarh Administration in April 2000), fixed the rent of Shops/Booths, contrary to instructions under Clause 9 & 10 of the Scheme, by ignoring the prescribed stages for increase in rent and revised the lease rent by directly applying 50 *per cent* increase on the base rent i.e. ₹ 14,000. Audit worked

out that the failure of the Estate Officer to follow the provisions under clause 9 & 10 of the scheme and exercise suitable checks on the calculations resulted in loss of revenue due to short assessment of rent to the tune of ₹ 3.71 crore.

In response to audit observation, the Department, while admitting the audit observation related to fixation of rent, carried out a detailed review of all the cases in respect of 18 SCOs and 05 Booths (for the period March 1992 to May 2022), as under;

- As the rent for these SCOs/Booths was fixed at the rate of ₹ 14,000 w.e.f. March 1992 for the first year of the lease period, the rent for the first year would become base rate for the second year.
- The rent assessment for the 2nd year was to be carried out by increasing 7.5 *per cent* over the base rate. The figure so arrived shall be considered as the base rate for the subsequent year and so on.
- On renewal of lease after first 5th years, while assessing the rent for the 6th year, the rent recovered for the 5th year was to be considered as the base rate for further increase @ 50 *per cent* as per clause 9 of the scheme and from there on, after every five years the rent was to be enhanced by 37.5 *per cent*.

Accordingly, the Estate office re-checked and worked out short assessment of rent as amounting to ₹ 9.37 crore for the period 1992-2022 in respect of 18 SCOs and 05 Booths. The Estate office had issued demand notices (May 2022) for recovery of outstanding dues to three allottees/tenants and stated that the demand notices in respect of the remaining allottees/tenants would be issued shortly. Audit further noted that at the time of fixation of rent, the calculations related to rent assessment were also checked by the Internal Audit of the Estate Office, but the discrepancy was not pointed out by them.

Thus, the failure of the Estate office of Union Territory Chandigarh, to adhere to the prescribed procedure for increase in rent during 1992-2000 in respect of shops/booths resulted in short assessment of rent amounting to ₹ 9.37 crore for the period 1992-2022.

3.5 Avoidable payment due to non-charging of Service Tax/GST from the passengers

Failure of the Chandigarh Transport Undertaking to implement the relevant tax enactments from the prescribed dates and the consequent non-collection of the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses resulted in avoidable payment of ₹ 5.89 crore from Government Exchequer and burden of taxes on the public without any corresponding service being availed by them.

As per Section 66D of the Finance Act, 1994, services by way of transportation of passengers by a stage carriage was under negative list of services and not leviable

to service tax. However, an amendment was made to Section 66D and Service Tax was levied at the rate of six *per cent* on transportation of passengers by way of stage carriage air-conditioned buses, with effect from 01 June 2016. Further, GST was levied on transportation of passengers by air-conditioned Stage Carriage with effect from 01 July 2017 at the rate of five *per cent* (CGST 2.5 *per cent* + UTGST 2.5 *per cent*), vide notification dated 28 June 2017.

Accordingly, Chandigarh Transport Undertaking (CTU) was liable to charge Service Tax @ six *per cent* on transportation of passengers by Stage Carriage Air-conditioned buses with effect from 01 June 2016 till 30 June 2017 and GST on such services with effect from 01 July 2017 at the rate of five *per cent* and to pay the Service Tax/GST so collected from the passengers to the Government Account.

We noted (June 2020) that the CTU failed to implement the *ibid* enactments and did not take any action to collect the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses with effect from the dates prescribed in the respective notifications. It was only after an enquiry (July 2018) made by the Director General of Goods & Services Tax Intelligence that the CTU belatedly deposited (January-March 2020) Service Tax/GST amounting to ₹ 5.89 crore⁴ using funds from the Government exchequer, as the CTU had not collected this tax amount from the passengers. Service Tax for the period 01 June 2016 to 30 September 2016 was not deposited on the grounds of lapse of limitation period⁵. Thus, due to its failure to implement the applicable tax enactments and charge/collect Service Tax/GST from passengers, CTU had to deposit the same using its funds from the Consolidated Fund of India resulted in avoidable outgo of ₹ 5.89 crore from the Government Exchequer.

On being pointed out (July 2020 & December 2020), the Department, while admitting the objection, stated (July 2020) that CTU had commenced charging GST from the passengers with effect from 16 January 2020, after approval of enhanced rates of tickets. The Department further stated (February 2021) that ₹ 5.53 crore paid as service tax was being recovered from the passengers with effect from 16 January 2020, by way of increase in the bus fare, daily & monthly passes and concessional tickets. The reply of the Department was not tenable, as the Department failed to implement the statutory requirement of collection of Service Tax and GST from the users of services and instead paid it from the Government exchequer. Further, the Department had wrongly increased the fares of all buses,

⁴ ₹ 1.42 crore service tax for the period 01 October 2016 to 30 June 2017 and GST amounting to ₹ 4.47 crore, for the period 01 July 2017 to 15 January 2020.

⁵ Limitation period means period of five years prescribed for recovery of tax under Section 73 of Finance Act, 1994. Further, lapse of limitation period means expiry of period of five years for recovery of Tax.

including Non-AC buses, to recover the amount of tax paid earlier from the Consolidated Fund of India. As a result, the Department had imposed a tax burden even on those who had not travelled in AC Buses and had also collected tax for previous years from passengers other than those who had actually availed the service. Failure of the CTU to take timely action to implement the relevant tax enactments from the applicable dates caused avoidable payment of ₹ 5.89 crore from the Government Exchequer and the burden of taxes on the public without any corresponding service being availed by them.

It is recommended that an inquiry may be instituted to identify officials responsible for violation for appropriate action.

3.6 Short realisation of Entry Fees and Licence Fees

Failure of the Chandigarh Transport Authority to exercise basic checks like inspection of the records maintained by the licensee, details of trips, details of all taxis in licensee's control etc. resulted in short realisation of Entry fees and Licence Fees of ₹ 4.23 crore.

The Chandigarh Administration vide notification dated 06 April 2017 enacted rules under the Motor Vehicles Act, 1988 which are called as the “Chandigarh Administration on-demand Transportation Technology Aggregator Rules, 2017”. Rule 3 provides that no person shall act or permit any other person to act as an Aggregator⁶, unless he holds an effective licence under these rules. Further, Rule 13 provides that for grant/renewal/transfer of licence for a period of five years, the fee shall be

- a) up to 500 taxis = ₹ 5,00,000/-
- b) for every 100 taxis or part thereof = ₹ 1,00,000/- (After first 500 taxis).

Further, Rule 6(ii) stipulates that only Contract Carriage Permit vehicles bearing Registration number of Chandigarh be pressed into Web Taxi Service. However, vehicles registered with the State of Punjab & Haryana carrying “All India Tourist Permit” can also be used by paying entry fee @ ₹ 1,000/- per quarter or as decided by the Transport Department, Chandigarh from time to time. Further, as per Rule 11 of these rules, the licencing authority may, after giving an opportunity of being heard, suspend or cancel the licence, if the licensee fails to comply with any of the requirements or conditions under these rules. Further, Rule 9(1)(b) provides that for administrative purposes, the licensee must maintain records, in digital form of all the taxis at his control, indicating on day to day basis, the trips operated by each

⁶ An Aggregator means a person who is an aggregator or operator or an intermediary/market place who canvasses or solicits or facilitates passengers for travel by a taxi and who connects the passenger/intending passenger to a driver of a taxi through phone calls, internet, web based services whether or not any fare, free, commission, brokerage or other charges are collected for providing such services.

vehicle, details of passengers who travelled in the vehicle, origin and destination of the journey etc. for a minimum period of two years. The record so maintained shall be open for inspection by an officer nominated by the licencing authority at any time. During the scrutiny of the records of the State Transport Authority, UT Chandigarh, audit noticed short realisation of revenue, discussed as under;

a) Short realisation of Licence Fees:

Audit noted that while the actual cabs attached with the Aggregators (UBER and OLA) was around 2000 and 5000 during the period July 2017 to March 2021, the aggregators had deposited licence fees for only 500 cabs and 2600 cabs, respectively, resulting in short realisation of licence fees of ₹ 39 lakh, as detailed in **Table No. 15**.

Table No. 15 : Short realisation of licence fees

<i>(Amount in ₹)</i>				
Name of the Aggregator	Total vehicles attached	Licence Fees due	Licence fees realised	Balance
OLA	5000	50,00,000	26,00,000	24,00,000
UBER	2000	20,00,000	5,00,000	15,00,000

b) Short realisation of Entry Fees:

As per the records of the State Transport Authority, UT, Chandigarh during July 2017 to March 2021 the Aggregator licence holder i.e. “M/s UBER India Technology Pvt. Ltd. (UBER)” and “ANI Technologies Pvt. Ltd. (OLA)” operated motor cabs, registered in Punjab and Haryana ranging (quarter-wise) between 466-1241 and between 928-2755, respectively.

