

**Report of the  
Comptroller and Auditor General of India  
for the year ended March 2015**



**Union Government (Civil)  
Compliance Audit Observations  
No. 11 of 2016**

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**PREFACE**

This Report for the year ended March 2015 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains significant results of the compliance audit of financial transactions of the Ministries/Departments of the Union Government and their autonomous bodies under the Economic/ General and Social Services.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2014-15 as well those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

## OVERVIEW

This Report contains significant audit findings which arose from the compliance audit of financial transactions of Civil Ministries/ Departments and Autonomous Bodies. It contains 49 audit paragraphs involving a money value of ₹ 711.80 crore relating to overpayment, avoidable payment, unfruitful expenditure, blocking of funds and poor planning etc.

Some of the important findings included in this Report are given below:

### **Ministry of Civil Aviation**

#### **Unfruitful expenditure**

In spite of non-fulfilment of the conditions stipulated in the bidding documents, the Compact Technology Light Sport (CTLS) aircrafts were irregularly selected by Aero Club of India (ACI). Further, Director General of Civil Aviation did not convey to ACI regarding withdrawal of approval given earlier to CTLS aircrafts. Resultantly, the CTLS aircrafts procured by ACI (December 2011) were lying idle (November 2015), defeating the purpose of their acquisition and rendering expenditure of ₹ 2.39 crore incurred as unfruitful

*(Paragraph No. 3.1)*

### **Ministry of Coal**

#### **Coal Mines Provident Fund Organisation**

##### **Avoidable expenditure of energy charges**

Despite clear directions of Ministry of Coal in May 2007, Coal Mines Provident Fund Organisation did not take initiative for installation of electric meters in its residential quarters at Headquarters, Dhanbad and continued to supply electricity to its employees at nominal rate which resulted in under recovery of energy charges to the tune of ₹ 2.16 crore during the period from 2010-11 to 2014-15.

*(Paragraph No. 4.1)*

### **Ministry of Commerce and Industries**

#### **Agricultural and Processed Food Products Export Development Authority**

##### **Avoidable expenditure due to non-collection of service tax**

Non-collection of service tax by Agricultural and Processed Food Products Export Development Authority from exporters of scheduled products and lawyers, from whom legal services were availed by it, resulted in avoidable expenditure of ₹ 6.15 crore.

*(Paragraph No. 5.1)*



**Ministry of Culture**

**Kalakshetra Foundation**

**Unfruitful expenditure on renovation of Koothambalam**

Poor planning and increase of scope of work without approval of Finance Committee resulted in drastic increase in expenditure from ₹ 1.41 crore to ₹ 7.63 crore and further expenditure of ₹ 6.77 crore was assessed to complete the project

*(Paragraph No. 6.2)*

**Ministry of External Affairs**

**Less collection of revenue due to incorrect adoption of exchange rate on fees/penalties charged towards renunciation of citizenship and misuse of passports**

Incorrect adoption of prevailing official exchange rate by High Commission of India (HCI) Ottawa and its Consulates in Toronto and Vancouver in June 2010 instead of the exchange rate for visa fees as required under the Manual and unwarranted downward revision of service fees for renunciation of Indian citizenship and penalty on misuse of passports later in March 2013, resulted in less collection of revenue of ₹ 27.01 crore.

*(Paragraph No. 7.1)*

**Undue benefit to the Service Provider**

Permitting the Service Provider to handle fast track business visa with Service Charge at an arbitrary rate (Great Britain Pound 25) in place of normal service charge of GBP 7.70 resulted in undue benefit of ₹ 10.72 crore to the Service Provider during the period March 2010 to February 2015.

*(Paragraph No. 7.2)*

**Ministry of Health and Family Welfare**

**Safdarjung Hospital**

**Excess Payment of Service Charges**

Incorrect determination of 'use factor' for calculation of service charges on property tax by the Safdarjung Hospital resulted in excess payment of ₹ 4.60 crore to New Delhi Municipal Council.

*(Paragraph No. 8.2)*

**All India Institute of Hygiene and Public Health, Kolkata**

**Excess Payment of stipend**

The Institute without ensuring that the courses were prescribed in the Medical Council of India regulation allowed payment of stipend at higher rate to the students of two Post Graduation Diploma courses viz. Diploma in Industrial

Health (DIH) and Diploma in Maternity and Child Welfare (DMCW), resulting in excess payment of stipend amounting to ₹ 3.63 crore during the period from June 2005 to July 2014.

*(Paragraph No. 8.3)*

## **Ministry of Home Affairs**

### **National Disaster Management Authority**

#### **Poor planning led to unfruitful expenditure**

The action of the Ministry to set up National Disaster Response Academy by merging two existing institutions was in deviation to its earlier decision to establish the Academy on a independent plot of land. As a result of poor planning, NDMA had incur an additional expenditure of ₹ 2.48 crore on account of cost escalation. Further, the entire expenditure of ₹ 18.61 crore incurred on purchase of land has been rendered unfruitful.

*(Paragraph No. 9.1)*

#### **Unfruitful Expenditure**

Ministry of Home Affairs decided to establish Central Academy for Police Training at Bhopal in March 2009. As the project encountered delays, the Ministry decided to construct pre-fabricated structures to conduct trainings. However, even this move proved injudicious as no training could be organized in these structures due to various reasons such as remote locality, lack of security arrangements etc. leading to unfruitful expenditure of ₹ 10.13 crore on their construction.

*(Paragraph No. 9.2)*

## **Ministry of Information and Broadcasting**

### **Central Board of Film Certification**

#### **Working of Central Board of Film Certification**

Audit of Central Board of Film Certification revealed many systemic deficiencies such as unexplained delays in the certification process, altering of order of films for examination by the Committee, conversion of certified films from A to UA/A category etc. Audit also evidenced lack of internal controls within the CBFC for tracking the records of film certification which carried a risk of issue of duplicate certificates for the same film to different individuals not holding copyrights.

*(Paragraph No. 11.1)*

**Satyajit Ray Film and Television Institute, Kolkata**

**Academic activities of Satyajit Ray Film and Television Institute Kolkata for the period from 2010-11 to 2014-15**

Satyajit Ray Film and Television Institute, Kolkata (SRFTI) had failed to introduce various courses as envisaged in its objectives even after 20 years of its establishment. The activities of the Institute was marred with delay in completion of courses, vacant seats, lesser teaching hours and gap in evaluation of performance of students.

*(Paragraph No. 11.2)*

**Ministry of Micro, Small and Medium Enterprises**

**Inadequate follow-up of loans in Khadi and Village Industries Commission, Mumbai**

Inadequate follow-up of loans by Khadi and Village Industries Commission (KVIC) resulted in non-recovery of ₹ 551.46 crore and funds amounting to ₹ 226.70 crore, meant for development through execution of Schemes and Programmes, were diverted to service the loans of institutions.

*(Paragraph No. 12.1)*

**Niti Aayog**

**Unique Identification Authority of India**

**Avoidable expenditure on Annual Maintenance Contract**

Unique Identification Authority of India (UIDAI) in contravention of the provisions of the contract extended undue favour to the vendor (M/s Wipro Limited) and incurred an avoidable expenditure of ₹ 4.92 crore on Annual Maintenance Contract of the equipment for a period covered under warranty/free maintenance.

*(Paragraph No. 13.1)*

**Ministry of Petroleum and Natural Gas**

**Follow up Audit of Hydrocarbon Production Sharing Contract for KG-DWN-98/3 Block for the Financial Years 2012-13 and 2013-14**

Many of the issues that had been pointed out in previous audits (2006-12) of the Production Sharing Contract (PSC) block still persist. The total financial impact of excess cost recovery during 2012-14 on account of the earlier identified audit findings was USD 1547.85 million (₹ 9307.22 crore). For the period 2012-14, additional issues of excess cost recovery claimed by the operator were noticed, financial effect of which was USD 46.35 million (₹ 278.70 crore). Cost recovery has been claimed on testing (MDT) for the wells D29, D30 which

needs to be appropriately assigned and reversed in view of the recent MoPNG directive (May 2015). Operator had relinquished D31 discovery and all cost recoveries connected to this discovery need to be reversed. Meanwhile the report of independent expert M/s DeGolyer & MacNaughton (D&M) has indicated migration of gas from adjacent block operated by ONGC to KG-DWN-98/3 block, which may affect the financials of this block.

*(Paragraph No. 14.1)*

## **Ministry of Textile**

### **Apparel Export Promotion Council**

#### **Undue benefit to a private party**

Tendering process adopted by Apparel Export Promotion Council (AEPC) for leasing of furnished office accommodation was flawed. Though, M/s Teesta Urja Limited (TUL) did not participate in the tendering process, their bid was considered one week after opening of the bids. A number of post contractual benefits were extended to M/s TUL, which were highly unfavourable to AEPC resulting in undue financial benefits to M/s TUL and loss of revenue of ₹ 17.42 crore to AEPC

*(Paragraph No. 17.1)*

## **Ministry of Urban Development**

### **Directorate of Estates**

#### **Functioning of Directorate of Estates**

There has been a perpetual shortage of accommodation for Government servants in Delhi. Directorate of Estates (DoE) did not have an accurate record of the housing stock available with it. Augmentation of housing stock in the various pools has been done in an inequitable manner. Licence Fee Collection and Monitoring System was not fully functional resulting in DoE not being able to monitor the receipt of the Licence Fee. Database of DoE and CPWD are not interlinked leading to delays in the reflection of vacancy position of houses in the Government Accommodation Management System (GAMS) database. DoE did not have accurate details of houses which are declared as unsafe or dangerous. The quality of data in the GAMS database was also found to be poor.

*(paragraph No. 19.1)*

**Follow-up on Audit Report**

**National Library, Kolkata (Ministry of Culture)**

**Non-compliance to the accepted recommendation**

A performance audit in respect of the “Activities of National Library, Kolkata” was conducted for the period 2004-05 to 2009-10. The report was featured in the C&AG’s Report No. 3 of 2010 with 30 accepted recommendations. The follow-up audit on the accepted recommendations was conducted during May and June 2015.

Audit examination brought out that the Library as well as the Ministry had not taken adequate steps during 2010-15 in implementing the accepted recommendations of the performance audit pertaining mainly to creation of database of books published in India, faster processing of books, conducting of stock verification of all the divisions, strengthening the security, providing various value added services to the readers and retro conversion of all the bibliographic records.

*(Paragraph No. 23.1.1)*

## CHAPTER I: INTRODUCTION

### 1.1 About this Report

Compliance audit refers to examination of transactions relating to expenditure, receipts, assets and liabilities of audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence.

Audits are conducted on behalf of the Comptroller and Auditor General (C&AG) as per the Auditing Standards<sup>1</sup> approved by him. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance and abuse, as well as on weaknesses that exist in systems of financial management and internal control. The findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organizations, thus, contributing to better governance.

As of March 2015 there were 53 Civil Ministries/ Departments of the Union Government including Scientific Departments. The gross expenditure of these 53 Ministries/Departments during the last three years is given in **Table-1**:

**Table-1**

(₹ in crore)	
Year	Expenditure
2012-13	47,93,466.00
2013-14	49,90,057.83
2014-15	52,89,683.66

Actual disbursements by the major Union Civil Ministries during the last three years ending 31 March 2015 are as shown in subsequent **Table-2**:

<sup>1</sup> [www.cag.gov.in/html/auditing\\_standards.htm](http://www.cag.gov.in/html/auditing_standards.htm)

Table-2

(₹ in crore)

Ministry	2012-13	2013-14	2014-15
Human Resource Development	65571.00	71521.74	91249.07
Home Affairs	48030.00	53904.08	61573.53
Health & Family Welfare	29667.00	31894.03	33731.84
Agriculture	24800.00	26056.69	26572.32
Women and Child Development	17037.00	18038.59	18541.14
External Affairs	10121.00	11807.35	12148.82
Civil Aviation	7069.00	6954.59	6626.28
Commerce and Industry	6076.00	6606.51	7438.27
Textiles	4385.00	3954.98	3987.87
Shipping	1203.00	1870.20	1340.21
Youth Affairs & Sports	999.00	1143.78	1144.14
Tourism	934.00	1029.20	987.03

As would be seen from the above table, a major portion of expenditure was incurred by four Ministries viz., Agriculture, Health & Family Welfare, Home Affairs and Human Resource Development which constituted 80.06 per cent of the total disbursements made by the above Ministries during 2014-15.

## 1.2 Authority for Audit

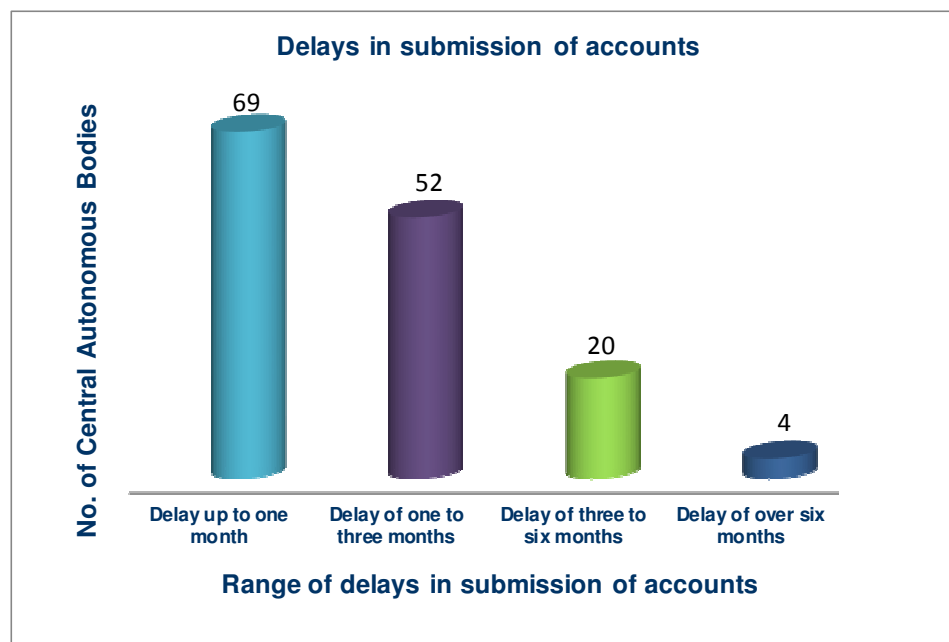
The authority for audit by the C&AG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Sections 13<sup>2</sup> and 17<sup>3</sup> of the C&AG's (DPC) Act<sup>4</sup>. Bodies established by or under law made by the Parliament and containing specific provisions for audit by the C&AG are statutorily taken up for audit under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (the Act). Audit of other organisations (Corporations or Societies) is entrusted to the C&AG in public interest under Section 20(1) of the Act. Besides, CABs, which are substantially financed by grants/loans from the Consolidated Fund

<sup>2</sup> Audit of (i) all expenditure from the Consolidated Fund of India, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets and other subsidiary accounts.

<sup>3</sup> Audit and report on the accounts of stores and stock kept in any office or department of the Union or of a State.

<sup>4</sup> Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

of India, are audited by the C&AG under the provisions of Section 14(1) of the Act.



### 1.3 Delays in submission of accounts by central autonomous bodies

The Committee on Papers Laid on the Table of the House recommended in its First Report (5<sup>th</sup> Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit. The audit reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year.

For the year 2013-14, audit of accounts of 366 CABs was to be conducted by the C&AG. Out of these, the accounts of 145 CABs were furnished after the due date, as indicated in the following chart:

The details of CABs whose accounts were delayed beyond three months as of December 2015 are given in **Appendix – I**.

### 1.4 Delay in presentation of audited accounts of central autonomous bodies before both the Houses of Parliament

The Committee on Papers Laid on the table of the House, in its First Report (1975-76), had recommended that the audited accounts of the autonomous bodies be laid before Parliament within nine months of the close of the accounting year i.e. by 31 December of the following financial year.

Status of laying of the audited accounts before the Parliament as on 31 December 2015 was as under:



**Table-3**

Year of account	Total number of bodies for which audited accounts were issued but not presented to Parliament	Total number of audited accounts presented after due date
2013-14	21	38

It would, thus, be seen that a large number of audited accounts had not been placed before the Parliament within the prescribed time.

The particulars of CABs, whose audited accounts had not been laid or laid after due dates before Parliament, are given in **Appendix –II** and **Appendix – III**.

### 1.5 Utilisation Certificates

As per General Financial Rules, certificates of utilisation in respect of grants released to statutory bodies/organisations are required to be furnished within 12 months from the closure of the financial year by the bodies/organisations concerned. Ministry/Department – wise details indicating the position of the total number of **39237** outstanding utilisation certificates involving an amount of **₹ 53248.98** crore in respect of grants released up to March 2014 due by March 2015 from 30 Ministries/Department (after 12 months of the financial year in which the grants were released) are given in **Appendix–IV**.

The position of outstanding utilisation certificates relating to 10 major Ministries/Departments as on March 2015 is given in **Table-4**:

**Table-4**

#### Utilisation Certificates Outstanding as on 31 March 2015

(₹ in crore)

Sl. No.	Ministry/Department	For the period ending March 2014	
		Number	Amount
1.	School Education & Literacy	1957	21845.98
2.	Agriculture and Farmers Welfare*	4232	19086.08
3.	Development of North Eastern Region	929	3840.92
4.	Textile	3984	1752.16
5.	Housing & Urban Poverty Alleviation	489	1120.04
6.	Higher Education	2565	903.21
7.	Heavy Industry	14	882.95
8.	Social Justice & Empowerment	10427	681.22
9.	Industrial Policy & Promotion	24	525.06
10.	Environment & Forests	6150	461.51
<b>Total</b>		<b>30771</b>	<b>51099.13</b>

\*Includes figures of Department of Agriculture & Cooperation and Department of Animal Husbandry, Dairying and Fisheries only.

## 1.6 Results of certification of audit

Separate Audit Reports for each of the autonomous bodies audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are appended to the certified final accounts required to be tabled by respective Ministries in the Parliament.

For the year 2014-15, 229 SARs were issued on the accounts of CABs (December 2015). Significant observations on the accounts of individual CABs are given in **Appendix-V**.

Some of the important deficiencies noticed in the accounts of the central autonomous bodies are as below:

- (a) Internal audit of 127 autonomous bodies was not conducted for the year 2014-15 (**Appendix-VI**).
- (b) Physical verification of the Fixed Assets of 125 autonomous bodies was not conducted during the year 2014-15 (**Appendix-VII**).
- (c) Physical verification of the inventories of 94 autonomous bodies was not conducted during the year 2014-15 (**Appendix-VIII**).
- (d) 42 autonomous bodies were accounting for the grants on realization/cash basis which was inconsistent with the common format of accounts prescribed by the Ministry of Finance (**Appendix-IX**).
- (e) 145 autonomous bodies has not accounted for gratuity and other retirement benefits on actuarial valuation basis (**Appendix-X**).
- (f) No Depreciation on fixed Assets was provided by 13 autonomous bodies (**Appendix-XI**).
- (g) 33 autonomous bodies revised their accounts as a result of audit (**Appendix-XII**). The impact of result of audit was decrease in Assets/Liabilities by ₹ 166.63 crore, increase in Surplus by ₹ 6.61 crore and decrease in Deficit by ₹ 13.99 crore.

## 1.7 Response of the Ministries/Departments to draft paragraphs

On the recommendation of the PAC, Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of receipt of the paragraphs. Accordingly, the draft paragraphs are forwarded to Secretaries of the Ministries/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

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In the following cases the Ministries/Departments have taken action and ordered recoveries as detailed below:

(₹ in lakh)

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Action taken by Ministry/ Department
1.	Sashastra Seema Bal (SSB)	Home Affairs	Irregular payment of risk allowance	83.64	34	DG SSB issued (December 2015) instructions to all SSB units to regulate the payment of risk/ hardship allowances.
2.	Bureau of Indian Standard (BIS)	Consumer Affairs, Food & and Public Distribution	Overpayment of transport allowance	187	31.71	BIS decided (October 2015) to recover overpaid transport allowance since September 2008. It further stated (December 2015) that overpayment of ₹ 31.71 lakh has been recovered.
3.	Information & Library Network Centre, UGC	Human Resource Development	Overpayment of price variation	55	55	--
4.	Unique Identification Authority of India (UIDAI)	Niti Aayog	Short levy of liquidated damages	73	73	--
5.	Visakhapatnam Port Trust	Shipping	Recovery of service tax	2625	2625	--
6.	Director General of Shipping, Mumbai	Shipping	Recovery of annual fees from training institutions	409	409	--
7.	Kandla Port Trust	Shipping	Recovery of amount paid as irregular leave encashment	5.95	3.44	Ministry issued (June 2015) direction for the recovery of principal amount and interest thereof.

Sl. No.	Name of the unit	Ministry/ Department	Nature of overpayment/ under recovery/ inadmissible payment	Amount of overpayment/ under payment/ inadmissible payment as pointed out by audit	Amount recovered	Action taken by Ministry/ Department
8.	Cochin Port Trust	Shipping	Recovery of penalty, damages and adjustment of medical advance	96.98	70.12	--
9.	Central Public Works Department	Urban Development	Recovery of de-escalation and overpayment on account of variation in prices	53.23	53.23	--
<b>Total</b>					<b>3354.50</b>	

This report of the Comptroller and Auditor General of India for the year ended March 2015 contains 49 detailed audit observations pertaining to various Ministries/Departments and their Autonomous Bodies involving a money value of ₹ 711.80 crore. Replies to the 33 Audit Paragraphs were received and have been suitably incorporated in the report.

## CHAPTER II : MINISTRY OF AGRICULTURE AND FARMER WELFARE

### Coconut Development Board

#### 2.1 Blocking of funds

**Poor monitoring of a project had resulted in blocking/idling of Government fund amounting to ₹ 1.61 crore for more than six years without serving the purpose for which it was sanctioned.**

The Project Approval Committee of Technology Mission on Coconut (TMOC) of Coconut Development Board (CDB) under the Ministry of Agriculture, Government of India had approved a project "Control of Eriophyid Mite on coconut on pilot basis during 2007-08" to the Department of Agriculture, Government of Tamil Nadu in October 2007. The project envisaged treatment of 94.892 lakh mite infected palms in 10 districts of the State by adopting root feeding of Azadirachtin at the rate of 10 mille litre/tree for three rounds at an interval of 45 days. The total cost of the project was ₹ 22.77 crore with ₹ 5.69 crore (25 per cent) as Board's share.

As per Memorandum of Understanding (MoU) of December 2007 signed between the Chairman, CDB and the Department of Agriculture, Government of Tamil Nadu, the due date of completion of the project and submission of final project report was on or before 31 March 2009 and 31 May 2009 respectively. The CDB had released 50 per cent of its share amounting to ₹ 2.85 crore in two instalments (February/March 2008) to the Department of Agriculture.

Audit observed that the Department of Agriculture had procured only 25 per cent (71,168.75 litres) of the total requirement of the chemicals for distribution during 2007-08 in December 2007 incurring an expenditure of ₹ 4.93 crore and the same was distributed upto 2010-11. The Joint field inspection conducted (November 2008) by CDB and the Department of Agriculture revealed that due to good rainfall during 2008-09 and less occurrence of mite attack, the demand for chemical was less. Hence, the Department of Agriculture decided (2009) to stop further procurement of chemicals.

Thus, out of ₹ 2.85 crore released by CDB only ₹ 1.23 crore could be utilised for the project leaving a balance of ₹ 1.61 crore as unspent with the Government of Tamil Nadu from 2009 onwards. A meeting held in February 2013 between

the representatives of CDB and Department of Agriculture to review the status of the project had decided that the final project report along with full beneficiary list and final Utilisation Certificate was to be submitted by the Director of Agriculture, Tamil Nadu by 31 March 2013 to CDB. The same was submitted by the Director of Agriculture in September 2013 after a lapse of more than four years of contracted date of submission. Though the Department of Agriculture had decided in 2009 to stop further procurement of chemicals, the Board had initiated action to get the refund of the unspent amount only in 2013. Thus, the amount was blocked for more than six years without serving the purpose. Further CDB had not imposed any penalty on Department of Agriculture as per MoU.

CDB while confirming the facts and figure of the para replied (August 2015) that since the Board was not having any TMOC project of Government of Tamil Nadu pending for approval, the Director of Agriculture was requested to refund the unspent balance. It was further replied (15 January 2016) that no penalty was imposed since the matter has been regularly being followed up and the Government of Tamil Nadu has agreed to refund the unspent balance vide their Government Order dated 12 January 2016.

The fact remains that poor monitoring had resulted in blocking/idling of Government fund amounting to ₹ 1.61 crore for more than six years without serving the purpose for which it was sanctioned. The refund was yet to be received (January 2016)

The matter was reported to the Ministry in October 2015; their reply was awaited (February 2016).

### **Central Avian Research Institute, Bareilly**

#### **2.2 Non-achievement of stated objective**

**Non-synchronisation of the building works of Feed Technology Processing Unit and Poultry Processing Lab with electricity and water supply works by Central Avian Research Institute, resulted in non-operationalisation even after completion of civil work at the cost of ₹ 135.12 lakh and non-realisation of the stated objective of the project.**

The Central Avian Research Institute, Bareilly (Institute) proposed the construction of Experimental Poultry Feed Technology and quality control Lab (Feed Technology Processing Unit) in January, 2004 and Experimental Poultry Processing Lab (Poultry Processing Unit) in July, 2004 at Bareilly in order to

create modern infrastructure for human resource development in terms of teaching, to impart practical training to PG diploma holders and PhD students of poultry science discipline.

Accordingly, on the request of Institute, CPWD submitted (February 2004) preliminary estimates for the Feed Technology Processing Unit at an amount of ₹ 18.40 lakh and for Poultry Processing Unit (October 2004) at an amount of ₹ 33.67 lakh. The approval for the same was communicated by Institute in March 2004 and November 2004 and one third advance for the same amounting to ₹ 17.35 lakh was released to CPWD alongwith the same.

Audit observed that the Council decided (March 2005) to shift the Institute at a new site at Pilibhit road. Consequently, a fresh requisition for construction of these buildings (Feed Technology Processing Unit and Poultry Processing Lab) was sent (April 2007) to CPWD as per approved Master Plan without making provisions for electrical and water supply works. CPWD submitted (August 2007) the revised estimates for both buildings at the revised cost of ₹ 57.46 lakh and ₹ 63.52 lakh respectively, which were vetted by Director (Works) and approved by the Council under XI Plan, but no provisions for electrical and water supply works were made in the estimates.

Both the works were completed by CPWD and handed over (April 2011) to the Institute after incurring an expenditure of ₹ 135.12 lakh. Subsequently proposal for electrical and water supply was sent to the Indian Council of Agriculture Research (ICAR) in March 2014 by the Institute and administrative and financial sanction for water supply and electrical system was accorded in September 2015 and November 2015 respectively. As a result, both the buildings were yet to be operationalized.

Thus, due to non-synchronisation of the building works of Feed Technology Processing Unit and Poultry Processing Lab with the electricity and water supply works, resulted in non-operationalisation even after completion of civil work at the cost of ₹ 135.12 lakh and thereby non-realisation of the stated objective of the project.

Institute stated (September 2015/January 2016) that the reasons for not taking into consideration for electricity/water supply system at the time of finalisation of project proposal are not available in the record. However, the building was being utilised for storage of feed ingredients. The reply substantiates the audit

observation of non-synchronisation of the building work and electricity/water work resulting into non-utilisation of building for stated objective. Further instead of creating experimental poultry processing lab of the Institute, the buildings were being used for storage of feed ingredients.

The matter was reported to the Ministry in October, 2015; their reply was awaited (December 2015).



## CHAPTER III : MINISTRY OF CIVIL AVIATION

### 3.1 Unfruitful expenditure

**In spite of non-fulfilment of the conditions stipulated in the bidding documents, the Compact Technology Light Sport (CTLS) aircrafts were irregularly selected by Aero Club of India (ACI). Further, DGCA did not convey to ACI regarding withdrawal of approval given earlier to CTLS aircrafts. Resultantly, the CTLS aircrafts procured by ACI (December 2011) were lying idle (November 2015), defeating the purpose of their acquisition and rendering expenditure of ₹ 2.39 crore incurred as unfruitful.**

Aero Club of India (ACI) forwarded in March 2010 a proposal, to acquire Single Engine Trainer/Aerosports Aircraft, to Ministry of Civil Aviation (MoCA). In the meantime, ACI published (September 2010) the global tender enquiry for procurement of three Single Engine Trainer/Aerosports Aircraft with the stipulation that (i) technical bids would only be accepted for the aircrafts which were type certified as per Federal Aviation Regulation (FAR) 23 of Federal Aviation Administration (FAA) of USA or equivalent; and (ii) the aircraft should comply with Instrument Flying Rules (IFR) certification standards for Day & Night operations.

Out of eight bids received three bidders, namely M/s Thrust Aviation Services Pvt. Ltd. New Delhi (aircraft model CTLS, a Light Sports Aircraft, from Flight Design, Germany), M/s Pipistral, Slovenia (aircraft model Virus SW 100) and Aerosystem (India), New Delhi representing M/s Cessna Aircraft Co. USA (aircraft model Cessna 172) were found (December 2010) technically suitable and recommended for opening of commercial bid.

In response to a clarification sought (2 December, 2010) by ACI, while the tendering process for acquisition of aircraft was in progress, Director General Civil Aviation (DGCA) informed ACI (30 December, 2010) that CTLS aircraft had been accepted by DGCA since type rating certificate had been issued by R&D Directorate in May 2009. DGCA also informed that two CTLS aircrafts VT-BBC and VT-CNN have also been imported and being operated by M/s Academy of Carver Aviation Pvt. Limited, Mumbai (Carver).

The fact, however, was that despite having issued acceptance letter by DGCA on 5 May, 2009 in respect of CTLS aircraft, exclusively for flying training purpose, No Objection Certificate issued on 23 July, 2009 by the Directorate Flying Training for import of the above aircraft for flying training and

Certificate of Airworthiness (CofA)<sup>1</sup> issued by DGCA on 21 October 2009, M/s Carver could not use the aircrafts due to verbal instructions by a DGCA representative not to use the aircraft for conducting flying training. M/s Carver were pursuing the matter with DGCA and finally they sought (January 2011) from DGCA, a written response that whether they could use the above aircraft for flying training or not, and if not, the reasons thereof. DGCA examined (January-March, 2011) the matter with reference to the extant rules and it noticed that the aircrafts belonging to M/s Carver were not flying since the aircraft cannot be issued CofA as it was not type certified and also there were no regulations in place to cover such type of aircraft. DGCA informed M/s Carver (18 April, 2011) that the CTLS aircraft VT-CNN and VT-BBC held by them had not been issued Standard<sup>2</sup> CofA by FAA<sup>3</sup>, as such DGCA was not in a position to issue CofA for these aircrafts. DGCA further stated that the export CofA of these aircrafts have been issued by German Microlight Association and it has, therefore, been decided to treat these aircrafts as Micro Light and accordingly, aircraft will be issued with Permit to Fly<sup>4</sup> in lieu of CofA.

In the meantime, ACI opened (December 2010) the commercial bids of technically qualified bidders and M/s Thrust Aviation Services Pvt. Ltd. (M/s Thrust Aviation) was found to be the lowest bidder. ACI forwarded (8 March 2011) copies of the notes signed by the Finance Committee members, copy of the Attendance Sheet of the price bid opening meeting held on 15 December

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<sup>1</sup> Rule 15 of the Aircraft Rules, 1937 requires that all aircraft registered in India possess a current and valid Certificate of Airworthiness (CofA) before it is flown, unless it is flown for the purpose of flight test in the close vicinity of an aerodrome or the place of its departure. As per Accepted Airworthiness Standards stipulated in Civil Aviation Requirement (CAR) each aircraft, either manufactured in India or imported into India, for which a CofA is to be issued or validated, shall conform to the design standards and be in a condition for safe operation. To be eligible for issuance of CofA, an aircraft must be Type Certified, its type certificate validated or type accepted by DGCA.

<sup>2</sup> Standard CofA is one of the certificates which are mandatory if an aircraft is to be used in commercial operations. A standard CofA is issued in one of the categories like transport, commuter, normal, utility, acrobatic, manned free balloons and special class of aircraft. In contrast to a standard CofA, an aircraft may be issued with a special airworthiness certificate. Examples of aircraft which are not eligible for Standard CofA but may be eligible for special airworthiness certificates include agricultural aircraft, experimental aircraft and some ex-military aircraft.

<sup>3</sup> Federal Aviation Administration of USA.

<sup>4</sup> Permit to Fly is issued for the aircraft, which fails to satisfy the applicable airworthiness requirements, or for which it is failed to be stated that the same has satisfied the relevant requirements, but which has the capability to operate safe flight under certain circumstances, and which intend to achieve the purposes like research and development, proving the compliance with the regulations or certification specification, crew training, exhibition or air show, delivering or exporting the aircraft, market research etc.

2010 and the Comparative Sheet determining the lowest bidder (L1), to MoCA and sought sanction for procurement as well as release of funds.

Consequently, MoCA sanctioned (28 March 2011) the proposal for procurement of three Single Engine Trainer/ Aerosports Aircrafts and also released the Grants-in-Aid required for the purpose. Accordingly, ACI placed the purchase order (13 April, 2011) on M/s Thrust Aviation for procurement of three CTLS Aircrafts and an advance payment of ₹ 44.90 lakh was also made to them (29 April, 2011).

ACI requested (May 2011) DGCA to issue Registration Letters for three CTLS aircrafts being procured. DGCA intimated (June and September 2011) ACI that these aircrafts were not Type Certified/Type Accepted by DGCA in accordance with the Rules, as such, these would only be issued a 'Permit to Fly'. After incurring total expenditure of ₹ 2.39 crore, ACI received (16 December 2011) the three CTLS aircrafts, but these could not fly for want of CofA from DGCA.

While examining the matter of procurement of three CTLS aircrafts by ACI by using funds released by MoCA and which were lying idle, the Ministry constituted (March 2013) a committee, comprising officers from the Ministry and DGCA, to examine whether (i) Government procedures were properly followed in tender finalisation, (ii) the procured CTLS aircrafts satisfy the technical conditions specified in the bid or in-between there were changes made to favour any company, (iii) the selected supplier was eligible to be considered for the part II of the tender i.e. opening of the commercial bid, (iv) why payments were made to the company, even though the CofA was not issued by DGCA, and (v) to fix responsibility for the above lapses, if any. The MoCA directed (June 2013) DGCA to take action against the erring officers who in spite of there being no rules, issued certificate of airworthiness in 2009 in favour of M/s Academy of Carver Aviation Pvt. Ltd. (M/s Carver) and allowed CTLS aircrafts to fly and then gave permission to ACI for import of these aircrafts. Ministry also asked the DGCA to fix the responsibility of the concerned officers. MoCA further decided (December 2013) that DGCA should send formal proposals for amendment of all the relevant rules at the earliest and for the exemption from the specific rule(s), under Rule 160 of the Aircraft Rules, 1937. Accordingly, DGCA submitted (January 2014) a proposal to amend the Rules, which was under process and CTLS aircrafts, acquired by ACI, were still lying idle (November 2015).

Audit observed that:

- Despite CTLS not fulfilling both the bidding conditions mentioned in the introductory para above, M/s Thrust Aviation was selected as successful bidder and finally, after approval of the Ministry, awarded the purchase order.
- The DGCA, while dealing with the case of M/s Carver, was aware (March 2011) of the fact that CTLS aircraft did not meet requirements of Aircraft Rules, 1937 for issue of Certificate of Airworthiness, but they did not inform ACI of the same in order to put a timely stop to the process of procurement (April 2011) of uncertified aircraft.

While confirming the facts and figures contained in the audit observation, the Ministry replied (November 2015) that:

- (a) To enable operationalization of the CTLS aircrafts as per the rules, it was decided to amend the Aircraft Rules, 1937. Accordingly, a proposal to bring in CTLS aircraft in the rules has been initiated. Ministry further stated that amendment in statutory rules is a tedious and time consuming process and the matter is under active consideration of the Ministry.
- (b) ACI placed the order in April 2011 and 20 *per cent* advance was also paid. If the orders were cancelled, ACI would get the advance forfeited by M/s Thrust Aviation.

Ministry's reply at (a) above is incomplete, as Ministry should have also informed the action taken, if any, against the erring officers who inspite of there being no rules, issued Certificate of Airworthiness in 2009 in favour of CTLS aircrafts of M/s Carver and subsequently gave permission to ACI for import of these aircrafts. Ministry's reply at (b) is also not acceptable, because had the Ministry timely intimated ACI of the uncertified status of CTLS aircrafts, ACI might have put on hold releasing further payments to M/s Thrust Aviation. Ministry's reply was, however, silent on the matter of irregular selection of M/s Thrust Aviation.

It is evident from the above that in spite of non-fulfilment of the conditions stipulated in the bidding documents, the CTLS aircrafts were irregularly selected, resultantly, in absence of requisite approval from DGCA, these were lying idle (November 2015). Thus, besides the purpose of acquisition of CTLS aircrafts being defeated, the expenditure of ₹ 2.39 crore incurred was also rendered unfruitful.

## CHAPTER IV : MINISTRY OF COAL

### Coal Mines Provident Fund Organisation

#### 4.1 Avoidable expenditure of energy charges

**Despite clear directions of Ministry of Coal in May 2007, Coal Mines Provident Fund Organisation did not take initiative for installation of electric meters in its residential quarters at Headquarters, Dhanbad and continued to supply electricity to its employees at nominal rate which resulted in under recovery of energy charges to the tune of ₹ 2.16 crore during the period from 2010-11 to 2014-15.**

The Coal Mines Provident Fund Organisation (CMPFO), an autonomous body, having its Headquarters at Dhanbad, was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.

The electricity requirement of CMPFO for its office building and residential quarters, located at Headquarters, Dhanbad, is met from Jharkhand State Electricity Board (JSEB) through High Tension (HT) electric connection of 350 KVA, which was enhanced (October 2013) to 408 KVA. The power load for office and residential purposes had been assessed at 19.41 and 80.59 *per cent* respectively. Since there is no separate meter for recording energy consumption at residential quarters, JSEB raises electricity bill on composite energy consumptions which includes consumption for office building as well as for residential quarters. CMPFO, in turn, recovers the energy charges from its employees for their residential consumption as per the fixed rates applicable to different types of quarters. CMPFO also provides power backup facility to its residential quarters through its own DG sets of 500 KVA during interruption of power supply from JSEB.

Audit observed (March 2015) that for effective recovery of electricity charges from its employees; CMPFO never initiated any fruitful action for installation of meter for recording actual consumption of electricity in the residential quarters. Further, no assessment was conducted by CMPFO till date for determining the electricity consumption for common facilities. Upto January 2010, electric charges of its residential quarters were collected at nominal rates of ₹ 4 to ₹ 15 per month for different types of quarters. Subsequently, CMPFO revised (March 2010) the fixed rates of recovery of electricity charges which

ranged between ₹ 250 and ₹ 700 per month for different types of quarters retrospectively from February 2010.

Despite such enhancement in the fixed rate of recovery of electricity charges, there was wide gap between energy charges paid to JSEB for residential consumption and recovery of the same from its employees over the years. Records revealed that during the last five years ended 2014-15, CMPFO paid ₹ 3.33 crore to JSEB towards consumption of electricity for office and residential quarters. Taking into consideration the power load of 80.59 per cent for residential purpose, the expenditure made for the consumption of electricity in residential quarters was ₹ 2.68 crore (80.59 per cent of ₹ 3.33 crore) for the above years. However, CMPFO actually collected ₹ 0.52 crore from its employees during 2010-11 to 2014-15 for their residential electricity consumption, based on fixed rates of recovery effective from February 2010. Thus due to non-installation of electric meter for recording residential consumption of energy and consequent collection of energy charges at nominal fixed rates, CMPFO incurred an avoidable expenditure of ₹ 2.16 crore (₹ 2.68 crore - ₹ 0.52 crore) during the last five years ending 2014-15.

Audit had highlighted the issue on several occasions, objecting such avoidable expenditure through Audit Reports (No. 4 of 2005(Civil) and CA 15 of 2008-09) laid before the Parliament with the expectation that suitable action would be taken to stop recurrence of the same. In the light of such audit observations, Ministry of Coal also instructed (May 2007) CMPFO to fix the electricity meters in residential quarters and directed that the organisation should not bear the expenditure on electricity used by its own staff and officers. JSEB in January/February 2012 also requested CMPFO to apply for separate meter for domestic purpose in prescribed application form with requisite application fee. However, till date, CMPFO could not adhere to the above requirements of JSEB for installation of electric meter at its residential quarters and thus under recovery of energy charges from its employees is still being continued.

While admitting the facts, the Management stated (December 2015) that CMPFO had approached (November 2015) the JSEB, Dhanbad for prescribed application form for installation of separate power watt electric meters for all the 243 residential quarters for staff/officers of CMPFO colony.

Thus, inaction on the part of CMPFO Management over the years to install electric meters in the residential quarters at Dhanbad and thereby failure to

recover the actual energy charges from its employees resulted in avoidable expenditure of ₹ 2.16 crore on consumption of electricity from 2010-11 to 2014-15.

#### **4.2 Failure to utilise vacant office space and residential complex in Hyderabad which was lying idle for more than eight years**

**Since shifting of office from Hyderabad to Godavarikhani in July 2007, Coal Mines Provident Fund Organisation did not take any initiative for gainful utilisation of its vacant office space and residential complex located at a prime location in Hyderabad. They lost the opportunity to earn rent of ₹ 66.46 lakh from unutilised space for the period from March 2014 to December 2015.**

The Coal Mines Provident Fund Organisation (CMPFO), an autonomous body, was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. Its main function is to administer schemes to provide social security, inculcate a spirit of savings and make provision for the future of coalmine workers on retirement, or for their dependents, in case of early death. CMPFO is governed by a Board of Trustees and functions under the administrative control of Ministry of Coal, Government of India. CMPFO having its Headquarters at Dhanbad is operated through 24 Regional Offices situated across the country.

The Regional Office of CMPFO in Hyderabad started functioning from its permanent office building and staff quarters, comprising 51,230 sq.ft. of covered space, constructed during 1995 at Kothapet, a prime location in Hyderabad. CMPFO spent an amount of ₹ 4 crore for construction of the said facilities.

In order to facilitate quick settlement of claims and other matters of the employees of Singareni Collieries Company Limited (SCCL) working at Godavarikhani and Ballampalli regions, CMPFO subsequently decided (March 1999) to shift the Regional Office from Hyderabad to Godavarikhani. For operation of Regional Office at the new place, SCCL handed over the required infrastructure for office space and residential quarters on rental basis to CMPFO in July 2007 and since then the Regional Office of CMPFO has been functioning from Godavarikhani.

Audit observed (April 2015) that after shifting of Regional Office from Hyderabad to Godavarikhani, CMPFO had been using only 10,000 sq.ft. of office space for running the operation of National Electronic Data Processing



Centre, a unit of CMPFO, out of 20,000 sq.ft. of office space available in Hyderabad and balance 10,000 sq.ft. office space remained unutilised. Similarly, out of 31,229 sq.ft. available for 46 residential quarters, only 6 quarters (7663 sq.ft.) were occupied and the balance 23,566 sq.ft. remained vacant since occupants were transferred to Godavarikhani. Though, after shifting of office, a major portion of the above infrastructure was not required and remained unutilised, CMPFO did not envisage any plan for their utilisation. As a result, despite a lapse of more than eight years, it failed to make any gainful utilisation of the above vacant space for its own purpose nor did it explore the opportunity to let out the vacant space inspite of the fact that the same was situated at a prime location in Hyderabad. Even the proposal of Central Government Health Scheme received in June 2014 for use of 2434 sq.ft. was not pursued vigorously. Audit scrutiny further revealed that the higher management of CMPFO also never considered the possibility for gainful utilisation of idle office and residential space since shifting of office in July 2007 and the same was never discussed in the meetings of Board of Trustee of CMPFO till date. During the last five years ended 2014-15, CMPFO had incurred an expenditure of ₹ 108.09 lakh for maintenance, security, electricity and water charges, municipal tax etc. for the office and residential complex in Hyderabad and during the same period CMPFO paid ₹ 25.63 lakh as rent to SCCL for occupying office and residential space at Godavarikhani. Thus, the office space and residential complex in Hyderabad constructed by CMPFO was lying idle without serving any purpose to the organisation for more than eight years, foregoing possibility of recouping some portion of the maintenance expenditure. Besides, considering the available records of reasonable rent of the property as assessed by Central Public Works Department in March 2014, by the most conservative estimate, CMPFO lost the opportunity to earn rent of ₹ 66.46 lakh<sup>1</sup>, calculated for the last 22 months from March 2014 to December 2015 from the vacant space lying unutilised at the prime location in Hyderabad. The foregone rent for the earlier period is not quantifiable in absence of fair rent schedule.

While accepting the audit observations, the Management stated (November 2015) that the building of Hyderabad office would be developed as a training centre and a detailed proposal for the purpose would be placed in the next meeting of Board of Trustees.

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<sup>1</sup> Vacant office and residential space (10000 sq.ft + 23566 sq.ft) ₹ 9 per sq.ft x 22 months.



The contention of the Management is not convincing as the office and residential complex in Hyderabad was lying vacant since 2007 and no fruitful action was taken for gainful utilisation of vacant space in Hyderabad complex during the last eight years. Further, no documentary evidence in support of the initiative taken by CMPFO for gainful utilisation of the facilities as training centre could be made available to audit.

Thus, due to lack of initiative on the part of CMPFO for gainful utilisation of its office space and residential complex lying vacant for more than eight years, CMPFO deprived itself from the benefits of having the infrastructure located at a prime place in Hyderabad and also lost the opportunity to earn rent of ₹ 66.46 lakh from unutilised space for the period from March 2014 to December 2015.

## CHAPTER V : MINISTRY OF COMMERCE AND INDUSTRIES

### Agricultural and Processed Food Products Export Development Authority

#### 5.1 Avoidable expenditure due to non-collection of service tax

**Non-collection of service tax by Agricultural and Processed Food Products Export Development Authority from exporters of scheduled products and lawyers, from whom legal services were availed by it, resulted in avoidable expenditure of ₹ 6.15 crore.**

Agricultural and Processed Food Products Export Development Authority (APEDA) was established on 13 February 1986 by Government of India under section 4 of 'The Agricultural and Processed Food Products Export Development Authority Act, 1985' (the Act). APEDA was constituted for development and promotion of export of scheduled products (consisting of certain agriculture and processed food products). In furtherance to its objectives, APEDA has been rendering various services to exporters of scheduled products viz. registration of exporters, technical inspection and certification, business exhibition services, banking & other financial services, in exchange of certain fees.

In October 2014, the Service Tax authorities raised a demand of ₹ 12.02 crore on APEDA as service tax liability in respect of above mentioned services, for the period 2009-10 to 2013-14. APEDA, in response to the service tax authority's demand, deposited ₹ 3.17 crore as service tax for the period July 2012 to March 2014, without collecting the same from recipients/providers of services.

Audit observed (May 2015) that as per Finance Act, 1994, as amended vide Finance Act 2012, APEDA was liable to collect service tax on the abovementioned services extended to exporters and also on expenses incurred by it for availing legal and professional services from lawyers. APEDA, however, did not collect the service tax from recipients/providers of the services taxable under the Act. Consequently, it had to deposit the service tax of ₹ 3.17 crore from its own sources. The remaining balance of ₹ 8.85 crore of the demand raised by Service Tax Authorities has been recognized as contingent liability in the books of accounts of APEDA for year 2014-15. APEDA has further made a provision for service tax liability of ₹ 2.98 crore for the period

2014-15 and 2015-16 (up to 28 June 2015) in their accounts. Subsequently, as per decision taken in 84<sup>th</sup> meeting of the APEDA Authority held on 2 June, 2015, APEDA has started collecting service tax from exporters with effect from 29 June, 2015 and deposited ₹ 0.74 crore, till 30 September, 2015, with the Service Tax authorities.

The Management in its reply (September 2015) admitted the audit observation and stated that the amount of ₹ 3.17 crore has been paid to Service Tax authorities, from its own resources. APEDA also informed that, in order to get the services being extended by APEDA to exporters exempted from service tax, Ministry of Commerce (Administrative Ministry of APEDA) has requested (September 2014) Ministry of Finance (MoF) to include activities rendered by APEDA in the negative list introduced by Finance Act, 2012; however, there is no response from MoF so far (September 2015).

The fact remains that services rendered by APEDA were liable to service tax under Finance Act 1994 as amended vide Finance Act 2012, but APEDA did not collect service tax till 28 June 2015. Thus, non-collection of service tax by APEDA from exporters of scheduled products and lawyers from whom legal services were availed by it, resulted in avoidable expenditure of ₹ 6.15 crore<sup>1</sup>. Besides, there is possibility of further avoidable expenditure of ₹ 8.85 crore for which contingent liability has already been recognized by APEDA in its accounts.

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<sup>1</sup> ₹ 3.17 crore deposited *plus* ₹ 2.98 crore provided in books of accounts.

## CHAPTER VI : MINISTRY OF CULTURE

### National Museum Institute

#### 6.1 Delay and indecision of Ministry resulted in over five-fold escalation in construction cost of National Museum Institute Building

**Ministry of Culture delayed, for more than a decade, the approval of construction agency for the National Museum Institute Building, resulting in escalation of costs by ₹ 75.40 crore and payment of penalty of ₹ 52.80 lakh to NOIDA authority.**

The National Museum Institute of History of Art, Conservation and Museology (NMI) was set up under the administrative control of the Department of Culture in January 1989, and declared a deemed university<sup>1</sup> in April 1989.

NMI executed a lease deed in November 2001 for purchase of land measuring 12,000 sq. mtrs. from NOIDA authority for a lumpsum lease rent of ₹ 45.38 lakh. In terms of the lease deed, the building was to be completed within five years (i.e., by November 2006), failing which penalty of 4 *per cent per annum* would be levied.

NMI submitted a proposal in January 2003 to Ministry of Culture for construction of hostel, guesthouse and staff quarters. Ministry initially decided, in February 2003, to award the work to the Indian Tourism Development Corporation (ITDC), who submitted an estimate in January 2004 for ₹ 15 crore. In December 2004, however, Ministry decided to get the work done through the Central Public Works Department (CPWD), who submitted an estimate for ₹ 26.62 crore in November 2006, and revised estimate of ₹ 33.39 crore in October 2008. In March 2010, Ministry once again changed its mind and directed the National Council of Science Museums (NCSM) to submit a concept plan for the project. NCSM submitted the concept plan in October 2010 with an estimate of ₹ 61.02 crore. In June 2011 NCSM withdrew from the project. At the request of Ministry in October 2013, CPWD submitted fresh estimates for ₹ 82.27 crore in December 2013, which was revised to ₹ 90.40 crore in March 2014 by Standing Finance Committee (SFC) held under the chairmanship of Secretary (Culture). Ministry approved the proposals and sanctioned the amount to CPWD in August 2014. In the meantime, in July 2014, NOIDA authority

<sup>1</sup> On the recommendations of the University Grants Commission

levied penalty of ₹ 52.80 lakh on NMI for not completing construction of building within five years of execution of lease agreement.

In reply to the audit observation Ministry stated (June 2015) that the delay was on account of non-availability of funds. The reply is not acceptable, since, even as early as in February 2007, ₹ 50 lakh had been allocated to the project, and in the Draft Expenditure Finance Committee (EFC) proposal (February 2007) of the Ministry it was indicated that funds would be provided in phased manner from 2006-07 to 2009-10. Further none of the documents relating to deliberations of the Ministry had flagged non-availability of Funds.

Therefore, indecision of Ministry of Culture for more than a decade on selection of execution agency and award of work of construction of National Museum Institute Building resulted in increase of cost from ₹ 15 crore to ₹ 90.40 crore and also resulted in levy of penalty of ₹ 52.80 lakh by NOIDA authority.

### **Kalakshetra Foundation**

#### **6.2 Unfruitful expenditure on renovation of Koothambalam**

**Poor planning and increase of scope of work without approval of FC resulted in drastic increase in expenditure from ₹ 1.41 crore to ₹ 7.63 crore and further expenditure of ₹ 6.77 crore was assessed to complete the project.**

Bharata Kalakshetra Auditorium called “Koothambalam” of Kalakshetra Foundation (KF) was constructed and inaugurated in the year 1985. KF decided (February 2006) to carry out up gradation of sound and light equipments at an estimated cost of ₹ 63 lakh. Subsequently at the time of approval of revised budget estimates for the year 2006-07, GB approved (September 2006) other improvements to the auditorium also and made provision of ₹ 140.55 lakh (₹ 80.55 lakh for improvement structure and ₹ 60 lakh for upgrading sound system) subject to Finance Committee (FC)’s direction. The matter was deferred (June 2007) by FC but the same was again approved by FC in July 2008.

In May 2009 the GB decided to form a Civil Works Advisory Committee (CWAC). All proposals of CWAC were to be placed before FC and GB for approval before calling for tenders. The CWAC engaged (September 2009) Centre for Architectural Research & Design (M/s CARD) as consultant architect for carrying out upgradation/expansion of various projects in KF. The consultant architect under clause 2.09 of the agreement was delegated with the

powers to invite, receive and analyse tenders and advise KF on appointment of contractors. On the recommendations of the consultant architect (after inviting limited tender enquiry from three contractors) KF awarded (July 2010) the work of addition, alteration and civil work of Koothambalam at a cost of ₹ 2.19 crore to M/s Chennai Engineers.

KF engaged three consultants<sup>2</sup> for up gradation of sound system, Stone sculpture work and up gradation of stage lighting system on nomination basis. Further sub consultant for Heating, Ventilating and Air Conditioning work (HVAC) and electrical work were appointed by M/s CARD. These five consultants in turn executed the various works through various contractor/suppliers on limited tender basis. The total value of the work awarded was ₹ 7.63 crore.

Audit scrutiny (January 2013) revealed that:

- The consultant architect has to prepare report on structural stability at concept design stage as envisaged in para 2.02 of the agreement. However, the structural stability test was carried out (September 2010) much after the commencement of civil works (July 2010) resulting in lot of deviations.
- Proceedings of CWAC verifying/authorising the estimate prepared by the consultants was not available on record and also not submitted to FC for approval before calling for tenders.
- The appointed consultants followed the limited tender enquiry for award of works to different contractors in contravention of Rule 150 of GFR.
- Accessories for upgradation of stage lighting and curtain system (₹ 0.70 crore), HVAC equipment (₹ 0.84 crore), electrical equipment (₹ 0.23 crore) procured in October 2010 were yet to be put into use due to non-completion of civil works.
- Sound equipments costing ₹ 1.46 crore procured (November 2009 to March 2011) much before the commencement of civil work (July 2010) for which the warranty period had expired and are being partially utilized in other auditoria.

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<sup>2</sup> M/s Sound Wizard (upgradation of sound system), Umapathy Acharya (Stone Sculpture work), Sri Gautam Bhattacharya (Upgradation of stage lighting system and curtain system)

- Though GB approved (September 2006) ₹ 140.55 lakh, the work awarded to various contractors amounted to ₹ 7.63 crore without the approval of FC. KF sought (April 2012) for post facto approval from GB for the works on which an expenditure of ₹ 7.02 crore was already incurred. However, GB resolved that further work at Koothambalam be brought to a close as the proposal did not have sufficient information regarding necessity for renovation, specific approvals from Governing Board, process adopted for selection of Architect/Consultant, justification for not adopting the procedures in consonance with GFR etc.
- KF has assessed (June 2014) further expenditure of ₹ 6.77 crore for completion of balance work under Koothambalam project.

Ministry in its reply (February 2015) accepted the non-adherence of GFR norms and absence of clear idea at the inception about the works to be undertaken. It also accepted that though the architect submitted the specification, working drawings and abstract estimate, the estimate did not contain the quantity derivation and rate analysis as per CPWD format. However, the reply is silent about non-submission of work estimate by CWAC to FC before calling for tenders.

Thus due to poor planning and increase of scope of work without approval of FC resulted in drastic increase in expenditure from ₹ 1.41 crore to ₹ 7.63 crore and further expenditure of ₹ 6.77 crore was assessed to complete the project.

## **Centre for Cultural Resources and Training**

### **6.3 Idle investment and avoidable payment of rent**

**Centre for Cultural Resources and Training was allotted a plot of land for establishment of its Regional Centre at Udaipur, Rajasthan in 1998. However even after spending ₹ 3.09 crore on the project the construction activity was yet to start leading to blocking of funds. In the meantime activities of the CCRT were carried out from rented premises leading to avoidable payment of rent to the tune of ₹ 1.19 crore.**

Centre for Cultural Resources and Training (CCRT) established a Regional Centre (RC) at Udaipur, Rajasthan in 1994-95 in a rented premise with a view to diversify, decentralize and expand its activities. Based on the request (December 1995) of CCRT, the State Government allotted (March 1998) 2.28 hectare land on lease at a cost of ₹ 2.64 lakh. The lease deed was signed (August 1998) between CCRT and the Government of Rajasthan with the

stipulation that construction work of the building should be started within one year from the date of allotment of land.

