

**OVERVIEW**

This Audit Report contains 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 2007.

**Ministry of Agriculture**

**Unfruitful expenditure**

Due to lack of effective system of documentation and follow up of the research findings in National Institute of Research on Jute and Allied Fibre Technology, Kolkata, the technology on development of yarn and a machine developed after incurring an expenditure of Rs. 21.08 lakh remained unpatented and was not commercialised even after more than five years of development.

*Paragraph No.1.1*

**Ministry of Communication and Information Technology**

**Non-deduction of Income Tax at source**

Non-observation of the statutory provisions of Finance Act by the Postmasters under Andhra Pradesh, Chhattisgarh, Delhi, Kerala, Madhya Pradesh, Orissa and Rajasthan Postal Circles led to non-deduction of income tax at source amounting to Rs. 9.21 crore on payments of interest under the Senior Citizens Savings Scheme.

*Paragraph No.2.2*

**Short realisation of postage charges**

Senior Superintendent of Post Offices, City Division, Ahmedabad under the Gujarat Postal Circle and Chief Postmaster General, Maharashtra Postal Circle authorised concessional tariffs to ineligible publications resulting in short realisation of postage charges of Rs. 3.23 crore.

*Paragraph No.2.3*

**Irregular payment of interest on Kisan Vikas Patras**

Issue of Kisan Vikas Patras worth Rs. 1.05 crore by the Postmaster, Gulbarga Head Post Office under Karnataka Circle in contravention of rules resulted in irregular payment of interest of Rs. 1.05 crore.

*Paragraph No.2.4*

**Overpayment of pensionary benefits**

Controllers of Communication Accounts, Chennai and Hyderabad circles irregularly allowed weightage in the qualifying service to Bharat Sanchar Nigam Limited officials who had retired voluntarily and this resulted in overpayment of pensionary benefits of Rs. 1.01 crore.

*Paragraph No.2.8*

**Department of Information Technology**

**Non-transfer of technology**

An expenditure of Rs. 60 lakh including Government grant of Rs. 25 lakh incurred on the development of a technology for Ferrite Radio Frequency Absorber Tiles did not yield the desired benefits as the technology was not transferred for commercial exploitation.

*Paragraph No.2.11*

**Ministry of Company Affairs**

**Retention of public funds outside government accounts**

Failure of the Official Liquidators of Delhi, Kolkata, Mumbai, Bangalore, Allahabad and Jaipur to credit to the government account fees realised from the liquidated companies, resulted in keeping Rs. 6.13 crore of government money outside government account for 1 month to 5 years and consequential loss of interest of Rs. 66.53 lakh at the average borrowing rate of the Union Government.

*Paragraph No.3.1*

**Ministry of Culture**

**National Museum**

**Lack of control leading to overpayment**

National Museum failed to enter into specific agreements with the Fine Art Handling Agent (FAHA) for transporting art objects to the places of exhibition and back. Bills raised by FAHA were also not properly verified resulting in overpayment of Rs. 50.48 lakh to FAHA which the Museum attributed to collusion between its officials and the Handling Agent.

*Paragraph No.4.1*

**Injudicious action leading to wasteful expenditure**

Injudicious action of the National Museum (NM) in placing, without the approval of the Ministry, 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.

*Paragraph No.4.2*

**Ministry of External Affairs**

**Non-adherence to norms for purchase, hiring, repair and maintenance of buildings and residential accommodation**

Disregard of the existing instructions and norms by the Ministry/Missions for purchase, hiring, repair and maintenance of properties abroad resulted in irregular expenditure of Rs. 6.85 crore.

*Paragraph 7.1*

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

The Missions and Posts abroad continued to employ staff paid from contingencies and local staff in disregard of the rules and instructions of the Ministry governing the employment of locally recruited staff resulting in unauthorised expenditure of Rs. 4.67 crore.

*Paragraph 7.2*

**Unauthorised expenditure on purchase of stationery**

Violation of the limits placed on delegated powers by 17 Missions resulted in unauthorised expenditure of Rs. 1.57 crore on purchase of stationery.

*Paragraph 7.3*

**Unrealised VAT refunds**

Inadequate monitoring and pursuance of claims for VAT refunds in five Missions/ Posts led to Rs. 0.97 crore remaining unrealised.

*Paragraph 7.6*

### **Deficient internal control mechanism**

In two cases noticed in Audit, the Ministry released excess assistance of Rs. 6.57 crore to the Royal Government of Bhutan for a power project, and made double remittance of Rs. 90.98 crore to the Indian Mission at Thimpu. These instances indicated deficient internal controls in the Ministry.

*Paragraph 7.8*

### **Ministry of Finance**

#### **Department of Economic Affairs**

##### **Premature release of funds resulting in their non-utilisation**

The Ministry released Rs. 100 crore to National Bank for Agriculture and Rural Development (NABARD) in March 2003 under the scheme “revitalisation of co-operative credit structure” in anticipation of the passage of Banking Regulation (Amendment) Bill in the Parliament. The scheme could not take off since the Bill was not passed, which led to the funds remaining unutilised for three years resulting in loss of interest of Rs. 25.30 crore.

