

CHAPTER XII : MINISTRY OF YOUTH AFFAIRS AND SPORTS

Nehru Yuva Kendra Sangathan

12.1 Unauthorised occupation of space

Nehru Yuva Kendra Sangathan unauthorisedly occupied space belonging to the Sports Authority of India and sublet it to private contractors free of rent for running a canteen. This irregular action resulted in creating a liability of Rs. 24.24 lakh towards rent for this space as demanded by the Sports Authority of India for the period from March 1998 to March 2006.

Nehru Yuva Kendra Sangathan (NYKS) is an autonomous organisation set up in December 1986 under the administrative control of the Ministry of Youth Affairs and Sports (Ministry). NYKS rented (1994) space measuring 17069.34 square feet at a subsidised rate of Rs. 15 per square feet in the Indira Gandhi Stadium (IGS), New Delhi from the Sports Authority of India (SAI), another autonomous body under the same Ministry for establishing its office. No lease agreement for renting out the space was entered into between NYKS and SAI. The rented area with NYKS was reduced to 16746.34 square feet with effect from October 2005. The rent was revised to Rs. 30 per square feet with effect from 1 April 1997.

Audit ascertained (January 2006) that NYKS had unauthorisedly occupied space measuring 833 sq.ft, which was not covered under the area allotted to it by SAI and had been letting out this space since March 1998 to private contractors free of rent for running a canteen without taking the permission of SAI/Ministry. Audit also noticed that the contractor further sublet it (September 2005) for a rent of Rs. 4000 per month. SAI had come to know about the unauthorised use of space in March 2001 and requested NYKS to vacate it immediately. It also brought the matter to the notice of the Ministry in August 2005. SAI also claimed (March 2006) rent of Rs. 24.24 lakh from NYKS for the unauthorised retention of space from March 1998 to March 2006. NYKS did not either respond to SAI's request for vacating the unauthorised space and payment of rent or pay the rent. Instead, it continued to sublet the unauthorisedly occupied space for canteen and that too rent free.

In response to the audit observation, NYKS stated (January and July 2006) that operating a canteen in the space was an internal issue for the welfare of the staff. The employees of other departments including the staff of SAI, players and visitors etc also used the canteen. In another reply, NYKS stated (August 2006) that the area of canteen was allocated to NYKS and rent was

being paid regularly and there was no unauthorised occupancy. The canteen area was also not sublet to anybody. It had decided to outsource the canteen service and the contractor had been allowed to use the area free of cost for running the canteen. The reply is not tenable as the unauthorised occupation of space by NYKS had already been noticed and raised by SAI in March 2001. The fact that the contractor to whom the space had been unauthorisedly given by NYKS free of rent, had further sublet the canteen for a rent of Rs. 4000 per month. This had also been confirmed by the person who had hired this space. On Audit requesting for the comments of SAI on the reply of the NYKS, the former stated (August 2006) that NYKS had unauthorisedly rented out space measuring 833 sq. ft. in the East Plaza i.e. below the dome for running a canteen since March 1998, which was not covered under the area allotted to it by SAI. It is thus evident that the canteen space was not allotted to it by SAI and NYKS was not entitled to occupy this space and sublet it. By doing so unauthorisedly, it has incurred a liability of Rs. 24.24 lakh towards rent for the space.

The matter was referred to the Ministry in July 2006, their reply was awaited as of December 2006.

Sports Authority of India

12.2 Expenditure due to short recovery and delayed deposit of service tax

Sports Authority of India short recovered service tax from its clients for providing its stadia for organising functions during July 1997 to September 2004 and incurred expenditure of Rs. 25.56 lakh out of its own funds for depositing the tax. It had to pay interest of Rs. 38.09 lakh due to belated payment of service tax. The total irregular expenditure was Rs. 63.65 lakh.

The Finance Act, 1997 imposed service tax of five *per cent* with effect from 1 July 1997 on mandap i.e. temporary occupation services provided for organising any official, social or business function for a consideration. According to Section 75 of the Finance Act, 1994, interest at the prescribed rate was chargeable for delayed payment of service tax. In October 2004, Government of India launched Special Registration Scheme according to which no penalty was leviable if the service providers got themselves registered by 31 October 2004 and paid the service tax dues with interest.

Audit noted (May 2006) that SAI had been rendering services to various organisations by providing its stadia for organising functions. SAI failed to register itself with the Commissionerate of Service Tax, Delhi in July 1997

and did not recover service tax properly from its clients. In October 2004, under the Special Registration Scheme, SAI got itself registered and deposited Rs. 16.87 lakh as service tax for the period from July 1997 to September 2004, out of which Rs. 8.76 lakh only had been recovered from the clients and Rs. 8.11 lakh was paid out of its own funds. Audit further noticed that the amount of service tax paid by SAI was not correct as SAI had rendered services valuing Rs. 6.86 crore during July 1997 to September 2004 and total amount recoverable on account of service tax was Rs. 34.86 lakh.

On being pointed out in audit, SAI deposited further service tax of Rs. 17.45 lakh in August 2006 out of its own funds. Balance of Rs. 0.54 lakh is yet to be deposited. In addition, as per Section 75 of the Finance Act 1994, SAI is liable to pay interest on the belated payment of service tax. The interest on the belated deposit of tax which worked out to Rs. 38.09 lakh upto 23 August 2006 has also been paid by August 2006.

Thus, SAI failed to get itself registered with the service tax department until October 2004, and did not collect service tax from its clients properly and did also not liquidate its service tax liability timely. This resulted in SAI incurring avoidable expenditure of Rs. 63.65 lakh on account of bearing unnecessary service tax liability (Rs. 25.56 lakh) including interests liability (Rs. 38.09 lakh).

The matter was referred to the Ministry in November 2006; their reply was awaited as of December 2006.