CCRT approved the construction of boundary wall through CPWD in June 1999 at a cost of ₹ 7.44 lakh. Audit observed that after the construction of the boundary wall in August 2001, no further progress was made by CCRT until 2005 when it approved (May 2005) the construction of building at Udaipur. Subsequently on the request of CCRT, CPWD informed the estimated cost (approx.) of ₹ 3.85 crore for construction of building at Udaipur in July 2005.

State Government sent (May 2006) a notice to CCRT for cancellation of allotment of land as no construction had been carried out on the allotted land. CCRT requested the State Government to withdraw the notice explaining the reasons for delay. CCRT, however, without getting the response of the State Government, entered into an MoU with CPWD in March 2008 for construction of the building and released ₹ 2.71 crore to the latter during the period March 2008 to April 2010. Audit observed that in the meanwhile the land had been transferred to Urban Improvement Trust (UIT) in 2007.

When CCRT approached (October 2014) Urban Improvement Trust to get approval for digging of bore well, it found that the land had already been transferred to UIT in 2007 itself. Subsequently, CCRT/Ministry took up the matter with the State Government for restoration of land in its name. In March 2015, the State Government decided to restore the land to CCRT on payment of ₹ 21.10 lakh. The possession of land was formally handed over to CCRT after making payment of ₹ 21.10 lakh in June 2015.

Audit observed that final approval of the drawings was not obtained as on September 2015 from the UIT as the same were not as per the existing bye-laws. The modified drawings were yet to be submitted for approval (December 2015). CCRT spent ₹ 3.09 crore towards cost of land, construction of boundary wall and payment to CPWD.

Further the regional centre was functioning from rented accommodation and ₹ 1.19 crore had been spent towards rent from April 1998 to December 2015. This could have been avoided had the regional centre been made functional at the allotted land.

Thus, despite lapse of more than 17 years of allotment of land and incurring ₹ 3.09 crore as of October 2015 towards cost of land etc., the construction activity was yet to take off. Consequently, CCRT had to made avoidable payment of rent to the tune of ₹ 1.19 crore for the rented building.



CCRT stated (September 2015 and December 2015) that copy of the cancellation orders of June 2006 was not received in the Ministry or CCRT. However, after making the payment to UIT in June 2015, possession of land was restored to CCRT. It also stated that concerted efforts were being made to commence the construction at the earliest.

The fact that CCRT was not even aware of the status of land until 2014 indicates that it failed to handle the project in an efficient manner. This led to idle investment of ₹ 3.09 crore and avoidable expenditure of ₹ 1.19 crore towards rent.

The matter was reported to the Ministry (November 2015); their reply was awaited (December 2015).

## CHAPTER VII : MINISTRY OF EXTERNAL AFFAIRS

### 7.1 Less collection of revenue due to incorrect adoption of exchange rate on fees/penalties charged towards renunciation of citizenship and misuse of passports

**Incorrect adoption of prevailing official exchange rate by High Commission India (HCI) Ottawa and its Consulates in Toronto and Vancouver in June 2010 instead of the exchange rate for visa fees as required under the Manual and unwarranted downward revision of service fees for renunciation of Indian citizenship and penalty on misuse of passports later in March 2013, resulted in less collection of revenue of ₹ 27.01 crore.**

According to Schedule IV of the Citizenship Rules 2009 which came into force from 25 February 2009, and Passport Manual 2010 (Chapter 29 para 5 (ii)), a service fees of ₹ 7,000 was to be charged for renunciation of citizenship abroad. Further, the Passport Manual 2010 (Chapter 29 para 5 (iv a and g)) prescribed a penalty of ₹ 10,000 for passport not surrendered upto three years, but used once for travel after obtaining foreign passport or when the passport is retained over three years. The manual further provides that the rate of exchange for collection of penalty in applicable local currency was the same exchange rate as being used for calculation/conversion of visa/other consular services. Further, as per practice, the exchange rate adopted for renunciation fees by the Missions is the same as used for penalty for misuse of passports.

Audit noticed (September 2014) that the rate of exchange used by the HCI, Ottawa and two Consulates under its jurisdiction, at Toronto and Vancouver for visa services was @ 1 Canadian Dollar (C\$)=₹ 29.23<sup>1</sup>. However, instead of adopting the above exchange rate being used for visa services as prescribed under the Passport Manual, these Missions/Posts had applied the official exchange rate prevailing in June 2010 @ 1C\$=₹ 41.66<sup>2</sup> for local currency both for penalty and renunciation fees. Accordingly, HCI, Ottawa fixed (June 2010) the renunciation fees at C\$168 (₹ 7000/₹ 41.66) and penalty to be charged at C\$240 (₹ 10,000/₹ 41.66) instead of C\$ 240 ((₹ 7000/₹ 29.23) for renunciation fees and C\$343 ((₹ 10,000/₹ 29.23) for penalty as per the rate of exchange being used for visa services. The incorrect fees was applied to 17,664

<sup>1</sup> 1C\$=₹ 29.23 with effect from 1 March 2002 to 30 September 2012 used for visa services.

<sup>2</sup> 1C\$=₹ 41.66 - the prevailing exchange rate as in June 2010.

renunciation cases and 797<sup>3</sup> misuse of passport cases during the period from June 2010 to February 2013. This has resulted in revenue loss of C\$ 13,53,899 (₹ 6.05 crore<sup>4</sup>).

The Ministry had revised (October 2012) Passport fees and Passport related services through Ministry's Gazette Notification. The Ministry, while referring to revised passport fees and related fees, issued further clarifications (October 2012/ December 2012) stating that the above Gazette Notification only covered passport fee and passport related services as enumerated therein and hence structure of consular fees would remain unchanged. The Ministry also advised (October 2012) the Missions that the fee in terms of local currency may be revised if the local currency depreciated against US dollar by 10 *per cent* or more. However, the fees may not be revised in the case of appreciation of local currency against US dollar.

Audit, however, observed (September 2014) that HCI, Ottawa and its Consulates in Vancouver and Toronto despite the above clarification issued by the Ministry had again made downward revision of service fees for renunciation from C\$168 to C\$126 and penalty on misuse of passports from C\$240 to C\$180 in March 2013 by applying the official exchange rate of October 2012<sup>5</sup> (1C\$=₹ 018). The downward revision of service fees was applied to 27,057 renunciation cases and 5,125 misuse of passport cases during the period from 1 March 2013 to 22 January 2015. Thus, due to such incorrect downward revision on renunciation fees and penalty based on the prevailing official exchange rate, the Mission suffered a revenue loss of C\$ 39,19,873 (₹ 20.96 crore<sup>6</sup>).

In reply, the Mission (January 2015) stated that error in re-fixation of passport surrender fees and associated penalty was neither intentional nor an inadvertent lapse on Mission's part but on account of ambiguity in the instructions issued by the Ministry and delay by the Ministry in responding to Mission's request (October 2014) for clarification on this issue. The Mission further stated (September 2015) that fees had been revised after receipt of clarification from Ministry on 22 January 2015.

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<sup>3</sup> Consulate General of India, Vancouver did not provide data on misuse of passports for the period from June 2010 to December 2010.

<sup>4</sup> Least exchange rate for the month of May 2011 1C\$=₹ 44.69 during the period June 2010 to February 2013 has been considered for calculating loss of revenue in terms of rupee.

<sup>5</sup> ₹ 1 = C\$ 018 prevailing exchange rate as in October 2012.

<sup>6</sup> Least exchange rate for the month of April 2013 1C\$=₹ 53.47 during the period March 2013 to January 2015 has been considered for calculating loss of revenue in terms of rupee.

The reply of the Mission is not acceptable as there was no necessity for the Mission to obtain clarification from the Ministry since the Passport Manual provisions were clear on the rate of exchange to be adopted. Further, the fact that other Missions test checked in Audit correctly followed the Passport Manual provisions in applying the exchange rate for renunciation fees and penalty for misuse of passports also indicates that there was no ambiguity in the Manual provision warranting any clarification.

The Mission correctly revised the renunciation fees and penalty for misuse of passports with effect from 23 January 2015 following clarification from the Ministry at the instance of Audit.

Thus, incorrect adoption of prevailing official exchange rate by the Mission and Posts in Canada in June 2010 and further unwarranted downward revision of service fees for renunciation of Indian citizenship, and penalties on misuse of passports in March 2013 resulted in revenue loss of (₹ 6.05 crore + ₹ 20.96 crore) ₹ 27.01 crore.

## 7.2 Undue benefit to the Service Provider

**Permitting the Service Provider to handle fast track business visa with Service Charge at an arbitrary rate (Great Britain Pound 25) in place of normal service charge of GBP 7.70 resulted in undue benefit of ₹ 10.72 crore to the Service Provider during the period March 2010 to February 2015.**

Financial Rules envisage that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. Further, a Ministry or Department may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the specified basic guidelines (Rule 178-Outsourcing of Services).

CVC vide circular no. 005/CRD/19 dated 5 July 2006 stipulated that all Ministries should maintain transparency in Works/ Purchase / Consultancy contracts and stated that tendering process or public auction is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a

breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.

High Commission of India, London (Mission) entered into an agreement with VF Services (UK) Ltd, the Service Provider (SP) for various visa support services on 24 January 2008 for a period of five years. The agreement became operational on 29 May 2008.

As per the agreement, the SP was, amongst others, responsible for accepting visas application forms, accepting visa fees and paying the fee due to the Mission in Mission's bank account, scrutinizing the visa applications to ensure completeness, forwarding the complete applications along with passports to the Mission twice each day, collect processed applications from Mission twice each day, return passports to applicants, maintaining proper records, accounts, quality control system, security, telephonic enquiry system, progress tracking system and contingency plan. As per the agreement, the charges to clients were not to exceed the cost of the appropriate prescribed visa fee plus SP's Service Charge for each passport not exceeding GBP 6.90 per visa application. The amount of the SP's Service Charge was to remain fixed for the entire duration of the Agreement and was to be changed only if there was a change in the rate of local taxes or VAT. Accordingly, the SP's Service Charge was increased to GBP 7.70 in September 2011.

The Mission introduced (March 2010) the service of Fast Track Business Visa (FTBV) whereby business visa would be issued on same day on payment of additional visa fee and Service Charges. The Service Charges were to be collected and retained by the SP. The Mission fixed a Service Charge of GBP 25 for each such visa. The award of above additional work to the SP resulted in undue benefit to the SP for the following reasons:

- additional work was given to the existing SP (contractor) without competition, transparency and price discovery which was mandated by General Financial Rules and CVC guidelines;
- additional work of FTBV initially awarded without competition and price discovery was not reviewed for a long period of 5 years; The Mission continued outsourcing of this work at current rate (GBP 25 per application) despite the Ministry expressing its reservations in June 2013<sup>7</sup>,

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<sup>7</sup> Ministry's Egram No. 104 dated 28 June 2013

August 2013<sup>8</sup> and May 2014<sup>9</sup>. The Ministry essentially disfavored outsourcing of FTBV and wanted the Mission to process such visas;

- Mission did not undertake due diligence in estimating the Service Charges. Initially, it proposed (August 2008) a Service Charge of GBP 50 which was later on reduced (October 2009) to GBP 25 without detailed estimation of cost, market survey and study; and negotiations with the vendor. The fact that the new SP had agreed to render the same service at normal Service Charges (GBP 7.44) with effect from March 2015 (new agreement) against the enhanced Service Charge of GBP 25 during 15 March 2010 to February 2015 points also Mission had arbitrarily fixed a Service Charge of GBP 25 in March 2010.
- the entrustment of additional work of FTBV did not entail any additional process/activity by the SP. The FTBV processing required collection of applications upto 1130 hours on each day, delivery of these applications to the Mission and collection of issued visas on the same day at 1600 hours. This schedule did not require extra investment as the SP was already responsible for delivery of applications and collection of passports twice each working day (timings to be determined by the Mission). The additional burden in issuing same day visa, if any, was on the Mission as they had to process all such cases on day to day basis.
- while going for a fresh tender for visa work in July 2013, the Mission omitted to include this item of work. This hampered price discovery and created uncertainty about continuity of services;

When the above facts were pointed out by Audit (August 2015), the Mission justified the levy of Service Charge by stating that the Service Charge of GBP 25 was approved by the Ministry. The Mission's contention is not acceptable due to the following reasons:

- The decision to award additional work was not in conformity with General Financial Rules and CVC guidelines.
- Ministry also did not agree to the Mission's proposal (July 2013) to consider continuation of present arrangement for handling FTBV through the SP with Service Charge remaining at the same level (GBP 25).

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<sup>8</sup> Ministry's Egram No. 132 dated 13 August 2013

<sup>9</sup> Ministry's Email No. 2154/JS(CPV)/2014 dated 8 May 2014

Thus, the Mission's decision to award processing of FTBV cases at enhanced Service Charge of GBP 25 per case in place of normal Service Charge of GBP 7.70 resulted in undue benefit of ₹ 10.72<sup>10</sup> crore to the SP from March 2010 to February 2015.

### **7.3 Award of work to a dubious firm**

**Failure to comply with laid down procurement process by the Embassy of India; Washington DC resulted in award of Annual Maintenance Contracts of IT equipment to a dubious firm and consequent irregular payment of ₹ 136.55 lakh by the Mission. Also, there was no credible evidence of service delivery for which payment was made indicating weak internal controls.**

General Financial Rules (GFR) 2005 stipulate that invitation to tenders by advertisement (open tenders) should be used for procurement of goods or services, the cost of which has an estimated value of ₹ 25 lakh or above. Advertisement should be published at least in one national daily and the website of the organization.

Audit scrutiny of records of Embassy of India (Mission), Washington DC for the period January 2014 to February 2015 revealed (March 2015) that the Mission did not invite open tenders in the following two cases though the value of work was more than ₹ 25 lakh in each case. Further, in both the cases the work was awarded and the payment was released to a firm, whereabouts of which were not verifiable:

#### **7.3.1 Annual Maintenance Contract of two servers and 16 desktops at Consular Section:**

The Mission sent proposal (February 2012) for annual maintenance of two servers installed in Consular wing (HP Proliant ML370G5) purchased in August 2007 to the National Informatics Centre (NIC), New Delhi which advised (March 2012) for onsite comprehensive warranty of servers.

It was noticed in audit that the Mission simply obtained quotation from three firms viz., M/s Advance Technology Concepts (M/s ATC), M/s Geeks Everywhere and M/s Geeks Rx instead of inviting open tenders and constituting tender evaluation committee as per provisions of GFR. Audit observed that no bidding document was sent to the vendors specifying the requirements of the

<sup>10</sup> 72006 Applications multiplied by GBP 17.3 (25 minus 7.70) as Service Charge per application is equal to GBP 1245703.80 or INR 107155440.87 (calculated @ GBP 1 = ₹ 86.02 being the Average Official rate of exchange for the period 2010-11 to 2014-15).

Mission. Audit also found from the quotations obtained by the Mission from the above firms that two firms were having the same address. Internet search in respect of the third firm in Audit revealed that the firm by this name did not exist at the address mentioned in the quotation. The amount of US\$ 4,470<sup>11</sup> quoted by M/s ATC was considered lowest and the contract was awarded to them on 23 April 2012.

Audit further noticed that even though M/s ATC was an IT Company, it neither had any website of its own nor could it be contacted through email printed in the invoices received. There were no copies of certificate of incorporation, Federal tax id number, IT security certification, qualification of the service engineers of M/s ATC. The sign-in sheets submitted by M/s ATC routinely indicated two visits per month to the Mission without details or signature of the service engineer who actually visited the site. There were no records of entry details of service engineers of M/s ATC in the Embassy premises. In the absence of evidence of procedure followed for rendering requisite services by M/s ATC, services offered by them remained unverifiable.

An amount of US\$1,56,450 (₹ 97.94 lakh<sup>12</sup>) was paid to M/s ATC (May 2012 to March 2015) towards the AMC of two servers and 16 desktops. The price of two servers purchased in August 2007 was US\$6,118. Thus the present cost of annual maintenance of servers works out to 705 per cent<sup>13</sup> of the price of the servers which is exorbitant. Further, it was noticed that Ministry had accorded sanction in August 2012 to incur an expenditure of US\$ 53,640 for AMC for two servers and 16 Desktop computers for one year i.e., 2012-13. However, the Mission continued to incur unauthorized expenditure of US\$4,470 per month for the period April 2013 to March 2015 totalling US\$1,07,280 i.e. ₹ 67.16 lakh without the sanction from the Ministry (November 2015).

### **7.3.2 Procurement of the equipment for connectivity (CISCO ASA5510) and onsite support**

National Informatics Centre (November 2012) issued guidelines for automatic Black List-updation for decentralized visa issuance sites wherein necessary equipment for connectivity to Indian Missions in Immigration, Visa and Foreigner's Registration & Tracking (IVFRT) Project were to be procured on

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<sup>11</sup> (US\$ 3,595 per month for two servers and US\$ 875 per month for 16 desktops)

<sup>12</sup> Official exchange rate in March 2015 was One US\$=₹ 62.60

<sup>13</sup> AMC @ 3595 x12/6,118 (price of two servers)



urgent basis by the Missions with five years comprehensive warranty and onsite support.

Audit observed that the Mission obtained quotations from three firms viz., M/s ATC, M/s New York Business Systems and M/s IGH Digital for procurement of the equipment for connectivity (CISCO ASA5510) and onsite support without following the required open tendering process for obtaining and evaluating bids though the value of procurement of service was US\$1,57,270.86 i.e., ₹ 98.45 lakh<sup>14</sup>. There was no record to indicate the date on which the quotation from M/s ATC was received. The contract was awarded (November 2013) to the lowest bidder M/s ATC for supply of equipment for ₹ 11.77 lakh (US\$18,670.86) and for onsite support at the rate of ₹ 1.43 lakh (US\$ 2310) per month for five years. Audit also observed that Mission had paid ₹ 11.77 lakh towards purchase of equipment in September/October 2013 and ₹ 26.84 lakh towards onsite support from November 2013 to March 2015. There were no sign-in sheets for the services rendered and no entry details of service engineers of M/s ATC in the Embassy premises for carrying out onsite support of the CISCO systems. In the absence of these details the maintenance service rendered by M/s ATC remained unverifiable.

It was further noticed in audit that the Ministry of Home Affairs had given sanction for onsite support for one year from April 2013 to March 2014 and no further sanction had been issued by the Ministry after 31 March 2014. However, the Mission incurred an expenditure of ₹ 17.51 lakh for onsite support after March 2014 to March 2015 without any sanction which was unauthorized (November 2015).

In response to above audit observations, Mission stopped the payments to M/s ATC for both the contracts after March 2015. As regards audit observations of the firm having no proper email id, the Mission accepted that there had been no response from that firm since March 2015. Mission further stated (October 2015) that at the instance of audit it had constituted a standing committee for purchases and issued strict instructions for adherence of GFR provisions and CVC guidelines. As regards audit observation on exorbitant payments to M/s ATC, the Mission stated that it was not technically equipped to evaluate the pricing of the contract and that the contract was awarded on the advice of NIC. The reply is not acceptable as only technical advice was sought from NIC and

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<sup>14</sup> cost of equipment plus five years onsite maintenance contract

the agency was not involved for evaluation of quotations. As regards audit observation on lack of evidence for service delivery, the Mission replied that one local employee who was the point of contact for the vendor failed to make log entries while taking the vendor inside the Embassy. After the matter was pointed out in audit, the Mission has outlined the security protocols for adherence. Further, the Mission could not provide the details of service engineer/s who visited the Mission for maintenance and certificate of incorporation, Federal tax id number, IT security certification of M/s ATC. Existence of the firm to which payments were made and delivery of services therefore, remains unverifiable.

Thus, the Mission failed to follow transparent, competitive and fair procurement process as required under GFR provisions which resulted in award of contracts to a dubious firm and consequent exorbitant payments of ₹ 136.55 lakh. Further, the expenditure of ₹ 84.67 lakh incurred on AMC of servers, desktops and networking equipment was not sanctioned by the Ministry and hence unauthorized.

#### **7.4 Loss of revenue due to non-revision of Fee for Passport and related services**

**Failure to comply with the Instructions of the Ministry on revision of fees for Passport and related services by the High Commission of India, Kuala Lumpur resulted in loss of revenue worth ₹ 63.28 lakh.**

Government of India vide gazette notification (September 2012) revised the fee for passport and related services to be effective from 01 October 2012. Thereafter, the Ministry clarified (October 2012) that the fee may be fixed in local currency adopting the official rate of exchange or the commercial/ bank exchange rate whichever is beneficial to the Government. It was further stated that the fee in local currency may be revised if the local currency depreciates against US dollar by 10 *per cent* or more.

The Mission fixed the fee for passport and related services in October 2012 adopting the exchange rate of 1 USD = RM 3.04.

Audit scrutiny of records revealed that in the period after October 2012, the depreciation in the currency against USD breached the 10 *per cent* mark of RM

3.38<sup>15</sup> for the first time in January 2015. Thus, in compliance of instructions of MEA, the fee for Passport and related services should have been revised by the Mission by adopting the exchange rate of January 2015 i.e. 1 USD = RM 3.50. Audit noted that no action was taken by the Mission to revise the fees.

Mission accepted the audit observation (July 2015) and stated that the fee would be revised after approval of the Head of Mission. It was further stated that the fees could not be revised as inadvertently, the Mission did not realize that the local currency had depreciated by more than 10 *per cent*. The fee was revised with effect from 16 July 2015 by adopting the exchange rate as on 01 July 2015 i.e. 1 USD = RM 3.76.

Therefore, by revising the fee for passport and related services from 01 January 2015, the Mission could have earned an additional revenue of ₹ 63.28 lakh during the period January 2015 to 15 July 2015, if it was more vigilant and had exercised proper checks.

The matter was issued to the Ministry in October 2015, their reply was awaited as of February 2016.

## **Haj Committee of India, Mumbai**

### **7.5 Non-payment of Service Tax**

**Haj Committee of India neither registered itself with the Service Tax Department nor paid Service Tax amounting to ₹ 7.09 crore on supporting services provided to haj pilgrims.**

Section 66B of Finance Act, 1994, introduced w.e.f. 01 July 2012, provides for levy of service tax on the value of all services, other than those services specified in the negative list. Further Ministry of Finance, Government of India has issued notification No. 17/2014 dated 20/08/2014 duly exempting from payment of Service Tax for the Services by a specified organization including Haj Committee in respect of a religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India. Issuance of this Notification signifies that the HCOI was liable for payment of Service Tax for the periods between 01 July 2012 to 19 August 2014 since it was not covered in the negative list and after 20.08.2014 this service is fully exempted.

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<sup>15</sup>  $(3.38-3.04)/3.38 \times 100 = 10.06 \text{ per cent.}$

The Haj Committee of India (HCOI) was constituted under the provisions of the Haj Committee Act of 1959 as amended in 2002 for making arrangements for the pilgrimage of Muslims for Haj and for matters connected therewith. Apart from collecting to and fro air fare, transport and other specified accommodation charges from the pilgrims, the Committee retains an amount of ₹ 1000/- from each pilgrim to defray their expenses on office logistics, correspondence with the pilgrims, organizing vaccination camps, accommodation and booking pilgrims at embarkation points etc. rendered as facilitators for their services from the pilgrims.

Audit observed that HCOI had retained fee of ₹ 57.36 crore during 2012-13 to 2014-15 (upto May 2014) from Haj pilgrims for providing supporting arrangements. As these services were neither covered under the negative list nor any exemption had been issued by the Ministry of Finance till August 2014, the HCOI was liable to pay service tax amounting ₹ 7.09 crore. However, it was noticed that the HCOI was neither registered with Service Tax department nor paid any service tax.

Ministry of External Affairs replied (December 2015) that the matter has been taken up with Department of Revenue, Ministry of Finance for issue of suitable notification exempting HOCI from payment of service tax from retrospective date i.e., from 1<sup>st</sup> July, 2012 on the services rendered to the Haj pilgrims.

No notification has been issued yet (January 2016).

## CHAPTER VIII : MINISTRY OF HEALTH AND FAMILY WELFARE

### Dr. Ram Manohar Lohia Hospital

#### 8.1 Blocking of funds and non-utilisation of equipment

**The Ministry of Health & Family Welfare, without ensuring readiness of infrastructure went ahead and procured various medical equipment valuing ₹ 15.93 crore for Emergency Care Centre in Dr. Ram Manohar Lohia Hospital, Delhi. Two of these equipment, valuing ₹ 2.40 crore could not be put to use as of December 2015.**

General Financial Rules<sup>1</sup> (GFR) stipulate that every authority delegated with the financial powers of procuring goods/services in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters related to public procurement.

The Ministry of Health & Family Welfare (Ministry) on behalf of Dr. Ram Manohar Lohia Hospital entered (May 2010) into a contract with M/s Hosmac Projects for construction of Emergency Care Building. The work was scheduled to be completed by October 2010 and was intended for opening the emergency medical care facilities for Commonwealth Games Sports persons and to cater to the present day emergency requirements. The work could not be completed within the stipulated timeframe due to various reasons such as change in structural designs, delay in submission and finalization of designs by the contractor etc.

Delhi Tourism & Transportation Development Corporation Ltd. (project management consultant for this work appointed by the Ministry) apprised (August 2011) the Ministry about slow progress in work. Despite being aware of the status of work, the procurement cell of the Ministry issued Notification of Award (NOA) in December 2011 to 24 firms for supply of various medical equipment for Emergency Care Centre at the Hospital. The Hospital further issued (March 2012 to June 2012) supply orders to respective firms for supply of 22 items. These equipments were received during April 2012 to December 2012. Letter of credit in respect of two items<sup>2</sup> were opened/established in February/March 2013, and these items were received between July 2013 and September 2013. The total value of equipment procured was ₹ 15.93 crore.

<sup>1</sup> Rule 137 and 160 of GFRs

<sup>2</sup> ICU Beds Advance Model (39 No.) and Defibrillator with ECG Monitor (10 No.)

Audit observed the following discrepancies in the utilisation of the procured medical equipment:

Sl. No.	Nature of discrepancy	Money value (₹ In crore)
1.	Equipment issued to other departments/wings	5.66
2.	Warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired	1.22
3.	Two equipment <sup>3</sup> were lying uninstalled in the store as of December 2015.	2.40

Thus, failure to ensure readiness of infrastructure to install the equipment led to non-utilisation of two equipment for a period of more than 36 months. Even where the equipment were utilised, these were diverted and were not utilised for the intended objective of emergency care. Audit also observed that warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired without being used in NECC. The patients were deprived of better care facilities sought through these equipments.

On this being pointed out by Audit, Ministry stated (December 2015) that the equipment could not be installed on time due to delay in construction of NECC. It further stated that equipment lying in the stores as well as diverted to other departments would be re-installed in NECC when it would become fully functional. The reply establishes that the hospital concluded the procurement process without synchronising the same with the construction activity and hence the equipment could not be put to intended use.

## Safdarjung Hospital

### 8.2 Excess Payment of Service Charges

**Incorrect determination of 'use factor' for calculation of service charges on property tax by the Safdarjung Hospital resulted in excess payment of ₹ 4.60 crore to New Delhi Municipal Council.**

The New Delhi Municipal Council (NDMC) (Determination of Annual Rent), Bye-Laws, 2009 which became effective from 1 April 2009, requires every property owner to make a self-assessment of the property for the payment of property tax. The Ministry of Urban Development (MOUD) in December 2009 directed that the Union of India (UOI) & its departments will pay service charges for the services provided by Municipal Corporations. No property tax will be paid to UOI but service charges calculated at the rate of 75 per cent, 50

<sup>3</sup> A. Open Care System for Neonates with Accessories (18 Nos : ₹ 1.66 crore)  
B. Complete Monitoring System (01 unit of Central Station & 18 monitors : ₹ 74.21 lakh)

per cent or 33 1/3 per cent of Property Tax levied on property owners will be paid, depending upon utilization of full or partial or nil services.

Further as per Bye-law 3 of the NDMC Annual Rent Bye-Laws, 2009<sup>4</sup>, the 'use factor' for the land is to be taken into account for the purpose of calculation of Property Tax. The 'use factor' for the land utilized was to be calculated as follows:

Use	Factor
Residential, Public Purpose, Schools, Colleges, Hostels and Hospitals	1
Public Utility, Government Offices and Embassies	2

Test check of the related records of Safdarjung Hospital disclosed that it had made payment of service charges in respect of Left and Right Wings of OPD-III, on the basis of self-assessment during the period 2009-10 to 2012-13. While calculating service charges, it had adopted the use factor for the hospital land as 2 instead of applicable factor 1. Thus, incorrect adoption of 'use factor' resulted in excess payment of ₹ 4.60 crore to NDMC during the period 2009-10 to 2012-13.

On being pointed out by audit, the Hospital took up the matter with NDMC (June 2013 to February 2015) which accepted (March 2015) the excess payment of ₹ 4.60 crore and stated that it would adjust the same from future demands. The Ministry endorsed (January 2016) the reply of the Hospital (December 2015) which reiterated the position. The Ministry may also issue suitable instructions to various premises regarding use of correct rates for payment of service charges.

## All India Institute of Hygiene and Public Health, Kolkata

### 8.3 Excess Payment of stipend

**The Institute without ensuring that the courses were prescribed in the Medical Council of India (MCI) regulation allowed payment of stipend at higher rate to the students of two PG diploma courses viz. Diploma in Industrial Health (DIH) and Diploma in Maternity and Child Welfare (DMCW), resulting in excess payment of stipend amounting to ₹ 3.63 crore during the period from June 2005 to July 2014.**

All India Institute of Hygiene and Public Health, Kolkata (Institute) is dedicated to teaching, training, and research in various disciplines of Public Health and allied sciences. The Institute has been conducting various Diploma and Degree

<sup>4</sup> As per Self-Assessment Property Tax Form No. 1

courses in affiliation with the West Bengal University of Health Sciences, Kolkata (WBUHS). All the students of the Institute including the students of Post Graduate (PG) medical courses were paid a uniform stipend of ₹ 800 per month.

As per para 13.3 of Post Graduate Medical Regulations, 2000 (Regulation) of Medical Council of India (MCI), the PG students of an institution shall be paid remuneration at par with remuneration being paid to the PG students of the Government Medical Institutions located in the respective State/Union Territory. Since the PG students of Government Medical Colleges in West Bengal were getting a monthly stipend of ₹ 6340, ₹ 6840 and ₹ 7340 for the first, second and third year respectively, the Institute approached (June 2004) the Ministry of Health and Family Welfare (Ministry) to keep parity in stipend as envisaged in the MCI Regulation. On getting approval from the Ministry (June 2005), the Institute enhanced the monthly stipend of their PG medical students from ₹ 800.00 to ₹ 6340, ₹ 6840 and ₹ 7340 for the first, second and third year respectively. Further, the Institute, from time to time, enhanced the stipend of their PG students commensurate with the increase in the stipend allowed by the West Bengal State Government for their PG medical students.

The Institute in May 2011 approached MCI for inspection of their four PG medical courses<sup>5</sup> to facilitate increase in the intake capacity of students. But the MCI in September 2012 declined to carry out inspection of two PG medical courses viz. DIH<sup>6</sup> and DMCW<sup>7</sup> on the ground that the courses were not prescribed in the MCI Regulation. Since, the courses were not prescribed in the MCI Regulation, the PG students of these two courses were entitled to a stipend of ₹ 800.00 per month only. In May 2013, audit pointed out the payment of stipend at enhanced rate though the two courses were not prescribed in MCI Regulation. The Institute, however, continued to pay the stipend at enhanced rate and the total excess stipend paid from June 2005 to July 2014 was ₹ 3.63 crore.

The Ministry stated (January 2016) that DMCW and DIH courses were MCI recognised courses and referred to the reply<sup>8</sup> of MCI to a RTI application which stated that these courses were recognised under the Indian Medical Council Act,

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<sup>5</sup> MD (Community Medicine), DIH, DMCW and DPH

<sup>6</sup> Diploma in Industrial Health

<sup>7</sup> Diploma in Maternity and Child Welfare

<sup>8</sup> Reply furnished under Right to Information Act, 2005



1956. The reply was not tenable as these two courses were not included in the MCI Regulation notified in October 2000 which stipulated that such diploma courses instituted prior to the commencement of the Regulation should be discontinued after the students admitted complete the said courses and thus, the recognition to these courses was no longer valid after October 2000 under the MCI Act 1956. Therefore, the Institute should have discontinued these courses once the students admitted in the year 2000 completed their courses by 2002<sup>9</sup>. Since the payment of stipend was made under the provisions of the Regulation, the same cannot be made for the courses not included in the Regulation.

Thus, the Institute without ensuring that the courses were prescribed in the MCI regulation allowed payment of stipend at higher rate to the students of two PG diploma courses *viz.* DIH and DMCW, resulting in excess payment of stipend amounting to ₹ 3.63 crore during the period from June 2005 to July 2014.

### **All India Institute of Medical Sciences-Jodhpur**

#### **8.4 Non-recovery of refund of irregular payment of Service Tax**

**All India Institute of Medical Sciences - Jodhpur made payment of service tax on the outsourced services, although these services were exempted from payment of such tax.**

Ministry of Finance (Department of Revenue), Government of India exempted certain services provided to an educational institution by way of Auxiliary Educational Services from service tax with effect from 1<sup>st</sup> July 2012 (Notification No. 25/2012, Service Tax dated 20 June 2012). The notification clarified that exempted services *inter alia* includes any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person. Ministry of Finance further clarified that by virtue of the entry in the negative list, it was clear that all services relating to education are exempt from service tax (Circular No. 172/7/2013-ST dated 19 September 2013).

Audit observed that All India Institute of Medical Sciences Jodhpur (Institute) outsourced manpower services<sup>10</sup>, security services, transportation services<sup>11</sup> and catering services<sup>12</sup> and paid irregularly service tax amounting ₹ 63.13 lakh

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<sup>9</sup> Two year courses

<sup>10</sup> M/s Intelligence Security of India

<sup>11</sup> M/s Balaji Tours

<sup>12</sup> M/s Kishan Catering & M/s Kissan Catering, Jodhpur

during the financial year 2012-13 and 2013-14 for the services provided during that period.

Ministry intimated (January 2016) that initially the term ‘Auxiliary Education Services’ was not clear whether various services like manpower outsourcing, security, catering, transportation etc. would be out of the purview of service tax liability or not. Being legal liability, no one has option for non-payment of service tax unless there is a confirmation for exemption of service tax. However, after clarification by the Ministry of Finance the Institute stopped paying service tax to various agencies for providing different services to the Institute.

The reply of the Ministry is not tenable because mere clarification on a law/rules cannot change the very nature of those law/rules. Since, the exemption from service tax on auxiliary education services was available to the Institute since June 2012, the Institute has not claimed refund of ₹ 63.13 lakh from Service Tax Department.

## **Indian Council of Medical Research**

### **8.5 Over payment of Transport Allowance**

**The Scientists ‘G’ of Indian Council of Medical Research were incorrectly paid Transport Allowance thereby led to overpayment of ₹ 58.44 lakh.**

The Ministry of Finance, Department of Expenditure vide Office Memorandum<sup>13</sup> prescribed (August 2008) the rates of Transport Allowance on the basis of recommendations given by the Sixth Pay Commission. According to this, rate of Transport Allowance to employees drawing grade pay of ₹ 5400 and above was fixed as ₹ 3200 plus DA thereon. Further as per para 3 of OM, officers drawing grade pay of ₹ 10,000 and ₹ 12,000 and those in the HAG + Scale, who are entitled to the use of official car in terms OM No. 20 (5)-E-II (A)/93 dated 28 January 1994 shall be given the option to avail themselves of existing facility or to draw the Transport Allowance at the rate of ₹ 7,000 per month plus dearness allowance thereon. The OM of January 1994 provided that officers of the level of Joint Secretary and above, who have been provided with the facility of staff car for commuting between office and residence on prescribed payment basis may be given an option either to avail themselves of the existing facility or to switch over to the payment of Transport Allowance, as

<sup>13</sup> O.M.21(2)/2008-E.II (B) dated August 29<sup>th</sup> 2008

admissible under these orders. The orders of the 1994 treated only Chief Executives of Statutory/Autonomous Bodies at par with the senior officers of the Government of India/Heads of Departments of the Central Government for the purpose of availing staff car facility.

Test check of records of Indian Council of Medical Research (ICMR) revealed that Scientists 'G' drawing grade pay of ₹ 10,000 and above were being paid Transport Allowance @ ₹ 7000 per month plus dearness allowance thereon. Audit observed that the Scientists, not being Chief Executives of the Autonomous Body, were not entitled for the staff car facility and as such were entitled to payment of transport allowance at the rate of ₹ 3200 (plus DA) only. During September 2008 to July 2015, the Scientists 'G' had been paid transport allowance aggregating to ₹ 107.66 lakh at these rates. The incorrect interpretation of rules led to excess payment of ₹ 58.44<sup>14</sup> lakh to the Scientists 'G'.

After the issue was raised in Audit (May 2015), ICMR discontinued the payment of transport allowance at the rate of ₹ 7000 per month to the scientists from 1 August 2015. ICMR also stated (January 2016) that it had approached Ministry of Health and Family Welfare for waiver of the recovery of the excess amount of transport allowance already paid to its Scientists.

The matter was reported to Ministry (November 2015); their reply was awaited (January 2016).

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<sup>14</sup> Amount drawn-₹ 107.66 - lakh, Amount due - ₹ 49.22 lakh, Excess payment - ₹ 58.44 lakh.

## CHAPTER IX : MINISTRY OF HOME AFFAIRS

### National Disaster Management Authority

#### 9.1 Poor planning led to unfruitful expenditure

**The action of the Ministry to set up National Disaster Response Academy by merging two existing institutions was in deviation to its earlier decision to establish the Academy on independent plot of land. As a result of poor planning, NDMA had incurred an additional expenditure of ₹ 2.48 crore on account of cost escalation. Further, the entire expenditure of ₹ 18.61 crore incurred on purchase of land has been rendered unfruitful.**

National Disaster Response Force (NDRF) was formed in January 2006 as a specialist force with the capability to deal with all types of natural and man-made disasters. NDRF was raised by up-gradation and conversion of eight standard battalions of Central Armed Police forces<sup>1</sup> after enactment of Disaster Management Act in 2005. At present, the NDRF is operating with 10 battalions as two additional battalions were raised in October 2010.

With a view to have an apex NDRF academy of international standard where responders could be trained to meet all challenges related to any disaster, the National Disaster Management Authority (NDMA) decided (November 2007) to establish a National Disaster Response Academy at Nagpur, Maharashtra. This academy was to cater to the disaster management training requirements and also work as a resource institute for the neighbouring countries. A concept note in this regard was forwarded by NDRF to NDMA (August 2010), which was sent to the Ministry of Home Affairs (Ministry) in January 2011 for obtaining approval.

On a request made by NDMA in November 2007, the state government of Maharashtra allotted land measuring 62.03 hectares at Nagpur for setting up of the Academy in April 2011. Consequently, based on further correspondence between NDMA and the district authorities of Nagpur, the latter informed (July 2011) that the cost of land was ₹ 16.13 crore and directed NDMA to submit an affidavit indicating acceptance to the terms and conditions and willingness to pay the occupancy price for the land. Audit observed that delay in responding

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<sup>1</sup> Two each from Border Security Force, Central Reserve Police Force, Indo-Tibetan Border Police and Central Industrial Security Force.

to the directions of district authorities by NDMA led to escalation of the cost of land to ₹ 18.61 crore in February 2012.

The concept note mooted by NDMA was not finalised in time and this contributed to enhancement of cost of land. The Ministry accorded in-principle approval for setting up of the Academy at Nagpur in July 2012. The additional payment of ₹ 2.48 crore could have been avoided had the approval process been concluded in 2011 itself.

During demarcation of the allotted land (January 2013), it came to notice that out of allotted land of 62.03 hectares, 34.03 hectares was under possession of other parties. The state authorities allotted the subsequent contiguous land in February 2014 for which demarcation fee of ₹ 42,000/- was paid by NDRF in March 2014. This further delayed the process of acquisition of land.

After the land acquisition in March 2014, NDMA mooted a proposal to the Ministry for establishment of the Academy at a cost of ₹ 95.17 crore.

The matter was deliberated in the Ministry. Subsequently, it was decided (May 2015) that there was no need to establish a separate National Disaster Response Academy and instead the existing facilities available at National Civil Defence College (NCDC) and National Fire Services College (NFSC) at Nagpur could be synergised with the proposed new Academy.

The Ministry subsequently approved (June 2015) creation of NDRF academy at Nagpur by merging NCDC and NFSC. Existing movable and immovable assets of these colleges were to be merged with the new institution called NDRF Academy.

On the issue of non-utilisation of acquired land being pointed out by audit, the Ministry stated (October 2015) that it had been proposed that after the establishment of NDRF Academy by merger of NFSC and NCDC, the land acquired for separate NDRF academy could be kept as reserve with the Ministry for future expansion and use of NDRF academy.

The reply of the Ministry does not address the core issue of delays involved at various stages in NDMA and Ministry in implementing the decision taken in 2007 which led to additional expenditure of ₹ 2.48 crore in acquisition of land and non-utilisation of the acquired land at a total cost of ₹ 18.61 crore for the

intended purpose. The proposed action to keep the acquired land as a reserve for future purposes is clearly a fait accompli.

## 9.2 Unfruitful expenditure

**Ministry of Home Affairs decided to establish Central Academy for Police Training at Bhopal in March 2009. As the project encountered delays, the Ministry decided to construct pre-fabricated structures to conduct trainings. However, even this move proved injudicious as no training could be organized in these structures due to various reasons such as remote locality, lack of security arrangements etc. leading to unfruitful expenditure of ₹ 10.13 crore on their construction.**

Under the 11<sup>th</sup> Five Year Plan, Ministry of Home Affairs approved (March 2009) establishment of a Central Academy for Police Training (CAPT) at Bhopal at an approved outlay of ₹ 47.14 crore. The Academy was to provide training to the trainers of the State Police Training Institutes and directly recruited Deputy Superintendents of police of States.

The State Government of Madhya Pradesh allotted (August 2009) 400 acres of land, free of cost, to Bureau of Police Research & Development (BPRD), MHA for setting up of CAPT.

Audit observed that the project which was envisaged to be implemented during the 11<sup>th</sup> five year plan (2007-12) was not taken up during 11<sup>th</sup> plan due to issues relating to encroachments, deficient road connectivity, inadequate electricity and resistance by villagers to demarcate the area in the proposed land.

The Ministry decided (October 2012) to revise the scope of work as the pre-revised estimates did not include adequate provisions for development of site, RCC framed structure, etc. As a result, the cost of setting up of CAPT was further revised to ₹ 281.00 crore by the Expenditure Finance Committee in October 2012 with the stipulated date of completion as March 2016. This was further extended to December 2016.

Audit observed that the project did not pick up adequate momentum and the physical progress had reached up to only 20 *per cent* and ₹ 76.75 crore had been released by the Ministry as of June 2015. As of December 2015 a sum of ₹ 72.96 crore had been incurred on the Project. Thus, the Ministry was not in a position to complete the project within the stipulated time frame.

Meanwhile, in November 2010, the Ministry was informed by BPRD that construction of permanent structure would take time since many issues were to be resolved and therefore, the training could be started at an early date by constructing Pre-Fabricated structures (PFs). The Home Minister also directed that adherence of time lines should not be breached and the training should start by April 2011.

Following this, in January 2011, BPRD sent a proposal to the Ministry for construction of PFs costing ₹ 7.60 crore. The Ministry approved the proposal (June 2011) for construction of 91 PFs at a cost of ₹ 7.60 crore through CPWD. As per the timelines given by CPWD, the work of construction of PFs was to be completed within seven weeks after receipt of approvals.

However, the work was completed only in September 2013 at a revised cost of ₹ 10.13 crore. Audit observed that 90 PFs were constructed and handed over to CAPT, Bhopal between October 2013 and June 2014. The ex-post facto approval of ₹ 2.50 crore was accorded in February 2014.

Audit also observed that no training was organized in these PFs due to remote location of the Academy, non-availability of approach road, lack of security arrangements and non-induction of permanent faculty and supporting staff. Out of 90 PFs, 20 were used for administrative purposes, eight by CPWD for monitoring of construction activities and 62 were not in use/locked as of June 2015.

Meanwhile, CAPT was established (September 2011) in the premises of Jawaharlal Nehru Police Academy, Sagar, Madhya Pradesh. It was shifted to another accommodation of the State Government in Bhopal in March 2012. CAPT conducted 30 training programmes with 511 participants and incurred expenditure of ₹ 42.47 lakh on arrangements of these trainings during 2012-13 to 2014-15.

The Ministry attributed (January 2016) the delay in completion of project to CPWD. It further stated that the Academy was not able to conduct training programmes in PF huts due to delay in handing over of these huts by CPWD, lack of security arrangements and shortage of manpower.

The reply may be viewed in the light of the fact that even after all the PF huts were handed over by CPWD by June 2014 these could not be put to the intended use. Thus, while the envisaged objective of establishing a central

academy remained unfulfilled, even the move to construct PFs to counter delays in meeting the training requirements proved injudicious, despite time and cost overruns. This ultimately led to unfruitful expenditure of ₹ 10.13 crore on their construction.

## Air wing, Border Security Force

### 9.3 Non-levy of liquidated damages

**Border Security Force (BSF) placed (March 2009) supply order with Hindustan Aeronautics Limited (HAL) for supply of eight Helicopters. The delivery was to be made in two lots up to March 2011. Any delay attributable to the supplier attracted levy of liquidated damages. HAL supplied the eighth helicopter after a delay of 19 months. However, BSF failed to levy liquidated damages of ₹ 2.18 crore in accordance with the terms of agreement.**

Ministry of Home Affairs conveyed (March 2009) sanction to the Border Security Force (BSF) for procurement of eight Dhruv Helicopters from M/s Hindustan Aeronautics Limited (HAL) at a total cost of ₹ 413.30 crore. The procurement was governed by an agreement entered into (March 2009) between the Ministry and HAL.

As per the agreement, the delivery of Helicopters was to be made in two lots. The first lot of four helicopters was to be delivered by March 2010 and the second lot by March 2011.

The agreement further provided that in the event of delay in delivery of stores by the seller, the buyer reserved the right to impose liquidated damages @ 0.5 per cent of the contract price of the delayed/undelivered stores for every month of delay or part thereof, subject to a maximum of 5 per cent of the contract price of delayed stores. No liquidated damages was leviable in case of delay caused due to any action or inaction of the buyer as also due to Force Majeure situations.

HAL delivered three Helicopters of first lot by October 2009 and the fourth Helicopter in May 2010, after a delay of 37 days. BSF, at the instance of the Ministry, imposed liquidated damages of ₹ 25.95 lakh for the delay.

Audit observed that HAL delivered three Helicopters of the second lot in October 2010, i.e. within the stipulated time frame, while it delivered the fourth Helicopter in October 2012, after a delay of 19 months<sup>2</sup>.

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<sup>2</sup> Delay of 19 months (from April 2011 to October 2012)



BSF made payment of ₹ 12.89 crore, after adjusting advance payments of ₹ 37.13 crore, to HAL towards delivery of eighth Helicopter in December 2012. However, it did not levy liquidated damages for the delays. We further observed that HAL did not approach BSF for extension of the delivery period indicating that the delay was on the part of the seller. Failure of BSF to invoke provisions of the agreement led to non-levy of liquidated damages of ₹ 2.18 crore<sup>3</sup>

After the issue was raised in Audit, MHA issued instructions to BSF, Air Wing in November 2015 to initiate action for liquidated damages as per the provision contained in MoU. Subsequently BSF, Air Wing took up the matter with HAL for imposition of LD of ₹ 2.18 crore as pointed out by Audit.

However, Ministry's formal reply to the para was awaited as of January 2016.

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<sup>3</sup> LD was leviable @ 0.5 per cent of the contract price (₹ 43.68 crore for each helicopter without taxes) subject to a maximum of 5 per cent of the contract price (5 per cent of ₹ 43.68 crore = ₹ 2.18 crore)

## CHAPTER X : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

### Indian Institute of Technology, Guwahati

#### 10.1 Loss of ₹ 5.97 crore due to damage to hostel blocks

**Defective piling work done by contractor led to tilting of hostel blocks causing damage to 144 rooms and two toilet blocks. Though the failure of the contractor was established by experts, IITG had not recovered the expenditure of ₹ 5.97 crore incurred on the construction of these damaged rooms and toilet blocks which remained unutilised.**

The Indian Institute of Technology, Guwahati (IITG) awarded (December 2007) the work for construction of a Boys' Hostel to a Contractor<sup>1</sup> at a total cost of ₹ 26.09 crore. The agreement stipulated that the contractor would complete the construction of the 504 room boys' hostel by June 2010.

During the execution of the work, IITG noticed (May 2010) a tilt of one degree (1<sup>0</sup>) in 'two toilet blocks and the adjoining blocks' of the hostel building. Apart from the tilt, the adjoining hostel blocks also settled down causing damage to 78 rooms. Hence, IITG in July 2010 engaged a firm to carry out 'Pile Integrity Test & High Strain Dynamic Test<sup>2</sup>'. Further, they engaged (January 2011) another firm to study the result of those tests and to redesign the pile. After examining the test report, the second firm opined<sup>3</sup> that the pile foundation was not capable of carrying the designed load of 36 metric tonne (MT) and attributed this to the poor quality of piling work. A professor of the Civil Engineering Department of IITG, who was entrusted with the responsibility of further examining the findings, also confirmed the poor workmanship as the cause for the damage. In the report he further stated that the affected blocks were constructed in an area developed by filling up of a nullah<sup>4</sup> and the piles of affected blocks had not been tested. Accordingly, the IITG directed (August 2012) the contractor to carry out the retrofitting, at his own expense, to prevent further tilting of the blocks. In the meantime, IITG reduced the capacity of the hostel rooms from 504 to 450<sup>5</sup>. The contractor completed the construction of the hostel building including the retrofitting by September 2013. The building along with the tilted

<sup>1</sup> M/s Pragjyotish Construction Pvt. Ltd, Guwahati which later Known as M/s Rajshekhar Construction Pvt. Ltd, Guwahati

<sup>2</sup> A test conducted to assess the capacity and integrity of piles

<sup>3</sup> On 02 February 2011 and on 12 February 2012

<sup>4</sup> A stream or an artificial channel for water

<sup>5</sup> 14 rooms due to bad soil and another 40 rooms due to the contractors' inability to complete the work in time

blocks was taken over by IITG and an amount of ₹ 25.68 crore was also paid to the contractor as of December 2015.

Since the 78 damaged rooms were not being used and the IITG had not recovered the cost of construction of ₹ 2.43 crore from the contractor, Audit in October 2015 sought the Ministry's as well as IITG's view in this matter. In reply, the IITG (December 2015) stated that they had decided to recover ₹ 2.43 crore from the contractor towards the unused 78 rooms without specifying how such recovery would be effected. Subsequent audit examination (December 2015) showed that other connected hostel blocks had also tilted causing damage to additional 66 rooms. The IITG had to keep these rooms also vacant. Owing to this, the total loss to IITG on account of cost of construction of 144 rooms and 2 toilet blocks located in the tilted blocks had gone up to ₹ 5.97 crore<sup>6</sup>.

Thus, the defective piling work done by contractor led to tilting of hostel blocks causing damage to 144 rooms and two toilet blocks. Though the failure of the contractor was established by experts, IITG had not recovered the expenditure of ₹ 5.97 crore incurred on the construction of these damaged rooms and toilet blocks which remained unutilised.

The matter was reported to the Ministry in October 2015; the reply was awaited as of December 2015.

## **10.2 Loss of interest**

**Non-formulation of investment policy and parking of surplus fund in saving bank/current account resulted in loss of interest ₹ 4.36 crore.**

Investment of surplus fund in interest generating safe avenues is an elementary aspect of cash management. Further, section 21 (2) of NIT (amendment) Act, 2012 and section 3J (vi) of memorandum of association of IIM, Ranchi prescribes that all money credited to the fund of every institute shall be deposited in such banks or invested in such manner as the Institute may decide with the approval of the Central Government.

Audit examination revealed that the National Institute of Technology (NIT), Jamshedpur and Indian Institute of Management (IIM), Ranchi had not formulated its investment policy and had parked unspent balance of ₹ 19.75 crore during the period from 01 April 2011 to 31 March 2015 in saving bank accounts, which fetched interest at rate of four *per cent*. Further, it was noticed that during the period 2014-15 National Institute of Technology, Patna had parked its surplus funds of ₹ 54.25 crore in current accounts which fetched Nil rate of interest.

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<sup>6</sup> As intimated by IITG vide UO dated 30 December 2015

Had the Institutes invested the unspent balances in Term Deposit Receipts (TDRs), they could have earned interest amount of ₹ 4.36 crore at the interest rate ranging from 8 to 9.25 *per cent per annum* (approximately).

NIT, Jamshedpur stated (November 2015 and February 2016) that they were taking steps to invest the surplus fund in fixed deposits, whereas IIM, Ranchi stated (January 2016) that at present ₹ 2.69 crore is left in HDFC saving bank accounts and the point of auditor is noted for implementation in future.

NIT, Patna replied (December 2015) that the current accounts were already converted into saving account during May 2015.

Thus, non-formulation of investment policy and parking of surplus fund in saving bank accounts and current accounts by the Institutes resulted in loss of interest of ₹ 4.36 crore.

The matter was referred to the Ministry (8 February 2016); their reply was awaited (February 2016).

### **Indian Institute of Information Technology, Allahabad**

#### **10.3 Unfruitful expenditure**

**Failure of the Indian Institute of Information Technology to fulfill the preconditions of the project stipulated by DST and non-submission of the detailed project report for augmented version of the project to MHRD resulted in closure of the project and unfruitful expenditure of ₹ 1.41 crore.**

The Department of Science and Technology (DST), Government of India approved (November 2008) a project called "S&T Discovery Park for Rural Empowerment" at Rajiv Gandhi Institute of Information Technology, Amethi campus of the India Institute of Information Technology (Institute), Allahabad for a period of two years with a total funding of ₹ 2.42 crore. The first installment of ₹ 1.50 crore was also sanctioned simultaneously subject to signing an agreement/linkages with Purdue University (PU), USA; participation of major stake holders i.e. farmers in the demonstration of technologies; and Purchase of equipment items in accordance with provisions contained in General Financial Rules.

Audit observed that no agreement was signed by the Institute with PU, USA. Further, the Board of Governors (August 2009) approved to approach Ministry of Human Resource Development (MHRD) for sanction of augmented version of the Discovery Park. Audit observed that Institute never approached MHRD for the same. In September 2012, Institute intimated DST that an agreement with PU, USA could not materialise and an MOU was signed with University of Buffalo valid for five years and requested DST to release the grant already

sanctioned in November 2008. It was also intimated that the staff of the project is working on the project since July 2009, even though no grant was released by DST.

Although the project period of two years expired in 2010, Institute continued the project without fulfilling the conditions of the project to DST. In May 2014 the Board of Management decided to close the Project forthwith. An amount of ₹ 1.41 crore was spent upto 2015-16 by the Institute from its own source without receiving grants from DST.

Thus, failure of the Institute to fulfill the conditions of the project as approved by DST and non-submission of detailed project report for augmented version to MHRD for sanction, resulted in unfruitful expenditure of ₹ 1.41 crore.

MHRD accepted the audit observations and stated (December 2015) that the project was continued without receiving first installment of grant whereas the initial sanction expired in 2010 and the proposal of augmented version of the Discovery park project was also not submitted to MHRD. The Board of Management of the Institute finding the project unviable decided to close the project. The DST also closed the project without sanctioning any fund (October 2014).

However, the fact remained that Institute continued the project without fulfilling the preconditions and without receiving any funds from the DST resulted in unfruitful expenditure of ₹ 1.41 crore.

## **Indian Institute of Technology, Kharagpur**

### **10.4 Irregular reimbursement**

**Indian Institute of Technology, Kharagpur (IITK), in violation of LTC Rules, reimbursed an amount of ₹ 62.03 lakh for journeys performed by its faculty and staff by private vehicles while availing LTC**

Rule 12(2) of CCS (LTC)<sup>7</sup> Rules, 1988 provides that reimbursement shall not be admissible for journey performed by a private car (owned, borrowed or hired), or a bus, van or other vehicle owned by private operators. Further, consequent upon acceptance of the recommendations of the sixth pay commission, the Department of Personnel & Training (DoPT) added (September 2008) in the CCS (LTC) Rules, 1988 that LTC shall be admissible only in respect of journeys performed in vehicles operated by the Government or any Corporation in the public sector run by the Central or State Government or a local body.