Audit further noted that both Aggregators had not deposited Entry Fees of ₹ 3.84 crore for the vehicles registered with the States of Punjab and Haryana, which were used for web taxi service in the Union Territory of Chandigarh for the period from July-September 2017 to January-March 2021 (fifteen quarters), as detailed in **Table No. 16**.

Table No. 16 : Detail of Entry Fees for the period July 2017 to March 2021

<i>(Amount in ₹)</i>					
Aggregator	Total vehicles	Entry fee deposited for	Entry Fee due	Entry Fee realised	Difference
UBER	14510	5,373	1,45,10,000	53,73,000	91,37,000
OLA	34906	5,645	3,49,06,000	56,45,000	2,92,61,000
Total					3,83,98,000

Though the data of vehicles was reported by the Aggregators in monthly or quarterly Reports up to the year 2021 and there was provision in the rules to inspect their records, the Licencing Authority had neither scrutinised the data nor carried

out necessary inspections of the records. As a result, increase in number of taxis and consequential revenue to be realised remained unnoticed. The failure of the licencing authority to exercise basic checks, resulted in short realisation of licence fees and entry fees of ₹ 4.23 crore.

On being pointed out (February 2020) in audit, the Department stated (June 2021 and December 2021) that Show Cause Notice for non-payment of entry fee had been served on the Aggregators. It was further stated that the licence holders had requested that the entry fee was liable to be paid by the taxi owners using their platform and not by them. The matter had therefore been referred to Secretary Transport (July 2021) for obtaining legal advice.

The reply is not acceptable, as Rule 11(1)(i) & (ii) of the Chandigarh Administration on Demand Transportation Technology Aggregator Rules, 2017 clearly provides for suspension/cancellation of licence in case of non-compliance of any of the conditions of these rules by the licence holder (Aggregator). Due to lack of prompt action in the matter, despite clear provision in the rules, there is not only loss of revenue of ₹ 4.23 crore, but continued loss to the exchequer due to inaction on the part of the Department.

The para was issued to the Department/Ministry of Home Affairs in April 2022, however, their reply was awaited as of May 2022.

3.7 Grant of concession without the support of declaration in Form 'F'

The Designated Officer granted concession without the support of declaration in Form 'F'⁷ resulting in non-levy of tax (including interest and penalty) ₹ 32.33 lakh.

Section 6-A of the CST Act, 1956 provides that where any dealer claims that he is not liable to pay tax in respect of any goods, on the ground that the movement of such goods from one State to another State was occasioned by reason of transfer of such goods by him to any place of his business or to his agent or principal, as the case may be and not by reason of sale, the burden of proving that the movement of those goods was so occasioned shall be on that dealer. For this purpose, he may furnish to the assessing authority, within the prescribed time, a declaration, duly filled and signed by the Principal officer of the other place of business or his agent or principal as the case may be, containing the prescribed particulars in the prescribed form obtained from the prescribed authority, along with the evidence of dispatch of such goods. If the dealer fails to furnish such declaration, then the

⁷ Form 'F' is a declaration, duly filled and signed by the Principal Officer of the other place of business, which is required to be produced as a proof of stock transfer to the concerned tax authority under Section 6-A of CST Act, 1956.

movement of such goods shall be deemed for all purpose of this Act to have been occasioned as a result of sale.

We noted from the assessment records of “M/s Shree Nath Ji Enterprises” for the year 2011-12, that the Designated Officer assessed the case with a Gross Turn Over (GTO) of ₹ 1.54 crore, as against ₹ 2.58 crore shown in Trading Account. This was due to fact that movement of goods worth ₹ 1.04 crore was treated as branch transfer of store & not sales by the Designated Officer. However, Audit noted that the amount stated to pertain to branch transfer of stock was without the production of prescribed declaration in Form ‘F’, which is mandatory for grant of concession. Thus, the Designated Officer granted concession without support of declaration, resulting in non-levy of tax of ₹ 32.33⁸ lakh, including interest and penalty under relevant section of the VAT Act.

On being pointed out (June 2020 and August 2020), the Department, while admitting the objection, stated (September 2021 & January 2022) that a notice under Section 29(7)⁹ of the Punjab VAT Act, 2005 was issued to the assessee. However, Audit noted that despite agreeing to the audit contention, the designated officer, only added the amount of branch transfer of store of ₹ 103.96 lakh to the GTO without assessing any tax on the same, thus resulting in short levy of tax. Further, the Department stated that the notice could not be delivered due to non-availability of the firm at the last known premises and even after due efforts the dealer was not traceable. The case was decided *ex-parte*¹⁰ after approval of Excise and Taxation Commissioner, UT Chandigarh.

Thus, grant of concession without support of declaration resulted in non-levy of tax of ₹ 32.33 lakh, including interest and penalty. Due to internal controls and checks in the Department for verification of an assessee (location of firm, verification of address, quarterly reports, etc.) the Firm as well as Dealer was not traceable and the relevant data was not suitably updated.

The para was sent to the Ministry of Home Affairs (August 2020), reply is still awaited as of March 2022.

⁸ As per the trading accounts submitted by the assessee for the year 2011-12, 80 *per cent* of the total sales in the financial year were taxable at five *per cent* and the remaining 20 *per cent* taxable at 12.5 *per cent*. Accordingly, the irregular branch transfer pointed out in the draft para had been bifurcated in the same percentage for applying rate of tax at five *per cent* and 12.5 *per cent*, for working out non levy of tax.

⁹ The Designated Officer may, with the prior permission of the Commissioner within a period of three years from the date of the assessment order, amend an assessment, made under sub-section (2), if he discovers under-assessment of tax, payable by a person.

¹⁰ *Ex-parte* is a legal term defined as one of the involved parties are not present or not represented.

3.8 Loss of revenue due to non-registration of lease agreement

Acceptance of lease agreement by Municipal Corporation Chandigarh on non-Judicial Stamp paper without ensuring it was registered as a lease deed resulted in loss of revenue of ₹ 29.66 lakh on account of Stamp Duty and Registration fee.

Section 17 (1) (d) of the Indian Registration Act, 1908 provides that lease of immovable properties from year to year, or for any term exceeding one year or reserving a yearly rent are compulsorily registerable documents. Further, the expenses for providing the proper stamp duty and registration fee in the case of lease shall be borne by the lessee. Article 35 of Schedule 1-A of the Indian Stamp (Punjab Amendment) Act applicable to UT of Chandigarh, provides for levy of stamp duty on lease deeds at prescribed rates (two *per cent*)¹¹ for the amount of the average annual rent, where the lease purports to be for a term of not less than one year but not more than five years.

Municipal Corporation, Chandigarh, (June 2017) had granted licence to operate and manage 25 paid Parkings and 01 Multi-Level Parking in Chandigarh to the successful bidder M/s Arya Toll Infra Limited, Mumbai initially for a period of three years, extendable for further two years on payment of licence fee at the rate of ₹ 14.78 crore *per annum*, plus GST at prevailing rates. Accordingly, an agreement was executed in June 2017 between Municipal Corporation Chandigarh and Firm M/s Arya Toll Infra Limited, Mumbai.

Audit noted that the Municipal Corporation accepted the instrument as agreement on non-judicial stamp paper of ₹ 100 without ensuring that the instrument registered as lease deed with the concerned Sub Registrar. Due to non-registration of lease deed by the licensee and acceptance of the same by the Municipal Corporation the Government was deprived of stamp duty and registration fee of ₹ 29.56 lakh and ₹ 0.10 lakh, respectively.

On being pointed out (February 2020 & June 2020), the Municipal Corporation stated (January 2022) that as per Clause 9 of the agreement, the licensee was to execute a Memorandum of Understanding/Licence Deed on stamp papers within seven days of issue of letter of intent and the original copy of licence deed was to be deposited with licensor; hence, there was no fault on the part of Municipal Corporation Chandigarh regarding non registration of lease deed because it was the sole responsibility of the Agency.

The reply is not acceptable, as the lease agreement is a compulsorily register-able document under Indian Registration Act and the Municipal Corporation should have ensured the registration of lease deed/licence deed before accepting the same. Moreover, in a subsequent agreement (July 2021) concluded with another firm, stamp duty amounting at the prescribed rate was paid by the firm while preparing the agreement with the Municipal Corporation Chandigarh.

¹¹ For every ₹ 500 or part thereof in excess of ₹ 1000-Ten Rupees.

Thus, acceptance of unregistered document, by the Municipal Corporation resulted in non-receipt of Stamp Duty & Registration fee and consequential loss of ₹ 29.66 lakh to the public exchequer.

The matter was referred to the Ministry of Home Affairs in January 2021; their reply was awaited as of March 2022.

3.9 Short levy of tax and interest due to excess allowance of ITC on purchase of Capital Goods

The Designated Office allowed excess input tax credit on purchase of capital goods, resulting in short levy of tax of ₹ 8.54 lakh, including interest.

