

**OVERVIEW**

This Audit Report contains audit observations emerging out of the transaction audit in the Civil Ministries including the Department of Posts, Department of Telecommunications, Scientific Departments and their field offices. The audit observations on the accounts of the Union Government (excluding Railways) are incorporated in Report No.1 of 2006.

**Department of Atomic Energy**

**Non-installation of incinerator system**

Bhabha Atomic Research Centre (BARC) procured different components of an incinerator system at a cost of Rs. 52.78 lakh between May 1993 and March 1999 for installation at its Waste Management Division at Tarapur for improvement in management of low-level radioactive waste and minimizing the disposal cost. At the time of integration and commissioning of the system, BARC decided to review the lay out of the system and constituted a task force in June 2002 to review the status of the job and to expedite completion. The task force, which was to submit its report by August 2002, submitted its report in July 2005 suggesting certain modifications in respect of the material of construction, area for segregation and packaging of the waste. Thus the system/equipment valued at Rs. 52.78 lakh, with warranty already expired, were yet to be commissioned and put to intended use.

*(Paragraph 1.1)*

**Ministry of Commerce and Industry**

**Erroneous release of Rs. 1.40 crore**

The Ministry released Rs. 2.81 crore to Bihar State Export Corporation including an excess amount of Rs. 1.40 crore . The funds released were idling for more than three years and were yet to be recovered by the Ministry.

*(Paragraph 2.2)*

**Ministry of Communications and Information Technology**

**Department of Posts**

**Non-deduction of commission on purchase of revenue stamps**

The Chief Postmasters General of 13 Postal circles failed to implement the instructions of the Department of Posts to deduct commission of Rs. 3.85 crore on purchase of revenue stamps from State Governments.

*(Paragraph 3.2)*

### **Overpayment of bonus on Postal Life Insurance Policies**

Postal Life Insurance authorities of the Andhra Pradesh, Gujarat, Madhya Pradesh, Tamil Nadu and West Bengal Postal circles and the Additional Directorate General of Army Postal Service (PLI Cell), Delhi did not implement the instructions of the Department of Posts and paid bonus amounting to Rs. 1.01 crore on policies surrendered before maturity.

*(Paragraph 3.3)*

### **Short realisation of postage charges.**

Four Head Post Offices/Post Offices under the Delhi, Karnataka and Uttar Pradesh Postal circles authorised concessional tariffs to ineligible publications. This resulted in short realisation of postal charges of Rs. 31.58 lakh.

*(Paragraph 3.4)*

### **Irregular payment of interest**

Post Offices under the Orissa and Uttar Pradesh circles and one Head Post Office in Mumbai failed to ensure the prescribed monetary ceiling in the accounts opened under the Monthly Income Scheme. Besides, one Head Post Office and two Sub Post Offices under the Orissa Circle allowed unauthorised agencies to open such accounts in contravention of rules. This resulted in irregular payment of interest, bonus and commission amounting to Rs. 21 lakh.

*(Paragraph 3.5)*

### **Non-deduction of service charge on silent accounts**

Eleven Head Post Offices/General Post Offices under the Assam, Karnataka, Rajasthan and West Bengal Postal circles failed to levy service charges on accounts treated as silent accounts prior to March 2002. This resulted in non-deduction of service charges to the tune of Rs. 15.74 lakh.

*(Paragraph 3.6)*

### **Department of Telecommunications (DoT)**

#### **Non-recovery of interest on delayed payment of pension contribution**

Pension contribution of DoT personnel, who were either on deemed deputation or permanently absorbed in Bharat Sanchar Nigam Limited was received by the Controllers of Communication Accounts concerned after delays of one to 31 months. This delayed payment attracted interest of

Rs. 55.32 lakh, which the Controllers of Communication Accounts did not claim from the BSNL

*(Paragraph 3.8)*

#### **Excess payment of Dearness Relief**

Banks in the Andhra Pradesh, Kerala, Madhya Pradesh and Rajasthan circles paid dearness relief to Bharat Sanchar Nigam Limited pensioners at the inapplicable higher central dearness allowance rates instead of the industrial dearness allowance rates. This resulted in excess payment of dearness relief of Rs. 31.80 lakh.