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<sup>7</sup> Central Civil Services (Leave Travel Concession)

Test check (December 2014 and November 2015) of LTC bills for the period from April 2012 to March 2015 revealed that Indian Institute of Technology, Kharagpur (IITK) reimbursed an amount of ₹ 62.03 lakh in 569 cases during the period from April 2012 to March 2015 towards expenditure incurred on road journey performed by faculty and staff by private vehicles during LTC.

Hence, IITK, in violation of LTC Rules, reimbursed an amount of ₹ 62.03 lakh for journeys performed by its faculties/staffs by private vehicles while availing LTC.

The Ministry stated (January 2016) that the nearest airport was located about 150 Kilo Meters from the location of IITK and there was no direct Government road transport available. Travel by train to reach the airport was very time consuming and expensive. Ministry also stated that IITK had adopted a policy of restricting the reimbursement to the actual expenditure on road journey, entitled class train fare and road mileage as per LTC Rules, whichever is less. Reply was not acceptable as the reimbursement for journey by a private car was not admissible under the CCS (LTC) Rules, 1988.

## **Department of Education and Literacy**

### **Navodaya Vidyalaya Samiti**

#### **10.5 Blocking of funds**

**Award of the work by the Navodaya Vidyalaya Samiti without obtaining clearance from the Forest department resulted in foreclosure of the work and blockade of funds of ₹ 171.80 lakh**

Para 4.4 of Forest Conservation Act, 1980 as amended vide Ministry of Environment & Forests order (January 2011) states that if a project involves forest as well as non-forest land, no work should be started on non-forest land till approval of the Central Government for release of forest land under the Act has been given. Further, Para 15.1(2) (i) of CPWD manual states that availability of clear site is desirable before inviting and approval of Notice inviting Tender (NIT).

The State Government of Bihar allotted (July 2001), free of cost 27.50 acres of land to Navodaya Vidyalaya Samiti (NVS) for the construction of Jawahar Navodaya Vidyalaya (JNV) in Village Makpa, district, Jahanabad (Bihar). JNV take over the possession of the land for construction of Vidyalaya from State Government in July 2001. The State Government has to provide dispute free land for construction of JNV. The NVS did not verify the status of land before start of construction work and in November 2001 NVS accorded administrative approval of ₹ 505.02 lakh for Phase A and awarded the work to CPWD, Patna with the condition that the work was to be completed within 15 months from the

15<sup>th</sup> date of the date of issue of sanction work. Though CPWD manual provide that availability of clear site is desirable before inviting and approval of Notice inviting tender, CPWD commenced the construction work through an agency in October 2002 and an amount of ₹ 171.80 lakh was spent between January 2001 to February 2006.

The construction work was stopped by the Forest Department in August 2004 as the construction of JNV was done on Forest land without prior approval. Since, the State Government has to provide free of cost dispute free land to NVS, the State Government cleared the dues of Forest Department in April 2011.

The matter for remaining construction work was taken up with CPWD and was asked to submit the estimate for leftover work. Although NVS requested CPWD in March, July, October and December 2014 to complete the left over work, CPWD did not submit the estimates. As CPWD failed to submit the estimate of left over work, NVS withdraw the work from CPWD in June 2015 and the work remains incomplete till date.

Thus NVS awarded the work of construction for Jawahar Navodaya Vidyalaya to CPWD without obtaining clearance of land from Forest Department and further CPWD tendered the construction work before verifying the availability of clear site resulted in blockade of funds of ₹ 171.80 lakh due to foreclosure of construction of Jawahar Navodaya Vidyalaya in Bihar.

The matter was reported to the Ministry (November 2015); their reply was awaited (February 2016).

#### **10.6 Infertuous expenditure**

**Navodaya Vidyalaya Samiti started the construction despite raising of objections by State Marketing Board regarding the transfer of RMC's land without their consent resulted in infertuous expenditure of ₹ 90.25 lakh.**

The Government of West Bengal (GoWB) decided (in 2005) to set up a Jawahar Navodaya Vidyalaya (JNV) in Tufanganj, Cooch Behar (West Bengal) and unused land of the Tufanganj Regulated Marketing Committee (RMC) under Agri-Marketing Department, was selected after the inspection (January 2006) by Navodaya Vidyalaya Samiti (NVS) and GoWB handed over (July 2007) 10.00 acres land to Principal, JNV, Cooch Behar by Block Land and Land Reforms Officer, Tufanganj of GoWB.

Scrutiny of records (August 2015) showed that administrative approval and expenditure sanction of ₹ 672.77 lakh for the work was accorded (August 2007) by the NVS to CPWD without the clear site, in contravention of section 4.2 of CPWD Works Manual 2014, which state that the preparation of detailed estimate and drawings and design should be taken up only after obtaining an



assurance from the Department/Ministry sponsoring the proposal; that the site without any encumbrances is available. Further, the State Marketing Board raised (August 2007) objection regarding the transfer of RMC's land without their consent and a local movement led by a Haat Sangram Committee against the construction of JNV was also started (August 2007). Despite absence of clear site, CPWD started (January 2008) the construction of boundary wall and completed (July 2008) under police protection and incurred an expenditure of ₹ 90.25 lakh against the released amount ₹ 303.77 lakh up to November, 2008. Further, construction work could not be taken up due to stiff resistance from Haat Sangram Committee and the land dispute has not been solved so far (June 2015).

As a result, the NVS decided (June 2015) to withdraw the work from CPWD with immediate effect and balance<sup>8</sup> amount was adjusted against another work of JNV Barovisa being constructed by CPWD.

Thus, starting the construction work despite State Marketing Board raising (August 2007) objection regarding the transfer of RMC's land resulted in infructuous expenditure of ₹ 90.25 lakh.

The matter was reported to the Ministry in November, 2015; their reply was awaited (January 2016).

### **Malviya National Institute of Technology, Jaipur**

#### **10.7 Avoidable Expenditure in construction of 1<sup>st</sup> and 2<sup>nd</sup> floor on design centre**

**Malviya National Institute of Technology, Jaipur (MNIT) awarded work of construction of 1<sup>st</sup> and 2<sup>nd</sup> floor on design centre of MNIT to Avas Vikas Limited (AVL) Jaipur on nomination basis in contravention of General Financial Rules and Central Vigilance Commission (CVC) guidelines resulting in avoidable expenditure of ₹ 138.13 lakh.**

As per Rule 126 (2) of General Financial Rules (GFR) 2005, a Ministry or Department may, at its discretion, assign repair works estimated to cost above ₹ 30 lakhs and original work of any value to any public works organization, such as CPWD, State Works Divisions, other Central Government Organization authorized to carry out civil or electrical works such as Military Engineering Service, Border Roads Organisation etc., Public Sector Undertaking set up by the Central or State Government to carry out civil or electrical works or any other Central/State Govt. Organisation/PSU which may be notified by the Ministry of Urban Development after evaluating their financial strength and technical competence.

<sup>8</sup> Except ₹ 10 lakh was being with electrical division, CPWD



Malviya National Institute of Technology, Jaipur (MNIT) awarded (18 October 2011) work of construction of 1<sup>st</sup> and 2<sup>nd</sup> floor of design centre of MNIT to Avas Vikas Limited (AVL) Jaipur on nomination basis. The initial cost of construction was ₹ 1200.00 lakh which was subsequently revised to ₹ 1672.87 lakh due to additional features to the design centre in July 2012.

Audit observed that at the time of award of work (18 October 2011) AVL was not a government company as per section 617 of the Companies Act, 1956. As such AVL was not an eligible agency for award of work on nomination basis without following the process of open tender. The award of work was also in contravention of CVC office order dated 5 July 2007 which reiterated Supreme Court judgment which stipulated that contracts by State, its corporations, instrumentalities and agencies must be normally granted through public auction/public tender and only in exceptional cases, for instance, during natural calamities and emergency declared by the Government this normal rule may be departed.

Further, as per section 12 of CPWD manual, CPWD does not levy any departmental charges for Central Government works and those of autonomous bodies fully funded by Central Government. However, clause 2 of MOU (entered between MNIT and AVL) stipulates that AVL will charge 9 *per cent* of actual cost of work as agency charges. Had the deposit work been awarded to CPWD, MNIT could have saved ₹ 138.13 Lakh<sup>9</sup> out of which ₹ 117.39 lakh has already been paid.

On being pointing out by audit, the MNIT stated (June 2015) that the award of work to the AVL was quite regular in terms of Rule 126 (2) of GFR 2005 and there was no avoidable expenditure on this account. The management, inter-alia, forwarded following reasons in support of its reply:

- AVL was a Government Company on 20 September 2011 because a decision to make government investment in share capital of the AVL was taken by the Urban Development Department of the Government of Rajasthan on 20 September 2011.
- CPWD was requested to take up work but no response was given by them.
- The said work was not awarded to state Public Works Department (PWD) because agency charge levied by the PWD was 16 *per cent* of cost of work which was obviously more than the rate charged by the AVL i.e. 9 *per cent*.
- There was urgency of modern Computer Centre–cum-Digital Library to avoid any further loss to the student.

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<sup>9</sup> Being 9 *per cent* agency charges of ₹ 1534.74 lakh payable to AVL

Reply of the management is not tenable as:

- The proposal of Department of Urban Development, Government of Rajasthan was approved by Cabinet of Government of Rajasthan on 28 November 2011. The fresh certificate of incorporation by the Registrar of Companies was issued on 21 May 2012 and this date can only be considered as date of becoming AVL as a Government Company.
- MNIT wrote letter to CPWD in the month of August 2011 to take up eight works. Out of eight works, seven works were got done from CPWD and this work was got done through AVL. No documentary evidence was available to show that CPWD had refused to execute the work of Design Center.
- The entire work was to be completed by 18 March 2013 i.e. 15 months from the date of MOU dated 18 October 2011, but the work could not be completed till February 2015, hence the ground of urgency of work does not appear to be justified. Further MNIT has also not levy any penalty for delay in completion of work as per the terms of MOU entered with AVL.

Thus, apart from irregular award of civil work to AVL, MNIT also incurred an avoidable expenditure of ₹ 138.13 lakh being agency charges @ 9 per cent of actual cost of work in construction of 1<sup>st</sup> and 2<sup>nd</sup> floor on Design Centre.

The matter was reported to the Ministry (March 2015); their reply was awaited (February 2016).

## Department of Higher Education

### University of Hyderabad

#### 10.8 Non-recovery of Labour Welfare Cess

**Non-recovery of Labour Welfare Cess of ₹ 77.28 lakh, by the University from the bills of the contractor for the Work “Construction of School of Life Sciences Building and five other buildings”, resulted in non-compliance with the provisions of the Act and made it liable to pay interest and penalties, besides undue benefit to the contractor.**

The Building and other Construction Workers’ Welfare Cess Act, 1996 (the Act), promulgated by Central Government, provide for levy and collection of cess, at a rate not exceeding two per cent but not less than one per cent, of the cost of construction incurred by an employer. Under the Act, Government of Andhra Pradesh (GoAP) issued instructions (April 2007) to deduct one per cent cess on all bills paid to the Contractors/Agencies from 26 June 2007 onwards, in respect of building and other construction works executed by them (excluding

land cost). Consequently, the Andhra Pradesh Building and Other Construction Workers Welfare Board (the Board) was constituted in April 2007.

As per Rule 4(3) of The Building and other Construction Workers' Welfare Cess Rules, 1998, made under the Act, where the levy of cess pertains to building and other construction work of a Government or of a Public Sector Undertaking, such Government or the Public Sector Undertaking shall deduct or cause to deduct the cess payable at the notified rates from the bills paid for such works. Further, as per Rule 5(3), the amount so collected shall be transferred to the Building and Other Construction Workers Welfare Board, within 30 days of its collection. The Act also provides for liability to pay interest at the rate of two *per cent* for every month's delay, from the date on which the payment was due along with penalty equivalent to the cess amount.

The University awarded (March 2008) the work "Construction of building for School of Life Sciences"<sup>10</sup> to M/s Ramky Infrastructure Ltd, Hyderabad (the contractor), for an initial agreed contract value of ₹ 47.72 crore.

Subsequently (July 2009), additional works of ₹ 33.80 crore was entrusted to the Contractor. The work including the additional works for an enhanced contract value works out to ₹ 81.52 crore. The work was certified by the University as completed on 30.11.2011 and the value of the work executed by the contractor up to CCXIII & part bill was ₹ 77.49 crore. A total amount of ₹ 77.28 crore was paid by the University to the contractor (up to March 2012). The final bills were yet to be settled.

It was observed that the statutory cess amount of ₹ 77.28 lakh <sup>11</sup> was not deducted by the University, from the bills of the contractor and deposited with the Board. Thus, failure to deduct labour welfare cess and deposit it with the Board resulted in non-compliance with provisions of the Act, made it liable to pay uncollected amount of ₹ 77.28 lakh alongwith interest and penalty.

The University accepted the audit observation and stated (November 2015) that it had decided to recover the Labour Welfare Cess amount of ₹ 77.28 lakh with applicable interest and penalty thereon from the outstanding bills/Security

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<sup>10</sup> including Air Conditioning works, Extension of Second Floor on Boys Hostel, Study India Programme (SIP) Building, Type A & B quarters and Teachers flats, P3 facility building, Hostel buildings (two wings) and a Central Kitchen in the University campus (the work

<sup>11</sup> at the stipulated rate of one *per cent* on the value of work done (₹ 77.28 crore)

Deposit of the Contractor held by it. It was further stated that the amount so recovered would be remitted to the Board.

Ministry endorsed the reply of the University (December 2015) and stated that the matter was taken up with the University and intimated to recover the labour welfare cess of ₹ 77.28 lakh and applicable interest and penalty thereon as per Rules.

### **10.9 Publication Activities of Granthana Vibhaga, Visva-Bharati, Kolkata for the period from 2012-13 to 2014-15**

**The financial viability of GV is declining after the contract with the Higher Secondary Council was over from April 2013 and GV did not formulate any effective plan to improve it. Further, GV could not sell their publications within stipulated time frame due to absence of assessment of marketability before publication. Higher Secondary Council books were published without the approval of Council resulting in infructuous expenditure. The sales agents were not adequately deployed and inactive agents were not terminated. The Store management of GV was inefficient leading to damage of books and non-disposal of slow moving books.**

**10.9.1** The Granthana Vibhaga (GV) of Visva-Bharati (VB) founded by Rabindranath Tagore has been functioning as an autonomous self-financing organization since its inception in 1923. Presently the GV is run by Granthana Vibhaga Management Committee (GVMC), set up in March 1984 by the Karma Samity (KS) of VB. The GV publishes and sells books of Tagore/on Tagore, text-books of West Bengal Higher Secondary Council (Council). A audit on the publication activities of GV covering the period from 2012-13 to 2014-15 was conducted u/s 19(2) of CAG's DPC Act 1971 during June to August 2015. Audit noted that GV neither framed any publication policy, nor performed the publication activity in an efficient, effective and economic manner which affected the commercial viability of GV as would be evident from the subsequent paragraphs.

#### **10.9.2 Audit findings**

##### **10.9.2.1 Publication of books of Tagore/on Tagore**

During the period 2012-15, the GV published total 141 titles out of which 25 were new (including 8 VB Patrika) and remaining 116 are reprint titles. The deficiencies noted in publication are detailed below:

**(i) No policy for selection and fixation of volume of publication**

- There was neither any norm for deciding on the print volume of new titles nor did GV make any assessment of marketability of the new titles before publication. The Director GV without any justification fixed the volume of new titles to be printed. The books printed were supposed to be sold out during next three years. A test check of 17 new titles published during 2012-15 revealed that out of 17200 copies printed only 1929 copies (11 *per cent*) were sold. Of these 17 titles two titles were published in 2012-13. Though the books printed were supposed to be sold out during next three years, only 12 and 29 *per cent* of these two books were sold during next three years of publication. Thus, an amount of ₹ 4.80 lakh was blocked on publication of 2634 unsold copies of two titles published during 2012-13.
- GV stated (December 2015) that as per the accepted practice, usually 1100 copies of English books and 600 copies of Bengali books were printed. The reply was not tenable as GV printed 2100 copies of one Bengali book and 1100 copies of four other Bengali books. Further, the volume of 1100 and 600 books fixed for printing is on higher side as till March 2015 only 11 *per cent* books could be sold.
- There was norm for re-print order that when 100 copies of a particular book remained in stock, the order for re-print is to be placed. A test check of 19 titles out of 116 re-prints during 2012-15 revealed that in seven cases books were re-printed despite having more than 100 copies (ranging between 155 and 1200 copies) in stock. GV without specifying any re-order level stated (December 2015) that some titles, particularly the Svarabitan series were reprinted even when the stock was more than 100 as the sale of those books were higher. The reply was not tenable as there are other six titles where stock is more than 100 copies and even in two cases the stock is 1000 and 1200 at the time of order of reprinting.

**(ii) Non-approval of new titles**

Publication of new-titles was to be initiated only after the manuscripts were reviewed and approved by the expert/expert committee. There was no norm regarding selection of reviewer and the justification for sending the manuscript to a particular reviewer was not on record. Audit noted that out of 17 new-titles:

- 5600 copies of six titles were published without review/approval of the expert/expert committee and only 705 copies were sold upto March 2015. The range of per cent sale of individual titles varied between four and 29 per cent. GV stated (December 2015) that the authors and reviewers of the Visva-Bharati Publication are so renowned that separate justification for each title is not needed. Reply was not tenable as GVMC did not specify any author/title that is beyond purview of review/approval.
- 2300 copies of three titles valuing ₹ 5.50 lakh were printed during 2013-15 without the recommendation of GVMC. Out of which, only 500 copies were sold upto March 2015 at a sale price of ₹ 1.40 lakh. The GV stated (August 2015) that as no GVMC meeting was scheduled, the manuscripts were not placed for recommendation. Reply was not tenable as post facto approval of the GVMC was also not obtained.
- No norms were fixed by GVMC stipulating period of printing of publication of new titles. Audit noted that during March 2012 to October 2014 GVMC recommended publication of 28 new titles of which only 8 were published and remaining 20 titles were not published (November 2015) even after a lapse of 12 to 43 months from the time of recommendation by GVMC. The GV stated (December 2015) that necessary action would be taken in future.

**(iii) Absence of competitiveness in rates for printing**

A team of four printing technologists' prescribed (December 2012) the rate of printing books taking into account various component like composing, printing, binding etc. Seven presses were enlisted by the said technologists and GV adopted the rate and made payment to the presses accordingly. Audit noted that four titles were printed through non-enlisted presses during 2013-15. In two cases books were printed at a higher rate than enlisted rates and an extra expenditure of ₹ 2.66 lakh was incurred due to higher rates. GV stated (December 2015) that non-enlisted press was later included in the approved list. However, the fact remained that the books were printed through non-enlisted presses and even at higher prices.

**(iv) Delay in delivery by the press**

The work orders issued to the presses stipulates delivery of books within 30 to 60 days from the date of issue of work order, failing which penalty was to be

imposed as deemed fit by GV. Out of 35 cases<sup>12</sup> checked by audit, in 30<sup>13</sup> cases there were delays in delivery ranging between 2 and 150 days. GV, however, did not initiate any action for such violation of provision of work order.

GV stated (December 2015) that inclusion of more specific liquidated damages clause in the printing orders was under process.

### **10.9.3 Publication of West Bengal Higher Secondary Books**

GV had an agreement with the West Bengal Higher Secondary Council for printing, publishing and selling Higher Secondary (HS) books consisting of 12 different titles since 1988-89. The last agreement was executed in March, 2010 for the period 2010-13 and the agreement was terminated in April 2013. As per the agreement if books remained unsold on termination of agreement; the Council was to buy back the same at 60 or 65 *per cent* of the face value of the books and damaged books was not to be borne by the Council. Audit noted that during the period 2010-13, GV without receiving any communication for printing from Council, printed 39.60 lakh books at a cost of ₹ 4.53 crore. At the end of the agreement, GV had a stock of 15.52 lakh books (9.94 lakh + 5.58 lakh damaged books<sup>14</sup>) costing ₹ 1.48 crore. Further, the proposal for printing was taken from the balance of unsold books of last print run and not on actual closing stock. Thus, failure to assess the actual requirement of books to be printed resulted in excess printing of books which remained in stock. A claim was preferred to the Council (May 2013) for payment of ₹ 2.53 crore towards 9.52 lakh unsold copies and a revised claim based on interim physical verification report (December 2014) was sent to the Council for ₹ 2.36 crore of 9.04 lakh unsold copies. Since the books were published without any print order issued by the Council, no amount had been received from the Council (November 2015). Further, as per the agreement the value of damaged books was not to be borne by the Council which resulted in a total loss of 5.58 lakh damaged books to GV.

GV stated (December 2015) that no amount was received in lieu of buyback despite consecutive effort even though the books were reprinted on the basis of discussion with the authority of the Council. Reply was not tenable as letters were sent to the Council seeking permission to print the books but permission of the Council was not obtained.

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<sup>12</sup> 18 new-titles and 17 reprints

<sup>13</sup> In 9 cases details of delivery were not available

<sup>14</sup> Details in Para 2.5 under Stores management



#### 10.9.4 Sale of books

The contributions to total sales during 2012-15 by the agents, sales outlets and book fairs were 70, 17 and 13 *per cent* respectively. Audit noted various deficiencies in execution of sales as would be evident from the following:

GVMC decided (December 2007) to identify agents in Tripura, Orissa and Delhi for sale of books but GV failed to deploy agents outside West Bengal. In West Bengal also, out of 19 districts, only in 11 districts arrangements for sales through agents have been made. As of March 2015, there were 21 agents (empanelled during June 1983 to September 2010) and only 7 are functioning agents. Audit noted that during 2012-15, gross sales by agents decreased from ₹ 406.66 to ₹ 134.98 lakh. Further, though a yearly minimum target of sales for the agents was fixed for ₹ 5 lakh (May 2011) with the condition of termination of contract if not achieved, only five out of seven active agents could achieve the minimum sales target during 2014-15. The agreement of two agents was not terminated for non-achieving the sales target. It is also noticed that GV neither took any actions to empanel fresh agents after September 2010 nor terminated the non-performing agents. GV stated (December 2015) that initiatives were being taken to connect with the agents and possible buyers in other states.

The GVMC in December 2007 decided for e-selling of books, however the same has not been started. (November 2015). GV further stated that e-selling of books was scheduled to be started from February 2016.

#### 10.9.5 No financial viability of GV

The KS stressed on ensuring maintenance of commercial viability of GV as a publishing unit. Moreover, a committee of Ministry of Human Resource Development, Government of India observed (2006) that Tagore's intention for establishing GV was not only to publish his works properly but also to provide constant financial support to VB from the income generated by them. The Profit and Loss Account of GV shows a Net Profit of ₹ 2.52 crore, ₹ (-) 98.91 lakh and ₹ 1.72 crore for the year 2012-13, 2013-14 and 2014-15 respectively due to inclusion of Other Income, however there was a operational loss during 2012-15 as indicated in subsequent **Table**.



Table

(₹ in lakh)

Year	Direct Exp.	Indirect Exp. <sup>15</sup>	Total Exp.	Gross Sales	Surplus/Deficit <sup>16</sup>
2012-13	165.16	311.95	477.11	522.92	45.81
2013-14	43.91	284.84	328.75	205.57	(-) 123.18
2014-15	64.63	344.79	409.42	209.04	(-) 200.38

The indirect expenditure had increased by 10 *per cent* whereas the sale had decreased by 60 *per cent*. The reasons for increase in deficit from 2013-14 onwards were increase in indirect expenses and decrease in sales due to termination of agreement with the HS Council. It may be seen from above that during 2013-15 the publication activities of GV incurred a loss of ₹ 3.24 crore. However, as the expenditure on salary of GV staff was borne by the University Grant Commission (UGC), even after excluding expenditure on salary, GV incurred a net loss of ₹ 1.07 crore during this period. Audit noted that after termination of agreement with the Council, GV had not taken remedial measures to generate surplus for ensuring its commercial viability. This resulted in non-fulfillment of its commercial objective.

GV Stated (December 2015) that in a Government set up with in-built incidence of considerable overhead it was really difficult to run GV with commercial viability. Reply was not tenable as Karma Samity had decided that GV should maintain their commercial viability as a publishing unit.

### 10.9.6 Stores Management

The deficiencies noticed in store management system are detailed below:

- The value (cost price) of stock-in-trade of GV on 31 March 2015 ₹ 2.88 crore comprising 7.78 lakh copies. However, the value of 54803 copies was depicted as zero. The GV has accepted audit observation and assured to include the cost price of these books in its stock statement.
- The GVMC decided (April 2013) to shortlist slow/non-moving books<sup>17</sup> and sell those books at a 50 per cent discount to recover the production cost and to create godown space. During 2013-15 GV sold 0.66 lakh copies of slow/non-moving books through book fairs at a sale price of

<sup>15</sup> Indirect expenses include establishment cost, office expenses and salary of GV staffs ₹ 85.99 lakh (2012-13), ₹ 94.82 lakh (2013-14) and ₹ 122.15 lakh (2014-15) and other expenses.

<sup>16</sup> Internal receipt, viz, interest on investment, miscellaneous receipts etc. were not considered.

<sup>17</sup> Books published more than three years back but the sale remained less than 100 copies per year

₹ 6.09 lakh, however, 2.44 lakh copies of slow-moving books<sup>18</sup> valuing ₹ 78.71 lakh remained unsold as of March 2015. Audit noted that GV did not take initiative to sell slow/non-moving books through agents or sales outlets but sold through book fair only. GV stated (December 2015) that agents would be involved to sell the slow moving/non-moving books from financial year 2015-16. Moreover,

- The record management of store division is very poor as no consolidated record of books lying in different godowns/outlets is maintained which resulted in various old published books remained in stock whereas new books were sold. GV stated (December 2015) that stock registers for two godowns were being properly maintained. Reply was not tenable as consolidated stock position of a particular book was not available since details of the books stored in remaining two godowns were still not maintained.

Physical verification of books was not conducted for years in contravention of rule 192 of GFR. Hence physical existence of books could not be ascertained. GV stated (December 2015) that physical verification of books had already been taken up.

Thus, GV neither framed any publication policy, nor performed the publication activity in an efficient, effective and economic manner which affected the commercial viability of GV.

The matter was reported to the Ministry (November 2015); their reply was awaited (February 2016).

### **Indian Council of Social Science Research**

#### **10.10 Overpayment of ₹ 32.87 lakh to outsourcing agency and partial recovery at the instance of audit**

**Between 2010-11 and 2014-15, the Indian Council of Social Science Research (ICSSR) outsourced the security of its offices in New Delhi to a private agency. ICSSR overpaid ₹ 32.87 lakh to the private agency, out of which ₹ 11.64 lakh was recovered at the instance of audit.**

Indian Council of Social Science Research (ICSSR) has outsourced the security of its offices in New Delhi<sup>19</sup> to a private agency. The security agency periodically provided invoices to ICSSR containing details of security personnel

<sup>18</sup> The analysis of non- moving and slow-moving items was done on the basis of item names available in the Item stock list for 2012-13 to 2014-15.

<sup>19</sup> Headquarters at Aruna Asaf Ali Road and NASSDOC Library Building Ferozshah Road.

deployed, rate, number of personnel and month-days deployed, on the basis of which ICSSR paid the agency.

While reviewing the attendance records of the personnel deployed by the agency, Audit observed that the number of personnel actually deployed was less than the claim made by the agency and paid by ICSSR. This led to the overpayment of ₹ 32.87 lakh to the agency between May 2010 and June 2014.

On the basis of the Audit observation, ICSSR limited the recovery (February 2015) from the agency to ₹ 11.64 lakh on the ground that balance was not recoverable since the payment was made on the basis of the then prevailing monthly rates and number of extra duty hours. However, the fact remained that the agency itself did not claim the higher monthly rates or the extra duty hours, but instead wrongly claimed re-imbursment for deployment of additional security personnel. Therefore the excess payment by ICSSR is not acceptable. Thus, inadequate verification by ICSSR resulted in over payment of ₹ 32.87 lakh to the security agency, of which, only ₹ 11.64 lakh has been recovered.

The matter was reported to the Ministry in November 2015; their reply was awaited (January 2016).

## CHAPTER XI : MINISTRY OF INFORMATION AND BROADCASTING

### Central Board of Film Certification

#### 11.1 Working of Central Board of Film Certification

**Audit of Central Board of Film Certification revealed many systemic deficiencies such as unexplained delays in the certification process, altering of order of films for examination by the Committee, conversion of certified films from A to UA/A category etc. Audit also evidenced lack of internal controls within the CBFC for tracking the records of film certification which carried a risk of issue of duplicate certificates for the same film to different individuals not holding copyrights.**

Central Board of Film Certification (CBFC) is a Statutory body established under Ministry of Information and Broadcasting for regulating the public exhibition of films under the provisions of Cinematograph Act, 1953 (the Act). It assigns certifications to films, television shows, television advertisement and publications for exhibition, sale or hire of films in India. Films can be publicly exhibited in India only after they have been certified by the Central Board of Film Certification.

The Board setup under the Act, consists of non-official members and a Chairman (all of whom are appointed by Central Government) and functions with headquarters at Mumbai. It has nine Regional offices, one each at Mumbai, Kolkata, Chennai, Bangalore, Thiruvananthapuram, Hyderabad, New Delhi, Cuttack and Guwahati. The Regional Offices are assisted in the examination of films by Advisory Panels. The members of the panels are nominated by Central Government by drawing people from different walks of life for a period of two years at a time.

A test check of the procedures followed for certification of films was carried out by audit in which multiple issues pointing towards gaps in internal control and certification process were observed as detailed below:

#### **Timeliness in issue of certificates**

Rule 41 of the Cinematograph Rules prescribe different time limits for the various stages of certification process totaling to 68 days as mentioned in

**Table 1.1**, if the applicant does not request the film to be seen by the Revising Committee.

**Table 1.1**

Process	Time Limit
<b>Scrutiny of Application</b>	7 Days
<b>Formation of Examining Committee (EC)*</b>	15 Days
<b>Forwarding of EC report to Chairman</b>	10 Days
<b>Communication of order to the applicant</b>	3 Days
<b>Surrender of cuts by the producer</b>	14 Days
<b>Examination of Cuts</b>	14 Days
<b>Issue of Certificate</b>	5 Days

\* (As per Rule 22 & 24 of the Cinematograph (Certification) Rules, 1983- An examining committee may consist of a member of the advisory panel and an examining officer (either of whom shall be a woman) in case of short film while in case of long film it may consist of four member of advisory panel and an examining officer (of whom two persons shall be woman). The Revising Committee may consist of a Chairman and not more than nine member of board or advisory panel as specified by The Chairman who shall also give due representation to Women in the Committee. Further, no member of the Examining Committee shall be a part of Revising Committee in respect of the same film)

**11.1.2** Further, all films should be certified on first come first serve basis. The Regional Officer (RO) has discretionary power to alter the order of examination of the film if a written request from the applicant is received and the RO feels that there are grounds for an early examination which he would duly record.

Audit Scrutiny of 175 records from 1 April 2013 revealed the following-

- In 57 films (32.57 per cent) which jumped the queue, letters from the applicant requesting for special consideration or RO's justification accepting the request were not found on records. (Annexure A)
- A clear U/UA or a Clear A certification was done for 135 films. However, in 49 films (36 per cent) despite completion of certification process, time taken for issue of certificates ranged between 3 and 491 days and an

average time of 26 days. No reasons for delay, after approval of clear certificate by EC, were found on record.

Further, in 31 cases during the period 2013-14 and 2014-15, time taken to certify the film ranged between 75 days to 491 days and average of 169 days. The reasons for delay were not seen recorded on the file.

Ministry did not furnish reply for non-recording of reasons for altering the order of films for examination by the Examination Committee. As regards delay of issue of certificate after approval of Examination Committee, the Ministry stated (January 2016) that in some cases where the applicant had not agree with the decision of the Examining Committee, they appealed to the Revising Committee on whose recommendation the certificate is issued. Depending upon the completion of the formalities i.e. acceptance, submission of cuts imposed by CBFC or any other changes the certification gets further delayed and such delay is not attributable to CBFC.

The Ministry's reply is not tenable as audit comments related to those cases in which clear U/UA/A certificate had already been approved by the EC. Moreover, non-recording of reasons for allowing a producer to break the queue or delay in issuance of certificate amounted to non-compliance with the Rules and lack of transparency in the functioning of the Board.

### CASE STUDY

An investigation conducted in 2012 in respect of Smt. V.K. Chawak, Secretary to Chairperson for the period 1/1/2009 to 31/12/2009 was found guilty of fabrication of documents and favouritism by the investigation officer appointed as per report approved by the vigilance officer in November 2012. She was found guilty of issue of certificates to 2 films which were earlier rejected by the EC.

The Vigilance Wing of Ministry of Information & Broadcasting advised (June, 2014) that since the charges were grave the official should be **prosecuted for major penalty proceedings under rule 14 of CCS (CCA) Rules 1965** to be taken by CBFC as the disciplinary authority in respect of Smt. Chawak is within CBFC itself. The decision on the advice from the vigilance wing of Ministry had not been taken till April 2015 and only after audit observation was issued, a major penalty proceeding against the official has been initiated and official was put under suspension from 12-10-2015 onwards. It is pertinent to note here that this discrepancy was not detected by the system but was based on a complaint received by CVC.

### **11.1.3 Film certification process**

Section 4 & 5A of the Act provides for examination of films wherein any person desiring to exhibit any film shall in the prescribed manner make an application to the Board for a certificate in respect thereof, and the Board may, after examining or having the film examined in the prescribed manner and grant the applicant U, U/A, A or S certificate as the case may be.

Sub-section (3) of Section 5A of said Act provides that a certificate granted by the Board under this section shall be valid throughout India for a period of ten years.

There is no provision in The Cinematograph Act, 1952 regarding the process of conversion of films from “A” to “UA”/“U”. However, audit noted that CBFC has converted 172 “A” category certified films into “UA” category films and 166 films of “UA” category to “U” category films during 2012-15 without any supporting law or provision in the Act. In reply, the Ministry stated that there is no specific provision which prohibits recertification of films already certified. The practice being followed by CBFC as the competent certifying authority appears to be in accordance with Rule 21, 33 and 35 of the Cinematograph Act.

The reply of the department is not tenable. Neither the Act nor the Rules 21,33 and 35 as quoted by Ministry empower CBFC to re-certify the films already certified and no norms and procedure has been framed by CBFC for the purpose rendering the act of conversion without requisite due diligence by CBFC, a discretionary and non-transparent exercise.

### **11.1.4 Certification of imported films**

Rule 21 of the Cinematography (Certification) Rules, 1983 provides that every application to certify a film for public exhibition shall be made in writing in Form prescribed on the basis set out in the Second schedule. Sub-rule 3(d) of Rule-21 further provides that if the application is made by the person other than the producer or copyright holder of the film, an authorization in writing on a stamped paper of appropriate value to be notified by the Chairman from the producer or copyright holder of the film. Sub-rule 6 of Rule-21 envisages that in case of film which are imported, the applicant shall furnish the original or a certified copy of the imported license together with custom clearance permit and with the custom clearance papers, and such film shall not be examined by

the Board for certification for public exhibition in India unless the board is satisfied that the film is validly imported in accordance with the import policy of the Government. For the purpose of certification for public exhibition every revised version or shorter version of a film shall be deemed to be a fresh film.

Audit scrutiny showed that:-

- CBFC issued certificates to the applicants for public exhibition of Video Films imported into India without obtaining the certified copy of the imported license and custom clearance permit.
- Audit noted that CBFC had accepted films for which certificates were already issued earlier (April 2015). CBFC could not verify whether a film was certified earlier by them or any other regional office and hence probability of two or more certificates being issued for the same films existed.

In reply Ministry stated (January 2016) that earlier there was no facility to keep check on whether the film is certified or not but due to digitalization of some records in the 11<sup>th</sup> five year plan they are presently able to find out whether a film was certified or not at the time of application itself and were rejecting such cases now. The reply of the ministry highlighted the lack of internal control mechanism in the CBFC for tracking the records of film certification and procedures for eliminating the probability of issue of duplicate certificates were not considered by the Ministry. Non verification of the transfer of original rights along with certified import license and custom clearance permits could lead to duplicate certificates being issued for the same film to different individuals not holding the original copyrights.

#### **11.1.5 Validity of Certificates**

As per Rule 29 of the Cinematograph Rules 1983, a certificate granted by the Board under sub-section(1)of section 5A in respect of a film shall be valid for a period of 10 years from the date on which the certificate is granted wherein relation to the certificate of a film the period has expired, a fresh certificate in forms set out in Schedule II as the case may be, issued on an application made in this behalf and the same shall be dealt with as if it were an original application; provided that a regional officer may, with the prior approval of the Chairman, dispense with examination of the film,, if the application is for the issue of certificate in the same form in which it was issued earlier.



Audit noted instances of revalidation of certificates which were valid for 10 years only on the basis of application received from copyright holders. It was found that, neither the examinations of such films were conducted nor the Chairman's approval to dispense with the examination had been obtained. Also, verification of original rights of the movie was not done and a flat rate of ₹ 1020/- was levied irrespective of the duration of the movie.

In their reply the ministry stated that the revalidation of certification was done by the CBFC as per provisions of Rule 29 of the Cinematograph Act. However as per notification issued by Ministry of I &B, (September 1984) the central government had exempted all films in respect of which certification have been or may be granted by the Board, from the validity of 10 years and the validity of such certificates were therefore perpetual.

The reply highlighted the failure of the Ministry, that even though there was no need to revalidate film certificates the CBFC continued to accept films for revalidation of certificates and charged fees on it too. After being pointed out in audit, the process of revalidation was reviewed and it was stated to have been dispensed with.

### **Conclusion**

CBFC took inordinately long time in issue of certificates to the applicants, despite completion of certification process. It also altered the order of films for examination by the Committee without recording any reasons and converted the certified films from A to UA/U without any provision in the Act. CBFC also issued certificates to the applicant for public exhibition of video films imported into India, without obtaining essential documents and permission. There was lack of internal control within the CBFC for tracking the records of film certification which carried a risk of issue of duplicate certificates for the same film to different individuals not holding copyrights.

## 11.2 Academic activities of Satyajit Ray Film and Television Institute Kolkata for the period from 2010-11 to 2014-15

**Satyajit Ray Film and Television Institute, Kolkata (SRFTI) had failed to introduce various courses as envisaged in its objectives even after 20 years of its establishment. The activities of the Institute was marred with delay in completion of courses, vacant seats, lesser teaching hours and gap in evaluation of performance of students.**

### 11.2.1 Introduction

Satyajit Ray Film and Television Institute, Kolkata (SRFTI) was established in 1995 as a fully funded autonomous educational institution under the Ministry of Information and Broadcasting (MIB) and was registered under West Bengal Societies Registration Act, 1961. The major objectives of SRFTI include conducting under graduate and post graduate courses and research on film and television. The Government of India constituted a Society, the apex body responsible for fulfilling the objectives of SRFTI. The Society runs SRFTI through a Governing Council (GC). The President, who is the Chairman of the GC, heads the Society. The Director is the executive head of SRFTI.

SRFTI is audited under Section 14(1) of the Comptroller and Auditor General's (DPC) Act 1971. A audit was conducted on the academic activities of the SRFTI covering the period 2010-11 to 2014-15 and audit findings are discussed in the subsequent paragraphs.

### 11.2.2 Audit findings

#### 11.2.2.1 Student admissions

- SRFTI conducts three year post graduate courses in five disciplines. It skipped enrolment for academic session 2010-13 and 2014-17 to revise curricular design and syllabi. SRFTI instead of continuing with the old syllabi decided to skip the full batch for two years until revision of syllabi. Due to non-enrolment of students for two years, SRFTI suffered loss of revenue of ₹ 1.84 crore towards tuition fees, hostel rent, internet charges and library fees. Also, students were deprived opportunity to learn the art and craft of film making for cinema and television.
- There were 13 vacant seats under foreign quota pertaining to the session 2011-14, 2012-15 and 2013-16. But SRFTI did not consider enrolling Indian students against such vacant seats although it had enrolled Indian students against the vacant foreign quota seats for the session 2008-11 and

2009-12. Thus, non-enrolment of 13 Indian students resulted in loss of revenue of ₹ 18.04 lakh towards student fees apart from underutilization of resources.

- There were also 14 vacant seats under reserved category<sup>1</sup> during 2011-12, 2012-13 and 2013-14. Audit noted that SRFTI followed three stages of assessment<sup>2</sup> for admission of students and out of total passed students in written examination, limited numbers of students in the merit list were called for the next level of assessment. Final merit list was prepared on the basis of marks obtained in all stages of assessment. Audit scrutiny of records related to admission for the year 2013-14 revealed that out of 566 passed students, SRFTI had called only 142 students for next stage of assessment but still there were four vacant seats in reserved category. To avoid vacancies, SRFTI had not considered second/third merit lists as is done in other educational institutes for filling up the vacant seats.

SRFTI stated (December 2015) that with the view to teach the right and contemporary contents it prioritized rationalization of a new syllabus. SRFTI also stated that due to inadequate infrastructure, vacant seats of foreign students were not filled up from Indian applicants. They further stated that more number of students attending orientation course might jeopardize the process of students' quality of output and assessment.

The reply was not tenable since SRFTI failed to formulate new syllabus prior to commencement of new batch. The intake capacity of the students was increased from 10 to 12 per discipline in the year 2011 which indicates that keeping of vacant seats for foreign students due to inadequate infrastructure is not tenable. The contention of SRFTI to decline selection of more number of students for orientation course was not tenable since there were vacancies against the intake capacity of students.

#### **11.2.2.2 Course implementation**

The objectives of SRFTI include conducting under-graduate diploma courses on Television and Film but SRFTI stated that it did not conduct such courses due to inadequacy of infrastructure and man-power. SRFTI offered only three years post-graduate diploma course with specialization in five disciplines of film making viz. Direction & Screenplay writing, Cinematography, Sound Recording & Design, Editing and Producing for film & television. Each course involved

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<sup>1</sup> Scheduled castes, scheduled tribes and other backward classes

<sup>2</sup> Written, Orientation course and Interview

theory as well as practical classes and projects involving short/diploma film making. SRFTI also organized workshops as a part of the course implementation.

### 11.2.2.3 Delay in course completion

The duration of course was of three years which involved various stages viz. general studies, specialization study, projects on short/experimental film and workshops. SRFTI, however, could complete final assessment of all the students after delay of more than 2 to 6 years. The overall delay in course completion is shown in **Table-2** below:

**Table-2**

Batch/Academic Year	Date of commencement of course	Date of final assessment	Period of delay beyond course duration of three years (in Years and Months)
3 <sup>rd</sup> (2001-04)	August 2001	September 2010	6 years
4 <sup>th</sup> (2002-05)	June 2002	October 2010	5 years 3 months
5 <sup>th</sup> (2003-06)	August 2003	February 2011	4 years 5 months
6 <sup>th</sup> (2005-08)	June 2005	April 2012	3 years 9 months
7 <sup>th</sup> (2007-10)	August 2007	May 2013	2 years 8 months
8 <sup>th</sup> (2008-11)	November 2008	May 2014	2 years 5 months

The delay in course completion adversely affected the professional future of students. SRFTI diagnosed (May 2013) the causes of delay in course completion as infrastructure issues, delay on medical ground and synergy between crew members. However, despite knowing the reasons for delay, SRFTI did not take any measure to eliminate the causes of delay. Audit analysed the reasons for delay and noted the following:

- Test check of records of 7<sup>th</sup> and 8<sup>th</sup> batches revealed that major delay occurred in second and third year.
- As per guidelines of SRFTI, shooting was to be completed in 12 consecutive days and two units were to shoot the film simultaneously in one slot in 3<sup>rd</sup> year. Audit noted that shooting of 10 films was done one at a time. Only two films of 7<sup>th</sup> batch were shot simultaneously. As a result, more than four months were taken to complete shooting of all films which could have been completed in half the time had it been done as per the guidelines.
- The post-production work was to be done by editing and sound department within stipulated time of 15 and 20 consecutive shifts

respectively. Audit noted that SRFTI had taken 193 days extra for 7<sup>th</sup> batch and 359 days extra for 8<sup>th</sup> batch for completing eight films in each batch out of 10 films. Thus, post production contributed six months' and 11 months' delay for 7<sup>th</sup> and 8<sup>th</sup> batch respectively.

SRFI stated (December 2015) that 10<sup>th</sup> batch got over in three and half years due to thoughtful intervention with corrective measures. The reply is not acceptable as 10<sup>th</sup> batch which was started in 2011 was yet to be finally assessed (December 2015).

#### **11.2.2.4 No research conducted**

As per objectives, SRFTI has to undertake research in film and television but did not establish research department till date (October 2015). SRFTI had appointed one Film Research Officer<sup>3</sup> in May 2011 but his services were being utilised for publications, festival assignments, film screening etc. and no research work was carried out by him. Institute had incurred an amount of ₹ 24.61 lakh towards his salary. SRFTI stated (December 2015) that due to insufficient infrastructure research activity could not be undertaken. But the fact remained that SRFTI without ensuring the availability of infrastructure, fund and recruited manpower for research activity. Thus, due to improper planning the objective of SRFTI to undertake research in film and television remained unfulfilled.

#### **11.3.3 Failure to introduce courses**

##### **11.3.3.1 Short term courses**

As per their objectives, SRFTI has to organise short term/refreshers/in services training courses. Audit noted that FTII, Pune conducted five regular short term courses. However, SRFTI had not offered any regular short term course. SRFTI stated that introduction of short term course may disrupt the regular PG courses due to insufficient manpower and infrastructure. Audit observed that Academic Council decided (August 2012) to communicate the constraints of conducting such course to the Ministry for addressing the issues. The SRFTI, did not take up the matter with the Ministry till date (January 2016). Thus, absence of effective action on the part of SRFTI resulted in failure to introduce regular short term course and diploma course on acting.

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<sup>3</sup> Sri Sougata Bhattacharya on 29 March 2011

### 11.3.3.2 Post Graduate course in Television

To set up a Centre for excellence in Television for offering two year post graduate diploma in six disciplines, SRFTI had sought (April 2012) from the MIB a lump sum amount of ₹ 23.66 crore. SRFTI had projected 31 March 2015 as the likely date of completion of the Centre. The MIB approved (November 2012) the proposal with a sanctioned amount of ₹ 8.64 crore only on lump sum basis. However, only in April 2014, SRFTI prepared master plan for the Centre and gave a list of building requirement to Civil Construction Works (CCW), MIB to present the estimates. CCW presented (September 2014) an estimate of ₹ 57.69 crore towards the total construction cost. As the estimate was much higher than the sanctioned grant, SRFTI decided (October 2014) to construct one small TV studio and three academic departments for running three courses instead of six. Audit, however, noted that both the works have not been started (October 2015). SRFTI stated (December 2015) that after the completion of the construction and availability of infrastructure, faculty and other resources full-fledged Television course can be started.

### 11.3.3.3 Captive TV project

SRFTI with the objective to provide training to the students on online telecasting engaged (March 2005) Broadcast Engineering Consultants India Private Limited for setting up Captive TV<sup>4</sup>. SRFTI, however, failed to provide dedicated TV studio required for Captive TV project. Consequently, equipments of Captive TV, for which an expenditure of ₹ 55.04 lakh had been incurred, was being utilized for showing movies till the year 2011 and later on it was used for making programme and hands-on training of students. Thus it did not fulfil its intended purpose till date (December 2015). SRFTI stated (December 2015) that the Captive TV equipments were used for academic project development and training as well. But the fact remained that the Captive TV project could not be utilized for intended purpose of online telecasting.

### 11.3.4 Inadequate teaching

As per the Bye-laws, academic load of lectures/tutorials/practicals of Assistant Professor and Lecturer per week was not less than 8 and 16 hours respectively. In July 2011, SRFTI re-designated the post of Lecturer and Assistant Professor as Assistant Professor and Associate Professor respectively. Test check of

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<sup>4</sup> A new concept to target specific audiences at local level

records<sup>5</sup> revealed that most of the Assistant Professors and Associate Professors did not achieve the core load per week as stipulated in the Bye-laws as per details shown below.

- During the period from November 2012 to March 2013<sup>6</sup>, the average classes taken by eight out of ten Assistant Professors ranged between 0.93 and 14.9 hours per week while that by one out of four Associate Professors was 6.4 hours per week (rest of Assistant Professors and Associate Professors fulfilled minimum requirement of teaching hours).
- During the period from November 2013 to May 2014<sup>7</sup>, the average classes taken by all the Assistant Professors ranged between 0.5 and 7.08 hours per week while that by three out of four Associate Professors was between 0.07 and 1.94 hours per week (one Associate Professor fulfilled minimum requirement of teaching hours).
- During the period from December 2014 to July 2015<sup>8</sup>, one Assistant Professor and one Associate Professor did not take any class. The average classes taken by the remaining 10 Assistant Professors ranged between 2.68 and 10.90 hours per week while that by remaining three Associate Professors was between 5.20 and 5.76 hours per week.

SRFTI stated (December 2015) that calculation of teaching hours by audit was without considering practical supervision and mentoring which include at least 24 hours of practical training programme in the specialisations in each batch. The reply was not tenable as audit calculated the teaching hours based on the duration of academic programmes of faculties prepared by SRFTI which include both theory and practical session.

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<sup>5</sup> 1<sup>st</sup> semester + 3<sup>rd</sup> semester every year as these semesters carries maximum teaching load.

<sup>6</sup> 1<sup>st</sup> semester of 11<sup>th</sup> batch and 3<sup>rd</sup> semester of the 10<sup>th</sup> batch were conducted during the period from November 2012 to March 2013

<sup>7</sup> 1<sup>st</sup> semester of 12<sup>th</sup> batch and 3<sup>rd</sup> semester of the 11<sup>th</sup> batch were conducted during the period from November 2013 to May 2014

<sup>8</sup> 3<sup>rd</sup> semester of the 12<sup>th</sup> batch was conducted during the period from December 2014 to July 2015. Admission for 13<sup>th</sup> batch was not done during 2014-15, hence there was no 1<sup>st</sup> semester for 13<sup>th</sup> batch during the period.

### 11.3.5 Adhocism in Evaluation

SRFTI conducted diploma courses in five disciplines for post graduate students. The courses are of three years' (six semesters) duration. SRFTI evaluates the progress of learning of students through year/semester end examination. Thereafter, passed students were promoted to the next year/semester. As per Bye-laws, a student was eligible for promotion to the next higher level on scoring a minimum of 40 *per cent* and above in written examination and minimum 50 *per cent* and above in each practical exercise/assignment/sessionals. Audit noticed discrepancies in assessment of students as discussed below.

- In 2<sup>nd</sup> semester examination of 10<sup>th</sup> Batch (Cinematography), 11 students scored less than the stipulated 40 *per cent* pass mark. SRFTI, however, promoted these students. SRFTI stated that marks of Presentation on black/white cinematography work were considered along with theory paper. This was in contravention of Bye-laws.
- Six students scored less than the stipulated 50 *per cent* marks in practical in 4<sup>th</sup> semester examination of 11<sup>th</sup> Batch (Editing). SRFTI promoted these students. SRFTI stated that all topics (workshop, participation, practical) were taken as one subject and students scored more than 50 *per cent*. Evidently, by doing so, SRFTI covered up the poor marks scored in practical paper in contravention of Bye-laws.
- Audit noted that one student did not submit sessional paper and another did not participate in workshop. They scored zero marks in the subject but SRFTI promoted these students to the next semester. The promotion of such students reflects on the quality of passed out students.
- In January 2013, Sound Recording & Design Department evaluated the answer sheet of Integrated Course. In April 2013, Examination Co-ordinator forwarded the mark sheet of students to the Tutorials Department. Audit observed that SRFTI recorded more marks in the marks sheets of three students than that awarded by department. SRFTI agreed (December 2015) with the audit point but did not correct the mistake.
- In January 2014, SRFTI published second year result of 9<sup>th</sup> Batch students pursuing Direction and Screenplay Writing. SRFTI calculated the percentage of marks scored by one student to be 60.95 *per cent* instead of



53.33 *per cent* actually scored. SRFTI agreed (December 2015) with audit point but did not correct the mistake.

- Academic Schedule for the 2<sup>nd</sup> year of 9<sup>th</sup> batch fixed 4 July 2012 as the date of declaration of result which was subsequently shifted to 3 June 2013. Audit noted that the professors of Cinematography department had submitted sessionals and theory papers to Shri Niraj Mohan Sahay, Assistant Professor in 2012 for reassessment. However, these materials were lost from the custody of Shri Sahay. SRFTI declared the results based on the preliminary assessment done by Cinematography department on 30 November 2013.
- Test check of records pertaining to evaluation of diploma films made by 203 students of different batches (3<sup>rd</sup> to 8<sup>th</sup> batch) revealed that 103 students scored the grading of ‘satisfactory’ or above. The remaining 100 students scored below ‘satisfactory’ grading. Such performance of students indicated that the teaching process in SRFTI needs to be reviewed. SRFTI stated that the issue might be placed for discussion at the Academic Council Meeting.

Thus, SRFTI had failed to achieve their stated objectives as it failed to introduce various courses viz undergraduate course for film and television, post graduate diploma courses in television and regular short term courses in films even after 20 years of its establishment. Two batches of students were skipped and number of seats remained vacant due to improper planning. SRFTI also did not execute academic activities properly as none of the batch was completed in prescribed time, lesser teaching hours by faculty and instances of gap in evaluation of performance of students were noticed in audit.

The matter was reported to the Ministry (November 2015); their reply was awaited (February 2016).

## CHAPTER XII : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

### 12.1 Inadequate follow-up of loans in Khadi and Village Industries Commission, Mumbai

**Inadequate follow-up of loans by KVIC resulted in non-recovery of ₹ 551.46 crore and funds amounting to ₹ 226.70 crore, meant for development through execution of Schemes and Programmes, were diverted to service the loans of institutions.**

KVIC, under the administrative control of the Ministry of Micro, Small and Medium Enterprises (the Ministry) was established for promotion and development of Khadi and Village Industries (KVI) sector. The 'KVIC Loan Rules, 1958' empowered it to extend financial assistance in the form of loans to the various Institutions registered with it or with Khadi and Village Industries Boards (KVIBs) of State Governments. This financing was facilitated through budgetary sources of Government of India (GOI) in the form of loan to KVIC. KVIC, also disbursed funds to KVI Institutions under the Consortium Bank Credit (CBC) arrangement with State Bank of India (SBI) during 1995-96 to 2001-02. KVIC used to draw funds from SBI and was directly engaged in disbursements to beneficiaries (KVIBs and Institutions) and was responsible for recovery of due amounts of principal and interest from the beneficiaries for repayment to SBI.

As on 31.03.2015, the total loans outstanding was ₹ 1008.30 crore (GOI) and ₹ 509.30 crore (CBC) and an amount of ₹ 272.48 crore and ₹ 278.98 crore respectively was overdue with beneficiaries in respect of loans from KVIC funds and CBC funds (excluding loan for WC which was not refundable).

It was noted that KVIC did not have any system in place to pursue recovery of the outstanding loans amounting to ₹ 272.48 crore overdue (March 2015). KVIC is also incurring interest liability on the outstanding GOI loan year after year (around 11 *per cent*) but the same is being serviced only to the extent of actual realization. Recovery of principal from beneficiaries against loans from CBC funds was also poor and the outstanding of overdue principal on loans from CBC funds with the beneficiaries stood at ₹ 278.98 crore (March 2015).

To meet repayment to SBI under the CBC arrangements, it was seen that KVIC had diverted funds meant for development through execution of Schemes and

Programmes. An amount of ₹ 226.70 crore had been diverted for payment to SBI (principal) upto 31 March 2015.

Management stated (November 2015) that action has been initiated for recovery of interest dues from institutions and that there were no demands from the Ministry for repayment of loan. Management further stated (December 2015) that KVIC did not have any alternative but to utilize the available fund balance and interest earned on such fund to discharge its liability of repayment to SBI to save the loan account of KVIC from being declared as non-performing asset. Management stated (January 2016) that due to non-consolidation of state-wise schedules and manpower constraint, the consolidated statement of outstanding loans in respect of loan from 'KVIC fund' was not prepared and the exercise of rigorous follow-up of outstanding loans from KVIC funds would be taken up after preparation of same.

The reply of the management only confirm the diversion of funds meant for development to meet the liability of repayment to SBI. Such diversion and such an arrangement did not have the explicit approval of the Ministry.

Thus, the failure of KVIC to follow-up and monitor the realization of loans has resulted in non-recovery of ₹ 551.46 crore and diversion of funds amounting to ₹ 226.70 crore meant for development through execution of Schemes and Programmes.