Section 13(1) of Punjab VAT Act (extended to UT, Chandigarh) provides that a taxable person shall be entitled to input tax credit, in such manner and subject to such conditions, as may be prescribed, in respect of input tax on taxable goods, including capital goods, purchased by him from a taxable person within the State, during the tax period.

In terms of provisions contained in item No. 16 of Schedule 'B' appended to Punjab VAT Act as extended to UT Chandigarh, capital goods i.e. Plant and Machinery and parts thereof are liable to tax at the rate of five *per cent*.

Section 32 (3) of the Act provides that if a person fails to declare the tax in a return, he shall be liable to pay simple interest at the rate of one and half *per cent* per month on such amount of tax from the due date for payment till the date he actually pays such amount of tax.

Audit noticed (October 2019) from the records relating to the assessment of M/s Sukhija Real Estate Pvt. Ltd., for the year 2011-12 that the designated officer had incorrectly allowed input tax credit (ITC) of ₹ 5.72 lakh on the purchase value of capital goods of ₹ 52.49 lakh, instead of admissible ITC of ₹ 2.62 lakh. Computation of ITC at a rate higher than the prescribed rate of five *per cent* had resulted in excess allowance of input credit tax amounting to ₹ 3.10 lakh, apart from interest payable amounting to ₹ 5.44 lakh under Section 32(3) of the Act.

On being pointed out (June 2020 & January 2022), the Department, while admitting the objection, stated (February 2022) that with the approval of the Excise and Taxation Commissioner, the order had been amended as per the provision of Section 29(7) of Punjab VAT Act, and a rectification assessment order with a demand for ₹ 10.79 lakh (including tax, interest and penalty) had been raised. Final outcome was awaited.

The matter was referred to the Ministry of Home Affairs in January 2022, their reply was awaited as of March 2022.

3.10 Evasion of Tax due to suppression of sales

The Assessing authority failed to detect suppression of sales resulting in evasion of tax of ₹ 8.10 lakh.

Section 2 (zg) of Punjab Value Added Tax (PVAT) Act, 2005 (as extended to UT Chandigarh) provides that sale price means the amount of valuable consideration received or receivable by a person for any sale made including any sum charged on account of freight, storage, demurrage, insurance and any sum charged for anything done by the person in respect of the goods at the time of or before the delivery thereof. Further, sub section (zc) of section 2 of the Act defines “return” as a true and correct account of business pertaining to the return period in the prescribed form.

Audit noted from the assessment records¹² of Excise and Taxation Department, that the dealer M/s Onkar Alloy House, had business income of ₹ 23.97 lakh from sale of old tyres during the year 2012-13 to 2015-16. Audit further noted that the sales were suppressed by taking the sale of old tyres to Profit and Loss Account instead of Trading Account and the dealer M/s Onkar Alloy House failed to pay the applicable tax. Audit worked out the evasion of tax of ₹ 9.68 lakh, including interest under Section 32(3) and penalty under Section 53 of the Punjab VAT Act.

On being pointed out (June 2020, August 2020 and January 2022), the Excise and Taxation Department Chandigarh, while accepting the audit observation, stated (September 2021 & January 2022) that the assessment orders pertaining to the dealer for the assessment years 2012-13 to 2015-16 had been revised and tax demand including interest and penalty of ₹ 8.10 lakh had been accordingly raised. Audit further noted that despite the revised tax demand being raised by the Department, no recovery had been made as of January 2022.

The para was sent to the Ministry of Home Affairs (August 2020), their reply was still awaited as of March 2022.

¹² Assessment records include Assessment Orders of the Excise and Taxation Officer for the assessment years, Form VAT-20 (Annual Statement by a taxable person), Trading and Profit & Loss Account of a Dealer M/s Onkar Alloy House.

CHAPTER-IV

CENTRAL PUBLIC SECTOR ENTERPRISES

This Chapter contains two Audit Paras covering audit findings related to two Central Public Sector Enterprises (CPSEs).

(I) Ministry of Chemicals and Fertilisers

Department of Fertilisers

Madras Fertilisers Limited

4.1 Irregular encashment of Casual Leave and Sick Leave

Madras Fertilisers Limited (MFL), in violation of Department of Public Enterprises (DPE) guidelines allowed encashment of Casual Leave and Sick Leave which resulted in irregular payment of ₹ 8.07 crore with additional future liability of ₹ 13.17 crore as on 31 March 2021.

The DPE decided (April 1987)¹ that individual Central Public Sector Enterprises (CPSEs) may frame leave rules with the approval of their Board of Directors (BoD), within the broad parameters of the policy guidelines laid down by the Government of India (GoI). DPE clarified (October 2010) that Casual Leave must not be encashed at all and shall lapse at the end of the calendar year. DPE also clarified (July 2012) that Sick Leave (SL) cannot be encashed as Government guidelines do not permit the same.

Madras Fertilisers Limited (MFL) adopted the Leave Policy effective from January 1983, which *inter-alia*, included the following:

- Every employee was entitled up to six working days as Casual Leave (CL) per calendar year. The CL not availed during a calendar year could be encashed at the end of the calendar year or such unavailed CL can be added to the Earned Leave (EL) account of the employees at their specific written request during the first week of January of the subsequent year.
- Every employee was eligible for 10 days of SL per calendar year. SL may be accumulated up to 120 days. With effect from 1 April 1994, the entire quantum of SL to the credit of an employee can be encashed on cessation of employment. However, the encashment of SL and EL together shall not exceed 240 days of full pay of which the SL component would not exceed 120 days on full pay at the time of cessation of employment.

¹ DPE O.M. No. 2(27)/85-DPE(WC) dated 24 April 1987.

The BoD in its 246th Board Meeting (19 May 2010), amended the leave policy and enhanced the upper ceiling of accumulation of EL from 240 days to 300 days. However, the encashment of the same was allowed only up to 240 days at the time of cessation of employment. Subsequently, the following amendments in the Leave Policy were approved prospectively by BoD in its 309th Board Meeting held on 8 November 2019:

- i) The unavailed SL could be added to EL account of the individual employee at his/her specific written request.
- ii) To dispense with the option of encashment of CL by the employee at the end of the calendar year. The unavailed CL would be added automatically to EL account of the individual employee at the end of the calendar year.
- iii) To increase the encashment of EL from the existing upper ceiling of 240 days to 300 days at the time of superannuation or cessation of employment. EL accumulated over and above 300 days would be encashed automatically and credited to the Bank account of the employees.

Audit noted that:

- The pre-amended Leave Policy (January 1983) on encashment of CL and SL effective up to 7 November 2019 was contrary to the DPE clarifications (October 2010 and July 2012), which resulted in irregular payment of ₹ 7.67 crore towards encashment of CL and SL during the period January 2013² to November 2019.
- The BoD while amending (November 2019) the Leave Policy, discontinued encashment of CL and SL, but allowed the unavailed portion of both CL and SL to be credited to the EL account of individual employees. BoD also allowed automatic encashment of accumulated EL over and above 300 days. These amendments were in contravention of the DPE guidelines on encashment of CL and SL and thus resulted in encashment of CL and SL in an indirect manner. This led to irregular payment of ₹ 13.57 crore comprising leave encashment of ₹ 0.40 crore during December 2019 to March 2021 on account of converted CL and SL and a financial liability of ₹ 13.17 crore towards future leave encashment.

² Information available from January 2013.

- No Board Resolution on the subject recording the reasons for deviation from DPE guidelines was forwarded to the Administrative Ministry as well as to the DPE, though required under DPE OM dated 8 April 1991³.

The Company replied (January 2021) that MFL, being a continuous process industry classified under essential services, has to run the plant at its full capacity. It added that in order to ensure supply of fertiliser products to customers without disruption, the Board of the Company after much deliberations took the decision to allow conversion of CL and SL to EL which was not prevented by the DPE. It claimed that the step was also taken to avoid overtime and absenteeism which are detrimental to the organisation both financially and operationally. MFL also stated that as per the DPE OM dated 8 April 1991, the Board of Directors of PSUs have the discretion not to adopt these guidelines for reasons to be recorded in writing.

The reply of the Company is not acceptable since DPE OM (24 April 1987) stipulates that CPSE may frame Leave Rules within broad parameters of the policy guidelines laid by the GoI. In addition, DPE had specifically clarified (October 2010 and July 2012) that CL and SL cannot be encashed, since Government guidelines do not permit encashment of these leaves. To bypass the DPE guidelines, the Company allowed CL and SL to be added to EL and encashment thereafter, which clarifies Company's intent to violate DPE guidelines. Operational requirements cannot be a basis for violation of DPE guidelines. The Company's leave policy also states that grant of leave shall be subject to exigencies of work and at the direction of the Competent Authority. Further, DPE instructions of 8 April 1991 specified that the reasons for any deviation from the guidelines should be in writing and to be forwarded to the Administrative Ministry concerned as well as to the DPE. This was not complied by the Company.

