

## CHAPTER XI : MINISTRY OF INFORMATION AND BROADCASTING

### 11.1 Premature release of funds

**Premature release of funds for setting up an EMMC<sup>1</sup> without assessing the adequacy of infrastructure for commissioning of the project and the immediate requirement of funds resulted in idling of advance of Rs. 2.40 crore paid to BECIL<sup>2</sup>. The Ministry also failed to recover interest of Rs. 21.08 lakh from BECIL on the unutilised advance.**

The Ministry entrusted the project of setting up EMMC for content monitoring of television and radio channels to BECIL in April 2006. Even before the agreement with BECIL was entered into for setting up of the project and confirmation of appropriate site for setting up of the facility for media monitoring was assured, the Ministry released Rs. 2.40 crore as advance to BECIL on 31 March 2006. The Ministry entered into an agreement with BECIL subsequent to the payment of advance on 25 April 2006 for setting up of the EMMC at Pushpa Bhawan, Pushap Vihar, New Delhi as deposit work at an estimated cost of Rs. 11.65 crore within 12 months from the date of release of funds. Rs. 50 lakh advanced to BECIL in 2003-04 by the CMS<sup>3</sup> was already lying with them.

Since the CPWD did not permit installation of antenna on the roof of Pushpa Bhawan in November 2006, the work taken up in that building had to be abandoned. Until then, the BECIL had already spent Rs. 9.77 lakh on the interior work. The Ministry stated in April 2007 that it had selected an alternate site, where the work of setting up the EMMC had started in March 2007.

The premature release of funds by the Ministry to BECIL, without ensuring the readiness of the consultants to undertake the work and more importantly, the suitable site for the project led to premature cash outgo from the Consolidated Fund of India with an interest cost of Rs. 21.08 lakh on the unspent amount up to February 2007. There was no obligation on the part of the Ministry to release advance payment before signing of the agreement. The advance of Rs. 2.40 crore was paid on 31 March 2006 merely to avoid surrender of funds. This was indicative of weak financial and budgetary controls in the Ministry. Ministry may also adjust the interest earned by

<sup>1</sup> Electronic Media Monitoring Centre

<sup>2</sup> Broadcast Engineering Consultants India Limited

<sup>3</sup> Central Monitoring Services

BECIL on the unutilised funds out of the total of Rs. 2.90 crore lying with them in the total amount to be paid to BECIL.

The Ministry stated in September 2007 that the delay in taking up the project was due to unforeseen reasons beyond the control of the Ministry and, therefore, no interest is payable by BECIL on Rs. 2.40 crore.

The contention of the Ministry is not tenable as the terms of agreement clearly stipulated release of advance to BECIL subject to the conditions prescribed in Government rules on advance payments. BECIL was, therefore, liable to pay interest on advance payment since the provisions of Central Public Works Department manual relating to grant of mobilisation advance to contractors for executing capital intensive works provide for charging of simple interest at the rate of 10 *per cent* on advances sanctioned to contractors. The Ministry ought to insist on payment of the interest by BECIL, as per provisions of Government rules and also in view of the fact that the amount of advance remained with BECIL for a sufficiently long period and the interest on outstanding balance earned by BECIL if not recovered would amount to grant of unintended benefit.

The Ministry also stated that the objection to installing the antenna in Pushpa Bhawan was raised by the CPWD as an after thought. This argument of the Ministry is also not convincing as the requirement of prior approval of CPWD for installing the antenna was brought to the notice of the Ministry by BECIL in November 2005 i.e. one year prior to the refusal by CPWD.

The Ministry needs to strengthen the internal control to ensure that release from the Consolidated Fund of India is made keeping in view the capacity or readiness of the implementing agency to utilise them within the approved time frame and that interest on unutilised advances is recovered as per provisions of CPWD Works Manual.