

CHAPTER IX : MINISTRY OF HOME AFFAIRS

Central Para Military Forces

9.1 Unintended subsidy to states/PSUs

Despite their assurance, Ministry failed to rectify deficiencies in the system of recovery of outstanding dues from state governments and public sector undertakings for deployment of Central Para Military Forces resulting in outstanding dues of Rs. 2399.55 crore. The delay has resulted in Rs. 372.38 crore due from 26 PSUs becoming irrecoverable.

Mention was made in the Report of the Comptroller and Auditor General of India for the year ended March 1999 (No. 2 of 2000) about outstanding of Rs. 796.24 crore as at the end of March 1999 against various State Governments for deployment of Central Para Military Forces for maintaining internal security during 1992-99. Likewise, Rs. 354.88 crore was outstanding at the end of March 1999 against 226 public sector undertakings (PSUs) for services provided by Central Industrial Security Force (CISF).

In the Action Taken Note submitted in July 2000, the Ministry had admitted that the arrears were due to deficiency in the existing system including the system of internal control and the failure to follow the prescribed system and procedure. The Ministry had further stated that a Policy Planning Group (PPG), set up to look into the modalities for recovering the outstanding dues had recommended the following measures, which 'were being worked upon':

- For the States affected by left wing terrorism, viz. Andhra Pradesh, Bihar, Maharashtra, Madhya Pradesh and Orissa, 50 *per cent* deployment charges be levied for the period from April 1996 to March 2001.
- In respect of Delhi, Punjab, Tamil Nadu and Uttar Pradesh, joint meeting with the representatives of the states was recommended. However, in respect of Delhi the liability was regarded to be that of Government of India.
- Adjust the outstanding dues upto a limit not exceeding 50 *per cent* against releases under modernisation programmes to states.
- Recovery from Punjab, Andhra Pradesh and Bihar could be made from the Central Plan Assistance with the approval of the Cabinet.

It was however noticed in audit that the outstanding dues from state governments had increased to Rs. 1784.56 crore as of March 2004, an increase of 124 *per cent*. The state wise details of the outstanding dues are given in **Annex**.

On the matter being pointed out in audit, Ministry stated (December 2004) that recommendations of PPG had been examined in consultation with Ministry of Finance and it had been decided in the case of left wing extremism affected states to recover the dues by adjustment of upto 50 *per cent* from their security related expenditure and the balance from their reimbursable amount for Civil Defence, Border Check Posts, Immigration etc. In case of Delhi, Ministry of Finance agreed to provide additional funds to clear the entire dues within three years from 2003-04. In respect of other states, it was decided to recover the dues from their Central Plan assistance.

Regarding outstanding dues of deployment charges of CISF from PSUs, the Ministry stated in the ATN that:

- The Ministries/Departments should ensure that PSUs pay at least their current dues and make efforts to clear the outstanding dues in a phased manner.
- Avenues for reduction in deployment of CISF at sick units so as to reduce financial burden on the sick PSUs would have to be explored.
- Ministries/Departments should ensure outstanding CISF dues are cleared before commencement of liquidation proceedings.

It was noticed in audit (April-May 2004) that despite the above measures, the outstanding dues from PSUs increased from Rs. 354.88 crore as of March 1999 to Rs. 614.99 crore as of March 2004, an increase of 73.30 *per cent*. The year-wise details of the amounts outstanding from PSUs for deployment of CISF are given below:

Year	Amount recoverable from PSUs (Rs. in crore)
Upto 1999-2000	247.41
2000-2001	43.38
2001-2002	41.20
2002-2003	89.97
2003-2004	193.03
Total	614.99

Out of the above dues, Rs. 370.89 crore (60.30 *per cent*) is recoverable from 14 PSUs which are sick/have been referred to BIFR. Rs. 1.49 crore is recoverable from another 12 PSUs, which have since been disinvested. Thus, due to lack of timely action there are very little chances of recovery of Rs. 372.38 crore.