The matter was reported to the Ministry of Chemicals and Fertilisers in June 2021. The Ministry replied (April 2022) that it concurs with the facts reported in the paragraph.

The company may fix responsibility of its officials for irregular encashment of casual leaves and sick leaves. Further, recovery may be made from employees for irregular encashment of casual leaves and sick leaves.

³ DPE O.M. No. 6(6)/88 (Coord) dated 08 April 1991.

(II) Ministry of Consumer Affairs, Food and Public Distribution**Central Warehousing Corporation****4.2 Land Management**

Unplanned acquisition of land coupled with delayed action in execution of title/lease deeds and surrendering of surplus land, resulted in avoidable expenditure of ₹ 8.65 crore.

Central Warehousing Corporation (CWC) was established in 1957 with the vision to emerge as a leading market facilitator for providing integrated warehousing infrastructure and logistics services for products ranging from agricultural produce to sophisticated industrial products.

As on March 31 2021, CWC was operating 422 warehouses across the country with a storage capacity of 123.78 lakh MT and possessed 3578.50 acres land (freehold and leasehold) at 416 locations worth ₹ 327.12 crore⁴. During scrutiny of records it was noticed:

4.2.1 Delay in execution of lease/title deeds

42 cases were pending for registration of title/lease deed in favour of CWC, since acquisition during 1964 to 2012 as detailed in **Table No. 17**.

Table No. 17 : Details of cases pending for registration

Category	Number of cases pending for execution of title/lease deeds	Per cent
Pending in Court/Arbitration	7	16.67
Delay/Dispute with Government Authorities	28	66.66
Matter pending at CWC	7 ⁵	16.67
Total land sites having no title/lease deed	42	100.00

Maximum pendency of 66.66 *per cent* of non-execution of deeds was due to disputes with various Government authorities/Departments.

Ministry stated (June 2022) that they had succeeded in execution of title deeds in respect of two more sites i.e. Central Warehouse (CW)-RP Bagh in Delhi and CW-Nawarangpur in Odisha. Further, the process of execution of lease deed was stated to be in advance stage in respect of five sites namely CW-Hubli, CW-Gadag, CW-KIDB Bangalore, CW-Berhampur,

⁴ Land (freehold)- ₹ 71.96 crore and Land (leasehold)- ₹ 255.16 crore.

⁵ Leased land was to surrender (Kandla-II&III), lease period was about to expire in 2024 (Pipavav), CWC viewed no need of registration of lease agreement as licence agreement was there (New CFS Kandla), land records not traceable (Ludhiana), matter not taken with Authority for lease agreement (Goa, MS Jetha-Mumbai and Hazaribagh).

and CW-Gwalior and was expected to be executed shortly. It further mentioned that CWC was continuously pursuing and following up with concerned local administration or State government authorities. With regard to Ludhiana, it replied that local authorities are being pursued for obtaining the duplicate copy and execution of the title deed.

The fact remains that the lease/title deed in large number (40 land sites), continued to be unexecuted. The registration of lease/title deeds provides safeguard in the event of any disputes/disagreements between lessor and lessee.

4.2.2 Acquisition of land without proper plan of action

As on 31 March 2021, CWC had 3578.50 acre of land at 416 locations. It had vacant land measuring 794.78 acres in 103 locations worth ₹ 90 crore adjacent to existing godowns in 14 Regional Offices (ROs), as detailed in **Table No. 18**. These vacant lands had a potential to augment capacity of 17.30 lakh MT.

Table No. 18 : Details of vacant land as on 31 March 2021

Regional Office	Total land (in acre)	Vacant land (in acre)	Number of locations	Additional capacity that can be created on vacant land (lakh MT)	Value of vacant land on pro-rata basis (₹ in Lakh)
Ahmedabad	202.83	52.93	7	0.23	835.09
Bangalore	165.61	51.01	11	2.48	4,311.41
Bhopal	326.70	41.90	5	1.16	132.14
Chandigarh	432.35	91.35	8	1.58	813.70
Chennai	356.95	156.52	8	1.80	173.43
Delhi	118.10	14.86	1	1.31	360.83
Guwahati	31.99	1.89	2	0.05	0.28
Hyderabad	561.61	123.26	13	2.56	926.50
Jaipur	207.19	51.58	9	1.85	655.16
Kochi	71.05	15.78	5	0.63	148.23
Kolkata	156.81	3.71	2	0.23	4.07
Lucknow	332.31	49.69	7	0.53	32.50
Mumbai	374.33	77.85	9	1.39	539.16
Patna	240.67	62.45	16	1.49	67.84
Total	3578.50	794.78	103	17.30	9,000.34

It was observed that land measuring 721.46 acres in 95 locations were acquired long ago (i.e. five years or more) but were not fully utilised and parts of land were remained vacant as on 31 March 2021. In four cases⁶ where possession of 21.67 acres land was taken between 1993 and 2009, no capacity was constructed and entire land remained unutilised. This indicates

⁶ Kandla (II & III), K R Nagar, Palwal and Shimla.

acquisition of land without conducting any proper assessment/planning on requirement of godowns.

Ministry stated (June 2022) that keeping in view the business aspects and future expansion, lands were purchased, as it was difficult to purchase land at short notice. It further stated that CWC planned to construct the warehouse on vacant land in phased manner based on the storage gap as well as market potentiality. Accordingly, it had already created additional capacity of nearly 3.45 lakh MT during the Financial Year 2021-22 and planned for construction of 8.25 lakh MT capacity in the coming years on the available land parcels and the construction activities are at different phases from tendering to construction. It further stated that CWC has explored the business opportunities of gainful utilisation of open space by offering the same to various depositors like GAIL, Amazon, Big Basket etc.

The reply of the Ministry is not fully acceptable as the lands available with CWC were purchased long ago and were not utilised for the intended purposes. This resulted in blockage of funds without yielding any return to the CWC. In four cases, land purchased before 2009 were not utilised and entire land were lying vacant (July 2021).

4.2.3 Loss of business opportunity due to non-utilisation of vacant land

The Government of Assam allotted land to CWC (March 2003) near Lokpriya Gopinath Bordoloi International Airport, Guwahati (LGBIA) for development of an Agri-cum-Air Cargo Complex (AACC). CWC paid an amount of ₹ 5.79 lakh to State Government towards cost of land and took possession of land in March 2006. CWC estimated an annual surplus of ₹ 73 lakh from the proposed AACC.

It was noticed that after a delay of more than five years from date of possession of land, RO Guwahati approached (August 2011) North Eastern Council (NEC) for funding of the entire project. In response, NEC stated (September 2011) that the CWC's request was devoid of any project proposal and requested them to submit a Detailed Project Report (DPR) along with concept paper for its consideration. CWC failed to submit DPR to NEC since August 2011. The DPR was yet to be submitted to NEC (March 2021). This resulted in loss of business opportunities of ₹ 73 lakh per year besides blockage of funds of ₹ 5.79 lakh paid as cost of land in February 2004.

Ministry stated (June 2022) that the proposal for AACC was not proceeded with due to high cost of project and lack of its financial viability. Currently the usage of land falls under residential zone and efforts are made to convert the usage of land for commercial purpose where after the project would be taken up as per financial feasibility. It further replied that the said land of about 50,000 square feet area was developed with land filling and work for

construction of boundary wall completed in 2019-20. With effect from March 2020, the open space is fully utilised for open warehousing, generating a monthly revenue of approximately ₹ seven lakh per month.

The fact remains that the purpose of land acquisition was defeated due to non-creation of AACC. Land for which possession was taken in March 2006 remained unutilised till March 2020 when it is said to have been utilised for open warehousing. Further, the Ministry's reply regarding project feasibility is contradictory. While it stated that proposal for AACC was not proceeded due to the high cost, on the other side it replied that efforts were being made to convert the usage of land for commercial purpose after which the project would be taken up as per financial feasibility. This indicates lack of proper planning and assessment of the project by the CWC.

4.2.4 Avoidable payment of lease rent

RO Kolkata, CWC had a land of 40,468.55 square meter in Haldia, where a covered warehouse (CW Durgachak) of 32,400 MT capacity was in operation. It acquired (May 1988) another plot of land of 13,597.5 square meter adjacent to the existing land on 30 years lease from Kolkata Port Trust (KoPT), Haldia for future expansion of business by laying rail lines on it to make CW Durgachak a rail-fed warehouse. The lease rental for additional land taken in 1988, was ₹ 85,446 per month. During scrutiny of records, it was noticed that the additional land acquired in 1988 was lying unutilised since acquisition. In view of no expected utilisation/construction on the additional land, RO Kolkata (January 2015) sent a proposal to the Corporate Office, CWC for surrendering the same at the earliest. Corporate Office after two years, instructed (February 2017) RO Kolkata to return the land to KoPT before expiry of the lease in May 2018 as it was not giving any revenue and there was no expectation of its future use. The land was surrendered to KoPT in February 2018.

