

CHAPTER II : MINISTRY OF COMMERCE

Tea Board of India

2.1 Lack of financial discipline in functioning of Tea Board Office at London

Lack of financial discipline at Tea Board office at London resulted in irregular and avoidable expenditure equivalent of Rs. 19.07 lakh.

Tea Board of India has its headquarters at Kolkata. Its four offices are located abroad at London, Dubai, New York and Moscow. Director of Tea Promotion (DTP) heads Tea Board office at London (TBL). DTP was posted to London during the period (i) from May 2001 to March 2004 and (ii) from June 2006 to December 2006. In the remaining period no incumbent was posted by Tea Board of India and the post of DTP was held by three IFS officers of High Commission of India (HCI) London as an additional charge in four different spells. The operation of TBL was manned by the DTP and a contingent staff. The drawing and disbursing officer powers were vested with the DTP.

Audit scrutiny of records of TBL revealed various instances of lack of financial discipline and violation of delegated powers which resulted in undue personal benefits and also incurring of irregular/wasteful expenditure. Such instances are discussed in the subsequent paragraphs.

2.1.1 Irregularity in payments made to former DsTP

2.1.1.1 Non deduction of slab deduction from foreign allowance

Shri A held charge of DTP (London) between 15 May 2001 and 14 March 2004. The tenure of his posting was for a period of three years. The appointment order of the officer stated that the terms and conditions of appointment not specifically covered by the appointment order would be regulated under the provision of IFS (PLCA) Rules, 1961 as amended from time to time by Ministry of External Affairs (MEA). Accordingly, Foreign Allowance (FA) less slab deduction was admissible. However, no slab deduction was made from the salary bills of Shri A. This had resulted in excess payment of FA equivalent to Rs. 2.96 lakh, which is recoverable from the officer.

Tea Board HQ in its reply (August 2007) stated that matter would be taken up with the parent department of Shri A and recovery will be effected

accordingly. The reply of the Tea Board HQ is an acceptance of the irregularity and indicates non-enforcement of laid down rules and procedures.

2.1.1.2 Reimbursement of inadmissible expenses

TBL irregularly reimbursed following inadmissible items of expenditure to persons who held charge of DTP.

- FA of India-based officers/officials abroad include an element of water charges and hence the payment of the water charges has to be borne by the individual and the officers are compensated for water standing charges and sewerage standing/volume charges. TBL reimbursed water charges of GBP 546.45 for the period from April 2002 to March 2004 to Shri A which is recoverable from the officer.
- Officers/officials governed by IFS (PLCA) rules are not entitled to Cable TV connections at their residences unless specifically sanctioned by the Ministry. However, TBL reimbursed GBP 1,446.42 as subscription charges for providing Sky digital TV connection at the residences of three officers who held charge as DTP (London) during the period from December 2001 to February 2005 which was irregular.
- Shri A was reimbursed TV licence fees of GBP 337 during his tenure as DTP at TBL which was not admissible.
- An amount of GBP 306.73 was irregularly reimbursed to Shri A on account of insurance premium in respect of his residence which was not covered by rules.

In response to audit observations, Tea Board HQ in its reply (August 2007) stated that while conveying the sanction for renting new accommodation for DTP (London) it was clearly mentioned that the charges for electricity, water, gas-line and cable TV etc will be borne by the incumbent and added that matter would be taken up with parent department of Shri A for effecting the recovery. The reply of Tea Board HQ is silent about reimbursement made to the other two officers towards subscription charges for Sky digital TV connection provided at their residences while they were holding charge as DTP (London). The reply of Tea Board is also silent on reimbursement of insurance premium.

2.1.2 Property Management

2.1.2.1 Irregularity in leasing of alternate residential accommodation of former DTP

The rental ceiling in respect of the Counsellor Grade officer serving in High Commission of India London was fixed at GBP 2,000 per month with effect from 01 April 2000 for furnished accommodation. Accordingly, a furnished accommodation was taken on lease with effect from October 2001 as residential accommodation for Shri A, DTP (London) at a monthly rent of GBP 1,750 which was extended by one more year. GBP 2,625 was paid as security deposit. In October 2003, DTP (London) shifted to a new unfurnished accommodation at a monthly rent of GBP 2,000. A security deposit of GBP 3,000 was paid. Audit scrutiny brought out the following:

