



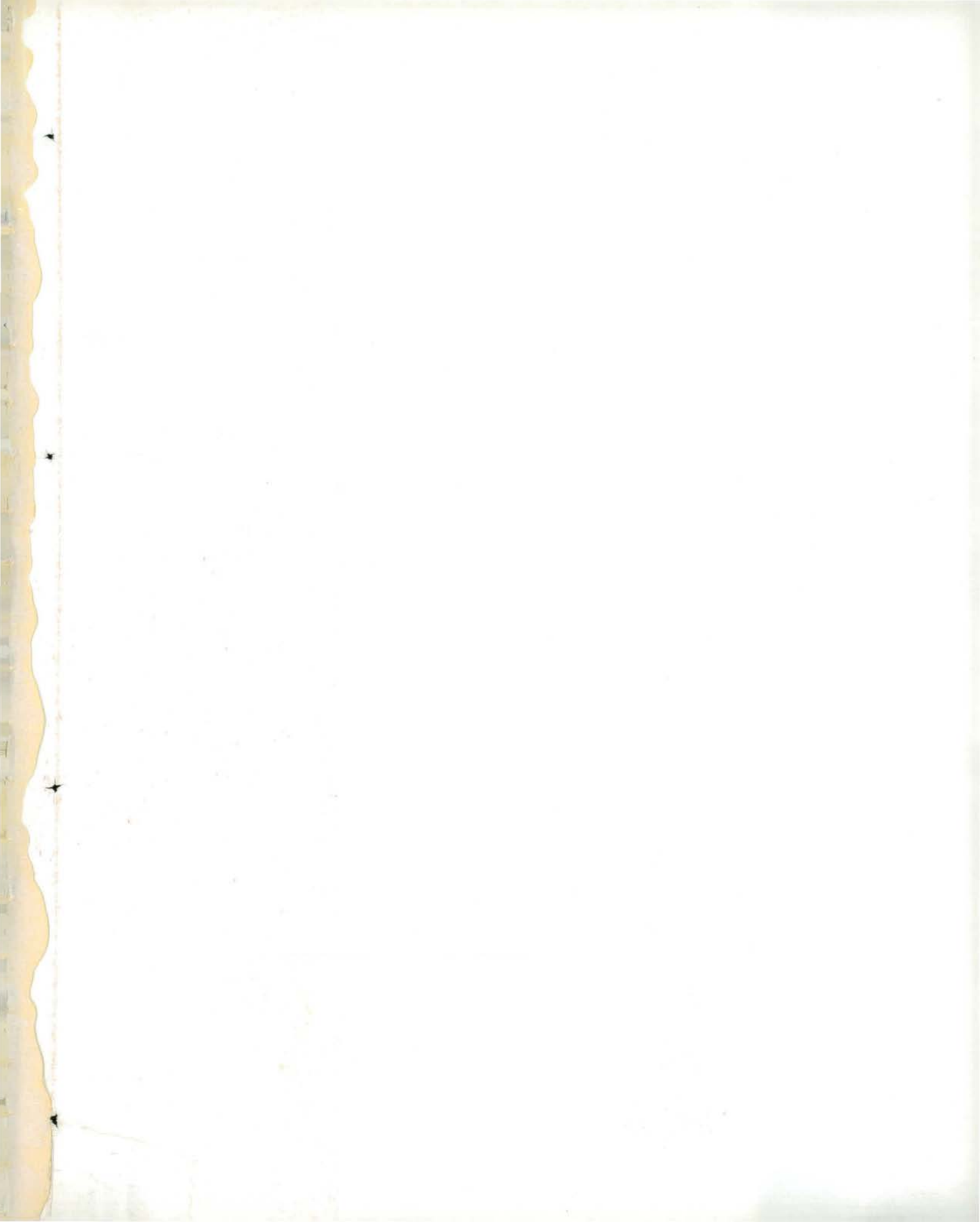
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**Report of the
Comptroller and Auditor General
of India**

for the year ended March 1997

05 JUN 1998

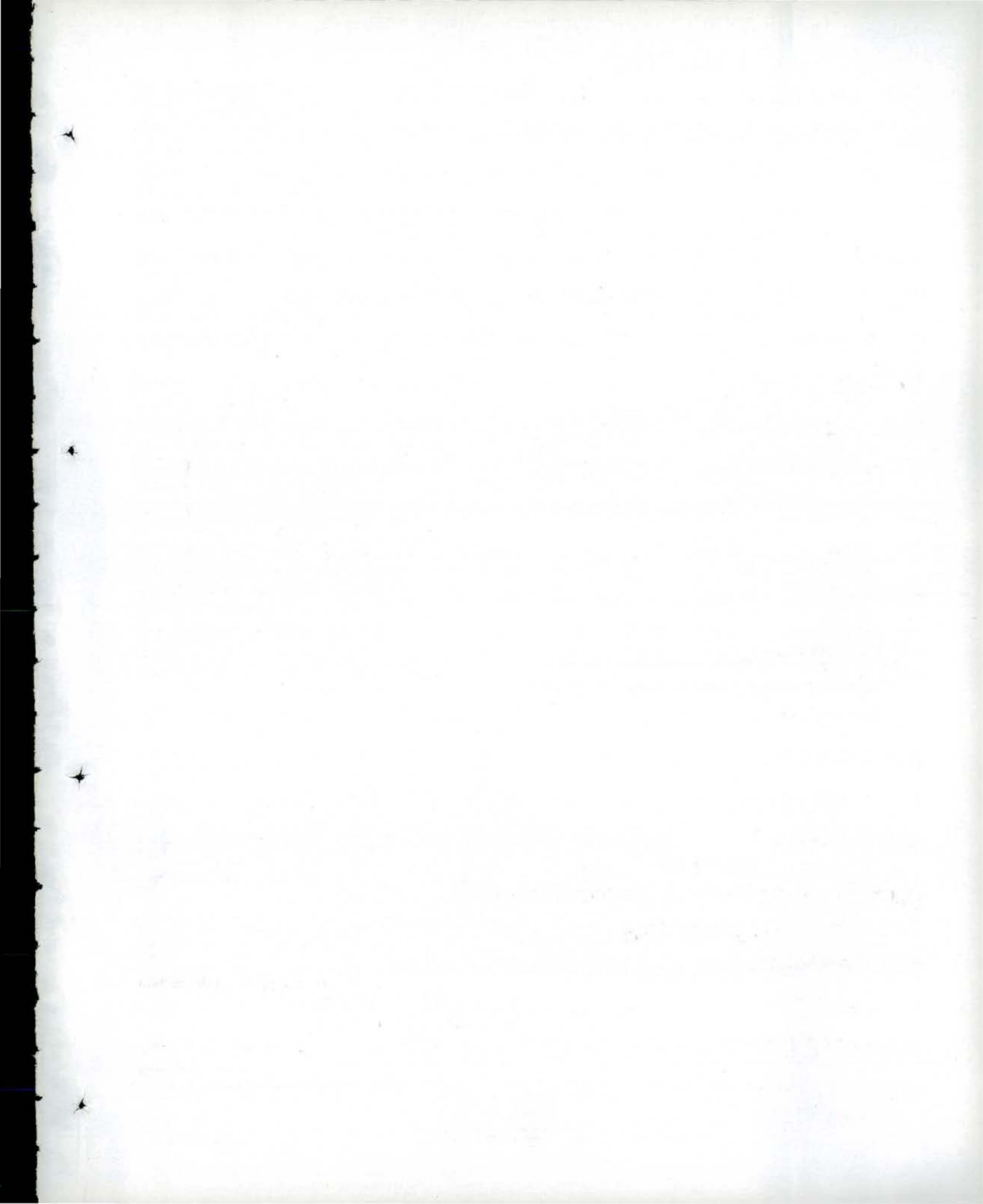
**Union Government (Civil)
Transaction Audit Observations
No.2 of 1998**



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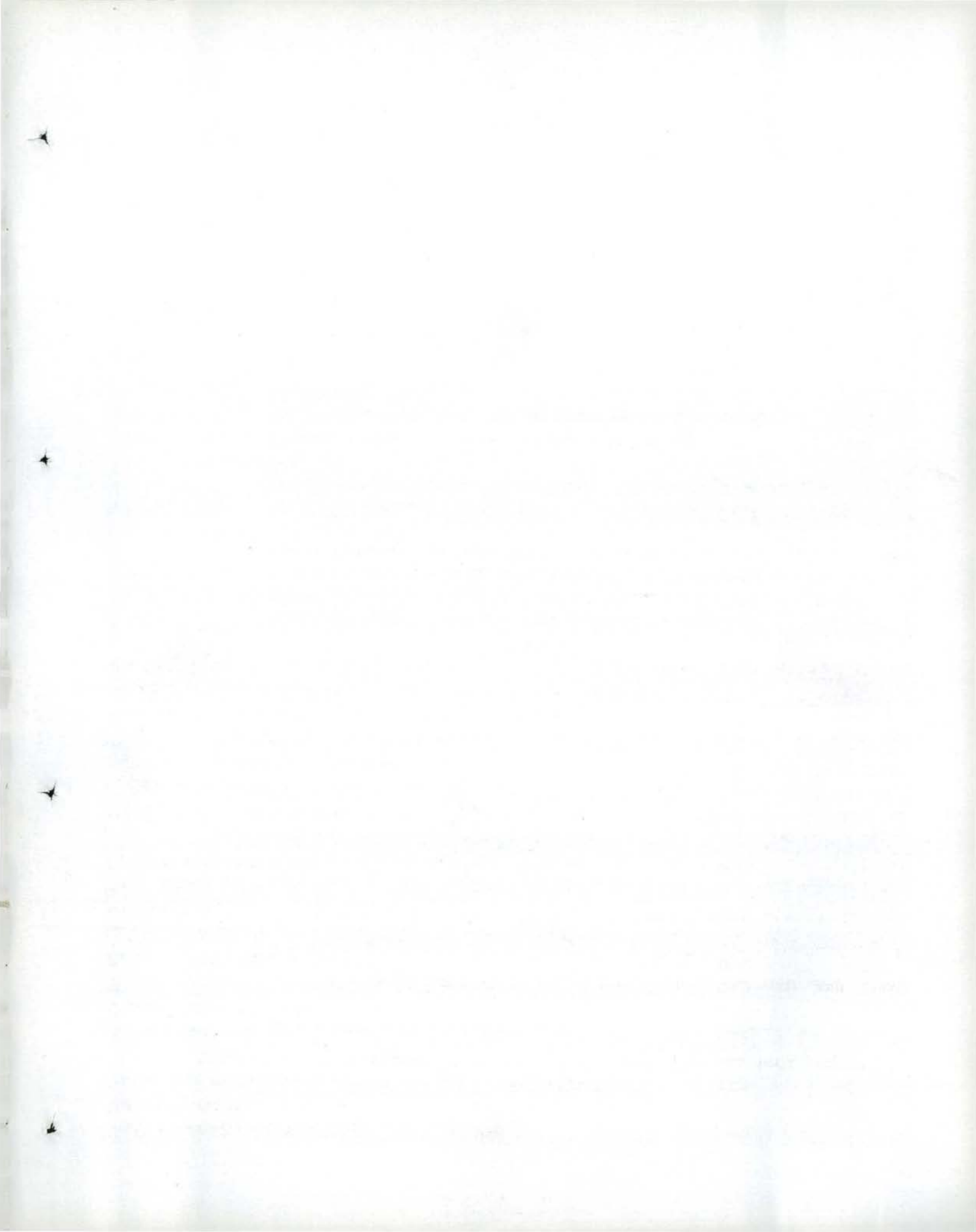
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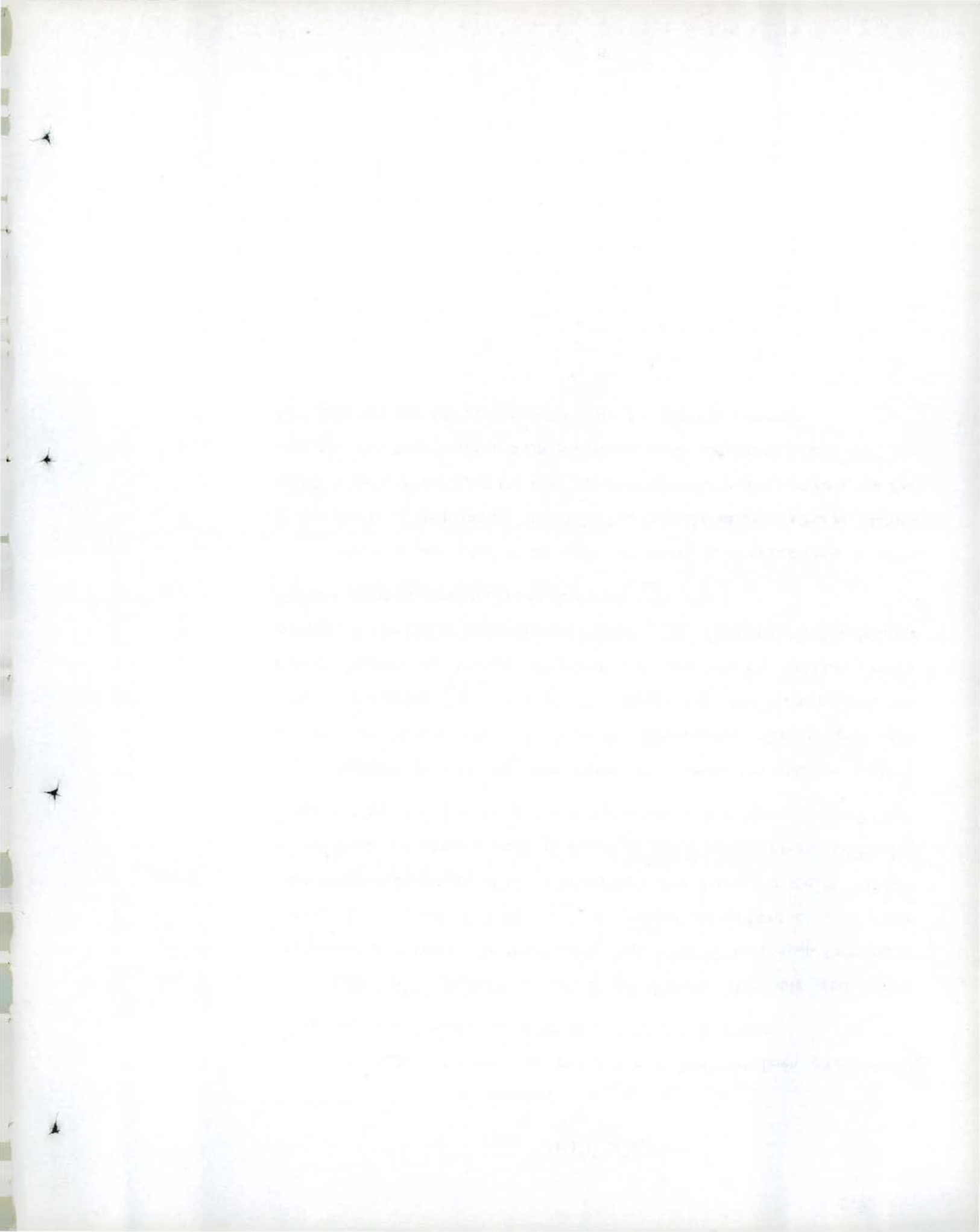
PREFACE