It was observed that despite low occupancy of the existing warehouse, the Management did not take any action to convert it into a rail fed warehouse and the additional land acquired for the purpose remained unutilised. The additional land could not be put to alternative use since it lay outside the boundary wall of the existing godown and was not suitable for construction of godown in Haldia. Thus, the decision to acquire additional land without proper assessment coupled with delayed decision to surrender the same, resulted in avoidable expenditure of ₹ 3.06 crore⁷ towards lease rent in addition to loss of interest of ₹ 1.59 crore thereon⁸.

⁷ ₹ 85,446/- x 358 months (i.e. from May 1988 to February 2018).

⁸ Calculated on conservative basis at 3.5 per cent annum on saving bank deposit.

Ministry stated (June 2022) that the land was acquired expecting substantial business from Haldia dock at that time, however, the business prospect could not be achieved due to non-development of Haldia Port as a replacement port to Kolkata port. The delay in taking decision to hand over the Haldia land to the Kolkata port trust was due to consideration of various options for gainful utilisation of the land. However, when no other alternatives were found the said land was then handed over to KoPT.

The fact remains that there was lack of assessment and analysis at the time of acquisition of additional land as well as undue delay in taking decision to surrender the land which was not suitable for alternative purposes such as construction of godown, container depot etc. The additional land acquired in 1988 remained vacant for 30 years with a lease rent of ₹ 3.06 crore being paid before being surrendered by the CWC in 2018.

4.2.5 Losses due to indecision in utilisation/surrendering of land

CWC acquired (March 2003) eight acres of land in Kushalgarh, District Bansawara, Rajasthan for ₹ 6.52 lakh. It constructed warehouse of 3,400 MT in May 2005 with an investment of ₹ one crore after receipt of confirmation from FCI for a guaranteed utilisation of 2,500 MT. Out of eight-acre land, only one acre of land was utilised for construction of godown and seven acre of land remained unutilised.

In January 2015, FCI discontinued utilisation of the warehouse due to inability of CWC in providing regular handling and transport facility, weighbridge and other requirements like repair of godown and required staff at the warehouse. Since then warehouse remained vacant. CWC incurred an expenditure of ₹ 1.49 crore on the security/maintenance of the land/warehouse in last five years up to March 2021.

One Committee formed for closure of warehouse recommended (May 2019) that efforts may be made for gainful utilisation after execution of necessary need-based repairs for offering the same to FCI/NAFED/ RAJFED. In October 2019, CWC decided to close the unit and surrender the land to the State Government. Another committee was formed by RO, Jaipur, CWC (November 2019) to decide on the salvage value of the land. However, the storage capacity created and land in Kushalgarh remained unutilised till 31 March 2021.

Ministry stated (June 2022) that its continuous persuasion and exploring new business opportunities had led to operationalisation of fruit and vegetable wholesale *mandi* in 2022-23. In respect of remaining vacant open land available at the warehouse, it is expected that the same could also be gainfully utilised by creating additional facilities upon the fruit and vegetable wholesale *mandi* transactions.

The fact remained that CWC was unable to utilise seven acres of land since its acquisition in 2003. This indicates improper planning and assessment in land acquisition process for

warehouse in Kushalgarh. Further, warehouse remained idle since 2015 without yielding any benefits and CWC had incurred expenditure of ₹ 1.49 crore till March 2021 on maintenance of land/warehouse.

4.2.6 Avoidable expenditure on acquisition of land for construction of office in Jaipur

RO, Jaipur, CWC was functioning from a hired building with monthly rent of ₹ 1.20 lakh. With an objective to construct office building, RO Jaipur requested Jaipur Development Authority (JDA) for allotment of land. JDA allotted (May 2016) 660.54 square meter land to RO in Jhalana, Jaipur at a cost of ₹ 2.14 crore.

Land Selection Committee⁹ recommended (May 2016) for purchase of the land in Jhalana considering its favourable location. CWC purchased the land in May 2016 and possession from JDA was taken in September 2016. No progress was made thereafter. In January 2018, RO, Jaipur informed JDA that land in Jhalana would not be sufficient for operation of its office and expansion plans of CWC in the near future. It requested JDA to replace the existing land of 660.54 sqm in Jhalana with a new land having area of around 800 sqm to 1200 sqm. After several follow-up (June 2018, September 2018 and October 2018), JDA accepted (July 2019) CWC request and allotted a new land of 875 square meter in Vidyadhar Nagar, Jaipur in lieu of old land at Jhalana by raising differential demand of ₹ 1.92 crore¹⁰ towards cost of land. CWC paid (September 2019) an additional amount of ₹ 2.25 crore including one-time lease payment for the new land. It also paid ₹ 0.36 crore as stamp duty charges for registration of lease deed in April 2021 for land in Vidyadhar Nagar. The construction of office was not started until March 2021. Delay in finalisation of land and construction thereon deprived CWC from saving of monthly rental of ₹ 1.20 lakh for building taken on rent for office in Jaipur.

During scrutiny of records, it was noticed that under set back clause as per local building bye laws of Vidyadhar Nagar, an area of six meter in all directions was to be left open and no construction was allowed on that area. After deducting land under set back clause, land available land for construction in Vidyadhar Nagar, Jaipur was equal to available area for construction in surrendered land in Jhalana, Jaipur. It was noted that CWC before making payment for land in Vidyadhar Nagar did not consider local building bye laws. This defeated the objective behind taking new land in Vidyadhar Nagar, Jaipur i.e. to have more area for construction as compare to land in Jhalana. CWC paid additional ₹ 2.60 crore¹¹ for land in Vidyadhar Nagar, however the area available for construction remained almost same to previous land in Jhalana.

⁹ Comprising of Regional Manager (Jaipur), Executive Engineer and Sr. Assistant Manager (G).

¹⁰ Current demand of ₹ 4.05 crore- already paid amount of ₹ 2.13 crore.

¹¹ Cost of new land in Vidyadhar Nagar (₹ 4.38 crore) + stamp duty on new land (₹ 0.36 crore) - amount adjusted paid against previous land in Jhalana (₹ 2.14 crore).

Ministry stated (June 2022) that land in Jhalana, Jaipur was surrounded by slum area, narrow path and encroached by labourers which could have created multifarious problems in future. Therefore, change of land was necessary. JDA replaced the previous land in Jhalana by allotting land in Vidyadhar Nagar, Jaipur. Further, setback area in Vidyadhar Nagar is proposed to be utilised judiciously for parking and horticulture.

The Ministry's reply is not acceptable. The contention that the land in Jhalana was surrounded by slums is only an afterthought since it was noticed that CWC had requested (January 2018) JDA for change of land allotted in Jhalana stating that the land was not sufficient for operation of its RO, Jaipur and for the expansion plans in the near future. It was further noticed that RO, Jaipur also did not consider Vidyanagar local building bye laws before taking land. After set back clause, the area available for construction in Vidyadhar Nagar was almost equal to the previous land allotted in Jhalana, though the land in Vidyadhar Nagar cost more by ₹ 2.60 crore.

4.2.7 Avoidable payment of delayed payment charges

CWC took 1,62,570 square meter land in Dronagiri Node during 1989 to 1992 and 1,24,908 square meter land in Distripark in June 1998 from City and Industrial Development Corporation (Maharashtra) Limited (CIDCO) for a lease period of 60 years.

Clause 3 (f) of the agreement stipulates that service charges to CIDCO were to be paid within April each year. It was noticed that CWC failed to pay service charges to CIDCO within the stipulated due date. This delay in payment of service charges resulted in adjustment of ₹ 1.50 crore by CIDCO towards delayed payment charges (DPC) up to March 2018 from the service charges paid by CWC. It was also noticed that CIDCO did not consider CWC's request for waiver of DPC.

Ministry stated (June 2022) that CIDCO was not raising/sending demands regularly and issue of payment of DPC was taken up with CIDCO and there was no favourable reply from CIDCO for waiver. It further replied that DPC were paid to CIDCO to avoid further accruing of DPC.

Ministry accepted (June 2022) fact of payment of delayed payment charges to CIDCO. Service charges were to be paid to CIDCO within April of each year in pursuance of clause 3 (f) of the agreement. Therefore, waiting for demand notices for making payment reflects deficient monitoring due to which CWC had to pay an additional amount of ₹ 1.50 crore.

4.2.8 Management of Residential flats

(i) CWC purchased (1982 to 1996) 13 residential flats at different locations in Bhopal from Madhya Pradesh Housing Board at a cost of ₹ 28.99 lakh for accommodation of its employees. These flats were not utilised by employees for accommodation because most of

them had their own houses in Bhopal. As per available information, these flats remained unoccupied for the period ranging from 10 to 20 years. RO, Bhopal proposed (October 2013) for disposal of flats and requested the Corporate office for fixation of reserve price. However, these flats were neither utilised nor disposed-off till 31 March 2021.

Ministry stated (June 2022) that valuation of flats in Bhopal have been completed and disposal through auction has to pass through multiple process. It further replied that it is trying to execute plan of auction very aggressively.

