

## CHAPTER XV : MINISTRY OF TOURISM

### 15.1 Wasteful expenditure on printing

**Irregularity in printing of Publicity material by Indiatourism offices, Frankfurt, Madrid and Milan resulted in wasteful expenditure of Rs. 60.04 lakh. Indiatourism office at London incurred irregular expenditure of Rs. 38.87 lakh towards printing of collaterals without proof of receipt of material.**

As per delegation of Financial Powers to the Indiatourism offices abroad, expenditure on direct printing should not exceed US \$ 2000 for a Manager, US \$ 5000 for a Director and US \$ 15000 for a Regional Director in each case. Further, in April 2001, Ministry of Tourism had clarified that production of collaterals<sup>1</sup> would be done centrally at Headquarters and distributed to overseas offices.

A scrutiny of the records of the Indiatourism offices at Frankfurt, London, Madrid<sup>2</sup>, Milan and Moscow<sup>2</sup> revealed following irregularities:

#### **Indiatourism Office, Milan**

1. In December 2002, Indiatourism office, Milan with the approval of the Regional Director, Frankfurt placed orders on M/s Italgrafica for printing of 9500 calendars at the cost of Euro 2.90 each. The purchase order amounted to Rs. 14.16 lakh equivalent to US \$ 30,000 approximately and was in violation of delegated financial powers. The purchase order did not specify any time schedule for delivery. The calendars were delivered to Milan office on 24 December and to Frankfurt office on 19 January 2003, and were distributed to Indian Embassies, tour operators and travel agencies in January and February 2003 at a cost of Rs. 1.05 lakh. The calendar showed 31 days in April and some of the pictures had double images. The mistake and poor quality of printing was detrimental to the expected publicity objective, which was compounded by the delayed delivery. The entire stock was unusable and was not distributed by the Missions and Posts in Europe and erstwhile Soviet Union Republics.

Thus wasteful expenditure of Rs. 15.21 lakh was incurred besides non-adherence to delegated financial powers.

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<sup>1</sup> Publicity material, brochures

<sup>2</sup> Closed Indiatourism office

### **Indiatourism Office, Madrid**

2. In December 2000, Indiatourism office, Madrid placed an order on M/s Morales Communication for printing of 1.10 lakh<sup>3</sup> brochures<sup>4</sup> at a cost of US \$ 52,000 (approx.) for distribution during the fairs 'BTL' in Portugal and 'Fitur' in Madrid to be held in January 2001. The value of the order violated the delegated financial powers and also exceeded the annual plan budget for 2000-01. Consequently, the office could not release the payment and therefore, the firm did not deliver the brochures. In January 2002, i.e. after one year a payment of Euro 59,532 equivalent to Rs. 25.49 lakh, including cost of storage was made for release of the brochures, which were finally delivered one month before closure of Indiatourism office, Madrid in April 2002.

Thus, placement of order without ensuring availability of funds resulted in infructuous expenditure of Rs. 25.49 lakh besides loss of opportunity for distribution of publicity material in designated fairs.

### **Indiatourism Office, Frankfurt**

3. In January 2003, Indiatourism office, Frankfurt placed an order on Rodwill Ventures limited, Moscow for printing 1,05,000 copies of brochures and booklets in Russian, at cost of US \$ 43,795. The brochures were to be delivered by 15 February 2003 for distribution in the ITPO<sup>5</sup> fair to be held in Moscow from 17 February to 21 February 2003. The order was in violation of delegated financial powers. The Embassy of India, Moscow received 69,765 brochures<sup>6</sup> after the completion of the fair. No action was taken for delay in supply of material. It was also noted in Audit that an Assistant Director, Indiatourism office, Frankfurt released payment of US \$ 40075 equivalent to Rs. 19.34 lakh for 95,000 copies (against 69765 received by the Embassy) based on an undated certification by the then Regional Director on the face of the invoice, that the balance material had been received at the time of ITPO. Payment for 25,235 brochures was thus released without documentary evidence of receipt of material.

Thus, payment of Rs. 19.34 lakh was released for delayed supply of material, which could not be utilised for the intended purpose.

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<sup>3</sup> One lakh copies in Spanish and 10,000 in Portuguese language

<sup>4</sup> On Agra, Chennai, Delhi, Goa, Goa (Portuguese) Jaipur, Kerala, Mumbai, Orissa, Varanasi and Ayurveda

<sup>5</sup> India Trade Promotion Organisation

<sup>6</sup> As per invoices received on 26 February 2003 and 6 March 2003

**Indiatourism Office, London**

4. In March 2002 the Indiatourism office, London placed five orders for printing of 52000 collaterals in English at a cost of £ 55529 in contravention of the Ministry's policy of April 2001 and delegation of financial powers. All job orders were awarded in March 2002 to M/s Banks Hoggins O'shea FCB, the advertising agency, without following any codal formalities regarding invitation of tender. A payment £ 55,529 was released in March 2002 itself without any record of receipt of material. No objective assessment of quantity or justification of the orders were undertaken resulting in irregular expenditure of Rs. 38.87 lakh on printing of collaterals ordered by the Indiatourism office, London.

The Indiatourism offices, Milan, Madrid, Frankfurt and London thus incurred wasteful/irregular expenditure of Rs. 98.91 lakh.

The matter was referred to the Ministry in March 2004; their reply was awaited as of December 2004.