- Leasing of the unfurnished accommodation for DTP (London) at a monthly rent of GBP 2,000 was not in order as the monthly rental ceiling of GBP 2,000 was fixed for furnished accommodation and not for unfurnished accommodation.
- An expenditure of GBP 2,650.34 was incurred in October/November 2003 towards purchase of furniture for the new residence. At the time of surrendering the accommodation in April 2004, items of furniture purchased in October/November 2003 at a total cost of GBP 2650.34 along with some more articles which were issued from time to time to DTP's residence were allegedly sold but without realising any sale proceeds. As furnished accommodation would have included provision of furniture by the landlord, renting of unfurnished accommodation led to avoidable procurement of furniture at an expenditure of GBP 2,650.34 which ultimately turned out as a loss.
- GBP 1,175 was spent towards shifting of household goods which could have been avoided, had the lease of first accommodation been got extended to cover the entire period of Shri A's incumbency.
- At the time of vacation of first residence GBP 693.25 was incurred on cleaning. Apart from this, out of security deposit of GBP 2,625, GBP 1,796.53 was adjusted for minor repairs and cleaning of the house and only the balance was refunded. The new unfurnished residence was surrendered in April 2004 after the transfer of Shri A back to India. Against the security deposit of GBP 3,000, only GBP 646.65 was returned by the landlord and balance was adjusted towards minor

repairs and cleaning of the house. Besides, GBP 600 was spent on cleaning of the residence at the time of vacation of the accommodation.

Thus, change to the unfurnished residence when only six months of the tenure was left, resulted in incurring of avoidable expenditure of GBP 6778.69 (GBP 2,650.34 towards purchase of furniture; GBP 1,175 on account of shifting of household goods; GBP 2,353.35 on account of adjustment from the security deposit towards minor repairs and cleaning in respect of second residence; and GBP 600 spent for cleaning at the time of vacation of the second residence).

Tea Board in its reply (September 2007) stated that based on the recommendation of the then DTP justifying the gain of Tea Board the shifting to unfurnished residential accommodation took place. As regards sale proceeds of furniture, it stated that the resale value of the furniture in foreign countries is not much and the assets of TBL have been reduced in the financial statement of Tea Board. The reply of Tea Board is untenable as shifting of residence DTP to unfurnished accommodation at the fag end of the tenure resulted in avoidable expenditure of GBP 6778.69.

2.1.2.2 Leasing of residential accommodation beyond the ceiling limit

Shri Y joined as DTP (London) in June 2006. The status of Shri Y was equated to First Secretary posted at HCI, London. A residential accommodation was taken on lease at a monthly rent of GBP 1,600 in July 2006 for him and an amount of GBP 2,800 was paid to the landlord as security deposit. However, rental ceiling fixed for similar grade officer at HCI London was GBP 1,400 per month. Thus, the monthly rent of leased residential accommodation was in excess of the rental ceiling by GBP 200. The accommodation was on hire till 31 March 2007. Thus, an irregular expenditure of GBP 1,800 has been incurred on rent during the period of tenancy. Besides, security deposit of GBP 2,800 has not been realised from the landlord so far (September 2007).

Tea Board replied (September 2007) that action was being taken to get the refund of security deposit. The reply of Tea Board HQ is silent on its failure to limit the monthly rent authorised to the ceiling limits prescribed for officers of similar status of HCI London.

2.1.3 Irregular payments to a contingency staff

Tea Board of India, in November 1999, sanctioned appointment of local staff/assistant purely on contingent basis for its office at London. While conveying the sanction of the local post it stipulated that “at no point of time, deployment shall be made for a period more than certain specified months so as to maintain discontinuity” and suggested a period of three months of deployment and discontinuance and redeployment thereafter with a certain gap. In this regard following irregularities were noticed.

- The particular local staff was in continuous employment on the contingent basis with TBL from 09 October 2002 till May 2007 without any gaps. A total salary payment of GBP 38,067 for the period not covered by any appointment order was made to him.
- He was given revised salary from time to time in line with the revision made by HCI London for its contingent staff. However, a salary of GBP 1000 per month was authorised from September 2006 while contingent staff of HCI London were being paid only GBP 942. He was, thus, irregularly authorised an excess salary of GBP 58 per month. Over the nine month period, the excess salary payment works out to GBP 522.
- He was allowed TA claims totaling to GBP 3,086.95 in respect of tour undertaken by him on five occasions outside London. All these tours undertaken by him as well as the resultant expenditure were irregular.
- He was paid GBP 556.98 towards PR expenses during London visit of Tea Board, Chairman and to meet other miscellaneous charges in December 2005 without any supporting bills/invoices.
- An advance of GBP 1000 was given to him in May 2006 towards Chairman’s visit to London. No detailed adjustment bill has been submitted so far.