The reply is not acceptable as CWC failed to dispose-off 13 flats, although the process was initiated in 2013.

(ii) Original documents of registration of 34 flats in Mumbai were not available with RO Mumbai, CWC.

Ministry stated (June 2022) that with continuous and persistent effort the lease deed documents in respect of 23 flats have been retrieved and matter is under continuous persuasion with the concerned for retrieval of documents with respect to remaining 11 flats.

(iii) Audit had highlighted (Para No.7.1.1 of C&AG Report No.12 of 2006) that 86 flats purchased (1997-98) valuing ₹ 9.33 crore at Bokadvira in Uran from City Industrial and Development Corporation (CIDCO) were lying unutilised.

It was noticed that CWC had made three attempts for sale of flats in Bokadvira with last one in November 2018 when no offer was received.

Ministry stated (June 2022) that valuation of flats in Bokadvira have been completed and disposal through auction has to pass through multiple process. It further replied that it is trying to execute plan of auction very aggressively.

Audit observed that even after a lapse of 14 years after pointing out, CWC could neither utilise nor dispose-off these flats. No attempt to auction these flats was made after 2018.

4.2.9 Non reconciliation of land records

During review of land records, it was noticed that data provided by the Corporate Office on Chennai region was not matching with records of RO, Chennai on total available and vacant lands as detailed in **Table No. 19**. This indicates poor management of land records/lack of reconciliation and coordination within CWC on land management activities.

Table No. 19 : Variation/difference between the data given by RO Chennai and Corporate Office (CO)

(Land in acres)

Location	Total land		Vacant land		Variation in Total land	Variation in Vacant land
	As per CO records	As per RO, Chennai	As per CO records	As per RO, Chennai		
	(1)	(2)	(3)	(4)	(5) = (1)-(2)	(6) = (3)-(4)
Chrompet	28.06	28.06	0	0.45	0	(0.45)
Hosur-I	6.44	6.44	3.44	3.60	0	(0.16)
Madhavaram	6.30	6.29	3.30	0	0.01	3.30
Madurai-I	5.28	2.99	0	0	2.29	0.00
Madurai-II	10.17	10.17	1.29	0.23	0	1.06
Mannargudi	60.75	60.75	45.75	15.00	0	30.75
Port Blair	0.86	1.48	0.00	0.70	(0.62)	(0.70)
Thanjavur	63.18	62.85	42.18	21.50	0.33	20.68
Trichy	76.81	74.81	49.81	25.50	2.00	24.31
Udumalpet	6.00	6.00	4.50	3.49	0.00	1.01
Virugambakkam	23.66	23.66	6.25	4.00	0.00	2.25
DPE, Thiruvottiyur	NA	11.26	NA	4.17	(11.26)	(4.17)
DPE, Tuticorin	NA	4.53	NA	0.00	(4.53)	0.00

The Ministry accepted audit observation and stated (June 2022) that reconciliation of Corporate office records with RO, Chennai would be carried out.

4.2.10 Conclusion

CWC incurred an avoidable expenditure of ₹ 8.65 crore on account of improper planning in acquisition of land, delay in surrender of surplus land and payment charges. There were pending cases of execution of lease/title deeds in favour of CWC. Land acquired long ago (five years or more) were lying unutilised defeating the purpose of acquisition and resulted in blockage of funds. In addition, CWC neither disposed-off flats lying vacant for considerable time nor could utilise them alternatively.

4.2.11 Recommendations

- CWC may frame a time bound plan for utilisation of land remaining vacant for a long period (five years or more).
- CWC may undertake cost benefit analysis before acquisition of land for godown/warehouse.
- CWC should make efforts to either dispose-off or identifying any alternative use for the residential flats lying vacant for a long time at Bhopal and Mumbai.

New Delhi
Dated: 26 September 2022



(RAJIV KUMAR PANDEY)
Director General of Audit
(Central Expenditure)

Countersigned



New Delhi
Dated: 28 September 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-I

(Referred to in Overview and Paragraph no. 1.4)

Civil Ministries/Departments under General and Social Sector along with Civil grants

Sl. No.	Ministries/Departments
Ministry of Agriculture and Farmers' Welfare	
1.	Department of Agriculture, Cooperation and Farmers' Welfare
2.	Department of Agricultural Research and Education
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	
3.	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)
Ministry of Chemicals and Fertilisers	
4.	Department of Fertilisers
5.	Department of Pharmaceuticals
Ministry of Consumer Affairs, Food and Public Distribution	
6.	Department of Consumer Affairs
7.	Department of Food and Public Distribution
Ministry of Culture	
8.	Ministry of Culture
Ministry of Development of North Eastern Region	
9.	Ministry of Development of North Eastern Region
Ministry of External Affairs	
10.	Ministry of External Affairs
Ministry of Fisheries, Animal Husbandry and Dairying	
11.	Department of Fisheries
12.	Department of Animal Husbandry and Dairying
Ministry of Food Processing Industries	
13.	Ministry of Food Processing Industries
Ministry of Health and Family Welfare	
14.	Department of Health and Family Welfare
15.	Department of Health Research
Ministry of Home Affairs (including UTs)	
16.	Ministry of Home Affairs
17.	Cabinet
18.	Police
19.	Andaman and Nicobar Islands
20.	Chandigarh
21.	Dadra & Nagar Haveli and Daman & Diu
22.	Ladakh
23.	Lakshadweep
24.	Transfers to Delhi
25.	Transfers to Jammu and Kashmir

Sl. No.	Ministries/Departments
26.	Transfers to Puducherry
Ministry of Education	
27.	Department of School Education and Literacy
28.	Department of Higher Education
Ministry of Information and Broadcasting	
29.	Ministry of Information and Broadcasting
Ministry of Jal Shakti	
30.	Department of Water Resources, River Development and Ganga Rejuvenation
31.	Department of Drinking Water and Sanitation
Ministry of Labour and Employment	
32.	Ministry of Labour and Employment
Ministry of Law and Justice	
33.	Law and Justice
34.	Election Commission
35.	Supreme Court of India
Ministry of Minority Affairs	
36.	Ministry of Minority Affairs
Ministry of Panchayati Raj	
37.	Ministry of Panchayati Raj
Ministry of Parliamentary Affairs	
38.	Ministry of Parliamentary Affairs
Ministry of Personnel, Public Grievances and Pensions	
39.	Ministry of Personnel, Public Grievances and Pensions
40.	Central Vigilance Commission
Ministry of Planning	
41.	Ministry of Planning
The President, Lok Sabha, Rajya Sabha, Union Public Service Commission, the Secretariat of the Vice President and Election Commission	
42.	Staff, Household and Allowances of The President
43.	Lok Sabha
44.	Rajya Sabha
45.	Secretariat of The Vice-President
46.	Union Public Service Commission
Ministry of Rural Development	
47.	Department of Rural Development
48.	Department of Land Resources
Ministry of Skill Development and Entrepreneurship	
49.	Ministry of Skill Development and Entrepreneurship
Ministry of Social Justice and Empowerment	
50.	Department of Social Justice and Empowerment

Sl. No.	Ministries/Departments
51.	Department of Empowerment of Persons with Disabilities
Ministry of Tribal Affairs	
52.	Ministry of Tribal Affairs
Ministry of Women and Child Development	
53.	Ministry of Women and Child Development
Ministry of Youth Affairs and Sports	
54.	Ministry of Youth Affairs and Sports

Appendix-II
(Referred to in Overview and Paragraph no. 1.5)

Total expenditure incurred by these Ministries/Departments during 2019-20 and 2020-21

(₹ in crore)

Sl. No.	Name of Ministry/Department	2019-20		Savings (-)/ Excess (+)	2020-21		Savings (-)/ Excess (+)
		Grant/Appropriation #	Total Expenditure		Grant/Appropriation #	Total Expenditure	
1.	Ministry of Agriculture and Farmers' Welfare	1,38,564.09	1,02,356.45	-36,207.64	1,42,970.42	1,16,308.03	-26,662.39
2.	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	2,445.82	1,833.60	-612.22	2,322.10	2,291.98	-30.12
3.	Ministry of Chemicals and Fertilisers ^{\$}	84,078.65	84,067.54	-11.11	1,39,856.94	1,32,540.50	-7,316.44
4.	Ministry of Consumer Affairs, Food and Public Distribution	2,44,532.28	1,17,116.63	-1,27,415.65	4,99,113.38	5,76,822.05	77,708.67
5.	Ministry of Culture	3,042.39	2,500.40	-541.99	3,149.87	2,143.65	-1,006.22
6.	Ministry of Development of North Eastern Region	3,084.11	2,697.59	-386.52	3,098.73	1,895.99	-1,202.74
7.	Ministry of External Affairs	17,884.80	17,272.06	-612.74	17,487.74	14,365.84	-3,121.90
8.	Ministry of Fisheries, Animal Husbandry and Dairying	4,166.08	3,794.68	-371.40	4,621.23	3,850.84	-770.39
9.	Ministry of Food Processing Industries	1,196.62	845.54	-351.08	1,382.98	1,152.67	-230.31
10.	Ministry of Health and Family Welfare	96,515.27	71,235.77	-25,279.50	1,45,380.83	98,316.31	-47,064.52
11.	Ministry of Home Affairs	1,41,257.70	1,38,282.41	-2,975.29	1,70,861.29	1,47,287.86	-23,573.43
12.	Ministry of Education	1,56,776.73	1,24,457.47	-32,319.26	1,65,819.84	1,18,695.06	-47,124.78
13.	Ministry of Information and Broadcasting	4,375.22	4,032.36	-342.86	4,375.21	3,380.44	-994.77
14.	Ministry of Jal Shakti	36,071.38	33,514.49	-2,556.89	41,568.65	34,274.96	-7,293.69
15.	Ministry of Labour and Employment	11,189.24	10,085.03	-1,104.21	16,925.52	12,929.83	-3,995.69
16.	Ministry of Law and Justice*	3,927.84	3,798.00	-129.84	3,049.01	2,244.40	-804.61
17.	Ministry of Minority Affairs	4,760.03	4,505.10	-254.93	5,029.01	3,998.57	-1,030.44

