SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
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Report of the Comptroller and Auditor General of India for the period ended March 2024

Union Government
Economic and Service Ministries
Report No. 11 of 2026
(Compliance Audit - Civil)

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PREFACE

This Report of the Comptroller and Auditor General of India for the period ended March 2024 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 the Economic and Service Ministries/Departments of the Union Government, their attached/subordinate offices and Central Autonomous Bodies.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2022-23 and 2023-24 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 2023-24 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.

EXECUTIVE SUMMARY

I Introduction

1. This Report includes important Audit findings noticed as a result of test check of accounts and records of Economic and Service Ministries/Departments and their Central Autonomous Bodies conducted by the officers of the Comptroller and Auditor General of India as per the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act).

2. The Report contains 14 audit paragraphs relating to six Ministries. The draft audit paragraphs were forwarded to the concerned Ministries providing them an opportunity to furnish their replies/comments in each case within a period of six weeks.

3. The paragraphs included in this Report relate to following Ministries of the Government of India and their Central Autonomous Bodies:

Sl. No.	Ministry/Department	Number of paragraphs
1.	Ministry of Commerce and Industry	4
2.	Ministry of Housing and Urban Affairs	5
3.	Ministry of Micro, Small and Medium Enterprises	1
4.	Ministry of Petroleum and Natural Gas	1
5.	Ministry of Textiles	1
6.	Ministry of Tourism	2
Total		**14**

II Highlights of the paragraphs included in the Report are given below:

Ministry of Commerce and Industry

Alappuzha Coir Cluster Development Society

Alappuzha Coir Cluster Development Society (ACCDS) was formed as a Special Purpose Vehicle (SPV) to implement Industrial Infrastructure Up-gradation Scheme (IIUS) for Coir Cluster in Kerala.

Violation of the terms and conditions of IIUS guidelines while entering the agreements by ACCDS with sub-SPVs resulted in non-recovery of user fee charges of ₹1.69 crore from sub-SPVs and was detrimental to the financial interest of Government of India and ACCDS in the assets acquired out of grants amounting to ₹5.45 crore.

(Para 2.1)

Export Inspection Council of India and Export Inspection Agency, Chennai

Export Inspection Agency (EIA), Chennai was set up under Section 7 of the Export (Quality Control and Inspection) Act, 1963 to provide certificates for export of various food items.

Comparison of Bank Payment Vouchers with the Bank Statement of EIA Chennai revealed that cheques were drawn in favour of private parties though no goods or services were received by EIA Chennai from these private parties. This resulted in misappropriation of public money to the tune of ₹21.41 crore.

(Para 2.2)

Spices Board, Kochi

Spices Board, Kochi established eight Spices Parks across the country to provide common infrastructure facilities for post-harvest and processing operations of spices and spice products.

Due to fixation of higher contract demand for power in these Spices Parks and not maintaining the Average Power Factor, Spices Board incurred an avoidable expenditure of ₹2.41 crore including penalty for low Power Factor.

(Para 2.3)

Footwear Design and Development Institute, Chennai

The Executive Director (ED), who joined Footwear Design and Development Institute Chennai on deputation during 26 September 2022 to 17 February 2023, approved reimbursements claimed through fake invoices and forged air tickets. Besides these fraudulent and unjustified claims, claims of unauthorised purchases and claims without invoices were also approved by the ED. Advance taken by contract employees were transferred to the ED's Account which are pending settlement. These irregularities resulted in undue benefit of ₹7.69 lakh to the ED.

(Para 2.4)

Ministry of Housing and Urban Affairs

Central Public Works Department

Despite a constitutional provision regarding exemption in payment of electricity duty by the establishment of the Central Government, Central Public Works Department (CPWD), Ghaziabad Electrical Division had made payment of ₹6.91 crore to Paschimanchal Vidyut Vitran Nigam Ltd (i.e., DISCOM) on account of electricity duty during the period from May 2011 to November 2019. On being pointed out by Audit (September 2022), the Ministry is now pursuing the matter with DISCOM to either get a refund of excess payment made or get it adjusted against the electricity bill.

(Para 3.1)

Central Public Works Department (CPWD) did not adhere to contractual provisions while dealing with the payment of advances to contractor for work done but not measured, secured advances and recovery for de-escalation amount in three cases. On being pointed out by Audit (March 2022), the CPWD recovered ₹58.17 lakh including the interest amount.

(Para 3.2)

Analysis of Schedule of Rates in Central Public Works Department

The Schedule of Rates (SOR) is used by Central Public Works Department (CPWD) to estimate detailed cost of construction works and maintenance works. It provides standardised rates for various construction activities and materials, which are used in construction works. CPWD prepares the rates for different items of work after obtaining the basic rates of materials, labour and machinery from field units of CPWD. Although CPWD Manual mentions that separate SOR for each region is to be prepared for applicability by that region, but in practice SOR of Delhi region i.e., DSR is used by all other regions by modifying it with the respective cost index prevailing in that region. Thus, DSR assumes a lot of significance as it is used throughout India not only by CPWD, but also by many Departments, Institutions, Public Sector Undertakings, etc. CPWD Works Manual provides for revision/updation of SOR once in two years.

SOR assumes added importance, as on the basis of estimated cost of different kinds of works, CPWD forwarded the budget estimates of ₹2,027.33 crore, ₹3,100.57 crore and ₹4,314.08 crore for the period of 2020-21, 2021-22 and 2022-23 respectively to the Ministry. Considering the huge amount of Government money involved, it becomes imperative that the yardstick for calculation of budget estimates is accurate and reliable.

DSR is classified under three broad categories i.e. Civil, Electrical and Horticulture. However, in present study, Audit has reviewed the DSR (Civil) 2021 only.

The objective of auditing the revision/updation of DSR 2021 was to assess the transparency, accuracy, and reliability of the rates to be used for estimating the cost of public works. The major audit findings in brief were as under:

- CPWD did not conduct market surveys for collection of Base Rates on or just before 01 April 2021. Besides this, competitiveness of rates of items of work included in SOR could not be ascertained as rates provided by one zone could not be compared with rates provided by other zones.

(Para 3.3.4.1)

- CPWD did not prepare region wise SOR and all the regions of CPWD were using DSR by modifying it with the respective cost index prevailing in that region.

(Para 3.3.4.2)

- CPWD calculated the Contractor's Profit & Overhead (CP&OH) on the gross amount including GST component instead of calculating the CP&OH on the gross amount excluding GST. This led to overall enhancement of estimated project cost by 1.83/2.77 *per cent* considering the GST at the rate of 12/18 *per cent* respectively. Audit assessed that CPWD had overestimated the cost of project and availed additional budgetary funds of ₹513 crore from the Ministry during the period from 1 July 2017 to 31 July 2024.

(Para 3.3.4.4)

- There was mismatch between rates furnished by zones and those adopted in DSR.

(**Para 3.3.4.6**)

- The labour component in the estimates were in the range of 32.43 *per cent* to 56.81 *per cent* against 25 *per cent* prescribed in the CPWD manual. However, the actual payment made to labour ranged from 7.45 *per cent* to 23.91 *per cent* of estimated cost.

(**Para 3.3.4.7**)

Recommendations:

1) CPWD should update/revise the rates mentioned in SoR after conducting market survey and maintain proper documentation of the same for review and audit.

2) CPWD should prepare Region-wise Schedule of Rates as stipulated in the CPWD manual instead of adopting Delhi Schedule of Rates after multiplying it with cost index of respective region.

3) Labour component in estimates of work should be arrived at realistically after proper assessment of the requirement as per DSR and the deployment of labour in work should be monitored accordingly.

Management and Implementation of Projects in Delhi by Central Public Works Department

Central Public Works Department (CPWD) is an attached office of the Ministry of Housing and Urban Affairs (MoHUA) and Principal Engineering Organisation and Technical Advisor to the Government of India. CPWD undertakes Construction and Maintenance Works. Construction works are those works which are taken up as new works, rehabilitation and seismic retrofitting works, the expenditure of which is charged to capital heads.

Construction works implemented by CPWD include Residential Buildings, Office Buildings, Schools, Hospitals, Highways, and Flyovers etc. Implementation of construction works has two stages i.e., (a) pre-construction stage - The activities carried out in this stage are associated with the planning of works and includes preparation of preliminary plan, preparation of estimate and selection of contractor for the execution of works. (b) Construction stage – The activities carried out in this stage are associated with the execution of works and includes Administrative approval and Expenditure Sanction by the client, technical sanction on the detailed estimate by CPWD, and availability of funds to CPWD i.e., release of funds by the client.

The scope of Audit covers examination of construction works relating to the nine selected projects out of 34 projects undertaken by CPWD during 2018-19 to 2020-21 in Delhi region. The sample consists of four completed works and five ongoing works and in terms of monetary involvement, sample represents 85.15 *per cent* of completed works and 26.64 *per cent* ongoing works, cumulatively being 30.47 *per cent* of overall works.

The scope of audit intended to assess efficient planning mechanism, efficient execution of construction activities and effective monitoring mechanism. Major Audit observations in brief were as under:

- Planning is an important exercise which aids in decision making and maximising the use of limited resources. Audit observed that due to improper estimates, there were several instances where agreement items deviated beyond permissible limit or items of works which were completely new and in addition to the items mentioned in the Schedule of Quantities of the agreement were executed. CPWD had made payment to the contractors at the prevailing market rate, which led to avoidable expenditure of ₹44.28 crore (₹12.79 crore + ₹31.49 crore).

(Para 3.4.5.1)

- During execution of works, instances of non-appointment of technical representative in four out of nine selected works were noticed. On being pointed out by Audit, CPWD recovered a penalty of ₹15.90 lakh from the two contractors and in remaining two works, Audit estimated penalty amounting to ₹6.21 crore to be recovered from the two contractors for non-compliance of the relevant provisions of agreement. Instances of excess payment on account of Price Escalation to the Contractors of two works were noticed. Instance of non-compliance with Environmental Laws relating to usage of construction and demolition waste in construction activities in selected works were also noticed.

(Para 3.4.5.2)

- To ensure quality of works, various measures are laid down in CPWD Works Manual like testing of material, periodical inspections by higher authorities and by quality assurance wing, third party inspection and preparation of various registers and documents. Provisions of the CPWD Manual were not followed in maintenance of records such as the Measurement Book, Hindrance Register, Material at Site Register, Site Order Book, Inspection Register and preparation of theoretical consumption statement. Further, Third Party Quality Assurance agency in one selected project was appointed after a delay of around 20 months.

(Para 3.4.5.3)

Recommendations:

1) CPWD should consider strengthening of mechanisms for preparation of estimates of work, to avoid extra expenditure on deviation beyond the permissible limit and also execution of extra items, by taking into consideration actual site condition, client requirement etc. at the planning stage itself.

2) Compliance to provisions of CPWD Manuals/General Conditions of Contracts pertaining to appointment of technical representatives may be ensured for his/her availability for proper supervision of work at site during all the stages of work.

3) The provisions of General Conditions of Contract as well as circulars/orders issued by competent authority pertaining to payment for escalation should be scrupulously adhered to avoid any over payment.

4) CPWD should ensure compliance of the provisions of the agreement by the contractor regarding submission of insurance policy to mitigate any loss or damage to property or persons.

5) The provisions of CPWD manual for proper maintenance of records, viz., Measurement Book, Hindrance Register, Material at Site and Cement Register, Site Order Book & Inspection Register, should be complied with during execution of work. Further, CPWD should also ensure Third Party Quality Assurance for proper monitoring of works.

Planning, Construction and Allotment of Houses by Delhi Development Authority

Delhi, being the national capital, a Union Territory and with a population of 1.68 crore (Census 2011), requires structured and sustainable development to meet the demands of its growing population. The Delhi Development Authority (DDA), an autonomous body under the Ministry of Housing and Urban Affairs (MoHUA), set up under the Delhi Development Act, 1957, is responsible for implementing the Master Plans that guide Delhi's urban growth. These Master Plans, prepared for 20-year periods, provide a roadmap for land use, infrastructure, housing, and public services. So far, three such Master Plans, for the years 1962, 2001, and 2021, have been prepared to guide Delhi's planned development. The Master Plan for Delhi (MPD) 2021 projected a population of 2.3 crore and emphasised the need for 24 lakh additional dwelling units (DUs). To address this, housing development was prioritised through a combined effort of public and private entities. During 2017 to 2022, DDA launched 10 housing schemes targeting various economic strata, disposing of properties through sale or hire-purchase mechanisms.

The scope of Audit covered activities related to planning, construction and allotment of houses by Delhi Development Authority during the period from 2017-18 to 2021-22. During this period, a total of 12 projects were completed and 11 projects were ongoing, out of which, Audit has selected three completed projects and three ongoing projects having Administrative Approval and Expenditure Sanction (AA&ES) of ₹8,625.93 crore and

₹1,718.99 crore respectively. The AA&ES of the selected projects were 82.25 *per cent* and 27.28 *per cent* of completed and ongoing projects respectively.

Planning for Housing

As per the Delhi Development Act, 1957, the main function of the DDA is to ensure planned development of Delhi. The planned development in respect of housing is carried out through Master Plans, Zonal Plans, and Layout Plans that provide guidelines for the works. The Planning Department prepares these plans, including land use distribution, while the Housing and Urban Project Wing handles architectural designs for group housing. The Zonal Development Plan acts as a bridge between the Master Plan and Layout Plan. Audit found that there was delay in preparation of MPD 2021 and Zonal Development Plans (ZDPs). DDA did not set its internal targets regarding the number of DUs to be developed in line with MPD 2021 and also did not monitor and coordinate with concerned agencies involved in implementation of MPD 2021. DDA neither assessed public requirements nor conducted market studies before finalising and executing various housing projects. Due to faulty planning and development without user consultation or demand surveys, DDA could not address the requirements and concerns of the public for its various group housing projects, which resulted in cancellation and surrender as well as non-disposal of flats. There was discrepancy in MPD 2021 prescribing the development control norms on the area of DUs for EWS category. Faulty planning led to encroachment of site from around 1.31 hectare to 2.22 hectare. During this time, the design was revised four times before being finally executed. The minimum density of dwelling units was not fixed to ensure optimum land utilisation.

(Para 3.5.7- A)

Construction of Houses

The construction works related to residential housing projects of DDA were undertaken for different categories of buildings viz., LIG, MIG, HIG and EWS; including internal developmental works i.e., electrification, roads, parks etc. During the pre-construction stages, instances of erroneous calculation of estimated cost put to tender and irregularity in evaluation process were noticed. During the construction stage, at two sites, due to required changes, instead of construction of 616 DUs, DDA constructed hollow units on the ground floor and made an extra payment of ₹42.82 crore to the contractor. No records were provided to Audit to ascertain deployment of qualified and experienced technical staff during execution of the work. Irregularities in payment to contractors were noticed which included irregular reimbursement of green tax environment compensation charge and excess payment towards escalation under clause 10 CA and 10 CC.

(Para 3.5.7- B)

Costing and sale of Houses

The disposal cost of the flats, put up for sale to the general public through housing schemes, is derived by considering various components i.e. cost of construction, grid charges, departmental charges, interest during construction, one time maintenance charges, Land cost (including land factor), surcharge etc. The cost of land is determined by the Pre-

Determined Rates (PDR) approved by MoHUA, while the cost of construction is calculated based upon the Plinth Area Rates (PAR). While reviewing the calculation of PDR, Audit noticed discrepancies in the reported land area, revenue released from land sale, application of various multipliers, inconsistency in the treatment of revenue realisation used for the cost benefit analysis. DDA has been consistently increasing the PDR by 10 *per cent* annually without taking into consideration any financial yardstick or any objective basis. Pending refund cases were noticed where some refunds pertain to a period as old as eight years old.

(Para 3.5.7- C)

Allotment of Houses

During the period of audit i.e., from 2017-18 to 2021-22, DDA launched 10 housing schemes for disposal of different category of houses/flats at various localities. Old inventory was put up for sale in various housing schemes without addressing the reasons for surrendering /cancellation of flats in earlier schemes. The housing schemes were launched without ensuring the availability of necessary infrastructure facilities for the flats offered under the scheme. DDA has not been able to sell the majority of the flats that it has offered in the 10 housing schemes launched from 2017 onwards. Total 39,904 flats were lying vacant with DDA, as on 31 March 2024, out of which 38,576 flats (96.7 *per cent)* were LIG/EWS flats, resulting in corresponding blockage of disposal cost of such LIG/EWS flats amounting to around ₹4,983 crore. DDA has unsold parking garages with minimum unrealised revenue to the tune of ₹78.39 crore. The flats which were initially designed as EWS flats were categorised as LIG/one bedroom flats in Housing Scheme 2014 and 2017 and Special Housing Scheme 2021 majority of which remained unsold as the allottees surrendered/cancelled flats owing to various reasons viz., smaller size which do not meet the specification prescribed for LIG category, location of the allotted flats in remote area, availability of poor infrastructure etc. Unauthorised commercial activities in the properties were also noticed.

(Para 3.5.7- D)

Internal Control and Monitoring

Internal controls assist the management to achieve the entity's objectives based on the policies and procedures adopted by the management. Audit noticed that only one mid-term review was conducted during the period of 16 years, as against the prescribed review meetings at five-year intervals. Due to the absence of a Management Information System (MIS), the higher management of DDA was not regularly apprised of key issues and prompt policy decisions could not be made. There was a lack of coordination with other service providing agencies, within the departments of DDA and with other government agencies. No Third Party Quality Assurance agency was engaged by DDA in contravention of its own rules. Improper maintenance of records in the housing department was noticed. Non-compliance of issues raised in internal/external audit.

(Para 3.5.7- E)

Recommendations:

1. ***The Master Plan of Delhi may be monitored regularly as per the prescribed periodicity.***
2. ***DDA may lay down and implement a land protection system to prevent encroachment and safeguard the area from unauthorised use. DDA may initiate action to ensure utilisation of land for intended purposes in a time bound manner.***
3. ***DDA may set targets in line with Master Plan of Delhi and coordinate with other agencies to ensure that development in Delhi should align with the planned framework.***
4. ***Minimum density may be fixed to ensure optimum utilisation of scarce land in Delhi.***
5. ***The estimates should be prepared after proper site verifications, technical study and according to the requirements of the development plan.***
6. ***DDA may ensure compliance by the Contractor to the provisions of CPWD Manuals/General Conditions of Contracts etc., pertaining to appointments of technical representatives for proper supervision of work at site during all the stages of work.***
7. ***DDA may ensure compliance by the Contractor to the provisions of contracts as well as circulars/orders issued by competent authority pertaining to payment for escalation/green tax etc., to avoid any over payment.***
8. ***While conducting cost benefit analysis for calculating pre-determined rate of land, all the elements of costing, viz., area of land, revenue receipts from sale of land etc. may be assessed properly to ensure adjustment of sale of land and corresponding sales realisation from the land stock.***
9. ***DDA may make efforts to clear pending refund cases to the unsuccessful applicants and owners of surrendered flats within the specified time. For this purpose, alternate contact number/email id and updated address may be obtained from the applicants.***
10. ***The costing methodology adopted by DDA, including charging of various categories of overheads, may also be reviewed to ensure reasonable costs for the customer.***
11. ***DDA may ensure relaunching of old flats for allotment after resolving the issues raised by the public in earlier housing schemes. It may also be ensured that the similar issues may also be addressed while construction/launching of houses in new housing schemes.***
12. ***DDA may ensure that the reserve fund meant for EWS housing is utilised exclusively for the construction of EWS flats and not for any other type of flats.***
13. ***DDA may ensure prompt disposal of vacant garages and conduct regular inspection to prevent unauthorised commercial activities.***

14. DDA should maintain all the prescribed records and ensure their completeness, accuracy, timely updation and proper upkeep. A comprehensive database of flats with all details and present status must also be maintained. Further, considering the importance, age and quantum of records, DDA should complete the digitalisation of its records at the earliest.

15. DDA may establish an effective mechanism for coordination and cooperation with other government agencies as well as within its own departments. An effective mechanism may also be evolved where all the pending issues between DDA and other government agencies are settled.

16. DDA needs to implement effective Management Information System for effective internal monitoring of housing activities and should also act upon the risk areas pointed out by internal audit and other audits.

Ministry of Micro, Small and Medium Enterprises

Activities of Coir Board for development of Coir Industry

Coir Board (the Board) was set up in 1954 by the Government of India (GoI) under Coir Industry Act, 1953 (the Act) with the main objective of development of the Coir Industry. The Head office of the Board is located at Kochi assisted by Seven Regional Offices and Five Sub- Regional Offices, Two Training Institute and 30 Showroom, spread throughout the country.

Audit observed various deficiencies in activities of the Board such as non-finalisation of a National Coir Policy and National Coir Mission and the Board did not have an updated database of coir industry. The Domestic Market Promotion and Export Market Promotion activities of the Board did not yield desired results as outcome and output from participation in international and domestic trade shows were not monitored and there were violations of guidelines/rules in the participation of trade events. Showrooms of the Board achieved only 40 *per cent* of targeted sales and were incurring losses during 2018-23. Performance linked Market Development Assistance amounting to ₹4.52 crore was released to ineligible units.

The Board could not complete nine research projects and could not commercialise 13 completed projects. Centers of Excellence set up by the Board did not achieve the envisaged results for sustainable infrastructure and product development. There were non-achievement of objectives in implementation of GoI schemes such SFURTI and PMEGP in coir sector as per the guidelines.

(Para 4.1)

Recommendations:

1) Ministry may re-constitute the Board to enhance governance and operational efficiency and the Board may finalise the National Coir Policy to provide strategic directions, complete the survey of coir industry.

2) The Board's Internal Control System may be further strengthened to ensure compliance to the guidelines and General Financial Rules for participation/ organising domestic trade fairs.

3) The Board may take initiatives to increase the number of coir industry units supplying coir products to the showrooms and ensure compliance to the marketing strategy for improving the sales of showrooms.

4) The Board may set up a mechanism to monitor the R&D projects to ensure timely completion and commercialisation of the projects.

5) The Board may ensure that requisite approvals of authorities and arrangement of land is made before approving the cluster proposals. The Board may also set up the Project Monitoring Cell and conduct evaluation studies.

Ministry of Petroleum and Natural Gas

Extended Pradhan Mantri Ujjwala Yojana (E-PMUY)

Women beneficiaries were required to provide Aadhaar numbers of all adult family members to ensure effective electronic de-duplication and prevent multiple LPG connections per household. Despite MoPNG reinforcing this mandate in 2016 and 2021, Oil Marketing Companies (OMCs) deviated (March 2018) from MoPNG directives by seeding only one family Aadhaar, weakening de-duplication and increased the risk of duplicate and ineligible LPG connections. Audit analysis revealed that 4.28 crore (87 *per cent)* LPG connections were issued without complete family Aadhaar seeding which limited the scope of de-duplication.

(Para 5.1.8.1.1)

The CAG Report No. 14 of 2019 highlighted that 42.3 *per cent* LPG connections under the PMUY scheme were issued solely on the basis of beneficiary's Aadhaar. Despite recommendations to capture Aadhaar details of all adult family members, OMCs partially complied by seeding only one additional Aadhaar. Consequently, 2.14 crore (89.12 *per cent*) connections remained inadequately de-duplicated. A follow-up audit revealed that even minimal additional Aadhaar seeding led to the identification of 2,60,483 duplicate connections.

(Para 5.1.8.1.3)

Audit noticed that in 33,749 (46 *per cent*) LPG connections released in Delhi, Aadhaar details were seeded only for the beneficiary or one additional family member, despite ration cards showing family sizes of 3 to 16 members which limited Aadhaar seeding and weakened the de-duplication process.

(Para 5.1.8.2.1)

Audit noticed that despite three layered de-duplication process *viz.* intra-OMC, inter OMC and NIC level, wherein several parameters like Aadhaar number, ration card number, bank account number and AHL TIN were de-duplicated, 1.64 lakh duplicate LPG connections were released by OMCs on Aadhaar. Further, HPCL released 29,796 LPG connections on similar 14,894 mobile numbers.

(Para 5.1.8.3.1 & 5.1.8.3.2)

Scheme guidelines clearly prohibit issuing PMUY LPG connections to women from households with existing LPG connection. However, de-duplication data of OMCs revealed that 5,50,446 PMUY connections were issued to beneficiaries whose households already held non-PMUY connections, highlighting deficiencies in de-duplication process. Instead of cancelling the ineligible PMUY connections, OMCs deviated from PMUY guidelines and framed their own modalities and regularised such connections and blocked the older non-PMUY connections.

(Para 5.1.8.3.3)

Despite only women being eligible for PMUY connections, Audit noticed ineffectiveness in gender validation control in software of HPCL and BPCL resulting in issuance of 2,141 LPG connections to male. Audit also noticed that ration card numbers seeded for issuing LPG connections were not validated against prescribed standards which resulted in release of 1,46,272 out of 5.18 crore LPG connections against invalid ration card. Similarly, due to ineffective validation, 2,61,169 LPG connections intended exclusively for AAY beneficiaries were issued to individuals possessing non-AAY ration cards in five States.

(Para 5.1.8.4.1, 5.1.8.4.2 & 5.1.8.4.3)

Although scheme guidelines mandate that LPG connections be linked to the woman beneficiary's own bank account, the audit identified 5.09 lakh cases (1.80 *per cent*) where beneficiary names did not match the corresponding bank account names. Further analysis of subsidy transfer data revealed that subsidies were pending for 57.49 lakh beneficiaries. Additionally, ₹209.40 crore in subsidies lapsed due to non-transfer for over two years, depriving beneficiaries of their entitled support.

(Para 5.1.8.5.1 & 5.1.8.5.3)

Audit noticed that against maximum period of seven days specified for LPG refill delivery, out of 243.19 lakh refills, 49.50 lakh refills were delivered with a delay of more than 30 days. Audit also noticed 1,62,247 instances of consumption wherein consumption of refill exceeded prescribed annual limit of 15 refill.

(Para 5.1.8.7 & 5.1.8.8.3)

PPAC is responsible for verifying PMUY claims and recommending reimbursements. Audit noticed significant gaps in its role as PPAC's de-duplication process was limited to PMUY/E-PMUY connections instead of entire LPG database. Though PPAC identified 4.07 lakh duplicate connections and disallowed ₹65.10 crore, only 3,315 of these connections were terminated by OMCs.

(Para 5.1.8.9.1)

Under Pradhan Mantri Garib Kalyan Yojana (PMGKY), the Government of India announced free LPG cylinders for PMUY beneficiaries from April to June 2020 (later extended to December 2020), with an estimated financial implication of ₹13,500 crore for 8.02 crore beneficiaries. OMCs were to transfer the full cost of refills in advance to beneficiaries' bank accounts, with strict modalities to prevent misuse. However, the scheme lacked provisions for recovery of the advance if beneficiaries did not book refills. As a result, ₹366.66 crore in advance payments remained unutilised as of December 2020, reflecting a gap in the scheme's implementation framework.

(Para 5.1.8.9.2)

Recommendations:

1) MoPNG may instruct OMCs to ensure mandatory seeding of Aadhaar numbers of all adult family members. A retrospective review of connections with incomplete Aadhaar seeding may be undertaken to identify ineligible or duplicate beneficiaries, and remedial action, including recovery of undue benefits, may be taken as per scheme guidelines.

2) MoPNG may direct OMCs to integrate their LPG databases with State/NIC ration card databases to enable real-time verification of family composition as per scheme guidelines.

3) MoPNG may direct OMCs to strengthen de-duplication process for seamless cross-verification across OMCs, ensuring all Aadhaar-linked LPG connections are filtered and flagged for duplication in real time.

4) MoPNG may direct OMCs to strengthen IT controls and software validations which are aligned with scheme modalities like ration card pattern, generic input control etc. to prevent release of ineligible LPG connections. OMCs may explore integration with State Government databases for real-time ration card verification at the time of enrolment of beneficiaries and also implement automatic detection of invalid entries.

5) OMC may review the database for non-availability of pre-installation inspection report and installation certificate and further conduct the safety inspection of the households free of cost where these documents are missing.

6) Quality in service delivery may be ensured by strict compliance to the norms.

7) Ministry may sensitise PPAC about the scheme's objectives and its responsibilities and to recover undue benefits of duplicate LPG connections. Further, MoPNG may direct OMCs to confirm about action taken on each PPAC flagged connection to avoid subsidy leakage and to ascertain eligibility of beneficiaries.

8) Ministry may consider and develop a mechanism to adjust the unrecovered PMGKY advance from the subsidy accrued to the PMUY beneficiaries on LPG refill under DBTL.

Ministry of Textiles

Amended Technology Upgradation Fund Scheme

Audit of Amended Technology Upgradation Fund Scheme (ATUFS) of the Ministry of Textiles for the period 2016-17 to 2023-24 revealed the following:

- Though the Scheme guidelines envisaged entire workflow relating to implementation of the Scheme to be done through i-TUFS software, the subsidy claims were processed on hybrid mode (online and physical file) after conduct of Joint Inspection, which indicated that the Scheme had not yet been made fully online.

(Para 6.1.4.1)

- The committed liabilities towards previous versions of TUFS could not be reconciled despite the recommendation of the Expenditure Finance Committee.

(Para 6.1.4.2)

- Only six *per cent* of the total 8,453 on-going cases under previous versions of TUFS were settled by the Ministry as of January 2025. Joint inspection could be completed in only 42 *per cent* of the cases where banks had uploaded the prescribed documents.

(Para 6.1.4.3)

- There was delay at all stages of the processing of claims with maximum delays attributable to the time taken in making requests by applicants for joint inspection, conducting of joint inspection and generation of challan. Average delay of 54 days was found in 31 *per cent* of the cases even in releasing subsidy after challan generation.

(Para 6.1.4.4)

- Even after a lapse of around nine years since tabling of the previous CAG's Report (No. 52 of 2015) on TUFS, recovery of only ₹28.80 crore (26 *per cent*) of the amount pointed out by Audit (₹111.02 crore) could be effected in 144 cases (25 *per cent*) of the total 571 cases.

(Para 6.1.4.6)

- Under ATUFS, subsidy amounting to ₹2,094 crore (41 *per cent*) was released against total provision of ₹5,151 crore. The take-off of ATUFS was slow in the initial four years between 2016-17 and 2019-20 as subsidy amounting to ₹220 crore only was released during this period, which constituted 10.51 *per cent* of the total subsidy released over the period of eight years.

(Para 6.1.5.1)

- As of March 2024, target for investment had been achieved only to the extent of 48 *per cent* consequent to settlement of 8,820 applications in a span of nine years. Further, target for employment generation was achieved only to the extent of 24 *per cent* as of March 2024.

(Para 6.1.5.2)

- Audit analysis of the data of 14,389 Unique Identification Numbers (UIDs) of i-TUFS software revealed several discrepancies such as date of UID generation being prior to the date of sanction of term loan, joint inspection request date being prior to the date of sanction of term loan, joint inspection conducted before the request thereof, joint inspection reports uploaded prior to the date of conduct of joint inspection, uploading of challans without uploading the joint inspection report, and release of subsidy prior to the challan date.

(Para 6.1.6.3)

Recommendations:

1) The Ministry may expeditiously assess the committed liabilities towards eligible cases of previous TUFS and ensure settlement in a time-bound manner to avoid further complexities.

2) The Ministry may analyse the reasons for considerable delays which occurred at every stage of Scheme implementation and take necessary action to speed up the settlement of pending claims.

3) The Ministry may identify the reasons for non-achievement of the expected objectives of the scheme and take necessary action to settle the pending cases at the earliest in order to achieve the targeted level of employment and investment to the maximum extent.

4) The Ministry may analyse segment-wise infusion of subsidy and identify reasons of low infusion of subsidy in the high employment generating segments like Garmenting and take appropriate action.

5) The Ministry may consider making necessary corrections/modifications in the i-TUFS software in order to achieve the objective of ease of doing business and avoid unnecessary delay in releasing the subsidy. The Ministry may also ensure making necessary corrections in view of data discrepancies pointed out by Audit. Further, there should be a system of generating soft alerts whenever inconsistent data is entered.

Ministry of Tourism

The Ministry of Tourism released funds amounting to ₹1.35 crore to Maharashtra Tourism Development Corporation for conducting skill development programmes under 'Hunar Se Rozgar Tak' Programme. However, neither the training programmes were completed/conducted, nor was the unspent amount refunded, which resulted in blocking of funds to the tune of ₹1.20 crore and also entailed loss of interest thereon amounting to ₹1.43 crore.

(Para 7.1)

Scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development'

Examination of records of selected projects sanctioned by the Ministry of Tourism under the Scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development' revealed the following:

- The Ministry sanctioned two Sound and Light shows at the same lake (Dal Lake) under two different Schemes. The location of the previously sanctioned Show was changed in July 2018 to Nigeen Lake, even though it had achieved 80 *per cent* physical progress with utilisation of 60 *per cent* of the funds by August 2017. However, shifting of the material from Dal Lake to Nigeen Lake required the approval of the High Court of Jammu and Kashmir which could not be obtained, thereby resulting in closure of the project by the Ministry. Thus, the entire expenditure of ₹3.08 crore on the project became wasteful.

- As per the sanction order for the project 'Sound and Light Show at Diu Fort', the project was to be commissioned within eight months i.e. by October 2015. However, the project was completed by ITDC in October 2017 after a delay of two years. Further, after completion of the project, the Diu Administration repeatedly conveyed its observations regarding the quality and performance of the Show to ITDC till February 2019. This resulted in delay in handing over of the Show to Diu Administration. Further, the Diu Administration had given an undertaking that it would manage and operate the Show after completion. However, soon after the Show was taken over (August 2021) by the Diu Administration, it suffered from technical faults, damaged projector and was not in operation since June 2022. This resulted in unfruitful expenditure of ₹4.89 crore on the project.

- The Ministry of Tourism sanctioned (March 2017) a project for upgradation of the Golf Course at Sports Authority of India (Thiruvananthapuram) Golf Club, Kerala. However, as per the Scheme guidelines, the project was not admissible for assistance under the Scheme. In April 2023, the Ministry decided to close the project and asked Sports Authority of India to refund the parked funds along with the interest. The balance amount of ₹1.69 crore along with interest of ₹47.37 lakh was not yet refunded by Sports Authority of India.

- The implementing agency, i.e. India Tourism Development Corporation Limited (ITDC) remitted (December 2022) unspent balance amounting to ₹17.72 crore pertaining to five projects in the bank account of Central Nodal Agency. However, in violation of Rule 230(8) of the General Finance Rules, 2017, interest on unspent funds amounting to ₹2.10 crore was not remitted by ITDC.

(Para 7.2)

CHAPTER I: INTRODUCTION

1.1 About this Report

Compliance Audit refers to examination of transactions relating to expenditure, receipts, assets and liabilities of audited entities to ascertain whether the provisions of the Constitution of India and applicable laws, rules, regulations, orders 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.

Audits are conducted on behalf of the Comptroller and Auditor General of India (CAG) as per the approved Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The Audit findings/observations are expected to enable the Executive to take corrective action(s), and to frame policies and procedures that will lead to improved management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of Audit, provides a brief analysis of the expenditure of the Economic and Service Ministries/Departments[1] as listed out in **Annexure-I** and their financial management. Chapters II to VII present findings/observations arising out of the Compliance Audit of the Economic and Service Ministries/Departments and the Autonomous Bodies under their administrative control.

1.2 Authority for Audit

The authority for Audit by the CAG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (Act). CAG conducts audit of expenditure of Ministries/Departments of the Government of India under Section[2] 13 and Section[3] 17 of the Act.

Bodies established by or under law made by the Parliament and containing specific provisions for audit by the CAG are statutorily taken up for audit under Section[4] 19(2) of the Act. Audit of other organisations (Corporations or Societies) may be entrusted to the

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[1] ***Under audit jurisdiction of Commercial Wing of the office of the CAG.***

[2] ***Audit of (i) all expenditure from the Consolidated Fund of India, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets and other subsidiary accounts.***

[3] ***Audit of the accounts of stores and stock kept in any office or department of the Union or of a State and report thereon.***

[4] ***The duties and powers of the CAG in relation to the audit of the accounts of corporations (not being companies) established by or under law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective legislations.***

CAG in public interest under Section[5] 20(1) of the Act. Besides, bodies or authorities, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the CAG under the provisions of Section[6] 14(1) of the Act.

The Autonomous Bodies under the Economic and Service Ministries which are audited by the CAG under Sections 19(2) and 20(1) of the Act are listed in **Annexure-II.**

1.3 Planning and conduct of audit

Compliance audit is conducted in accordance with the principles and practices enunciated in the auditing standards promulgated by the CAG. The audit process commences with the assessment of risk of the Ministry/Department as a whole and of each unit thereunder based on expenditure incurred, the criticality/complexity of its activities, the level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit is decided. An annual audit plan is thereafter formulated to conduct audit on the basis of such risk assessment. After completion of audit of selected/planned units, Inspection Reports containing audit findings are issued to the heads of the units. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are issued separately as draft Audit paragraphs to the heads of the Administrative Ministries/Departments for their comments and processed for inclusion in the Reports of the CAG which are submitted to the President of India under Article 151 of the Constitution.

1.4 Budget and Expenditure

The comparative position of budget and expenditure[7] during the reporting period 2023-24 and the preceding year in respect of Economic and Service Ministries/Departments (wherever applicable) is given in Table 1.1 below.

[5] ***Where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law made by Parliament, he shall, if requested so to do by the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority.***

[6] ***Where any body or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly, the CAG shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.***

[7] ***Appropriation Accounts of the respective years.***

Table 1.1: Budget and Expenditure of Economic and Service Ministries/Departments

(₹ in crore)

	Year	Budget (Grant/ Appropriation)	Actual expenditure	Unspent budget	*per cent* of unspent budget
Ministry of Chemicals and Fertilizers					
Department of Chemicals & Petrochemicals	**2023-24**	**677.66**	**578.87**	**98.79**	**14.58**
	2022-23	209.01	143.96	65.05	31.12
Ministry of Civil Aviation	**2023-24**	**3,798.56**	**2,757.40**	**1,041.16**	**27.41**
	2022-23	10,677.03	9,321.53	1,355.50	12.70
Ministry of Coal	**2023-24**	**642.32**	**604.95**	**37.37**	**5.82**
	2022-23	547.89	497.06	50.83	9.27
Ministry of Commerce and Industry					
Department of Commerce	**2023-24**	**6,059.46**	**6,032.80**	**26.65**	**0.44**
	2022-23	7,198.02	7,081.02	117.00	1.63
Department for Promotion of Industry and Internal Trade	**2023-24**	**8,211.33**	**6,362.06**	**1,849.27**	**22.52**
	2022-23	8,646.79	5,956.15	2,690.64	31.12
Ministry of Corporate Affairs	**2023-24**	**776.19**	**610.79**	**165.40**	**21.31**
	2022-23	753.03	588.69	164.34	21.82
Ministry of Finance					
Department of Financial Services	**2023-24**	**12,681.88**	**12,557.56**	**124.32**	**0.98**
	2022-23	7,436.92	3,337.71	4,099.21	55.12
Department of Investment & Public Asset Management	**2023-24**	**94.92**	**53.53**	**41.39**	**43.61**
	2022-23	290.42	178.89	111.53	38.40
Department of Public Enterprises	**2023-24**	**34.75**	**30.65**	**4.10**	**11.80**
	2022-23	183.00	181.18	1.82	0.99
Ministry of Heavy Industries	**2023-24**	**6,415.85**	**4,913.27**	**1,502.58**	**23.42**
	2022-23	3,306.03	2,712.54	593.49	17.95
Ministry of Housing and Urban Affairs	**2023-24**	**80,922.82**	**72,527.31**	**8,395.51**	**10.37**
	2022-23	79,013.09	77,616.68	1,396.41	1.77
Ministry of Micro, Small and Medium Enterprises	**2023-24**	**22,138.01**	**22,094.17**	**43.84**	**0.20**
	2022-23	23,728.23	23,583.89	144.34	0.61
Ministry of Mines	**2023-24**	**3,133.04**	**3,119.07**	**13.97**	**0.45**
	2022-23	1,759.95	1,745.09	14.86	0.84
Ministry of Petroleum and Natural Gas	**2023-24**	**50,224.59**	**17,267.96**	**32,956.63**	**65.62**
	2022-23	34,443.56	30,912.71	3,530.85	10.25

	Year	Budget (Grant/ Appropriation)	Actual expenditure	Unspent budget	*per cent* of unspent budget
Ministry of Ports, Shipping and Waterways	**2023-24**	**2,921.56**	**2,789.77**	**131.79**	**4.51**
	2022-23	2,352.26	2,130.33	221.93	9.43
Ministry of Power	**2023-24**	**23,779.02**	**19,648.58**	**4,130.44**	**17.37**
	2022-23	18,444.25	10,233.55	8,210.70	44.52
Ministry of Road Transport & Highways	**2023-24**	**3,44,827.06**	**3,44,267.84**	**559.22**	**0.16**
	2022-23	4,32,581.08	4,28,995.09	3,585.99	0.83
Ministry of Steel	**2023-24**	**70.16**	**51.87**	**18.29**	**26.07**
	2022-23	57.72	46.04	11.68	20.24
Ministry of Textiles	**2023-24**	**4,389.41**	**3,059.22**	**1,330.19**	**30.30**
	2022-23	12,388.69	3,379.22	9,009.47	72.72
Ministry of Tourism	**2023-24**	**2,400.00**	**810.14**	**1,589.86**	**66.24**
	2022-23	2,405.27	708.52	1,696.75	70.54
Total	**2023-24**	**5,74,198.59**	**5,20,137.81**	**54,060.78**	**9.41**
	2022-23	6,46,422.24	6,09,349.85	37,072.39	5.73

(Source: Appropriation Accounts of Government of India for the respective years)

From the above table, it may be seen that:

- The total expenditure of the above Ministries/Departments of the Government of India during 2023-24 was ₹5,20,137.81 crore as against ₹6,09,349.85 crore in 2022-23 viz., a decrease of ₹89,212.04 crore (14.64 *per cent*).
- Out of the total expenditure of ₹5,20,137.81 crore incurred by the Ministries/Departments during 2023-24, 66.19 *per cent* was incurred by Ministry of Road Transport & Highways followed by Ministry of Housing and Urban Affairs (13.94 *per cent*) and Ministry of Micro, Small and Medium Enterprises (4.24 *per cent*).
- In nine Ministries/Departments there was decrease in actual expenditure during 2023-24 as compared to 2022-23 while 11 Ministries/Departments registered increase in actual expenditure during 2023-24 over the previous year. Maximum increase in actual expenditure over previous year was recorded by Department of Chemicals & Petrochemicals (302.10 *per cent*), whereas maximum decrease in actual expenditure over previous year was recorded by Department of Public Enterprises (83.08 *per cent*).
- With reference to the total budget provision of ₹5,74,198.59 crore during 2023-24, the Ministries/Departments had an overall unspent budget of ₹54,060.78 crore which constituted 9.41 *per cent* of the total grant/appropriation, as against the unspent budget of 5.73 *per cent* during 2022-23.

1.5 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 concerned bodies/organisations. The Ministry/Department-wise details indicating the position (as on March 2024) of 9,804 outstanding utilisation certificates involving an amount of ₹30,895.62 crore in respect of grants released up to March 2023 by 13 Ministries/Departments that remained outstanding after 12 months from the end of the financial year in which the grants were released are given in **Annexure-III.** The age-wise position of outstanding utilisation certificates is summarised in Table 1.2 below:

Table 1.2: Position of outstanding Utilisation Certificates (UCs)

(₹ in crore)

Range of delay in number of years	UCs outstanding as on 31 March 2024	
	Number	Amount
0-1 year	1,699	5,661.15
1-5 years[8]	3,622	9,128.86
Above 5 years[9]	4,597	16,146.52
Total	**9,918**	**30,936.53**

In respect of the above 9,918 utilisation certificates involving ₹30,936.53 crore, no assurance could be derived that the amount had actually been incurred for the purpose for which it was sanctioned/authorised by the Legislature. High pendency of utilisation certificates is fraught with risk of misappropriation of funds and fraud.

The outstanding utilisation certificates predominantly pertain to eight Ministries/Departments. These constitute 97.83 *per cent* of total number of outstanding utilisation certificates, value of which is 99.20 *per cent* of the total outstanding amount. The position of the outstanding utilisation certificates with significant money value relating to the eight Ministries/Departments, as on 31 March 2024, is given in Table 1.3 below:

Table 1.3: Utilisation certificates outstanding as on 31 March 2024

(₹ in crore)

Sl. No.	Ministry/Department	Till March[10] 2024	
		Number	Amount
1.	Ministry of Housing and Urban Affairs	1,808	16,039.28
2.	Ministry of Micro, Small and Medium Enterprises	1,128	9,783.35
3.	Department of Financial Services	4	2,305.78
4.	Ministry of Heavy Industries	104	1,600.48

[8] *The Department of Financial Services has provided the details of outstanding UCs altogether for 2020-21 to 2022-23 rather year wise hence its range of delay has been taken under 1-5 years.*

[9] *Ministry of Housing and Urban Affairs has provided the details of outstanding UCs upto 2022-23 altogether rather year-wise, hence range of delay has been taken under 'Above 5' years.*

[10] *For grants released till March 2023*

Sl. No.	Ministry/Department	Till March[10] 2024	
		Number	Amount
5.	Ministry of Textiles	6,552	302.87
6.	Ministry of Road Transport & Highways	32	278.20
7.	Ministry of Ports, Shipping and Waterways	33	262.52
8.	Department of Commerce	42	116.28
	Total	**9,703**	**30,688.76**

1.6 Delay in submission of accounts by Central Autonomous Bodies (CAB)

The Committee on Papers Laid on the Table of the House had recommended in its First Report (1975-76) that every Autonomous Body (AB) should finalise/prepare its accounts within a period of three months after close of the accounting year (Financial Year) and make them available for audit. This is also stipulated in Rule 237 of the General Financial Rules, 2017.

Table 1.4 below shows delay in submission of accounts for the year 2022-23 and 2023-24 by the CABs for audit:

Table 1.4: Delay in submission of accounts for the year 2022-23 and 2023-24 by CABs

	Period of Delay			
	Up to 1 month	**1-3 months**	**3-6 months**	**Beyond 6 months**
No. of CABs in 2022-23	15	10	7	4
No. of CABs in 2023-24	16	10	6	4

The details of the CABs whose accounts for the year 2022-23 and 2023-24 were delayed[11] are given in **Annexure-IV.** Maximum delays in submission of accounts for the year 2022-23 were observed in case of National Automotive Board (390 days) and Insurance Regulatory and Development Authority of India (231 days) while for the year 2023-24 these were Textiles Committee (271 days) and Insurance Regulatory and Development Authority of India (229 days).

1.7 Delay in presentation of audited accounts of CABs before Parliament

The Committee also recommended that the audited accounts of ABs be laid before Parliament within nine months of the close of the financial year i.e., by 31 December of the subsequent financial year.

[11] *As per Manual of instructions of audit of Autonomous Bodies, the date of submission of Annual Accounts to audit for Autonomous Bodies/Authorities is 30th June of the subsequent financial year while for Major Port Trusts, is 10th June.*

The CABs which did not get its audited accounts for the year 2023-24 laid before either or both the houses of the Parliament (as of March 2025) are as mentioned in Table 1.5:

Table 1.5: CABs for which audited accounts for the year 2022-23 and 2023-24 were issued but not presented to the Parliament

Name of the CAB	
2022-23	2023-24
1. National Automotive Board	1. Export Inspection Council
2. National Jute Board	2. National Institute of Design, Andhra Pradesh
3. Real Estate Regulatory Authority, Delhi	3. Stressed Assets Stabilisation Fund
4. Real Estate Regulatory Authority, Chandigarh	4. Insurance Regulatory and Development Authority of India
	5. National Automotive Board
	6. Delhi Development Authority
	7. National Capital Region Planning Board
	8. Real Estate Regulatory Authority, Chandigarh
	9. Real Estate Regulatory Authority, Delhi
	10. Petroleum and Natural Gas Regulatory Board
	11. Khadi & Village Industries Commission
	12. Seamen's Provident Fund Organisation
	13. Central Silk Board

Further, there were 27 and 14 CABs whose audited accounts for the year 2022-23 and 2023-24, respectively had been laid in the Parliament after the due date. The details are shown in **Annexure-V**.

1.8 Results of certification of Annual Accounts of CABs

Separate Audit Reports for CABs audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are appended to the certified final accounts that are to be tabled by respective Ministries in the Parliament. Some of the significant observations issued on financial statements of CABs for the year 2022-23 and 2023-24 are given in **Annexure-VI**. Some of the other important deficiencies noticed during the audit of Annual Accounts of CABs for the year 2022-23 and 2023-24 are as mentioned below:

a) Internal audit was not conducted in 14 and 13 CABs in 2022-23 and 2023-24, respectively (**Annexure-VII**);

b) Physical verification of the fixed assets was not carried out in 16 and 17 CABs in 2022-23 and 2023-24, respectively (**Annexure-VIII**);

c) Physical verification of the inventories was not carried out in six and nine CABs in 2022-23 and 2023-24, respectively (**Annexure-IX**);

d) Accounting for gratuity and other retirement benefits was not carried out on the basis of actuarial valuation in 16 and 13 CABs in 2022-23 and 2023-24, respectively (**Annexure-X**); and

e) Accounts of five and six CABs in 2022-23 and 2023-24 respectively were revised as a result of audit (**Annexure-XI**).

1.9 Status of pending ATNs

The Public Accounts Committee (PAC), in its 105th Report (Tenth Lok Sabha–1995-96) which was presented to the Parliament on 17 August 1995, had recommended that Action Taken Notes (ATNs) on all paragraphs of the Reports of the CAG 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 the Ministries/Departments concerned duly vetted by Audit and sending them to PAC within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

A review of the position of the ATNs on paragraphs included in CAG's Compliance Audit Reports Union Government (Civil-Economic & Service Ministries), revealed that 18 ATNs were received and were under various stages of correspondence with eight Ministries/Departments (March 2025). Details of the outstanding ATNs are indicated in **Annexure-XII.**

1.10 Response of Ministries/Departments to Draft Audit Paragraphs

The Ministry of Finance (Department of Expenditure), on the recommendations of PAC, issued directions to all Ministries in June 1960 to send their responses on the draft Audit paragraphs proposed for inclusion in the Report of the CAG within six weeks. The draft Audit paragraphs are forwarded to the Ministries/Departments concerned drawing their attention to the Audit findings and requesting them to send their response within prescribed time period. This report contains 14 Audit paragraphs. The responses received have been suitably incorporated in the Report (June 2025).

CHAPTER II: MINISTRY OF COMMERCE AND INDUSTRY

Alappuzha Coir Cluster Development Society

2.1 Non-recovery of user charges and non-safeguarding of the financial interest in project assets

Alappuzha Coir Cluster Development Society (ACCDS) being a Special Purpose Vehicle (SPV) to implement Industrial Infrastructure Up-gradation Scheme (IIUS) for Coir Cluster in Kerala violated the terms and conditions of scheme approval in providing infrastructure facilities to sub-SPVs. This resulted in non-recovery of user fee charges of ₹1.69 crore from sub-SPVs and was detrimental to financial interest of Government of India and ACCDS in the assets acquired out of Government assistance of ₹5.45 crore.

Ministry of Commerce and Industry (Ministry) introduced (2003) Industrial Infrastructure Up-gradation Scheme (IIUS) to enhance the competitiveness of the industry by providing assistance to a Special Purpose Vehicle (SPV) formed by cluster association in the industry for infrastructure development. Assistance was provided as one time grant of 75 *per cent* of the project cost subject to a ceiling of ₹50 crore.

Alappuzha Coir Cluster Development Society[12] (ACCDS) was formed (December 2004) as SPV under IIUS for implementation of Alappuzha Coir Cluster, Kerala project for a total cost of ₹56.80 crore with central grant of ₹42.60 crore.

The project cost was revised (February 2020) subsequently to ₹60.54 crore without change in central grant of ₹42.60 crore. GoI provided ₹42.17 crore[13] to ACCDS under IIUS during 2004-05 to 2019-20. ACCDS provided infrastructure to 137 sub-SPVs[14] amounting to ₹60.28 crore which included contribution of Government assistance and funds of sub-SPVs. However, Audit observed violation of terms and conditions of the approved IIUS for implementation of Alappuzha Coir Cluster, Kerala project by ACCDS, Kerala as discussed below:

A. Non-collection of User Fees from sub-SPVs

As per approved IIUS, SPV shall decide on methodology of time-sharing, user charges and other operating parameters well in advance before implementation of each sub-project.

Audit reviewed the user charges to be collected from sub-SPVs as per the terms and conditions of approved IIUS. It was observed that ACCDS did not collect user fee amounting to ₹0.70 crore[15] from 28 sub-SPVs either due to absence of an agreement or

[12] ACCDS is the single largest consortium of coir industry in the export oriented production sector at Alleppey.

[13] This also includes interest earned on unspent grant.

[14] Sub-SPVs (Beneficiaries) are organizations through which SPV implements IIUS.

[15] Board of Directors of ACCDS decided (16 October 2018) to levy user charges at the rate of one per cent of the grants for infrastructure.

absence of user charges clause in the agreement. Further, user charges amounting to ₹0.99 crore were not paid by 71 sub-SPVs having agreement with user charges clause.

The Management replied (January 2023) that as per IIUS guidelines, user charges shall be collected from the sub-SPVs. However, ACCDS did not collect user charges. Management stated that in the initial stages user fee clauses were not included in the agreement. The non-inclusion of clause pertaining to user charge in the agreement came to the notice of Board of Directors only after the same was pointed out by Audit[16]. At that time, all the spinning units were established completely and handed over to the beneficiaries. The spinning units were provided to ladies who were the grass-root level workers in the coir industry and mostly from the BPL category. Hence, it was decided to exempt those units from remitting user fee. In other cases, the Management assured to take necessary steps to enter revised agreements with sub-SPVs and to collect arrears of user charges.

Ministry replied (July 2024) that based on the size and financial situation, ACCDS divided all sub-SPVs into three categories. ACCDS decided to fully exempt the coir yarn spinners at grass root level for the payment of any user fee charges. For small scale producers, ACCDS decided to impose user charges of one *per cent* of total grant allotted to the units. For major sub-SPVs, user charges were fixed based on the marketability of products. ACCDS has taken legal action to recover the amount from few defaulters.

Reply of the Management and Ministry confirms the audit observation. However, the details of notices issued to sub-SPVs and recovery made were not provided along with the reply.

B. Non-compliance with the terms and conditions stipulated in approved scheme

As per the approved terms and conditions of IIUS, the assets acquired out of Government assistance shall, without prior sanction of the Government, not be disposed, encumbered or utilized for the purpose other than for which the funds have been released. Audit observed non-compliance to the above condition in a project of sub-SPVs financed under the IIUS. ACCDS established (May 2011) a PVC Tufted Unit (PVCTU) for Allappey Fibre Tuft (P) Limited (AFTPL) at a cost of ₹7.20 crore which included IIUS grant of ₹5.45 crore. The agreement entered (July 2008) between ACCDS and AFTPL stated that AFTPL shall abide by IIUS guidelines. However, ACCDS allowed the AFTPL to mortgage or assign or give first charge on the assets acquired under the project with any bank/financial institution with written consent of ACCDS.

Audit observed that AFTPL mortgaged (August 2010) the assets created out of the grant without prior sanction of the Government which was not in line with the terms and conditions of the approved IIUS for implementation of Alappuzha Coir Cluster, Kerala project by ACCDS, Kerala.

The Management replied (January 2023) and accepted that AFTPL violated the terms and conditions of the agreement. Hence, ACCDS has initiated legal action against AFTPL during May 2022.

[16]*Compliance Audit Report for the period 2014-17*

Ministry replied (July 2024) that though a case was filed against AFTPL, the Board of Directors of ACCDS at its meeting (May 2024) felt that it will not be in the interest of a functioning cluster to file a case against the stakeholder. ACCDS has already initiated discussions with the AFTPL for arriving at a mutual settlement to sort out the issues.

Management and Ministry reply did not justify the non-safeguarding of the interest of exchequer and non-resolving the issue by ACCDS even after delay of 11 years.

Thus, non-inclusion of relevant clauses in the Agreement according to IIUS conditions and enforcing the same by ACCDS resulted in non-recovery of user fee charges of ₹1.69 crore and detriment to the financial interest of Government and ACCDS in the project assets created out of grants amounting to ₹5.45 crore.

Export Inspection Council of India and Export Inspection Agency, Chennai

2.2 Misappropriation of public money

Lack of internal checks and control in Export Inspection Agency, Chennai resulted in misappropriation of public money to the tune of ₹21.41 crore.

The Export Inspection Council of India (EIC), an Apex Body under the Export (Quality Control and Inspection) Act, 1963 (the Act), was setup to advise the Central Government on measures to be taken for development of export trade through quality control and inspection and for matters connected thereof. To accomplish this purpose, Ministry of Commerce, Government of India, under Section 7 of the Act had set up Export Inspection Agencies (EIAs) at five locations viz. Mumbai, Kolkata, Kochi, Delhi and Chennai. EIAs primarily provide certificates for export of various food items namely fish and fishery products, dairy products, honey, egg products, meat and meat products, poultry meat products, animal casing, gelatine, ossein and crushed bones and feed additive and pre-mixtures, while other food and non-food products are certified on voluntarily basis.

During audit of EIA Chennai (May 2023), it was noticed that various Bank Payment Vouchers[17] (BPV) amounting to ₹21.41 crore were accounted as payment for receipt of goods and services like purchase of Lab Equipment for its branch office, Visakhapatnam and refund to central Fund (EIC, New Delhi). However, on comparing the payments details in the bank statements it was found that the cheques/ demand drafts were drawn in favour of private parties though no goods or services were received by EIA Chennai from these private parties. The cheques/ demand drafts were encashed (February to November 2019) by the private parties.

Thus, funds of ₹21.41 crore belonging to EIA Chennai were diverted to private parties as per the details given in **Annexure XIII**.

The Ministry stated (July 2023) that an Ex-Deputy Director (compulsorily retired in June 2022 in respect of other cases of financial irregularities) was alleged to be involved in diversion of funds to private parties. Further, a Deputy Director was also facing disciplinary inquiry in administrative irregularities. Five employees of EIC/EIA were suspended also.

[17] ***A document used by a business to record payment made through a Bank.***

Ministry, further, stated that to avoid such malpractices in future, a proposal was in progress to engage a professional team to review the financial system in EIC/EIAs.

Management accepted the diversion of funds to private parties and replied (October 2023) that the private parties were advised to refund the amount and accordingly an amount of ₹1.47 crore has been recovered. Further. a fresh complaint was filed (4 August 2023) with Head of Branch and Superintendent of Police, CBI, Chennai.

Ministry replied (February 2024) that complaint has been lodged with CBI to find out all the fraudulent transactions and involvement of all concerned in the matter and recover the amount.

Reply of the Management and Ministry confirms that the officials of EIA Chennai colluded and diverted public money of ₹21.41 crore out of which ₹19.94 crore is yet to be recovered from the private parties.

Thus, lack of internal checks and control in Export Inspection Agency, Chennai resulted in misappropriation of public money of ₹21.41 crore.

Spices Board, Kochi

2.3 Avoidable expenditure on electricity charges

Due to fixation of higher contract demand and not maintaining minimum average Power Factor in Spices Park, Spices Board incurred avoidable expenditure of ₹2.41 crore.

As per the State specific tariff policy issued by the respective State Electricity Boards, the billing demand of power consumption for a particular month will be the specified percent[18] of contracted demand or recorded demand during the month, whichever is higher. Further, if the consumer fails to maintain Average Power Factor (APF) less than the stipulated limit, compensation charges (penalty) will be levied.

Spices Board[19] (Board) has eight Spices Parks situated at Sivaganga, Guntur, Guna, Jodhpur, Chhindwara, Kota, Raebareli and Puttady. These parks provided common infrastructure facilities[20] for post-harvest and processing operations of spices and spice products. Audit reviewed the electricity bills of Spices Parks relating to common infrastructure facilities. It was noted that billing demand was much lower than the contracted demand. Further, these Spices Parks were not maintaining the APF.

Audit noted that in all the Spices Parks except at Raebareli[21], agreements were entered with the respective operators[22] of the processing/warehousing facilities at the Spices Parks. The

[18] Andhra Pradesh – 80 per cent, Kerala – 75 per cent, Madhya Pradesh – 90 per cent, Rajasthan – 75 per cent, Tamil Nadu – 90 per cent and Uttar Pradesh – 75 per cent.

[19] The Spices Board was constituted on 26th February 1987 under the Spices Board Act 1986 (No. 10 of 1986) with the merger of the erstwhile Cardamom Board (1968) and Spices Export Promotion Council (1960).

[20] Processing facilities, warehouse, roads, water supply system, effluent treatment plant, etc.

[21] Processing / warehousing facilities were not leased out in Raebareli Spices Park.

[22] Operators of Spices Parks at Puttady, Sivaganga, Guntur, Guna, Jodhpur, Chhindwara, and Kota

expenditure of electricity was shared[23] with the operators as per the agreements. Audit further reviewed the data provided by the Board relating to electricity bills containing the details of contracted demand, recorded demand, billing demand paid, amount of penalty paid for low Power Factor and electricity expenditure shared by the operator for the period from January 2017 to March 2024.

Audit observed that avoidable expenditure of ₹2.41 crore was incurred by the Board as per its share of electricity expenditure due to fixation of higher contract demand as compared to actual consumption and penalty due to non-maintenance of stipulated Power Factor for the period January 2017 to March 2024 as per details given in **Annexure XIV**.

Management replied (December 2023) that:

(i) In case of Guna, Chhindwara, Guntur, Raebareli, Sivaganga and Jodhpur, the contract demand has been reduced. Actions are being taken to rectify the APFC panel to maintain the PF value within the limit.

(ii) In case of Guntur, the HT connection will be exclusively charged from the operator and a separate 30 KVA LT connection has been taken by the Board for its other common facilities.

(iii) Electricity charges including fixed charges (Contract demand) have been shared by the operators of the parks.

(iv) The Board had already taken action to reduce the contract demand wherever possible as per the actual consumption as well as minimum limit specified by the electricity distribution company. The Board issued letters to the officers in charge of Spices Parks to monitor the actual consumption demand and PF variations in the electricity bills regularly and to take needful actions accordingly.

Ministry while endorsing the views of Management replied (June 2024) that:

(i) There was no penalty for low Power Factor in Raebareli and in the case of Jodhpur and Kota, there was no penalty for low Power Factor after November 2023 and July 2020, respectively.

(ii) In case of Puttady and Chhindwara, the operator/lessee is paying entire electricity charges.

(iii) In case of Guna, Sivaganga, Jodhpur and Raebareli, the Board has reduced the contract demand.

Reply of the Ministry/Management needs to be viewed in the light of the fact that:

(i) Despite reducing the contract demand, the billing demand continued to be higher than the recorded demand in Jodhpur, Raebareli, and Guna by 81.67, 22.08 and 16.83 KVA on average basis during the last six months ended on March 2024.

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[23] ***The Spices Board installed separate electric meters for the processing/warehousing facilities leased and the electricity charges applicable to the lessee were calculated based on the bill amount submitted by the respective State Electricity Board.***

(ii) The minimum contract demand for HT connection as per the State Electricity Boards ranged from 50 to 70 KVA[24]. However, the contract demands of Spices Parks, except Sivaganga, ranged between 100 to 550 KVA. The contract demand of Sivaganga Spice Park was reduced (September 2023) from 200 KVA to 65 KVA after the same was pointed out by Audit.

(iii) While fixing/revising the contract demand, Board did not consider the electricity consumed in these parks, which could have helped in regulating the extra expenditure on electricity charges.

(iv) Though the Board was not incurring penalty for low Power Factor in case of Raebareli, Jodhpur and Kota, it continued to incur extra expenditure due to higher contract demand (March 2024).

(v) Though the operator of Chhindwara was remitting the electricity charges fully, the Board incurred extra expenditure due to high contract demand as well as penalty for low Power Factor till March 2022.

Thus, due to fixation of higher contract demand in Spices Parks and not maintaining the APF, the Board incurred an avoidable expenditure of ₹2.41 crore including penalty for low Power Factor.

Footwear Design and Development Institute, Chennai

2.4 Misappropriation of public money in FDDI, Chennai

The Executive Director (ED) of Footwear Design and Development Institute (FDDI), Chennai approved reimbursements claimed through fake invoices, forged air tickets. Besides these Fraudulent and unjustified claims, claims of unauthorized purchases and claims without invoices were also approved by the ED. Advance taken by contract employees were transferred to the ED's Account which are pending settlement. These irregularities resulted in an undue benefit of ₹7.69 lakh to the ED.

Footwear Design and Development Institute (FDDI)[25], an autonomous body under the Ministry of Commerce and Industry (Ministry), Government of India is engaged in imparting training for the development and growth of footwear products, leather products, retail and fashion merchandise and fashion design sectors. FDDI has 12 training campus spread across the country. Each campus is being headed by an Executive Director (ED). During 26 September 2022 to 17 February 2023, an officer from Indian Forest Service, Kerala Cadre joined FDDI Chennai Campus at Kancheepuram, Chennai as Executive Director on deputation.

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[24] *Andhra Pradesh – 70 KVA (Guntur), Madhya Pradesh – 50 KVA (Guna and Chindwara), Rajasthan – 50 KVA (Jodhpur and Kota), Tamil Nadu – 63KVA (Sivaganga) and Uttar Pradesh – 56 KVA (Raebareli).*

[25] *Headquartered at Noida with 12 training campuses spread across the country.*

During audit (April 2023) in FDDI, Chennai, various irregularities/corrupt practices in FDDI Chennai were noticed which are summarised below:

- **Bogus/fake invoices**

A scrutiny of invoices pertaining to the reimbursement of expenses revealed that the invoices amounting to ₹2,74,668 submitted for reimbursement to ED during October 2022 were not genuine as the GSTIN number mentioned in these invoices were found invalid, registration number of the vehicle recorded in the invoice was not found in the Vahan Portal and HSN Code was not available.

- **Forged Air Tickets**

A scrutiny of air tickets submitted by ED for reimbursement of transfer and traveling allowance revealed that the ED had claimed higher amount than the actual money paid to airlines, by forging[26] the air tickets amounting to ₹91,163. The ED had also claimed for spouse who was not eligible for reimbursement.

- **Fraudulent claim of expenses**

FDDI Chennai purchased (October 2022) mattress and wooden cot for ED's residence amounting to ₹50,000 against which payment was made directly to the vendor. However, it was observed that ED claimed and received (21 October 2022) a reimbursement of ₹50,000 by submitting the same invoices for which payment was already made to the vendor.

- **Unjustified reimbursement**

Purchase invoices with a value of ₹44,770 submitted for reimbursement of expenditure towards purchase of cook wares/utensils were not in the name of FDDI or FDDI employees but reimbursement of the same was made to a Contract employee. The reimbursement received was transferred by the contract employee to the ED.

- **Missing invoice/ documents**

An amount of ₹24,931 was transferred (15 October 2022) from FDDI bank account to the personal bank account of the ED. However, the relevant voucher and supporting documents stating the purpose for which the fund transfer was made were found missing.

- **Unauthorized purchase**

Expenditure amounting to ₹91,743 towards refreshment, purchase of furniture and office expenditure were incurred by the ED without obtaining necessary approval from the Head office of FDDI.

- **Unsettled advances**

Funds totaling ₹2,00,000 were transferred to the personal bank accounts of FDDI contract employees from FDDI bank account as advances. Out of the total funds transferred,

[26] ***Base fare of the ticket was modified and increased.***

₹1,91,852 were transferred on the same day to the personal bank account of ED. The advances were not settled till date (May 2023).

Thus, during the period[27] from 26 September to 27 October 2022, the ED had received undue benefits amounting to ₹7,69,127. The above cases indicated the absence of internal control and internal checks in FDDI, Chennai. The inadequacy of internal control system in case of financial matters in FDDI, Chennai has been pointed out by the Comptroller and Auditor General of India from time to time[28] vide their Separate Audit Report (SAR) issued to the Ministry and FDDI. However, no corrective action was taken by the Ministry and FDDI.

Management in its reply (July 2023/August 2023) agreed that various financial transactions initiated by ED were done fraudulently and without approval. It also stated that a three-member committee was appointed (November 2022) to examine the irregularities. The report of the committee was sent to Ministry (December 2022) for further necessary action. It, further, stated that a post of General Manager/Dy General Manager level officer would be created who will be the head of Accounts and Finance to look after FDDI's financial matters. The Ministry replied (February 2024) that an audit team was formed to verify the complaint and it submitted (March 2023) an audit report. The Ministry requested (September 2023) the parent cadre of the ED to take appropriate action. It was also stated that FDDI has taken various steps for better internal control system such as implementation of duly approved Delegation of Power and Accounts Manual and appointment of internal auditors.

Replies of the Management and Ministry endorse the audit observation. However, detail of action taken against the ED were not furnished by FDDI/Ministry. On being pointed out by audit, FDDI implemented accounts manual and delegation of powers which clearly indicate the absence of these manuals in FDDI.

Thus, absence of robust internal control system in FDDI has resulted in misappropriation of public money to the extent of ₹7,69,127.

[27] ***When the authorized signatory powers were taken over by the ED from the contractual employees***
[28] ***SAR for the years- 2023-24, 2022-23, 2021-22, 2020-21, 2019-20, 2018-19, 2017-18***

CHAPTER III: MINISTRY OF HOUSING AND URBAN AFFAIRS

Central Public Works Department

3.1 Non-recovery of ₹6.91 crore paid irregularly to Distribution Companies

There was an exemption from payment of electricity duty by establishments of the Central Government. However, CPWD did not avail the exemption benefit resulting in avoidable payment of ₹6.91 crore to DISCOM.

Article 287 of the Constitution of India dealing with 'Exemption from taxes on electricity' stipulates that in so far as Parliament may by law otherwise provide, no law of a State shall impose, or authorize the imposition of, a tax on the consumption or sale of electricity (whether produced by a Government or other persons) which is consumed by the Government of India, or sold to the Government of India for consumption by that Government. Further, section 3(5) of the Uttar Pradesh Electricity (Duty) Act, 1952 (the Act), provides that no electricity duty [29]shall be levied on energy consumed by the Central Government or sold to the Central Government for consumption by that Government.

Audit observed that the Executive Engineer, CPWD Ghaziabad Electrical Division, Uttar Pradesh had paid the electricity bills (including electricity duty of ₹6.91 crore) raised by Paschimanchal Vidyut Vitran Nigam Ltd (PVVNL) against the supply of electricity to CPWD, Hindon Airfield unit during the period from May 2011 to November 2019[30]. The division was exempted from paying the electricity duty, being an establishment of the Central Government. However, non-availing of the exemption benefit under the provisions of the Act resulted in irregular payment of ₹6.91 crore towards electricity duty, which was avoidable.

On being pointed out by Audit (September 2022), the Ministry replied (October 2024) that efforts are being made to get the excess payment made to PVVNL under the head Electricity Duty recovered/adjusted against the electricity bill. The Ministry has also stated that PVVNL Board have agreed in principle that the said excess amount is to be refunded/adjusted.

3.2 Recovery of ₹58.17 lakh at the instance of Audit

Ineffective control mechanism in CPWD led to excess payment to contractors and subsequent recovery of ₹58.17 lakh at the instance of Audit.

According to Rule 26 (iv) of GFR 2017, the duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure that adequate control mechanism is functioning in his Department for prevention, detection of errors and

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[29] Electricity duty is a type of tax that is levied by State Governments on the consumption of electricity. It is an additional charge which needs to be paid by the consumer.

[30] Except bills for the month of July 2011, March 2012, April 2012, June 2012, January to March 2014, May 2014, November 2014 and September 2018, since bills had not been provided to Audit.

irregularities in the financial proceedings and to guard against waste and loss of public money.

During the audit of Teen Murti project division, CPWD, following discrepancies were noticed:

1. **Short recovery/adjustment of advance payment from the contractor:** Para 10.2.23 of the Central Public Works Accounts Code states that the Divisional Officer/ Executive Engineer should submit a monthly statement to the Superintending Engineer giving details of the advances made to the contractor for work done but not measured, in order to watch the clearance of advance. Audit observed that in the work of 'Construction of RCC framed Structure including Electrical Substation, ETP/STP, Under Ground Tank, Internal Roads and Diaphragm Wall', division had passed (July 2019 and December 2019) two advance payment bills amounting to ₹3.38 crore[31] for the work done but not measured in favour of contractor. After deducting Statutory taxes and deductions[32] from the advance bills, the Division paid net amount of ₹3.00 crore for these two bills to the contractor. However, while adjusting these two advances, the Division recovered only ₹3.00 crore against these bills instead of gross amount of advance i.e., ₹3.38 crore. As a result, a total amount of ₹0.38 crore was short recovered from the contractor.

   On being pointed out by Audit (March 2022), recovery of ₹48.28 lakh (₹38.64 lakh along with interest of ₹9.64 lakh) was made by CPWD from the contractor immediately.

   The Ministry/CPWD accepted (June 2024/December 2022) the audit observation and stated that the incorrect adjustment was made inadvertently, and it recovered a total amount of ₹48.28 lakh from the contractor. Ministry also stated that an advisory is being issued to field office to maintain a special advance register containing separate columns for gross advance, statutory deductions, net payment and it should be quarterly verified at the Superintending Engineer level.

2. **Excess payment of secured advance against material at site:** Clause 10 B of General Conditions of Contract (GCC) 2014, as amended on 04 September 2017, states that up to 75 *per cent* of the assessed value of eligible materials to be used in work, shall be given to the contractor as secured advance. Audit observed that division had paid secured advance at the rate of 90 *per cent* instead of 75 *per cent* of assessed value of the materials in two works[33]. Consequently, an excess of 15 *per cent* of the assessed value of the materials totaling ₹95.94 lakh[34] was paid as secured advance for these materials.

[31] ₹ 1.73 crore + ₹ 1.65 crore = ₹3.38 crore

[32] Security deposit, Income tax, CGST, SGST and Labour cess

[33] (i) 'Construction of RCC framed Structure including Electrical Substation, ETP/STP, Under Ground Tank, Internal Roads and Diaphragm Wall' and (ii) Civil Finishing & Façade works etc.

[34] ₹ 59.21 lakh +₹ 36.73 lakh = ₹95.94 lakh

On being pointed out by Audit (March 2022), the same was recovered in the subsequent running accounts bills of the contractors.

The Ministry/CPWD accepted (June 2024/December 2022) the audit observation and stated that the amendment dated September 2017 was overlooked inadvertently and secured advance was paid at the rate of 90 *per cent* in the initial few bills. The Division recovered (March and December 2022) interest of ₹3.65 lakh[35] on differential amount from the contractors. Ministry further stated that an advisory has been issued for inclusion of updated/amended GCC upto the last date of submission of tender in the agreement.

3. **Delay in recovery of de-escalation/negative price escalation amount:** Clause 9(i) of CPWD Works Manual 2019 states that Clause 10 CA is applicable for allowing adjustment in cost of work due to variation in prices of costly materials constituting substantial part of the work. Further, Clause 10(vi) (a), ibid, states that the statements of escalation or de-escalation are to be prepared at the end of every three months. Audit observed that in the work of 'External Development and Lighting Works', Division did not prepare any quarterly statement on the aforementioned de-escalation occurred during the period from July 2020 to March 2021. Due to non-preparation of quarterly de-escalation statements, the amount of ₹5.03 lakh could not be recovered from the contractor in time.

   On being pointed out by Audit (March 2022), the same was recovered (December 2022) in the subsequent running accounts bills of the contractors.

   The Ministry/CPWD accepted (June 2024/December 2022) the audit observation and stated that the Division had recovered the revised amount of ₹5.13 lakh along with interest of ₹1.11 lakh from the contractor. Ministry further stated that an advisory has been issued for giving a certificate in RA bills that upto date escalation/de-escalation have been paid/recovered as per the agreement conditions.

   Thus, extant rules positions were not followed in above three cases while dealing with the advances to contractor for work done but not measured, secured advances and recovery for de-escalation amount. These errors were detected by Audit and recovery of ₹58.17 lakh[36] was made by the CPWD subsequently.

3.3 Analysis of Schedule of Rates in Central Public Works Department

3.3.1 Introduction

The Schedule of Rates (SOR) is used by Central Public Works Department (CPWD) to estimate preliminary cost and detailed cost of construction works and maintenance works which were undertaken by CPWD. Based on this estimated cost, the competitive price is obtained by floating of tender and subsequently, lowest bidder is determined. CPWD

[35] ***₹0.82 lakh + ₹2.83 lakh=₹3.65 lakh***

[36] ***₹48.28 lakh + ₹3.65 lakh + ₹6.24 lakh = ₹58.17 lakh***

prepares the rates for different items of work after obtaining the basic rates of materials, labour and machinery from the market which are obtained from field units of CPWD.

Although CPWD Manual mentions that separate SOR for each region is to be prepared for applicability by that region, but in practice, SOR of Delhi region i.e., DSR is used by all other regions by modifying it with the respective cost index prevailing in that region. Thus, DSR assumes a lot of significance as it is used throughout India not only by CPWD but also by many Departments, Institutions, Public Sector Undertakings, Architects and Builders.

The Delhi Schedule of Rates (DSR) was first published by CPWD in 1931, followed by a number[37] of revisions/publication. It provides standardized rates for various construction activities and materials, which are used in construction works. Revision of SOR becomes necessary due to change in wages of labour and prices of materials, adoption of new construction technologies and materials. Para 3.1.1.9 of CPWD Works Manual provides for revision/updation of SOR once in two years.

The DSR 2019 was revised/updated in July 2021. DSR is classified under three broad categories i.e. Civil, Electrical and Horticulture. However, Audit has reviewed the DSR (Civil) in which 200 new civil items of work were added. Consequently, the number of total civil items of works increased to 3,070, which include items like Carriage of Materials, Earth Work, Reinforced Cement Concrete, Masonry Work etc.

3.3.2 Process of revision of SOR

Although CPWD manual does not lay down any procedure for updating the SOR but the process observed/followed for the preparation of DSR 2021 is summarized as below:

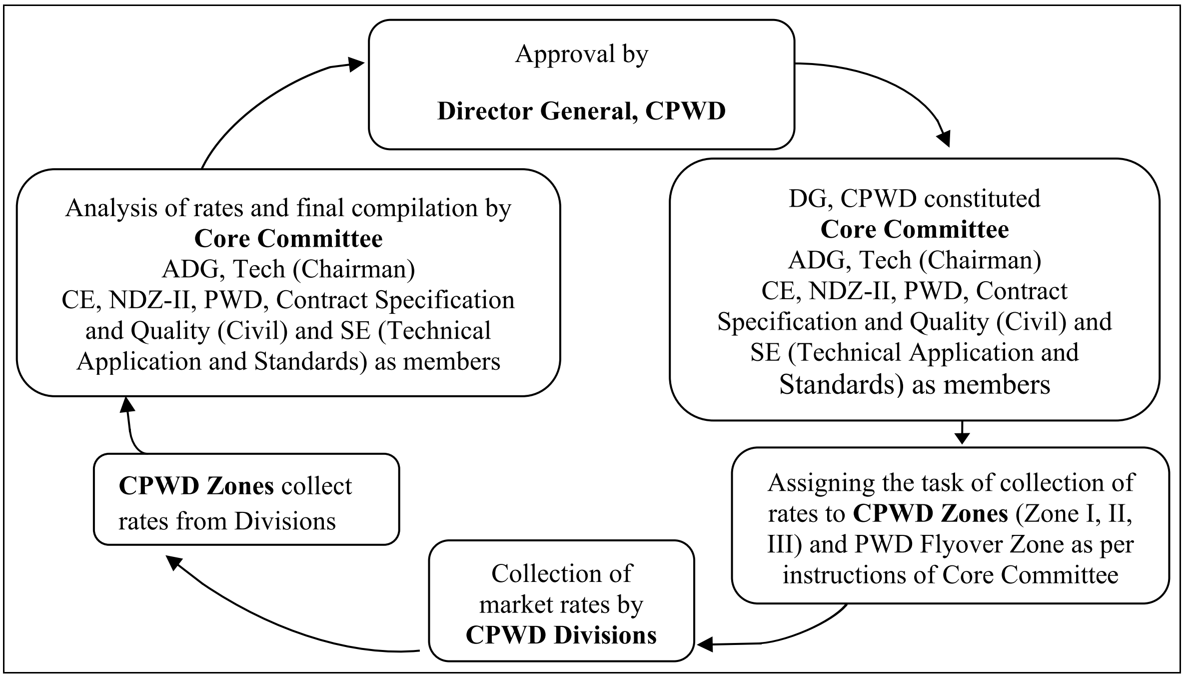

Chart 3.1: Flow chart for collection of Base Rates for compilation of DSR 2021

[37] *DSR was revised in 1977, 1981, 1985, 1989, 1993, 1997, 2002, 2007, 2010 (Reprint), 2012, 2013, 2014, 2016 and 2019*

The process for the preparation of DSR 2021 started with the issue of an office memorandum approved by DG, CPWD for revision of DSR 2019. Subsequently, a meeting was convened (May 2021), wherein it was decided that DSR 2019 would be revised by modification, deletions of existing items or addition of new items and rates. To monitor the progress of preparation of DSR 2021, a Core Committee was constituted chaired by Additional Director General (Tech). For collection of base rates, all the items of SOR were divided in four parts and each part was assigned to four zones of CPWD/PWD namely CPWD Zone-I, CPWD Zone-II, CPWD Zone-III and PWD Flyover Zone located in Delhi region respectively. Divisions of CPWD were requested to send the proposed modifications and current rates as on or just before 01 April 2021. The labour rates for preparation of DSR were adopted from the minimum wages issued by Government of Delhi or Ministry of Labour & Employment (Office of the Chief Labour Commissioner), New Delhi, whichever was higher.

Once all the rates were collected, Technology Application and Standard Unit/ Contract Specification and Quality Assurance Section (TAS/CSQ) in CPWD Headquarters undertook the task of revision/compilation of DSR.

3.3.3 Financial impact

SOR assumes added importance, as on the basis of estimated cost of different kinds of works, CPWD forwards the budget estimates to the Ministry. The budget estimates of CPWD for the period 2020-21 to 2022-23 were ₹2,027.33 crore, ₹3,100.57 crore and ₹4,314.08 crore, respectively. Considering the huge amount of Government money involved, it becomes imperative that the yardstick for calculation of budget estimates is accurate and reliable.

The importance of accurate and reliable estimate may be viewed in the light of the fact that in case the rates of SOR items are more than the prevailing rates in the market, then the estimated cost of the project gets increased which may be fraught with the possibility of undue benefit to the contractor.

Further, there is direct financial impact of SOR in respect of analysis of rates of deviation items[38] and extra items as the rate of items are calculated as per the process prescribed in the DSR. The financial implication due to the deficiency in method of estimating the item rate is detailed in para 3.3.4.4, where the process of calculation of rate of deviation items and extra items leads to inflated price, which may create the possibility of undue benefit to the contractors.

The objective of auditing the revision/updation of DSR 2021 is to assess the transparency, accuracy and reliability of the rates to be used for estimating the cost of public works. The audit findings in this regard are detailed in the subsequent paragraphs:

[38] ***beyond limit as prescribed by terms of agreement.***

3.3.4 Audit findings

3.3.4.1 Discrepancy in methodology for collection of Base Rates

CPWD divided the items of DSR in four parts and assigned one part to one zone for seeking the current rates. Further, the SOR was to be prepared after conducting market surveys to determine the prevailing market rates on or just before 01 April 2021.

However, it was noticed that in revised/updated DSR 2021, out of 2,172 items[39] of the previous DSR, in 912 items (42 *per cent*) the base rates remained unchanged and in 252 items (11.60 *per cent*) the base rates adopted were reduced. The base rates were revised upwards in 999 items (46 *per cent*) of the total items and nine items were deleted. In this regard, Audit observed following discrepancies in the methodology for collection of Base Rates:

(i) Non-conducting of Market Survey for collection of Base Rates: CPWD vide letter dated 10 May 2021 instructed that market rates of material etc. as on or just before 1 April 2021 and other information be collected and submitted. However, the market surveys were not conducted by zones on or just before 01 April 2021. It was further noticed that the zones submitted the base rate without any evidence in support of the rates arrived at. Thus, in the absence of market survey and non-production of documents in support of the rates furnished by the divisions, Audit could not ascertain the veracity of the rates included in DSR 2021.

(ii) Non- collection of competitive rates from Divisions: Items of work in SOR were divided into four parts and assigned to four zones respectively. Rates provided by one zone could not be compared with rates provided by other zones as the lists given to different zones were mutually exclusive. Thus, competitiveness of rates of items of work included in SOR could not be ascertained.

Thus, the methodology adopted by CPWD for collection of base rates was not realistic. It is further emphasized by the fact that during the period from January 2022 to January 2023, out of 5,011 works, 4,666 works (93 *per cent*) were awarded at tendered costs which were less than the estimated cost prepared on the basis of DSR 2021. The details are given in table below:

Table 3.1: Works where tenders awarded was below estimated cost

Range of tenders awarded below the estimated cost (in *per cent*)	No. of tenders	Percentage of tenders against total cases (out of 5,011 works)
0-20	1,420	28.34
21-40	1,393	27.80
41-60	1,359	27.12
61-80	478	9.54
81-100	16	0.32
Total	**4,666**	**93.12**

(Source: CPWD)

[39] *Item represents the various things like material, labour, hire charges of machinery and carriage charges that are used in a work. 2,172= (2,402 items of DSR 2021 minus 239 new items plus 9 items deleted).*

Ministry of Housing and Urban Affairs (MoHUA), in its reply (June 2024), stated that the collection of rates from the market is a continuous process which happens throughout the year to make justification statement for each tender and the specific survey for collection of market rates is not required in situation when division offices are updating the rates on regular basis. The respective Chief Engineers have submitted the market rates, for material codes assigned to them, after deliberations and satisfying themselves with the market rates which were submitted by EEs working under them, to Contract Specification and Quality Assurance Section (CSQ) for updating rates in DSR.

Regarding contracts awarded less than estimated cost prepared on the basis of SOR, the probable reasons are (i) demand and supply of the works, (ii) utilization of unused machinery, (iii) competitiveness between the agencies , (iv) quantum of work in hand, (v) level of transparency and competition, (vi) reserve resources (labour, material, technical manpower), (vii) desire of contractor for enlistment in higher category (viii) type and location of work (ix) Previous experience (x) availability of manufactured items (xi) availability of credit facility and many more similar reasons. It was further stated that, the review of DSR items is taken up as and when any discrepancy is noticed by CSQ itself or brought to the notice of CSQ by field units or when any other user pointed out to the CSQ. In light of the above, no analysis is required for correctness of the SOR items merely on the basis of low rates quoted by the contractors in the tenders.

The reply of Ministry may be viewed in light of the fact that as per the CPWD letter dated 10 May 2021, the rates were to be precisely provided for the period on or just before 01 April 2021. However, Ministry/CPWD did not provide any documentary evidence whether market rates sent by the Chief Engineers pertain to the period on or just before 01 April 2021. It is further stated that the preparation of justification statement is a routine and round the year process whereas the preparation/updation of DSR is an intensive exercise involving detailed study of items of work through market survey. Further, Ministry/CPWD did not furnish any reply for not obtaining the rates of all items from each zone for competitive comparison of rates. This was to be done to arrive at a model DSR which would improve future planning for various kinds of work taken up by CPWD.

Recommendation No. 1: CPWD should update/revise the rates mentioned in SoR after conducting market survey and maintain proper documentation of the same for review and audit.

3.3.4.2 Non preparation of region-wise SOR

As required under para 3.1.1.9 of CPWD Manual 2019, the SOR for Delhi is issued by DG, CPWD, and for other regions of CPWD by their respective Special Director General (SDG). For determination of Base Rates of items of work, a method similar to the one described in Chart 3.1 should have been followed at the regional level. As far as Labour rates are concerned, the higher of the minimum wages issued by Government of respective State or Ministry of Labour and Employment was to be adopted for preparation of SOR of the respective zones.

Audit observed that the regions had no separate SOR. All the regions of CPWD were using DSR by modifying it with the respective cost index prevailing in that region. The DSR, thus modified, was being used by regions of CPWD for preparation of detailed estimates of works.

MoHUA, in its reply (June 2024), stated that as per practice followed in CPWD, the detailed estimate of any work is prepared using DSR. The cost index of the place is prepared as outlined in Plinth Area Rates (PAR) and this cost index is multiplied with estimated cost based on DSR rates to arrive at the cost of work at that place. The labour rates given in the circulars issued by the Central or State government are minimum wages and the field offices have to check the rates and have to adopt the rates applicable in the particular work site depending upon availability of labour and distance from nearby station. In every work, justified cost of the work, based on market rates of materials, hire charges of T&P and local labour rates prevailing at the place of work are prepared. The tendered cost is evaluated on the basis of justified cost and if tendered cost is within permissible limits of justified cost, tender is accepted by the competent authority. As explained above, localized effect of the rates at a place are taken care of using cost index, therefore regional SoRs are not prepared although provision is made in Works Manual.

The reply of the Ministry may be viewed in light of the fact that the provisions of the manual mandating regional SORs to be framed by respective SDGs was not followed. This excluded the wider regions of CPWD from participation in the preparation of an important document such as SOR. Further, it is seen that CPWD considered only 31 items while calculating cost index as compared to a total of 2,402 items in the DSR 2021. Additionally, the cost index also does not capture the impact of geographical variation on the rates of various items. Moreover, nowhere in the manual it has been specified that in the absence of regional SOR, cost index of the region may be used for assessment of market rates. Furthermore, detailed calculation of cost index for outside Delhi region has not been furnished to Audit along with the reply.

