

CHAPTER IV : MINISTRY OF CULTURE

National Museum

4.1 Lack of control leading to overpayment

National Museum neither entered into specific agreements with the Fine Art Handling Agent (FAHA) nor verified the bills raised by it. This resulted in inflated claims of FAHA being cleared for payment leading to overpayment of Rs. 50.48 lakh which the Museum attributed to suspected collusion between its officials and FAHA.

National Museum (Museum) organises exhibitions of art objects within and outside India. For transporting art objects to the places of exhibition and back, it engages a Fine Art Handling Agent (FAHA). According to General Financial Rules (GFR), the terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein. The GFR further require that in case open tenders are not invited, specific reasons for doing so should be recorded and approval of the competent authority obtained.

Audit observed (June 2005) that the Museum did not follow the codal provisions resulting in the following irregularities:

- During 2002-03 to 2004-05, the Museum organised various exhibitions within and outside India and awarded the work on the basis of quotations/limited tenders for which no specific reasons were recorded. The same agencies were asked to quote every time and the work was awarded to M/s Packwell & Co. being the lowest in all cases. M/s Packwell & Co. was engaged as FAHA for a further period of two years in February 2004 without entering into a formal agreement.
- While inviting quotations, the services required were not specified clearly by the Museum. Only broad heads like handling, agency, packaging charges etc. were mentioned. All such charges were to be paid on actual basis.
- Test check of bills raised by FAHA revealed that the Museum made payments to the former without proper verification of bills. Though packing material charges and agency charges were not admissible being already included in the handling charges, yet such charges amounting to Rs. 11.40 lakh were paid separately.

On the matter being pointed out by Audit (June 2005 and April 2006), the Museum agreed (April 2006) that it had made overpayments and stated that there could be collusion between the FAHA and the officials of the Museum. It conducted an inquiry (August 2005 and November 2005) on the financial irregularities in connection with the jobs awarded to M/s Packwell & Co. which revealed that the firm had raised inflated claims and charged for services not quoted or for items which formed part of the service quoted. The overpayments involved were in the nature of extra handling charges, packing material and agency charges. FAHA had taken advantage of the lack of proper specifications and clarity, absence of formal agreement containing terms and conditions including penalty clause and non-verification of rates quoted by the firm with prevailing market rates. The inquiry committee confirmed the financial irregularities as pointed out by audit (June 2005) and found that overpayment amounting to Rs. 50.48 lakh were made to FAHA.

The Director General, Museum while forwarding the findings of the inquiry committee to the Ministry, recommended (August 2005 and January 2006) that recoveries be affected from the FAHA and the agency be black listed after obtaining advice from the Ministry of Law.

In response to the audit observation, the Ministry stated (September 2006) that on the basis of preliminary investigation, action had been initiated against the erring officers. As regards overpayments made to FAHA, Ministry stated that action would be taken against it in consultation with the Ministry of Law.

4.2 Injudicious action leading to wasteful expenditure

Injudicious action of the National Museum (NM) in placing a work order for fabrication of wooden boxes for an exhibition proposed to be held in Brazil in March 2005 even before signing of the Memorandum of Understanding and in transporting art objects in June 2003 from the Assam State Museum for display in the proposed Assam Gallery of the NM which was ultimately not set up, resulted in wasteful expenditure of Rs. 33.45 lakh.

The National Museum (NM), New Delhi has been functioning as a subordinate office under the Ministry of Tourism and Culture (Ministry) since 1960. One of the main activities of the NM is to organise exhibitions of art objects in and outside India.

Audit scrutiny (June 2005) of the records of the NM revealed wasteful expenditure of Rs. 33.45 lakh in the following two cases:

(a) Fabrication of boxes for the Exhibition in Brazil

On the suggestion of the Ambassador of India in Brazil (April 2003), the Government of India, Department of Culture (now Ministry of Tourism and Culture) agreed (March 2004) to organise an exhibition titled 'Eternal India' in March 2005 in collaboration with 'BRASILCONNECT', a private non-profit organisation of Brazil. The NM was designated (June 2004) as the nodal agency for the proposed exhibition. Before the Memorandum of Understanding (MOU) could be signed, the Ambassador of India in Brazil intimated on 17 November 2004 that since the President of 'BRASILCONNECT' was involved in a banking scam, it was no longer a desirable partner for the exhibition. Accordingly the Ministry called off the exhibition in December 2004. Meanwhile, the Museum placed a work order on 17 November 2004 for fabrication of 165 wooden boxes of various sizes at a cost of Rs. 19.15 lakh. The boxes were received in February 2005 and the full cost of boxes (excluding the cost of inside packing material) amounting to Rs. 18.62 lakh was paid in March 2005. These had not been used so far in any other exhibition.

Thus, placing of work order prematurely for fabrication of boxes even before the MOU was signed with the 'BRASILCONNECT' resulted in wasteful expenditure of Rs. 18.62 lakh. There was a delay of almost a month on the part of the Ministry in calling off the exhibition. The NM even after knowing on the 27 December 2004 that the exhibition had been called off, took no measures to stop fabrication of boxes.

On the matter being pointed out in Audit in June 2005, the NM constituted a committee in the same month to examine the issues. The committee concluded that

- At the time of placing the work order, there were no compelling reasons or exigencies that demanded such urgency.
- The file had been altered and a reasonable doubt arose that the work order was placed at a time when it was amply clear that the Brazil exhibition was not on, or at least it would not be held in March 2005.
- Initial action for processing bills for payment was started even before receipt of the boxes in NM. Appropriate amounts had not been deducted from the bills towards the cost of packing material and packing services.

- The boxes supplied were not of the required specification and quality. There was also uncertainty about the quantity of boxes received.

In response to audit observation the Ministry stated (September 2006) that show cause notice had been issued against the concerned officials and further action would be taken on receipt of their explanations.

(b) Transportation of art objects from Assam

On a request (May 2000) from the Union Minister of State for Water Resources for establishing a gallery in the NM for displaying the art and culture of the North-Eastern region, the Ministry agreed in principle and requested the NM to prepare a concept note for this gallery. Subsequently, in June 2001, the Ministry in consultation with the NM decided to drop the idea of establishing the North-East gallery due to space constraints. Audit revealed that the NM without any fresh proposal and approval of the Ministry, requested (April 2003) the Directorate of Museum, Assam Government to send a list of selected objects for display in the proposed Assam gallery in NM. In all, 80 objects were transported in June 2003 at a cost of Rs. 14.83 lakh to the NM. These objects have not been displayed as of April 2006 and are lying in the store since their receipt.

Thus, NM incurred wasteful expenditure of Rs. 14.83 lakh on transporting the art objects from Assam. There is also a risk of the objects getting damaged due to prolonged storage for around three years without proper display.

On the matter being pointed out in audit in June 2005, the NM while admitting (April 2006) that there was no proposal under consideration for establishing region-wise galleries, confirmed that the objects had not been displayed.

Injudicious action of the NM thus resulted in wasteful expenditure of Rs. 33.45 lakh (Rs. 18.62 lakh + Rs. 14.83 lakh) in the above two cases.

The matter was referred to the Ministry in July 2006; their reply was awaited as of December 2006 despite a reminder.