

CHAPTER VIII : MINISTRY OF EXTERNAL AFFAIRS

Indian Council for Cultural Relations

8 Irregular expenditure

Indian Council for Cultural Relations spent Rs. 27.60 lakh on printing and distribution of calendars for the year 2004 in violation of Government's instructions. The Council also failed to observe codal provisions while awarding the contract for printing work.

According to the Ministry of Finance, Department of Expenditure's instructions of October 1992, no expenditure was to be incurred from Government funds on printing and distribution of diaries, calendars, greeting cards, visiting cards and other similar items in connection with New Year and other functions. These instructions were reiterated by the Ministry of Finance (MoF) in March 2002 and were to be strictly complied with by all Ministries/Departments and the Autonomous Bodies under them.

Audit scrutiny revealed that despite the ban orders, the Indian Council for Cultural Relations (Council) printed 4700 calendars for the year 2004 at a total cost of Rs. 11.24 lakh and incurred a further expenditure of Rs. 16.36 lakh on distribution of these calendars through courier. Thus, the Council spent Rs. 27.60 lakh on this activity.

It was also noticed in audit that in violation of the provisions of the General Financial Rules (GFR) which stipulated that for purchase of value of Rs. five lakh and above, open tenders may be advertised in the national dailies, the Council obtained verbal quotations from three printers in September 2003. Print orders for supply of the calendars were placed in December 2003 with Firm 'A', the lowest bidder, at a cost of Rs. 11.24 lakh. In the absence of open tenders, Audit could not ascertain if the most economical option was selected and the most competitive rates obtained.

The Council in its reply stated (May 2004) that it had not been advised by the Ministry about the economy instructions issued by the MoF. The Council added that it had been regularly undertaking printing of calendars/diaries etc. for presenting to diplomatic organisations abroad and diplomatic missions residing in India with a view to enhancing India's image—a function for which ICCR was created and the Finance Committee of ICCR had been providing Rs. 25 to 30 lakh annually for this activity.

The reply of the Council is not tenable as its budget of Rs. 25 to 30 lakh annually (Rs. 27.00 lakh in 2003-04) was meant for presentation of books and art objects and not for presentation of New Year calendars and diaries. The Council further informed Audit in September 2004 that no calendars were printed and distributed in the previous year, thus contradicting its own statement of May 2004. Further out of 4700 calendars, 27.7 *per cent* (1304) were distributed to Indians (261 amongst members of ICCR and 1043 to other VIPs). Another 105 calendars constituting 2.2 *per cent* of the total printed remained undistributed while the distribution details of 2800 calendars supplied to Indian missions abroad were not available on record.

The Ministry stated (November 2004) that Government's economy instructions were directed at curtailing the non-productive administrative expenditure and not expenditure on projection of Indian culture abroad which was a primary and only objective in printing of these calendars. The reply is not tenable as about 30 *per cent* of the calendars were either distributed to Indians locally or remained undistributed and the Council was not exempted from the operation of the economy instructions. As for limited enquiries, the Ministry stated that the Council took recourse to limited tender system under GFR 102, paragraph 1, rule 36 as the competent authority was satisfied that the source of possible supply was definitely known and possibility of fresh source beyond those being tapped was remote. By resorting to limited enquiries, however, the Council lost the benefit of getting competitive rates.