*(Paragraph 3.9)*

#### **Ministry of External Affairs**

##### **Deficient internal control mechanism**

Non-institution of effective internal control mechanism in the Ministry and Indian Missions/Posts abroad as well as disregard of the existing instructions and procedures, resulted in irregular expenditure of Rs. 4.92 crore and non-recovery of Rs. 15.04 lakh from India-based officials.

*(Paragraph 4.1)*

##### **Unauthorised expenditure on engagement of contingency paid staff**

In disregard of the rules and regulations governing the employment of locally recruited staff, the Missions and Posts abroad continued to employ such staff and pay them from contingencies resulting in unauthorised expenditure of Rs. 2.54 crore.

*(Paragraph 4.2)*

##### **Loss of interest due to injudicious retention of excess cash balance**

Persistent non-compliance by the Indian Missions abroad with the instructions of the Ministry of External Affairs for not holding cash balance in excess of requirement resulted in loss of interest of Rs. 1.79 crore.

*(Paragraph 4.3)*

##### **Avoidable additional expenditure**

In violation of Ministry's instructions, the Indian Missions at Port Moresby, Suva and Helsinki purchased full fare economy class tickets instead of economy class excursion air tickets for 212 trainees during the period

April 1996 to August 2004 resulting in an estimated additional expenditure of Rs. 1.44 crore.

*(Paragraph 4.4)*

#### **Unrealised VAT refunds**

Improper filing, monitoring and pursuance of VAT refunds pertaining to the period April 2002 to July 2004 by eight Missions/Posts led to Rs. 25.11 lakh remaining unrealised.

*(Paragraph 4.5)*

#### **Avoidable extra expenditure**

The Ministry's decision to increase the composition of the Haj Goodwill Delegation 2005 from around 17 persons to 36, just ten days before the start of the Haj pilgrimage resulted in extra expenditure of Rs. 24.50 lakh on booking of hotel rooms at higher rate.

*(Paragraph 4.6)*

#### **Ministry of Finance**

##### **Deficient property management**

Improper planning and lack of seriousness of the Income Tax Department in utilising the land and buildings acquired by it for office and residential purposes resulted in idling of Rs. 50.37 crore for periods ranging from 2 to 12 years and avoidable expenditure of Rs. 11.55 crore on payment of interest and extension charges and rent of hired buildings. The Department also incurred additional expenditure of Rs. 1.23 crore on the maintenance of an unoccupied building between March 2003 and February 2005 and continued to incur expenditure of Rs. 5.74 crore per annum on rent and maintenance of other hired and unoccupied buildings beyond February 2005.

*(Paragraph 5.1)*

##### **Idling of investment due to improper planning**

India Government Mint, Noida, without properly assessing its housing need, constructed 96 staff quarters which resulted in 58 quarters (60 *per cent*) remaining vacant and consequential idling of investment of Rs. 2.29 crore. Besides, the Department had to pay House Rent Allowance of Rs. 43.51 lakh to the staff for whom the quarters had been constructed and there was a loss of licence fee of Rs. 5.63 lakh.

*(Paragraph 5.2)*

## **Ministry of Health and Family Welfare**

### **Injudicious release of grants-in-aid**

Violation of the General Financial Rules and the guidelines issued by the Ministry of Finance resulted in release of Rs. 3.28 crore to four autonomous bodies during 2001-02 to 2003-04 although these bodies were generating sufficient internal resources and were reporting excess of income over expenditure.

*(Paragraph 6.1)*

### **Non-recovery of electricity and water charges**

Inaction of Safdarjung Hospital to get separate domestic electric meters installed in the nurses' hostel resulted in additional expenditure of Rs. 48.55 lakh during May 1999 to December 2004 as higher commercial rates had to be paid for domestic consumption of electricity. The Hospital also failed to recover electricity and water charges amounting to Rs. 65.79 lakh at the rates fixed by it for the same period from the occupants of the hostel.