Recommendation No. 2: CPWD should prepare Region-wise Schedule of Rates as stipulated in the CPWD manual instead of adopting Delhi Schedule of Rates after multiplying it with cost index of respective region.

3.3.4.3 Inclusion of new items of work in SOR without documentary evidence in support of the quantities of material and labour actually used

New items of work are those items that are not included in the extant SOR but are proposed to be added in the new SOR. Therefore, before their inclusion in the new SOR, they are treated as non-scheduled items of work. As per sub para 18 (iii) of SOP 5/33 of CPWD manual 2019, for non-scheduled items, the decision of the Superintending Engineer is final with regard to theoretical quantities of materials that should have been actually used in the item of work.

During discussion with the Superintending Engineer (CSQ), it was stated that coefficient of new items that were included in DSR 2021 was taken on the basis of items executed in the field unit. However, no records/inputs were found related to quantities to be actually used for 200 new items of work under various sub-heads included in the DSR 2021.

Thus, in the absence of documentary evidence of calculation of quantities/coefficient of new items which were included in SOR, the authenticity of quantities taken in SOR for new items could not be ascertained.

MoHUA, in its reply (June 2024), stated that the 200 new items of work included in the DSR 2021 were prepared on the basis of details provided by the manufacturers, their users and field units. All new items of work proposed to be included in the DSR, were prepared on the basis of technical details, materials and labour requirement provided by the manufacturers and after getting feedback from the field units wherever these items are being used. The calculation of material, labour and T&P carried out for the items are shared with field unit before being added in the SOR for their observation about rate, coefficient etc., if any. The quantity of material, labour and T&P are corrected after getting observation from field units and adopted for SOR. Therefore, it cannot be stated that SOR is prepared without verification of the quantities of materials and labour.

The reply of Ministry may be viewed in light of the fact that the details obtained from the manufacturers, their applicators as well as on the basis of correspondence with field units in respect of materials and labour requirement provided by the manufacturers and feedback from the field units were not furnished to Audit. This was even more important in this case as these items of work were being included in the SOR for the first time. In the absence of such documents, the claims made by the Ministry cannot be verified.

3.3.4.4 Faulty process of calculation of rate of items

Para 4.16 of "Manual for Procurement of work" for the year 2019 issued by Department of Expenditure, Ministry of Finance stipulates that GST is to be calculated on the gross rate of item. The gross rate of item includes base rate of material, labour, machinery, statutory charges and contractor profit and overhead charges (CP&OH).

However, it was observed that CPWD calculated the CP&OH on the gross amount including GST component instead of calculating the CP&OH on the gross amount excluding GST. This method of calculating the cost of work after considering the GST at the rate of 12 *per cent* from 1 July 2017 to 17 July 2022 and at the rate of 18 *per cent* from 18 July 2022 to 7 August 2024 had led to overall enhancement of estimated cost of work by 1.83 *per cent*[40] and 2.77 *per cent*[41] as detailed in the tables given below:

Table 3.2: Model Calculation of working out CP&OH for the period from 01 July 2017 to 17 July 2022 (i.e., applicable for GST at the rate of 12 *per cent)*

Particulars	Model calculation as per CPWD O.M. dated 08.11.2017	Model calculation as per Procurement Manual
Bare rate of material, labour, sundries, POL and T&P	100	100
Add 1 *per cent* water charges	1	1

[40] *(133.79-131.39)/131.39*100= 1.83 per cent*

[41] *(142.26-138.43)/138.43 * 100 = 2.77 per cent*

Particulars	Model calculation as per CPWD O.M. dated 08.11.2017	Model calculation as per Procurement Manual
Sum after adding water charges	**101**	**101**
Add 12 *per cent* GST (multiplying factor 0.1405 calculated by CPWD adopting reversible calculation method) i.e., 101 x 0.1405	14.19	-
Sum after adding GST	**115.19**	**101**
Adding 15 *per cent* CP&OH	17.28	15.15
Sum after adding 15 *per cent* CP&OH (A)	**132.47**	**116.15**
Add 1 *per cent* labour cess	1.32	1.16
Sum after adding 1 *per cent* labour cess	133.79	117.31
Add GST @12 *per cent* on (A)	-	14.08
Gross total	**133.79**	**131.39**

Table 3.3: Model Calculation of working out CP&OH for the period from 18 July 2022 to 07 August 2024 (i.e., applicable for GST at the rate of 18 *per cent)*

Particulars	Model calculation as per CPWD O.M. dated 08.11.2017	Model calculation as per Procurement Manual
Bare rate of material, labour, sundries, POL and T&P	100	100
Add 1 *per cent* water charges	1	1
Sum after adding water charges	**101**	**101**
Add 18 *per cent* GST (multiplying factor 0.2127 calculated by CPWD adopting reversible calculation method) i.e., 101 x 0.2127	21.48	-
Sum after adding GST	**122.48**	**101**
Adding 15 *per cent* CP&OH	18.37	15.15
Sum after adding 15 *per cent* CP&OH (A)	**140.85**	**116.15**
Add 1 *per cent* labour cess	1.41	1.16
Sum after adding 1 *per cent* labour cess	142.26	117.31
Add GST @18 *per cent* on (A)	-	21.12
Gross total	**142.26**	**138.43**

Thus, allowing CP&OH on GST component led to overall enhancement of estimated project cost by 1.83/2.77 *per cent* considering the GST at the rate of 12/18 *per cent,* respectively.

During the period from 1 July 2017 to 31 July 2024, CPWD had incurred an expenditure of ₹23,305.10 crore[42] on the various construction and maintenance works. On the basis of these expenditure, Audit assessed that CPWD had overestimated the estimated cost of project and availed additional budgetary funds of ₹513 crore[43] (approx.) from the Ministry during the period from 1 July 2017 to 31 July 2024.

[42] ***The amount includes expenditure incurred by CPWD on various Construction and repairs and maintenance works for the period from July 2017 to July 2024 as per the information furnished (24-02-2025) to Audit.***

[43] ***₹ 14100.73 crore (i.e., expenditure incurred during the period from July 2017 to 17 July 2022) x 1.83 per cent plus ₹9204.37 crore (i.e., expenditure incurred during the period from 18 July 2022 to 31 July 2024) x 2.77 per cent = ₹ 513 crore.***

On being pointed out by Audit in September 2023, Ministry, in its reply (June 2024), stated that the contractor profit and overheads on GST adopted in SoR correctly depict the procedure adopted for quoting rates by contractors inclusive of GST. Later on, CPWD stated (August 2024) that after considering the Audit observation and after consultation with Tax Research Unit of the Ministry of Finance as well as advice tendered by Department of Legal Affairs, it has modified the methodology of analysis of rates of item in newly published DAR 2023. This modification reduced the estimated cost of project by 2.77 *per cent* (considering the prevailing GST rate i.e., 18 *per cent*) and a correction factor of 0.973 on existing items of the DSR-2023 was prescribed.

Thus, incorrect method of calculation was being used by the CPWD before taking the corrective measures, which had the effect of inflating the estimate of total cost of the projects executed during the period July 2017 to the date of issue of the correction i.e., 8 August 2024. Higher estimated cost for tendering may restrict participation from contractors as the eligibility of past experience and financial turnover was determined based on estimated cost of work. Also, higher benchmarking leads to non-optimization of funds as demand and allocation of budget/funds is higher than required. Further, the invitation and examination of bids by CPWD on the basis of higher estimation resulted in benchmarking of cost higher to that extent and was fraught with risk of discovery of higher price during bidding. The reply of the Ministry/CPWD is silent on excess estimation of project cost by 1.83/2.77 *per cent* during the period from July 2017 to July 2024.

3.3.4.5 Non provision of GST on Labour Cess

For calculating the estimated cost of an item of work, GST is to be calculated after taking into account the applicable labour cess. This is provided in section 15 of CGST Act 2017, which states that, GST is applicable on the value of goods or service or both including any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than the CGST Act. Hence, GST is applicable on labour cess.

During the examination of records, it was observed that, CPWD did not include GST on labour cess while preparing DSR 2021. Thus, exclusion of GST on labour cess was not as per the provisions of CGST Act, 2017. This method of calculating the estimated rate led to reduction in estimated cost of work.

On being pointed out by Audit, the CPWD stated (August 2024) that after consultation with Tax Research Unit of the Ministry of Finance and advice tendered by Department of Legal Affairs, it has modified the methodology of analysis of rates of item in newly published DAR 2023 and now GST is also calculated on labour cess.

Thus, the incorrect method of calculation was being used by the CPWD during the period from July 2017 to the date of issue of the correction.

3.3.4.6 Mismatch of rates in DSR and rates obtained from field offices/zones

During updation of DSR, Technical Application and Standards unit of Contract Specification and Quality assurance (civil) collects rates of machinery and materials from various zones for adoption in DSR. Scrutiny of records revealed that rates taken in the DSR did not match with the rates that were furnished by zones. Out of total 2,172 items given in

SOR, rates of 538 items received from zones were further modified by CPWD headquarters on the basis of discussion with field units and telephonic enquiry. Further, out of 538 items, the rates in 85 items were on the lower side ranging from 1.01 *per cent* to 97.85 *per cent* and in 453 items, on higher side ranging from 0.74 *per cent* to 1,445.45 *per cent*. Three items where the maximum variations were noticed are shown in table below:

Table 3.4: Top three higher and lower items

Name of item	Unit	DSR item no.	Rate adopted in SOR 2021 (in ₹)	Rates provided by zones to CPWD headquarters (in ₹)	Difference between rates included in DSR and prevailing Market Rates (in ₹)	Percentage
Higher side						
uPVC extruded glazing bead of appropriate dimension for big series of sliding window/ door sash	Metre	8132	85	5.50	79.50	1,445.45 *per cent*
Stainless steel telescopic drawer channels 500 mm long	Set	8229	535	55	480	872.73 *per cent*
Carriage of RCC pipes 1000 mm dia	100 Metre	2332	11,944.1	2,570.59	9,373.51	364.64 *per cent*
Lower side						
Carriage of sand	Cum	2335	163.93	7,636.18	-7,472.25	(-) 97.85 *per cent*
SS ball bearing of size 100X89X3mm	Each	8101	450	4,650.00	-4,200.00	(-) 90.32 *per cent*
uPVC extruded glazing bead of appropriate dimension for small series casement window sash	Meter	8125	100	1,025.00	-925.00	(-) 90.24 *per cent*

The mismatch between rates furnished by zones and those adopted in DSR is further illustrated by taking the example of item rate of hire charges, which has implication on the rate of other items:

As the hiring rate of truck is considered for calculation of carriage in respect of 77 items of DSR (code 2200-2357), the rate of this item was analysed. Scrutiny of records revealed that

PWD Flyover Zone had given a rate of ₹1,500 as hire charges of truck (nine tonne) without Petrol Oil and Lubricant (POL) and the rates adopted were same as that of DSR 2018.

However, the charges were enhanced by CPWD to ₹2,000 by citing that the rates given by field office are abnormally low. No justification was given for the enhanced rate. As a result of enhancement in the rate of carriage, the rates adopted for 77 items of DSR (code 2200-2357), were also increased by 7.93 *per cent* excluding GST and CP&OH.

MoHUA replied (June 2024) that the rates submitted by field units were either on lower or on higher side than the rates adopted in DSR-2019, therefore the rates were needed to be verified before adoption. Accordingly, the rates of these materials were verified through telephonic enquiry with manufacturers and contractors as well as reconciled with the rates provided to CSQ unit by manufacturers during technical interaction and that the CPWD manual does not specify documenting evidence for the rates of materials adopted in SOR. Moreover, the SOR is used for estimation purposes only and the expenditure on works are carried out, based on rates quoted by contractors in the tenders. Further, the hire charges for trucks have been adopted after due analysis.

The reply of Ministry may be seen in light of the fact that the rates intimated by field units were based on field experience. Further, changes of these rates were carried out without any documented reasons. Records for upward revision of rates should have been mandatorily documented as increasing rates in SOR impacts the estimated cost of works and the works are tendered based on the benchmark cost so derived. Further, no justification was furnished for enhancing rate from ₹1,500 to ₹2,000 of hiring of vehicle up to capacity of nine tonne (without POL). CPWD also publishes DSR for horticultural work in which they have adopted rates as ₹1,500 for hiring of trucks having capacity of nine tonnes (without POL). This rate is effective from August 2020 till date.

3.3.4.7 Higher provision of labour component in DSR

The component of labour for every work is pre-determined. In respect of building work, it is prescribed as 25 *per cent* for normal type of work with ordinary/hard soil as per CPWD Works Manual 2019.

Out of 16 agreements test checked in audit, in five agreements of which records of payments made to labour were provided to Audit, it was observed that labour component in the estimates was in the range of 32.43 *per cent* to 56.81 *per cent* against 25 *per cent* prescribed in the CPWD manual. However, the actual payment made to labour ranged from 7.45 *per cent* to 23.91 *per cent* of estimated cost. The same is detailed in the table below:

Table 3.5: Comparison between provision of labour component & payment to labour

(₹ in lakh)

Name of division	Name of work	Estimated Cost	Date of start of work / Actual Date of completion of work	Provision of labour in Schedule of Quantity / (*per cent* of estimated cost)	Payment made to labour as per record (Fortnightly Labour Report/ payment Statement	percentage of actual payment made to labour against estimated cost
1	2	3	5	4	6	7
T	Special repair to 'A' Type & Type-B Qtrs at Lodhi Colony	92.94	18.06.2022/ 17.10.2022	39.13 (42.10)	6.92	7.45
	Minor Works in Type-II and Type-V qtrs. under Service Centre at Lodhi Road Complex	93.82	20.05.2022/ 19.11.2022	44.11 (47.02)	10.16	10.83
M	Special repair to various type of quarters at sector-8, RK Puram & Vasant Vihar	66.48	20.08.2022/ 21.10.2022	21.56 (32.43)	8.03	12.08
R	Repair of roofs to Certain Building at RCC (Phase-I), Air Force Station	90.68	21.05.2022/ 20.01.2023	35.56 (39.22)	19.86	21.90
CD-VI	Water Proofing of terrace of Type-I to VI Quarters and Transit House Building at JNU Campus	108.69	07.01.2023 Work in progress (as per 1st RA Bill)	61.75 (56.81)	25.99	23.91

From the table above, it can be seen that higher provision of labour component was made in the estimates prepared on the basis of DSR compared to the percentage of labour component prescribed in the CPWD Manual and actual payment made to labour eventually was much less than the estimation.

MoHUA, in its reply (June 2024), stated that 25 *per cent* for Labour component is based on all the items taken in DSR and which may vary from estimate to estimate based on items and quantities considered in the estimates. The percentage of Labour component, as per schedule of Quantity depends on the items and their quantities taken in the estimates. Therefore, it cannot be generalized that provision of labour component in DSR is inflated merely on the basis of fortnightly report submitted by contractors is less than provision of labour in schedule of quantity. Since, the matter has been brought to the notice of CSQ, for less Labour deployed by the contractor based upon fortnightly labour Report in comparison to Labour requirement calculated as per schedule on quantity of the work, CSQ unit will review the procedure for calculating labour requirement in the work after getting the feedback from the field divisions.

Further, CPWD has given assurance that (CSQ) unit will review the procedure for calculating labour requirement in the work after getting the feedback from the field divisions.

Recommendation No. 3: Labour component in estimates of work should be arrived at realistically after proper assessment of the requirement as per DSR and the deployment of labour in work should be monitored accordingly.

3.3.5 Conclusion

The CPWD did not prepare region-wise Schedule of Rates despite there being a provision of region-wise SoR in CPWD manual. During the revision of Schedule of Rates of Delhi Region (i.e., Delhi Schedule of Rates), CPWD did not maintain documents justifying the rates of various items adopted in the DSR. There was excess estimation of cost of work due to adopting faulty process of calculation of rate of items during the period from July 2017 to July 2024. There was difference between rates obtained from the field offices/zones and rates adopted in DSR and the instance of estimation of higher labour component than prescribed in the CPWD manual as well as actual usage.

3.4 Management and Implementation of Projects in Delhi by CPWD

3.4.1 Introduction

Central Public Works Department (CPWD), an attached office in the Ministry of Housing and Urban Affairs (MoHUA), is the Principal Engineering Organisation and Technical Advisor to the Government of India, which came into existence in July 1854. CPWD is a total service provider, capable of giving single window service for all facets of built environment with complete accountability and responsibility. CPWD undertakes Construction[44] and Maintenance Works[45].

CPWD is headed by Director General (DG) who is also the Principal Technical Advisor to the Government of India. CPWD is divided into regions, headed by Special Director General (SDG) and Additional Director General (ADG). Smaller administrative units, called Zones/Circles, are headed by a Chief Engineer (CE)/Superintending Engineer (SE). Each Zone/Circle consists of field establishment known as Division (Project Division[46]

[44] Construction works are those works which are taken up as new works, rehabilitation and seismic retrofitting works, the expenditure of which is charged to capital heads.

[45] Maintenance works refer to the works undertaken to keep, restore or improve the facilities of a structure or building in order to keep the structure/building in good conditions and to sustain its utility and value.

[46] Project divisions undertake the work of construction of various kinds of buildings e.g., Residential, Office, Schools, Laboratories, Hospitals, etc. and non-building infrastructure e.g., highways, flyovers, tunnels, bridges, etc.

/Maintenance Division[47]) which are placed under the charge of Executive Engineers (EE) (Civil)/ (Electrical). Chief Engineer and Superintending Engineer report to either SDG or ADG while the Executive Engineer reports to either Chief Engineer or Superintending Engineer.

3.4.2 Budget and Expenditure

During 2018-19, 2019-20 and 2020-2021, CPWD received budget under various Heads of Accounts depending upon the nature of expenditure. Heads of accounts under capital expenditure include 4059 (Capital Outlay on Public Works - Office construction) and 4216 (Capital Outlay on Housing). While accounting head 4059 covers expenditure on non-residential, general-purpose office and administrative buildings, head 4216 covers all major projects relating to Government residential buildings. Besides, CPWD also undertakes execution of deposit[48] works. Year-wise actual fund received from MoHUA and actual expenditure[49] incurred there against by CPWD for construction[50] works pan-India and in Delhi are given below:

Table 3.6: Year-wise budgetary allocation and expenditure incurred in construction works

(₹ in crore)

Year	In Pan-India		In Delhi/NCR	
	Actual Fund received	Actual Expenditure incurred	Actual Fund received	Actual Expenditure incurred
2018-19	1,366.04	1,305.37	706.79	668.84
2019-20	1,083.05	1,075.51	702.03	689.89
2020-21	1,546.44	1,544.73	1,135.50	1,135.00
Total	**3,995.53**	**3,925.61**	**2,544.32**	**2,493.73**

(Source: Data provided by CPWD Hqrs)

3.4.3 Construction Works

Construction works [51] implemented by CPWD include Residential Buildings, Office Buildings, Schools, Hospitals, Highways, and Flyovers etc. Implementation of construction works has two stages[52], viz.

Pre-construction stage - The activities carried out in this stage are associated with the planning for subsequent execution of works. Activities involved in this stage are mainly

[47]Maintenance divisions undertake the work to keep, restore or improve every facility i.e., every part of a structure or building, its services including horticulture operations to a currently acceptable standard and to sustain the utility and value of the facility.

[48] Deposit works imply works of construction or repairs and maintenance, the cost of which is met out of Government grants to autonomous or semi-autonomous bodies or institutions through their Administrative Ministries or is financed from non-Government sources wholly or partly from: (a) Funds of public nature, but not included in the financial estimates and accounts of the Union of India or (b) Contributions from the public.

[49]Actual Fund Received and Actual Expenditure figures do not include expenditure on deposit works as the funds for execution of such works are provided by the client department.

[50] Accounting Heads 4059, 4216.

[51]For this report 'Construction works' and 'Construction projects' are used in same sense.

[52] 2.7 of CPWD works manual 2014

categorized in three groups, viz., preparation of preliminary plan, preparation of estimate and selection of contractor for the execution of works as detailed out in the Chart 3.2 below:

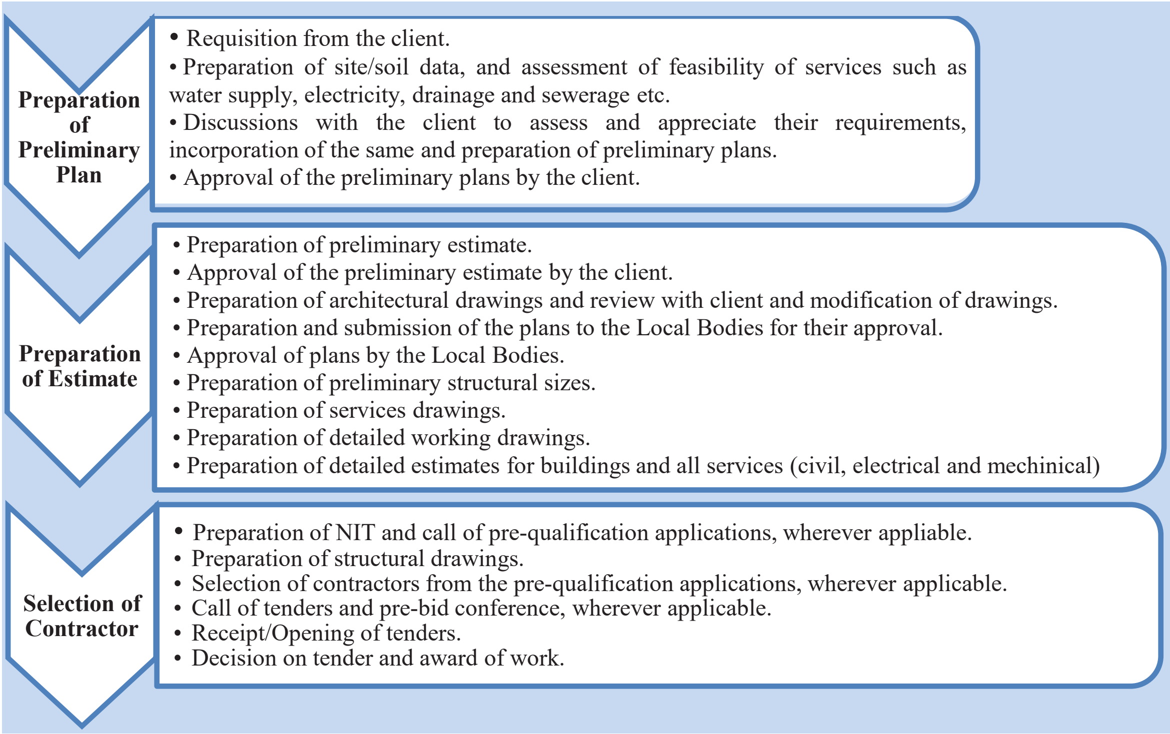

Chart 3.2: Activities associated with the planning of construction works

Construction stage – The pre-requisites for construction stage of works entail:

- Administrative approval and Expenditure Sanction by the client,
- Technical sanction on the detailed estimate by CPWD, and
- Availability of funds to CPWD i.e., release of funds by the client.

The activities carried out in this stage are associated with the execution of works according to the planning in the pre-construction stage. Activities involved in this stage are mainly categorised in three groups viz., construction, commissioning and completion of works as detailed out in the Chart 3.3 below:

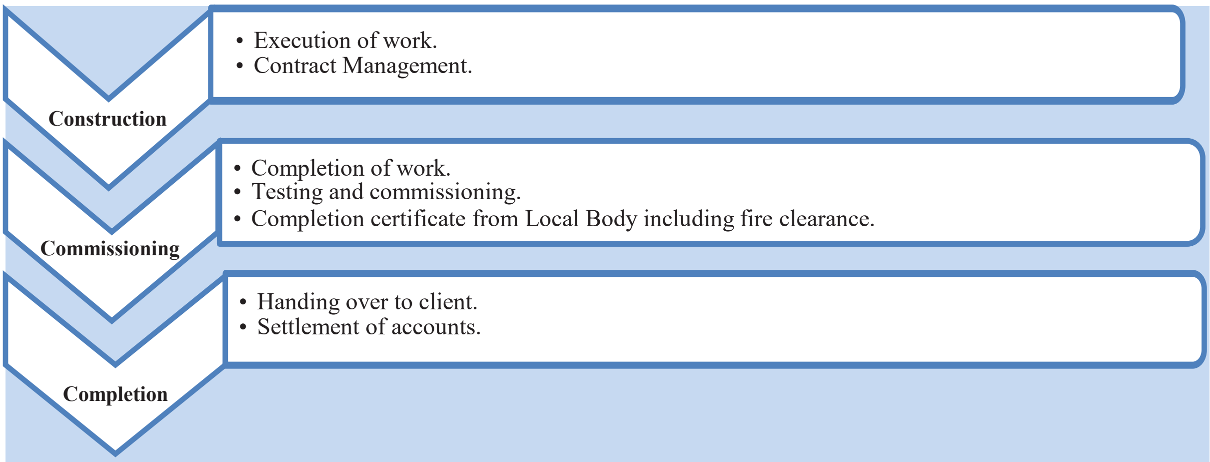

Chart 3.3: Activities associated with the execution of construction works

During 2018-19 to 2020-21, 3,521 construction works involving Administrative Approval and Expenditure Sanction (AA & ES) of ₹ 38,644.70 crore[53]were executed by CPWD pan-India.

3.4.4 Audit Approach

3.4.4.1 Scope of Audit

The scope of Audit covers construction works undertaken by CPWD during 2018-19 to 2020-21 only in Delhi to examine various activities performed by CPWD in the implementation and overall management of such construction works. To derive assurance on the audit objectives, examination of various records was carried out at CPWD Headquarters and divisions of CPWD relating to the selected works, besides reviewing the monitoring mechanism and joint physical verification.

3.4.4.2 Audit Methodology and Sampling

Thirty four construction works **(Annexure-XV*)*** involving AA and ES of ₹5,656.84 crore were undertaken by CPWD in Delhi during 2018-19 to 2020-21. Audit sample drawn using the 'Probability Proportional to Size Without Replacement' sampling technique from the audit population of 34 construction works, consists of nine works **(Annexure-XVI)** being 26.47 *per cent* of 34 works. The sample consists of four completed works and five ongoing works and in terms of monetary involvement, sample represents 85.15 *per cent* of completed works and 26.64 *per cent* of ongoing works, cumulatively being 30.47 *per cent* of overall works. The details of audit population and audit sample of construction works are given below:

Table 3.7: Details of audit population and audit sample of construction works:

Category of works	Total construction works		Sample works			
	No. of works	AA & ES amount (₹ in crore)	No of works	*Per cent* coverage of works	AA & ES amount (₹ in crore)	*Per cent* coverage of AA & ES amount
Completed works	08	370.32	04	50.00	315.34	85.15
Ongoing works[54]	26	5,286.52	05	19.23	1408.07	26.64
Total	**34**	**5,656.84**	**09**	**26.47**	**1,723.41**	**30.47**

(Source: Data provided by CPWD Hqrs)

An entry meeting was held with CPWD on 22 September 2021. Field audit commenced from 8 November 2021 and concluded on 5 March 2022. An exit meeting was held on 10 May 2022 with CPWD to discuss the audit findings. The Draft report was issued to the

[53] This includes AA & ES amounts of deposit works and works, budgeted from various Ministries.
[54] Includes both ongoing works i.e., 'scheduled to be completed between 2018-19 to 2020-21' and 'scheduled to be completed before 01 April 2018 but remained incomplete/ongoing between 2018-19 and 2020-21'.

Ministry in June 2022 and the reply from the Ministry was received in June/December 2024. The reply has been considered and suitably incorporated in the report.

3.4.5 Audit Findings

The issue-wise observations are mentioned in succeeding paragraphs.

3.4.5.1 Planning of Works

As per Para 2.7 of CPWD Works Manual 2014, the implementation of a work in the pre-construction stage commences after receiving requisition from the client. The pre-construction stage of a work commences by undertaking the process of preparation of preliminary plan of a work, thereafter, the process of estimation of a work and concluded with completion of the process of selection of contractor and awarding of work to the selected contractor for execution.

Audit examined the aforesaid pre-construction activities in respect of the nine selected works carried out by CPWD. Various deficiencies noticed in this stage are discussed in the following paragraphs:

(i) Improper Estimates led to Avoidable Expenditure

Para 4.2.1 of CPWD Works Manual regarding preparation of detailed estimate states that on receipt of the administrative approval and expenditure sanction and confirmation about the availability of site, the concerned authority was to accord technical sanction. The detailed estimate should be complete and as comprehensive as possible and should be supported by detailed architectural drawings, preliminary structural plans; preliminary lay-out drawings of the various services, detailed drawings and/or specifications for the various components of work involved etc. The detailed estimate should give broad details for each item of the work involved. The detailed estimate should be based on the rates given in the Schedule of Rates for those items of work covered by it and on analyzed market rates for the remaining items. Further, the detailed estimate should contain, among others, details in support of the lump-sum provisions made in the estimate, reference of the schedule of rates or market rates and a brief note on the special construction difficulties which are likely to be encountered during the construction stage.

Audit examination of nine selected construction works revealed that there was deviation in agreement items/substituted[55] items and execution of extra items due to improper preparation of estimate of works as discussed below:

(ii) Avoidable Expenditure on Deviated Items

Deviation means increase or decrease in the quantities of items of work executed in comparison to that indicated in the agreement. Clause 12 of the General Conditions of Contract (GCC) states that deviation limit for original works is allowed up to 30 *per cent* in superstructure work and up to 100 *per cent* in foundation works as specified in Schedule

[55]As Para 24.2.1 of CPWD Works Manual 2014, substituted items are items that are taken up with partial modification or in lieu of items of work in the contract. Further, Para 24.3, ibid states that for the substituted items, the agreement rate of the original item will be adjusted for the difference in market rates of original and substituted items.

F of the agreement. Further, Para 24.3 of CPWD Works Manual 2014 states that the rate of deviation items beyond the permissible limit will be worked out at market rates prevailing at the time of commencement of execution of items.

In four out of the nine selected works **(Annexure-XVII)**, Audit observed that there were several instances where agreement items deviated beyond permissible limit during execution of works. In such a deviation where agreement items of works were executed over and above the agreed Schedule of quantities (SoQ), CPWD made payment to the contractors at the prevailing market rate.

It is evident that in four works, a total of 268 items of works deviated which ranged from 0.9 *per cent* to maximum 8,67,985 *per cent* beyond permissible limit. In these deviated items, works were executed over and above the agreed quantities and the contractor was paid at the prevailing market rate, for which CPWD had incurred a total avoidable expenditure of ₹12.79 crore.

The Ministry stated (June 2024) that the deviations occurred mainly because of non-availability of structural drawings, requirement of quantity of items based on the actual requirement of the site etc. Further, it was stated that had the items been taken in NIT, then escalation would have been paid on those items.

The reply may be viewed in light of the fact that such significant deviations over and above the permissible limit points to the lack of proper planning and non-consideration of, among others, preliminary data, designs and drawings in the preparation of detailed estimate. Further, the contention of the Ministry that had the items been taken in NIT, price escalation would have been payable to agency over and above the quoted rates, is not tenable because all items which are considered essential are to be included in the detailed estimate irrespective of the fact whether escalation would be payable or not. The following case study illustrates deviation in items and subsequent avoidable expenditure:

Case Study 1

Indo-Tibetan Border Police (ITBP) entrusted the work 'Construction of 225 quarters at 22nd Battalion ITBP, Tigri' to CPWD. CPWD prepared and submitted (August 2016) drawings of the buildings and preliminary cum detailed estimate to ITBP for approval. CPWD floated (October 2016) a tender for hiring of consultancy services on the comprehensive architectural and engineering planning and designing of the ITBP Campus.

On receiving (November 2016) of AA & ES from the ITBP, CPWD submitted (November 2016) the draft NIT along with preliminary cum detailed estimates and AA & ES as approved by ITBP, to the Competent Authority of CPWD for technical sanction and approval. After submission of preliminary cum detailed estimates and AA&ES, CPWD engaged (December 2016) a consultancy firm which was to carry out the works of preparation of detailed designs, drawings, cost estimate and bid documents for calling of NIT of the works within 18 weeks.

In March 2017, the technical sanction was accorded by the Competent Authority on the estimate framed by CPWD as no estimate was received from the consultant firm by that time.

However, in April 2017, the final cost of estimates, detailed measurement and schedule of quantity for the works was received from the consultant.

CPWD floated (May 2017) NIT for selection of contractor to execute the works. However, in the schedule of quantity, of the published NIT documents, two items of works, i.e., Delhi Schedule Rate item Nos. 18.7.3(25 mm CPVC pipes) and 18.8.2(20 mm CPVC pipes) which existed in the schedule of quantity of detailed estimate, were replaced with the NIT items Nos. 13.1.2(25 mm GI pipes) and 13.2.2 (20 mm GI pipes) respectively. Subsequently, based on the aforesaid NIT, CPWD selected a contractor and entered (August 2017) into an agreement for execution of the works.

During execution, on the request of the ITBP, two agreement items i.e., item no 13.1.2 and 13.2.2 having estimated quantity of 1,160 meter and 1,828 meter, respectively were substituted by CPWD with the DSR items No 18.7.3 and 18.8.2, respectively. Finally, total quantity of 7,348.92 meter and 4,886.90 meter of Delhi Schedule Rate items no 18.7.3 and 18.8.2, respectively were executed in the works. Thus, these two items deviated to the tune of 387 *per cent* and 105 *per cent* respectively beyond permissible percentage of deviation from the agreement quantities and for which CPWD incurred an avoidable expenditure of ₹18.18 lakh.

While justifying the reasons for deviation, the Ministry stated (June 2024) that the item of GI Pipe was taken in NIT, as the source of drinking water was not known at the time of preparation of NIT and the items were substituted on the request of ITBP due to encountering of hard water at the time of execution. The Ministry further stated that the para is noted for future.

The reply shows that the estimate was not prepared as per site conditions. Further, the reply is silent about the inordinate increase in quantity of agreement items executed as the avoidable expenditure occurred on account of deviation of 387 *per cent* and 105 *per cent* in quantity and not on account of change of material.

(iii) Avoidable Expenditure on Extra Items

Para 24.2.1 of CPWD Works Manual 2014 states that extra items of work are items that are completely new and in addition to the items contained in the contract. Further, Para 24.3 *ibid*, states that the rate of extra items will be worked out at market rates prevailing at the time of commencement of execution of these items.

In four out of nine selected works **(Annexure-XVIII)**, Audit observed that there were several instances where items of works which were completely new and in addition to the items mentioned in the Schedule of Quantities (SoQ) of the agreement, were executed in the works and for which CPWD made payment to the contractors at prevailing market rate. Total 251 items, involving an amount of ₹31.49 crore beyond the permissible limit as mentioned in the contract agreements, were executed as extra items in the aforesaid four works.

The Ministry stated (June 2024) that execution of extra items was necessitated as per the change in drawings, requirements of site of the works, etc. Further, it was stated that had the items been taken in NIT, then escalation would have been paid on those items.

Reply may be viewed in light of the fact that execution of extra items due to the requirements of site, designs and drawing points to the lack of proper planning and non-consideration of preliminary data, reports, designs and drawings etc. in the preparation of detailed estimate. Further, the contention of the Ministry that had the items been taken in NIT, price escalation would have been payable to agency over and above the quoted rates, is not tenable because all items which are considered essential are to be included in the detailed estimate irrespective of the fact whether escalation would be payable or not.

The execution of extra items resulted in incurring of avoidable expenditure as illustrated in the following case studies:

Case Study 2

In the work 'Construction of 480 + 120 Men's Barrack at ITBP Chhawla', detailed estimate included five items[56] which were excluded at the time of finalisation of NIT for which no reasons were available on record. However, scrutiny of records revealed that the same items were later executed as extra items. The extra items were executed at the market rate. Had these been included in the agreement as per the detailed estimate, the difference in the rate of items (agreement rate and market rate) could have been avoided and extra expenditure of ₹18.63 lakh on this account could have been saved.

The Ministry, in its reply (June 2024), stated that the preliminary estimate was made as per CPWD Plinth Area Rate and a sanction of ₹26.71 crore was received. However, during the preparation of detailed estimate, to keep the amount of Estimated Cost Put to Tender below the sanctioned limit, a few items had to be excluded from the NIT. Further, extra items were executed as per the requirement of site and availability of budget and got sanctioned from the Competent Authority. Had they been taken in NIT, price escalation as per clause 10CC & 10CA would have been payable to agency over and above the quoted rates.

The reply may be viewed in light of the fact that the items included in the detailed estimate after approval of the client should be excluded only after comprehensive review of site requirements and excluding certain items merely to keep the estimated cost below the sanctioned amount and for no other valid reason is not in order. Further, the contention that had the items been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates, is not tenable because all items which are considered essential to fulfil the functional requirement of building are to be included in the detailed estimate irrespective of the fact whether escalation is payable or not.

[56]Delhi Schedule Rate item No. 6.15 for Providing Half brick masonry; Item Nos. 18.40.3 & 18.40.6 for Painting G.I pipe; Item no.13.43.1 for applying cement primer and Item No. 13.80 for applying cement-based putty)

Case Study 3

In respect of 'Construction of 225 quarters at 22nd Battalion ITBP, Tigri, Delhi' in the schedule of quantity of the published NIT documents, five items of works[57], which existed in the schedule of quantity of detailed estimate, were excluded. During execution, these aforesaid five items were executed in the works at market rate since these items did not exist in the agreement and for which CPWD incurred an avoidable[58]expenditure of ₹10.07 lakh.

The Ministry replied (June 2024) that during NIT preparation, sunken portion was replaced with overhang CI pipes in toilets as they are easier to maintain. The same was executed in sample flat. But ITBP raised the issue of reduced headroom and further to camouflage these overhanging pipes, metal false ceiling was requested which would have cost implications. And increasing the ceiling height at all levels would have resulted in increase in overall height of the building which would have resulted in cost implication. Keeping in view all this, item was executed as extra item. Also, as clause 10CC and 10 CA is applicable which provides for variation in contract due to variation in price of material and labour. Had they been taken in NIT, price escalation as per clause 10CC and 10 CA would have been payable to agency over and above the quoted rates.

The reply may be viewed in light of the fact that CPWD assessed the requirements of the site and ITBP while preparing estimates accordingly included these five items in the schedule of quantity of the detailed estimate. However, later CPWD itself excluded these five items in the NIT/Agreement without giving any reasons. Had these five items not been excluded in the NIT/Agreement, CPWD could have executed these items at agreement rate instead of prevailing market rate. Further, the contention that had the items been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates, is not tenable because all items which are considered essential to fulfil the functional requirement of building are to be included in the detailed estimate irrespective of the fact whether escalation is payable or not.

Case Study 4

In the work 'Construction of Central Armed Police Forces Institute of Medical Sciences (CAPFIMS) at Maidangarhi', as per the agreement, there was provision for post constructional anti termite treatment wherein anti-termite chemical "Chlorpyriphos /Lindane" was to be applied. However, during the preparation of estimates, the provision for procurement of chemical was not considered.

Audit noticed that during the execution of work, vide Extra item statement number 1, a total of 74,000 litre of the anti-termite chemical was sanctioned as extra item (16 October 2017) at the rate of ₹328.12 per litre. However, Delhi Schedule of Rates 2014 (applicable

[57]Delhi Schedule Rate item Nos. 22.5 (Water proofing treatment in WCs, bathroom), 19.1.1 (Providing, laying and jointing glazed stoneware pipes), 19.2.1 (Providing and laying cement concrete all-round S. W. pipes), 12.43.2 (Providing and fixing un plasticized PVC pipes clips etc.) and 18.53.1 (Providing and fixing C.P brass angle valve for basin mixer and geyser)

[58]Difference between prevailing market rate and agreement rate of the item multiplied by the quantity of item executed.

for agreement) provided the cost of anti-termite chemical "Chlorpyriphos /Lindane" as ₹185.95 per litre. Had the department considered provision for supplying the chemical during the preparation of estimates, it would have saved an amount of ₹142.17 per litre.

As per the 56th RA bill for the month of January 2022, the department had procured 7,000 litres of the chemical and paid an amount of ₹18.20 lakh for the item. Thus, considering the rates of the DSR the division could have saved extra avoidable expenditure of ₹9.95 lakh [59]which will keep on increasing until the finalisation of work.

While furnishing justification on the issue, the Ministry accepted (June 2024) that the item of supply of anti-termite chemical was inadvertently left out in the BOQ during the stage of preparation of NIT and the recommendation of the Audit is noted for taking more care while framing of estimates in the future.

Recommendation No. 4: CPWD should consider strengthening of mechanisms for preparation of estimates of work, to avoid extra expenditure on deviation beyond the permissible limit and also execution of extra items, by taking into consideration actual site condition, client requirement etc. at the planning stage itself.

In compliance of recommendations made in the audit para, the Ministry stated (June 2024) that the Directorate of CPWD has issued an OM vide PM/DG/442/77 dated 24 April 2024 wherein all the field units are directed to prepare the estimates precisely by incorporating the provisions of BIM modelling and clearly foresighting the extent of execution quantities, reducing the chances of deviation and extra items.

(iv) Extra expenditure on construction of site office.

With a view to construct 'India International Institute of Democracy and Election Management (IIIDEM) Campus at Dwarka', a site office for CPWD officers/officials engaged in the work was constructed (April 2015) at a cost of ₹25.11 lakh. In September 2020, it was decided that the existing CPWD site office would be dismantled because road, storm water drain, car parking and services were coming in the alignment of existing site office. The said office was dismantled (October 2020) and a new office was constructed (December 2020) to complete the remaining work of IIIDEM at a cost of ₹12.67 lakh. Thus, the site office had to be constructed twice, which resulted in extra expenditure of ₹12.67 lakh.

The Ministry stated (June 2024) that initially, location of temporary site office was decided in such a way that there would be least disturbance to construction work considering entire work of IIIDEM Campus would be completed in one go and handed over to the client. To make Institutional Block functional, all surrounding road, parking facilities and other services were also made functional. Site office was clashing with these services; therefore, it was demolished.

[59] *7,000 litre x ₹142.17 (₹328.12 per litre-₹185.95 per litre)*

The reply of Ministry may be viewed in light of the fact that as the site office was meant to be demolished after completion of the work and if the original site office was constructed at the right place based on the drawings of the land, then the need for its demolition and construction of a new site office would not have arisen.

(v) Non-obtaining of approvals from Local/Statutory Bodies

As per Para 2.7 of the CPWD Works Manual, 2014 obtaining approval from local/statutory bodies is a pre-requisite before execution of work.

In the work of 'Construction of 480 + 120 Men's Barrack, ITBP Chhawla, a consultancy firm was hired for the work w.e.f. 1 January 2017 for a period of two years at the cost of ₹25.20 lakh. The consultancy firm was accorded a period of 18 weeks from the start of work to get all the local bodies and statutory clearances.

Audit noticed that till the time of Audit (February 2022) the statutory approvals from local bodies were not obtained by the consultant though the work was completed on 6 August 2019 and the site had been occupied by the client. Starting of work before securing the mandatory approvals/clearances and subsequent occupation of site after completion of work without the aforesaid approvals/clearances constitutes a violation of various provisions like fire-fighting clearance from fire department, layout plans, drainage plans etc., from local bodies/municipality, which may attract penalties from the local/statutory bodies as well as safety hazard.

The Ministry, in its reply (June 2024), stated that it has made efforts for getting the local body/statutory approval. Work can only be taken up after sanction is received from ITBP and compliance report can be submitted to local body. CPWD is continuously following up the matter with Client for getting the funds.

The reply may be viewed in light of the fact that CPWD had not ensured securing of mandatory approvals/clearances from local/statutory bodies even though the work was completed in August 2019.

3.4.5.2 Execution of Work

As per Para 2.1 of CPWD Works Manual 2014, the implementation of a work in the construction stage commences after ensuring an Administrative Approval & Expenditure Sanction, a technical sanction and availability of funds. The construction stage of work starts with the process of execution and contract management of works and after completion and commissioning of works finally conclude with handing over of works to the client and settlement of accounts of the contractor.

Audit examined the aforesaid construction activities in respect of the nine selected works which were carried out by CPWD. Various deficiencies noticed in this stage are discussed in the following paragraphs:

(i) Non-appointment of Technical Representative

As per General Conditions of Contract (GCC), the contractor shall, immediately after receiving the letter of acceptance of the tender and before commencement of the works, intimate in writing to the Engineer-in-Charge along with certificates the name(s), qualifications and experience of the principal technical representative who will be in charge of the works and other technical representative(s) who will be supervising the works. The minimum number of such technical representative(s) along with their qualifications and experience required for the works were not to be lower than that specified in schedule of the contract. The Engineer-in-Charge was to within three days of receipt of such communication, intimate in writing his approval to the contractor. In the event of non-fulfilling the provision, recoveries ranging from ₹15,000 to ₹1,00,000 per month (depending on the provisions of the individual contract) had also been stipulated.

During examination of records, it was noted that in four out of nine selected works, the required number of technical representatives were not deployed, as certificates in proof of the educational qualification and/or experience of these technical representatives were not submitted. On being pointed out by Audit, CPWD recovered a penalty of ₹15.90 lakh from the two contractors[60] till September 2022.

In respect of the remaining two works, Audit estimated penalty amounting to ₹6.21 crore **(Annexure-XIX)** which was to be recovered from the two contractors of the concerned works for non-compliance with the aforesaid conditions of the agreement.

Recommendation No. 5: Compliance to provisions of CPWD Manuals/General Conditions of Contracts pertaining to appointment of technical representatives may be ensured for his/her availability for proper supervision of work at site during all the stages of work.

In compliance of recommendations made in the audit para, the Ministry stated (June 2024) that the Directorate of CPWD has issued an OM vide PM/DG/442/77 dated 24 April 2024 wherein all the field units are directed to strictly implement the provisions of GCC relating to deployment of requisite number of qualified and experienced technical representatives. The higher authorities during inspection of work should ensure proper compliance of this clause so that proper supervision of work at site is ensured during all stage of execution.

(ii) Excess Payment to the Contractor on account of Price Escalation

Clause 10 CA and 10 CC of General Conditions of Contract (GCC) 2014 state that if after submission of the tender, the price of materials increases/decreases beyond the base price(s) as indicated in "Schedule-F" of agreement of the work, then the amount of the contract shall accordingly be varied. It further provided that any such variation shall be effected for the stipulated period of the Contract including the justified period extended under the provisions of Clause 5 of the Contract (i.e., Time and Extension for Delay) without any action under Clause 2 (i.e., Compensation for Delay) has been taken. Clause 2 stipulates that compensation for delay of work was to be levied at the rate of 1.5 *per cent* per month of delay to be computed on per day basis provided that the total amount of compensation for delay to be paid under this condition shall not exceed 10 *per cent* of the Tendered value.

[60] ₹ 15.40 lakh (Construction of Boys Hostel at IIT Delhi) and ₹ 0.50 lakh (Construction of 76 nos. Multi Storied Flats for MPs of Lok Sabha at Dr. B.D. Marg)

In two out of nine selected works, Audit observed that CPWD paid excess amount to the contractor of the works on account of escalation in the price of materials used in the works as discussed in the following case studies:

Case Study 5

In the work 'Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka', the stipulated date of completion of the work was 13 April 2017 which was extended up to 31 October 2018 under clause 5. Since, the contractor was not able to complete the work by the extended date of completion, the work was determined/cancelled on 1 October 2018 by CPWD with levy of compensation/liquidated damages of ₹5.11 crore for the period from 13 April 2017 to 1 October 2018 (i.e., 17.5 months) under clause 2.

Audit noticed that though CPWD imposed compensation of ₹5.11 crore under clause 2 upon the contractor during the extended period and an amount of ₹19.92 lakh and ₹80.25 lakh on account of price escalation under clause 10CA and 10CC respectively had been paid to the contractor for the period from April 2017 to January 2018.

The Ministry stated (June 2024) that said contract was determined/terminated on 01 October 2018. As per the contract, date of stipulated completion was 13 April 2017. The competent authority had granted Extension of Time (EoT) for period 14 April 2017 to 31 January 2018 without levy of compensation under clause -5 i.e. justified extended period without any action under clause 2.

The reply of Ministry may be viewed in light of the fact that out of total EoT period of 17.5 months, justified period was only 4.5 months (14 April 2017 to 31 August 2017) as per hindrance register, for which escalation was to be paid and for remaining unjustified period of EoT i.e. 13 months no price escalation was to be paid to the contractor. Further, as per CPWD letter dated 13 August 2018 relating to grant of provisional EoT upto 31 October 2018, it was clearly mentioned that the said agreement is extended upto 31 October 2018 without prejudice to the right of the CPWD to recover compensation in accordance with the provision of clause 2 and other clauses of the agreement. Thus, undue benefit amounting to ₹ 0.32 crore [61]on account of price escalation beyond justified period of 4.5 months was given to the contractor.

Case Study 6

The increase/decrease in prices of cement, steel reinforcement and structural steel were to be determined by the price indices issued by the Director General (Works), CPWD and the base price for such items would be those as issued under the authority of Director General (Works). The amount of contract would accordingly be varied for all such materials and worked out as per the formula[62]prescribed. Further, as per OM dated 21

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[61] ***The amount of price escalation is taken from the escalation bill payment made to the contractor for the period from 1 September 2017 to 31 January 2018 as per the contract agreement.***

[62] ***$V = P \times Q \times (CI-CIo)/CIo$. Where, 'V' represents the variation in material cost i.e., increase or decrease in the amount to be paid or recovered, 'P' represents the Base price of material as issued under the authority of Director General (Works), CPWD and 'Q' represents the quantity of material brought at site for bona fide use in the works since previous bill.***

October 2020, for calculation of escalation the base price without excise and VAT is to be used. Thereafter, GST at the rate of 12 *per cent* is to be added.

In the work 'Construction of Atal Akshaya Urja Bhawan at CGO Complex', it was noticed that the division had made payment on account of escalation by using the Base prices given in the schedule F, instead of taking those base prices which excluded Excise and VAT. Resultantly, the division paid excess amount of ₹16.71 lakh to the contractor.

The Ministry stated (June 2024) that the recovery has been made from the bill of the contractor.

Recommendation No. 6: The provisions of General Conditions of Contract as well as circulars/orders issued by competent authority pertaining to payment for escalation should be scrupulously adhered to avoid any over payment.

In compliance of recommendations made in the audit para, the Ministry stated (June 2024) that the Directorate of CPWD has issued an OM vide PM/DG/442/77 dated 24 April 2024 wherein all the field units are directed to strictly implement the provisions of escalation clauses of GCC as provided in the contract agreement. The Accounts officer/AAO posted in the division office should ensure that the escalation payment is being made as per provisions of GCC. In this regard, certificate on the body of escalation bill should be given by AO/AAO on each bill.

(iii) As per para 1.48 (ii) of Special condition of the agreement, the contractor was to provide display board about the salient features of the 'Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka'. During the physical verification of the site, Audit observed that no sign board was fixed at site. Therefore, an amount of ₹6.05 lakh (from stipulated date of start to date of audit i.e. 7 November 2018 to 28 February 2022) at the rate of ₹500 per day was to be recovered from contractor for non-compliance of the agreement clause. However, no recovery for non-compliance of the Special Condition had been made from the contractor.

Ministry stated (December 2024) that this recovery will be made from final bill of the contractor and same will be intimated to Audit.

Ministry accepted the Audit observation and assured that this recovery will be made from final bill of the contractor and same will be intimated to Audit.

(iv) Non-obtaining of Insurance Policy for the works

In two out of nine selected works, Audit observed that insurance policies for the works were not taken from the contractors executing these two works though the terms and conditions of Special Conditions of agreement provided the same as discussed in the table below:

Table 3.8: Audit observation on the insurance policy of works

Name of the Works	Observation of Audit	Reply of Ministry
Construction of 453 quarters at 39th Battalion, ITBP, Greater Noida	As per clause 1.46 of Special Conditions of Contract, before commencing the execution of work, the contractor, without in any way limiting his obligations and liabilities, was to insure at his own cost and expense against any damage or loss or injury, which may be caused to any person or property, at site of work. The Contractor was to obtain and submit to the Engineer-in-Charge proper 'Contractor All Risk (CAR) Insurance Policy' for an amount 1.25 times of the contract amount for this work, with Engineer-in-Charge as the first beneficiary. Further, the contractor was to obtain and submit to the Engineer-in-Charge, a third-party insurance policy for maximum ₹10 lakh for each accident with the Engineer-in-Charge as the first beneficiary. During scrutiny, nothing was found on record to show that the CAR Insurance Policy for an amount of ₹68.35 crore and a third-party insurance policy for maximum ₹10 lakh for each accident were executed by the contractor. Without obtaining Insurance Policy from the contractor the work was started at site on 7 October 2016.	Recovery of ₹8.74 lakh has been done from the Contractor's final bill for not obtaining CAR insurance policy and third-party insurance policy.
Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka	As per the agreement, the contractor was to obtain and submit to the Engineer-in-charge proper 'Contractor All Risk (CAR) Insurance Policy' for an amount 1.25 times the contract amount (₹132.21 crore) for the work, with Engineer-in-charge as the first beneficiary. Further, he was to obtain and submit to the Engineer-in-charge, a third-party insurance policy for maximum ₹10 lakh for each accident, with the Engineer-in-charge as the first beneficiary. No work was to be commenced by the Contractor unless he obtains the Insurance Policies as mentioned above. Records did not indicate submission of any such policies by the contractors or having been obtained by Executive Engineer from the contractors.	In its reply (June 2024), Ministry stated that Contractor All Risk Policy Submitted by the contractor is attached.

The reply of Ministry is partially accepted as no Contractor All Risk Policy in respect of contractor for balance work of Construction of IIIDEM work at Dwarka is attached. In the absence of documentary proof, CAR policy of contractor for balance work of this work could not be verified in audit.

Recommendation No. 7: CPWD should ensure compliance of the provisions of the agreement by the contractor regarding submission of insurance policy to mitigate any loss or damage to property or persons.

In compliance of recommendations made in the audit para, the Ministry stated (June 2024) that the Directorate of CPWD has issued an OM vide PM/DG/442/77 dated 24.04.2024 wherein all the field units are directed to strictly obtain the Comprehensive Accidental Risk insurance policy at the rate of 1.25 times of contract value from the contractor before start of work as per agreement conditions, if any to mitigate any loss or damage to property or person at project site.

(v) Non-compliance with Environmental Laws

(a) Use of Construction and Demolition Waste in selected works

MoHUA had circulated (23 March 2016) a notification by CPWD on mandatory use of recycled portions of construction and demolition waste in construction activities, if the same was available within 100 kms of the construction site. Further, Delhi Pollution Control Committee issued directions on 14 January 2020 to various Government Departments/Agencies involved in construction activities including CPWD, to expedite and maximize the utilization of construction and demolition waste products of three construction and demolition waste processing facilities in Delhi at Jahangirpuri, Shastri Park and Mundka, in their projects to meet the targets[63] fixed by MoHUA. Compliance with the order dated 06 July 2016 of the Department of Urban Development, Govt. of NCT of Delhi, within a week was also sought, and failing which construction would be stopped in Delhi. It was also stated that payment of Bills of Contractors shall be stopped by the above-mentioned Government Departments/Agencies if products/recycled products from the waste processing facilities in Delhi were not being used by the contractors in their projects.

In respect of all the selected works**,** the details regarding usage of construction and demolition waste were called for in audit, but the same were not furnished. As such, Audit could not ascertain whether the notifications/orders for construction and demolition processing were complied with or not.

Ministry, in its reply (December 2024), stated that no such provision of use of the C&D waste was kept in the NIT prepared by the consultant. However, the guidelines issued by the department as well as the DPCC for use of C&D waste are being followed in works taken up at later stage.

The Ministry stated that the guidelines issued by the department as well as the DPCC for use of C&D Waste are being followed in the works taken up at later stage. But no evidence in support of the reply was furnished by the Ministry. However, the reply of Ministry is silent on any action taken or proposed to be taken against the consultant for non-adhering to the norms of usage of C&D waste in the NIT.

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[63] As per GNCTD order dated 06 July 2016 endorsed to DG, CPWD, a minimum of 2 per cent of C&D recycled products shall be used for building works and 10 per cent of C&D products shall be used for Road works.

(b) Non-compliance with the NGT norms

As per para 1.12 (A) of the contract agreement executed for 'Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka', which reproduce the National Green Tribunal (NGT) order dated 04 December 2014, every builder, contractor or person was to ensure that the construction material is covered by tarpaulin and all other precaution is taken to ensure that no dust particles are permitted to pollute air quality as a result of such storage.

Audit observed that:

- **Construction material was not covered by tarpaulin:**

  Ministry stated (December 2024) that CPWD had been pursuing with Fire Officers since November 2021 for obtaining Fire NOC for Hostel Block and Fire Deptt. Officials visited the site on 29 November 2021**.** During the inspections, it was directed to remove all materials lying on road in the six meter proximity of institutional building. However, day to day water sprinkling on construction materials was going on.

  The reply of the Ministry is not specific to the Audit observation.

- **Scaffolding was not covered with Tarpaulin as required under NGT order.**

  Ministry stated (2024) that the net covering to scaffolding was provided at site for Auditorium work. The work is almost complete; however, it is noted for future compliance.

  The reply of the Ministry is not supported with documentary evidence. However, Ministry noted the same for future compliance.

Picture 3.1: Scaffolding not covered with Tarpaulin

(vi) Other Audit Findings

(a) Lifts of incorrect specifications approved and installed

In the electrical work 'Construction of Atal Akshaya Urja Bhawan at CGO Complex', as per the agreement, a total of nine lifts were to be installed in the Atal Akshaya Urja Bhawan of which two lifts were required to be goods/services lift of two-ton capacity.

Audit noticed that the contractor had submitted drawings for the two service lifts on 18 May 2020 which were approved by the division on 23 May 2020. The drawings revealed that the capacity of the service lifts was 1,600 kg i.e., 1.6 tons, instead of 2.00 tons prescribed in the agreement. The reduction in the capacity of lifts was attributed to reduction in the shaft size. This was in violation of the terms and conditions of the agreement.

Ministry, while accepting the observation (June 2024,) stated that deduction for installation of 2 nos. 1.6-ton service lift in place of 2.00 tons service lift amounting to ₹5.70 lakh was approved by the competent authority and recovery for the same was made in the final bill.

(b) Non deduction of security deposit in respect of water proofing work

In the work 'Redevelopment of General Pool Residential Colony at Mohammadpur', as per para 2.4.7 of the agreement, 10 *per cent* of the cost of water proofing work was to be retained as additional security deposit and the amount so withheld would be released after ten years from the date of completion of the entire work under the agreement. Theoretical consumption statement attached with 27th RA Bill showed that water proofing work had been executed in 13,744 sqm. However, no deduction of security in respect of water-proofing work had been done from the bill.

While accepting the observation the Ministry replied (December 2024) that deduction of 10 *per cent* of the cost of water proofing work (i.e., ₹12.09 lakh) as security deposit has been done duly from the subsequent bill.

3.4.5.3 Internal control and Monitoring of Works

To ensure quality of works, various measures are laid down in CPWD Works Manual like testing of material, monitoring of brand and quantity, periodical inspections by higher authorities & quality assurance wing, third party inspection and preparation of various registers and documents.

In nine selected works, Audit examined the efficiency and effectiveness of internal control and monitoring system put in place by CPWD for implementation of works. Various deficiencies noticed are discussed in the following paragraphs:

(i) Deficient maintenance of records

Proper maintenance of records of the works is essential to ensure quality of works which is being executed. Deficiencies noticed in upkeep of various registers/records are discussed below:

(a) Measurement of items not recorded properly in the Measurement Book

In the work 'Construction of 453 quarters at 39th Battalion, ITBP, Greater Noida', as per clause 7.1(4) of Works Manual 2014, the payments to contractors and others for the work done or other services rendered are made based on measurements recorded in the Measurement Book. These books are considered very important accounts records and maintained very carefully and accurately as these may have to be produced as evidence in a court of law, if and when required.

Scrutiny of 14th Running Account bill revealed that six items[64] were executed amounting to ₹12.41 lakh. However, from scrutiny of 15th Running Account bill it was found that the amounts paid vide 14th Running Account bill were deducted in the 15th Running Account bill. It clearly showed that either measurement of items was not recorded properly in the Measurement Book or calculations and accuracy in making payments to contractor was not

[64] ***Item no 6.10.2, 6.11.2, 7.12.1, 12.4.1.1, 13.13.1 & EIS II/3***

reviewed by Divisional Office during scrutiny of Running Bill. This has also resulted into loss of interest amounting to ₹0.32 lakh.

While accepting the observation of audit, the Ministry replied (June 2024) that necessary recovery has been made from the bill of the contractor.

(b) Maintenance of Hindrance Register

Para 29.7 of CPWD Manual 2014 mentions that whenever any hindrance comes to the notice of the Assistant Engineer, he should at once make a note of such hindrance in the register kept at site and immediately make a report to the Executive Engineer within a week. The Executive Engineer was required to review the Hindrance Register at least once in a month. Each hindrance should be entered in the Hindrance Register, which should be authenticated by the Executive Engineer and Contractor. Review of hindrance register was compulsory in division office by EE and AAO at the time of payment of each Running Account Bill and final bill. In this regard, a certificate was to be recorded/documented stating that all up to date hindrances, on part of department and contractor, have been recorded in the hindrance register. The net delay on part of department or contractor was to be worked out after considering all the hindrances recorded in the hindrance register.

In respect of work "Construction of Atal Akshaya Urja Bhawan at CGO Complex", the hindrance register was not properly maintained as certain irregularities viz. entries without date, non- depiction of items affected by hindrance, date of removal of hindrance etc. were found.

The Ministry, in its reply (June 2024), stated that all hindrances were recorded in hindrance register duly approved by competent authority in view of actual ground situation, which was also seen and accepted by the client i.e. MNRE. Further, the work has been completed and final bill and payment has also been made.

The reply may be viewed in light of the records that show the discrepancies and irregularities in the Hindrance register. In some instances, the competent authority did not approve the hindrance, in others, extra days of hindrance has been claimed. Besides, some instances have no information marked against them, although the competent authority has approved it.

(c) Irregularities in Material at Site Register

Para 53.2 of CPWD works Manual 2014 states that all the Material at Site (MAS) Registers shall be maintained by Contractor and each entry made into the register was to be 100 *per cent* test checked by JE at least twice a week and at least once a week by Assistant Engineer. Further, Para 26.3.1, ibid, states that the Assistant Engineer must record on the body of the indent, the balance of such material available at the time and date of issue of the indent, which should be taken into account by the Executive Engineer before signing the indent. At the time of receipt of the materials, not only the date but also the time of receipt shall be mentioned in the Cement Register as well as in the MAS Register.

In two out of nine selected works, Audit noticed the irregularities in maintenance of material at site register as given below:

- **Construction of Atal Akshaya Urja Bhawan at CGO Complex**: Scrutiny of MAS Register along with Hindrance Register revealed that cement and steel for works were shown issued even on the days when there was 100 *per cent* hindrance. The reasons for issuance of the above items during 100 *per cent* work hindrance were not furnished to Audit.

  Ministry did not furnish the reply to the observation.

- **Construction of 76 nos. Multi Storied Flats for MPs of Lok Sabha at Dr. B.D. Marg, New Delhi:** Examination of Schedule of quantity attached with 25th RA Bill showed that specific materials were required to be used in concerned items, however, no entry of these materials has been found in Material At Site (MAS) Register. This indicates that either these items have not been purchased or not used in the work. However, a payment of ₹49.13 lakh for these items was made to the contractor.

Ministry replied (December 2024) that as per practice, important materials or those having substantial financial implication are taken in MAS register. Ministry further replied that even though item no. 16.1.1. 16.2 & 16.6 are not taken into MAS account, the same were duly purchased and consumed in the work.

The reply of Ministry may be viewed in the light of the fact that as per para no 53.2 of CPWD manual, merely purchase invoice of material does not guarantee that the material was used on the work. Further, Ministry did not furnish the supporting documents relating to the utilization of these items in the project.

(d) Improper maintenance of Site Order Book

As per Para 25 of the Works Manual 2014, Site Order Book should be maintained at the site of the work. The Executive Engineer and Assistant Engineer concerned should invariably sign the Site Order Book in token of their having read all the instructions issued by various Officers and replies made thereto. In case the Executive Engineer or Assistant Engineer himself wants to give any instructions; he should record them in the Site Order Book. The Junior Engineer/Assistant Engineer should also record his observations in the Site Order Book if he finds any defective work going on, or if the contractor is not complying with any of the terms of the contract, or on the slow progress of work, if any. The Site Order Book should be consulted at the time of making payments to the contractor.

In two[65] out of nine selected works, discrepancies like not recording the instructions of site inspections and remarks signed without date were noticed.

Ministry stated (December 2024) that the site was inspected by senior officers frequently in which requisite directions were issued and the compliance was followed upon during next visit. With such close monitoring, many times written directions are not issued as observations made in previous visit are followed upon in next visit immediately. However, as has been pointed out by Audit, this observation of the Audit will be taken as constructive point and will be followed and adhered to in future.

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[65] ***Construction of 453 quarters at 39th Battalion, ITBP, Greater Noida' and Construction of 76 nos. Multi Storied Flats for MPs of Lok Sabha at Dr. B.D. Marg, New Delhi.***

(e) Non maintenance of Inspection Register

As per para 25.2 of the CPWD Works Manual 2014, an Inspection Register is required to be maintained at every site of work, duly issued by the Executive Engineer, and docketed from the Division Office. The Chief Engineer/Chief Project Manager/Project Manager was to record his observations in the Inspection Register, at least in 50 *per cent* of his visits, and in other visits he was required to at least sign the Inspection Register in token of his visit to the work. It is also necessary that the observations recorded in the Inspection Register by the Chief Engineer/ Superintending Engineer be reviewed during their subsequent inspections to ensure their compliance. These are also required to be reviewed during Quality Assurance Inspection.

In respect of the work 'Construction of 453 quarters at 39th Battalion, ITBP, Greater Noida', Audit noticed that inspection register was not maintained by the division. In the absence of the said register, it could not be verified whether senior officers visited the site and made their observations related to execution of work.

Ministry replied (December 2024) that the observation has already been complied with and has been noted for future compliance.

(f) Non-preparation of theoretical consumption statement

As per Para 33.15.1 of CPWD Works Manual 2014, it is necessary that with every running account bill a statement showing the theoretical requirements of materials for the items of work done and measured should be prepared and got signed from the contractor at the time of obtaining his signature on the running account bill, so that he is aware of the basis on which the theoretical calculations are worked out. It will also enable the Department to exercise a broad check over the consumption of these materials during execution of the work.

However, in the work 'Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka', it was noticed from the final bill that no theoretical consumption statement of materials of items of work done was prepared or attached with running account bill, in the absence of which it could not be vouched that material was used as per specification.

The Ministry stated that the main work of construction of IIIDEM was determined on 01 October 2018. The final bill had to be submitted by the contractor along with all records such as theoretical consumption statement of materials of items of work done to this office. In order to avoid interest on delayed payment of final bill, payment was done immediately without waiting for theoretical consumption statement.

The Ministry has admitted (June 2024) that the theoretical consumption statement had not been prepared.

(ii) Improper Monitoring of Works due to non-conducting of Quality Assurance by the third party

Regular monitoring of works is essential to ensure quality of works which is being implemented. Office memoranda issued by CPWD (11 February 2015 and 24 February

2015) mandated Third Party Quality Assurance (TPQA) for all works costing more than ₹five crore.

In respect of work 'Construction of Atal Akshaya Urja Bhawan at CGO Complex', Audit noticed that while granting Administrative Approval and Expenditure Sanction, the Ministry of New & Renewable Energy specifically instructed CPWD to incorporate third party inspection.

Scrutiny of records revealed that Central Building Research Institute was appointed as TPQA agency from 28 January 2020 for remaining amount of work (₹163.50 crore) after a delay of around 20 months.

In its response, the Division stated (April 2022) that initially hindrance had occurred in the work due to shifting of sewer lines and the work was not carried out in full swing.

The reply may be viewed in light of the fact that Ministry of New & Renewable Energy (MNRE) specifically instructed CPWD to incorporate third party inspection, therefore, TPQA had to be appointed for entire work irrespective of hindrances or the work not being carried out in full swing.

Ministry did not furnish the reply to the observation.

Recommendation No. 8: The provisions of CPWD manual for proper maintenance of records, viz., Measurement Book, Hindrance Register, Material at Site and Cement Register, Site Order Book & Inspection Register, should be complied with during execution of work. Further, CPWD should also ensure Third Party Quality Assurance for proper monitoring of works.

In compliance of recommendations made in the audit para, the Ministry stated (June 2024) that the Directorate of CPWD has issued an OM vide PM/DG/442/77 dated 24.04.2024 wherein all the field units are directed to strictly maintain the relevant project records as per the manual/ contract conditions and any laxity shall be viewed seriously.

3.4.6 Summing up

CPWD undertakes the work of construction of various kinds of buildings e.g., residential, office, schools, laboratories, hospitals, etc. and non-building infrastructure e.g., highways, flyovers, tunnels, bridges, etc. The Audit covered construction works undertaken by CPWD, during 2018-19 to 2020-21 in Delhi, to examine various activities in planning, execution and overall management of such construction works and selected nine out of 34 construction works for scrutiny.

CPWD had not prepared proper detailed estimates, detailed architectural/structural drawings, lay-out plan before award of work which resulted in execution of deviation and extra items in four works. The approval from local/statutory bodies before award of work was also not obtained in one work.

Instances of non-appointment of technical representatives were noticed during course of audit and recovery for the same was made by the CPWD in two projects. Excess payments toward escalation was also noticed in two works. Further, it was noticed that in case of two projects, insurance policies were not submitted by the contractors during execution of the works. Besides, non-compliance of provisions of the agreement as well as environmental laws were also noticed.

During the course of audit, it was observed that important records such as Measurement book, Hindrance register, MAS and cement register, Site Order Book & Inspection Register were not maintained properly. An instance of non-preparation of theoretical consumption of material during execution of work was also noticed. In one case, irregularity in engagement of Third-Party Quality Assurance for proper monitoring of work was also noticed.

Delhi Development Authority

3.5 Planning, Construction and Allotment of Houses

3.5.1 Introduction

Delhi, as a city, a Union Territory and also the capital of the country with an area of 1483 sq. km and a population of 1.68 crore (Census 2011), has a great need for planned development to make it a world class city. Delhi Development Authority (DDA), an autonomous body under the Ministry of Housing and Urban Affairs (MoHUA), was established by the Delhi Development Act, 1957. As per the Act, objects of the DDA were to promote and secure the development of Delhi according to plan (Master Plan of Delhi) and for that purpose the Authority were to have the power to acquire, hold, manage, and dispose of land and other property, to carry out building, engineering, mining or other operations, to execute works in connection with supply of water and electricity, disposal of sewage, other amenities and services necessary or expedient for purposes of such development and incidental thereto.

The Master Plan of Delhi is generally prepared for 20 years of the horizon period and is notified by the Central Government. So far, three Master Plans of Delhi (MPD) i.e. 1962, 2001 and 2021, have been prepared. A Master Plan is a dynamic long-term planning document that provides a conceptual layout to guide future growth and development. Master planning is about making the connection between buildings, social settings and their surrounding environments. A Master Plan includes analysis, recommendations, and proposals for a site's population, economy, housing, transportation, Community Facilities, and land-use.

3.5.2 Housing Scenario in Delhi

As per Master Plan of Delhi 2021 the population of National Capital Territory of Delhi (NCTD) would be 2.30 crore by 2021. Considering this, in MPD 2021 a requirement of about 24 lakh additional dwelling units (DUs) was estimated, which included an estimated housing requirement of 20 lakh dwelling units for additional population and backlog of about four lakh DUs including dilapidated and kuccha structures requiring replacement. This requirement of 24 lakh DUs was to be fulfilled by 2021 through development of housing by various agencies viz., public, private, Central/State Governments, co-operative societies and residents' associations. Thus, development of housing in National Capital

Territory of Delhi was one of the priority sectors of the overall urban development planning and development process of Delhi.

3.5.3 Function of DDA in Housing

Since its inception, DDA has launched 54 housing schemes, out of which 10 housing schemes were undertaken during 2017 to 2022 for various economic strata viz., High Income Group (HIG), Middle Income Group (MIG), Lower Income Group (LIG), Economically Weaker Sections (EWS) etc. The built-up properties were to be disposed of by way of sale or hire-purchase which is governed by DDA (Management & Disposal of Housing Estates) Regulations, 1968.

3.5.3.1 Organisation Structure of DDA

The DDA is headed by the Lt. Governor of Delhi, who is the Chairman. The Vice Chairman, the administrative head of DDA, is assisted by Finance Member, Engineer Member and Principal Commissioners and Commissioners of various functional wings.

3.5.3.2 Functions of departments of DDA associated with Housing projects

The overall roles and responsibilities of main departments of DDA related with housing projects are as follows:

- **Planning Department** is entrusted with the preparation of Master Plan, Zonal Plans, Layout Plan[66] etc., and policies and proposals for guiding the planned development of Delhi. Master plan as well as the zonal development plan are submitted by the Authority to the Central Government for approval.

- **Housing and Urban Projects Wing (Architecture Department)** is entrusted with site analysis and research, case studies, developing conceptual design, preparing proposal details and presentations, convening meetings of Screening Committee[67] and obtaining its approval, obtaining statutory approvals and clearance from Delhi Urban Art Commission (DUAC), fire safety etc., preparing detailed working drawings, on site coordination till completion of execution of project on ground to meet various types of housing, commercial, social, heritage and other infrastructure requirements.

- **Land Management Department** of DDA is responsible for acquisition of land, management of land, assisting the land user departments, co-ordination with various departments and outside agencies for land management matters, planning and execution of demolition programmes for encroachment removal and action against unauthorized construction in development areas.

- **Engineering Wing** of DDA is responsible for all the construction and development activities viz., development of land, construction of houses, developing parks and green

[66] ***A detailed plan showing the proposed placement of plots, parking area, landscaping, open space and other development features as required by specific sections of development code.***

[67] ***Screening Committee approves the plans for construction activity. It constitutes Vice-Chairman, Engineering Member, Finance Member, Commissioner (Lands), Commissioner (Planning), Chief Engineer, Chief Architect, Director (CP), Director (PPW), Director (DC&B).***

areas, constructing flyovers, building sports centers and amusement parks, construction of shopping and office complexes etc.

- **Housing Department** allots the ready flats/houses by launching housing schemes for various categories of flats.

- **Systems Wing** is primarily related to computerization activities of all departments of DDA and the facilitation for using various IT applications installed for the automation of day-to-day activities of respective departments.

- **Finance and Account Wing** is primarily responsible for compilation of accounts and budget estimates, payment of works executing agencies, disbursement of salary to the staff, maintenance of demand and collection registers of allottees of flats, shops, and plots besides furnishing advice on various financial matters to management and administrative wings etc.

3.5.4 Budget and Expenditure

The accounts of DDA are organized under three broad heads, each of which is considered a separate accounting entity. The accounts are prepared under the following three major heads:

- **Nazul–I** relates to the transactions of the old Nazul estates entrusted (01 April 1937) to the Delhi Improvement Trust under Nazul agreement, 1937, which was taken over by the DDA as successor of the Delhi Improvement Trust.

- **Nazul–II** relates to the large-scale land acquisitions, development and disposal activities.

- **General Development Accounts (GDA)** relates to all the development, construction and other activities undertaken by DDA on its own account and other activities assigned to the DDA.

Expenditure and receipts of DDA[68]

Estimated expenditure and receipt vis-a-vis actual expenditure and receipt of DDA for the year 2017-18 to 2023-24 is given below:

Table 3.9: Expenditure and Receipt of DDA

(₹ in crore)

Year	Expenditure			Receipt		
	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual
2017-18	8,415.48	5,295.01	4,116.03	6,800.90	3,637.08	2,317.89
2018-19	8,032.64	5,651.44	4,428.62	5,197.21	4,218.79	4,009.86
2019-20	6,967.62	5,338.10	3,913.39	5,476.98	4,266.55	4,723.12

[68] ***Including Nazul-I, Nazul-II and GDA***

Year	Expenditure			Receipt		
	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual
2020-21	6,244.23	4,017.63	3,620.30	5,993.92	4,030.61	4,140.95
2021-22	6,737.85	6,482.58	5,278.99	6,748.68	5,327.42	4,910.24
2022-23	7,932.96	6,543.98	5,189.15	7,943.43	4,751.30	4,392.34
2023-24	7,643.20	8,804.93	6,635.27	8,541.07	7,696.65	6,259.91

(Source: information furnished by DDA)

The expenditure constitutes acquisition of land, development of land, construction of houses/ shops, establishment and administration expenditure, expenditure on works and development schemes etc. The receipts constitute income from disposal of residential/industrial/commercial/institutional land, disposal of houses/shops, fees, damages etc.

Expenditure and receipts on construction and disposal of houses[69]

Budget Estimates relating to expenditure and receipts vis-a-vis actual expenditure and receipt for construction/disposal of houses for the year 2017-18 to 2023-24 is given in the Table below:

Table 3.10: Expenditure and Receipt on construction/disposal of houses

(₹ in crore)

Year	Expenditure			Receipts		
	Budget Estimate	**Revised Estimate**	**Actual**	**Budget Estimate**	**Revised Estimate**	**Actual**
2017-18	3,557.13	2,195.24	1,191.31	2,082.09	1,261.59	177.44
2018-19	3,585.88	2,464.28	2,310.32	1,511.15	1,257.26	997.26
2019-20	3,001.55	2,286.50	1,855.87	2,66.85	1,119.30	902.20
2020-21	1,902.72	1,327.69	1,295.37	3,158.40	1,273.58	1,143.24
2021-22	2,056.24	2,265.92	1,872.94	2,941.32	1,143.11	848.76
2022-23	2,532.65	1,840.35	1,622.66	2,760.85	1,093.13	663.91
2023-24	1,757.91	2,109.60	1,827.75	4,298.35	2,885.02	2,398.13

(Source: information furnished by DDA)

[69] ***Relating to GDA***

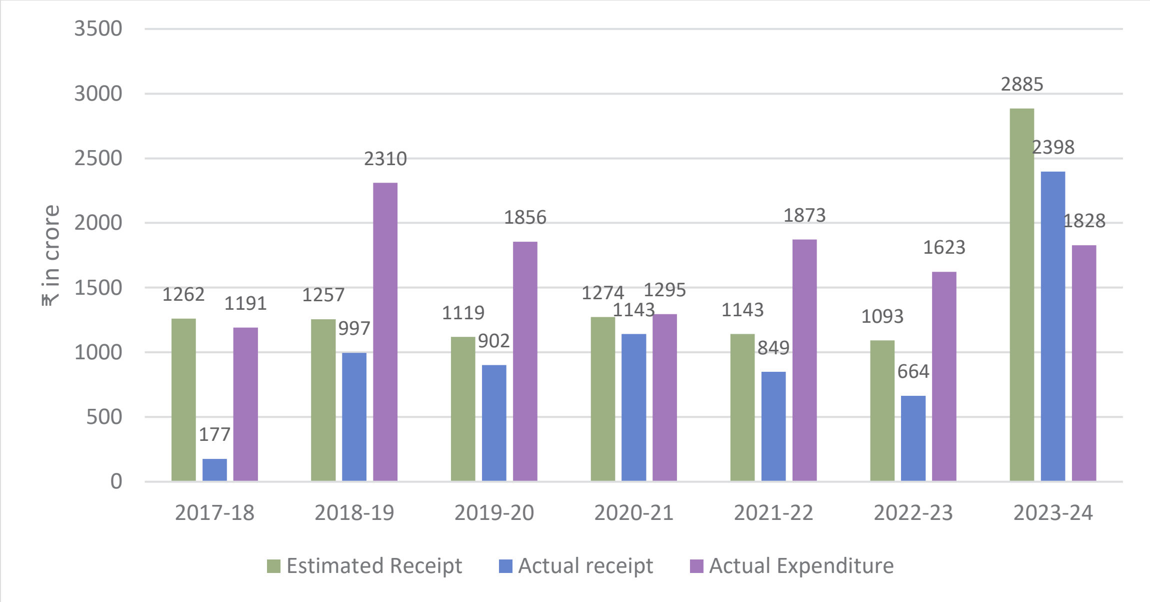


Chart 3.3: Year-wise estimated receipt, actual receipts and actual expenditure on construction/disposal of houses

It is evident from the above chart that the actual receipts on account of disposal of houses in the year 2017-18 to 2022-23 was considerably lower than the actual expenditure due to unsold inventory incurred in the same period on the construction of these houses. In the year 2023-24, actual receipt was ₹2,398.13 crore as against the actual expenditure of ₹1,827.75 crore. The increase in the receipt during the year 2023-24 was due to launching of DDA Dwarka Housing Scheme 2024.

3.5.5 Scope of Audit

The scope of Audit consists of planning, construction and allotment of houses by Delhi Development Authority during the period from 2017-18 to 2021-22. The instances mentioned in the Report are those which came to notice in the course of audit for the period from 2017-18 to 2021-22; figures relating to the period upto 2023-24 have been updated, wherever necessary.

A total of 23 housing projects were either completed or ongoing during the period 2017-18 to 2021-22. A total of 12 projects were completed and 11 projects were ongoing during the audit period of 2017-18 to 2021-22 **(Annexure-XX)**. Out of the 23 housing projects, Audit has selected three completed projects and three ongoing projects having Administrative Approval and Expenditure Sanction (AA&ES) of ₹8,625.93 crore and ₹1,718.99 crore respectively by using Probability Proportional to Size and Without Replacement sampling method **(Annexure-XXI)**. The AA&ES of the selected projects were 82.25 *per cent* and 27.28 *per cent* of completed and ongoing projects respectively.

3.5.6 Methodology

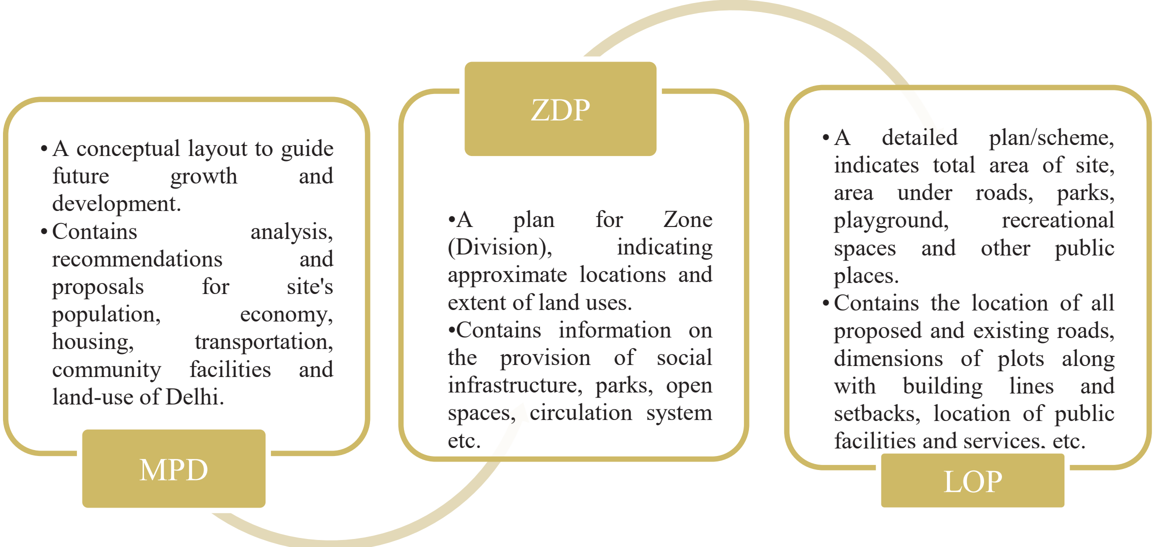
The audit commenced with an Entry Conference held on 29 August 2022 with DDA/Ministry wherein the Audit objectives, scope, criteria and methodology were discussed. The field audit was concluded in February 2023 and the draft report was issued to Delhi Development Authority and the Ministry on 25 April 2023 and 30 June 2023, respectively. The replies of the Ministry/DDA were received in June 2024 which have been duly considered in this Report. Exit conference with the Ministry/DDA to discuss the audit findings was held on 31 December 2024.

3.5.7 Audit findings

A. Planning for Housing

As per Delhi Development Act, 1957, planned development of Delhi is the main function of DDA. The planned development in respect of housing in Delhi is carried out as per the Master Plan, Zonal Plans, Layout Plans, polices and proposals which provide guidelines for the works. The Planning Department carries out works related to the preparation of Master Plan of Delhi (MPD), Zonal Development Plans (ZDPs) inclusive of land use distribution under nine categories[70] and Layout Plan (LOP). The Housing and Urban Projects Wing (HUPW) i.e., Architecture Department, is responsible for architectural drawings and designs for residential group housing projects. Zonal Development Plan provides a link between the Master Plan of Delhi and Layout Plan.

Chart 3.4: Relation among MPD, ZDP and LOP



Master Plan of Delhi and Zonal Development Plans are prepared as mandated by the Delhi Development Act, 1957. Area Layout Plans are prepared after preparation of Zonal Development Plans and approved in the meeting of Screening Committee.

3.5.7.1 Delay in preparation of MPD 2021 and ZDPs

The process of planned development of the National Capital began with the enactment of the Delhi Development Act, 1957. The Master Plan of Delhi (MPD) is generally prepared for 20 years of the horizon period and notified by the Central Government (Ministry of

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[70] ***Residential, Commercial, Industrial, Recreational, Transportation, Utility, Government, Public & Semi-Public Facilities and Agriculture & Water Body***

Housing and Urban Affairs). So far, three Master Plans of Delhi i.e., MPD 1962, MPD 2001 and MPD 2021 have been prepared.

First Master Plan of Delhi i.e., MPD 1962, was notified on 01 September 1962. Second Master Plan i.e. MPD 2001 was notified in August 1990 i.e., after 28 years. It was observed that since the second MPD covered the period upto 2001, the third MPD was to be notified in the same year i.e., 2001. However, MPD 2021 was prepared and notified after a delay of more than six years i.e., in February 2007 and consequently the effective implementation period of the said plan was reduced to only 15 years i.e., from 2007 to 2021.

As per Section 16.1 of MPD 2021, Zonal Development Plans, in the form of structure plans, should be prepared within 12 months of the approval of the MPD 2021. Audit, however, observed that in respect of 15 Zones, DDA delayed the submission of Zonal Development Plans to Ministry of Housing and Urban Affairs for approval. The delay in submission of 16 ZDPs in 14 zones by DDA to the Ministry was ranging from eight to 10 months. The Ministry has further taken time for approval of the ZDPs ranging from 16 to 19 months which included time for seeking clarification from DDA. Further, in respect of ZDP of Zone D[71], delay in submission of the ZDP for approval was 12 years, which was not finalized till date.

Ministry, in its reply (June 2024), stated that the preparation of Master Plan includes detailed work studies, surveys and wider public participation through involvement of various stakeholders and is a long-drawn exercise. The preparation of MPD 2021 was initiated in the year 1999 and after following the due procedure as stipulated in the Delhi Development Act, 1957, the plan was published for inviting objections/suggestions in the year 2005. After inviting objections/suggestions, the draft plan was finalized and submitted to Ministry of Housing and Urban Affairs, GOI, in January 2007 for final notification. The Master Plan is a dynamic document which guides the development of Delhi. The delay in the notification of the Master Plan does not affect the planned development of the city or the ongoing projects/policy, since the policies already mentioned in the existing Master Plan are applicable till the new Master Plan is notified. Thus, there is no policy gap in the interim period of delay in notification of the Master Plan as the previous plan continues to be operative and the delay therein, does not impact the development of the city.

Further, regarding the delay in preparation of Zonal Development Plans, the Ministry stated (June 2024) that these were notified by Ministry on March 2010 except Zonal Development Plan of Zone-D. As regards Zone-D, it cannot be treated as other Planning Zones of Delhi as it is the main boulevard of New Delhi extending from Rashtrapati Bhawan to India Gate. Reiterating Para 16.1 of MPD 2021, it further stated that the Master Plan provisions will continue to apply in areas where the Zonal Development Plan (ZDP) has not been approved. The Ministry in the exit conference (December 2024) has also acknowledged the delay in preparation of MPD/ZDP and stated that preparation, implementation and changes in the

[71] Planning Zone-'D' comprises of Lutyen's Bungalow Zone (LBZ) which has low-density character and Central Vista Avenue, which is the main boulevard of New Delhi extending from Rashtrapati Bhawan to India Gate.

MPD is an ongoing process and till the new MPD is notified, the previous MPD will be continued.

The reply may be viewed in light of the fact that as per MPD 2021, ZDPs, in the form of structure plans, should be prepared within 12 months of the approval of the MPD 2021, therefore, the process of preparation of the ZDP and obtaining its approval should have been planned to ensure timely approval. Further, various parameters such as demography, social conditions and economic conditions, underwent significant changes over a period of 20 years which called for a new plan to address the issues in the changed scenario. Thus, by continuing the MPD 2001 till January 2007, DDA did not address the requirements of the present scenario and had only 15 years to implement the current plan (i.e., MPD 2021). It was also noticed that even the MPD 2041 which was supposed to come in force in 2022, has not been finalised and notified till date (July 2024).