This Report for the year ended March 1997 has been prepared for submission to the President under Article 151 of the Constitution.

The audit observations on Union Finance Accounts and Union Appropriation Accounts for the financial year 1996-97 have been included in Report No. 1 of 1998. This Report includes matters arising from test audit of the transactions and accounts of Union Ministries and of Union Territories. Matters arising from performance audit of some of the Centrally Sponsored/Funded Schemes of the Ministries and Departments are dealt with in Report No. 3 of 1998.

Separate Reports are also issued for Union Government - Other Autonomous Bodies (No 4), Scientific Departments (No.5), Post and Telecommunications (No.6), Ministry of Defence - Army and Ordnance Factories (No.7), Ministry of Defence, Air Force and Navy (No.8), Railways (No.9), Receipts of the Union Government - Indirect Taxes' Customs (No.10), Indirect Taxes: Central Excise (No.11) and Direct Taxes (No.12).

The cases mentioned in this Report are among those which came to notice in the course of audit during 1996-97. For the sake of completeness, matters which relate to earlier years but were not covered in the previous reports, are also included. Similarly results of audit of transactions subsequent to 1 April 1997 in a few cases have also been mentioned, wherever available and relevant.



Overview

This volume of the Audit Report contains audit observations emerging out of the transaction audit of the civil ministries and their field offices. The audit observations on the accounts of the Union Government (Civil) – 1996-97 have been incorporated in Report No. 1 of 1998, while performance reviews of schemes/programmes are printed in a separate volume (No. 3 of 1998).

An overview of more important Paragraphs included in this Report is as under:

Ministry of Agriculture

Non- realisation of inspection fees

- ❑ Negligence of Plant Protection Officer, Plant Quarantine and Fumigation Station Cochin in ensuring that the importers maintain a valid bank guarantee resulted in non-recovery of inspection fee of Rs 34.79 lakh.

(Paragraph 1.1)

Ministry of Coal

Loss due to non-recovery of Excise duty

- ❑ Failure of the Coal Controller to enforce the provisions of Colliery Control Order, 1945 and Coal Mines Act on the unauthorised coal mines in Meghalaya resulted in non-recovery of Excise duty of Rs 6.39 crore on coal despatched from those mines.

(Paragraph 2.1)

Ministry of Commerce - Department of Commerce

Wasteful expenditure on rent

- ❑ DGFT not only failed to enforce compliance to his orders of 1990 for surrender of the excess rented accommodation consisting of 45237 square feet at Rs 2.11 lakh per month held by JDGFT Chennai until 1997, he continued to accord sanction for the same, eventhough it was 4.3 times his requirement of 10500 square feet. JDGFT Chennai continued to hold the excess accommodation for 82 months and incurred avoidable expenditure of Rs 1.33 crore on rent of the accommodation not required by him. The Assistant Estate Manager Chennai fixed the entitlement of his office at 10500 square feet only. Despite this JDGFT surrendered only 11313 square feet in October

1997 and was still holding 23424 square feet extra entailing wasteful expenditure of Rs 1.09 lakh per month on rent.

(Paragraph 3.1)

Department of Supply

Non-recovery of general damages of Rs 4.23 crore

- Director General Supplies and Disposals neither invoked risk and cost purchase clause nor recovered general damages from Udaipur Cement Works for more than seven years on account of default in supply of cement by them. The firm supplied only 34.67 thousand tonne cement against supply order for 1.37 lakh tonne. The general damages not claimed by DGSD were Rs 4.23 crore.

(Paragraph 3.4)

Ministry of External Affairs

Unauthorised expenditure on un-sanctioned post

- High Commissioner of India London retained the Attaché (Hindi and Culture) after expiry of his extended period of deputation against orders of the Ministries of External Affairs and Finance, who did not agree to grant further extension of his deputation. He was retained against a non-existent post of Personal Assistant and was allowed pay and allowances at the rate exceeding the maximum of the scale of the post of the Personal Assistant. The expenditure of Rs 6.52 lakh on his pay and allowances during November 1996 to November 1997 was, therefore, unauthorised.

(Paragraph 4.1.1)

Extravagant appointment of contingency paid chauffeur

- High Commission of India London appointed a contingency paid chauffeur despite full complement of regular chauffeurs in the Mission on unacceptable reasons. He was paid wages and overtime allowance at rates, which were about two times the minimum of the scale of the locally recruited driver. Besides his wages at the rate of £ 1000 per month, he was paid overtime allowance at an average of £ 700 per month. The total payment made to him during one year of his appointment was Rs 5.59 lakh.

(Paragraph 4.1.2)

Inadmissible advance increments to local staff

- As per the rules, the competent authority can grant advance increments up to a maximum of five only at the time of initial recruitment. Advance increments are not to be granted as reward for meritorious service by heads of missions nor on subsequent appointment to a higher or lower local post. High Commission of India London granted

one to five advance increments to 24 locally recruited staff after three to 39 years of their continuous service during March 1995 to September 1996 in violation of the rule. In seven cases, the advance increments were granted after promotion to the subsequent grades. Apart from inadmissible payment of Rs 14.93 lakh until August 1997, it has resulted in recurring liability of inadmissible payment.

(Paragraph 4.1.3 i)

- Repeated grant of advance increments on change of grade to two employees in the Embassy of India Vienna in disregard of the rules resulted in an overpayment of Rs 6.98 lakh besides the recurring liability.

(Paragraph 4.1.3 ii)

Inadmissible enhancement of cost of living allowance

- Embassy of India Stockholm granted inadmissible Cost of Living Allowance of Rs 13.08 lakh to locally recruited staff including the staff of the Tourist Office.

(Paragraph 4.1.4)

Non-recovery of excess payment

- Ministry of External Affairs did not recover overpayments aggregating Rs 5.26 lakh from an ambassador before his retirement.

(Paragraph 4.1.5)

Violation of Limit on delegated powers

- High Commission of India London spent Rs 20.76 lakh in violation of limit on delegated powers to the Government of India's Representatives abroad, which included expenditure of Rs 15.83 lakh on upholstery, Rs 2.47 lakh on purchase of conference table and Rs 1.88 lakh on purchase of washing machine, drier, TV and music system for the residence of an officer.

(Paragraph 4.2)

Renting of accommodation beyond entitlement : PMI Geneva

- Hiring of residential accommodation by Permanent Mission of India Geneva consisting of double the entitled accommodation resulted in extra expenditure of Rs 57.73 lakh in less than three years.

(Paragraphs 4.3.1)

Retention of hotel accommodation as residence for over three years

- The Consul General Vladivostok continued to stay in hotel accommodation for three years seven months instead of hiring a residential accommodation and spent Rs 57.15 lakh on rent of the hotel. Compared to the rent of the accommodation to which he finally shifted on the instructions of the Ministry, the extra expenditure on his

stay in hotel in violation of the rules and instructions of the Ministry was Rs 44.59 lakh.

(Paragraph 4.3.2)

Non -recovery of repatriation advance

- Regional Passport Officers did not recover repatriation advance of Rs 22.07 lakh paid by the Indian missions abroad to the individuals for their repatriation.

(Paragraph 4.6)

Questionable purchase of computer system

- Embassy of India Washington purchased a computerised "Passport and Visa Application Management System" for Rs 15.60 lakh in violation of limit on the delegated powers to the missions abroad. The system remained largely unutilised since its purchase in September 1994. Ministry of External Affairs was still in the process of developing a software for consular work at missions abroad.

(Paragraph 4.7)

Ministry of Finance- Department of Economic Affairs

Extra expenditure of Rs 3.23 crore

- General Manager, India Security Press delayed finalisation of decision on tender for purchase of paper. This led to expiry of the validity period of the bid. Purchase on the basis of subsequent tenders cost the Government an extra Rs 3.23 crore.

(Paragraph 5.1)

Avoidable expenditure of Rs 68.20 lakh

- General Manager India Government Mint Mumbai reimbursed Rs 68.20 lakh to Assistant Director Shipping Mumbai towards demurrage/detention charges during 1994-97 without investigating the reasons and effective efforts to contain the demurrage charges. The demurrage charges jumped from an average of Rs 79000 during 1992-94 to Rs 36.16 lakh during 1996-97.

(Paragraph 5.2)

Avoidable expenditure due to airlifting of ink

- General Manager Currency Note Press Nasik had to airlift quick setting printing ink from abroad at an extra expenditure of Rs 60.96 lakh during 1992-96 compared to the cost of sea freight due to deficient procurement planning. While the cost of airlift was between 11.94 to 41.49 *per cent* of the value of the ink airlifted, the sea freight was only 0.92 to 2.79 *per cent* of the value of the consignment.

(Paragraph 5.3)

Premature release of grant

- The annual budget grant of ministries/departments are meant for utilisation during that year and not for advance release for future use. Department of Economic Affairs prematurely released Rs one crore to a Non Government Organisation in November 1994, for use at the rate of Rs 50 lakh each in 1995-96 and 1996-97.

(Paragraph 5.5)

Non-realisation of penalties

- Deputy Director Enforcement Directorate Calcutta failed to recover penalties of Rs 1.19 crore in 281 cases under FERA during 1983 to 1996 due to his failure to follow up with the district collectors, to whom, these were referred for recovery.

(Paragraph 5.7)

Ministry of Food Processing Industries

Non-utilisation of grants

- This Report includes two cases in which Rs 7.45 crore released as grants to the State Governments and NGOs by the Ministry of Food Processing Industries for setting up food processing and training centres in rural areas and rice mill huller modernisation remained unutilised for four to 14 years.

(Paragraphs 6.1 & 6.2)

Ministry of Health and Family Welfare - Department of Health

Procurement of Microscopes

- Procurement of microscopes under Malaria Eradication Programme by DGHS at higher rates, ignoring the lower bids on invalid grounds resulted in extra expenditure of Rs 3.44 crore.

(Paragraph 7.1)

Loss due to time-expired medicines

- Medicines worth Rs 88.55 lakh outlived their useful life in the stock in Government Medical Store Depots Mumbai and Karnal.

(Paragraphs 7.2 & 7.3)

Ministry of Home Affairs

Unauthorised purchase of vehicles

- Director National Police Academy Hyderabad un-authorisedly purchased eight motor vehicles and three motor cycles for Rs 19.99 lakh against the sanction of the Ministry for purchase of driving simulator for imparting driving training to IPS probationers. In the

process, he unilaterally increased the fleet of vehicles in the Academy, which would have recurring impact of increased operational and maintenance cost.