## **12.2 Implementation of SFURTI by KVIC**

### **Inadequate controls and monitoring and Lack of transparency in implementation of SFURTI by KVIC**

#### **12.2.1 Scheme of Fund for Regeneration of Traditional Industries**

**12.2.1.1 Introduction:** The Scheme of Fund for Regeneration of Traditional Industries (SFURTI), to produce marketable products using locally available raw material, skills and indigenous technology was approved by the Government of India in October 2005, to develop clusters in Khadi and Village Industries (KVI) and Coir Sector all over the country over a period of five years. The objectives inter-alia included providing sustained employment through these clusters to traditional industry artisans and entrepreneurs, strengthening the local governance of the industry clusters, building up of improved technologies, processes, market intelligence and new models of

public-private partnerships. Though the scheme was scheduled to be completed by 2009-10, it was extended up to March 2013.

**12.2.1.2 Implementation Framework:** The scheme framework stipulated that policy co-ordination support would be provided by the Ministry of Micro, Small and Medium Enterprises. Scheme Steering Committee (SSC) with Secretary of the Ministry as Chairman and representative members from Planning Commission, Coir Sector, KVI Sector, Banking and Financial Institutions, etc would be constituted. The SSC would identify Technical Agencies (TA) having requisite expertise for providing technical support to Nodal Agency (NA). KVIC was to be the Nodal Agency (NA) in KVI sector and 'Coir Board' for coir sector. The clusters were to be selected on the basis of their geographical concentration, potential for growth in production and generation of employment opportunities.

NA would identify the prospective clusters and Implementing Agencies (IAs) based on pre diagnostic study and verification of credentials of IA. The IA would be Government/semi-government institutions/NGOs with suitable expertise to undertake cluster development.

On obtaining in-principle approval of SSC, each IA would identify and appoint a Cluster Development Executive (CDE) exclusively for each cluster. The IA would enter into an agreement with NA, TA was to sign Memorandum of Understanding with NA and CDE would enter into an agreement with IA.

**12.2.1.3 The Support measures/Intervention measures:** The Support measures/Intervention measures consisted of replacement of charkas and looms by new models, establishment of Common Facility Centres(CFC), intervention in Product Design and Development to enable development of new products, new designs and improved packaging of products, market promotion and capacity building activities etc.

**12.2.1.4 Funding pattern:** The scheme envisaged a maximum government grant of ₹ 104.75 lakh for each khadi cluster and ₹ 78.50 lakh for each Village Industries (VI) cluster with 25 *per cent* matching contribution by IA under select components.

### 12.2.2 Audit Methodology, Objective and Scope

Audit examined the implementation of the Scheme in KVI sector by KVIC since inception of SFURTI scheme to 2012-13 (first phase) and its way forward to the XII plan period (second phase). KVIC had developed 29 clusters in khadi sector and 47 clusters in VI sector during the first phase of SFURTI. Audit selected a sample of eight clusters for detailed examination (as listed in **Annex-I**) The Audit sample represents approximately 10 *per cent* of each sector (i.e. 3 out of 29 khadi clusters and 5 out of 47 clusters of VI) and also 10 *per cent* of the overall population of 76 clusters promoted.

Audit was conducted through review of records maintained at the Directorate of SFURTI (i.e. the Programme Directorate) at Central Office of KVIC at Mumbai and examination of 8 clusters through visit to the selected clusters and their respective field offices of KVIC. The audit was conducted to derive an assurance as to the proper and transparent implementation of the scheme by KVIC and to ensure that the scheme had been effective/successful in achieving its intended objectives.

### 12.2.3 Audit Findings

KVIC had received ₹ 62.94 crore during the years 2005-06 to 2010-11 for implementation of the scheme; had developed 29 clusters in Khadi and 47 clusters in VI sector, expending a sum of ₹ 56.26 crore, unspent balances of ₹ 3.69 crore was refunded during 2012-13. Remaining sum of ₹ 2.99 crore was carried forward for utilization in implementation of 'Revamped SFURTI scheme' in the Twelfth Plan Period. As of 31 March 2015, KVIC was having an unspent balance of ₹ 2.33 crore.

The production of records in respect of two of the selected clusters viz. Horn & Bone product (HAB) cluster, Moradabad, Uttar Pradesh and Tikarmafi Woolen & Cotton Khadi (TW&CK) cluster, Sultanpur, Uttar Pradesh by the Field Office/IA was grossly incomplete. In respect of Singhbhum Beekeeping (SBK) cluster, Jharkhand, the records was stated to be under CBI custody. Hence, no meaningful examination could be conducted to vouchsafe proper and effective utilisation of funds amounting to ₹ 199.83 lakh in respect of these three clusters.

In view of foregoing, Audit observations regarding the output delivered by the other five clusters (out of 8 clusters selected) in specific and the overall

effectiveness of implementation of SFURTI scheme in KVIC are discussed in the subsequent paragraphs.

### **12.2.3.1 Intervention & Support measures and their effectiveness**

#### **(i) Replacement of charkhas & looms**

The maximum financial assistance under the SFURTI scheme to a Khadi cluster for replacement of equipments was ₹ 37.50 lakhs (36 *per cent* of maximum permissible assistance). In the two Khadi clusters selected in audit, Swami Ramanand Tirth (SRT) and Surendranagar Cotton Khadi Cluster (SCK), it was observed that there was no system of monitoring the equipment-wise production turnout in respect of distributed charkhas and looms. Audit further observed that there was no monitoring of assets by means of allocation of unique ID and systematic physical verification. In SRT cluster, the signatures of the beneficiary artisans to whom the charkhas were distributed were not found available on record. The effectiveness of the expenditure of ₹ 71.95 lakh (38 *per cent of actual assistance*) on the replacement of charkhas/looms in the two clusters could therefore not be ascertained in audit.

Management stated in its reply (March 2015) that the concerned field offices have done the verification of charkhas and looms distributed to the artisans. At SRT cluster, all the Charkhas and looms procured under SFURTI are placed in Production centers of IA and are being utilized by artisans.

In the absence of physical verification reports and details of production output from each of the replaced equipments, audit was unable to confirm physical availability or utilization of equipments replaced.

#### **(ii) Setting up of CFC and its utilisation**

The scheme guidelines envisaged that the Common Facility Centres (CFC) would consist of machinery and work shed, which would be made available for the common use by artisans. The maximum assistance under the SFURTI scheme for CFC for each cluster was ₹ 11.25 lakhs (11 *per cent*) in Khadi sector and ₹ 22.50 lakh (29 *per cent*) in VI sector. In the five clusters examined by audit, total grant of ₹ 87.93 lakh (21 *per cent* of the total assistance) was for CFC.

Audit observed the following:

- Only in two of the clusters (viz. Barpeta Cane and Bamboo Craft (BCB) Cluster and partly in Siddha and Ayurveda(S&A) cluster) the CFC was being utilised by the artisans independently; in others it was being utilised by the artisans attached and working under the implementing agencies. As in majority of clusters, CFC did not have a separate entity independent of implementing agencies, the artisans continued to remain piece-rated workers of the IAs, they did not stand to gain directly by this expenditure.
- In respect of Horn and Bone (HAB) product cluster, the CFC was set up on agricultural land and as the clearance from the State Pollution Control Board could not be obtained, the cluster is non-operational.
- No exit policy was put in place by the Ministry to ensure sustainability of the clusters developed under SFURTI, to ensure that the benefits would accrue to all the beneficiaries beyond the project period.

Management replied (March 2015, July 2015) that SFURTI guidelines did not insist on a separate entity of CFC independent of implementing agency and that there was no aspect of sustainability envisaged in the original scheme. Also, in respect of HAB cluster, despite the fact that regular meetings of the Cluster Development Coordination Group (CDCG) under the chairmanship of the District Collector were held, the environmental pollution certificate could not be obtained.

The reply of the Management is not tenable as although the scheme did not explicitly envisage an entity of the CFC independent of the IA, but the objective of the scheme was to strengthen the local governance systems of clusters through active participation of stakeholders so that they were able to undertake development initiatives by themselves. This objective would not be implemented unless separate identity of CFC was ensured. Besides, two clusters (BCB and S&A) could ensure that the CFC was being utilized independently by the artisans. The direct control of the IA over the CFC would result in augmentation of capacity and earnings of IA, rendering the artisans only like piece rated workers, as they were prior to SFURTI.

**(iii) Market Promotion**

The intervention of Market promotion assistance (MPA) envisaged undertaking activities which could directly increase sales like organizing fairs, exhibitions, linkages with big buyers, exports, upgradation/computerization of marketing

outlets, opening of new outlets, bar coding, advertisement, ISO/Agmark certification etc. Budgetary grant of ₹ 15 lakh per cluster (being 14 *per cent* in Khadi and 19 *per cent* in VI) was envisaged in the scheme. Total expenditure of ₹ 70.3 lakhs (17 *per cent* of total assistance) in the five clusters examined by Audit was for MPA.

Audit observed the following:

- Renovation of the existing sales outlets was the major activity carried out by all clusters under this intervention besides organizing exhibitions, development of product catalogue and sales outlet computerization.
- SCK cluster had introduced e-marketing; Amrawati Wardha Beekeeping (AWB) and SCK clusters had launched websites; bar-coding and branding have not been carried out by any of the clusters. As regards the status of ISO/AGMARK certification, one of the clusters viz. S&A, the IA already had an ISO certification prior to introduction of SFURTI; SRT cluster obtained ISO certification in December 2011; in BCB Cluster, an application has presently been made for obtaining ISO; in AWB, an application has been made for obtaining 'Agmark' branding; no initiatives have been taken by SCK cluster in this direction till now.
- In AWB cluster, a sum of ₹ 6.26 lakh out of ₹ 10.80 lakh utilized, was deposited with Nagpur Municipal Commissioner (NMC) during October 2011 for allotment of a shop for opening of new sales outlet at Nagpur; however, neither the shop has been allotted nor refund of the amount has been obtained; thus, a major part of the grant remained idle for over four years with NMC without any benefit to the stakeholders.

Thus, in the scenario of piece rated artisans (in three out of five clusters viz. SRT, SCK and AWB) and the IAs marketing the products under its brand name, the expenditure of ₹ 40.3 lakh on MPA grant in these three clusters had not benefited the artisans in any direct way.

### 12.2.3.2 Performance evaluation of clusters and impact on artisans

The tables in **Annex-II** elaborate the performance of clusters in terms of three key parameters viz. number of artisans, artisans earnings, production and productivity from 2007-08 (pre-intervention) to 2014-15.



**(i) Cluster-wise analysis of performance:**

The artisans of BCB cluster are engaged in production and marketing of cane and bamboo artifacts. The artisans of the cluster work independently. The IA carried out capacity building measures, set up CFC for common use by all artisans and performs other coordinating activities. The artisans process their products at CFC free of cost by bearing the electricity charges and also have the option to sell their products on their own or at the collection centres set up by IA. The artisans are thus not paid workers of IA.

As per the Completion Report (CR) of the cluster, value of production had increased by 180 *per cent* and the number of artisans had increased by 56 *per cent*, between 2007-08 and 2011-12.

Audit observed that there was no unique ID for the artisans and there was no audit trail to verify the increased earning or production levels of artisans. Also, the increase in artisans strength reported in the CR at 1382 was far below the DSR target of 2500.

- SCK cluster, was engaged in khadi activities and the IA provided raw materials, machines and services to artisans. Audit observed that, although the number of artisans increased from 100 to 536 during 2007-08 to 2014-15, the production declined from 2.10 lakh meters to 1.75 lakh meters respectively. Thus there was a decline in productivity to the extent of 84 *per cent* and the artisans were not gainfully employed.
- In S&A cluster, operating in Dindigul and Theni districts of Tamil Nadu, the artisans are engaged in production of Siddha and Ayurveda medicines from herbs and roots of medicinal plants. As per field office reports, number of artisans had gone up from 242 to 665; production of all the years (excepting 2009-10) was much lower than the production of pre-intervention year of 2007-08. There was consistent declining trend of production and productivity since intervention of SFURTI. Thus, the benefits derived by the cluster and its artisans on account of SFURTI implementation could not be established.
- SRT is a Khadi cluster, with artisans mainly engaged in pre-spinning, spinning and weaving activities. The production increased by 38 *per cent* (approx) as against the increase in the number of artisans being 59 *per cent* between 2007-08 and 2014-15 respectively. Thus, the productivity of the cluster showed a negative growth of 14 *per cent* during the period.

Also, the number of artisans actually associated with the cluster was 479 as of March 2015. Thus, the DSR deliverables with regard to employment generation for 1200 artisans and production increase by 40-60 *per cent* were not achieved. Due to the absence of details in respect of wages earned per hour, the actual contribution of SFURTI for improving artisans earnings could not be ascertained.

- In AWB cluster, the tribes (artisans) of Melghat region of Maharashtra, have been trained in scientific honey collection process from wild bee colonies in the forest. The IA procures the honey collected by the artisans, processes the same in the scientific honey processing plant at CFC, undertakes packaging and labelling and markets the same in the brand name of Melghat honey. The IA trained and distributed tool kits to 510 artisans for scientific collection of honey and the artisans have the option of selling honey to the IA or engage in direct sale by themselves.

As per the field office reports, the number of artisans engaged increased from 70 to 510 during 2007-08 (pre-intervention) and 2010-15 (post intervention). Artisans were paid in cash and no unique ID was allotted to establish the number of artisans trained and consistently engaged etc. As honey collection is seasonal employment, the artisans could be employed for part time also and there was no system to capture time spent, earnings thereof etc. and thus evaluation of impact of SFURTI was not feasible.

- HAB cluster, proposed with the objective of assisting the artisans who work with animal bones and horns for making jewellery, photo frames, buttons etc. Audit observed that the cluster had engaged in production for 5 days only and remained non-functional henceforth, as KVIC could not obtain clearance of Pollution Control Board. Thus, the expenditure of ₹ 63.12 lakh in creation of cluster remained unfruitful.
- TW&CK, a woolen and cotton khadi Cluster, was non-functional since 2010-11 due to dispute regarding Management Committee which is sub-judice. As the cluster had not engaged in production activity since 2010-11, the grant of ₹ 63.81 lakh to the cluster remained unfruitful. We were unable to verify the expenditure incurred or the performance of the cluster due to non-submission of information by KVIC despite repeated reminders.

Audit observed that out of the clusters examined in audit, production increased in two of the clusters (SRT and AWB) and the number of artisans increased in all the clusters; however, there was no increase in productivity per artisan in any of the clusters. In two clusters (SCK and AWB), the IAs have been able to sustain and increase their profitability level. In SRT, the IA had come to profits since SFURTI intervention while in S&A, there had only been declining trend in operations and profitability level of cluster. Thus with the implementation of SFURTI, the operations of three of the IAs (out of 8 clusters) became more profitable and sustainable and thereby contributed to the better sustenance of artisans associated with them. Besides the above, there were no evidence to establish enhancement in artisans' earning capacity/productivity and consequent increase in their earnings. Thus, the success of implementation of SFURTI, by expending ₹ 415 lakhs, in the five clusters examined by audit, could not be established. The wages in khadi sector was far below national minimum wages.

Management stated (March 2015) that the wages of khadi artisans had increased by 40-50 *per cent* though their earnings remain below minimum wages and that the objectives of SFURTI were achieved to some extent.

**(ii) Variations between figures reported by KVIC and that reported by field offices**

Audit observed variations in the figures reported by KVIC in the booklet titled 'Success Stories from SFURTI Clusters' (SS), Completion Report (CR) of cluster and actual figures reported by field offices in respect of key performance parameters in four clusters as detailed below:

- In respect of SRT cluster, as per CR, the production for 2011-12, was ₹ 235.21 lakh and that as per Field Office report was ₹ 164.92 lakh.
- In S & A cluster, the production and sales for 2011-12 (post-intervention) was reported in the SS booklet at ₹ 291 lakh and ₹ 332 lakh respectively, whereas as per the Field Office, the same were ₹ 72.83 lakh and ₹ 113.66 lakh respectively.
- Similarly, in respect of AWB cluster, as per SS booklet, the production and sales for 2012-13 were ₹ 130.75 and ₹ 143.67 lakh respectively and as per Field Office the same were ₹ 12.05 lakh and ₹ 17.48 lakh respectively.
- In BCB cluster, the sales for 2011-12 as per SS booklet stood at ₹ 1927 lakh while as per Field office report the same was ₹ 1236.19 lakh.

Management replied (March 2015), that the differences relating to production, sales, number of artisans etc. need to be confirmed from the respective institutions through field offices and will be apprised to audit.

However, the differences remain unreconciled even after a lapse of eleven months.

**(iii) Impact on artisans**

The scheme aimed to strengthen the local governance system through consortium of SHGs and takeover of management of CFC by consortiums. Further, all artisans enrolled in the cluster were to be extended with insurance benefits and children educational scholarships under Janshree Bima Yojna (JBY). The other welfare measures envisaged included Artisans Welfare Fund Trust (AWFT) health insurance, credit linking, home loan facility, pension for artisans etc.

Audit observed that BCB cluster had provided the facility of credit linking for working capital (to 175 artisans out of 1382 artisans) and health insurance (for 382 out of 1382 artisans) during 2011-12 in the entire spell of seven years since SFURTI intervention. 509 artisans were provided with Insurance/Health/Pension benefits in HAB cluster. Medical insurance cover was provided by S&A cluster to 153 out of 665 artisans. Besides such partial provision of facilities by few clusters, there were no other benefits extended in VI clusters. JBY and AWFT were the only measures implemented in Khadi clusters.

Management stated (March 2015) that all the IAs have introduced welfare measures in each cluster for the betterment of the artisans. Management further stated that SHGs have been formed.

Although 170 SHGS have been formed in 6 clusters (of the 8 clusters test checked), the same needs to be strengthened through association of SHGs in management of CFCs to make the formation of SHGs a meaningful exercise towards empowerment of artisans and strengthening of local governance.

**12.2.3.3 Role of Cluster Development Executive (CDE)**

The scheme envisaged that the CDE would be the mentor to oversee the implementation of cluster development programme successfully at ground level. It was however seen in audit that the CDEs changed frequently, defeating the purpose of his appointment. In five years span, four persons had worked as CDE in BCB; there were 3 different CDEs associated during the SFURTI

tenure in SRT and in SCK clusters as well. CDEs were trained by TA for development of cluster, but there was no system to ensure their retention for a reasonable period. Although as per the standard terms of agreement with CDE, a bond of ₹ 2 lakh had to be executed in the prescribed format and that he would work for a minimum of 3 years, no such bond was executed by CDE at the time of his appointment in any of these five clusters test checked by Audit. Management replied (March 2015) that as CDE was remunerated only ₹ 12,000 per month, they could not insist on bond of ₹ two lakh and that they had the option to quit by giving one month's notice.

The reply of Management confirms the fact that despite the critical role assigned to CDE, the scheme failed to ensure his continuity in the cluster.

#### **12.2.3.4 Monitoring mechanism**

The Monitoring mechanism of the scheme had the following control gaps:

- KVIC failed to ensure appropriate tracking system of beneficiaries by means of assignment of Artisans' enrolment number (AEN)/other unique ID.
- There was no database of key factors of implementation like number of artisans, their earnings, productivity, time devoted by the artisans, whether full time/part time artisans etc.

Non-assignment of unique ID or other system checks through introduction of online monitoring system, as envisaged in the scheme guidelines, to ensure transparency and to ensure de-duplication of artisans was a serious lapse of KVIC.

#### **12.2.4 Conclusions and Way forward for XII Plan period**

Based on the above, it can be concluded that the amount of ₹ 56.26 crore spent on implementation of SFURTI by KVIC during 2005-06 to 2010-11 has not made much headway either in making traditional industries more competitive, market driven and productive nor helped in improving artisans' conditions.

The proposals for the XII plan period, as approved by the Ministry in August 2014, proposed development of 3 types of clusters viz. 'Heritage Clusters' with a financial assistance of ₹ 8 crore, 'Major clusters' with a financial assistance of ₹ 3 crore and 'Mini clusters' with a financial assistance of ₹ 1.5 crore and promotion of 800 clusters in all under the approved revamped SFURTI guidelines. The Project Management System (PMS) was expected to manage

the project online right from inviting proposals to screening of applications, release of funds and concurrent monitoring of progress till completion. However, KVIC is yet to (September 2015) put in place the PMS system. In the absence of guidelines for online scrutiny, KVIC invited (September 2014) proposals and went ahead with scrutiny of proposals through state/zonal level committees. 35 clusters have been identified, DSRs of 10 clusters and detailed project reports (DPR) of 9 clusters have been approved (September 2015) by SSC under revamped SFURTI.

Thus, the issue of ensuring transparency through online processes, which was lacking in the first spell of SFURTI, remains to be addressed at the very beginning of its implementation during the XII Plan period as well. As the scheme envisages better governance system by involving stakeholders, efficient controls, online monitoring, internal audits etc. need to be built in the design before embarking with the scheme implementation during the XII plan period.

The Ministry replied (February 2016) that the Revamped SFURTI scheme was launched in August 2014 and guidelines issued in June 2015. Meanwhile KVIC and Coir Board sought and collected applications as the scheme had come to a grinding halt. Ministry further stated that the templates for online PMS have been designed, the development of online system was under way and that the approvals already given would also be made a part of the PMS on its completion.

Reply of the Ministry confirms the observations made by audit while highlighting the efforts being made to make online PMS operational. The transparency in execution of the Scheme in its way forward needs to be ensured by the Ministry.

## CHAPTER XIII : NITI AAYOG

### Unique Identification Authority of India

#### 13.1 Avoidable expenditure on Annual Maintenance Contract

**Unique Identification Authority of India (UIDAI) in contravention of the provisions of the contract extended undue favour to the vendor (M/s Wipro Limited) and incurred an avoidable expenditure of ₹ 4.92 crore on Annual Maintenance Contract of the equipment for a period covered under warranty/free maintenance.**

Unique Identification Authority of India (UIDAI) entered (May 2011) into a contract with M/s Wipro Limited (vendor) for 'Supply, Installation and Commissioning of Servers, Storage Systems, Security Systems and Accessories with Incidental Services' in the Data Centres of UIDAI in Bengaluru and Delhi/NCR at a cost of ₹ 134.28 crore.

In terms of Clause 7 of the 'General Conditions of Contract' the vendor was responsible for erection and installation of the Goods/Services at the destination sites and for making them fully operational, subject to an Acceptance Test<sup>1</sup> (AT) based on the prescribed norms<sup>2</sup>.

Clause 12.2 of the Contract stipulated that warranty of the equipment would remain valid for 36 months in respect of servers and storage systems and 12 months in respect of all other goods, after the goods had been delivered (and commissioned) to the final destination and accepted.

All the goods provisioned in the contract, were deployed and commissioned in the data centres of UIDAI in Bengaluru and Delhi/NCR during November 2011 to February 2012. As UIDAI did not have in house technical expertise in conducting AT, it hired (March 2012) Standardization Testing and Quality Certification (STQC) for conducting third party ATs of all equipment and systems on behalf of UIDAI.

STQC carried out ATs at both the Centres and reported (August 2012, Delhi/NCR and October 2012, Bengaluru) that in certain cases component

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<sup>1</sup> AT involves the operation of the complete Goods/Services to be conducted by the vendor in the presence of the purchaser and/or authorized officials and/or any other team or agency nominated by the purchaser.

<sup>2</sup> The equipment must, as a complete system, operate for thirty (30) consecutive days, 24 hours a day, at 99.5 per cent up-time efficiency.

uptime<sup>3</sup> requirement was not being met as per specifications prescribed in the Contract. On the request of vendor, UIDAI reduced (November 2012) the component uptime requirement norms<sup>4</sup>.

Finally, STQC conducted (January- February 2013) the ATs again as per revised norms and reported (February 2013) satisfactory performance of all the goods/components. Hence as per the contract terms and conditions the date of acceptance of equipment was February 2013. However, on being requested by M/s Wipro, UIDAI decided (February 2013) to adopt the date of final commissioning of equipment i.e. February 2012 as date of acceptance for all equipment. As a result of reckoning this date, the stipulated period of warranty of 12 months for items other than servers and storage system expired on 31 January 2013 which was a month before its acceptance.

Audit further noted that UIDAI agreed (March 2013) with the vendor for Annual Maintenance Contract (AMC) of these equipments at a total cost of ₹ 4.92 crore for the period from February 2013 to January 2014 and an agreement was signed between UIDAI and M/s Wipro at later date i.e. 1<sup>st</sup> June 2013.

Thus deviation from the original contract terms and entering into a fresh AMC retrospectively by UIDAI resulted in avoidable expenditure of ₹ 4.92 crore on AMC of the equipment for a period which was to be covered under warranty/free maintenance.

UIDAI in its reply stated (May 2015) that STQC raised several issues in respect of testing process and several discussions were held to resolve them. Thereafter, STQC re-conducted the process of testing. By that time valuable time had elapsed and systems went out of warranty. Therefore, as mentioned in the contract the last date of commissioning was taken as date of acceptance. Further, it stated (October 2015) that the term delivered (and commissioned) to the final destination and accepted in clause 12.2 stipulates acceptance of delivery and commissioning of equipment by the competent authority. Acceptance of goods was given by the competent authority in UIDAI after commissioning of equipment and they had adequate assurance to do so on the basis of successful operation of the system and factory tests/reports submitted by the vendor. Since the equipment were put in operation and aadhar generation

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<sup>3</sup> Time during which a machine, especially a computer is in operation.

<sup>4</sup> 30 days to 15 days or 7 days.



was in process, acceptance of equipment was a contractual requirement to get various services covered under the warranty clause.

The reply of the department that it had adequate assurance to satisfy itself about performance of equipment is inconsistent with its decision to engage STQC for carrying out AT. The final report of STQC about satisfactory performance of equipment was received in February 2013 and hence this should have been effective date for acceptance of goods. Clearly in the instant case, the action of the UIDAI was inconsistent with the provisions of the contract and led to avoidable payment of ₹ 4.92 crore towards AMC.

### **13.2 Irregular release of advertisements leading to loss on advertisement campaign**

**The Unique Identification Authority of India did not route its advertisements through the Directorate of Advertising and Visual Publicity in accordance with the advertisement policy of Ministry of Information and Broadcasting. This led to loss of ₹ 1.41 crore as the eligible discount was not availed.**

The Directorate of Advertising and Visual Publicity (DAVP) is the nodal agency of the Government of India for advertisements by various Ministries and Organizations of Government of India including public sector undertakings and autonomous bodies.

As per New Advertisement Policy<sup>5</sup> of DAVP, all Central Government Ministries/Departments/Attached and Subordinate Offices/Field Offices are required to route their advertisements, including display advertisements, through DAVP only. These orders were reiterated by the Government of India in June 2013.

Further, DAVP provides 15 *per cent* discount (equivalent to agency commission) to Ministries/Departments and other client organizations for advertisements made through DAVP.

Audit observed that Unique Identification Authority of India (UIDAI) did not route its advertisements through DAVP, and instead, hired an advertising agency, M/s R K Swamy BBDO Pvt. Ltd. for releasing print advertisements in leading national newspapers across the country at DAVP's rates during the

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<sup>5</sup> Clause 3 of New Advertisement Policy issued by DAVP (effective from 2nd January 2007)

period from December 2014 to March 2015. The total expenditure incurred on these campaigns was ₹ 9.42 crore as per details given below:

Sl. No.	Campaign	Period	Expenditure incurred (₹)
1.	Benefit of linking the Aadhaar with LPG database for DBTL	December 2014	1,45,50,395-00
2.	-DO-	January-February 2015	1,28,94,219-00
3.	-DO-	January-February 2015	2,98,72,097-00
4.	Educating residents on mode of retrieving Aadhaar if they have lost their EID/UID	March 2015	3,68,55,276-00

Thus, failure of the UIDAI to avail the opportunity of getting 15 per cent discount (equivalent to agency commission) by routing its advertisements through DAVP led to a loss of ₹ 1.41 crore<sup>6</sup>.

On being pointed out by audit, the Ministry of Communications and IT endorsed (December 2015) the reply of UIDAI stating that UIDAI availed the services of private advertising agency as there had been little contribution from DAVP in terms of assessment of communication needs, insufficient creative inputs in terms of designing, development of content & messages, lack of media planning etc. The agency which assisted in these activities, besides releasing advertisements, was not paid any additional amount for the same and hence there was no loss in real terms. UIDAI also stated that to meet its project objectives, it had also been accorded permission and freedom by the Prime Minister's Council of UIDAI to procure from international vendors/organisations as and when need arose.

The reply is inconsistent with the extant orders of Government of India according to which advertisements would be released only through DAVP to the print and other publicity media. Further, the contention of UIDAI that there was no loss in real terms is not supported by cost benefit analysis. We also observed from the documents of UIDAI that the constraints expressed by them for preferring a private agency over DAVP was in relation to tender notices only and not with respect to advertisements. Moreover, even in the light of stated constraints, routing advertisements through another agency in a routine manner is not consistent with the GoI's orders. Further, the stated special

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<sup>6</sup> 15 per cent of ₹ 9.42 crore

dispensation was in relation to procurement and also contained a restrictive clause 'as and when the need arises' and cannot be strictly applied in the present context of routing advertisements through a private agency as a matter of routine. Thus, the action of UIDAI was not in consonance with extant orders of GOI.

## CHAPTER XIV : MINISTRY OF PETROLEUM AND NATURAL GAS

### 14.1 Follow up Audit of Hydrocarbon Production Sharing Contract for KG-DWN-98/3 Block for the Financial Years 2012-13 and 2013-14

Many of the issues that had been pointed out in previous audits (2006-12) of the PSC block still persist. The total financial impact of excess cost recovery during 2012-14 on account of the earlier identified audit findings was USD 1547.85 million (₹ 9307.22 crore). For the period 2012-14, additional issues of excess cost recovery claimed by the operator were noticed, financial effect of which was USD 46.35 million (₹ 278.70 crore). Cost recovery has been claimed on testing (MDT) for the wells D29, D30 which needs to be appropriately assigned and reversed in view of the recent MoPNG directive (May 2015). Operator had relinquished D31 discovery and all cost recoveries connected to this discovery need to be reversed. Meanwhile the report of independent expert M/s DeGolyer & MacNaughton (D&M) has indicated migration of gas from adjacent block operated by ONGC to KG-DWN-98/3 block, which may affect the financials of this block.

#### 14.1.1 Introduction

In April 2000, GoI awarded the KG-DWN-98/3 Block (KG-D6 block) to a consortium led by Reliance Industries Limited (RIL) through a global competitive bidding process under the New Exploration Licensing Policy (NELP)–I round. RIL had a 90 *per cent* participating interest (PI) and a Canadian Company, Niko Resources Limited (Niko) held the balance 10 *per cent* PI. In 2011, RIL assigned its 30 *per cent* PI to BP Exploration (Alpha) Limited (BP). As of March 2014, the ‘**Contractor**’ comprised RIL, BP and NIKO with 60, 30 and 10 *per cent* PI respectively. RIL continued as the ‘**Operator**’ of the Block.

The production sharing contract (PSC) for the KG D6 block was signed in April 2000. Based on exploration activities carried out between 2002 and 2012, a total of 19 hydrocarbon discoveries were made in the block. Of these 19 discoveries, one {D26 (MA oilfield)} is primarily an oil discovery and the remaining are gas discoveries. Oil production from MA oil field started in September 2008 while gas production from D1-D3 field started in April 2009.

## 14.2 Performance Analysis

### 14.2.1 Cumulative Financial Details:

**Table 1: Details of expenditure, sales revenue, profit petroleum (PP) for the years 2012-13 and 2013-14 (as reported by the Operator)**

Particulars	(Amount in million US\$)		
	2012-13	2013-14	Cumulative as on 31.3.2014
Expenditure	436.23	615.31	11,057.29
Sales revenue	1637.00	904.92	11,073.65
Incidental income	62.77	0.84	157.91
Total revenue	1699.77	905.76	11,231.56
Cost recovered	1529.79	815.18	10,108.40
PP	169.98	90.58	1,123.16
PP GoI share (10 per cent)	17.00	9.06	1,12.31
PP Contractor share	152.98	81.52	1,010.84

The total expenditure incurred in the block till March 2014 was US\$ 11,057.29 million (Exploration: US\$ 1095.18 million, Development: US\$ 7,752.03 million and Production: US\$ 2,210.08 million).

### 14.2.2 Issue regarding drawl of gas from contiguous blocks of ONGC

The KG-DWN-98/3 block is contiguous to ONGC blocks in the Eastern offshore (KG-DWN- 98/2 and Godavari PML area). ONGC apprehended (December 2013) that the reservoir of its blocks extends into KG-DWN-98/3 block and that four wells drilled in KG-DWN-98/3 by the Contractor was actually draining gas from this common reservoir. The matter was taken to the High Court of Delhi (May 2014) which disposed the case in September 2015 directing the Government to take a decision on the action to be taken within a period of six months after receiving the report from an independent panel, appointed with consensus of both ONGC and RIL in July 2014, to evaluate reservoir continuity across block boundaries. The independent expert, M/s DeGolyer & MacNaughton (D&M), has since submitted (November 2015) its report.

The report indicates that as on 31 March 2015, of the gas initially in place, 49.32 *per cent* in Godavari PML and 34.71 *per cent* in KG-DWN-98/2 (Cluster I) had migrated of which 85.15 *per cent* (pertaining to Godavari PML) and 73.25 *per cent* (pertaining to KG DWN98/2) was produced through DI-D3 fields of KG-DWN-98/3 block. The report projected a higher

proportion of gas migration and its production through RIL operated KG-DWN-98/3 block by end of 2019.

On the basis of D&M report, Government has appointed (December 2015) a one member committee (Justice A. P. Shah) to consider the report and recommend future action of the Government, considering the legal, financial and contractual provisions including those contained in the ORD<sup>1</sup> Act and the PSCs within a period of three months.

In case if the MOPNG accepts D&M report conclusion that RIL did draw gas from ONGC's contiguous fields, and directs RIL to compensate ONGC for the same, it may affect the financials of KG-DWN-98/3 including Cost Petroleum, Profit Petroleum, Royalty and taxes over its entire period of operation (since April 2009 when production of gas commenced from the block).

### **14.3 Audit Findings**

#### **14.3.1 Persistent issues highlighted in the past reports**

Audit of the records of the operator of the KG-DWN-98/3 Block was conducted for the period from 2006-07 to 2011-12 along with performance audit of MoPNG and DGH, in two spells. The audit findings were reported in two reports, CAG Audit Report (AR) No. 19 of 2011-12 and Audit Report No. 24 of 2014. Both reports had highlighted instances of excess cost recovery recommending their disallowance. The para-wise summary of the action taken by MoPNG including issue of audit exceptions against Audit Report 24 (which is a follow up audit of Audit Report No.19) and their current status is at **Annex-III**. Audit observed that the Operator continued to claim excess cost recovery on identical issues during 2012-13 and 2013-14 despite the issues having been highlighted in previous Audits. The specific instances of persistent excess cost recovery are given below:

##### **14.3.1.1 Underutilization of gas handling facilities due to non-achievement of production as envisaged in the approved AIDP**

The non-achievement of approved production targets of 80 MMSCMD<sup>2</sup> as per Addendum to Initial Development Plan (AIDP) and under-utilisation of facilities had been commented in AR No. 24 of 2014 (paragraph 2.6). MoPNG had advised (May 2012) that the Operator was not entitled to recover

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<sup>1</sup> ORD: Oil fields (Regulation and Development) Act, 1948

<sup>2</sup> MMSCMD-Million Metric Standard Cubic Meters per day

cumulative cost of excess capacity amounting to US\$ 1005 million (₹ 6043 crore)<sup>3</sup> created in the block up to the year 2011-12. Despite MoPNG's directive, the Operator continued to include this amount in the cost recovery for 2012-13 and 2013-14.

Since the actual cumulative production in D1-D3 discoveries as compared to AIDP targets was lower by 39.23 *per cent* up to the FY 2012-13 and by 51.5 *per cent* up to the FY 2013-14 than the MC approved target of AIDP, MoPNG worked out the additional amount inadmissible for recovery during this period. The amount disallowed by MoPNG for the FY 2012-13 was US\$ 792 million (₹ 4762.29 crore) and for 2013-14 was US\$ 579 million (₹ 3481.52 crore). In all, a cumulative cost recovery of US\$ 2376 Million (₹ 14286.88 crore) has been disallowed up to FY 2013-14 towards unutilised cost of production facilities. MoPNG had intimated to the Operator (July 2014) that the additional profit petroleum (provisional) payable to the Government by the Contractor for period upto the financial year 2013-14 was US\$ 195.34 million (₹ 1174.58 crore) (US\$115 million upto 2012-13 and US\$ 80 million for 2013-14). MoPNG had also directed to remit the additional profit petroleum within 30 days from the date of receipt of the direction which has not been complied with by the Operator.

The Operator in reply stated (August 2015) that the issue is under arbitration and therefore, *sub-judice*. Operator refrained from providing its comments on the subject to avoid any potential prejudice to either party to the arbitration.

The DGH in reply stated (July 2015) that the Contractor is yet to remit Profit Petroleum short paid.

#### **14.3.1.2 Marketing Margin on Gas Produced and Sold**

As brought out in the previous Audit Report (para no.2.8.3.1 of CAG report No. 24 of 2014), the Operator charges separately for gas price and marketing margin from its customers. The gas price is charged @ US \$ 4.205/mmbtu and an additional US \$ 0.135/ mmbtu is charged on account of marketing margin. However, while computing the PP and Royalty, the Operator considers the gas price (@ US \$ 4.205/mmbtu) alone which has an impact on cost recovery, PP and royalty. On being pointed out by Audit, MoPNG had stated (June 2014) that

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<sup>3</sup> Rate used to convert amounts in US\$ to Indian ₹ 1US\$= ₹ 60.13 as on 27 March 2014

the proposal to include marketing margin for royalty computation is being examined.

Audit noticed that the earnings through marketing margin during the FY 2012-13 and 2013-14 was US\$ 63.78 million (₹ 383.51 crore) (US\$ 41.65 million for the FY 2012-13 and US\$ 22.13 million for 2013-14) which has not been treated as revenue having an adverse impact on cost recovery, PP and royalty (**Refer Annex-IV** for details).

The Operator, reiterated (August 2015) that there is no legal or commercial basis which requires the Contractor to include marketing margin while calculating the value of the Petroleum produced and saved from the Contract Area.

Audit reiterates that the Operator's reply is not in consonance with the contractual provisions of the PSC. Article 27.2 of the PSC states that title to petroleum sold by the Companies shall pass to the relevant buyer party at the Delivery Point. As per clause 6 (a) of GSPA, the Sale Price of gas at delivery point shall be the sum of the Gas Price in US\$/mmbtu (NHV<sup>4</sup>) and the marketing margin in US \$/mmbtu (NHV). The revenue, thus, ought to include the marketing margin.

The final decision of the Ministry in this regard is awaited.

#### **14.3.1.3 Payment of US\$ 10.13 Million Uptime Bonus for chartering FPSO**

Audit has pointed out (para 2.7.6.2 of Audit Report no. 24 of 2014) that the Operator has paid uptime bonus to M/s Aker Contracting FP AS Norway (ACFP) for availability of FPSO<sup>5</sup> facility (hired from ACFP). This led to additional benefit to ACFP as availability of FPSO was a contractual provision. Ministry has also issued an Audit exception on the matter. Audit, however, noticed that the practice of payment of uptime bonus to ACFP for meeting the contractual condition of availability of FPSO, continued through FY 2012-13 and 2013-14. This led to an additional benefit of US\$10.13 million (₹ 60.91 crore) to ACFP

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4 Net Heating Value

5 FPSO-Floating, Production, Storage and Offloading



The Operator stated (September 2015) that ACFP is required to discharge its obligations on a continuous basis for efficient maintenance and repairs of the FPSO and has also specified a list of duties that ACFP has to carry out in this regard. The Operator also pointed out (April 2015) that it does not accept the Audit exception issued by MoPNG in this regard.

Audit reiterates its earlier observation. The Operator's reply cannot be accepted as ACFP is contractually bound to discharge its obligation. Article 8.5, 8.11, 8.17 and Exhibit D of the Contract requires ACFP to maintain the FPSO in fit and good condition for intended work and to comply with all quality control procedures, standards and guidelines. Hence the duties specified by the Operator were part of the contractual obligations of ACFP, for which no additional payment was required.

#### **14.3.1.4 Unconnected wells**

Audit had pointed out (para no. 2.6.3 of AR 24 of 2014) that the 50 wells planned to be drilled as per Addendum to Initial Development Plan (AIDP) by July 2013 could not be completed. Instead, the Operator could drill, complete and connect only 18 wells till 31 March 2014. Audit had also highlighted that another four wells, namely A21, A22, B16 and SB1 had been drilled (August 2010 to August 2011), but had not been connected to the production facilities despite directives of DGH.

Audit noticed that the Operator has not connected (August 2015) these four wells. Operator has justified its action stating that these wells would not produce adequate incremental volume to justify the additional capex spend on completing and connecting them. DGH, however, has not agreed and has again directed (June 2014) the Operator to urgently take action to put these wells on production to realize the gas gain from the known and the new layers encountered therein. The Operator, however, has not taken further action in the matter. Though these wells have not contributed to production from the D1-D3 field, the Operator has recovered US\$ 102.94 million (₹ 618.98 crore) upto the FY 2013-14 towards their cost.

The Operator, stated (August 2015) that since costs for drilling these wells have been incurred while conducting Petroleum Operations, such costs have been rightly included in Contract costs for cost recovery. None of the PSC provisions bar inclusion of such costs in the Contract costs, thereby supporting the

Operator's firm opinion. The Operator has further stated (October 2015) that the matter is under Arbitration.

#### **14.3.1.5 Relinquishment of excess area held by Contractor**

Audit had pointed out (para no 2.5.1 of AR 24 of 2014) that the entire contract area of the Block had been treated as 'discovery' area and retained by the Contractor. In October 2013, MoPNG directed the Operator to relinquish an area of 6198.88 sq.km out of the total contract area of 7645 Sq. Kms, allowing retention of 1148.12 Sq. Km under Petroleum Mining Lease. The issue relating to relinquishment of D29, D30 and D31 (area of 298 Sq.Km.) was being considered separately. However, contrary to MoPNG's directives, the Operator relinquished only an area of 5367 sq.km retaining an excess area of 831.88 sq.km. The Operator has also paid Petroleum Exploration License (PEL) fees of ₹ 3.32 Million relating to the excess retained area.

The Operator, in reply, has stated (August 2015) that audit observation relates to payment of PEL fees for the period from June 2014 to June 2015 and is outside current CAG audit. Operator has correctly paid the PEL fees during the audit period.

DGH, in reply, has stated that the Operator was informed that excess amount of PEL fees paid by the licensee shall be required to be adjusted against fee for PEL/PML<sup>6</sup> for subsequent year or any other area held by the licensee under Rule 11(2) of Petroleum and Natural Gas Rules, 1959.

The area relinquished by the Operator is not as per the MoPNG's directives of October 2013. Relinquishment of the additional area retained needs to be ensured by the Ministry. Alongside, excess payment of PEL fees need to be adjusted.

#### **14.4 Observations arising from audit of documents pertaining to Financial Years 2012-13 and 2013-14**

Audit verified the revenues received and the costs incurred during FY 2012-13 and 2013-14. In particular, tendering and award of contracts, their execution and payments made against them during this period were scrutinised<sup>7</sup>. Audit observed non-compliance of PSC provisions, costs recovered despite being

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<sup>6</sup> Petroleum Mining Lease

<sup>7</sup> 100% of contracts (21) of more than US\$ 50 lakhs, 75% of contracts (10) between US\$ 25 to 50 lakhs, 25% of contracts (8) between US\$10 to 25 lakhs and 5% of contracts (10) of less than US\$ 10 lakhs were scrutinised.

dis-allowed/not approved by MC. Instances of non-compliance of MoPNG directives, DGH instructions were also noticed. The issues noticed are detailed below.

#### **14.4.1 Issues relating to Expenditure**

##### **14.4.1.1 Non adherence to the testing process mandated by PSC**

The Operator had submitted Declaration of Commerciality (DoC) proposals in February 2010 for four discoveries namely D29, D30, D31 and D34 for Management Committee (MC) review. Drill Stem Test (DST) was not carried out for all four discoveries. As such, MC was unable to review these discoveries. With submission of additional information on D34 discovery, MC reviewed this discovery without insisting on DST. Audit in its previous report (paragraph No.2.5.1 of C&AG of India Audit Report No. 24 of 2014) had recommended that cost of wells drilled in the D29, D30 and D31 areas be disallowed if they are not found commercially viable subsequently.

In May 2015 (vide Notification dated 13 May 2015), MoPNG provided three alternatives to the defaulting Contractors who had not met DST testing requirement for discoveries. The notification specifically mentioned the three discoveries, D29, D30 and D31 for which DST had not been carried out. The options *inter-alia* provided were:

- Option-1: relinquish the contract area related to discoveries;
- Option-2: conduct fresh test and submit revised DoC with a stipulation that only 50 *per cent* of cost incurred for testing (DST) will be allowed for cost recovery with a cap of US 15 million. The cost of MDT incurred by the contractors earlier in respect of such discoveries would not be allowed for cost recovery, and
- Option-3: proceed for development of discovery without conducting DST, but cost recovery of such development would be ring fenced. The cost recovery would be permitted only when these discoveries finally turn out to be commercial.

As per the notification, the option had to be selected by end June 2015 (within 60 days of CCEA approval of 29 April 2015).

Accordingly, for the three discovery areas, the Operator has decided to relinquish D31 and carry out DST for D29 and D30. The MC approved

(July 2015) the addendum to BE 2015-16 Work Programme & Budget (WP&B) for carrying out DST in discoveries D29 and D30 in the Block in accordance with GOI policy dated 13 May 2015. In this context, Audit has the following observations:

- As D31 would be relinquished by the Operator, the entire cost incurred on D31 ought to be disallowed in line with the previous audit recommendation. The cost incurred on discovery of D31 was US\$15.13 million (₹ 90.98 crore) which needs to be disallowed. Additional costs have subsequently been recovered on its appraisal, cost recovery continuing even during FY 2012-13 and 2013-14. However, Audit noted that the Operator has not maintained cost records for appraisal of each discovery area, separately. As such, the appraisal costs pertaining to D 31 could not be worked out in Audit. It is necessary to appropriately allocate appraisal costs to D 31 and disallow these expenses.
- The discovery and appraisal costs of D29 and D30 can be recovered only in case these discoveries are found to be commercially viable based on DST. It was noticed that the Operator has continued to recover costs for these discoveries (US\$1.19 million in FY 2012-13 and US\$3.75 million in FY 2013-14 for D29, D30 and D31). The recoverability of expenses relating to D29 and D30 would depend on the commercial viability of the discoveries.
- As per the MC approval (July 2015) given under directive of MoPNG (notification dated 13 May 2015), the cost of MDT in D29 and D30 will not be allowed for cost recovery. The Operator did not maintain separate MDT costs for each discovery. On being pointed out by Audit, the Operator intimated (October 2015), that the cost of MDT for D29 was US\$ 84832.23 and for D30 was US\$ 103435.35. However, the Operator has worked out this quantum through allocation of the total MDT cost on the basis of rig movement, irrespective of whether MDT was performed at the site or not. As MDT is a specialised service, its cost needs to be assigned to the specific wells where the test is carried out. In absence of such specific information, Audit cannot comment on the accuracy of the MDT cost of D29 and D30 as worked out by the Operator.

The Operator intimated to MOPNG that D31 has been relinquished and DST would be conducted for D29 and D30. The Operator also stated (August 2015) that expenditure was incurred on D29 and D30 discoveries for integrated development with adjacent discoveries.

In view of the confirmation of the Operator regarding relinquishment of D31, the cost recoveries on discovery and appraisal pertaining to D31 needs to be worked out and reversed. The recovery of costs incurred on D29 and D30 would depend on commercial viability of these discoveries following DST. The MDT cost of D29 and D30 needs to be appropriately assigned and reversed.

#### **14.4.1.2 Allocation of expenditure to cost recovery of services not utilized in the approved area**

The Operator had submitted (October/November 2012) a proposal to undertake DST in one of the discoveries – D29, D30 and D31. The proposal was subsequently revised (May 2013) to undertake DST in all three wells. The budget estimates for conducting DST in these three discoveries was US\$ 93 million (as per the WPB for the FY 2013-14).

The Operator awarded (April 2013) the contract for DST services to M/s. Schlumberger Asia Services Limited. However, the services were not utilised for the three earmarked discoveries (D-29, D-30, and D-31) in KG-DWN-98/3 block but for discoveries in other discovery areas/blocks, viz., MJ and CYD5. Audit noticed that the Operator has charged an amount of US\$ 4 million on account of DST to the KG-DWN-98/3 block (the details are at **Annex-V**), though DST services were not utilized in the approved areas of the block. This has increased the cost recovery for block KG-DWN-98/3 and adversely affected its profit petroleum.

The Operator in reply stated (August 2015) that the rental charges of DST services have been charged to various blocks based on the deployment of the rigs. This is due to the fact that the components of the DST package are used not only during DST operations but also during completion/work-over operations as and when required. Considering that it is a long lead item, the whole package is mobilised by Operator and maintained to ensure unhindered operations at all times. Accordingly, irrespective of whether actual DST operations have been carried out or not, the cost associated with the services

were charged to the wells (exploratory or otherwise) which were drilled during the period and no cost has been booked in discovery D29, D30 & D31.

The reply is not acceptable in view of the following:

- DST is a specialised service which, though intended for D-29, D-30 and D-31 in KG-DWN-98/3 block was not utilised in those discovery areas at all. Instead, the services were utilised in CY-DWN block governed by separate PSCs and MJ area. As per para 2.2 of section 2 of the PSC, all direct and allocated indirect expenditures of exploration costs incurred in the search for petroleum is to be booked to that area. As such, the cost of the specialised DST services should be allocated to the areas on actual utilisation basis and not based on the deployment of the rigs.

Thus, the entire cost of the DST services should have been charged to wells in CY-DWN block and MJ discovery area where the services were actually utilised. By allocating these costs to KG-DWN-98/3 block, the cost recovery for the block was overstated by US\$ 4 million (₹ 24.05 crore) with commensurate adverse impact on profit petroleum.

#### **14.4.1.3 Additional cost recovery of US\$ 10.12 million towards Rig standby charges due to not carrying out up gradation/modifications prior to mobilisation of Rig**

During April 2008 the operator entered into a contract with M/s. Deepwater Pacific 1 Inc. for charter hire of rig Dhirubhai Deepwater KG2 (DDKG2) for a period of 60 months from date of completion of its mobilisation. The rig was constructed and mobilised in March 2010. The Operator, subsequently, requested the contractor to carry out upgradation of the rig DDKG2 (March 2011). The up-gradation of the rig was essential, inter alia, as there was water production in the field. The up-gradation was completed by January 2012. The rig remained on standby during the period of its up-gradation. The operator paid an amount of US\$ 10.12 million as Rig standby charges during the period of up gradation/modifications.

Audit observed that water production in D1-D3 had been noticed since October 2009, much before mobilisation of the rig, DDKG2. As such, the Operator should have planned and carried out the up-gradation of the rig during its construction (before mobilisation) period, which would have avoided standby charges of US\$ 10.12 million.

The Operator in reply stated (September 2015) that the initial survey of the rig for the purpose of work-over system was carried out in February 2010. Accordingly, service providers submitted quotes and delivery of long lead rig specific items. The landing string contract was committed by Operator on May 10, 2012. This necessitated further rig surveys, considering different functionality and footprints of their equipment. Once the intervention and work-over campaign was confirmed, up-gradation works were commenced. These were major reasons for not carrying out the modifications / up-gradations before mobilization of the Rig DDKG2 (March 2010).

The reply is not acceptable as the AIDP for KG-DWN-98/3 block had been approved by the MC in December 2006. As per the AIDP targets, the Operator was required to drill 50 producer wells in D1 D3 area of the KG-DWN-98/3 block. As there was an existing plan for drilling development wells at the time of entering into the contract for hiring of the Rig DDKG2, and as water production had been observed necessitating up-gradation of the rig before its mobilisation, the Operator ought to have taken up up-gradation of the rig earlier. Taking up up-gradation of the rig as a separate project, post mobilisation led to avoidable expenditure on standby charges amounting to US\$ 10.12 million (₹ 60.85 crore). As these charges have been cost recovered, this led to excess cost recovery which adversely affected profit petroleum and Government take.

#### **14.4.2 Issues Relating to Revenue**

##### **14.4.2.1 Non receipt of refund of Indian Withholding tax outstanding due to losses incurred by M/s. Aker Contracting FP ASA**

The Operator had awarded a contract for hiring an FPSO to M/s. Aker Contracting FP ASA, Norway (Aker) in May 2007. Clause 5.4 of the contract, *inter-alia* provides that the Indian Withholding Tax is applicable to payments to be made by the Contractor to Aker @ 4.182 *per cent* under the Income Tax Act 1961. As per the agreement between the Kingdom of Norway and Republic of India for avoidance of double taxation, Aker is eligible for deduction from tax on income in its country of residence, an amount equal to the income tax paid in India. This credit is to be passed on by Aker to the Contractor.

However, on account of losses incurred by Aker, it does not pay taxes in its country of residence. Hence no credit is being passed on to the Contractor. Over the period 2009-13, the Contractor has forgone credit of NOK 131.61 million



(US\$ 17.10 million ~ ₹ 102.82 crore) on this account. The Operator should ensure reimbursement of the amount of withholding tax paid.

The Operator, in reply, has noted (August 2015) the suggestion of Audit and assured that Operator would ensure getting credit from the vendor provided the vendor gets tax credit in respect of Withholding Tax paid in India in its country of residence.

#### 14.5 Conclusion

The implementation of hydrocarbon PSC in KG DWN-98/3 block over the period 2006-12 had been audited and reported upon earlier (Audit Report (AR) No. 19 of 2011-12 and AR No.24 of 2014). During the course of present audit covering the period 2012-14, it was noticed that many of the issues that had been pointed out in previous audits and on which audit exceptions have been issued by the Ministry, still persist. The total financial impact of excess cost recovery during 2012-14 on these items was USD 1547.85 million (₹ 9307.22 crore). The operator has invoked arbitration on some of these exceptions (under-utilisation of gas handling facilities, un-connected wells) and these matters presently stand un-resolved.

During the current audit covering the period 2012-14, additional issues of excess cost recovery were noticed, the net excess cost recovery taken by the operator on these items being USD 46.35 million (₹ 278.70 crore). A significant issue noticed in course of the present audit is the cost recovery made on testing (MDT) for the wells D29, D30 which needs to be appropriately assigned and reversed in view of the recent MoPNG directive (May 2015). Besides, the Operator has relinquished D31 discovery and all cost recoveries already made, connected to this discovery would need to be reversed. Other instances of excess cost recovery by the Operator were noticed including allocation of costs to the block for services used in other blocks, etc.

Besides, the report of independent expert M/s DeGolyer & MacNaughton (D&M) submitted in November 2015 on reservoir continuity between the KG-DWN-98/3 and contiguous ONGC operated blocks has pointed out that gas has migrated from the ONGC block to the KG-DWN-98/3 block, a substantial portion of which has already been produced, which may affect the financials of the KG-DWN 98/3 block. The report is presently under the consideration of a one-member committee.

The Report was issued to the Ministry of Petroleum & Natural Gas in October 2015. Reply of the Ministry to the same was awaited (February 2016).



## CHAPTER XV : MINISTRY OF SHIPPING

### V.O. Chidambaranar Port Trust

#### 15.1 Injudicious expenditure on outlived tug

**V.O. Chidambaranar Port Trust incurred an injudicious expenditure of ₹ 15.17 crore on repairing of an outlived tug which after unsatisfactory performance was disposed for ₹ 62.57 lakh.**

V.O. Chidambaranar Port Trust owned a tug MT Indira Gandhi (built in 1987) with a life expectancy of 20 years for its shipping operations. When the tug had become due for dry docking (between October 2005 and April 2006) the Deputy Conservator of the Port opined (November 2005) that it would not be economical to incur further expenditure on dry docking as the tug had almost outlived its economical life. Further, a Committee constituted by the Port to assess the status of the tug also questioned (November 2007) the proposed expenditure of ₹ 8.25 crore on dry docking, Voith spare parts and special survey on a tug which had already completed 19 years of its shipping operation.

Despite the above views, the Board resolved (December 2007) to carry out dry docking repair works to tug M.T Indira Gandhi because the time required for procurement of tug ranged between 18-24 months and approved the expenditure of ₹ 8.25 crore. However, the Port repaired the tug at a final cost of ₹ 15.17 crore in 23 months (from May 2007 to April 2009) at Cochin Shipyard Limited (CSL).

Audit noted that, the performance of the revamped tug was poor as revealed from the following facts:

- (a) it was not powerful in shipping operations
- (b) the Port side Voith did not get proper control of the vessel on 750 RPM
- (c) the utilisation of tug was only 12.79 *per cent* in 2009-10, 9.18 *per cent* in 2010-11 and 7.26 *per cent* in 2011-12.
- (d) the tug was mainly used for standby/watch duty purposes and for transporting crew/surveyors from shore to the vessels at anchorage only and
- (e) there were failures in intermediate shaft.