Tea Board HQ in its reply (September 2007) stated that expenditure towards payment of salary of GBP 38,067 for the above period of 4 years 8 months has been regularised by an ex-post facto sanction.

The reply of tea Board is, however, silent on excess payment of GBP 522 on account of salary and other irregular payments as detailed above.

2.1.4 Other irregular contingent expenditure

2.1.4.1 Avoidable purchase of disposable cups

Based on the sanction accorded by Tea Board of India, TBL, in November 2005, purchased 50,000 disposable cups from M/s Malsar Kest Limited at a cost of GBP 2,536 to be used at various tea promotional activities at London. Audit noticed the following.

- Details of assessment leading of purchase of huge quantity of disposable cups were not available in the file.
- Codal formalities of calling for quotation were not followed.
- Entire stock of cups was lying in the storage of the company. The company was charging monthly storage charge. In December 2006, GBP 84.60 was paid to the company as storage charge and storage bills of GBP 155.10 for the period up to April 2007 are pending with the TBL for release of payment.

Thus, TBL purchased disposable cups, apparently, without assessing its requirement, resulting in unnecessary expenditure of GBP 2,620.60 on their procurement and storage. Tea Board HQ in its reply stated that use of disposable cups was part of Tea Board's regular promotion activities and the cups are used on a regular basis for liquid tea sampling at Trade Fairs and added that making of publicity material was a regular ongoing activity of the Board where certain amount of material was always stored. It also stated that since the post of DTP (London) has had no full time incumbent since March 2004 except for a short period of four months and the officers of High Commission of India were holding additional charge, promotional programmes have been somewhat curtailed. The reply of Tea Board is not tenable as entire stock of cups was lying in the storage of the company which indicates that purchase of the cups was made without proper assessment of requirement.

2.1.4.2 Expenditure on extending hospitality to a non-entitled person

Based on the fax message of 03 November 2006 of the then Chairman, Tea Board, Calcutta, TBL irregularly incurred an expenditure of GBP 617.76 as taxi charges during the visit of certain individuals whose travel outside India had nothing to do with the activities of the Tea Board.

In its reply (September 2007) Tea Board of India stated that the expenditure was incurred in the spirit of hospitality on the verbal orders of then Chairman, Tea Board. It also added that each DTP is given an annual budget of Rs. 2.50 lakh towards entertaining guests and public relation activities and that the amount was within the limits. The reply of Tea Board HQ is not acceptable as travel expenditure incurred was no way connected with the tea promotional activity.

To sum up, various instances of lack of financial indiscipline in the functioning of TBL had resulted in the following:

- (i) Undue personal benefit (Rs. 2.96 lakh plus GBP 2,636.60) to persons who held the charge as Director Tea Promotion;
- (ii) Irregular and avoidable expenditure totaling to GBP 8,578.69 on account of purchase of furniture for DTP residence (GBP 2,650.34), expenses incurred on shifting and vacation of residence (GBP 4,128.35) and leasing of residence in excess of laid down ceiling limits (GBP 1,800);
- (iii) One contingent staff was engaged continuously in violation of instruction of Tea Board of India, which was regularised by an ex-post sanction. He was irregularly allowed travel claim and excess salary, paid advances yet to be adjusted and allowed other payments without supporting documents. Total irregular payment made to him (excluding payment of salary which has been post-facto regularised) amounted to GBP 5165.93;
- (iv) Infructuous expenditure of GBP 2,620.60 on purchase and storage of disposal cups and other irregular expenditure of GBP 617.76 on payment of taxi charges.

Thus, lack of financial discipline and violation of delegated powers vested with DTP has resulted in undue personal benefits and also irregular/wasteful expenditure to the tune of Rs. 19.07 lakh (Rs. 2.96 lakh + GBP 19619.58 equivalent to Rs. 16.11 lakh at average official exchange rate of 1 GBP = Rs. 82.11).

The matter was referred to the Ministry in August 2007; their reply was awaited as of November 2007.