3.5.7.2 Inadequacy in coherent planning on providing dwelling units

Para 4.1 of MPD 2021 provided that based on the projected population of 2.30 crore by 2021, the estimated additional housing stock required would be around 24 lakh dwelling units (DU). Para 18 of MPD 2021 provided a target of 14 lakh DUs for New Housing and 10 lakh DUs for Redevelopment to be provided by 2021 under six sub-categories[72]. Para 18.3, *ibid*, also provided that the implementation of plans should be monitored and reviewed periodically as per the prescribed frequency, by dedicated monitoring units and High-Level Committee(HLC) under Lt. Governor of Delhi respectively in order to ensure timely implementation of target of various plans and to identify the need for any changes and corrections.

Further, the responsibility of providing housing had been vested with DDA, Government of National Capital Territory of Delhi (GNCTD), Delhi Urban Shelter improvement Board (DUSIB), Central Public Works Department (CPWD) and private sector. However, Audit observed that DDA did not set its internal targets in line with MPD 2021 regarding the number of DUs to be developed during the plan period. Further, DDA didn't monitor and coordinate with concerned agencies involved in implementation of MPD 2021. Additionally, it lacked information regarding the overall and phase-wise target vis-à-vis achievements of other public agencies for the construction of DUs as part of its monitoring and review activities.

Fixing of targets on practical assessments is necessary to ensure proper utilisation of resources as well as achievement of intended outcomes. Thus, in absence of any internal targets for itself and non-coordination with other agencies, the adequacy of the works carried out by DDA in this regard, could not be ascertained.

Ministry, in its reply (June 2024), stated that the Master Plan provides indicative distribution of housing types to be developed by various agencies, such as, public, private,

[72] ***Housing for Urban Poor through Slum & JJ approaches, Houses as Independent Plots & Redevelopment, Group Housing (35% of total DUs mandatory not to exceed 2 room or less), Employer Housing, Unauthorised Regularised colonies, Other Housing areas upgradation of old area traditional/villages.***

cooperative societies, Central/ State Government/ Residents Association. The distribution and targets stipulated are only indicative and provides that the targets, which are not achieved within the defined period, shall be carried forward in the next phase. HLC has been reconstituted in November 2023 which shall be headed by Hon'ble LG and Advisory Group has been subsumed in HLC. This will subsume all the functions of the High Powered Committee proposed for monitoring of MPD-2041, on its notification. Further, DDA accepted that no internal targets were set up by it for Housing, as it was not the sole responsibility of DDA, and all the other agencies were also responsible for provisioning of Housing stock.

The reply may be viewed in the light of the fact that even though figures may be indicative, DDA neither set any internal targets of housing for itself nor maintained any information about the number of DUs to be provided by the other agencies during the plan period in MPD 2021. Further, despite the provision for mid-term reviews, advisory group meetings and HLC, during the period 2011-14, only fourteen meetings of the advisory group were held. No review meeting was held thereafter.

3.5.7.3 Non-assessment of housing requirements

Finding out the general and specific requirements of the users/customers beforehand, helps the service provider to plan and to deliver as per the present necessities of the public and to serve optimally the maximum customers targeted for the concerned projects, which also ensure the desired outcomes of the projects.

It was noticed that though housing development was one of the major functions of DDA, there was no practice to assess public requirement beforehand for the various housing projects undertaken by DDA. Further, DDA did not carry out any market studies before finalization of any housing projects undertaken and constructed by it.

The issue was also discussed in the first meeting of Advisory Group convened on 23 September 2011 for the review of MPD 2021. In the said meeting, it was suggested to conduct market studies before finalizing any plan/scheme. However, this suggestion was never implemented.

Audit further noticed that a huge inventory of flats constructed by DDA under different categories viz., High Income Group (HIG), Middle Income Group (MIG), Lower Income Group (LIG), Janta, Economically Weaker Section (EWS) etc., which were put up for sale in the Housing Schemes (HS) of 2014, 2017, 2019 and 2021, were got cancelled/surrendered by the allottees as shown in the table below:

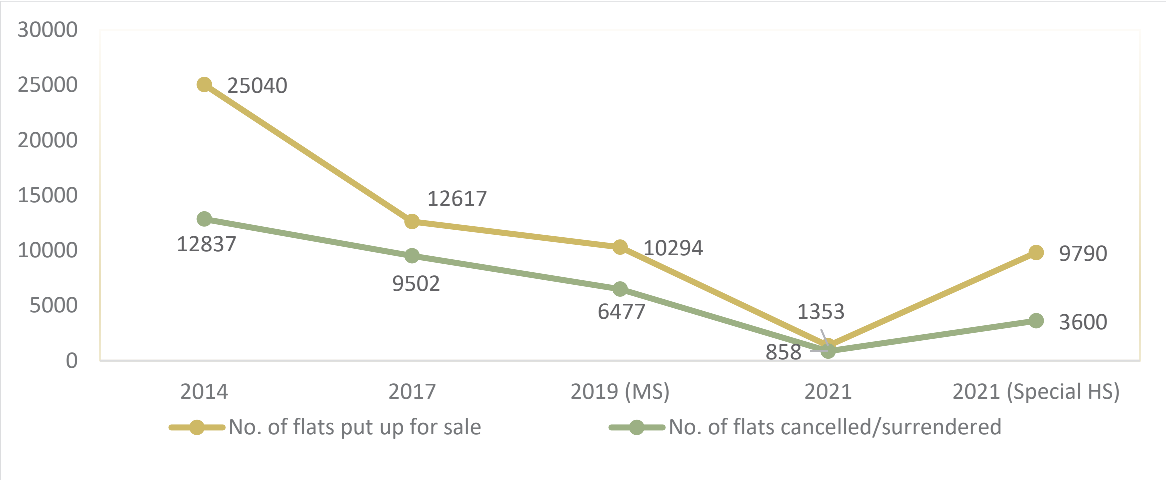
Table 3.11: Housing Scheme wise number of flats offered for sale and subsequently cancelled/surrendered

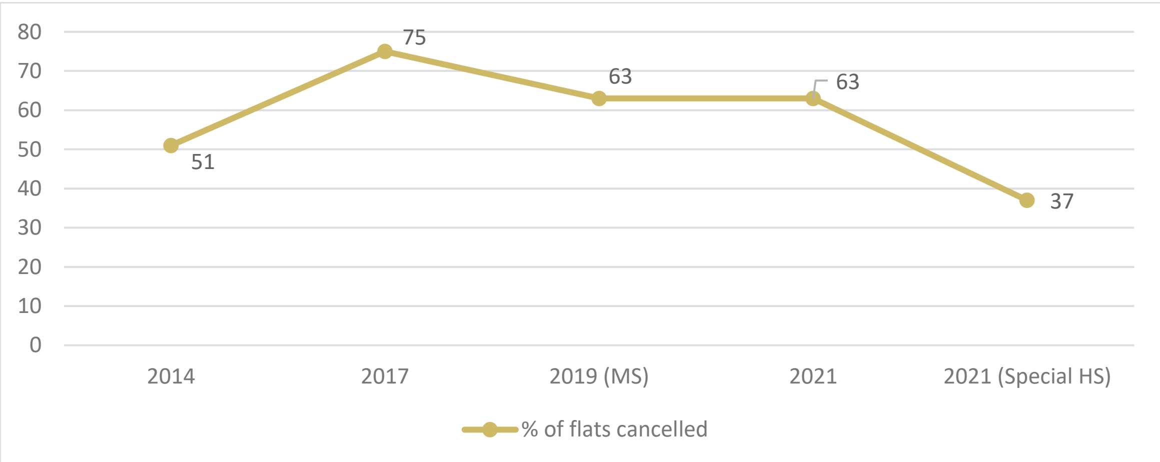
Housing Scheme	Number of flats put up for sale in the housing scheme*	Number of flats cancelled/ surrendered	Percentage of flats cancelled/ surrendered
2014	25,040	12,837	51
2017	12,617	9,502	75

Housing Scheme	Number of flats put up for sale in the housing scheme*	Number of flats cancelled/ surrendered	Percentage of flats cancelled/ surrendered
2019 (Main Scheme)	10,294	6,477	63
2021	1,353	858	63
2021 (Special Housing Scheme)	9,790	3,600	37

** also includes unsold inventory* *(Source: DDA)*

Chart 3.5: Flats offered for sale and subsequently cancelled/surrendered





It may be seen from the table that substantial number of flats were being cancelled/ surrendered under the respective housing scheme which were ranging from 37 *per cent* to 75 *per cent*. As per records provided, DDA conducted feedback survey for the Housing Schemes of 2014, 2017 and 2019 to identify the reasons behind the cancellation/surrendering of allotted flats and non-disposal of these flats, with the aim of implementing remedial measures.

The reasons for the cancellation/surrendering of the flats stated in the feedback by the allottees were, among others, flats being smaller in size but higher in cost, non-availability of metro connectivity, flats being in remote locations and safety issues in the surrounding areas. Had market survey or demand survey been conducted to ascertain user/customer expectations regarding size, location and cost, DDA could have planned the requirement better and provided for the housing needs of people, avoided the inventory of surrendered houses and ensured timely realisation of sales revenue.

Thus, due to faulty planning and development without user consultation or demand surveys DDA could not address the requirements and concerns of the public for its various group housing projects, which resulted in cancellation and surrender as well as non-disposal of flats.

Ministry, in its reply (June 2024), stated that in total 42,776 flats were put up for sale in the five Housing Schemes of DDA, of which 13,294 flats remained unsold. However, the suggestions of Audit relating to market or demand surveys is well appreciated and shall be factored in while formulating new projects in future.

The reply may be viewed in light of the fact that due to improper planning and development without addressing the end user requirements and concerns, there was large scale surrender/cancellation of flats offered by DDA.

The Ministry, in the exit conference (December 2024), stated that housing schemes will be launched by DDA based on demand and survey.

3.5.7.4 Discrepancy in development control norms regarding area of EWS Dwelling Units

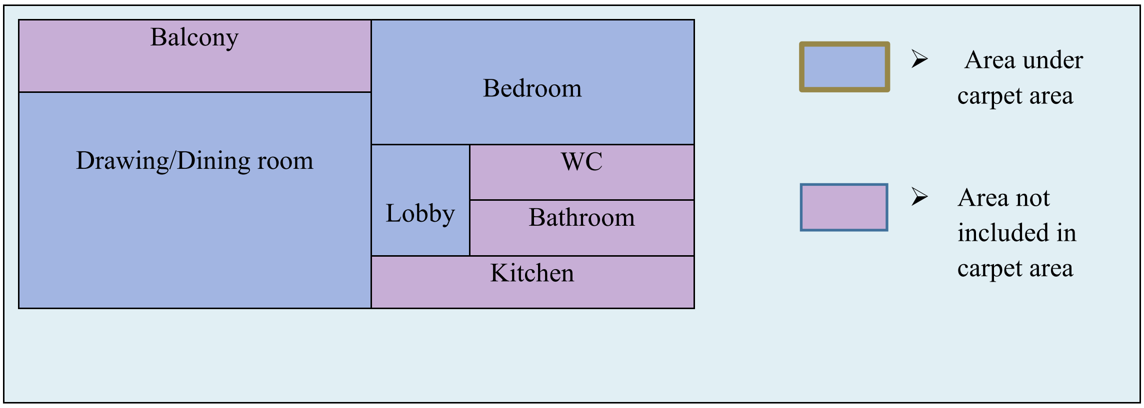
Consistency in development control norms for dwelling unit areas ensures uniformity in urban planning, housing standards, and regulatory compliance.

As per para 1.4.88 of Unified Building Bye Laws 2016, plinth area is the built-up covered area measured at the floor level of the basement or of any storey.

As per para 2(k) of Real Estate (Regulation and Development) (RERA) Act 2016, carpet area is the net usable floor area of an apartment including the area covered by the internal partition walls of the apartment but excluding the area covered by the external walls, areas under services shafts, balcony or veranda area and open terrace area, but includes the area covered by the internal partition walls of the apartment.

As per para 5.2 of the Indian Standard 3861, the carpet area shall be the area worked out from plinth area after deducting the area of the wall and excluding the area of the following portion i.e., verandah, corridor and passage, entrance hall and porch, staircase and stair-cover (mumty), shaft and machine room for lift, bathroom and lavatory, kitchen and pantry, store, canteen, air conditioning duct and plant room and shaft for sanitary/water supply installations and garbage chute, electrical and firefighting, air-conditioning, telecommunication, lift. The said standard is also referred to in National Building Code 2005 and 2016 issued by BIS.

Picture 3.2: Carpet area as per IS 3861



As per the Master Plan of Delhi 2021, the prescribed development control norms for the area of dwelling units in the EWS category were as follows:

Table 3.12: Discrepancy in area of EWS dwelling units

Document	Provision of paras	
	As per Para 4.2.1	**As per Para 4.4.3.B.(v)**
MPD 2021 **(Notified on 07 Feb 2007)**	Plinth area 25 to 40 sqm	Carpet area 25 to 40 sqm
MPD 2021 **(After amendment on 13 May 2013)**	Plinth area 25 to 40 sqm	Area 25 to 40 sqm

(Source: MPD 2021, DDA)

Audit observed that there was discrepancy in Master Plan of Delhi 2021 prescribing the development control norms on the area of dwelling units for EWS category. It may be seen from the table above that in the Master Plan of Delhi 2021, notified in February 2007, the area prescribed for 'plinth area' and 'carpet area' is considered same, ranging from 25 to 40 sqm for dwellings units intended for the EWS category. Further, after an amendment of the Master Plan of Delhi 2021, the term 'carpet area' was replaced with the term 'area'. However, the discrepancy regarding the area remained, and the amendment also lacked clarity concerning the definition of carpet area.

It was also observed that though Annexure VI of Unified Building By-Laws, 2016 incorporated development control norms adopted from Master Plan of Delhi 2021, it used the term 'carpet area' for prescribing the area (25 to 40 sqm) for EWS dwelling units.

Thus, there was no clear guiding principle to determine whether the area to be considered for planning an EWS dwelling unit in the range of 25 to 40 sqm should be based on carpet area or plinth area, as per the development control norms on the area outlined for the EWS category prescribed in Master Plan of Delhi 2021.

Master Plan of Delhi 2021, prepared and issued by DDA under the approval of Ministry of Housing and Urban Affairs (MoHUA), GOI, mentioned the 'Carpet Area' of a dwelling unit, however, it does not provide any clear definition of the term 'Carpet Area' and methods of calculation of carpet area of any dwelling unit. Similarly, the Building Bye

Laws (BBL) of Delhi prepared and issued by DDA under the approval of MoHUA, GoI also did not define and explain the term 'Carpet Area'.

Ministry, in its reply (June 2024), stated that Para 4.2.1 is regarding New Housing areas which focuses on one and two room units and para 4.4.3 (B)v provides the norms for Community Service Personnel/EWS and lower category housing. Master Plan for Delhi 2021 provides development control norms for various use premises, which are being amended from time to time by way of notification by the Central Government and the same is reproduced in UBBL for reference only. Hence, for any official or legal purpose, the notification issued by Central Government and updated in MPD-2021 has to be referred to.

Further, Ministry stated that the area of dwelling unit has been defined in the NIT document. Buyers are offered houses at Plinth Area and layout plan with dimensions are clearly mentioned in Brochure of Housing Schemes. The sample flats are also available at site for getting insight of actual size of flats. However, in order to bring uniformity, the issue of varying definitions/ terminologies i.e. plinth area and carpet area has been suitably addressed and incorporated in Draft MPD-2041. This aligns with the definition of RERA leaving no scope for misinterpretation in future.

The reply of the Ministry may be viewed in light of the fact that there was no clear definition of area of EWS dwelling unit in MPD 2021. There was no clear guiding principle in the MPD 2021 to determine whether in planning an EWS dwelling unit the area to be considered was carpet area or the plinth area.

3.5.7.5 Faulty planning leading to encroachment of site

The project for Construction of HIG Houses at Jasola (P5) was initially planned in 1999 to be constructed on a plot of land measuring 3.76 hectare. However, it was finally constructed (22 May 2017) on an area of only 1.57 hectare of land as the rest of area was encroached.

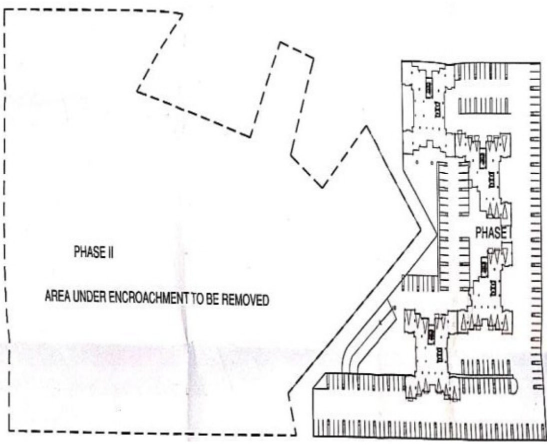
In March 1999, in a meeting held with Vice Chairman, Delhi Development Authority the site was reviewed, and it was found that 30-35 *per cent* of the site of the land on south-west corner of the Plot was encroached. The Vice Chairman directed to prepare a design for the site for consideration in the next meeting of Screening Committee. A design of the project, consisted of 448 MIG and 224 LIG flats, to be constructed in an area of 3.76 hectare, was prepared and placed in the Screening Committee Meeting (SCM) (9 April 1999), which was approved by the Screening Committee. However, the project was not executed. No reasons were found on record for the same.

Thereafter, in February 2006, Executive Engineer (SED-I), DDA informed Sr. Architect, SEZ, DDA that an area of 2.22 hectare (approx.) was under encroachment and the balance 1.54 hectare (approx.) was free from encroachment. It was further added that the available land might also be encroached upon if no flats were constructed there. Despite this information, DDA revised the earlier approved design and a fresh design for the construction of 848 DUs on an area of 3.76 hectare was prepared and approved in the 256th SCM (12 April 2007). Once again, this project was also not executed.

After five years, in December 2013, DDA further revised the approved design with a new proposal consisting of 314 HIG flats, which was placed in the 317th SCM. The SCM approved the new proposal and also proposed for non-construction of 15 *per cent* component of EWS units along with HIG units as the site was too small for designing different categories of houses in the same pocket. It was also decided that after removal of encroachment the remaining site will be designed in Phase-II. For the third time in a row, the project was not executed after taking SCM approval.

In April 2015, for the fourth time, the design was revised and another proposal consisting of 215 HIG DUs on the area of 1.57 hectare was prepared and got approved in the 329th SCM and finally the same was executed.

Audit observed that in March 1999, out of the total area of 3.76 hectare, 30-35 *per cent* area (around 1.13-1.31 hectare) was encroached. However, DDA neither took any action to implement the approved design nor took any step to remove the encroachment. The encroachment increased to 2.19 hectare and only 1.57 hectare of land remained available for construction in December 2013.



Picture 3.3: Encroachment on project land

Picture 3.4: Encroachment on project land (aerial view)

There were no reasons on record as to why on the earlier three occasions designs and proposals were taken to SCM and then not executed.

Thus, due to delay in taking appropriate steps in time by DDA, the encroachment increased from 30-35 *per cent (*April 1999*) to* 58.24 *per cent* (December 2013), and the encroached land was still not recovered.

Ministry, in its reply (June 2024), stated that there was no increase in encroachment from 204th SCM to 317th SCM. It further stated that encroachment removal shall be taken up as per the SOP issued by DDA (24 September 2019).

The reply may be viewed in light of the fact that after a lapse of around 16 years and four attempts the encroachment of land has increased from around 1.31 hectare to 2.22 hectare.

3.5.7.6 Minimum density of dwelling units not fixed

Para 4.2 of Master Plan of Delhi 2021 provided the density for dwelling units for different categories viz., Slum/EWS, Category-I, Category-II and Category-III as 600, 500, 250 and 175 Dwelling Units per Hectare (DU/Ha) respectively. After modification of Master Plan of Delhi (May 2013), Para 4.2 provided that to ensure to achieve optimal utilization of land, for the development of housing in new area or redevelopment of existing housing stock in built up area, the upper limit of density be taken as 200 DUs/Ha (900 person per hectare), with flexible dwelling unit sizes. The maximum density for Slum & JJ clusters and EWS Public Housing Schemes was fixed at 900 DUs/ Ha.

In the third Meeting of Management Action Group[73] on 'Slum Rehabilitation and Social Housing' (June 2013), it was suggested that besides having an upper cap on residential density, a minimum density shall also be needed so as to ensure optimal utilization of land.

Audit observed that across all the residential group housing projects, the maximum density norms of Master Plan for Delhi 2021 were not adhered to while approving these projects. In the projects undertaken/completed, during the audit period of 2017-2022, in two projects out of seven projects[74] the density achieved for LIG (Category-I) ranged from 411.87 to 419.57 DU/Ha, compared to the maximum density of 500 DUs/Ha. In one project for EWS category, the density achieved was 276 DUs/Ha, against the maximum density of 600 DUs/Ha. Further, post May 2013, the density achieved in four projects in respect of LIG, MIG and HIG categories was in the range of 176 DUs/Ha to 133 DUs/Ha as against the maximum density of 200 DUs/Ha. Thus, the variation in the achieved density of dwelling units per hectare, as compared to the maximum allowable density, ranged from 12 *per cent* to 54 *per cent*.

While determining the number of dwelling units to be constructed, two criteria need to be considered i.e., optimum utilisation of land and the impact of high density on infrastructure. Audit observed that DDA has set upper limit on the density for dwelling units per hectare, however, no minimum density has been specified to ensure optimum land utilisation.

Ministry, in its reply (June 2024), stated that the Master Plan of Delhi-2021 prescribes the maximum limit of density. No minimum density in Master Plan of Delhi 2021 has been prescribed to achieve the optimum utilization of land through availing the maximum FAR prescribed as per norms and the density may vary as per the different schemes prepared. Further, Ministry stated that it did not fix any minimum density for the DUs to be constructed per hectare of land.

The reply may be viewed in light of the fact that neither MPD-2021 has specified minimum density nor DDA has taken any action on the suggestion of Management Action Group for

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[73]Management Action Groups have been formed by DDA for participatory planning for addressing the major issues.

[74] Considered projects where achieved density was less than 90 per cent of max limit i.e., P2, P4, P5, P11, P12, P-13 and P-22.

fixing minimum density of DUs. The requirement of minimum density assumes significance in a city like Delhi where land is a scarce resource.

Recommendation No. 9: The Master Plan of Delhi may be monitored regularly as per the prescribed periodicity.

Recommendation No. 10: DDA may lay down and implement a land protection system to prevent encroachment and safeguard the area from unauthorised use. DDA may initiate action to ensure utilisation of land for intended purposes in a time bound manner.

Recommendation No. 11: DDA may set targets in line with Master Plan of Delhi and coordinate with other agencies to ensure that development in Delhi should align with the planned framework.

Recommendation No. 12: Minimum density may be fixed to ensure optimum utilisation of scarce land in Delhi.

B. Construction of Houses

The construction works of residential housing projects of DDA covers construction of residential buildings of different categories viz., LIG, MIG, HIG and EWS; including internal developmental works i.e., electrification, roads, parks etc. Implementation of construction works can be broadly divided in two stages: -

- **Pre-construction stage** - The activities carried out in this stage are associated with the planning for the subsequent execution of works. Activities involved in this stage are preparation of estimate and award of work to the selected contractor for the execution of works.
- **Construction stage** - The activities carried out in this stage are associated with the execution of works according to the plan prepared in the pre-construction stage. Activities involved in this stage are management of contract as per the provisions of agreement and applicable rules, and supervision of the work carried out by the contractor till completion and handing over of the work.

During 2017-18 to 2021-22, DDA implemented 23 Housing projects. Out of 23 projects, three completed projects and three ongoing projects were selected for detailed scrutiny as detailed in **Annexure-XXII.** The deficiencies/irregularities noticed in the execution of the six selected projects are discussed in the following paragraphs.

3.5.7.7 Irregularity in Pre-construction stage

As per para 1.2 of the CPWD Works Manual, 2012, no works shall be commenced or liability incurred in connection with it until administrative approval has been obtained and estimates containing the detailed specifications and quantities of various items have been prepared. Further, as per manual, the estimate for a project/work should be comprehensive, supported by complete details. As the NIT papers are very important documents, on which call of tenders and subsequent agreements with the contractors are based, the same should be carefully prepared. The NIT should include the eligibility criteria prescribed by the manual. As per Appendix 20 of the manual, the initial criteria for eligibility shall include assessment of work experience and bidding capacity of the tenderer. Further, the time schedule for scrutiny of tenders has been capped at maximum 45 days as per Appendix 23 of the Manual. Audit noticed the following deficiencies in the construction of HIG Houses, Jasola (P5) out of the six selected projects:

(i) Erroneous calculation of estimated cost put to tender

The estimated cost put to tender for the work of construction of HIG Houses, Jasola (P5) was ₹75.58 crore. The tenders for the work were invited on 18 May 2014 and the bids were opened on 10 July 2014, with only two bidders submitting the bids. The financial bids were opened on 25 July 2014 and the work was awarded (7 November 2014) at ₹108.89 crore to the lowest bidder.

During the time of approval of the bid at the Work Advisory Board (WAB) level (September 2014), it was stated that the estimated cost of the work was incorrectly calculated. The estimates were framed by considering cost of RCC framed structure for six stories instead of 13 storeys. Hence, the correct estimated cost was stated to be ₹111.86 crore.

As the estimated cost of work is a critical benchmark for the tendering and evaluation process, key evaluation criteria such as work experience, solvency, bidding capacity etc., which are assessed in the tendering process, vary directly with it. Thus, by publishing less estimated cost for the work, the tendering process undermined competitiveness and increased the risk of under-pricing, which could potentially affect the quality and safety of the work. This may also result in delays, abandoned projects and cost escalation.

While accepting the audit observation, the Ministry replied that the error in the estimated cost put to tender was detected prior to WAB meeting and was brought to the notice of WAB. After the issue was raised by Audit, to avoid such mistakes, a circular has been issued by DDA in February 2024 with direction that special care must be taken to compute the quantities correctly to obviate any subsequent chances of abnormal deviation during execution of work.

The reply may be viewed in light of the fact that DDA did not revise the tendering process even when the error in estimated cost was detected prior to WAB meeting.

(ii) Irregularity in evaluation process

The contract for the work of construction of HIG Houses, Jasola (P5) was awarded to lowest bidder at ₹108.89 crore. As per rule 15.7 (3) of CPWD Works Manual 2014, the definition of similar work is to be spelt out clearly in the NIT by NIT approving authority and was to be got approved from the Addl. DG. It is also stipulated that in case the work involves construction of two or more basements, then it is to be stipulated in the definition of similar work that the agency should have executed one similar work with minimum one basement.

Audit observed that the project involved multilevel (two Nos.) parking, however, as per CPWD manual, definition of similar work stating execution of one similar work with minimum one basement was not specified in the NIT. It was also observed that the contractor has provided performance reports from two organisations which have not specified whether basements were included in the projects executed. Further, the verification of the performance report by the concerned organisation were also not found on records.

Thus, in the absence of the completion certificates and the verification reports it could not be ascertained as to how the division ensured that the agency was eligible for the work.

Ministry, in its reply (June 2024), stated that performance certificates of both the works considered during technical evaluation and certificates were verified by the concerned department. However, the Ministry stated that circular is being issued to evaluate the tender properly before taking final decision to accept/reject the bid.

The reply may be viewed in light of the fact that in violation of CPWD manual, definition of similar work was not specified in the NIT and it was also not ensured that the contractor had executed the similar work which included basements. In view of additional document provided by the Ministry, it was also observed that one of the organisations in its letter has stated that since the work executed by the contractor was very old hence, the performance of the work cannot be confirmed.

Thus, due to lack of fulfilment of requisite work experience, the evaluation process for determining eligibility of the contractor was in violation of CPWD Manual.

3.5.7.8 Irregularities in construction stage

(i) Construction of hollow units

As per terms and conditions of the contract (April 2013) relating to two Projects i.e. P11 and P12 in Narela, the payment for dwelling units was to be made for the actual dwelling units constructed in accordance with accepted price bid. Any additional area provided by the agency will not be measured and paid. The LIG houses will consist of two rooms, kitchen, bath and WC.

As per the milestone mentioned in the notice inviting tender (NIT), a period of six months, from the date of start, was allowed for preliminary work like soil investigation, design mix, establishing of casting yard, preparation & submission of all structural/architectural drawings, EIA clearance and preparation & submission of services drawings to service providers. Furthermore, the approval of all structural/architectural drawings, EIA clearance, approval of services drawings from the concerned service providers was also to be obtained within this period.

NIT further stated that, after approval of the structural drawings by DDA, if any modification in design/drawing is needed, as per site conditions, the agency shall do-re-do without extra cost. It further stated that any change, modification, revision etc. required to be done by DDA, Delhi Urban Art Commission (DUAC), local bodies, proof consultants etc. in accordance with applicable standards and tender documents, will have to be done at contractor's cost and nothing extra shall be payable.

In the two works of construction of LIG and EWS at Narela, it was noted that drawings were submitted to DUAC for approval and within four months from the date of start i.e., 3

May 2013, DUAC suggested (26 August 2013) that in high rise tower the provision of internal shaft was considered unworkable since it was apprehended that these may turn into dumping space thereby creating problem for the residents living at the ground floor level. It further stated that these should be opened at least on one side to open green area by skipping or suitable modification in design of flats.

It was apprehended by DDA that if the drawings were revised then all the approvals will also have to be revised which would ultimately lead to delay in completion and payment of handsome amount under compensation for escalation under the contract. Accordingly, the flats at ground floors were converted into hollow units by removing non-load bearing walls and by non-construction of kitchen, bathroom, WC and certain finishing items. Thus, the 616 LIG units at ground floor (296 in Group-I and 320 in Group-II) were declared non habitable by DDA. Statement of cost adjustment for items not executed (Bath, WC, Kitchen, Plumbing, Door flush/shutter etc.) in these uninhabitable units was worked out by DDA for an amount of ₹11.28 crore[75].

In this regard Audit observed the following:

- DUAC suggested that the internal shaft should be opened on at least on one side to open green area by skipping or suitable modification in design of flats. However, instead of modifying the design/drawings accordingly, DDA decided not to construct the ground floor LIG flats and did not comply with the DUAC's suggestion to open the shaft from one side.
- It was however noticed that no flats were constructed at the ground floor as there were no rooms, kitchen, bath and WC etc., instead, hollow units were constructed. As per terms and conditions, no payments should have been made for the ground floor hollow units, as no flats were constructed. Further, DDA was not liable to bear any extra cost for any required modification. Despite this DDA made payment for the non-constructed 616 flats by adjusting ₹11.28 crore for items not executed (Bath, WC, kitchen etc.), out of the estimated total cost of ₹54.10 crore for 616 flats i.e., at the tendered rate of ₹8.78 lakh/DU. Thus, DDA has made extra payment of ₹42.82 crore[76] which should have been recovered from the contractor.

The Ministry, in its reply (June 2024), stated that when the drawings were submitted to DUAC, it suggested for leaving some of the area free for circulation adjacent to service shaft. Accordingly, the ground floor plans of LIG blocks were revised by replacing LIG units with stilts at specific locations on the Ground Floor. However, if the drawings would have been re-designed and reprocessed, it might have consumed a considerably more period and DDA would have to pay a huge amount in shape of escalation since this delay would be on the part of department. Therefore, cost adjustment for the items not executed for these non-habitable flats (only ground floor flats attached to service shaft) was made. It further stated that frames of all ground floor flats were constructed which was indispensable for

[75] ₹5.42 crore in Group- I and ₹5.86 crore in Group- II

[76] ₹42.82 crore = (₹8,78,299 (rate per LIG dwelling units) x 616 (No. of flats)) – ₹ 11,28,00,000 (adjustment already made)

subsequent floors for the building. The cost adjustment for non-executed items like walls and its finishing items, sanitary fitting and fixtures, electrical works etc. were made.

The reply may be viewed in light of the fact that DUAC has suggested to open the shaft from one side which was not complied with by DDA. In terms of contract/NIT, payments were to be made for actual dwelling units/flats constructed, however, no flats were constructed on the ground floors but hollow units were constructed. Further, the contract/NIT also provided that after approval of the structural drawings by DDA, if any modification in design/drawing is needed, as per site conditions, the agency shall do-re-do without extra cost. It further stated that any change, modification, revision etc. required to be done by DDA, DUAC, local bodies, proof consultants etc. in accordance with applicable standards and tender documents will have to be done at contractor's cost and nothing extra shall be payable. Thus, since the flats were not constructed on the ground floor due to the required changes, no payments should have been made for the hollow units, however, DDA has made an extra payment of ₹42.82 crore to the contractor.

The reply that redesigning and reprocessing of the drawing might have consumed a considerably more period and DDA would have to pay a huge amount in shape of escalation since this delay would be on the part of department, may be viewed in light of the fact that DUAC provided its suggestion within four months of the commencement of the work for necessary modification and if the design/drawings had been revised and the approval process restarted, the time frame would have been extended by around four months only. It was, however, observed that there was still a time overrun of 16 months, along with a cost escalation of ₹471.48 crore in the projects.

(ii) Deployment of Technical Staff

Clause 36 of GCC envisaged that 'the contractor shall provide all necessary superintendence during execution of the work. The contractor shall immediately after receiving letter of acceptance of the tender and before commencement of work, intimate in writing to the Engineer-in-Charge the name(s), qualifications, experience, age, addresses(s) and other particulars along with certificate, of the principal technical representatives to be in charge of the work and other technical representatives, who will be supervising the work. Non appointment of Technical Representatives would attract recovery as per agreement.

In the six selected works, the records to verify the qualifications and experience of the technical staff were requisitioned. However, no records were provided to Audit, in the absence of which it could not be ascertained whether proper technical staff was deployed in the work after receipt of the approval from Engineer-in-charge, and if not, whether due recovery of ₹45.71 crore (as detailed in **Annexure-XXIII**) was made from the contractor. Further, non-appointment of technical representative could have an adverse impact on the quality of work of project.

The Ministry, in its reply (June 2024), stated that the list of all technical staff having names/experience/ qualification etc. were submitted as per agreement condition, proper supervision of the work was being done by DDA staff and necessary and timely recovery for non-deployment of technical staff was being made. DDA has submitted (October 2024) additional information/documents in respect of technical staff deputed in the six sample projects.

The reply may be viewed in light of the fact that complete documents viz., both experience certificate and educational qualifications for all the required technical representatives deployed in the works, as claimed by the Ministry, were not furnished. Out of 242 cases where documents have been sought for the technical representatives, experience certificates for merely four technical representatives have been submitted and even in those cases related education certificates have not been provided. Further, most of the documents that have been submitted are illegible.

The Ministry, in the exit conference (December 2024), has instructed DDA to initiate recovery against the contractor as per clause of the agreement.

(iii) Joint physical verification

A joint physical verification (31 January 2023 and 15 February 2023) was conducted by the Audit team along-with officials from the divisions of DDA to assess the works executed by the contractors. In the three completed projects viz., P5, P11 and P12, out of six selected projects, major deficiencies noticed during joint physical verifications were as follows:

- Water logging in basement, seepage in ceiling of basement and on the walls inside the rooms, broken and eroded plaster inside the rooms, termite infestation on the floors and walls of the room.
- Missing electrical wiring, plantation and landscaping was not done.

Details of the deficiencies noticed in three completed projects, during the joint physical verification are detailed in **Annexure-XXIV.**

Ministry while accepting the audit observations stated that the defects pointed out by Audit have now been rectified.

The reply may be viewed in light of the fact that documentary proof of the rectifications carried out as claimed by the Ministry have not been furnished.

3.5.7.9 Irregularities in payment to contractors

(i) Irregular reimbursement of Green Tax Environment Compensation Charge

Clause 38 of the General Conditions Contract (GCC) stipulated that all tender rates shall be inclusive of all taxes and levies (except service tax) payable under respective statues. However, if any further tax or levy or Cess is imposed by statues, after the last stipulated date for the receipt of tender including extension if any, and the contractor thereupon necessarily and properly pays such taxes/levies/cess, the contractor shall be reimbursed the amount so paid, provided such payments, if any, is not in the opinion of the Superintending Engineer attributable to delay in execution of the work within control of the contractor.

As regards the Green Tax Environment Compensation Charge (GTECC), which was made applicable by the Government from 01 November 2015, CPWD had clarified (24 April 2017) that Clause 38 of GCC 7 and 8 shall not apply to it and the Green Tax shall not be reimbursed to the contractor.

Audit observed that though clarification for non-reimbursement of GTECC to the contractor was received in April 2017, DDA was continuously reimbursing the same to the contractors. It was noticed that in three projects, out of six selected projects, DDA has reimbursed GTECC amounting to ₹6.92 crore[77] to the contractor.

Ministry, in its reply (October 2024), accepted the audit observation and stated that it has recovered ₹2.73 crore[78] and initiated the process of recovering the GTECC in two projects (P11 and P12).

The reply may be viewed in light of the fact that DDA was reimbursing the tax despite clarification of CPWD in 2017, which showed inherent weakness in internal control.

(ii) Excess payment towards escalation under clause 10 CA and 10 CC

Clause 10 CA of the General Conditions of Contract (GCC) stated if after submission of the tender, the price of materials specified in Schedule F increases/decreases beyond the base price(s) as indicated in Schedule F for the work, then the amount of the contract shall accordingly be varied and provided further that any such variation shall be effected for the stipulated period of contract including the justified period extended under the provisions of Clause 5 of the Contract without any action under Clause 2. The increase/decrease in prices of cement, steel reinforcement and structural steel shall be determined by the price indices issued by the Director General (Works), CPWD and the base price for such items shall be those as issued by CPWD applicable for Delhi.

As per clause 10 CC of the General Conditions of Contract appended with the agreement, if the prices of materials (not being materials supplied or services rendered at fixed prices by the department in accordance with clause 10 and 34 thereof) and/or wages of labour required for execution of the work increase, the contractor shall be compensated for such increase as per the provisions and the amount of the contract shall accordingly be varied.

It was observed that in two projects, out of six selected projects, DDA made excess payment under clause 10 CA and/or 10 CC as under:

- **Construction of 500 two BHK and 340 three BHK and 325 EWS flats in pocket 4 at Sector A-1 to A-4, Narela (P-19).**

  The work was taken up by DDA under two sub heads. The work of 340 three BHK and 325 EWS flats was awarded at tender cost of ₹225.54 crore. Similarly, the work of 500 two BHK flats was awarded at a tender cost of ₹184.92 crore. The works for 340 three BHK and 325 EWS flats were commenced w.e.f. 22 July 2015 and having stipulated date of completion upto 21 January 2019 and 20 July 2019, respectively. The project were on going till February 2023.

  The Schedule F of the respective Contract Agreements did not provide for base price for Cement and Steel. However, in the pre-bid meeting (23 January 2015), the base price was fixed as ₹5,800/MT and ₹43,600/MT, respectively. Audit noticed that the

[77] P11: ₹ 4.39 crore, P12: ₹ 1.84 crore and P17: ₹ 0.69 crore

[78] P17: ₹0.69 crore and P22:₹2.04 crore

price adopted by DDA for calculating price escalation under clause 10 CA was ₹4,700 per MT and ₹42,080 per MT for Cement and steel, respectively.

Further, since the value of other material (excluding steel and cement) is calculated based on the gross value of work done for cement and steel, using incorrect rates to determine escalation under Clause 10CA also impacted the amounts calculated for other materials under Clause 10CC. Resultantly, the price escalation calculated under both clause 10 CA and clause 10 CC was affected.

Audit, while working out the impact of escalation, noticed that due to adoption of lower base prices for Cement and Steel, DDA paid an excess amount of ₹7.87 crore under clause 10 CA and ₹0.57 crore under clause 10 CC.

The Ministry, in its reply (June 2024), accepted the audit observation and stated that extra payments were made under clause 10 CA. The action has been initiated to recover the excess payment.

- **Construction of 520 two BHK, 250 three BHK and 294 EWS flats in pocket 4 of Narela (P-17)**

The work (P17) was started on 06 August 2015 with stipulated date of completion on 05 August 2019. The work was awarded at a tender cost of ₹ 358.60 crore.

After implementation of GST, CPWD vide its OM (21 October 2020) stated that for calculation of escalation under 10 CA, the base price shall be worked out by excluding the component of Excise and VAT after which the component of GST at the rate of 12 *per cent* was to be added.

DDA did not comply with the above directions while working out payment of escalation for the component of Cement resulting in excess payment of ₹1.22 crore to the contractor.

The Ministry has stated that action has been initiated to recover the excess payment.

Recommendation No. 13: The estimates should be prepared after proper site verifications, technical study and according to the requirements of the development plan.

Recommendation No. 14: DDA may ensure compliance by the Contractor to the provisions of CPWD Manuals/General Conditions of Contracts etc., pertaining to appointments of technical representatives for proper supervision of work at site during all the stages of work.

Recommendation No. 15: DDA may ensure compliance by the Contractor to the provisions of contracts as well as circulars/orders issued by competent authority pertaining to payment for escalation/green tax etc., to avoid any over payment.

C. Costing and sale of Houses

The Finance Wing deals with the costing of flats and shops allotted under the various schemes after their construction is completed by the Engineering Wing. The disposal cost of the flats, put up for sale to the general public through housing schemes, is derived by considering various components i.e. cost of construction, grid charges, departmental charges, interest during construction, one time maintenance charges, Land cost (including land factor), surcharge etc.

The cost of land is determined by the Pre-Determined Rates (PDR) approved by MoHUA, while the cost of construction is calculated based upon the Plinth Area Rates (PAR).

3.5.7.10 Pre-Determined Rates for land

The Pre-Determined Rates refer to the premium rates charged to different categories of individuals, as notified periodically by the Central Government, considering factors such as cost of acquisition of land, development charges and concessional charges for use and occupation. The methodology adopted for working out the PDR involves computing the Break-Even Rate (BER) of the preceding financial year through Cost Benefit Analysis.

To estimate the BER, indexation method is used where all expenditures on development of land incurred, as well as anticipated during the next three years, including compensation and enhanced compensation on acquisition of land etc. as well as revenue earned from sale upto the preceding year, are updated to their present values at the prescribed rate. The physical and price contingencies (5 *per cent*) and Service charges (7.5 *per cent*) are added to this amount to derive the total project cost. BER is then determined by dividing the balance indexed revenue to be earned with the balance weighted area left after reducing the area sold. In order to determine Pre-determined rate, the Break Even Rates are enhanced by 10 *per cent*.

During the examination of records, the following deficiencies were noticed in different projects regarding calculation of Pre-Determined Rates: -

(i) Discrepancies in area for consideration in cost benefit analysis

As per the procedure followed by DDA, the area of a project is considered for doing cost benefit analysis and arriving at the Break-Even Rate.

For the fixation of PDR of Rohini Phase IV and V (covering 12 sectors from 26 to 37) for the year 2015-16, the information furnished by CE Rohini office depicted that area taken up for the development was 1864.22 hectare. As per planning wing, the area of all the 12 sectors was shown as 2235.77 hectares. However, while calculating the PDR it was noticed that neither the area of planning wing nor the area indicated by engineering wing was taken, instead the Land costing wing took the area as 2268.19 hectare. It was also observed that for the calculation of PDR for the year 2021-22, an amount of ₹6.69 crore being revenue realised from sale of a land parcel in sector 41, Rohini was accounted for, though the land was not part of the Rohini phase IV and V. Likewise in the PDR for Year 2017-18, land sold in sector 22 for ₹46 lakh was accounted for though the land did not fall in the area of Rohini phase IV and V.

Ministry, in its reply (June 2024), stated that Planning wing provides the total gross area as per the layout plan whereas Engineering wing vets this area and provides the details of encroachments, village abadi, area taken up for development etc. Since the data is about eight-year-old, no documentary evidence to clarify the reason for variation in area is available in records. Further, the Ministry admitted that an amount of ₹6.69 crore being revenue realized from sale of a land parcel in Sector 41, Rohini was accounted for while deriving the PDR of 2021-22, though the land was not part of the Rohini phase IV and V at that time. A comprehensive exercise to revise the project area of Rohini Phase IV & V by including the remaining sectors (Sectors 38 to Sectors 41) was under way in consultation with the Planning, Architectural and Engineering Wing. The total Project area, Rohini Phase IV & V (Sectors 26-41) was revised from 2268.19 Ha. to 2613.54 Ha. while deriving the PDR for 2022-23. The revenue of ₹0.46 crore which related to Rohini, Sector 22, Phase III was accounted for in Rohini Phase IV & V inadvertently. The observation of audit has also been noted to take care in future.

(ii) Lapse of acquired land

Audit observed that in Narela, upto 2017-18, out of the total acquired land of 2,689 hectares, 419.65 Ha had not been physically taken over by DDA. There were certain parcels of acquired land, which had lapsed under the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, even though payment had been released by DDA to the GNCTD. The current status of such cases was not found in the records and it could not be ascertained whether the money had been returned back to DDA or the physical possession of the land had been finally handed over to DDA. In the absence of this information, the veracity of the land stock being shown in the costing records could not be vouched.

Ministry, while accepting the audit observation, stated, in its reply (June 2024), that DDA is utilizing all the available legal remedies by challenging the lapse of land in the appropriate Court of Law. Those cases which are decided in favour of DDA, appropriate action for taking over physical possession of the land is being taken in coordination with L&B/LAC, GNCTD.

The reply may be viewed in light of the fact that all the acquired land had not been physically taken over by DDA in Narela.

(iii) Discrepancy in revenue received from sale of land

The revenue realised from the sale of land as well as the land area sold is considered for the cost benefit analysis. Audit observed the following discrepancies in the revenue receipts and sale of land.

a) For the calculation of PDR of 2021-22 in Narela, it was observed that ₹8.95 crore and ₹2.81 crore were booked as revenue receipts on account of sale of residential and commercial land respectively. However, the corresponding deduction of land from land stock pertaining to these receipts was not considered for determination of PDR.

b) Ministry, in its reply (June 2024), stated that the corresponding deductions from the land stock for residential land (0.0627 Ha.) and commercial land were left inadvertently and shall be considered while deriving the PDRs for the next financial year and also stated that the observation of audit has also been noted to take care in future.

c) For the calculation of PDR of Rohini, Phase IV and V for the year 2020-21, in respect of the revenue of ₹1.19 crore and ₹0.25 crore which were shown on account of sale of residential and commercial land respectively; the corresponding entries of the land sold in these transactions were not considered. For the year 2021-22, in case of sale of commercial land, though revenue amounting to ₹32.89 crore was realised and accounted for, the corresponding land was not deducted from the land stock.

Thus, it was noticed that the system of booking revenue from sale of land was not proper as complete transactions were not being reflected in the accounts. In such a scenario, the cost benefit analysis done for the calculation of the land rate was not reflective of correct picture.

Ministry, in its reply (June 2024), stated that the revenue of ₹1.19 crore and ₹0.25 Crore for residential and commercial land respectively were booked on actual receipt basis as per the information furnished by the respective wing. Further, the Ministry stated that in case of sale of commercial land, though revenue amounting to ₹32.89 crore was realized and accounted for during the FY 2021-22, but the corresponding land was not deducted from the land stock.

The reply of the Ministry may be seen in the light of the fact that the corresponding entries on account of sale of residential and commercial land were not depicted in the records which rendered the PDR deficient.

(iv) Inconsistent treatment of revenue realized

As part of customary annual exercise for the calculation of PDR, information from the various concerned wings of DDA is sought. It was noticed that for the calculation of PDR of 2017-18, receipt of ₹ 94.08 crore was shown as revenue realised on account of sale of land. However, for the calculation of PDR of 2021-22, only 1/3rd of the revenue realised was taken into consideration. The reasons for such non-uniformity were not found in the records.

Ministry, in its reply (June 2024), stated that as per the procedure, 1/3rd portion of cost of land utilized for construction of houses is transferred to Nazul Account-II each year for a total of three years considering the date of completion of housing project as 36 months. This exercise is undertaken only for the purpose of booking of revenue in the Nazul A/c II for preparing the Annual Accounts.

The reply of the Ministry may be viewed in light of the fact that 1/3rd of revenue was considered not only for accounting purpose but also taken for calculation of PDR for the year 2021-22, which should have been considered in full.

(v) Application of various multipliers

The total land available for sale with DDA in a project area is classified into various categories viz., residential, commercial, Institutional etc. During the cost benefit analysis these categories of lands are assigned multipliers to determine the weighted area.

Audit observed that various multipliers were being used for different categories of land (Commercial, Residential, Institutional, etc) to derive the weighted area. For commercial land, multiplier of four was used. Similarly, for EWS, LIG, MIG and HIG flats, the multipliers of 0.5, 0.75, 1.25 and 1.50 respectively were used for which no basis was found in the records. Thus, DDA was applying multiplying factors without any objective basis.

Ministry, in its reply (June 2024), stated that for lower categories like EWS/LIG of flats lower multipliers are used and for higher categories like MIG and HIG higher multipliers are used in order to ensure that lower cost of land is charged for lower categories and higher cost of land is charged for higher categories. Similarly, the multiplier of four has been adopted for commercial properties considering the higher market rates of commercial properties. No documentary evidence about the basis of arriving at different rates of multiplier is required.

The reply of the Ministry may be viewed in the context that in the absence of any objective basis to arrive at the different rates of the multipliers, Audit could not verify the rationale behind the practice adopted. Further, it cannot also be ascertained whether these rates are reviewed periodically depending on the changing scenario of land stock and other parameters.

(vi) Consistent increase in Pre-Determined Rate in respect of developed areas

For calculating the cost of flats, the Pre-Determined Rates notified by DDA are applied to different categories of flats located in different localities. In respect of developed colonies since 2010-11, DDA has been consistently increasing the PDR by 10 *per cent* annually without taking into consideration any financial yardstick or any objective basis.

Ministry, in its reply (June 2024), stated that rates were enhanced by 10 *per cent* regularly from the FY 2011-12 onwards with the approval of the Authority considering the fact that increase in rates by 10 *per cent* was reasonable and justified in the developed areas due to the fact that there was huge variation between the actual prevailing market rates and the increase as per the Cost Inflation Index or as per the prime lending rates of RBI.

The reply may be viewed in light of the fact that no financial yardstick has been adopted for consistently enhancing the predetermined rate of developed land. There was blanket enhancement by 10 *per cent* annually in the PDR without having any correlation with the dynamic parameters.

3.5.7.11 Determination of Plinth Area Rates

As per the Standard Costing Resolution[79] of DDA, the construction cost of the flats is calculated on the basis of the Plinth Area Rates, which in turn is based upon the weighted average of the actual cost of construction for the current year and total plinth area of the flats. In this Resolution, the DDA decided that the costing of the flats constructed by it were to be switched over from Actual Cost to Standard Cost. As per this Resolution, the Plinth Area Rate (PAR) of construction was to be calculated and announced twice in a year and would apply as on 1 April and 1 October each year. The PAR of 1 April will be based on actual costing data received up to 28/29th February and PAR of 1 October will be based on

[79] ***Resolution No.7/2002***

costing data received up to 31 August preceding 1 April and 1 October respectively. Thereafter, from 01 April 2018 onwards the PAR was announced only once a year.

During examination of records, the following deficiencies were noticed with regard to the Plinth Area Rates:

Overheads charged in the costing of Flats

DDA applies overheads to the tune of around 40 *per cent* in terms of various overheads viz. administrative, contingency, surcharges, cost of money etc. over and above the key expenditure (i.e., land cost and construction cost) in deriving the disposal cost of a flat as shown below:

Table 3.13: Details of overhead charged

Component of cost	Type of overhead	*Percentage* applied
Pre-determined Rate(PDR) of the Land	Departmental Charges	11.25
	Admin Charges	7.00
	Physical and price contingencies	5.00
	Service Charges	7.50
	Anticipated cost of money	10.00
Cost of construction (Plinth Area Rate/PAR) (Abstract of costing detail)	Contingencies (maintenance charges @1 *per cent*; Deficiency charges @2 *per cent*; Rectification of defects @ 0.5 *per cent*) of cost of building works and misc. items	3.50
Final Costing/Disposal Cost of flat	Departmental Charges on construction cost	10/15.00
	Interest during construction period (for 18 months) (on construction cost)	10.00
	Surcharges (for prime location)	20.00

(Source: DDA)

As is evident from the table, there is compartmentalisation of overheads into several categories. However, the reasons behind compartmentalisation of overheads into different categories and the basis of rates assigned to them were not found in records.

It is pertinent to mention that the CPWD manual provided for application of departmental charges at 7 *per cent* for construction works, costing more than ₹ five crore, which is lesser than the rates applied by DDA. Besides, one of the reasons behind poor sale of flats in Housing schemes 2014 and 2017 was high disposal cost of flats.

Ministry, in its reply (June 2024), stated that total expenditure on the project loaded in the cost benefit analysis to derive PDR does not include the departmental charge at 11.25 *per cent* and administration charges at 7 *per cent* . Most of the charges are the indirect projected cost of the work which DDA is liable to bear after completion of work. However, DDA is also considering referring the matter for review of costing methodology adopted by DDA for determining the pricing of flats to the office of Chief Adviser (Cost), Department of Expenditure, Ministry of Finance for seeking their advice in the matter.

The reply of the Ministry may be viewed in light of the fact that the departmental charge at 11.25 *per cent* and administration charges at 7 *per cent* are applied in the development cost which is used in determining PDR. Further, the basis of arriving at the different rates of overheads fixed to be charged has not been furnished.

3.5.7.12 Pending Refund Cases in respect of unsuccessful applicants and owners of surrendered flats

The DDA launches housing schemes for sale of flats. The amount deposited by the applicants is refunded in case of unsuccessful applicants or cancellation of allotment. Audit observed that there were pending cases of refunds. The department had stated reasons like non furnishing of correct bank account, NRE account, current account etc. for pending refunds. However, the year wise efforts made by the department to sort out these issues so that refund could be effected were not furnished. The issue gains importance considering the fact that some refunds pertain to a period as old as eight years back.

Ministry, in its reply (June 2024), stated that the reasons for non-refund of registration money to above said applicants are due to wrong bank account details/IFSC Code, NRE account, current account etc. Ministry provided the details in respect of refund of unsuccessful applicants and for surrender of flats as on 16 November 2023 scheme wise which is given as under:

Table 3.14: Detail of refund pending for unsuccessful applicants and owners of surrendered flats

Name/Year of Housing Scheme	Total number of cases of refund	Pending amount due as refund (₹)	Pending outstanding cases of refund
DDA Special HS 2021	7,199	21,76,000	21
DDA HS 2021	21,399	84,75,000	78
DDA HS 2019	36,607	4,00,000	02
DDA HS 2019 – EWS/SC & ST	2,076	6,50,000	06
DDA HS 2017	33,538	14,00,000	08
DDA HS 2014	9,83,945	92,30,000	281

The reply of the Ministry may be viewed in light of the fact that refund is to be made within 28 days on submission of all documents, as per the Citizen's Charter of DDA. Moreover, the year wise efforts made by the department to sort out the issues so that refund could be effected have not been furnished, despite the fact that some refunds pertain to a period as old as eight years back. Further, it is difficult to accept the contention of the Ministry that refunds could not be effected due to wrong bank accounts/IFSC code, NRE account etc., as these details would be the same as furnished by the applicants earlier at the time of application for flats.

Recommendation No. 16: While conducting cost benefit analysis for calculating pre-determined rate of land, all the elements of costing, viz., area of land, revenue receipts from sale of land etc. may be assessed properly to ensure adjustment of sale of land and corresponding sales realization from the land stock.

Recommendation No. 17: DDA may make efforts to clear pending refund cases to the unsuccessful applicants and owners of surrendered flats within the specified time. For this purpose, alternate contact number/email id and updated address may be obtained from the applicants.

Recommendation No. 18: The costing methodology adopted by DDA, including the charging of various categories of overheads, may also be reviewed to ensure reasonable costs for the customer.

D. Allotment of Houses

DDA has been constructing houses in Delhi for different strata of society. The disposal of such flats is regulated by DDA Housing (Management and Disposal of Housing Estates) Regulations, 1968. Whenever newly constructed flats are ready, Engineering Wing handover the flats to Housing department for allotment. The Housing Department launches schemes for disposal of flats to public.

During the period of audit i.e., from 2017-18 to 2021-22, DDA launched 10 housing schemes for disposal of different category of houses/flats at various localities as detailed in the table below:

Table 3.15: Housing schemes launched between April 2017 and March 2022

Sl. No.	Housing Scheme/ Year	Date of launch of Scheme
1.	Housing Scheme – 2017	30 Jun 2017
2.	Housing Scheme – online running housing scheme 2019 – old inventory flats on first come first serve basis	18 Jan 2019
3.	Housing Scheme-2019	25 Mar 2019
4.	Online running Housing Scheme for Gallantry Award Winners	02 Aug 2019
5.	Housing Scheme for EWS (Economically Weaker Section) categories – 2019	30 Aug 2019
6.	Housing Scheme for SC/ST Categories – 2019	05 Sep 2019
7.	Online running scheme for disposal at Narela "As-Pair" (Amalgamation)	06 Dec 2019
8.	Online scheme on first come first serve basis of EWS flats Narela	07 Aug 2020
9.	Housing Scheme – 2021	02 Jan 2021
10.	Special Housing Scheme 2021	23 Dec 2021

(Source: DDA)

3.5.7.13 Launching Housing schemes without addressing the reasons of surrendering/ cancellation of flats in earlier schemes

Out of 10 housing schemes launched by DDA between April 2017 and March 2022, six schemes were launched in the year 2019, and two schemes were launched in 2021. Even after launching eight schemes in just two years, DDA was unable to sell 36.77 *per cent* to 63.42 *per cent* of flats that were offered in the schemes.

In Housing Scheme 2014, DDA offered 25,040 flats, out of which 12,837 flats were surrendered or cancelled. These surrendered/cancelled flats along with some other old inventory of DDA were again put up for sale in housing scheme 2017. The 2017 scheme again received a tepid response wherein around 9,502 flats out of 12,617 flats were surrendered or cancelled. This trend continued in future housing schemes as well, and even the public demand diminished for these housing schemes, as detailed in the table below:

Table 3.16: Flats offered for sale, number of applicants and flats surrendered/ cancelled

Housing Scheme (Year)	Number of flats offered	Number of applicants	Total number of flats surrendered/ cancelled	Percentage of flats surrendered/ cancelled
2014	25,040	10,08,985	12,837	51.27
2017	12,617	46,674	9,502	75.31
2019	10,294	45,045	6,477	62.92
2021	1,353	22,752	858	63.42
2021 (Special)[80]	9,790	12,387	3,600	36.77

(Source: DDA)

It may be seen from the table above that though the housing schemes were launched in quick succession in certain years, it neither helped DDA to sell its inventory nor did it invoke any positive public response which led to poor sales of flats. In the Housing Scheme of 2014, as against 25,040 flats offered, total 10,08,985 applications were received i.e., 40 times the number of flats offered. In the housing scheme of 2017, only 46,674 applications were received for 12,617 flats which was less than four times the number of flats offered. In the Special Housing Scheme of 2021, 9,790 flats were offered for which only 12,387 applications were received which were merely 1.2 times the number of flats offered. Thus, it is evident that the demand for flats has gone down and even the applicants who were allotted flats were surrendering/cancelling flats.

In this regard the Audit observed the following:

[80] All flats offered under this scheme were put for disposal in earlier schemes like HS-2014, HS 2017, HS 2019 & HS 2021,

(i) Launching of housing scheme with old flats

Prior to launching of Housing scheme 2017, DDA had observed (August 2016) that main reasons for surrendering/cancellation of more than 50 *per cent* flats offered in Housing of 2014 were small size, inadequate infrastructure facilities, less popular locations of flats and non-inspection of flats by the applicant before applying.

DDA launched housing scheme in 2017 and the flats offered were part of an old inventory of DDA. In the housing scheme 2017, 75 *per cent* flats i.e., 9,502 flats out of total 12,617 flats offered, were surrendered/cancelled. Though these reasons were known to DDA, the shortcomings were not addressed by DDA as the reasons observed by DDA after housing scheme 2017 were same such as small size of flats, no bus service connectivity, flat in remote area, old flats, improper maintenance of flats etc.

Similarly in Housing scheme 2019 and 2021, as noted in the feedback of allottees, the underlying causes of large number of surrender/cancellations were poor infrastructure, transport issues, higher cost of flats etc. Thus, the absence of appropriate remedial steps by DDA before launch of the housing schemes led to most of the flats being surrendered/cancelled and hence remained unsold.

Ministry, in its reply (June 2024), stated that from time-to-time DDA has taken steps to improve various parameters related to policy, infrastructure, and pricing determining the saleability of flats in view of user feedback received through different modes.

The reply may be viewed in light of the fact that though feedback of applicants who cancelled/surrendered the flats was available before launching of Housing Schemes, DDA launched housing schemes but did not address the issues raised by the public. Thus, non-addressing of the issues raised by the public contributed to flats lying unsold with DDA.

(ii) Launching of Housing Scheme for newly constructed flats (Housing Scheme 2019)

During the launch of 2017 housing scheme, the Hon'ble LG of Delhi (March 2017) and the Vice Chairman, DDA (Jan 2017) had directed, where flats for sale were proposed, to furnish a completion certificate and ensure availability of infrastructure facilities in respect of the flats offered in the scheme.

Audit further noticed that when the proposal of listing flats at Vasant Kunj locality was being discussed (Feb 2019), it was stated that the development works[81] would be completed by July 2019. However, various works[82] in respect of the housing project at Vasant Kunj were not completed upto June 2020. Further, it was noticed that Fire NOC was obtained in November 2020.

Thus, the instructions of the Hon'ble LG and VC were not followed in the housing scheme 2019. The delay in completion of flats led to delay in physical possession by the allottees, due to which some allottees filed litigation against DDA for non-availability of basic

[81] ***Water supply and Sewage Treatment Plant***
[82] ***Electrical works, STP and fire NOC***

amenities like water, electric supply, sewage, drain work etc. which led to delay in realization of funds by DDA.

Ministry, in its reply (June 2024), stated that with regard to the delay in various works in respect of the housing project at Vasant Kunj the demand letters were issued as per the timelines provided; the major work of the project was completed but some issues in water supply, STP, fire NOC, etc., led to delays in completion. Further, the restrictions imposed due to the spread of COVID-19 also resulted in unavoidable delays, and the application for NOC from the Fire department got approved only in November 2020. Though sincere efforts were made to comply with the directions of HLG and VC for timely completion of the project, the delay happened due to reasons beyond control. Further, necessary extensions of time were granted to address the grievances of the allottees with the approval of VC, DDA, and the litigations were settled. Also, the possessions were issued subsequently after the completion of all codal formalities.

The reply may be viewed in light of the fact that though directions were issued by Hon'ble LG to ensure availability of infrastructure facilities, the same were not complied by DDA. Further, the timeline of completion of work was in July 2019, however, the work was not completed till June 2020 and the COVID-19 related restrictions in the country started from 23 March 2020 i.e., after eight months from July 2019.

3.5.7.14 Non-realisation of revenue due to unsold inventory of build-up houses

It was observed that DDA has not been able to sell the majority of the flats offered in the 10 housing schemes launched from 2017 onwards. As per the information provided by Housing Department of DDA, 39,904 flats are lying vacant with DDA as on 31 March 2024, as detailed below:

Table 3.17: Various categories of flats lying vacant and cost of blocked inventory

Flat category	Number of flats lying vacant	Tentative minimum disposal cost (₹ in crore)
SFS/HIG	319	261
MIG	599	301
LIG	30,952	4,380
EWS/Janta	7,624	603
EHS[83] (A&B)	410	51
Total	**39,904**	**5,596**

(Source: DDA)

It may be seen that out of a total 39,904 vacant flats, LIG and EWS counts for 38,576 flats which is 96.7 *per cent* of the total vacant flats with corresponding blockage of disposal cost of around ₹4,983 crore.

[83] ***EHS – Expandable Housing Scheme.***

The reasons for vacant flats were higher cost of flats, surroundings not good, more affordable options being available in the nearby areas, amalgamated flats being available at lower prices than their similarly sized MIG counterparts, smaller size and poor specifications of flats, remote area location of flats, ongoing court cases and non-provision of basic infrastructure/facilities.

Thus, the capital of DDA remained blocked in these projects and consequently potential revenue of around ₹5,596 crore was not realised. Further, passage of time has made the flats prone to deterioration on account of wear and tear and non-use and DDA has to incur expenditure on watch and ward and maintenance of these flats. The details of such expenditure incurred were not made available to audit.

Ministry stated (June 2024) that 23,955 flats are newly constructed flats and are not part of the unsold inventory as these have not been offered under any housing schemes. The new inventory contains 19,679 LIG and 4,276 EWS flats. DDA has launched various housing schemes from time to time for disposal of inventory, however, most of the inventory at Narela remains unsold. Further, Ministry stated that DDA has taken feedback for the Housing Schemes and has taken several remedial measures to sell the unsold inventory viz. infrastructure related, price related, policy related, marketing strategy related etc. The Ministry in the exit conference (December 2024) has stated that updated status of unsold inventory and steps taken by the DDA for clearance for unsold inventory will be provided by the DDA.

The reply may be viewed in light of the fact that the Housing Schemes which were launched from 2017 onwards had a major portion of unsold inventory from previous housing schemes. Though DDA has taken remedial steps, it still has a large portion of unsold inventory, thus resulting in non-realization of capital.

In this regard, a survey questionnaire consisting of 15 questions related to the application process, pricing of flats, allotment process, area and quality of flats, amenities etc., with multiple choice objective answers was also framed by Audit. Feedback of allottees (around 200 of each category of flats) of various housing schemes launched between 2017 and 2021 was sought and 46 responses[84] were received. The responses revealed that 76 *per cent* of the respondents added that at the time of issue of possession letter, the basic amenities viz. sewerage, water supply, electrical supply, communication lines, streetlights etc., were not available, whereas, with regards to other services, 58 *per cent* of the respondents stated that at the time of issue of the possession letter, the public/semi-public services viz., parks, bus stops, hospitals, shopping complexes, schools etc., were not available nearby the location of flats. Further, only nine *per cent* of the respondents stated that the quality of the flat was good, whereas 91 *per cent* of the respondents informed that it was poor or average.

While accepting audit observation based on the survey of Audit, the Ministry, in its reply (June 2024), stated that the findings of the survey has been taken on record. The findings

[84] ***Disclaimer: The sample size is small (46 out of 1200) and may not be true representative of the entire population***

of the Audit team from the survey are being shared with all concerned departments including engineering, architecture, finance, planning, etc. for appropriate action. While designing new schemes all these points will be kept in mind. The survey has also been shared with the Real Estate Consultant hired for suggesting strategy for disposal of housing inventory and the report has duly utilized the same while giving suggestion for improvement.

3.5.7.15 Unsold parking garages

DDA, vide Authority resolution (116/2016), stated that only the original allottees or their legal heirs/ successors (mutatees) and purchasers of Self-Financing Scheme (SFS) flats shall be allotted scooter/car garages. After this resolution, as per the records made available to audit, 1,060 car garages and 1,070 scooter garages at various locations in Delhi were identified for auction by DDA. The minimum disposal cost of these garages has been estimated as ₹ 78.39 crore[85].

However, in the absence of requisite information/records, Audit could not determine the actual number of unsold parking garages, the criteria of allocation of parking garages, cases of unauthorized use of parking garages etc.

Ministry, in its reply (June 2024,) stated that details of all unsold vacant garages and parking space have been collected from different engineering zones and the same will be offered through e-Auction in subsequent schemes after the vacation of the Model Code of Conduct (MCC). The Parking garages are allotted on the basis of Authority resolution 116/2016. The criteria for participating allowed only the original allottees or their legal heirs/successors (mutatees) and purchasers of flats of the pocket where garages are located to participate in the Auction. DDA in the month of December 2022 held an E-Auction of available vacant Scooter Garages and 6 garages were allotted. With regard to the allotment of parking in New Housing Schemes, it is clarified that parking allotment is part of the flat allotment and hence no separate allotment is required to be made.

The reply may be viewed in light of the fact that DDA was unable to sell its garages in timely manner and could sell only six garages, resulting in potential unrealised revenue.

3.5.7.16 Sale of EWS flats as LIG flats

DDA was granted recognition as a "charitable institution" under section 12AA of the Income Tax Act, 1961 vide Registration Certificate dated 12 January 2006 with retrospective effect from assessment year 2003-04, being engaged in the public utility services and entitled to claim exemption under section 11 of Income Tax Act, 1961. DDA has been maintaining a separate reserve fund for EWS housing and withdrawing money from the said fund and utilizing the same for the construction of EWS houses at different localities in Delhi.

Audit noticed that 22,494 flats which were initially designed as EWS flats and tendering also done as EWS flats, were categorized as LIG/One Bedroom flats in Housing Scheme

[85] ***The area of the garages was different, hence audit considered minimum reserve price of car garage and scooter garage to arrive at total minimum disposal cost of₹78.39 crore.***

2014 and 2017 and Special Housing Scheme 2021. Majority of these flats (HS 2014-11,909 flats and HS 2017-8,570 flats) remained unsold as the allottees surrendered/cancelled flats owing to various reasons viz., smaller size which do not meet the specification prescribed for LIG category, location of the allotted flats in remote area, availability of poor infrastructure etc. As per the last housing scheme of 2021(Special Housing Scheme 2021), 4,717 above mentioned LIG[86] flats were offered. The details of status of allotment or surrender/cancellation of these flats have not been provided.

Further, due to this change in categorisation of EWS flats as LIG flats, the Pre-determined rate applicable for LIG was applied by DDA. Pre-determined rate for LIG flats is higher than Pre-determined rate for EWS flats at any given location. DDA charged excess land cost component on these flats by applying PDR for LIG flats on EWS flats. Thus, DDA charged allottees in excess of ₹ 159.95 crore for the 14,112[87] flats that it sold in the Housing Schemes of 2014 and 2017.

Since DDA has been maintaining a separate reserve fund for EWS housing and deducting the expenditure incurred on construction of EWS flats from it; the flats so constructed should have been sold/put to sale under EWS category instead of clubbing them under the normal housing inventory of LIG/One Bedroom category. This has not only deprived the economically weaker section of society of the opportunity to get a flat in Delhi at a nominal rate but also resulted in blockade of inventory due to these flats remaining unsold.

The Ministry, in its reply (June 2024), stated that:

i. As per Regulation no. 5 of DDA (Management and Disposal of Housing Estates) Regulations 1968, disposal of a property shall be effected by either hire purchase or sale or in such other manner and subject to such terms and conditions, as may be decided by the Authority from time to time.

ii. DDA, while announcing the Housing Scheme 2014 and Awasiya Yojana 2017 had advertised in the newspapers and through brochures the specifications of the flats such as actual plinth area, tentative cost, area of the flats, location etc. Also in Awasiya Yojna 2017, DDA has provided standard/typical unit plan of housing in respect of localities at Rohini Sector 34 & 35, Narela, Sector G-2, G-8, Dwarka, Sector 23-B, and Siraspur. Moreover, these flats were ready for inspection on the ground, and, therefore, no information relating to these flats was concealed from the prospective buyers.

iii. As a marketing strategy in response to the nomenclature in the realty market, it was decided that some of the accommodation may be renamed as "One Bedroom" to enable DDA to dispose them in the market. The matter for inclusion of these flats in the scheme as one-bed room flats was considered after examining all aspects in respect of size of the flat, cost of the flat and other elements. While including these flats in the 2014 scheme, it was decided to categorize these flats as LIG/one-bedroom flats due to their superior specifications with the approval of the Authority vide agenda item No.

[86] As per brochure of Special Housing Scheme 2021, as data of the draw of this scheme has not been provided by DDA.

[87] 14112=10748+3364

124/2014. These flats were offered for sale for the first time as LIG/One Bedroom flat only after the above-mentioned decision.

iv. As regards the separate reserve fund for EWS housing and deducting the expenditure incurred on construction of EWS flats from it, it is submitted that these flats were categorized as One-bedroom flats in the brochure of the scheme. Though the expenditure was incurred from EWS fund however, the contention that the renaming EWS flats as LIG/ One Bedroom flat deprived economically weaker section of society of the opportunity to get a flat in Delhi at a nominal rate is not so tenable on the ground that despite such renaming the target buyers were primarily low-income group and economically weaker section. Further, the said EWS fund had been created by re-appropriation of reserves of DDA and no grant/subsidy has been received for funding of EWS flats. Subsequently, also DDA has made provisioning of EWS flats in Housing Estates at various locations. It is to highlight that even as of now more than 4,000 inventory of EWS flats is available.

v. Further, there was no charging in excess from the allottees as observed and the cost of the flat was determined as per prevailing standard costing policy based on size of the flat.

The reply of the Ministry may be viewed in light of the following facts: -

i. These One-bedroom flats were initially designed and constructed as EWS flats. Though the Authority is competent to sell flats by any mode it deems appropriate, selling EWS flats as One Bedroom/LIG is not provided by the Housing Regulations, 1968.

ii. These flats were advertised in the brochures as One Bedroom/LIG flats. Even, at the time of surrender/cancellation of these flats the representations from allottees/RWAs were made to DDA that EWS flats were being sold as LIG flats.

iii. Due to the categorization of these EWS flats as LIG/one-bedroom flats, the price of these flats increased. Thus, the lower income group and economically weaker section of society was deprived of owning the flats which were constructed out of reserve fund for EWS housing. In view of the reply, detail of superior specification of the EWS flats of Housing Scheme 2014, to be sold as LIG/one-bedroom flats, were called for, however, the same was not provided to Audit. Hence, Audit could not ascertain the difference between the specifications of two categories.

iv. Since DDA has been maintaining a separate reserve fund for EWS housing and incurring expenditure on construction of EWS flats from it, the flats so constructed should have been sold/put to sale under specific EWS category instead of clubbing them under the normal housing inventory of LIG/One Bedroom category.

v. DDA has levied Pre-determined rates for LIG instead of EWS on these flats. Since PDR for LIG flats is higher than the PDR for EWS flats, thus DDA has charged extra cost for these flats from the allottees.

3.5.7.17 Unauthorized commercial activities in properties

As per the overview of the housing department of DDA, one of the functions of the housing department is to stop unauthorized construction and misuse in the flats in the development area of DDA. The department initiates prosecution in misuse cases of residential flats under DDA Act, 1957.

Audit noticed that there were 125 cases[88] (Feb 2020) where unauthorized commercial activities in properties were reported. In this regard, records relating to notices issued, cases booked, and action taken thereof, total expenditure incurred on removal/stoppage of commercial activities, total amount realized as penalty, defaulter allottees who failed to deposit the demand raised on account of commercial activities/misuse of properties, were not available with DDA. In the absence of basic records, it could not be ascertained whether, timely and adequate action was being initiated by DDA in all such cases.

Ministry, in its reply (June 2024), stated that as per the procedure laid down, in such cases, show cause notices are issued to stop the commercial activities in these residential flats and no further action for freehold conversion of these flats is carried out till the unauthorized construction/activity is removed. The damage and misuse charges are also recovered from such flat owners. Further, for the areas falling under the jurisdiction of DDA i.e., notified area, action is taken by DDA, whereas in most of the areas which have since been de-notified, action to stop the commercial activities, is taken by the concerned Municipal Corporation. The above-mentioned process is followed in all such cases. Since the information of all 125 cases referred to here was not available, a test check was done for the cases where unauthorized commercial activities have been reported. In the nine cases where misuse letters were issued, it was found that in six cases, misuse charges have already been paid by the applicant and in balance three cases freehold conversion has not been done.

The reply may be viewed in light of the fact that though the unauthorised commercial activities in 125 flats was noticed by DDA itself, it is unable to trace these properties. Further, DDA has taken action only in nine cases out of 125 cases pointed by the Audit.

The Ministry, in the exit conference (December 2024), stated that updated status of unauthorized occupation of flats and steps taken by DDA will be provided by DDA.

Recommendation No. 19: DDA may ensure relaunching of old flats for allotment after resolving the issues raised by the public in earlier housing schemes. It may also be ensured that the similar issues may also be addressed while construction/launching of houses in new housing schemes.

Recommendation No. 20: DDA may ensure that the reserve fund meant for EWS housing is utilized exclusively for the construction of EWS flats and not for any other type of flats.

Recommendation No. 21: DDA may ensure prompt disposal of vacant garages and conduct regular inspection to prevent unauthorized commercial activities.

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[88] *Janta Flats: 1 and MIG/LIG/EHS flats: 124 cases*

E. Internal Control and Monitoring

Internal control activities are an integral process that are designed and effected by an entity's management. Internal controls assist the management to achieve entity's objectives based on the policies and procedures adopted by the management.

Internal controls constitute activities and safeguards that are put in place in an entity to ensure that activities are proceeding as planned with due regard to adherence to management's policies, orderly and efficient conduct of business, safeguarding of assets, accuracy and completeness of the records, timely preparation of reliable financial information, and prevention and detection of fraud and error. Effective internal controls are a prerequisite for the success and good governance of an organisation.

Audit examined the internal control and monitoring system put in place by DDA and assessed the effectiveness and efficiency of the system towards development and allotment of dwelling units with due regard to need, affordability, quality, timeliness and transparency.

3.5.7.18 Monitoring and Review of activities of MPD 2021

Chapter 18.0 (Plan Review and Monitoring) of MPD 2021 states that implementation of the plan can be effective only when monitored and reviewed at appropriate periods.

(i) Inconsistency in review

Para 18.5 of MPD 2021 stated that timely review of the plan with the help of prescribed Management Action Groups[89] and Monitoring Unit shall ensure mid-term correction and modifications if needed in the plan policies as well as the implementation procedures, which will help to re-adjust the events in the plan that could not be foreseen or anticipated during the plan formulation. If the plan is timely monitored and appropriately reviewed, the policies can be molded in the right direction according to the present needs of the people of the city.

As per MPD-2021, the Plan should be reviewed at five yearly intervals to keep pace with the fast changing requirements of the society. Audit, however, observed that since notification of MPD 2021, in Feb 2007, a mid-term review was conducted (23 September 2011) for the period 2011-14. DDA in its reply (June 2022) stated that periodic review and monitoring of MPD has also been initiated in the year 2017, however, DDA did not substantiate its claim of conducting the review in 2017. This issue was also commented upon in C&AG Audit Report 2016, however, DDA did not take any corrective action to conduct periodic review of MPD after 2014.

Ministry, in its reply (June 2024), stated that various committees viz. HLC, Management Action Group etc., were already there in 2007 and 2014. After the issue was raised by Audit, now a High-Level Committee has been constituted by DDA in November

[89] ***For Demographic, Land use, Housing, Social Infrastructure Transport, Economic Aspects, Environment, Natural Disasters.***

2023 which shall be headed by Hon'ble LG, for the purpose of monitoring and review of Master Plan for Delhi - 2021.

The reply may be viewed in light of the fact that only one mid-term review was conducted during the period of 16 years from 2007 to 2023.

(ii) Absence of Management Information System

The Management Information System plays the role of information generation, communication, problem identification and helps in the process of decision-making. However, Audit observed that the monitoring and documentation were deficient in DDA. Even for the number and details of housing stock there was a mismatch between the two departments (Engineering and Housing). There was no MIS developed and regularly presented for review of Master Development plan, Zonal plans, Progress of Housing Schemes and management of unsold inventory and land pockets. No records with regards to the MIS submitted to the Vice Chairman, LG office and MoHUA about the progress of works was furnished to Audit. In the absence of a proper MIS, higher management of DDA was not apprised regularly about the issues and prompt policy decisions could not be made.

While accepting the audit observation, Ministry, in its reply (June 2024), stated that the observation of the Audit has been duly noted for having a robust MIS system through New Awaas portal with necessary modifications.

The reply may be viewed in light of the fact that no MIS existed for proper monitoring of MPD 2021 and the same was initiated for MPD 2041 after the issue was brought up by Audit.

3.5.7.19 Deficiency in coordination

(i) Lack of coordination with other Government agencies

Chapter 19 of MPD 2021 states the role of DDA and/or Government, among others, in overall monitoring of provision of relevant infrastructure of water supply, sewerage, drainage, power, transportation etc. by service providing agencies in a time bound manner.

In the first meeting of the Advisory Group on review of MPD 2021 (23 September 2011), members advised for greater co-ordination with other key departments i.e., transport, environment, etc., in local area planning process and implementing the schemes.

Thereafter, in the third meeting of the Advisory Group on review of MPD 2021 (12 January 2012), Commissioner Planning informed that despite letters and reminders to all the local service proving agencies viz., DJB, MCD and Power Department, GNCTD etc., no inputs were received about the augmentation works undertaken by them during 2007-11 and the action plan for 2011-16.

In the fourth meeting of the Advisory Group on review of MPD 2021 (23 February 2012), the VC, DDA suggested to improve supply side of physical infrastructure and asked all the concerned agencies to revise targets up to 2021 for incorporation in MPD 2021.

DDA, however, did not provide information on the works carried out by the other service providing agencies on the suggestions of the Advisory Group.

The Ministry, in its reply (June 2024), stated that a High-Level Committee has been constituted by DDA in November 2023 which shall be headed by Hon'ble LG, for the purpose of monitoring and review of Master Plan for Delhi – 2021. This will subsume all the functions of the High-Powered Committee proposed for monitoring of MPD – 2041, on its notification.

The reply may be viewed in light of the fact that there was lack of coordination between DDA and other service providing agencies in contravention of provisions of MPD 2021.

(ii) Lack of coordination within the departments of DDA

The Engineering Wing hands over newly constructed flats to Housing Department for launch in various Housing Schemes. Category-wise detail of houses/flats lying vacant with the Housing Department and Engineering Wing of DDA, as provided to Audit, is shown below:

Table 3.18: Mismatch of dwelling units between Engineering and Housing Department

Category of flats/houses	Number of Vacant houses/flats		Difference
	As per Housing Department	As per Engineering Department	
SFS	166	-	166
EHS	402	-	402
HIG[90]	246	346	100
MIG	1,441	1,132	309
LIG	31,958	10,449	21,509
EWS/Janta	9,383	3,964	5,419
Total	**43,596**	**15,891**	**27,905**

(Source: DDA)

It may be seen from above that total vacant flats/houses as per the Housing department were 43,596 and as per the Engineering department were 15,891. Thus, there was a difference in the inventory of flats/houses of 27,905 in the six categories of flats/houses between these two departments of DDA.

DDA did not make available any information as to the method adopted for assessment of availability of vacant flats/houses. Further, no steps were taken by DDA to rectify the differences in the figures of the vacant flats/houses as maintained by Housing Department and Engineering Wing of DDA.

The Ministry, in its reply (June 2024), stated that the mismatch is primarily due to non-inclusion of 23,955 flats which are newly constructed flats and are not part of the unsold inventory as these have not been offered under any housing schemes and the same are not included in the Engineering Department report due to which this discrepancy arises. The

[90] ***Engineering Wing had given SFS+HIG = 346***

Engineering branches contains vacancy of flats wherein Physical Possession is not taken by the allottees. However, in Housing branches, once demand cum allotment letter is issued, the status is shown as allotted. Even after a possession letter is issued, sometimes there is a delay in taking over physical possession at site. Hence, due to these anomalies while the allotment status of the flats remains allotted in the AWAAS portal at the housing end, but at the site, physical possession is not taken the same lead to vacant status at the Engineering end.

Further, new AWAAS Software has been developed and the Inventory Module is under development phase. This will enable exact monitoring of inventory with a MIS having synchronization of records with all the departments. However, the observation of the Audit has been duly noted for having a robust MIS system through New Awaas portal with necessary modifications.

The reply may be viewed in light of the fact that even after considering the 23,955 newly built flats not included by the Engineering department, there still exists a difference of 3,950 vacant flats, shown in excess by the Housing Department vis-à-vis the Engineering Department. Further, the reply that the Engineering department shows the flats as vacant till the physical possession is not taken and Housing Department shows the flats as allotted after the issue of Demand cum Allotment letter, may be viewed in light of the fact that in such a situation the Engineering Department should have a higher number of vacant flats compared with the Housing Department.

3.5.7.20 Third-Party Quality Assurance

As per CPWD letter (11 February 2015), it has been emphasized that Third-Party Quality Assurance (TPQA) is a mandatory policy of MoHUA, and is to be implemented invariably for all works costing more than ₹ five crore. Further, as per a circular (17 May 2010) of DDA, Third Party Quality Assurance had to be done for works costing more than ₹ two crore.

In two works P11 (Narela) and P12 (Narela), out of six selected projects, no TPQA agency was engaged by DDA in contravention of its own rules.

Ministry, in its reply (June 2024), stated that efforts have been made to engage TPQA consultant for this project. But due to the poor response of available agencies, the qualified public sector firm could not be appointed. After inviting the available agencies, the proposal was sent to a competent authority for approval but due to non-availability of any government agency, the proposal was rejected. However, as far as ensuring the quality of work, it is to submit that the work was regularly inspected by the Quality Assurance Cell (QAC) of DDA as well as by the Chief Technical Examiner (CTE).

The reply may be viewed in light of the fact that despite receiving a government agency as lowest tenderer in the first call of tenders, the tenders were rejected on the grounds of poor response. In the second call, the lowest tenderer, which was a private firm, was rejected on the grounds that government agencies or institutions of repute are to be engaged; even though as per the NIT any government or reputed private firm could be engaged as TPQA.

3.5.7.21 Improper maintenance of records

In the Housing Department of DDA, it was observed that the following records viz., Register of Possession Letter (PL), Property register and other inventory records etc., were not maintained properly as detailed in the table below:

Table 3.19: Improper maintenance of various records in Housing Department

Records	Discrepancies in maintenance of records
Register of Possession Letter (PL)	• PL register was not maintained housing scheme wise, • Entries of PL were not attested/reviewed by the competent authority, • Reasons for delay in issuing of PL were also not recorded in register, • No prescribed format was followed for maintenance of PL register.
Property register	• Property registers (HIG, MIG, LIG and EWS) were maintained but not in the prescribed format wherein specific particulars viz., area, usable floor area, date of construction, type of construction etc., were not mentioned in the register, • Entries of cancelled/surrendered flats were not verified/authenticated in the register, • No remarks/reasons for cancelled/surrendered flats were mentioned in the register, • Blank entries against certain flats, • Date of issue of possession letter was not mentioned in many instances, • Entries of flats shifted from SFS to MIG were not attested by the competent authority.
Other records	• Inventory register of flats by individual branches of DDA i.e., SFS, EHS, HIG, LIG, MIG and EWS/Janta, • Record/register of misuse of property, • register of grant of extension of time (EOT to allottees by the competent authority, • register of surrendered/ cancelled flats to be reconciled for putting up in the upcoming/next housing scheme were not maintained.

Since the record of possession of flats was not being maintained in a proper manner, the exact status of allotted flats could not be ascertained. From the blank entries in the property register, it could not be ascertained whether flats were allotted/surrendered/unsold. It could not also be ascertained whether vacant/surrendered flats were included in the housing scheme.

Ministry, in its reply (June 2024), stated that the observations of Audit have been duly noted and the same will be complied with through digital records in Awaas portal vide necessary modifications wherever necessary.

The reply may be viewed in light of the fact that due to non-maintenance of records, DDA could not keep proper records of its inventories and status of allotment of its own flats.

3.5.7.22 Ineffective Internal Audit and insensitivity to red signals

DDA has an Internal Audit Branch comprising Chief Accounts Officer, Director (Audit), Sr. AO and AAO. The internal audit unit of DDA conducts internal departmental inspection of the various auditable units. The internal audit unit test checks the work done by various branches and sections of the office with a view to ascertain the extent to which they are following the prescribed procedural rules and regulations and general functioning as efficient units of the office. The Audit teams submit their internal audit reports to Internal Audit (HQ) cell.

Audit noticed that issues like no information regarding total number of flats, surrender/cancelled flats were commented upon by Internal audit. Further, issues like non availability of mechanism to monitor the targeted construction and allotment of houses, unauthorized construction, watch and ward charges and non-conducting of survey of vacant flats were commented. It was also observed that, Internal Audit was regularly pointing about improper maintenance of various records namely property registers, possession letter issuance registers etc. Audit observed that as on 31 Mar 2024, 18,569 internal audit paras remained outstanding, as detailed below:

Table 3.20: Year Wise Outstanding Paras

Year	No. of outstanding paras at the beginning of the year	New para added	Paras settled/ dropped	Para outstanding at the end of the year
2017-18	16,410	1,433	188	17,655
2018-19	17,655	1,191	73	18,773
2019-20	18,773	420	24	19,169
2020-21	19,169	199	275	19,093
2021-22	19,093	302	21	19,374
2022-23	19,374	563	24	19,913
2023-24	19,913	698	2,042	18,569

From the above it may be seen that there was an increasing trend in the accumulation of outstanding paras of internal audit. The increasing number of outstanding paragraphs every year indicated that various sections were not taking appropriate corrective action in respect to issues raised by Internal Audit. Similarly, 1,540 paras[91] (up to 31 March 2024) of C&AG Audit also remained outstanding.

[91] ***Paras relating to Planning/HUPW wing, FA (Housing), Engineering Wing and Housing Department of DDA.***

Thus, non-compliance of issues raised in internal audit as well as in external audit and high number of outstanding paras indicated ineffectiveness of internal control in DDA.

Ministry, in its reply (June 2024), stated that initially due to shortage of manpower in accounts and impact of 1st and 2nd wave of Covid pandemic, the work of settlement of outstanding audit paras was delayed. A Standard Operating Procedure (SOP) was also devised for settlement of pending audit paras and circulated to all concerned for strict time bound compliance. Further, a committee has been constituted under the Chairmanship of Director (Audit) for settlement of outstanding audit paras with the approval of FM, DDA. In view of above position, it is expected that DDA shall now be in a position to reduce the number of these outstanding paras very soon.

The reply may be seen in light of the fact that still many paras are pending settlement due to absence of corrective action and ineffective internal controls in DDA.