(Paragraph 8.1)

**Ministry of Human Resource Development
Department of Education**

Extra expenditure on publication of advertisements

- OSD to Human Resource Minister directly placed orders on a private agency for release of two advertisements in violation of the Allocation of Business Rules, under which all Government advertisements are to be issued through DAVP. The cost of advertisements was Rs 1.37 crore against Rs 43.88 lakh, if the advertisements were issued through DAVP. The extra cost of this improper action was Rs 93.12 lakh.

(Paragraph 9.1)

Ministry of Information and Broadcasting

The Paragraphs in this Chapter relate to arbitrariness in permitting excess free commercial time (FCT) and lower sponsorship fee in sponsored programmes, favourable terms and conditions in the commissioned programme, non-realisation of dues from the advertising agencies for exclusive marketing rights, delay in realisation of dues against telecast of advertisements by the accredited agencies and unfavourable contract with World Tel for Four Nation Independence Cup.

Excess Free Commercial Time and lower sponsorship fee

Sponsorship fee is charged for telecast of sponsored programmes by Doordarshan. The sponsors are given FCT to enable them to meet the cost of the programme including the sponsorship fee paid by them besides generating profit through sale of the FCT. The sponsorship fee and free commercial time for sponsored programmes of different categories, mainly classified on the basis of the time of telecast and type of programme, are determined as per the Rate Card approved by the Ministry from time to time.

Four Nation Independence Cup

- DG Doordarshan paid Rs 3.40 crore to World Tel for production of the programme for telecast of 'Four Nation Independence Cup' without examining their estimates in a transparent manner. Besides, DG Doordarshan assumed and paid income-tax liability of Rs 99.66 lakh due to entering into contract with the foreign principal rather than with the Indian subsidiary. Even in payment of the income tax, DG

Doordarshan made payment on the gross value of Rs 3.40 crore rather than on the 'income chargeable'.

- Doordarshan did not recover Rs 9.80 crore of the total dues of Rs 18.06 crore from the advertising agency UTV until November 1997 for commercial utilisation of the advertisement time during the telecast of the matches. The correctness of the value of total sale of commercial time during the matches intimated by the advertising agency was not ascertainable in the absence of information on the actual commercial time utilised by them.

(Paragraph 11.1)

Loss of Rs 7.24 crore

- DG Doordarshan entrusted the telecast rights for commercial advertisements during telecast of 'Four Nations Cricket Tournament-Sri Lanka' and 'US Open Tennis Tournament' held in September 1994 and 'World Cup Hockey Tournament-1994' to Nimbus Communications Mumbai on minimum guaranteed amount plus sharing of revenue beyond the minimum guarantee/specified amount. However, Controller of Sales accepted whatever amount was shown as revenue by the advertising agency, without working out the revenue on the basis of the spot buy rate of the Doordarshan's Rate Card. The amount foregone by this improper decision in the three tournaments aggregated to Rs 7.24 crore.

(Paragraphs 11.2 & 11.3)

Good Morning India

- Within one day of the original approval, DG Doordarshan changed the FCT and other conditions in favour of the sponsors NDTV by allowing them FCT of 720 seconds in place of the admissible 300 seconds and deleting the term for sharing of revenue. Besides, DG Doordarshan assumed responsibilities of co-production and aggressive marketing in a sponsored programme, the benefit of which was to accrue entirely to the sponsor. The value of excess FCT granted to the sponsor during 25 April to 30 September 1996 was Rs 6.48 crore.

(Paragraph 11.4)

News Hour

- DG Doordarshan provided many concessions to NDTV, the producers of the programme 'News Hour' telecast on DD-III resulting in a benefit of Rs 3.02 crore. The concessions included full funding of the programme for some period, incorrect reckoning of cost resulting in financing at double the reasonable rate, non-recovery for the use of footage of this co-produced programme by the producers in their

sponsored programme, namely 'News Tonight' etc. Besides, Doordarshan did not recover the sponsorship fee of Rs 29.50 lakh.

(Paragraph 11.5)

Entertainment Now

- Grant of disproportionate FCT to the sponsors for the telecast of a four and a half minutes programme 'Entertainment Now' by Prithvi Nandy Communications on Metro channel on five days a week resulted in a benefit of Rs 5.72 crore to the sponsors during June 1996 to October 1997. The likely benefit in 65 subsequent episodes approved for telecast after October 1997 would be another Rs 1.14 crore. The DG provided FCT of 110 seconds in a programme of total duration of only four and a half minutes in place of permissible 35 seconds. The commercial value of excess FCT for each episode was Rs 1.87 lakh.

(Paragraph 11.6)

MTV

- Grant of 30 seconds of excess FCT for half an hour slot by DG Doordarshan for the sponsored programme 'MTV' telecast on Metro channel resulted in concession of Rs 5.90 crore during October 1994 to October 1995. For the midnight one hour slot, DG Doordarshan charged sponsorship fee at half of the Rate Card rate entailing a loss of Rs 16.40 lakh. Besides, failure of Doordarshan to double the sponsorship fee during the second year of the programme despite a decision to this effect taken earlier and despite offer of the sponsors of the MTV for the same led to a loss of revenue of Rs 3.01 crore. The total loss to Doordarshan was Rs 9.07 crore.

(Paragraph 11.7)

Alif Laila

- Fixing of lower amount of minimum guarantee in lieu of extra commercial time and the sponsorship fee, than chargeable on the basis of the Rate Card for the sponsored programme 'Alif Laila' on National Network without any basis led to a loss of Rs 3.74 crore to Doordarshan with equivalent benefit to the sponsors, namely P.S. Films Mumbai. DG Doordarshan did not revise the minimum guaranteed amount consequent upon revision of the Rate Card even while granting extension.

(Paragraph 11.8)

Metro Club and Hello Bombay

- Disproportionate FCT granted in the sponsored programme 'Metro Club', by Drishti India Ltd. and 'Hello Bombay' by Prominent, New Delhi resulted in a benefit of Rs 2.53 crore and Rs 42.38 lakh respectively to the sponsors.

(Paragraph 11.9)

Undue benefit to sponsors

- Charging of lower sponsorship fee, failure to charge premium on repeat telecast of the sponsored programmes 'Janani', 'Mone Rekho Mor Gaan', 'Gaan Niye' and 'Mahanayak' by Director Doordarshan Kendra Calcutta resulted in a benefit of Rs 2.50 crore to the sponsors.

(Paragraph 11.10)

Non-recovery of outstanding dues

- Sample checks in Doordarshan Kendras Chennai, Lucknow and Calcutta disclosed that the system of monitoring the collection of amounts due from accredited agencies for utilisation of telecast time by them for advertisements was deficient. The outstanding dues at the three Kendras at the time of the audit stood at Rs 3.89 crore besides penal interest of Rs 79.94 lakh. Director Doordarshan Commercial Services New Delhi and the Directors of Kendras were not enforcing the term of contract under which the accreditation is liable to be terminated for default in payment on more than three occasions during a year.

(Paragraph 11.13)

Election Commission of India

- Hasty purchase of one and a half lakh Electronic Voting Machines at Rs 73.50 crore in 1990 by the Election Commission of India without careful study of the anticipated problems associated with their use has rendered the entire expenditure wasteful. None of the problems which have thwarted their utilisation were such as could not be anticipated before their purchase.

(Paragraph 12.1)

Ministry of Surface Transport

Road Improvement Project

- Delay by Ministry of Surface Transport in communication of their approval of the bid for contract of widening of Vishakhapatnam-Bhubaneswar section of National Highway No. 5 resulted in the expiry of the validity period. The extra expenditure in the re-tender was Rs 12.64 crore. Besides, inadmissible payments of Rs 70.70 lakh on the two sections of road improvement project on National Highway No 5 were also noticed.

(Paragraph 13.1)

Unintended benefit to the contractor

- Executive Engineer National Highways Division 45 in Tamil Nadu paid an excess amount of Rs 45.99 lakh to a contractor for the work widening of National Highway No. 45 from km 27/8 to km 67/0 due to reimbursement of seigniorage charges, which was not admissible.

(Paragraph 13.2)

Failure to encash bank guarantee

- ❑ Negligence of the Executive Engineer Express Highways Division No. 1 Ahmedabad in encashment of bank guarantee due to default in completion of the work by the contractor resulted in non-realisation of Rs 58.25 lakh.

(Paragraph 13.3)

Unintended benefit to a lessee

- ❑ Executive Engineer Roads and Building Division Vijayawada converted the security deposit and earnest money deposited by a contractor, entrusted with collection of toll on a bridge across river Krishna on National Highway No. 5, into FDRs in the name of the contractor and allowed him the benefit of interest of Rs 17.32 lakh.

(Paragraph 13.4)

Delay in construction of road overbridge

- ❑ Delay by Western Railway in taking up the construction of road overbridge to ensure that it was ready by the time the widening of the Ahmedabad-Vadodara National Highway No. 8 was completed at a cost of Rs 3.38 crore, has delayed the realisation of value for money spent on the road widening work.

(Paragraph 13.5)

Ministry of Water Resources

Extra expenditure due to cancellation of cheque

- ❑ Central Water Commission paid an extra amount of Rs 36.72 lakh on purchase of a plot due to cancellation of the cheque already issued to Greater Cochin Development Authority on account of non-availability of funds during 1994-95. However, examination of the Appropriation Accounts of the Ministry for 1994-95 disclosed that there was a saving of Rs 2.07 crore under capital (voted) section while the amount required to be paid was only Rs 1.44 crore.

(Paragraph 15.1)

Extra expenditure

- ❑ General Manager Farakka Barrage Project permitted subletting the work of repairs/rectification of the gates to a private contractor on back to back basis by Rastriya Pariyojna Nirman Nigam Limited in violation of the rules. Ministry of Water Resources regularised the unauthorised action of GM FBP as *fait accompli* without fixing any responsibility. The RPNN got Rs 32 lakh as percentage charge without any reason.

(Paragraph 15.2)

Union Territories
Andaman and Nicobar Administration
Ministry of Home Affairs

Extra expenditure on extension of runway

- For extension of runway at Port Blair, Andaman Public Works Department (APWD) engaged Rail India Technical and Economic Services (RITES) as consultant for field survey, geo-technical investigations, preparation of structural drawings, preliminary cost estimates etc. The project included extensive earthwork. Based on their geo-technical investigation, RITES prepared the tender documents and bill of quantities for the earthwork. However, the actual quantities during execution varied abnormally from the estimate of quantities of earthwork in different kinds of soil as framed by RITES, thus, upsetting the calculations on the basis of which the contract was awarded.

Itemwise analysis of the rates quoted by the first and the second lowest tenderers revealed that the second lowest tender would have been the lowest, had the estimation been done correctly by RITES. Due to wrong estimation of the work by the consultant, APWD incurred extra expenditure of Rs 32.76 lakh for the portion of work executed till January 1997. The likely extra expenditure for the remaining work would be Rs 3.52 crore.

(Paragraph 16.1)

Delay in fabrication of chassis

- Deficient planning and failure to assess the competence and capacity of the fabricating firms in Andaman and Nicobar Islands coupled with lack of effective follow up action resulted in delay in fabrication of 16 chassis worth Rs 64.46 lakh for more than 31 months.

(Paragraph 16.2)

Failure to provide night navigation

- Failure of the Chief Administrator, Port Management Board to assess the condition of the buoys for installation of gas cylinders on them resulted in idling of the equipment worth Rs 19.50 lakh besides infructuous expenditure of Rs 16 lakh on their installation. This also frustrated the objective of providing night navigation facilities for about eight years.

(Paragraph 16.3)

Unrecovered stock: Rs 24.90 lakh

- Handing over the work of distribution of agricultural inputs to the Consumers' Co-operative Stores Port Blair by Director of Agriculture Andaman and Nicobar Administration without proper assessment of its

capabilities and his failure to provide safeguards led to uncertainty over recovery of stock of agricultural inputs of Rs 24.90 lakh.

(Paragraph 16.4)

Unfruitful expenditure on a centre

- Lack of adequate survey to evaluate the viability of setting up of a Labour Welfare Centre at Rutland resulted in unfruitful expenditure of Rs 10.79 lakh.

(Paragraph 16.5)

Ministry of Surface Transport

Excess payment of freight

- The Executive Engineer Central Stores and Workshop Division paid excess freight charges of Rs 29.80 lakh on transportation of machinery at valuable cargo rates rather than at the lower rate prescribed for machinery.

(Paragraph 16.7)

Chandigarh Administration

Ministry of Urban Affairs and Employment

Idle investment

- 240 tenements constructed at an investment of Rs 1.95 crore in October 1994 on site adjoining the forest land for rehabilitation of slum dwellers remained idle for over three years due to their construction without verifying the limitation of the site by the Chandigarh Administration.

(Paragraph 16.9)

Lakshadweep Administration

Working of Electricity Department

- The capital and revenue expenditure of the Electricity Department during 1990-97 was Rs 95.20 crore while total revenue collected by sale of electricity during the same period was Rs 6.57 crore, which was only seven per cent of the total expenditure.
- Even after investment of Rs 5.39 crore on solar energy projects during the last seven years, practically no benefit was derived. All projects were languishing.
- Preparation of proforma accounts was in arrears since 1991-92. The accumulated losses upto 1990-91 were Rs 24.01 crore.
- Transmission and distribution loss was high considering the short distances over which electricity is transmitted in the Island.
- Department suffered a loss of Rs 39.18 lakh due to shortage of 608.89 KL of HSD oil in transit during January 1992 – March 1995.

