

CHAPTER XII : MINISTRY OF HOME AFFAIRS

12.1 Unintended standing subsidy to the States/PSUs

Ministry's inability to recover the cost of deployment of Central Paramilitary Forces from the state governments and PSUs has provided an unintended standing subsidy to them. At the end of March 1999 the total amount recoverable stood at Rs 1151 crore.

Outstanding against state governments

On receipt of the requisition from the Government of States, MHA² deploy CRPF³, BSF⁴ and CISF⁵ in those states for maintaining the internal security. The states of Jammu and Kashmir, Nagaland, Sikkim, Tripura, Himachal Pradesh, Manipur, Mizoram, Arunachal Pradesh and Meghalaya are exempt from making payment against deployment of CPMFs/RAF⁶. In respect of Assam, separate rates for deployment of CPMFs/RAF are applicable.

Scrutiny of the records of these paramilitary forces revealed that Rs 796.24 crore as detailed below were recoverable from the state governments on account of their deployment for the period 1992-99.

(Rs in crore)

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	Total
BSF*							36.97	36.97
CISF		8.88	10.10	19.09	31.97	21.77	24.96	116.77
CRPF	89.61	59.79	42.57	81.99	91.50	126.18	150.86	642.50
Total	89.61	68.67	52.67	101.08	123.47	147.95	212.79	796.24

* Year-wise details of Rs 36.97 crore outstanding as at the end of March 1999 are not available with BSF.

State-wise break-up of outstanding amount is given in **Annex 'A'**. Rs 239.87 crore, being 30 *per cent* of the total outstanding amount are outstanding against Punjab alone. This has to be viewed in the background that the Union Government advanced a special term loan of Rs 5799.92 crore during 1984-94 to the Government of Punjab for liquidating its arrears to the MHA for deployment of security forces. Besides, as pointed out in Chapter X of the Report of the Comptroller and Auditor General of India for the year ended March 1998, No.1 (Civil) of 1999, Government of India waived recovery of

¹ Public Sector Undertakings

² Ministry of Home Affairs

³ Central Reserve Police Force

⁴ Border Security Force

⁵ Central Industrial Security Force

⁶ Central Para Military Force/Rapid Action Force

On requisition from States, MHA deploy CPMFs.

On account of deployment of CPMFs, Rs 796.24 crore were recoverable from states.

loan and interest aggregating Rs 2917.89 crore against the Government of Punjab. Yet the outstanding amount has not been liquidated.

Ministry stated, in November 1998, that CPMFs are deployed against the payment but Government of India, in the national interest cannot insist on advance payments or on clearance of previous dues as a pre-condition for providing the services of CPMFs. The reply of the Ministry is to be viewed in the context of unintended rolling subsidy provided to the State Governments. Besides, a rule is made for compliance and any sign of accepting the tendency of the State Governments not to clear the dues might encourage others to delay or refuse re-imburement.

CISF security for PSUs

CISF provides security to Industrial Undertakings.

The undertakings are required to reimburse the expenditure on deployment of CISF.

Rs 354.88 crore were outstanding from PSUs.

CISF provides security to Industrial undertakings owned by the Central Government and the Undertakings owned, controlled or managed by a Government company of which the Central Government is not a member and corporations established by or under Provincial or States Act, provided a request is made with the consent of Government of State in which the Undertaking is situated. The expenditure of CISF is initially met from the budget grant of MHA and is recovered from the Undertakings where the CISF is deployed. The expenditure for a running month is to be got reimbursed from the management in the following month, failing which interest at the rate of 18 *per cent* is chargeable from the defaulting undertaking.

Examination of records revealed that Rs 354.88 crore were recoverable from 226 PSUs at the end of March 1999. The year wise position of outstanding is as follows:

Year	Amount (Rs in crore)
Upto March 1995	15.29
1995-96	10.80
1996-97	37.79
1997-98	69.00
1998-99	222.00
Total	354.88

Out of the total outstanding of Rs 354.88 crore, Rs 190.39 crore (54 *per cent*) were recoverable from 21 PSUs who were sick/under reference to BIFR⁷.

The follow up action for recovery was not effective.

The follow up action for recovery by CISF and MHA has not been effective in reducing the outstanding amount. Non-recovery of outstanding dues from these PUSs had not only put unintended liability on the budget of MHA but also failed to secure that CISF worked on 'no loss no profit' basis.

Ministry issued instructions in August 1993 to reduce outstanding amount.

With a view to reducing the outstanding amount against PSUs for CISF deployment, Ministry issued instructions in August 1993 that PSUs will

⁷ Board for Industrial and Financial Reconstruction

deposit an amount equal to three months of their monthly billing as security and they would make advance payment on monthly basis instead of reimbursing it at the end of the month. In case of default, interest at the rate of 18 *per cent per annum* is payable by the defaulting PSUs.

In case of default interest is also not being charged.

The Ministry, however, made these instructions applicable to only new inductions and to those where the existing strength was augmented and not to PSUs who were provided with CISF cover prior to this order. Even for new inductions CISF/MHA did not enforce the conditions prescribed in MHA's instructions. In case of default, interest at the rate of 18 *per cent* is also not being charged by the CISF. The amount of interest foregone was not ascertainable against the PSUs. Thus, MHA is not complying with the rule made by it which is not a satisfactory situation.