The Ministry, in the exit conference (December 2024), instructed DDA to form an internal committee for clearance of all old outstanding paras.

Recommendation No. 22: DDA should maintain all the prescribed records and ensure their completeness, accuracy, timely updation and proper upkeep. A comprehensive database of flats with all details and present status must also be maintained. Further, considering the importance, age and quantum of records, DDA should complete the digitalization of its records at the earliest.

Recommendation No. 23: DDA may establish an effective mechanism for coordination and cooperation with other government agencies as well as within its own departments. An effective mechanism may also be evolved where all the pending issues between DDA and other government agencies are settled.

Recommendation No. 24: DDA needs to implement effective Management Information System for effective internal monitoring of housing activities and should also act upon the risk areas pointed out by internal audit and other audits.

Conclusion

The MPD 2021 was notified after a delay of more than six years and consequently, the effective implementation period of the said plan was reduced to only 15 years. The delay also occurred in the finalisation of 16 ZDPs and till date ZDP of Zone 'D' has not been finalized. No internal targets were set by DDA for the number of DUs to be developed during the plan period. The absence of a demand survey before the finalization/construction of housing projects resulted in a high number of flat surrenders/cancellations. There was a lack of clarity in defining the area as either plinth area or carpet area. The lack of timely action led to the encroachment of the land. No minimum density has been specified to ensure optimum land utilisation.

In one selected work the estimated cost was calculated erroneously which caused impairment of the tendering process. Similar work was not specified in the NIT and thus eligibility of the contactor was in violation of CPWD manual. The requisite records of the qualifications and experience of the technical staff were not available in all the six selected works. Irregularities in the payment to contractor viz., reimbursement of Green Tax Environment Compensation Charge, payment of escalation, were also noticed.

DDA considered the area of a project for doing cost benefit analysis and arriving at the break-even rate, however there were discrepancies in respect of area of consideration and inconsistency in expenditure data in respect of Cost Benefit Analysis. DDA charged overheads to the tune of around 40 *per cent* over and above the land cost and construction cost for deriving the disposal cost of a flat. DDA did not refund the application money of the flats, in several cases, to the unsuccessful applicants/ owners of surrendered flats.

The old inventories were put up for sale without addressing the issues raised by the public and allotment of flats made to public without availability of required infrastructure facilities. DDA sold the EWS flats as LIG/One Bedroom flats which does not align with the intended objectives of activities undertaken under the charitable category. Further, a substantial amount of construction cost remained blocked and subsequently revenue from this remained unrealized due to non-sale of large number of inventories of flats.

The activities enumerated under MPD 2021 were not consistently monitored and reviewed as no dedicated monitoring unit was set up. A concerted and well-coordinated approach with the other Government agencies was also deficient. Adherence to the applicable Management Information System in vogue was also found deficient, as important records and registers were either not maintained or not maintained accurately. Further, assurance from the third party regarding the quality of works was not obtained due to non-engagement of the TPQA.

CHAPTER IV: MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

Coir Board

4.1 Activities of Coir Board for Development of Coir industry

4.1.1 Introduction

Coir Board (the Board) was set up in 1954 by the Government of India with its head office located at Kochi under Coir Industry Act, 1953 (the Act) with the main objective of development of the Coir Industry. The Board functions under the Ministry of Micro, Small and Medium Enterprises, Government of India (the Ministry) and comprises of Chairman and other members. India is the largest coir producer[92] and exporter[93] in the world. During 2018-19 to 2022-23, India exported coir and coir products worth ₹17,597.16 crore.

4.1.2 Financial status of Coir Board

The income and expenses of the Board during 2018-19 to 2022-23 are shown in the table 4.1.

Table 4.1: Financial Performance of Coir Board during 2018-19 to 2022-23

(₹ in crore)

Particulars	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Income from Sales/Services	4.47	4.06	2.68	2.10	6.16
Grants/Subsidies	86.12	67.13	95.81	77.92	85.25
Other Income	1.36	2.42	1.89	1.5	10.69
Total Income	**91.95**	**73.61**	**100.38**	**81.52**	**102.10**
Establishment/Administrative expenses	64.2	228.61	104.74	54.57	79.48
Expenses on Grants, Subsidies etc.	12.88	11.75	14.34	9.59	4.69
Other expenses	1.15	1.26	3.06	1.39	1.54
Total expenses	**78.23**	**241.62**	**122.14**	**65.55**	**85.71**
Surplus/Deficit	**13.72**	**-168.01**	**-21.76**	**15.97**	**16.39**

Source: Annual Reports of the Board.

Grants received from the Government of India (GoI) under the scheme 'Coir Vikas Yojana' (CVY) constituted the primary source of fund for the Board. CVY is the umbrella scheme with six components[94] formulated with the objective of overall sustainable development of the coir industry. During 2018-19 to 2022-23, the Board received grant of ₹412.23 crore from the Ministry.

[92] Source: Annual Report of Ministry of Micro, Small and Medium Enterprises, Government of India for the year 2019-20

[93] Source: Statistical Bulletin 2021 of Food and Agriculture Organisation of the United Nations Organisation

[94] Science and Technology, Skill Upgradation & Mahila Coir Yojana, Export Market Promotion, Domestic Market Promotion, Trade and Industry Related Functional Support Services and Welfare Measures

4.1.3 Audit objective and scope

Audit objective was to ensure whether the Board carried out its functions in an efficient manner to develop coir industry in India. Audit reviewed the functioning of the Board with regard to implementation of the CVY and other Government schemes for the period 2018-19 to 2022-23.

4.1.4 Audit Findings

An expenditure of ₹394.46 crore was incurred for the implementation of the components of CVY by the Board during 2018-19 to 2022-23 and an expenditure of ₹165.38 crore was incurred for the implementation of Scheme of Fund for Regeneration of Traditional Industries and Prime Minister's Employment Generation Programme schemes in coir sector. Various deficiencies noticed in implementation of CVY and other schemes of the Ministry are discussed in the succeeding paragraphs:

4.1.4.1 Flaws in policy formation and governance in the Board for development of coir industry

As per the Act, a Board consisting of a Chairman and Members (not exceeding 40 members) representing various stake holders of the industry should be established. It was noticed that the three-year term of the last constituted Board expired in February 2022. The Ministry/Management stated (January/July 2024) that the proposals for re-constitution of the Board were taken up three times during November 2022 to February 2024 but could not be finalised. Further, on reviewing the policy formation, governance and functions of the Board for the five-year period (2018-2023), the following significant shortcomings were noticed:

(i) Non-formulation of National Coir Policy

Aiming at the growth and development of coir industry, the Ministry directed (June 2017) the Board to prepare National Coir Policy (NCP) and National Coir Mission (NCM). In this connection, the Board engaged (October 2019) two retired officers to draft NCP and NCM and incurred an amount of ₹1.91 lakh towards payment of honorarium to the retired officials. It was noticed that only draft NCP was prepared in June 2020 which was not submitted to the Ministry for approval while the NCM was still not prepared (January 2024).

The Management stated (January 2024) that action had been initiated to evaluate the NCP by formulating a high-level committee for submission to the Ministry. The Ministry replied (January 2025) that Coir Industry Act, 1953 was undergoing amendment after which the policy will be reviewed to be consistent with the new legal framework.

The reply is to be viewed in the light of the fact that more than seven years had elapsed since the Ministry directed the Board to prepare NCP and NCM, however, the same were yet to be prepared and submitted to Ministry.

(ii) Database of Coir Industry

Database of the coir industrial units and employment in these units are vital for implementing strategic planning for the growth of the industry. The Board decided (July 2019) to conduct a field survey of coir industry in the estimated coir concentrated districts in the country. The survey intended to collect numerous details such as details of coir workers, production, sales/ exports, etc. The survey commenced in November 2020 by Regional offices of the Board and was discontinued in February 2022. It was noticed that survey was only partially completed in Kerala, Tamil Nadu, Odisha, Karnataka and West Bengal.

In this regard, it was noted that one of the measurable indicators of outcome of CVY was 'number of employment generation'. This data was not available with the Board. Further, the Board decided (April 2022) to hand over balance work of survey to State Governments for which no action was initiated (January 2024). It was also observed that the survey would have helped the Board to ascertain the outcome of the existing schemes and formulate future strategies.

The Management stated (January 2024) that the data collection format used in the survey had 135 fields which made data collection difficult. The Survey was also affected by COVID-19 and non-cooperation of coir units. Letters were issued to coir units and State Governments requesting to furnish the details of coir workers. The Ministry while concurring with the Management reply stated (July 2024) that there was a proposal to restart the survey through State Governments by streamlining the survey. The reply is to be seen in the light of the fact that the format prepared by the Board for the survey was unduly lengthy with 188 column/ details. The Board should have refined the survey format by removing the redundant fields.

Recommendation No. 25: Ministry may re-constitute the Board to enhance governance and operational efficiency and the Board may finalise the National Coir Policy to provide strategic directions, and also complete the survey of coir industry.

4.1.4.2 Activities related to Domestic Market Promotion for coir and coir products

Expansion of the domestic market by promotion of coir and coir products was one of the important activities of the Board. This sub-component of CVY included organization and/or participation in domestic exhibitions, operations of showrooms, extending market development assistance, etc. The Board expended ₹83.72 crore during 2018-19 to 2022-23 for Domestic Market Promotion activities. The audit findings relating to implementation of these activities are discussed in the following sub-paragraphs:

(i) **Non-compliance to Guidelines for participation in domestic exhibition and General Financial Rules, 2017**

The Board organises exhibitions as well as participates in exhibitions organized by other institutions for coir and coir products. During the five-year period ended on 31 March 2023, the Board participated in 383 exhibitions organized in India either by the Board or other institutions and expended ₹21.15 crore. The participation in these exhibition is governed by the Coir Board's Guidelines for Participation in Domestic Exhibitions. The Board had incurred an amount of ₹5.96 crore[95] in four exhibitions organized by the Board and six exhibitions organized by other institutions which were test checked in audit. Instances of non-compliances to Guidelines issued by the Board were noticed as detailed below:

a. Non-reporting of outcome of the exhibitions**:** As per the guidelines, a report detailing the outcome of Board's participation in the fair should be prepared after each exhibition. However, it was noted that the reports did not include the outcomes.

b. Excess expenses incurred on hired space: To ensure prudent spending, the guidelines prescribed a maximum limit for hiring space. The test check in audit revealed that the hired space was more than the fixed limit[96] in three exhibitions resulting in an extra expenditure of ₹68.16 lakh.

c. Delay in settlement of advance: As per the guidelines, advances sanctioned for participation in the exhibitions should be settled within 15 days of completion of the event. Out of the advances sanctioned for exhibitions during 2018-19 to 2022-23, advances of ₹1.96 crore were yet to be settled (January 2024). Further, in 10 test checked exhibitions out of 383 constituting 28.18 *per cent* of total expenditure, the advance settlement in respect of six[97] exhibitions was not done within 15 days and delay in settlement ranged up to 101 days[98].

The Management replied (January 2024) that action has been initiated to provide the output/ outcome of the exhibitions. Regarding extra expenditure on hired space, it was stated that the Chairman was empowered to decide the stall area which have VIP's reference as per the guidelines. On the delay in settlement of advances, it was stated that instructions have been issued to the concerned officials to submit settlement documents within 15 days of completion of fair. The Ministry concurred (January 2025) with the reply of management and further stated that now the space for participation in exhibitions was within the limit. Further, out of unsettled advances of ₹1.96 crore, only ₹1.40 crore was remaining for settlement now.

The reply of the Management and Ministry is to be seen in the light of the fact that the necessary corrective actions were yet to be taken/completed by the Board. Further, the amendment in the guidelines empowering the Chairman to decide the expense on hired space for exhibitions having VIP's reference was effective from December 2021 only and the extra expenditure was incurred in 2019.

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[95] ***Excluding the incidental expenses incurred by field units of the Board for participation in the exhibitions.***

[96] ***The limit fixed was 100 squre meter and 50 square meter for international level fairs and national level fairs respectively.***

[97] ***India International Trade Fair 2019, Azadi ka Amrit Mahotsav, Varanasi, India International Hospitality Expo, India International Trade Fair 2022, Azadi ka Amrit Mahotsav, Guwahati and Seminar cum Exhibition 2023, Kota***

[98] ***Maximum delay with respect to India International Trade Fair 2019.***

d. Non-compliance to General Financial Rules, 2017

The following non-compliances to General Financial Rules, 2017 were noticed.

- A contract of ₹24.66 lakh for fabrication of pavilion in India International Hospitality Expo 2019 (IIHE 2019) was awarded to Exhibition & Interior India Private Limited without inviting any tender (Rule 201 (ii) of GFR 2017).

- Time given to the bidders to submit their bids for interior fabrication contract in the six[99] exhibitions ranged between five days to 11 days instead of ordinarily, three weeks from the date of publication of the tender notice (Rule 161 (vi) of GFR 2017).

- No member of the purchase committee should be reporting directly to any other member of the committee in case estimated value of procurement exceeded ₹25 lakh. It was noticed that the committees formed to evaluate the bids submitted in connection with the three exhibitions[100] out of 10 test checked, were consisting of zonal directors and officers who were directly under their control (Rule 173 (xxii) of GFR 2017).

The Management stated (January 2024) that the decision for participating/organizing exhibitions were taken with short notice and tenders were invited with the available time. The Board is running with shortage of staff and committees were formed with the available staff. The Ministry stated (January 2025) that strict instructions has been given to follow GFR.

The fact, however, remained that the Board need to comply with GFR provisions.

Recommendation No. 26: The Board's Internal Control System may be further strengthened to ensure compliance to the guidelines and General Financial Rules for participation/ organising domestic trade fairs.

(ii) Review of operations of showrooms set up by the Board

The Board had set up 30 showrooms (March 2023) in the country to serve as exclusive marketing outlets to facilitate small-scale coir manufacturing units who were devoid of established marketing channels. The mode of sales in the showrooms was through consignment system[101]. The total sales recorded by these showrooms during the five-year period ended on 31 March 2023 was ₹66.77 crore. Review of operations of showrooms revealed low sales and continuous losses which are discussed in subsequent paragraphs. The total loss incurred by all 30 showrooms during 2018-19 to 2022-23 period amounted to ₹32.78 crore.

[99]India International Trade Fair 2019, India International Trade Fair 2022, Azadi ka Amrit Mahotsav at Guwahati, Azadi ka Amrit Mahotsav at Varanasi, Northeast Expo- 2021, and Coir Mahotsav 2022.

[100]IITF 2022, Azadi ka Amrit Mahotsav at Varanasi and Coir Mahotsav 2022.

[101] In the consignment system, the manufacturer/ dealer of the coir products (consignor) places their products in showrooms. Post sale, the price of the products is transferred to the consignor after adjusting the Board's commission and discount, if any.

a. Low sales in showrooms

The Board fixed target for sales for all showrooms. During the five-year period, the showrooms recorded sales of ₹66.77 crore (40 *per cent* of target) against the cumulative target of ₹167.40 crore.

A sample of five showrooms (Bhubaneswar, Chennai, Ernakulam, Hyderabad, and Jaipur) which recorded total sales of ₹20.64 crore during the five-year period were selected through stratified random sampling for detailed review and observed the following reasons for low sales.

The Board had approved (July 2019) marketing strategy to achieve quantum jump in the showroom sales. On test check of records in the selected five showrooms, the following deficiencies in implementation of the marketing strategy were noticed:

- ***Procurement***: As per the marketing strategy, coir products for all showrooms would be procured based on the recommendations of a committee headed by the Zonal Director, the Manager of the showroom and two Managers from other showrooms as its members. Instead, the officers in charge of showrooms/ zonal directors placed orders with the registered suppliers as per their convenience in the five selected showrooms.

- ***Festival discount sales*:** As per the marketing strategy, the showrooms should offer festival season discount for 90 days in six spells in each year. However, it was noticed that Chennai and Jaipur showrooms had not offered festival discount during 2019-20. In 2021-22, Chennai showroom offered discount for only 31 days. Bhubaneswar showroom offered discount for 61 days during 2022-23.

- ***Showroom timings:*** As per the Marketing Strategy, working hours of showrooms were fixed as 10.00 am to 8.00 pm. However, the sampled showrooms operated from 10.00 am to 6.30 pm.

- ***Poor Monitoring*:** As per the Marketing Strategy, a Business Monitoring Committee (BMC) should be constituted in the Head Office of the Board for review and periodic monitoring of activities of the showrooms on quarterly basis. Though BMC was constituted (November 2019) its meeting was held only once in December 2019.

- ***Appointment of Business Development Advisors***: To canvass institutional sales[102], the marketing strategy had empowered the showrooms to appoint Business Development Advisors (BDA) on profit sharing basis. It was noted that BDAs were not working in any of the five showrooms (November 2023).

The Management stated (January 2024) that the meetings of zonal directors and managers could not be convened due to shortage of staff. Strict directions are issued to showrooms to follow the instructions from HO regarding festival discount. Management also highlighted shortage of staff as the reason for not complying with showroom timings and also stated that it has decided to convene BMC on quarterly basis. It is also assured that

[102] ***Institutional sales refer to bulk sales of coir products to institutions/ organisations***

action was taken to appoint BDAs in all showrooms. The Ministry replied (January 2025) that audit observations were noted.

The fact remained that the Board's directions to implement the marketing strategy was not complied by the showrooms.

Besides the above deficiencies in marketing strategy, the following lapses for low sales in the selected five showrooms were observed:

- The Board decided (September 2018) to renovate all the showrooms in a phased manner. However, no major renovations were carried out in these five showrooms during the five-year period (2018-2023). Hence, showrooms in Chennai, Bhubaneswar and Jaipur had unattractive display of items and appearance of these showroom**s** and Ernakulam showrooms were unappealing.

Picture 4.1: Photographs of showrooms

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3


4


Outside view of the showrooms at (1) Ernakulam, (2) Chennai, (3) Jaipur and (4) Bhubaneswar. Coir Products displayed in the showrooms were not seen from the outside.

- It was noticed that efforts to canvass Institutional sales were not undertaken in Chennai and Ernakulam showrooms. Though, the showroom at Jaipur had submitted two quotations in 2021-22, no orders were received.

- Showrooms did not have a proper quality assurance mechanism in place. Following a complaint from the Government of Odisha regarding the inferior quality, Bhubaneswar showroom had directed two consignors to replace 7,717 mattresses valuing ₹1.99 crore supplied during September 2021 to January 2022. Subsequently, the State Government discontinued (May 2023) to procure coir mattresses through the Board.
- During a Joint Physical Verification held in November 2023, it was noticed that coir mattresses were not available in the Bhubaneswar showroom for sale to public. At the same time, 2,760 mattresses valuing ₹68.87 lakh were in stock register and were stored in places which were not under the control of the showroom.

The Management stated (January 2024) that showrooms were overcoming the impact of COVID-19. The Management also stated that the managers of showrooms were responsible for quality assurance. Bhubaneswar showroom had placed orders with two consignors for meeting the same order of a government department because the original consignor did not supply the mattresses within the stipulated time. Later, both the consignors supplied and the excess stock was kept nearby the Government Department. The Ministry stated (January 2025) that the showrooms will be renovated in a phased manner considering the availability of funds. The Board was not in position to renovate the Chennai showroom due to dispute with the landlord. Regarding non-making of efforts to canvass Institutional sales, the Ministry stated that directions would be issued to the showrooms. The Ministry also assured that quality assurance would be ensured by the Board. In Bhubaneswar, 2760 mattresses were stored near to the location of the beneficiary as there was no facility in the showroom to store the same.

The replies endorsed audit observation that there is need to renovate showrooms and increase the institutional sales. The Board should not have accepted the supply received after the stipulated time since the Bhubaneswar showroom had already issued supply order to another consignor.

b. Continuous losses incurred in the operations of the showrooms

The primary source of income for the showrooms of the Board is the commission earned on the value of the products ranging from three *per cent* to 25 *per cent*. The expenses include salary and allowances of the staff and other recurring expenses. During 2018-19 to 2022-23, all the showrooms recorded losses in all the years except Visakhapatnam showroom (reported profit ₹1 lakh) in 2020-21 and Bhubaneswar showroom (reported profit ₹3 lakh) during 2022-23. Total loss incurred by all 30 showrooms during the period amounted to ₹32.78 crore.

The Ministry had directed (May 2012) the Board to undertake an exercise to shut down showrooms which were of not much use or were largely unviable. In this line, a committee formed by the Board for the rationalization of its showrooms had recommended (June 2020) closure of 10 showrooms[103]. However, no action on the recommendation was taken. Further, the Ministry had directed (May 2012) the Board not to open new showrooms without their prior approval. The Board, however, opened (2020-21) a new sales outlet in Ekta Mall at the Statue of Unity, Kevadia, without the prior approval of the Ministry. This sales outlet also incurred losses of ₹13 lakh since its opening till 2022-23.

The Management/Ministry stated (January/July 2024) that the primary target of establishment of showrooms was to promote and showcase the diversity and potential of the coir products rather than financial returns. The replies were silent about opening of new showroom without the approval of the Ministry.

[103] Showrooms at Madurai, Jaipur, Kanpur, Nehru Place (New Delhi), Indore, Palakkad, Allahabad, Gangtok, Dehradun and Agartala.

The fact, however, remained that only 271 coir units (Out of the 17,054 coir units) had registered for supplying coir products to showrooms (March 2023), which did not support the contention of promoting and showcasing the diversity and potential of the coir products. Further, the continuous financial losses may not help the showrooms to be self-sustainable.

Recommendation No. 27: The Board may take initiatives to increase the number of coir industry units supplying coir products to the showrooms and ensure compliance to the marketing strategy for improving the sales of showrooms.

(iii) Payment of Market Development Assistance to ineligible beneficiaries

Market Development Assistance (MDA) Scheme provides financial assistance to the Apex/ Primary Co-operative Societies, Public Sector Enterprises, Hindustan Coir[104] and Board's showrooms. MDA was aimed at providing an incentive for better performance at the rate of 10 *per cent* of average annual turnover of coir products during the preceding three financial years by beneficiary units. The units submit the applications to the State Governments concerned which, in turn, forwards the applications to the Board after releasing state share i.e., 50 *per cent* of MDA. The Board releases the matching contribution after scrutiny.

During the five-year period ended on 31 March 2023, the Board sanctioned ₹42.38 crore as MDA. As per the guidelines, the beneficiary units were eligible for MDA only if it individually achieves five *per cent* increase in turnover of the previous year. In case, a beneficiary drops its sales for one year, it will become eligible for MDA only when it achieves five *per cent* increase over the highest sales achievement made and not from the dropped sales mark. It was observed that the Board did not comply with the above stipulations and released ₹2.14 crore and ₹0.67 crore to ineligible beneficiaries in Tamil Nadu and Kerala, during the period 2018-2021 and 2018-19, respectively. The Board's showrooms and Hindustan Coir also received ₹1.87 crore ineligible MDA during the period 2018-19 to 2021-22.

The Management replied (January 2024) that the ultimate beneficiaries of the scheme were coir artisans and the sector was affected adversely during COVID-19. The Ministry did not reply on the audit observation.

The reply needs to be viewed in light of the fact that the Board had released excess MDA prior to COVID-19 period also.

4.1.4.3 Measures to improve export market of Indian coir industry

The Board incurred ₹17.06 crore during the five-year period ended on 31 March 2023 for carrying out Export Market Promotion activities under CVY. The Board participated in 23 international exhibitions dealing with various coir products during the five-year period ended on 31 March 2023. Out of 23, two tradeshows[105] were held through online mode and 21 international shows were held physically in five foreign countries[106]. In the tradeshows,

[104] A power loom coir matting manufacturing unit set up by the Board in Alappuzha.
[105]Namaste Bharat Virtual Expo (29 Oct - 30 Nov 2020) and BRICS Trade Fair 2021 (16-18 August 2021)
[106]United States of America, Japan, Germany, Netherlands and United Arab Emirates.

the Board set up Indian Pavilion in the hired space and sub-let to the registered entrepreneurs to set up their stalls for showcasing coir products. Expenses for space rent, travelling expenses, etc. incurred by the participants in the tradeshows are reimbursed through External Market Development Assistance (EMDA) as per the International Cooperation scheme[107] (IC scheme) of the Ministry. During the five year period from 2018-19 to 2022-2023, the Board had released ₹5.45 crore as EMDA to participants in the International tradeshows.

a. Non-achievement of targets for participation in international exhibitions: The target fixed by the Ministry for participation in international tradeshows in 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 were 10, 10, 10, four and six fairs, respectively. Against this, the Board participated in eight, six, zero, two and five fairs[108], respectively.

b. Non-participation in trade events held in new markets: Introduction of Indian coir and coir products in new markets abroad including capturing virgin markets was one of main objectives of participation in exhibitions. In the annual action plans prepared by the Board for export promotion programmes during 2018-19 to 2022-23, it was proposed to participate in trade events in Italy, UK, China, Hong Kong, Canada, South Africa, Spain, Greece, Israel, Russia, Australia, etc. and markets of Commonwealth of Independent States and Latin American Countries. The Board, however, did not participate in any trade events in these markets during 2018-19 to 2022-23.

The Management/Ministry (January/July 2024) cited COVID-19 restrictions, time constraints and the condition of participation of minimum number of 10 entrepreneurs in foreign tradeshows as the reason for not achieving the target as well as for not participating in tradeshows in new markets. The Ministry also stated that preferences of co-exhibitors and past experiences were also considered in selection of events.

The reply is to be viewed in light of the fact that under the IC scheme, the expenses of participating exporters in international fairs were reimbursable. Despite this participation of exporters was unsatisfactory. Further, the Board did not represent to the Ministry for relaxation on the condition of the minimum number of exporters for participation. It was also noticed that out of the 21 international trade fairs, the board had participated in seven trade fairs with less than 10 participants.

c. Non-compliance with the Government directions: The Ministry directed (February 2018) the Board to take in-principle approval of the Government before processing any foreign event. However, the Board participated in the National Hardware Show, USA and Source Direct at ASD, USA during 2018-19 without approval of the Government. Similarly, the Board should submit a feedback report to the Ministry after the exhibition.

[107] The scheme operated by the Ministry of MSME, GoI, with the principal objectives of technology infusion/ upgradation/ modernization of Indian MSMEs and promotion of their exports.

[108] Due to Covid-19 restrictions during 2020-21, there was no participation in live events by Coir Board.

However, out of the 21 tradeshows abroad participated by the Board, feedback reports were not submitted to the Ministry for 13 trade fairs[109].

The Management stated (January 2024) that the formal approval for participation in the above mentioned two tradeshows could not be obtained because of procedural delays. Regarding the non-submission of feedback reports, the Management and the Ministry stated (January/July 2024) that the observation was noted for future compliance.

The reply may be viewed in light of the fact that the Board violated Government directions and facilitated participation without the approval of the Government.

d. **Absence of a system to follow up trade enquiries:** The Board did not have a system to follow up the trade enquiries received by the participating units after the exhibitions. Hence, whether the enquiries were actually converted into business orders was not known.

The Management agreed (January 2024) to the lack of follow up system for trade enquiries and assured that it would be taken care of in the future.

4.1.4.4 Research and Development activities by Coir Board

Scientific and Technological research was one of the main functions of the Board as provided in the Coir Industry Act, 1953. Science and Technology (S&T) Section, the R&D Wing of the Board, comprises of Central Coir Research Institute (CCRI), Kalavoor and Central Institute of Coir Technology (CICT), Bangalore. These institutes carry out research activities in areas such as extraction and processing of coir fibre, development of new and diversified product, waste utilization etc. Audit findings on the review of R&D activities of the Board are discussed in following paragraphs:

(i) Deficiencies in the research projects for development of technology

S&T Section undertook 29 research projects (14 in-house projects[110] and 15 collaborative projects[111]) incurring an amount of ₹7.14 crore during the period from 2018-19 to 2022-23. It was noticed that the Board completed and commercialised[112] six in-house projects and one collaborative project with project cost of ₹75 lakh. Out of the remaining 22 projects, the Board could not complete nine projects with a total project cost of ₹4.75 crore (March 2023). This was because of the reasons such as need for further improvement/research for development of technology/machine, lack of follow up and monitoring and lack of infrastructure with the collaborator and non-execution of contractual obligations.

Further, the Board could not commercialise 13 projects with a total project cost of ₹1.64 crore due to the reasons such as non-optimising/ non-scaling up the technology

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[109] *(1) National Hardware Show 2018, USA, (2) Source Direct at ASD 2018, USA, (3) Gardex2018, Japan, (4) Ambiente 2019, Germany, (5) IECA Annual Conference & Expo 2019, USA,(6) Gardex 2019, Japan, (7) International Horticulture Trade Fair2019, Holland,(8) IPM Essen 2020, Germany, (9) Ambiente 2020, Germany, (10) World Expo 2020, Dubai,(11) IPM Essen 2023, Germany, (12) National Hardware Show 2023, USA and (13) IECA Annual* **Conference & Expo 2023, USA.**

[110] *Own research of the Board*

[111] *projects in collaboration with various national and international institutes*

[112] *Transferring of technology to industry*

suitable for industrial use and availability of similar technology in the market. As such, coir industry could not derive benefits from these research activities.

The Management replied (January 2024) that two projects were ongoing. The management also pointed out requirement of additional R&D work, inability to achieve required parameters, incomplete validation process, etc. as the reasons for incomplete projects. In the case of failure to commercialise the projects, the Management pointed out (July 2024) failure to derive suitable method for scaling up of the technology, lack of takers for the machinery/ technology from the industry, etc. The Ministry while endorsing the Management's reply assured (July 2024/January 2025) that in future, the capacity of collaborators would be ascertained and projects with tangible outcome would be considered. The Ministry, further, added that four machines were not commercialised as the same were not inaugurated.

The replies may be viewed in light of the fact that original project periods of incomplete projects had already expired. Further, the need of additional R&D work, lack of completeness in technology, delay in validation of results indicated deficiencies in follow up and monitoring of the projects. Additional expenditure would be required to complete these projects. Delay in inauguration, scaling-up and improvement of the technology/ machines resulted in non-transferring of the benefit of the research to the industry.

Details of the project-wise status, audit comments, replies of the Management and Ministry and further audit remarks for nine incomplete projects and 13 non-commercialised projects are given in **Annexure-XXV** and **Annexure-XXVI,** respectively**.**

(ii) Setting up of Centres of Excellence

Centre of Excellence is a body with highest standard that provides leadership, best practices, research, support, training of trainers and skill training for specific sectors. The Board approved[113] (January/July 2020), the setting up of two Centers of Excellence (CoE) with Indian Institute of Technology-Madras, Chennai (IIT, Madras) and Indian Plywood Industries Research and Training Institute (IPIRTI), Bengaluru. CoE with IIT, Madras was established for coir and other natural fibres towards sustainable infrastructure and product development. CoE with IPIRTI was set up for developing high value-added coir composites useful for various end use applications. The approved budgets for the setting up of CoE with IIT, Madras and CoE with IPIRTI were ₹5.00 crore and ₹2.19 crore, respectively. A review of the records pertaining to execution of projects by CoE-IIT, Madras and CoE-IPIRTI revealed the following lapses.

a. Centre of Excellence with IIT, Madras

- **Non-achievement of objectives:** The Board released (till January 2024) ₹3.10 crore to IIT, Madras for setting up a CoE. Out of the five research projects entrusted with CoE, tenure of four projects expired without achieving the objectives. In case of fifth project, against the requirement to deliver three machines in each of the three years, only two were delivered (July 2024) and the machines remained idle (January 2025) as IIT,

[113] ***in its 232nd meeting held in January 2020 and 233rd meeting held in July 2020***

Madras did not provide demonstration of fully assembled machines under coir-loaded conditions.

- **Utilisation of project fund:** Out of ₹3.10 crore released to IIT, Madras, an amount of ₹26 lakh and ₹1.03 crore was released for the development of infrastructure and for procurement of various equipment respectively. It was, however, noticed that no infrastructure was developed nor any equipment was purchased by IIT, Madras.

- **Inadequate monitoring by the Board:** As per the guidelines of CoE with IIT, Madras, the Board would review all the five projects once in six months and the Advisory Board[114] should meet twice in a year for monitoring the project. It was noticed that the Advisory Board met only in December 2020 and the Board did not review the projects as required in the guidelines.

The Management replied (January 2024) that the progress of the work of CoE was not as envisaged in the proposals and the Board could not conduct review meetings of projects with IIT, Madras due to other official commitments. The copies of purchase/ work orders issued by IIT, Madras for procurement of the infrastructure shall be collected and will be verified by the Board. The Ministry endorsed (July 2024/January 2025) the reply of the Management and added that IIT, Madras procured some equipment as part of CoE for research projects.

The replies of the Management and Ministry may be viewed in the light of the fact that the project guidelines were not adhered fully and there was lack of monitoring of the projects.

b. Centre of Excellence with IPIRTI, Bengaluru

- **Non achievement of objectives:** CoE was merely imparting training to industrial units which were already manufacturing coir composite products. The project did not have any fruitful outcome as a proper adhesive for coir composite for the production of high-end coir composite products could not be developed.

- **Utilisation of project fund:** Out of ₹1.26 crore released (September 2020) to IPIRTI, ₹40 lakh was for creating testing facilities at IPIRTI, ₹18 lakh as Institute fee and ₹19 lakh for GST. In their project progress report, IPIRTI had stated (January 2022) that Laboratory Resin Reactors were procured for training purposes and some office furniture and computers were also procured. The balance amount of ₹49 lakh, *inter alia*, was for preparation of technology manuals and publications, entrepreneurs/stakeholders meet, training programmes and manpower charges. However, IPIRTI, did not submit supporting documents for the above procurements.

- **Non-monitoring of CoE by the Board:** The Board constituted (January 2021) a committee consisting of officials of the Board and representatives of the industry to evaluate the functions of CoE with IPIRTI. However, the committee did not evaluate the

[114]Consisting of Chairman, Coir Board or his nominee; Dean ICSR, IIT, Madras; Senior Professor (Civil) and Senior Professor (Mechanical) from IIT, Madras; Secretary of Coir Board; Director (Marketing), Coir Board; Consultant, Coir Board and Industry Representatives.

functions of CoE. Further, a Finance Committee to examine and recommend payments to the CoE was also not constituted as stipulated in the MoU.

The Management stated (January 2024) that IPIRTI had developed cost effective, energy efficient and eco-friendly technology for manufacturing panel products and the technology was demonstrated to three coir cluster units. The Ministry endorsed (July 2024/January 2025) the reply of the Management and added that IPIRTI is now working under Institute of Wood Science and Technology (IWST) and tenure of the MoU with IPIRTI was over. Hence, new MoU has to be signed with IWST for completing the remaining objectives of CoE. It was also stated that review meetings of CoE were conducted during May 2021 and June 2022. The Board has initiated action to obtain documents related to procurement of the laboratory resin reactors from IPIRTI. Further, IPIRTI will submit technology manuals and publications on completion of the project.

The replies may be viewed in the light of the fact that CoE-IPIRTI could not achieve all the objectives which made the extension of the project by executing new MoU with IWST necessary. Further, the technology for development of proper adhesive for high value-added coir composite was not developed. No further funds were released to IPIRTI due to its failure to deliver technology/product. Further, the technology manual was not yet submitted to the Board though the project executed by IPIRTI was over by August 2022.

Recommendation No.28: The Board may set up a mechanism to monitor the R&D projects to ensure timely completion and commercialisation of the projects.

4.1.4.5 Implementation of other schemes of the Government

Apart from CVY, the Board was also involved in implementing Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Prime Minister’s Employment Generation Programme (PMEGP) schemes of the Ministry for the overall benefit of coir sector. The deficiencies noticed on review of the implementation of the schemes are discussed in subsequent paragraphs.

(i) Review of Coir Board’s activities under SFURTI

Ministry revamped (August 2014) SFURTI with an objective to make traditional industries more productive and competitive by organizing the industries and artisans into clusters and providing sustained employment for the artisans and rural entrepreneurs. The Board was the nodal agency for implementation of SFURTI in Coir Sector.

A Scheme Steering Committee (SSC) was constituted by Ministry of MSME to consider and approve the proposals of clusters[115] submitted by the nodal agency. The cluster proposals included details of Technical Agencies (TAs) and Implementing Agencies (IAs). The TAs were engaged to provide close handholding and implementation support to the SFURTI clusters. The IAs were responsible for implementing the various interventions as per the approved DPR. Further, a Special Purpose Vehicle (SPV) was formed to develop

[115] SSC accorded in-principle approval for a project/cluster based on recommendation of Nodal Agency and evaluation of Preliminary Project Report (PPR) and final approval after the DPR was prepared.

and sustain the cluster after the project implementation period was over. On review of the records relating to implementation of clusters, the following deficiencies were noticed.

a. Delay in functionalising of coir clusters

As per the SFURTI guidelines, the maximum time frame for implementation of the projects was three years. Under the revamped SFURTI scheme 40 clusters were approved, however, 11 clusters were not functional (March 2023) even after three years from the date of approval (251 to 1,583 days). The amount released by the Board to these 11 non-functional clusters was ₹35.07 crore (March 2023). There were 29 functional clusters and out of these 17 clusters were functionalized with delay (339 to 928 days).

It was noticed that the above delays happened due to change in activity/ machinery as envisaged in DPR, non-arrangement of requisite land for construction of common facilities, delay in obtaining approval from State/ Regional authorities, change of IA/TA of clusters and non-creation of project monitoring cell and non-conducting evaluation studies for monitoring of the cluster projects.

The Management/ Ministry replied (January/ July 2024) that the activity/ machinery were included in the DPRs based on the then marketing trend and had to be changed due to scarcity of suppliers/ decline in demand, etc. SPVs submitted affidavit/ consent letter from landowners for lease of land while submitting DPRs. It was also stated that the IAs/ TAs were selected at the stage of DSR/ DPR[116] and were changed in some clusters due to their incompetence. Further the respective field offices were entrusted with monitoring of clusters and the Board also conducted monthly review meeting/ field inspections. Ministry also stated that the funds for Project Monitoring Cell and evaluation studies were released to field offices for monitoring SFURTI projects.

The reply is to be viewed in the light of the fact that the guidelines required arrangement of requisite land by registered sale/ lease deed for construction of common facilities before approval of the clusters. Further, the appointment of IA/TA to more than one cluster[117] was the major reason for their non-performance which necessitated their changes. The non-setting up of Project Monitoring Cell and the non-conducting of evaluation of cluster projects as directed by the Ministry indicated poor monitoring of the projects. Moreover, the change of activities/ machineries in clusters indicated improper evaluation of DPRs.

Recommendation No. 29: The Board may ensure that requisite approvals of authorities and arrangement of land is made before approving the cluster proposals. The Board may also set up the Project Monitoring Cell and conduct evaluation studies.

b. Non-functioning of Common Facility Centres in clusters

Review of the functional clusters under SFURTI revealed that five Common Facility Centre[118] (CFC) in 29 functional clusters were not functioning. CFC in Harippad and

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[116] Diagnostic Study Report/Detailed Project Report

[117] Karnataka State Coir Co-operative Federation Ltd. was the IA for Cheluru, Kadaluru, Korategere and Sri Gaviranganathapuram clusters in Karnataka and APITCO was the IA in Vizianagaram cluster, Andhra Pradesh and TA for Rajakanika and Konark clusters in Odisha.

[118] CFC are established to provide shared infrastructure to traditional industries and artisans.

Balussery Clusters in Kerala were not functioning since September 2022 and September 2023, respectively, due to low demand for coir yarn. The CFC of Pendur Cluster, Maharashtra stopped functioning immediately after inauguration (February 2021) as electricity connection was disconnected due to non-payment of bills. In Vizhianagaram Cluster, Andhra Pradesh, the SPV members resigned, and the CFC of the cluster could not be run. The SPV of Dharmapuri Cluster, Tamil Nadu was struck off by the Registrar of Companies in February 2022. Thus, CFCs created in the above clusters at a cost of ₹9.46 crore were lying idle.

The Ministry/Management stated (January 2025/January 2024) that Harippad Cluster and Balussery Cluster were affected by the low demand and excess supply of coir products, the Vizhianagaram cluster was facing fund shortages and Pendur cluster was facing production problems. The Ministry also stated that the Dharmapuri cluster was operational.

The reply needs to be viewed in the light of the fact that the DPRs of the clusters should have been prepared considering the realistic demand for the products (Harippad and Balussery). The non-functioning of the CFCs would be detrimental to the objectives of the scheme (Vizianagaram and Pendur). Further, SPV (Shree Mangalam Coir Mattress Pvt. Ltd.) of Dharmapuri Cluster was struck off.

(ii) Schemes to generate employment opportunities through setting up new coir units

Prime Minister's Employment Generation Programme (PMEGP) was a central scheme to generate employment opportunities through setting up of new micro enterprises and upgradation of existing units set up through PMEGP and Micro Units Development & Refinance Agency Ltd[119] (MUDRA). The subsidy was routed by Khadi and Village Industries Commission (KVIC) through identified banks for distribution to beneficiaries/entrepreneurs. As per the scheme guidelines (May 2018), the role of the Board was to identify the beneficiaries for setting up coir units under the Scheme, handholding/mentoring, monitoring of the units through field offices, review the performance of the units and send monthly report to KVIC. Under the Scheme, projects in coir sector with cost above ₹10 lakh in manufacturing sector and above ₹five lakh in service sector were eligible for assistance[120].

It was noted (November 2023) from the PMEGP Portal of KVIC that KVIC released ₹13.76 crore as subsidy to 340 beneficiary units in coir sector during 2018-19 to 2021-22. However, only 40 units were working and generating employment. The balance 300 units which received subsidy of ₹12.21 crore were not working and could not generate any employment.

[119]A financial institution set up by the Government of India under Pradhan Mantri Mudra Yojana for development and refinancing micro unit enterprises.

[120] @ 25 per cent and 15 per cent of the project cost in rural and urban areas, respectively to the General Categories. 35 per cent and 25 per cent in rural and urban areas, respectively in case of Special Categories (SC/ST/OBC/Minorities/Physically challenged, etc.)

The Management stated (January 2024) that KVIC was implementing the PMEGP Scheme as the single Nodal agency at the national level. At the State level, the implementation of the scheme for coir related activities was done through the state offices of the Board from 2018-19. The role of the Board was to identify the Coir Units to be set up under the Scheme and handholding and mentoring them.

The Ministry endorsed (July 2024) the reply given by Management for PMEGP Scheme and added that after identifying the units and forwarding their applications to banks, the remaining part was done by KVIC/banks, and the Board has no role in the recovery of subsidy released to non-functioning units.

The replies may be viewed in light of the fact that the role of the Board in PMEGP include monitoring and review of the performance of the units. The non-functioning of 300 out of 340 units indicated ineffective monitoring by the Board. The Board did not take action to report non-functioning of the units for facilitating the recovery of the subsidy released by KVIC.

4.1.5 Conclusion

The Board did not finalise a National Coir Policy and National Coir Mission for submission to the Ministry for approval and did not have an updated database of coir industry. Domestic market promotion and Export Market Promotion activities did not yield desired results as outcome and output from participation in international and domestic tradeshows were not monitored and there were violations of guidelines/rules in the participation of trade events. Showrooms of the Board achieved only 40 *per cent* of targeted sales and showrooms were incurring losses during 2018-23. Performance linked Market Development Assistance amounting to ₹4.52 crore was released to ineligible units.

Out of 29 research projects, nine projects could not be completed due to the reasons such as need for further improvement/research, lack of follow up, lack of infrastructure with the collaborator, etc. Similarly, 13 completed projects could not be commercialised due to need for scaling up of technology, lack of takers for the technology, non-achievement of requirements of the industry, etc. Centres of Excellence set up by the Board did not achieve the envisaged results for sustainable infrastructure and product development. There were non-achievement of objectives in implementation of GoI schemes such SFURTI and PMEGP in coir sector as per the guidelines.

CHAPTER V: MINISTRY OF PETROLEUM AND NATURAL GAS

5.1 Extended Pradhan Mantri Ujjwala Yojana

5.1.1 Introduction

With a view to safeguard the health, particularly of women and children, by providing them a clean cooking fuel, i.e., Liquefied Petroleum Gas (LPG), the Government of India (GoI) launched (1 May 2016) Pradhan Mantri Ujjwala Yojana (PMUY). PMUY aimed to provide five crore deposit free LPG connections to women who did not have access to clean fuel and belonged to Below Poverty Line (BPL). PMUY was launched in phases as discussed in table below:

Table 5.1: Different phases of PMUY

Scheme	Start date	Cumulative Target of providing deposit free LPG connections	Cumulative achievement
PMUY	May-2016	5 crore	3.56 crore (upto end of March 2018)
Extended PMUY (E-PMUY)	March- 2018	8 crore	5.94 crore (upto end of Dec-2018)
E-PMUY 2	December-2018	-	8.00 crore (upto end of May 2021)
Ujjwala 2.0	May-2021	9 crore	9.00 crore (upto end of Jan-2022)
	January -2022	9.60 crore	9.59 crore (upto end of Jan-2023)

Source: Data received from OMCs and MoPNG

The scheme was implemented by the Ministry of Petroleum & Natural Gas (MoPNG) through Oil Marketing Companies (OMCs) viz., Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). Targeted beneficiaries of PMUY were women who did not have access to clean fuel and belonged to Below Poverty Line (BPL) which were to be identified from Socio Economic & Caste Census (SECC) 2011 List. PMUY had a budgetary support of ₹8,000 crore for the period from 2016-17 to 2018-19. However, the scheme guidelines under E-PMUY, E-PMUY-2 and Ujjwala 2.0 (referred to as E-PMUY collectively) allowed extension of the benefit of free LPG connection to women of such poor households who were not covered under SECC. GoI approved additional allocation of ₹6,094 crore for release of additional 4.60 crore deposit free new LPG connections under E-PMUY, E-PMUY-2 and Ujjwala 2.0.

5.1.2 Process of issuance of LPG connections

The process of release of LPG connections is shown in Graph below:

Graph-5.1

1. Submission of KYC documents
2. Entry of consumers detail and uploading of documents by distributors
3. De-duplication (Checking for any existing connections in the household)
4. During de-duplication, KYC is either rejected upon finding existing connection, else accepted
5. Upon passing of KYC, Subscription Voucher is released to applicant
6. Installation of LPG connection

5.1.3 Financial assistance under E-PMUY

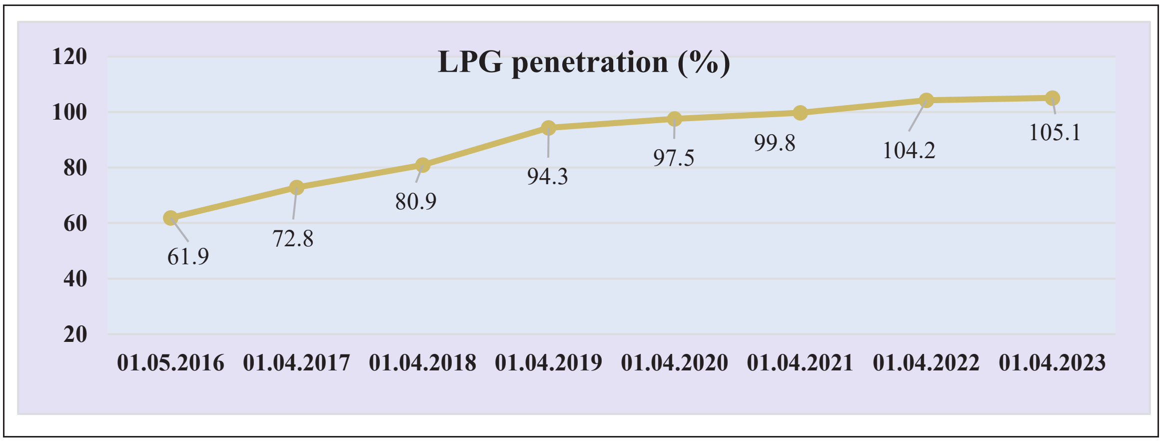
E-PMUY provided that an amount of ₹1,600 per LPG connection towards security deposit for LPG cylinder, pressure regulator and installation charges etc. would be borne by GoI as one-time financial assistance to adult women of BPL households. OMCs would provide an option to E-PMUY & E-PMUY-2 beneficiaries to opt for interest free loan to cover the cost of a cooking stove and first refill and recovery of which was to be made from the subsidy accruing to the consumer on LPG refills under Direct Benefit Transfer for LPG (DBTL).

Under Ujjwala 2.0 scheme, both first refill and stove (hotplate) would be provided to women beneficiaries free of cost along with their deposit free connection.

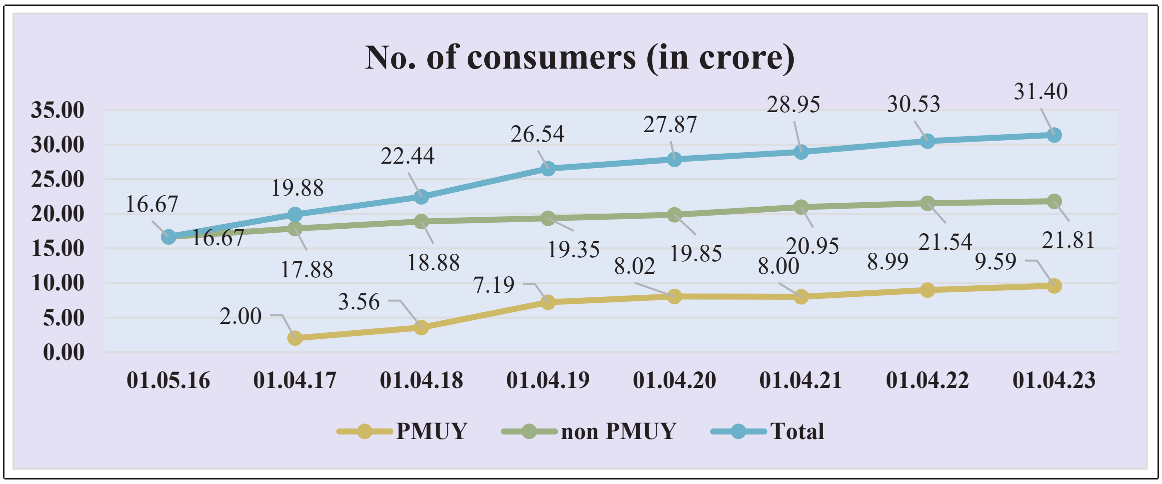
5.1.4 Implementation status of the scheme

Year-wise growth in all India LPG coverage[121] as well as growth in consumers from May 2016 to March 2023 was as below:

Graph-5.2 Detail of LPG penetration and no. of consumers



[121] Ratio of active LPG domestic connections and the estimated number of households (based on Census 2011).



As evident from the above, at the time of launch of PMUY, all India LPG Coverage was 61.9 *per cent* which increased to 99.8 *per cent* and 105.1 *per cent* by April 2021 and April 2023 respectively. Thus, PMUY successfully achieved the target set for issuance of number of LPG connections within a reasonable time. Moreover, improvements like transfer of targeted subsidy of ₹300 on each refill to the PMUY beneficiaries, transition to clean fuel and increase in average LPG consumption were noticeable features of the scheme.

The details of year-wise growth in LPG connections after launch of PMUY is shown in table below:

Table 5.2: Year-wise details of overall PMUY and Non-PMUY LPG connections

(No. in crore)

As on	Estimated no. of households	No. of LPG connections			Year-wise increase in LPG connections	LPG coverage (*per cent*)
		PMUY	Non-PMUY	Total		
01.05.2016	26.89	0	16.67	16.67	-	61.9
01.04.2017	27.29	2.00	17.88	19.88	3.21	72.8
01.04.2018	27.72	3.56	18.88	22.44	2.56	80.9
01.04.2019	28.15	7.19	19.35	26.54	4.10	94.3
01.04.2020	28.58	8.02	19.85	27.87	1.33	97.5
01.04.2021	29.01	8.00	20.95	28.95	1.08	99.8
01.04.2022	29.29	8.99	21.54	30.53	1.58	104.2
01.04.2023	29.87	9.59	21.81	31.40	0.87	105.1

As evident from the above, the increase in overall LPG connections was 14.73 crore since launch of PMUY, out of which 9.59 crore (65 *per cent*) was on account of PMUY.

5.1.5 Audit Objectives

This Audit was conducted to examine the implementation of E-PMUY, E-PMUY-2 and Ujjwala 2.0 schemes as per the guidelines laid down by MoPNG. Following were the audit objectives for this audit:

- Whether LPG Connections were issued by the OMCs only to eligible and intended households of E-PMUY/ Ujjwala 2.0 beneficiaries after proper due diligence?
- Whether de-duplication exercise was carried out by the OMCs and National Informatics Centre effectively?
- Whether there was a sustained usage of LPG by the scheme beneficiaries?

5.1.6 Audit Scope and Methodology

The Comptroller and Auditor General of India conducted a Performance Audit on the implementation of PMUY covering 3.81 crore beneficiaries for the period from May 2016 to December 2018 and CAG's report thereon (Report No.14 of 2019) was laid in the Parliament on 11 December 2019 which was selected and discussed by Public Accounts Committee (PAC). PAC also brought out their report on CAG's Report No.14 of 2019 which was laid in the Parliament in July 2024.

PAC had advised (November 2021) the CAG office to undertake audit of E-PMUY, E-PMUY 2 and Ujjwala 2.0. Accordingly, this Audit on E-PMUY was conducted for the period from March 2018 to March 2022 for examination of implementation of the scheme. Records relating to monitoring of the scheme and settlement of OMCs' claims were reviewed at MoPNG/ Petroleum Planning and Analysis Cell (PPAC)[122]. In addition to the above, follow up audit on the Performance Audit on Pradhan Mantri Ujjwala Yojana (Report No.14 of 2019) was also conducted during this Audit.

The Audit commenced with an Entry Conference with MoPNG and the OMCs on 10 October 2022 wherein the Audit Objectives, Scope, Criteria and Methodology were discussed. Subsequently, database of EPMUY/ EPMUY-2 /Ujjwala 2.0 beneficiaries as on 31 March 2022, provided by the OMCs, was analysed by Audit. For field Audit, sample of 115 distributors (IOCL: 57, HPCL and BPCL: 29 each) was selected to examine whether due diligence in verification of eligibility of the applicants was exercised by the distributors and OMCs. Further, at each of the selected distributors, detailed audit scrutiny of at least 150 KYC[123] records was carried out which were selected on the basis of various parameters e.g., consumer profile and consumption pattern etc. Moreover, beneficiary survey of at least 10 beneficiaries under each selected distributor was also conducted. Accordingly, KYC records of total 26,172 beneficiaries[124] were reviewed and survey of 1,223 beneficiaries was carried out during field audit.

Draft Audit Report containing audit findings was issued to the three OMCs on 15 December 2023. OMCs' replies to the draft Audit Report were received in January/February 2024 which were duly incorporated in the draft Audit Report issued (June 2024) to MoPNG. Exit Conference was held on 14 November 2024 and final replies (January 2025) furnished by MoPNG were also duly incorporated in this Audit Report.

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[122] ***Petroleum Planning and Analysis Cell (PPAC) under MoPNG scrutinizes the claims of OMCs and submits the same to MoPNG for reimbursement.***

[123] ***KYC stands for 'Know Your Customer' which is used for verifying the identity of customers***

[124] ***IOCL: 12,183 beneficiaries, BPCL: 6,543 beneficiaries and HPCL: 7,446 beneficiaries***

5.1.7 Audit Sample

Audit of 5.18 crore E-PMUY beneficiaries' data as of 31 March 2022 was conducted through data analysis including 2.36 crore in IOCL, 1.36 crore in BPCL and 1.46 crore in HPCL[125]. Besides, sample of 115 distributors (0.5 *per cent*) out of 22,931 LPG distributors across three OMCs was drawn based on various parameters like number of LPG connections issued and number of refill consumed etc. using stratified sampling. The selection of these distributors was done region wise ensuring geographical representation (East, West, North, and South), OMC market share, and classified into top, middle, and bottom tiers based on the number of LPG connections released and number of LPG refills.

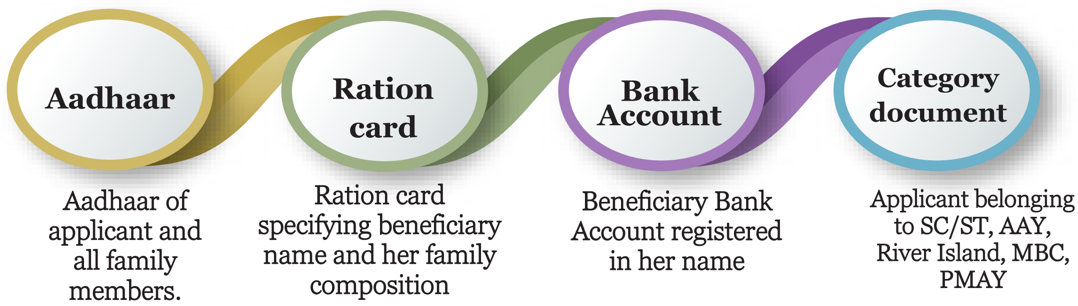
5.1.8 Audit Findings

Audit assessed the efficacy of implementation process for release of LPG connections under PMUY and subsequent schemes in terms of compliance to scheme guidelines, for deriving an assurance that the LPG connections were released to the intended and eligible beneficiaries[126]. These steps were designed to ensure transparent identification and efficient delivery of LPG connections to the intended beneficiaries.

5.1.8.1 Identification of intended beneficiaries

Accurate identification of eligible beneficiaries is crucial for the effective implementation of any welfare scheme ensuring that the intended recipients receive the benefits. In this regard, MoPNG prescribed a KYC document for the scheme, mandating collection of following specific demographic and other critical details from applicants. These details were to be validated through a robust de-duplication mechanism and further verified by LPG distributors.

Picture-5.1: Details required for assessment of beneficiary eligibility for the scheme



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125 Including 6.18 lakh connections issued upto 26.05.2022 being part of consumer data provided by HPCL

126 Criteria for selection of beneficiaries under various phases of PMUY scheme: PMUY (May 2016): Women devoid of LPG access and belonging to BPL, to be identified from SECC 2011 List;
E-PMUY (March 2018): Female applicant from BPL families to be identified from any one of the seven categories viz. (i) Antyodaya Anna Yojana Ration card holders (ii) SC/ST Households (iii) Most Backward Classes (iv) River Island dwellers (v) Existing beneficiaries of Pradhan Mantri Awas Yojana (Gramin) (vi) Forest Dwellers and (vii) Tea and ex-Tea Garden Dwellers;
EPMUY-2 (December 2018): Any female applicant furnishing 14-point declaration in support of BPL nature of the household
Ujjwala 2.0 (May 2021): Any female applicant furnishing self-declaration of migrant status, family composition, address proof and Aadhaar of adults mentioned in family composition

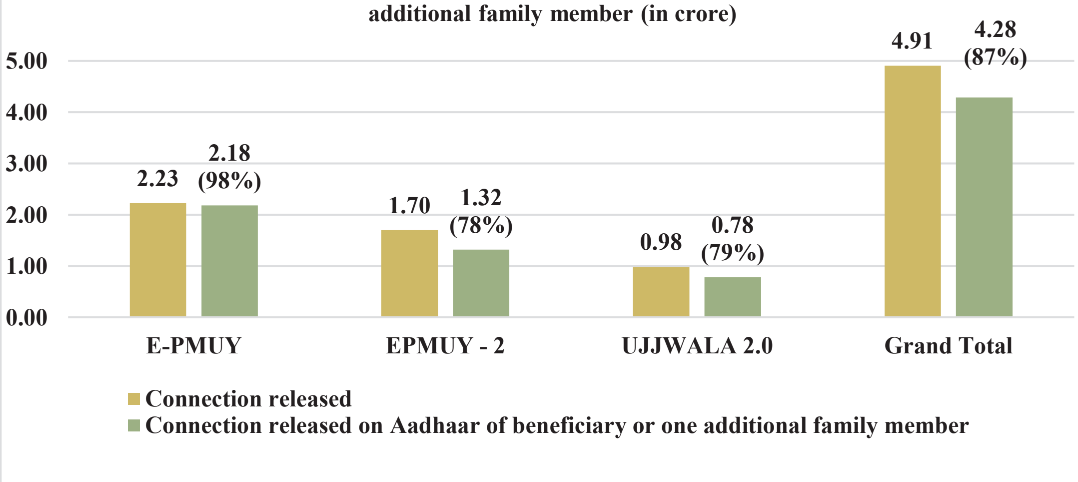
During data analysis and field verification of selected LPG distributors, Audit observed some deficiencies in the beneficiary identification process which are elaborated in following paragraphs:

5.1.8.1.1 Non-compliance with Aadhaar seeding guidelines by OMCs

As per the scheme guidelines, women beneficiaries were required to provide the Aadhaar numbers of all adult family members residing in the household. This provision was crucial to enable effective electronic de-duplication and prevent multiple LPG connections being issued to the same household under different identities. Given that all existing LPG connections are Aadhaar-linked, the seeding of Aadhaar numbers of all adult family members was critical. Aadhaar was to serve as both a KYC document and a de-duplication tool. MoPNG reiterated this requirement through instructions issued in May 2016 and again in May 2021, clearly directing OMCs to implement this mandate.

However, contrary to these instructions, OMCs independently formulated and adopted implementation modalities in March 2018 allowing release of LPG connections based on the Aadhaar of only one family member. This deviation from MoPNG's instructions weakened the de-duplication process and increased the risk of duplicate and ineligible LPG connections as noticed in subsequent **para no. 5.1.8.1.2 and 5.1.8.1.3.**

Graph- 5.3 Release of connections based on Aadhaar details of beneficiary or one additional family member (in crore)



1. Audit analysis revealed that 4.28 crore out of 4.91[127] crore (87 *per cent)* LPG connections were issued without complete family Aadhaar seeding which limited the scope of de-duplication as depicted in graph above.
2. Data analysis also revealed that 30.53 lakh out of 2.23 crore LPG connections under E-PMUY (13.69 *per cent*) were issued solely on the basis of the beneficiary's Aadhaar. This non-compliance also limited the impact and scope of de-duplication exercise.
3. Despite the mandate for seeding of Aadhaar for all adult family members in respect of E-PMUY 2 and Ujjwala 2.0, the OMCs had issued 1.32 crore (78 *per cent*) and 0.78 crore (79 *per cent*) connections respectively without complete family Aadhaar seeding.

[127] ***Aadhaar submission was not mandatory for PMUY LPG connections in Assam and Meghalaya. Therefore, 0.27 crore LPG connections from these states were excluded from scrutiny***

5.1.8.1.2 Deficient monitoring mechanism regarding seeding of family Aadhaar

MoPNG instructed OMCs to conduct verification of at least one *per cent of* LPG connections released under the Ujjwala 2.0 scheme by OMC officials. In this regard, data analysis of LPG connections verified by HPCL & BPCL Field/ Sales Officers[128] revealed that out of 2.74 crore LPG connections issued, the sales officers of HPCL and BPCL verified 15.48 lakh LPG connections. Among these, 10.83 lakh LPG connections (70 *per cent*) were released solely by seeding the Aadhaar of beneficiary or one family member. Due to such limited Aadhaar seeding in LPG software, the relevant details could not be captured, however same were cleared during scrutiny by sales officers, resultantly, KYC got cleared which indicates laxity in monitoring mechanism.

5.1.8.1.3 Limited Aadhaar seeding and post-facto regularization of non-compliant LPG connections

CAG Report No.14 of 2019 had flagged *(refer para no. 1.2.1.1)* during audit of erstwhile PMUY scheme that 1.60 crore out of 3.78 crore LPG connections (42.3 *per cent*) were issued solely based on the beneficiary's Aadhaar which constrained de-duplication process. A recommendation was made that "*Aadhaar numbers of all adult family members of existing as well as new beneficiaries should be entered in the system to make de-duplication effective*." This recommendation was also endorsed by the Public Accounts Committee (PAC) in their 130th Report (2023–24), which emphasized the need for comprehensive Aadhaar collection of all family members. Ministry in its Action Taken Report replied that since inception, the scheme provided for seeding Aadhaar details of adult family members.

In this regard, a review of compliance efforts by OMCs in respect of PMUY follow up audit, based on data analysis, revealed that instead of adhering to PMUY guidelines, OMCs vide their Industry Record Note (IRN) (06.06.2019 and 06.08.2019) opted for partial regularization of non-compliant LPG connections by seeding only one additional family member's Aadhaar.

Consequently, out of 2.4 crore LPG connections, 2.14 crore (89.12 *per cent*) were seeded with either only the beneficiary's Aadhaar or that of a single family member. The importance of de-duplication may be understood by the fact that at the instance of audit, OMCs seeded additional Aadhaar of family members and by seeding these additional Aadhaar in respect of 1.38 crore LPG connections, OMCs themselves identified 2,60,483[129] duplicate LPG connections (1.88 *per cent*) with financial implication of ₹46.22 crore[130] (pertaining to 90,230 ineligible LPG connections released by BPCL) on public exchequer/ OMCs. Responses regarding the financial implications of duplicate LPG connections issued by HPCL (3,530 LPG connections*)* and IOCL (1,66,505 LPG connections) were still awaited. Further, though these 2,60,483 detected LPG connections have been blocked, their formal termination remains pending.

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[128] ***IOCL did not share the field regarding connection verified by its sales officers***

[129] ***IOCL: 166505, HPCL: 3530 and BPCL 90448***

[130] ***₹46.22 crore pertains to only BPCL. Information not received from IOCL and HPCL***

OMCs replied (January/February 2024) that MoPNG had advised (23 May 2019) to collect and seed the Aadhaar number of beneficiary's husband or any other adult family member, followed by a de-duplication exercise. Subsequently, MoPNG instructed (3 December 2020) that LPG connections be regularised wherever possible. As per the Standard Operating Procedure of E-PMUY, regularisation required seeding at least one additional adult family member's Aadhaar. In cases where irregularities were identified during this process, OMCs stated that appropriate action was to be taken as per scheme guidelines.

MoPNG, however, reiterated (January 2025) that since PMUY's inception, it consistently instructed OMCs to capture Aadhaar details of *all* family members, and this was reaffirmed during E-PMUY and Ujjwala 2.0 rollouts. Despite this, OMCs adopted modalities (March 2018) allowing release of LPG connections based on Aadhaar of only one adult, in violation of MoPNG's directions. As per the SoP of E-PMUY, this required seeding of at least one additional adult family member's Aadhaar. In response to audit observation regarding 30.53 lakh such LPG connections issued only against beneficiaries' Aadhaar, MoPNG stated that 13.48 lakh LPG connections out of 30.53 lakh LPG connections were issued to genuine lone women beneficiaries, and the remaining were under verification.

Audit notes that OMCs' reply is contradictory to MoPNG's reply and as such implementation modalities adopted by OMCs limiting Aadhaar collection to one adult family member were not compliant with scheme guidelines. This non-seeding of all adult family members' Aadhaar prevented effective cross-verification with existing LPG connections and contributed to the issue of duplicate LPG connections. Furthermore, field audit findings revealed cases where beneficiaries classified under the "lone woman" category were found to have additional family members listed on their ration cards and therefore, the claim that 13.48 lakh LPG connections are genuine, warrants further scrutiny.

5.1.8.1.4 Non-Seeding of available Aadhaar

OMCs provided LPG distributors with a Real-Time De-duplication (RTD) facility in the LPG software to instantly verify whether any household member, based on de-duplication on their Aadhaar, already holds an LPG connection. Field audit of selected 115 distributors revealed that 33[131] (29 *per* cent) distributors did not seed Aadhaar numbers of adult family members, despite having received the same from beneficiaries along with KYC documents. Audit independently used these unseeded Aadhaar numbers for RTD verification on the OMCs' web portals, which confirmed that out of 26,172 KYC verified by Audit, 378 (1.44 *per cent*) LPG connections were linked to other LPG connections in the same or another OMC evidencing existence of multiple LPG connections within the same household.

Similar audit observation was also noticed during follow-up field audit of PMUY. During the follow up audit of PMUY, scrutiny of 2,396 KYC records at 12 selected LPG distributors showed that in 970[132] instances, Aadhaar details of all adult family members were not seeded, despite beneficiaries having submitted the same. RTD on these unseeded Aadhaar numbers revealed identification of 267 (11.14 *per cent*) duplicate LPG

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[131] ***IOCL: 16, HPCL: 8 and BPCL: 9***
[132] ***IOCL: 534, HPCL: 349 and BPCL: 87***

connections[133] out of 2,396 KYC verified. Additionally, it was observed that in 24 instances[134] (one *per cent*) out of 2,396 KYC verified, Aadhaar of minor family members was seeded instead of adults. At one HPCL distributor, Audit also found that Aadhaar of an unrelated individual was seeded as the second Aadhaar. These findings highlight lapses in compliance and raise concerns regarding efficacy of the de-duplication process.

The aforementioned detected duplicate LPG connections are indicative, identified through limited sampling. Inadequate seeding of Aadhaar for all adult family members undermined the effectiveness of the de-duplication process. The OMCs' decision to seed only one additional Aadhaar was insufficient, ineffective, and not in compliance with PMUY guidelines.

MoPNG replied (Jan-2025) that out of 378 duplicate LPG connections, 209 LPG connections were found genuine, 53 were terminated and remaining are under verification.

Audit notes that although duplicate LPG connections could have been detected through RTD mechanism, the non-seeding of available Aadhaar details reflects an intentional lapse by LPG distributors to bypass the de-duplication process. Moreover, the response did not address the non-seeding of Aadhaar by 33 out of selected 115 LPG distributors.

Recommendation No.30: MoPNG may instruct OMCs to ensure mandatory seeding of Aadhaar numbers of all adult family members. A retrospective review of connections with incomplete Aadhaar seeding may be undertaken to identify ineligible or duplicate beneficiaries, and remedial action may be taken as per scheme guidelines.

5.1.8.2 Identification of eligibility of applicants through ration card

As per the implementation guidelines of E-PMUY, E-PMUY 2, and Ujjwala 2.0 (excluding migrants), submission of a ration card or equivalent document issued by State/District authorities was mandatory for beneficiary eligibility. To ensure compliance, OMCs issued an Industry Record Note (27 March 2018) directing LPG distributors to verify ration card details through official state/ NIC portals and retain verification snapshots. Additionally, software validations were incorporated to align with state-specific ration card formats. However, Audit observed following deviations from scheme modalities, indicating lapses in verification practices by distributors and inadequate enforcement by OMCs:

5.1.8.2.1 Mismatch between family composition and Aadhaar seeding

To assess the accuracy of Aadhaar entries seeded by LPG distributors vis-à-vis the family composition recorded in ration cards of beneficiaries, Audit conducted data analysis on 1.08 lakh LPG connections released by OMCs in the Delhi region. Out of these, 0.73 lakh[135] LPG connections matched with ration card data and Audit observed that in 33,749 cases[136] (46 *per cent*), Aadhaar details were seeded only for the beneficiary or, at the most, one additional family member despite respective ration cards reflecting family sizes ranging

[133] ***IOCL: 174, HPCL: 38 and BPCL: 55***
[134] ***IOCL: 16, HPCL: 02 and BPCL: 06***
[135] ***IOCL: 29181, HPCL: 19139, and BPCL: 24912***
[136] ***IOCL: 12470, HPCL: 8846, and BPCL: 12433***

from three to 16 members. This limited seeding undermined the effectiveness of the de-duplication process and contravened scheme guidelines.

Field audit corroboration of incomplete Aadhaar seeding

The audit finding was further validated during field verification of sample 115 LPG distributors. Out of 26,172 KYC records examined on Pan-India basis, 2,053 (7.84 *per cent*) records showed that the number of adult family members listed in the ration cards exceeded the number of Aadhaar entries seeded. This indicates that distributors did not collect and upload Aadhaar details of all eligible family members, in violation of scheme guidelines.

OMCs responded (January and February 2024) that as per MoPNG guidelines and FAQs (dated 20.09.2018), E-PMUY allowed release of LPG connections based on a single family member's Aadhaar. However, under E-PMUY 2 and Ujjwala 2.0, seeding of Aadhaar for all adult family members was mandated. OMCs also acknowledged that their systems lacked integration with the Central NIC database, making it impossible to validate the number of family members listed on ration cards against the Aadhaar entries. However, in light of Audit's findings on duplicate LPG connections, OMCs assured that a detailed verification exercise would be undertaken, and the results along with corrective actions would be shared with Audit.

OMCs' claim that MoPNG permitted release of LPG connections based on a single Aadhaar contradicts MoPNG's reply (referred to in para no. 5.1.8.1.1), which clearly stated that, since inception of PMUY and its extensions, OMCs were consistently instructed to seed Aadhaar numbers of all adult family members in each beneficiary household.

MoPNG replied (January 2025) that to achieve 100 *per cent* efficiency in de-duplication among inter OMC LPG connections, OMCs have implemented (May 2024) Common LPG Data Platform (CLDP) to enhance de-duplication. By implementing real-time de-duplication and cross-referencing customer data with various identification parameters, OMCs effectively identified and weed-out cases of multiple LPG connections. In addition, PPAC also runs an internal de-duplication on all consumers at the time of initiating bills for new connections. Also, OMCs have seeded additional Aadhaar of family members for connections released under SECC category and have completed action on connection found duplicate under Aadhaar de-duplication process.

Reply may be seen in light of the fact that while CLDP is intended to detect duplicate LPG connections across OMCs, its effectiveness will depend on complete Aadhaar seeding of all adult family members. In the absence of such comprehensive seeding, the de-duplication process would remain ineffective. PPAC although conducts de-duplication however its de-duplication exercise is conducted only amongst PMUY / EPMUY data which does not detect existing LPG connection released under normal category. In respect of duplicate connection found under SECC category, OMCs conducted de-duplication only on one family Aadhaar instead of all family Aadhaar. Hence, the reply was silent on the issue of non-seeding of Aadhaar numbers for all family members listed in ration cards.

5.1.8.2.2 Release of duplicate LPG connections

The primary eligibility criteria for availing an LPG connection under the scheme was that the applicant must be an adult woman from a household without an existing LPG connection, subject to fulfilment of other eligibility criteria.

Hence, it was the responsibility of LPG distributors and OMCs to thoroughly verify KYC documents to ensure compliance. However, audit scrutiny of KYC records at 115 sample distributors revealed that in 472[137] out of 26,172 cases, ration cards submitted by beneficiaries at 12[138] distributors contained clear details (gas agency name, connection number, and OMC name) indicating the presence of an existing LPG connection in the same household.

The OMCs replied (February and March 2024) that the LPG connections identified by Audit will be verified and necessary action will be taken and intimated to Audit.

Ministry stated (January 2025) that OMCs have verified 203 connections and found that four connections are against existing connection holders and blocked. Remaining connections will be verified and corrective steps taken by 31 January 2025.

Reply needs to be viewed in light of the fact that despite availability of specific details on the Ration Cards regarding existence of LPG connections, scrutiny of Ration Cards was not carried out effectively by the distributors.

5.1.8.2.3 Release of LPG connections to applicants under wrong domicile status

Under E-PMUY, E-PMUY 2, and Ujjwala 2.0, the Ration Card was prescribed as a mandatory document, as it established both the family composition and the domicile of the beneficiary. Ujjwala 2.0 guidelines mandated that applicants (excluding migrants) must submit a Ration Card issued by the same State from which the LPG connection was being sought. Further, the Industry Record Note dated 27 March 2018 clarified those beneficiaries belonging to categories such as MBC, Tea, and Ex-Garden Tribes where certificates are issued by one State but the connection is sought in another State, would not be eligible for LPG connections under E-PMUY unless classified as migrants.

Audit analysis of 1.46 crore[139] LPG connections issued by HPCL[140] under the above schemes revealed that in 30,657 (0.21 *per cent*) cases, the Ration Card issuing State was different from the LPG connection State. Of these, 5,051 LPG connections were not categorized as migrant cases, indicating issuance of LPG connections under the non-migrant category despite a mismatch in domicile credentials.

MoPNG replied (January 2025) that out of 5,051 cases, 452 have been verified and found genuine, while the remaining were under verification.

[137] IOCL: 160, HPCL: 100 and BPCL: 212

[138] IOCL: 6, HPCL: 2 and BPCL 4

[139] Ration cards details pertaining to Telangana, Andhra Pradesh and Ladakh and issued to migrants under Ujjwala 2.0 were excluded

[140] Databases furnished by IOCL and BPCL did not contain relevant data fields to carry out data analysis

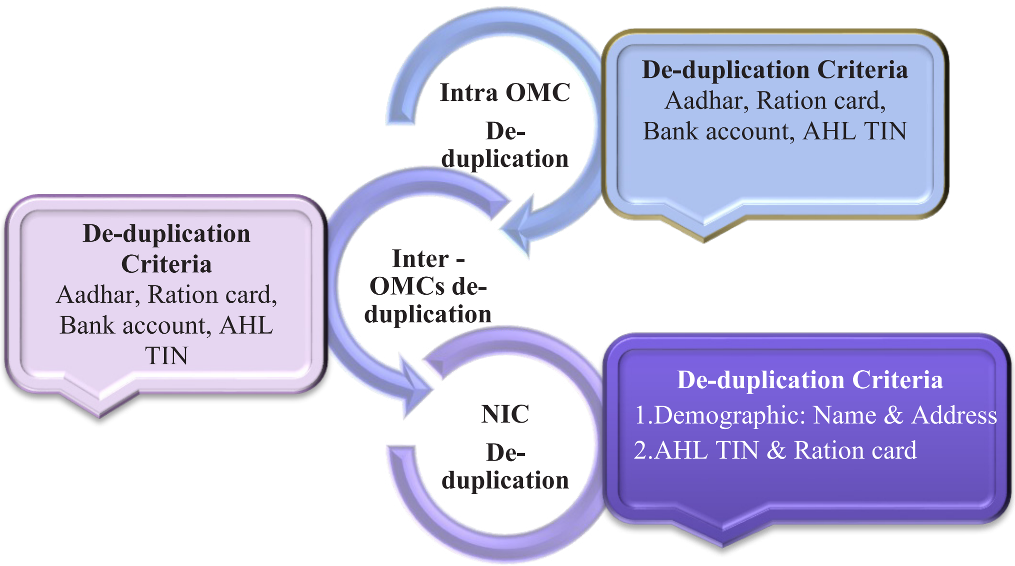
Replies may be seen in light of the fact that LPG connections were not to be issued under *non-migrant* category unless the Ration Card was issued by the same State in which the connection was sought.

Recommendation No. 31: MoPNG may direct OMCs to integrate their LPG databases with State/NIC ration card databases to enable real-time verification of family composition as per scheme guidelines.

5.1.8.3 Assessment of effectiveness of de-duplication exercise

Each domestic LPG connection has a unique consumer ID with uniqueness maintained across all three OMCs. The database of domestic LPG consumers *inter alia* includes the name, address, Aadhaar number and Bank account number of the beneficiaries. In order to restrict issuance of multiple LPG connection to individual /family, OMCs adopted three layered de-duplication process *viz.* intra-OMC, inter OMC and NIC level, wherein several parameters like Aadhaar number, ration card number, bank account number and AHL TIN[141] are checked in OMCs database.

Picture- 5.2: ***De-duplication process across OMCs & NIC***



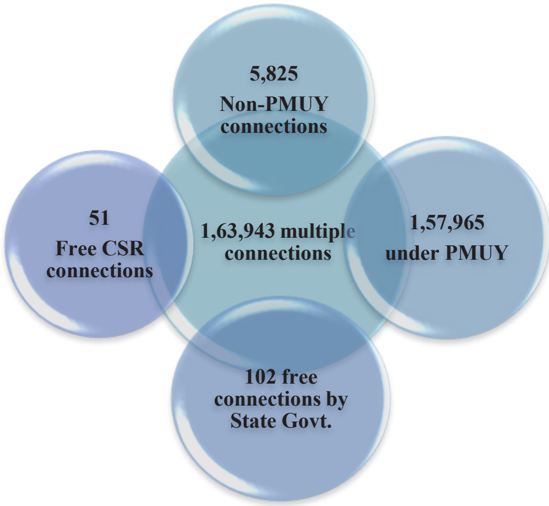
Review of effectiveness of de-duplication processes revealed following observations:

[141] ***Abridged House List Temporary Identification Number***

5.1.8.3.1 Inadequate de-duplication exercise on Aadhaar

As the details of Aadhaar of beneficiaries were not shared by OMCs with Audit, the OMCs were requested to conduct de-duplication on Aadhaar across all LPG connections including non-PMUY. Accordingly, OMCs conducted a fresh de-duplication at the instance of audit and informed that 1,63,943 duplicate LPG connections[142] were found which were issued either to same person (i.e. on same Aadhaar) or to different family members of the same family under different schemes ***(Picture on the right)***. These multiple LPG connections were found to be linked with 81,435 Aadhaar based de-duplication group IDs[143]. Audit noticed following issues with de-duplication exercise at all three levels, i.e., intra-OMC, inter OMC and NIC level.

Picture- 5.3



a. **Intra OMC de-duplication**: In first step, OMCs perform de-duplication exercise on applicant KYC information against its own existing LPG consumers' database. Due to such intra OMC de-duplication exercise, release of multiple LPG connections to same beneficiary were not expected. However, Audit noticed 13,253 numbers of instances out of 1,63,943 LPG connections where multiple LPG connections[144] had been released to the same beneficiary/ household.

b. **Inter-OMC de-duplication:** KYC information of the intended beneficiary is also shared with other OMCs. Presence or absence of KYC in the database as 'AVAILABLE' or 'NOT AVAILABLE' is confirmed on respective de-duplication web portals of OMCs. Only those applicants whose KYC details are not available in databases of any of the OMCs are marked for clearance and release of Subscription Vouchers (SVs). However, Audit noticed out of 1,63,943 LPG connections, 68,182 numbers of instances where multiple LPG connections[145] had been released to the same beneficiary/household by more than one OMCs.

c. **NIC de-duplication:** Subsequent to inter and intra OMCs de-duplication exercises, NIC conducts de-duplication on demographic and deterministic parameters (AHL TIN and Ration Card) of the beneficiary. In case of duplication of demographics and deterministic parameters, KYC request of an applicant is rejected. Audit observed that duplication in ration card details of the beneficiaries could not be identified by NIC in

[142] IOCL: 80,598, HPCL: 46,785 and BPCL: 36,560
[143] During de-duplication, when an Aadhaar number is discovered to be associated with multiple LPG Consumers or family members linked to LPG Consumers, it is grouped together under a De-duplication Group ID
[144] 27,203 LPG connections
[145] 1,36,740 LPG connections

case of 12,718 out of 1,63,943 duplicate LPG connections released despite intra OMC and inter OMC de-duplication exercises.

Thus, due to lapses in implementation of de-duplication process, 1.64 lakh duplicate LPG connections were issued to ineligible applicants resulting in imposition of avoidable financial burden of ₹40.82 crore[146] on the exchequer on account of financial assistance by the Government/ free refill/ subsidy etc.

OMCs, in their reply (February 2024), stated that during implementation of the schemes, continuous system developments were undertaken as the schemes evolved from PMUY to Ujjwala 2.0. There were inter-dependencies amongst OMCs and NIC for carrying out de-duplication. Hence, possibility of failure during de-duplication process cannot be ruled out arising out of system blackout phases. All these duplicate LPG connections are under examination at field level and action taken will be intimated to Audit.

MoPNG replied (January 2025) that to achieve 100 *per cent* efficiency of de-duplication, the GoI directed OMCs to launch Common LPG Data Platform (CLDP). Further, 1.64 lakh duplicate LPG connections identified by Audit represent only 0.3 *per cent* of total LPG connections. In addition, PPAC runs an internal de-duplication on all consumers. Since OMCs are conducting off-line de-duplication exercises periodically and taking corrective actions, a total of 76,441 PMUY cases were found to have duplicate Aadhaar numbers as on 24 November 2024.

It is pertinent to mention that OMCs have taken a positive effort by launching CLDP in direction of comprehensive de-duplication. Further, the effectiveness of CLDP in restricting/identifying duplicate LPG connections can only be ensured if Aadhaar numbers of all adult family members is seeded into the system.

5.1.8.3.2 Release of duplicate connection due to inadequate de-duplication parameters

The prescribed application form for new LPG connection of E-PMUY mandatorily sought mobile number along with other details like Ration Card, Aadhaar number, bank account details etc. OMCs based on directions of MoPNG (3 October 2020), carried out an inter OMC de-duplication exercise on various fields of LPG database including mobile number of registered beneficiaries which detected 23.93 lakh duplicate mobile numbers and out of which, only 130 mobile numbers were found from same districts. OMCs considered these LPG connections as doubtful/duplicate and these 130 LPG connections were blocked.

In view of risk noticed in above exercise, Audit conducted data analysis on mobile numbers linked with LPG connections under E-PMUY[147] to check whether multiple LPG connections were released on same mobile number. Audit findings of data analysis of 3.81 crore[148] beneficiaries' data relating to mobile numbers seeded by OMCs revealed that 29,796 LPG connections were released by HPCL on 14,894 mobile numbers. Further scrutiny of duplicate mobile numbers of HPCL revealed that 24,716 out of 29,796 LPG

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[146] ***IOCL: ₹19.15 crore; HPCL: ₹11.04 crore and BPCL: ₹10.63 crore***
[147] ***Released only by IOCL and HPCL. BPCL did not share unmasked mobile data***
[148] ***IOCL: 2.35 crore and HPCL: 1.46 crore***

connections had same mobile number and same PPAC code. No such deficiencies were noticed in IOCL.

LPG web portals of OMCs allowed distributors to seed same mobile number for different LPG connections. This indicated lack of proper input validation controls.

HPCL, in its reply stated (January 2024), that mobile penetration in rural India is still less than urban penetration. To ensure no eligible beneficiary is deprived of LPG connection in the absence of mobile phones, de-duplication on mobile numbers was not part of scheme SOP and was also not carried out at intra OMC level. Further, as pointed out by Audit, de-duplication exercise will be carried out and results will be provided. De-duplication on mobile number will be done and updation /correction of mobile numbers will be carried out. MoPNG replied (Jan-2025) that to achieve 100 *per cent* efficiency of de-duplication, the GoI directed OMCs to launch CLDP.

Reply of HPCL may be viewed in light of the fact that mobile number was amongst the mandatory data fields in scheme application/KYC forms. Further, Audit appreciates the fact that OMCs have taken action in respect of the LPG connections released under Ujjwala 2.0. However, LPG connections released earlier have not been verified.

5.1.8.3.3 Release of free LPG Connections to existing users

OMCs, through an Industry Record Note (03.10.2020), outlined the following modalities for managing duplicate LPG connections:

a. If two non-PMUY LPG connections are detected in a household, LPG connection issued on earlier date will be retained.

b. If two PMUY LPG connections are detected in a household, LPG connection issued on earlier date will be retained.

c. In cases where both PMUY and non-PMUY LPG connections exist in a household, the PMUY LPG connection will be retained regardless of issuance date and the non-PMUY LPG connection will be blocked or terminated.

Audit reviewed the Industry Record Note (IRN) issued by OMCs in light of the approved implementation guidelines of PMUY. An analysis of de-duplication data from the complete LPG consumer database (PMUY and non-PMUY) provided by OMCs revealed the following issues:

a. **Release of PMUY LPG connections to ineligible households:** PMUY guidelines prohibit issuing LPG connections to women from households already holding an LPG connection. However, de-duplication data provided by OMCs revealed that 5,50,446 LPG connections[149] were released to PMUY beneficiaries who were already holding non-PMUY LPG connections in their households which substantiates ineffectiveness of de-duplication process. Despite this, OMCs retained the PMUY LPG connections and blocked the older non-PMUY LPG connections

[149] ***IOCL: 1,69,976; HPCL: 3,21,414 and BPCL: 59,056***

despite the fact that non-PMUY LPG connections were issued prior to the Ujjwala scheme;

b. **Unauthorised formulation of modalities by OMCs:** As per implementation modalities of the scheme, LPG connection was to be provided only to beneficiaries which were deprived of LPG. Hence, regularising the PMUY LPG connections of existing LPG users was not allowed. However, OMC formulated their own modalities without consulting or obtaining approval from MoPNG despite such modalities being in deviation from scheme guidelines.

c. **Non-intimation to PPAC and resultant irregular claim settlements:** Under PMUY implementation modalities, PPAC was entrusted with vetting and clearing of OMCs' claims for reimbursement. However, OMCs did not inform PPAC about the revised retention criteria adopted under the IRN, resulting in the approval and disbursal of claims for ineligible LPG connections.

Since only those households which are deprived of LPG access, subject to other eligibility criteria, were eligible for PMUY benefits, the issuance and retention of these 5,50,446 ineligible PMUY LPG connections and the failure to terminate and recover costs has resulted in estimated direct financial burden of ₹326.61 crore[150] on the public exchequer. This includes not only the initial cost of LPG connections but also recurring benefits such as free refills during COVID-19, regular refill subsidies, and subsidised mandatory inspection charges exclusively meant for eligible PMUY beneficiaries.

OMCs replied (January/ February 2024) that OMCs decided to block/ terminate the existing non-PMUY and to retain PMUY connection to ensure that no poor household is deprived of free LPG connection under GoI scheme. MoPNG response on this aspect was awaited.

Fact remains that release of PMUY LPG connections to households already possessing LPG connections was in violation of scheme guidelines.

Recommendation No. 32: MoPNG may direct OMCs to strengthen de-duplication process for seamless cross-verification across OMCs, ensuring all Aadhaar-linked LPG connections are filtered and flagged for duplication in real time.

5.1.8.4 Efficacy of validation controls in OMC's software

In the context of public welfare schemes, where large volumes of data are processed to deliver targeted benefits to eligible citizens, validation controls in software systems are critical for ensuring transparency, accountability, and optimal use of public funds. These validation controls may help in verification of correctness, completeness, and eligibility of these inputs. Robust validation controls are essential to ensure that benefits reach only eligible citizens, pilferage is prevented, and the intent of social welfare initiatives is fully realized.