In the meantime, action was initiated for next dry docking and the cost was approximately estimated to be ₹ 5.32 crore. Considering poor performance, age, and estimated expenditure on dry docking of the tug without any further life

assurances, the Board decided (January 2012) to replace the tug. VoCPT finally disposed of the tug in January 2015 for ₹ 62.57 lakh.

Audit observed that Port's failure to assess the workability of the tug and its decision to get the tug repaired/dry docked against the views of the experts and the technical Committee had resulted in injudicious expenditure of ₹ 15.17 crore.

The Port stated (November 2014) that the tug was repaired (a) to meet out Statutory requirement till the end of its life period (b) to attend to problems in Voith (c) Port's another tug M.T. Thiruvalluavar was due for dry docking (d) time required for procurement of new tug ranged between 18-24 months and (e) cost of hiring tug for short term would be high.

The reply is to be viewed in light of the facts that:

(a) The tug had completed its life period of 20 years when the Board decided in November 2007 to go in for dry docking. (b) Voith had given guarantee for only six months and the Committee had stated that no guarantee could be given for other machineries (c) the total time taken for repairing of tug was 23 months. (d) the price of new tug of the same capacity was only ₹ 22 crore in December 2007 and (e) the tug had not yielded benefits commensurate with expenditure.

Thus, Port's decision to incur an expenditure of ₹ 15.17 crore on an outlived tug against the technical opinions for repairing was avoidable and lacks justification.

## CHAPTER XVI : MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT

### National Institute for the Mentally Handicapped, Secunderabad

#### 16.1 Unfruitful & avoidable expenditure due to inordinate delay in taking up construction of Regional Center building in Kharghar, Navi Mumbai

**Absence of feasibility study & inadequate planning regarding the design & utilities needed in the proposed building before entrusting the work to CPWD, resulted in continuous revision in the cost of Preliminary Estimate. Consequent delay in construction of the building led to avoidable & unfruitful expenditure of ₹ 1.32 crore for various purposes and on account of rent & maintenance charges for the rented buildings and increase in estimated cost of construction from ₹ 2.70 crore to ₹ 14.67 crore.**

National Institute for the Mentally Handicapped, Regional Center, Mumbai (NIMH-RCM), made a proposal (January 2003) to its Head Office, NIMH, Secunderabad (the Institute), for shifting of its activities to Navi Mumbai due shortage of space in the then existing premises<sup>1</sup> and with an objective to expand service activities. Subsequently, on allotment (October 2003 / February 2004) of land admeasuring 2,401 Sq.m in Kharghar, Navi Mumbai, on lease basis, by City Industrial Development Corporation of Maharashtra Limited (CIDCO), the Institute paid (March 2004- January 2005) an amount of ₹ 20,35,220/-<sup>2</sup> towards lease premium and registration charges for the land.

The Institute entered (November 2004) into a Lease Agreement with CIDCO, and the terms and conditions of agreement, inter-alia, stipulated that:

- *Clause 3(d)*: The Institute should commence the construction work within one year from the date of agreement (by 1<sup>st</sup> November 2005) and complete the work within five years from the date of agreement (by 1 November 2009).
- *Clause 3(ee)*: The Institute will on efflux of four years from the date of agreement or from the date of obtaining completion and Occupancy Certificate from the CIDCO, whichever is earlier, should make yearly

<sup>1</sup> Aliyavar Jung National Institute for the Hearing Handicapped (AYJNIHH) Campus, Bandra (West), Mumbai

<sup>2</sup> (i) Lease premium: ₹ 19,26,500/-, (ii) Cost of Registration (₹ 18,420/-) and Stamp duty (₹ 90,300/-) for the land taken on lease

payment of Service charges at the rate notified from time to time by CIDCO.

- *Clause 6:* If the building is not constructed within the time limit prescribed in Clause 3(d) and CIDCO is satisfied with the reasons for delay in construction, then extension of time for construction would be granted on payment of “*Additional Premium*” by the Institute at the applicable rate fixed by CIDCO.

The Institute entrusted construction of Regional Center building at Kharghar, Navi Mumbai, to CPWD, by depositing an initial amount of ₹ 35 lakh in March 2004. The preliminary estimates (PE) for the work for ₹ 2.70 crore submitted (November 2005), by CPWD was revised continuously<sup>3</sup>, on the requests of Institute to accommodate changes in designs/ Building plan and the latest revised estimate was for ₹ 14.67 crore (January 2015). Against deposit of ₹ 35 lakh, CPWD reported expenditure of ₹ 16,08,505 towards drawings and miscellaneous works.

Further, Institute paid (up to July 2014) an amount of ₹ 13,41,233/-<sup>4</sup> towards additional lease premium and service charges, in compliance to clauses 3(ee) & 6, of the agreement and CIDCO accorded extension of time period up to 1<sup>st</sup> November 2016 for construction to the Institute.

Audit scrutiny of the records of the Institute and NIMH-RCM, revealed the following shortcomings in the proposals to take up the work:

- There was inadequate planning regarding the design & utilities needed in the proposed building and no feasibility study was conducted. The requirements of users of the proposed building were not considered before entrusting the work to CPWD in March 2004. Consequently, plans/designs were repeatedly changed. Due to continuous changes in the plans/designs, the cost of preliminary estimates increased from ₹ 2.70 crore in November 2005 to ₹ 14.67 crore in January 2015 after five revisions.
- Due to inordinate delay in taking up of the construction work and non-completion of the building within a five-year period (1 November 2009) as per clause 3(d) of the Agreement, the Institute carried out the activities of Regional Centre in rented buildings at Belapur and Kharghar, Navi

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<sup>3</sup> ₹ 9.44 crore in June 2009, ₹ 9.05/- crore in July 2010, ₹ 18.43/- crore in September 2013, and ₹ 21.12 crore in January 2014

<sup>4</sup> (i) Additional lease premium: ₹ 8,10,338/- and (ii) Service charges: ₹ 5,30,895/-

Mumbai and had to incur an amount of ₹ 82,11,552/- towards rent & maintenance charges during the period from November 2009 to November 2015, which was an avoidable expenditure.

The Institute replied (November 2015) that the delay in construction of the building was due to changes in plan/designs suggested by the Ministry during visits, to create State of Art facilities based on latest technology and facilities required by the clients, which necessitated revisions of PE. It was stated that Screening Committee of the Ministry, had recommended (September 2015) for sanction of an amount of ₹ 14.67 crore under Scheme for Implementation of Persons with Disabilities Act (SIPDA), 1995, for construction of Regional Center buildings at Navi Mumbai and accordingly an amount of ₹ 4.89 crore (1/3rd of total estimated cost of ₹ 14.67 crore) was released (December 2015) by the Ministry and deposited (December 2015) with CPWD, Mumbai, as advance amount of first instalment for initiating construction of the building. Further, it was also stated that the rent & maintenance charges for the rented buildings were paid only towards providing services to the clients.

The reply of the Institute endorsed by the Ministry (November 2015), confirms that no feasibility study and proper planning was done to determine user friendly facilities required for the building before entrusting the work to CPWD. Further, the recommendation of the Screening Committee came only after Audit objection was communicated, as mentioned in their Minutes of meeting. Besides, the Institute had not entered into an Agreement/Memorandum of Understanding with CPWD for the work and as such there were no timelines for completion of the buildings.

Thus, despite avoidable & unfruitful expenditure of ₹ 1.32<sup>5</sup> crore for various purposes and on account of rent & maintenance charges for the rented buildings, the intended objective of constructing a permanent building for the Regional Center at Navi Mumbai, could not be achieved even after a lapse of more than eleven years of the decision and increase in estimated cost of construction from ₹ 2.70 crore to ₹ 14.67 crore.

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<sup>5</sup> (i) Lease premium and Registration charges for 2401 Sq.m. of land: ₹ 20,35,220/-  
(ii) ₹ 16,08,505/- incurred by CPWD towards drawings and miscellaneous items of work  
(iii) Additional lease premium and Service charges: ₹ 13,41,233/- (iv) Rent & maintenance charges for the rented buildings during the period from November 2009 to November 2015: ₹ 82,11,552/-

## CHAPTER XVII : MINISTRY OF TEXTILE

### Apparel Export Promotion Council

#### 17.1 Undue benefit to a private party

**Tendering process adopted by AEPC for leasing of furnished office accommodation was flawed. Though, M/s Teesta Urja Limited (TUL) did not participate in the tendering process, their bid was considered one week after opening of the bids. A number of post contractual benefits were extended to M/s TUL, which were highly unfavourable to AEPC resulting in undue financial benefits to M/s TUL and loss of revenue of ₹ 17.42 crore to AEPC.**

Apparel Export Promotion Council (AEPC) published advertisements (August/September 2007) in newspapers for leasing of furnished office premises measuring 23,382 sq. ft. at Bhikaji Cama Place, New Delhi. In response, AEPC received eight quotations by the due date i.e. 15 September, 2007. Three bidders, viz. M/s E-Square International, New Delhi (amount quoted ₹ 200-250 per sq. ft.), M/s The Institute of Planning and Management - IPM (amount quoted ₹ 235 per sq. ft.) and M/s Japan International Cooperation Agency – JICA (amount not mentioned in the bid) were shortlisted and called for negotiation on 26 September 2007. In the meantime, bid of ₹ 265/ sq. ft. was received from M/s Teesta Urja Limited (TUL)<sup>1</sup> on 24 September 2007 i.e. after opening of bids of other bidders on 19 September 2007. Though, M/s TUL did not participate in the tendering process, AEPC invited them, along with the short listed bidders, for further negotiations. M/s E-Square International did not turn up for negotiations and M/s IPM sought one day's time to give their best offer on 27 September 2007, but finally they also did not turn up. Representatives of M/s JICA intimated ₹ 175/ sq. ft. as their maximum price.

AEPC considered M/s TUL as highest bidder who agreed for taking the building at a rent of ₹ 270/ sq. ft. AEPC entered (1 December 2007) into a lease agreement with TUL for leasing of office premises for a period of six years with effect from 1<sup>st</sup> December 2007 to 30 November 2013. As stipulated in the agreement, the lease rent was to be enhanced by 15 *per cent* of the basic rent

<sup>1</sup> M/s TUL was incorporated on 11 March, 2005 under the Companies Act, 1956 as a Special Purpose Vehicle (SPV), for implementation of 1200 MW Teesta Stage-III Hydroelectric Project, in Joint Venture with the Government of Sikkim (GoS) having 26 per cent stake in its equity through its 100 *per cent* owned company viz. Sikkim Power Investment Corporation Limited (SPIC). The GoS has increased its equity holding through SPIC, from 26 to 51 *per cent*, w.e.f. 06 August, 2015. Thus M/s TUL became a Government Company w.e.f. 06 August, 2015, as per the provisions [Section 2(45)] of Companies Act, 2013

after lapse of three years from the date of commencement of the lease. Further, as per clause 4 of the agreement the “lessee shall also pay annual property tax of the hired premises”.

However, in November 2008, TUL informed AEPC the prevailing rental rates (based on real estate websites) for office complexes in South Delhi and requested for reduction in office lease rent from ₹ 270/sq. ft. to ₹ 150/sq. ft. Considering the request of M/s TUL, AEPC decided to reduce the rent from ₹ 270 per sq. ft. to ₹ 190 per sq. ft., with effect from 01-04-2009, without escalation in the rent for three years. An addendum to the agreement was signed (08-05-2009) between AEPC and TUL stating that, except the aforesaid amendment all other terms and conditions of original lease agreement shall remain unchanged.

TUL again, requested (February 2012) AEPC for considering reduction in monthly lease rent, reiterating prevailing rates for similar accommodation in Bhikaji Cama Place ranging between ₹ 80/sq. ft. and ₹ 130/sq. ft. AEPC agreed (21 March 2012) to reduce the lease rent from ₹ 190 per sq. ft. to ₹ 165 per sq. ft. for a period of two years with effect from 1<sup>st</sup> April 2012 to 31 March 2014 and signed another addendum (03 March 2012) with TUL, accordingly. After expiry of the lease period on 31 March 2014, the AEPC has enhanced the lease rent from ₹ 165 per sq ft to ₹ 225 per sq. ft. with effect from 1 April, 2014 and the lease period has been extended for another three years.

Audit observed (March 2015) that:

- Entire tendering process was flawed starting from the advertisement given in the newspapers for inviting bids, to the final decision taken for giving the office premises on lease rent to M/s TUL. The advertisements for inviting bids contained incomplete information such as, advertisement dated 18 August, 2007 did not indicate closing date of bidding and advertisement dated 02 September, 2007 gave the last date of bids up to 15 September 2007 without indicating date and time of opening of bids. Despite M/s TUL not participating in the tendering process, their bid received on 24 September 2007 was considered, even after opening of bids on 19 September 2007 and finally they were considered as the highest bidder. This puts doubts on the sanctity of the tendering process.
- AEPC extended a number of post contractual benefits to M/s TUL, such as (a) instead of enhancing the lease rent by 15 *per cent* of the basic lease rent in terms of the agreement after the stipulated period, the AEPC



considered the request of M/s TUL for reduction in lease rent and reduced the rent twice: initially to September 190 per sq. ft. (w.e.f. 1<sup>st</sup> April 2009), and thereafter to September 165 per sq. ft. (w.e.f. from 1<sup>st</sup> April 2012) without carrying out any market survey. This tantamount to an undue benefit of ₹ 16.79 crore to TUL. (b) M/s TUL was paying property tax till 2009-10 in terms of clause 4 of the original agreement. Subsequently, considering the request of M/s TUL, AEPC agreed to undertake the liability of payment of property tax from year 2010-11 and onwards (c) One month's moratorium from 1<sup>st</sup> November, 2007 to 30 November, 2007 was allowed to the party without any provision for the same in the agreement. This resulted in loss of one month rent of ₹ 0.63 crore.

The Secretary General, AEPC while accepting (September 2015) the audit observations stated that undue extension of lease period on highly favourable terms was granted to M/s TUL despite the absence of any such provisions in the principal lease agreement.

Ministry in their reply (February 2016) did not give specific comments on the issue raised in the audit para and forwarded the reply furnished by the Chairman, AEPC (12 January 2016) and final comments given by Secretary General (SG), AEPC (12 January 2016). Ministry also stated that the two replies show that the view of Chairman, AEPC are at variance with those of Secretary General, AEPC. Ministry further stated that while SG, AEPC is the Executive Officer of AEPC, the functioning of the Council is overseen by the Committee headed by Chairman, AEPC.

It was seen from examination of the final comments of SG, AEPC, received with Ministry's reply, that SG, AEPC reiterated his reply given earlier (September 2015) only. Whereas Chairman, AEPC replied as under:

- As per terms and conditions of the Lease Agreement "Any dispute on difference arising between the Lessor and the Lessee in regard to the terms and conditions thereof or their interpretations save and except those which are covered by the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 shall be amicably settled by both the parties to the extent possible."
- Since the highest quoted rate was ₹ 200/sq. ft. per month and agencies were not coming forward for negotiation, quotation of M/s TUL was obtained and negotiated to maximise the rent.



- M/s TUL had requested to grant a grace period of 45 days for refurbishing. Accordingly, the then Chairman, AEPC had conveyed his approval for 30 days grace period, telephonically through the PS to Chairman, AEPC.
- There is no loss to AEPC and all decisions (including fixation/re-fixation of) rent were approved within the powers and functions enshrined under Articles of Association and powers of Executive Committee, AEPC/Finance & Budget, Sub- committee, AEPC.

The reply of Chairman, AEPC was not acceptable in view of the following:

- Request for reduction of rent was made by M/s TUL and while making such request there was no difference or dispute.
- Reply is not correct as M/s IPM quoted ₹ 235 per sq. ft. and bid of M/s TUL were not obtained till the date of opening of bids on 19 September 2007.
- There was no provision in the lease agreement for such moratorium period.
- Fact remained that although, M/s Teesta Urja Limited (TUL) did not participate in the tendering process, their bid was considered even after opening of bids, which indicated that AEPC failed to maintain the sanctity of the tendering process. AEPC also did not explore possibility of getting higher amount of lease rent by calling competitive bids, instead of accepting request for reduction in lease rent of existing party viz. M/s TUL. Further, as brought out in the para, the terms of lease agreement were negotiated post contractually, which tantamount to extending undue financial benefit to M/s TUL. Thus, while taking such decisions AEPC did not apply due diligence to safeguard its financial interests.

It is clear from the above, that the tendering process for leasing of furnished office accommodation was flawed as AEPC failed to maintain the sanctity of the tendering process. A number of post contractual benefits were also extended to M/s TUL, which were highly unfavourable to AEPC resulting in undue financial benefits being extended to M/s TUL and loss of revenue of ₹ 17.42 crore<sup>2</sup> to AEPC.

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<sup>2</sup> Undue benefit on account of post contractual reduction in lease rent ₹ 16.79 crore + ₹ 0.63 crore one month's moratorium from 1 November, 2007 to 30 November, 2007 allowed to the party without any provision in the agreement.

## CHAPTER XVIII : MINISTRY OF TOURISM

### 18.1 Unrealised VAT refund

**Lack of monitoring and pursuance of claims for VAT refunds by India Tourism Office, Tokyo led to loss of at least ₹ 62.18 lakh and unclaimed revenue of ₹ 25.63 lakh.**

Diplomatic Missions/Posts and the offices abroad are entitled to refund of Value Added Tax (VAT) paid on expenditure incurred on running and maintenance of the offices. For this purpose, they are required to maintain record of VAT paid and file claims with the host government in time.

India Tourism Office, Tokyo (ITO) has jurisdiction over Japan, North Korea, South Korea and Taiwan. The primary markets are Japan and South Korea. Audit examination of the records pertaining to ITO revealed the following:

ITO did not claim tax refunds for the payments made to firms at South Korea since introduction of VAT in South Korea (August 2011) on the ground that ITO was not registered in South Korea and was therefore, not eligible for tax refund. However, it was observed that Embassy of India (EoI), Seoul regularly claimed VAT refunds during this period. In response to an Audit observation, EoI, Seoul stated (March 2015) that it had no objection to ITO's bills being routed through Mission.

Further, as per local laws, refund claims pertaining to the period prior to March 2014 have been declared as time barred which has rendered these refunds unrealizable. Analysis of payments made by ITO during the years 2012-13 and 2013-14 revealed that unrealizable refunds for these years amounted to ₹ 62.18 lakh. Thus, failure of ITO to explore the option of routing its bills through EoI, Seoul resulted in a loss of at least ₹ 62.18 lakh.

On being pointed out by Audit (January 2015), ITO stopped payment of VAT with effect from 1<sup>st</sup> September 2015 and was successful in recovering the VAT paid for the period from 1<sup>st</sup> April 2014 to 31 August 2015 amounting to ₹ 30.77 lakh.

ITO had engaged (May 1999) M/s Sugiyama Accountant Office, Tokyo for filing Consumption Tax (VAT in Japan) returns for payments made in Japan

and receiving the refund for the same. The agency discontinued its services from January 2013.

Scrutiny of records revealed that ITO did not claim tax refunds for the period from January 2013 to March 2015. An estimate of the amount of refunds yet to be claimed for the period October 2013 to March 2015 worked out to ₹ 25.63 lakh. The VAT claimable for the period from 1 January to 30 September, 2013 could not be ascertained in Audit as the records pertaining to the period were not available with ITO, Tokyo.

ITO accepted (October 2015) that refunds pertaining to the period prior to March 2014 in case of South Korea were unrealisable. ITO further informed (January 2016) that the proposal for appointment of tax consultant for Japan was under consideration at its Headquarters.

Thus, failure of ITO, Tokyo to claim VAT refunds in time, resulted in loss of at least ₹ 62.18 lakh and revenue of at least ₹ 25.63 lakh remained unrealized, as of January 2016. VAT claimable for the period from 1 January to 30 September 2013 could not be ascertained in Audit as the records pertaining to that period were not available with ITO, Tokyo.

## CHAPTER XIX : MINISTRY OF URBAN DEVELOPMENT

### 19.1 Functioning of Directorate of Estates

**There has been a perpetual shortage of accommodation for Government servants in Delhi. DoE did not have an accurate record of the housing stock available with it. Augmentation of housing stock in the various pools has been done in an inequitable manner. Licence Fee Collection and Monitoring System was not fully functional resulting in DoE not being able to monitor the receipt of the Licence Fee. Database of DoE and CPWD are not interlinked leading to delays in the reflection of vacancy position of houses in the GAMS database. DoE did not have accurate details of houses which are declared as unsafe or dangerous. The quality of data in the Government Accommodation Management System (GAMS) database was also found to be poor.**

#### Introduction

One of the responsibilities of the Ministry of Urban Development (MoUD), Government of India (GoI) pertains to construction and maintenance of Central Government buildings, including residential accommodation, with the exception of those under the Ministry of Defence, Atomic Energy, Railways and Communication. MoUD performs these functions through the Directorate of Estates (DoE) and the Central Public Works Department (CPWD).

DoE is an attached office of the MoUD, GoI. DoE is responsible for administration and management of residential and office accommodation in the metropolitan cities of Delhi, Mumbai, Kolkata and Chennai and five other cities/towns, namely, Shimla, Ghaziabad, Chandigarh, Faridabad and Nagpur. DoE is also responsible for administration and management of Holiday Homes in 11 stations, Touring Officers' Guest Houses in 43 stations, government hostels and Vigyan Bhawan in New Delhi and markets and shops in Government colonies in Delhi, Faridabad, Ghaziabad, Mumbai and Nagpur.

As part of its duties for administration of residential accommodation, DoE is responsible for maintenance of housing stock, registration of applicants for allotment of houses, preparation of waiting lists, updating information in respect of occupied and vacant houses, allotment of houses, cancellation of allotment on retirement, resignation, dismissal/death, penal action in case of subletting, misuse, accounting of Licence Fee etc.

CPWD is a comprehensive Construction Management Agency of Government of India, which provides services from project concept to completion and maintenance management in the post construction stage. CPWD also provides maintenance services to the General Pool Residential Accommodation (GPRA) and Central Government Buildings.

MoUD introduced a computer software viz. Government Accommodation Management System (GAMS) in November 2001 with the aim of creating a transparent, corruption free and efficient allotment system for the housing stock units available with DoE. <http://estates.nic.in> is the website of DoE which provides all the information regarding government accommodation available for the applicants/allottees and public in addition to circulars, policy orders, compendium, information about booking of Vigyan Bhawan/Holiday Homes etc. [gpra.nic.in](http://gpra.nic.in) is the frontend of GAMS database used by the applicants/allottees etc. to get information about the housing stock, vacancies, allotments and waiting list etc.

The portal [www.eawas.nic.in](http://www.eawas.nic.in) was developed for internal work of DoE and online licence fee posting by Drawing and Disbursing Officers (DDOs). This portal has been interlinked with [www.cpwdsewa.nic.in](http://www.cpwdsewa.nic.in) (e-Sewa), web based software developed by CPWD for management of maintenance, for online vacancy reporting etc.

Audit reviewed the functioning of DoE for the period from January 2008 to March 2015 and examined records available in the DoE, CPWD, NIC and MoUD. Audit also analysed electronic data in GAMS and on DoE website with reference to the allotment related transactions for the period from January 2011 to July 2014 since the Automated System of Allotment (ASA) was introduced progressively from May 2010 onwards for different types of houses and most of the higher type houses were covered by January 2011.

## **Audit findings**

### **19.1.1 Demand and availability of houses**

The demand for houses as well as the available housing stock in Delhi as on 31 December for the years 2008 to 2014, as published in the Annual Reports of MoUD, is given below:

**Table 1 : Satisfaction level across pools (as on June 2014)**

As on 31 December	(No. of houses)		
	Demand	Availability	Shortfall
2008 <sup>#</sup>	98789	63167	35622
2009	77506	63262	14244
2010	88578	63196	25382
2011	105773	63921	41852
2012	95475	63945	31530
2013 <sup>@</sup>	106317	61836	44481
2014	97984	61407	36577

# Data as on 31 March 2009

@ Data as on 31 March 2014

It can be seen that the availability for GPRA in Delhi has varied from 61,407 to 63,945 and the shortage of government accommodation has ranged between 14,244 and 44,481 during the period from March 2009 to December 2014. MoUD has considered that acute shortage of Government housing, especially in the National Capital Region (NCR) in various categories, has created a long waiting list of Government officials for eligible housing.

### 19.1.2 Inaccuracies in housing stock figures

There were inaccuracies in the housing stock figures maintained by DoE on which MoUD had also expressed its concern in a note dated 26 December 2007 initiated by Additional Secretary (UD). While admitting inaccuracy in housing stock, DoE assured MoUD vide note dated 10 January 2008 that internal verification/corrections were being done vigorously and hopefully the housing stock directly managed by DoE would be made 100 *per cent* accurate before next periodical review by the Ministry.

Audit observed that the DoE's website, [www.estates.nic.in](http://www.estates.nic.in), indicated that there are 64,239 houses (8 May 2013) whereas [www.eawas.nic.in](http://www.eawas.nic.in) indicated a housing stock of 63,975 (10 May 2013). This showed that the problem of inaccuracy in the figures of housing stock was still persisting and an accurate figure of housing stock had not been reached as yet.

DoE replied (March 2015) that housing stock by nature is fluid. Houses declared unsafe, razed by CPWD for reconstruction/redevelopment, addition of new houses through new construction projects or from departmental pool are the factors that make the available houses vary from time to time. DoE further replied (August 2015) that display of different figures at same time is due to non-updation at one place. DoE added that the housing stock as entered in

GAMS is authentic figure and allotment made from it and that there is no way for such houses to remain vacant and being out of allotment cycle.

The details of the housing stock were again verified during October 2015. It was seen that [www.eawas.nic.in](http://www.eawas.nic.in) which is for the internal use of DoE had indicated a housing stock of 68,471 on 28 October 2015 whereas [www.gpra.nic.in](http://www.gpra.nic.in) indicated a housing stock of 68,584 on 29 October 2015 indicating discrepancy in the figures. Moreover, on clicking the “Recalculate” button in [www.eawas.nic.in](http://www.eawas.nic.in) indicated a figure of 80,397 houses which also included a number of non – existent quarter types like 10, 11, 20, 30, 40, 70, 80 etc. raising questions on the integrity of the figure of houses.

Further, it was seen that the DoE’s website had indicated that there were 61,869 residential units in Delhi as on 31 March 2015. Moreover, DoE intimated in November 2015 that during April 2015 to October 2015, only 215 houses were added in the housing stock of GPRA. Thus, the number of residential units should have been only around 62,100 while it was around 68,000 as indicated in the preceding paragraph. From the above, it can be seen that discrepancies in the figures of housing stock are persisting.

Audit is of the view that the differences in the housing stock at different places can be utilised by unscrupulous elements to keep houses outside the allotment cycle and may be used by unlawful elements for illegal activities. Hence, DoE should ensure that the authentic housing stock is reconciled and updated at all locations at the earliest.

### **19.1.3 Physical verification of housing stock**

Audit observed that in January 2008, Special Secretary (UD), MoUD had directed the CPWD to carry out physical verification of housing stock available in each of 137 Service Centres, so that DoE can update and ensure availability of accurate information about the housing stock. DoE, while apprising Secretary (UD), MoUD on 12 March 2008, stated that the information submitted by CPWD was not of much use to DoE as it was not submitted in the desired format with necessary details as required by DoE. CPWD was requested (July 2008) to re-check their housing stock and submit information in the format as required by DoE.

Audit did not find details of further developments in the matter of physical verification of housing stock in the records provided to audit. Audit is of the

view that being the manager of the housing stock, DoE should keep a record of the physical verification done.

DoE replied (March 2015) that physical verification of houses is conducted by CPWD through the Executive Engineers of the Service Centres. DoE further stated (August 2015) that the audit observation has been noted for compliance.

**Recommendation No. 1: DoE should get the housing stock physically verified and keep an accurate record of the housing stock.**

#### 19.1.4 Level of Satisfaction in various house pools

Satisfaction level for each type of accommodation refers to availability position of residential accommodation for the Central Government Employees with reference to their demand. A Prioritization Committee<sup>1</sup> set up in the MoUD prescribed satisfaction levels of 50 *per cent* in cities other than Delhi and 70 *per cent* in Delhi. However, the details of all the meetings of the Prioritisation Committee and copies of the minutes thereof sought from DoE have not been made available to audit.

Scrutiny of data relating to the waiting list of applicants and housing stock figures from the GAMS database for the month of June in the years 2011, 2012, 2013 and 2014 revealed wide variation in satisfaction levels across various pools (GP, TP, TN, LM and LS) for houses in types (4S, 5A, 5B and 6A)<sup>2</sup> as indicated in the table below.

**Table 2 : Satisfaction level across pools (as on June 2014)**

Pool \ Year	Availability of houses				Demand of houses				Satisfaction level (in per cent)			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
GP	2262	2262	2262	2262	5089	7585	6308	7311	44.45	29.82	35.86	30.94
LM	200	200	200	200	556	842	723	855	35.97	23.75	27.66	23.39
LS	84	84	84	84	121	171	153	162	69.42	49.12	54.90	51.85
TN	91	91	91	91	276	314	286	342	32.97	28.98	31.82	26.61
TP	1173	1173	1173	1173	1446	1441	1393	1450	81.12	81.40	84.21	80.90

It can be seen that while the satisfaction level for the four years from 2011 to 2014 remained at more than 80 *per cent* for TP, less than 45 *per cent* for GP, less than 36 *per cent* for LM, less than 70 *per cent* for LS and less than

<sup>1</sup> Files regarding the Committee and its composition were not made available by DoE / MoUD and as such date of setting up of the Committee, its composition or the date of its report could not be ascertained during audit.

<sup>2</sup> These are the type of houses where separate pools TP, TN, LM, LS exist.



33 per cent for TN pools. For the biggest pool GP, the satisfaction level further declined from 44 per cent in 2011 to 31 per cent in 2014 whereas for TN pool, it further declined from 33 per cent in 2011 to 27 per cent in 2014.

In 2014, it can be seen that the satisfaction level was more than that prescribed by Prioritisation Committee only in respect of TP while in respect of all other pools, it was much less than the prescribed average satisfaction level of 70 per cent. The wide variation in the satisfaction levels amongst various pools indicated imbalanced augmentation of different pools. The purpose of creation of pools appears to lessen the waiting time and to ensure easier availability of houses to identified categories of applicants. However, such creation of pools ought to be managed in a way so as to keep the satisfaction levels of all the pools at comparable levels. Further, the gaps in the satisfaction levels have been widening over time leading to longer waiting time for GP, TN, LM and LS pools. This position is not equitable and needs to be corrected timely.

DoE noted (August 2015) the audit observation for future compliance and stated that it is taking steps to increase the house stock like issuing more no objection certificates for construction of residential quarters to different departments/organizations, taking up construction of higher types of houses etc.

### 19.1.5 Analysis of waiting lists

The eligibility of the government servants to different types of government accommodation is determined by their emoluments. The highest type of house up to which a government servant can apply on the basis of their grade pay/pay in the pay band for grade pay from ₹ 6,600 is presented in the following table.

**Table 3 : Eligibility for Higher types of houses**

Entitlement upto Type	Grade Pay	Pay scale
4S	6600	
5A	7600	
5B	8700, 8900	
6A (C-II)	10000	
6B(C-I)	-	₹ 67000 to ₹ 74999
7	-	₹ 75000 to ₹ 79999
8	-	₹ 80000 and above

Audit analysed the details of persons waiting for allotment of houses as on 31 December of 2012 and 2013 and noticed that a number of persons have applied for a type of accommodation below their entitlement due to long waiting in type of house of their entitlement. The number of government servants applying for accommodation below their entitlement, pool – wise, is presented in the following table:

**Table 4 : Number of persons applying for accommodation below entitlement**

	GP		LM		LS		TN		TP	
Grade Pay	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
7600	439	656	51	89	7	7	20	22	3	4
8700	1220	1719	146	189	12	17	126	192	11	16
8900	195	272	12	14	1	1		1	7	11
10000	531	803	74	119		7	4	17	41	66
>10000	129	151	22	22	7	7			37	49
<b>Total</b>	<b>2514</b>	<b>3601</b>	<b>305</b>	<b>433</b>	<b>27</b>	<b>39</b>	<b>150</b>	<b>232</b>	<b>99</b>	<b>146</b>

From the above, it can be seen that 2,514 officers in GP had applied for accommodation below their entitlement in 2012 which increased to 3,601 in 2013. These figures for the other pools were 305 and 433 for LM, 27 and 39 for LS, 150 and 232 for TN and 99 and 146 for TP.

Further analysis indicates that 23 officers having grade pay of ₹ 10,000 were waiting for Type 4S houses in GP in 2012 which increased to 29 officers in 2013. However, there were no officers above grade pay ₹ 8,700 waiting for Type 4S houses in LS, TN and TP. In LM, two officers having grade pay of ₹ 10,000 and two officers having grade pay of ₹ 8,900 are waiting for Type 4S houses in 2012 which was three and two in 2013.

DoE stated (March 2015) that waiting list can only be reduced by supplementing the houses in GPRA through new construction and stated that new projects are decided by CPWD. DoE further replied (August 2015) that it raises these issues in the Standing Committee meetings of the CPWD of which DoE is also a member.

DoE has not furnished the minutes of the meetings of the Standing Committee, in the absence of which Audit is unable to substantiate the reply of DoE. However, DoE should take steps to ensure that the wide variation in satisfaction levels amongst pools is reduced through equitable distribution of available houses amongst pools.

### 19.1.6 Houses lying vacant

In reply to an audit query (May 2013), DoE stated (August 2013) that no higher type house has remained vacant for more than 3 months during the period from January 2009 to March 2013 with the introduction of ASA. However, Audit noticed that CPWD had sent letters to DoE informing about houses lying vacant for long time as detailed below:

**Table 5 : Illustrative instances where CPWD intimation received in DoE for non-allotment of vacant houses**

Sl. No.	Sub – division, Division of CPWD (Service Centre Number of CPWD)	House type and number of houses	Date of CPWD letter of forwarding to DoE list of houses lying vacant and requesting necessary action	Number of houses vacant for more than 3 months	Number of houses vacant for more than 6 months	Number of houses vacant for more than 12 months
1.	A, Timarpur (234)	1 – 69 2 – 60	September 11, 2012	8	9	90
2.	3/A, Mall Road (231)	1 – 23 2 – 7 3 – 11	September 11, 2012	2	3	29
3.	3/A, Mall Road (232)	2 – 8	September 11, 2012	-	2	1
4.	3/A, Timarpur (233)	2 – 15 3 – 2	September 11, 2012	-	2	6
5.	4/K, Tilak Lane (201)	5A – 3 6A – 3	June 3, 2013	1	1	-
6.	3/P Andrewsganj (416)	18	July 3, 2013	5	1	4
7.	5/K, Kaka Nagar (203)	5A – 10	July 12, 2013	1	2	1
8.	5/K, Bapa Nagar (202)	6A – 5 6B – 1	July 12, 2013	2	-	-
9.	4/K, Tilak Lane (201)	5A – 2 6A – 1	September 2, 2013	-	1	-
10.	5/K, Kaka Nagar (203)	5A – 5	September 4, 2013	-	2	-

It was seen in audit that in-spite of the above intimation from CPWD, 66 houses were lying vacant even at the end of November 2015. Non-allotment of houses fit to occupy resulted in lower satisfaction levels due to increase in shortage of houses.

DoE replied (January 2015/March 2015) that the vacancies were reported by CPWD when the allottee vacates the house. The delay was now being addressed by reporting of vacancies by all CPWD service centres. The earlier anomalies arose due to not-linking of the e-Awas and the e-Sewa software of the CPWD which has since been addressed and the two Softwares have been linked w.e.f. 15 September 2014. MoUD further stated (August 2015), that e-Sewa

application has option of generating vacation report as DoE houses or Non-DoE houses as CPWD caters to houses of different departments besides GPRA. All GPRA house IDs are linked with e-Sewa. Probably the CPWD enquiry (M.B. Road, Sec-5) was generating vacation report as Non-DoE house. But for last two months they are generating it online only and number of manual vacation reports have dropped. MoUD further stated that 139 houses of Mayapuri and 60 type 2H in Dev Nagar were not linked at e-Sewa otherwise almost all stocks of DoE and CPWD are linked. A detailed analysis of interlinking of DoE and CPWD databases is done in para 2.14.1 of this report.

The houses indicated by Audit are from various localities in Delhi and not only from MB Road as stated by DoE. Moreover, DoE has not furnished any documents in support of their claims in the reply. DoE should take steps to ensure that there is 100 *per cent* linking of the e-Awas and e-Sewa database and vacation reports are generated and transmitted online.

**19.1.7 Regularisation of Accommodation after retirement, death etc.**

As per SR 317 B-11 of Allotment of Government Residences (General Pool in Delhi) Rules, 1963, a residence can be retained up to 12 months on the death of the allottee and up to 8 months after retirement. Further, in terms of SR 317 B-25 - OM dated 20 May 1999, when a Government servant, who is an allottee of General Pool accommodation, retires from service, the ward/spouse will be eligible for regularization/allotment of alternate entitled type of accommodation provided he/she is a Government servant eligible for allotment of accommodation from General Pool and had been residing continuously with the retiring Government servant for at least three years immediately preceding the date of retirement. In case the ward/ spouse of the deceased Government servant is eligible for General Pool accommodation and has been residing with him for at least six months prior to the allottee's death, he/she will be eligible for regularization/allotment of entitled type of accommodation. Request for regularization/allotment of entitled type of accommodation may also be considered in case the dependent ward/spouse gets an employment in an eligible office even after the death of the officer, provided such an appointment is secured within a period of two years after the death of the allottee and the accommodation in occupation has not been vacated. Application for regularization /allotment may be submitted within a period of two months from the date of death/retirement of the allottee or from the date of appointment in Government service, whichever is later.

Audit observed that occupation of houses was regularised even after 19 years of the date of death/retirement.

In its reply (January 2015/March 2015) DoE intimated reasons for delay such as non-submission of required documents by the applicant, delay in rent clearance, court cases by the applicant, delayed application. In a number of cases, the deceased allottees family gains government employment in the 3<sup>rd</sup> year. Thereafter, the deposition of documents, processing of the case takes some time.

Audit is of the view that DoE should take steps to ensure that the cases of regularisation of accommodation after death/retirement should be done within a reasonable period of time so that families of deceased government servants do not face harassment and also to guard against possible unauthorised occupation of houses.

#### **19.1.8 Overstayed in residence after cancellation of allotment/ unauthorized occupation of Government Accommodation**

As per the allotment rules, in cases where the period of allotment approved by the competent authority has expired, immediate action should be taken for initiating eviction proceedings under the provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 after allowing the permissible retention period. One week before the expiry of the allowable retention period, a reference is to be made by the Allotment Section to the Estates Officer with a request to issue notice under section 4 of the Public Premises Act on the first day of the commencement of unauthorized occupation. The allottee is charged Licence Fee at damage rates as fixed from time to time for the period of unauthorized occupation. Recovery proceedings are also initiated under the Act.

From the details provided to audit, it was seen that as of October 2015, 1032 houses of type 1 to type 4 (Type 1 - 255, Type 2 - 452, Type 3 -177, Type 4 - 148) had been unauthorizedly occupied by allottees of which 107 of Type 1, 111 of Type 2, 44 of Type 3 and 67 of Type 4 houses had been unauthorizedly occupied for more than two years. Further, it was observed that one type 2 house has been unauthorizedly occupied since 1985. It was seen that 604 cases were referred to litigation with a delay of more than one month. It was also observed that Licence Fee of ₹ 1.02 crore was due as on 31 July 2013, from 80 unauthorized occupants of Type 4 accommodation. The overall current position as of October 2015 of market/damage rate recovery and outstanding in respect of unauthorized government accommodation was not furnished by DoE stating

that no such data was maintained. DoE did not furnish the information regarding outstanding Licence Fee in respect of other types of accommodation on the pretext of shortage of staff. DoE intimated (March 2015) that as per policy, the unauthorized occupants/allottees were charged Licence Fee at damage rate. It further intimated that damages bills had been issued to the unauthorised occupants and DRC cases also filed against the defaulters. It was also indicted that DoE is in coordination with NIC for developing a programme for generation of damages bills online. MoUD provided (August 2015), a copy of damage bills and deposits made at the time of issue of NDC of one case only.

MoUD reply did not indicate the current status of outstanding dues and the amount recovered from the unauthorized occupants as reported by Audit. The reply is also silent on the unauthorized occupation of government accommodation for long period.

### **19.1.9 Licence Fee**

#### **19.1.9.1 Delay in revision of Licence Fee**

Audit observed that in terms of the provisions of SR 324(4) for revising Licence Fee on expiry of 3 years from the date of last revision, the Licence Fee last revised with effect from 1 July 2007 became due for revision with effect from 1 July 2010. CPWD forwarded its proposal of revisions only in October 2010 and DoE notified the revised rates of Licence Fee only on 28 April 2011 with retrospective effect from 1 July 2010. Similarly, subsequent revision which should have taken effect from 1 July 2013 could not be notified till November 2013. Though revision of Licence Fee is a regular exercise to be taken up every three years, while requesting CPWD on 16 January 2013, DoE did not furnish necessary information required for such revision. The required details were provided by DoE on 19 July 2013 leading to the delay of five months in notifying the revised rates of licence fee.

DoE intimated (March 2015) that revision of Licence Fee involved analysis of data received from multiple agencies and required communication to multiple agencies and approval of IFD and Hon'ble UDM through Secretary (UD). Thus, the delay in notifying the revision of Licence Fee w.e.f. 1 July 2010 as well as 1 July 2013 was purely unavoidable procedural delays. DoE further intimated that the audit observations had been noted for future compliance.

MoUD noted (March /August 2015) the audit observation for compliance.

### **19.1.9.2 System of posting of Licence Fee**

The manual system of collection of Licence Fee was in vogue till June, 1992. Under this system, the work of maintenance of the licence fee records was distributed office-wise, irrespective of the type of accommodation. The System also provided for preparation of single Licence Fee ledger maintained for entry of recoveries from occupants of all types working in a particular office. This system was reviewed in 1992 as DoE felt that the system presumed availability of adequate staff strength to do justice to the workload involved and Rent Division was faced with the problem of depletion of its staff to the extent of 50 per cent. It was also noted by DoE that the rent posting work had gone into arrears owing to the dealing hands being entrusted with more housing stock than they were able to handle.

With a view to rationalise the work and also to accelerate the computerisation activities of DoE, it was decided in 1992 to amalgamate the functions of Allotment of houses and Recovery of Licence Fee which was being dealt with by separate sections in the allotment sections. It was decided to restructure the Rent Sections according to type of houses and work of entry of licence fee recoveries was accordingly distributed type-wise and locality-wise in DoE from July 1992. The licence fee ledgers were accordingly created type-wise and locality-wise. The formats of licence fee recovery schedules being sent by various offices, however, remained unchanged despite DoE directions to them to reformat their schedules type-wise and locality-wise. The single copy of composite licence fee recovery schedule being sent by an office was found to be insufficient for rotation amongst all types/dealing hands. In the new system, the allotment sections were also to send Form J to the Accounts Compilation Section, indicating 'Cash Summary for the month' which includes 'Opening Balance', 'Assessment', 'Recovery' and 'Closing Balance'.

Computerisation of rent work, which was a prerequisite in the decision on the revised system brought into effect from July, 1992, could not make any major headway till 2003. Implementation of GAMS in 2003, with the overall guidance of NIC, could not achieve any significant success. As such, by March 2007, approximately 78 per cent of the records of past Licence Fee recoveries from July 1992 remained missing. As a result of this, the occupants of government accommodation were put to tremendous harassment due to inability of DoE to issue No Dues/No Demand Certificates promptly.



DoE stated (September 2014) that computerisation of rent wing was under process and would be completed very soon. DoE further intimated (March 2015) the current status of online recovery of Licence Fees from DDOs. DoE, further stated (August 2015) that as the data is so huge, 20 DEOs have been employed to complete this legacy data entry by December 2015. DoE further stated that even after this, there would be entries which were never received in the Department and would have to be updated by allottee.

### **19.1.9.3 Outstanding Licence Fee of ₹ 2.94 crore for the period up to June 1992**

After the change of system of posting of licence fee recoveries from office – wise to type–wise, rent cards were to be opened and sorted out type wise/colony wise and sent to the concerned allotment section by 30 June 1992. The loose card in respect of property folio maintained in Allotment Section and the full details thereof were to be sent to the Arrear Clearance Section (ACS) for linking and charging the arrears up to 30 June 1992, if not already charged.

In order to achieve significant visible progress in the direction of implementation of GAMS, it was decided in 2003 that the Deputy Director (Computer)/Deputy Director (Rent) would prepare the list of allottees occupying houses before 30 June 1992 and continuing in the same. The list was to be passed on to the ACS to calculate the total dues outstanding against such occupants as on 30 June 1992 so that the same could be posted in the Rent Register under GAMS.

Audit observed that the above was not done and the ACS were working out the missing recoveries of Licence Fee up to June 1992 and adjusting them. Audit further noticed that the Director of Estates had noted on 23 March 2007 that *“Out of our total housing stock of 63,909 houses, approximately 78 per cent of the records of past Licence Fee recoveries from July, 1992 onwards are missing.”* He, further, noted that *“Occupants put to tremendous harassment due to non – posting resulting in inability of the DOE to issue No Dues/No Demand Certificates.”*

Scrutiny of records revealed that a recovery of ₹ 2.94 crore was outstanding, as of January 2013, for the period prior to July 1992. Further, it is seen that the ACS has not furnished Form J to the Accounts Compilation Section after January 2013 and hence the amount outstanding was not reflected in the consolidated Form J thereafter. Further, it is seen that the consolidated Form J



prepared by the Accounts Compilation Section was authenticated only upto December 2009 though the same appeared to have been prepared thereafter also.

MoUD/DoE replied (September 2014 and March 2015) that the dues as on 30 June 1992 were available in the records of ACS sections which were being taken in GAMS. MoUD /DoE intimated (August 2015), the current process of Licence Fee collection, online remittance of rent by DDOs, steps taken by DoE for streamlining the rent recovery system and efforts made by Rent Recovery Cell for updation of records. DoE also intimated that the department had been attempting its level best to update these licence fee recovery schedules but the data was so huge (60,000 allottees at any particular time and their deduction schedule for last 30 years—18 lakh entries).

The reply of MoUD/DoE does not indicate the present status of the recovery of Licence Fee for the period up to June 1992. Recovery of dues at the time of issuance of No Dues Certificate (NDC) not only results in avoidable delay in recovery of government revenues but also leaves scope for harassment of retired personnel applying for NDC.

DoE should monitor the progress of the work closely and ensure that the posting of the records of the Licence Fee recoveries are completed within the timelines.

#### **19.1.9.4 Recovery of outstanding Licence Fee of ₹ 10.19 crore in respect of various types of accommodation**

Audit noticed from the Form J submitted by various sections dealing with different types of accommodation, that an amount of ₹ 5.36 crore was outstanding against Members of Parliament (MPs)/Ex MPs as at December 2012, an amount of ₹ 3.77 crore was outstanding against allottees of Type 5 and higher houses as at March 2013, while an amount of ₹ 1.06 crore was outstanding (as at January 2012) in respect of Hostel and Type 4 special. The current position of the outstanding Licence Fee could not be ascertained as Form J indicating subsequent recoveries and latest outstanding recovery of rent had not been compiled in Accounts Compilation Section. During audit, the DoE was requested to provide the files/records of three months (April 2012, December 2012 and March 2013) in respect of assessment of Licence Fee, recovery thereof as well as outstanding Licence Fee with age wise break up. However, the age wise breakup of the total outstanding Licence Fee was not furnished to Audit.

DoE intimated (March 2015) that after merger of rent sections w. e. f. 01 July 1992, it was not possible to find out the data of defaulters in the manual system. As such instructions have been issued to the all DDOs to intimate the details of defaulter/transfer of allottees, so that DoE may take further necessary action in such cases. MoUD/DoE further intimated (August 2015), the process of Licence Fee collection, online remittance of rent by DDOs, steps taken by DoE for streamlining the rent recovery system, difficulties being faced in rent recovery/ updation of records and efforts made by Rent Recovery Cell for updation of records.

MoUD/DoE has not furnished the present status of the outstanding dues and recoveries, if any, in respect of various types of accommodation as pointed out by Audit.

#### **19.1.9.5 No Dues Certificate (NDC)**

As per S.R.-317-B-13 of the Allotment Of Government Residences (General Pool In Delhi) Rules, 1963 “the officer to whom a residence has been allotted shall be personally liable for the Licence Fee and for any damage beyond fair wear and tear caused thereto or to the furniture, fixture or fittings or services provided therein by Government during the period for which the residence has been and remains allotted to him, or where the allotment has been cancelled under any of the provisions in these rules, until the residence along with the out-houses appurtenant thereto have been vacated and full vacant possession thereof has been restored to Government”. The rules also provide for recovery of Government dues from the pay and allowances or from retirement gratuity and also withholding of upto 10 *per cent* of the retirement gratuity subject to a written intimation in this regard by the DoE. As stated in the previous paragraphs, DoE has not been able to maintain proper records of recovery of Licence Fee. This has become a big impediment for the allottees in obtaining NDC. On receipt of request to issue NDC in the section, the Rent Section calculates the Licence Fee due and amount recovered against the house last occupied by the allottee and also handover half margin to the allottee to obtain clearance from the Rent Section concerned of other type of house which the allottee was in occupation during his service period. The difference of dues of Licence Fee and amount recovered is recovered from the allottee through a Bank Challan. In case the recovery has already been made but missing in the records of DoE, allottee has to get a certificate duly signed by the concerned

DDO. Otherwise, he needs to deposit the outstanding dues so that the NDC is issued.

As per 'Citizen's Charter', DoE committed that 'No Objection Certificate' (implying NDC) would be given to all allottees who vacate Government accommodation, within one month of their application accompanied by Certificates from the DDOs about the Licence Fees paid by them from the date of occupation to date of vacation. During audit, 99 cases of issue of NDC, for which files were furnished by DoE, were test checked. The observations of audit in this regard are as under:

- The form for NDC may be submitted to the DoE two years before the anticipated date of superannuation. However, it was seen that the stipulation had not been disseminated to the allottees and resultantly allottees usually apply for NDC after the date of superannuation.
- The date of receipt of request for NDC was not found recorded in the records of DoE in respect of 81 of the 99 cases test checked. In absence of the date of receipt, adherence to the assurance in the Citizen's charter cannot be enforced.
- NDC was issued within one month in only 34 of the 99 cases with 4 cases taking more than a year.

DoE stated (March /August 2015) that now the application form is being filed online on the website of this Directorate and No Demand Certificate will be issued through computer generated programme very soon. Provisional dues position has been placed at the screen on the website of this Directorate and it may be seen by the allottees after login of their password. DoE further stated that the case-wise reply would be given after receiving the files from Audit.

The files referred to by DoE in their reply had already been returned to DoE in March/April 2015. However, the case-wise reply was awaited (October 2015) from DoE. DoE, did not comment on the deficient maintenance of records and delay in issue of NDC as observed by audit.

**Recommendation No. 2: DoE should take steps to ensure that No Dues Certificates are issued to the retiring employees within one month as provided in the Citizen's charter.**

### 19.1.10 Subletting

As per the Accommodation Rules (SR 317-B-20), “No officer shall share the residence allotted to him or any of the outhouses, garages and stables appurtenant thereto except with the employees of the Central Government eligible for allotment of residence under allotment rules. The servants houses, out-houses, garages and stable may be used only for the bonafide purposes including residence of the servants of the allottee or for such other purposes as may be permitted by the Director of Estates. No officer shall sublet the whole of his residence.”

In case, subletting charge is proved against an allottee, the deciding authority of the DoE has power either to cancel the allotment of the connived officials or debar him for future allotment or impose both the penalties simultaneously. The connived officials are liable for disciplinary action as per Department of Personnel and Training OM of December 1997. DoE intimates the details of the subletting case and action taken against the employee under the Allotment Rules to the administrative authority concerned and the concerned disciplinary authority after considering the facts of the case may take departmental action under the disciplinary rules for imposition of a suitable penalty on grounds of conduct unbecoming of the Government employees. Further, in case of subletting, the officer is also charged damages from the date of cancellation of allotment.

DoE stated that to deal with subletting, there had been a practice of nomination of officers of the rank of Assistant Director for a fixed period for conducting inspection, the houses to be inspected were selected on the basis of alleged subletting complaints and handed over to the nominated Officers for conducting inspection. Thus, it can be seen that inspections were not preventive measures for detecting subletting but were based on subletting complaints received in DoE.

It was further stated by DoE that the Assistant Directors were authorized to conduct inspection only on holidays and after or before the office hours leading to a number of problems. It was added that DoE had been receiving complaints of alleged malpractice against the nominated officers. In view of this, with the approval of Secretary (UD), the work of inspection was outsourced to M/s Eagle Vision Services Private Limited through an open tender with effect from March 2010.

Out of 5696 houses inspected during the period 1 April 2009 to 31 March 2013, show cause notice was given in 2,361 cases only. Out of these, allotment was cancelled in respect of 940 houses and 324 allottees were debarred from further allotment.

DoE in its reply (March 2015) intimated that outsourcing for subletting inspections had been stopped from the financial year 2013-14. Currently, subletting inspections were being done by officials /officers of DoE. As no staff has been earmarked for this work, inspections are not preventive but based on complaints received. DoE also intimated reply that damage rent was charged at the time of issuance of clearance certificate/Final No Demand Certificates.

MoUD /DoE further replied (August 2015) that during the year 2014, 477 houses were inspected on receipt of complaints of alleged subletting. Allotment was cancelled in 173 cases and in 89 cases, allottees were debarred for future allotment. In 50 cases, after hearing, the subletting charge was dropped. During year 2014-15, 1905 eviction cases were filed by the Directorate of Estates before the Estate Officer against unauthorized occupants under the provision of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971. In 1131 cases, Eviction Order was passed. In 834 cases, quarters have been got evicted/vacated by the Eviction Squad.

Reply of MoUD/DoE is silent about recovery of amount of damages from the allottees. It also does not indicate whether the DDOs of the defaulting employees were intimated regarding non – payment of HRA.

#### **19.1.10.1 Unauthorized construction/illegal use**

DoE is responsible for the administration of Government Estates. As per S.R. 317-B-21, if an officer to whom a residence has been allotted, unauthorisedly sublets the residence or charges (Licence Fee) from the sharer at a rate which the DoE considers excessive, or erects any unauthorized structure in any part of the residence or uses the residence, or any portion thereof for any purposes other than that for which it is meant, or premises to be used for any purpose which the Director of Estates considers to be improper, the Director of Estates may without prejudice to any other disciplinary action that may be taken against him, cancel the allotment of the residence.

CPWD is responsible for detecting, reporting and removal of unauthorised construction inside a residential house/shop allotted by DoE in addition to

lawn/space attached to a specific residential house/shop. CPWD is also required to send a report to DoE in case the building activity is within the premises allotted by DoE or in the area appurtenant to the premises allotted by them. DoE, upon receiving such intimation of unauthorized encroachment within premises allotted by it, cancels the allotment and take action to evict the allottee. Further, in case unauthorized constructions/encroachment is not stopped/removed by the encroacher, the Estates Officer issues a notice to him under Public Premises (Eviction of Unauthorised Occupants) Act, 1971. Simultaneously, FIR may be lodged with the police against the defaulter/encroacher.

In its reply, DoE however, intimated (March 2015) that they issue show cause notice to the allottees to remove unauthorized construction within a period of 15 days of receiving intimation from CPWD. It was also stated that they cancel the allotment of the house if the construction is not removed by the allottee. However, DoE added that very few cases of unauthorised construction are reported by CPWD on their own. DoE reiterated the responsibilities of authorities with regard to unauthorized construction/encroachment in their further reply (August 2015). However, the reply did not indicate the details of cases of unauthorized construction/illegal use brought to the notice of DoE by the CPWD.

In response to an audit requisition, DoE intimated (October 2015) that it had been receiving copies of notices issued by CPWD to the allottees directing them to remove unauthorized construction but did not provide the number of such reports received from 2008 to 2014 as sought. DoE had enclosed notices issued to 40 allottees, scrutiny of which revealed that CPWD had intimated that some allottees had not removed unauthorized construction after notice period and requested DoE to take further action. It was seen that photographs were also attached in one case.