(Paragraph 16.12)

Recoveries at the instance of Audit

- This Report contains five Paragraphs two relating to Ministry of Commerce, one each to Ministries of Industry and Urban Affairs and Employment and one to Chandigarh Administration, where recoveries were made by departmental officers upon being pointed out by Audit. Out of the total excess payment/non-recovery of Rs 2.81 crore pointed out by Audit, the departmental offices recovered Rs 1.61 crore and assured the recovery of another Rs 1.20 crore.

(Paragraphs 3.2, 3.5, 10.1, 14.3 & 16.8)

Follow up on Audit Reports-Summarised Position

- Despite repeated instructions/recommendations of the PAC, various ministries/departments did not send remedial Action Taken Notes on 158 Audit Paragraphs included in the Reports relating to civil ministries, Other Autonomous Bodies and Scientific Departments. Out of these, 82 Paragraphs were those which were included in the Audit Reports of 1989 to 1996.

(Paragraph 17.2)

Response of the ministries/departments to draft Audit Paragraphs

- Despite recommendation of the PAC, followed by directions of the Finance Ministry to all ministries/departments to send their comments on the draft Audit Paragraphs, which are forwarded to the secretaries of the ministries/departments through Demi Official letters, within six weeks, secretaries of the ministries/departments did not send replies to 60 Draft Paragraphs included in this Report.

(Paragraph 17.3)

1.1 Non-realisation of inspection fees

Plant Protection Officer failed to realise inspection fee of Rs 34.79 lakh from importers even after three years of vacation of stay by court.

The importers of wood-logs have to pay inspection fee at the rate of Rs 40 per 1000 Kg or part thereof to meet the cost of inspection of consignments before their release for domestic consumption in terms of Plant, Fruits and Seeds (Regulation of Import into India) Order, 1989. The importers, however, challenged the applicability of the orders to commercial timber logs imported to India in the High Court of Karnataka in January-June 1990.

Inspection fee of Rs 69.36 lakh was due from importers of wood-logs.

The High Court of Karnataka passed interim orders during March-June 1990 that the importers would pay 25 *per cent* of the prescribed inspection fees and provide bank guarantee for the balance amount which should be valid till the disposal of the writ petitions. The importers paid Rs 17.34 lakh, being 25 *per cent* of Rs 69.36 lakh and furnished bank guarantees for remaining amount of Rs 52.02 lakh. The petitions were dismissed on 21 March 1994 in favour of the Government.

Rs 34.79 lakh out of that could not be realised due to failure to ensure valid bank guarantees by the importers.

60 importers were liable to pay Rs 69.36 lakh towards inspection fees relating to wood-logs during March 1990-94. The Plant Protection Officer, Plant Quarantine and Fumigation Station Willingdon Island Cochin recovered Rs 17.23 lakh from the importers during April 1996 - October 1997. He could not realise Rs 34.79 lakh from importers due to his failure to ensure that the importers maintained valid bank guarantees during the period of litigation.

Thus, failure of Plant Protection Officer to take prompt action on dismissal of importers' petitions by the High Court resulted in non-realisation of inspection fees of Rs 34.79 lakh.

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

1.2 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Note on one Audit Paragraph.

With a view to ensuring enforcement of accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC) decided in 1982 that Ministries/Departments should furnish remedial/corrective Action Taken Notes (ATNs) on all Paragraphs contained therein.

PAC recommended submission of all pending ATNs up to 1995 within three months.

From 1995-96, ATNs are to be submitted within four months of placing the Report on the Table.

The Committee took a serious view of the inordinate delays and persistent failures on the part of large number of Ministries/Departments in furnishing the ATNs in the prescribed time frame. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended 31 March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of the Reports in Parliament.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of October 1997 revealed that though the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATN has elapsed in September 1997, the Ministry did not submit ATN on Paragraph No. 1.1 : 'Wasteful expenditure', included in this Audit Report.

The position of pending ATN was referred to the Ministry in October 1997; their reply was awaited as of November 1997.

2.1 Loss due to non-recovery of Excise duty

Failure of Coal Controller to enforce the provisions of Colliery Control Order, 1945 and Coal Mines Act resulted in non-recovery of Excise duty of Rs 6.39 crore.

The Colliery Control Order, 1945, prescribes that no coal mine or seam or section of seam, can be opened without the prior permission of the Central Government. Further, as per the Coal Mines (Conservation and Development) Act 1974, Excise duty is to be levied and collected on all coal raised and despatched from the collieries in India at such rates as may be fixed by the Government from time to time.

Scrutiny of documents of the Coal Controller's Organisation revealed that at least 18.248 million tonne of coal was despatched from coal mines of Meghalaya during 1990-96 by the unorganised sector without obtaining permission required under the Colliery Control Order. Excise duty aggregating to Rs 6.39 crore on 18.248 million tonne of coal, thus, despatched was not collected under the provisions of the Act.

The Coal Controller stated, in February 1997, that the matter was under examination and being pursued with the Government of Meghalaya and the North-East Frontier Railways to enforce the provisions of the Act. Though, unauthorised mining and despatch of coal was known to the Coal Controller since 1988, he failed to enforce the provisions of the Colliery Control Order and the Coal Mines (Conservation and Development) Act on the illegally operated coal mines which resulted in loss of revenue of at least Rs 6.39 crore during 1990-96.

The matter was referred to the Ministry in May 1997; their reply was awaited as of November 1997.

Excise duty of Rs 6.39 crore was not collected on 18.248 million tonne of coal.

3.1 Wasteful expenditure on rent

Failure of DGFT to ensure compliance of his orders for surrender of excess accommodation by JDGFT Chennai for seven years and violation of the orders of the superior authority by JDGFT led to a wasteful expenditure of Rs 1.33 crore and continued waste of Rs 1.09 lakh per month from November 1997.

Office of JDGFT Chennai was located in rented building of 45237 sq. ft.

Director General of Foreign Trade (DGFT) New Delhi asked the Joint Director General of Foreign Trade (JDGFT) Chennai in November 1990 to re-assess their requirement of accommodation and surrender the surplus with immediate effect. The Office of the Joint Director General Foreign Trade (JDGFT) was located in a hired building at Peters Road, Chennai. The accommodation comprised of 45237 sq. ft., consisting of basement and three floors and was hired at Rs 2.11 lakh per month.

Scrutiny of documents relating to the hired accommodation disclosed the following:-

JDGFT took three years to write to Assistant Estate Manager for assessment and another two years to send the proforma.

(i) JDGFT, Chennai took about three years to approach the Assistant Estate Manager Chennai in September 1993 for assessment of requirement of accommodation. Since he did not furnish the requirement of accommodation in the prescribed proforma, the Assistant Estate Manager had to revert back requesting him to do so. The JDGFT Chennai finally supplied the information in the prescribed proforma in December 1995 to the Assistant Estate Manager i.e. more than two years after their first reference. The Assistant Estate Manager took another 10 months to assess the requirement of accommodation for the office of JDGFT Chennai and fixed it at 10500 sq. ft. in October 1996. Since the Ministry of Urban Development has fixed norms for office accommodation there was no need for JDGFT Chennai to hold on to excess hired accommodation. He could have assessed the entitlement of plinth area for his office and de-hired the excess accommodation.

DGFT did not insist on compliance.

(ii) DGFT did not insist on prompt compliance to his orders of 1990 for re-assessment of the requirement and surrender of the excess accommodation by JDGFT Chennai, despite obvious excess accommodation held by that office, entailing wasteful recurring

DGFT went on granting sanctions for hiring for seven years.

JDGFT did not apply for general pool accommodation.

JDGFT held 4.5 times the accommodation and wasted Rs 1.62 lakh per month totalling Rs 1.33 crore.

Even now he held 3.2 times the entitled accommodation leading to waste of Rs 1.09 lakh per month.

Responsibility needs to be fixed for the wasteful expenditure.

expenditure. DGFT could have determined the optimal requirement of the accommodation for JDGFT Chennai on the basis of the norms prescribed by the Ministry of Urban Development and asked him to surrender the excess.

(iii) DGFT not only failed to ensure compliance to his orders but, in effect, abetted the imprudent action of JDGFT Chennai in holding on to the excess accommodation by issue of sanctions for continuation of hiring of accommodation from 1990, right through 1997.

(iv) Despite request by Assistant Estate Manager in April 1991, followed by a reminder in July 1991, JDGFT Chennai did not apply for office accommodation in proposed general pool office accommodation building in preference to the rented building.

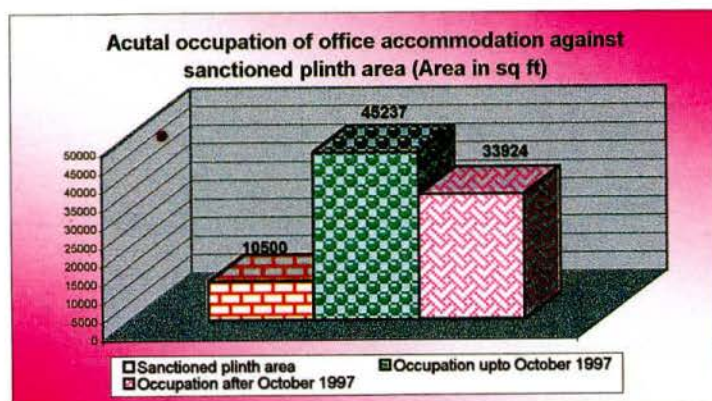
(v) Even after six years of the order of DGFT to surrender the excess accommodation and one year after the Assistant Estate Manager fixed the requirement of his office in October 1996 at only 10500 sq. ft. against 45237 sq. ft. held by his office, JDGFT continued to occupy almost four and half times the accommodation, during which he continued to incur avoidable monthly rent of over Rs 1.62 lakh.

(vi) Even after re-assessment of requirement by the Assistant Estate Manager in October 1996, he surrendered only 11313 sq. ft. one year later, in October 1997, while he should have surrendered 34737 sq. ft. The total wasteful expenditure on rent for 82 months on excess accommodation from January 1991 to October 1997 aggregated to Rs 1.33 crore.

(vii) After October 1997, when he surrendered only 11313 sq. ft. of the excess accommodation of 34737 sq. ft., JDGFT Chennai was

still holding an excess accommodation of 23424 sq. ft. which is 3.2 times his requirement and entails the wasteful liability of Rs 1.09 lakh per month towards rent at the current rate.

The entire transaction unduly benefited the Landlord at the cost of Government (Rs 1.33 crore up to October 1997 and Rs 1.09 lakh/month thereafter) because the JDGFT Chennai disobeyed Government orders by



delaying action and DGFT failed to secure compliance. Disciplinary action is recommended against all those responsible.

The matter was referred to the Ministry in July 1997; their reply was awaited as of December 1997.

3.2 Recovery at the instance of Audit

Joint Director General Foreign Trade, Mumbai initiated action for recovery of Rs 32.65 lakh paid erroneously as cash compensatory support after being pointed out by Audit.

Test check of the accounts in the office of Joint Director General Foreign Trade Mumbai disclosed that the erstwhile Joint Chief Controller of Imports and Exports Mumbai had paid excess cash compensatory support (CCS) of Rs 32.65 lakh in two cases by misclassifying items of export. The Joint Director General, Foreign Trade Mumbai initiated action for recovery of the excess payment after being pointed out by Audit in October 1996/June 1997 as under:-

- (i) Incorrect classification of 'air and gas compressors' as inlet and 'exhaust valves for reciprocating engines and compressors' led to an excess payment of CCS of Rs 4.14 lakh, since he paid CCS at 6.75 *per cent* in place of six *per cent* of the FOB value due to misclassification.
- (ii) In another case, incorrect classification of items of 'surgical, medical (including electro-medical) instruments' as 'electronic equipment' led to the payment of CCS at 15 *per cent* in place of the admissible 10 *per cent* in December 1989 and January 1990. This resulted in excess payment of Rs 28.51 lakh.

The Ministry stated, in October 1997, that Joint Director General, Foreign Trade Mumbai had initiated action for recovery of excess payment. Confirmation of actual recovery was awaited as of December 1997.

3.3 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on two Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of October 1997 revealed that though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997, the Ministry/Department did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	2.2	Inadmissible payment of Cash Compensatory Support.
2 of 1997	2.3(b)	Recovery at the instance of Audit.

In case of Para 2.2 the Ministry stated, in November 1997, that JDGFT, Mumbai had initiated recovery proceedings against the exporters.

3.4 Non-recovery of general damages of Rs 4.23 crore

DGSD did not recover the general damages of Rs 4.23 crore from a firm which defaulted in supply of cement.

The firm supplied only 34670 tonne against the order for 1.37 lakh tonne.

CPWD incurred extra expenditure of Rs 96 lakh on local purchase.