[150] ***IOCL: ₹92.80 crore, HPCL: ₹194.10 crore and BPCL: ₹39.71 crore***

5.1.8.4.1 Absence of gender validation control in LPG software

Under PMUY and its extended versions, the targeted beneficiaries were adult women from eligible households, with the primary objective of promoting women's empowerment and enhancing health outcomes through access to clean cooking fuel. In line with this objective, OMCs were expected to implement adequate gender validation controls within the LPG software system to ensure that LPG connections were issued only to female applicants, thereby restricting the release of LPG connections to ineligible male applicants.

Scrutiny of E-PMUY beneficiaries' database revealed that 2,141 LPG connections[151] out of 2.82 crore were recorded in HPCL and BPCL as having been released to male beneficiaries. No such observation was noticed in IOCL. Though limited in number, the release of PMUY LPG connections to male applicants highlighted a lapse in gender validation controls. As the scheme mandated issuance only to adult women, such deviations reflect non-compliance with eligibility criteria and indicate the need for stricter system-level validation controls.

OMCs in their reply stated that under Ujjwala 2.0 scheme, new LPG connections are enabled only for females. Only in the event of the death of a beneficiary, a change of name is permitted for male family members in case no other adult female member is alive in the family. The majority of LPG connections issued to males fall under name change due to death of the female beneficiary and no other female family member. Detailed verification at field level is in progress. Further, as per MoPNG letter dated 18 October 2023, E-KYC/Aadhaar authentication of all **PAHAL** (Pratyaksh Hanstantrit Labh) customers is made mandatory, which is also underway.

MoPNG replied that regarding 2,141 LPG connections detected in data analysis; 2,094 are found genuine and in 24 cases, LPG connections were issued to males and have been blocked and remaining are under verification.

Reply should be viewed in light of the fact that any transfer of LPG connection to a male consumer could be regularised only under the CSR schemes of the respective OMCs as per IRN dated 6 August 2019. However, no supporting documentation to substantiate their replies was provided. This included key details such as the name of the original female beneficiary, date of issuance of the free LPG connection, date of death along with a valid death certificate, and the date of name change or transfer.

5.1.8.4.2 Deficient system validations for Ration Card details

As per implementation modalities of E-PMUY, E-PMUY 2, and Ujjwala 2.0, submission of a ration card was mandatory to establish the family composition of the applicant. To ensure that LPG connections were issued only against valid ration cards, OMCs incorporated input validations in the LPG software aligned with the unique ration card numbering formats prescribed by respective State Governments, thereby facilitating de-duplication.

[151] ***HPCL: 1,878 and BPCL: 263***

To assess the reliability and authenticity of ration card numbers seeded in the LPG software under the EPMUY scheme, Audit conducted a data analysis to identify improbable or clearly invalid patterns in the ration card entries. The objective was to examine whether appropriate validation controls had been implemented to prevent erroneous data entry. Audit specifically looked for the following types of invalid ration card formats:

- Textual entries in place of numeric ration card numbers (e.g., alphabetic characters or names),
- Zero-value entries (e.g., "0000000" or other forms with all digits as zero),
- Repetitive digits (e.g., "1111111", "2222222"),
- Serial number sequences (e.g., "123456", "45678"),
- Inverted serial patterns (e.g., "7654321", "9876543"),
- Repetitive paired digits or mirrored sequences (e.g., "11223344", "55667788").

The analysis revealed that 1,46,272 LPG connections out of total 5.18 crore EPMUY LPG connections in the database were linked to ration card numbers exhibiting one or more of the above improbable formats where ration card numbers seeded for issuance of LPG connections might not have been in adherence to State-specific criteria **(Annexure XXVII)** for issuance of ration cards. The presence of such anomalies suggested that the ration card numbers seeded for issuing LPG connections were not validated against prescribed standards, thereby, undermining the authenticity of beneficiary data. Inadequate validation increased the risk of misallocation of scheme benefits, issuance of LPG connections against invalid documents and affected the integrity of the de-duplication process that was essential for ensuring transparency and accountability in implementation of EPMUY and its extended schemes.

OMCs, in their reply, admitted the fact that despite inbuilt provision in the LPG web portal for seeding RC number, dependability on the distributor for seeding correct RC number could not be ruled out. Advisory is in place to accept only those Ration Cards which are duly approved by the States. System validation on Ration Cards was not possible due to non-availability of RC data in digitized format. Nevertheless, the cases as detected by Audit would be checked and corrective actions will be taken with physical verification.

MoPNG replied (January 2025) that it is not possible to eliminate reliance on LPG distributors to input the correct RC number. OMCs have implemented validation checks for RC number in their software. These validation mechanisms are based on state-specific logic, which was introduced in stages. Out of 1.46 lakh LPG connections issued on improbable ration card; 89,566 LPG connections have been regularised, and 310 LPG connections have been terminated. Exercise in respect of remaining 56,396 LPG connections is targeted to be completed by March 2025.

The reply does not adequately address the systemic control deficiencies in preventive validation controls. Management attributed the irregularity to reliance on LPG distributors and delayed implementation of state-specific validation logic. However, the issuance of such a large number of connections against anomalous or structurally invalid RC numbers reflects a system design flaw in validation of inputs. Reliance on post-facto regularization instead of real-time validation also indicates the absence of preventive control environment to avoid release of connections to ineligible beneficiaries. Given the scale of the EPMUY and its fiscal implications, non-validation of beneficiary credentials at the time of onboarding affects overall scheme credibility. Further, the Ministry has not furnished the methodology and documentation for regularisation of connections.

5.1.8.4.3 Deficient validation control for Antyodaya Ration Cards

Government of India had identified Antyodaya Anna Yojana (AAY) ration card holders (12 March 2018) as one of the eligible beneficiary categories under the EPMUY. To ensure authenticity of such beneficiaries, an Industry Record Note issued by OMCs (27 March 2018) mandated all LPG distributors to verify the details of AAY ration cards through the respective State Government or NIC online portals. Distributors were also instructed to retain documentary evidence (such as snapshot records) of this verification process.

OMCs released a total of 68.68 lakh[152] LPG connections under the AAY category. Audit noticed specific pattern of AAY ration card number in five States on test check basis which is summarised in Table 5.3.

Table 5.3. State-wise Ration Card patterns of Antyodaya Anna Yojana Ration Cards

State	Validation parameters
Uttarakhand	First character of Ration Card number contains acronym which represents card Category *viz.* **A – Antyodaya**, B – Below Poverty line, S - State food scheme, F-Above Poverty Line, PH – Priority Household
West Bengal	Ration Card number contains acronym which represents card category *viz.* **AAY (Antyodaya),** PHH (Priority Household), SPHH (Special Priority Household), RKSY-I (Rajya Khadya Suraksha Yojana I) and RKSY-II (Rajya Khadya Suraksha Yojana II)
Uttar Pradesh	Fifth Digit of ration card represents its category *viz.* 1 for Above Poverty Line, **2 for Antyodaya**, 3 for Below Poverty Line, 4 for Priority Household
Gujarat	First digit represents category of ration card *viz.* 1, 2 and 3 represent Priority Household category (PHH) and 4 represents **AAY category**
Andhra Pradesh	Initial three letter acronym of ration card represent its underlying category *viz.* YAP represents **Antyodaya** (AAY) whereas other categories WAP, RAP, JAP, PAP, AAP and TAP represent Priority Household (PHH).

To assess the effectiveness of the validation parameters aligned with aforementioned ration card formats, Audit conducted a data analysis of LPG connections issued under the AAY category. The scrutiny revealed that 2,61,169 LPG connections intended exclusively for

[152] ***IOCL: 32.82 lakh, HPCL: 19.94 lakh and BPCL: 15.92 lakh***

AAY beneficiaries were issued to individuals possessing non-AAY ration cards in five States as summarised below:

Table 5.4: Release of LPG connections to ineligible non-AAY beneficiaries

State	Number of LPG connections
Andhra Pradesh	3,954
Gujarat	10,886
Uttar Pradesh	1,44,115
Uttarakhand	13,272
West Bengal	88,942
Total	**2,61,169**

Source: Data received from OMCs and analysis carried out by Audit

Audit further substantiated the findings through a field audit of 115 selected LPG distributors, wherein 26,172 KYC records were verified. Audit observed that in 549 cases[153] (2.09 *per cent*), LPG connections intended for AAY ration card holders were instead issued to beneficiaries holding non-AAY ration cards. Additionally, none of the distributors had performed the mandatory online verification of AAY ration cards, and no snapshots or supporting records of such verifications were maintained, in violation of the requirements outlined in the Industry Record Note.

Thus, release of LPG connections under the AAY category to beneficiaries holding non-AAY ration cards was in contravention of E-PMUY guidelines, highlighting inadequate validation controls in the beneficiary verification process.

MoPNG acknowledged (January 2025) that at the time of the E-PMUY launch, Ration Cards data had not been fully digitized, which necessitated acceptance of manual ration cards by LPG distributors. It was further stated that 23,205 such connections were verified and 23,157 were found to be genuine and 48 connections have been terminated. Regarding 549 LPG connections issued under the Antyodaya category to non-AAY ration card holders as noticed during field verification, MoPNG reported that 57 cases had been verified, of which only two were found to be genuine, remaining 55 connections have been blocked and action have been initiated against the distributors.

The response of MoPNG must be viewed in light of the fact that the non-AAY category was explicitly mentioned on the ration cards themselves. Accordingly, during data analysis, Audit observed Ration Card number with respective State-specific criteria mentioned in E-PMUY beneficiaries' database. This indicated that despite the lack of digitization, proper scrutiny could have been done to ensure that LPG connections were issued only to eligible beneficiaries.

[153] ***IOCL: 238, HPCL: 78 and BPCL: 233***

Recommendation No. 33: MoPNG may direct OMCs to strengthen IT controls and software validations which are aligned with scheme modalities like ration card pattern, generic input control etc. to prevent release of ineligible LPG connections. OMCs may explore integration with State Government databases for real-time ration card verification at the time of enrolment of beneficiaries and also implement automatic detection of invalid entries.

5.1.8.5 Other Audit findings

5.1.8.5.1 Linkage of Bank Account not pertaining to E-PMUY beneficiary

As per MoPNG directions (20 September 2018), LPG connections must be linked to the woman beneficiary's own bank account under the schemes. Ujjwala 2.0 guidelines further require that, in the absence of such an account, OMCs to facilitate the opening of Jan Dhan or Postal Bank accounts. Bank accounts of other individuals, including family members, are not permitted for subsidy transfer.

Therefore, OMCs/ distributors were required to collect and link beneficiaries' own bank account. Bank Account of any person other than beneficiary, including that of her family member, was not allowed to be linked with LPG connection for transfer of subsidy.

Preliminary data analysis of bank accounts and subsidy related data of 2.82 crore[154] beneficiaries revealed 5.09 lakh[155] instances (1.80 *per cent*) where name of E-PMUY beneficiaries did not match with their corresponding bank account name. Further, given recurring instances of subsidy transfers to non-beneficiaries under PMUY, the PAC in their 130th Report (2023–24) also recommended periodic verification of bank account linkage and strict action against errant distributors in case of irregularities.

The OMCs[156] replied (January/ February 2024) that majority of these identified beneficiaries are Aadhaar Cash Transfer Compliant (ACTC) customers wherein, subsidy is transferred through Aadhaar Payment Bridge System (APBS) mode and subsidy gets credited into the Aadhaar linked bank account of beneficiary which eliminates the possibility of transfer of subsidy to any other account. Multiple attempts were made to trigger the subsidy transfer apart from distributors contacting the customers requesting them to update their bank account, Aadhaar mapping and bank IFSC codes. All the cases identified by Audit will be investigated and corrective action wherever required will be taken and intimated to Audit.

MoPNG replied (January 2025) that out of 5.09 lakh LPG connections, 3.8 lakh LPG connections have been verified and found to be genuine, 2,550 cases have been marked for termination, and remaining are under verification. Subsidy transfer process through PFMS/SBI/ NPCI was also implemented in 2021 for OMCs wherein bank details are validated through PFMS, and a beneficiary ID is created by PFMS. During PFMS

[154] HPCL: 1.46 crore and BPCL: 1.36 crore. In case of IOCL, complete information was not provided
[155] HPCL: 1.19 lakh and BPCL: 3.90 lakh
[156] HPCL and BPCL

validation, if any of the parameters are found invalid, details are also shared under specific pre-defined error codes for OMC teams to act. Distributors are directed to contact the customers requesting them to update their bank account, Aadhaar mapping and bank IFSC codes. The correction/up-dation of the above details and retriggering of beneficiary details to PFMS for ID validation is a continuous process. Thus, all the consumer data undergoes validation, and correction as a continuous process.

While taking note of the steps explained in the reply, Audit is of the view that analysis of the remaining cases be completed on priority to plug the vulnerability of transferring subsidy amount to bank accounts of persons other than the eligible beneficiaries.

5.1.8.5.2 Seeding of incorrect beneficiary information for release of LPG connections

As per the core eligibility criteria of PMUY, only adult women from households not having LPG connection, were entitled to receive a connection.

This gender-specific eligibility is central to the scheme's objective of empowering women and improving their health through access to clean cooking fuel. Release of LPG connections to male applicants violates the fundamental intent of the scheme.

However, during a test check of 26,172 KYC documents at 115 selected distributors across OMCs, Audit observed that 201[157] LPG connections were released to male applicants by seven distributors[158] wherein the gender of beneficiaries was misrepresented as 'female' in the LPG portal, despite documentary evidence (such as Aadhaar, ration card, and photographs) clearly identifying them as male. This misrepresentation directly violated scheme guidelines and undermined its gender-centric focus.

This should be viewed in light of the fact that 164 LPG connections[159] out of 15.47 lakh LPG connections (verified by HPCL and BPCL sales officers[160]) were found to be issued to male applicants and the same were regularised by OMCs' sales officials after verification which raises concern on the effectiveness of monitoring and verification mechanism.

MoPNG replied (January 2025) that 201 LPG connections detected by Audit in sample audit represents only 0.7 *per cent* cases. Further, 124 LPG connections had been terminated following audit observations, and 45 LPG connections were found eligible, while rest are under verification.

While Audit appreciates the termination of 124 ineligible LPG connections, the Ministry's assertion that the audit-detected cases represent merely 0.7 *per cent* must be considered in light of the fact that these findings were noticed during limited test check. The termination of a significant number of LPG connections, based on a small sample, indicates a potentially systemic issue that necessitates broader scrutiny and also indicates the need to strengthen controls in the process.

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[157] ***IOCL: 110 and BPCL: 91***
[158] ***IOCL: 4 and BPCL: 3***
[159] ***HPCL: 154 and BPCL: 10***
[160] ***IOCL did not share the field regarding connection verified by its sales officers***

5.1.8.5.3 Non-transfer of subsidy to E-PMUY consumers

Under the DBTL scheme, LPG subsidies are transferred directly to consumers either through Aadhaar Transfer Compliant (ATC) or Bank Transfer Compliant (BTC) mode through the NPCI payment portal.

Audit analysis of subsidy transfer status of E-PMUY beneficiaries as on March 2022 revealed that out of 5.18 crore beneficiaries, subsidy of 57.49 lakh[161] beneficiaries was pending. The amount of subsidy pending transfer to respective bank accounts of 40.96 lakh beneficiaries of BPCL and HPCL was ₹16.46 crore[162]. Additionally, ₹209.40 crore[163] worth of subsidy lapsed due to non-transfer to beneficiaries' accounts for over two years thereby depriving these beneficiaries.

The OMCs replied that all OMCs follow uniform process in subsidy transfer, wherein PFMS validates the consumers and their Bank Account details. Subsidy transfer takes place for beneficiaries with successful validation. In cases of consumer validation failure, subsidy transfer goes on hold. Major reasons for failure in subsidy transfer are name mismatch (LPG Distributor *versus* Bank), linked Bank Account being inactive, inactive Aadhaar in NPCI mapper, blocked/ frozen/ suspended bank account, invalid Aadhaar, change in IFSC due to bank mergers etc. The correction/ updation of above details and retriggering of beneficiary details to PFMS for ID validation is a continuous process. Thus, all the consumer data undergoes validation, correction as a continuous process.

MoPNG replied (January 2025) that during 2022-23 and 2023-24, subsidy has been transferred to 97 *per cent* of beneficiaries. Primary causes of subsidy failure are due to frozen, closed, blocked, dormant or transferred bank account. OMCs are collecting such bank details and transferring subsidy.

MoPNG / OMCs action regarding transfer of subsidy to 97 *per cent* signifies system efficiency. However, reply may be viewed in light of the fact that due to prolonged failure/outstanding transfer, the subsidy amounting to ₹209.40 crore remained parked in OMCs system for two years and could not be transferred to the concerned beneficiaries and eventually got lapsed which reflected the need to identify measures to further strengthen the system to improve this status.

5.1.8.5.4 Inadequate action taken against LPG connections with discrepant beneficiary details

Para 3.2.7 of the CAG's Performance Audit Report No.14 of 2019 highlighted that 12.46 lakh PMUY beneficiaries had mismatched names between the LPG database and the SECC-2011 List, suggesting that LPG connections were issued to ineligible individuals by misusing the AHL TIN of eligible households primarily due to inadequate field-level monitoring.

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[161] IOCL: 16.54 lakh, HPCL: 17.27 lakh and BPCL 23.68 lakh

[162] HPCL: 16.25 crore and BPCL: 21.05 lakh. IOCL's data not as per format

[163] Amount pending for the FY since 2015-16 to 2020-21: IOCL 119 crore, HPCL 56 crore and BPCL 34.40 crore

Therefore, OMCs issued IRN (06 June 2019 and 06 August 2019) prescribing regularisation of such cases either by correcting beneficiary data or migrating eligible beneficiaries to appropriate schemes (E-PMUY/E-PMUY-2).

However, follow-up audit at six IOCL distributors revealed that discrepancies still persisted though the same was not noticed in selected three distributors each of HPCL and BPCL. Out of 2,176 KYC records reviewed, 460 instances (21 *per cent*) had mismatches in names and family details when compared with SECC data. These represent only a sample, indicating risk of ineligible beneficiaries may still be availing scheme benefits.

IOCL replied that MoPNG instructed (3 December 2020) to regularise all ineligible LPG connections under new scheme in case beneficiaries are found eligible under other extended schemes. Accordingly, regularisation was carried out as per the IRN. IOCL also replied that aberrations, if any, as detected by Audit are being checked and corrective actions will be taken with physical verification by field. MoPNG's reply was, however, silent on this Audit observation.

The reply needs to be seen in light of the fact that LPG connections were continued without correction, demonstrating weak implementation of regularisation protocols.

5.1.8.6 Compliance to Safety Standard

As LPG is highly inflammable, its safe usage is of prime concern especially in the context of PMUY beneficiaries who have been traditionally dependent on unclean fuel.

5.1.8.6.1 Deficiencies in conduct of Pre-installation Inspection

As per SoP for issuing connection under PMUY, pre-installation inspection is to be conducted before issuance of LPG connection to ascertain that the beneficiaries' premises meet the required safety standards[164] for LPG installation. Pre-installation inspection also serves as a tool to check whether the household already has an LPG connection in which case, the beneficiary becomes ineligible for getting an LPG connection under PMUY.

During field audit, a test check of 26,172 KYC records[165] at 115 LPG Distributors[166] revealed that in 1,775 cases[167] (i.e., 6.78 *per cent*) at 33 distributors[168], pre-installation inspection reports *ibid* of the households' kitchen were not available on record.

Also, Public Accounts Committee (PAC) recommended in their 130th Report (2023-24) that *'A strong monitoring mechanism also needs to be made available at all the OMCs for keeping constant vigil over the distributors for inspecting the premises of beneficiaries before the PMUY installations, failing which action could be taken against the distributor concerned.'*

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[164] ***Roof and walls of kitchen are not of flammable material, it is safe for LPG installation, and it has platform for placing LPG stove. (Source: Installation Annexure of OMCs)***
[165] ***IOCL: 12,183, HPCL: 7,446 and BPCL: 6,543***
[166] ***IOCL: 57, HPCL: 29 and BPCL: 29***
[167] ***IOCL: 1,308, HPCL: 269 and BPCL: 198***
[168] ***IOCL: 15, HPCL: 12 and BPCL: 6***

MoPNG replied (January 2025) that pre-installation reports of all 1,775 cases have been obtained and show cause notices were issued to all 33 distributors. OMCs have been directed to ensure pre-inspection report before Subscription Voucher is issued which is further being verified by field officer of OMCs. Further, the number of identified cases is very small in relation to overall scope of audit and corrective action has been completed.

During Exit Conference (November 2024), Ministry stated that mandatory inspection charges were reduced from ₹200 to ₹50 for PMUY beneficiaries and periodicity increased from two to five years to address the affordability issue to poor beneficiaries. OMCs have started safety campaign and carried out safety checks at households of more than eight crore LPG customers across the country.

Audit appreciates the steps taken by OMCs. The instances were identified by Audit only on test check basis and there is a need of detailed examination by OMCs to strengthen the controls for this important aspect.

5.1.8.6.2 Non-availability of installation certificates

Installation certificate serves as evidence of proper and safe installation of LPG connection at the beneficiaries' household. Further, the installation process involves a briefing on safety, demonstration on usage of LPG and emergency response etc. which are documented by the mechanic of LPG distributor.

A test check of 26,172 KYC records at 115 LPG distributors revealed that in 1,818 cases[169] (i.e., 6.94 *per cent*) at 31 distributors[170], installation certificates were not available in records. The above included an LPG distributor in Delhi where the installation certificates in none of the cases were available.

MoPNG replied (January 2025) that installation certificates for all the identified cases have been obtained and show cause notice have been issued to erring distributors. Further, the number of identified cases is very small in relation to the overall scope of audit and corrective action has been completed.

During Exit Conference (November 2024), Ministry stated that in view of LPG awareness programmes, number of LPG accidents reduced from 4.38 per million customers (2018-19) to 0.48 per million customers (till August 2024).

Audit appreciates the steps taken by OMCs. However, as these instances were identified by Audit only on a test check basis, there is a need for detailed examination by OMCs to strengthen the controls for this important aspect.

Recommendation No.34: OMCs may review the database for non-availability of pre-installation inspection report and installation certificate and further conduct the safety inspection of the households free of cost where these documents are missing.

[169] ***IOCL: 1296, HPCL: 242 and BPCL: 280***
[170] ***IOCL: 13, HPCL: 13 and BPCL: 5***

5.1.8.7 Delay in refill delivery to PMUY consumers

During the period from April 2018 to March 2023, 68.04 crore LPG refills have been delivered by IOCL[171], HPCL and BPCL to E-PMUY beneficiaries. Audit observed that in case of 243.19 lakh LPG refills delivered to 229.19 lakh consumers (3.55 *per cent* of the total refills delivered), there was a delay of more than seven days in delivery of refills. This was in deviation from the OMCs' Citizen Charter which specifies the maximum delivery time of seven days. It was further observed that out of 243.19 lakh refills, 49.50 lakh refills were delivered with a delay of more than 30 days as elaborated in the table below:

Table 5.5: Days taken for refill deliveries

(No. in lakh)

Days taken for refill deliveries	IOCL		HPCL		BPCL		TOTAL	
	Refills	Consumers affected	Refills	Consumers affected	Refills	Consumers affected	Refills	Consumers affected
8 to 10	25.88	23.73	25.28	23.61	27.57	25.26	**78.73**	**72.60**
11 to 20	20.33	19.17	30.54	28.30	34.89	31.84	**85.76**	**79.31**
21 to 30	7.00	6.85	9.71	9.45	12.49	12.11	**29.20**	**28.41**
31-60	8.78	8.69	7.42	7.23	13.41	13.14	**29.61**	**29.06**
61-180	6.39	6.38	1.81	1.79	9.76	9.71	**17.96**	**17.88**
> 180	0.63	0.63	0.04	0.04	1.26	1.26	**1.93**	**1.93**
							243.19	**229.19**

Source: Information received from OMCs.

PAC, in their 130th Report (2023-24), recommended that "*efforts should be made by OMCs and distributors to promptly address all issues in coordination with the Ministry, ensuring that PMUY beneficiaries receive their refills on time.*"

BPCL replied (February 2024) that refill delivery data also includes Subscription Voucher (SV) refill (i.e., refill delivered with LPG connections) of PMUY customers, whereas issue of SVs to the customers were done through distribution programmes, and installations were done subsequently. IOCL and HPCL replied (January/ February 2024) that minimum three attempts were made to deliver refills to domestic consumers before cancellation of unsuccessful deliveries. In many cases consumers were not able to take refills due to unavailability of money & empty cylinders or absence of consumer at home or natural calamities which are beyond the scope of distributor. Further, many times consumers make the booking anticipating delay in refill supply. Regular monitoring and constant efforts were being done at field level to avoid delay in deliveries to PMUY consumers.

MoPNG, while endorsing OMCs' replies, stated (January 2025) that 7,944 new distributorships have been commissioned from April 2016 to October 2024 along with partnerships with over 50,000 Common Service Centres (CSCs)/ Village Level Entrepreneurs (VLEs), 18,000 *Urja Devi*, and 18,300 *HP Sakhi* to enhance the efficiency of refill delivery which reduced average pending refill time to less than 1.5 days. LPG distributorships also increased from 17,916 (as on 1 April 2016) to 25,532 (as on 1

[171] ***IOCL had not provided data for year 2018-19***

November 2024), with number of Rural distributorships growing from 10,424 to 17,610 in the same period.

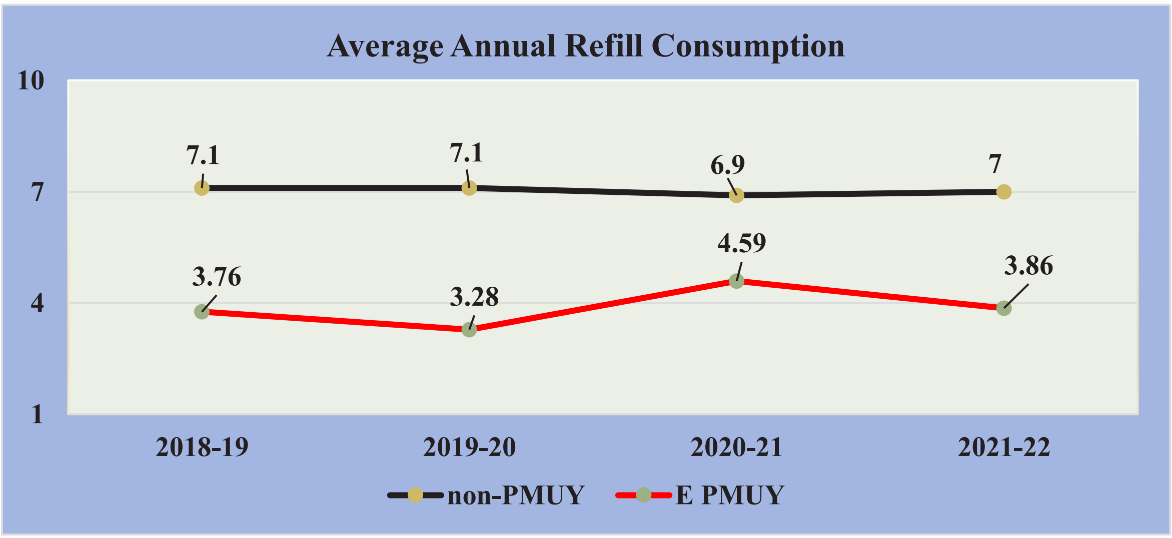
The efforts initiated by MoPNG/ OMCs to enhance the efficiency of refill delivery are appreciated. However, it may be seen in light of the fact that delayed delivery of refill may act as a deterrent in switching to clean fuel as E-PMUY beneficiaries are having Single Bottle LPG Connections. Further, MoPNG's reply to commission 7,944 new distributorships may be viewed against the fact that there is shortfall of 2,056 new distributorships against the targeted 10,000 new distributorships.

Recommendation No.35: Quality in service delivery may be ensured by strict compliance to the norms.

5.1.8.8.1 LPG access to BPL Households

At the time of implementation of EPMUY scheme, all India LPG Coverage as on 1 April 2018 was 80.9 *per cent* and increased to 99.8 *per cent* and 105.1 *per cent* by 1 April 2021 and 1 April 2023, respectively. Further, rate of increase in E-PMUY, LPG connections was 11 times more than that of non-PMUY LPG connections during the period from April 2018 to March 2023 which indicated the effective implementation of scheme to the extent of distribution of LPG connections thereby giving an option of clean fuel to poor households. However, refills consumption of these beneficiaries was much lower than that of non-PMUY consumers as shown below in Chart:

Graph-5.4: Average annual refill consumption



Source: Audit analysis of refill consumption data received from OMCs

Above indicates that the average consumption of refills has seen a slight increase, rising from 3.76 refills in 2018 to 3.86 refills in 2022. This indicates that additional efforts are necessary from the Ministry and OMCs to promote sustainable LPG usage. Moreover, the notable spike in E- PMUY consumption during the 2020-21 period can be attributed to the provision of three complimentary refills to PMUY beneficiaries under the Pradhan Mantri

Garib Kalyan Yojana, which was part of the economic measures in response to the COVID-19 pandemic. It is commendable that LPG consumption among beneficiaries from 2018-19 to 2021-22 has shown an upward trend, reflecting the positive impact of the scheme.

Further analysis of refills consumption also revealed that annual average consumption of those beneficiaries getting older (in the scheme) are on declining trend and consumption of refills of more than half of beneficiaries were less than annual average refill consumption as shown in table below:

Table 5.6: Year-wise detail of annual average LPG consumption of beneficiaries getting older

Year in which the LPG connection was issued to beneficiary	Number of LPG connections installed[172]	Average consumption as on 31.03.2022	Percentage of LPG connections where average consumption was less than the annual average consumption
2018-19	3,25,91,931	3.65	57.85 (1,88,55,343)
2019-20	87,45,863	4.31	57.13 (49,96,947)
2020-21	440	2.95	34.55 (152)
2021-22	97,21,277	4.56	64.60 (62,79,473)
Total	**5,10,59,511**		

Source: Data received from OMCs and analysis carried out by Audit.

The initial year of LPG usage is essential for evaluating the willingness of beneficiary households to adopt clean fuel. Consequently, it is important to encourage beneficiaries to enhance their LPG consumption to ensure its continued use.

PAC in their 130th Report (2023-24) recommended that *"effective measures be taken to encourage the PMUY beneficiaries towards sustaining usage of LPG."*

OMCs replied that PMUY beneficiaries are constantly educated through various customer engagement programmes like distribution of pamphlets in regional languages, safety clinics and LPG panchayats in their vicinity towards benefits of usage of LPG over other conventional fuels. There is an increasing trend of per capita consumption during the last few years.

MoPNG replied (January 2025) that consumption depends upon several factors like food habits, household's size, price, and availability of alternative fuel. Various steps like deferment of loan, cylinders swapping option from 14.2 kg to 5 kg, free LPG cylinders under PMGKY, conducting LPG panchayat, safety clinics and providing subsidy of ₹300/- to PMUY beneficiaries have been initiated to improve refill consumption. Further, the consumption has increased from 3.01 in 2019-20 to 4.4 cylinders in 2024-25 (till December 2024).

It is appreciable that consumption of LPG has increased over the period.

[172] ***Excluding 7.27 lakh connections installed beyond audit period (March 2018 – March 2022)***

5.1.8.8.2. Interest-free loan extended by the OMCs

Revised Scheme guidelines (2018) state that OMCs will provide EMI facility to those BPL beneficiaries who want to avail the same for the cost of gas stove and first refill under the scheme. In this regard, Audit observed that OMCs have extended unsecured interest-free EMI facility to 67.33 *per cent* of beneficiaries, subject to recovery of loan amount from the subsidy payable to respective beneficiary against initial refill/ subsequent refills. Details of interest-free loan extended by OMCs to PMUY beneficiaries vis-à-vis recovery thereof as on 31 March 2023 are given in table below:

Table 5.7: Details of loanee PMUY consumers vis-à-vis corresponding outstanding loan

(Figures in crore)

Particulars	Status as on 31.03.2023
No. of active PMUY/ EPMUY consumers	8.45
No. of PMUY / EPMUY consumer who have taken loan	5.69
Amount of Interest-free Loan extended (₹)	9,552.99
Amount of Interest-free Loan recovered (₹)	4,424.46
Outstanding Interest-free Loan (₹)	5,128.53

Source: Data received from OMCs.

It is evident from above that only 46.31 *per cent* of the amount of interest-free loan extended has been recovered by the OMCs as on 31 March 2023. In view of low consumption of refills by these beneficiaries, there is a risk of non-recovery of the outstanding amount.

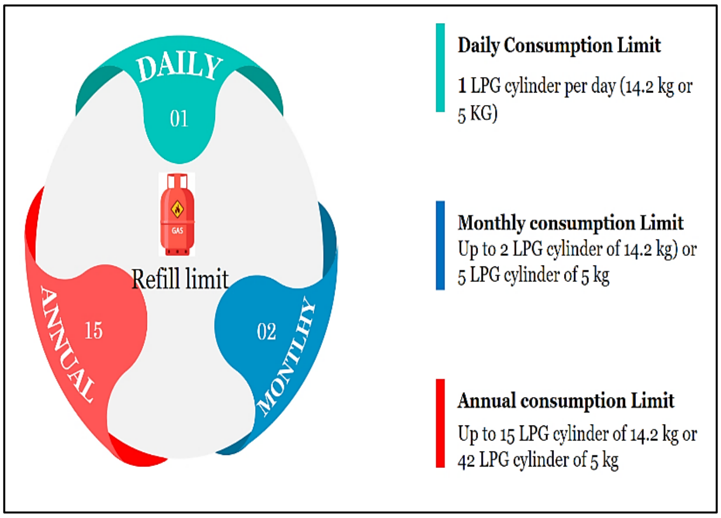
OMCs replied that continuous efforts are being taken towards better adoption of LPG by beneficiaries, conducting of educational programmes for imparting knowledge and training to beneficiaries in rural areas towards sustained and beneficial use of LPG. There is a gradual increase in refill consumption by PMUY beneficiaries, which in turn will support the recovery of outstanding loan. HPCL also added that necessary steps are being taken for providing doorstep delivery of refill.

Ministry replied (January 2025) that as on 30 September 2024, outstanding loan amount for OMCs is ₹4,968.27 crore and loan amounting to ₹213.45 crore had been recovered during the last six months.

5.1.8.8.3. Violation of ceiling set for issuance of refill cylinder

GoI had launched (November 2014) PAHAL (DBTL) Scheme to address concerns regarding diversion of domestic subsidised LPG cylinders towards non-domestic usage. Accordingly, every domestic LPG consumer was entitled to receive maximum subsidy against 12 refill cylinders in a financial year.

Picture-5.4: Detail of refills booking limits fixed for Beneficiaries



CAG's Audit Report No. 14 of 2019 highlighted deficiencies in input validation in OMCs software used for booking/ issuance of LPG refills, leading to abnormally high consumption of LPG refills by PMUY beneficiaries. Accordingly, on the advice of MoPNG (May/ July 2019), OMCs introduced (May 2020) validation controls on number of refills.

In order to assess the effectiveness of ceiling on refill consumption, Audit analysed the consumption pattern of refills during period[173] covered under E-PMUY, E-PMUY 2 and Ujjwala 2.0 on annual basis and results thereof are given in table below:

Table 5.8: Detail of consumption beyond annual ceiling of refills

OMC	IOCL		BPCL		HPCL[174]		OMCs Total	
Range of LPG refills	**No. of instances**	**No. of consumers**	**No. of instances**	**No. of consumers**	**No. of instances**	**No. of consumers**	**No. of instances**	**No. of consumers**
16 to 20	64,049	61,845	59,959	57,373	30,149	29,785	**1,54,157**	**1,49,003**
21 to 30	2,986	2,967	3,036	2,890	1,759	1,746	**7,781**	**7,603**
31 to 40	57	55	153	150	55	55	**265**	**260**
41 to 50	7	7	24	24	11	11	**42**	**42**
51 to 90	2	2	-	-	-	-	**2**	**2**
Total	**67,101**		**63,172**		**31,974**		**1,62,247**	

Source: Data received from OMCs and analysis carried out by Audit

As evident from the above, 1,62,247 instances of consumption beyond annual ceiling of 15 cylinders (14.2 kg) were noticed which clearly indicates gaps in validation process and the risk of diversion of these domestic cylinders. Further, Audit assessed the effectiveness of the validation implemented by the OMCs in 2019 regarding annual capping and observed instances of abnormal high refill consumption (more than 15 refills). The instances were 65,048 in 2019, 30,973 in 2020, and 64,047 in 2021, indicating that the usage of refills consistently exceeded the established limit of 15 refills.

OMCs replied (January/ February 2024) that a system check was implemented in June 2019 to limit the refill booking by the customers to a maximum of 15 cylinders in a year. In case

[173] ***Between 2018-19 and 2021-22***

[174] ***Including 2.25 lakh records pertaining to connections issued under PMUY and subsequently regularized under E-PMUY being part of refill data provided by HPCL***

more cylinders are required, request/ declaration with supporting documents from consumers put in system by the distributors is approved by Sales Officer. HPCL further stated that system flaws, if any, will be looked into and corrective action will be taken. MoPNG replied (January 2025) that high refill consumption cases were very low following introduction of validation controls in June 2019. Additionally, in some of the cases, Audit has inadvertently considered five kg refills as equivalent to 14.2 kg refills.

The response of OMCs regarding implementation of a system cap of 15 cylinders per year from June 2019 is noted. However, audit findings relate not only to the period preceding this implementation but also to multiple instances post-June 2019 wherein consumers availed 31 to 50 refills in a year. While HPCL has indicated that corrective action will be taken in case of system flaws, the continued occurrence of such high-consumption cases points to gaps in monitoring. With respect to MoPNG's reply that the audit may have inadvertently equated five kg refills with 14.2 kg cylinders in some cases, it is clarified that audit analysis for HPCL and IOCL was explicitly restricted to 14.2 kg refills. In case of BPCL, the data provided did not distinguish between cylinder sizes; however, even after applying the proportionate cap of 42 cylinders annually for five kg refills, multiple instances were identified where consumption exceeded the limit, suggesting potential failure of the capping mechanism. Hence, the central issue remains unresolved that whether the validation controls introduced were adequately robust, consistently implemented, and effectively monitored to detect and prevent excessive or unauthorised consumption under the scheme.

5.1.8.9 Monitoring and Financial Management

5.1.8.9.1 De-duplication exercise by PPAC

As per PMUY guidelines (May 2016 and March 2018), Petroleum Planning and Analysis Cell (PPAC) is entrusted with the critical responsibility of scrutinizing PMUY claims and recommending to MoPNG for reimbursement, post-verification. To fulfil this role, PPAC is empowered to access relevant records and conduct site-level inspections at OMCs. Accordingly, it is incumbent upon PPAC to exercise due diligence and ensure that claims recommended for reimbursement are free from duplicate and ineligible LPG connections. However, Audit noted following gaps in role of PPAC:

1. **Limited de-duplication by PPAC:** PPAC's de-duplication exercise relies solely on AHL TIN and ration card data, and is limited to PMUY/ E-PMUY LPG connections whereas non-PMUY LPG connections are not linked to these two identifiers, and Aadhaar remains the only common data point across the entire LPG consumer base. However, PPAC has not conducted de-duplication on the entire LPG database of 31.39 crore LPG connections. Consequently, the exercise lacks completeness, and instances of duplicate or pre-existing LPG connections under the regular (non-PMUY) category within applicant households were observed, as detailed in para no. 5.1.8.3.1 and 5.1.8.3.3.

2. **Duplicate LPG connections and subsidy loss:** PPAC identified 4.07 lakh duplicate PMUY LPG connections based on AHL TIN/Ration Card and disallowed an amount of ₹65.10 crore from OMCs' claims of ₹2,518.02 crore. Further, PPAC also found 20,906 duplicate PMUY LPG connections issued based on AHL TIN and RC in IOCL claim data and deducted ₹3.34 crore against these and LPG connections released during the period from April 2021 to November 2022 and intimated the same to IOCL for rectification. However, subsidies availed on refills prior to disconnection were neither recovered nor adjusted. Further, a significant number of these LPG connections remained active or unverified by OMCs.
3. **Lack of timely action and monitoring**: Audit noticed that OMCs have terminated only 3,315 out of aforementioned 4.07 lakh LPG connections disallowed by the PPAC. However, PPAC did not obtain the confirmation of termination or regularization status from OMCs for disallowed LPG connections, nor did it ensure early action to curb misuse of domestic LPG refill and receipt of subsidy by these ineligible beneficiaries. As such, only a portion of flagged LPG connections were eventually terminated/surrendered or regularized.

PPAC replied (April 2023) that as per the scheme, OMCs have to undertake de-duplication exercise and not the PPAC. However, PPAC is additionally verifying the duplicate LPG connections issued based on AHL TIN and RC number via SAS system and the outcome of same was communicated to the OMCs for taking suitable action thereon. OMCs have surrendered the subsidy amounting to ₹8.65 crore on account of ineligible LPG connections during the period 2021-23 (April 2021 to January 2023).

MoPNG, in its reply (April/ September 2024/ Jan-2025), stated that OMCs have been equipped with multi-layered de-duplication process to weed out the possibility of multiple connection. Additionally, CLDP has been made functional in May 2024 which significantly helps in weeding out the duplicate LPG connections by adopting a real time process. Further, PPAC, an attached office of MoPNG also runs an internal de-duplication exercise at the time of initiating bills of new LPG connections. OMC field teams have carefully examined each connection flagged as a duplicate by the PPAC, addressing them on a case-to-case basis and based on the outcome; 15,812 LPG connections released under PMUY and Ujjwala 2.0 have been terminated/ surrendered while 58,009 LPG connections have been regularized. Further, the OMCs have surrendered subsidy to the tune of ₹9.41 crore.

Reply of the Ministry/PPAC may be viewed in light of the fact that PPAC, being designated as nodal agency for scrutinization of claims, should have carried out de-duplication exercise on both PMUY and non-PMUY LPG connections to make it more effective. De-duplication exercise conducted by PPAC may not serve the desired purpose effectively as the same is not being done on cumulative data of all consumers. Further, out of 4.07 lakh duplicate LPG connections detected through SAS software of PPAC, OMCs have terminated/ surrendered only 15,812 numbers LPG connections and regularized 58,009 LPG connections. However, the remaining LPG connections availing subsidy as pointed out by Audit, still needed to be regularized/ terminated.

Recommendation No.36: Ministry may sensitize PPAC about the scheme's objectives and its responsibilities and to recover undue benefits of duplicate LPG connections. Further, MoPNG may direct OMCs to confirm about action taken on each PPAC flagged connection to avoid subsidy leakage and to ascertain eligibility of beneficiaries.

5.1.8.9.2 Non-adjustment of PMGKY advance from PMUY beneficiaries

GoI had announced (26 March 2020) a set of pro-poor initiative under Pradhan Mantri Garib Kalyan Package (PMGKY) as a part of the economic response to COVID-19. This was aimed at ameliorating the hardships faced by the poor due to economic disruption caused by COVID pandemic. As a part of PMGKY, it was announced that gas cylinders would be provided free of cost to the Ujjwala beneficiaries for the next three months from 01 April 2020 to 30 June 2020. The scheme was further extended up to December 2020.

As per this scheme, financial implication for up to three free of cost cylinders amounted to ₹13,500 crore[175] for 8.02 crore PMUY beneficiaries as on April 2020. Detailed modalities for implementation were worked out in consultation with OMCs and with the approval of MoPNG to ensure that there was no diversion, distortion or misuse of assistance that was provided to PMUY beneficiaries under the scheme. Some salient aspects of the modalities of implementation were as under:

- OMCs will initiate the direct benefit transfer of the full price of 1st cylinder to PMUY customer's bank account digitally from 1st April 2020.
- Customer to use the already transferred amount to pay to the distributor upon delivery of the refill.
- Every delivery will be entered by the distributor in the existing software of the OMCs. The OMCs will claim this amount every 07 days from the GoI.
- In case, the customer does not book the refill after getting the advance in the month, no advance will be transferred during the next month.

In this regard, Audit observed that the above scheme was meant to prevent diversion, distortion or misuse of assistance that had been provided to PMUY beneficiaries under the scheme. However, this scheme was silent regarding not refilling cylinder during stipulated period by beneficiary after getting advance (1st or 2nd or 3rd). Thus, the guidelines of PMGKY scheme were incomplete to the extent of recovery/ claim of advance provided by OMCs from GoI in case of beneficiary not getting LPG gas Cylinder refilled under PMGKY Scheme.

As per the scheme, OMCs credited an advance amounting to ₹9,670.40 crore from April to December 2020 to the accounts of PMUY beneficiaries. However, an advance of ₹366.66

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[175] ***Under PMGKY scheme, 8.0246 crore PMUY beneficiaries were provided 3 cylinders after considering the effective cost of one 14.2 kg cylinder at ₹560.60/cylinder excluding the subsidy, i.e. 8.0246 crore X ₹560.60 X 3 = ₹13,495.77 crore.***

crore was still pending since December 2020 with such beneficiaries who did not take refill even after getting an advance for refills.

MoPNG replied (August 2023/ January 2025) that only 4.25 lakh beneficiaries had un-utilized advance amounting to ₹31.65 crore with them at the end of scheme (i.e., December 2020). Besides, an amount of ₹326.02 crore is residual balance occurred due to advance given to beneficiaries in the month of April 2020 when price for LPG refill was higher and the refills were taken by the customers in the subsequent month when the price went down. The same could not be offset against the subsequent refills and OMCs are eligible for reimbursement to the amount utilized by beneficiaries at the time of delivery of the refill. As per data provided by MoPNG, it was found that total advance provided to beneficiaries and recovered amount from PPAC/ GoI is ₹9,670.4 crore and ₹9,303.74 crore, respectively as on 16 August 2023 and 6.06 lakh beneficiaries did not utilize advance provided by OMC for refills.

MoPNG also stated that under the scheme approved by Union Cabinet, reimbursement to OMCs was based solely on the amount utilized by the customer at the time of delivery.

The reply needs to be viewed in light of the fact that no mechanism was instituted to adjust the unrecovered PMGKY advance in case of non-utilization thereof by the beneficiary.

Recommendation No.37: Ministry may consider and develop a mechanism to adjust the unrecovered PMGKY advance from the subsidy accrued to the PMUY beneficiaries on LPG refill under DBTL.

5.1.9 Conclusion

The compliance Audit revealed deficiencies in implementation of E-PMUY by OMCs / PPAC / MoPNG. Follow-up audit on PMUY also confirmed that several recommendations from CAG Report No. 14 of 2019 on PMUY remained unaddressed, including incomplete Aadhaar seeding, persistent duplicate/multiple LPG connections, improper regularization of ineligible beneficiaries, gaps in beneficiary validation, claim verification, and subsidy recovery.

OMCs framed implementation modalities for seeding only one family Aadhar in deviation to Ministry's explicit directives for seeding all family Aadhar. This significantly weakened the scope of de-duplication process, allowing widespread issuance of multiple LPG connections within a single household. Further, in spite of three-layered de-duplication, Audit observed multiple LPG connections within the same household, enabled by weak validation controls such as acceptance of repeated mobile numbers. Moreover, even after detection of duplicate LPG connections, OMCs framed modalities beyond their decision-making power and improperly regularised duplicate LPG connections.

LPG connections were issued to un-intended beneficiaries through misclassification of beneficiary categories, including wrongful issuance under Antyodaya and migrant categories due to mismatched domicile and ration card data. Inordinate delay in transfer of subsidy with some cases pending for over two years resulted in permanent deprival of beneficiaries from their eligible subsidy.

Efficiency of implementation was further impacted due to inaccurate KYC entries at distributor level, deficiency noticed in pre-installation and non-availability of installation, delayed delivery of LPG refills, linkage of non-beneficiary bank account with LPG connections with consequential transfer of subsidy to non-beneficiary account.

Excessive consumption of LPG refills beyond annual ceilings and delayed delivery of refills, the issues highlighted in previous CAG audit report on PMUY, yet remained unresolved.

Under PMGKY, an amount of ₹9,670.40 crore was credited to beneficiaries for three LPG refills during COVID-19 period. However, of this, an amount of ₹366.66 crore remained unutilized, with no recovery mechanism in place for unused advances.

PPAC's limited scrutiny, narrowed to include PMUY LPG connections only excluding the broader LPG consumer base of 31.39 crore LPG connections undermined the objective of comprehensive de-duplication.

Audit observations highlight implementation gaps, policy deviations, validation shortcomings across PMUY and E-PMUY. Continued non-compliance with audit recommendations, weak beneficiary validation, and lax monitoring mechanisms could not optimise the scheme’s efficiency which warrants corrective action particularly in the areas of Aadhaar seeding, software validation, beneficiary eligibility checks, and subsidy recovery frameworks to achieve the objectives of E-PMUY.

CHAPTER VI: MINISTRY OF TEXTILES

6.1 Amended Technology Upgradation Fund Scheme

6.1.1 Introduction

The Indian textile industry occupies a unique position in the Indian economy in terms of its contribution to industrial production, employment and exports. The Ministry of Textiles introduced Technology Upgradation Fund Scheme (TUFS) with effect from 1 April 1999 in order to catalyse capital investment for technology upgradation and modernisation of the textile industry by providing specified interest reimbursement and capital subsidy for investment in upgradation of machinery. It was a credit linked scheme implemented through the notified lending agencies by reimbursement of subsidy claims of eligible investments. The Scheme was aimed at augmenting productivity, quality, investment and employment in the textile industry.

The Scheme was amended from time to time and implemented by different names as indicated below:

Table 6.1: Brief of different versions of Technology Upgradation Fund Scheme

Plan period	Name of the Scheme	Period of operation
9th and 10th Plan	Technology Upgradation Fund Scheme (TUFS)	1 April 1999 to 31 March 2007
11th Plan	Modified Technology Upgradation Fund Scheme (MTUFS)	1 April 2007 to 28 June 2010
11th Plan	Black out period	29 June 2010 to 27 April 2011
11th and 12th Plan	Restructured Technology Upgradation Fund Scheme (RTUFS)	28 April 2011 to 31 March 2013
12th Plan	Revised Restructured Technology Upgradation Fund Scheme (RRTUFS)	1 April 2012 to 12 January 2016

6.1.1.1 Amended Technology Upgradation Fund Scheme

The Ministry of Textiles modified the existing provisions of the Revised Restructured Technology Upgradation Fund Scheme (RRTUFS) in terms of the benefits and the procedure for claiming the benefits and notified (13 January 2016) a new scheme called as Amended Technology Upgradation Fund Scheme (ATUFS). The Scheme aimed to provide a one-time capital subsidy for investments in the employment and technology intensive segments of the textile value chain, keeping in view promotion of exports and imports substitution. The Scheme was effective from 13 January 2016 for a period of seven years up to 31 March 2022.

As per the Note (December 2015) for the Cabinet Committee on Economic Affairs (CCEA) for introduction of ATUFS, the financial implication under ATUFS was ₹17,822 crore which would include committed liability of interest reimbursement subsidy under the existing Technology Upgradation Fund Scheme amounting to ₹12,671 crore and ₹5,151 crore for new cases under ATUFS.

The guidelines for ATUFS were laid down by the Ministry in February 2016 which were subsequently modified and revised guidelines for the Scheme were issued in August 2018.

6.1.1.2 Objectives of the Scheme

The objectives of the Amended Technology Upgradation Fund Scheme are as follows:

(a) To promote ease of doing business in the country and achieve the vision of generating employment and promoting exports through 'Make in India' with 'Zero effect and Zero defect' in manufacturing.

(b) To augment investment, productivity, quality, employment, exports along with import substitution in the textile industry, and to also indirectly promote investment in textile machinery manufacturing.

6.1.1.3 Salient features of the Scheme

The main features of the Amended Technology Upgradation Fund Scheme (ATUFS) are as follows:

(a) Scheme benefit: Under ATUFS, Capital Investment Subsidy is available for investment on eligible benchmarked machinery in the specified segments *viz.,* (i) Weaving, Weaving Preparatory and Knitting, (ii) Processing of fibre, yarn, fabric, garments and made-ups, (iii) Technical Textiles, (iv) Garment/Made-up manufacturing, (v) Handloom Sector, (vi) Silk Sector, and (vii) Jute Sector.

(b) Eligibility for Scheme benefit: Entities/units registered under the Companies Act, which have an acknowledgement of Industrial Entrepreneur Memorandum[176] (IEM) with the Department of Industrial Policy and Promotion (now, the Department for Promotion of Industry and Internal Trade), except MSME units which would be as per the instructions of the Ministry of MSME, or units registered with the concerned Directorates of the State Government are eligible to get the benefits under the scheme.

(c) Eligible Textile Machinery: Only new benchmarked machinery (for the specified segments) purchased directly from the machine manufacturers or their authorised agents, is considered for benefits under the Scheme. Further, the benefits are available only if the eligible benchmarked machinery is purchased by availing term loan from a notified lending agency.

[176] Industrial undertakings exempted from the requirements of Industrial Licensing under the Industries (Development and Regulation) Act, 1951 are required to file information relating to setting up of industries which is known as IEM (Industrial Entrepreneur Memorandum). Confirmation for receipt of such information by the Department for Promotion of Industry and Internal Trade is known as 'IEM Acknowledgement'.

(d) Norms for eligible subsidy: Every eligible individual entity is to be paid Capital Investment Subsidy (CIS) under the Scheme on the eligible investment as per the rates and the overall subsidy cap indicated below:

Table 6.2: Prescribed subsidy under the Scheme

Sl. No.	Segment	Rate of Capital Investment Subsidy (CIS)	CIS per individual entity
1.	Garmenting, Technical Textiles	15 *per cent* on eligible machines	₹30 crore*
2.	Weaving for brand new shuttle-less looms (including weaving preparatory and knitting), Processing, Jute, Silk, and Handloom	10 *per cent* on eligible machines	₹20 crore*
3(a)	Composite unit/ Multiple segments - If the eligible capital investment in respect of Garmenting and Technical Textiles category is more than 50 *per cent* of the eligible machinery cost.	15 *per cent* on eligible machines	₹30 crore*
3(b)	Composite unit/ Multiple segments - If the eligible capital investment in respect of Garmenting and Technical Textiles category is less than 50 *per cent* of the eligible machinery cost.	10 *per cent* on eligible machines	₹20 crore*

*In case the applicant had availed subsidy earlier under RRTUFS, he is eligible for only the balance amount within the overall ceiling fixed for an individual entity.

6.1.1.4 Implementation structure of the Scheme

The implementation structure of the Scheme as laid down in the Scheme guidelines comprises the following:

- **Inter-Ministerial Steering Committee (IMSC):** IMSC is chaired by the Minister of Textiles. The composition of IMSC is given at **Annexure-XXVIII**. IMSC is responsible for monitoring and formulation of guidelines for effective implementation of the Scheme in accordance with the CCEA's approval. IMSC reviews the progress of the Scheme half-yearly [177] and ensures its effective

[177] *In the 5th IMSC meeting (October 2021), it was decided to hold IMSC meetings on a quarterly basis.*

implementation. Any amendment to the Scheme guidelines involving issues other than financial may be made with the approval of IMSC.

- **Office of the Textile Commissioner:** The Scheme is executed/implemented by the Office of Textile Commissioner through its nine Regional Offices[178]. The Textile Commissioner's Office scrutinizes and approves applications for subsidy claims under the Scheme and generates Unique Identification Number (UID) for the applicants.

  The Textile Commissioner also constitutes Joint Inspection Teams (JIT) under its Regional Offices, having members from the lending agencies, Industry and from the Textile Research Association to physically verify the installation and commissioning of the machinery by the applicant entity and recommend eligible subsidy amount to the entity.

  The Textile Commissioner scrutinizes the report of the JIT, as submitted by the Regional Office, and prepares bills and submits challans to the Ministry for releasing subsidy to the entity.

- **Technical Advisory-cum-Monitoring Committee (TAMC):** TAMC under the Chairpersonship of the Textile Commissioner is constituted with technical experts from the Government and the industry covering the different segments, as members. The composition of TAMC is given at **Annexure-XXIX**.

  TAMC specifies the list of eligible benchmarked machinery annually on 1st April and amends the list of machinery in terms of additions/deletions. In case of any question of interpretation or clarification raised by the lending agency/entrepreneurs as to the eligibility of any unit or machinery under the Scheme, the decision of the TAMC is final.

  TAMC also monitors and reviews the progress of the Scheme including segmental progress and apprises the Ministry and IMSC quarterly.

6.1.1.5 Mechanism for release of ATUFS subsidy

The Scheme is executed/implemented by the Office of the Textile Commissioner through i-TUFS portal (software) with the help of its nine Regional Offices. The scheme is implemented in five-step process **(Annexure-XXX)** as given below:

(i) Submission of term-loan application by the applicant entity along with a copy submitted to the Regional Office of the Textile Commissioner who will facilitate sanction of the term loan by the lending agency.

(ii) Application for Unique Identification Number (UID) by the applicant entity to the Textile Commissioner through the lending agency using i-TUFS software for pre-authorisation of subsidy under the Scheme and issuance of UID.

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[178] ***Ahmedabad, Amritsar, Bengaluru, Coimbatore, Guntur, Indore, Kolkata, Mumbai and Noida***

(iii) Installation of machinery by the applicant entity within two years from the date of sanction of term loan.

(iv) Submission of the subsidy claim online by the entity to the Textile Commissioner and forwarding of the claim by Textile Commissioner to the Ministry of Textiles.

(v) Release of the eligible subsidy by the Ministry of Textiles to the entity's account.

6.1.2 Audit objectives

Audit was undertaken to assess whether:

(i) The Scheme was implemented economically, efficiently and effectively to achieve the intended objectives of augmenting employment and investment, and

(ii) The Scheme was monitored effectively to achieve the Scheme's objectives.

6.1.3 Audit scope and coverage

Audit was conducted for the period 2016-17 to 2023-24. Audit collected information relating to the Scheme and examined records available at the Ministry of Textiles, Office of the Textile Commissioner, Mumbai and its Regional Offices. Audit primarily focused on examining the performance of the Scheme especially in terms of augmenting employment and investment.

A sample size of 250 applications with subsidy amounting to ₹394 crore (35 *per cent*) out of 4,596 applications with subsidy amounting to ₹1,122 crore released between January 2016 and June 2022 was selected through stratified random sampling method.

6.1.4 Planning and Implementation of the Scheme

The Ministry of Textiles modified the existing Revised Restructured Technology Upgradation Fund Scheme (RRTUFS) and launched Amended Technology Upgradation Fund Scheme (ATUFS) on 13 January 2016 for a period of seven years up to 31 March 2022. ATUFS was to be implemented online through a robust web-based software called i-TUFS.

While the issues relating to performance of i-TUFS software have been discussed separately under Para 6.1.6, the Audit findings on implementation of ATUFS are discussed in succeeding paragraphs.

6.1.4.1 Revisions in provisions of the Scheme guidelines

The initial guidelines for implementation of the Scheme were issued in February 2016. Subsequently, in August 2018, the Ministry notified revised Scheme guidelines in supersession of the initial guidelines. Further amendments in various provisions of the Scheme guidelines were made by the Inter-Ministerial Steering Committee (IMSC) or Technical Advisory-cum-Monitoring Committee (TAMC) from time to time **(Annexure-XXXI)**.

Audit observed that:

(i) As per the original Scheme guidelines, a system of time-bound processing of applications as well as automatic alert mechanism through i-TUFS software was put in place. Based on the progress of completion of the activities involved in processing of applications, the colour of the submitted application changed from Green to Yellow to Red. However, this provision was excluded in the revised guidelines.

(ii) Though the revised Scheme guidelines had been issued (August 2018) in supersession of the original guidelines, the Office of Textile Commissioner referred to both the guidelines while scrutinizing the cases, which indicated that the revised guidelines did not actually supersede the initial guidelines.

(iii) Though the Scheme guidelines envisaged entire workflow relating to implementation of the Scheme to be done through i-TUFS software, the subsidy claims were processed on hybrid mode (online and physical file) after conduct of Joint Inspection, which indicated that the Scheme had not yet been made fully online.

The Ministry of Textiles/ Office of Textile Commissioner replied (August 2024) that:

- The modified guidelines were issued in order to simplify the procedures of initial guidelines. In the modified guidelines, some clauses were included and some clauses were excluded for the benefit of the textile industry.
- While the generation of UID, raising of Joint Inspection request and uploading of Joint Inspection report were largely followed online, the vetting of eligibility with voluminous documents was done in physical mode. Such verification drastically improved the transparency.
- If the modified clauses in the revised guidelines had been given effect to from the date of issue of revised guidelines, many units which had obtained UID based on the initial guidelines would have become ineligible or rejected. As such, a cut-off date was required to process the cases involving application of such clauses.

The Ministry of Textiles further replied (May 2025) that the revised scheme incorporated several institutional and digital reforms with a view to ensure greater transparency, administrative simplicity and traceability. It further stated that the i-TUFS portal had progressively matured and now offered end-to-end digital processing, covering application submission, inspection, verification, clarification and fund disbursement tracking. The system now facilitated real-time visibility of clarifications and status updates to units, ensuring transparency and timely compliance. It was also stated that the Ministry continued to update and refine the portal and procedure based on feedback.

The reply needs to be viewed in light of the fact that the Technology Upgradation Fund Scheme was being implemented by the Ministry since the year 1999. However, issues /challenges faced in implementation were addressed and the end-to-end digital processing was ensured, only after lapse of significant period of time from the issue of revised guidelines in August 2018. Further, the reply was silent on the reasons for exclusion of the automatic alert mechanism in the revised guidelines.

6.1.4.2 Evaluation and freezing of committed liabilities

The Expenditure Finance Committee (EFC), while recommending the resource requirements for the new technology upgradation scheme in place of the existing Revised Restructured Technology Upgradation Fund Scheme (RRTUFS), proposed (June 2015) funds amounting to ₹8,665.62 crore for meeting the estimated maximum committed liabilities of the sanctioned cases under previous TUFS. The actual amount of committed liabilities was to be reconciled by the Office of Textile Commissioner.

The Note for CCEA (December 2015), for introducing ATUFS in place of ongoing RRTUFS, revised the budget allocation to ₹12,671 crore to consider the committed liabilities of the sanctioned cases under the previous versions of TUF Schemes.

The Office of Textile Commissioner engaged (9 January 2017) NABARD Consultancy Services Pvt. Ltd. (NABCONS) for evaluation/assessment of committed liabilities data submitted by lending agencies to the Ministry of Textiles for reimbursement of subsidy under Modified Technology Upgradation Fund Scheme (MTUFS) and Restructured Technology Upgradation Fund Scheme (RTUFS). The evaluation was to be completed within two months from the date of signing of contract.

The agreement with NABCONS was terminated in December 2019 since NABCONS could not complete the assignment due to lack of support from banks. Thus, the committed liabilities towards previous TUFS could not be reconciled despite the recommendation of the EFC.

The Ministry of Textiles/ Office of Textile Commissioner replied (August 2024) that the previous schemes were bank driven and the Office of Textile Commissioner was not even mandated to do parallel verification. Further, NABCONS could not complete evaluation/assessment and examination of committed liabilities as there were discrepancies in the documents provided by the lending agencies.

The Ministry of Textiles further replied (May 2025) that a Protocol was issued in 2019 to strengthen verification, monitoring and subsidy release mechanisms. It was further stated that as of February 2025, subsidy of ₹7,204 crore had been released after reconciliation of data, reflecting an utilisation rate of approximately 57 *per cent* on an actual basis. Given that the Schemes had transitioned into their final phases and a comprehensive verification mechanism was now in place, the issue of reconciling historical committed liabilities was no longer materially relevant as each case was being examined separately by special Joint Inspection Team and by the Office of Textile Commissioner.

6.1.4.3 Settlement of previous TUFS cases

As the previous versions[179] of TUFS were all bank-driven Schemes, the guidelines of the previous TUFS did not envisage conducting any physical inspection of the procured

[179] Modified Technology Upgradation Fund Scheme (MTUFS), Restructured Technology Upgradation Fund Scheme (RTUFS) and Revised Restructured Technology Upgradation Fund Scheme (RRTUFS)

machinery by the Joint Inspection Team (JIT) constituted by the Textile Commissioner. The guidelines of previous TUFS also did not stipulate a timeline for retention of machinery and documents related to the procurement of machinery.

With a view to strengthening the verification and monitoring mechanism for the claims received under previous versions of TUFS, the Inter-Ministerial Steering Committee, in its second meeting held on 27 February 2019, decided that JITs on the pattern of ATUFS may be formed to physically verify the machinery procured under 8,453 on-going subsidy accounts pertaining to previous versions of TUFS. It was also decided that the Textile Commissioner would develop a detailed action plan and protocol for the proposed inspection to be carried out with intimation to the Ministry.

Accordingly, the Ministry issued (June 2019) a detailed protocol formulated by the Textile Commissioner for physical inspection of machinery procured under previous versions of TUFS and for releasing the subsidy accordingly. The protocol, inter alia, stipulated the following:

(i) JIT would constitute technical officers having textiles background from other organisations of the Ministry of Textiles (such as Textiles Committee, Central Silk Board, etc.), representative from the concerned bank and representative of Textile Research Association or Local Industry Association.

(ii) The banks concerned would keep the documents scheme-wise and unit-wise ready and also upload the copies of six documents[180] in i-TUFS software for facilitating constitution of JIT.

(iii) The report of JIT would be final, and subsidy would be released based on the physical verification and certification of the JIT.

The status of progress of settlement of cases under previous TUFS as on 31 January 2025 was as under:

Table 6.3: Settlement of cases under previous TUFS

Sl. no.	Description	MTUFS	RTUFS	RRTUFS	Total
1.	On-going cases	3,186	1,365	3,902	8,453
2.	No. of cases in which claims were lodged by the banks	3,211	566	2,001	5,778
3.	No. of cases where six documents were uploaded by the banks	955	482	2,103	3,540
4.	No. of cases found fit for JIT	654	353	1,885	2,892

***180** (i) Term loan sanction letter (ii) Actual amount disbursed against the sanctioned term loan and date-wise disbursal of amount (iii) Reporting formats (iv) Eligibility Certificate Number (ECN) Certificate/Eligibility assessment under TUFS by the Nodal agency (v) Calculation sheet based on actual disbursement (vi) Participation of Lending agency as member of JIT.*

Sl. no.	Description	MTUFS	RTUFS	RRTUFS	Total
5.	No. of cases where Units did not submit willingness for JIT	260	87	545	892
6.	Net no. of cases found fit for JIT	394	266	1,340	2,000
7.	Number of cases where JIT inspections were conducted	259	178	1,042	1,479
8.	No. of cases at various stages of settlement	215	158	571	944
9.	No. of cases settled	44	20	471	535

It may be seen from the above table that against 8,453 on-going cases under previous TUFS, banks could upload six documents in only 42 *per cent* of the cases and only six *per cent* of the total cases were settled by the Ministry as of January 2025. Joint inspection could be completed in only 42 *per cent* of the cases where banks had uploaded the prescribed six documents.

The Office of Textile Commissioner replied (August 2024) that the protocol issued by Ministry (February 2019) to conduct JIT threw significant challenges for operation as some of the cases were 15 years old and it was difficult to trace the documents and complete the asset verification. The JIT reports submitted by third parties viz. Textile Committee, Central Silk Board, etc. had various discrepancies, which had to be got corrected. It was further stated that a Committee headed by the Textile Commissioner would re-examine various concerns raised/difficulties pointed out by the industry/banks in the protocol/procedures for disbursal of subsidy under previous TUFS and suggest appropriate course of action.

The Ministry of Textiles replied (May 2025) that the protocol had been approved by the Inter-Ministerial Steering Committee in the presence of representatives from almost all spectrum of stakeholders of the Scheme i.e. Ministry of finance, major banks and industry associations. The slow progress or gaps in documentation may not be attributed at Ministry's end when the core deficiencies lie with Banks/Financial Institutions that were entrusted with due diligence and custodianship of records. Further, the Ministry and Office of the Textile Commissioner had continuously followed up with banks and even relaxed documentation requirements, while ensuring that adequate control standards were still met.

The reply needs to be viewed in light of the fact that the Ministry could not identify the challenges which were likely to arise while conducting physical inspection and undertaking document collection in respect of old cases, before issuing the protocol for joint inspection. Hence, 7,918 cases pertaining to previous TUFS remained pending for settlement.

Recommendation No. 38: The Ministry may expeditiously assess the committed liabilities towards eligible cases of previous TUFS and ensure settlement in a time-bound manner to avoid further complexities.

6.1.4.4 Time taken at various stages of the claim processes under ATUFS

The Amended Technology Upgradation Fund Scheme (ATUFS) was to be implemented online through i-TUFS portal having access modules for beneficiary units, banks, Ministry of Textiles, Office of Textile Commissioner, Regional Offices of Textile Commissioner and Joint Inspection Team, so that the subsidy claims may be processed in a time-bound manner.

Audit scrutinized the i-TUFS data of 14,389 UID[181] cases and noticed that delay occurred at every stage of the claims processing. The process-wise prescribed timeline as per guidelines and average delay calculated by Audit at each stage is given below:

Table 6.4: Delay at various stages of processing of subsidy claims

(As of 31 March 2024)

Sl. No	Stage of processing of claims	Prescribed maximum timeline (days)	Average delay in delayed cases (days)	No. of delayed cases	Total cases in number	per cent of delayed cases
1.	UID generation	270#	365	4,816	14,389	33
2.	JIT request	730@	647	2,375	12,863	18
3.	Conducting JIT	88	447	2,924	12,276	24
	Uploading JIT report by RO	2	20	1,961	5,743	34
4.	Generating Challan	30	694	3,851	8,959	43
5.	Subsidy release after challan	21	54	2,733	8,820	31

comprises six months from the date of sanction of term loan for applying for UID, two months for lending agency to verify the details submitted by the applicant and one month for Office of Textile Commissioner to allot UID

@ prescribed timeline is one year from the date of sanction of term loan which is extendable by one more year.

It may be seen from the above table that there was delay at all stages of the processing of claims with maximum delays attributable to making requests for JIT by applicants,

[181] *UID is Unique Identification Number which is automatically generated and allotted to the applicant who would like to avail subsidy under the Scheme.*

conducting of JIT and generation of challan. Average delay of 54 days was found in 31 *per cent* of the cases even in releasing subsidy after challan generation.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that delays were due to various reasons such as consideration of RRTUFS cases under ATUFS, submission of deficient applications by the banks, purchase of machinery by the applicant unit from non-enlisted machine manufacturer, lockdown due to COVID-19, large number of objections reported in the claims, time taken in checking documents submitted by units, delay in budget allocation and authorisation, time taken by banks to credit the subsidy in the account of the unit, payment failures, PFMS related issues, etc. The Ministry further informed about various steps taken to simplify the claim processing procedure under ATUFS for expeditious settlement of claims and release of subsidy.

The Ministry of Textiles further replied (May 2025) that the settlement of claims was impacted due to the transition to a new framework involving 100 *per cent* physical verification, introduction of centralised approvals, and the shift from a bank-led model to direct government implementation. However, the Ministry, in coordination with the Office of the Textile Commissioner, had maintained a consistent focus on reviewing challenges and making timely course corrections through the Technical Advisory cum Monitoring Committee and the Inter-Ministerial Steering Committee.

The reply needs to be viewed in the light of the fact that the challenges/bottlenecks in the processing of claims should have been adequately factored into while deciding on the timelines for each stage.

6.1.4.5 Reasons for delay in releasing subsidy benefits

Out of 250 cases selected for audit, records relating to 220 cases were made available to Audit which were examined to understand the reasons for the delay in processing of claims and release of subsidy under ATUFS. Audit observed that consequent upon the receipt of JIT report, the Office of Textile Commissioner/ Regional Offices issued various types of queries **(Annexure-XXXII)** to the units on case-to-case basis for clarification or collection of records.

(a) Delay on the part of Joint Inspection Team (JIT)

Audit noticed that in 110 cases (50 *per cent*), the deficiencies were on part of the JIT. Major deficiencies included non-uploading of Geotag photos, non-submission of complete documents, non-certification of machinery specifications, non-certification of documents by all the JIT members, etc.

The Ministry of Textiles replied (May 2025) that the delays in JIT process were a result of unavoidable challenges like the need for relaxations by Inter-Ministerial Steering Committee, the evolving procedural requirements under the initial Government Resolutions, disruptions caused by Covid-19 pandemic, manpower shortage and non-implementation of the proposed state-level offices. It was further stated that the Ministry believed that the delays were not only justifiable but were necessary to maintain the integrity of the process and prevent the disbursement of subsidies for non-compliant or incomplete claims.

The reply may be viewed in light of the fact that while the reasons for delay were examined in detail by Audit in 220 cases out of 4,596 cases where subsidy was released between January 2016 and June 2022, it is also evident from the data analysis of 12,276 UID cases where JIT had been conducted (refer Table 6.4) that there was a considerable average delay of 447 days in 2,924 cases in conducting JIT. Justification of delays given by the Ministry indicates that there were shortcomings at the planning stage while deciding the timeline for JIT inspection.

(b) Delay on the part of beneficiary units

In 127 cases (58 *per* cent), deficiencies were on part of the beneficiary units with the major deficiencies being non-submission of undertaking/declaration that the unit shall function at least during the repayment period of term loan, non-submission of complete bank statement/payment receipts, inclusion of accessories/spare parts in the invoices for machinery, non-mentioning of machine serial number on the invoice, non-matching of payment details with bank statements, etc.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that units were not aware of the provisions of Scheme guidelines during the initial phase. Some of the requirements in the Scheme guidelines were relaxed from time to time as per the decisions taken by Inter-Ministerial Steering Committee/Technical Advisory-cum-Monitoring Committee. Further, for allowing one time corrections in Name, PAN, Mobile Number and Loan Account Number of the units, a Standard Operating Procedure was also issued by the Ministry in January 2022.

The reply may be seen in the light of the fact that frequent amendments in the provisions of the Scheme guidelines and relaxation in the scheme requirements from time to time led to deficient understanding of the Scheme guidelines by units, which in turn, contributed to delay in processing of claims and release of subsidy benefits.

(c) Delay on the part of Office of Textile Commissioner/Regional Offices

The Inter-Ministerial Steering Committee decided, in the second meeting held on 23 March 2018, to set up a Task Force to examine software related issues and to recommend changes in i-TUFS software to make it an end-to-end online solution and eliminate scope for human interventions at all stages of implementation.

Audit observed that the Office of Textile Commissioner processed the cases in hybrid mode (both online and offline mode) and maintained physical files for examination and processing claims. All correspondences in respect of seeking clarifications, collecting documents, deciding eligibility of machinery etc. were made offline through writing letters to the Regional Offices/units whereas there were no provisions in the Scheme guidelines to process the cases through offline mode and maintain any physical files.

Thus, even after nine years since the implementation of ATUFS, neither the bottlenecks in the processing of claim could be addressed nor complete automation could be achieved thereby causing delay in release of subsidy.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that in the initial period from 2016-17 and 2019-20 of ATUFS, there were challenges like procurement from non-enlisted machine manufacturer, deficiencies on part of Unit, deficient JIT reports, reconsideration of cases on the basis of revised guidelines, physical issuance of UIDs, limited manpower in Office of Textile Commissioner, operational modalities, lockdown due to Covid-19, etc. Despite these challenges, 99.2 *per cent* claims had been inspected and the Ministry had settled 92 *per cent* of claims inspected. It was further stated that the Ministry/Office of Textile Commissioner were targeting to finalise all eligible cases within the sunset year for ATUFS.

The Ministry further replied (May 2025) that the Ministry had been very proactive in identifying issues, amending guidelines and making necessary adjustments to improve the implementation process. The Ministry also stated that increasing the delegation of financial powers to the Regional Offices in September 2019, significantly accelerated the processing of claims.

The reply may be viewed in light of the fact that a time period of four years out of Scheme implementation period of seven years could not be considered as initial period of the Scheme. Thus, even after implementation of TUFS for the past 16 years, comprehensive Scheme guidelines addressing various bottlenecks could not be formulated which caused delays at various stages in implementation of the Scheme. Most of the delays caused due to factors like procurement of machinery from non-enlisted machine manufacturers, deficient JIT reports and transition from manual process to a fully online system could have been avoided had the Ministry taken timely corrective actions prior to roll out of the revised Scheme guidelines.

(d) Delay due to non-enlistment of machinery manufacturers

The revised ATUFS guidelines (August 2018) stipulate that specifications of technology for the machinery for all eligible segments would be prescribed annually in advance by the Technical Advisory-cum-Monitoring Committee (TAMC) effective from 1st April of the year. Machinery purchased directly from the machine manufacturers or their authorized agents/suppliers would be eligible for subsidy under the Scheme. The TAMC would get an indicative list of manufactures of machineries conforming to the specifications of technology prescribed, with the assistance of a Technical Committee. The indicative list would be kept on the website for access by general public and would be finally approved by the TAMC.

Further, the request for JIT would be entertained only if the machinery meets the technology specification and the manufacturer was included in the indicative list. However, as per revised guidelines, in cases where the manufacturer was not included in the indicative list, alert will be generated for the Textile Commissioner office to examine the eligibility of the machinery to get included in the list and get it enlisted or rejected in the next monthly meeting of the Technical Committee. This exercise along with the approval of the TAMC should get completed within 45 days.

Audit observed that in case beneficiary unit procured the machinery from non-enlisted machinery manufacturers, Regional Office/JIT processed the claim only after enlistment of manufacturers. However, there was a delay ranging from one day to 1,995 days, with an average delay of 487 days, in the enlistment of machinery manufacturers from the stipulated time of 45 days.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that machine manufactures/suppliers forwarded their request for enlistment along with requisite documents. The documents were scrutinized and deliberated by the Internal Technical Committee (ITC) and recommendation of ITC was placed before TAMC for ratification. Before approval of subsidy, enlistment of the machine manufacturer or its authorized agent was mandatory.

The Ministry replied (May 2025) that delay in enlistment of the machine manufacturers/suppliers was caused due to thorough examination of documents specially document deficiencies from Chinese origin which included 44 *per cent* of overall enlistment.

The reply may be seen in the light of the fact that the examination of the eligibility of the machinery manufacturers to get enlisted or rejected by the Technical Committee and the approval of TAMC within 45 days was not ensured.

Recommendation No. 39: The Ministry may analyse the reasons for considerable delays which occurred at every stage of Scheme implementation and take necessary action to speed up the settlement of pending claims.

6.1.4.6 Status of recovery pointed out in the previous Performance Audit

A Performance Audit on Technology Upgradation Fund Scheme (including MTUFS, RTUFS, RRTUFS) was conducted by the Comptroller and Auditor General of India (CAG) covering the period from April 2007 to March 2014 and the results of audit were included in Report No. 52 of 2015, which was tabled in the Parliament on 11 March 2016. As of December 2024, the status of recoveries made by the Ministry/Office of Textile Commissioner in view of the findings relating to Scheme Implementation as pointed out in the Audit Report was as under:

Table 6.5: Recoveries made in view of previous Audit Report

Subject/Para reference of CAG's Report No. 52 of 2015	No. of cases	Objected amount (₹ lakh)	Amount recovered (₹ lakh)			
			No. of cases	Amount	Penal interest	Total
Extending subsidy to ineligible beneficiaries (Para 3.2.1)	129	4,696.33	27	685.49	132.64	818.13
Extending subsidy to ineligible investments (Para 3.2.2)	193	5,286.63	76	992.22	316.64	1,308.86

Subject/Para reference of CAG's Report No. 52 of 2015	No. of cases	Objected amount (₹ lakh)	Amount recovered (₹ lakh)			
			No. of cases	Amount	Penal interest	Total
Excess payment made to beneficiaries (Para 3.2.3)	40	642.19	21	520.67	147.63	668.30
Delay in crediting subsidy to beneficiaries' accounts by financial institutions (Para 3.2.4)	172	-	19	0	2.46	2.46#
Keeping of funds in non-interest bearing accounts by financial institutions (Para 3.2.5)	14	477.17	1	82.41	0	82.41#
Inclusion of Black out period[182] cases (Para 3.3.3)	23	-	0	0	0	0
Total	**571**	**11,102.32**	**144**	**2,280.79**	**599.37**	**2,880.16**

#Recovery was made from financial institutions

Thus, even after a lapse of around nine years since tabling of the previous CAG's Report on TUFS, recovery of only 26 *per cent* of the amount pointed out by Audit could be effected in 25 *per cent* of the total cases.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024 and May 2025) that various initiatives were taken to effect recovery. Further, challenges emanating from legacy issues for banks-led[183] older versions of TUFS were being monitored by the Ministry and Office of Textile Commissioner very closely and attempts were being made to resolve the same with linked agencies/organisations. Many lending agencies informed that term loan accounts had been closed since the schemes of MTUFS and RTUFS had been implemented 10 years back and therefore they were unable to initiate recovery from the beneficiary units.

The reply may be viewed in light of the fact that with the passage of time, the recovery may become more difficult and the possibility of eventual non-recoverability cannot be ruled out.

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[182] ***New sanctions under Modified TUFS were stopped from 29 June 2010, and the Government Resolution for Restructured TUFS was issued on 28 April 2011. The intervening period from 29 June 2010 to 27 April 2011 is called as the Black out period.***

[183] ***Unlike ATUFS, the older versions of TUFS were all Bank-driven where the subsidy claims were processed and forwarded by the Banks to the Office of Textile Commissioner and the subsidy was also credited in the accounts of beneficiaries through those Banks only.***

6.1.5 Performance and Impact Assessment of the Scheme

The Ministry of Textiles launched the Amended Technology Upgradation Fund Scheme (ATUFS) in January 2016 to augment employment, investment, productivity, quality and exports in the textile industry.

Audit observations on the performance and impact of the Scheme are discussed below:

6.1.5.1 Infusion of subsidy into the textile industry

As per the Note (December 2015) for the Cabinet Committee on Economic Affairs (CCEA) for introduction of ATUFS, the financial implication under ATUFS was ₹17,822 crore over a period of five years from 1 April 2015 to 31 March 2022, which would include committed liabilities of ₹12,671 crore of previous TUFS cases and ₹5,151 crore for new cases under ATUFS.

As per the data reflected on i-TUFS software as on 31 March 2024, the subsidy benefit released to the textile industry under the previous TUFS and ATUFS from 2016-17 to 2023-24 was as under:

Table 6.6: Subsidy released under ATUFS and previous TUFS

(in ₹ crore)

Year	Subsidy released in previous TUFS cases			Subsidy released in ATUFS	Total
	MTUFS	RTUFS	RRTUFS		
2016-17	620.57	506.08	1,391.17	0	2,517.82
2017-18	152.00	383.28	1,067.88	0.73	1,603.89
2018-19	20.46	100.48	323.98	21.03	465.95
2019-20	0	0.43	58.83	197.94	257.20
2020-21	0	0	137.70	391.02	528.72
2021-22	5.92	4.42	128.26	467.51	606.11
2022-23	0.21	1.02	103.49	522.03	626.75
2023-24	1.56	0.00	87.56	493.93	583.05
Total	**800.72**	**995.71**	**3,298.87**	**2,094.19**	**7,189.49**

It can be seen from the above table that:

- Subsidy amounting to ₹5,095 crore (40 *per cent*) was released against total provision of ₹12,671 crore under previous TUFS. Similarly, under ATUFS, subsidy amounting to ₹2,094 crore (41 *per cent*) was released against total provision of ₹5,151 crore.
- The take-off of ATUFS was slow in the initial four years between 2016-17 and 2019-20 as subsidy amounting to ₹220 crore only was released during this period, which constituted 10.51 *per cent* of the total subsidy released over the period of eight years.

The Ministry/Office of Textile Commissioner replied (August 2024) that the release of lesser amount of subsidy under ATUFS in the initial four years was due to units having procured machineries from non-enlisted manufacturers, deficient JIT reports, reconsideration of some cases after revision of Scheme guidelines, manual processing of the claims, delegation of financial powers to Regional Offices, limited manpower in Office of Textile Commissioner, etc.

The Ministry/Office of Textile Commissioner further replied (December 2024) that subsidy amounting to ₹2,327 crore had been released upto 16 December 2024 under the Scheme.

The Ministry further replied (May 2025) that during the initial years, settlement of claims was impacted due to the transition to a new framework involving 100 *per cent* physical verification, introduction of centralised approvals and the shift from a bank-led model to direct government implementation. It further stated that as on date 100 *per cent* claims had been inspected and 97 *per cent* settled within due period.

The reply needs to be viewed in light of the fact that the audit observation relates to low infusion of subsidy in terms of actual release of subsidy vis-à-vis the funds allocation made under the Scheme. However, the Ministry has replied about conduct of joint inspections vis-à-vis the requests received for inspections and settlement of claims vis-à-vis the cases where the claims have been passed for payment after conduction of joint inspections. The fact, however, remains that out of the allocation of ₹17,822 crore under ATUFS for a period of seven years from 1 April 2015 to 31 March 2022, subsidy of only ₹7,189.49 crore (41 *per cent*) could be released up to 31 March 2024.

6.1.5.2 Impact on employment and investment

One of the objectives of ATUFS was to augment investment and employment in the textile industry. As per the approved CCEA Note, the Scheme targeted creation of employment for 35.62 lakh persons and investment amounting to ₹95,950 crore with anticipated subsidy claims of ₹6,272 crore arising from 17,263 applications over a period of seven years from 2015-16 to 2021-22.

Against the anticipated subsidy claims of ₹6,272 crore, funds amounting to ₹5,151 crore had been provided under the Scheme towards ATUFS. Accordingly, for the purpose of assessing the achievement vis-à-vis targets, Audit adjusted the CCEA targets based on the actual subsidy allocation of ₹5,151 crore, as contended in the reply of the Ministry/Office of Textile Commissioner (August 2024) in this regard.

Audit compared the i-TUFS data (as on 31 March 2024) with the adjusted targets and the comparative position is shown below:

Table 6.7: Achievements vis-à-vis targets of the Scheme

Description	Estimated target as per CCEA note	Adjusted Targets based on actual subsidy allocation[184]	Status as per applications received	*per cent* against target	Status as per approved claims	*per cent* against target
No. of cases	17,263	14,177	14,389	101	8,820	62
Subsidy (in ₹crore)	6,272	5,151	4,970	96	2,094	41
Investment (total project cost in ₹crore)	95,950	78,800	69,160	88	37,898	48
Employment (Number)	35,62,416	29,25,702	17,32,704	59	6,87,869	24

It may be seen from the above table that:

(i) Against the targeted number of 14,177 applications, the actual number of applications approved under ATUFS as of March 2024 were 8,820 indicating an achievement of 62 *per cent*. Subsidy amounting to ₹2,094 crore only had been released (after settlement of 8,820 applications) as against the targeted subsidy release of ₹5,151 crore, indicating an achievement of 41 *per cent.*

(ii) As of March 2024, target for investment had been achieved only to the extent of 48 *per cent* consequent to settlement of 8,820 applications in a span of nine years. Considering the total UID applications received, the expected maximum achievement would be 88 *per cent* of the targeted investment.

(iii) Target for employment generation was achieved only to the extent of 24 *per cent* as of March 2024. Considering the total UID applications received, the expected maximum achievement would be 59 *per cent* of the targeted employment generation.

After the Exit Conference (December 2024), the Ministry/Office of Textile Commissioner provided a different methodology for arriving at the targets and achievements. It was stated that there were 12,925 applications in respect of which request for Joint Inspection of machinery had been received. These 12,925 applications entailed investment of ₹65,603 crore and employment of 16,31,084 persons. The CCEA targets for investment and employment were proportionately reduced by the Ministry based on 12,925 applications and it was concluded that actual achievement was made to the extent of 91 *per cent* in terms of investment and 61 *per cent* in terms of employment generation.

The Ministry replied (May 2025) that the methodology of calculation of achievement against estimated target may be acceptable parameter as the targets were set by CCEA for employment and investment in proportion to the number of applications. The achievement

[184] Funds amounting to ₹5,151 crore had been provided for ATUFS cases as against the estimated subsidy claims of ₹6,272 crore.

for employment and investment may be calculated on the basis of claims and not based upon the released claims as overall capacity increase has been observed in such cases as well.

Audit, however, is of the view that the methodology adopted by the Ministry/Office of Textile Commissioner is not appropriate since the targets set by CCEA for employment and investment cannot be reduced in proportion to the number of applications in which Joint Inspection requests had been received. The achievement in terms of employment and investment should be considered only on the basis of approved cases (where subsidy has been released) and not on the basis of applications where Joint Inspection requests have been received. However, Audit has already indicated the maximum expected achievement also, based on the number of applications received under the Scheme.

6.1.5.3 Segment-wise investment and employment

The garment sector generates the highest employment. Hence, to push this segment, subsidy at the rate of 15 *per cent* was provided in the Scheme guidelines. As per the Note for CCEA for introduction of ATUFS, the scope of employment in garment segment was 155 jobs per crore of investment.