Further, with a view to reducing the outstanding amount against PSUs, MHA had instructed CISF in August 1993 that PSUs would deposit security equal to three months billing and make monthly payments in advance. In case of default, interest at the rate of 18 *per cent per annum* was chargeable which was revised to 14 *per cent per annum* from August 2003. However, scrutiny of records revealed that 15 airport authorities had not paid Rs. 7.62 crore towards security. Also, interest on non-deposit/late deposit of security by airport authorities worked out to Rs. 1.56 crore.

Thus, despite assurance, the Ministry failed to rectify the system of recovery of charges for deployment of para military forces to various states and PSUs. This resulted in increase in the outstanding dues and consequent unintended subsidy to the state governments and PSUs. Possibilities of recovery of Rs. 372.38 crore due from 26 PSUs that are sick/referred to BIFR/ disinvested also appear to be remote.

In response, Ministry stated in December 2004 that it was not correct to say that outstanding dues were due to failure in rectification of the system of recovery of charges. On the contrary, constant efforts made by it had substantially increased the recoveries. It added that deployment of Central Police Forces depended on prevailing security situation in the country and could not be denied merely due to default in payment. Further, additional force had been sanctioned and deployed during the last five years resulting in increased annual dues. The year-wise details of outstanding dues from State Governments for the period 1999-2000 to 2003-2004 furnished by the Ministry placed the recoverable amount as of April 2004 as Rs. 2709.73 crore. This varied widely from the figure of Rs. 1784.56 crore worked out from the figures furnished to audit by concerned Director Generals' offices. Audit noticed that even in the figures furnished by the Ministry there was a totalling error of Rs. 509.11 crore and the figure furnished by it should have been Rs. 2200.62 crore instead of Rs. 2709.73 crore. The remaining difference of Rs. 416.06 crore between the figures furnished by the Ministry and concerned Director Generals' needed reconciliation. The discrepancies in figures and totalling errors indicated the need for better maintenance of records by the Ministry, which is a prerequisite for efficient and timely recovery of dues.

Annex

Statement showing the amounts of outstanding dues for deployment of Central Para Military Forces in different states.

(Rupees in crore)

S.No.	Name of State	Amount outstanding as of March 2004				
		CRPF	CISF	ITBP	BSF	Total
1.	Andhra Pradesh	231.07	-	-	-	231.07
2.	Assam	44.59	-	-	-	44.59
3.	Bihar	177.63	5.36	7.45	-	190.44
4.	Chhattisgarh	29.39	-	-	-	29.39
5.	NCT New Delhi	50.25	237.22	-	-	287.47
6.	Gujarat	28.54	-	-	-	28.54
7.	Haryana	00.01	20.04	15.91	-	35.96
8.	Jharkhand	108.03	-	-	-	108.03
9.	Karnataka	6.60	-	-	-	6.60
10.	Madhya Pradesh	0.84	0.76	-	-	1.60
11.	Maharashtra	0.23	-	-	-	0.23
12.	Orissa	33.31	-	-	-	33.31
13.	Punjab	243.32	32.27	22.37	18.47	316.43
14.	Rajasthan	0.34	-	-	-	0.34
15.	Tamil Nadu	127.79	0.02	-	-	127.81
16.	Uttanchal	2.98	1.26	0.59	-	4.83
17.	Uttar Pradesh	307.78	-	-	-	307.78
18.	West Bengal	30.14	-	-	-	30.14
	Total	1422.84	296.93	46.32	18.47	1784.56

Delhi Police

Police Training College

9.2 Injudicious purchase of colour photocopier machines

The Joint Commissioner of Police, Police Training College, Jharoda Kalan, spent Rs. 38.64 lakh on purchase of colour photocopiers without proper assessment of actual requirements. This resulted in their sub-optimal utilisation.

The General Financial Rules stipulate that all purchases shall be made in the most economical manner in accordance with the definite requirements of public service.