Sl. No.	Name of Ministry/Department	2019-20		Savings (-)/ Excess (+)	2020-21		Savings (-)/ Excess (+)
		Grant/Appropriation #	Total Expenditure		Grant/Appropriation #	Total Expenditure	
18.	Ministry of Panchayati Raj	871.37	498.27	-373.10	900.96	686.27	-214.69
19.	Ministry of Parliamentary Affairs	42.62	18.9	-23.72	50.52	28.98	-21.54
20.	Ministry of Personnel, Public Grievances and Pensions	1,829.68	1,703.32	-126.36	1,864.34	1,681.50	-182.84
21.	Ministry of Planning**	605.59	574.03	-31.56	770.02	749.30	-20.72
22.	The President, Lok Sabha, Rajya Sabha, Union Public Service Commission, the Secretariat of the Vice President	1,613.26	1,411.31	-201.95	1,641.01	1,265.57	-375.44
23.	Ministry of Rural Development	2,10,101.28	2,06,369.87	-3,731.41	3,47,206.80	3,37,353.25	-9,853.55
24.	Ministry of Skill Development and Entrepreneurship	3,039.24	2,407.83	-631.41	3,002.22	2,632.44	-369.78
25.	Ministry of Social Justice and Empowerment	10,089.99	9,754.59	-335.40	11,428.99	9,098.47	-2,330.52
26.	Ministry of Tribal Affairs	7,340.18	7,327.67	-12.51	7,411.01	5,494.64	-1,916.37
27.	Ministry of Women and Child Development	29,669.94	23,179.84	-6,490.10	30,512.11	19,244.03	-11,268.08
28.	Ministry of Youth Affairs and Sports	2,776.93	2,707.15	-69.78	2,826.97	1,787.83	-1,039.14
Total		12,21,848.33	9,78,347.90	-2,43,500.43	17,74,627.70	16,52,521.26	-1,22,106.44

Source: Union Government Appropriation Accounts (Civil) 2019-20 and 2020-21.

Grant/Appropriation = Budget Estimates + Supplementary

\$ Includes two Departments viz. Department of Fertilisers and Department of Pharmaceuticals

* Includes the Supreme Court of India & Election Commission

** Includes NITI Aayog

Appendix-III
(Referred to in Paragraph no. 1.8)
PSEs/PSUs under General and Social Sector

Sl. No.	Ministries/Departments
Ministry of Agriculture and Farmers' Welfare	
1.	Agrinovate India Limited
2.	Gangavati Sugars Limited
3.	Karnataka Meat and Poultry Marketing Corporation Limited
4.	NABKISAN Finance Limited
5.	National Seeds Corporation Limited
Ministry of Ayurveda, Yoga And Naturopathy, Unani, Siddha And Homoeopathy (AYUSH)	
6.	Indian Medicines Pharmaceuticals Corporation Limited
Ministry of Chemicals and Fertilisers	
(A) Department of Fertilisers	
7.	Brahmaputra Valley Fertiliser Corporation Limited
8.	FACT-RCF Building Products Limited
9.	FCI Aravali Gypsum and Minerals (India) Limited
10.	Fertilizer Corporation of India Limited
11.	Hindustan Fertilisers Corporation Limited
12.	Hindustan Urvarak and Rasayan Limited
13.	Madras Fertilisers limited
14.	National Fertilisers Limited
15.	Projects and Development India Limited
16.	Ramagundam Chemicals and Fertilisers Limited
17.	Rashtriya Chemicals and Fertilisers Limited
18.	The Fertilizer and Chemicals Travancore Limited
19.	Talcher Fertiliser Limited
20.	Urvarak Videsh Limited
(B) Department of Pharmaceuticals	
21.	Bengal Chemical and Pharmaceuticals Limited
22.	Bengal Immunity Limited
23.	Bihar Drugs and Organic Chemicals Limited
24.	Hindustan Antibiotics Limited
25.	Indian Drugs and Pharmaceuticals Limited, Gurugram
26.	Indian Drugs and Pharmaceuticals Limited, Chennai
27.	Karnataka Antibiotics and Pharmaceuticals Limited
28.	Maharashtra Antibiotics and Pharmaceuticals Limited
29.	Manipur State Drugs and Pharmaceuticals Limited
30.	Orissa Drugs and Chemicals Limited

Sl. No.	Ministries/Departments
31.	Rajasthan Drugs and Pharmaceuticals Limited
32.	Smith Stanistreet Pharmaceuticals Limited
Ministry of Consumer Affairs, Food and Public Distribution	
33.	Central Railside Warehouse Company Limited
34.	Central Warehousing Corporation
35.	Food Corporation of India
36.	Hindustan Vegetable Oils Corporation Limited
37.	Nalanda Ceramics and Industries Limited
Ministry of Development of North Eastern Region	
38.	North Eastern Development Finance Corporation Limited
39.	North Eastern Development Finance Corporation Trustee Capital Limited
40.	North Eastern Development Finance Corporation Venture Capital Limited
41.	North Eastern Handicrafts and Handlooms Development Corporation Limited
42.	North Eastern Regional Agricultural Marketing Corporation Limited
Ministry of Education	
43.	Educational Consultants India Limited
44.	Higher Education Financing Agency
Ministry of Finance	
45.	Agricultural Finance Corporation Limited (AFC India Limited)
46.	NABARD Consultancy Services Private Limited
Ministry of Food Processing	
47.	National Institute of Food Technology, Entrepreneurship & Management
Ministry of Health and Family Welfare	
48.	Goa Antibiotics & Pharmaceuticals Limited
49.	HLL Biotech Limited
50.	HLL Infratech Services Limited
51.	HLL Lifecare Limited
52.	HLL Medipark Limited
53.	HLL Mother & Child Care Hospitals Limited
Ministry of Home Affairs	
54.	Andaman and Nicobar Islands Integrated Development Corporation
55.	Andaman Fisheries Limited
56.	Chandigarh Child and Woman Development Corporation Limited
57.	Chandigarh Industrial and Tourism Development Corporation Limited
58.	Chandigarh Scheduled Castes, Backward Classes and Minorities Finance and Development Corporation
59.	Chandigarh Smart City Limited
60.	Dadra & Nagar Haveli and Daman & Diu SC/ST OBC & Minorities Financial and Development Corporation Limited

Sl. No.	Ministries/Departments
61.	Delhi Police Housing Corporation Limited
62.	DNH Power Distribution Corporation Limited
63.	Kavaratti Smart City Limited
64.	Lakshadweep Development Corporation Limited
65.	Lakshadweep Tourism Development Corporation Limited
66.	NDMC Smart City Private Limited
67.	Omnibus Industrial Development Corporation of Daman & Diu and Dadra & Nagar Haveli Limited
68.	Port Blair Smart Project limited
69.	Security and Scientific Technical Research Association
70.	Silvasa Smart City Limited
Ministry of Information and Broadcasting	
71.	Broadcast Engineering Consultants India Limited
72.	National Film Development Corporation Limited
Ministry of Jal Shakti	
73.	National Projects Construction Corporation Limited
74.	WAPCOS (India) Limited
Ministry of Minority Affairs	
75.	National Minority Finance & Development Corporation
76.	National Waqf Development Corporation Limited
Ministry of Social Justice and Empowerment	
77.	Artificial Limbs Manufacturing Corporation of India
78.	National Backward Classes Finance & Development Corporation
79.	National Safai Karamcharis Finance & Development Corporation
80.	National Scheduled Castes Finance & Development Corporation
81.	National Handicapped Finance & Development Corporation
Ministry of Tribal Affairs	
82.	National Scheduled Tribes Finance and Development Corporation

Appendix-IV
(Referred to in Paragraph no. 1.10)