From the records furnished to Audit subsequently in October/November 2015, it was seen that in June 2015, Assistant Engineer intimated Executive Engineer, Q Division CPWD with a copy to DoE that there were unauthorized constructions in 560 cases (giving full details) under the jurisdiction of Moti Bagh Service Centre (318) resulting in a number of problems, like difficulty in opening blocked sewer line, disposal of complaints regarding water supply, difficulty in attending to repair works in upper floors requiring use of ladder, problems in opening rain water pipes etc. In response, DoE had, in July 2015, requested the

Executive Engineer, Q Division, CPWD to take appropriate action as per the OM dated 26 April 2005. In reply, the Executive Engineer intimated (July 2015) DoE that as per the paragraph 4 of the said OM, as the unauthorized construction was inside a residential quarter, CPWD had intimated and DoE was expected to take action regarding cancellation of allotment and eviction. However, DoE on 27 July 2015 giving reference to the above OM of April 2005 intimated the Superintending Engineers of CPWD that Executive Engineers concerned had been appointed and notified as Estates Officers<sup>3</sup> for the purposes of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 and the responsibility for removal of such unauthorized construction/encroachment would vest with the CPWD. DoE, further intimated the SEs that only after CPWD is unable to remove unauthorized construction/encroachment on account of non-cooperation by the allottee or other factors, cancellation/eviction proceedings would be resorted to by DoE. As such it was intimated that DoE would consider cancellation/eviction proceedings only in those cases where detailed report of CPWD is received clearly indicating steps taken by them for removal of unauthorized construction/encroachment.

The above facts show that while the CPWD detected and intimated DoE regarding unauthorized construction, they did not take action to remove it while the DoE did not cancel allotment or evict the defaulters. Both DoE and CPWD exchanged correspondence to decide on their responsibilities.

#### **19.1.10.2 Increasing pendency of eviction cases filed against unauthorized occupants**

In case of unauthorized occupation of government accommodation allotted, DoE takes action to initiate eviction proceedings under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 and also for recovery of rent or damages, as the case may be. DoE has a separate 'Litigation Section' to deal with cases relating to eviction of unauthorized occupants. From the Annual Reports of MoUD for the years 2007-08 to 2014-15, an increasing trend in pendency of eviction cases is noticed as shown below:

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<sup>3</sup> "Estate Officer" means an officer appointed by the Central Government under section 3 of Public Premises (Eviction of Unauthorized Occupants) Act, 1971.



**Table 6 : Eviction cases filed against unauthorized occupants before the Estate Officers, Cases disposed and pendency**

Sl. No.	Year	Cases filed against unauthorized occupants	Cases disposed during the year	Cases not disposed during the year
1.	2007	1666*	1144	522
2.	2008#	1610**	1525	85
3.	2009	2143***	1449	694
4.	2010	915	624	291
5.	2011	903	464	439
6.	2012	1258	931	327
7.	2013##	1496	374^	1122
8.	2014###	1905	1638>	267
		<b>11896</b>	<b>8149</b>	

Notes: \* Includes 212 cases of recovery of outstanding arrears/damages.

\*\* Includes 134 cases of recovery of outstanding arrears/damages.

# For the period January 2008 to March 2009

\*\*\* Includes 171 cases of recovery of outstanding arrears/damages.

## For the period 2013-14 (Upto 31/03/2014)

### For the year 2014-15

^ In 374 cases, Eviction Orders were passed. 243 cases were disposed of by way of eviction/ vacation of premises.

> Includes 507 cases closed before eviction order passed

From the above it is seen that the number of cases disposed remained lesser than the number of cases filed every year. The pendency in eviction leads to continued occupation of houses by ineligible persons leading to a shortage of houses for eligible applicants.

DoE in its reply (March 2015) stated that eviction cases were heard by Estate Officers. The posts of Estate Officers were encadred posts of Ministry of Law wherein DoE did not have a say in assessing the performance of these officers by way of APAR or even leave sanction. MoUD/DoE further stated (August 2015) that the provisions of Allotment Rules have been made more stringent to deal with the menace of subletting by providing that in proven cases of subletting, the allottee shall be debarred for allotment for the remaining period of his service. The allottee shall be charged damages (market rent). Disciplinary proceedings for major penalty shall also be initiated against the allottee under the relevant Rules by the concerned Department/Ministry.

Audit is of the view that the provisions in the allotment rules indicated in the reply are in vogue since long. DoE should enforce strict implementation of rules to curb unauthorised occupation of houses.



**19.1.11 Non-residential accommodation**

**19.1.11.1 Demand and availability in Delhi**

The office space is to be provided by DoE to various Government Departments. The shortage of office space increased from 21.92 lakh square feet (July 2013) to 23.81 lakh square feet (March 2015). DoE issues “Non-availability Certificate (NAC)” to various Government Departments to facilitate hiring of office accommodation from open market. It was stated by DoE in a presentation (July 2013) that during 2012–13, NAC has been issued to 13 offices for hiring 2.30 lakh square feet of office space and that the Government of India is paying a sum of ₹ 19 crore (approximately) annually for hiring office accommodation due to shortage of office accommodation. MoUD further stated (August 2015) that it remains in constant touch with CPWD and raised the issues of shortage of office space in Standing Committee of the CPWD of which DoE is also a Member.

MoUD/DoE has not furnished copies of the minutes of the meetings of the Standing Committee. DoE has also not indicated any steps initiated to overcome the shortage.

**19.1.11.2 Demand and availability of General Pool Office Accommodation at regional stations**

Audit observed discrepancies in the figures of demand and availability of General Pool Office Accommodation (GPOA) at regional stations, while comparing the data given in Annual Report of MoUD (31 December 2012), information furnished to Audit in June 2014 and in September/October 2014.

DoE replied (September/October 2014) that some offices furnished vacant space as availability while some showed entire space of GPOA as availability, some cases as built up/plinth area including and in some case typographical errors also occurred. In its reply (March 2015), DoE stated that the demand of office space increases and decreases after receipt of fresh demand and allotment of vacant office space respectively. Similarly, availability of office space for allotment increases and decreases after vacation and occupation/allotment of office space respectively.

### **19.1.12 Allotments of Office space to ineligible offices and outstanding Licence Fee there against**

In the course of scrutiny of the files provided to audit, it was seen that DoE had allotted office space to ineligible offices. Some of the cases are presented below:

#### **19.1.12.1 Institute of Urban Transport (IUT)**

IUT, a non-profit making organization registered under the Societies Registration Act was allotted 1,259 sq. feet at market rate of ₹ 81,107 per month with effect from 28 March 2001 at the disposal of Deputy Secretary, Ministry of Urban Development for use of IUT. IUT did not make any payments till 30 June 2005. DoE cancelled the allotment in the name of IUT with effect from 1 July 2005 and the Deputy Secretary (UT), MoUD was asked to advise IUT to clear the outstanding arrears of Licence Fee amounting to ₹ 41.47 lakh. However, the outstanding amount was neither cleared by the IUT or UT Division of MoUD as yet.

DoE stated (March 2015) that an amount of ₹ 41.47 lakh was still due from IUT. DoE should take steps for the recovery of the outstanding Licence Fee at the earliest.

#### **19.1.12.2 Telecom Regulatory Authority of India (TRAI)**

TRAI was allotted 5,542 sq. feet of office space in New Delhi on the payment of special Licence Fee by the Authority. However, the rates of Special Licence Fee were not determined by DoE till vacation of office accommodation by TRAI on 10 August 2007. Subsequently, DoE raised a demand (11 September 2007) of ₹ 82.53 lakh at an ad-hoc market rate of ₹ 44 per sq. feet per month provisionally. The demand was still pending.

DoE stated (March 2015) that the amount of ₹ 82.53 lakh was still due from TRAI and after fixation of rates of special Licence Fee the same will be recovered from TRAI.

DoE should determine the special Licence Fee to be charged from TRAI and recover the outstanding Licence free from TRAI at the earliest.

**19.1.13 Undue delay in initiation of recovery proceedings for recovery of rent of office accommodation**

In the para 15.2 of the audit report no. 9 of 2010-11, Audit brought to the notice of DoE, the accumulation of outstanding rent of ₹ 4.83 crore between March 1999 and March 2008, and interest of ₹ 0.39 crore thereon in 21 cases out of 70 cases in Central, South and other zones. In their ATN, DoE intimated (April 2011) that it has recovered an amount of ₹ 1.76 crore, from 12 allottees in full and ₹ 0.90 crore partially from another four allottees. Rent recovery cases were filed under PPE Act against four allottees. The balance amount of ₹ 2.17 crore against nine allottees was yet to be recovered as of April 2011.

On pursuance by Audit, DoE intimated (01 May 2014) that a cumulative recovery of ₹ 1.57 crore (including recovery of ₹ 0.90 crore referred to above) was effected in respect of these nine allottees and ₹ 1.50 crore was still to be recovered from six allottees. However, DoE had filed rent recovery case under Public Premises Act (Eviction of Unauthorized Occupants) 1971 in respect of two allottees only which were pending with Estate Officer as of May 2014.

DoE in its reply (March 2015) intimated a sum of ₹ 1.50 crore was due including due from TRAI and IUT.

DoE should take steps to ensure that the outstanding Licence Fee is recovered from the allottees at the earliest.

**19.1.14 Analysis of Government Accommodation Management System**

Government Accommodation Management System (GAMS) is a Government to Employee (G2E) e-Governance tool. It was introduced with the aim of creating a transparent, corruption free and efficient allotment system for the housing stock units available with DoE. The objective of GAMS is to ensure fair and just allotment of government accommodation to government servants and optimum satisfaction of applicants.

The development of the GAMS was approved in 2001. It sought to automate the activities starting from the submission of application to the vacation of residential unit by the allottee. This system was designed and developed by the National Informatics Centre (NIC). The system was started in May 2003. The program is running in Delhi and 8 other regional offices of DoE, namely,

Kolkata, Mumbai, Chennai, Nagpur, Faridabad, Ghaziabad, Shimla and Chandigarh.

The entire process of registration for allotment of all kinds, acceptances, retentions, regularizations, cancellations, subletting enquiries etc related to residential government accommodation have been computerized under the system. Under the GAMS, the Automated System of Allotment (ASA) was introduced progressively from May 2010 for different types of houses. The portal [www.eawas.nic.in](http://www.eawas.nic.in) was developed for internal work of DoE, online Licence Fee posting for DDOs, and interlinked with [www.cpwdsewa.nic.in](http://www.cpwdsewa.nic.in) for online Vacancy Reporting. The officers of the DoE have also been provided a username and password for monitoring the allotments, vacancy position, rent recovery, litigation, subletting cases etc. in [www.eawas.nic.in](http://www.eawas.nic.in). The website of DoE [www.estates.nic.in](http://www.estates.nic.in) provided information to and for interaction by the applicants/ allottees and Public.

#### **19.1.15 Non interlinking of DoE and CPWD databases**

In its application for the National Award for e – Governance submitted by DoE on 10 August 2011, DoE had asserted that every house had been given House Identity Number (HID) which has been interlinked with CPWD through its website. It was further stated that as soon as the occupant vacates the house, the operator at CPWD enquiry enters the HID to retrieve the allottee's details and the vacancy comes to GAMS on real time basis. DoE staff at Information Facilitation Centre (IFC) matches the vacancy created by CPWD which, if matched, goes in the Vacancy Register of concerned type. Audit, however, found a number of manual vacation reports in the IFC. Therefore, records relating to manual vacation reports were sought from DoE. In response to the requisition, two folders of manual vacation reports were received from the DoE. Audit scrutiny of the manual vacation reports revealed that in 52 cases, the house number and the HID were not interlinked.

It was further observed that there was no record of receipt of manual vacation reports in IFC before their entry into GAMS. As the receipt and disposal of manual vacation reports are not being recorded, the possibility of vacant houses remaining vacant without being updated in the GAMS database cannot be ruled out. Moreover, non-recording of vacant houses leaves scope for misuse/unauthorised use of vacant houses and also possibility of allotment of those vacant houses to non-entitled persons.

DoE in its reply (September 2014 & January/March 2015) stated that that they were in process of interlinking all the missing HID of GPRA with the CPWD house ID and the delay was being addressed by reporting of vacancies by all CPWD Centres. It intimated that the earlier anomalies arose due to not linking of the e-Awas and e-Sewa software of the CPWD. This had been addressed and the two had been linked with effect from 15 September 2014.

In its reply, DoE did not intimate as to whether all vacation reports were being received online in real time and 'Occupation Report for DoE' was generated through CPWD e-Sewa system. Further, the reply of DoE is not specific and it did not state whether all DoE HID are linked with house number given by CPWD for full automation of reporting of online vacancy by e-Sewa.

To verify as to whether all vacation reports were being received online in real time and not manually, the audit team visited IFC of DoE which managed the task of receipt of vacation reports from CPWD, on 21 April 2015. From the folder labelled as 'Manual Vacancy December-2014', it was observed that large number of vacation reports were still being received manually in hard copy. The folder contained 93 vacation reports, for the period upto April 2015, received in hard copy printed electronically from CPWD e-Sewa which did not have HID of DoE indicating that either it was not interlinked with CPWD House ID or DoE HID had not been used. Folder also contained eight vacation reports which were filled in manually and not through CPWD e-Sewa. One vacation report of hostel accommodation was also manual. Four cases (HIDs -305911, 324564, 275714 and 317026) selected randomly were test checked in GAMS and it was seen that the remarks against the cases were 'Received Manually', 'Received on 15/01/2015', 'Received on 18/02/2015' and 'Vacation received manually on 19/02/2015' respectively. From the manual vacations reports, it was seen that there were delays of up to 6 months from the date of vacation to the entry of the vacation in the GAMS.

In the course of a discussion, Audit observed that the master table which stores the link between the CPWD and DoE HIDs was part of the e-Sewa system of CPWD. Softcopy containing a table was provided to Audit on 27 April 2015 intimating that it contained HIDs which had been interlinked with e-Sewa and was used for online vacation/occupation. Audit tried to trace the HIDs noted manually on the 102 manual vacation reports received at IFC and observed that HIDs of only 73 manual vacation reports were there in the table provided by NIC. Apparently, all the HIDs of housing stock in DoE had not been

interlinked. Further, even where the HIDs are interlinked, manual vacation reports are being sent which are not in real time.

In its reply (August 2015), DoE stated that most of the manually vacated houses were of M.B. Road sector-V. DoE further stated that e-Sewa application has option of generating vacation report as DoE houses or Non-DoE houses as CPWD caters to houses of different departments besides GPRA. All GPRA house IDs are linked with e-Sewa. Probably the said CPWD enquiry (M.B. Road, Sec-5) was generating vacation report as Non-DoE house. But for last two month they are generating it online only and number of manual vacation reports have dropped. DoE further stated that there were 139 houses of Mayapuri and 60 type 2 Houses in Dev Nagar which were not linked at e-Sewa which have again been sent to them to update it.

The reply of DoE is not acceptable as houses for which manual vacation reports were received were from different localities of Delhi though around 40 per cent of them were from M. B. Road. DoE reply is silent on the status of the rest of the cases. DoE has admitted that there are houses still to be interlinked with CPWD e-Sewa and stated that their interlinking is underway. Further, though DoE stated that the number of manual vacation reports has dropped, it did not indicate the percentage of manual vacation reports received in the past two months. Moreover, the reply is silent on the audit point that even where the HIDs are interlinked, manual vacation reports are being sent.

**Recommendation No. 3: The DoE and CPWD databases should be interlinked properly to ensure real time communication between the two systems.**

**19.1.16 Accepting applications of debarred applicants before expiry of stipulated period of three months**

The applicants have to accept the house allotted as per his/her option in the bidding system within 8 days of the date of allotment. In the event of non-acceptance, the applicants are to be debarred from further allotment for a period of three months. However, data analysis revealed that during the period from January 2011 to July 2014, 3296 applicants who had rejected the allotment were allowed to re-apply within the prescribed time limit of 3 months for a number of reasons viz. allotment based on wrong date of priority, allotment based on wrong pool, allotment not as per choice, allotment letter not received in time, occupied house, temporary repairs, declared unsafe, electricity dues, debarred,

under demolition, ASA cases approved by DE/AS, special cases approved by AD & above, rejection of allotment through ASA.

Audit brought this to the notice of DoE but DoE did not respond. Audit observed that houses which were occupied/under demolition/ had electricity dues/temporary repairs were also offered for bidding to the applicants. Further, allotment of houses to debarred applicants, allotment on the basis of wrong date of priority/wrong pool and allotment not as per choice raises questions on the reliability of the system. Such inconsistencies in the system would create scope for misuse of the system by unscrupulous operators, thereby defeating the objective of bringing about transparency in the system of allotment.

DoE replied (January 2015 and March 2015) that in some cases where there were genuine grounds given by the applicant such as he being on official tour, delay in forwarding of acceptance by the officer concerned, house allotted already occupied or being dangerous, no-clearance of electricity/PNG dues by the previous allottee, the applicant was being allowed to bid even before three months period. MoUD/DoE further stated (August 2015) that the said allotments happened due to data regarding dangerous house/electricity due etc. not entered in GAMS and also wrong reporting of vacancies. Such discrepancies would reduce with linkage of e-Awas with e-Sewa.

MoUD/DoE did not clarify the circumstances under which houses which were already occupied or were dangerous or electricity dues were not cleared by the previous allottee were allotted. DoE also did not provide any reasons for allotment of houses not as per the choice, allotment of houses to debarred applicants, allotment of houses on the basis of wrong date of priority etc. Hence, the possibility of misuse of the system by unscrupulous operators cannot be ruled out.

DoE should ensure completing interlinking of e-Awas with e-Sewa within fixed timelines so that allotment of occupied houses, dangerous houses etc. do not happen in the future.

**19.1.17 Proposal for allotments without corresponding entries in the proposal table in GAMS database**

In GAMS, proposal table records the details of the proposal for allotment based on the vacant houses and the respective bidding preferences of the registered allottees before finalization of allotments. During analysis of the GAMS database for the period January 2011 to July 2014, 81 cases of allotment were



noticed wherein a corresponding proposal was not recorded in the GAMS database. Though creation of proposal is only procedural, the non-following of the laid down procedure opens up the possibility of unscrupulous use of the system in circumventing just and fair allotment of houses.

In response, DoE intimated (March 2015) that the cases pointed out by Audit were related to regularisation of Government accommodations in the name of the spouses on transfer/retirement/death of the allottee. Such cases were dealt on case to case basis in their individual files. After approval of the competent authority, the said regularisation was made manually and thereafter updated in the GAMS. Hence, such allotments were made without a corresponding proposal being recorded in the system. It was further stated that the matter was being taken up with NIC to facilitate such allotments through system.

DoE should take steps to ensure that all allotments are covered through the system to ensure transparent, just and fair allotment of houses.

**19.1.18      Inconsistency in vacancies being offered for bidding under ASA**

Analysis of database for the period January 2011 to July 2014 revealed that in four cases, houses had already been allotted though these houses were kept open for bidding and in six cases, houses were allotted on out of turn/discretionary basis while bidding period was open and vacant houses were available to be opted for allotment. Such out of turn allotment of houses offered for bidding would result in the applicants not getting the houses they had opted for, though shown as available, denting the confidence of the allottees in the system.

In reply to audit observation, DoE intimated (September 2014) that all the vacancies sent by CPWD Enquiries for which the vacancies created by DoE are placed for allotment under ASA. In some instances, CPWD erroneously sent wrong vacancies for the houses which were already occupied. These houses were not allotted to anyone when these were identified. It further intimated that there was no provision in the system to intimate all the bidders/applicants for withdrawal of houses for allotment under ASA. DoE subsequently intimated (March 2015) that earlier, inconsistencies in vacancies were due to faulty vacancy updation. As of now, houses available for bidding in ASA are not brought out for out of turn allotments. DoE further stated (August 2015) that allotment under SR-317-8A are made on immediate basis, such instance could happen but are rarely used.



Audit is of the view that DoE should ensure that such instances do not happen even rarely as such instances would hurt the confidence of the allottees in the system.

#### 19.1.19 Discrepancy in dates of acceptance mentioned in two tables of GAMS

Audit observed that, in 978 cases of allotments, there was a difference between the 'dates of acceptance' in two relevant tables viz. 'ALT\_TRANS and OCCUPANT'.

DoE replied (April 2015) that date of acceptance in OCCUPANT table was irrelevant and that of ALT\_TRANS table was authentic.

Audit is of the view that storing same data in two different tables, out of which one is stated to be irrelevant, indicates improper validation of data resulting in data inconsistency which raises doubts on the validity and reliability of the data.

DoE in its reply (August 2015), stated that on acceptance of allotment, 'Date of Acceptance' in 'ALT\_TRANS' table is updated with status on 'ACC\_STATUS' column updating from 'ALLOTTED' state to 'ACCEPTED'. As the database has evolved over a period of time with inclusion of different procedures at different intervals, there are irrelevant columns in some tables.

DoE should take steps to ensure that the database is reviewed to remove irrelevant fields to guard against inadvertent errors in data entry.

#### 19.1.20 Delay in updating vacancies

The position of vacant houses occurring up to the last day of particular month is consolidated category-wise and enlisted on the website of the DoE. Analysis of GAMS database for the period from 1 January 2011 to 31 July 2014 revealed that there were delays in recording vacation of house as shown below.

**Table 7 : Time taken to record vacancy in GAMS and subsequent allotment in respect of higher types<sup>4</sup> and lower types<sup>5</sup>**

Sl. No.	Time taken to record vacancy	Higher types	Lower types
		No. of cases	No. of cases
1.	Same day	3261	26040
2.	Within 2 days	697	4038
3.	Between 3 and 10 days	450	2215
4.	Between 11 and 31 days	127	793

<sup>4</sup> Type 4S, 5A, 5B, 6A, 6B, 7 and 8

<sup>5</sup> Type 1, 2, 3 and 4

5.	Between 1 month and 2 months	40	291
6.	Between 2 months and 6 months	42	173
7.	Between 6 months and 1 year	18	57
8.	More than 1 year	12	51
	<b>Total</b>	<b>4647</b>	<b>33658</b>

From the above table, it can be seen that around 4.19 *per cent* of the vacated houses are recorded in the GAMS database only after 10 days from the date of vacation. Further, in 19 cases, errors in dates were noticed like date of recording the vacancy being before the date of vacation leading to the conclusion that the data validation is not robust. This delay in recording of vacancies is likely to impact the availability of houses for the Government servants.

DoE in its reply (March 2015) intimated that the vacancies are reported by CPWD when the allottee vacates the house. It further stated that the delay was now being addressed by reporting of vacancies by all CPWD Centres. The earlier anomalies arose due to not linking of the e-Awas and e-Sewa software of the CPWD. This had been stated to be addressed and two had been linked with effect from 15 September 2014.

However, DoE did not intimate as to whether all vacation reports were being received online in real time and ‘Occupation Report for DoE’ was generated through CPWD System – ‘CPWD e-Sewa’. Further, the reply of DoE is not specific and it did not state whether all DoE HIDs are linked with house numbers given by CPWD for full automation of reporting of online vacancy by e-Sewa. Verification of manual records relating to vacation reports and GAMS database revealed that still vacation reports were being received in DoE manually in hard copy and there were still HIDs which had not been linked as brought out in para 4.1.4 of the Audit Report.

To verify the contention of DoE that the delay was now being addressed to, Audit examined the data furnished by NIC on 27 May 2015 regarding entries made in database for vacation. Time taken for entry in GAMS in respect of 2,032 cases during the period 15 September 2014 to 27 May 2015 is shown in subsequent table.

**Table 8 : Time taken for entry in GAMS during the period 15 September 2014 to 27 May 2015**

Sl. No.	Time taken to record vacancy	No. of cases
1.	Same day	619
2.	Within 2 days	531
3.	Between 3 and 10 days	511
4.	Between 11 and 31 days	126
5.	Between 1 month and 2 months	50
6.	Between 2 months and 6 months	56
7.	Between 6 months and 1 year	37
8.	More than 1 year	102
	<b>Total</b>	<b>2032</b>

In order to assess the time taken for updating vacancy into GAMS database, Audit test checked manual vacation reports in GAMS on the basis of HID noted manually on these reports and observed as under:

- Out of 102 cases of manual vacation reports, only 92 cases could be traced.
- 88 cases were such where accommodation had been vacated after 15 September 2014, i.e., the date on which interlinking has been stated to have been done. In these 88 cases, time taken to enter the GAMS database was up to 160 days.
- In other four cases, where vacation was prior to the stated date of interlinking, time taken to update the vacancy position in GAMS ranged from 148 days to 1353 days.
- Out of 92 cases, there were 29 cases which could have been taken into the next bidding cycle for allotment had they been entered in GAMS as vacant in real time.<sup>6</sup>

Thus, not taking vacant houses for bidding and allotment kept applicants deprived of accommodation and also resulted in loss of revenue on account of non-recovery of Licence Fee and payment of HRA.

DoE replied (August 2015) that most of the manually vacated houses were of M.B. Road sector-V. DoE further stated that e-Sewa application has option of

<sup>6</sup> Cases where vacation was on the last or second last day immediately prior to start of bidding cycle have been excluded from the cases which would have gone for bidding had the vacancy updated in GAMS in real time.

generating vacation report as DoE houses or Non-DoE houses as CPWD caters to houses of different departments besides GPRA. All GPRA house IDs are linked with e-Sewa. Probably the said CPWD enquiry (M.B. Road, Sec-5) was generating vacation report as Non-DoE house. But for last two months they are generating it online only and number of manual vacation reports have dropped. DoE further stated that there were 139 houses of Mayapuri and 60 type 2 Houses in Dev Nagar which were not linked at e-Sewa which have been sent again to them to update it.

The reply of DoE is not acceptable as houses for which manual vacation reports were received were from different localities of Delhi though around 40 *per cent* of them were from M. B. Road. DoE reply is silent on the status of the rest of the cases. DoE has admitted that there are houses still to be interlinked with CPWD e-Sewa and stated that their interlinking is underway.

#### **19.1.21 Inordinate delay in taking possession of habitable houses**

As per letter of allotment of accommodation in GPRA, allottees are requested to send their acceptance within 8 days from the date of issue of the allotment letter and obtain an authority slip from DoE and take possession of the allotted residence from the CPWD/NBCC Enquiry Office concerned by the date mentioned in the authority slip. Failure to take possession within the time specified in the authority slip would result in the vacant house being returned to concerned allotment section for cancellation of allotment.

A test check of houses shown as habitable in the vacation table of GAMS database, for the period January 2011 to September 2013, revealed delays ranging from 90 days to more than two years in occupation of the 579 houses by the allottees as shown in the table below:

**Table 9 : Delay in occupation of houses beyond 90 days**

Occupation of house	Number of cases
90 days - 120 days	260
121 days - 180 days	218
181 days to 1 year	86
1 year to 2 years	12
More than 2 years	3
<b>TOTAL</b>	<b>579</b>

DoE in its reply (March 2015) stated that the time taken in handing over a house to an allottee was dependent upon the condition of the house.

DoE did not give specific reasons for delays of one to two years and even delays of more than two years in a number of cases pointed out by Audit.

#### **19.1.22 Multiple occupation of houses by the allottees**

Analysis of GAMS database provided to audit for the period January 2011 to July 2014 revealed that 536 allottees were occupying more than one accommodation (in two instances the allottees were occupying three houses). Thus total 1074 residential units appeared to have been occupied by these 536 allottees.

DoE furnished (March 2015) possible factors for double occupation as (i) a number of allottees in double occupation are from Kidwai Nagar (East) who were under compulsory shifting. These allottees have been given alternate accommodation. However, because they neither took possession of the alternate accommodation nor did they surrender the original allotment at Kidwai Nagar East, they are being reflected as occupants of 2 flats simultaneously; (ii) in certain cases, where the allottee has either not deposited the authority slip or in cases where the vacant possessions have not been reflected in the system even though the allottee may have vacated the house, in such cases too, double occupation is reflected; (iii) in cases where allottee is already residing in a Government accommodation and is to shift in an alternate accommodation, due to non-handing over of house for any particular period of time, both houses, i.e., one in which the allottee will move in and the house currently occupied by the allottee will be reflected as double occupation; (iv) however, in this case where double occupation actually be there, the DoE is already in process of taking corrective action.

Subsequently, in April 2015, DoE contended that the allottees may not be in physical occupation of the houses (the change house in repair) or availing 15 days time that is provided to the allottee to vacate the previous house after occupation of new one and beyond which damage rent is charged.

In order to verify the contention of DoE that double occupancy might be due to availing 15 days time to vacate the previous house, Audit randomly checked 12 registration numbers from DoE website on 19 May 2015 (10000210, 10000358, 10000895, 10001029, 10002403, 10003648, 10003883, 10004792, 10005279, 10005774, 10021978 and 10032364 at serial number 1, 2, 5, 6, 7, 8, 9, 11, 12, 14, 71 and 101 respectively). Result is tabulated below:

**Table 10 : Cases of double occupation as observed from the DoE website**

Sl. No.	Serial number of Annexure	Registration Number	Accommodation one		Accommodation two	
			HID	Date of occupation	HID	Date of occupation
1.	1	10000210	295746		Single occupation	
2.	2	10000358	335364	17/07/2012	335155	02/11/2007
3.	5	10000895	339601	06/07/2010	318629	09/12/1994
4.	6	10001029	299849		306224	Details could not be obtained in GAMS
5.	7	10002403	295413	02/02/2011	281324	21/02/1991
6.	8	10003648	309648	24/07/2010	317216	24/02/2005
7.	9	10003883	300898		Single occupation	
8.	11	10004792	348479	18/08/2010	283634	14/03/2005
9.	12	10005279	329330	30/12/2005	331275	30/12/2005
10.	14	10005774	263191	08/06/2010	281180	30/06/1986
11.	71	10021978	263775	06/05/2011	283624	05/06/2000
12.	101	10032364	393261		244967	Details could not be obtained in GAMS

From the above it may be seen that in 10 out of 12 cases, double occupation is indicated even after lapse of years since the later occupation. As such, the contention of DoE, that double occupation might be because of availing 15 days time given to vacate house, does not hold good.

In its further reply (August 2015), DoE stated that the 15 day period is calculated from date of physical occupation of new house and not allotment date. Hence longer delay would happen if house is under repair. Further, DoE provided specific replies in respect of 3 of the 12 cases pointed out by Audit. As regards the other cases, DoE stated that they are old cases and could have happened due to the non – linking of those houses.

It is seen from the reply that the system has a provision of stopping applicants from accepting only the third house. Hence, the possibility of an applicant occupying two houses cannot be ruled out.

### **19.1.23 Unauthorised occupation beyond the date of retirement**

As per sub rule 2 of S.R. 317-B-11, residential accommodation can be retained in case of retirement or terminal leave for a period of 2 months on normal Licence Fee, another 2 months on double the normal Licence Fee. As per Para 3 of SR 317-B-22, additional retention of accommodation is allowed for a period of two months on payment of four times of the normal Licence Fee and a further two months on the payment of six times of normal Licence Fee for special reasons involving medical/educational grounds, subject to appropriate certification by the authorities concerned. Likewise, in case of death of

allottee, the accommodation can be retained for a period of 12 months. As per para 4 of SR 317-B-22, in the event of death of the allottee, his/her family can retain the Government accommodation for a further period of one year on payment of normal Licence Fee. Thereafter, the allotment is deemed to be cancelled and recovery of Licence Fee would be done at damage/market rate.

Analysis of the date of retirement values in the OCCUPANT table of GAMS database revealed 1,262 cases of retention of accommodation beyond the date of retirement as shown in the table below:

**Table 11 : Retention of accommodation beyond the date of retirement**

Occupancy beyond date of retirement as on 30 July 2014	Number of Cases
Less than 1 Month	50
Between 1 and 2 Months	1
Between 2 and 6 Months	167
Between 6 Months and 1 Year	174
Between 1 Year and 2 Years	169
Between 2 Years and 3 Years	128
Between 3 Years and 4 Years	86
Between 4 Years and 5 Years	99
Between 5 Years and 10 Years	254
Between 10 Years and 20 Years	127
More than 20 Years	7
<b>Total</b>	<b>1262</b>

However, the reasons for allowing the retention of accommodation had not been provided to Audit. Retention of accommodation by government servants beyond their date of retirement accentuates the shortage of houses and leads to lower satisfaction levels.

Further, a comparison of the date of retirement value in OCCUPANT table and REGISTRATION table shows discrepancies indicated in the following table which raises doubts on the reliability of the data.

**Table 12 : Discrepancies in date of retirement in different tables of GAMS database**

REGNO	Date of Retirement in Occupant Table	Date of Retirement in Registration Table
10034203	31-May-12	31-May-14
99995476	30-Nov-12	30-Nov-14
99999876	31-May-13	31-May-15
99974985	31-Jul-08	16-Jul-13
99968404	30-Nov-12	24-Nov-12

99962489	30-Apr-07	30-Apr-05
99936182	30-Jun-13	30-Jun-11
10151915	31-May-10	02-Mar-13
10158559	31-May-13	31-May-15

DoE in its reply (March 2015) has not furnished specific reasons for the cases pointed out by audit and intimated only possible reasons as under:

- In death cases, the factual information is received in DoE after a considerable delay and till such time action to evict the premises was not taken. Therefore, DoE initiates action for vacation of house only after the date of retirement of the allottee as per their record. It is only after such action is initiated, the relative of the employee approaches DoE for regularization of house. At that time there may be delay in regularisation till completion of all formalities by the applicant.
- In some cases, date of retirement was not actual.
- In some cases, retirement age was mentioned on the basis of retirement at 58 years and the data was not updated.
- There might be court cases pending in respect of the said house.
- In 22 cases referred by audit, it is mentioned that date of retirement not updated in occupation tables as per registration. Hence, they may be different.
- In some cases, date of retirement might have changed due to extension.

DoE further indicated that in death cases, as the information is not received in time, the action for regularisation of houses is taken only after the date of retirement. Further, DoE stated that in some cases, the date of retirement is not actual or might not have been updated. This indicates laxity on the part of the DoE in maintaining accurate and reliable data. This also indicates non-existence of any mechanism to obtain information about death of allottees.

DoE should take measures to improve the systems to ensure information pertaining to death cases and also ensure that the information in the system is properly validated and updated to maintain its authenticity.



DoE accepted the suggestion and replied (August 2015) that validation would be introduced in software like period of service linking date of retirement with date of birth etc. which could be done with available information.

#### **19.1.24 Dangerous and unsafe houses**

As per normal practice, once a residential house is declared unsafe, it cannot be allotted to any person until it has been declared safe by the competent authority. However, analysis of GAMS database revealed 2,035 allotments made under category AACC (UNSAFE). Further, analysis of these cases revealed 106 cases wherein houses declared unsafe were allotted within 50 days.

DoE replied (March 2015) that initially the houses reported dangerous by CPWD for allotment of alternative accommodation on unsafe ground could not be entered in GAMS as there was no provision for that. DoE further stated that the position was expected to improve further as e-Sewa and e-Awas software's have now been connected w.e.f. 15 September 2014. DoE further stated (August 2015) that once the house is entered unsafe in GAMS, it does not go for bidding. With linking of e-Awas and e-Sewa such houses once declared unsafe by CPWD would automatically go out of bidding.

DoE has not furnished specific reply to the cases brought out in Audit. The reply also did not indicate the steps taken by DoE to ensure that an unsafe and dangerous house is not allotted to any of the allottees. DoE needs to ensure that the data entry in such cases is done accurately to eliminate the possibility of unsafe houses being allotted to unsuspecting allottees.

**Recommendation No. 4: DoE should take steps to properly identify houses which are declared as unsafe or dangerous and take steps to make them habitable.**

#### **19.1.25 Non development of software for assessment of Licence Fee in GAMS**

As per Annual Action Plan of DoE for the year 2012-13, 'Software for assessment of Licence Fee in GAMS' was to be developed by NIC by 30 June 2012. As per the status report of April 2013, the system was ready and training to the staff of Rent Wing of DoE was to be conducted. Audit scrutiny, however, revealed that it was not implemented as of April 2014.

DoE intimated in March 2015 that the Software for assessment of Licence Fee was still being developed by NIC. Further reply of DoE (August 2015) gives a

description of the system in vogue without intimating the present status of the development of the software.

The non-development of the software has deprived DoE of its intended benefits.

#### **19.1.26 Monitoring of receipt of Licence Fee**

An online 'Licence Fee Collection and Monitoring System' was developed as part of GAMS (April 2007) to facilitate the Drawing & Disbursing Officers to communicate their Licence Fee recoveries, both past and future in respect of occupants of GPRA to DoE. The online 'Licence Fee Collection and Monitoring System' was implemented with effect from 1 August 2007. DDOs were to post Licence Fee recoveries through GAMS. In case of failure to send schedules of monthly Licence Fee recoveries through the new system, action against the allottees as per Allotment Rules was contemplated.

DoE informed (March 2015) Audit that the intimation of recovery of Licence Fee from DDOs is being received in 70 *per cent* cases. Training for feeding the recovery of Licence Fee through online has already been given to 80 *per cent* DDOs. DoE has set a programme for on-line recovery of Licence Fee from DDOs in 100 *per cent* cases. Now intimation of recovery of Licence Fee through manual/CD/floppy has been stopped and result of online transmission of Licence Fee is more satisfactory than manual recovery of Licence Fee.

Fact remains that even after lapse of more than seven years from the date of its implementation, the Licence Fee collection and monitoring system could not be utilized to its full extent. In its reply (August 2015), DoE gave a description of the system in vogue without indicating the present status of the development of the system.

**Recommendation No. 5: The online system for monitoring of Licence Fees should be completed quickly ensuring complete participation of all the DDOs to enable accurate monitoring of the receipt of Licence Fee.**

#### **19.1.27 Registration for applying in multiple incompatible pools**

'Tenure Pool' of accommodation is maintained for All India Services Officers of the Indian Administrative Service, the Indian Forest Service and the Indian Police Service on duty with the Central Government or the Delhi Administration on tenure basis. All India Service Officers are to be considered

for allotment only against the Tenure Pool accommodation. Similarly, 'Lady Officers Pool' is maintained separately for married lady officers (LM Pool) and for single lady officers (LS Pool). Specified numbers of residential units have been earmarked in the 'Lady officers Pool' which are determined from time to time. The Lady Officers are also eligible for allotment of accommodation from General Pool on maturity of their turn.

Analysis of database for the period January 2011 to July 2014 revealed that there were instances where applicants had been registered for applying in multiple incompatible pools. There were 31 such cases where applicants had been registered for both GP and TP and 13 cases where lady officers had been registered for both LM Pool and LS Pool.

In response to audit observation (20 March 2014), DoE intimated (September 2014) that the required checks were being enabled in the 'Application Module' of the system to minimize these types of mismatching. It was further stated that the required checks were also being enabled in the system to restrict an applicant of Ladies Married pool or Ladies Single pool to apply for only one pool (LS or LM) as per marital status.

In its reply (August 2015), DoE stated that validations have been further spruced up and an applicant can no longer select his pools. Pools are automatically selected on the basis of Category (General, SC, ST), service category (AIS, Non-AIS, OTHERS), Marital Status (Married, Unmarried), Sex (Male, Female) and Pay Scale/Grade Pay.

DoE needs to review periodically the validation checks to ensure that no cases of registration of incompatible pools occur in future.

#### **19.1.28 Non occupation of houses due to outstanding dues of electricity, water and gas**

DoE furnished (March 2014) details of unoccupied houses due to electricity dues, under repairs etc. in which 127 houses were indicated vacant due to electricity dues. Audit, however, noticed that DoE had reported in April 2014 to the Secretary, MoUD, 104 houses as unoccupied due to pending electricity bills. Further, analysis of GAMS database (July 2014) indicated 142 houses with status as "ELECTRICITY DUES". This indicates discrepancy in the figures provided to audit and that available in GAMS database.

Though DoE did not furnish the details sought by Audit in respect of all cases, audit scrutiny of the records made available to audit revealed that an amount of ₹ 29.62 lakh was outstanding against 89 allottees (as on March 2010).

DoE replied (March 2015) that NDMC and BSES had agreed to give connections to new allottees where dues were not cleared by the previous allottees. DoE further stated (August 2015) that no house is kept out of bidding due to electricity dues.

The reply of DoE is silent on the steps taken to recover unpaid dues from the previous allottees. DoE, has also not intimated the progress/status of allotment of houses having electricity dues.

### **19.1.29 Poor quality of data**

#### **19.1.29.1 Gaps in various fields**

The unique IDs which are system generated viz. HID, REGNO and ALT\_ID and AAN used in the tables HOUSE, REGISTRATION, ALT\_TRANS and AAN respectively in the GAMS database should normally be serially numbered and without gaps. However, scrutiny of these unique ID columns of the tables mentioned above revealed gaps as noted below which indicates lack of effective data validation within the system:

- In 656 cases, the HID though serially numbered, had gaps/ missing HID
- In 5,293 cases, the ALT\_ID though serially numbered, had data gaps/ missing ALT\_ID.
- In 10,000 cases, the REGNO though serially numbered, had data gaps/ missing REGNO.
- In 4,806 cases, the Allottee Account Number (AAN), though serial numbered, had gaps/ missing AAN.

DoE replied (March 2015) that certain number of houses had been physically verified and the discrepancies in the system were being addressed to. DoE also intimated that discrepancies like houses not being given identification number and hence missing from the stock, date of retirement were being corrected. It further stated that in a large number of cases, date of retirement had been rectified as the date of birth now had been made mandatory in DE-II Form for

applying for accommodation. DoE further stated (August 2015) that there may be cases of data entry error of DOR as all these occupants' DE-2 form were registered before April 2009.

DoE needs to expedite the process for identification and removal of discrepancies and filling of gaps to ensure accuracy and reliability of data. Further, DoE should take effective measures to ensure more stringent data validation to assure continued reliability of the data.

#### **19.1.29.2 Blank/invalid data**

In the system, basic data captured in the 'Registration Table' is transferred to the 'Allotment Transaction Table' and 'Occupation History Table' respectively after an allotment is made. Thus, any wrong or invalid data in the 'Registration Table' will automatically be transferred to the 'Allotment Transaction Table' and 'Occupation History Table'. On scrutiny of the GAMS database (data up to 30 September 2013), audit observed the following:

- 'Registration Table' has 3,125 blank fields in 'date of retirement' column. However, in the column 'FORM\_REJ' the status of registration has been recorded as accepted. Resultantly, 3,456 cases in the 'Allotment Transaction Table' and 2,513 cases in the 'Occupation Table' had blank fields in the 'date of retirement' column. Out of these 2,513 cases where DOR field has not been filled, there were 1,030 rows where the occupancy status viz. OCC\_STATUS was shown as occupied.
- The date of retirement in the 'Registration Table' did not match the date of retirement in the 'Occupation History Table'/'Allotment transaction table' in 12,063 cases. (Cases in which the difference in dates was exactly 24 months have been ignored for coming to this number assuming that difference was due to increase in the age of retirement by two years). This indicates that the date of retirement was not being accessed from the 'Registration Table' leading to a possibility of entering wrong retirement dates either inadvertently and/or deliberately.
- The 'Date of birth' field in the Registration Table' had been left blank in 49,782 cases. However, the applications are shown as accepted with blank fields in the 'Date of Birth' column and the form status was recorded as accepted. This shows that the 'Date of Birth' field is not a mandatory field and leaves the possibility of occupants overstaying in the houses beyond the date of retirement in the absence of control.

- The date of allotment of the government accommodation is recorded in the column DOA (Date of Allotment) in the Table ALT\_TRANS. There were 29 cases in which the DOA was recorded as future dates. This shows that the data in the date of allotment field is not validated leaving a scope for manipulating the data.

In reply to audit observation, DoE stated (September 2014) the data in the 'Occupation History Table' was not transferred as per changes made in the 'Registration Table'. 'Occupation History Table' reflects data as per entries made at the time of acceptance. It further stated that the cases where 'Date of Birth' column is blank might be prior to implementation of ASA when it was not a mandatory field. Regarding date of allotment it intimated that these were old records and were typing mistakes. DoE further stated (August 2015) that there may be cases of data entry error of DOR as all these occupants DE-2 form were registered before April 2009. However, steps taken for correction of these errors not intimated to Audit.

DoE needs to take steps to ensure that the mandatory data is captured without fail and properly validated to ensure its correctness and reliability.

**Recommendation No. 6: GAMS database needs to be thoroughly validated to ensure that the incorrect data is removed to ensure accuracy and reliability of data.**

### Conclusions

- There has been a perpetual shortage of accommodation for Government servants in Delhi which was also acknowledged by the MoUD in its files. DoE did not have an accurate record of the housing stock available with it. The figures of the housing stock are varying from one source to another. DoE does not have any record of physical verification of the housing stock.
- Residential accommodation has been earmarked to various pools like General Pool, Tenure Pool, Tenure Pool (Non-AIS), Lady Officers Pool. Augmentation of housing stock in the various pools has been done in an inequitable manner. Moreover, the satisfaction levels of the houses are varying widely pool – wise.
- Licence Fee Collection and Monitoring System is still not fully functional resulting in DoE not being able to monitor the receipt of the Licence Fee as only around 70 per cent of the DDOs are communicating their Licence Fee recoveries through the online system. There are also instances of

outstanding Licence Fee not yet recovered from the allottees. There were delays in the revision of the Licence Fee for houses.

- There are delays in issue of NDC to the retiring personnel on vacation of the house leading to hardship to them.
- Database of DoE and CPWD are not interlinked leading to delays in the reflection of vacancy position of houses in the GAMS database even though DoE has claimed that both the databases have been interlinked with effect from September 2014.
- From the analysis of GAMS database, instances of accepting applications of debarred applicants, proposal for allotment without corresponding entries in the proposal table of GAMS database, inconsistencies in vacancies being offered for bidding under ASA, delay in taking possession of habitable houses, delays in updating vacancies and registration for applying in multiple incompatible pools were noticed. It was also seen that DoE does not have accurate details of houses which are declared as unsafe or dangerous. The quality of data in the database was also found to be poor.

### **Recommendations**

- DoE should get the housing stock physically verified and keep an accurate record of the housing stock.
- DoE should take steps to ensure that No Dues Certificates are issued to the retiring employees within one month as provided in the Citizen's charter.
- The DoE and CPWD databases should be interlinked properly to ensure real time communication between the two systems.
- DoE should take steps to properly identify houses which are declared as unsafe or dangerous and take steps to make them habitable.
- The online system for monitoring of Licence Fees should be completed quickly ensuring complete participation of all the DDOs to enable accurate monitoring of the receipt of Licence Fee.
- GAMS database needs to be thoroughly validated to ensure that the incorrect data is removed to ensure accuracy and reliability of data.

Ministry of Urban Development has accepted (August 2015) all the recommendations.



## CHAPTER XX : MINISTRY OF WOMEN AND CHILD DEVELOPMENT

### Central Social Welfare Board

#### 20.1 Unfruitful expenditure of ₹ 1.40 crore due to encroachment of land

**Central Social Welfare Board (CSWB) failed to respond appropriately to Government of NCT Delhi's initiative to resolve the encroachment of land purchased by CSWB in 1990 for construction of staff quarters, rendering unfruitful the entire expenditure of ₹ 1.40 crore incurred thus far.**

The Central Social Welfare Board (CSWB), an autonomous body under the Ministry of Women and Child Development (Ministry), had acquired three acres of land in March 1990 at a cost of ₹ 18 lakh in Vasant Kunj, New Delhi from the Delhi Development Authority (DDA) for construction of staff quarters.

CSWB released ₹ 2.58 lakh to the Central Public Works Department (CPWD) in December 1990 for construction of boundary wall, and paid an advance of ₹ 55 lakh between March 1991 and March 1993 for construction of staff quarters<sup>1</sup>. While the construction of the boundary wall was completed, the construction of staff quarters could not be started as the land was encroached upon by Jhuggi dwellers in 1994.

In March 2001, CSWB deposited ₹ 46.60 lakh with the Municipal Corporation of Delhi (MCD) for removal of the Jhuggis. In September 2009, the Government of National Capital Territory (NCT) of Delhi decided to allot flats to Jhuggi dwellers, and in April 2012, the Rehabilitation Branch of the NCT Delhi Government informed that the eligibility list of 142 Jhuggi dwellers had been signed and directed CSWB to deposit ₹ 1.06 crore as its share. In response to CSWB's request (May 2012) to Ministry for funds, Ministry asked (November 2013) CSWB to ascertain the share of the NCT Delhi Government and also the status of interest on the amount already deposited with MCD. CSWB did not proceed further with the matter till Audit raised an observation, following which, CSWB approached the NCT Delhi Government in September 2015. Till date, CSWB has incurred ₹ 1.40 crore<sup>2</sup> on the property.

Audit further observed that CSWB has not incurred expenditure on the security of the land after March 2003. CSWB has not provided a convincing reply on the status of the land, apart from reiterating (September 2015) that the land is encroached and that it had

<sup>1</sup> Cost of project was estimated at ₹ 7.84 crore in October 1993

<sup>2</sup> Cost of land ₹ 18 lakh, advance of ₹ 55 lakh to CPWD, ₹ 2.58 lakh for construction of boundary wall, ₹ 46.60 lakh to MCD for removal of encroachments and ₹ 18.24 lakh on security of the land



made several efforts for removal of Jhuggis but due to lengthy procedure for obtaining approval from different authorities, the status-quo was maintained. CSWB also stated (January 2016) that it had sought clarifications from the Delhi Urban Shelter Improvement Board regarding share of expenditure between CSWB/Government of India and Delhi government for removal of Jhuggis.

The fact remains that even after the Rehabilitation Branch of NCT Delhi Government secured an agreement with the Jhuggi dwellers in April 2012 to vacate the land, CSWB failed to respond to Ministry's queries and thus failed to have the agreement implemented. Thus, inaction of Ministry and CSWB to act on the initiative of NCT Delhi to rehabilitate the Jhuggi dwellers resulted in failure to provide staff quarters on land acquired more than 25 years ago and also led to unfruitful expenditure of ₹ 1.40 crore.

The matter was reported to the Ministry (October 2015); their reply was awaited (January 2016).

## CHAPTER XXI : MINISTRY OF YOUTH AFFAIRS & SPORTS

### Lakshmibai National Institute of Physical Education, Gwalior

#### 21.1 Avoidable payment of Customs Duty

**Lakshmibai National Institute of Physical Education, Gwalior, (LNIFE) failed to follow the Ministry's advice to import Synthetic Athletic Track material through Sport Authority of India/State Sport Authority resulting in avoidable payment of Customs Duty of ₹ 1.06 crore including interest, demurrage and other charges.**

Lakshmibai National Institute of Physical Education (LNIFE), Gwalior decided (July 2007) to construct a Synthetic Athletic Track within its campus through the Central Public Works Department (CPWD). The Track was to be used for non-commercial activities i.e. for academic purpose and national/international coaching. The LNIFE conveyed (November 2008) administrative sanction for ₹ 3.28 crore to the CPWD against the above work.

The CPWD awarded the work to M/s Porplastic Sportsbau von Cramm GmbH & Co. Germany and requested (July 2011) LNIFE to obtain a Customs Duty Exemption Certificate from the Ministry of Youth Affairs & Sports (MYAS) for exemption from payment of Customs Duty on material required to be imported from Germany for laying the Synthetic Athletic Track. The LNIFE requested (July 2011, September 2011 and December 2011) the MYAS to issue such a certificate.

The MYAS, in consultation with the Ministry of Finance, advised (January 2012) LNIFE that, to get the exemption from payment of Customs Duty, it should import the Synthetic Athletic Track material through the Sports Authority of India (SAI) or Sports Authority of State (Madhya Pradesh) (SAS (MP)). The advice was based on the opinion of the Ministry of Finance, that under Notification no. 146/94-Customs dated 13 July 1994, as amended from time to time, synthetic playing surfaces are exempted from payment of custom duty, subject to, inter alia, the condition that the said goods are imported into India by SAI or Sports Authority of the concerned state for use in a national or international championship to be held in India or abroad or for the purpose of training.

Audit found that there was nothing on record to suggest that LNIPE ever asked CPWD to import the Synthetic Track material through SAI or SAS.

Audit observed that due to a dispute, CPWD cancelled the contract with M/s Porplastic Sportsbau von Cramm GmbH & Co. Germany for the work of laying the synthetic track. Subsequently, CPWD awarded (June 2014) the said work to another firm M/s Jianguyin Wenming Physical Plastic Co. Ltd. China. LNIPE requested (December 2014) SAI to issue a letter to the Customs authorities to grant exemption from payment of Customs duty on the Synthetic Athletic Track material, being imported by the CPWD from China. On receipt of LNIPE's request, SAI issued (December 2014) a letter to this effect to the Customs authorities and requested them to grant customs exemption benefit under the Notification no. 146/94- Customs dated 13 July 1994.

The CPWD imported the Synthetic Track material from China and filed (January 2015) Bill of Entry with the Customs Department for clearance of the goods claiming exemption from payment of Customs Duty.

The Customs Department did not allow the exemption benefit and took the view (February 2015) that exemption benefit under the Notification no. 146/94- Customs dated 13 July 1994, was available only when the import was made by SAI or SAS. But in the instant case, the import was made by the CPWD which was not entitled for exemption from payment of duty.

LNIPE paid (February 2015) an amount of ₹ 105.51 lakh to the CPWD for payment of the Customs Duty (₹ 88.51 lakh), interest (₹ 0.96 lakh) thereon, demurrage (₹ 2.66 lakh) and other charges (₹ 13.38 lakh).

Failure of LNIPE to follow the advice of MYAS to import the Synthetic Athletic Track material through the SAI or SAS (M.P.) resulted in avoidable payment of ₹ 105.51 lakh on account of Customs Duty including interest thereon and other charges.

LNIPE in its reply (July 2015) stated that MYAS had informed (17 January 2012) that for import of Synthetic Track material, Customs Duty Exemption certificate can be obtained either from the SAI or the SAS (MP).

The reply of LNIPE was not acceptable as the MYAS had never advised LNIPE to obtain exemption certificate from SAI or SAS (MP). The MYAS had rather advised LNIPE to import the said material through SAI or SAS (MP). LNIPE

did not explain the reason for not following the Ministry's advice. The failure of LNIPE to follow the Ministry's advice resulted in avoidable payment of ₹ 105.51 lakh.

The matter was reported to the Ministry (December 2015); there reply was awaited (December 2015).

## CHAPTER XXII : MINISTRY OF HOME AFFAIRS, CULTURE AND CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

### 22.1 Blocking of funds

**Ministry of Urban Development and Poverty Alleviation allotted land to autonomous bodies/attached offices of the Ministries of Home Affairs, Culture and Consumer Affairs, Food & Public Distribution in 2001 for construction of office buildings. In 2004, it was decided that part of the financial requirements for construction of the building may be met from the provisions for Integrated General Pool Office Complex and the cost of land paid earlier would be adjusted against the construction cost. Failure of the user departments to seek adjustment of amount paid for the cost of land even after the buildings were made functional led to blocking of ₹ 1.24 crore for more than 12 years.**

The Central Public Works Department (CPWD) of the Ministry of Urban Development and Poverty Alleviation (MoUD) planned to construct an integrated office complex on a plot measuring 7.64 acres at, New Delhi<sup>1</sup>. The complex was to consist of six interlinked multi-storeyed blocks. MOUD allotted (2001) the land for three blocks in the complex to various autonomous bodies/attached offices, namely (i) National Human Rights Commission (NHRC), M/o Home Affairs, (ii) Archaeological Survey of India (ASI), M/o Culture and (iii) National Consumer Disputes Redressal Commission (NCDRC), M/o Consumer Affairs, Food & Public Distribution. The details are given below:

Sl. No.	Particulars	NHRC	ASI	NCDRC
1.	Measurement of land	9467.92 sq. m	8385.23 sq. m	4936.80 sq. m
2.	Cost of the land paid	₹ 51.48 lakh	₹ 45.59 lakh	₹ 26.84 lakh
3.	Date of allotment	27.4.2001 and 19.12.2002	21.12.2001	14.8.2001
4.	Date of payment to MoUD	15.01.2002 and 02.01.2003	17.09.2002	09.11.2001

As per the terms of allotment, the allottees (user departments) were required to construct their buildings within a period of two years from the date of the possession of the land.

As the user departments did not have adequate plan provisions to undertake the construction project, MoUD in July 2003 decided that part of the financial

<sup>1</sup> INA, near Vikas Sadan, New Delhi.

requirement may be met from the provisions for Integrated General Pool Office Complex (GPOA) operated by MoUD. Subsequently, the MoUD informed (March 2004) that the possession of land given on paper, without demarcation of site, may be treated as cancelled as the allotment would be for an 'envelope' and not the land since this would be on integrated office complex at INA. It was further clarified that the amount paid towards the cost of land by the user departments would be adjusted against the cost of the construction.

Accordingly, CPWD finalised the estimated cost of five blocks<sup>2</sup> of the Integrated GPOA at a cost of ₹ 83.67 crore which was approved by MoUD in February 2005.

The cost of integrated GPOA was further revised to ₹ 135.03 crore<sup>3</sup> by MoUD in January 2008. The break-up of the cost of construction was as follows:

(₹ in crore)

Sl. No.	Particulars	NHRC	ASI	NCDRC
1.	Proportionate cost of construction <sup>4</sup>	32.90	29.65	19.91
2.	Date of payment by concerned department	August 2003 to April 2011	January 2009 to June 2010	June 2008 to August 2009
3.	Date of building put to use	September 2013	February 2014	August 2011

Audit observed that the matter relating to the adjustment of cost of land already deposited by individual autonomous bodies/user departments was not taken up by them with MoUD even after the buildings were made functional.