*(Paragraph 6.3)*

### **Irregular payment of transport allowance**

In contravention of the orders of the Government of India, Safdarjung Hospital irregularly paid transport allowance of Rs. 49.52 lakh to various doctors and members of the staff who had been allotted government accommodation within a distance of one kilometre or within the hospital campus.

*(Paragraph 6.4)*

## **Ministry of Home Affairs**

### **Avoidable extra payment**

The Registrar General of India entered into a fixed price contract when the quantity of work was not certain and made avoidable extra payment of Rs. 1.83 crore.

*(Paragraph 7.1)*

## **Ministry of Power**

### **Non-collection of service tax**

Central Electricity Authority failed to collect service tax amounting to Rs. 62.10 lakh from its clients. It also exposed itself to interest liability of

Rs. 14.29 lakh by becoming an assessee in default before the Department of Central Excise.

*(Paragraph 10.1)*

### **Non-deduction of income tax**

Defective scheme of leave travel concession led to non-deduction of income tax aggregating Rs. 36.37 lakh at source on claims allowed on self certification basis for journeys performed by the employees and exposed Badarpur Thermal Power Station to likely interest and penalty demand by the Income Tax Department.

*(Paragraph 10.2)*

## **Ministry of Science and Technology**

### **Council of Scientific and Industrial Research**

#### **Unfruitful expenditure**

The Regional Research Laboratory (RRL), Bhubaneswar proposed to procure a High Temperature Contact Angle measuring system with molybdenum disilicide as the heating element. A German supplier quoted for the system with molybdenum silicon dioxide as the heating element instead of molybdenum disilicide. However, RRL did not notice the change and placed the order on the firm for the system with molybdenum silicon dioxide as heating element in January 2004. On receipt of the system in July 2004, it was noticed that the heating system supplied by the firm was neither molybdenum disilicide nor molybdenum silicon dioxide but molybdenum oxide. RRL requested the supplier in October 2004 to replace the equipment, which the latter refused to do so. The matter had not been resolved with the supplier nor had RRL initiated any legal action against the supplier, with the result that the system costing Rs. 24.04 lakh was lying uninstalled.

*(Paragraph 11.1)*

#### **Avoidable expenditure**

The Central Mechanical Engineering Research Institute (CMERI) identified its two units, Mechanical Engineering Research and Development Organisation (MERADO) at Chennai and Pune as poor performers and recommended their closure to the Council of Scientific and Industrial Research (CSIR) in August 2001. However, on CMERI's instruction, a purchase order for SMART-300 X-ray machine at a cost of Rs. 17.17 lakh for the Chennai unit was placed in December 2001. CSIR instructed closure of MERADO Chennai and Pune in

April 2002. The newly procured machine of MERADO Chennai was transferred to CMERI, Durgapur. CMERI did not explore the possibility of its utilization, which led to avoidable expenditure of Rs. 17.17 lakh.

*(Paragraph 11.2)*

### **Ministry of Urban Development**

#### **Avoidable extra expenditure**

Non-completion of the mandatory formalities and non-observance of contractual terms of the agreement coupled with delay in execution of the work by CPWD led to avoidable extra expenditure and loss amounting to Rs. 1.65 crore in the case of construction of quarters in Kolkata.

*(Paragraph 13.1)*

#### **Extra expenditure due to delay in execution of work**

Non-enforcement of contractual provisions and delay in completion of work resulted in extra expenditure of Rs. 18.45 lakh and loss of Rs. 18.85 lakh, besides adversely affecting the patrolling functions of the B.S.F.

*(Paragraph 13.2)*

### **Union Territories**

#### **Unfruitful expenditure on slipway and repair facilities**

The Directorate of Shipping Services, after the creation of assets worth Rs. three crore could not deploy the required technical manpower and the assets remained unutilised for more than two years. Further, the purpose for which the assets were created remained unfulfilled with the possibility of rapid deterioration of the assets due to their non-utilisation and non-maintenance.

*(Paragraph 14.1)*