Additional cost of Rs 96 lakh by CPWD were not recovered.

General damages of Rs 4.23 crore were not recovered.

The Director General Supplies and Disposals (DGSD) placed order on Udaipur Cement Works Udaipur during January - March 1990 for supply of 1.37 lakh tonne cement at a cost of Rs 17.65 crore to 90 consignees. The firm supplied 34.67 thousand tonne only. DGSD cancelled the contract at the risk and cost of the firm on 9 April 1991, after giving due performance notice to them.

The Central Stores Division, Central Public Works Department (CPWD) New Delhi was one of the consignees, to whom supply of 33750 tonne of cement was to be made by the firm at the rate of Rs 1238.02 per tonne. The firm supplied only 10674.60 tonne to them. Due to default in supply by the firm, they purchased 20938.40 tonne of cement locally at Rs 1740 and Rs 1650 per tonne. CPWD, thus, incurred an extra expenditure of Rs 96.12 lakh in making alternative purchase. DGSD, however, did not take action for recovery of the extra expenditure incurred by them on the ground that the local purchase by CPWD was not a valid risk purchase.

The DGSD neither made risk purchase nor recovered general damages from the firm. Based on the price paid by CPWD on local purchase of cement in August 1990 from Manglam Cement Ltd. Kota at the rate of Rs 1650 per tonne, the general damages at the rate of Rs 411.98 per tonne for the defaulted quantity of 1.03 lakh tonne worked out to Rs 4.23 crore.

The Deputy Director General (K) DGSD stated, in October 1997, that based on the market rates on the date of the breach, the general damages had been worked out and the advice of the Ministry of Law was being sought before issuing a demand notice to the firm. DGSD did not take effective action for seven years after the breach of contract.

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

3.5 Recoveries at the instance of Audit

Chief Controller of Accounts, Department of Supply New Delhi and DGSD's unit at Chennai recovered Rs 45.61 lakh and Rs 1.79 lakh respectively from the firms after being pointed out by Audit.

(a) Chief Controller of Accounts, Department of Supply had made over-payments of Rs 42.05 lakh for oil products at higher rates, Rs 0.99 lakh due to arithmetical mistakes, Rs 1.56 lakh due to short levy of departmental charges and Rs 1.01 lakh due to issue of incorrect amendment letter by the DGSD. Upon being pointed out by Audit, the Chief Controller of Accounts, Department of Supply recovered Rs 45.61 lakh during 1996-97.

(b) In another case, the field unit of DGSD at Chennai issued demand notice for risk purchase cost of Rs 1.79 lakh on purchase of Hydrogen gas cylinders after being pointed out by Audit.

3.6 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on one Audit Paragraph.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of October 1997 revealed that though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997, the Ministry/Department did not submit ATN on Paragraph number 2.5 : 'Procurement of defective cranes', included in this Report.

4.1 Appointment/retention of personnel and inadmissible payments

The following cases disclosed unauthorised retention of staff in the missions despite orders of MEA for repatriation, extravagant appointment of a contingency paid chauffeur, payments of advance increments in disregard of the rules, etc.

4.1.1 Unauthorised expenditure on an unsanctioned post: HCI London

High Commission of India in London retained an officer after expiry of the terms of his deputation in disregard of the orders of the Government. Unauthorised expenditure of Rs 6.52 lakh was incurred on his pay, etc.

The proposal of HCI to retain the Attache (Hindi and Culture) after expiry of terms of deputation against the *ex-cadre post* of Personal Assistant was rejected by MEA.

The terms of deputation, which included three extensions of six months each after the initial terms of three years, of a Training Officer of the Central Translation Bureau, Ministry of Home Affairs to the post of Attache (Hindi and Culture) in the scale of Rs 2000-3500 in the High Commission of India (HCI) at London ended in October 1996. Ministries of External Affairs and Finance did not agree to proposal of the High Commissioner to retain him in the High Commission beyond October 1996 against an *ex-cadre post* of Personal Assistant, which stood automatically abolished in view of it lying vacant since its sanction in April 1991. In the meantime, his substitute also joined HCI on 29 October 1996.

Ministry repeatedly asked the HCI to relieve the official. It finally wrote to the HCI in February 1997 as under:

“The matter has been re-examined in consultation with Finance. Finance have not found this acceptable and, therefore, Dr. Arora would need to be relieved.”

Yet, the High Commissioner of India in London retained him against the non-existent post of PA beyond October 1996, without the approval of the Ministry and clearance of his parent department. His unauthorised appointment was continuing as of November 1997. The High Commissioner not only continued to retain him without any post,

HCI retained the officer without the approval of the Ministry and clearance of his parent department.

Unauthorised retention of the officer has resulted in unauthorised payment of pay and allowances, etc. of Rs 6.52 lakh.

but allowed him the pay of Rs 3500, which he was drawing at the time when his deputation had ended in October 1996. This was more than the maximum of the scale of the non-existent post of Rs 1640-2900 of the Personal Assistant, against which he was adjusted.

This unauthorised action, besides being in disregard of the Government orders resulted in unauthorised payment of £10730 equivalent to Rs 6.52 lakh towards his pay and allowances, etc. for the period November 1996 to November 1997. This also underscores the shortcoming in the pre-audit system of payment of pay and allowances in the accounts section of the HCI, London, which made unauthorised payment to him, despite his continuance without any post.

The matter was referred to the Ministry in July 1997; their reply was awaited as of November 1997.

4.1.2 Appointment of a contingency paid chauffeur: HCI London

High Commission of India at London appointed a contingency paid chauffeur at wages and overtime which substantially exceeded even the maximum of the pay scale of regular chauffeurs resulting in extravagance of about Rs 5.59 lakh.

High Commission of India (HCI) at London appointed Shri Vinod Tailor as a contingency paid chauffeur for the period 14 January 1995 to 24 March 1995 at a fixed salary of £540 per month and overtime @ £ four per hour up to a maximum of 100 hours per month and again from 24 January 1996 to 28 March 1996 and 11 April 1996 to 27 September 1996 at a fixed salary of £1000 per month plus overtime @ £ six per hour subject to a maximum of 150 hours per month. MEA's sanction for his continued appointment in the second spell but for a short break of 13 days, was not obtained.

Scrutiny of the appointment disclosed the following:

- (i) HCI appointed Shri Tailor during 24 January to 11 February 1996 and 08 to 28 March 1996, even though all the regular chauffeurs for their seven cars including the flag car, were available. The total expenditure of £ 2177 (equivalent to Rs 1.27 lakh at the current rate of exchange of £ 1 = Rs 58.49) towards wages and overtime paid to Shri Tailor was totally avoidable.

The appointment resulted in idling of a regular chauffeur and avoidable expenditure of Rs 1.27 lakh.

HCI appointed an additional driver for unacceptable reasons.

HCI paid double the minimum of the scale to the contingency paid driver.

The contingency paid driver was allowed overtime at an average of £ 700 per month which was about 89 per cent of his wages.

Payment for the period when he did not work.

(ii) HCI appointed Shri Tailor for the period 24 January to 28 March 1996 on the unacceptable ground that none of the India based chauffeurs had been able to familiarise themselves with the local traffic rules and were 'incapable of fulfilling the requirements of the job of the High Commissioner's chauffeur' even though HCI had locally appointed chauffeurs working since 1982 and 1987 and one India based chauffeur had already served in the Mission for nine months.

(iii) HCI paid extravagant wages to Shri Tailor during January to September 1996 @ £1000 per month which was almost double the minimum and 1.28 times the maximum of the scale of £ 540-8-780 of the locally recruited driver, despite instruction of the Ministry to fix the rate of daily wages employees at one thirtieth of the minimum of the equivalent grade for locally recruited employees. Further, there was nothing on record to indicate why Shri Tailor who in the earlier spell from 14 January to 24 March 1995 had been appointed at a salary of £ 540 per month which was the minimum of the pay scale of the regular driver, was given such a substantial raise in the second spell. HCI, thus, made an excess payment of £ 3988.20 equivalent to Rs 2.33 lakh due to inadmissible higher rate of daily wages.

(iv) Rather than limiting the overtime to the hourly rate arrived at by dividing the minimum of the scale of the local driver by the total normal duty hours per month, HCI paid overtime to him at the rate applicable to regular local chauffeurs resulting in an excess payment of £ 5141.12 equivalent to Rs 3.01 lakh. HCI paid overtime of £ 8344 during his total employment of about 12 months against total wages of £ 9433 only. His average monthly overtime worked out to about £ 700 per month.

(v) HCI paid wages of £ 433 equivalent to Rs 0.25 lakh for 01 to 10 April 1996 and 28 to 30 September 1996, during which he was not employed.

Thus, employment of a local driver without justification, payment of higher wages and overtime to him in disregard of MEA's orders resulted in avoidable expenditure of £ 9562.62, equivalent to Rs 5.59 lakh.

The matter was referred to the Ministry in July 1997; their reply was awaited as of November 1997.

4.1.3 Inadmissible advance increments granted to local staff: HCI London and Embassy of India Vienna

Irregular grant of advance increments to the locally recruited staff by the High Commission of India at London and the Embassy of India at Vienna resulted in total overpayment of Rs 21.91 lakh.

Administrative Ministry may grant a higher initial pay not exceeding five increments in the case of initial appointment to Government service.

Premature increments can not be granted for meritorious and loyal service or after promotion to any subsequent grade.

Fundamental Rule 27 lays down that an authority may grant a 'premature increment' to a Government servant on a time scale of pay, if it has the power to create a post in the same cadre on the same scale of pay. The financial powers delegated to the Ministries of the Government of India envisage that the Administrative Ministry concerned may grant a higher initial pay not exceeding five stages/increments in the scale of pay applicable to the post, having regard to the candidate's age, previous experience, qualifications and emoluments last drawn, etc. in the case of initial appointment to Government service. Government of India (Ministry of Finance) further decided in February 1968 that such powers should not be invoked, *inter alia*, to grant premature increments as a reward for meritorious work.

According to item no. 4 of Schedule IV of Financial Powers of Government of India's Representative Abroad, the Head of Missions can exercise the powers to sanction up to five increments in the case of local staff, who on initial appointment are placed on probation and paid at the minimum of the sanctioned scale of pay of the post and in such cases, the advance increments may be granted after completion of the probationary period either retrospectively from the date of appointment or from any subsequent date, having regard to age, previous experience and academic qualifications at the time of appointment. It further stipulates that these advance increments are not available to a local employee on his subsequent appointment to a higher/lower local post in the Mission in continuation of his initial appointment. Ministry of External Affairs (MEA) clarified further in March 1984 that since no provision in the Rules exists to grant advance increments for meritorious and loyal services, any particular case where the Head of Mission desired to grant advance increment on the ground of meritorious and loyal service, should be referred to MEA for relaxation of existing rules. This was reiterated in June 1988. Thus, under the powers delegated to HOM,

advance increments up to a maximum of five stages can be granted by HOM to any locally recruited employee only at the time of completion of the probationary period with regard to age, previous experience and academic qualification at the time of appointment and not from any subsequent period for meritorious and loyal service or after promotion to any subsequent grade.

HCI London

HCI at London sanctioned inadmissible advance increments to 24 local employees after three to 39 years of service.

(i) Scrutiny of the records of the High Commission of India (HCI) at London revealed that between March 1995 and September 1996 the Deputy High Commissioner granted one to five advance increments of the amounts ranging from £ six to £ 100 to 24 locally recruited staff after three to 39 years of continuous service rendered in HCI at London for reasons like incumbent's age and varied experience in HCI, dedicated and punctual service, educational qualification, etc. Further, in seven cases he granted the increments after promotion to subsequent grades.

Inadmissible advance increments resulted in overpayment of Rs 14.93 lakh.

Inadmissible grant of advance increments to locally recruited staff has resulted in total overpayment of £ 24600 (equivalent to Rs 14.93 lakh at the current official rate of exchange of £1 = Rs 60.68) during the period from 01 March 1995 to 31 August 1997 at the rate of £ 1093 per month. The inadmissible payments were continuing as of September 1997.

The matter was referred to the MEA in June 1997; their reply was awaited as of November 1997.

Embassy of India Vienna

Shri Thomas was granted three advance increments in the post of clerk/typist, five advance increments in the post of chauffeur and again five increments in the post of clerk/typist.

(ii) Scrutiny of the records of Embassy of India (Mission) at Vienna revealed violation of the above orders in the cases discussed below resulting in total overpayment of Rs 6.98 lakh.

(a) The Mission appointed Shri P.Thomas as typist/clerk from 7 April 1989 at a monthly salary of Austrian Schillings (AS) 6100, which included three additional increments granted to him from the date of appointment in the scale of AS 5500-200-8500. At his request, the Mission appointed him to the post of chauffeur from 24 July 1989 at a monthly salary of AS 5800 in the scale of AS 5800-200-8800. The Mission granted five advance increments to him from 24 October 1989 raising his pay to AS 6800 per month. On revision of pay of local employees from 1 April 1991, Mission fixed his pay at AS 10500 per

month in the scale of AS 8100-300-14100. He requested in June 1992 for appointment as a typist/clerk against a vacant post and was appointed as such from the same date at a monthly salary of AS 8250 in the scale of AS 8250-300-14250. HOM granted five advance increments again from 1 July 1993 raising his pay from AS 8550 to AS 10050.