After the issue was raised in Audit, the Ministry of Consumer Affairs directed NCDRC (July 2014) to pursue the matter with MoUD for adjustment of amount paid towards the cost of land. Subsequently, ₹ 26.84 lakh was refunded by the MoUD to NCDRC in June 2015. NHRC stated (December 2015) that the matter had been taken up with MoUD which advised that the matter was under process and on receipt of Utilisation Certificate from CPWD, the amount would be refunded. ASI stated (November 2015) that MoUD had been requested in November 2015 to refund the entire amount deposited towards the cost of land.

<sup>2</sup> One block of the complex was already constructed and occupied by CVC

<sup>3</sup> The escalation in cost was attributable to delay in getting approval from Local Bodies, change in design of building etc.

<sup>4</sup> The remaining ₹ 52.57 crore was charged to Urban Development under the head GPOA

Thus, it would be evident that the autonomous bodies/user departments failed to exercise adequate oversight in the matter leading to blocking of ₹ 1.24 crore for more than 12 years.

## **22.2 Fraudulent reimbursement of Leave Travel Concession claims**

**Employees of the Ministry of Home Affairs and Ministry of Culture had submitted incorrect air tickets to claim inflated air fares against their Leave Travel Concessions, leading to irregular excess payment of ₹ 14.32 lakh in 45 cases**

Rule 21 of General Financial Rules (GFR), 2005 stipulates that every officer incurring or authorizing from public moneys should be guided by high standards of financial propriety and should enforce financial order and strict economy. It also states that the amount of allowances granted to meet expenditure should be so regulated that allowances are not on the whole a source of profit to the recipients.

As per Office Memorandum (OM) dated 18 June 2010 issued by the Ministry of Personnel, Public Grievances and Pensions, Government of India, all government employees may visit Jammu and Kashmir (J&K) against conversion of Home Town Leave Travel Concession. Further, GOI allowed (OMs Dated 05 August 2010, 25 August 2011 and 15 June 2012) employees to avail the services of private airlines for travel to J&K but stipulated that the tickets were purchased either directly from the airlines or through authorized agents only viz. M/s Balmer Lawrie & Company, M/s Ashok Travels & Tours Limited and Indian Railway Catering and Tourism Corporation.

Test check of LTC Bills disclosed that 44 officers/officials of Ministry of Home Affairs and Ministry of Culture performed air journeys to J&K by availing relaxation provided by the government to travel by private airlines. The journeys were undertaken through three private airlines namely Indigo, Spicejet and Go-Air. Further, one official of Ministry of Culture had performed air journey to Andaman and Nicobar Island through Air India. We carried out a test check of reimbursement of LTC claims for 2013-14 and 2014-15 of these officers/officials in the Ministries by comparing the details available on the website of the airlines and found that the bills furnished with the claims were not correct. Audit observed that Air tickets submitted by these officers/officials were not in conformity with those issued by the Air Lines and the fares claimed by the employees were higher than the amount actually paid to these Air Lines, which resulted in irregular excess payment of ₹ 14.32 lakh.

On it being pointed out, the Ministry of Home Affairs accepted the facts and stated (December 2015) that the details worked out by audit were confirmed from the Indigo and Spice Jet airlines and were found identical<sup>5</sup>. It further added that a two-member Committee had been constituted to examine the matter. The reply of Ministry of Culture was awaited.

The reply of MHA confirms the audit findings. It is recommended that the matter may be investigated and appropriate action taken.

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<sup>5</sup> Confirmation from Go Air was awaited



## CHAPTER XXIII : FOLLOW-UP ON AUDIT REPORTS

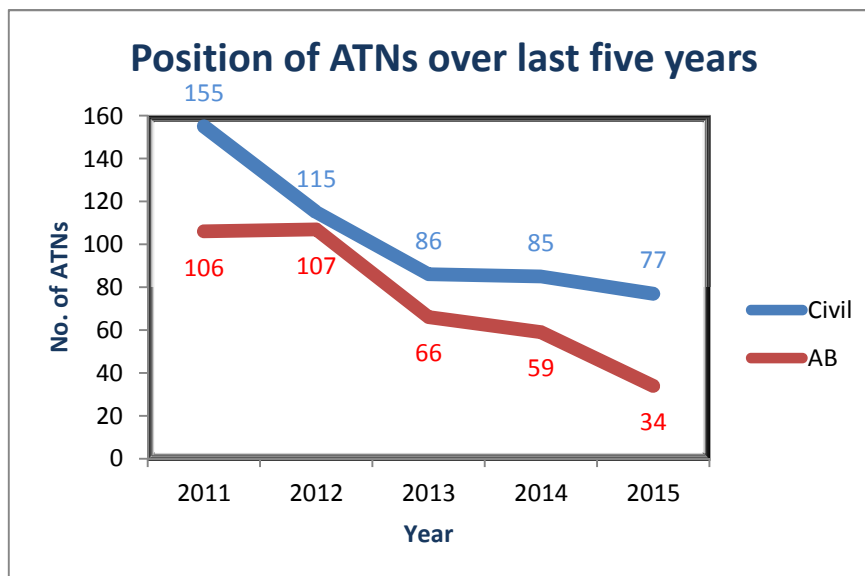
### 23.1 Status of pending ATNs

**Despite repeated instructions/recommendations of the Public Accounts Committee, various Ministries/Departments did not submit remedial/corrective Action Taken Notes on 44 audit paragraphs even after the lapse of the time limit prescribed by the Public Accounts Committee. However, there was perceptible improvement in the position of pending ATNs over the last five years.**

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries to furnish notes to the Ministry of Finance (Department of Expenditure), indicating remedial/ corrective action taken on various paragraphs contained in the Audit Reports, soon after these were laid on the Table of the House.

In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the Public Accounts Committee (PAC) desired that submission of pending Action Taken Notes (ATNs) pertaining to Audit Reports for the years ended March 1994 and 1995 should be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit, within four months from the laying of the Reports in Parliament.

Audit observed that with the constant advice and direction of PAC the position of pending ATNs continued on a declining trend as reflected in the following chart:



There was a 57 per cent decline in the number of pending ATNs from 261 in 2011 to 111 in 2015. The Ministry-wise position of the pending ATNs up to the period ended 31 December 2015 is given in the **Appendix-XIII**. Out of 111 Paragraphs on which ATNs were required to be sent, ATNs in respect of 44 paragraphs were not received at all.

**A Specific case related to National Library, Kolkata, Ministry of Culture is reported below:**

**23.1.1 Report on Follow-up Audit on Accepted Recommendations of Audit in Respect of “Activities of National Library, Kolkata” (C & AG’s Report No. 3 of 2010-11 Chapter-I)**

**The Library as well as the Ministry had not taken adequate steps during 2010-15 in implementing the accepted recommendations of the performance audit pertaining mainly to creation of database of books published in India, faster processing of books, conducting of stock verification of all the divisions, strengthening the security, providing various value added services to the readers and retro conversion of all the bibliographic records.**

**23.1.1.1 Introduction**

National Library, Kolkata (Library), the largest Library in India, functioning under the Ministry of Culture (MoC), Government of India is a depository Library for receipt of published materials under the Delivery of Books Act, 1954. A performance audit in respect of the ‘Activities of National Library, Kolkata’ was conducted for the period 2004-05 to 2009-10. The report was featured in the C&AGs Report No.3 of 2010-11 with 30 accepted recommendations. The follow-up audit on the accepted recommendations was conducted during May and June 2015, to ascertain the extent of corrective measures taken by the Library in implementation of the accepted recommendations during the period from 2010-11 to 2014-15.

### 23.1.1.2 Compliance on accepted recommendations

The details of status of compliance of accepted recommendations and audit findings are shown in Table-1

Table-1

Para No of PAR <sup>1</sup>	Accepted recommendation (Report No 3 of 2010-11)	Status of compliance	Audit findings
<b>1.8.1 Acquisition</b> 1.8.1.1 Acquisition of books published in India: under the Deposit legislation.	National Library must institute an effective system to closely monitor delivery of books by all major publishers in the country and initiate suitable penal action against the defaulting publisher under the provisions of the DB Act in the cases of non-delivery of books by the publishers to the National Library.	Insignificant progress	Neither the Library devised any effective mechanism to monitor the non-delivery of books or to initiate penal action against the defaulting publishers nor did the Ministry reformulate rules to enable effective implementation of provisions of the DB Act. Audit examination based on the data of books published in 2013 <sup>2</sup> (available on internet) revealed that the receipt of books was 27 per cent only as of March 2015. The Ministry in Exit Conference stated (March 2016) that a Draft bill namely “Deposit of Books, Newspapers and Electronics Publication in Libraries Bill” has been prepared and placed on the website of MOC for obtaining public opinion before it is finalized and sent to Cabinet for approval and further introduction in Parliament.
	The Central Government must immediately examine and reformulate rules in exercise of its powers under Section 8 of the DB Act to enable effective implementation of provisions the said Act.		
	For the benefit of the readers and also for the effective implementation of the DB Act, the National Library should, on priority, create and regularly update the	No progress	The Library did not create a database of books published in India. The Ministry in Exit Conference stated (March 2016) that International Standard Book Number (ISBN) has been made mandatory in the above draft

<sup>1</sup> Para reference to the Performance Audit Report no. 3 of 2010-11 (Chapter-I) on “Activities of National Library, Kolkata”

<sup>2</sup> The data pertaining to the Indian language books published in the intervening period (2004-2013) not available.

	database of books published in India.		bill which will facilitate to create database of publishers.
<b>1.8.1.2 Acquisition of foreign publication in English</b>	The National Library should identify the gaps in its collection and purchase books accordingly.	Partially implemented	The Library failed to identify the gaps in existing collection and make the book selection/purchase procedure more transparent and competitive. Audit noted that out of 6779 books purchased the Library got a flat 15 <i>per cent</i> discount in 97.09 <i>per cent</i> books and the rest at a discount of 25-30 <i>per cent</i> . On being pointed out in follow up audit, the Library uploaded (August 2015) the list of enlisted vendors in the official website of the National Library and constituted two committees for monitoring the purchase of Foreign Publications. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to submit the collection development policy.
	The book selection and purchase procedure should be made more transparent and competitive. In purchasing books, the Library must conduct a proper market survey and maintain close liaison with other libraries to ascertain current levels of discount offered by various publishers and accordingly factor in such inputs in the process of bidding and placement of order for procurement of books.		
<b>1.8.1.4 Acquisition of Journals</b>	On-line journals can be stored in the server of the Publisher and accessed at will through the terminal of the library or through laptops within the IP area. Existing IT infrastructure should be fully utilized for this purpose for providing online services to readers	Recommendation implemented.	
<b>1.8.2 Processing activities</b>	The National Library should review and rationalize its man power in various language divisions to	No progress	The Library failed to review and rationalize man power in various language divisions. It was found that six to nine posts of ALIOs <sup>3</sup> in the Indian

<sup>3</sup> Assistant Library Information Officer.

<p><b>1.8.2.1 Processing of books in Indian language.</b></p>	<p>facilitate faster processing of books and to address the issue of manpower shortage in some of its divisions.</p>		<p>Language division were deemed abolished due to non-filling up the posts. The Ministry in Exit Conference stated (March 2016) that they had sanctioned the engagement of professionals against the posts deemed abolished and assured that directions would be given to National Library to review the position and utilise the available manpower in the best optimised way.</p>
	<p>The entire process of purchase, acknowledgement, accessioning, cataloguing, and processing should be computerized in a timely manner with sharing of data through LAN.</p>	<p>Insignificant progress</p>	<p>The Library failed to computerize and share data through LAN. Audit noted that accessioning, acknowledgment and generation of shelf list catalog continued to be done manually leading to duplication/overlapping of work. The Library not only failed to clear the backlog of unprocessed books but also could not process all the books received during 2010-15. Audit noted that there were 4.86 lakh<sup>4</sup> unprocessed books with the Library as on August 2015. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to utilise the professionals already sanctioned.</p>
<p><b>1.8.2.2 Processing of books in foreign language</b></p>	<p>To clear the processing lag in the foreign language collection, the Library may explore the possibility of outsourcing the services of foreign language students and experts from Universities and other</p>	<p>No progress</p>	<p>The Library had not initiated any action to contact foreign consulate offices, cultural centres and different Universities. Though the Library attributed (January 2016) non-availability of the professionals particularly in the foreign language division, the Library had not taken any initiative to fill up these posts</p>

<sup>4</sup> Include Indian language books.

	academic institutions.		and these posts were deemed abolished. Audit noted that 72233 books were lying unprocessed. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to send the proposal for revival of the post and to explore the possibility of outsourcing meanwhile.
<b>1.8.3 Preservation practices</b> <b>1.8.3.1 Treatment of Rare Books</b>	The definition of 'rare items' needs to be revisited. Immediate attention should be paid to prepare a single accession register for 'rare' printed material in the Library.	Partially implemented	The Library failed to finalise the criteria for identification of rare books. A committee formed by the Library prepared a list of known rare books along with a set of criteria prior to 2012. However, the base paper has not been finalised till date (January 2016). The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to identify rare books on the basis of physical condition and oldness of books out of copyright.
<b>1.8.3.2 Digitizing the Collection</b>	Sanctioned posts created for hiring IT experts may be filled up and the entire digitization exercise needs close monitoring at the highest level. Special attention of Ministry would be needed to avoid procedural delays.	Partially implemented	The Library did not take any initiative to fill up the posts of IT experts. Moreover, the Library as well as the Ministry failed to monitor the entire digitization exercise. Due to this inaction the post of ALIO Reprography/ Microphotography were deemed abolished. Till June 2015, the Library microfilmed only 10-15 per cent <sup>5</sup> of the century old newspapers and digitized one lakh pages of books/ manuscripts which they considered to be old & rare. The Ministry in Exit Conference stated (March 2016) that modification of the

<sup>5</sup> 24 lakh impressions have been microfilmed i.e. 10-15 per cent of the 10000 bound volumes of old and rare newspapers

			Recruitment Rules (RR) was under process and direction would be given to National Library to explore the possibility of outsourcing in the meantime.
	Digitize the entire collection of rare books with due care of the originals and provide countrywide access to the electronic version.	No progress	The Library did not provide the countrywide access to the electronic versions of rare documents/ books. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to float a tender for digitization and online access would be provided once the digitization gets completed.
<b>1.8.3.3 Curative Preservation Binding</b>	A clear conservation policy may be put in place immediately. The level of co-ordination between the divisions and the laboratory should be increased for identification of books requiring conservation. A preparatory unit should be constituted to guide the binding works. Binding works may be outsourced onsite to reputed firms.	Partially implemented	The Library had not framed a clear conservation policy. There was lack of coordination between the laboratory and different other divisions of the Library for identification of books requiring conservation. Further, the preparatory unit had been defunct since 2013 due to shortage of staff. Audit noted that more than 50 percent of the posts in these divisions were deemed abolished due to inaction in filling up the posts. The Library outsourced (December 2015) five personnel at laboratory division for binding work. The Ministry in Exit Conference assured (March

			2016) that directions would be given to National Library to frame a clear conservation policy within three months. The Ministry also assured that directions would be given to National Library to take steps for revival of deemed abolished posts.
	<p>The laboratory division was short of trained and efficient staff. This should be addressed by setting up a training division, regular training programmes, and workshops involving participation from other leading libraries. Modern technical know-how and advanced equipment should be employed for better conservation practices. The objective should be to ensure longer life of the books.</p> <p>The Library should consider sponsoring a University course on preservation, digitization and related subjects in association with other institutions.</p>	Partially implemented	<p>The Library had neither set up training division nor had conducted regular training programmes and workshops involving participation from other leading libraries. Moreover, the Library had not considered sponsoring a University course on preservation, digitization and related subjects in association with other institutions as on May 2015 for reasons not on record. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to impart need based training to new recruits.</p>
<b>1.8.3.4 Monitoring of macro environment</b>	<p>Microenvironment of the collection stored at various locations needs to be maintained within the defined range and the Library itself should control the task of monitoring to ensure long life of the prized collection.</p>	Insignificant progress	<p>The Library had failed to control the task of monitoring to ensure long life of the prized collection through maintaining microenvironment within the defined range. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to appoint one Officer to liaise</p>



			with CPWD regarding controlling of temperature and humidity.
	A fire response plan should be put in place and the staff involved in periodic mock drills.	No progress	The Library did not frame any fire response plan and impart fire- fighting training to the staff. Moreover, the Library had not obtained the mandatory fire safety certificate from West Bengal Fire Brigade. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to take up the matter with CPWD to get the mandatory fire safety certificate from West Bengal Government.
<b>1.8.4 Control Issues</b> <b>1.8.4.1 Tracking movements of the books</b>	Norms for various processing works like Stamping and sorting books in the books receiving division, sending acknowledgement, unbundling the books and entering relevant information in the registers, receiving and sending the books to the divisions responsible for accessioning may be implemented and followed up as a measure of internal control.	Partially implemented	The Library failed to expedite the various processing works. Test check of records for the month of March 2015, revealed that in all the cases the 'Central Sorting Section' took 14 to 47 days in sending the bundles of books to the concerned divisions. Further, audit examination of data for one month <sup>6</sup> pertaining to 7 divisions <sup>7</sup> revealed that 6 divisions (excluding Bengali <sup>8</sup> ) took around 2 to 15 months in sending the books to stack after the processing was completed. The Library attributed (January 2016) manpower shortage for delay in processing works. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to fill up the

<sup>6</sup> 10 books selected randomly out of the books sent to stack. Selection of the month in which the books were sent from these divisions to the stack (Sanskrit, Malayalam, Hindi & Bengali in March 2015) whereas April 2015 was selected for Odia and May 2015 was selected Assamese & Tamil since no books were sent to stack in March 2015 from these three divisions.

<sup>7</sup> Sanskrit, Malayalam, Assamese, Tamil, Hindi, Bengali and Oriya.

<sup>8</sup> Bengali division took 1 to 24 days.

			posts after making necessary amendments in Recruitment Rules wherever required.
<b>1.8.4.2 Stock verification</b>	The Library should prepare an annual action plan for stock verification to cover all the divisions, and the entire collection verified in a phased manner. Stock of each of the division must be verified as per prescribed periodicity. To expedite the verification process the Management should seek technical advice for introduction of procedures like 'RFID (Radio Frequency Identification) tagging.	Insignificant progress	The Library did not prepare any annual action plan for stock verification in phased manner to cover all the divisions. Moreover, the Library did not seek technical advice to introduce the 'RFID' (Radio Frequency Identification). The physical verification undertaken in May 2011 by a private firm <sup>9</sup> could cover only 25 divisions out of 42 divisions. On being pointed out in Follow up Audit the Library stated (January 2016) that a fresh tender notice for RFID project was in preparation. The Library did not initiate any action to adopt random bar coding system to deter the possibility of theft of materials. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to reinstate the process of introduction of RFID
	Internal control mechanism of the Library should be strengthened.		
	Random bar coding system should be adopted to deter possibility of theft of materials.		
<b>1.8.4.3 Security System/Arrangement</b>	Security of the Library needs to be adequately strengthened.	Partially implemented	The Library failed to strengthen the security. Except the 69 CCTVs <sup>10</sup> , almost all other security equipment such as Walky Talkies, search lights, hand held metal detectors and door frame metal detectors were either not in working condition or beyond repair. The Ministry in Exit Conference assured (March 2016) that directions would be

<sup>9</sup> M/s Data soft Computer private Ltd.,

<sup>10</sup> Total 73 nos. of CCTVs installed at various locations such as in the main storage section, reading rooms etc., out of which 04 were not in working condition.

			given to National Library to take steps to strengthen the security.
<b>1.8.5. Readership services</b> <b>1.8.5.1 On-site services</b>	The Library should offer various value added services to the readers and explore the scope of pricing such services.	Partially implemented	A new e-resource centre with a total capacity of 70 terminals (55 internet connected at present) has been made operational in May 2015 for accessing e-resources subscribed by the Library. No other value added services to the readers was extended. Moreover, the Library failed to take action to enable OPAC and to make available all catalogues centrally. Audit noted that readers' across the country have the access to only 33 per cent <sup>11</sup> of the entire collection with the Library. The Library also did not initiate any action to provide any remote service to distant users except response to mails during 2010-15 for reasons not on record. The Ministry in Exit Conference assured (March 2016) that country-wide online access to subscribed e-resources would be provided to the authorised users of the National Library very soon. Ministry also assured that the National Library would expedite the process of feeding the entire library data in OPAC.
	Immediate action needs to be taken to enable Online Public Access Cataloging (OPAC) to facilitate access to the collection to readers across the country.		
<b>1.8.5.2 Search services: Onsite and remote</b>	The Library should make available all catalogues centrally.	Partially implemented	
	Readers may be categorized for better need based services. Searching of books to meet the request of a reader should be done more efficiently and closely monitored.		
<b>1.8.6 Bibliographic services</b> <b>1.8.6.1 Retrospective conversion (Retrocon) project (Para 1.8.6.1 of PAR)</b>	No specific recommendation. The project conceptualized in September 2002 could convert only seven percent bibliographic records of the Library in to Machine Readable	Insignificant progress	The Library re-launched the retrocon project in January 2010. Audit noted that the Library had released ₹ 3.20 crore as of April 2014 to four agencies towards the retro conversion charges of 11 lakh data out of 25 lakh data which included 5.28 lakh non-

<sup>11</sup> out of 25.13 lakh data available, 16.5 lakh electronic data available with the Library through LAN and only 8.19 lakh records (July 2015) were made available through web.

	Cataloguing (MARC-21) format.		validated data involving payment of ₹ 1.59 crore. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to take up a project of Retro-conversion of the remaining data.
<b>1.8.6.2 Duplication of bibliographic activities</b>	National Library should take immediate step towards increasing the level of synergy with the Central Reference Library for sharing of databases. This will help the former to address the problem of dearth of experts in various Indian languages.	No progress.	Audit noted that neither the Library nor the Ministry had taken effective steps towards increasing the level of synergy with Central Reference Library for sharing of database. The Ministry in Exit Conference stated (March 2016) that a committee to look into the issue has already been formed.
	The Library should play a nodal role in sharing the bibliographic activities with other designated public libraries across India.	No progress	The Library did not initiate any action in sharing the bibliographic activities with other designated public libraries across India for reasons not on record. The Ministry in Exit Conference assured (March 2016) that directions would be given to National Library to explore the possibility of sharing bibliographic activities with other designated public libraries across India.

### 23.1.1.3 Conclusion

The follow up audit revealed that the Library had not created database of books published in India, could not rationalize man power in various language divisions and did not fill up vacant posts to facilitate faster processing of books. Moreover, the Library did not conduct stock verification of all the divisions and did not adequately strengthen the security. The Library had failed to extend various value added services to the readers and could not complete the retro conversion of all the bibliographic records.

The Ministry in Exit Conference (March 2016) assured for issuing directions to National Library to utilise the available manpower in the best optimised way and initiate action to fill up the post for processing/ preservation/ digitisation of books and explore the possibility of outsourcing wherever necessary. The Ministry also assured that directions would be issued to the National Library to float tender for digitisation, frame a clear conservation policy within three months, strengthen the security and retro convert all the bibliographic records.



**(MUKESH PRASAD SINGH)**  
**Director General of Audit**  
**Central Expenditure**

**New Delhi**  
**Dated: 27 April 2016**

**Countersigned**



**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**Dated: 28 April 2016**

# ANNEX

**Annex-I**  
**Referred to Para 12.2.2**  
**Statement showing the profile of the Eight select clusters**

Sl. No.	Name of cluster and location and jurisdiction of KVIC	Name and location of IA and TA	Brief description of activity of cluster	Expenditure out of budgetary grant (₹ in lakhs)
1.	Barpeta Cane & Bamboo Craft (BCB) Cluster, Barpeta, Assam State Office- Guwahati	IA-Anchalik Gram Unnayan Parishad, Barpeta, Assam. TA-Indian Institute of Entrepreneurship (IIE), Govt. Of India, Guwahati.	Production of cane and Bamboo crafts- Decorative & Utility products.	78.50
2.	Surendranagar Cotton Khadi (SCK)Cluster, Gujarat State Office-Ahemdabad	IA-Saurashtra Rachnatmak Samiti,Rajkot. TA-Entrepreneurship Development Institute of India, Ahmedabad	Spinning , weaving and production of Khadi clothes, Mats, towels etc.	104.03
3.	Singhbhum Beekeeping (SBK) Cluster, Jharkhand State Office-Ranchi	IA-Singhbhum Gramodyog Vikas Sansthan, Nimdih, Chaibasa (West Singhbhum). TA-Xavier Institute of Management, Bhubaneshwar.	Collection of raw honey and its processing and marketing. Also engaged in production of allied products like Honey Ginger Jelly, Honey Tulsi, Ginger Awala etc.	72.90
4.	Horn & Bone product (HAB)cluster in Sambhal, Moradabad(U.P.) Divisional Office Meerut	IA-M/s Rudayan Gram Vikas Ashram, Sambhal (U.P.) TA- Entrepreneurship Development Institute of India, Ahmedabad	Horn and Bone made jewellery items, photo frames, Horn buttons etc.	63.12
5.	Tikarmafi Woolen & Cotton Khadi(TW&CK) cluster, Sultanpur (U.P.) State Office Lucknow	IA-M/s khestriya Shri Gandhi Ashram, Sultanpur (U.P.) TA-Entrepreneurship Development Institute of TA- Entrepreneurship Development Institute of India, Ahmedabad	Production of garments, lungi, chadar, shirting, thaana, kurta pyjama, etc	63.81

6.	Siddha and Ayurveda (S&A) Cluster, Tamil Nadu Divisional Office- Madurai	IA-Lakshmi Seva Sangham, Dindigul, Tamil Nadu TA-National Institute for Micro, Small and Medium Enterprises (NI-MSME),Hyderabad	Collection of herbs and production of Siddha and Ayurveda medicines	78.50
7.	Swami Ramanand Tirth (SRT)Cotton Khadi cluster, Nanded, Maharashtra State Office-Mumbai	IA-Marathwada Khadi Gramodhyog Sangh, Nanded. TA- Entrepreneurship Development Institute of India, Ahmedabad	Spinning, weaving and Production of Khadi clothes and its marketing	87.01
8.	Amravati-Wardha Beekeeping (AWB) Cluster , Maharashtra Divisional office- Nagpur	IA-Pragati Bahhuudesiya sanstha, Pulgaon  TA- Central Bee Research Training Institute, Pune	IA is engaged in procurement of raw honey collected by artisans from the forests of Melghat region which is processed in CFC & marketed under the brand name of Melghat honey by the IA.	66.53



**Annex-II**  
**Referred to Para 12.2.3.2**  
**Performance of selected clusters**  
**SCK Cluster**

Particulars	Pre-intervention period		Post-intervention period						Percentage Increase/decrease in comparison of Base year i.e. 2007-08 to 2014-15
	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	
<b>Number of artisans engaged in cluster</b>	100	300	400	450	500	536	536	536	<b>+436</b>
<b>Production of cluster</b>	169	222	159	147	188	303	297	311	<b>+84.02</b>
<b>(Rs in lakhs)</b>									
<b>Production of cluster</b>	2.10	3.03	1.94	1.36	1.25	1.89	1.38	1.75	<b>-16.67</b>
<b>(In lakh meters)</b>									
<b>Profit/loss of IA*</b>	0.99	2.87	3.10	4.62	6.45	8.48	11.62	12.12	<b>+1124.24</b>
<b>(Rs in lakhs)</b>									
<b>Productivity (production in qty / no. of artisans)</b>	2100	1010	485	302.22	250	352.61	257.46	326.49	<b>-84.45</b>
<b>profit/loss of SFURTI centre</b>	No separate Account has been maintained by IA								
<b>Sales</b>	No separate sales figure has been maintained by IA								

SRT Cluster

Particulars	Pre-intervention period		Post-intervention period						Percentage Increase/decrease in comparison of Base year i.e. 2007-08 to 2014-15
	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	
Number of artisans engaged in cluster	301	339	386	412	406	480	483	479	<b>+59.14</b>
Production of cluster (Rs in lakhs)	103.55	110.47	132.48	119.87	164.92	181.12	160.48	147.18	<b>+42.13</b>
Production of cluster (In meters)	76632	79824	99142	92085	100092	118816	108680	105317	<b>+37.43</b>
Profit / loss of IA* (Rs in lakhs)	(0.30)	(0.57)	1.16	10.16	110.52	44.92	7.62	36.72	<b>+12340</b>
Productivity (production in qty / no. of artisans)	254.59	235.47	256.84	223.51	246.53	247.53	225.01	219.87	<b>-13.64</b>
Sales	<b>There is no system to maintain separate sale for SFURTI</b>								

\*The profit / loss of SFURTI activities is not maintained separately by IA. The profit/loss indicated above depicts the overall Profit / loss of IA which includes all production centres of IA (i.e. SFURTI centres and other production centres)

## S&amp;A Cluster

Particulars	Pre-intervention period	Post-intervention period							Percentage Increase/decrease in comparison of Base year i.e. 2007-08 to 2014-15	
		07-08	08-09	09-10	10-11	11-12	12-13	13-14		14-15
Number of artisans engaged in cluster	242	626	626	626	665	665	665	665	665	174.79
Production of cluster (Rs in lakhs)	249.68	229.89	271.43	122.23	72.83	154.76	180.48	213.76		-14.39
Production of cluster (in quantity)	68415kgs	75795 kgs	54415 kgs	22327kgs	19045 kgs	24837 kgs	29282 kgs	45518 kgs		-33.47
	26445ltrs	48097 kgs	32865 ltrs	3736 ltrs	2895 ltrs	5778 ltrs	11376 ltrs	5637 ltrs		-78.68
Profit/loss of SFURTI centres (Rs in lakhs)	32.50	42.44	-24.89	3.95	-24.73	2.07	-16.45	3.64		-88.80
Productivity (in kgs) (production in qty / no. of artisans)	282.71	121.08	86.92	35.67	28.64	37.35	44.03	68.45		-75.79
Productivity (in ltrs)	109.28	76.83	52.50	5.97	4.35	8.69	17.11	8.48		-92.24
Sales (Rs in lakhs)	244.15	332.49	225.56	182.65	113.66	208.11	206.66	285.43		+16.91

AWB Cluster

Particulars	Pre-Intervention		Post-intervention						Percentage Increase/decrease in comparison of Base year i.e. 2007-08 to2014-15
	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	
No of artisan engaged in the cluster	70	150	220	320	430	510	510	510	+628.57
Production of IA (Rs in lakhs)	1.32	13.56	4.59	12.59	16.67	12.05	6.95	9.38	+610.61
Production of IA (In kg)	2643	22594	6559	15742	15147	10044	6314	7213	+172.91
Profit / loss of IA (Rs in lakhs)	NA	0.96	2.20	1.19	0.28	2.32	4.55	2.79	-
Sales of IA (Rs in lakh)	3.35	20.60	7.99	19.63	20.86	17.48	8.59	13.78	+311.34

**Annex-III**  
**(Refer Paragraph 14.3.1)**

**Para wise details of Audit exception issued by MoPNG based on the Previous C&AG Report No. 24 of 2014 and the present status**

<b>Para ref in AR 24 of 2014</b>	<b>Para in brief</b>	<b>Present status</b>
<b>2.3</b>	<b>Audit constraints</b>	
<b>2.3</b>	<b>Audit constraints</b>	
<b>2.4</b>	<b>REGULATORY AND CONTROL ISSUES</b>	
<b>2.4.1</b>	<b>Delays in approval of the Work Programme and Budget (WP&amp;B)</b>	The contractor has acknowledged CAG's observation. The WP&B for 2015-16 was also finalized before 31 March 2015. No deviation has been noticed in the current audit.
<b>2.6</b>	<b>PRODUCTION FROM D1-D3 GAS FIELDS</b>	
<b>2.6.4</b>	<b>Increase in development cost</b>  The Operator created facilities to handle gas production of 80 mmscmd. As of March 2012, the Operator had incurred expenditure of US\$ 5.76 billion on the development of D1 -D3 gas fields as against the MC approved cost of US\$ 5.20 billion.	The position remains as before. No corrective action has been taken by the Operator.
<b>2.7</b>	<b>EXPENDITURE RELATED ISSUES</b>	
<b>2.7.1.1</b>	<b>Contract for Engineering, Procurement, Installation and construction of offshore facilities</b>  EPIC contract of offshore facilities was awarded to M/s. Allseas Marine Contractors (AMC) at a lump sum and provisional price of Euro 699.09 million and Euro 64.99 million respectively. Due to various factor attributable to Operator, AMC could not achieve the milestones. Concessions of Euro 200 million approx. given to AMC by the Operator in order to expedite completion of the works were not allowable for cost recovery as the concessions were not in line with EPIC.	<ul style="list-style-type: none"> <li>• MoPNG disallowed the expenditure commented from Para 2.7.1.1 to 2.7.7.1.9 and directed the Contractor to reverse the amount immediately, provide documentary evidence of reversal and remit resulting additional profit petroleum to Government of India. The</li> <li>• Contractor, had not taken action yet for reversal of cost recovery as directed by MoPNG, in all cases, other than Para 2.7.3 where rectification has been proposed by the Contractor during 2014-15.</li> <li>• However, similar issues regarding allocation of cost have been noticed and have been commented</li> </ul>

		<p>vide Para 2.2.3 and 2.2.9 of the report</p> <ul style="list-style-type: none"> <li>In regard to Para No. 2.7.6.2 of Audit Report 24, the operator has also paid uptime bonus for chartering of FPSO in addition to the normal lease rental per day during 2012-13 and 2013-14. This has given additional benefit of US\$ 10.13 million to the contractor up to the period 2013-14. <b>The same has been commented in the report as para 2.1.3.</b></li> </ul>
<b>2.7.1.2</b>	<b>Contract for chartering FPSO</b>	
<b>2.7.1.2.1</b>	<p><b>Extension of Dry Docking life</b></p> <p>Within four months from the date of signing the agreement, the Operator requested the FPSO vendor to extend the dry docking life of the FPSO from ten to fifteen years for a one time compensation of US \$ 17.36 million. Since the FPSO was chartered for 10 years only, extension of dry docking to fifteen years is not justified.</p>	
<b>2.7.1.2.2</b>	<p><b>Increased cost for expediting deliveries and early mobilization of commissioning team and extension of date of first production of oil and gas</b></p> <p>Despite the FPSO vendor being unable to meet its contractual obligations, the Operator re-scheduled the Date of First Production of Oil (DFPO), without imposing any penalty. In addition, though there was no provision in the agreement which entitled the vendor to any compensation or incentive for expediting deliveries, the Operator paid compensation US \$ 45 million to the vendor for early mobilization of the vendor's commissioning team and expediting deliveries of top side modules etc.</p>	
<b>2.7.1.2.3</b>	<p><b>Fabrication and installation of living quarters</b></p> <p>The FPSO has been leased for ten years. However the Operator refurbished the existing living quarters and fabricated and installed additional living quarters, at a cost of US \$ 15 million with the intention to purchase the FPSO at a later date.</p>	
<b>2.7.2</b>	<b>Irregular payments</b>	
<b>2.7.2.1</b>	<b>Construction of OT INR 22.7 million to M/s Larsen &amp; Toubro (L&amp;T) Ltd</b>	

	<p>As per the Onshore Terminal (OT) construction contract, no compensation was payable to the vendor on account of Plant &amp; Equipment (P&amp;E) provided by RIL in case the vendor was unable to mobilize the P&amp;E. However, an amount of INR 22.7 million was paid to the vendor as compensation charges for Cranes which were hired by RIL by amending the contract to exclude these cranes.</p>	
2.7.2.2	<p><b>Payment of INR 1110.90 million as compensation on Free Issue Material</b></p> <p>In four cost plus contracts relating to construction of OT awarded by RIL in general payment of compensation was to be made to the vendors only on the cost incurred by them. However, these contracts also provided for payment of mark-up to the vendor as a percentage of the value of free-issue material of some categories supplied by RIL such as cement, steel, etc.</p>	
2.7.3	<p><b>Improper allocation of expenditure on risk advisory services resulting in excess cost recovery</b></p> <p>Non-allocation of the expenditure to other blocks has resulted in excess booking of cost recovery by US \$ 1.17 million in the year 2008-09 in KG-DWN-98/3 Block</p>	
2.7.4	<p><b>Classification of Start-up and Production Bonuses as part of recoverable costs:</b></p> <p>Start-up and Production bonuses of US\$12.48 million were paid to employees from the revenue earned from the Block. Since the Start-Up and Production Bonus are onetime and of an ad hoc nature, in Audit opinion, these bonuses should not be paid from the revenue earned from the sale of gas</p>	

2.7.5	<b>Award of contract</b>	
2.7.5.1	<p><b>Piecemeal hiring of drilling rig ‘Deepwater Frontier’ from M/s Transocean – US \$ 88.77 million</b></p> <p>Despite having adequate drilling prospects and keeping in view the poor response received from the vendors for provisioning of the rigs indicative of the scarcity of deep-water drilling rigs, the Operator did not consider it prudent to consider the option of long-term hiring of the drilling rigs and availing the firm rate advantage of such long term hiring.</p>	
2.7.5.2	<p><b>Hiring of drilling supervisor</b></p> <p>Despite having adequate drilling prospects and keeping in view the poor response received from the vendors for provisioning of the rigs indicative of the scarcity of deep-water drilling rigs, the Operator did not consider it prudent to consider the option of long-term hiring of the drilling rigs and availing the firm rate advantage of such long term hiring.</p>	
2.7.6	<b>Additional payment for mandatory contractual work</b>	
2.7.6.1	<p><b>Bonus paid for time saved during rig movement</b></p> <p>Operator paid bonus for time saved during the rig movement between wells with hanging Blow Out Preventor (BOP).</p>	
2.7.6.2	<p><b>Payment of Uptime Bonus for chartering FPSO</b></p> <p>The Operator paid uptime bonus which resulted in additional benefit to the vendor, as normally bonus payments are extra payments given as a reward or incentive for earlier completion of work or increase in production level, not for performing their contractual obligations. In this case, contractor was bound to make available FPSO during the charter period.</p>	



2.7.7	Non-enforcement of penal clauses	
2.7.7.1	<p>Availability of engine in deepwater drilling rig Discoverer 534</p> <p>The additional expenditure of US \$ 0.57 million was incurred due to failure of the Operator in enforcing contractual penal provisions resulting in non-recovery from vendor and hence, should not form part of cost recovery</p>	
2.8	<b>Revenue issues</b>	
2.8.3	<b>Billing and accounting of natural gas</b>	
2.8.3.1	<p><b>Marketing Margin on gas produced and sold</b></p> <p>Operator is charging the gas price at the rate of US \$ 4.430 mmbtu which includes 0.135 US \$/mmbtu towards marketing margin from its consumers. Marketing margin is not being considered as revenue for the purpose of Cost Petroleum, Profit Petroleum and Royalty while Contractor has collected an amount of US \$ 261.33 million on this account for the period 2009-10 to 2012-13.</p>	<p>MoPNG in its Audit Exception, directed the Contractor to make necessary adjustment, provide documentary evidence and remit the resulting profit petroleum and royalty to GOI along with the interest.</p> <p>The position continues. <b>Impact for the period 2012-14 has been brought out at Paragraph 2.1.2 of the Report</b></p>
2.9	<b>Accounting issues</b>	
2.9.2	<p><b>Parent Company Overheads</b></p> <p>The Operator has been charging Parent Company Overhead since 2002-08 under section 2.6.2</p>	<p>MoPNG in its Audit Exception required the Contractor to explain and take necessary action.</p> <p>The Operator in reply stated (April 2015) that all requisite details along with Audit Certificate/ Report required for such expenses by DGH has been sent. The decision from MoPNG is awaited.</p>
2.9.3	<p><b>Maintenance of Site Restoration Fund</b></p> <p>The Operator is required to create the SRF as per provisions of the PSC. The D1-D3 and MA oil field is expected to have a life of 11 years till 2020. The contractor has made an estimate of SRF cost for US \$ 250 and US \$ 32 million for D1-D3 and MA oilfield respectively yet the proposal for the abandonment</p>	<p>MoPNG directed the Contractor, in its Audit Exception, to create Site Restoration Fund and inform.</p> <p>The Contractor yet to comply with the direction of MoPNG.</p>

	<p>plan/site restoration along with the Annual WP &amp; B has not been submitted to MC for approval. Further, GOI will have to share the burden of SRF at some point of time, which will any way impact Cost and Profit Petroleum.</p>	
2.9.5	<p><b>Change in Accounting Policy—Asset Usage Charges and Notes forming part of the Trial balance as on 31<sup>st</sup> March 2009-No2(d)</b></p> <p>Due to revision/change in policy/method of AUC, the AUC should be recalculated as per the new (revised) policy from the date of the purchase of asset. Any deficiency or surplus arising from retrospective re-computation of charges as per the new method is to be adjusted in the accounts in the year in which the method is changed.</p>	Action has not been taken by the Operator yet.
2.9.6	<p><b>Treatment of closing stock of Crude and Condensate</b></p> <p>Closing stock of crude oil and condensate had not been accounted for in the books of the JV. Consequently, cost recovery of US \$ 12.80 million towards the value of closing stock had not been adjusted for the years 2008-09 to 2012-13 and there was a short remittance of US \$ 0.14 million of Profit Petroleum of closing stock for the years 2008-09 to 2012-13.</p>	Action has not been taken by the Operator yet.

## Annex-IV

(Refer Paragraph 14.3.1.2)

## Marketing Margin charged to Customers on sale of Gas

(Working on the basis of previous report)

Month	Quantity sold MMBTU	Rate of Marketing Margin	Total amount of Marketing Margin million US\$	Month	Quantity sold MMBTU	Rate of Marketing Margin	Total amount of Marketing Margin million US\$
<b>Apr-12</b>	32762848.46	0.135	4.42	Apr-13	15442012.44	0.135	2.08
<b>May-12</b>	32699426.58	0.135	4.41	May-13	15390608.56	0.135	2.08
<b>Jun-12</b>	30545682.76	0.135	4.12	Jun-13	14339692.91	0.135	1.94
<b>Jul-12</b>	30159596.01	0.135	4.07	Jul-13	14276550.57	0.135	1.93
<b>Aug-12</b>	28618232.24	0.135	3.86	Aug-13	14076342.62	0.135	1.90
<b>Sep-12</b>	26323550.70	0.135	3.55	Sep-13	13199561.94	0.135	1.78
<b>Oct-12</b>	26005359.45	0.135	3.51	Oct-13	12981087.15	0.135	1.75
<b>Nov-12</b>	22618687.53	0.135	3.05	Nov-13	11898013.81	0.135	1.61
<b>Dec-12</b>	22798657.39	0.135	3.08	Dec-13	12073109.63	0.135	1.63
<b>Jan-13</b>	21549085.20	0.135	2.91	Jan-14	13953617.71	0.135	1.88
<b>Feb-13</b>	17325700.90	0.135	2.34	Feb-14	12702605.51	0.135	1.71
<b>Mar-13</b>	17138197.97	0.135	2.31	Mar-14	13569598.54	0.135	1.83
	<b>308545025.19</b>	<b>0.135</b>	<b>41.65</b>		<b>163902801.39</b>	<b>0.135</b>	<b>22.13</b>

Annex-V

(Refer Paragraph 14.4.1.2)

Well wise/area wise details of DST Charges booked and considered for cost recovery for Block KGD6

Area	Well	Expenses Booked (in US\$)	Expenses Considered in Recoverable Cost (in US\$)
Exploration*	MJ-1	1619221.68	Nil*
Exploration*	MJ 1 Drilling Preparation	104419.89	Nil*
MA	MA-8	2029159.46	2029159.46
MA	Drilling Preparation	34791.55	34791.55
Workover	A2A	916471.40	916471.40
Workover	MA-6H	809573.03	809573.03
Workover	Drilling Preparation	174002.99	174002.99
OFPD	Drilling Preparation	34791.55	34791.55
<b>Total Cost</b>		<b>5,722,431.55</b>	<b>3,998,789.98</b>

\*Cost recovery entitlement of MJ will be as per GoI's Memorandum no. 0-19025/10/2005-ONG-DV dated 01 February 2013

# APPENDICES



## APPENDIX - I

(Referred to in paragraph 1.3)

## List of bodies which submitted accounts after delay of over three months

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
1.	Indian Museum, Kolkata	30.10.2014	3
2.	North-Central Zone Cultural Centre, Allahabad	8.10.2014	3
3.	Central Institute of Himalayan Cultural Studies, Arunachal Pradesh	07.10.2014	3
4.	Haj Committee of India, Mumbai	23.12.2014	5
5.	Nalanda University	20.10.2014	3
6.	JIPMER, Puducherry	21.10.2014	3
7.	All India Institute of Medical Science, Bhopal	16.12.2014	5
8.	All India Institute of Medical Science, Raipur	10.12.2014	5
9.	All India Institute of Medical Sciences, Patna	25.12.2014	5
10.	A.B. Vajpayee Indian Institute of Information Technology and Management, Gwalior.	10.12.2014	5
11.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar.	23.12.2014	5
12.	Indian Council of Historical Research, New Delhi	8.12.2014	5
13.	National Institute of Technology, Tiruchirapalli	27.10.2014	3
14.	National Institute of Technology, Puducherry, Karaikal	7.10.2014	3
15.	National Council for Educational Research & Training, New Delhi	28.10.14	3
16.	Prasar Bharati, New Delhi	10.10.2014	3
17.	Central Board of Workers Education, Nagpur	10.11.2014	4
18.	District Legal Services Authority,	24.11.2014	4

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
	Chandigarh		
19.	National Commission for Backward Classes, New Delhi.	10.10.2014	3
20.	South Cental Zone Cultural Centre, Nagpur	19.12.2014	5
21.	National Institute of Technology, Kozhikode (Calicut)	13.1.2015	6
22.	National Institute of Technology, Sikkim	16.1.2015	6
23.	Andaman & Nicobar Islands Building and other construction workers Welfare Board	16.2.2015	7
24.	Dargah Khawaja Saheb, Ajmer	20.5.2015	10



## APPENDIX - II

(Referred to in paragraph 1.4)

**List of Autonomous Bodies in respect of which audited accounts for the year 2013-14 had not been presented before the Parliament as on 31 December 2015**

Sl. No.	Name of Autonomous Body (Ministry wise)
	<b>Ministry of Chemical &amp; Fertiliser</b>
1.	National Institute of Pharmaceutical Education and Research, Hajipur
2.	National Institute of Pharmaceutical Education and Research, Raebareli
	<b>Ministry of Commerce &amp; Industry</b>
3.	Export Inspection Agency , Chennai
4.	Export Inspection Agency, Cochin
5.	Export Inspection Agency, Delhi
6.	Export Inspection Agency, Kolkata
7.	Export Inspection Agency, Mumbai.
8.	Export Inspection Council, Delhi
	<b>Ministry of External Affairs</b>
9.	Nalanda University
	<b>Ministry of Health &amp; Family Welfare</b>
10.	North Eastern Institute of Folk Medicine, Pasighat
	<b>Ministry of Human Resource Development</b>
11.	Central Institute of Classical Tamil, Chennai
12.	Gandhighram Rural Institute, Gandhigram
13.	Indian Institute of Management , Dhanbad
14.	Indian Institute of Management , Ranchi
15.	National Council of Rural Institute, Hyderabad
16.	National Institute of Technology, Meghalaya
17.	National Institute of Technology, Mizoram
18.	National Institute of Technology, Nagaland
19.	National Institute of Technology, Sikkim
	<b>Ministry of Law &amp; Justice</b>
20.	National Judicial Academy, Bhopal
	<b>Ministry of Youth Affairs &amp; Sports</b>
21.	Nehru Yuva Kendra Sangathan, Delhi.

## APPENDIX -III

(Referred to in paragraph 1.4)

**Delay in presentation of audited accounts for the years 2013-14 by autonomous bodies to Parliament**

S.No.	Name of Autonomous Bodies (Ministry wise)	Ministry/Dept.	Delay in months
1.	National Institute of Pharmaceutical Education and Research, Mohli	Chemical and Fertilizer	4
2.	Allahabad Museum Society, Allahabad	Culture	2
3.	National Tiger Conservation Authority	Environment & Forest	4
4.	Animal Welfare Board of India, Chennai		4
5.	Central Zoo Authority, New Delhi		2
6.	All India Institute of Medical Science, Bhubneshwar	Health & Family Welfare	7
7.	Chittaranjan National Cancer Institute, Kolkata		2
8.	Dental Council of India, New Delhi.		4
9.	Centre for Studies in Civilisation	HRD/ Higher Education	7
10.	Central University of Tamil Nadu		3
11.	Indian Council of Philosophical Research, New Delhi.		7
12.	Indian Institute of Management, Bangalore		4
13.	Indian Institute of Management, Indore		4
14.	Indian Institute of Management, Tiruchirapalli		7
15.	Indian Institute of Management, Udaipur		4
16.	Indian Institute of Science Education & Research, Mohali		3
17.	Indian Institute of Science, Bangalore		4
18.	Indian Institute of Technology, Bhubneshwar		3
19.	Indian Institute of Technology, Guwahati.		3
20.	Indian Institute of Technology, Hyderabad		2
21.	Indian Institute of Technology, Indore		2
22.	Indian Institute of Technology, Rajasthan		2
23.	Maulana Azad National Institute of Technology, Bhopal	2	
24.	National Commission for Minority Educational Institutions Delhi	4	

S.No.	Name of Autonomous Bodies (Ministry wise)	Ministry/Dept.	Delay in months
25.	National Council for Promotion of Sindhi Language, Delhi		4
26.	National Institute of Technical Teachers Training & Research, Kolkata		3
27.	National Institute of Technical Teachers Training & Research, Bhopal		3
28.	National Institute of Technology, Arunachal Pradesh		3
29.	National Institute of Technology, Rourkela		3
30.	National Institute of Technology, Arunachal Pradesh		3
31.	North Eastern Regional Institute of Science and Technology, Itanagar		4
32.	Rajiv Gandhi Indian Institute of Management, Shillong		7
33.	Sardar Vallabhbhai National Institute of Technology, Surat		2
34.	National Institute of Open Schooling, Noida.	HRD/ School Education & Literacy	4
35.	Securities Exchange Board of India	Finance/ Economics Affairs	7
36.	National Institute for Mentally Handicapped, Hyderabad	Social Justice & Empowerment	3
37.	Rehabilitation Council of India, New Delhi.	Social Justice & Empowerment	3
38.	Swami Vivekananda National Institute of Rehabilitation Training & Research, Cuttak	Social Justice & Empowerment	3

## APPENDIX-IV

(Referred to in paragraph 1.5)

## Outstanding Utilisation Certificates

(₹ in lakh)

Ministry/Department	Period to which grants relate (upto March 2014)	Utilisation Certificates outstanding in respect of grants released upto March 2013 which were due by 31 <sup>st</sup> March 2015	
		Number	Amount
Agriculture and Farmers Welfare (Agriculture and cooperation and Department of Animal Husbandry, Dairying and Fisheries)	1992-08	76	1343.00
	2008-13	2374	942338.00
	2013-14	1782	964927.00
	<b>Total</b>	<b>4232</b>	<b>1908608.00</b>
Personnel, Public Grievances and Pensions (Personnel and Training)	2006-08	1	0.05
	2008-13	22	49.47
	2013-14	12	116.91
	<b>Total</b>	<b>35</b>	<b>166.43</b>
Pension & Pensioner's Welfare	2013-14	2	1.50
	<b>Total</b>	<b>2</b>	<b>1.50</b>
Women & Child Development	1986-08	4131	23619.13
	2008-13	420	6862.16
	2013-14	121	3194.85
	<b>Total</b>	<b>4672</b>	<b>33676.14</b>
Minority Affairs	2007-08	9	41.38
	2008-13	58	5782.85
	2013-14	287	2420.69
	<b>Total</b>	<b>354</b>	<b>8244.92</b>
Social Justice & Empowerment	1987-08	8529	46441.90
	2008-13	1028	13519.56
	2013-14	870	8160.49
	<b>Total</b>	<b>10427</b>	<b>68121.95</b>

Ministry/Department	Period to which grants relate (upto March 2014)	Utilisation Certificates outstanding in respect of grants released upto March 2013 which were due by 31 <sup>st</sup> March 2015	
		Number	Amount
Public Enterprises	2012-13	9	36.07
	2013-14	21	245.93
	<b>Total</b>	<b>30</b>	<b>282.00</b>
Heavy Industry	2003-08	2	8020.00
	2008-13	12	80275.00
	2013-14		
	<b>Total</b>	<b>14</b>	<b>88295.00</b>
Chemicals and Petrochemicals	2009-13	11	47.22
	2013-14	10	1856.03
	<b>Total</b>	<b>21</b>	<b>1903.25</b>
Pharmaceuticals	2008-13	13	3864.70
	2013-14	20	616.66
	<b>Total</b>	<b>33</b>	<b>4481.36</b>
Food Processing Industries	1991-08	905	11634.32
	2008-13	903	19023.60
	2013-14	203	13856.20
	<b>Total</b>	<b>2011</b>	<b>44514.12</b>
HRD ( Higher Education)	1977-08	1740	21591.08
	2008-13	490	11208.63
	2013-14	335	57521.16
	<b>Total</b>	<b>2565</b>	<b>90320.87</b>
School Education & Literacy	1982-08	1158	42717.47
	2008-13	420	903151.90
	2013-14	379	1238728.40
	<b>Total</b>	<b>1957</b>	<b>2184597.77</b>
Labour and Employment	1979-08	301	1332.27
	2008-13	222	5061.74
	2013-14	Information Not Received	Information Not Received
	<b>Total</b>	<b>523</b>	<b>6394.01</b>

Ministry/Department	Period to which grants relate (upto March 2014)	Utilisation Certificates outstanding in respect of grants released upto March 2013 which were due by 31 <sup>st</sup> March 2015	
		Number	Amount
Urban Development	1985-08	31	1406.35
	2008-13	73	14567.97
	2013-14	62	14652.25
	<b>Total</b>	<b>166</b>	<b>30626.57</b>
Housing & Urban Poverty Alleviation	1995-08	31	3784.41
	2008-13	257	42932.74
	2013-14	201	65286.41
	<b>Total</b>	<b>489</b>	<b>112003.56</b>
Mines	2013-14	2	9.15
	<b>Total</b>	<b>2</b>	<b>9.15</b>
Ministry of Textile	1978-08	810	3663.71
	2008-13	3084	149176.36
	2013-14	90	22376.08
	<b>Total</b>	<b>3984</b>	<b>175216.15</b>
Commerce	2002-08	29	1236.34
	2008-13	48	11017.67
	2013-14	8	1018.90
	<b>Total</b>	<b>85</b>	<b>13272.91</b>
Overseas Indian Affairs	2011-13	3	209.77
	2013-14	3	96.88
	<b>Total</b>	<b>6</b>	<b>306.65</b>
Fertilizers	2012-13	1	27.96
	2013-14	1	11.94
	<b>Total</b>	<b>2</b>	<b>39.90</b>
Drinking Water and Sanitation	2005-08	1	45.88
	2008-13	18	17021.73
	2013-14	6	9562.41
	<b>Total</b>	<b>25</b>	<b>26630.02</b>

Ministry/Department	Period to which grants relate (upto March 2014)	Utilisation Certificates outstanding in respect of grants released upto March 2013 which were due by 31 <sup>st</sup> March 2015	
		Number	Amount
Development of North Eastern Region	2002-08	478	157790.24
	2008-13	384	189552.75
	2013-14	67	36749.01
	<b>Total</b>	<b>929</b>	<b>384092.00</b>
Environment & Forests	1981-08	5495	24288.69
	2008-13	655	21861.94
	2013-14	Not received	Not received
	<b>Total</b>	<b>6150</b>	<b>46150.63</b>
Electronics and Information Technology	2002-08	36	3564.55
	2008-13	71	17635.81
	2013-14	63	12749.29
	<b>Total</b>	<b>170</b>	<b>33949.65</b>
Food and Public Distribution	2009-13	12	1818.36
	2013-14	2	255.00
	<b>Total</b>	<b>14</b>	<b>2073.36</b>
Micro, Small and Medium Enterprises	2006-08	2	2.20
	2008-13	150	1601.78
	2013-14	147	6630.05
	<b>Total</b>	<b>299</b>	<b>8234.03</b>
Corporate Affairs	2007-08	2	0.60
	2008-11	8	1.88
	2011-14	--	--
	<b>Total</b>	<b>10</b>	<b>2.48</b>
Shipping	2008-13	5	165.25
	2013-14	1	12.07
	<b>Total</b>	<b>6</b>	<b>177.32</b>
Industrial Policy & Promotion	2012-13	3	10588.00
	2013-14	21	41918.00
	<b>Total</b>	<b>24</b>	<b>52506.00</b>
<b>Grand Total</b>		<b>39237</b>	<b>5324897.70</b>

**APPENDIX - V**

(Referred to in paragraph 1.6)

**Significant observations on the accounts of individual Central Autonomous Bodies**

**1. Malaviya National Institute of Technology (MNIT), Jaipur**

**i. Fixed Assets (Schedule 4) ₹ 29823.19 lakh**

This does not include cost of EMC and Virtual Machine Software cloud solution equipments purchased in 2014-15 for which 100 *per cent* advance of ₹ 269.75 lakh was paid from plan grant. This equipments were installed and commissioned w.e.f. 01.10.2014 but the institute did not include the same in fixed assets. This resulted in understatement of Fixed Assets to the extent of ₹ 256.26 lakh, understatement of Deficit (depreciation) to the extent of ₹ 13.49 lakh and overstatement of Loans, Advances & Deposits by ₹ 269.75 lakh.