As per the data on i-TUFS software as on 31 March 2024, the segment-wise position of investment and employment generation was as under:

Table 6.8: Segment-wise investment and employment

Sl. No	Segment Name	UID Applications			Subsidy approved cases			
		Applied	Expected Employment	Expected Investment (in ₹ crore)	No. of cases	Employment (Nos)	Investment received (₹ crore)	Subsidy released (in ₹ crore)
1	Garmenting	1,468	5,44,430	3,325.55	424	1,50,644	999.23	93.41
2	Handloom	60	523	56.30	0	0	0	0
3	Jute	13	20,390	16.52	1	1,841	1.81	0.14
4	Multi-Activity	2,293	7,09,229	31,693.05	1,016	2,35,320	13,602.89	556.23
5	Processing	1,622	2,18,006	6,602.54	963	1,48,232	3,785.23	177.51
6	Silk	30	826	41.44	1	59	10.79	0.24
7	Technical Textiles	534	47,128	4,243.67	250	19,443	1,982.89	138.11
8	Weaving	8,369	1,92,172	23,180.87	6,165	1,32,330	17,514.67	1,128.55
	Total	**14,389**	**17,32,704**	**69,160**	**8,820**	**6,87,869**	**37,898**	**2,094.19**

As seen from the table:

- Against the expected employment of 5.44 lakh in the Garmenting segment, only 1.51 lakh (28 *per cent*) of actual employment could be generated as of March 2024 and there was ₹999.23 crore of investment in this segment which constituted 30 *per cent* of the expected investment of ₹3,325.55 crore.

- The technical textiles segment had been identified as the sunrise sector[185] by the Ministry. However, out of 534 UID cases with an expected investment of ₹4,243.67 crore, only 250 cases were approved, and an investment of ₹1,982.89 crore (47 *per cent*) was received till March 2024. Employment generation in this segment was 19,443 which constituted 41 *per cent* of the expected employment of 47,128 persons.
- The Scheme attracted no/negligible investment in Jute, Handloom and Silk segments.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that in garments sector it was very difficult to establish credit linkage and shipping linkage due to machines imported under custom bonded warehouses, lack of documentation for machines imported under high seas sale agreements, imported machines supplied by indigenous supplier without shipping documents, etc. The Technical Textiles segment requires huge investment. There have been challenges due to the nature of machinery and constant review by experts which makes the process slow. In Jute, Handloom and Silk sectors, there are largely MSMEs and to incentivize these sectors, various schemes are being run by specific organisations like Development Commissioner (Handlooms), Central Silk Board, Office of Jute Commissioner, National Jute Board, where benefit/assistance/support on investment/skill development/marketing assistance is being provided.

The Ministry replied (May 2025) that it had taken steps through constant institutional engagement to support high employment generating segments like Garmenting.

The reply needs to be viewed in light of the fact that the above stated challenges should have been timely addressed in order to fully achieve the objectives of the Scheme viz. to increase investment and provide employment opportunities in the textile industry.

Recommendation No. 40: The Ministry may identify the reasons for non-achievement of the expected objectives of the scheme and take necessary action to settle the pending cases at the earliest in order to achieve the targeted level of employment and investment to the maximum extent.

Recommendation No. 41: The Ministry may analyse segment-wise infusion of subsidy and identify reasons of low infusion of subsidy in the high employment generating segments like Garmenting and take appropriate action.

6.1.6 Performance of i-TUFS software

An agreement was entered into (January 2015) between the Textile Commissioner and M/s Silver Touch Technologies Limited (Software Agency) whereby the Software Agency was entrusted with the task of developing comprehensive software for management of Technology Upgradation Fund Scheme (TUFS) for Textiles and Jute Industries on turnkey

[185] Sunrise sectors refer to sectors in their nascent stages but are expected to experience rapid growth and make significant economic impact.

basis, which would be known as i-TUFS. The contract price was ₹2.35 crore (excluding service tax). The key activities in the scope of work of the Software Agency were as under:

(a) Develop application for i-TUFS with provision for addition of data and individual provisions for beneficiaries.

(b) Port data from existing applications to new system.

(c) Provide technical support for seven years from date of implementation of system with provision for modification from time to time.

(d) To cover all sub-schemes of TUFS (RRTUFS, RTUFS, MTUFS etc.)

(e) Management Information System on TUFS and other reports and Dashboard.

The i-TUFS software was launched on 8 April 2015.

Audit observations on the performance of the Software Agency and the i-TUFS software are discussed below:

6.1.6.1 Development of automation module in i-TUFS software

In compliance with the decision taken in the fifth meeting of Inter-Ministerial Steering Committee held on 22 October 2021 regarding automation of inspection/verification of the assets/machines installed by the beneficiaries, the Office of Textile Commissioner requested (December 2021) the Software Agency to develop a module in the existing i-TUFS software for implementing the same and to submit a proposal along with the demo of the module developed at the earliest.

The Office of Textile Commissioner found (April 2022) that the functional demo given by the Software Agency for automation module had several shortcomings and required lot of rectifications before making it live. It was also noted that the Software Agency may not be able to develop certain functionalities required as per the protocol approved by the Ministry. The Office of Textile Commissioner, therefore, requested (April 2022) the Ministry of Textiles that the automation module may be developed by NIC, which may be integrated with the existing i-TUFS portal or may be developed and made live on separate platform by migrating data from i-TUFS which would help to launch the new module without further delays.

Audit, however, observed that even after more than three years of the decision taken by the Inter-Ministerial Steering Committee, the automation module had not been developed and Joint Inspections were being conducted in physical mode as of November 2024.

The Office of Textile Commissioner replied (December 2023) that the automation module was not part of the original agreement with the Software Agency and it was an afterthought to improve/expedite the delivery of services as huge number of applications were to be processed for inspection. Subsequently, it was decided to go for 100 *per cent* physical inspection and accordingly the automated module was not developed/pursued further.

The Ministry replied (May 2025) that one of the key concerns identified during deliberation for automation module was the need for capacity building among MSME stakeholders to accurately upload machine details without which automation module would have failed.

The lack of such capacity posed risks of data inaccuracy, further delays in claim processing and increased chances of previous version like scenario in future. Hence, to ensure timely and accurate claims disposal, a considered decision to continue with physical inspection was taken, which allowed for faster verification and reduced the burden on MSME units.

The reply needs to be viewed in light of the fact that 31 *per cent*[186] of the applications were pending as of March 2024 due to manual/physical inspection and the automation module was not yet developed, even after more than three years of taking decision in this regard.

6.1.6.2 Operation of i-TUFS software

(a) Absence of legal agreement for technical support

After the expiry of the agreement with the Software Agency on 31 March 2022, a new agreement was signed with the Software Agency only on 28 July 2023, after a delay of 16 months.

Audit observed that during the period from April 2022 till a new agreement was signed in July 2023 with the Software Agency, the i-TUFS software was operated without any legal agreement for maintenance/technical support which exposed the data of beneficiaries to risk and left the software vulnerable. Soon after the lapse of agreement in March 2022, a hacking incident of a user account occurred in Regional Textile Office Ahmedabad on 25 April 2022 resulting in rejection/return of more than 100 applications.

Thus, the Office of Textile Commissioner did not execute the new agreement before expiry of the existing agreement despite being empowered in this regard and it took 16 months to sign the new agreement. Further, in the absence of a legal agreement during the intervening period, action could not be taken on the Software Agency for hacking of the software.

The Ministry/Office of Textile Commissioner replied (December 2023 and August 2024) that a proposal submitted by the Software Agency for Annual Maintenance Contract and enhancement of i-TUFS had been sent (March 2022) to the Ministry. Meanwhile, the Centre for Development of Advanced Computing (CDAC) was engaged in July 2022 for security and forensic audits of i-TUFS software to ensure security and integrity of data. After clearance from the Ministry, AMC was signed with the Software Agency on 28 July 2023. It was further stated that software problems were not in the control of the implementing agency and best efforts were made to contain the impact of the problem.

The reply needs to be viewed in light of the fact that the Office of Textile Commissioner did not take timely action for entering into the AMC with the Software Agency, leaving the system vulnerable and prone to data breaches and cyber-attacks.

(b) Integration of PFMS module with i-TUFS software

As per the terms of reference and scope of work of the agreement (January 2015), the Software Agency had to provide the scope for transfer of subsidy directly to the beneficiary account in the software which also required procedural changes at the Ministry level.

[186] Out of 12,863 cases of ATUFS where request for JIT had been received, subsidy was released in 8,820 cases till March 2024.

The Office of Textile Commissioner in its letter (June 2015) to Office of Chief Controller of Accounts (in the Ministry of Textiles) stated that the subsidy disbursed should have an interface with the accounting software of the Pay and Accounts Office of the Ministry (PFMS), so that the subsidy released is directly credited to the beneficiary concerned and can be shown on a real time and transparent manner to serve the purpose of ease of doing business. It shall also enable all the stakeholders of TUFS to have the knowledge of real time progress.

However, Audit observed that concerted efforts were not made by the Ministry/Office of Textile Commissioner to integrate the PFMS module with i-TUFS software which could have otherwise avoided/reduced the average delay of 54 days against the prescribed timeline of 21 days in release of subsidy to beneficiaries account, after generation of challans.

The Ministry/Office of Textile Commissioner replied (December 2023, August 2024 and May 2025) that the PFMS software is maintained by the Ministry of Finance and works on different platforms. The delay in integration with PFMS stemmed from significant technical and procedural challenges, including the need for coordination with the Ministry of Finance, platform compatibility issues between i-TUFS and PFMS, and manual validation of beneficiary data. Majority of the beneficiaries of ATUFS Scheme were MSME units who had limited knowledge on the due procedures followed in submission of documents/details with respect to change in name, address, account details, etc. Office of Textile Commissioner has to validate the bank details, one-time correction in address, PAN, bank account, etc. of the beneficiaries on the PFMS software before release of subsidy.

The reply needs to be seen in light of the fact that the opportunity for transfer of subsidy directly to the beneficiary account in the software was not utilised effectively, thereby affecting the objective of integration, which was to enable the release of subsidy in real time and in a transparent manner to serve the purpose of ease of doing business.

(c) Shutting down of i-TUFS portal for six months

The objective of i-TUFS software was to strengthen and streamline the processing of subsidy claims under the Scheme and bring about transparency in the system. After the hacking incident of April 2022, the Office of Textile Commissioner approached (July 2022) the Centre for Development of Advanced Computing (CDAC) to perform the security audit and forensic analysis of the i-TUFS software. The report of CDAC (16 January 2023) revealed serious vulnerability/security concerns in the software which made the i-TUFS portal vulnerable and unsafe for public deployment. Some of the issues pointed out in the Report of CDAC were as under:

(a) Weak password policy with around 400 users sharing the same password which was the default password provided at the time of account creation.

(b) Erasing of the event log files of the database server on two occasions. Further, space allocated (2 GB) for storing these logs was very less which could get exhausted in less than a month’s time.

(c) The portal was configured to use insecure communication and Secure Sockets Layer (SSL)/ Transport Layer Security (TLS)[187] was not configured.

CDAC advised (23 January 2023) the Textiles Commissioner to limit access to the server from the Office of Textile Commissioner and to back-up all the data in the server at the earliest. On 24 January 2023, the Office of Textile Commissioner issued a public notice on its website advising the users not to access i-TUFS portal till further orders.

The Ministry of Textiles advised (February 2023) the Office of Textile Commissioner to take expeditious and effective actions to make available either i-TUFS portal after addressing the security/vulnerability concerns or launch a new portal within a period of one month, to ensure online claim settlement as per the Scheme guidelines. However, the i-TUFS software remained shut down till 24 July 2023 i.e for six months since 24 January 2023. The closing down of the software for public/beneficiaries hampered the processing of the claims as only 538 claims were settled during these six months.

The Ministry/Office of Textile Commissioner replied (December 2023 and August 2024) that during the period of closure of portal, claims were processed through limited access of the portal on Virtual Private Network (VPN). As regards the CDAC Report, necessary remedial measures were being taken by way of implementation of a new encryption password policy, periodical clearing of drive space to allow fresh logs to appear and installation of SSL certificate in the i-TUFS software.

The Ministry further replied (May 2025) that the Office of Textile Commissioner was the implementing agency for administration of i-TUFS portal and software isolation was used to strengthen the system security as it was necessary to prevent unauthorised access or data breaches to maintain the integrity of audit. The shutdown did not hamper processing of cases at all.

The reply was not convincing as beneficiaries and other stakeholders could not access the portal for six months, which resulted in non-receipt of JIT requests and had cascading impact on processing of claims.

6.1.6.3 Analysis of data of i-TUFS software

As per the revised Scheme guidelines, the i-TUFS software was to provide a strong maker-checker, character control and other internal controls in software to ensure that data error should not creep in the system.

Audit analysed the data of 14,389 UIDs of i-TUFS software and found the following discrepancies:

(i) As per the Scheme Guidelines, first, the applicant/unit seeking subsidy benefit under the Scheme has to approach the bank for sanction of term loan. Thereafter, applicant has to submit application within six months from the date of sanction of the term loan

[187] SSL is standard technology for securing an internet connection by encrypting data sent between a website and a browser (or between two servers). It prevents hackers from seeing or stealing any information transferred. TLS is an updated, more secure version of SSL.

through i-TUFS portal to the Office of Textile Commissioner for issuance of UID number.

Audit observed that in respect of 36 cases amounting to ₹13.22 crore, date of UID generation was found prior to the date of sanction of term loan. Out of the aforesaid cases, subsidy of ₹4.50 crore had also been released in 22 cases **(Annexure-XXXIII)**.

(ii) As per Scheme Guidelines, the applicant/unit has to make Joint Inspection (JIT) request within one year from the date of sanction of term loan and physical inspection of the machinery procured under the Scheme was to be done within 88 days from receipt of the JIT request. JIT report was to be uploaded within two days after conduct of the JIT. In this regard following discrepancies were observed:

- JIT request date was prior to the date of sanction of term loan in 19 cases with subsidy value of ₹9.76 crore. Out of the aforesaid cases, subsidy of ₹2.79 crore had been released in 12 cases **(Annexure-XXXIV)**.
- JIT was conducted before the JIT request in 361 cases with subsidy value of ₹172.59 crore. Out of the aforesaid cases, an amount of ₹89.49 crore had been released in 265 cases.
- JIT reports were found to be uploaded prior to the date of conduct of JIT in 34 cases with subsidy value of ₹10.52 crore. Out of the aforesaid cases, an amount of ₹5.21 crore had been released in 25 cases.
- Challans in 5,097 cases with subsidy value of ₹798.86 crore were found to be issued without uploading the JIT report as there were NULL/No date written in the column of JIT upload date. Out of aforesaid cases, subsidy of ₹686.09 crore had been released in 5,001 cases.
- Subsidy was to be released only after preparation of challans; however, it was observed that in seven cases with subsidy value of ₹0.82 crore, the subsidy released date was prior to the challan date.

The above discrepancies raise serious doubt on data validation in the i-TUFS software.

The Ministry of Textiles/Office of Textile Commissioner replied (August 2024) that there was disparity in the data pointed out by Audit. The UID had not been generated before the date of sanction and in the seven cases pointed out by Audit, subsidy had been released after generation of Challan. The marking in the software (data input) was a typing mistake and there was no provision to correct the marking of dates in i-TUFS portal. The provision to make necessary corrections in dates was in process with the Software Agency.

The Ministry further replied (May 2025) that the term loan date entered in the portal by bank differed in 36 claims due to wrong entry by the bank and there was no Standard Operating Procedure (SOP) to update the date in the portal. The discrepancies identified in the i-TUFS data should not be viewed as serious lapses as majority of the units are MSMEs and their technical literacy may be taken into account here. It was further stated that such lapses were being identified and rectified in manual examination.

The reply of the Ministry about the i-TUFS portal not having any provision to correct the marking of dates and lack of an SOP to update the term loan date entered in the portal are indicators of weak internal controls in the portal, which necessitate the incorporation of the required functionality to generate soft alerts as soon as any inconsistent data is entered.

6.1.6.4 Breach of overall ceiling limit for pre-authorisation of subsidy benefit

As per the ATUFS guidelines, the maximum pre-authorised subsidy for a unit would be ₹20 crore in the case of Weaving and Processing segments and ₹30 crore in the case of Technical Textile/Garmenting segment. In its second meeting (March 2016), the Technical Advisory-cum-Monitoring Committee had clarified that Capital Investment Subsidy and Interest Reimbursement pre-authorised under a UID has to be considered while determining the overall ceiling fixed for an individual entity.

Audit, however, observed that in the case of one unit, threshold of ceiling was breached as given below:

Table 6.9: Breach of ceiling for subsidy

Reference number	UID number	Pre-authorised subsidy as per UID (₹ in crore)
ATUFS/2021-22/937	ATUFS/2021-22/O/001440	3.31
ATUFS/2021-22/3195	ATUFS/2021-22/GT/004343	10.72
ATUFS/2018-19/2883	ATUFS/2019-20/O/000407	16.35
Total		**30.38**

Thus, the Office of Textile Commissioner and the i-TUFS software could not check and limit the pre-authorised subsidy to the unit up to the overall ceiling fixed for an individual entity.

The Ministry of Textiles replied (December 2024) that the breach of ceiling was seen in single exceptional case and as such the ceiling was monitored at processing stages also to prevent any breach. The Ministry further replied (May 2025) that in one isolated instance, a system-generated error occurred. However, the system's strong hybrid verification prevented any excess release.

The reply may be seen in the light of the fact that the pre-authorised subsidy was to be restricted to the prescribed limit through i-TUFS software and the system should not have allowed even a single case to breach the limit.

Recommendation No. 42: The Ministry may consider making necessary corrections/modifications in the i-TUFS software in order to achieve the objective of ease of doing business and avoid unnecessary delay in releasing the subsidy. The Ministry may also ensure making necessary corrections in view of data discrepancies pointed out by Audit. Further, there should be a system of generating soft alerts whenever inconsistent data is entered.

6.1.7 Evaluation and Monitoring of the Scheme

As per the Scheme Guidelines, the IMSC was to review the progress of the Scheme half-yearly and ensure effective implementation. However, in the fifth meeting of IMSC (October 2021), it was decided to hold quarterly meetings.

Audit noticed that only 10 IMSC meetings were held during January 2016 to March 2024, as against 22 IMSC meetings required to be conducted as per the Scheme Guidelines.

The Ministry of Textiles replied (May 2025) that as of March 2025, total 11 IMSC meetings were held. Further, it stated that numerous decisions had been taken by the Ministry to facilitate the industry and ensure the successful implementation of the Scheme.

The fact remains that there was deficiency in conduct of IMSC meetings as only 11 meetings were conducted against 26 meetings required to be conducted, as of March 2025.

6.1.8 Conclusion

The Ministry of Textiles launched 'Amended Technology Upgradation Fund Scheme (ATUFS)' in January 2016 with the objective to augment employment, investment, exports, productivity and quality in order to promote ease of doing business through Make-in-India with zero effect and zero defect. The ATUF Scheme aimed to generate employment for around 36 lakh persons and attract investment of ₹95,950 crore in seven years between 2015-16 and 2021-22. A total provision of ₹17,822 crore was made for the Scheme out of which ₹12,671 crore was allocated towards committed liabilities of previous versions of TUFS and ₹5,151 crore for new cases under the ATUF Scheme.

Of the total outlay of ₹17,822 crore, funds amounting to ₹7,189 crore (40 *per cent*) could be infused into the textile industry through the TUF Schemes between 2016-17 and 2023-24. The decision of the Ministry in 2019 to release further subsidy under previous versions of TUFS after conducting physical inspection was not successful as only 535 cases (six *per cent*) out of total 8,453 ongoing cases could be settled in five years, as of January 2025.

Similarly, out of the total outlay of ₹5,151 crore for ATUFS, only ₹2,094 crore (41 *per cent*) could be infused into the textile industry between 2016-17 and 2023-24. The ATUF Scheme could not fully achieve its intended targets as only 6.88 lakh of employment could be generated and investment of ₹37,898 crore could be attracted.

Delays in releasing subsidy were noticed and the delays occurred at every stage of processing. After conduct of Joint Inspection, the average delay was found to be 694 days in generation of challans against the prescribed timeline of 30 days. Instead of implementing the Scheme online through i-TUFS portal, claims were being processed and calculated manually in physical files.

The objective of ease of doing business through i-TUFS software and faster online processing of claims could not be fully achieved due to delay in modification and development of automation module and shutting down of i-TUFS portal for six months.

Despite a span of more than 16 years since the inception of the TUF Scheme, the Ministry could not simplify the provisions of the Scheme to ensure timely release of subsidy to the beneficiaries which resulted in inadequate infusion of capital into the textile industry.

CHAPTER VII: MINISTRY OF TOURISM

7.1 Blocking of funds due to non-conducting of skill development programmes

The Ministry of Tourism released funds amounting to ₹1.35 crore to Maharashtra Tourism Development Corporation for conducting skill development programmes under 'Hunar Se Rozgar Tak' Programme. However, neither the training programmes were completed/conducted, nor was the unspent amount refunded, which resulted in blocking of funds to the tune of ₹1.20 crore and also entailed loss of interest thereon amounting to ₹1.43 crore.

Under the Scheme of 'Capacity Building for Service Providers', the Ministry of Tourism provided financial assistance to Government sponsored Tourism and Hospitality Institutes, State Tourism Development Corporation and State Governments to conduct skill development programmes called 'Hunar Se Rozgar Tak'. The programmes aimed at targeting persons with inadequate means and in need to acquire skills facilitative to employment.

In case of two of such skill development programmes funded by the Ministry of Tourism, Audit observed the following:

(i) An amount of ₹1.52 crore was sanctioned (September 2011) in favour of Maharashtra Tourism Development Corporation (MTDC) for training of 1,440 persons under 'Hunar Se Rozgar Tak' Programme during the year 2011-12 and an amount of ₹76.13 lakh (50 *per cent* of the sanctioned amount) was released as first instalment. The training programmes were to be implemented through the Department of Vocational Studies and Training (DVET), Government of Maharashtra. The implementing agency was required to furnish performance-cum-achievement report to the Ministry.

Audit noticed that no training programmes were conducted during the years 2011-12 and 2012-13 by DVET. In 2013-14, only 150 persons were trained by DVET incurring an expenditure of ₹14.87 lakh. It was also noticed that the Ministry sought compliance report from DVET on the conduct of training programmes in September 2014. No further action was taken by the Ministry thereafter. Neither performance-cum-achievement report nor any utilisation certificates for the funds released or the refund of the unspent amount of ₹61.26 lakh (₹76.13 lakh - ₹14.87 lakh) was received from MTDC/DVET. The Ministry sought (January 2023) the details of the training programmes from MTDC only after Audit sought the latest status of the case.

(ii) Despite non-conduct of the requisite number of training programmes and non-refund of unspent funds by MTDC/DVET in the above case, the Ministry of Tourism again sanctioned (January 2015) Central Financial Assistance of ₹1.18 crore and released first instalment of ₹59.20 lakh (being 50 *per cent* of sanctioned assistance) to MTDC for conducting training programmes under the 'Hunar Se Rozgar Tak' Programme. As per the sanction order, MTDC was to train 1,120 persons before the close of financial year 2014-

15 and was also required to furnish performance-cum-achievement report to the Ministry in respect of the training programmes completed at the end of the financial year.

It was noticed that MTDC did not conduct any training programme. The utilisation certificate and performance-cum-achievement report were also not submitted by MTDC. The Ministry requested (March 2018) the Government of Maharashtra/MTDC to refund the released amount. However, the same was not refunded. No action was taken by the Ministry in the matter after March 2018.

The Ministry of Tourism replied (June 2024) that they had requested MTDC to refund the unspent balance along with interest at the rate of 10 *per cent* per annum.

The reply needs to be viewed in light of the fact that the Ministry requested MTDC for refund only after being pointed out by the Audit. Further, the unspent balance of ₹1.20 crore (₹61.26 lakh and ₹59.20 lakh) along with interest amounting to ₹1.43 crore[188] was yet to be refunded (March 2025).

Thus, even after a considerable lapse of nine to 12 years from the stipulated timelines, the training programmes were neither completed/conducted nor the unspent amount of ₹1.20 crore along with interest thereon was recovered. The Ministry sanctioned further financial assistance of ₹1.18 crore to MTDC without ensuring utilization of the previously sanctioned assistance. The Ministry also did not take up the matter regularly with the State Government/Corporations concerned which indicates ineffective monitoring on the part of the Ministry. Further, the objective of developing skills facilitative to employment was also not achieved to that extent.

7.2 Scheme for Assistance to Central Agencies for Tourism Infrastructure Development

7.2.1 Introduction

The Scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development' aims at holistic development of tourist infrastructure at all important tourist destinations which are under the jurisdiction/control of Central Agencies like Archaeological Survey of India, Port Trusts in India, Indian Tourism Development Corporation Limited etc. The overall development of tourist places under these Central Agencies may not be possible through their own resources. They may require convergence of resources, expertise and experience for maintenance and management after development.

Under the Scheme, the Ministry extends assistance to Central Agencies for the development of places of tourist interest, the illumination and preservation of monuments, and the development of cruise terminals that are under the control of Central Agencies. In case, the Central Agency is working as an Implementation Agency, the product developed is transferred to the concerned authority upon completion of work.

[188] ***Interest on unspent amount has been calculated at the rate of 10 per cent per annum (as per Ministry's reply) from the date of release of funds up to March 2025.***

7.2.2 Audit findings

Between 2012-13 and 2022-23, the Ministry of Tourism had sanctioned an amount of ₹725.90 crore for 37 projects under the Scheme for ‘Assistance to Central Agencies for Tourism Infrastructure Development. Out of these, Audit examined records relating to sanction and execution of three projects *viz.* (i) Sound and Light Show at Dal Lake, Srinagar; (ii) Sound and Light Show at Diu Fort, Diu; and (iii) Sports Authority of India’s Golf Course at Trivandrum, Kerala. Besides, remittance of interest on unspent funds by the Central Agency to the Ministry of Tourism was also reviewed by Audit in respect of five projects[189].

The audit findings are discussed below:

7.2.2.1 Sound and Light Show at Dal Lake, Srinagar

The Ministry of Tourism sanctioned (June 2012) a project for ‘Setting up of Laser Show/Multimedia Show’ at Char Chinar, Dal Lake, Srinagar in Jammu and Kashmir to be carried out jointly by Indian Tourism Development Corporation (ITDC) and the State Government of Jammu and Kashmir, with Central Financial Assistance of ₹ five crore, under the Product/Infrastructure Development of Destinations and Circuits (PIDDC) Scheme. The Ministry sanctioned the release of ₹ one crore (i.e. 20 *per cent* of the Central Financial Assistance) to ITDC as first instalment in advance for starting the work. The project was to be commissioned within eight months from the date of sanction.

The work was awarded (April 2013) by ITDC to a private contractor for ₹3.46 crore. While the work had not been completed, the PIDDC scheme was discontinued in the year 2015-16. As per the guidelines of another Scheme, namely ‘Assistance to Central Agencies for Tourism Infrastructure Development’, effective from September 2015, the projects taken up earlier under any other Scheme of the Ministry of Tourism that remained incomplete due to technical/administrative reasons would be taken up under this Scheme.

Accordingly, based on a proposal received from ITDC, the Ministry issued (December 2016) revised sanction amounting to ₹3.16 crore for the above project under the Scheme for Assistance to Central Agencies for Tourism Infrastructure Development. No funds were, however, released in December 2016. In addition to earlier release of ₹1.00 crore, ITDC was allowed to retain the unspent balance of ₹84.89 lakh lying with it from a closed Sound and Light Show project at Shalimar Bagh, Srinagar. In September 2017, the Ministry, on the request of ITDC, released ₹2.16 crore as second instalment for the project, thus making a total release of ₹4.00 crore for this project.

[189] ***(i) Sound and Light Show at Yadvindra Garden, Pinjore, Haryana; (ii) Sound and Light Show at Purana Quila, New Delhi; (iii) Sound and Light Show and Water Screen Projection Multimedia Show at Ladakh; (iv) Tourism Infrastructure at Beltaal Lake, Madhya Pradesh; and (v) Sound and Light Show at Dal Lake, Srinagar***

Meanwhile, in June 2016, the Ministry sanctioned another Sound and Light show at SKICC Ghats (Dal Lake), Srinagar under the Swadesh Darshan Scheme[190]. The sanction for this project did not contain any information related to the earlier sanctioned project.

The State Government proposed change in location of the earlier project from Char Chinar to Nehru Park (June 2017), from Nehru Park to Nehru Botanical Garden (March 2018) and thereafter to Manasbal Lake (June 2018). The Ministry, however, declined the proposal of the State Government in July 2018 and recommended to relocate the project to Nigeen Lake as it was close to Dal Lake. Based on a Feasibility Report submitted (October 2018) by ITDC for relocation of the project to Nigeen Lake, formal approval was granted by the Ministry in July 2019 with the condition that the maximum time for completing the project would be six months from the date of approval. However, the transportation of material from Dal Lake to Nigeen Lake required prior approval of High Court[191] of Jammu and Kashmir which could not be obtained. Therefore, the project was closed by the Ministry in April 2023 and ITDC was asked (May 2023) to refund the parked funds along with interest.

Out of the total release of ₹4.00 crore by the Ministry, ITDC had already refunded (December 2022) an amount of ₹92 lakh as unspent funds.

In this regard, Audit observed that:

- The Ministry sanctioned two Sound and Light shows at the same lake (Dal Lake) under two different Schemes. The location of the previously sanctioned Show was changed in July 2018 to Nigeen Lake, even though it had achieved 80 *per cent* physical progress with utilization of 60 *per cent* of the funds by August 2017. However, shifting of the material from Dal Lake to Nigeen Lake required the approval of the High Court of Jammu and Kashmir which could not be obtained, thereby, resulting in closure of the project by the Ministry. Thus, the entire expenditure of ₹3.08 crore on the project became wasteful.
- The guidelines of the Scheme for Assistance to Central Agencies for Tourism Infrastructure Development and the terms of the sanction letter envisaged setting up of a Monitoring Committee having one nominee each from the Ministry and the Central Agency (ITDC) to monitor physical and financial progress of the project. However, no such Monitoring Committee was constituted. Consequently, the issues impacting the project were not addressed in a timely manner.

The Ministry replied (June 2023) that the project was delayed due to floods in 2014, discontinuation of PIDCC scheme and frequent changes in the location of the Show by the State Government. The Ministry further stated that the State Government could not obtain the approval of the High Court for shifting the material from Dal Lake to Nigeen Lake. In a review meeting held in April 2023, it was decided to close the project and accordingly,

[190] The Swadesh Darshan Scheme is a Central Sector flagship scheme launched (January 2015) by the Ministry of Tourism for the development of tourism infrastructure in the country.

[191] High Court of Jammu and Kashmir had banned all construction activities and carrying of building material in and around 200 meters from the periphery of Dal Lake.

ITDC was asked to refund the released Central Financial Assistance along with interest to the Ministry. The Ministry further stated (February 2024) that the observation of the Audit had been noted for strict future compliance.

The reply of the Ministry was silent on the reasons for sanction of two similar projects at the same location which necessitated relocation of the previously sanctioned project, despite having achieved 80 *per cent* completion.

7.2.2.2 Sound and Light Show at Diu Fort, Diu

The Administration of Union Territory of Daman and Diu submitted (January 2013) a project proposal to the Ministry of Tourism for setting up of a Sound and Light Show at Diu Fort, Diu. The Ministry approved (February 2015) the project with Central Financial Assistance of ₹7.75 crore under the Scheme for Assistance to Central Agencies for Tourism Infrastructure Development. ITDC, a Central Agency under the Ministry of Tourism, was the Implementing Agency for the project. The Ministry released ₹1.55 crore (20 *per cent* of the sanctioned Central Financial Assistance) as first instalment in February 2015.

The Ministry further released an amount of ₹4.65 crore to ITDC in September 2017. The physical installation of the Show was completed in October 2017.

In July 2018, Diu Administration conveyed their observations to ITDC regarding deficiencies in the Sound and Light show. After rectification of the issues by ITDC, the Show was inaugurated in December 2020 and was subsequently handed over to Diu Administration with effect from August 2021. It was noticed that the Show was not in operation since June 2022. The Show remained closed even prior to June 2022 at various intervals aggregating to 270 days due to different reasons[192].

In this regard, Audit observed the following:

- As per the sanction order, the project was to be commissioned within eight months i.e. by October 2015. However, the project was completed by ITDC in October 2017 after a delay of two years. Further, after completion of the project, the Diu Administration repeatedly conveyed its observations regarding the quality and performance of the Show to ITDC till February 2019. This resulted in delay in handing over of the Show to Diu Administration.
- The Diu Administration had given an undertaking that it would manage and operate the Show after completion. However, soon after the Show was taken over (August 2021) by the Diu Administration, it suffered from technical faults, damaged projector and was not in operation since June 2022.
- The Ministry released ₹6.20 crore (by September 2017) to ITDC. However, the total expenditure reported (October 2022) by ITDC for the project was ₹4.89 crore. The unspent amount of ₹1.31 crore had not been refunded by ITDC.

[192] ***Projector not working (128 days), Technician contracting Covid-19 infection (12 days), Technical fault (48 days), Thunderstorm (26 days) and No Audience (56 days).***

Thus, the facilities created at Diu Fort for the Sound and Light Show were lying idle even after a lapse of more than five years of completion of the project resulting in unfruitful expenditure of ₹4.89 crore. The unspent amount of ₹1.31 crore was refunded by ITDC on 12 October 2022. However, interest[193] on unspent amount to the tune of ₹32.85 lakh was not refunded.

The Ministry replied (June 2023 and February 2024) that the project was continuously reviewed through periodic meetings and detailed reports were also sought. After all the necessary rectifications were carried out by the Implementing Agency and with the intervention of the Ministry, the Show was taken over by Diu Administration in August 2021. The Ministry further stated that the audit observation has been noted for strict future compliance.

The reply of the Ministry may be seen in the light of the facts that the project was completed much after the scheduled time and several deficiencies were pointed out by the Diu Administration after the completion. The Show was finally taken over by the Diu Administration only in August 2021, after more than three years of its completion. Even after taking over by the Diu Administration, the Show suffered from technical faults, damaged projector, etc. and was closed since June 2022, despite the fact that Diu Administration had given an undertaking that it would manage and operate the Show after completion. Further, as per the Scheme guidelines, the Ministry of Tourism was to review the implementation of projects periodically. However, as per records made available to Audit, the Ministry had reviewed the project only in 2018 i.e. after completion of the project. Thus, the Ministry neither reviewed the project during the implementation period nor ensured maintenance and management of the created facilities for successful operation of the Show, rendering the entire expenditure of ₹4.89 crore unfruitful.

7.2.2.3 Upgradation of Golf Course at Sports Authority of India Golf Club, Kerala

The Ministry of Tourism sanctioned (March 2017) ₹24.65 crore for upgradation of the Golf Course at Sports Authority of India (Thiruvananthapuram) Golf Club, Kerala and released ₹12.32 crore as the first instalment. The project was to be completed within two years from the date of sanction i.e. by March 2019. Out of the total amount released, Sports Authority of India further released ₹9.27 crore to the executing agency (i.e. Central Public Works Department) and refunded the balance amount of ₹3.05 crore along with interest to the Ministry in December 2021.

In April 2023, the Ministry decided to close the project and asked Sports Authority of India to refund the parked funds along with the interest by 31 May 2023.

In this regard, Audit observed that:

(i) Clause 5.2 of guidelines of the Scheme for Assistance to Central Agencies for Tourism Infrastructure Development, stipulates, *inter alia*, the following activities that may be taken up under the Scheme:

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[193] ***Interest has been calculated at a conservative rate of 3.5 per cent per annum from the date of release of funds up to the date of refund of unspent amount.***

- Improvement of the surroundings of the destination including landscaping, development of parks, fencing, compound wall, etc.
- Illumination of the tourist destination, Sound and Light Shows/Multimedia Shows including setting up of civil amenities.
- Illumination/Restoration/Refurbishment of the Monuments, and
- Tourist Arrival Centre, Reception Centre, Interpretation Centre

Thus, in view of the above clause, the project 'Upgradation of the Golf Course' was not admissible for assistance under the Scheme.

(ii) As per the latest Utilisation Certificate (July 2023), an expenditure of ₹7.58 crore had been incurred on the project, against the total release of ₹9.27 crore. The balance amount of ₹1.69 crore along with interest[194] of ₹47.37 lakh was not refunded by Sports Authority of India.

The Ministry accepted (July 2023) the audit observation and stated that the observation of the Audit has been noted for strict compliance and in the future all such proposals will be dealt with by the separate division (Niche Tourism Division) which deals with the promotion of Golf Tourism. The Ministry further stated (February 2024) that Sports Authority of India was requested (October 2023) to refund the remaining amount of ₹1.69 crore.

7.2.2.4 Remittance of interest on unspent funds in five projects

The Department of Expenditure, Ministry of Finance, vide their Office Memorandum dated 9 March 2022 communicated the revised procedure for flow of funds under Central Sector Schemes. As per the Office Memorandum, all the Implementing Agencies were to return the entire unspent amount of the fund available in the bank account, to the Central Nodal Account of the Central Nodal Agency (CNA). Further, in terms of Rule[195] 230(8) of the General Finance Rules, 2017, the Ministry was to ensure that the interest earned from the funds was mandatorily remitted to the Consolidated Fund of India.

In this regard, Audit observed the following:

i. ITDC remitted (December 2022) an unspent balance amounting to ₹17.72 crore in the bank account of Central Nodal Agency i.e., National Council for Hotel Management and Catering Technology.

ii. The remitted unspent balance was parked in ITDC's bank account for a period ranging between 756 days to 1,910 days.

iii. ITDC remitted only the unspent balance. No interest was remitted into the bank account of Central Nodal Agency. Audit worked out the amount of interest on the

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[194] Interest has been calculated at a conservative rate of 3.5 per cent per annum from the date of release of funds up to 31 March 2025.

[195] Rule 230(8) of the General Financial Rules, 2017 states that all interests or other earnings against Grants in-aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts.

unspent balance as ₹2.10 crore (estimated at a conservative interest rate of 3.5 *per cent* per annum) for the period from date of release of funds till their remittance in the bank account of Central Nodal Agency.

Table 7.1: Details of accrued interest on the unspent balance of selected projects

(₹ in crore)

Projects	Amount Released	Unspent balance returned to Central Nodal Agency	Interest on unspent balance[196]
Sound and Light Show at Yadvindra Garden, Pinjore, Haryana	3.00	0.57	0.10
Sound and Light Show at Purana Quila, New Delhi	6.85	6.55	1.09
Sound and Light Show, and Water Screen Projection Multimedia Show at Ladakh	5.16	4.21	0.31
Tourism Infrastructure at Beltaal Lake, Madhya Pradesh	10.08	5.47	0.43
Sound and Light Show at Dal Lake, Srinagar	2.16	0.92	0.17
Total	**27.25**	**17.72**	**2.10**

iv. Audit could not notice working of any monitoring mechanism in the Ministry to track the financial progress of the projects or to monitor the utilisation of the released funds. Also, the Ministry neither raised any objection with ITDC regarding non-remittance of interest nor made any efforts to recover the interest from ITDC when the unspent balance was remitted to the bank account of Central Nodal Agency, resulting in a loss of interest amounting to ₹2.10 crore to the Government Exchequer.

The Ministry, while accepting the audit observation, replied (June 2023) that it was continuously taking up the matter with ITDC. Further, the Ministry replied (February 2024) that it had requested ITDC to remit the interest amount before sending the proposals for release of Central Financial Assistance. The Ministry also stated that the observation of Audit had been noted for strict future compliance.

7.2.3 Conclusion

The Ministry of Tourism did not exercise due diligence in approval of the tourism infrastructure projects in view of the facts that two projects relating to Sound and Light Shows were sanctioned at the same location (viz. Dal Lake, Srinagar) under two different Schemes, due to which one project was subsequently decided to be relocated to a different place and the other project was implemented. The said relocation also could not be done as

[196] ***Interest has been calculated for a period ranging between 756 days to 1910 days i.e. the time interval from date of release of funds till their remittance in the bank account of Central Nodal Agency***

necessary approval thereof from the High Court of Jammu and Kashmir could not be obtained by the State Government. Consequently, the project had to be closed by the Ministry. In respect of another Sound and Light Show project sanctioned at Diu Fort, there was lack of effective monitoring by the Ministry during implementation period due to which the completion of project was significantly delayed and even after completion, facilities created were lying idle due to lack of operation and maintenance by the State Government. Further, the Ministry sanctioned a project relating to upgradation of Golf Course in Kerala under the Scheme for Assistance to Central Agencies for Tourism Infrastructure Development, even though the said project was not admissible for assistance as per the guidelines of the Scheme. The above factors led to closure of these three projects resulting in wasteful/unfruitful/irregular expenditure of ₹15.55 crore. Further, interest of ₹2.10 crore was not recovered by the Ministry on unspent funds refunded by ITDC to the Ministry in respect of five projects.

(Anand Mohan Bajaj)
Deputy Comptroller and Auditor General
(Commercial & RC) and Chairman, Audit Board

New Delhi
Dated: 08 June 2026

Countersigned

(K. Sanjay Murthy)
Comptroller and Auditor General of India

New Delhi
Dated: 09 June 2026

ANNEXURES

Annexure-I

(Referred to in Para 1.1)

Economic and Service Ministries/Departments

Sl. No.	Economic and Service Ministries
1.	Civil Aviation
2.	Coal
3.	Commerce and Industry
4.	Corporate Affairs
5.	Heavy Industries
6.	Housing and Urban Affairs
7.	Micro, Small and Medium Enterprises
8.	Mines
9.	Petroleum and Natural Gas
10.	Ports, Shipping and Waterways
11.	Power
12.	Road Transport and Highways
13.	Steel
14.	Textiles
15.	Tourism
	Departments under Ministry of Chemicals and Fertilizers
1.	Department of Chemicals and Petrochemicals
	Departments under Ministry of Finance
2.	Department of Financial Services
3.	Department of Investment and Public Asset Management
4.	Department of Public Enterprises

Annexure-II

(Referred to in Para 1.2)

Central Autonomous Bodies under Economic and Service Ministries/Departments (as of March 2024)

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
1.	Airports Economic Regulatory Authority of India	Civil Aviation
2.	Rajiv Gandhi National Aviation University	
3.	Coal Mines Provident Fund Organisation	Coal
4.	Agricultural and Processed Food Products Export Development Authority	Commerce and Industry
5.	Coffee Board	
6.	Export Inspection Council	
7.	Footwear Design and Development Institute	
8.	Marine Products Export Development Authority	
9.	National Industrial Corridor Development and Implementation Trust	
10.	National Institute of Design, Ahmedabad	
11.	National Institute of Design, Andhra Pradesh	
12.	National Institute of Design, Assam	
13.	National Institute of Design, Haryana	
14.	National Institute of Design, Madhya Pradesh	
15.	Rubber Board	
16.	Spices Board	
17.	Tea Board India	
18.	Tobacco Board	
19.	Competition Commission of India	Corporate Affairs
20.	Insolvency and Bankruptcy Board of India	
21.	Investor Education and Protection Fund Authority	
22.	National Financial Reporting Authority	
23.	Stressed Assets Stabilisation Fund	Department of Financial Services
24.	Pension Fund Regulatory and Development Authority	
25.	Insurance Regulatory and Development Authority of India	
26.	National Automotive Board	Heavy Industries
27.	Delhi Development Authority	Housing and Urban Affairs
28.	Delhi Urban Art Commission	
29.	National Capital Region Planning Board	
30.	Real Estate Regulatory Authority, Chandigarh	
31.	Real Estate Regulatory Authority, NCT of Delhi	
32.	Rajghat Samadhi Committee	
33.	Coir Board	Micro, Small and Medium Enterprises
34.	Khadi and Village Industries Commission	
35.	Indian Institute of Petroleum and Energy	Petroleum and Natural Gas
36.	Oil Industry Development Board	
37.	Petroleum and Natural Gas Regulatory Board	
38.	Rajiv Gandhi Institute of Petroleum Technology	

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
39.	Calcutta Dock Labour Board	Ports, Shipping and Waterways
40.	Chennai Port Authority	
41.	Cochin Port Authority	
42.	Deendayal Port Authority	
43.	Indian Maritime University	
44.	Jawaharlal Nehru Port Authority	
45.	Mormugao Port Authority	
46.	Mumbai Port Authority	
47.	Mumbai Port Authority Pension Fund Trust	
48.	New Mangalore Port Authority	
49.	Paradip Port Authority	
50.	Seamen's Provident Fund Organisation	
51.	Syama Prasad Mookerjee Port	
52.	Tariff Authority for Major Ports	
53.	Visakhapatnam Port Authority	
54.	V.O. Chidambaranar Port Authority	
55.	Bureau of Energy Efficiency	Power
56.	Central Electricity Regulatory Commission	
57.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	
58.	Joint Electricity Regulatory Commission (for the UTs of J&K and Ladakh)	
59.	National Power Training Institute	
60.	Standing Conference of Public Enterprises	Department of Public Enterprises
61.	Central Silk Board	Textiles
62.	National Institute of Fashion Technology	
63.	National Jute Board	
64.	Textiles Committee	

Annexure-III

(Referred to in Para 1.5)

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (grants released upto March 2023)	Outstanding UCs which were due by 31.03.2024 in respect of grants released upto March 2023	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Housing and Urban Affairs	Up to 2022-23	1,808	16,039.28
	Total	**1,808**	**16,039.28**
Department of Financial Services	2020- 21 to 2022-23	4	2,305.78
	Total	**4**	**2,305.78**
Ministry of Textiles	2003-04 to 2016-17	2593	31.61
	2017-18	345	7.44
	2018-19	350	1.82
	2019-20	361	0.41
	2020-21	773	22.72
	2021-22	843	9.77
	2022-23	1287	229.10
	Total	**6,552**	**302.87**
Ministry of Heavy Industries	2003-04 to 2016-17	4	5.86
	2017-18	4	17.94
	2018-19	7	11.20
	2019-20	14	72.96
	2020-21	27	129.94
	2021-22	8	123.24
	2022-23	40	1239.34
	Total	**104**	**1600.48**
Department of Chemicals and Petrochemicals	2021-22	12	29.00
	2022-23	5	0.10
	Total	**17**	**29.10**
Ministry of Tourism	2010-11 to 2016-17	13	26.16
	2017-18	4	6.48
	2018-19	9	22.99
	2019-20	3	3.44
	2020-21	18	37.60
	2021-22	19	22.84

Ministry/Department	Period to which grants relate (grants released upto March 2023)	Outstanding UCs which were due by 31.03.2024 in respect of grants released upto March 2023	
		No. of pending UCs	Amount (₹ in crore)
	2022-23	12	13.96
	Total	**78**	**133.47**
Ministry of Micro, Small and Medium Enterprises	2006-07 to 2016-17	172	14.44
	2017-18	38	57.26
	2018-19	38	136.03
	2019-20	205	514.43
	2020-21	232	652.10
	2021-22	159	4665.52
	2022-23	284	3743.56
	Total	**1128**	**9,783.35**
Department of Commerce	2006-07 to 2016-17	7	29.17
	2017-18	1	6.15
	2019-20	2	12.22
	2020-21	3	20.56
	2021-22	5	27.22
	2022-23	24	20.96
	Total	**42**	**116.28**
Ministry of Ports, Shipping and Waterways	2020-21	4	15.80
	2021-22	15	111.29
	2022-23	14	135.43
	Total	**33**	**262.52**
Department of Promotion of Industry and Internal Trade	2019-20	1	5.55
	Total	**1**	**5.55**
Department of Public Enterprises	2022-23	1	0.50
	Total	**1**	**0.50**
Ministry of Mines	2018-19	1	0.0220
	2019-20	3	0.1815
	2020-21	10	0.8642
	2021-22	104	78.0916
	Total	**118**	**79.1593**

Ministry/Department	Period to which grants relate (grants released upto March 2023)	Outstanding UCs which were due by 31.03.2024 in respect of grants released upto March 2023	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Road Transport & Highways	2022-23	32	278.20
	Total	**32**	**278.20**
	Grand Total	**9918**	**30,936.53**

Annexure-IV

(Referred to in Para 1.6)

Central Autonomous Bodies whose accounts for the year 2022-23 and 2023-24 were submitted with delay

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2022-23	Delay in submission of Accounts for the year 2022-23 (in days)	Date of submission of Accounts for the year 2023-24	Delay in submission of Accounts for the year 2023-24 (in days)
I.	**Ministry of Civil Aviation**				
1.	Rajiv Gandhi National Aviation University	16.11.2023	139	09.08.2024	39
II.	**Ministry of Coal**				
2.	Coal Mines Provident Fund Organisation	17.07.2023	17	10.07.2024	10
III.	**Ministry of Commerce and Industry**				
3.	Agricultural and Processed Food Products Export Development Authority	09.08.2023	40	07.10.2024	99
4.	Coffee Board	03.08.2023	34	19.08.2024	50
5.	Export Inspection Council	13.02.2024	227	05.12.2024	158
6.	Footwear Design and Development Institute	03.10.2023	99	02.09.2024	64
7.	Marine Products Export Development Authority	05.07.2023	5	15.07.2024	15
8.	National Industrial Corridor Development and Implementation Trust	16.06.2023	-	09.07.2024	9
9.	National Institute of Design, Ahmedabad	28.08.2023	28	-	-
10.	National Institute of Design, Andhra Pradesh	09.11.2023	131	22.01.2025	206
11.	National Institute of Design, Assam	13.10.2023	105	05.07.2024	5
12.	National Institute of Design, Madhya Pradesh	28.08.2023	59	29.07.2024	29
13.	National Institute of Design, Kurukshetra, Haryana	30.10.2023	123	14.08.2024	45
14.	Spices Board	03.07.2023	3	01.07.2024	1
15.	Tobacco Board	04.08.2023	34	23.07.2024	23

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2022-23	Delay in submission of Accounts for the year 2022-23 (in days)	Date of submission of Accounts for the year 2023-24	Delay in submission of Accounts for the year 2023-24 (in days)
IV.	**Ministry of Corporate Affairs**				
16.	Competition Commission of India	20.07.2023	20	01.08.2024	32
17.	Insolvency and Bankruptcy Board of India	28.07.2023	28	10.07.2024	10
18.	Investor Education and Protection Fund Authority	17.10.2023	109	28.10.2024	120
V.	**Department of Financial Services**				
19.	Stressed Assets Stabilisation Fund	15.09.2023	77	02.09.2024	64
20.	Insurance Regulatory and Development Authority of India	16.02.2024	231	14.02.2025	229
VI.	**Ministry of Heavy Industries**				
21.	National Automotive Board	24.07.2024	390 (submitted re-casted accounts from 2013-14 to 2023-24)	24.07.2024	24
VII.	**Ministry of Housing and Urban Affairs**				
22.	Delhi Development Authority	31.07.2023	31	02.08.2024	33
23.	Rajghat Samadhi Committee	06.07.2023	6	20.08.2024	51
24.	Real Estate Regulatory Authority, Chandigarh	20.09.2023	82	09.01.2025 (Revised accounts)	193
25.	Real Estate Regulatory Authority, Delhi	07.12.2023	160	30.08.2024	61
VIII.	**Ministry of Micro, Small and Medium Enterprises**				
26.	Coir Board	-	-	09.07.2024	9
27.	Khadi and Village Industries Commission	03.07.2023	03	-	-
IX.	**Ministry of Petroleum and Natural Gas**				
28.	Indian Institute of Petroleum and Energy, Visakhapatnam	23.07.2023	23	-	-

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2022-23	Delay in submission of Accounts for the year 2022-23 (in days)	Date of submission of Accounts for the year 2023-24	Delay in submission of Accounts for the year 2023-24 (in days)
29.	Rajiv Gandhi Institute of Petroleum Technology	27.07.2023	27	-	-
X.	**Ministry of Ports, Shipping and Waterways**				
30.	Calcutta Dock Labour Board	-	-	12.08.2024	43
31.	Cochin Port Authority	26.06.2023	16	-	-
32.	New Mangalore Port Authority	-	-	12.06.2024	2
33.	Seamen's Provident Fund Organisation	-	-	22.10.2024	114
34.	Tariff Authority for Major Ports	23.08.2023	54	02.07.2024	02
35.	Visakhapatnam Port Authority	29.08.2023	80	12.09.2024	94
XI.	**Ministry of Power**				
36.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	26.07.2023	26	08.07.2024	8
37.	Joint Electricity Regulatory Commission (for UTs of J&K and Ladakh)	Not yet submitted			
38.	National Power Training Institute	17.07.2023	17	02.07.2024	2
XII.	**Ministry of Textiles**				
39.	Central Silk Board	25.09.2023	85	18.12.2024	171
40.	National Institute of Fashion Technology, New Delhi	11.07.2023	11	18.07.2024	18
41.	National Jute Board, Kolkata	13.09.2023	75	09.07.2024	9
42.	Textiles Committee	03.01.2024	185	28.03.2025	271

Annexure-V

(Referred to in Para 1.7)

Delay in presentation of Audited Accounts for the year 2022-23 and 2023-24 by Central Autonomous Bodies to Parliament

Sl. No.	Name of the Autonomous Body	Delay (in days)	
		2022-23	**2023-24**
I.	**Ministry of Civil Aviation**		
1.	Airports Economic Regulatory Authority of India	-	37
2.	Rajiv Gandhi National Aviation University	459	93
II.	**Ministry of Commerce and Industry**		
3.	Agricultural and Processed Food Products Export Development Authority	40	80
4.	Coffee Board	39	-
5.	Export Inspection Council	446	Yet to be laid
6.	Footwear Design and Development Institute	219	80
7.	National Industrial Corridor Development and Implementation Trust	38	-
8.	National Institute of Design, Ahmedabad	38	
9.	National Institute of Design, Andhra Pradesh	212	Yet to be laid
10.	National Institute of Design, Assam	212	80
11.	National Institute of Design, Haryana	212	-
12.	National Institute of Design, Madhya Pradesh	212	80
13.	Rubber Board	40	
14.	Tobacco Board	40	42
III.	**Ministry of Corporate Affairs**		
15.	Insolvency and Bankruptcy Board of India	37	70
16.	Investor Education and Protection Fund Authority	212	70
17.	National Financial Reporting Authority	-	41
IV.	**Department of Financial Services**		
18.	Stressed Assets Stabilisation Fund	212	Yet to be laid
19.	Insurance Regulatory and Development Authority of India	212	Yet to be laid
V.	**Heavy Industries**		
20.	National Automotive Board	Yet to be laid	
VII.	**Ministry of Housing and Urban Affairs**		
21.	Delhi Development Authority	410	Yet to be laid

Sl. No.	Name of the Autonomous Body	Delay (in days)	
		2022-23	2023-24
22.	National Capital Region Planning Board	452	Yet to be laid
23.	Rajghat Samadhi Committee	39	-
24.	Real Estate Regulatory Authority, Chandigarh	Yet to be laid	
25.	Real Estate Regulatory Authority, Delhi	Yet to be laid	
VIII.	**Ministry of Micro, Small and Medium Enterprises**		
26.	Khadi and Village Industries Commission	-	Prior approval of Ministry is awaited
IX.	**Ministry of Petroleum and Natural Gas**		
27.	Indian Institute of Petroleum and Energy, Visakhapatnam	39	82
28.	Petroleum and Natural Gas Regulatory Board	-	Yet to laid
X.	**Ministry of Ports, Shipping and Waterways**		
29.	Calcutta Dock Labour Board	-	42
30.	Chennai Port Authority	33	80
31.	Mumbai Port Authority	-	42
32.	Paradip Port Authority	33	-
33.	Seamen's Provident Fund Organisation	-	Yet to be laid
34.	Tariff Authority for Major Ports	37	-
XI.	**Ministry of Textiles**		
35.	Central Silk Board	348	Yet to be laid
36.	National Institute of Fashion Technology, New Delhi	185	-
37.	National Jute Board	Yet to be laid	
38.	Textiles Committee	212	Information awaited

Annexure-VI

(Referred to in Para 1.8)

Significant Observations on the Accounts of Central Autonomous Bodies for the year 2022-23 and 2023-24

Sl. No.	Name of CAB	Comments on accounts
I.	**Ministry of Civil Aviation**	
1.	**Airports Economic Regulatory Authority of India (AERA)**	**2023-24** **Current Liabilities and Provisions (Schedule: - 7) - ₹5.64 crore** The above does not include provision for ₹ 9.56 crore on account of the salary of employees of AAI posted in AERA for the period from May 2009 to March 2015. This has resulted in understatement of Provision and Expenditure on manpower hiring amounting to ₹9.56 crore. A similar comment was also raised during the year 2020-21, 2021-22 and 2022-23, however, no corrective action has been taken by the management.
II.	**Ministry of Coal**	
2.	**Coal Mines Provident Fund Organisation**	**2022-23** **Pension Fund (Main) Accounts** **Current Liabilities and Provisions (Schedule-03)** (i) As per Para 22 of the Coal Mines Pension Scheme, 1998 the commissioner shall be responsible for valuation of the Pension Fund every third year by an Actuary to be appointed by the Board. The recommendations of the Actuary shall be placed by the Commissioner before the Board. As per the latest Actuary Report (June 2023), the net liability of Pension Fund is assessed at ₹ 54,317 crores. CMPFO, however, has neither provided the liability in the books of accounts. Non-provisioning of liability has resulted into understatement of Current Liability and Provisions as well as Expenditure by ₹ 54,317 crore. Consequently, Income over Expenditure is also overstated by the same amount. **(ii)** CMPFO made investment amounting to ₹96.20 crore in Infrastructure Leasing and Financial Services Limited (IL&FS) and ₹150.00 crore in Reliance Capital (RCap). The credit rating of IL&FS and RCap was downgraded to "D" in September 2018 and September 2019 respectively. The Board, on the recommendation of Investment Committee, decided (August 2022) to create provision in the books of accounts in respect of downgraded investments value. However, CMPFO did not create provisions in the books of account. Non-provisioning has resulted in understatement of Current Liabilities and Provision amounting to ₹166.76 crore (downgraded value of investments) as well as understatement of Expenditure. Consequently, Income over Expenditure is also overstated by the same amount. **(iii) Investments (Schedule-04)** CMPFO invested ₹1390.25 crore in financial instruments of Dewan Housing Finance Corporation Limited (DHFL). Owing to governance

Sl. No.	Name of CAB	Comments on accounts
		concerns and defaults in meeting various payment obligations, DHFL went (November 2019) before Hon'ble National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code. The NCLT initiated Corporate Insolvency Resolution Process (CRIP) against DHFL and approved the resolution plan in June 2021. After implementation of the resolution plan, CMPFO received (September 2021) ₹662.58 crore against the investment made, resulting in loss of investment of ₹727.27 crore. Hence this loss requires to be written off from the books of accounts. However, the loss of above investments had not been accounted for and CMPFO still showed the investments of ₹727.67 crore in DHFL in their accounts. This has resulted in overstatement of Investment and Corpus of Pension fund by ₹727.67 crore. **This issue has been commented repeatedly since the year 2019-20, however, no corrective action has been taken till date.** **2023-24** **Provident/Pension Fund Accounts** **Non-accountal of loss of investment** CMPFO invested ₹1,390.25 crore in financial instruments of Dewan Housing Finance Corporation Limited (DHFL). Owing to governance concerns and defaults in meeting various payment obligations, DHFL went (November 2019) before Hon'ble National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code. The NCLT initiated Corporate Insolvency Resolution Process (CRIP) against DHFL and approved the resolution plan in June 2021. After implementation of the resolution plan, CMPFO received (September 2021) ₹662.58 crore against the investment made, resulting in loss of investment of ₹727.27 crore. Hence this loss requires to be written off from the books of accounts. However, the loss of the above investments was not accounted for and CMPFO still shown the investments of ₹727.67 crore in DHFL in their accounts. This has resulted in an overstatement of Investment and Corpus of Provident/Pension fund by ₹727.67 crore.
III.	**Ministry of Commerce and Industry**	
3.	**Coffee Board**	**2022-23** **Fixed Assets: ₹91.81 crore (Schedule-8)** (A) The above includes economically valuable trees valued at ₹35.66 crore. The Board has not accounted for their impairment on actual basis as stated at point no.10 of Schedule-25. With reference to audit observations raised during the years 2020-21 and 2021-22, Management had agreed to update the value of these trees. However, no corrective action was taken in this regard. Audit observed that despite the enumeration of trees in Chettalli, Gonikoppal and Balehonnur (Karnataka) in January/March 2023, the impact of such enumeration of economically valuable trees has not been reviewed and their revised value was not accounted for by the Management. In the absence of the valuation of these trees in 2019-20, 2020-21, 2021-22 and 2022-23, Audit is unable to comment on the correctness

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		of the value of the economically valuable trees shown in the Balance sheet as on 31 March 2023. During the year 2020-21, Audit suggested to adopt an accounting policy about valuation and assessment of impairment loss to maintain consistency in reporting of economically valuable trees. However, appropriate accounting policy about valuation and assessment of impairment loss of such trees has not been adopted by the Board. **2023-24** **Balance Sheet** **Capital Fund and Liabilities** **Corpus/Capital Fund: ₹138.85 crore (Schedule - 1)** This includes negative balance of ₹3,20,42,799 being the amount of Subsidy (Development) Grant lying unadjusted since the year 2014-15. Management has not made necessary adjustments in this regard despite audit observation raised during 2021-22 and 2022-23 **Fixed Assets (Schedule-8): ₹93.62 crore** (A)The Uniform Format of Accounts for the Central Autonomous Bodies stipulates that the Fixed Assets Schedule shall indicate the land under 'freehold' and 'leasehold'. It further stipulates that the leasehold land should be amortized over the period of lease unless the lease is in perpetuity. Audit observed that Coffee Board has 1,948.48 acres of land which includes 168.32 acres of leasehold land. However, the Fixed Assets Schedule in the accounts of the Board does not depict the classification of the land under freehold and leasehold categories with details of lease. **Income and Expenditure Account** **Income: ₹239.45 crore** The Board has a practice of accounting for the assets purchased out of Government Grants by debiting the Asset account and crediting the Corpus Fund instead of accounting for the same as 'Deferred Income' as required under the provisions of para 14 of Accounting Standard (AS) -12 'Accounting for Grants' and the Uniform Format of Accounts. This has resulted in understatement of Income and understatement of Excess of Income over Expenditure by ₹2.97 crore. This has also resulted in understatement of Deferred Income and overstatement of Corpus/Capital fund by ₹93.62 crore. Further, this has also resulted in non-compliance to the depreciation method in respect of assets purchased out of Government Grants in the manner as specified in the Notes to Schedule 8 of Uniform Format of Accounts and para 14 of Accounting Standard (AS) – 12 'Accounting for Grants'. This comment was also raised on the accounts of Coffee Board for the years 2016-17 to 2022-23. However, the Board has not yet taken any corrective action.

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		General Contrary to the requirements of Accounting Standard 15, the Board did not get the valuation of retirement benefits done from an Actuary due to which the adequacy of the amount credited in Pension Fund as well as expenditure reflected under the head "Employees Retirement and Terminal Benefits" during the year could not be assured in Audit. This comment was also raised on the accounts of Coffee Board for the years 2016-17 to 2022-23. However, the Board has not yet taken any corrective action. Further, the Board accounted for the expenditure on Leave Encashment and Provident Fund on cash basis, instead of recognizing the liability on the basis of actuarial valuation.
4.	**Export Inspection Council**	**2023-24** **Current Liabilities and Provisions (Schedule 8): ₹1,994.14 crore** **Other Current Liabilities: ₹1,580.22 crore** **Central Fund (EIAs): ₹859.20 crore** **EIC** Until the year 2015-16, EIC had been withdrawing funds from Central Fund for meeting its non-plan expenditure and had been treating the same as 'Loans from EIAs'. However, after the year 2015-16, EIC has not been showing any withdrawals from the Central Fund even though it has continued to withdraw funds for non-plan expenditure. EIC charged the non-plan expenditure to its Income and Expenditure Account, however, no credit was taken on Income side for the funds withdrawn from Central Fund, resulting in excess of Expenditure over Income. Due to the accounting treatment followed by EIC, the Capital/Corpus Fund is showing a negative balance which represents excess of Expenditure over Income, capitalized over the years till the year 2023-24. Audit pointed out in its Separate Audit Reports of previous years (2015-16 to 2019-20) that the amount withdrawn by EIC from the Central Fund till the year 2015-16 could not be treated as 'Loans from EIAs' and EIC needed to clarify the nature of 'Surplus Funds' transferred by EIAs to EIC and their correct accounting treatment in consultation with the Administrative Ministry. EIC carried out (2021-22) a rectification entry of transferring ₹62.74 crore from Unsecured Loans to Central Fund account, being the amount of non-plan expenditure of EIC till the year 2015-16. However, the rectification is not acceptable in view of the following: a) As per section 10(2) of the Export (Quality Control and Inspection) Act, 1963, EIC for the purpose of discharging its function under this Act, may receive grants and donations from bodies and institutions approved by the Central Government in this behalf. Further, Ministry of Commerce and Industry directed (May 2004) that no Non-plan funds would be released to EIC for their Non-Plan needs. The surplus funds with EIAs would be transferred to EIC to meet their expenditure. Hence, the amount withdrawn from the Central Fund by EIC for its non-plan expenditure should be treated in accordance with the Act and the directions of the concerned Ministry. EIC needs to give correct accounting treatment to the amount appropriated from Central Fund till the year 2015-16

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		for non-plan expenditure of ₹62.74 crore and the subsequent withdrawals from the Central Fund till 31 March 2024. b) Further, EIC needs to give correct accounting treatment to the amount appropriated from Central Fund for capital expenditure incurred till 31 March 2024. Thus, the above may be done in consultation with the Administrative Ministry as advised earlier. This would correct the negative balance of the Corpus/Capital Fund as well as the depiction of Central Fund amount. **Despite being pointed out in Separate Audit Report for the year 2021-22, EIC has not taken any corrective action.**
5.	**Footwear Design and Development Institute (FDDI)**	**2023-24** **Current liabilities and Provisions (Schedule-7): ₹58.48 crore** **Other Administrative Expenses (Schedule-21): ₹32.54 crore** The above amount does not include outstanding demand of Noida Authority amounting to ₹12.45 crore towards lease rent for the allotted land along with interest as on 31 March 2024. FDDI received (January 2024) a demand notice of ₹12.45 crore towards lease rent/interest for the period up to 31 December 2023. Similar notices were received by FDDI in previous years also. FDDI requested (February 2021, February 2022 and May 2024) Noida Authority to waive off the interest amount on the plea that it did not have surplus fund to pay the outstanding amount. However, the Authority rejected (March 2022 and July 2022) the request of FDDI stating that the lease rent and interest was payable by FDDI as per the terms and conditions of the lease agreement and there was no provision for waiver. Despite this, the outstanding demand was not provided for in the books of accounts as on 31 March 2024 and it was disclosed only as a contingent liability. Non-provisioning of the outstanding demand of Noida Authority resulted in understatement of Current Liabilities and Provisions, understatement of Other Administrative Expenses and consequent understatement of Deficit by ₹12.45 crore. This issue was also raised in the Separate Audit Report on the Accounts for the year 2022-23. However, no corrective action has been taken by the Management.
6.	**National Institute of Design, Andhra Pradesh**	**2022-23** **Establishment expenditure (Schedule 14)** **Contribution to Gratuity: Nil** Audit observed that NID-AP does not have a stated accounting policy on liability towards payment of leave salary. No liability has been recorded in the books of accounts by the NID-AP as specified at para 10 of AS 15. This resulted in non-compliance to provisions of AS 15.
7.	**National Institute of Design, Jorhat (NIDJ), Assam**	**2022-23** **1.** The Annual accounts of NID Jorhat for the year 2022-23 shows opening balance of fixed assets as ₹98.34 crore and closing balance of ₹109.29 crore. In absence of proper and complete records showing unit rate, quantity, total value, and place/location of these assets, audit

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		could not vouchsafe the classification / categorization of the fixed assets and values there against as stated by NID, Jorhat in its Balance Sheet as at 31.03.2023 as well as the depreciation charged during the year 2022-23 on each group of assets. **2.** Government of Assam handed over a piece of land measuring about 31 acres at Jorhat to Department of Industrial Policy and Promotion (DIPP), Govt. of India on 16.02.2011 for setting up of National Institute of Design (NIDJ), Jorhat. DIPP handed over the same piece of land to NBCC for construction of campus for NID, Jorhat on 29.10.2015. As per the Annual accounts of NID, Jorhat for the year 2022-23, ₹10.75 lakh has been booked as value of land. But, as per record, the said amount was the expenditure incurred by NID, Ahmadabad, the Pioneering institute for setting up of NIDJ, Assam, in obtaining possession of land, registration of society etc. The actual value of the land is not included in the above Land value. In absence of the complete documents, actual value of land could not be ascertained by audit. **2023-24** NIDJ received (06.12.2021) financial sanction of ₹25.34 crore which was revised to ₹25.05 crore for construction of additional block/ rooms for girls' and boys' hostel along with playgrounds at NID Assam under Phase-II from Ministry of Commerce and Industry DPIIT. The work was required to be carried out by NBCC as per the terms and condition of the MoU entered (30.03.2015) between DPIIT and NBCC. NIDJ received the capital grant from Government of India amounting to ₹25.05 crore out of which ₹22.93 crore was paid in three instalments to NBCC for taking up the works. On scrutiny of monthly progress report of the project for the month of March 2024, it was observed that the financial value of the work completed by NBCC till 31.03.2024 was ₹18.74 crore. However, NIDJ has booked Capital work-in-progress (CWIP) of ₹14.58 crore which has resulted in understatement of CWIP by ₹4.16 crore (₹18.74 crore minus ₹14.58 crore) and overstatement of Advance to NBCC by the same amount.
8.	**National Institute of Design, Madhya Pradesh**	**2023-24** **Balance Sheet** **Capital Fund and Liabilities** **Depreciation Fund (Schedule-6): ₹7.91 crore** As per the Significant Accounting Policies of the Institute, depreciation is calculated on straight-line method for items, namely, Buildings (2.50 *per cent*); Machinery, Equipment and Tools (10 *per cent*); Furniture and Fixtures (10 *per cent*); Library Books (10 *per cent*); Computers and Peripherals (20 *per cent*) and Vehicles (20 *per cent*). Further depreciation on addition has been provided for the full year irrespective of date of acquisition. However, since the National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020 do not prescribe the rates of depreciation, the Institute should have followed

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		the rates specified under the Income Tax Act, 1961 as stipulated in the Uniform Format of Accounts for Central Autonomous Bodies. Further, depreciation on assets purchased during the year should have been charged on 'pro-rata' basis as specified in the Uniform Format of Accounts. The details of depreciation charged by the Institute vis-a-vis depreciation chargeable as per the Income Tax Act, 1961 is given in Annexure-I. Thus, charging of depreciation on the rates which are different from the rates specified under the Income Tax Act, 1961 and non-charging of depreciation on assets purchased during the year on 'pro-rata' basis has resulted in understatement of Depreciation Fund and overstatement of Capital Fund by ₹1.86 crore. Moreover, the Income for the year and depreciation expenses for the year are also understated by the same amount. Further, the accounting policy of the Institute is not exhaustive as it does not cover items such as leasehold land, leasehold buildings, boundary walls, electrical installations, computer software, etc. Therefore, the assets/items, rates of depreciation and the accounting policy in respect of depreciation need to be reviewed. The issue was also raised in the Separate Audit Report for the year 2022-23. However, corrective action in this regard was yet to be taken.
9.	**National Institute of Design (NID), Haryana**	**2023-24** **Balance Sheet** **Capital Fund and Liabilities** **Depreciation Fund (Schedule 6): ₹5.01 crore** As per the Significant Accounting Policies of the Institute, depreciation is calculated on straight-line method for items, namely, Buildings (2.50 *per cent*); Machinery, Equipment and Tools (10 per cent); Sports Equipment (10 *per cent*); Furniture and Fixtures (10 per cent); Library Books (10 *per cent*); Computers and Peripherals (20 *per cent*) and Computer Software (40 *per cent*). Further depreciation on additions during the year has been provided for full year irrespective of date of acquisition. However, since the National Institute of Design, Haryana (Form of Annual Statement of Accounts) Rules, 2020 do not prescribe the rates of depreciation, the Institute should have followed the rates specified under the Income Tax Act, 1961 as stipulated in the Uniform Format of Accounts for Central Autonomous Bodies. Further, depreciation on assets purchased during the year should have been charged on 'pro-rata' basis as specified in the Uniform Format of Accounts. The details of depreciation charged by the Institute vis-a-vis depreciation chargeable as per the Income Tax Act, 1961 is given in **Annexure-I.** Thus, charging of depreciation on the rates which are different from the rates specified under the Income Tax Act, 1961 and non-charging of depreciation on assets purchased during the year on 'pro-rata' basis has resulted in understatement of Depreciation Fund and overstatement of Capital Fund by ₹1.34 crore. Moreover, the Income

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		for the year and depreciation expenses for the year are also understated by the same amount. The above issue was also raised in the Separate Audit Report for the year 2022-23. However, corrective action in this regard was yet to be taken.
10.	**Rubber Board**	**2022-23** **(i) Current Liabilities and Provisions (Schedule 7): ₹20.39 crore** The Rubber Board accounted the dues towards working capital loan, interest receivable and other advances given to Rubberwood India Pvt Ltd. as loan and advances receivable. The company is under liquidation and insolvency as on 31 March 2023 and not in operation since 2016. Hence realisability of the loan and advance amount is remote. However, the Rubber Board did not create a provision for the receivable amount. In view of above, Provision for bad and doubtful debts/advances (Schedule 24) Current Liabilities and Provision (Schedule 7) and 'Balance being excess of expenditure over Income' is understated by ₹13.29 crore. **(ii) Investments- Others (Schedule 10): ₹18.92 crore** The above head is overstated by ₹6.19 crore due to non-provision for diminution in the value of investment made in six joint venture companies whose net worth stands fully eroded. Since realisation of this investment is doubtful, provision should have been made for diminution in the value of these assets. However, the Rubber Board did not create a provision for the impaired investment amount in following six companies: 1. Meenachil Rubberwood Ltd., 2. Pamba Rubbers Ltd., 3. Pazhassi Rubbers Pvt. Ltd., 4.Periyar Latex Ltd., 5. Ponmudi Rubbers Ltd.; and 6. Rubberwood India Pvt. Ltd.) Hence non-provision for the investment in the above six (companies resulted in overstatement of 'Investment Others (Schedule 10)' and overstatement of 'Corpus/Capital Fund' by ₹6.19 crore. **(iii) Current Assets, Loans and Advances (Schedule 12): ₹1.05 crore** An amount of ₹12.91 crore was given to four joint venture processing companies as working capital loan. The net worth of these companies is negative as on 31 March 2023. In view of this the realization of the loan amount from these companies was remote. Realisation of these loan amounts is doubtful, provision should have been made for doubtful recovery of the loan amounts. However, the Rubber Board did not create a provision for the loan amount. In view of the non-provision against the working capital loans to the four companies resulted in overstatement of 'Current assets, Loans

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		and advance' and overstatement of 'Corpus/Capital Fund' by ₹12.91 crore. **2023-24** **Current Liabilities and Provisions (Schedule 7): ₹35.28 crore** **Provisions** **Superannuation/Pension, Gratuity and leave encashment** Rubber Board is required to obtain the actuarial valuation of all the components of retirement benefits payable to employees and account for these liabilities in the financial statements on accrual basis as per the actuarial valuation report. However, the accounting for retirement benefits was done on cash basis by the Board as per accounting policy of the Board in this regard. Hence, the Board has not provided liability of ₹1,724.13 crore and ₹99.05 crore in the accounts towards pension and gratuity obligations respectively for their employees as of 31 March 2024 as per actuarial valuation report for the same. Further, no actuarial valuation was done for liability towards leave encashment. In view of above, the accounting policy of the Rubber Board for recognizing the liability for retirement benefits is deficient and resulted in understatement of Provisions and overstatement of Corpus/Capital Fund by ₹1,823.18 crore.
11.	**Spices Board**	**2022-23** **Earmarked/Endowment Funds (Schedule 3): ₹311.18 crore** Board accounted depreciation amounting to ₹17.32 crore on fixed assets acquired from Earmarked/Endowment Funds as Board's expenditure in Income and Expenditure Account instead of charging the same in Earmarked/Endowment Funds. Similarly, expenses for the current year amounting to ₹11.56 crore incurred for the upkeep and maintenance of Quality Evaluation Labs and Spices Park were accounted in Income and Expenditure Account instead of charging the same in Earmarked/Endowment Funds. This resulted in overstatement of Board's deficit for the year and Earmarked/Endowment funds by ₹28.88 crore (₹17.32 crore + ₹11.56 crore). **2023-24** **Current Assets, Loans, Advances etc. - Loans, Advances (Schedule 11B) - ₹28.85 crore** The above includes long pending advances being carried over from 2017-18 onwards amounting to ₹7.67 crore. The Board was unable to identify and recover these amounts as the break-up of the advances is not traceable. Considering the passage of time and absence of relevant records, a provision for the advances should have been created in the accounts. This resulted in understatement of provisions and deficit for the year by ₹7.67 crore.
12.	**Tobacco Board**	**2023-24** **Income and Expenditure Account** **Expenditure** **Other Administrative Expenses (Schedule 21): ₹25.45 crore**

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		The above is understated by ₹16.96 crore due to non-inclusion of service tax payable by Tobacco Board. An appeal was filed (April 2023) in the matter by the Board with the Appellate Authority, Tirupathi who finally determined (February 2024) and confirmed the amount of ₹16.96 crore as against the disputed amount of ₹23.38 crore. Till the date of approval of its Annual Accounts for the year 2023-24, the Board had not made any appeal before the Appellate Tribunal against the order of the Appellate Authority. As such, provision for the liability of ₹16.96 crore should have been made in the accounts. Non-provisioning resulted in understatement of Provisions and understatement of Expenses by ₹16.96 crore with consequential overstatement of 'Excess of Income over Expenditure' to the same extent.
IV.	**Ministry of Corporate Affairs**	
13.	**Investor Education and Protection Fund Authority**	**2023-24** **Significant Accounting Policies (Schedule-XXV)** The Ministry of Corporate Affairs notified (11 October 2018) the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 (Rules, 2018). Clause 3(3) of the Rules, 2018 stipulates that "The financial statements shall give a true and fair view of the state of affairs of the Authority and shall comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013". Further, the accounting policies prescribed under the aforesaid Rules stipulate that the financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the *accrual method* of accounting. However, it was observed that IEPFA framed its Significant Accounting Policy No.1 – Accounting Convention (Schedule XXV) as under: "The financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the *cash basis* of accounting instead of accrual method of accounting. The cash basis of accounting was followed in the financial year 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 as well". Based on the above Accounting Policy, the Authority has prepared its Accounts on cash basis. Thus, the Accounting Policy and financial statements of the Authority are not in accordance with the IEPFA (Form of Annual Statement of Accounts) Rules, 2018. Despite being pointed in Separate Audit Report on the accounts of previous years, IEPFA has not taken any corrective action.
14.	**National Financial Reporting Authority (NFRA)**	**2022-23** **Non-submission of accounts of previous years** NFRA has prepared its accounts for the first time pertaining to the period 03.03.2023 to 31.03.2023 on the ground that the Ministry of Finance approved the Grantee status of NFRA on 21.09.2022 and the

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		Ministry of Corporate Affairs released grants to NFRA for the first time vide sanction order dated 03.03.2023. The accounts for the aforesaid period were submitted by NFRA to CAG and the same have been audited. Since its inception in the year 2021-22, NFRA did not prepare its separate accounts nor got them audited by CAG as required under Section 132 of Companies Act, 2013, on the ground that the drawing and disbursement function of NFRA was carried out through Ministry of Corporate Affairs and audit of the Ministry has been conducted by the CAG. NFRA, however, prepared its Annual Reports for the years 2018-19 to 2021-22, including therein the details of receipt and expenditure of each year, and got the Annual Reports placed in the Parliament. In this regard, NFRA has stated that in the absence of financial arrangements necessary for the purpose of separation of its accounts from Union Accounts, NFRA was not in a position to prepare its separate accounts. However, after the Parliament authorised grants to NFRA in the Supplementary Budget 2022-23, grants were released to NFRA by the Ministry of Corporate Affairs in March 2023 under the newly created budget head. Accordingly, NFRA prepared its accounts in the applicable form for March 2023 and submitted the same for audit to CAG. **2023-24** **Balance Sheet as on 31 March 2024** **Fixed Assets (Schedule-8): ₹2,15,03,420** NFRA received Grants-in-Aid General amounting to ₹23,00,00,000 during the year 2023-24. As per sanction orders of the Government, the Grants-in-Aid General was to be utilised for meeting the recurring general expenditure on domestic and foreign travel expenses, rent and rates, payments to professional services, etc. However, NFRA utilised an amount of ₹28,13,319 out of the above grants towards purchase of fixed assets which have been capitalised in the accounts and depreciation thereon amounting to ₹7,06,630 has been provided during the year. Grants-in-aid General should have been capitalised to the extent of ₹28,13,319 in line with the provisions of Accounting Standard-12. The accounting treatment of Grants-in-Aid General is, thus, incorrect to that extent, which needs rectification.
V.	**Ministry of Heavy Industries**	
15.	**National Automotive Board**	**2023-24** **Fixed Assets (Schedule-8)** **NATRIP Project (Grant) Fund (Schedule 8B): ₹1,299.54 crore** NAB (erstwhile NATRIP) acquired (October 2006) Land from State Industries Promotion Corporation of Tamilnadu Limited (SIPCOT) on 99 years lease for Global Automotive Research Centre (GARC) at Chennai and paid an amount of ₹64.79 crore to SIPCOT. It also

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		incurred ₹0.08 crore towards land acquisition charges. Lease Deed was signed on 6 November 2020. In this regard, reference is invited to Para 18 of AS-19 (Leases), which, *inter-alia*, stipulates that, a finance lease gives rise to a depreciation expense for the asset as well as a finance expense for each accounting period. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset should be fully depreciated over the lease term or its useful life, whichever is shorter. As there are no documents/evidence to establish that NAB will obtain the ownership of the land, the aforesaid amount of ₹64.87 crore (₹64.79 crore *plus* ₹0.08 crore) should be amortised over the lease term or useful life of the Land, whichever is shorter. Further, NAB acquired (February 2006) Land at Silchar (Assam) on 'Patta' for an initial period of 25 years, for setting up National Institute for Automotive Inspection Maintenance and Training (NIAIMT) and made a total payment of ₹0.18 crore. However, no amortization of the amount paid has so far been made in the books of accounts. Non-amortisation of the amount paid towards Leasehold Land has resulted in understatement[197] of depreciation and overstatement of Land (leasehold). Consequently, Excess of Income over expenditure is also overstated. Further, NAB has not framed/disclosed any policy on amortisation of lease payment.
VI.	**Ministry of Housing and Urban Affairs**	
16.	**Delhi Development Authority**	**2022-23** **General Development Account** **Balance Sheet (GDA)** **Liabilities** **Other Liabilities** **Advances from allottees of various DDA Housing Schemes - ₹ 410.15 crore** **Advances from allottees-MOR Land – ₹ 9.06 crore** DDA has recognized ₹ 410.15 crore as 'Advances from Allottees of various DDA Housing schemes' and ₹ 9.06 crore as 'Advances from Allottees- Ministry of Rehabilitation Land' under the head Other Liabilities (Schedule C). However, these amounts are not supported by allottee-wise details of advances received, date of receipt thereof and current status of the allotment. In the absence of above details, audit was unable to draw an assurance as to the correctness of balance amount of ₹ 419.21 crore under the head 'Advances from allottees of various DDA Housing schemes' and 'Advances from Allottees-MOR Land'. The issue has been commented upon by Audit since 2019-20, however, no corrective action has been taken by the management.

[197] ***Audit is unable to quantify the amount of understatement or overstatement in absence of details of payments made to SIPCOT.***

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		2023-24 **Nazul-II** **Receipts and Payments Account** **Other Miscellaneous Receipts- ₹ 152.05 crore** An amount of ₹152.05 crore booked under Other Miscellaneous receipts was not clearly identifiable with property concerned nor was the same reconciled. Further, the booking of such huge amount under Miscellaneous Receipts without any details necessitates review in DDA. In the absence of details/ reconciliation, the Miscellaneous Receipts of ₹ 152.25 crore could not be vouchsafed in audit. This issue has repeatedly been commented upon by audit in the Separate Audit Report since 2019-20. **Non-preparation of Balance Sheet and Income and Expenditure Account for Nazul – II** Nazul-II relates to large scale acquisition, development and disposal activities of land by DDA on behalf of Government of India .In respect of Nazul-II accounts, DDA had prepared Receipts and Payments Account only. Resultantly, Assets and Liabilities and Income and Expenditure of Nazul-II accounts have not been depicted in the financial statements. Audit is repeatedly commenting upon non-preparation of Balance Sheet and Income and Expenditure Account for Nazul-II since 2012-13. However, no corrective action has been taken so far. **General Development Account** **Balance Sheet (GDA)** **Liabilities - Current Liabilities and Provisions (Schedule C)** **Other Liabilities - Earnest Money Deposits/ Registration Money - ₹ 24.97 crore** The above represents application money received from various applicants and as they were not allotted flats, the same was refundable. However, it was observed that DDA had not taken any step to refund Earnest Money Deposits/Registration Money to respective allottees despite the amounts being pending since 2004. In the absence of a detailed schedule, the correctness of the amount could not be vouchsafed and the impact on accounts quantified. Though the management assured to reduce the liabilities by taking appropriate action, no progress has been made in this regard. This issue was also highlighted during the year 2021-22 and 2022-23, however, no corrective action has been taken by the management. **Assets** **Current Assets, Loans and Advances (Schedule F)** **Sundry Debtors - ₹ 544.02 crore** The party wise and age wise details for the Sundry Debtors amounting to ₹ 212.26 crore (excluding water charges of ₹ 331.76 crore) was not readily available. Although the fact has been disclosed

Sl. No.	Name of CAB	Comments on accounts
		in the Notes to Accounts, however, mere disclosure of the same is not sufficient. In absence of party wise and age wise details, Audit is unable to vouchsafe the authenticity, existence and recoverability of Sundry Debtors amounting to ₹ 212.26 crore. Even though the point was repeatedly raised by Audit since 2013-14, DDA has not maintained party wise and age wise details of Sundry Debtors till date. **Inventories – ₹ 20,454.91 crore** As per the declared Accounting Policy, inventories are valued at lower of cost or net realizable value. Contrary to the declared accounting policy, the EWS flats in 5 colonies added to finished stock during the current financial year were valued at cost though the disposal price was lower. This has resulted into overstatement of Income and Inventories under Current Assets, Loans and Advances by ₹ 12.69 crore. Consequently, excess of Income over Expenditure is also overstated by ₹ 12.69 crore. **Income and Expenditure Account (GDA)** **Income** **License fee - ₹ 224.36 crore** The above includes an amount of ₹ 102.18 crore being the license fees for the period from 2016-17 to 2021-22 in respect of a building at E2, Jhandewalan, New Delhi which is let out to Income Tax Department. As Jhandewalan was one of the 23 Nazul estates placed at the disposal of DDA through the "Nazul Agreement" of March 1937, accounting of Income from Nazul-I Property as Income of GDA is not in order. This has resulted in overstatement of income from license fees and understatement of Current Liabilities (payable to Nazul-I) by ₹ 102.18 crore. Consequently, excess of Income over Expenditure is also overstated by ₹ 102.18 crore. **Other Income- ₹ 393.02 crore – Schedule I** **Receipts pertaining to Sports Complexes- ₹ 109.22 crore** The above includes ₹ 109.22 crore being receipts from sports complexes. Accounting of this income as that of DDA is not in order since the sports complexes (16 sports complexes, 3 mini sports complexes, 2 golf courses and 1 mini golf course) are not included in the assets of GDA. Further, an amount of ₹77.25 crore was accounted as receipts from sports complexes in the Receipt and Payment Account of Nazul-II during 2022-23 while no amount was included in Receipts and Payments Account of GDA. Besides, expenditure on maintenance of sports complexes has been accounted in Receipt and Payment Account of Nazul-II. Thus, accounting of only Income without matching expenditure is not in order and has resulted in overstatement of Income and understatement of Current Liabilities (payable to Nazul-II) by ₹109.22 crore. Consequently, excess of Income over expenditure is also overstated by ₹109.22 crore. **Income from Investments (Schedule H)- ₹ 128.85 crore**

Sl. No.	Name of CAB	Comments on accounts
		The above is overstated by ₹ 6.95 crore due to excess booking of accrued income from the Fixed Deposits created out of the Contingency Fund. This has resulted in overstatement of Income from Investments, and Current assets, loans and advance by ₹ 6.95 crore. Consequently, excess of Income over Expenditure is also overstated by ₹ 6.95 crore **Notes to Accounts (Schedule-O)** **Employee Benefits (Note No. 4)** It is stated in Note 4 (ii) that the Authority got actuarial valuation of its pension liability as on 31.03.2024 of ₹ 8,720.88 crore and an amount of ₹ 1085.46 crore pertains to current year. However, it was observed that in contravention of Pension Trust Deed, the DDA was not fulfilling its obligation to transfer the funds to Pension Trust, as calculated by the Actuary. The statement showing year-wise contribution to Pension Trust by DDA and shortfall is given as under: **(₹ in crore)**

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Pension liability amount computed by Actuary	559.01	623.49	508.72	529.84	676.31	1085.46
Amount transferred by DDA	99	208	235	259.10	390.02	285.00
Shortfall	460.01	415.49	273.72	270.74	286.29	800.46

Thus, from the above, it is depicted that the shortfall in remittances to Pension Trust has increased from ₹ 460.01 crore in 2018-19 to ₹ 2,506.71 crore in 2023-24. Hence, the Note was incomplete since the fact that there was shortfall in remittance to Pension Trust Fund has not been disclosed. This issue was also highlighted by Audit since 2020-21, however, no corrective action has been taken by the management.