Irregular grant of advance increments resulted in overpayment of Rs 4.09 lakh.

Since the Mission had already granted advance increments on his initial appointment as typist/clerk from 7 April 1989, grant of five advance increments to him in his subsequent appointments to the post of chauffeur and to the post of typist/clerk was in contravention of rules. This resulted in overpayment of AS 124594.02 equivalent to Rs 4.09 lakh at the current official rate of exchange of 1 AS = Rs 3.28 towards salary and other benefits. The recurring annual liability due to this unauthorised action of the HOM is AS 18000.

Shri Rajendran was granted five advance increments in the post of cleaner and again in the post of messenger resulting in overpayment of Rs 2.89 lakh.

(b) The Mission appointed Shri M Rajendran as cleaner from 6 February 1989 at a monthly salary of AS 5000 plus 43 *per cent* COLA in the scale of AS 5000-200-6000 and granted five advance increments to him from 5 May 1989 on completion of his probation raising his pay to AS 6000. The Mission appointed him to the post of messenger from 2 April 1991 in the scale of AS 8100-300-14100 and again granted him five advance increments from 1 July 1992 raising his pay to AS 9900 from AS 8400 in violation of the rules. This resulted in overpayment of AS 88050 equivalent to Rs 2.89 lakh at the current official rate of exchange of 1 AS = Rs 3.28 towards salary and other benefits as also recurring annual liability of AS 18000.

The total overpayment was Rs 6.98 lakh.

Thus, grant of advance increments in contravention of the orders of MEA resulted in total overpayment of Rs 6.98 lakh besides recurring annual liability of AS 36000.

The Mission stated, in September 1996, that in case of Shri Rajendran, MEA clarified in January 1992 that the advance increments may be granted in subsequent posts if appointment to that post is treated as fresh appointment and services in previous post is not counted for any terminal benefits. They added that advance increments to Shri Thomas were also granted on the same ground.

Contention of Mission is not tenable because according to the terms of the appointment orders issued by them in February 1989 for Shri Thomas and in April 1989 for Shri Rajendran, they were not entitled to any terminal benefit. The question of continuing of service in the previous post is not, therefore, relevant to the issue which has to be determined with reference to basic rule i.e. Item no. 4 of Schedule IV of

Financial Powers of Government of India's Representative Abroad which stipulates that the advance increments are not available to a local employee on his subsequent appointment to a higher/lower local post in the Mission in continuation of his initial appointment. This is also confirmed by MEA's telex dated 29 January 1993 vide which they had informed the Mission that Shri Thomas was sanctioned advance increments under delegated powers of HOM twice for the posts of typist as well as chauffeur, which was inadmissible under the rules. Despite order of MEA the Mission did not recover the amount of overpayments made on account of inadmissible increments highlights conflicting decision of the Ministry in the two cases.

The Ministry stated, in December 1997, that since the issue involves interpretation of rules, the matter was being examined in consultation with the concerned authorities.

4.1.4 Inadmissible enhancement of Cost of Living Allowance: Embassy of India and Government of India Tourist Office Stockholm

Increase in COLA granted to the locally recruited staff in contravention of the provisions of the orders of MEA resulted in overpayment of Rs 13.08 lakh to the staff of the Embassy of India and the Government of India Tourist Office at Stockholm.

Increase in COLA is admissible only when UN cost of living index goes up by more than 15 per cent.

Heads of Missions (HOMs) have been delegated powers under item no. 36 of Financial Powers of Government of India's Representatives Abroad to sanction Cost of Living Allowance (COLA) to the locally recruited staff up to a maximum cumulative figure of 50 *per cent* as and when the UN cost of living index goes up by more than 15 *per cent*. Ministry of External Affairs (MEA) advised all the Missions/Posts abroad in September 1993 that for these calculations the consumer price index pertaining to 'All Items' as per the UN monthly bulletins was to be taken into account and the net increase in cost of living index would be determined keeping in view :

i) the month and year in which the last COLA was released/or if no COLA had been released, the month and year in which the pay scales were last revised; and

ii) the month and year for which the latest UN cost of living index was available.

HOM granted increase of 20 per cent in the COLA from 1 March 1995 although increase in UN cost of living index in 1995 was below 15 per cent.

Embassy of India (Mission) at Stockholm sanctioned increases of 15 *per cent* in COLA to locally recruited staff in February 1990 and February 1993 under the delegated powers of HOM. In November 1995, HOM granted further increase of 20 *per cent* in the COLA effective from 1 March 1995. Audit analysis of the increases in COLA revealed that both in 1993 and 1995, these had not been worked out correctly as the computations were made with reference to the UN cost of living index of July 1987, the date from which the pay of local staff was revised, instead of those obtaining in 1990 and 1993 respectively, which was required to be the point of reference under the orders of MEA being the year in which the last increase in cost of living index had been granted. Fortuitously, the omission in 1993 did not result in any overpayment as even with reference to 1990, the increase in the UN cost of living index in 1993 was 21 *per cent* which was more than 15 *per cent*, the increase granted in COLA in 1993. The increase in UN cost of living index in 1995 over that in 1993 was, however, 5.10 *per cent* only.

The omission in granting a 20 per cent increase in COLA resulted in irregular payment of Rs 13.08 lakh to the locally recruited staff of the Mission and the Government of India Tourist Office.

As the increase in the UN cost of living index in 1995 over 1993 was less than 15 *per cent*, no increase in COLA was admissible in terms of the orders of MEA. The omission in granting a 20 *per cent* increase in COLA to the locally recruited staff resulted in excess payment of SKr. 207547 equivalent to Rs 10.87 lakh at the official rate of exchange of Re. 1 = SKr. 0.191, during March 1995 to February 1997. The action taken by the Mission also applied to the local staff in the Government of India Tourist Office at Stockholm where the excess payment on this account during the same period was SKr. 42240 equivalent to Rs 2.21 lakh. The inadmissible payment, which is still continuing, needs to be stopped.

Mission admitted the facts and stated, in February 1997, that they were taking up with MEA for waiver of past recoveries from the locally recruited employees as well as for an outright revision of their pay scales.

The matter was referred to the Ministries of External Affairs and Tourism in March 1997. While the reply from MEA is awaited as of November 1997, the Department of Tourism stated, in May 1997, that the recovery of the excess COLA paid to local staff in Government of India Tourist Office at Stockholm is not possible because both the employees are no more under the employment of Tourist Office.

4.1.5 Non-recovery of excess payments before retirement: Embassy of India Helsinki and Copenhagen

Inadmissible payments made to two Ambassadors amounting to Rs 5.50 lakh were not recovered before their retirement.

Despite MEA's instructions of December 1992, recoveries pointed out by Audit in respect of an ambassador were not recovered from him before his retirement.

The total amount recoverable from the officer is Rs 5.26 lakh.

In December 1992 Ministry of External Affairs (MEA) instructed all its Missions/Posts abroad to immediately recover from their officers and staff, the excess payments pointed out in audit. However, audit scrutiny of the records of the Embassy of India (Mission) at Helsinki revealed that excess payments of Rs 5.26 lakh made to Shri P.R.Sood, ex-Ambassador, were not recovered from him before his retirement from Government service on superannuation on 31 October 1995. Of this, Rs 4.30 lakh were pointed out by Audit after inspection of the Missions at Tunis and Helsinki at different points of time. The balance of Rs 0.96 lakh was pointed out by the Mission (after the retirement of the officer) and by the Chief Controller of Accounts of MEA. Although major part (Rs 3.51 lakh) of the recovery was pointed out to the Mission and MEA by Audit as far back as in 1995, the officer had not refunded even these amount as of November 1997. MEA also did not take action to recover the dues from the pay and allowances authorised to him while he was in service although his retirement was a clearly foreseen event and details of the recoverable amounts were available with MEA before this date.

The inadmissible payments aggregating Rs 5.26 lakh made to Shri Sood before his retirement on 31 October 1995 included drawal of inadmissible transfer passage, inadmissible claims relating to TA on tour, inadmissible medical claims, non-payment of residential electricity bills, use of Mission's credit card to make personal purchases, telephone calls in excess of the prescribed limit, etc.

Inadmissibility of payment were not pointed out by the Mission to the Ambassador before making such payments.

Records of the Mission also revealed that the then Head of Chancery (HOC), while releasing certain inadmissible or excess payments to Shri Sood, had not pointed out the inadmissibility of such payments to him. However, he sent a report to MEA after the retirement of the Ambassador pointing out recoveries amounting to Rs 0.95 lakh. When the MEA enquired in February 1996 from the later why the pending recoveries were not brought to their notice before the date of retirement of Shri Sood especially as the Mission was aware that Helsinki was his last posting before superannuation, the then HOC who was acting as the Charge 'd' Affairs, replied that under office order dated

31 October 1994 Shri Sood ' had restricted all communication addressed to any Government Ministry, Department or Public Sector Undertaking in India without his approval'.

Mission staff stated that the audit observation along with the copies of the vouchers were being forwarded to the MEA for further action.

Scrutiny of records of MEA in November 1997 revealed that MEA withheld the gratuity of Rs 1.96 lakh and decided to file a civil suit against him for recovery of government dues. However, MEA did not recover the government dues from cash equivalent of leave salary paid to him and Dearness Relief on pension. MEA stated, in November 1997, that they had appointed a lawyer in February 1997. However, the suit was yet to be filed as of November 1997.

Embassy of India Copenhagen

(ii) - In connection with the VVIP visit, the MEA permitted the then Ambassador of the Embassy of India at Copenhagen to stay in a hotel at Copenhagen i.e., the headquarters of the officer, with his wife for the period from 08 to 11 March 1995. The officer, however, sanctioned to himself and drew daily allowance of Dkr. 4046.29 (equivalent to Rs 24359 at the current official rate of exchange of 1 Dkr. = Rs 6.02) for 4 1/2 days in disregard of Rule 1(1) of Annexure XVIII of the IFS(PLCA) Rules which clearly provided that daily allowance can be drawn only during the absence of an officer from headquarters. The officer had retired in February 1996 but the amount of Dkr. 4046.29 (Rs 0.24 lakh) irregularly drawn by him was not recovered from him.

The Head of Chancery stated, in July 1996, that audit observation relating to drawal of daily allowance by former Ambassador was being sent to Pension Cell of MEA. Information regarding recovery of the daily allowance from the former Ambassador was awaited as of September 1997 in audit.

The matter was referred to MEA in April 1997; their reply was awaited as of November 1997.

4.2 Violation of limit on delegated powers

Disregard for compliance to the rules governing delegation of financial powers in High Commission of India at London resulted in expenditure of Rs 20.76 lakh for which they were not competent.

Violation of delegated powers resulted in unauthorised expenditure of Rs 20.76 lakh.

Replacement and renewals of furniture can be done up to Rs one lakh per annum.

Without the approval of MEA, the work of re-upholstery of 25 furniture items was executed.

The expenditure of Rs 15.83 lakh on the re-upholstery of furniture was beyond the powers delegated to HCI.

The financial powers to sanction expenditure by the Indian Missions and Posts abroad are regulated by the general conditions mentioned in the Financial Powers of the Government of India's Representatives Abroad and the specific conditions enumerated in the schedules thereto. Examination of records of the High Commission of India (HCI) at London revealed that they had exercised powers beyond those delegated by the MEA and incurred total unauthorised expenditure of Rs 20.76 lakh. The cases are discussed below.

(a) According to item no. 8 (b) (iii) of schedule 1 of Financial Powers of Government of India's Representative Abroad, expenditure on replacement and renewals of furniture in the residence of the Head of Mission can be incurred up to Rs one lakh *per annum*. The power is to be exercised by the HOM himself.

In response to a proposal in November 1994 of HCI for re-upholstery of furniture and supply of matching curtains for the reception area and dining hall of the residence of High Commissioner at an expenditure of £ 32122, MEA asked them in November 1994 to forward the proposal in form SP-1 along with the quotations. Instead of taking action on the lines advised by MEA, HCI got the work of re-upholstery of 25 furniture items done by a firm between November 1994 and March 1995 at the total cost of £ 26825.25 equivalent to Rs 15.83 lakh.

The expenditure of £ 26825.25 exceeded the delegated powers substantially and was, therefore, unauthorised. Further, the directions of MEA were also ignored. Besides, repair and renovation of furniture at the residence of HOM could be done within the delegated powers only with the approval of HOM himself. In the instant case the re-upholstery of furniture was done under the approval of Head of Chancery who was not competent to approve them.

In response to the audit observation the HCI endorsed in September 1997 a copy of their letter dated 5 August 1997 addressed to the MEA for *ex-post facto* sanction for upholstery of the furniture.

HCI purchased a conference table at a cost of Rs 2.47 lakh without obtaining the approval of MEA.