**2. Indian Institute of Information Technology, Design & Manufacturing, Chennai**

**i. Tangible Assets – ₹ 32.55 Crore**

**Capital Work in Progress – ₹ 197.59 crore**

2. Non capitalisation of administration block even after its completion and put to use on 09.12.2013 has resulted in understatement of Fixed Assets and overstatement of Capital Work in Progress to the extent of ₹ 14.89 Crore. Consequently, this has resulted in understatement of depreciation to the extent of ₹ 0.37 Crore.

**3. South Zone Cultural Centre, Thanjavur**

**i. Fixed Assets – ₹ 2.83 crore**

The value of 949 Nos. of paintings available in the Centre as per the valuation Committee Report amounting to ₹ 2.99 crore was not accounted in the Annual Accounts resulted in understatement of Fixed Assets to the above extent. Besides, specific disclosure regarding 242 paintings with zero value and non-inclusion of the value of sculptures and Terracota artefacts had not been made in the accounts.

**3. Indian Institute of Science Education and Research, Thiruvananthapuram**

**i. Tangible Assets - ₹ 106.20 crore**

**Scientific and Laboratory Equipment – ₹ 85.50 crore**

This included ₹ 29.61 crore being value of imported scientific and laboratory equipment which were purchased before March 2015 but installed after March 2015. This has resulted in overstatement of Tangible Assets by ₹ 29.61 crore with corresponding understatement of Capital work-in- progress. This has also resulted into overstatement of Expenditure by ₹ 2.37



crore due to provision of depreciation for these assets and understatement of Excess of Income over Expenditure as well as Tangible Assets by ₹ 2.37 crore.

**4. Assam University, Silchar**

**i. Loans, Advances & Deposits: ₹ 32.60 crore**

The above head had been overstated by ₹ 3.75 crore as advance of ₹ 3.10 crore paid to CPWD for construction of four civil works at Diphu Campus and advance of ₹ 0.65 crore paid for subscribing print journals had not been capitalised despite completion of the works by CPWD in between November 2008 and October 2009 and receipt of print journals by March 2015. This had also resulted in understatement of Fixed Assets by an equal amount.

Further, it had resulted in short provision of Depreciation of ₹ 0.44 crore as the above amounts were not capitalized and this had further resulted in overstatement of Excess of Income over Expenditure by same amount for the year 2014-15.

**5. Indian Institute of Technology, Guwahati**

**i. Academic Expenses: ₹ 47.28 crore**

The above amount has been overstated by ₹ 2.53 crore as capital expenditure on purchase of Research Journal was treated as revenue expenditure. This had resulted in overstatement of deficit with consequential understatement of Fixed Assets by ₹ 2.53 crore at the end of the year.

**6. Indian Institute of Technology, Kharagpur**

**i. Fixed Assets: ₹ 1567.10 crore**

Despite non- receipt of ownership on the assets, the assets created out of sponsored projects-SRIC (₹ 361.80 crore) excluding Land and Building worth ₹ 2.51 crore and Fixed Assets of Earmarked Fund had been merged with the assets of the Institute.

This had resulted in overstatement of Fixed Assets as well as Reserve and Surplus by ₹ 383.00 crore.

**ii. Depreciation: ₹ 35.43 crore**

The above amount had been understated by ₹ 48.07 crore due to the following

a) The Institute had adopted the new rates of depreciation and policy of providing depreciation on additions to the assets for the whole year as prescribed by MHRD on new Format of Accounts but depreciation amounting to ₹ 9.18 crore had not been provided for on various assets Capitalized after September 2014.

b) Depreciation had been short provided by ₹ 38.89 crore on the value of opening balances and additions (prior to September 2014) of Computers and Peripherals and e-Journals due to applying depreciation rate of 2 *per cent* and 4 *per cent* instead of 20 *per cent* and 40 *per cent* respectively.

These had also resulted in understatement of Excess of Expenditure over Income of the year by ₹ 48.07 crore.

## **7. Vishwa Bharati, Shantiniketan**

### **i. Loans, Advances and Deposits: ₹ 224.62 crore**

The above amount remained overstated by ₹ 138.42 crore as despite receipt of utilisation certification from CPWD towards works completed and taken over amounting to ₹ 112.47 crore and receipt of certification from CPWD towards utilisation of advance amounting to ₹ 25.95 crore, the amount of advances had not been adjusted and capitalised. This had also resulted in understatement of the value of Fixed Assets by ₹ 138.42 crore (Tangible Assets ₹ 112.47 crore and Works in Progress by ₹ 25.95 crore).

### **iii. Prior-Period Income: ₹ 9.36 lakh**

The Visva Bharati created a liability of ₹ 14.91 crore in earlier years towards net salary payable to its employees. Out of said amount, ₹ 10.55 crore had already been discharged by debiting the salary head of revenue expenses account in 2013-14 instead of debiting Current Liabilities. The provision of ₹ 10.55 crore no longer required had not been written back.

This had resulted in understatement of Prior Period Income and overstatement of Current Liabilities by ₹ 10.55 crore consequently Excess of Income over Expenditure was also understated by ₹ 10.55 crore.

## **8. Post Graduate Institute of Medical Education and Research, Chandigarh**

### **i. Earmarked/Endowment Funds**

#### **Patient Grant: ₹ 34.99 crore**

i. Above includes ₹ 1.75 crore being amount received for package charges that should have been treated as income of the Institute. This has resulted in overstatement of Earmarked Fund (Patient Grant) by ₹ 1.75 crore as well as understatement of Income and Corpus/Capital Funds to the same extent.

## 9. Indian Institute of Science Education and Research, Mohali

### i. Current Liabilities and Provisions

#### Provision for Gratuity: ₹ 0

The Institute has not made provision for gratuity amounting to ₹ 1.91 crore as per actuarial valuation got done through LIC of India. This has resulted in understatement of Current Liabilities & Provisions, deficit and overstatement of Corpus Fund by ₹ 1.91 crore.

## 10. All India Institute of Medical Sciences, Bhopal

### i. Fixed Assets: ₹ 22.37 crore

This does not include ₹ 408.09 crore being cost of capital work in progress for which payment has been made directly by the Ministry of Health and Family Welfare. This resulted in understatement of Capital Works in Progress and Capital Fund to that extent

## 11. Kandla Port Trust

### i. Capital Work-in-Progress – ₹ 420.49 crore

Capital Work-in-Progress includes an amount of ₹ 43.15 crore on account of cost of 32 works completed and put to use before 31 March 2015 but not capitalized as Fixed Asset. This has resulted in overstatement of Capital Work-in-Progress and understatement of Fixed Assets by ₹ 43.15 crore. In the absence of useful life and depreciation rates to be charged, the impact on the profitability cannot be commented upon.

## 12. Mormugao Port Trust

### i. Current Liabilities – ₹ 322.84 crore

(i) Current Liabilities does not include:

- (a) ₹ 4.90 crore towards bills raised by Central Industrial Security Force towards interest on delayed payment on cost of deployment of CISF for the period March 2013 to March 2015; and
- (b) ₹ 54.67 lakh towards bills raised by South Western Railways in respect of engine hire charges for the month of February and March 2015.

This has resulted in understatement of Current Liabilities and losses by ₹ 5.45 crore.

### ii. Finance and Miscellaneous Expenses

As per Accounting Standard 15 - (Employee Benefits) where the liability for retirement benefits is funded through creation of a trust, the cost incurred for the year should be

determined actuarially. Mormugao Port Trust has not provided liabilities for Pension Fund, Group Gratuity Fund and Leave Encashment Fund as per the Actuarial Valuation Report provided by the Life Insurance Corporation of India. This has resulted in understatement of Liabilities and losses by ₹ 1,047.78 crore.

### **13. Mumbai Port Trust**

#### **i. Current Assets, Loans and Advances**

##### **Cash Balance on Hand – ₹ 2.27 crore**

Imprest cash as per details furnished by different imprest account holders is ₹ 0.58 crore against ₹ 2.27 crore depicted in the accounts. This has resulted in overstatement of Cash in Hand and understatement of loss by ₹ 1.69 crore.

#### **ii. Finance and Miscellaneous Income**

##### **Interest earned on Earmarked Funds – ₹ 196.77 crore**

Interest earned on earmarked funds includes ₹ 196.77 crore being the interest earned on earmarked funds. As per Common Framework for Financial Reporting for Major Ports, income accruing on investments which are earmarked against specific funds should be credited to the respective fund account and the expenditure relating to respective fund shall be debited to the respective fund account. As Mumbai Port Trust credited the interest earned on earmarked funds to Profit and Loss Account, the Earmarked Funds and deficit for the year are understated by ₹ 196.77 crore.

### **14. Khadi and Village Industries Commission (KVIC)**

#### **i Endowment Fund – ₹ 185.70 crore**

Endowment Fund balances include ₹ 70.19 crore being the aggregate of imprest advances provided by the Commission over the years to its Unit Offices, State Directors, Institutions and nodal banks pending for adjustment for want of recoupment vouchers. Audit is unable to certify the accuracy and recoverability of the 'Endowment Fund' balances to the extent of these imprest advances of ₹ 70.19 crore.

Endowment Fund and 'Cash and Bank Balances' are understated to the extent of ₹ 435.18 crore being unspent balances with Field offices of KVIC as indicated in paragraph 5.1 Schedule 18 (B). Further, the scheme wise Utilisation Certificates being furnished to the Ministry do not depict these unspent balances available with KVIC field Offices as part of unspent balance available with KVIC.

Schedule of unspent balances (paragraph 5.1 of Schedule 18 - B), does not include ₹ 4.31 crore of unspent balances with 6 Zonal Offices, 17 Training Centres, 2 Divisional Offices and

10 Directorates at Central Office of KVIC resulting in further understatement of 'Endowment Fund' and Cash and Bank Balances by ₹ 4.31 crore.

**15. Vizag Port Trust (VPT), Vishakhapatnam**

**i. Advances and Loans to Subsidiaries/Ports/Trusts: ₹ 13.40 crore**

VPT paid ₹ 5.56 crore to M/s RITES for preparation of Techno-Economic Feasibility Report for Development of new Major Port at Duggarajapatnam in Andhra Pradesh and was charged to revenue expenditure. As per the Government of India decision, the above expenditure would become part of VPT's equity in joint venture company to be formed. Thus, the expenditure should be classified as advances instead of revenue expenditure. This resulted in overstatement of Management and General Administration Expenses and understatement of 'Advances and Loans to Subsidiaries/Ports/Trusts' under Current Assets and profit before tax by ₹ 5.56 crore.

**16. Rubber Board, Kottayam**

**i. Current Assets, Loans and Advances: ₹ 75.75 crore**

This stands overstated by ₹ 18.29 crore due to non-provision of working capital loan and interest thereon; given to four companies, whose net worth has fully been eroded. Since the companies are having accumulated losses more than their net worth, the realisability of the loan and interest is doubtful. This has also resulted in understatement of Excess of Expenditure over Income by the same amount.

**17. Spices Board, Kochi**

**i. Deficit carried to Corpus/ Capital Fund: ₹ 20.98 crore**

This stands understated to the extent of ₹ 100.20 crore due to short provision of liability on account of pension and gratuity and leave encashment as per actuarial valuation, resulting in corresponding understatement of Liabilities.

**18. Delhi Development Authority (DDA)**

**i. Contingency Reserved Fund : ₹ 904.09 crore**

Interest Income from Contingency Reserve Fund investments is understated by ₹ 19.74 crore as DDA had considered accrued income of ₹ 1.43 crore instead of actual accrued income of ₹ 21.17 crore. This has resulted in understatement of 'Interest on Reserve Fund Investment' as well as closing balance of Contingency Reserved Fund to the extent of ₹ 19.74 crore.

**ii. Current Liabilities & Provisions: ₹ 1734.51 crore**

This included ₹ 16.20 crore for liability towards expenses for work done in respect of 212 EWS & 348 Cat-II houses scheme. However, no work was done by the Contractor till

31 March 2015. Therefore, no liability was required to be provided as on 31 March 2015. This has resulted in overstatement of expenses by ₹ 16.20 crore and understatement of Surplus for the current year to the same extent.

**iii** This included liability of ₹ 43.83 crore towards expenses for work done in respect of 13094 LIG & 2579 EWS Houses (Group-II) scheme at Narela. This liability had been created against 21<sup>st</sup> RA bill which was passed on 31 March 2015 for net payment ₹ 24.01 crore after adjusting an amount of ₹ 19.82 crore towards outstanding advance, interest on advance, statutory liabilities etc. This has resulted in overstatement of liability towards the contractor by ₹ 19.82 crore as well as overstatement of advances by ₹ 13.90 crore and understatement of statutory liabilities by ₹ 2.79 crore, security deposit payable by ₹ 2.19 crore, income from interest by ₹ 0.94 crore.

**iv** This does not include an amount of ₹ 54.98 crore (22<sup>nd</sup> RA bill ₹ 17.13 crore + 23<sup>rd</sup> RA bill ₹ 37.85 crore) towards liability for expenses for work done but not paid till 31 March 2015 in respect of construction of 11566 LIG & 2276 EWS Houses at Narela and Rohini (Group-I) scheme. This has resulted in understatement of Expenses by ₹ 54.98 crore, liability towards contractor by ₹ 35.55 crore, statutory liability towards Income Tax, labour cess, VAT by ₹ 4.24 crore, security deposit payable by ₹ 3.25 crore, income from interest by ₹ 2.53 crore and overstatement of contractor advances to the extent of ₹ 9.40 crore.

**v. Income from General Investment: ₹ 443.04 crore**

Income from General Investment does not include. ₹ 66.69 crore towards accrued interest in respect of FDs of ₹ 1345 crore made during the year 2014-2015 to be matured in 2015-2016. On these FDs, interest of ₹ 10.76 crore only has been booked against actual accrued interest of ₹ 77.45 crore. This has resulted in understatement of income by an amount of ₹ 66.69 crore as well as understatement of Surplus for the current year to the same extent.

**vi. Establishment and Administration Expenses: ₹ 268.26 crore**

'Establishment and Administration Expenses' does not include provision of ₹ 41.20 crore towards tuition fee (₹ 1.05 crore), electricity expenses (₹ 3.06 crore), contribution to NPS (₹ 0.53 crore), staff welfare expenses (₹ 6.56 crore) and contribution to Post-Retirement Medical Scheme (₹ 30.00 crore). This has resulted in understatement of Expenses as well as understatements of Current Liabilities by ₹ 41.20 crore and overstatement of Surplus to the same extent.

**19. Banaras Hindu University, Varanasi****i General**

Although the University was gifted land and buildings amounting to ₹ 35.06 crore over the years outside the University campus, the value of these land and buildings was not included in the Balance-Sheet under head “Fixed Assets” in contravention of Para 3.2 of Significant Accounting Policies (Schedule 23).

**20. University of Hyderabad****i. Fixed Assets: ₹ 337.7 crore**

Against total depreciation of ₹ 4.75 crore to be provided on closing value of fixed assets during the year, an amount of ₹ 3.65 crore was provided due to adoption of incorrect depreciation rates. The difference of ₹ 1.11 crore on account of short provision of depreciation resulted in overstatement of Fixed Assets and understatement of Expenditure by ₹ 1.11 crore. Deficit was also understated by ₹ 1.11 crore.

**21. National Institute of Technology, Warangal****i. Expenditure: ₹ 111.20 crore**

This includes expenditure of ₹ 3,58,35,177/- incurred towards eighteen (18) renovation/construction works and completed during the year, which was incorrectly treated as revenue expenditure under Repairs & Maintenance. This resulted in overstatement of Expenditure and understatement of Fixed Assets by ₹ 3.58 crore. Deficit was also overstated by ₹ 3.58 crore.

**22. Central University of Odisha, Koraput****i Fixed Assets: ₹ 10.84 crore**

Though method of depreciation was changed from Written Down Value to Straight Line from the year 2014-15, depreciation was not recalculated in accordance with the new method from the date of the asset coming into use (retrospectively), as mandated in Para no.15 of Accounting Standard-6. This resulted in excess provision of depreciation of ₹ 2.08 crore due to change in depreciation method during 2014-15.

**23 Indian Institute of Science, Bangalore****i. Balance Sheet- Fixed Assets**

Library (Books and Periodical) include E. Journals subscription worth ₹ 11.06 crore pertaining to the period April 2015 to December 2015 which has not yet accrued as an asset as at 31/03/2015. As a result, the Fixed Assets is overstated and Current Assets is understated

by ₹ 11.06 crore. Consequently, the Provision for Depreciation is overstated and Excess of Income over Expenditure is understated by ₹ 4.42 crore.

**24 Employees State Insurance Corporation, New Delhi**

**i. Current Liabilities and Provision - ₹ 1807.69 crore**

The above does not include liabilities on account of pending bills of contractors amounting to ₹ 38.43 crore in respect of ESIC headquarters. This has resulted in understatement of Current Liabilities and Provision by ₹ 38.43 crore and overstatement of Reserve and Surplus by ₹ 45.56 lakh and understatement of Capital Work-in-Progress by ₹ 37.97 crore.

**25. Indian Council of Social Science & Research, New Delhi**

**i. Current Liabilities & Provisions – ₹ 1.21 crore**

The above do not include liabilities for expenses due but not paid amounting to ₹ 101.25 lakh (Maintenance Payment to Chintan Guest House- ₹ 51.40 lakh, Salary of consultant/contractual staff of headquarters- ₹ 11.26 lakh, Pension Payable for March 2015- ₹ 31.14 lakh and Salary of Housekeeping/ Security/Gardening Staff- ₹ 7.45 lakh). This has resulted in understatement of Current Liabilities & Provisions and overstatement of Capital Fund by like amount.

**26. Jamia Millia Islamia, Delhi**

**i. Current Liabilities & Provisions – ₹ 847.83 crore**

The above do not include liabilities for expenses due but not paid amounting to ₹ 118.39 lakh. This has also resulted in understatement of Current Liabilities and overstatement of Capital Fund by ₹ 118.39 lakh.

**II. Fixed Assets – ₹ 505.22 crore**

Out of the total procurement of 'Dentistry equipments' worth ₹ 235.48 lakh (under Plan) only equipments of ₹ 99.78 lakh were capitalized in the accounts. Remaining equipments valuing ₹ 135.70 lakh were not taken under Fixed Assets. Further as the payment for the remaining amount was yet to be done the liability for the same should have been created but the same was not done. This has resulted in understatement of Fixed Assets and Current Liabilities and Provision by ₹ 135.70 lakh.

**27. Prasar Bharti, New Delhi**

**i. Current Assets: ₹ 1899.26 crore**

Current assets included an amount of ₹ 594.61 crore as FDRs. However, the receipt and payment account of Prasar Bharati showed closing balance of FDRs as ₹ 563.52 crore. The difference has not been reconciled.



**28. All India Institute of Medical Sciences, Jodhpur****i. Current Assets, Loans and Advances ₹ 933.34 lakh**

This does not include consumable stores item lying in stores at the end of year amounting to ₹ 95.07 lakh. The Institute booked store items as expenditure and had shown utilized in current year. This resulted in understatement of Current Assets, Loans and Advances to the extent of ₹ 95.07 lakh as well as surplus.

**29. Securities Exchange Board of India (SEBI)****i. Depreciation and Amortization: ₹ 29.51 crore**

The above does not include ₹ 7.38 crore towards depreciation chargeable on the Document Management System (DMS) project developed to the extent of ₹ 7.77 crore and in use since May 2011. The work of further development of the project is under consideration to be done through another vendor referred to by OEM and DMS developed so far is being utilized, the cost should have been capitalized and depreciation charged from May 2011 onwards. Not charging depreciation has resulted in understatement of expenditure by ₹ 7,38,38,792 (keeping 5 per cent residual value of total assets cost of ₹ 7,77,25,044) with corresponding overstatement of Balance being excess of Income over Expenditure.

**30. Tea Board, Kolkata****i. Fixed Assets (Schedule 8): ₹ 2.33 crore**

Scrutiny of records revealed that upto 31.03.2014 the entire expenditure of Small Growers was charged in the Research & Development Scheme. During the current financial year i.e. 2014-15, Tea Board has opened a separate account for Small Growers known as Small Growers Development Scheme. It was also noticed that upto 31.03.2014, total amount of ₹ 227.90 lakh was spent under Research & Development Scheme for Small Growers Development towards purchase of fixed assets. The above purchase should have been shown either under Research & Development Scheme or Small Growers Development Scheme. However, Tea Board booked the purchase of ₹ 227.90 lakh in both the accounts. The above has resulted in overstatement of fixed assets as well as overstatement of Liability (Earmarked/Endowment Fund subsidy schemes) by ₹ 227.90 lakh.

**31. National Institute of Technology, Kurukshetra****i. Capital Fund - Main Account (Schedule 4): ₹ 123.16 crore**

Govt. of India, Ministry of Human Resource Development (MHRD), assessed the Central Government's share of expenditure in accordance with the pattern of Central Assistance agreed to by the Ministry of Finance and accordingly released to the Institute recurring grant

of ₹ 24.00 crore and non-recurring grant of ₹ 3.52 crore, which were utilised by the Institute to meet revenue expenditure. However, the Institute has shown income from Grant in Aid ₹ 65.69 crore (Schedule 12) corresponding to the amount of expenditure ₹ 65.69 crore (Schedule 15 to 21). Thus, the Institute booked grant Income Rs.65.69 crore instead of actual grant of ₹ 27.52 crore (₹ 24.00 crore plus ₹ 3.52 crore) without any sanction from the MHRD.

This has resulted in understatement of Capital Fund and overstatement of General Fund by ₹ 38.17 crore. Consequently, Surplus for the year overstated by the same amount.

The surplus for the year was converted into deficit due to audit observation. Consequently, adverse opinion on the accounts of NIT, Kurukshetra was issued.

## APPENDIX - VI

(Referred to in paragraph 1.6 (a))

**List of autonomous bodies where internal audit was not conducted during the year 2014-15**

Sl. No.	Name of Autonomous Body
1.	Dental Council of India, New Delhi
2.	Indian Nursing Council, New Delhi
3.	Pharmacy Council of India, New Delhi
4.	National Institute of Health & Family Welfare, New Delhi
5.	Rashtriya Ayurveda Vidyapeeth, New Delhi
6.	Central Council of Homoeopathy, New Delhi
7.	Central Council for Research in Yoga & Naturopathy, New Delhi
8.	Central Council of Indian Medicine, New Delhi
9.	Central Council for Research in Homoeopathy, New Delhi
10.	Morarji Desai National Institute of Yoga, New Delhi
11.	National Board of Examination, New Delhi
12.	Medical Council of India, New Delhi
13.	Food Safety and Standards Authority of India (FSSAI) , New Delhi
14.	Prasar Bharati, New Delhi
15.	Indian Council of Medical Research, New Delhi
16.	Indira Gandhi National Centre for the Arts, New Delhi
17.	National Culture Fund, New Delhi
18.	Nehru Memorial Museum and Library , New Delhi
19.	National Human Resource Commission, New Delhi
20.	National Commission for Protection of Child Right, New Delhi
21.	National Commission for Women , New Delhi
22.	Nehru Yuva Kendra Sangathan , New Delhi
23.	Sports Authority of India, New Delhi
24.	Warehousing Development and Regulatory Authority, New Delhi
25.	Tibet House, New Delhi
26.	International Buddhist Confederation, New Delhi

27.	Indian Council of Historical Research, New Delhi
28.	Indian Council of Social Science Research, New Delhi
29.	National Bal Bhawan, New Delhi
30.	National Commission for Minority Educational Institutions, New Delhi
31.	National Council for Promotion of Sindhi Language, New Delhi
32.	National Institute of Technology, Delhi
33.	National University of Educational Planning and Administration, Delhi
34.	Rashtriya Sanskrit Sansthan, New Delhi
35.	School of Planning & Architecture, Delhi
36.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi
37.	Veterinary Council of India, New Delhi
38.	Central Wakf Council, New Delhi
39.	Indian Institute of Technology, Gandhinagar
40.	Central University of Gujarat, Gandhinagar
41.	All India Institute of Medical Sciences, Jodhpur
42.	Indian Institute of Technology, Jodhpur
43.	Malviya National Institute of Technology, Jaipur
44.	National Institute of Ayurveda, Jaipur
45.	Dargah Khwaja Sahab, Ajmer
46.	Auroville Foundation, Puducherry
47.	Rajiv Gandhi National Institute of Youth Development, Sriperumpudur
48.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
49.	Central Council for Research in Siddha, Tamilnadu
50.	National Institute of Technical Teachers Training and Research, Chennai
51.	Coastal Aqua Culture Authority, Chennai
52.	National Institute of Siddha, Chennai
53.	Central Institute for Classical Tamil, Chennai
54.	Lakshadweep Building Development Board, Kavaratti
55.	Coconut Development Board, Kochi
56.	Central Institute of Technology, Kokrajhar
57.	Indian Institute of Technology, Guwahati
58.	National Institute of Technology, Silchar
59.	National Institute of Homoeopathy, Kolkata

60.	National Institute of Technology, Durgapur
61.	Indian Institute of Information Technology, Guwahati
62.	Eastern Zonal Cultural Center, Kolkata
63.	Chittaranjan National Cancer Institute, Kolkata
64.	Central University of Punjab, Bathinda
65.	North Zone Cultural Centre, Patiala
66.	Indian Institute of Technology, Mandi
67.	Central University of Haryana, Mahendergarh
68.	National Oilseeds & Vegetable Oils Development Board, Gurgaon
69.	National Institute of Technology, Sri Nagar
70.	Central University of Jammu, Jammu
71.	Central Institute of Buddhist Studies, Leh
72.	Post Graduate Institute of Medical Education and Research, Chandigarh
73.	National Institute of Technical Teachers' Training and Research, Chandigarh
74.	State Legal Services Authority, Chandigarh
75.	District Legal Services Authority, Chandigarh
76.	National Institute of Technology, Agartala
77.	Indira Gandhi National Tribal University, Amarkantak
78.	Dr. Harisingh Gour Vishwavidalaya, Sagar
79.	Guru Ghasidas Vishwavidyalaya, Bilaspur
80.	Calcutta Dock Labour Board, Kolkata
81.	Petroleum and Natural Gas Regulatory Board, New Delhi
82.	Bureau of Energy Efficiency, New Delhi
83.	National Institute of Pharmaceutical Education and Research, Kolkata
84.	National Institute of Pharmaceutical Education and Research, Guwahati
85.	Coal Mines Provident Fund Organisation, Dhanbad
86.	Mumbai Port Trust, Mumbai
87.	Kandla Port Trust
88.	V.O.Chidambaranar Port Trust (VOCPT)
89.	Insurance Regulatory Development Authority of India, Hyderabad
90.	DMIC Project Implementation Trust Fund, New Delhi
91.	Mahatma Gandhi Antarashtriy Hindi Vishwavidyalaya Wardha
92.	Haj Committee, Mumbai

93.	Central Board of Workers Education, Nagpur
94.	Allahabad University, Allahabad.
95.	Indian Institute of Technology, Kanpur
96.	Indian Institute of Technology, BHU, Varanasi.
97.	Rampur Raza Library, Rampur
98.	Nalanda University
99.	Central University of South Bihar, Patna
100.	Indian Institute of Technology, Patna
101.	Indian School of Mines, Dhanbad
102.	Institute of Technology, Jamshedpur
103.	Manipur University, Manipur
104.	National Institute of Technology Manipur
105.	Rashtriya Sanskrit Vidyapeetha, Tirupati
106.	University Of Hyderabad, Hyderabad
107.	National Institute of Technology, Warangal
108.	The English and Foreign Languages University, Hyderabad
109.	National Institute of Rural Development & Panchayati Raj, Hyderabad
110.	All India Institute of Medical Sciences, Bhubaneshwar
111.	National Institute of Unani Medicines, Bangalore
112.	National Institute of Mental Health and Neuro Sciences, Bangalore
113.	National Institute of Technology, Karnataka
114.	Central University of Karnataka, Gulbarga
115.	North East Zone cultural Centre, Dimapur
116.	Nagaland University, Lumani
117.	National Institute of Technology, Ravangla
118.	North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli
119.	National Institute of Technology, Yupia
120.	Rajiv Gandhi University (RGU), Doimukh
121.	Central Institute of Himalayan Culture Studies (CIHCS), Dahung
122.	North Eastern Institute of Folk Medicine (NEIFM), Pasighat
123.	North Easter Hill University, Shillong
124.	North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences, Shillong
125.	National Institute of Technology, Meghalaya

126.	Mizoram University, Mizoram
127.	National Institute of Technology, Mizoram.

**APPENDIX - VII**

**(Referred to in paragraph 1.6 (b))**

**List of autonomous bodies where physical verification of fixed assets was not conducted during the year 2014-15**

Sl. No.	Name of Autonomous Body
1.	All India Institute of Medical Sciences, New Delhi
2.	Central Council for Research in Ayurvedic Sciences, New Delhi
3.	Central Council for Research in Unani Medicine, New Delhi
4.	Central Council for Research in Homoeopathy, New Delhi
5.	Prasar Bharati, New Delhi
6.	Press Council of India, New Delhi
7.	Indira Gandhi National Centre for the Arts , New Delhi
8.	Sangeet Natak Akademi, New Delhi
9.	National School of Drama, New Delhi
10.	Lalit Kala Akademi, New Delhi
11.	Delhi Public Library, New Delhi
12.	Gandhi Smriti and Darshan Samiti, New Delhi
13.	Sahitya Akademi, New Delhi
14.	National Commission for Protection of Child Right, New Delhi
15.	Nehru Yuva Kendra Sangathan, New Delhi
16.	Sports Authority of India, New Delhi
17.	Tibet House, New Delhi
18.	International Buddhist Confederation, New Delhi
19.	National Human Resource Commission, New Delhi
20.	Indian Council of Historical Research, New Delhi
21.	Indian Council of Social Science Research, New Delhi
22.	Indira Gandhi National Open University, New Delhi
23.	National Co-operative Development Corporation, New Delhi
24.	National Council of Educational Research & Training, New Delhi
25.	National University of Education Planning & Administration, New Delhi
26.	Rashtriya Sanskrit Sansthan, New Delhi



27.	School of Planning & Architecture, Delhi
28.	Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi
29.	University Grants Commission, New Delhi
30.	National Commission for Backward Classes, New Delhi
31.	Council for Advancement of People's Action and Rural Technology, New Delhi
32.	All India Institute of Medical Sciences, Jodhpur
33.	Indian Institute of Technology, Jodhpur
34.	Malviya National Institute of Technology, Jaipur
35.	National Institute of Ayurveda, Jaipur
36.	Central University, Kishangarh
37.	Central University of Tamil Nadu, Thiruvarur
38.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
39.	South Zone Cultural Centre, Thanjavur
40.	Rajiv Gandhi National Institute of Youth Development, Sriperumpudur
41.	Auroville Foundation, Puducherry
42.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
43.	Lakshadweep Building Development Board, Kavaratti
44.	Indian Institute of Science Education and Research, Thiruvananthapuram
45.	Indian Institute of Management, Kozhikkode
46.	Assam University, Silchar
47.	Central Institute of Technology, Kokrajhar
48.	Indian Institute of Science Education and Research, Kolkata
49.	Indian Institute of Science Education and Research, Kolkata
50.	National Institute of Technology, Silchar
51.	National Institute of Technology, Durgapur
52.	Visva Bharati, Santiniketan, Kolkata
53.	Indian Institute of Information Technology, Guwahati
54.	Chittaranjan National Cancer Institute, Kolkata
55.	National Institute of Homoeopathy, Kolkata
56.	National Institute of Orthopaedically Handicapped, Kolkata
57.	Central University of Punjab, Bathinda
58.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
59.	Indian Institute of Science Education and Research, Mohali

60.	Indian Institute of Technology, Ropar
61.	Sant Longowal Institute of Engineering & Technology, Longowal
62.	National Institute of Technology, Hamirpur
63.	Indian Institute of Technology, Mandi
64.	Central University of Haryana, Mahendergarh
65.	National Institute of Technology, Sri Nagar
66.	Central Institute of Buddhist Studies, Leh
67.	National Institute of Technical Teachers' Training and Research, Chandigarh
68.	National Institute of Technology, Agartala
69.	Tripura University, Tripura
70.	Atal Bihari Vajpayee IITM, Gwalior
71.	Pt. Dwarka Prasad Mishra IIITDM, Jabalpur
72.	Guru Ghasidas Vishwavidyalaya, Bilaspur
73.	All India Institute of Medical Sciences, Raipur
74.	Paradip Port Trust
75.	Kolkata Port Trust, Kolkata
76.	National Institute of Fashion Technology (Bhubaneswar, Jodhpur, Kannur, New Delhi and Srinagar Centre)
77.	Textile Committee, Mumbai
78.	Tea Board, Kolkata
79.	National Institute of Pharmaceutical Education and Research, Kolkata
80.	National Institute of Pharmaceutical Education and Research, Guwahati
81.	Mumbai Port Trust, Mumbai
82.	Seamen's Provident Fund Organisation, Mumbai
83.	Securities Exchange Board of India (SEBI), Mumbai
84.	Khadi Village and Industries Commission, Mumbai
85.	Tariff Advisory Committee, Mumbai
86.	New Mangalore Port Trust, Karnataka
87.	Insurance Regulatory Development Authority of India, Hyderabad
88.	Rubber Board, Kottayam
89.	Spices Board, Kochi
90.	Marine Products Export Development Authority, Kochi
91.	National Capital Region Planning Board
92.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya Wardha

93.	Haj Committee, Mumbai
94.	Central Board of Workers Education, Nagpur
95.	Indian Institute of Technology, Mumbai
96.	Allahabad University, Allahabad
97.	Banaras Hindu University, Banaras
98.	Indian Institute of Technology(BHU), Varansasi
99.	Rampur Raza Library, Rampur
100.	North Zone Cultural Centre, Patiala
101.	National Institute of Technology, Jamshedpur
102.	National Institute of Foundry and Forge Technology, Hatia Ranchi
103.	Manipur University, Manipur
104.	National Institute of Technology, Manipur
105.	National Institute of Technology, Warangal
106.	Rashtriya Sanskrit Vidyapeetha, Tirupati
107.	University of Hyderabad, Hyderabad
108.	Maulana Azad National Urdu University, Hyderabad
109.	Indian Institute of Technology, Hyderabad
110.	The English and Foreign Languages University, Hyderabad
111.	National Institute for the Mentally Handicapped, Secunderabad
112.	Salar Jung Museum, Hyderabad
113.	All India Institute of Medical Sciences, Bhubaneshwar
114.	North East Zone cultural Centre, Dimapur
115.	Nagaland University, Lumani
116.	National Institute of Technology, Ravangla
117.	Sikkim University, Sikkim
118.	North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli
119.	North Eastern Institute of Folk Medicine (NEIFM), Pasighat
120.	Rajiv Gandhi University (RGU), Doimukh
121.	North Easter Hill University, Shillong
122.	North Eastern Indira Gandhi Regional Institute of Health and Medical Science, Shillong
123.	National Institute of Technology, Meghalaya
124.	Mizoram University, Mizoram
125.	National Institute of Technology, Mizoram.

## APPENDIX - VIII

(Referred to in paragraph 1.6 (c))

**List of autonomous bodies where physical verification of inventories was not conducted during the year 2014-15**

Sl. No.	Name of Autonomous Body
1.	Central Council for Research in Ayurvedic Sciences, New Delhi
2.	Central Council for Research in Unani Medicine, New Delhi
3.	Central Council for Research in Homoeopathy, New Delhi
4.	Prasar Bharati, New Delhi
5.	Press Council of India, New Delhi
6.	Indira Gandhi National Centre for the Arts, New Delhi
7.	Sangeet Natak Akadem, New Delhi
8.	National School of Drama, New Delhi
9.	Gandhi Smriti and Darshan Samiti, New Delhi
10.	National Commission for Protection of Child Right, New Delhi
11.	National Commission for Women, New Delhi
12.	Nehru Yuva Kendra Sangathan, New Delhi
13.	Tibet House, New Delhi
14.	International Buddhist Confederation, New Delhi
15.	Indian Council of Historical Research, New Delhi
16.	Indira Gandhi National Open University, New Delhi
17.	National University of Educational Planning and Administration, New Delhi
18.	Rashtriya Sanskrit Sansthan, New Delhi
19.	School of Planning & Architecture, Delhi
20.	National Commission for Backward Classes, New Delhi
21.	Council for Advancement of People's Action and Rural Technology, New Delhi
22.	Central University, Rajasthan, Kishangarh
23.	Indian Institute of Technology, Jodhpur
24.	Malviya National Institute of Technology, Jaipur
25.	National Institute of Ayurveda, Jaipur
26.	All India Institute of Medical Sciences, Jodhpur
27.	Dargah Khwaja Sahab, Ajmer

28.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
29.	Rajiv Gandhi National Institute of Youth Development, Sriperumpudur
30.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
31.	Indian Institute of Science Education and Research, Thiruvananthapuram
32.	Central Institute of Technology, Kokrajhar
33.	Visva Bharati, Santiniketan
34.	National Institute of Technology, Silchar
35.	National Institute of Technology, Durgapur
36.	Raja Rammohun Roy Library Foundation, Kolkata
37.	National Institute of Homoeopathy, Kolkata
38.	Central University of Punjab, Bathinda
39.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
40.	Indian Institute of Science Education and Research, Mohali
41.	Indian Institute of Technology, Ropar
42.	Sant Longowal Institute of Engineering & Technology, Longowal
43.	National Institute of Technology, Hamirpur
44.	Indian Institute of Technology, Mandi
45.	Central University of Haryana, Mahendergarh
46.	National Institute of Technology, Sri Nagar
47.	Central Institute of Buddhist Studies, Leh
48.	National Institute of Technical Teachers' Training and Research, Chandigarh
49.	National Institute of Technology, Agartala
50.	Tripura University, Tripura
51.	Atal Bihari Vajpayee IITM, Gwalior
52.	Pt. Dwarka Prasad Mishra IITDM, Jabalpur
53.	All India Institute of Medical Sciences, Raipur
54.	Guru Ghasidas Vishwavidyalaya, Bilaspur
55.	Kolkata Port Trust, Kolkara
56.	Textile Committee, Mumbai
57.	Mumbai Port Trust, Mumbai
58.	Securities Exchange Board of India (SEBI), Mumbai
59.	Khadi Village and Industries Commission, Mumbai

60.	Tariff Advisory Committee, Mumbai
61.	Insurance Regulatory Development Authority of India, Hyderabad
62.	Chennai Port Trust, Chennai
63.	Spices Board, Kochi
64.	Marine Products Export Development Authority, Kochi
65.	Indian Institute of Technology, Mumbai
66.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya Wardha
67.	Indian Institute of Management, Lucknow
68.	Allahabad University, Allahabad
69.	Banaras Hindu University, Varanasi
70.	Indian Institute of Technology, BHU, Varanasi.
71.	Rampur Raza Library, Rampur
72.	North Central Zone Culture Center, Allahabad
73.	National Institute of Technology, Jamshedpur
74.	National Institute of Foundry and Forge Technology, Hatia, Ranchi.
75.	Manipur University, Manipur
76.	National Institute of Technology, Warangal
77.	University of Hyderabad, Hyderabad
78.	Maulana Azad National Urdu University, Hyderabad
79.	Rashtriya Sanskrit Vidyapeetha, Tirupati
80.	Indian Institute of Technology, Hyderabad
81.	The English and Foreign Languages University, Hyderabad
82.	National Institute for the Mentally Handicapped, Secunderabad
83.	Salar Jung Museum, Hyderabad
84.	North East Zone cultural Centre, Dimapur
85.	Nagaland University, Lumani
86.	NIT, Ravangla
87.	Sikkim University
88.	North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli
89.	North Eastern Institute of Folk Medicine (NEIFM), Pasighat
90.	Rajiv Gandhi University (RGU), Doimukh
91.	North Easter Hill University, Shillong
92.	North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences, Shillong

93.	Mizoram University (MZU),
94.	National Institute of Technology (NIT), Mizoram.

## APPENDIX - IX

(Referred to in paragraph 1.6 (d))

List of autonomous bodies which are accounting for the grants on realisation/cash basis

Sl. No.	Name of Autonomous Body
1.	National Board of Examinations, New Delhi
2.	Gandhi Smriti and Darshan Samiti , New Delhi
3.	Rashtriya Sanskrit Sansthan, New Delhi
4.	National Institute of Technical Teachers Training and Research, Chennai
5.	Lakshadweep Building Development Board, Kavaratti.
6.	Central University of Kerala, Kasargod
7.	Central Institute of Technology, Kokrajha
8.	Central University of Punjab, Bathinda
9.	North Zone Cultural Centre, Patiala
10.	National Horticulture Board, Gurgaon
11.	National Oilseeds & Vegetable Oils Development Board, Gurgaon
12.	Central Institute of Buddhist Studies, Leh
13.	State Legal Services Authority, Chandigarh
14.	Lakshmi Bai National Institute of Physical Education, Gwalior
15.	Indira Gandhi National Tribal University, Amarkantak
16.	All India Institute of Medical Sciences, Bhopal
17.	Bureau of Energy Efficiency, New Delhi
18.	Central Electricity Regulatory Commission, New Delhi
19.	Tea Board, Kolkata
20.	National Institute of Pharmaceutical Education and Research, Kolkata
21.	National Institute of Pharmaceutical Education and Research, Guwahati
22.	Coal Mines Provident Fund Organisation, Dhanbad
23.	Tariff Authority for Major Ports, Mumbai
24.	Allahabad University, Allahabad.
25.	Indian Institute of Technology, Kanpur
26.	V V Giri Institute of Technology, NOIDA
27.	Indian Institute of Technology, BHU, Varanasi
28.	Indian Institute of Technology, Roorkee



29.	North Central Zone Culture Center, Allahabad
30.	Khuda Baksh Oriental Public Library, Patna
31.	Indian School of Mines, Dhanbad
32.	National Institute of Technology, Jamshedpur
33.	National Institute of Foundry and Forge Technology, Hatia, Ranchi.
34.	Salar Jung Museum, Hyderabad
35.	School of Planning and Architecture, Vijayawada.
36.	Indian Institute of Management, Bangalore
37.	Indian Institute of Science, Bangalore
38.	North East Zone cultural Centre, Nagaland
39.	North Easter Hill University, Shillong
40.	Rajiv Gandhi Indian Institute of Management, Shillong
41.	Mizoram University, Aizawl, Mizoram
42.	National Institute of Technology, Mizoram.

## APPENDIX - X

(Referred to in paragraph 1.6 (e))

**List of autonomous bodies which have not accounted for gratuity and other retirement benefits on the basis of actuarial valuation**

Sl. No.	Name of Autonomous Body
1.	Dental Council of India, New Delhi
2.	Central Council for Research in Homoeopathy, New Delhi
3.	National Board of Examinations, New Delhi
4.	Food Safety and Standards Authority of India (FSSAI) , New Delhi
5.	Lalit Kala Akademi , New Delhi
6.	Sangeet Natak Akademi, New Delhi
7.	Nehru Memorial Museum and Library , New Delhi
8.	National Commission for Protection of Child Right , New Delhi
9.	Centre for Cultural Resources and Training , New Delhi
10.	All India Council for Technical Education, New Delhi
11.	Indian Council of Agricultural Research , New Delhi
12.	Indian Council of Historical Research, New Delhi
13.	Indian Council of Social Science & Research, New Delhi
14.	Kendriya Vidyalaya Sangathan, New Delhi
15.	Rashtriya Sanskrit Sansthan, New Delhi
16.	School of Planning & Architecture, Delhi
17.	University Grants Commission, New Delhi
18.	Rehabilitation Council of India, New Delhi
19.	Council for Advancement of People's Action and Rural Technology, New Delhi
20.	Indian Council of World Affairs, New Delhi
21.	National Institute of Ayurveda, Jaipur
22.	Auroville Foundation, Puducherry
23.	Jawaharlal Institute of Post Graduate Medical Education and Research, Puducherry
24.	Coastal Aqua Culture Authority, Chennai
25.	National Institute of Siddha, Chennai
26.	South Zone Cultural Centre, Thanjavur

27.	Rajiv Gandhi National Institute of Youth Development, Sriperumbudur
28.	Indian Institute of Information Technology Design and Manufacturing Kancheepuram
29.	Indian Institute of Management, Trichy
30.	Central University of Tamil Nadu, Thiruvarur
31.	Board of Apprenticeship Training, Chennai
32.	National Institute of Technical Teachers Training and Research, Chennai
33.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
34.	Central Council for Research in Siddha, Chennai
35.	National Institute of Technology, Trichy
36.	Lakshadweep Building Development Board
37.	Coconut Development Board, Kochi
38.	Central University of Kerala, Kasargod
39.	National Institute of Technology, Calicut
40.	Assam University, Silchar
41.	Central Institute of Technology, Kokrajhar
42.	National Institute of Technology, Durgapur
43.	National Institute of Technology, Silchar
44.	Visva Bharati, Santiniketan
45.	Indian Institute of Information Technology, Guwahati
46.	Indian Institute of Science Education and Research, Kolkata
47.	Tezpur University, Assam
48.	Raja Rammohun Roy Library Foundation, Kolkata
49.	National Council of Science Museum, Kolkata
50.	Eastern Zonal Cultural Center, Kolkata
51.	Chittaranjan National Cancer Institute, Kolkata
52.	National Institute of Homoeopathy, Kolkata
53.	Central University of Punjab, Bathinda
54.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
55.	Indian Institute of Science Education and Research, Mohali
56.	Sant Longowal Institute of Engineering & Technology, Longowal
57.	North Zone Cultural Centre, Patiala
58.	Indian Institute of Advanced Study, Shimla

59.	Central University of Himachal Pradesh, Dharamshala
60.	National Institute of Technology, Hamirpur
61.	Indian Institute of Technology, Mandi
62.	Central University of Haryana, Mahendergarh
63.	National Institute of Technology, Kurukshetra
64.	National Horticulture Board, Gurgaon
65.	National Oilseeds & Vegetable Oils Development Board, Gurgaon
66.	National Institute of Technology, Sri Nagar
67.	Central University of Jammu, Jammu
68.	Central Institute of Buddhist Studies, Leh
69.	Post Graduate Institute of Medical Education and Research, Chandigarh
70.	National Institute of Technical Teachers' Training and Research, Chandigarh
71.	State Legal Services Authority, Chandigarh
72.	Indian Institute of Management, Rohtak
73.	National Institute of Technology, Agartala
74.	Tripura University, Tripura
75.	Maulana Azad National Institute of Technology, Bhopal
76.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal
77.	Lakshmibai National Institute of Physical Education, Gwalior
78.	National Judicial Academy, Bhopal
79.	All India Institute of Medical Sciences, Raipur
80.	MSRVVP, Ujjain
81.	School of Planning and Architecture, Bhopal
82.	Indira Gandhi National Tribal University, Amarkantak
83.	Dr. Harisingh Gour Vishwavidyalaya, Sagar
84.	National Institute of Technology, Raipur
85.	Guru Ghasidas Vishwavidyalaya, Bilaspur
86.	All India Institute of Medical Sciences, Bhopal
87.	National Institute of Technical Teachers' Training and Research, Bhopal
88.	Kolkata Port Trust, Kolkata
89.	Calcutta Dock Labour Board, Kolkata
90.	Central Silk Board, Bangalore
91.	Coffee Board, Bangalore

92.	Vishakhapatnam Port Trust, Vishakhapatnam
93.	Textile Committee, Mumbai
94.	National Institute of Fashion Technology
95.	Tea Board (Pension Portion
96.	National Institute of Pharmaceutical Education and Research, Kolkata
97.	National Institute of Pharmaceutical Education and Research, Guwahati
98.	Coal Mines Provident Fund Organisation, Dhanbad
99.	Seamen's Provident Fund Organization, Mumbai.
100.	Khadi Village and Industries Commission, Mumbai
101.	Chennai Port Trust, Chennai
102.	Cochin Port Trust, Cochin
103.	V.O.Chidambaranar Port Trust (VOCPT)
104.	Rubber Board, Kottayam
105.	Spices Board, Kochi
106.	Marine Products Export Development Authority, Kochi
107.	Agricultural and Processed Food Products Export Development Authority (APEDA)
108.	Indian Institute of Science Education & Research, Pune
109.	National Institute of Training in Industrial Engineering, Mumbai
110.	Ali Yavar Jung National Institute for Hearing Handicapped, Mumbai
111.	National Institute of Technology, Goa
112.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya Wardh
113.	National Institute of Naturopathy, Pune
114.	Board of Apprenticeship Training, Mumbai
115.	Central Board of Workers Education, Nagpur
116.	Haj Committee of India (Acturial Valuation only in respect of Gratuity while leave encashment is accounted on cash basis)
117.	Indian Institute of Management, Lucknow
118.	Allahabad University, Allahabad.
119.	Allahabad Museum, Allahabad
120.	Banaras Hindu University, Varanasi
121.	Navodaya Vidyalaya Sangathan, NOIDA
122.	Indian Institute of Technology, BHU, Varanasi.
123.	Indian Institute of Technology, Roorkee

124.	Rampur Raza Library, Rampur
125.	North Central Zone Culture Center, Allahabad.
126.	All India Institute of Medical Sciences, Rishikesh
127.	Khuda Baksh Oriental Public Library, Patna
128.	National Institute of Plant Health Management, Hyderabad
129.	National Institute of Technology, Warangal
130.	Rashtriya Sanskrit Vidyapeetha, Tirupati
131.	National Institute of Rural Development & Panchayati Raj, Hyderabad
132.	Indian Institute of Technology, Hyderabad
133.	School of Planning and Architecture, Vijayawada
134.	Salar Jung Museum, Hyderabad
135.	National Institute of Agricultural Extension and Management (MANAGE), Hyderabad
136.	All India Institute of Medical Sciences, Bhubaneswar
137.	National Institute of Technology, Rourkela
138.	North East Zone cultural Centre, Nagaland
139.	National Institute of Technology, Ravangla
140.	Sikkim University
141.	North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli
142.	National Institute of Technology (NIT), Yupia
143.	Rajiv Gandhi University (RGU), Doimukh
144.	Central Institute of Himalayan Culture Studies (CIHCS), Dahung
145.	North Eastern Institute of Folk Medicine (NEIFM), Pasighat

## APPENDIX - XI

(Referred to in paragraph 1.6 (f))

### List of autonomous bodies which had not provided depreciation on fixed assets

Sl. No.	Name of Autonomous Body
1.	Sahitya Akademi , New Delhi
2.	Employees Provident Fund Organisation, New Delhi
3.	Indian Council for Historical Research, New Delhi
4.	Visva Bharati, Santiniketan
5.	Chittaranjan National Cancer Institute, Kolkata
6.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar
7.	Sant Longowal Institute of Engineering & Technology, Longowal
8.	Post Graduate Institute of Medical Education and Research, Chandigarh
9.	Allahabad Museum, Allahabad.
10.	Indian School of Mines, Dhanbad
11.	National Institute of Technology, Jamshedpur
12.	National Institute of Foundry and Forge Technology, Hatia, Ranchi
13.	National Institute of Technology, Warangal

## APPENDIX - XII

(Referred to in paragraph 1.6 (g))

**List of autonomous bodies that revised their accounts as a result of Audit**

Sl. No.	Name of Autonomous Body
1.	Indian Institute of Technology, Madras
2.	Coastal Aqua Culture Authority, Chennai
3.	Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry
4.	Central University of Tamil Nadu, Thiruvarur
5.	National Institute of Siddha, Chennai
6.	Indian Institute of Information Technology Design and Manufacturing, Kancheepuram.
7.	Pondicherry University, Puducherry
8.	National Institute of Technical Teachers Training and Research, Chennai
9.	Board of Apprenticeship Training, Chennai
10.	Central Council for Research in Siddha, Chennai
11.	National Institute of Technology, Trichy
12.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai
13.	Lakshmibai National Institute of Physical Education, Gwalior
14.	Coffee Board, General Fund, Bangalore
15.	Coffee Board, Pool Fund, Bangalore
16.	Vishakhapatnam Port Trust, Vishakhapatnam
17.	Rubber Board, Kottayam
18.	Insurance Regulatory Development Authority of India, Hyderabad
19.	Indian Institute of Management, Ranchi
20.	Indian Institute of Technology, Hyderabad
21.	Swami Vivekananda National Institute of Rehabilitation Training and Research (SVNIRTAR), Olatpur, Cuttack
22.	All India Institute of Medical Sciences (AIIMS), Bhubaneswar
23.	Indian Institute of Management, Bangalore
24.	Indian Institute of Science, Bangalore
25.	National Institute of Unani Medicines, Bangalore
26.	National Institute of Mental Health and Neuro Sciences, Bangalore



27.	National Institute of technology, Karnataka
28.	Central University of Karnataka, Gulbarga
29.	National Institute of Technology, Ravangla
30.	Sikkim University, Sikkim
31.	Rajiv Gandhi University (RGU), Doimukh
32.	National Institute of Technology, Meghalaya
33.	North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences

## APPENDIX - XIII

### Referred to in Paragraph No. 23.1

#### Summarised position of Action Taken Notes awaited from various Ministries/Departments up to the year ended March 2014 as on December 2015

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Total Due	Not received at all	Under corrspondence
1.	Agriculture	2013	1	1	-
2.	Civil Aviation	2009	1	1	-
		2012	1	-	1
3.	Chemical & Fertilizers	2013	2	2	-
		2015	1	-	1
4.	Consumer Affairs, Food and Public Distribution	2014	4	4	-
5.	Commerce and Industry (Department of Commerce)	2014	1	1	-
6.	Commerce and Industry (Department Export Inspection Council of India)	2014	1	1	-
7.	Commerce and Industry (Department Tea Board of India)	2014	1	-	1
8.	Culture	2011	1	-	1
		2012	2	-	2
		2013	4	1	3
		2014	2	1	1
9.	Planning Commission/NITI Aayog	2013	2	-	2
10.	External Affairs	2011	1	-	1
		2012	2	-	2
		2013	4	-	4
		2014	3	2	1
11.	Finance	2014	1	-	1
12.	Finance Skill Development & Entrepreneurships	2015	1	1	-
13.	Health and Family Welfare	2008	1	-	1
		2009	1	-	1
		2010	1	-	1
		2011	2	-	2
		2012	2	-	2
		2013	3	-	3
		2014	6	5	1
14.	Home Affairs	2014	4	-	4
15.	Home Affairs (Union Territories)	2012	1	-	1
16.	Human Resource Development	2004	1	-	1
		2006	1	-	1
		2007	1	-	1
		2008	1	1	-
		2010	1	1	-
		2011	1	-	1
		2012	4	-	4
		2013	6	2	4
		2014	6	6	-
17.	Information and Broadcasting	2013	1	-	1
		2014	1	1	-

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Total Due	Not received at all	Under correspondence
18.	Labour & Employment	2013	1	-	1
		2014	1	1	-
19.	Law and Justice	2003	1	-	1
20.	Mines	2012	1	-	1
21.	Minority Affairs	2014	1	1	-
22.	Petroleum & Natural Gas	2014	1	-	1
		2015	1	1	-
23.	Rural Development	2010	1	-	1
		2012	1	-	1
		2013	1	1	-
24.	Shipping	2013	2	-	2
		2014	1	1	-
25.	Social Justice and Empowerment	1996	1	-	1
		2003	1	-	1
		2006	1	-	1
26.	Statistics and Programme Implementation	2014	2	2	-
27.	Textile	2009	1	-	1
28.	Tribal Affairs	2006	1	1	-
		2014	1	1	-
29.	Tourism	2014	1	-	1
30.	Women and Child Development	2011	1	-	1
		2012	1	-	1
31.	Youth Affairs & Sports	2010	1	-	1
		2011	1	1	-
		2012	1	-	1
		2013	1	1	-
		2014	2	2	-
<b>Total</b>			<b>111</b>	<b>44</b>	<b>67</b>



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