*Paragraph 8.2*

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

#### **Department of Health**

##### **Deficient internal control resulting in wasteful expenditure**

Failure of the Ministry to monitor the procurement of mosquito nets by the Hospital Services Consultancy Corporation (India) Limited under the Malaria Eradication Programme resulted in purchase of sub-standard nets. Consequently, expenditure of Rs. 2.54 crore incurred on this account so far has been wasteful. Additionally, Rs. 1.83 crore has remained blocked with HSCC for five years resulting in loss of interest of Rs. 89.69 lakh computed at the borrowing rate of the Union Government. Further, expenditure of Rs. 51.68 lakh has been incurred upto November 2005 and recurring monthly expenditure of Rs. 0.89 lakh continues on payment of rent of the godown where the sub-standard nets are stored. No action was taken against the officials responsible for procurement of substandard mosquito nets.

*Paragraph 9.1*

## **Ministry of Home Affairs**

### **Indo Tibetan Border Police**

#### **Irregular attachment of Indo Tibetan Border Police Personnel**

The Director General, Indo-Tibetan Border Police irregularly attached a large number of officials withdrawn from various field formations/units and deployed them in the Directorate in excess of the sanctioned strength and in disregard of instructions of the Ministry of Home Affairs in this respect. The expenditure on pay and allowances of the attached staff over and above the sanctioned strength for the period 2003-2004 to 2004-2005 alone was Rs. 5.19 crore.

*Paragraph 10.1*

### **Border Security Force**

#### **Irregular attachment of vehicles**

The Director General, Border Security Force (BSF), in violation of scales laid down by the Ministry of Home Affairs, withdrew 158 vehicles from various field formations/units and deployed them at the BSF Headquarters in addition to its 100 authorised vehicles. The expenditure of Rs. 1.76 crore on petrol, oil and lubricants (POL) and repair and maintenance of these attached vehicles for the period 2004 to 2006 was thus irregular. The action also affected operational effectiveness of the field units.

*Paragraph 10.2*

## **Ministry of Human Resource Development**

### **Department of Elementary Education and Literacy**

#### **Inadequate monitoring leading to idling of funds/non-recovery of unspent grant**

Failure of the Ministry in monitoring utilisation of grants released to the Government of Maharashtra for establishing/upgrading District Institutes of Education Training resulted in idling of Rs. 4.84 crore for nine years. Further, it also failed to recover unspent grant of Rs. 20.41 lakh being retained by the Zilla Saksharta Samiti, Karimganj, Assam for periods ranging from two to four years.

*Paragraph 11.1*

#### **Excess release of grant**

Inadequate scrutiny by the Ministry resulted in excess release of grant of Rs. 0.62 crore to the Government of Karnataka under 'Improvement in Science Education in Schools' scheme. Moreover, an amount of Rs. 2.01 crore remained to be recovered

towards unutilised portion of grant. On being pointed out in audit the Ministry recovered Rs. 0.91 crore and Rs. 1.72 crore was yet to be recovered.

*Paragraph 11.2*

**Lack of monitoring leading to idling of funds**

Failure of the Ministry to monitor and recover unspent grant of Rs. 3.94 crore under 'Improvement in Science Education in Schools' released to Government of Gujarat resulted in its idling for about four years.

*Paragraph 11.3*

**Ministry of Mines and Minerals**

**Non-recovery of outstanding dues**

Geological Survey of India, Nagpur failed to evolve a mechanism to recover outstanding dues from client departments resulting in loss of revenue of Rs. 75.74 lakh and consequential loss of interest of Rs. 24.81 lakh.

*Paragraph 12.2*

**Ministry of Science and Technology**

**Council of Scientific & Industrial Research**

**Non- recovery of Service Tax**

National Institute of Oceanography, Goa failed to recover Service Tax from the clients in respect of the sponsored projects which resulted in loss of Rs. 82.70 lakh as it had to make the payment to the tax authorities from its own funds.

*Paragraph 13.1*

**Ministry of Shipping, Road Transport and Highways**

**Revenue loss due to delay in levy of toll fee**

The Ministry's failure to specify the time limit within which the notifications for levy of toll fees should be issued after the completion of national highways sections and bridges resulted in delay in issue of notification causing revenue loss of Rs. 85.90 crore.

*Paragraph No.14.1*

**Undue benefit of Rs. 1.00 crore to Hindustan Shipyards Ltd (HSL)**

The Ministry released subsidy based on the foreign exchange rates prevailing on the due dates of stage payment indicated in the agreement instead of calculating the same at the rate prevailing on the date of actual payment, in contravention of its own

guidelines. The US\$/ Rupees foreign exchange rates on the dates of actual payments were generally lower than the rates on the due dates, which resulted in undue benefit of Rs. 1.00 crore to HSL.

*Paragraph No.14.2*

### **Ministry of Tourism**

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

The Ministry sanctioned Rs. 5 crore under the scheme of Development of Tourist Centres where Central Financial Assistance (CFA) could have been only upto Rs. 2 crore and released Rs. 2.39 crore in excess to the Government of Andhra Pradesh, which was neither recovered nor adjusted.

*Paragraph No.15.1*

#### **Injudicious Release of Funds**

Injudicious release of funds by the Ministry of Tourism without ascertaining the availability of land for the project “Yamuna River Front- Development of Great Green Tourist complex, Delhi” resulted in wasteful expenditure of Rs. 31.31 lakh.

*Paragraph No.15.2*

### **Ministry of Urban Development**

#### **Extra liability due to non-recovery of Sales Tax on materials issued to contractors**

Non-recovery of Sales Tax on departmental materials issued to contractors by three Divisions in Kerala State for execution of works resulted in extra liability of Rs 3.29 crore to the department.

*Paragraph No.16.2*