Although the expenditure exceeded the financial powers of HCI, the approval of MEA was not obtained.

Renewal or replacement of articles not prescribed in the scale was not permissible without special sanction of the Government.

HCI replaced articles not prescribed in the scale for the residence of the Deputy High Commissioner without obtaining approval of MEA.

Special advance for medical treatment may be given by the HOM/HOP to only the member of a Mission.

(b) In response to a tender notice issued by the HCI in February 1994 for the purchase of a conference table in connection with the visit of Prime Minister, only one firm quoted in February 1994 two rates i.e. £4300 for delivery by 25 March and £ 5350 for delivery by 13 March 1994. HCI took delivery of the table on 12 March 1994 on payment of £5350.

Although the cost of the table (Rs 2.47 lakh at the exchange rate of £1 = Rs 46.14 prevailing in March 1994) exceeded the financial powers of Rs 1.50 lakh conferred on the HOM for purchase of furniture under item no. 8 (a) (i) of Schedule *ibid*, the Head of Chancery purchased the table without obtaining approval of MEA.

Further, since HCI was aware of the visit of Prime Minister in the first week of January 1994, the same table could have been purchased from the same firm at £4300 instead of £5350 by taking steps to make purchases well in advance and thus avoiding extra payment of £1050.

(c) Para 24 (8) of Annexure (X) of IFS, (PLCA) Rules, provides that where the residence of the Head of the Mission/Post or any other officer contains any articles not prescribed in the scale and such article is the property of the Government, the Head of Mission/Post may incur expenditure on its maintenance and repairs, but no renewal or replacement of the article or any major component thereof shall be permissible without the special sanction of the Government.

HCI purchased a washing machine and drier in March 1996 and a TV and music system in February 1997 at the total cost of £ 3217 (equivalent to Rs 1.88 lakh at the current official rate of exchange of £1=Rs 58.49) in replacement of the old ones provided in the residence of the Deputy High Commissioner. Although such purchases were beyond the powers delegated to the HOM, the HCI purchased the same with the approval of the Deputy High Commissioner without obtaining prior approval of MEA.

The HCI endorsed in September 1997 a copy of their letter dated 14 August 1997 addressed to the MEA for *ex-post facto* sanction for the purchase of the aforesaid items.

(d) According to Rule 5, under Part II of Financial Provisions of the AMA Scheme, special advances for treatment may be given by the HOM/HOP to a member of the Mission in cases when expenditure to be incurred in his opinion is clearly beyond the capacity of the Government servant concerned. Such advance must be adjusted as early as possible. There is no provision under the AMA Scheme for payment of advance to a doctor for purchase of medical equipment and appliances.

HCI paid an advance of £1000 to a doctor although such advance could not be granted under the AMA Scheme.

HCI paid an advance of £1000 (equivalent to Rs 0.58 lakh at the current official rate of exchange of £1 = Rs 58.49) on 24 May 1994 to an empanelled doctor at his request for purchase of medical equipment/appliances and medicines for High Commissioner's treatment although such advance could be granted only to a member of the Mission in terms of the provision of the AMA Scheme and not to the doctor. There was no evidence of the advance having been recovered or adjusted even after a lapse of 31 months. Details of medical equipment/appliances and medicines required had also not been provided by the doctor. The HCI, thus, clearly acted beyond the powers delegated.

The matter was referred to the Ministry in June 1997; their reply was awaited as of November 1997.

4.3.1 Renting of accommodation beyond entitlement - PMI Geneva

Leasing of residential accommodation by PMI, Geneva for two counsellor level officers with the covered area for each being almost double the entitlement prescribed under the IFS (PLCA) Rules resulted in avoidable additional expenditure of Rs 57.73 lakh.

The Counsellor is entitled to residential accommodation with a covered area of 170 sq. metre.

Supplementary Instruction XVII of Annexure X of IFS (PLCA) Rules as amended by the orders of Ministry of External Affairs (MEA) from time to time, lays down the plinth area entitlement for the residence of a Counsellor level officer as 170 sq. metre

Scrutiny of the records of the Permanent Mission of India (PMI) Geneva in October 1996 revealed that the Mission grossly exceeded the limit for two counsellor level officers resulting in extravagant expenditure of Rs 57.73 lakh. The details are shown below :

Name of officer	Date of joining	Type of accommodation	Covered area (sq. metre)	Lease period	Monthly rent including garden expenditure of SFr 900 (SFr)
Shri E. Barwa, Counsellor	13 December 1993	Villa (furnished)	334	1.6.94 to 31.5.97	7200
Shri H L Rao, Counsellor	9 January 1995	Villa (furnished)	328	1.4.95 to 31.3.98	7200

Two officers were provided accommodation which had about twice the area to which they were entitled.

Allotment of accommodation with floor area almost double the entitlement under the rules, resulted in avoidable extra expenditure of Rs 57.73 lakh.

The officers were provided accommodation which had about twice the area to which they were entitled. It was noticed that in January and November 1994, PMI had leased two furnished flats for accommodating two counsellor level officers at monthly rent of SFr 4750 and SFr 5500 respectively. However, similar action was not taken in respect of the above officers and accommodation much above their entitlement was leased. It may be added here that although Shri Barwa had joined in December 1993, the accommodation in which he was staying was surrendered on termination of its lease and a villa was leased from 1 June 1994. A flat could, therefore, have easily been located for him around March 1994 when this was being done for another counsellor level officer.

Thus, by providing the counsellor level officers accommodation with floor area almost double their entitlement under the rules, PMI incurred extra liability of SFr 6128 per month on a proportionate basis (SFr 3093 per month for 164 sq. metre of excess area of the villa rented for Shri Barwa at SFr 18.86 per sq. metre and SFr 3035 per month for 158 sq. metre of excess area of the villa rented for Shri Rao at SFr 19.21 per sq. metre). The total avoidable extra expenditure incurred by PMI worked out to SFr 202050 (SFr 92790 for 30 months in respect of the residence of Shri Barwa which was surrendered on 30 November 1996 on transfer of the officer and SFr 109260 for 36 months in respect of the residence of Shri Rao up to March 1998) equivalent to Rs 57.73 lakh at 1 SFr = Rs 28.57.

PMI stated, in October 1996, that the lease agreements for the counsellors were entered into with the prior approval of the Ministries of Commerce and External Affairs respectively. They further stated, in March 1997, that according to the terms of lease agreement in respect of the villa rented for Shri Rao it would not be possible for the Mission to surrender the villa before expiry of the lease agreement in March 1998. They also stated that the accommodations for Shri Barwa and Shri Rao were rented at the monthly rent of SFr. 6300 in comparison with the rents varying from SFr. 5500 to SFr. 6900 paid for other Counsellor rank officers.

The comparisons cited are not tenable as the floor areas and the periods of lease in respect of the aforesaid villas/apartments were not furnished by the Mission despite specific request from audit. The reply is also not relevant as it does not explain why accommodation with areas double the entitlement of the officers was rented in the first place.

Further, the floor area in the case of Shri Barwa was not indicated to MEA while seeking their approval for leasing the accommodation. Shri Rao, on his joining, was accommodated in a villa which was already with PMI. Before expiry of the lease thereof (31 March 1995), PMI approached Ministry of Commerce with a proposal to lease a villa with floor area of 328 sq. metre against 320 sq. metre occupied by the officer earlier. The fact that the proposed floor area was more than double the entitlement fixed under IFS (PLCA) Rules for officers of such rank, was not indicated. Thus, in both cases approval of the respective Ministry cannot be construed as approval to hiring of accommodation above the entitlement of the officers.

The matter was referred to the Ministry in March 1997; their reply was awaited as of November 1997.

4.3.2 Retention of hotel accommodation as residence for over three years: Consul General of India Vladivostok

The Consul General at Vladivostok continued to stay in hotel for over three and half years rather than shifting to appropriate residential accommodation and incurred expenditure of Rs 57.17 lakh, out of which Rs 44.59 lakh was entirely avoidable.

On his first arrival at a Mission an officer can stay in hotel for a maximum period of 90 days with prior approval of MEA.

According to Annexure X of IFS(PLCA) Rules and supplementary instructions thereunder, a Mission/Post is to arrange residential accommodation for an officer before his arrival. If the accommodation is not available immediately, an officer on his first arrival at a Mission/Post abroad can be put up in a hotel up to a maximum of 90 days. As a rule, the practice of putting up officer in a hotel is to be avoided as far as possible and where it was unavoidable to do so, prior sanction of the Ministry should be obtained before committing Government to additional expenditure.

The CG Vladivostok stayed in a hotel for three years seven months and 17 days and incurred irregular expenditure of Rs 57.17 lakh on stay in hotel beyond 90 days.

The Consul General of India (CG) at Vladivostok continued to stay in hotel accommodation after his first arrival at the Mission for three years seven months and 17 days during the period September 1992 to May 1996 on the extenuation of non-availability of suitable accommodation. As per the rule, he was required to obtain prior

approval of the Ministry for stay in hotel. There was no evidence of obtaining prior approval of the Ministry. *Post-facto* approval of the Ministry was, however, obtained from time to time for payment of the hotel rents. For most of this period he stayed in a three room suite in a hotel paying daily rent of US\$ 32 to US\$ 200. For his continued stay in hotel for over three and half years, he paid total rent of US\$ 166207 equivalent to Rs 57.17 lakh at the official rate of exchange of 1US\$ equal to Rs 34.40. In addition, he also hired additional storage space during October 1992 to September 1994 for storing his personal effects and paid rent of US\$ 4600 for the same. Even with the approval of MEA, the officer could have been accommodated in a hotel for a maximum period of 90 days i.e. up to 12 January 1993. The expenditure of US\$ 166147 equivalent to Rs 57.15 lakh at the official rate of exchange of 1 US \$ equal to Rs 34.40 incurred thereafter on staying in hotel (US\$ 162147.74) and hiring of additional storage space (US\$ 4000) was irregular.

Irregular stay in hotel beyond 90 days resulted in avoidable extra expenditure of Rs 44.59 lakh.

Eventually, on the instructions of the Ministry, he leased a residential accommodation in June 1996 at a monthly rent of US\$ 900. Compared to the rent of US\$ 900 per month for the accommodation which he finally leased for his residence in June 1996, the Consul General's irregular action of continued stay in hotel beyond 90 days rather than hiring an appropriate accommodation resulted in extra avoidable expenditure of US\$ 1.30 lakh equivalent to Rs 44.59 lakh.

The matter was referred to the Ministry in March 1997; their reply was awaited as of November 1997.

4.4 Excess consumption of heating oil

Inexplicable consumption of heating oil substantially in excess of what could have been consumed by running the plant even at its maximum capacity, resulted in extra expenditure of Rs 23.26 lakh.

The Mission did not prescribe the dates for commencement/discontinuation of heating period.

Scrutiny in August 1996 revealed that the Embassy of India at Belgrade (Mission) had been incurring expenditure on heating without prescribing the dates for commencement/discontinuation of heating

The consumption of heating oil was 38 to 41 per cent more than what the plant could have consumed even at its maximum capacity.

period as required under IFS (PLCA) Rules, 1961. The period of heating ranged from five to nine months annually during 1991-92 to 1995-96.

The space heating of the Embassy residence was by means of an oil-fired boiler which, as per the Technical Report submitted in August 1996 by a firm after inspection of the heating installations, consumed on an average seven litres of oil per hour. The maximum period that the plant could be put to use was 16 hours in a day, after allowing switch off time of 1/3rd of a day. Even by operating the plant for the maximum period of 16 hours per day, the average monthly consumption of oil would have been 3360 litres (7x16x30). But, while during 1991-92 to 1993-94 the stated actual consumption remained within the limit of the average monthly consumption, this was exceeded by 38 to 41 per cent during 1994-95 and 1995-96 as shown in the table below :

Year	Period	Total consumption (in litres)	No. of months when heating was actually used	Average monthly consumption (in litres)	Average monthly consumption on optimum utilisation of plant (in litres)	Excess consumption per month (in litres)
1991-92	November 1991 to March 1992	15000	5	3000	3360	*
1992-93	September 1992 to May 1993	16952	9	1884	3360	*
1993-94	November 1993 to March 1994	13000	5	2600	3360	*
1994-95	October 1994 to April 1995	33300	7	4757	3360	1397
1995-96	October 1995 to March 1996	27810	6	4635	3360	1275

17430 litres of oil were consumed in excess of the maximum requirement.

Thus, the consumption of heating oil during 1994-95 and 1995-96 was 17430 litres in excess of the maximum amount that could possibly have been consumed during these two years as per the Technical Report. Besides, the stated consumption of 15000, 16952 and 13000 litres of oil during 1991-94 when the post of the Ambassador was vacant and the Embassy residence was occupied partly by security guards only, is suspect.

The oil stated to have been stored exceeded even the maximum storage capacity of the tank.

The extra expenditure due to excess consumption of oil was Rs 23.26 lakh.