Ministry stated, in August 1998, that 35 PSUs where CISF was deployed, were loss making out of which 21 were under reference to BIFR. It added that because of their poor financial health, the PSUs were not in position to make any payment.

The laxity in recovery of dues is unintended subsidy to PSUs.

Reply of the Ministry underscores a situation which may promote non-compliance to the rules/orders by the PSUs in the matter of reimbursement of cost incurred by the Union Government on their behalf. The approval of Parliament to the provisions in the grant of MHA for CISF is on the condition that the cost of deployment will be recovered in accordance with the extant rules. Thus, any laxity in recovery of the dues amounts to unintended subsidy, without specific approval of the Parliament. Besides, CISF cover to BIFR referred PSUs at the existing scale is likely to increase their liability further making the revival package much difficult. In view of this, the Ministry should review the policy and scale of security to such PSUs.

Annex - A
(Refers to paragraph 12.1)
Statement showing the amounts of outstanding dues for deployment of
Central Para Military Forces in different States

(Rupees in lakh)

Sr. No	Name of State	Amount outstanding as on March 1999			
		C.R.P.F	B.S.F	C.I.S.F	Total
1.	Andhra Pradesh	8112.97	521.06	-	8634.03
2.	Assam	2819.75	182.16	-	3001.91
3.	Bihar	3849.58	0.46	50.48	3900.52
4.	Delhi	10955.33	-	11367.53	22322.86
5.	Gujarat	11.21	-	-	11.21
6.	Haryana	191.05	5.46	-	196.51
7.	Karnataka	181.87	-	1.05	182.92
8.	Kerala	12.71	-	-	12.71
9.	Madhya Pradesh	19.99	-	6.98	26.97
10.	Maharashtra	-	-	9.71	9.71
11.	Orissa	33.33	-	-	33.33
12.	Pondicherry	106.45	-	-	106.45
13.	Punjab	20988.76	2983.44	14.62	23986.82
14.	Rajasthan	3.23	-	-	3.23
15.	Tamil Nadu	6234.13	-	142.52	6376.65
16.	Uttar Pradesh	10727.42	3.99	84.96	10816.37
17.	West Bengal	2.00	-	-	2.00
	Total	64249.78	3696.57	11677.85	79624.20

12.2 Idle investment on procurement of Power Hammer

Commandant, Central Workshop and Stores, BSF Tekanpur did not install the 'Pneumatic Power Hammer' needed for mutilation of unserviceable weapons for 17 years. Meanwhile, unserviceable weapons have been piling up.

The Commandant, Central Workshop and Stores, Border Security Force, Tekanpur has failed to install the much needed 'Pneumatic Power Hammer' purchased for Rs 14.16 lakh in 1982 for over 16 years as of October 1999. The Border Security Force had purchased the 'Pneumatic Power Hammer' for mutilation of unserviceable weapons and their parts for easy disposal as metal scrap.

14 years after the purchase of the equipment, the Ministry of Home Affairs issued sanction in October 1996 for construction of building for its installation. About three years have since elapsed after the belated sanction for construction of the building yet, the Executive Engineer, Central Division CPWD, Gwalior and Superintending Engineer, Central Circle, CPWD, Bhopal have not taken up the construction of the building as of October 1999.

Meanwhile, the objective of mutilation of unserviceable weapons and their parts remains a non-starter for the last 17 years and the unserviceable arms have piled up. Only small quantities of unserviceable weapons and components could be mutilated by making use of other existing workshops machines.

This, on one hand, underscores the absence of concern among the officers responsible towards realisation of value for public money spent on equipment, on the other, also raises a doubt on the accountability relationships in the organisation. They have not been able to address the issue of mutilation of unserviceable weapons for 17 years when it was felt necessary. Besides, the interest cost of the value of the equipment calculated at the maximum borrowing rate of interest at 14 *per cent per annum* would be Rs 33.00 lakh.

The matter was referred to the Ministry in December 1998; their reply was awaited as of December 1999.

12.3 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective ATNs¹ on five Audit Paragraphs which included Paragraphs relating to UTs².

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Civil) as of November 1999 revealed that the Ministry has failed to submit ATNs in respect of five Paragraphs included in the Audit Reports up to and for the year ended March 1997 as detailed below:

Audit Report for the year ended March@	Paragraph number	Functional Ministry/ Department	Subject
1996 (2 of 1997)	17.2 *	Water Resources	Variation in execution of work
1996 (3 of 1997)	1	Home Affairs	Modernisation of Prison Administration.
1997 (2 of 1998)	16.1 *	Civil Aviation	Extra expenditure on extension of runway.
1997 (2 of 1998)	16.5 *	Labour	Unfruitful expenditure on a centre.
1997 (2 of 1998)	16.10 *	Urban Affairs & Employment	Under-realisation of fee.

* *pertains to Union Territories for which Action Taken Note is to be submitted by Ministry other than Ministry of Home Affairs but since the Ministry of Home Affairs is the nodal Ministry, the progress of submission of ATNs is to be monitored by this Ministry.*

@ *The Audit Reports for the year ended March of any year are generally presented in the following year.*

The position of pending ATNs was referred to the Ministry in December 1999; their reply was awaited as of January 2000.

¹ Action taken Notes

² Union Territories