Re-appropriation of funds from Nazul-II Accounts to General Development Account without prior approval of the Central Government

As per Rule 14 of DDA Budget and Accounts Rules 1982, prior approval of the Government is required for re-appropriation of funds from Nazul to Non Nazul or vice-versa. DDA has been utilizing Nazul-II funds for General Development Account (GDA) purposes since financial year 2016-17 due to deficit of funds in GDA and for completion of ongoing housing projects. During the financial year 2022-23 and 2023-24, funds amounting to ₹ 1,261 crore and ₹ 668 crore respectively were re-appropriated from Nazul-II to GDA without approval of the Government. The fact that re-appropriation of funds from Nazul -II to GDA for the year 2022-23 and 2023-24 is yet to be approved by Government has not been disclosed in the Notes to Accounts.

Sl. No.	Name of CAB	Comments on accounts
		General **GDA - Suspense Account – ₹ 15.52 crore** A reference is invited to comment no. 2(xi), 2(ix), 2(x) and C (1.3) of Annexure to SAR on the Financial Statement of DDA for the F.Y. 2019-20, 2020-21, 2021-22 and 2022-23 respectively, wherein the issue of non-reconciliation of Suspense A/c was pointed out. It was, however, noticed that an amount of ₹ 15.52 crore (Previous Year ₹13.26 crore) is still reflected under the 'Suspense Account' as on 31 March 2024. Corrective steps need to be taken in this respect.
17.	**National Capital Region Planning Board**	**2023-24** **Balance Sheet** **Assets** **Current Assets, Loans, Advances, etc (Schedule 10) - B. Loans, Advances and other Assets - Advance Income Tax/ TDS recoverable - ₹ 80.05 crore** The above includes ₹ 6.55 crore on account of Income Tax/ TDS recoverable for previous assessment years 2007-08 to 2015-16. Considering the facts that: ➢ The assessment for the above mentioned financial years was already completed by the Income Tax authorities and no appeal filed by NCRPB against these assessments claiming for TDS recovery; and ➢ The time limit for filing of Form 35 for an appeal against assessment order and time limit for filing of rectification request from the end of the Financial Year in which the intimation u/s 143(1) was passed has elapsed, The amount of ₹ 6.55 crore pertaining to assessment years from 2007-08 to 2015-16 should not be shown as recoverable under Current Assets, Loans and Advances. This has resulted in overstatement of Current Assets, Loans and Advances and understatement of Prior Period Expenditure (Net) and consequential overstatement of excess of Income over Expenditure by ₹ 6.55 crore.
18.	**Rajghat Samadhi Committee**	**2023-24** **Expenditure** **Establishment Expenses (Schedule 12) – ₹ 1.73 crore** The above does not include ₹ 47.72 lakh being provision for gratuity (₹ 41.84 lakh) and leave encashment (₹5.88 lakh) on actuarial basis pertaining to previous years. This amount was directly adjusted in Rajghat Samadhi Fund instead of routing through Income and Expenditure Account. This has resulted in understatement of Provisions for gratuity and leave encashment, Rajghat Samadhi Fund and overstatement of Excess of Income over Expenditure by ₹ 47.72 lakh. Further, the significant accounting policy of Rajghat Samadhi Committee is silent on the measurement of retirement benefits as per

Sl. No.	Name of CAB	Comments on accounts
		Accounting Standard 15, thereby rendering the same deficient to that extent. **Significant Accounting Policies** During the year 2023-24, Rajghat Samadhi Committee received a grant of ₹ 8.12 crore from Ministry of Housing and Urban affairs and unspent amount of ₹ 28.38 lakh. However, Rajghat Samadhi Committee has not disclosed its accounting policy adopted on Government Grants including method of presentation in the financial statement, which is in violation of the Uniform Format of Accounts and para 12 of Accounting Standard 12. This has rendered its significant accounting policy deficient to that extent. Further, Rajghat Samadhi Committee has neither returned the unspent amount of grant amounting to ₹ 28.38 lakh to the Ministry nor the same has been shown as Current Liabilities in the Balance Sheet, this has resulted into overstatement of 'Rajghat Samadhi Fund' account and understatement of 'Other Current Liabilities' by ₹ 28.38 lakh.
19.	**Real Estate Regulatory Authority, Chandigarh**	**2022-23** **Balance Sheet** **Accumulated Fund- ₹ 69.01 lakh** **Schedule A- Corpus Fund- ₹59.25 Lakh** The above includes ₹ 59.25 lakh being grant received from Housing Department, Chandigarh Administration under the head 'Grant-in-aid, General'. As the Grants received during the year 2020-21 remained unutilized as on 31 March 2023 the same should have been included under 'Current Liabilities'. Inclusion of the Grant in the Accumulated Fund resulted in over statement of Accumulated Fund and understatement of unspent Grant in Aid under the head Current Liabilities by ₹ 59.25 lakh.
20.	**Real Estate Regulatory Authority, NCT of Delhi**	**2023-24** **Significant Accounting policies** As per Accounting Policy no. 2, *'the financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the basis of generally accepted accounting principles followed in India. The books of accounts of the authority are being prepared following cash system of accounting except for Licences fees payable towards NDMC which has material impact on financials'*. The Accounting Policy is not in consonance with the format of accounts prescribed in Form 'O' of the National Capital Territory of Delhi Real Estate (Regulation and Development) (General) Rules, 2016 and Uniform Format of Accounts for Central Autonomous Bodies prescribed by Ministry of Finance which prescribes for preparation of financial statements on accrual basis. This issue has repeatedly been commented upon by Audit since 2017-18, however, no corrective action has been taken by the management.

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td colspan="3">VII. Ministry of Micro, Small and Medium Enterprises</td></tr>
<tr><td>21.</td><td>Coir Board</td><td>2022-23

Current Liabilities and Provisions (Schedule 7) - ₹175.17 crore - Provisions - ₹169.37 crore

The Board has made provision of ₹169.37 crore towards Gratuity, Superannuation/Pension and Accumulated Leave encashment. However, as per the actuarial valuation as on 31 March 2023, provision to be made was ₹187.36 crore.
This has resulted in understatement of Current liabilities and Provisions by ₹17.99 crore and overstatement of excess of income over expenditure to that extent.</td></tr>
<tr><td colspan="3">VIII. Ministry of Petroleum and Natural Gas</td></tr>
<tr><td>22.</td><td>Indian Institute of Petroleum and Energy, Visakhapatnam</td><td>2022-23
Fixed Assets (Schedule 4)
Tangible Assets: ₹22.06 crore
The State Government of Andhra Pradesh, vide its order dated 9 November 2017, issued directions for alienation of land measuring 201.80 acres at Vangali Village, Visakhapatnam in favour of Director, IIPE free of cost for establishment of permanent campus of IIPE at Visakhapatnam. As per Note No. 18 of the Notes to Accounts, the State Government cleared the disputes with respect to title over the land and handed over the same to IIPE during the year 2022-23.

IIPE has recognized the value of the above stated land as per its Accounting Policy No. 3.2 which states that gifted/donated assets are valued at the declared value, where available and, if the same is not available, the value is estimated bases on the present market value adjusted with reference to the asset’s physical condition. Accordingly, after considering a fair market vale of ₹7 lakh per acre, IIPE recognized the land at a value of ₹14.13 crore under the Fixed Assets.

However, Para 7.1 of Accounting Standard (AS) -12 on ‘Accounting for Government Grants’ states that ‘Government Grants may take the form of non-monetary assets, such as land or other resources, given at concessional rates. In these circumstances, it is usual to account for such assets at their acquisition cost. Non-monetary assets given free of cost are recorded at a nominal value.’ As the land had been given by the State Government to IIPE free of cost, it should have been valued at nominal value. Non-compliance of the provisions of AS-12 resulted in overstatement of Land and overstatement of Corpus Fund by ₹14.13 crore. Further, the Accounting Policy No. 3.2 is also deficient and needs to be restated in line with the provisions of AS-12.

General

As per Section 27(2) and 27(4) of the IIPE Act, 2017, the accounts of the Institute shall be audited by the CAG and such certified accounts</td></tr>
</table>

Sl. No.	Name of CAB	Comments on accounts
		together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament. However, the accounts from the year of its inception i.e. 2017-18 to 2021-22 were not submitted by the Institute to the CAG for audit. The Institute got its accounts up to the year 2021-22 audited by a firm of Chartered Accountants which was not mandated. Hence, Audit could not validate the correctness of the opening balances brought forward in the accounts for the year 2022-23. Further, though the Annual Reports of the Institute for the years 2017-18 to 2021-22, including its annual accounts and audit report thereon issued by the firm of Chartered Accountants, were placed in the Parliament by the Ministry of Petroleum and Natural Gas, due diligence was not exercised by the Ministry to ensure compliance to the requirements of Section 27 of the IIPE Act, 2017 with regard to audit by the CAG. **2023-24** **Fixed Assets (Schedule-4): ₹94.27 crore** **Computer Software: ₹0.45 crore** The Institute received donation of Software license worth USD **$28.99 Million (i.e. ₹238.00 crore at conversion rate ₹82.39 per USD as on 14 June 2023)** from Landmark Technology Holdings, Inc (Halliburton). The Software was installed on 14 June 2023 and the license is valid for 3 years, i.e. upto 13 June 2026. As per the para 3.3 of the Significant Accounting Policies, "*Gifted/Donated assets are valued at the declared value where available; if not available, the value is estimated based on the present market value adjusted with reference to the asset's physical condition. They are set up by credit to Capital Fund and merged with Fixed Assets of the Institution. Depreciation is charged at the rates applicable to the respective assets*." However, the Software was not recognized in the books of accounts. This resulted in understatement of Intangible Assets (Computer Software) by ₹142.80 crore, understatement of Corpus Fund by ₹238.00 crore and understatement of Depreciation by ₹95.20 crore[198] with resultant overstatement of 'Excess of Income over Expenditure' by ₹95.20 crore.
23.	**Oil Industry Development Board**	**2023-24** **Current Liabilities and Provisions (Schedule.7): ₹129.94 crore** The above include provision of an amount of ₹5.28 lakh towards Gratuity. Oil Industry Development Board (OIDB) has established two trusts namely "OIDB Employees Group Gratuity Scheme" snf "OIDB Employee's Superannuation Scheme" covering the liability of OIDB

[198] *Depreciation calculated on ₹238.00 crore at the rate of 40%*

Sl. No.	Name of CAB	Comments on accounts
		towards its existing employees for the past service rendered. The funding to the schemes is being made through the trusts as per the actuarial valuation (Schedule 25 (9)). Government of India (Ministry of Personnel, Public Grievances and Pensions) vide OM No.38/37/2016-P&PW(A)(i) dated 4 August 2016 stipulate that "*the maximum limit of retirement gratuity and death gratuity shall be ₹20 lakh. The ceiling on gratuity will increase by 25 per cent whenever the dearness allowance rises by 50 per cent of the basic pay. Accordingly, first proviso under Rule 50(1)(b) of CCS (Pension) Rules, 1972 shall stand modified to this extent*." Further, Department of Expenditure vide OM No.1/1/2024-E-II(B) dated 12 March 2024 had issued instructions regarding enhancement of Dearness Allowance Rates from 46 per cent to 50 per cent of the Basic Pay with effect from 1 January 2024. OIDB, based on valuation done/communicated (April 2024) by Life Insurance Corporation of India, made a provision of ₹5 lakh (two policies: ₹24847/- + ₹502680) towards Group Gratuity Scheme. However, review of demand letter (LIC) dated 12 April 2024 revealed that LIC in its statement considered TSG/PSG as ₹20 lakh only. Thus, Provision towards Group Gratuity Scheme is deficient to that extent (₹25 lakh – ₹20 lakh) along-with understatement of Liability to such extent.
24.	**Rajiv Gandhi Institute of Petroleum Technology, Amethi**	**2022-23** **Corpus/Capital Fund (Schedule 1): ₹13,77.28 crore** The above includes fund of ₹583.80 crore contributed by Oil Companies to RGIPT for creation of an Endowment Fund, interest income of which was to be utilised for meeting the recurring expenditure of the concerned projects (i.e., AEI Sivasagar and RGIPT JAS). This has resulted in overstatement of 'Corpus/Capital Fund' (Schedule 1) and understatement of 'Earmarked/Endowment Fund' (Schedule 3), each by ₹583.80 crore. **Investment-Others (Schedule 8): ₹8.84 crore** The above includes an amount of ₹2.77 crore, paid by RGIPT in Life Insurance Corporation of India, towards investment of gratuity and leave encashment fund on 19-05-2023, i.e. after closing of the financial year 2022-23 by way of creation of sundry creditors by equal amount. This has resulted in overstatement of both, 'Investments-Others' and 'Current Liabilities (Schedule 5)' by ₹2.77 crore each. **Income and Expenditure Account** **Other Administrative Expenses (Schedule 15): ₹9.07 crore** The above does not include an amount of ₹17.09 crore, paid by RGIPT in full and final settlement to NCCL, towards interest payment in the dispute between them due to some contractual obligations. As per AS-10, 'Property Plant and Equipment', cost of an asset shall include any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. As the interest cost had arisen out of a dispute between the parties and was not directly attributable to

Sl. No.	Name of CAB	Comments on accounts
		bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by the management, the same should have been charged as 'Other Administrative Expenses' under 'Income and Expenditure Account', rather than capitalizing under 'Fixed Assets' (Schedule 6). This has resulted in understatement of 'Other Administrative Expenses' by ₹17.09 crore. Further, since RGIPT has charged depreciation of ₹2.87 crore on such incorrect capitalization of ₹17.09 crore under 'Deferred Revenue Income (Depreciation)', both, the 'Fixed Assets' and 'Deferred Revenue Income (Depreciation)' are overstated by ₹14.22 crore (i.e., ₹17.09 crore minus ₹2.87 crore) and ₹2.87 crore respectively. **2023-24** **Balance Sheet** **Current Assets, Loans, Advances (Schedule 9)** **Advances and other amount recoverable in cash or in kind or value to be received on Capital Account: ₹105.75 crore** The above includes an amount of ₹104.34 crore paid by RGIPT as advance for deposit works to the appointed executing agencies viz., CPWD, Amethi (₹31.79 crore) , CPWD, Assam (₹32.53 crore) and Nirmithi Kendra, Bangalore (₹40.02 crore), and had been utilized ₹85.74 crore as on 31 March 2024 by these agencies for Capital Work in Progress. RGIPT had not account for the work done under CWIP. Same has been confirmed by RGIPT. This has resulted in overstatement of 'Advances and other amount recoverable in cash or kind or for value to be received on Capital Account' under the head 'Current Assets, Loans, Advances' (Schedule 9) by ₹85.74 crore and understatement of 'Capital Work in Progress' by same amount. **Bank Balances** **With Scheduled Banks** **On Deposit Accounts: ₹861.70 crore** The above includes ₹583.80 crore on account of Earmarked/Endowment Fund pertaining to RGIPT-Jais (₹333.60 crore) and REI Sivasagar (₹250.20 crore). This should have been classified under Investment from Earmarked/Endowment Funds (Schedule 7) in compliance with Uniform Format of Accounts for non-profit Central Autonomous Bodies. Non-compliance of this provision has resulted in overstatement of Bank Balances - With Scheduled Banks - Deposit Accounts (Schedule 9) by ₹583.80 crore and understatement of Investment from Earmarked / Endowment Funds (Schedule 7) by the same amount. **Fixed Assets (Schedule 6)** **Depreciation: ₹143.58 crore** As per Significant Accounting Policy No. 4.1, "Depreciation on fixed assets is provided on Straight Line Method on pro-rata basis at

Sl. No.	Name of CAB	Comments on accounts
		the rate arrived at based on the estimated useful life of the assets. In respect of the assets fully depreciated and are in use, a residual value of ₹1.00 is retained in the books till it is discarded. While charging depreciation on the fixed assets, RGIPT had worked out depreciation on the gross block instead of individual assets and had not considered residual value of ₹1.00 in respect of those assets which had completed their useful lives and were being retained in the books of accounts. This has resulted in overstatement of the accumulated depreciation charged up to 31 March 2024 by ₹14.08 crore and Deferred Revenue Income by same amount. The same has been confirmed by RGIPT. **Capital Work in Progress: ₹91.01 crore** The above includes an amount of ₹9.59 crore (₹0.41 crore pertaining to construction of "Track and field of Rajeev Gandhi Institute of Petroleum Technology, at Jais" and ₹9.18 crore pertaining to construction of Pre-cast RCC Compound Wall for Energy Institute Bangalore Centre), which had been completed by November 2022 and April 2023, respectively. This resulted in understatement of 'Fixed Assets' and overstatement of 'Capital Work in Progress' by an amount of ₹9.59 crore each. This also led to non-charging of depreciation on such assets.
IX.	**Ministry of Ports, Shipping and Waterways**	
25.	**Calcutta Dock Labour Board, Kolkata**	**2023-24** As per approval of the Board, revision in basic pension of retired employees and family pensioners, CDLB was liable to pay additional pension @ ₹ 49.38 lakh per month w.e.f. 01.01.2017. However the same was not paid due to financial crunch. Therefore, CDLB was required to recognize Current Liability for the unpaid additional pension amounting to ₹42.96 crore {@ ₹49.38 lakh per month for 87 months (i.e. from January 2017 to March 2024)}. Non-accounting of the additional pension liability has resulted in understatement of 'Current Liabilities' and of 'Balance being excess of expenditure over income' by ₹42.96 crore each.
26.	**Chennai Port Authority**	**2022-23** **(i) Long Term Investments — ₹2660.34 crore** An amount of ₹30.00 crore (Three crore shares @₹10 each) was invested in Sethusamudram Corporation Limited. As the Company had been directed to be wound up by the Ministry of Port, Shipping and Waterways and the Net worth of the company is majorly in the form of dredging expenditure which has impaired. The investments made by ChPA may not be realized. The investment in the Company needs to be provided for impairment or erosion in value. Thus, accounting of investment at cost without considering it for impairment is incorrect. This resulted in overstatement of the investments and profit to an extent of ₹30 crore.

Sl. No.	Name of CAB	Comments on accounts
		(ii) Current Liabilities and Provisions – Schedule XII - ₹1,223.40 crore A separate Pension fund is maintained by Chennai Port Authority to meet the pension payments to their retired employees or their families. The contribution to the pension fund is made by ChPA every year. The liability for pension payments is ascertained through actuarial valuation by Life Insurance Corporation of India every year. Any shortfall in the pension fund is to be met by contributions in the fund. The obligation for pension payments was ascertained through actuarial valuation by Life Insurance Corporation of India to an extent of ₹6,091.59 crore as on 31 March 2023. However, the corpus available in Pension Fund was only ₹3,680.76 crore resulting in deficit of ₹2,410.83 crore as on 31 March 2023. The ChPA has neither accounted the fully liability in the accounts nor funded the deficit in the corpus fund as on 31 March 2023. The short provision of the liability is more than the Net Worth (₹2,317.15 crore) of ChPA as on 31 March 2023 and 1545 per cent of the Profit (₹156.06 crore) of ChPA Port for financial year 2022-23. Non-provision for this liability towards pension fund has resulted in understatement of current liabilities and provisions as on 31 March 2023 and overstatement of profit for the year by ₹2,410.83 crore. Had the full provision for liability towards pension fund been made in accounts, it would have turned the Net Worth in negative (₹93.68 crore) as on 31 March 2023 and profit for the year would have turn in loss of ₹2,254.77 crore. **2023-24** **Current Liabilities and Provision - Schedule XII - ₹1,140.43 crore** (i) A separate Pension fund is maintained by Chennai Port Authority (Port/ChPA) to meet the pension payments to their retired employees or their families. The contribution to the pension fund is made by the Port every year. The obligation for pension payments was ascertained through actuarial valuation by Life Insurance Corporation of India every year and the shortfall in the fund is to be made good by contribution to the fund. As per Accounting Standard 15 (Employee Benefits) where the liability for retirement benefits was funded through creation of a trust, the cost incurred for the year shall be ascertained by actuarial valuation and the contribution payable by the employer as specified by the Actuary's valuation report shall be charged to the statement of profit and loss account.

Sl. No.	Name of CAB	Comments on accounts
		The details of actuarial valuation of pension fund of the Port, corpus available with LIC and shortfall during the last three years are as follows: **(₹ in crore)** <table><tr><th>Description</th><th>2021-22</th><th>2022-2023</th><th>2023-2024</th></tr><tr><td>Actuarial valuation</td><td>6,077.76</td><td>6,091.59</td><td>5,669.59</td></tr><tr><td>Corpus in Pension Fund</td><td>3,613.72</td><td>3,680.76</td><td>3,759.49</td></tr><tr><td>Shortfall</td><td>2,464.04</td><td>2,410.83</td><td>1,910.10</td></tr></table> The Port could not provide the contribution in Pension Fund amounting to ₹1,910.10 crore as ascertained through the actuarial valuation by Life Insurance Corporation of India. Hence, no provision for the liability was made in accounts. Non–provision for this liability towards pension fund has resulted in understatement of current liabilities and provisions and overstatement of profit by ₹1,910.10 crore. The short provision is equal to 77.63 *per cent* and 948 *per cent* of the net worth (₹2,460.62 crore) and profit (₹201.46 crore) respectively of the Port for FY 2023-24. In case the full provision for the liability is made in accounts, it would decreasethe Net worth to ₹550.52 crore and profit for the year would turn in loss of ₹1,708.64 Crore. (ii) A separate Gratuity Fund and Leave Encashment Fund is maintained by Chennai Port Authority to meet the pension payments to their retired employees or their families. Port has obtained policies from Life Insurance Corporation to meet these obligations and as such LIC had made actuarial valuation of these obligations and intimated the Port about the short fall in the contribution as on 31 March 2024 as follows: (₹ in crore) <table><tr><th>Details</th><th>Gratuity Liability</th><th>Leave Encashment Liability</th></tr><tr><td>Actuarial Value of Obligation</td><td>324.87</td><td>134.54</td></tr><tr><td>Value of accumulated contribution with LIC</td><td>264.31</td><td>65.49</td></tr><tr><td>Short provision in liability</td><td>60.56</td><td>69.05</td></tr></table> This resulted in non-provision of liability towards Gratuity Fund of ₹60.56 crore and Leave Encashment Fund of ₹69.05 crore as per the actuarial valuation done by LIC on behalf of Port. This resulted in understatement of current liabilities and provisions and overstatement of profit by ₹129.61 crore to that extent.
27.	**Cochin Port Authority**	**2022-23** **Current Liabilities and Provisions – ₹ 585.98 crore (Schedule VIII)**

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td></td><td></td><td>
The Port did not provide the liability for contribution in Pension Fund, Gratuity Fund and towards leave encashment being the retirement benefits of employees amounting to ₹2,171.51 crore, ₹101.95 crore and ₹61.05 crore respectively as ascertained through the actuarial valuation by Life Insurance Corporation of India for FY 2022-23. The above short provision of ₹₹2,334.51 crore is very high as compared to the Profit (₹5.83 crore) of the Port for FY 2022-23. In case the full provision is made in accounts, the Net Worth of the Port would decrease from (-) ₹335.73 crore to (-) ₹2,670.24 crore and profit for the year would turn in loss of ₹2,328.68 crore.
Non-provision for the liability towards retirement benefits of employees resulted in understatement of provisions and overstatement of profit to the extent of ₹2,334.51 crore.
2023-24
Current Liabilities and Provisions: ₹598.07 crore (Schedule VIII) Note No. 13 and 14
Trusts were formed to manage the funds for pension and gratuity payment to employees. As per Actuarial Valuation by LIC, liability towards pension, gratuity and leave encashment was ₹2,859.10 crore, ₹129.75 crore and ₹38.09 crore, respectively as on 31.03.2024. However, funds available with LIC against the pension, gratuity and leave encashment liability was ₹1,083.26 crore, ₹73.33 crore and 'nil' respectively as on 31.03.2024. The liability towards pension, gratuity and leave encashment for the shortfall in funds to an extent of ₹1,775.84 crore, ₹56.42 crore and ₹38.09 crore respectively was not created as on 31.03.2024.
This resulted in understatement of the expenses and Current Liability by ₹1,870.35 crore. Consequently, profit for the year was overstated to the same extent.
</td></tr>
<tr><td>28.</td><td>Deendayal Port Authority</td><td>
2022-23
1. Fixed Capital Assets (Schedule 3)
Net Block: ₹ 2,424.12 crore
Above includes ₹11.21 crore being the cost of 28 assets of Net Block which were dismantled as per physical verification report for the year 2021-22. The summary of these assets are as follows:
(₹ in crore)
<table>
<tr><th></th><th>Cost of Assets</th><th>Depreciation charged till 2022-23</th><th>Net Value of Assets</th></tr>
<tr><td>3 Assets</td><td>0.25</td><td>No depreciation charged</td><td>0.25</td></tr>
<tr><td>25 Assets</td><td>31.92</td><td>20.96 (including ₹1.07 crore as depreciation for 2022-23)</td><td>10.96</td></tr>
<tr><td>Total:28 Assets</td><td>32.17</td><td>20.96</td><td>11.21</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td></td><td></td><td>
Inclusion of the dismantled assets in the Net Block of Fixed Assets resulted in overstatement of Net Block (Fixed Assets) by ₹11.21 crore, overstatement of depreciation by ₹1.07 crore and consequently understatement of Profit by ₹1.07 crore for the year 2022-23.
The above observation was also pointed by Audit through Separate Audit Report on the accounts for 2021-22, however no corrective action was taken.
2. Profit and Loss Accounts
Operating Income
Cargo Handling and Storage Charges: ₹835.44 crore (Schedule-I)
Royalty Income from BOT ₹184.03 crore

The above includes royalty income from BOT operators amounting to ₹184.03 crore (Nayara Energy Limited: ₹88.94 crore, Tuna Port- M/s Adani Kandla Bulk Terminal: ₹64.71 crore, Container Terminal Kandla- M/s KICTL: ₹27.53 crore and Berge Jetty-M/s IFFCO Kisan: ₹2.84 crore) for the year 2022-23.
To ensure the correctness of revenue share, as per clause 9.4 of Concession Agreements, DPA has awarded the work of special audit of said BOT incomes for the year 2022-23 to M/s Ashok Chhajed and Associate for verification of the gross revenue reported by Concessionaires. However, the final special audit report has not yet been submitted.
In the absence of the conclusion of the special audit for the year 2022-23, Audit is not able to vouchsafe the correctness of the royalty shared during the financial year.
Also, Provisions regarding appointment of additional auditors, status of special audits as per concession agreements with the BOT operators and recognition of differential income from BOT contracts should have been disclosed under the revenue recognition policy.
The observation is being raised by Audit since 2016-17.
3. General:
Non production of data/information
(₹ in crore)
<table>
<tr><th></th><th>Heads</th><th>Balance as on 31.03.2023</th></tr>
<tr><td>1</td><td>Sundry Debtors</td><td>575.23</td></tr>
<tr><td>2</td><td>Advance to Suppliers, Contractors and Others</td><td>268.19</td></tr>
<tr><td>3</td><td>Deposit from Merchants, Contractors and Others</td><td>658.03</td></tr>
</table>
The age-wise, Party-wise details of Opening Balance of above Heads were not provided by Management. In absence of the same, Audit is unable to vouchsafe the above balance in the respective heads of the Balance Sheet.
2023-24
1. Investments: ₹4,799.43 crore (Schedule IV)
In Schedule 4 – Investments, the Port has disclosed the entire investments against General Reserve. It does not disclose the corresponding investments against particular Reserves like, Reserve for Replacement, Rehabilitation and Modernisation, Reserve for
</td></tr>
</table>

Sl. No.	Name of CAB	Comments on accounts
		Development Repayment of Loans and Contingencies, Infrastructure Reserve which was being followed till 2022-23. Statutory Reserves of ₹238.45 crore include three *per cent* Reserve for Replacement, Rehabilitation and Modernisation amounting to ₹118.39 crore and three *per cent* Reserve for Development Repayment of Loans and Contingencies amounting to ₹120.06 crore. These reserves respectively include ₹1.40 crore and ₹1.52 crore being the interest allocated in the year 2023-24 out of the total interest earned by the Port on its investments during the period 2023-24. Schedule No.5 – Current Assets discloses a short term investment of ₹38.15 crore against the Statutory Reserves. However, the Schedule No.4 - Investments does not disclose the balance investment of ₹200.30 crore (₹238.45 crore - ₹38.15 crore) against the Statutory Reserves by way of earmarking from the General Reserve Investments 2. **Cargo Handling** and **Storage Charges** **Royalty Income from BOT: ₹220.41 crore** The above includes royalty income received from three BOT operators amounting to ₹113.82. As per clause 9.4 of the Concession Agreement entered into with the concessionaires, the Concessionaire shall submit a financial statement of the Gross Revenue for every six monthly periods ending 30 September and 31 March every year, duly certified by its Statutory Auditors to the Port. The Port shall at its own cost have the option to appoint an Additional Auditor to conduct a special audit of the Gross Revenue. However, special audit in respect of these three concessionaires for the year 2023-24 has not been conducted. In the absence of same, the veracity of Royalty Income of ₹113.82 crore pertaining to the BOT operators as reflected in the books of accounts could not be verified by Audit. The observation is being raised by Audit since 2016-17.
29.	**Jawaharlal Nehru Port Authority**	**2022-23** **Income from BOT Contracts₹ 1,674.36 crore (Schedule 12)** **Upfront Fee from NSFTPL - ₹0.57 crore** (a) The above does not include an amount of ₹1.07 crore on account of upfront fee receivable from PPP operator for the year 2022-23. As against the proportionate upfront fee of ₹1.65 crore for the year 2022-23, only ₹0.58 crore has been recognised as income for the year. Short recognition of upfront fee for the year 2022-23 has resulted in understatement of Income and profit for the year by ₹1.07 crore. (b) The above includes ₹1,366.87 crore being revenue share received from five BOT operators. As per the License Agreement with concessionaire, the Concessionaire has to pay to the Concessioning authority (JNPA) royalty based on the gross revenue earned by the BOT operator. The Concessionaire has to submit the financial statements indicating the gross revenue to the Port duly certified by its statutory auditor. As per the concession agreement with parties except one concessionaire, Concessioning Authority have the option to appoint another firm of Chartered accountant (additional auditors) to conduct a special audit of gross revenue. In the event that the Gross revenue reported by the additional auditor is higher than the

Sl. No.	Name of CAB	Comments on accounts
		reported by BOT operators, the auditors shall meet to resolve such difference and if they are unable to resolve the same, the concessionaire shall pay royalty on the gross revenue reported by the additional auditor. The concessionaire shall also pay interest at SBI PLR plus 2 percent on the differential amount. As per the special audit report for 2019-20 of BMCTPL, there is a differential amount of ₹34.30 crore pending recovery. In the absence of the conclusion of the special audit for the year 2022-23, Audit is not able to vouchsafe the correctness of the royalty shared during the financial year. Also, Provisions regarding appointment of additional auditors, status of special audits as per concession agreements with the BOT operators and recognition of differential income from BOT contracts should have been disclosed under the revenue recognition policy. The above issue is being raised by Audit since 2016-17. **2023-24** **Current Assets, Loan and Advances (Schedule-6)** **Interest accrued on Investments – ₹ 195.03 Crore** **Cash and Bank Balance (including TDR with banks) - ₹ 5602.41 Crore** The above includes an amount of ₹67.59 crore being amount transferred to the Oriental Bank of Commerce for creating a fixed deposit (12 February 2014) and interest accrued thereon upto 31 March 23 amounting to ₹89.06 crore. The principal amount was misappropriated by an employee of the Bank before any Fixed Deposit receipt could be issued to the Port and the matter is under investigation by CBI. A case was filed in National Consumer Dispute Redressal Commission (NCDRC) in October 2016 and NCDRC has dismissed the same in March 2023. An appeal on the same is filed in the Supreme Court. Even after a period of 10 years has lapsed, JNPA is not in possession of Fixed Deposit Receipt of ₹67.59 crore, matter is under investigation with CBI and NCDRC has dismissed the appeal, provision should have been created for doubtful investment and interest thereon. Non provisioning for doubtful recovery of investment has resulted in overstatement of profit by ₹156.65 crores, overstatement of Cash and Bank Balance by ₹67.59 crore and Interest Accrued on Investments by ₹89.06 crore.
30.	**Mormugao Port Authority**	**2023-24** **1. Investment (Schedule 3): ₹243.41 crore** **Current assets, loans and advances (Schedule 4)** **Cash and bank balances: General Insurance Fund - ₹21.30 crore** The above represents a General Insurance Fund which was created to cater to the significant accidental losses relating to Major Assets, which might lead to total/substantial damages to such Assets, requiring replacement and /or heavy repair expenditure in order to

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td></td><td></td><td>
restore the Assets to their original condition (refer to Note no.5 of the Notes forming part of Balance Sheet and Profit and Loss Account).
Since, the investments were held for more than a year, the same should have been shown under Investments instead of under cash and bank balances. The incorrect classification resulted in overstatement of the Cash and Bank balances and understatement of investment by ₹21.30 crore.
2. Cargo handling and Storage charges (Schedule 5): (₹169.43 crore)
Port and Dock charges including Pilotage Fees (Schedule 6): ₹234.35 crore)
The above includes ₹34 crore received from a Concessionaire for the period 2023-24 on account of cargo handling charges and berth hire charges/port and dock charges. As per clause 9.4 of the Concession Agreement, the Concessionaire shall submit to MPA a financial statement of the Gross Revenue for every six monthly periods ending 30 September and 31 March every year, duly certified by its Statutory Auditors .The Concessioning Authority shall at its own cost have the option to appoint an Additional Auditor to conduct a special audit of the Gross Revenue.
Independent audit in respect of the concessionaire for the year 2023-24 has not been conducted. MPA could not produce primary records to audit for verifying the correctness of revenue shared by the concessionaire. In the absence of relevant records, the veracity of Royalty Revenue of ₹34 crore pertaining to the concessionaire as reflected in the books of accounts could not be verified by audit.
The subject matter is being pointed out by Audit since 2016-17.
</td></tr>
<tr><td>31.</td><td>Mumbai Port Authority</td><td>
2022-23
1. Current Liabilities and Provisions - ₹4545.15 crore
As per the Common Framework for Financial Reporting, if the liability for retirement benefits was funded through creation of a Trust, the cost incurred for the year shall be ascertained by actuarial valuation. MbPA has not made adequate provisions towards the Pension Fund, Gratuity Fund and Leave Encashment Fund as given below:
₹ in crore
<table>
<tr><th>Name of the Fund</th><th>Liability to be provided as per Actuarial Valuation Report as on 31.03.2023</th><th>Balance in the Fund as on 31.03.2023</th><th>Shortfall</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4 (2-3)</th></tr>
<tr><td>Pension Fund</td><td>11410.42</td><td>9354.82</td><td>2055.60</td></tr>
<tr><td>Gratuity Fund</td><td>481.56</td><td>21.80</td><td>459.76</td></tr>
<tr><td>Leave Encashment Fund</td><td>230.28</td><td>0.29</td><td>229.99</td></tr>
<tr><td>Total</td><td>12122.26</td><td>9376.91</td><td>2745.35</td></tr>
</table>
</td></tr>
</table>

Sl. No.	Name of CAB	Comments on accounts
		The above short provision amounting to ₹2745.35 crore is equal to 1816 per cent of the Deficit/Loss (₹ 151.14 crore) of MbPA for Financial Year 2022-23. In case the full provision is made in accounts, the net worth of MbPA would erode and decrease from ₹2220.30 crore to (-) ₹525.05 crore and Deficit/Loss for the year would also increase by ₹2745.35 crore. Non-provision for this liability has resulted in understatement of Current Liabilities by ₹2745.35 crore and corresponding understatement of Deficit/Loss to the same extent. The above deficiencies are being pointed out by Audit since 2012-13 but the management has not made adequate provisions. **2 Advances from:** **Advance amount received from MMRDA for reconstruction of Berth- ₹64 crore** MbPA entered (May 2016) into an MoU with Mumbai Metro Region Development Authority (MMRDA) for construction of Mumbai Trans Harbour Link (MTHL) for linking the island city of Mumbai with the main land across the harbour for the period of 30 years. As per Clause 5 MMRDA shall compensate MbPA by paying ₹64 crore towards 50 per cent share of construction cost of Second Chemical Berth in lieu of decommissioning of Old Pirpau Jetty/ Berth. MbPA decommissioned Old Pirpau Jetty/ Berth and constructed/commissioned (April 2015) SCB and received (July 2019) compensation of ₹64.00 crore. However, MbPA accounted ₹64 crore under Liabilities instead of adjusting the same against Commissioning cost of SCB. Non-adjustment of reimbursement of capital cost against asset value resulted in overstatement of Liabilities (Advances from) and Fixed Assets (Second Chemical Berth) by ₹64 crore and also overstatement of Accumulated Depreciation and Deficit/Loss by ₹19.64 crore. **3. Loans and Advances** **Advances recoverable in cash or in kind or the value to be received: ₹918.22 crore** The above includes ₹14.57 crore in respect of rebate claimed on Property Tax from MCGM before April 2006. As the claim has not been accepted by MCGM for more than 15 years, provision should have been created to recognise the uncertainty regarding recovery of the same. Non-provision of rebate claimed on Property Tax resulted in overstatement of Receivables and understatement of Deficit/Loss by ₹14.57 crore.

Sl. No.	Name of CAB	Comments on accounts
		4. Current Liabilities - ₹4441.89 crore **Sundry Creditors** **Accrued Expenses- ₹191.22 crore** The above does not include ₹34.26 crore in respect of Property Tax payable to MCGM. MCGM claims general charges in lieu of Property tax @₹4.87 crore p.a. (base rateable values of MbPA Properties). However, MbPA is providing liability for Property Tax @₹3.91 crore p.a. only by adjusting their claim in respect of maintenance cost. MCGM claimed (February 2023) Property Tax of ₹48.54 crore upto 31 March 2023, of which MbPA paid (31 March 2023) ₹3.91 crore and provided in the books for ₹10.37 crore upto 31 March 2023. Thus, short provision of liability towards statutory dues of Property Tax liability by adjusting maintenance cost resulted in understatement of Accrued Expenses and Deficit/Loss by ₹34.26 crore. Though the above comment has been raised through SAR for the year ended 31 March 2022, the same is yet to be rectified by the Port Management. **5. Profit and Loss Account:** **Operating Income** **Estate Rentals: ₹314.74 crore - Rent from Land: ₹ 269.88 crore** The above do not include ₹17.69 crore being the penalty on account of the Minimum Guarantee throughput (MGT) collected from various parties. The Port had raised (since 2002) a demand of ₹71.58 crore for additional way leave charges for the shortfall in achieving the prescribed MGT on various parties (TPCL, HPCL, CTTL, BPCL and Aegis) from 25 September 1996 to 31 March 2015. The users disputed the penalty billed for various reasons and made representation to the Board and did not pay penalty charges and sought waiver of the MGT clause. The Port showed the amount recovered of ₹17.69 crore under Miscellaneous Deposits instead of recognising the same as Revenue. Though the issue has been raised through SAR for the year ended 31 March 2022, no corrective action has been taken and the amount remains unadjusted in the Financial Year 2022-23. **2023-24** **Sundry Debtors- ₹2132.19 crore (Schedule IV)** Audit observed that there is a difference in respect of the Debtors shown in the Accounts and that shown by the concerned departments as given below: -

Sl. No.	Name of CAB	Comments on accounts

(₹ In crore)

Sl. No.	Name of the Department	Debtors as per the Department	Debtors as per the Accounts	Difference
i.	Estate Department	1954.04	2636.69	682.65
ii.	Civil Engg. Department	45.89	13.99	(31.90)
iii.	Traffic Department	198.88	341.10	142.22

In the absence of reconciliation of the Sundry Debtors' figures of the Finance department and the above-mentioned concerned departments, audit is not in a position to form an opinion on the correctness of the figures booked under Sundry Debtors.

2. Sundry Creditors
Advances from Merchants, Contractors and Others: ₹1644.21 crore

This includes ₹1131.90 crore being estate rentals recovered from the lessees/tenants-(Estate Departments Miscellaneous Advance Account) which needs to be finally adjusted against the head of account 'Debtors'. Though a team of three CA firms have been engaged in the year 2017to identify and reconcile the balances, the reconciliation was not completed till their term. Further,CA firms were again engaged in October 2023 to identify and reconcile the balances. However, thereconciliation has still not been completed. Hence, the accuracy of this head of account could notbe ascertained by audit.

The above observations are being raised by audit since 2015-16. Though, the reconciliation process had started long back in the year 2017, the same is yet to be completed.

3. Profit and Loss Account Provisions: ₹103.26 crore

As per the Common Framework for Financial Reporting, if the liability for retirement benefits was funded through creation of a Trust, the cost incurred for the year shall be ascertained by actuarial valuation. MbPA has not made adequate provisions towards liability to the Pension Fund, Gratuity Fund and Leave Encashment Fund as given below:

(₹ in crore)

Name of the Fund	Liability to be provided as per Actuarial Valuation Report as on 31 Mar 2024	Balance in the Fund as on 31 Mar 2024	Provision as on 31 Mar 2024	Shortfall
1	2	3	4	5 (2-3-4)
Pension Fund	11447.74	10320.41	400.00	727.33

Sl. No.	Name of CAB	Comments on accounts

Gratuity Fund	404.13	56.02	0	348.11
Leave Encashme ntFund	230.28	0.31	0	229.97
Total	**12082.15**	**10376.74**	**400.00**	**1305.41**

The above short provision amounting to ₹1305.41 crore is equal to 623 per cent of the Profit after tax (₹209.46 crore) of MbPA for Financial Year 2023-24. In case the full provision is made in accounts, the net worth of MbPA would decreased from ₹2432.96 crore to ₹1127.55 crore and profit after tax for the year would be converted into deficit/loss to ₹1095.95 crore.

Non-provision for this liability has resulted in understatement of Current Liabilities by ₹1305.41 crore and corresponding overstatement of Profit to the same extent.

The above deficiencies are being pointed out by Audit since 2012-13 but the management has not made adequate provision.4. Cash and Bank Balances: ₹404.15 Crore (Schedule-V)

MbPA operated 23 Bank Accounts. Bank Reconciliation statements of the following seven Bank Accounts as mentioned below were not prepared by the Port.

(₹ In Crore)

Sl. No.	**Bank**	**Book Balance**	**Bank Balance as per balance confirmation certificate**	**Difference**
1	Union Bank of India (317901011011787)	300.94	₹18,450 only	(300.94)
2	SBI Provident Fund Account (10996687335)	145.78	₹5,000 only	(145.78)
3	SBI Traffic Auction Sales (10996683283)	6.06	9.07	3.01
4	IDBI GEM Pool (726102000012254)	0.35	1.69	1.34
5	SBI CME I (10005255202)	0.09	0.76	0.67
6	SBI MM Fuel (10005255553)	9.64	2.05	(7.59)
7	SBI CME II (10005255053)	0.11	Balance confirmation certificate not furnished	

In view of the above the following were observed:

Sl. No.	Name of CAB	Comments on accounts
		a) Huge discrepancies between the bank balances reported by the bank and those recorded in the Books of Accounts were observed in the following two bank accounts: (i) **Union Bank of India:** The book balance showed an amount of ₹300.94 crore, whereas the bank confirmation certificate indicated a balance of only ₹18,450. (ii) **SBI Provident Fund Account:** The book balance showed an amount of ₹145.78 crore, whereas the bank confirmation certificate indicated a balance of only ₹5,000. b) In addition to the above, in four bank accounts BRS has not been furnished to audit and the difference between bank balance and book balance was ranging between ₹ (-)7.59 crore to ₹3.01 crore. c) In respect of one bank account (Srl No.7) neither the BRS nor bank confirmation certificate has been provided. Failing to maintain or regularly reconcile Bank Reconciliation Statements, especially when there are significant discrepancies between the bank balance and the Auditee's accounts, may result in increased fraud risk, misstatement of financial position, error in financial reporting, increased audit risk and adverse impact on credit worthiness of the entity. Thus, in the absence of Bank Reconciliation Statements, Audit was not in a position to verify the correctness of the amount shown under the head Cash and Bank Balance. The comment regarding non-production of BRS in respect of nine bank accounts was also raised in the year 2022-23. However, corrective action has not been taken by the Management.
32.	**Mumbai Port Authority Pension Fund Trust**	**2023-24** **Pension Fund Account and Liabilities** **Pension Fund – ₹10320.41 crore (Schedule I) read with Notes on Accounts (Actuarial Valuation at Sl No. IV (c))** Mumbai Port Trust Pension Fund Trust was formed vide a Trust Deed (14 January 2004) to meet the pension liability of employees and ex-employees. Life Insurance Corporation (LIC) has been appointed as the Fund Manager to manage the Pension Fund. LIC does the actuarial valuation every year based on which the money is invested by the Trust with LIC. The total pension liability as per actuarial valuation as on 31.03.2024 worked out to ₹11447.74 crore (₹9122.24 crore towards existing pensioners and ₹2325.50 crore towards future pensioners). The pension fund balance as on 31 March 2024 was ₹10320.41 crore. Thus, Considering the Actuarial Valuation Report, there is a shortfall of ₹1127.33 crore in the Fund Balance. The shortfall in the fund balance has resulted in understatement of liabilities (Pension Fund Account) and Asset (Current Assets, Loans and Advances – "Receivable from Mumbai Port Trust") to the extent of ₹1127.33 crore

Sl. No.	Name of CAB	Comments on accounts
		Audit has been pointing out the shortfall in provisioning for Pension Liability since 2012-13.
33.	**New Mangalore Port Authority**	**2022-23** **Dock, S/wall, Piers, N. Aids, Jetty (Schedule – 2)** **Additions during 2022-23: ₹11,87,53,006** Above additions include ₹6,41,31,620 being the miscellaneous claims and interest amount representing expenditures which should have been accounted as revenue expenditure. This resulted in understatement of revenue expenditure and overstatement of depreciation for the year by ₹6,41,31,620 and ₹₹44,02,245 respectively. Consequently, net fixed assets at the year end and profit for the year are overstated by ₹5,97,29,375. **2023-24** **Reserves and Surplus - Revenue Reserve** The above includes Corporate Social Responsibility Fund of ₹22,60,45,337. Port is obligated to spend unutilized amount on CSR activities to be carried forward to the next year on ongoing CSR projects. Hence, liability exists on the Balance Sheet date and Port should have accounted the unspent CSR fund of ₹22.61 crore under Current Liabilities instead of Reserves and Surplus. This has resulted in overstatement of Reserves and Surplus and understatement of Current Liabilities by ₹22.61 crore.
34.	**Paradip Port Authority**	**2022-23** **1.** The Current Liabilities and provisions does not include a sum of ₹4.02 crore being the demand raised (21 March 2023) by East Coast Railways towards maintenance of overhead equipment and inspection charges for the period July 2020 to December 2022. Non-provision for the above liability has resulted in understatement of Other Liabilities (accrued expenses) and overstatement of Net Surplus before Tax by ₹4.02 crore each. **2.** PPA awarded (July 2011) 'Railway work for Deep Draught Berths at Paradip Port' to M/s KVR Rail Infra Projects Private Limited at ₹98.68 crore, to be completed by January 2023. Due to unsatisfactory performance of the contractor, the contract was terminated (September 2013) and awarded (December 2014) the balance work to Modi Projects Limited (MPL) at ₹78.66 crore. to be completed by march 2017. This time also, PPA terminated (April 2017) the contract due to poor performance of the Contractor and awarded (August 2019) at ₹79.77 crore. The work was finally completed by October 2021 at a cost of ₹189.80 crore which had been booked to CWIP. Non-capitalization of the above work even after completion of the same has resulted in overstatement of CWIP by ₹189.80 crore, understatement of Fixed Assets by ₹186.63 crore, Depreciation by ₹3.17 crore (@1.67 per cent for one year) leading to overstatement of Net Surplus before Tax by ₹ 3.17 crore.

Sl. No.	Name of CAB	Comments on accounts
		3. The work of Supply, Installation, Testing and Commissioning of Dry Fog Dust Suppression System at Wagon Tippler was commenced in August 2021 and completed in March 2022 at total cost of ₹1.84 crore. The PPA, however, charged the entire cost of this capital expenditure to the Profit and Loss Account during 2021-22 (₹1.69 crore) and 2022-23 (₹0.15 crore) treating the same as revenue expenditure. The above wrong accounting has resulted in understatement of Fixed Assets (Net Block) by ₹1.66 crore, Depreciation by ₹0.18 crore (@ 5 per cent for 2021-23) and understatement of Net Surplus before Tax by ₹1.66 crore. **4.** The Estate Rental includes ₹11.72 crore being the lease rent received from M/s Odisha Stevedores Limited (OSL) against allotment (January 2021) of 58 acres of land by PPA on 60 years lease basis for establishment of port-based capital-intensive industry. The fact is that the proposed land was not in the name of PPA and thus, could not be handed over to the Lessee. Hence, treating of the advance lease rent received is not appropriate. This has resulted in overstatement of the above head leading to overstatement of Net Surplus before Tax and corresponding understatement Current Liabilities by ₹11.72 crore each. **2023-24** 1. The PPA has an investment of ₹30 crore in the equity shares of Sethu Samudram Corporation Limited (SSCL). The project could not make any progress since the main work was suspended in 2007-08 on the order (14 September 2007) of the Supreme Court. In the meantime, SSCL has also moved the proposal to the Ministry for liquidation. Considering the non-viability of the project, other PSUs like Visakhapatnam Port Trust, Shipping Corporation of India and Dredging Corporation of India have already made full provisions against their respective investment in SSCL but PPA did not do so. Hence, non-provision against the above investment by PPA resulted in overstatement of 'Investment in SSCL", understatement of Provisions (Schedule-6) and corresponding overstatement of Net Surplus before Tax by ₹30 crore each. Despite this comment of C&AG raised in SAR o 2021-22 and 2022-23 no corrective action has been taken. 2. The Common Framework for Financial Reporting for Major Port Trusts (November 2002) stated that bad and doubtful debts should be provided for. Moreover, other Major Ports also make provisions for bad and doubtful debts. Scrutiny of Sundry Debtors (Non-Govt dues) for more than six months revealed that there are some parties where PPA initiated legal proceedings long back (ranging from 2011 to 2019) and some companies are in liquidation stage. However, PPA has not provided for any amount of doubtful debts for the year 2023-24. Appropriate provision should have been made in Accounts against these Debts as chances of recovery are very remote as the time lapsed in 19 cases valuing ₹27.38 crore ranged between 5 and 13 years.

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		In view of the above, it was observed that there had been overstatement of Net Surplus before tax by ₹ 27.38 crore with overstatement of Sundry Debtors by the same amount.
35.	**Seamen's Provident Fund Organisation, Mumbai**	**2022-23** **1. Investment from Earmarked/ Endowment Funds ₹ 2856.78 Crore (Schedule 9)** The above includes investments to the extent of ₹1402.73 crore, i.e., Central Government Securities: ₹201.63 crores and Other approved securities of ₹1201.10 crore which was booked based on the statement provided by the Portfolio Manager only. RBI confirmation in this respect was not available on record. Thus, Audit is not able to verify the correctness of the investments to the extent of ₹1402.73 crore. The above unverified amount of ₹1402.73 crore accounts for 48.87 *per cent* of the total Investment of ₹2870.37 crore (Schedule-9). **6. General** As per Section 18 Seamen's Provident Fund Act 1966, where any employer makes default in the payment of any contribution to the fund or in the payment of any charges payable under any of the provisions of this Act or under the scheme, the Government may recover from the employees such damages. The Board decided to levy damages @15 *per cent* (w.e.f. October 2001). The Board also decided (February 2014) that the damages recovered from the Shipping Companies/ Employers shall be credited in concerned Seaman's account upto the extent of interest due on his delayed payment. The rest of the damages amount recovered may be transferred to Administrative Account along with Administrative charges and it should be enforced w.e.f. 01.04.2013. Seamen's Provident Fund Organization collected ₹4.35 crore as damages for delayed contributions towards PF and Admin charges from the Employer for the period 2013-14 to 2022-23. Though SPFO accounted ₹0.16 crore as its income (admin charges) the damages of ₹4.19 crore towards PF has not been credited to Seamen's Provident Fund Account (CDC) so far. Instead the same has been credited to "Interest Suspense Account (Schedule3).The issue has been pointed out in previous years comments as well but corrective action has not been taken during current year's account. This has resulted in understatement of SPF Main Account and overstatement of Interest Suspense Account under the head "Earmarked/Endowment Fund" by ₹4.19 crore. The issue is being raised in the Separate Audit Report since 2021-22.
36.	**Syama Prasad Mookerjee Port (SMP), Kolkata (erstwhile Kolkata Port Trust)**	**2022-23** **1.** Capital Work in Progress includes a sum of ₹2.22 crore being the expenditure incurred for construction of one Riverine Jetty, North of Existing 3rd Oil Jetty of HDC (₹2.08 crore) and Consultancy charges paid (₹13.88 lakh) for setting up of 2 MW Solar Plant at Salukkhali. Both the projects have been abandoned since 2018-19 for which the amount should have been charged to Profit and Loss Account.

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		This has resulted in overstatement of the above head by ₹2.22 crore with corresponding overstatement of Net Surplus before Tax by the same amount. **2.** Railway Earnings does not include a sum of ₹3.23 crore (relating to HDC) being the amount of bills raised on South- Eastern Railways (SER) towards sick line haulage charges relating to the period January 2021 to March 2022. Further, no bill was raised on SER towards sick line wagon haulage charges amounting to ₹60.60 lakh for the subsequent period of April 2022 to June 2022, though the same was certified by the SER. Thus, non-accountal of the above income has resulted in understatement of the Sundry Debtors as well as Net Surplus before Tax by ₹3.84 crore each. **3.** The Ministry of Ports, Shipping and Waterways (MPSW), Government of India, directed (15 February 2022) CIWTC to send the proposal of closure as per the framework suggested by Conciliation and Settlement Committee of Major Ports by transferring all assets, liabilities, bank accounts, deposits and court cases including arbitration to SMP. Based on this, SMP management send (8 August 2022) a detailed proposal to the Ministry stating that transfer of assets and liabilities, bank accounts, and Court cases including arbitration cases would be made subject to audit of accounts of CIWTC by St. Auditors and C&AG. The proposal was approved by Ministry on 7 September 2022. However, it was noticed that in contravention of the Board/Ministry's directives, the transfer of assets and liabilities of CIWTC as on 30 March 2023, before being audited by St. Auditors /C&AG were given effect in the accounts of SMP on the basis of due diligence report. The accounts of CIWTC have been audited upto 2021-22 and thereafter, CIWTC has not submitted any accounts for audit. As revealed in Schedule-5 of the accounts, SMP took over the current assets including Cash and Bank balances amounting to ₹54.14 crore and liabilities at ₹10.33 crore showing the net amount of ₹43.81 crore as "Payable to Government" and "Receivable from Government". In absence of audited accounts of CIWTC for the year 2022-23, the correctness of the figures of assets and liabilities of CWITC incorporated in the books of accounts of SMP could not be vouchsafed in Audit. **2023-24** 1. HDC, SMPK, transferred (March 2016) 27.491 acres of land at Ranichak to National Highway Authority of India (NHAI) for construction of Railway over Bridge (RoB) cum Flyover at Ranichak by Calcutta Haldia Port Road Company Limited (CHPRCL), a SPV and 100 *per cent* subsidiary of NHAI. As per the tripartite agreement among NHAI, Board of Trustees for the Port and CHPRCL, the value of the transferred land was determined in accordance with the extant Land Policy Guidelines of Govt. of India at ₹29.46 crore and CHRPCL had to allot equity shares of the same value to HDC. However, till date HDC, SMPK is yet to receive the shares from

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		CHPRCL. The land has already been transferred, mutated in favour of MoRTH Govt. of India and assets have been created over the land. Therefore, SMPK has no control over the land any more. Therefore, it should not be shown under 'Land (Free Hold)' under Fixed /Capital Assets, rather it should be shown under "land held with CHPRCL" under Sagarmala Projects after assessing the historical cost of the said 27.491 acre of land along with the Notes on Accounts no. 27. 2. In KDS, the Sundry debtors includes ₹1.77 crore being the amount receivable from Hooghly River Bridge Commissioner in connection with construction of second Hooghly Bridge. The bridge was commissioned in October 1992 and the dues remained unrealised for more than three decades. Considering this, appropriate provision should have been made in the accounts against such doubtful debts. Non- provision for the same resulted in overstatement of the sundry debtors by ₹1.77 crore with corresponding overstatement of Profit to that extent. 3. SMP claims its expenditure on River dredging and Maintenance of channels from Govt. of India and the government reimburses the same subject to certification of the expenditure by C&AG. The C&AG while certifying the claims towards river dredging and river maintenance for the years 1999-2000 to 2011-12, had disallowed amounts totaling to ₹553.49 crore. However, SMP booked the disallowed amount to ₹553.49 crore as receivable from Government (under Sundry Debtors) by creating a creditor suspense account in its books. As the amount is not eligible for reimbursement by the government since the same was disallowed by C&AG as per guidelines for reimbursement of dredging expenditure, this amount should have not been booked as receivables. 4. As such, both Current assets - Sundry Debtors as well as Current Liabilities - Sundry Creditors are overstated by ₹553.49 crore each due to imprudent booking of this amount as receivables. 5. In connection with "Development of Port facilities at Haldia Dock-II at Mouza Shalukhali and Rupnarayanchak", the Port obtained Environment clearance from the Ministry of Environment, Forest and Climate Change (MoEF&CC) on 28.02.2020 on condition that the Port should earmark an amount of ₹15.37 crore to be spent on different activities under Corporate Environment Responsibility (CER) in line with ministry's OM dated 01.05.2018. The award of concession in respect of liquid cargo handling jetty (Jetty No. 4) at Shalukhali, HDC-II was made on 17.08.2022. As per compliance to Environment Clearance, the Port as project proponent was required to earmark CER fund amounting to ₹15.37 crore. On review, it was noticed that the Port neither created any such fund nor incurred any expenditure on any of the proposed activities under CER. This resulted in understatement of liability as well as understatement of "Finance and Miscellaneous Expenditure" amounting to ₹15.37 crore. Consequently, profit is overstated to above extent.

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37.	Vishakhapatnam Port Authority	**2022-23** **Current Liabilities** **Provident Pension and Gratuity Funds (Schedule 2.4): ₹25.61 crore** As per Actuarial Valuation Report submitted by LIC, the requirement of ₹6,010.91 crore. However, VPA apportioned an amount of ₹5,575.75 crore to meet the above obligation till 31 March 2023 and invested the amount in Pension Fund Trust and Gratuity Fund Trust. This has resulted in shortfall of ₹435.16 crore towards investment in Pension Fund Trust and Gratuity Fund Trust as on 31 March 2023. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit by ₹435.16 crore. Reference is invited to Notes to Accounts No.11, wherein the detailed statement of Actuarial Liability, Provisions created/still to be created and funds position there on is disclosed. Audit verified the confirmation certificates for an amount of ₹5,392.91 crore furnished by the various Financial Institutions against the investments made in Pension Fund as on 31 March 2023. While reviewing the confirmation certificates furnished by VPA, Audit found that the confirmation certificates for the investments made in Annuities amounting to ₹572.31 crore and balances in SBI and UBI amounting to ₹2.59 crore were not provided to Audit. Hence, Audit could not vouchsafe the authenticity of investment of ₹574.90 crore invested in the Pension Fund Trust for the year ended 31 March 2023. **2023-24** **Current Assets, Loans and Advances:** **Sundry Debtors (Schedule 2.3): ₹494.37 crore** Gross Sundry Debtors as on 31 March 2024 amounting to ₹429.94 crore included an amount of ₹336.21 crore (78.20 *percent*) which were pending realisation for more than five years. However, VPA has not made any made provision towards bad and doubtful debts except ₹7.31 crore which was made prior to 2013-14. Despite giving assurances year after year, VPA has not made further provision towards bad and doubtful debts. Similar comments were issued on the Annual Accounts of VPA for the years 2019-20, 2020-21, 2021-22 and 2022-23. However, no corrective action was taken even in the year 2023-24. **Current Liabilities** **Provident Pension and Gratuity Funds (Schedule 2.4): ₹25.61 crore** As compared with the amounts assessed in the Actuarial Valuation Reports, the liability recognised by VPA towards pension and gratuity was lesser by ₹107.67 crore and ₹74.30 crore respectively. This resulted in understatement of 'Finance and Miscellaneous Expenditure' and 'Current Liabilities and Provisions' by ₹181.97 crore. Consequently, Profit was overstated by ₹181.97 crore.
38.	V.O. Chidambaranar Port Authority	**2022-23** **Investments – Long term Investments (Schedule 4)** **Shares, Debentures or Bonds** **Equity Contributions – Sethusamudram Corp Ltd. : ₹50 crore**

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		Sethusamudram Corporation Ltd. which stopped the operations from 2007 and is in the process of winding up. An amount of ₹50 crore being equity contribution in the company required to be provided for impairment of the investment in view of doubtful recovery of the invested amount. This resulted in overstatement of 'Investments' and understatement of 'Provisions' by ₹50 crore. The profit for the year is overstated to that extent. **2023-24** **Fixed Capital Assets – Net Block (Schedule – 3)** **Wharves Roads and Boundaries – Net Block - ₹244.46 crore** This includes ₹56.75 crore being the value of upgradation of coal jetty I & II including retrofitting works executed as a deposit work for Tamil Nadu Generation and Distribution Corporation Limited in 2019. As the assets do not belong to V.O. Chidambaranar Port Authority, capitalization of the same was incorrect which resulted in overstatement of Gross Fixed Assets, accumulated depreciation and depreciation for current year by ₹56.75 crore, ₹3.79 crore and ₹0.76 crore respectively. Consequently, Sundry Debtors, General Reserve and current year profit were understated by ₹56.75 crore, ₹3.79 crore and ₹0.76 crore respectively. The issue was raised in SAR 2021-22 and 2022-23 and it was assured to take up the matter with the TANGEDCO for early settlement. However, corrective action was still to be completed.
X.	**Ministry of Power**	
39.	**Bureau of Energy Efficiency**	**2022-23** **Corpus/ Capital Fund** **Energy Conservation Fund (Schedule-1): ₹735.98 crore** **Standard and Labeling Fee (S&L): ₹568.21 crore** Accrued amount of S&L fees for the year 2022-23 was ₹105.63 crore, out of which, fees amounting to ₹47.53 crore only was recognized on cash basis. This has resulted in understatement of both, S&L fees under Schedule 1 and 'Current Assets, Loans, Advances etc.' (Schedule 11), by ₹58.10 crore each. Further, 'Fees received during the year' includes ₹49.94 crore which pertains to previous years, and therefore, should have been disclosed separately. Moreover, the Significant Accounting Policy No. 6 (Schedule 24) regarding recognition of revenue including labeling fee received under Standard and Labeling Scheme on receipt basis, also needs to be modified to follow accrual basis in line with the Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007, which stipulated that the financial statements of BEE were required to be prepared on the basis of historical cost convention, unless otherwise stated and on accrual method of accounting.

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		Current Assets, Loans, Advances Etc. (Schedule-11): ₹725.77 crore **Earmarked/Endowment Funds (Schedule 3): ₹63.53 crore** Current Assets, include various check testing equipment valuing ₹1.14 crore which were (meant for disposal as scrap through MSTC Ltd. after confirmation and accounted for @ 5 *per cent* value, i.e., ₹10.23 lakh) lying with various testing labs/ third parties since long, ranging up to ten years, that too without any confirmation. This resulted in overstatement of both, 'Current Assets' (Schedule-11) as well as 'Earmarked/Endowment Funds' (Schedule 3) by ₹10.4 crore each. **Income and Expenditure Account** **Establishment Expenses (Schedule-20): ₹13.79 crore** As per the Bureau of Energy Efficiency (Forms of Annual Statement of Accounts and Records) Rules, 2007, the financial statements of BEE were required to be prepared on the basis of historical cost convention, unless otherwise stated and on accrual method of accounting. 'Establishment Expenses', however, do not include the accrued amount of salary and allowances of permanent employees amounting to ₹59.14 lakh, which resulted in understatement of both, Establishment Expenses (Schedule 20) and 'Current Liabilities and Provisions' (Schedule-7) by ₹59.14 lakh each. The Significant Accounting Policy No. 1b (Schedule 24) regarding booking of salary and allowances to the permanent employees on cash basis also needs to be modified to be in line with above mentioned Rules of BEE. **Other Administrative Expenses etc. (Schedule-21): ₹2.00 crore** Vide Management Letter dated 29.11.2021 and DO dated 01.11.2022, the management was advised to ensure correct accounting of various voluntary contribution payments, which were made in respect of the Clean Energy Ministerial (CEM), a high-level global forum, on accrual basis. During the year 2022-23, BEE booked an amount of ₹3.92 crore pertaining to CEM in S&L scheme which is not related to the S&L scheme. The same should have been accounted for as under: • An amount of ₹14.86 lakh as prior period expense, as it pertains to the financial year 2021-22, • ₹3.55 crore as current year's expense, and • ₹22.15 lakh as prepaid expenses, which related to the financial year 2023-24. Thus, 'Prior Period Expenses' and 'Contribution to IEA (CEM)', both under 'Other Administrative Expenses etc.' (Schedule-21), and 'Prepaid expenses' under 'Current Assets, Loans and Advances etc.' (Schedule 11), are understated by ₹14.86 lakh, ₹3.55 crore and ₹22.15 lakh respectively apart from understatement of Earmarked Funds

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		(Others) – Schedule 3 due to incorrect deduction therefrom against S&L Programme by ₹3.92 crore. **Other Expenses (Project Expenses) (Schedule-21): ₹2.58 crore** Expenses incurred in respect of 22nd and 23rd National Level Certification Examination for the year 2022-23 amounted to ₹4.73 crore (₹2.49 crore and ₹2.24 crore respectively), out of which only ₹2.57 crore were actually accounted for on cash basis. This resulted in understatement of both Other Expenses (Project Expenses) (Schedule-21) and Current Liabilities and Provisions (Schedule 7) by ₹2.15 crore each. **2023-24** **Balance Sheet** **Corpus/ Capital Fund and Liabilities** **Energy Conservation Fund (Schedule-1): ₹855.23 crore** **Standard and Labeling Fee (S&L): ₹690.13 crore** As per Section 25(1) of the Energy Conservation Act, 2001, read with the Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007, notified by the Central Government in consultation with the Comptroller and Auditor-General of India via notification dated 28 February 2007, accounts are required to be prepared on the accrual method of accounting. Accrued amount of Standard and Labeling fee for the year 2023-24 was ₹102.58 crore, out of which, fees amounting to ₹49.67 crore only was recognized on cash basis. This has resulted in understatement of 'Standard and Labeling' fees under Schedule 1 and 'Current Assets, Loans, Advances etc.' (Schedule 11) by ₹52.92 crore each. Besides this, production data of 473 registered products was not submitted to BEE, due to which S&L fees could not be accounted for in the accounts. Further, 'Fees received during the year' includes ₹42.75 crore which pertains to previous years, and therefore, should have been disclosed separately. Moreover, the Significant Accounting Policy No. 6 (Schedule 24) regarding recognition of revenue including labeling fee received under Standard and Labeling Scheme on receipt basis, also needs to be modified to follow accrual basis. **Corpus/ Capital Fund and Liabilities** **Current Liabilities and Provisions (Schedule 7): ₹35.69 crore** As per Bureau of Energy Efficiency (Forms of Annual Statement of Accounts and Records) Rules, 2007, Financial statements of BEE were required to be prepared on the basis of historical cost convention, unless otherwise stated and on accrual method of accounting. 'Current liabilities and Provisions' do not include provision for expenditure of ₹2.08 crore pertaining to various miscellaneous expenditure, incurred during the financial year 2023-24, remaining unpaid at the end of the year. This has resulted in understatement of

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		'Current liabilities and Provisions' and overstatement of 'Capital funds/ Corpus Fund' to the extent of ₹2.08 crore. **Current Assets, Loans, Advances etc. (Schedule-11): ₹799.73 crore** **Earmarked/Endowment Funds (Schedule 3): ₹5.57 crore** Current Assets, include various check testing equipment (which were lying with different testing labs/ third parties for a long period and meant for disposal as scrap through MSTC Ltd.) at their book value of ₹74.72 lakh. The same should have, rather, been accounted for at their saleable value (i.e., ₹9.09 lakh). This resulted in overstatement of both, 'Current Assets, Loans, Advances etc.' (Schedule-11) as well as 'Earmarked/Endowment Funds' (Schedule 3) by ₹65.63 lakh each. **Income and Expenditure Account** **Establishment Expenses (Schedule-20): ₹11.80 crore** As per Bureau of Energy Efficiency (Forms of Annual Statement of Accounts and Records) Rules, 2007, Financial statements of BEE were required to be prepared on the basis of historical cost convention, unless otherwise stated and on accrual method of accounting. 'Establishment Expenses', however, do not include the accrued amount of salary and allowances of permanent employees amounting to ₹49.07 lakh, which resulted in understatement of 'Establishment Expenses' (Schedule 20) and 'Current Liabilities and Provisions' (Schedule-7) by ₹49.07 lakh each. The Significant Accounting Policy No. 1b (Schedule 24) regarding booking of salary and allowances to the permanent employees on cash basis also needs to be modified in line with above mentioned Rules of BEE. **General** **Energy Conservation Fund (Schedule-1): ₹855.23 crore** Section-20 of the Energy Conservation Act, 2001 stipulated for establishment of Central Energy Conservation Fund (CECF) and also provided for credit of all the grants and loans, fees, other sums received by BEE to this fund. Further, Rule 6(1) of Central Government Account (Receipts and Payments) Rules, 1983 and Rule 7 of General Financial Rules, 2017, inter-alia stipulated that all monies received by or on behalf of the Government as dues, deposits, remittances or otherwise, would be brought into the accredited bank for inclusion in Government Account. BEE collects various charges, fees, etc., which is public money received on behalf of the Government of India, the same should have been part of Public Account as defined under Article 266(2) of the Constitution of India. Energy Conservation Fund is, however, not being operated through Public Account and the amount is being kept by BEE in bank accounts.

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40.	**Central Electricity Regulatory Commission**	**2022-23** **General** **Contingent liabilities and Notes on Accounts (Schedule -23) Capital Commitments- Note No.2 (b)** The above is overstated due to inclusion of ₹7.87 crore already paid by CERC during 2022-23 against the agreed amount of ₹26.25 crore (agreement dated 17th November 2022) in respect of interior works for the office premises at World Trade Centre. **2023-24** **Current Assets, Loans and Advances (Note 5)** CERC has disclosed an amount of ₹38.84 lakh pertaining to the revenue postponed due to uncertainty about recovery of the same. However, an amount of ₹1.63 crore being fee recoverable from two entities (for the period from 2019- 20 to 2022-23) but not recognized due to uncertainty about recovery thereof has neither been included in above Schedule nor disclosed elsewhere. Hence. the disclosure is deficient to that extent. Similar issue was also raised during audit of accounts for the year 2022-23. However, no remedial action has been taken.
41.	**National Power Training Institute**	**2023-24** **Balance Sheet Current assets, loans, advances etc. (Schedule 11): ₹80.65 crore** **B2 Advances and other amount recoverable in cash or in kind or value to be received a. On Capital Account: ₹12.94 crore** The above includes an amount of ₹1.12 crore on account of capital advance provided to CPWD for creation of critical infrastructure at various NPTI Institutes, though the same amount had been utilised by CPWD till 31 March 2024. NPTI should have classified the same under Capital Work-In-Progress (CWIP) in the Balance Sheet. This has resulted in understatement of Capital Work-In-Progress (Schedule 8) and overstatement of 'Advances on Capital Account' under 'Current Assets' by ₹1.12 crore. **Income and Expenditure Account Expenditure** **Establishment Expenses (Schedule 20) - ₹26.78 crore** The above does not include an amount of ₹1.93 crore pertaining to medical bills submitted by retired employees of NPTI under post retirement medical benefit. As the expenditure under the Medical bills related to 2023-24, the same should have been booked under 'Establishment Expenses' with a corresponding current liability in the books of accounts. This has resulted in understatement of both, 'Establishment Expenses' and 'Current liabilities' (Schedule 7) by ₹1.93 crore each, and

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		consequently overstatement of surplus for the year by the same amount.
42.	**Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)**	**2023-24** **Balance Sheet** **Corpus/Capital Fund and Liabilities** **Current Liabilities and Provision (Schedule-7): ₹15.21 crore** **Income and Expenditure Account** **Income for Fees/Subscription (Schedule-14): ₹23.32 crore** **License Fee: ₹19.29 crore** Above includes ₹17.40 crore pertaining to 2024-25 (Advance) and ₹0.56 crore pertaining to 2022-23 or earlier years (Arrears). JERC (Form of Annual Statement of Accounts and Records) Rules, 2016 stipulate for preparation of financial statements on accrual basis and only Government Grants/ Subsidy are allowed to be accounted for on realization/ cash basis. Audit observed that the income earned by JERC from license fee for the year 2023-24 was ₹16.74 crore whereas JERC has shown the same as ₹19.29 crore on realization basis. This is in contravention of JERC (Form of Annual Statement of Accounts and Records) Rules, 2016 and has resulted in overstatement of Income from Fees/Subscriptions by an amount of ₹2.55 crore, understatement of Advance by ₹17.40 crore and prior period income by ₹0.56 crore. Moreover, accounting policy also needs to be revised accordingly. **General** Creation of JERC Fund under the Public Account of India as a non-lapsable and non-interest-bearing account, as required under JERC (Constitution and manner of application of fund, form and Time for preparation of Budget) Rules, 2016 is still pending. The issue is being raised consistently in audit, but compliance action has not yet been taken. JERC has been collecting license fee, petition fee etc. on behalf of the Government and the same are required to be promptly remitted to the Ministry of Power (MoP). JERC collected an amount of ₹24.58 crore on account of fees etc. during 2023-24 apart from opening balance of ₹11.14 crore (to be remitted to MoP) as on 01.04.2023 on this account. However, JERC remitted only ₹22.29 crore to MoP during 2023-24 and retained an amount of ₹13.43 crore without any prior approval from the Ministry.

Sl. No.	Name of CAB	Comments on accounts
XI.	**Ministry of Textiles**	
43.	**Central Silk Board**	**2023-24** **Schedule – 8 – Fixed assets** Note no. 9 of Notes forming part of Accounts states that: *"Accounting policies are followed consistently. However, during the last financial year 2022-23, accounting policy for fixed assets was modified retrospectively as per Accounting Standard (AS)-12 i.e., Capital grants received are deducted from the gross value of assets at the time of capitalization of assets (along with assets purchased / capitalized in earlier years) in arriving at its book value of assets".* Significant Accounting Policy No.1(e) on Fixed Assets states that: *"However, Capital Grants received are deducted from the 99.99 per cent of Gross Values of the Assets at the time of capitalisation of assets including opening value of assets in arriving at its Book Value in order to follow the method specified in AS-12 i.e., Capital grants received are deducted from the gross value of assets at the time of capitalisation of assets in arriving at its book value of the assets. Accordingly, assets are shown at 0.01 per cent of nominal value of asset in order to comply with AS-12".* Audit observed that Para 29 of AS 5 states that *"A change in an accounting policy should be made only if the adoption of a different accounting policy is required by statute or for compliance with an accounting standard or if it is considered that the change would result in a more appropriate presentation of the financial statements of the enterprise".* The above change in Accounting Policy during the year 2022-23 for fixed assets, however, was neither required by any statute nor Accounting Standard. Further, Audit is unable to draw an assurance that the change in policy gives a more appropriate presentation in case of Central Silk Board. Further, Para 32 of AS 5 states that any change in the accounting policy, which has a material effect should be disclosed. The impact of such change should be shown in the financial statements in the period in which such change is made. Management did not disclose the impact of such change in the financial statements for the year ended 31 March 2023. Hence, audit is not in a position to ascertain and validate the impact of this change made by Management. **Schedule 11 – Current Assets, Loans and advances** **Bank Balances with Scheduled Banks** **On Current account (Annexure V) – ₹81.35 crore** **On Deposit account – Other funds (Annexure XII) - ₹51.01 crore** **(a)** As per CSB circular dated 4th April 2022, the units are forbidden from parking of funds in the form of Fixed Deposits (FDs), balance in current and savings account. Further, those institutes, which are having Revolving Capital (RC) Fund were also required to surrender the entire amount of FDs maintained out of the same and send a complete proposal seeking fresh approval, if at all the RC was required. In response, National Silkworm Seed

Sl. No.	Name of CAB	Comments on accounts
		Organisation (NSSO), Bengaluru also intimated (01 July 2022) the Central Office, CSB that it requires ₹15 crores for functioning of 16 no. of Silkworm Seed Production Centers (SSPCs) smoothly and as and when the income exceeds ₹15 crore, the amount will be remitted to Central Office. Bank balance in deposit account – other funds (Annexure XII) as on 31 March 2024 include FD amounting to ₹36.78 crore (including interest ₹1.78 crore). While obtaining approval (16 September 2022) from the CSB Central Office, NSSO Bengaluru had proposed (11 August 2022) to utilise principal amount of ₹35 crore for creating infrastructure and facilities in SSPC's and Basic Seed Farms (BSF's) in anticipation of the enhanced production for the ensuing years. NSSO Bengaluru, however, did not utilise the amount for creation of infrastructure and facilities as approved and parked the fund in the FD, which was renewed up to 01 January 2025 and upon maturity, total amount of ₹39,90,83,171 was surrendered to Central Office by NSSO, Bengaluru on 06 January 2025, which is in the process of surrender to MoT. Further, as on 31st March 2024, CSB has bank balance of ₹19.38 crore in the current account for revolving and working capital fund of NSSO as against existing allowable limit of ₹15.00 crores. Thus, as per CSB circular (4 April 2022) and NSSO, Bengaluru confirmation (1 July 2022), the excess RC Fund ₹4.38 crore (i.e., ₹19.38 crore – ₹15 crore) was required to be surrendered. Thus, the above has resulted in overstatement of Current Assets and Liability (Corpus Fund) in view of non-surrender of funds to Ministry by ₹41.16 crore (i.e., ₹36.78 crore + ₹4.38 crore) each. **(b)** Further, the Interest earned on the Fixed Deposit (FD) amounting to ₹2.13 crore (Interest earned on FD ₹84.77 lakh plus Interest accrued upto 31.03.2024 ₹1.29 crore) also needs to be surrendered to Ministry of Textiles. CSB has not accounted this amount as payable to Ministry in its books of accounts." Non-provision for interest on unutilised grant/FD has resulted in overstatement of excess income over expenditure by ₹2.13 crore and understatement of current liabilities to the same extent. **Receipt and Payment Account** CSB is obtaining grants from Ministry of Textiles (MoT) on quarterly basis and since the inception of the CSB, financial year for salary payments is followed from March-February. Hence, for payment of salary for the month of March, CSB was depending on the grants to be received from MoT in the month of April. However, during the year 2023-24, CSB included the budget requirement for payment of salary for the month of March in Revised Estimations (RE) submitted for FY 2023-24. The salary payment for the month of March 2024 was made during April 2024. In view of the above, Receipt and Payment Account includes 'Undisbursed Amount' in Receipts side (₹182.05 crore) and Payments side (₹154.03 crore). The difference between Receipts and Payments of ₹28.02 crore (i.e., ₹182.05 crore – ₹154.03 crore) for liability

Sl. No.	Name of CAB	Comments on accounts
		towards Salary, Wages and Pension of the employees for the month of March 2024 was not surrendered to the MoT and lying as excess receipts over payments as on 31 March 2024.
44.	**National Institute of Fashion Technology, New Delhi**	**2022-23** **Current Liabilities and Provisions (Schedule-7): ₹405.15 crore** **Other Current Liabilities: ₹46.38 crore** The above does not include the liability of ₹2.90 crore towards the amount payable to M/s Neycer Electrical Pvt. Limited for execution of electrical works, services and other associated works for the permanent NIFT centre at Bengaluru. The said amount was payable in terms of the award passed (January 2004) by the sole arbitrator appointed (August 2002) by the Karnataka High Court to decide over the disputes and claims arising out of the contract between NIFT and M/s Neycer Electrical Pvt. Limited for the above-stated work. The award passed by the sole arbitrator was challenged by NIFT under the Arbitration and Conciliation Act, 1996 but was upheld (July 2022) by the Court of Principal City Civil and Sessions Judge, Bangalore. As such, the amount was payable during the year 2022-23 and therefore liability thereof should have been recognized in the accounts. Non-provision of the above has resulted in an understatement of Other Current liabilities by ₹2.90 crore and consequent overstatement of Surplus to the same extent. **Assets** **Fixed Assets (Schedule-8): ₹927.61 crore** The above includes ₹53.04 crore shown as Capital Work-in-Progress (Building) under Fixed Assets created out of Central Government Grant (Schedule-8A) of NIFT, Shillong. As the completion certificate for the Building/Works had been issued in October 2021 and NIFT, Shillong has been using the same since then, the amount of ₹53.04 crore shown under Capital Work-in-Progress should have been capitalized and depreciation thereon should have been charged on the assets. Non-capitalization of assets has resulted in an overstatement of Capital Work-in-Progress by ₹53.04 crore and understatement of Building by ₹51.78 crore (i.e., ₹53.04 crore - ₹1.26 crore towards depreciation for the financial years 2021-22 and 2022-23) with the corresponding overstatement of Reserves and Surplus and understatement of Deferred Revenue Income and Depreciation by ₹1.26 crore. **2023-24** **Fixed Assets (Schedule-8): ₹978.35 crore** As per its Accounting Policy No. 5, NIFT provides depreciation on Fixed Assets based on their useful lives in accordance with Schedule-II of Companies Act, 2013. Fixed Assets of NIFT Kolkata included ₹52.24 lakh as the Written Down Value (WDV) of seven numbers of temporary sheds which were capitalised at a cost of ₹65.21 lakh during the period from 2007

Sl. No.	Name of CAB	Comments on accounts
		to 2021. The Institute has been treating these temporary sheds as Buildings (with useful life of 60 years) and charging depreciation at the rate of 1.58 *per cent*. However, Schedule-II of Companies Act, 2013 prescribed useful life of three years for such temporary structures/sheds. Therefore, the temporary sheds should have been depreciated at the rate of 31.67 *per cent* valuing ₹61.95 lakh leaving a residual value of ₹3.26 lakh (five *per cent* of ₹65.21 lakh). However, these temporary sheds have been shown at WDV of ₹52.24 lakh as on 31.03.2024. This has resulted in understatement of Depreciation and overstatement of Fixed Assets and Surplus by ₹48.98 lakh (₹52.24 lakh - ₹3.26 lakh).
45.	**National Jute Board, Kolkata**	**2022-23** **1. (a)** 'Capital work in Progress' amounting to ₹72,73,32,595 pertains to the new office complex Patsan Bhavan' at Newtown. The Newtown Kolkata Development Authority (NKDA) granted an occupancy certificate on 13 Jan 2023 in favour of the National Jute Board stating *inter alia* 'it is certified that the building is fit for occupation Business Assembly' and the builder NBCC subsequently issued a completion certificate on 17 Jan 2023. In view of the above, the building should have been capitalized during 2022-23. **(b)** Moreover, CWIP does not include ₹3.49 crore payable to NBCC on account of Retention Money (@5 *per cent* of ₹69.80 crore). The same has become payable as construction work of Patsan Bhavan has already been completed and occupancy and completion certificates issued by NBCC. This amount should also have been capitalized during 2022-23. **(c)** Building Construction Monitoring Expenses (relating to the construction of Patsan Bhavan) for the year 2022-23 amounting to ₹9.09 lakh had been treated as revenue expenditure under Other Administrative Expenses (Schedule-21) instead of capital expenditure. Similar expenditure from 2017-18 to 2021-22 amounting to ₹41.23 lakh was charged to Income and Expenditure account instead of booking into CWIP. This should also have been capitalized with Patsan Bhavan. Non-capitalization of the above three amounts (₹72.73 crore, ₹3.49 crore and ₹50.32 lakh) has resulted in understatement of Fixed assets by ₹76.72 crore, overstatement of Capital work in Progress by ₹72.73 crore and understatement of Current Liabilities and Provisions by ₹3.49 crore, overstatement of deficit for the year by ₹9.09 lakh and understatement of Jute Board Jute Fund by ₹41.23 lakh respectively. Further, the depreciation for the year and deficit for the year are both understated by ₹3.84 crore (i.e. ₹ 76.72 crore @10 *per cent* x *50 per cent*). **2.** Other administrative expenses (Sch-21) include an amount of ₹11.64 lakh on account of Legal expenses of the office of the Jute Commissioner paid by NJB. Such expenses of Jute Commissioner's office are being paid since 2014-15 based on approval of the board in its 9th meeting (Feb 2015). The total amounts spent on this head till 2022-23 is ₹1.34 crore.

Sl. No.	Name of CAB	Comments on accounts
		As JCO is a separate legal entity, NJB has no obligation to bear its legal expenses. This has resulted in overstatement of Other Administrative Expenses (Schedule-21) by ₹11.64 lakh and overstatement of deficit for the year 2022-23 by an equal amount. **2023-24** **1.** The Current Assets Loans and Advances includes two amount of ₹1.75 crore and ₹2.50 crore paid to NBCC, on 21.07.2022 and on 03.10.2023 respectively, for construction of Patsan Bhaban on 'Deposit Work' basis. It transpired that construction of Patsan Bhaban has been completed in all respects and it was declared as 'ready for inauguration' in March 2023. Besides all statutory clearances were received within March 2023. But the aggregate deposit amount of ₹4.25 crore is still lying under 'Current Assets Loans and Advances' instead of being capitalized. The above resulted in understatement of 'Gross Fixed Assets' and overstatement of 'Current Assets Loans and Advances' by ₹4.25 crore each. Further, depreciation for the year is understated by ₹ 38.75 lakh[199] with corresponding overstatement of 'Excess of Income over Expenditure for the year' by an equal amount. **2.** Current Assets Loans and Advances include the amount of ₹5.93 crore paid to NBCC for the job 'Design, interior and furniture for Patsan Bhavan'. The National Jute Board had disbursed the aforesaid amount to NBCC, in four transactions on 17.12.2020, 22.012022, 08.02.2023 and 30.03.2023. The construction of Patsan Bhavan has been completed in all respects and it was declared as 'ready for inauguration' in March 2023. Later Patsan Bhavan was inaugurated on 06.01.2024. The stakeholders of Patsan Bhavan then shifted to Patsan Bhavan in Jan 2024 and Feb 2024 and took possession of the inventory of furniture and fixtures. Despite the circumstances as mentioned earlier, it is observed that the amount was lying as 'Advance to NBCC' under 'Current Assets Loans and Advances' instead of being capitalized under 'Furniture and fixture'. The above non-capitalization resulted in understatement of Gross Fixed assets by ₹5.93 crore and overstatement of 'Loans and Advance' by same amount. Furthermore, Depreciation is understated by ₹88.96 lakh[200] and Excess of income over expenditure is overstated by equal extent.
46.	**Textile Committee, Mumbai**	**2022-23** **Provision towards retirement benefits** As per Notes and Instructions for compilation of financial statements in Uniform Format of Account for Central Autonomous bodies (Schedule 7), provision for liability towards gratuity payable on death/retirement of employees, superannuation of employees and

[199] Depreciation on ₹1.75 Crore (31.03.2023 to 31.03.2024) = 5 % for 2022-23 and 10 % for 2023-24 = ₹26.25 lakh
Depreciation on ₹2.50 Crore (03.10.2023 to 31.03.2024) = 5 % for 2023-24 = ₹12.50 lakh

[200] Depreciation @ 15 %

Sl. No.	Name of CAB	Comments on accounts
		accumulated leave encashment of employees needs to be accrued on actuarial basis and provided up to the year end. However, the Textile Committee has not carried out any actuarial valuation for its liabilities related to retirement benefit of employees and no provisions for gratuity, leave encashment and superannuation were made under the head Current Liabilities and Provision resulting in non-compliance of the provisions of the Uniform Format of Accounts. Since the management has not worked out the amount, the impact of the non-provision is not ascertainable.