**Detailed position of the Action Taken Notes awaited/Under correspondence (as of 31 March 2022)
from various Ministries/Departments up to the year ended March 2021**

Sl No.	Name of the Ministry/ Department	Report for the year ended March	Due	Not received	Under correspondence
1.	Agriculture and Farmers' Welfare	2021	1	1	0
2.	Department of Pharmaceuticals	2018	1	1	0
3.	External Affairs	2019	3	2	1
4.	Health and Family Welfare	2014	1	0	1
5.	Home Affairs	2019	2	0	2
6.	Jal Shakti	2017	1	0	1
		2018	2	0	2
7.	Rural Development	2020	1	0	1
8.	Social Justice and Empowerment	2006	1	0	1
		2017	1	1	0
9.	Youth Affairs and Sports	2012	1	0	1
		2019	1	0	1
Total			16	5	11

Appendix-V
(Referred to in Paragraph no. 1.10)

Year wise pendency of ATNs

Outstanding Action Taken Notes as on 31 March 2022
(Union Territories without Legislatures)

Sl. No	Name of the UT	Report for the year ended March	Due	Not received at all	Under correspondence
1.	Andaman & Nicobar Islands	2018	1	0	1
		2019	1	1	0
2.	Chandigarh	2018	5	1	4
		2019	1	0	1
3.	Dadra & Nagar Haveli and Daman & Diu	2018	2	0	2
		2019	2	2	0
4.	Lakshadweep	2014	1	0	1
		2018	1	0	1
		2019	1	0	1
Total			15	04	11

Appendix-VI

(Referred to in Paragraph no. 1.11 (Table No. 5))

Recovered amount out of over payment/inadmissible payments in case of PSUs/Statutory Corporation

(₹ in crore)

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
2019-20						
1.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under Recovery	84.83	9.30	Short delivery of 51936 MT levy rice valuing ₹ 84.83 crore of crop years 2007-08 to 2011-12 in FCI, DO, Bhatinda. In view of the audit observation, the Management has made recovery.
2.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under Recovery	0.35	1.45	Less recovery of abnormal storage loss and non-recovery of storage charges of ₹ 0.35 crore occurred due to misappropriation/abnormal storage loss hired godowns of Punjab State Warehousing Corporation/Private Entrepreneur Guarantee (PEG) in FCI, DO, Bhatinda. In view of the audit observation, the Management has made recovery.
3.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Over payment	0.9	0.9	Excess payment towards cost of gunny bags in FCI, DO, Karimnagar. In view of the audit observation, the Management has made recovery.
4.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	7.95	7.95	Payment of Custody & Maintenance Charges to Telangana State Civil Supplies Corporation Limited in FCI, DO, Karimnagar. In view of the audit observation, the Management has made recovery.
5.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Over payment	0.11	0.11	Excess payment of usage charges by FCI, DO, Karimnagar. In view of the audit observation, the Management has made recovery.

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
6.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Over payment	0.9	0.9	Excess payment towards interest and custody & maintenance charges in respect of CMR rice delivered by the Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL) in FCI, DO, Karimnagar. In view of the audit observation, the Management has made recovery.
7.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Over payment	3.65	3.65	Excess payment towards mandi labour charges paid to APSCSCL by FCI, DO, Warangal. In view of the audit observation, the Management has made recovery.
8.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Over payment	9.37	9.37	Non-recovery of Custody and Maintenance (C&M) charges for the period 2014-15 to 2017-18 in FCI, DO, Warangal. In view of the audit observation, the Management has made recovery.
9.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	3.4	3.4	Release of inadmissible payment on use of previous crop-year gunny bags in KMS 2017-18 in FCI, DO, Nizamabad. In view of the audit observation, the Management has made recovery.
10.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	2.24	2.24	Inadmissible payment of C&M charges to TSCSCL in FCI, DO, Nizamabad. In view of the audit observation, the Management has made recovery.
11.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	inadmissible payment	33.39	33.39	Reimbursement of milling charges to TSCSCL in FCI, DO, Nizamabad. In view of the audit observation, the Management has made recovery.
12.	Food Corporation of India	Consumer Affairs, Food & Public Distribution	Inadmissible payment	0.04	0.04	Irregular payment of service tax on demurrages levied by Railways in FCI, DO, Tarnaka. In view of the audit observation, the Management has made recovery.
13.	Food Corporation of India	Consumer Affairs, Food and public Distribution	Inadmissible payment	0.11	0.11	Inadmissible payment of storage charges towards revision of final rates of RMS 2012-13 in FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
14.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	0.43	0.43	Non-recovery of interest on storage charges in respect of stock stored in CAP of RMS 2012-13 in FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.
15.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	8.82	13.04	Non recovery of ₹ 8.82 crore on account of storage charges (CAP) on fixation of final rates of RMS 2007-08 and 2008-09 in FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.
16.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.89	0.89	Excess payment of godown rent of ₹ 0.89 crore for capacity taken over on actual utilisation basis in respect of Punjab State Warehousing Corporation/PEG Saidowal in FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.
17.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	Amount not ascertained	0.10	Non-undertaking chemical testing of food grains stored by FCI in hired godowns in FCI, DO Kapurthala. In view of audit observation, the Management has made recovery.
18.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	0.01	0.01	Excess payment of storage charges to PSWC in respect of Saidowal godown on revision of rates to ₹ 4.30 per bag from ₹ 4.15 per beg per month for the year 2016-17. In FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.
19.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	0.15	0.15	Undue favour to the contractor due to less imposition of penalty on non-completion of black topping work in PEG godowns at FCI, DO, Rohtak. In view of the audit observation, the Management has made recovery.

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
20.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	0.90	0.90	Extra payment was made towards supervision charges to nodal agency in contravention of PEG scheme in FCI, DO, Faridabad. In view of the audit observation, the Management has made recovery.
2020-21						
21.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.04	0.03	Excess payment due to incorrect computation of handling charges in FCI, DO, Agartala. In view of the audit observation, the Management has made recovery.
22.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	0.05	0.16	Excess payment to H&T contractors on account of handling of CMR in FCI, DO, Nadia. In view of the audit observation, the Management has made recovery.
23.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.52	0.13	Inadmissible payment towards punitive charges of ₹ 0. 52 crore made by FCI in FCI, DO, Jaipur during April 2014 to June 2015. In view of the audit observation, the Management has made recovery.
24.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Overpayment	10.56	0.24	Excess payment made to sugar mills on account of levy of sugar HDPE/PP bags at FCI, RO, Dehradun. In view of the audit observation, the Management has made recovery.
25.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	5.10	5.10	Non-recovery of cost of Jute bags of KMS 2009-10 and KMS 2010-11 at FCI, DO, Kapurthala. In view of the audit observation, the Management has made recovery.

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
26.	Food Corporation of India	Consumer Affairs, Food and Public Distribution, Government of India	Under recovery	Amount not ascertained	6.83	Non-recovery of storage charges due to revision of final rates of RMS 2012-13 at FCI, DO, Gurdaspur. In view of the audit observation, the Management has made recovery.
27.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	0.10	3.57	Excess payment of storage charges on revision of final rates of RMS 2005-06 to RMS 2006-07 at FCI, DO, Chandigarh. In view of the audit observation, the Management has made recovery.
28.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	0.42	0.56	Unjustified payment of supervision charges by FCI, DO, Ludhiana. In view of the audit observation, the Management has made recovery.
29.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	1.84	1.84	Excess payment of storage charges paid to Punjab State Warehousing Corporation in FCI, DO, Patiala. In view of the audit observation, the Management has made recovery.
30.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Under recovery	0.96	0.96	Non-recovery of procurement incidentals on finalisation of rates of RMS 2012-13 in FCI, DO, Amritsar. In view of the audit observation, the Management has made recovery.
31.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Inadmissible payment	7.05	7.05	Inadmissible payment towards carryover charges to Madhya Pradesh State Civil Supplies Corporation Limited due to delay in movement of stock in FCI, DO, Ujjain. In view of the audit observation, the Management has made recovery.

Sl. No.	Name of the Unit	Administrative Ministry/ Department	Nature of overpayment/under recovery/ inadmissible payment	Amount of over payment/under payment/ inadmissible payment as pointed out by Audit	Amount recovered by Auditee organisation during 2018-19	Audit observation and Action taken by Ministry/Department
32.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	17.35	24.08	Excess payment to State Government Agencies due to extending higher rate of mandi fee for RMS 2019-20 at FCI, RO, Mumbai. In view of the audit observation, the Management has made recovery.
33.	Food Corporation of India	Consumer Affairs, Food and Public Distribution	Over payment	2.76	2.47	Excess payment to H&T Contractor to the tune of ₹ 2.76 crore due to issue of multiple work slips for the same work in RO, Raipur. In view of the audit observation, the Management has made recovery of ₹ 0.02 crore was made during the year 2020-21 & ₹ 2.45 crore in 2019-20.
Total				205.19	141.35	

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