In January 2002, the Police Training College (PTC), Jharoda Kalan, purchased two high capacity colour photocopiers at a cost of Rs. 19.32 lakh each from the National Co-operative Consumers Federation of India Limited, New Delhi. While one of the photocopiers was intended for use in the PTC Jharoda Kalan, the other was originally meant for the Police Training School (PTS) also at Jharoda Kalan. The second machine was, however, installed in the office of the Assistant Commissioner of Police (Headquarters) PTC in February 2002. In December 2002, the machine was shifted to the PTS, Wazirabad, as it was felt that the work of the PTS, Jharoda Kalan, could be managed with the photocopier in the PTC. However in March 2003, the photocopier was received back from PTS, Wazirabad, due to its unsatisfactory use. This machine, thereafter, remained under repairs from July 2003 to February 2004 after which it was sent back in March 2004 to PTS, Wazirabad.

It was observed in audit that a proper assessment of the need, projected utilization and installation requirements of the two photocopiers had not been carried out before purchase. This was evident from the fact that while one photocopier each was projected for the PTC and PTS at Jharoda Kalan, it was subsequently determined that one photocopier could meet the requirements of both. Further, both the photocopiers were procured together though the proposed site of installation of one of them was not ready.

Scrutiny of the records further revealed that only 6,426 copies had been made from the photocopier at PTC, Jharoda Kalan, while only 4,956 were made from the one at PTS, Wazirabad, in over two years up to March 2004 against the warranty capacity of 50,000 copies or 90 days whichever was earlier for each machine. The capacity of each of these photocopiers was about 20,000 copies per month. Further, taking into account the speed of these machines they had together worked for only 11 hours during the last two years since

their purchase. Obviously, the machines were not optimally utilized nor was there adequate requirement for them.

The Joint Commissioner of Police (Trg.) stated in March 2004 that the purchase of the two machines was fully justified in view of the requirements of the training centres at Jharoda Kalan and Wazirabad.

The matter was reported to the Government in April 2004. The Ministry of Home Affairs stated in September 2004 that one of the machines was intended for use at PTC Jharoda Kalan and the other at PTS Wazirabad. The machines were procured on quality basis and the less number of copies was attributable to the machines being kept under the direct supervision of senior officers so as to restrict their use only for *bona fide* official purposes.

The reply is not tenable as the original sanction of the purchase of these machines indicated that the said machines were purchased for PTC and PTS Jharoda Kalan and not for PTS Wazirabad and the actual utilization of the photocopiers during the two years since their purchase did not justify purchase of such high capacity machines. The procurement was also not coordinated with the availability of the necessary building/site.

Thus, failure of the department to observe due caution and economy in the purchase of high capacity colour photocopiers resulted in uneconomical expenditure of Rs. 38.64 lakh as well as sub-optimal utilization of the machines purchased at such a huge cost.

9.3 Irregular payment to a contractor

Failure to adhere to the terms and conditions of an agreement with a contractor led to overpayment of Rs. 29.60 lakh on account of Service Tax.

The General Financial Rules stipulate that the terms of a contract should be precise and definite and there should be no room for ambiguity or misconstruction therein. No relaxation of the terms of the agreement entered into by Government should be made without proper examination of the financial effects involved in such relaxation.

The Deputy Commissioner of Police (Security), Delhi Police, entered into an agreement in September 2002 with Contractor 'A'. The contractor was to provide vehicles for escort and pilot duties during the period from 6 September 2002 to 5 September 2003 at rates specified in the agreement. Clause 34 of the agreement stipulated that the contractor would not levy any

charges over and above the approved rates in terms of service tax, parking charges, toll charges, etc.

Scrutiny of records relating to the payment of hire charges to the contractor revealed that the contractor was paid Rs. 4.89 crore which included Rs. 29.60 lakh on account of service tax. This payment of service tax over and above the approved rates was in contravention of the terms of the agreement.

While initiating action to recover the amount paid on account of service tax from the contractor, the Department stated in March 2004 that the payment of service tax was mandatory and the same was being deposited by the firm into Government account. The fact remains that the approved rate stipulated in the agreement was unambiguously inclusive of all levies. The service tax was to be paid by the contractor and the department was not obliged under the agreement to bear any additional liability on this account.

Thus the payment of service tax over and above the agreed rates in violation of the clear terms of the contract resulted in an overpayment of Rs. 29.60 lakh to the contractor.

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