Annexure-VII

(Referred to in Para 1.8)

Central Autonomous Bodies Where Internal Audit was not conducted

(During the year 2022-23)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Airports Economic Regulatory Authority of India, New Delhi
II.	**Ministry of Coal**
2.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**
3.	Agricultural and Processed Food Products Exports Development Authority, New Delhi
4.	Spices Board
5.	Tea Board India, Kolkata
IV.	**Ministry of Housing and Urban Affairs**
6.	Real Estate Regulatory Authority, Chandigarh
7.	Real Estate Regulatory Authority, NCT of Delhi
V.	**Ministry of Petroleum and Natural Gas**
8.	Petroleum and Natural Gas Regulatory Board
V.	**Ministry of Ports, Shipping and Waterways**
9.	Calcutta Dock Labour Board, Kolkata
10.	Mumbai Port Authority
11.	Shyama Prasad Mookharjee Port
VI.	**Ministry of Power**
12.	Bureau of Energy Efficiency
13.	Central Electricity Regularity Commission
14.	National Power Training Institute

(During the year 2023-24)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Airports Economic Regulatory Authority of India, New Delhi
II.	**Ministry of Coal**
2.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**

Sl. No.	Name of Autonomous Body
3.	Agricultural and Processed Food Products Exports Development Authority, New Delhi (Regional offices)
4.	Tea Board India, Kolkata
IV.	**Ministry of Housing and Urban Affairs**
5.	Real Estate Regulatory Authority, Chandigarh
6.	Real Estate Regulatory Authority, NCT of Delhi
V.	**Ministry of Petroleum and Natural Gas**
7.	Petroleum and Natural Gas Regulatory Board
VI.	**Ministry of Ports, Shipping and Waterways**
8.	Calcutta Dock Labour Board, Kolkata
9.	Paradip Port Authority, Paradip
VII.	**Ministry of Power**
10.	Bureau of Energy Efficiency
11.	Central Electricity Regularity Commission
12.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)
13.	National Power Training Institute

Annexure-VIII

(Referred to in Para 1.8)

Central Autonomous Bodies where physical verification of fixed assets was not conducted

(During the year 2022-23)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Rajiv Gandhi National Aviation University
II.	**Ministry of Coal**
2.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**
3.	Agricultural and Processed Food Products Exports Development Authority, New Delhi (Regional Offices)
4.	Coffee Board
5.	Tea Board India, Kolkata
6.	Spices Board, Kochi
IV.	**Ministry of Corporate Affairs**
7.	National Financial Reporting Authority
V.	**Ministry of Housing and Urban Affairs**
8.	Real Estate Regulatory Authority, Chandigarh
VI.	**Ministry of Ports, Shipping and Waterways**
9.	Calcutta Dock Labour Board, Kolkata
10.	Seamen's Provident Fund Organization
11.	Syama Prasad Mookerjee Port, Kolkata
12.	Visakhapatnam Port Authority, Visakhapatnam
VII.	**Ministry of Petroleum and Natural Gas**
13.	Indian Institute of Petroleum and Energy, Visakhapatnam
VIII.	**Ministry of Power**
14.	National Power Training Institute
IX.	**Ministry of Textiles**
15.	Central Silk Board, Bengaluru
16.	National Institute of Fashion Technology (Six Campuses- Bhopal, Kolkata, Patna, Panchkula, Shillong and Daman)

(During the year 2023-24)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Airports Economic Regulatory Authority of India, New Delhi
2.	Rajiv Gandhi National Aviation University
II.	**Ministry of Coal**
3.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**
4.	Agricultural and Processed Food Products Exports Development Authority, New Delhi (Regional Offices)
5.	Coffee Board
6.	National Institute of Design, Jorhat, Assam
7.	Tea Board India, Kolkata
IV.	**Ministry of Housing and Urban Affairs**
8.	Real Estate Regulatory Authority, Chandigarh
V.	**Ministry of Ports, Shipping and Waterways**
9.	Mumbai Port Authority
10.	Paradip Port Authority, Paradip
11.	Seamen's Provident Fund Organization
12.	Syama Prasad Mookerjee Port, Kolkata
13.	Visakhapatnam Port Authority, Visakhapatnam
VI.	**Ministry of Petroleum and Natural Gas**
14.	Indian Institute of Petroleum and Energy, Visakhapatnam
VII.	**Ministry of Power**
15.	Bureau of Energy Efficiency
VIII.	**Ministry of Textiles**
16.	Central Silk Board, Bengaluru
17.	Campus of National Institute of Fashion Technology (Bhopal, Panchkula, Patna and Varanasi)

Annexure-IX

(Referred to in Para 1.8)

Central Autonomous Bodies where physical verification of inventories was not conducted

(During the year 2022-23)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	Spices Board, Kochi
2.	Tea Board India, Kolkata
II.	**Ministry of Petroleum and Natural Gas**
3.	Indian Institute of Petroleum and Energy, Visakhapatnam
III.	**Ministry of Ports, Shipping and Waterways**
4.	Syama Prasad Mookerjee Port, Kolkata
5.	Paradip Port Authority, Paradip
6.	Visakhapatnam Port Authority, Visakhapatnam

(During the year 2023-24)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	Export Inspection Agency, Kolkata
2.	Tea Board India, Kolkata
II.	**Ministry of Petroleum and Natural Gas**
3.	Petroleum and Natural Gas Regulatory Board
III.	**Ministry of Ports, Shipping and Waterways**
4.	Syama Prasad Mookerjee Port, Kolkata
5.	Paradip Port Authority, Paradip
6.	Visakhapatnam Port Authority, Visakhapatnam
IV.	**Ministry of Power**
7.	Bureau of Energy Efficiency
8.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)
V.	**Ministry of Textiles**
9.	Central Silk Board, Bengaluru

Annexure-X

(Referred to in Para 1.8)

Central Autonomous Bodies which did not account for gratuity and other retirement benefits on the basis of actuarial valuation

(During 2022-23)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Rajiv Gandhi National Aviation University
II.	**Ministry of Commerce and Industry**
2.	Coffee Board, Bengaluru
3.	National Institute of Design, Andhra Pradesh
4.	National Institute of Design, Jorhat, Assam
5.	Rubber Board, Kottayam
6.	Spices Board, Kochi
III.	**Ministry of Micro, Small and Medium Enterprises**
7.	Coir Board, Kochi
8.	Khadi and Village Industries Commission, Mumbai
IV.	**Ministry of Petroleum and Natural Gas**
9.	Petroleum and Natural Gas Regulatory Board
V.	**Ministry of Ports, Shipping and Waterways**
10.	Chennai Port Authority, Chennai
11.	Cochin Port Authority, Cochin
12.	Mumbai Port Authority
13.	Mumbai Port Authority Pension Fund Trust
14.	Syama Prasad Mookerjee Port Trust
V.	**Ministry of Textiles**
15.	Central Silk Board
16.	Textile Committee

(During 2023-24)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Rajiv Gandhi National Aviation University
II.	**Ministry of Commerce and Industry**
2.	Coffee Board, Bengaluru
3.	National Institute of Design, Jorhat, Assam
4.	Rubber Board

Sl. No.	Name of Autonomous Body
III.	**Ministry of Micro, Small and Medium Enterprises**
5.	Khadi and Village Industries Commission, Mumbai
IV.	**Ministry of Petroleum and Natural Gas**
6.	Petroleum and Natural Gas Regulatory Board
V.	**Ministry of Ports, Shipping and Waterways**
7.	Calcutta Dock Labour Board
8.	Chennai Port Authority, Chennai
9.	Cochin Port Authority, Cochin
10.	Mumbai Port Authority
11.	Mumbai Port Authority Pension Fund Trust
12.	Visakhapatnam Port Authority, Visakhapatnam
VI.	**Ministry of Textiles**
13.	Central Silk Board

Note: The above list also includes the Autonomous Bodies which have provided for a lesser liability as compared to the liability determined on actuarial valuation

Annexure-XI
(Referred to in Para 1.8)

Central Autonomous Bodies that revised their accounts as a result of audit

(For the year 2022-23)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	Coffee Board, Bengaluru
II.	**Department of Financial Services**
2.	Insurance Regulatory and Development Authority of India, Hyderabad
III.	**Ministry of Heavy Industries**
3.	National Automotive Board
IV.	**Ministry of Ports, Shipping and Waterways**
4.	Visakhapatnam Port Authority, Visakhapatnam
IV.	**Ministry of Textiles**
5.	Central Silk Board, Bengaluru

(For the year 2023-24)

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	Coffee Board, Bengaluru
2.	National Institute of Design, Andhra Pradesh
II.	**Department of Financial Services**
3.	Insurance Regulatory and Development Authority of India, Hyderabad
III.	**Ministry of Heavy Industries**
4.	National Automotive Board
III.	**Ministry of Ports, Shipping and Waterways**
5.	Visakhapatnam Port Authority, Visakhapatnam
IV.	**Ministry of Textiles**
6.	Central Silk Board, Bengaluru

Annexure-XII

(Referred to in Para 1.9)

Position of Outstanding Action Taken Notes as on March 2025

Sl. No.	Name of the Ministry/ Department	Report number	Outstanding ATNs status	
			ATNs Not received even once	Under process at different stages
1.	Commerce and Industry	16 of 2021	-	1
2.	Corporate Affairs	16 of 2021	-	1
3.	Housing and Urban Affairs	17 of 2021	-	1
		3 of 2020	-	2
		16 of 2021	-	3
		1 of 2023	-	2
4.	Micro Small and Medium Enterprises	1 of 2023	-	1
		9 of 2023	-	1
5.	Mines	1 of 2023	-	2
6.	Power	3 of 2020	-	1
7.	Ports, Shipping and Waterways	10 of 2020	-	1
		16 of 2021	-	1
8.	Textiles	2 of 2023	-	1
	Total		**-**	**18**

Annexure-XIII

(Referred to in Para 2.2)

Details of payments received by the private parties

Sr. No	Recipient of funds	Bank Payment Vouchers Number	Date of fund transfer	Cheque Number used to transfer funds	Amount (₹ crore)
1	Vardhaman Estates and Developers Private Limited, New Delhi	588 dt. 03.01.2019 (BPV number was changed to 591)	01.02.2019	762349 dated 03.01.2019	4.15
2	Vardhaman Estates and Developers Private Limited, New Delhi	589 dt. 03.01.2019 (BPV number was changed to 592)	01.02.2019	762350 dated 03.01.2019	2.00
3	Zestha Project Pvt Ltd	37 dt. 02.05.2019	07.05.2019	762759 dated 02.05.2019	1.30
4	Vardhaman Infra Build Pvt Ltd		07.05.2019		1.40
5	Vardhaman Infra Developers Pvt Ltd	451 and 452	19.11.2019	917981 and 917982 dated 07.09.2019	1.47
6	Vardhaman Infra Developers Pvt Ltd		16.11.2019		1.47
7	Sree Balaji Enterprises		21.11.2019		0.81
8	Ganapati Enterprises		22.11.2019		0.59
9	SK Trading Company		16.11.2019 and 20.11.2019		1.46
10	Shyam Enterprises		20.11.2019 and 26.11.2019		1.46
11	Sree Kanha Enterprises		21.11.2019		1.46
12	Deepak Enterprises		19.11.2019		0.45
13	S S Industries		19.11.2019		0.49
14	R S Enterprises		19.11.2019		0.49
15	Parastinking Pvt. Ltd		20.11.2019		0.85
16	M/s. Akiko Sherman Infotech	219	28.08.2019 and 31.08.2019	918102, 918103 and 918104 dated 07.08.2019	1.22
17	Arekey and King OPC Pvt Ltd	307	27.09.2019	917919 dated 24.09.2019	0.34
Total					**21.41**

Annexure-XIV
(Referred to in Para 2.3)

Details of avoidable expenditure on electricity charges

Sl. No.	Spices Park	Period	Total Billing Demand paid[201] (KVA)	Total Recorded Demand (KVA)	Avoidable expenditure (Fixed charges) due to fixation of higher contract demand (Amount in ₹)	Penalty for low PF (Amount in ₹)	Total avoidable expenditure (Amount in ₹)
					(A)	(B)	(A+B)
1.	Sivaganga[202]	January 2017 to August 2023	14,400.00	1,661.64	34,89,408.00	4,67,517.00	39,56,925.00
2.	Guntur	January 2017 to March 2024	21,730.00	4,352.98	66,44,522.69	-	66,44,522.69
3.	Guna	January 2017 to March 2024	21,493.00	7,035.20	45,73,231.00	7,94,523.34	53,67,754.34
4.	Chhindwara[203]	January 2017 to March 2022	7,826.00	1,343.00	24,06,000.00	3,96,701.84	28,02,701.84
5.	Rae Bareli	March 2017 to March 2024	16,658.25	1,943.69	32,39,267.00	-	32,39,267.00
6.	Jodhpur	January 2017 to March 2024	20,595.00	11,538.60	9,54,955.37	5,56,098.71	15,11,054.08
7.	Kota	January 2017 to March 2024	20,710.89	13,025.43	5,45,989.52	43,981.32	5,89,970.84
	Total		**1,23,413.14**	**40,900.54**	**353,588.58**	**22,58,822.21**	**2,41,12,195.79**

[201] Based on specified percent of contracted demand or recorded demand during the month, whichever is higher
[202] Contract demand was revised from 200 KVA to 65 KVA(Minimum prescribed by SEB) in September 2023 after being pointed out by audit
[203] April 2022 onwards, electricity charges are being borne by the operator. Hence, period from April 2022 to March 2024 was excluded

Annexure-XV

(Refer to Para no. 3.4.4.2)

Details of 34 construction works undertaken by CPWD during 2018-19 to 2020-21

Sl. No.	Name of Project	Administrative Approval and Expenditure Sanction (AA&ES) (₹ in Crore)
1.	Construction of New D-Branch of LSS and accommodation for CRPF, Parliament House Annexe, Parliament House Complex, Sansad Marg, Delhi	2.32
2.	RSSDU/DL/2019/2- Construction of additional floor at Rashtriya Sanskrit Sansthan (Deemed University) 56-57, Institutional Area, Janakpuri, New Delhi	2.54
3.	Construction of additional office building at Central Administrative Tribunal premises, Copernicus Marg, New Delhi.	2.78
4.	CGHS Wellness Centre at Sector 16, Rohini, New Delhi	3.83
5.	Construction of 01 No. 480 Men's Barrack (G+4) stories building for 22nd Bn with 1 No. 120 men barrack (5th floor) for SHQ (Delhi) at ITBP Chhawala, New Delhi.	4.59
6.	CGHS dispensary at Vikaspuri, New Delhi	5.71
7.	Construction of 180 Men Barracks, BCS, CRPF Campus, Bawana, New Delhi CD-06	8.92
8.	Re-Development of Service Yard and open area at CCI, Vithal Bhai Patel House, New Delhi.	11.19
9.	Construction of 'A' Type school building for Kendriya Vidyalaya at Shahdara, Delhi.	14.60
10.	Office building for Sahitya Academy, Sector 11, Dwarka, New Delhi.	15.71
11.	Indoor Sports Complex At IIT Delhi	22.19
12.	88 Nos. Type-III Qtrs. at Probyn Road, Timarpur Delhi	22.75
13.	Construction of new Multi-Storey Academic Building At Aryabhatta College, South Campus, New Delhi	26.39
14.	Construction of new office building for the Agriculture Scientist Recruitment Board at Pusa, New Delhi	28.16
15.	720 Men Barrack at ITBP Tigri, New Delhi	29.78
16.	Construction of NICPM (ICAR) building at Rajpur Khurd Campus of Centre, Mehrauli, New Delhi Ph-I, Mehrauli, Delhi	32.39
17.	225 Nos. of Qtrs. at ITBPTigri, MBRoad, Delhi	36.29
18.	Construction of 48 Nos. type II Quarters and 28 Nos. T-III Quarters At Block No 2&3 in Schedule 'A' and at Block No 12 in Schedule 'B' including basement for parking under Redevelopment Scheme of the President's Estate, New Delhi, Rashtrapati Bhawan, Delhi	39.17
19.	414 Capacity Single Seated Girls Hostel at IIT Delhi	39.26
20.	453 Nos. houses at 39th Bn, ITBPGreaterNoida UP.	68.62
21.	Boys Hostel 'E' at IIT Delhi, Hauz Khas, Delhi	84.34
22.	Steel Structure Non-Residential Buildings at Africa Avenue Near Sarojini Nagar Bus Depot, Netaji Nagar, Delhi	89.53
23.	IIDEM Campus for ECIat Plot No.1, Sector-13, Dwarka, New Delhi	121.18
24.	Construction of 120 Nos. GPRA Type-VII Flats in Pocket-1 at DDU Marg, New Delhi	197.33
25.	Construction of 76 Nos. MultiStoried MP flats for Honorable Lok Sabha New Delhi Dr. BDMarg, Delhi.	218.72
26.	Redevelopment of Govt. of India Press at Minto Road, New Delhi	238.56
27.	Setting up physical infrastructure for National Institute of Communication Finance (NICF) at Ghitorni, New Delhi	248.20

28.	Setting up of a museum on 'Prime Ministers of India' in the Premises of Teen Murti Estate, New Delhi	271.24
29.	Atal Akshaya Urja Bhawan at Lodhi Road, CGO Complex, New Delhi.	271.90
30.	Redevelopment of General Pool Residential Colony at Mohammadpur, New Delhi	362
31.	Redevelopment of General Pool Residential Colony at Thyagraj Nagar, New Delhi	392
32.	Steel Structure non-residential buildings using pre-engineered technology at Africa Avenue and KG Marg	491.82
33.	Additional complex for the Supreme Court of India at land adjoining Pragati Maidan, New Delhi	884.30
34.	Establishment of Central Armed Police Forces Institute Of Medical Sciences (CAPFIMS) at Maidangarhi, New Delhi.	1,368.53

Annexure-XVI

(Refer to Para no. 3.4.4.2)

Detail of nine sample projects selected in Audit

Sl. N.	Name of selected works	Date of Administrative Approval and Expenditure sanction (AA & ES)	Amount mentioned in AA&ES (₹ in crore)	Tendered cost (₹ in crore)	Stipulated date of Start	Stipulated date of completion	Status of completion of the work as on 05 March 2022	Actual Expenditure incurred (upto 5 March 2022) (₹ in crore)
1.	Construction of Boys Hostel 'E' in Hostel area at IIT Delhi, Hauz Khas, Delhi	08.05.2013	84.34	73.96	25.07.18	24.11.2019	Work in Progress	85.96
2.	Construction of 296 Nos. Type-II Qrts ()-37 Blocks, 128 Nos Type-III Qrts 16 blocks, 24 Nos. Type-IV Qrts Blocks, 4 Nos. Type-V Qrts and 1 No. Type- VI Qrts single Storey i/c Internal W/S, S/I, Electrical installation etc. at 39 th Bn, ITBP, Greater Noida (UP).	28.06.2016	68.62	54.68	07.10.16	06.06.2018	22.12.2020	81.39
3.	Construction of Central Armed Police Forces Institute of Medical Sciences (CAPFIMS) at Maidangarhi, New Delhi.	22.10.2013	1,368.53	1090.03	13.04.17	22.06.2019	Work in Progress	873.82
4.	Construction of Atal Akshaya Urja Bhawan CGO Complex, Lodhi road, New Delhi	14.10.2017	271.90	228.47	31.05.18	30.11.2019	Work in Progress	227.53
5.	Construction of 01 No. 480 Men's Barrack building for 22nd Bn with 1 No. 120 men barrack for SHQ (Delhi) at ITBP Chhawla, New Delhi.	30.03.2017 (480 Barracks) 31.03.2017 (120 barracks)	28.04	21.18	16.08.17	15.11.2018	06.08.2019	23.92
6.	Construction of 225 nos. Quarters at 22nd Bn. ITBP, Tigri, New Delhi	03.11.2016	36.29	27.24	11.08.17	10.11.2018	22.12.2020	37.19
7.	Construction of 76 nos. Multi Storied Flats of M.P, Lok Sabha at Dr. B.D. Marg, New Delhi.	10.07.2017	218.72	150.92	21.08.18	20.06.2020	11.02.2021	172.84
8.	Redevelopment of General Pool Residential Colony at Mohammadpur, New Delhi	22.07.2016	362	255.51	22.09.17	08.05.2022	Work in Progress	130.20

Sl. N.	Name of selected works	Date of Administrative Approval and Expenditure sanction (AA & ES)	Amount mentioned in AA&ES (₹ in crore)	Tendered cost (₹ in crore)	Stipulated date of Start	Stipulated date of completion	Status of completion of the work as on 05 March 2022	Actual Expenditure incurred (upto 5 March 2022) (₹ in crore)
	Construction of 400 Nos. Type-II and 345 Type-III General Pool Residential Accommodation (GPRA) on EPC Basis							
9.	India International Institute of Democracy and Election Management (IIIDEM) Campus at Plot No.-1, Sector-13, Dwarka, New Delhi.	26.05.2014	121.18	₹85.16 crore for full work. ₹ 20.62 crore for balance work	14.01.16 07.11.18	13.04.2017 06.04.2019	Work in Progress	90.56
	Total		**2,559.62**	**2,007.77**				**1,723.41**

Annexure-XVII

{Refer to Para no. 3.4.5.1(ii)}

Detail of Deviated Items

Sl. No.	Name of the Work	Number of deviated items	Range of deviation beyond permissible limit (In *per cent*)	Total amount of avoidable expenditure[204] (₹ in crore)	Reply of the Ministry (June 2024)	Comments of Audit
1	Construction of Boys Hostel at IIT Delhi.	59	1.76 to 10,938.46	7.19	The detailed estimate was prepared by the consultant and during the excavation, the sub-soil strata was found with filled-up earth. After detailed technical discussion with structural designer in consultation with consultant, it was decided to go with deeper raft foundation at 6.0 mtr. which was inevitable solution for safety of the structure. The deviation in E&M items was due to increase in quantity of power wiring, HVAC pipe and diffusers etc. with respect to estimated quantity to make the building properly functional. It is admitted that proper assessment based on GFC drawings at the time of preparation of estimate may minimize such deviations and to avoid such deviations at the time of execution, CPWD has taken the corrective measures by amending clause 12 of GCC where by the deviation limit is increased upto 100 *per cent* at the quoted rates of contractor. Further, circulars have been issued for more rigorous and close monitoring of deviation at the level of CE/SE. The implementation of EPC contracts for major infrastructure works is also a corrective measure to avoid such deviations. The direction and recommendations of Audit is noted for future reference.	While accepting the Audit observation, the Ministry stated that to avoid such deviations at the time of execution, CPWD has taken the corrective measures by amending clause 12 of GCC where by the deviation limits increased up to 100 *per cent* at the quoted rates of contractor. Further, circulars have been issued for more rigorous and close monitoring of deviation at the level of CE/SE. The implementation of EPC contracts for infrastructure works is also a corrective measures to avoid such deviations. . Audit is of the opinion that by merely increasing the deviation limit, larger deviations would get regularized. Ministry/CPWD should take the steps to improve the method of estimation so that the need for large deviations are removed altogether.
2	Construction of 480 + 120 Men's Barracks at ITBP Chhawala.	43	0.9 to 5,379.91	0.81	Situation of water logging couldn't have been anticipated during estimation as water-logging was not observed during estimation. Height in balcony railing was increased as requested by ITBP vide letter dated 08.08.2018 from 0.75 mtr to 1.05mtr. Granite was provided in ground floor lift lobby, common area and TV room as VIP movement generally	Reply may be viewed considering the facts that the department has itself admitted that all these items were essential to fulfil the functional requirement of building, and hence these should have been anticipated

[204]Difference between prevailing market rate and agreement rate of the item multiplied by the quantity of deviation beyond permissible limit in the item.

Sl. No.	Name of the Work	Number of deviated items	Range of deviation beyond permissible limit (In *per cent*)	Total amount of avoidable expenditure[204] (₹ in crore)	Reply of the Ministry (June 2024)	Comments of Audit
					happens in the ground floor. As such all these items were essential to fulfil the functional requirement of building. Also, as clause 10CC and 10 CA is applicable which provides for variation in contract due to variation in price of material and labour. Had they been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates.	during preparation of detailed estimate. Further, the contention of the department that had the items been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates, is also not acceptable as clause 10 CC and 10 CA are related to increase/ decrease in price while the audit observation is based on deviation in quantity of items executed.
3.	Construction of 225 nos. quarters at 22nd Battalion, ITBP, Tigri, New Delhi.	38	2.56 to 5,064	1.03	At the time of NIT preparation, structural drawings were not available. To avoid delay in start of work quantity of cement and steel was taken based on past experience This is general practice adopted to avoid delay in project. Also, Clause 10 CA, which is applicable in this agreement provide for variation in contract amount due to variation in price of cement and steel. As such all the materials are beyond limit are paid at market rate, 10 CA was not paid for them, had these items been within limit 10CA would have to be paid on them also. Also, as clause 10CC is applicable which provides for variation in contract due to variation in price of material and labour. Had the items been taken in NIT, price escalation as per clause 10CC would have been payable to agency over and above the quoted rates. As such deviation was essential and couldn't have been avoided.	The reply of the Ministry may be viewed in light of the fact that as the audit objection is on execution of increased quantity of items over and above the quantity of items agreed upon while the reply cites clause 10CA and 10CC which caters to increase/decrease in price (and not quantity) of materials. Moreover, all items which are considered essential along with the correct quantity are to be included in the detailed estimate irrespective of the fact whether escalation would be payable or not.
4.	Construction of 76 Nos. Multi Storied Flats for MPs of Lok Sabha at Dr. B.D. Marg, New Delhi.	128	4 to 8,67,985	3.76	For this particular work, a sample flat was constructed at site of work. Necessary modification was made in the construction based on the approved sample flat. Items, and escalation etc. It is also submitted that all the Item deviated/Extra items are approved by respective competent authority within their delegated financial powers as per Manual. The items which were deviated are as per the actual	While giving justification for the issue, the Ministry stated that direction and recommendations of Audit is noted for future reference. Ministry has further stated that the CPWD has recently, issued guidelines to minimize contractual deviations/ extra items in projects

Sl. No.	Name of the Work	Number of deviated items	Range of deviation beyond permissible limit (In *per cent*)	Total amount of avoidable expenditure[204] (₹ in crore)	Reply of the Ministry (June 2024)	Comments of Audit
					work done and paid as per the contractual provisions and may not be considered as excess expenditure. Recently, CPWD has issued guidelines to minimize contractual deviations/ extra items in projects works to extend that maximum deviation/ extra items in a project work shall not be more than 50 per cent of tender cost. Also, CPWD has issued guidelines for use of BIM model in tender preparation for assessment of quantities to limit the contractual deviation. The directions and recommendations of Audit is noted for future reference.	works to an extend that maximum deviation/ extra items in a project work shall not be more than 50 per cent of tender cost. Guidelines have also been issued for use of BIM model in tender preparation for assessment of quantities to limit the contractual deviation.
	Total	**268**		**12.79**		

Annexure-XVIII

{Refer to Para no 3.4.5.1(iii)}
Detail of Extra Items

Sl. No.	Name of the Work	No. of extra items	Total amount of extra items (₹ in crore)	Reply of the Ministry (June 2024)	Comments of Audit
1	Construction of Boys Hostel at IIT Delhi.	93	5.25	The detailed estimate was prepared keeping all the items required for building to make it completely functional. However, during the course of execution of work, extra items were envisaged to meet the technical requirement of building which was inevitable. To avoid payment at market rate of such items at the time of execution, CPWD has taken the corrective measures by amending clause 12 of GCC (December 2023) where the extra items available in DSR shall also be paid at the scheduled rates duly moderated by percentage above/ below quoted by the contractor. The directions and recommendations of Audit is noted for future reference.	While giving justification for the issue, Ministry stated that to avoid payment at market rate of such items at the time of execution, CPWD has taken the corrective measures by amending clause 12 of GCC where the extra items available in DSR shall also be paid at the scheduled rates duly moderated by percentage above/ below quoted by the contractor extra items were paid at the scheduled rates duly moderated by percentage above/ below quoted by the contractor. Ministry further stated that direction and recommendations of Audit is noted for future reference.
2	Construction of 225 nos. quarters at 22nd Battalion, ITBP, Tigri, New Delhi.	40	2.67	Preliminary cum detailed estimate was prepared based on preliminary drawings and accordingly sanction was obtained from the client i.e., ITBP. The work was executed based on requirements of detailed architectural and structural drawings and based on actual site requirements. Also had the items been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates.	Reply may be viewed in light of the fact that the detailed estimate should be supported by detailed architectural drawings, preliminary structural plans, preliminary lay-out drawings, detailed drawings and/or specifications for the various components of work involved along with a brief note on the special construction difficulties which are likely to be encountered. However, CPWD prepared PE cum DE based on preliminary drawings only and other records were considered at the time of execution of work, which resulted in extra items in the agreed quantities. Further, the contention that had the items been taken in NIT, price escalation as per clause 10CC and 10CA would have been payable to agency over and above the quoted rates, is not acceptable as all items which are considered essential to fulfil the functional requirement of building are to be included in the detailed estimate irrespective of the fact whether escalation is payable or not.
3	Construction of 76 nos. Multi Storied Flats for MPs of Lok Sabha at Dr. B.D. Marg.	44	20.26	A sample flat was constructed at site of work which was meant to incorporate suggestions of the client. Necessary modification was made in the construction based on the approved sample flat. It is also submitted that all the Item deviated/Extra items are approved by respective competent authority within their delegated financial powers as per manual.	The reply is silent about the fact as to why items that were general in nature for the work were executed as Extra Item. However, while giving justification for the issue, the Ministry stated that direction and recommendations of Audit is noted for future reference.

Sl. No.	Name of the Work	No. of extra items	Total amount of extra items (₹ in crore)	Reply of the Ministry (June 2024)	Comments of Audit
				The directions and recommendations of Audit is noted for future reference please.	
4	Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka.	74	3.31	The extra items cropped up during execution of work were due to actual requirement, change in drawing and specifications by client etc. which were not envisaged at the time of tendering. Some of the extra items like 1. Ceramic Steel high glass writing pad. 2. Under deck insulation for ceiling 3. Automatic glass sliding doors etc. were cropped up in 2017 much later than award of work. As these extra items were dependent activities which could not be done by engaging another contractor. Therefore, market rate for extra items were paid as per provisions of clause-12 of GCC	The reply of Ministry may be viewed in light of fact that the nature of works mentioned as extra items could very well have been included in the main agreement and thereby payment for these items on market rate could have been avoided.
	Total	**251**	**31.49**		

Annexure-XIX

(Refer to Para no 3.4.5.2)

Detail of Technical Representatives

Sl.No.	Name of the Work	Date of Start of work to the date of Completion/ date of Audit	No. of technical representative required	Technical representative for whom qualification/experience certificate was not submitted or not in order	Penalty to be recovered per month (In ₹)	Total Penalty to be recovered (In ₹)	Reply of Ministry Reply	Comments of Audit
a	b	c	d	e	f	g (f*c)	h	i
1	Construction of Atal Akshaya Urja Bhawan at CGO Complex.	31.05.2018 to 18/04/2022 i.e. 47 months	26	26	12,50,000	5,87,50,000	The photocopy of relevant documents regarding appointment of Technical representatives are attached.	Documents of only one out of 26 specified persons were furnished, and that too were incomplete.
2	Construction of India International Institute of Democracy and Election Management (IIIDEM) at Dwarka.	07/11/2018, 07/03/2022 i.e., 40 months	04	04	85,000	34,00,000	No reply has been furnished by CPWD or Ministry.	Since no details of Technical Representatives were furnished, Audit could not verify the correctness of Technical Representatives deployed.
Total						**6,21,50,000**		

Annexure XX
(Referred to in Para 3.5.5)

Audit Sample

Sl. No.	Name of Projects	Code of the projects	AA&ES (₹ in Crore)	Stipulated date of start	Date of completion/ *percentage* of completion as on July 2022
Completed Projects					
1.	C/o 160 Cat II houses four storeyed and 160 scooter garages in Sector-B, Pocket-II, Vasant Kunj i/c internal development (LIC Pocket) Sub-Head:- C/o 80 HIG Cat II houses and 80 Scooter Garages in Sec-B, Pocket-II at Vasant Kunj including internal development Gr-I (Balance work) at the risk and cost of M/s Shree Durga Const. Co.	P1	8.10	22 Apr 2014	10 Apr 2017
2.	C/o integrated complex of 273 Multistoreyed EWS houses with facility building behind DDA project office at Manglapuri, Dwarka (Site No IV). Project on Design and Construction Basis.	P2	34.91	07 Aug 2015	05 Apr 2021
3.	C/o 362 (268 MIG + 94 LIG) Multistoreyed and four storeyed houses i/c basement, internal and external development and internal electrification complete at Vasant Kunj on Mehrauli Mahipalpur road, New Delhi	P3	83.52	20 May 2010	18 Dec 2020
4.	C/o 352 Multistoried Two Bedroom Apartments i/c electrification adjoiningPocket-3, Sector-19B, Dwarka, Ph.II.	P4	165.90	17 Apr 2015	10 Jul 2019
5.	Construction of HIG Houses at Pocket 9-B, Jasola in the 15715 sqm land including internal and external electrification, firefighting, lifts and internal development works (Design and Built basis).	P5	174.46	22 Nov 2014	22 May 2019
6.	Construction of 346 (M.S.) MIG Houses i/c Internal Development and Electrification at Sector-16B, Pocket-II, Dwarka Phase-II	P6	188.00	17 Jun 2016	26 Dec 2020
7.	C/o 852 HIG/MIG/LIG houses at Vasant Kunj at Mehrauli Mahipalpur road near Sultangarhi Tob Sub-Head: Part-A: Cluster-2: C/o 223 houses (154 MIG and 69 LIG).	P7	305.20	25 Oct 2009	16 Mar 2021
	C/o 852 HIG/MIG/LIG houses at Vasant Kunj at Mehrauli Mahipalpur road near Sultangarhi Tob SH: Part-A: Cluster-I, C/o 207 HIG houses.			3 Jun 2010	31 Jan 2021
	C/o 852 HIG/MIG/LIG houses at Vasant Kunj at Mehrauli Mahipalpur road near Sultangarhi Tomb SH:Part-B: Cluster-3: C/O 213 houses (157 MIG and 57 LIG)			9 Sep 2010	31 Jan 2021
	C/o 852 HIG/MIG/LIG houses at Vasant Kunj at Mehrauli Mahipalpur road near Sultangarhi Tomb SH: Part-B: Cluster-IV C/o 209 HIG houses			30 May 2010	31 Jul 2020
8.	C/o 2128 EWS and 348 category-II houses on design and Built basis in Pocket-1C at Sector A-1 to A-4, Narela i/c internal Development and Electrification	P8	311.91	03 Jun 2014	25 Jun 2020

9.	C/o 2561 EWS and 419 Cat-II houses on Design and Built in pocket 1B at Sector A-1 to A-4 Narela, including internal development and electrification.	P9	374.20	29 Mar 2014	20 May 2019
10.	C/o 1696 EWS and 280 Cat-II houses on design and built in pocket 1A, sector A1 to A4, Narela i/c internal development and electrification.	P10	389.20	29 Mar 2014	16 May 2019
11.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., Columns, Beams and Slabs all precast) in Narela, Rohini Delhi (A Turnkey Project). **Group-I** **Sub-head:** C/o 11,566 LIG and 2276 EWS Houses at Sector G-7 and G-8 Narela, Sector 34 and 35 Rohini *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 2618 LIG and 580 EWS houses in Pkt-VI and 2638 LIG, 580 EWS houses in Pkt-VII i/c internal development and electrification at Sector G-7 and G-8 in lieu of Pocket 6B and 4B Rohini Sector 34 and 35	P11	4128.95	03 May 2013 27 Oct 2016	02 Sep 2017 30 Sep 2020
12.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., columns, beams and slabs all precast or walls and slabs all precast) in Narela and Rohini, Delhi. (A Turnkey Project). **Group-II** **Sub-head:** C/o 13094 LIG and 2579 EWS houses i/c internal development and electrification at Sec G-2 and G-6, G-3 and G-4 Narela *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 6511 LIG and 1420 EWS houses i/c internal development and electrification at Sec. G-7 and G-8 Narela.	P12	4322.52	03 May 2013 27 Oct 2016	22 Sep 2017 12 Nov 2020
	Total		**10486.87**		
Ongoing Projects					
1.	C/o 1568 DU's/600 Cat-III (312 DU's 2BHK + 288 DU's 1BHK) and 968 EWS Multistoreyed composite houses including internal development and electrification in Pocket-V, Sector-14, Dwarka, Ph-II	P13	280.63	19 Feb 2016	79
2.	C/o 325 Two BHK, 170 Three BHK and 194 EWS houses (Design and Built Model) Earmarked in Pocket – 7, at Sector A-1 to A-4, Narela	P14	284.43	06 Aug 2015	89
3.	C/o 821 Multistoreyed Houses (600 two Bedroom and 221 EWS Houses) in Pocket-E at Lok Nayakpuram (Bakkarwala)	P15	316.51	08 Jul 2016	98
4.	C/o 420 two BHK, 225 three BHK and 250 EWS houses (Design and Build Model) earmarked in Pkt-6 at Sector A-1 to A-4, Narela.	P16	391.35		

	(a). C/o 225 three BHK and 250 EWS houses (Design and Build Model) earmarked in Pkt-6 at sector a-1 to A-4 Narela including external development and external electrification, UGRs, STP, ESS, etc. for entire Pkt.-6. **(b).** C/o 420 two BHK houses (Design and Build Model) earmarked in pkt- at Sector A-1 to A4 Narela.			01 Aug 2015 01 Aug 2015	78 84
5.	C/o 520 Two BHK, 250 Three BHK and 294 EWS houses (Design and Built Model) Earmarked in Pocket – 14, at Sector A-1 to A-4, Narela	P17	441.93	06 Aug 2015	86
6.	C/o 600 Two BHK, 250 Three BHK and 320 EWS houses (Design and Built Model) Earmarked in Pocket – 9, at Sector A-1 to A-4, Narela	P18	486.49	06 Aug 2015	83
7.	C/o 500 Two BHK, 340 Three BHK and 325 EWS houses (Design and Built Model) Earmarked in Pocket – 4, at Sector A-1 to A-4, Narela	P19	509.29	22 Jul 2015	78
8.	C/o 625 Two BHK, 350 Three BHK and 376 EWS houses (Design and Built Model) Earmarked in Pocket – 3, at Sector A-1 to A-4, Narela	P20	592.30	22 Jul 2015	78
9.	C/O 750 Two BHK, 325 Three BHK and 412 EWS houses (Design and built Model) Earmarked in Pocket -13 at Sector A-1 to A-4 Narela.	P21	623.30	06 Aug 2015	75
10.	C/o HIG (Multi Storied) Houses, including internal Development and electrification in Sector-19(b), Dwarka, Phase-II (A Turnkey Project).	P22	767.77	27 Nov 2014	79
11.	C/o 1750 Two BHK, 900 Three BHK and 1016 EWS houses (Design and build model) earmarked at Pocket 11 at Sector A1 to A4, Narela.	P23	1605.00	05 Aug 2015	59
	Total		**6,299.00**		

(Source: DDA)

Annexure-XXI

(Referred to in Para 3.5.5)

Audit Sample

Sl. No.	Name of the Project	Code of the projects	AA&ES amount (₹ in crore)	Tender amount (₹ in crore)	Stipulated date of start	Date of completion/ *percentage* of completion as on July 2022
1	C/o HIG Houses at Pocket 9-B, Jasola in the 15,715 sqm land (Design and Built basis)	**P5**	174.46	108.89	22 Nov 2014	22 May 2019
2	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., Columns, Beams and Slabs all precast) in Narela, Rohini Delhi (A Turnkey Project). **Group-I** **Sub-head:** C/o 11,566 LIG and 2276 EWS Houses at Sector G-7 and G-8 Narela, Sector 34 and 35 Rohini *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 2618 LIG and 580 EWS houses in Pkt-VI and 2638 LIG, 580 EWS houses in Pkt-VII i/c internal development and electrification at Sector G-7 and G-8 in lieu of Pocket 6B and 4B Rohini Sector 34 and 35	**P11**	4128.95	1229.92	3 May 2013	30 Sep 2010
3	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., columns, beams and slabs all precast or walls and slabs all precast) in Narela and Rohini, Delhi. (A Turnkey Project). **Group-II** **Sub-head:** C/o 13094 LIG and 2579 EWS houses i/c internal development and electrification at Sec G-2 and G-6, G-3 and G-4 Narela *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 6511 LIG and 1420 EWS houses i/c internal development and electrification at Sec. G-7 and G-8 Narela.	**P12**	4322.52	1394.36	3 May 2013	12 Nov 2020
4	C/o 500 Two BHK, 340 Three BHK and 325 EWS houses (Design and Built Model) Earmarked in Pocket – 4, at Sector A-1 to A-4, Narela	**P19**	509.29	410.17	22 Jul 2015	78
5	C/o 520 Two BHK, 250 Three BHK and 294 EWS houses (Design and Built Model) Earmarked in Pocket – 14, at Sector A-1 to A-4, Narela	**P17**	441.93	358.10	06 Aug 2015	86
6	C/o HIG (Multi Storied) Houses, including internal Development and electrification in Sector-19(B), Dwarka, Phase-II (A Turnkey Project)	**P22**	767.77	742.00	27 Nov 2014	79
	Total		**10,344.92**	**4,243.44**	..	

Annexure XXII
(Referred to in Para 3.5.7- B)
Process of Construction of Works

Sl. No	Name of the work	Code of the projects	AA/ES (₹ crore)	Estimated cost (₹ crore)	Tendered Cost (₹ crore)	Stipulated date of start	Stipulated date of completion	Actual date of completion	Actual Expenditure (₹ in crore)
1.	Construction of HIG Houses at Pocket 9-B, Jasola in the 15715 sqm land including internal and external electrification, firefighting, lifts and internal development works (Design and Built basis).	P5	174.46	75.58	108.89	22 Nov 2014	16 Apr 2018	22 May 2019 (Prov. completion)	133.08
2.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., Columns, Beams and Slabs all precast) in Narela, Rohini Delhi (A Turnkey Project). **Group-I** **Sub-head:** C/o 11,566 LIG and 2276 EWS Houses at Sector G-7 and G-8 Narela, Sector 34 and 35 Rohini	P11	4128.95	959.23	1229.92	03 May 2013	02 May 2016	02 Sep 2017	2112.09
	Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site: C/o 2618 LIG and 580 EWS houses in Pkt-VI and 2638 LIG, 580 EWS houses in Pkt-VII i/c internal development and electrification at Sector G-7 and G-8 in lieu of Pocket 6B and 4B Rohini Sector 34 and 35					27 Oct 2016	--	30 Sep 2020	
3.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., columns, beams and slabs all precast or walls and slabs all precast) in Narela and Rohini, Delhi. (A Turnkey Project). **Group-II** **Sub-head:** C/o 13094 LIG and 2579 EWS houses i/c internal development and electrification at Sec G-2 and G-6, G-3 and G-4 Narela	P12	4322.52	1093	1394.36	03 May 2013	02 May 2016	22 Sep 2017	2343.03
	Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site: C/o 6511 LIG and 1420 EWS houses i/c internal development and electrification at Sec. G-7 and G-8 Narela.					27 Oct 2016	--	12 Nov 2020	

4.	C/o HIG (Multi Storied) Houses, including internal Development and electrification in Sector-19(b), Dwarka, Phase-II (A Turnkey Project).	P22	767.77	696	742	27 Nov 2014	26 Nov 2017	Work in progress	605.00
5.	C/o 520 Two BHK, 250 Three BHK and 294 EWS houses (Design and Built Model) Earmarked in Pocket – 14, at Sector A-1 to A-4, Narela	P17	441.93	437.56	358.10	06 Aug 2015	05 Aug 2019	Work in progress	454.16
6.	C/o 500 Two BHK, 340 Three BHK and 325 EWS houses (Design and Built Model) Earmarked in Pocket – 4, at Sector A-1 to A-4, Narela **SH:1:** 340 Three BHK and 325 EWS houses (Design and Built Model) Earmarked in Pocket – 4, at Sector A-1 to A-4, Narela **SH: 2:** 500 Two BHK houses (Design and Built Model) Earmarked in Pocket – 4, at Sector A-1 to A-4, Narela	P19	509.29	439.93	410.17	22 Jul 2015	21 Jul 2019	Work in Progress	481.99
	Total		**10344.92**	**3701.3**	**4243.44**				**6129.35**

(Source: DDA)

Annexure XXIII
{Referred to in Para 3.5.7.8 (ii)}

Non-deployment of Technical Staff

Sl. No	Name of the Work	Code of the projects	Date of Start, Completion and period of work (in months)	No. of technical representatives required	Technical representatives for whom experience certificate was not submitted or not in order	Penalty to be recovered per month (in ₹)	Total Penalty to be recovered (in ₹)	Reply of DDA	Comments of Audit on reply (October 2024)
1.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., columns, beams and slabs all precast or walls and slabs all precast) in Narela and Rohini, Delhi. (A Turnkey Project). **Group-II** **Sub-head:** C/o 13094 LIG and 2579 EWS houses i/c internal development and electrification at Sec G-2 and G-6, G-3 and G-4 Narela *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 6511 LIG and 1420 EWS houses i/c internal development and electrification at Sec. G-7 and G-8 Narela.	P12	03 May 2013, 22 Sep 2017, (53 months)	61	61	15,70,000	8,32,10,000	DDA submitted (October 2024) that the technical staff deployed at site by the agency as per agreement and their requisite credentials has been enclosed.	*Experience Certificate of any technical staff were not found in the attached documents. *Qualification Certificates of 30 technical staff were not found in the attached documents.
2.	Construction of HIG (Multi Storied) Houses, including internal	P22	27 Nov 2014, ongoing, (74 months)	63	61	18,60,000	13,28,40,000		**Qualification certificate:** • Out of 63, eight technical staffs were not having

Sl. No	Name of the Work	Code of the projects	Date of Start, Completion and period of work (in months)	No. of technical representatives required	Technical representatives for whom experience certificate was not submitted or not in order	Penalty to be recovered per month (in ₹)	Total Penalty to be recovered (in ₹)	Reply of DDA	Comments of Audit on reply (October 2024)
	Development and electrification in Sector 19 B, Dwarka, Phase - II (A Turnkey Project)						(after adjustment of recovery of ₹48 lakh)		required technical qualification. • Out of remaining 55 technical staff, qualification certificate of three was not available on record. **Experience Certificate:** • Out of the remaining 55, Experience Certificate of 53 technical staffs were not found in the attached documents.
3.	C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., Columns, Beams and Slabs all precast) in Narela, Rohini Delhi (A Turnkey Project). **Group-I** **Sub-head:** C/o 11,566 LIG and 2276 EWS Houses at Sector G-7 and G-8 Narela, Sector 34 and 35 Rohini *Out of the above sub-head, the following flats were shifted to alternate site due to non-availability of site:* C/o 2618 LIG and 580 EWS houses in Pkt-VI and 2638 LIG, 580 EWS houses in Pkt-VII i/c internal dev and	P11	03 May 2013 to 02 Sep 2017, (52 months)	61	61	15,70,000	8,16,40,000		No document furnished with regard to qualification and experience.

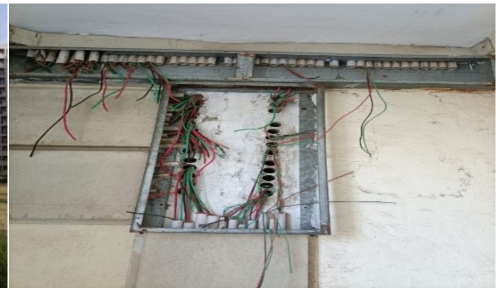
Sl. No	Name of the Work	Code of the projects	Date of Start, Completion and period of work (in months)	No. of technical representatives required	Technical representatives for whom experience certificate was not submitted or not in order	Penalty to be recovered per month (in ₹)	Total Penalty to be recovered (in ₹)	Reply of DDA	Comments of Audit on reply (October 2024)
	electrification at Sector G-7 and G-8 in lieu of Pocket 6B and 4B Rohini Sector 34 and 35								
4.	Construction of HIG houses at pocket 9B, Jasola in the 15715 sqm land including internal and external electrification, firefighting, lifts and internal development works (Design and Built basis)	P5	17 Apr 2015 to 22 May 2019, (48 months)	10	10	4,80,000	2,30,40,000		*Deployed eight technical staffs in place of 10, however, experience Certificate of any technical staff not furnished.
5.	Construction of 500 two BHK, 340 three BHK and 325 EWS houses (Design and build Model) earmarked in Pocket-4 at Sector A1 to A4, Narela	P19	22 Jul 2015, ongoing, (90 months)	32	32	10,80,000	9,72,00,000		*Deploy thirty technical staffs in place of thirty two, however, no experience Certificate of technical staff was furnished to audit.
6.	Construction of 520 Two BHK, 250 Three BHK and 294 EWS Houses (Design and Built Model) Earmarked in Pocket-14, at Sector A1 to A4, Narela	P17	06 Aug 2015; Ongoing, (90 months)	15	15	4,35,000	3,91,50,000		* Experience Certificate not furnished. * Out of 15, one staff was not having requisite technical qualification and for one staff requisite technical qualification certificate was not furnished * Two Technical staff were not eligible for deploy as per Qualification Certificate.
			Total				**45,70,80,000**		

Annexure XXIV
{Referred to in 3.5.7.8 (iii)}

Deficiencies noticed in Joint physical verification

Project	Code of the project	Deficiencies noticed during joint inspection
HIG flats constructed at Pocket-9B, Jasola, (Conducted on 15/02/2023).	P5	The housing pocket was surrounded by encroachment comprising of permanent 4-5 storey structures. The open area inside the boundary wall of the society was untidy and filled with waste, rubble etc. Green belt of 6 m width was not provided. In the lower basement water was stagnant at places especially near the base of the electric meters installed. The ceiling of lower basement was also showing seepage as water was dripping from it.  **Seepage in ceiling of lower basement**  **Missing green belt of 6m/poorly maintained trees** Lifts installed in one of the blocks were operating simultaneously whenever the button was pressed i.e. both the lifts, instead of one were arriving at the floor whenever the button was pressed. STP was also installed but was not put into operation as less number of residents were there. At places the manholes/open reservoirs were not covered.

Project	Code of the project	Deficiencies noticed during joint inspection
		 Lift operating simultaneously
C/o 24660 LIG and 4855 EWS houses by using prefab technology (having structural RCC members i.e., Columns, Beams and Slabs all precast) in Narela, Rohini Delhi (A Turnkey Project). **Group-I** **Sub-head:** C/o 11,566 LIG and 2276 EWS Houses at Sector G-7 and G-8 Narela, Sector 34 and 35 Rohini *Out of the above sub-head, the following flats were shifted to*	P11	There were many inhabitable hollow units on the ground floor of each block. During the discussion with DDA staff it was learnt that these were carved out to facilitate the shopping area. Later this would be used for community/facility purposes. In meter room of Pocket IV/V many meters along with wirings were not found. A manhole was also seen in the room where meters were installed. This was found to be in violation of the guidelines for installation of meter. The Fire hose was also not found at many places.  Hollow Unit  Missing Fire Hose  Manhole in Meter room Very few plants/herbs were found in the green area. The grass in the ground was also not in good condition.

Project	Code of the project	Deficiencies noticed during joint inspection
alternate site due to non-availability of site: C/o 2618 LIG and 580 EWS houses in Pkt-VI and 2638 LIG, 580 EWS houses in Pkt-VII i/c internal development and electrification at Sector G-7 and G-8 in lieu of Pocket 6B and 4B Rohini Sector 34 and 35		 Green area not maintained
Construction of 13094 LIG and 2579 EWS Houses including internal development and electrification at Sector G-2 and G-6, G-3 and G-4 Narela **(Group-II)**	P12	Plantation and landscaping work not done as per the agreement. Negligible plants/shrubs etc. were found in the green area. The grass in the ground was also not in good condition. There were 320 Inhabitable hollow units on the ground floor of each block. In the meter room of Pocket VI and XI of G2 and G6 electrical wirings were not found. Abandon site (Uncleared site) in pocket VI of G2 G6 sector. Most of Sanitary items were not found in dwelling unit at site.  Green area not maintained  Missing electrical wires  Inhabitable hollow units

Annexure –XXV

(Referred to in Para 4.1.4.4)

Statement showing the Research Projects of Coir Board which are not completed in project period along with the Audit observations, replies of the Management and the Ministry and further remarks of Audit

Sl. No.	Name, category and collaborator of the Project	Project Cost (₹ in lakh) and Project period	Department	Audit observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
1.	**Development of a process / machinery for spinning of fine quality yarn of uniform thickness and reduced hairiness (Collaborative project with Dr. MGR University, Chennai)**	299.00 (June 2017 to March 2021)	Engineering	Audit observed that the quality of coir yarn produced by the machine was not as specified in the MoU with collaborator and did not meet the requirements of the industry. There was frequent breakage of yarn during operation of the machine. The hairiness of the yarn was more, thickness was not uniform, twists were loose and appearance was poor.	Management replied that further improvement in spinning machine and development of slivering machine is needed for completing the project. The Ministry in its reply endorsed the views of the Management.	Even after three years from the completion of the tenure of the project, the Board was unable to develop the machine which meets the requirements of the industry. Hence, the industry was not benefited out of the project Further improvement in the spinning machine and development of slivering machine will result in additional expenditure.
2	**Setting up of Pre-Processing Unit (PPU) for slivering of coir fibre (In-house Project)**	15.66 (March 2016 to June 2018)	Engineering	Audit observed that the machine developed was only a prototype and the development of the final machine requires additional R&D work.	The Ministry replied that the development of PPU could not achieve the target. Hence, the machine was modified into a censor controlled PPU for supplying sliver for the Spinning Machines in CCRI.	The project was taken up to develop a technology and transfer the same and not for making a machine for internal use of CCRI.
3.	**Development of appropriate product by studying the possible use of coir dust in oil**	53.13 (January 2016 to July 2019)	Micro-biology	Audit observed that the samples of oil absorbing mat developed under the project were provided (February 2018) to oil exploration companies like Oil India Limited (OIL) and Oil	Management stated that the NEIST developed the product and initiated action with ONGC/Oil India Ltd. for validation of the project and validation is under process.	Samples were given to ONGC/OIL for field trials and validation six years before whereas the results of the same were not followed up. The delay

Sl. No.	Name, category and collaborator of the Project	Project Cost (₹ in lakh) and Project period	Department	Audit observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	industry with reference to Northeast India for absorption of oil spill **(Collaborative project with North East Institute of Science and Technology (NEIST), Jorhat)**			and Natural Gas Corporation Limited (ONGC) for field trial and long-term validation of the products and the results of the same were pending.	The Ministry in its reply endorsed the views of the Management.	in obtaining the results kept the project incomplete for a long period.
4.	**Development of Coir Pith based formulation for Agriculture/ horticulture end use. (Collaborative project with Fertilizers and Chemicals Travancore Ltd (FACT), Kochi)**	38.18 (Commenced from March 2011 but not concluded – January 2024)	Micro-biology	Audit observed that project was running for more than 11 years though the duration of the project was four years. As per the MoU signed with the collaborator, the equipment procured out of the fund allocated for research should be returned to the Board. However, it was observed that the Board could not recover the equipment costing ₹7 lakh from the collaborator.	Management stated that the project is ongoing and the equipment procured under the project will be returned to CCRI on conclusion. The Ministry stated that the Board has initiated follow-up action to conclude the project. It was also stated that equipment would be taken back to CCRI and expenses of taking back the equipment to CCRI would be deducted from the balance funds to be released to FACT.	Lack of proper monitoring/follow-up by the Board resulted in delay in the conclusion of the project by seven years. Further, the Board failed to recover the equipment.
5.	**Standardization of media, evaluation of plant species and nutrient module for vertical landscapes**	9.90 (November 2019 to	Micro-biology	Audit observed that the final report was yet to be submitted by IIHR though the term of the project was over by November 2020.	The Management stated that the project is ongoing. The Ministry stated that the Board has initiated follow-up action for concluding the project and IIHR	Lack of proper monitoring by the Board has resulted in the non-completion of the project within the tenure of the project. Further, the reply was silent about the

Sl. No.	Name, category and collaborator of the Project	Project Cost (₹ in lakh) and Project period	Department	Audit observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	using coir-based products. (Collaborative project with Indian Institute of Horticultural Research (IIHR), Bengaluru)	November 2020)			demonstrated the technology during September 2023.	success of the technology which was demonstrated by IIHR.
6.	**Development of flame-retardant rubberized coir for cushioning application in railways as per Research Design and Standards Organisation (RDSO), Ministry of Railways standards) (In-house Project)**	25.28 (February 2017 to April 2020)	Polymer Technology	Audit observed that the project could not develop flame retardant rubberized coir which complies with all RDSO standards. Hence, the project remains incomplete though the tenure was over by April 2020.	Management stated that CCRI could not achieve all the four characteristics specified by RDSO. The Ministry in its reply endorsed the views of the Management.	The project could not achieve the target even after four years. The project was later included (December 2020) in the Centre of Excellence (CoE) with IIT Madras, the Board could not achieve the technology as the work of the CoE was not properly monitored as detailed in Para 6.4.2.
7.	**Process development for surface modification of coir fibre for enhanced spinnability (Collaborative Project with**	23.00 (October 2016 to October 2018)	Polymer Technology	Audit observed that the facility for bulk plasma treatment was not available with NIIST, Trivandrum (Collaborator). Hence, the project could not be completed. As per the MoU signed with the collaborator, the equipment procured out of the fund allocated for research should be returned to the Board.	The Management stated that NIIST could not get the assistance of Institute for Plasma Research, Gandhinagar, Gujrat. Hence, bulk plasma treatment and spinnability testing could not be conducted. It was also stated that since the equipment was not returned, the	The Board selected NIIST without ensuring availability of infrastructure for bulk plasma treatment with them which resulted in non-completion of the project even after six years. Further, the Board failed to recover the equipment.

Sl. No.	Name, category and collaborator of the Project	Project Cost (₹ in lakh) and Project period	Department	Audit observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	National Institute for Interdisciplinary Science and Technology, Thiruvananthapuram (NIIST)			However, it was observed that the Board could not recover the equipment costing ₹4.81 lakh from the collaborator.	final instalment of the project was not released to NIIST. The Ministry endorsed the reply given by Management and assured that the capacity of collaborators will be ascertained in future. It was also stated that equipment would be taken back to CCRI and expenses of taking back the equipment to CCRI would be deducted from the balance funds to be released to NIIST.	
8.	**Application of Coir Geotextile and related projects in rails and transport infrastructure development. (Collaborative project with University of Wollongong, Australia)**	7.63 (February 2018 to October 2019)	Polymer Technology	Audit observed that the laboratory experiments to capture the degradation of the coir fibres and development of a biodegradable constitutive model for coir geo-textiles is in progress. However, the Board did not collect the results of these investigations.	The Management replied that the conclusion of the project was given in the final report submitted in October 2019. The Ministry in its reply endorsed the views of the Management.	The results of the investigations remain uncollected even after five years from the completion of the tenure of the project and the project remains incomplete.
9.	**Crowd sourced Predictive Analytic Framework for international trade of South Indian coir products in**	3.65 (February 2019 to April 2021)	Polymer Technology	Audit observed that VIT (Collaborator) did not analyze the data pertaining to Sri Lanka. The data analyzed for Karnataka and Andhra Pradesh was inadequate.	The Management stated that since it was developed using limited number of samples, the prediction of quality could not be integrated for quality mapping.	The project could not be completed due to inadequate data analysis. Hence the software was not merged with Board's website.

Sl. No.	Name, category and collaborator of the Project	Project Cost (₹ in lakh) and Project period	Department	Audit observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	ayurveda, textile and agriculture (Collaborative Project with Vellore Institute of Technology (VIT), Vellore)				The Ministry in its reply endorsed the views of the Management and assured that only those projects which could produce tangible outcome would be considered in future.	
	Total	**475.43**				

Annexure –XXVI

(Referred to in Para 4.1.4.4)

Statement showing the Research Projects of Coir Board for which the results could not be commercialized or technology transferred for use in the industry along with the Audit observations, replies of the Management and the Ministry and further remarks of Audit

Sl. No.	Name of the Project	Cost (₹ *in lakh*)	Department	Audit Observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
1.	**Anugraha- Tejus power loom (2 Meter width) for weaving coir geotextiles in large quantity. (In-house Project)**	12.00	Engineering	Audit observed that the machine was not commercialized though the fabrication of the machine was completed by December 2019.	Management did not offer any reply on the commercialization of the technology. The Ministry replied that the development of the machine was completed and now waiting for its official inauguration. Technology is commercialized / transferred to the industry only after inauguration of the same.	Delay in inauguration of the machine even after five years from fabrication of the same has resulted in non-commercialization. This has ultimately resulted in non-transferring of the benefit of the research to the industry.
2.	**Six head vertical coir yarn spinning machine without core thread. (In-house Project)**	5.00	Engineering	Audit observed that these machines were not commercialized yet.	Management did not offer any reply on the commercialization of the technology. The Ministry stated that Single head vertical coir yarn spinning machine was developed as a prototype for the development of six head vertical coir yarn spinning machine. It was also stated in the reply that the development of all these machines were completed and now waiting for their official inauguration. Technology is commercialized / transferred to the industry only after inauguration of the same.	Delay in commercialization of the technology due to non-conducting inauguration in time resulted in non-transferring of the benefit of the research to the industry.
3.	**Single head vertical coir yarn spinning machine without core thread for household units. (In-house Project)**	0.75	Engineering			
4.	**Doubling and bobbin winding machine. (In-house Project)**	0.50	Engineering			

Sl. No.	Name of the Project	Cost (₹ *in lakh*)	Department	Audit Observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
5.	**Simplified version of metallic hand loom for weaving coir geotextiles. (In-house Project)**	0.75	Engineering		Management did not offer any reply on the commercialization of the technology. The Ministry replied that CCRI received enquiries for transfer of this technology.	The fact remains that the technology was not transferred to industry.
6.	**Development of commercial Plant Growth Promoting Rhizobacteria (PGPR) bio-formulation using coir pith (Collaborative Project with Northeast Institute of Science and Technology (NEIST) Jorhat)**	22.15	Micro-biology	Audit observed that NEIST developed the technology to produce commercial PGPR formulation and handed over (November 2018) the same to CCRI for commercialization. However, the Board has not commercialized the same even after six years.	Management did not offer any reply on the commercialization of the technology. The Ministry replied that CCRI has initiated action through demonstration, seminars and exhibitions for dissemination of technology of commercial PGPR.	Though CCRI disseminated the technology, it could not commercialize the technology for the industry.
7.	**Studies on coir pith as an adsorbent in pollutant removal from wastewater (Collaborative Project with College of Engineering (CET), Trivandrum)**	8.98	Micro-biology	Audit observed that as per the MoU (May 2016) CET in cooperation with the Board shall arrange to transfer the technologies developed under this project. However, the technology was not yet transferred.	The Management replied that the technology has been demonstrated to the industry. The Ministry in its reply endorsed the views of the Management and added that the scaling up of the technology was under way.	The technology was developed on a laboratory scale whereas the Board could not complete the scaling-up of the technology to industrial level to facilitate commercialization of the same.
8.	**Development of flexible composite**	34.94	Polymer Technology	Audit observed that the project could develop flexible composite for making leather goods. As per the MoU (April	Management did not offer any reply on the commercialization of the technology. The Ministry replied that the technology could not be commercialized since the	The reply indicated non-commercialization of the technology due to delay on the part of the Board to improve the

Sl. No.	Name of the Project	Cost (₹ *in lakh*)	Department	Audit Observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	(Collaborative Project with Northeast Institute of Science and Technology (NEIST) Jorhat)			2017), the NEIST in cooperation with the Board shall arrange to transfer the technologies developed under this project. However, the technology was not yet commercialized.	industry demand for increased flexibility could not be achieved.	technology as per industry requirements.
9.	**Development of Lignin Glue (In-house Project)**	4.39	Polymer Technology	Audit observed that the Board developed Lignin Glue whereas the optimization of the technology was not complete.	The Management replied that suitable method has to be derived for scaling up and for extraction of lignin from coir. The Ministry in its reply endorsed the views of the Management.	The delay in developing a method to scale up the technology to industrial level has resulted in non-commercialization of the technology.
10.	**Development of a coir spinning machine of improved design (Collaborative Project with Federation of Indian Coir Exporters Association (FICEA)**	5.00	Engineering	Audit observed that the machine was developed based on the requirements of FICEA whereas the availability of same technology in the market was not analyzed before developing the machine. As a result, the machines developed under the projects could not be commercialized.	Management replied that censor-controlled feed mechanism was the improved feature developed under the project with FICEA. There were no takers for the machine because the technology was already available in the market. Hence, presently, this machine is installed in National Coir Training and Design Centre (NCTDC) of Coir Board for the purpose of imparting training to students and also for the demonstration of technology to the trades. The Ministry in its reply endorsed the views of the Management.	The project was taken up to develop a machine for meeting the requirements of the industry and not for training purpose and for demonstrating the technology before trainees.
11.	**Comparative study on the absorptive and bio-degradability properties of**	29.14	Micro-biology	Audit observed that the synthesis, characterization, absorption and biodegradability studies	The management replied that the project could be completed with logical conclusions to meet the requirements of the industry.	Though the works were completed by May 2020, the Board could not transfer the technology to the industry.

Sl. No.	Name of the Project	Cost (₹ *in lakh)*	Department	Audit Observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	sanitary products synthesized using Nano cellulose and Nano cellulose-aerogels from coir fibre. (In-house Project)			of Nano cellulose were completed by using chemical methods, followed by characterization studies. However, the technology was not commercialized yet.	The Ministry replied that the project completed with encouraging results which can be used as a template for future reference.	
12.	**Process development for enhancing the longevity of coir geotextiles (Collaborative project with National Institute for Interdisciplinary Science and Technology, (NIIST), Trivandrum)**	29.70	Polymer Technology	Audit observed that the project could develop a process for enhancing the longevity of coir geo-textiles. However, the technology was not yet commercialized. As per the MOU signed with the collaborators, the equipments procured out of the fund allocated for research should be returned to the Board. However, it was observed that the Board could not recover the equipments costing ₹15.65 lakh from NIIST.	The Management did not offer any remarks about the non-commercialization of technology but stated that since the equipment has not been returned, the final instalment of the project was not released to collaborator. The Ministry replied that NIIST has developed the technology and patented in the joint name of NIIST and Coir Board. It was also stated that equipment would be taken back to CCRI and expenses of taking back the equipment to CCRI would be deducted from the balance funds to be released to NIIST.	The Board could not commercialize this patented technology to improve the life of coir geotextiles. Hence, the benefit of the technology was not transferred to the industry and the Board's equipment remained unrecovered from NIIST.
13.	**Bio Plastics from Poly Lactic Acid Coir Composites (Collaborative project with National Institute for Interdisciplinary Science and**	10.58	Polymer Technology	Audit observed the project could develop coir reinforced ploy lactic acid composites. As per the MOU signed with the collaborators, the equipments procured out of the fund allocated for research should be returned to the Board. However, it was	The Management did not offer any remarks about the non-commercialization of technology but stated that since the equipment has not been returned, the final instalment of the project was not released to collaborator. The Ministry replied that the project could develop Poly Lactic Acid Coir Composites. It was also stated that	The Board could not commercialize the technology for the development of Poly Lactic Acid Coir Composites. Hence, the benefit of the research was not yet transferred to the industry and the equipment remain unrecovered from NIIST.

Sl. No.	Name of the Project	Cost (*₹ in lakh*)	Department	Audit Observations (March 2023)	Management (January 2024) and Ministry Reply (July 2024/January 2025)	Further Audit Remarks
	Technology, (NIIST) Trivandrum)			observed that the Board could not recover the equipments costing ₹1.97 lakh from NIIST	equipment would be taken back to CCRI and expenses of taking back the equipment to CCRI would be deducted from the balance funds to be released to NIIST.	
	Total	**163.88**				

Annexure - XXVII

(Referred to in Para 5.1.8.4.2)

Criteria/ pattern of Ration Card numbers in various states

State	Description of criteria of ration card
Haryana	066+ 9 digit OR Any one number between 0 to 9 followed by any 3 character between A to Z , followed by 4 digit between 0 to 9
Andaman & Nicobar	starts with 353 followed by any 3 digit between 0 to 9, followed by 1 number among 1,2,3 followed by 5 digit between 0 to 9
Chhattisgarh	any number start with 0 to 9, 14 times OR 22+10 digit
Goa	30+19 digit between 0 to 9 OR starts with 303+ 9 digit between 0 to 9
Gujarat	any number between 0 to 9, 15 times
Himachal Pradesh	HP+13 digit OR 022+ 9 digit
Madhya Pradesh	Any 8 digit between 0 to 9
Mizoram	starts with MZ followed by 9 digit between 0 to 9 + any one character between A to Z or a to z + 6 digit between 0 to 9
Odisha	start with 0 to 9 , 11 time
Puducherry	Any 6 digit between 0 to 9
Punjab	start with 033+ 9 digit
Telangana	starts with 36 + 10 digit between 0 to 9
Uttarakhand	Starts with 1 character among A,B,S,F+ 9 digit between 0 to 9 OR 055+ 9 digit
Maharashtra	272+ 3 digit OR 272+ 4 digit OR 272+ 8 digit OR 272+ 9 digit
Rajasthan	Starts with 0+11 digit OR Starts with 1+ 11 digit OR starts with 2+ 11 digit
Arunachal Pradesh	121+9 digit
Kerala	323+10 digit
Andhra Pradesh	Any 3 character or number among A-Z,a-z,0-9 + 7 digit between 0-9 + Any 1 character or number among A-Z,a-z,0-9 + 4 digit between 0 to 9
Karnataka	Start with any 4 character or number among (A to Z or 0 to 9)+ 8 digit OR Start with any 3 character or number between (A to Z or 0 to 9)+8 digit
Bihar	Starts with 10+ 18 digit between 0 to 9 OR starts with 10+ 22 digit between 0 to 9
Jammu & Kashmir	6 digit between 0 to 9 OR 24 character between A-Z to a-z OR starts with 011+9 digit between 0 to 9
West Bengal	AAY|SPHH|PHH|RKSY-I|RKSY-II + 10 digit
Uttar Pradesh	One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 6 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 7 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 8 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 9 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 10 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 11 digit between 0 to 9 OR One digit between 1,2 + 3 digit between 0 to 9 + one digit among 1,2,3,4+ 12 digit between 0 to 9
Assam	Starts with 181+ 9 digit
Ladakh	Starts with 373+ 9 digit

Chandigarh	Starts with 044+ 9 digit
Dadra and Nagar Haveli	Starts with 262+ 9 digit
Daman and Diu	Starts with 252+ 9 digit
Lakshadweep	Starts with 313+ 9 digit
Manipur	Starts with 141+ 9 digit
Meghalaya	Starts with 171+ 9 digit
Sikkim	Starts with 111+ 9 digit
Tripura	Starts with 161+ 9 digit
Jharkhand	Starts with 202+ 9 digit
Delhi	Starts with 077+ 9 digit
Tamil Nadu	Starts with 333+ 9 digit

Annexure-XXVIII

(Referred to in para 6.1.1.4)

Composition of Inter-Ministerial Steering Committee

1.	Union Minister of Textiles	Chairperson
2.	Secretary, Ministry of Textiles	Vice-Chairman
3.	Secretary, Department of Expenditure	Member
4.	Secretary, Department of Financial Services	Member
5.	Secretary, Department of Commerce	Member
6.	Secretary, Department of Industrial Policy & Promotion	Member
7.	Secretary, Department of Heavy Industry	Member
8.	Secretary, Ministry of Micro, Small and Medium Enterprises	Member
9.	Deputy Governor, Reserve Bank of India	Member
10.	Addl. Secretary & Financial Advisor, Ministry of Textiles	Member
11.	Textile Commissioner, Ministry of Textiles, Mumbai	Member
12.	Jute Commissioner, Ministry of Textiles, Kolkata	Member
13.	Development Commissioner (Handlooms), New Delhi	Member
14.	Adviser (in-charge of textiles), NITI Aayog, New Delhi	Member
15.	Member Secretary, Central Silk Board, Bengaluru	Member
16.	Chairman & Managing Director, IDBI	Member
17.	Chairman & Managing Director, SIDBI	Member
18.	Chairman & Managing Director, IFCI	Member
19.	Chairman, State Bank of India	Member
20.	President, Textile Machinery Manufacturers Association of India (TMMAI), Mumbai	Member
21.	Chairman, Confederation of Indian Textile Industry (CITI), New Delhi	Member
22.	Chairman, Federation of Indian Art Silk Weaving Industry, Surat	Member
23.	Chairman, Indian Woollen Mills Federation (IWMF), Mumbai	Member
24.	Chairman, Powerloom Development & Export Promotion Council (PDEXCIL), Mumbai	Member
25.	Chairman, Indian Jute Mills Association (IJMA), Kolkata	Member
26.	President, Clothing Manufacturers Association of India, Mumbai	Member
27.	Chairman, Indian Technical Textile Association (ITTA), Mumbai	Member
28.	Chairman, South India Spinners Association, Coimbatore	Member
29.	Chairman, The Southern India Mills' Association, Coimbatore	Member
30.	Additional/Joint Secretary (in-charge of ATUFS)	Member-Secretary

Annexure-XXIX

(Referred to in para 6.1.1.4)

Composition of Technical Advisory-cum-Monitoring Committee

1.	Textile Commissioner, Ministry of Textiles, Mumbai	Chairperson
2.	Director (ATUFS), Ministry of Textiles	Member
3.	Jute Commissioner, Ministry of Textiles, Kolkata	Member
4.	Industrial Adviser, Department of Heavy Industry, New Delhi	Member
5.	Chairman, Confederation of Indian Textile Industry, New Delhi	Member
6.	Chairman Indian Woollen Mills Federation (IWMF), Mumbai	Member
7.	Chairman, Federation of Indian Art Silk Weaving Industry (FIASWI), Surat	Member
8.	President, Indian Spinners Association (ISA), Mumbai	Member
9.	President, South India Spinners Association (SISPA), Coimbatore	Member
10.	President, Ludhiana Knitwear Club, Ludhiana	Member
11.	Chairman, Textile Machinery Manufacturers Association of India (TMMAI), Mumbai	Member
12.	President, Indian Jute Mills Association (IJMA), Kolkata	Member
13.	Chairman, Clothing Manufacturers Association of India (CMAI), Mumbai	Member
14.	Chairman, Powerloom Development and Export Promotion Council (PDEXCIL), Mumbai	Member
15.	Chairman, Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai	Member
16.	Chairman, Apparel Export Promotion Council (AEPC), Gurgaon	Member
17.	Chairman, Synthetic and Rayon Textile Promotion Council, Mumbai	Member
18.	In-charge, TUFS Cell, IDBI Bank, Mumbai	Member
19.	In-charge, TUFS Cell, Small Industries Development Bank of India (SIDBI), Lucknow	Member
20.	Chairman, The Southern India Mills' Association, Coimbatore	Member
21.	Chairman, Indian Technical Textile Association (ITTA), Mumbai	Member
22.	In-charge, TUFS Cell, Industrial Finance Corporation of India, New Delhi	Member
23.	In-charge, TUFS Cell, State Bank of India, Mumbai	Member
24.	In-charge, TUFS Cell, Central Bank of India, Mumbai	Member
25.	In-charge, TUFS Cell, Bank of India, Mumbai	Member
26.	In-charge, TUFS Cell, NCDC, New Delhi	Member
27.	In-charge, TUFS Cell, Bank of Baroda, Mumbai	Member
28.	In-charge, TUFS Cell, Indian Overseas Bank, Mumbai	Member
29.	In-charge, TUFS Cell, Union Bank of India, Mumbai	Member
30.	In-charge, TUFS Cell, Punjab National Bank, New Delhi	Member
31.	Director, Bombay Textile Research Association, Mumbai	Member
32.	Addl./Joint Textile Commissioner in-charge of ATUFS, Office of Textile Commissioner, Mumbai	Member-Secretary

Annexure-XXX

(Referred to in para 6.1.1.5)

Mechanism for release of subsidy under the Scheme

Step 1: Application to Bank

- Application to bank for loan, submission of details through i-TUFS sofware and generation of ATUFS reference number by Textile Commissioner
- Bank sanctions term loan and communicates to Applicant and Textile Commissioner

Step 2: UID generation

- Applicant adds details in Form-I and submit to bank using i-TUFS. Bank verifies submitted Form-I and fill up loan details in Form-2 and submit to Textile Commissioner
- Textile Commissioner scrutinzes as per Form 3 and approves application and generates Unique Identification (UID) number

Step 3: Installation of Machinery

- Applicant has to install purchased new machinery within two years from the date of sanction of term loan

Step 4: Physical verification by JIT

- Applicant fills and submits claim in Form-4 to Textile Commissioner with documents
- Joint Inspection Team (JIT) conducts physical verification and upload JIT Report in Form-5. Textile Commissioner scrutinizes JIT Report and accordingly send the bills for approved subsidy claims to the Ministry

Step 5: Release of Subsidy

- The Ministry processes claims submitted by the Textile Commissioner and issues sanction letter and submits bills to PAO
- PAO releases subsidy to the Applicant's account

Annexure-XXXI

(Referred to in para 6.1.4.1)

Major revisions/amendments made in the provisions of Scheme guidelines

Sl. No.	Date of revision (Authority)	Original Provision/ Subject of revision	Revised Provision
1.	05.10.2016 (IMSC: 1st meeting)	The term loan component of machinery to be kept at a minimum of 50% of the total project cost.	The term loan component of machinery to be kept at a minimum of 50% of the total machinery cost.
2.	05.10.2016 (IMSC: 1st meeting)	Accessories/ attachments/ sample machines/ spares received along with the machinery upto a value of 20% of the machinery cost eligible under ATUFS will also be eligible.	Allowed purchase of accessories/ attachments/ sample machines/ spares from other manufacturers also for the machinery procured under the project upto a value of 20% of the machinery cost eligible under ATUFS.
3.	22.10.2021 (IMSC: 5th meeting)	Relaxation of enlistment of Accessories/ Spare parts /attachments of manufacturers under ATUFS	Relaxation given and made applicable w.e.f. 22.10.2021.
4.	22.10.2021 (IMSC: 5th meeting)	Relaxation of enlistment of Accessories/ Spare parts /attachments of manufacturers under ATUFS	Allowed accessories from Non-OEM.
5.	23.03.2018 (IMSC: 2nd meeting)	The installation of the machines covered under the UID shall be done within one (1) year from the date of sanction of term loan. However, the same will be extendable upto two (2) years on a case to case basis with the approval of the Textile Commissioner	The extension by Textile Commissioner beyond one year would be permitted based on the documentary proof for the order placed for the machinery.
6.	27.02.2019 (IMSC: 3rd meeting)	Guidelines dated 29 February 2016	Revised guidelines issued on 2 August 2018
7.	27.02.2019 (IMSC: 3rd meeting)	Indicative list of manufacturers will be recommended by TAMC	Role of Textile Commissioner for enlistment restored.
8.	27.02.2019 (IMSC: 3rd meeting)	Standalone Embroidery not included.	Inclusion of standalone Embroidery units under ATUFS w.e.f 27.02.2019
9.	22.10.2021 (IMSC: 5th meeting)	Applicable date for Standalone embroidery machines	Inclusion of standalone Embroidery units under ATUFS since inception of scheme
10.	24.10.2019 (IMSC: 4th meeting)	Para 10.5.2 of Guidelines (regarding release of subsidy) was replaced.	Textile Commissioner will release eligible subsidy in all individual cases upto ₹5 crore directly to the entity within 7 days from date of generation of challan. The challans for the

			cases with permissible subsidy amount more than ₹5 crore will be forwarded to Ministry of Textiles after according approval by Textile Commissioner for obtaining concurrence of IFW and release to the entity.
11.	24.10.2019 (IMSC: 4th meeting)	Enlistment of accessories/ attachments/ sample machines/ spares manufacturers is essential.	Enlistment of accessories/ attachments/ sample machines/ spares manufacturers (OEM) is exempted.
12.	24.10.2019 (IMSC: 4th meeting)	ROs will provide report of Joint Inspection Team the same day or maximum the next day with geo-tagged and time stamped photographs in i-TUFS software.	ROs to upload report of JIT in iTUFS in 2 working days after the date of conduct of joint inspection in line with the provision in ATUFS guidelines of 29.02.2016.
13.	22.10.2021 (IMSC: 5th meeting)	Specifications of technology for the machinery for all the segments would be prescribed annually in advance by the TAMC effective from 1st April of the year.	Specifications of technology for machinery for all eligible segments would be w.e.f. the date of first request received from industry/ unit/ association in the Office of Textile Commissioner for inclusion/ consideration of the technology for machinery by the TAMC.
14.	22.10.2021 (IMSC: 5th meeting)	Year of manufacturer is required to be indicated in machine plate.	Year of manufacture was decoded from the machine serial number or bar code indicated on machine.
15.	28.04.2022 (IMSC: 6th meeting)	Admissibility of claims involving multiple invoices with different dates for the same machine where some invoices are prior to Term Loan sanction date.	In case of purchases made against multiple invoices for the same machine, if the value in the invoices issued post term loan sanction date constitute more than 50% of basic cost of eligible machine, then the entire invoices of the machine will be considered eligible for subsidy under the scheme.
16.	22.07.2022 (IMSC: 7th meeting)	Date of applicability of the para 7.1 of revised guidelines relating to payment of advance payment by the applicant up to the limit of own share in the machine cost prior to the date of sanction of term loan.	Para 7.1 of the revised guidelines dated 02.08.2018 will be applicable since inception of the Scheme i.e. 13.01.2016. Machine should be hypothecated against particular term loan.
17.	14.07.2023 (IMSC: 9th meeting)	Applicable date for the new definition of 'Purchase Date'	Definition of purchase date as per the revised guidelines to be applicable retrospectively since inception of ATUFS.

18.	14.07.2023 (IMSC: 9th meeting)	Change in timeline for settlement of cases.	Modification implemented and Government resolution was issued on 20.12.2023.
19.	14.07.2023 (IMSC: 9th meeting)	Timeline for the applicant industry to respond/ submit information/documents.	Modification implemented and Government resolution was issued on 20.12.2023.

IMSC: Inter-Ministerial Steering Committee

TAMC: Technical Advisory-cum-Monitoring Committee

Annexure-XXXII

(Referred to in para 6.1.4.5)

Type of queries raised by Textile Commissioner/Regional Offices after receipt of JIT Report

Sl. No.	Queries raised	Number of cases	Deficiency on part of
1.	Geotag photos were not uploaded	47	Joint Inspection Team
2.	Commencement of commercial production not confirmed	19	
3.	Documents were not signed by the JIT/ all the JIT members	24	
4.	Name plate, serial number, model, Year of Manufacture, Machine Identification Code etc. were not legible on photos	22	
5.	Machinery specifications were not certified by JIT	44	
6.	Machine serial number/ Year of Manufacture/Invoice number etc. were wrongly mentioned in JIT report	27	
7.	Complete JIT documents were not submitted by JIT	46	
8.	JIT documents submitted were not legible	24	
9.	Attested copies of the invoices were not uploaded on i-TUFS portal	81	Regional Offices of Textile Commissioner
10.	Digitally signed copy of reporting formats and appendix were not uploaded on i-TUFS portal	48	
11.	Manufacturers/agents were not enlisted	22	Office of the Textile Commissioner
12.	Machine Identification Codes were not clearly/properly inscribed on machines.	19	Beneficiary Units
13.	Year of Manufacture/ Serial number was not mentioned on the machine	10	
14.	Loan sanction date/amount/account number mentioned in the UID was different from the sanction letter/Term Loan account statement	23	
15.	Difference in address in UID and sanction letter/electricity bill/ lease document /invoices etc.	27	
16.	Machine serial number was not written on the invoice/proforma invoice/shipping documents	33	
17.	Invoice included accessories/spare parts	37	
18.	Undertaking/declaration that the unit for which term loan has been taken shall function at least	62	

Sl. No.	Queries raised	Number of cases	Deficiency on part of
	during the repayment period of term loan, was not provided by the unit		
19.	Machine name/serial number/Year of manufacture were not matching with invoice and photographs of the name plate	26	
20.	Payment details were not matching with bank statements/debit advice	24	
21.	Full payments were not made with respect to the machine purchased	21	
22.	Complete Bank statement/debit advice/payment receipt were not submitted	48	
23.	Name of the manufacturer/supplier differed between invoice and name plate	14	

Annexure-XXXIII

{Referred to in para 6.1.6.3 (i)}

List of cases with date of UID generation before the date of sanction of term loan

Sr. No.	UID No	Loan Sanctioned Date	UID generated date	Subsidy value as per UID (₹)	Total subsidy released (₹)
1	ATUFS/2020-21/W/000009	10-12-2020	03-04-2020	2,21,500	NULL
2	ATUFS/2020-21/G/001156	06-08-2021	19-03-2021	5,02,500	NULL
3	ATUFS/2019-20/W/000897	09-10-2019	05-09-2019	20,87,200	15,72,017
4	ATUFS/2019-20/GT/000222	16-11-2019	27-08-2019	5,66,15,683	NULL
5	ATUFS/2018-19/G/000373	07-08-2018	08-05-2018	3,30,000	NULL
6	ATUFS/2019-20/P/000728	15-10-2019	04-09-2019	1,35,000	NULL
7	ATUFS/2017-18/W/001978	03-08-2018	16-03-2018	13,25,424	NULL
8	ATUFS/2021-22/G/002089	09-07-2022	05-01-2022	15,56,236	15,56,236
9	ATUFS/2019-20/W/001144	01-12-2019	07-09-2019	45,55,200	NULL
10	ATUFS/2021-22/G/000744	29-12-2021	28-07-2021	5,59,950	5,24,588
11	ATUFS/2021-22/O/000805	31-12-2021	02-08-2021	16,71,808	NULL
12	ATUFS/2021-22/G/000743	29-12-2021	28-07-2021	2,32,350	NULL
13	ATUFS/2021-22/W/002362	19-10-2022	18-01-2022	58,44,285	49,79,825
14	ATUFS/2018-19/W/000108	03-08-2018	13-04-2018	6,52,630	NULL
15	ATUFS/2018-19/W/000553	03-08-2018	01-06-2018	17,59,130	2,36,500
16	ATUFS/2017-18/W/001797	21-06-2021	12-02-2018	21,90,830	20,09,763
17	ATUFS/2021-22/O/000377	19-12-2021	07-06-2021	20,50,320	12,25,000
18	ATUFS/2021-22/W/003504	07-07-2022	16-03-2022	41,50,980	35,89,379
19	ATUFS/2019-20/W/002664	21-06-2021	24-01-2020	21,00,000	19,39,033
20	ATUFS/2021-22/W/003709	27-10-2022	22-03-2022	26,44,200	25,34,203
21	ATUFS/2021-22/G/003261	12-11-2022	07-03-2022	15,21,000	14,72,201
22	ATUFS/2019-20/W/002641	20-07-2020	16-01-2020	29,46,300	26,84,036
23	ATUFS/2019-20/W/002211	28-10-2019	21-10-2019	5,54,510	5,38,851
24	ATUFS/2021-22/G/004264	31-05-2022	29-03-2022	15,19,200	NULL
25	ATUFS/2021-22/O/003625	31-12-2022	19-03-2022	34,64,800	25,50,500
26	ATUFS/2019-20/W/000365	06-09-2019	28-08-2019	1,15,300	NULL
27	ATUFS/2021-22/W/000713	31-12-2021	26-07-2021	1,36,44,000	80,22,042
28	ATUFS/2021-22/P/003710	09-12-2022	22-03-2022	15,66,000	14,96,700
29	ATUFS/2019-20/W/001589	19-09-2019	11-09-2019	23,60,000	22,24,536
30	ATUFS/2021-22/W/000482	28-06-2021	21-06-2021	25,43,050	22,65,700
31	ATUFS/2021-22/W/001293	16-10-2021	13-10-2021	22,30,000	18,81,320
32	ATUFS/2021-22/G/004274	29-10-2022	29-03-2022	16,24,500	NULL
33	ATUFS/2017-18/W/002061	08-08-2018	21-03-2018	8,82,750	8,82,750
34	ATUFS/2017-18/GT/002005	16-08-2018	16-03-2018	51,37,352	NULL
35	ATUFS/2021-22/W/000035	23-12-2022	08-04-2021	4,40,220	4,11,673
36	ATUFS/2021-22/W/000736	29-07-2021	28-07-2021	4,44,804	3,67,704
	Total			**13,21,79,012**	**4,49,64,557**

Annexure-XXXIV

{Referred to in para 6.1.6.3 (ii)}

List of cases with date of JIT request prior to the date of sanction of term loan

Sr. No.	UID No	Subsidy value as per UID (₹)	Loan Sanctioned Date	JIT request date	Total subsidy released (₹)
1	ATUFS/2020-21/W/000009	2,21,500	10-12-2020	26-08-2020	NULL
2	ATUFS/2020-21/G/001156	5,02,500	06-08-2021	05-05-2021	NULL
3	ATUFS/2019-20/W/000897	20,87,200	09-10-2019	02-10-2019	15,72,017
4	ATUFS/2019-20/GT/000222	5,66,15,683	16-11-2019	13-11-2019	NULL
5	ATUFS/2019-20/P/000728	1,35,000	15-10-2019	11-10-2019	NULL
6	ATUFS/2017-18/W/001978	13,25,424	03-08-2018	12-07-2018	NULL
7	ATUFS/2021-22/G/002089	15,56,236	09-07-2022	08-01-2022	15,56,236
8	ATUFS/2021-22/G/000743	2,32,350	29-12-2021	21-12-2021	NULL
9	ATUFS/2021-22/W/002362	58,44,285	19-10-2022	04-06-2022	49,79,825
10	ATUFS/2018-19/W/000108	6,52,630	03-08-2018	27-07-2018	NULL
11	ATUFS/2018-19/W/000553	17,59,130	03-08-2018	11-07-2018	2,36,500
12	ATUFS/2017-18/W/001797	21,90,830	21-06-2021	09-04-2018	20,09,763
13	ATUFS/2019-20/W/002664	21,00,000	21-06-2021	23-06-2020	19,39,033
14	ATUFS/2021-22/O/003625	34,64,800	31-12-2022	28-06-2022	25,50,500
15	ATUFS/2021-22/W/000713	1,36,44,000	31-12-2021	06-10-2021	80,22,042
16	ATUFS/2021-22/P/003710	15,66,000	09-12-2022	14-10-2022	14,96,700
17	ATUFS/2019-20/W/001589	23,60,000	19-09-2019	18-09-2019	22,24,536
18	ATUFS/2017-18/W/002061	8,82,750	08-08-2018	25-07-2018	8,82,750
19	ATUFS/2021-22/W/000035	4,40,220	23-12-2022	08-03-2022	4,11,673
	Total	**9,75,80,538**			**2,78,81,575**