The monthly purchases of oil made from December 1994 to March 1996 ranged from 1000 litres to 12810 litres. Out of total consumption of 27810 litres during 1995-96, 12810 litres were purchased only in November 1995., 5810 litres heating oil stated to have been stored on 9 November 1995, exceeded even the maximum storage capacity of 5000 litres of the tank. It was further noticed that the Mission was purchasing oil every year from a single firm without inviting quotations from others. There was thus no control over the purchases. From the analysis of consumption and purchase mentioned above, the chances of pilferage, short supplies and leakage can not be ruled out. The matter requires an investigation for the extra expenditure of US\$ 64491 (Rs 23.26 lakh at the current official rate of exchange of US\$ 1 = Rs 36.07) on the use of 17430 litres of oil in excess of the maximum amount that could have been consumed.

The Mission stated, in September 1996, that the matter was being investigated by the Ministry of External Affairs and that the Mission was in no position to comment on this audit observation. Further developments were awaited as of September 1997.

The matter was referred to MEA in April 1997; their reply was awaited as of November 1997.

4.5 Lack of control in cash management

Deficient financial control in the Ministry of External Affairs resulted in holding of excess cash ranging from Rs 1.09 lakh to Rs 101.06 lakh by the Embassies of India at Ashgabat, Milan, Belgrade, Tashkent, Hague and Madrid with consequential loss of interest of Rs 22.62 lakh.

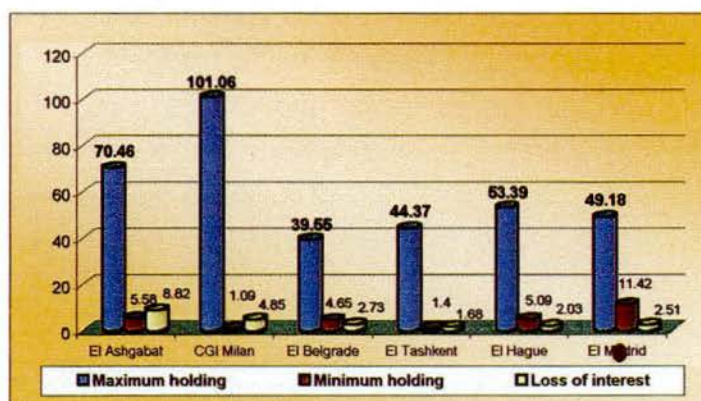
In terms of the Standing instructions issued twice every year by the Ministry of the External Affairs (MEA), closing balance of cash during any month in any Mission/Post should not exceed its six weeks' requirements. Request for special remittances are to be made in terms of these instructions, in case any authorised expenditure is anticipated.

Scrutiny of accounts revealed that the cash balances held by the Embassies of India at Ashgabat, Milan, Belgrade, Tashkent, Hague and Madrid exceeded the above norm by Rs 1.09 lakh to Rs 101.06 lakh representing 15 to 419 *per cent* of their six weeks' requirements during

February 1994 to March 1997 as shown below :

(Rupees in lakh)

Name of Mission	Period of excess cash holding	Amount of excess holding		Loss of interest at 12 % per annum
		Minimum	Maximum	
EI, Ashgabat	February 1994 to August 1996	5.58	70.46	8.82
CGI, Milan	September 1994 to October 1996	1.09	101.06	4.85
EI, Belgrade	April 1995 to June 1996	4.65	39.55	2.73
EI, Tashkent	April 1995 to May 1996	1.40	44.37	1.68
EI, The Hague	February 1996 to January 1997	5.09	53.39	2.03
EI, Madrid	July 1996 to March 1997	11.42	49.18	2.51
	Total	29.23	358.01	22.62



Excess holding of cash by the Missions resulted in loss of interest of Rs 22.62 lakh.

Although these Missions had cash balances in excess of six weeks' requirements, yet the Head of Missions did not advise MEA to restrict the monthly remittances. The Chief Controller of Accounts also did not notice the holding of excess cash by the Missions from the monthly accounts sent by them. Holding of excess cash resulted in loss of interest of Rs 22.62 lakh at the rate of 12 per cent per annum.

The MEA stated, in May 1997, that they had issued a circular in October 1996 to all the Missions/Posts in response to the audit observation in respect of the Embassy of India at Belgrade, asking them to remit to the Ministry funds in excess of their six weeks' requirements and asked the concerned officials of the Ministry and the Chief Controller of Accounts to closely monitor the cash accounts/cash balance reports.

4.6 Non-recovery of repatriation advance

Temporary financial assistance of Rs 22.07 lakh given to 87 individuals by missions at Moscow, Bucharest, Madrid and Prague between 1986 and 1996 towards their repatriation had not been recovered. This also resulted in loss of Rs 11.21 lakh towards interest.

Financial assistance to Indian nationals for their repatriation is to be recovered.

Financial assistance of Rs 22.07 lakh given to 87 individuals remains unrecovered.

According to Chapter 5 of the Consular Manual, financial assistance to an Indian national abroad for his repatriation or temporary relief pending such repatriation etc. is to be given only as the last resort and the amount is to be recovered from him.

Scrutiny of the records of Embassy of India (Mission) at Moscow in August 1996 revealed that financial assistance aggregating Rs 20.40 lakh given to 81 individuals on account of their repatriation for various reasons during October 1992 to January 1996 was yet to be recovered as of July 1997. The details are shown below:

(In Rupees)

Date of repatriation	No. of persons repatriated	Cost to be recovered per person	Total cost recoverable
October 1992	73	26417 45	1928474
July 1995	1	22369 00	22369
January 1996	7	12733 00	89131
Total	81		2039974

In addition, the Embassies of India at Bucharest, Madrid and Prague extended financial assistance totalling Rs 1.67 lakh to six individuals between 1986 and 1996 towards their repatriation cost, which was yet to be recovered.

Non-recovery of repatriation advance resulted in loss of interest of Rs 11.21 lakh.

Despite periodic reminders from the Mission, the concerned Regional Passport Officers (RPO) in India had not yet recovered the dues from the individuals. The non-recovery has also resulted in loss of interest of Rs 11.21 lakh up to December 1996 at the rate of 12 *per cent per annum*. Major part of the recovery has now become very old and with passage of time may even become unrecoverable. Immediate steps should have been taken by MEA for recovering the dues.

The Mission at Moscow stated, in August 1996, that necessary steps were being taken in the matter at the appropriate level.

The matter was referred to the Ministry in February 1997; their reply was awaited as of December 1997.

4.7 Questionable purchase of computer system

Hasty procurement of computerised visa system by the Deputy Chief of Mission, Indian Embassy, Washington in disregard of limit on his powers and without consultation with Ministry of External Affairs and Ministry of Home Affairs led to questionable expenditure of Rs 15.60 lakh.

Embassy of India Washington spent US\$ 49444 on purchase of hardware consisting of one Data base Index server, one scanning work station, two application processing work station, one large document scanner with UNIX driver and cables, one image printer, one console printer besides various software including customised software for computerisation of consular services in September 1994. The system was termed "Passport and Visa Application Management System (PAVAMS)". Examination of planning, procurement and application of PAVAMS disclosed the following:

DCM approved the project in disregard to the limit on his financial powers.

(i) The Embassy purchased and installed the system under the orders of Deputy Chief of Mission (DCM). As per delegation of powers by the Ministry of External Affairs (MEA), the Heads of Missions were not competent to incur expenditure on purchase of computers. Thus, the approval by the DCM was in disregard of his financial powers.

(ii) The DCM approved the expenditure even while the Ministry was still in the process of asking for various papers and clarification.

(iii) While the document of the Mission disclosed that they had received quotations from four firms, the basis on which the firms were selected and the manner in which they were addressed for quotations were not available in their records.

(iv) The Mission and the firm realised only during the time of test run that UNIX environment was not suitable for the task intended to be performed by the system. The firm demanded an additional US\$ 3628 for changeover to windows based version. The Mission had not settled the claim of the firm as of December 1997.

(v) The Mission did not sign any contract with the firm namely, Symbiont. In the absence of formal contract, the firm can repudiate any claim including the warranty.

(vi) The computer system, which was installed in September 1994 remains largely unutilised as of October 1997 due to the following reasons:

Computer system remained largely unutilised since its installation in September 1994 and none of the stated objectives were met.

The Mission did not take MEA and MHA into confidence about the computerisation of different services.

- Since, the scanning process is very slow, the system is not being used for scanning of passport, visa and miscellaneous service forms. The data is still being entered manually.
- Checking of names of persons in the "black list" is carried out with help of the system only partly, since the floppies sent by the Ministry of Home Affairs (MHA) were incomplete. Besides, MHA has not authorised the Mission to dispense with the manual checking of hard copy.
- The system is not being used to generate visa and passport renewal numbers and issue of numbered receipts for unspecified reasons.
- Since MEA was still in the process of developing software for consular work at Missions abroad, the system is not being used for generation and printing of visas. In fact, MEA has specifically asked the Mission not to use the system for computer generation of visa.
- Since MEA is in the process of revising the format of booklet for passport and the present format with vertical and horizontal printing on passport pages is not conducive to computerised printing, the MEA has not permitted writing of passports by computers.

Thus, the hasty purchase of the system without regard to the limit on the delegated powers of the Mission has rendered the entire expenditure of US\$ 49444, equivalent to Rs 15.60 lakh unfruitful.

The matter was referred to the Ministry in July 1997; their reply was awaited as of December 1997.

4.8 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on three Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed as under:-

Though, the Audit Reports for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997 the Ministry did not submit ATNs on following Paragraphs.

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	4.2	Indecision on utilisation of property.
2 of 1997	4.6	Payment of inadmissible benefits.
2 of 1997	4.7	Irregular appointment of staff.

The position of pending ATNs was referred to the Ministry in September 1997. Ministry stated, in January 1998, that ATNs on these Paragraphs are under preparation.

CHAPTER V : Ministry of Finance

Department of Economic Affairs

5.1 Extra expenditure of Rs 3.23 crore

Delay in finalisation of tenders by GM India Security Press resulted in extra expenditure of Rs 3.23 crore on purchase of 1040 tonne of paper in 1995.

ISP failed to decide the tender within the validity period of offers.

India Security Press (ISP) floated open tender on 2 May 1994 for procurement of 1040 tonne of paper. They opened the technical bids on 24 June 1994, but took another four months to open the commercial bids on 21 October 1994. Despite the fact that the offers of the three firms, which had responded to the tender of May 1994 were valid only up to 24/26 December 1994, the ISP and the Ministry did not reflect any urgency to decide the tender within the validity period of the offers.

The all-inclusive rates and the quantities of supply offered by the three firms were as under:

Name of the firm	All inclusive rate (Rs per tonne)	Quantity offered by the firms (tonne)
Gateway Speciality Paper, New Delhi	40040	200
Trebeni Tissues Division, Mumbai	42640	1040
Pudumjee Pulps and Paper Mills, Mumbai	53829.10	1040

Ministry cancelled the tender due to delay.

GM (ISP) placed supply order for 200 tonne, being the maximum quantity offered on Gateway Speciality Paper on 28 December 1994 at Rs 40040 per tonne and held negotiations with other two tenderers on 3 January 1995, when the validity date of their rates had already expired. While Trebeni Tissues Divisions did not agree to extend their validity date and opted out, Pudumjee Pulps and Paper Mills reduced their basic price by Rs 1000 per tonne, which brought down their price to Rs 52683.80 per tonne. GM (ISP) forwarded the proposal to the Ministry of Finance for their approval to place supply order for 840 tonne paper on Pudumjee Pulps and Paper Mills at Rs 52683.80 per tonne and *post facto* approval for placement of 200 tonne paper on Gateway Speciality Paper, New Delhi at Rs 40040 per tonne. Ministry, however, asked GM (ISP) to cancel the

Subsequent purchases at higher rates led to extra expenditure of Rs 3.23 crore.

tender of May 1994 and make spot purchases for immediate requirement besides floating global tender for the bulk requirement.

The lone valid offer in response to the limited tender by ISP in February 1995 was received from Pudumjee Pulps and Paper Mills at Rs 61681.40 per tonne as compared to their negotiated rate of Rs 52683.80 per tonne, which was valid up to the end of January 1995. Further, this firm quoted the lowest rate of Rs 78785.17 per tonne in response to the global tender of 24 March 1995. ISP purchased 340 tonne of paper at Rs 61681.40 per tonne in response to the offer to the limited tender and 1000 tonne at Rs 78785.17 per tonne on the basis of the global tender.

Thus, delay by GM(ISP) in finalisation of the tenders received in June 1994 within the validity period of the offers cost the exchequer an extra Rs 3.23 crore with reference to the rates of Gateway Speciality Paper New Delhi for their maximum offer of 200 tonne and that of Trebeni Tissues, Mumbai on whom supply order for remaining 840 tonne could have been placed, if the tenders were finalised within the validity period.

Ministry stated, in August 1997, that they cancelled the tender due to mismanagement of tender by ISP and added that they took the corrective action by repatriating prematurely the then GM (ISP) to his parent department. This action of the Ministry, however, does not address the issue of fixing the responsibility for the heavy extra expenditure of Rs 3.23 crore.

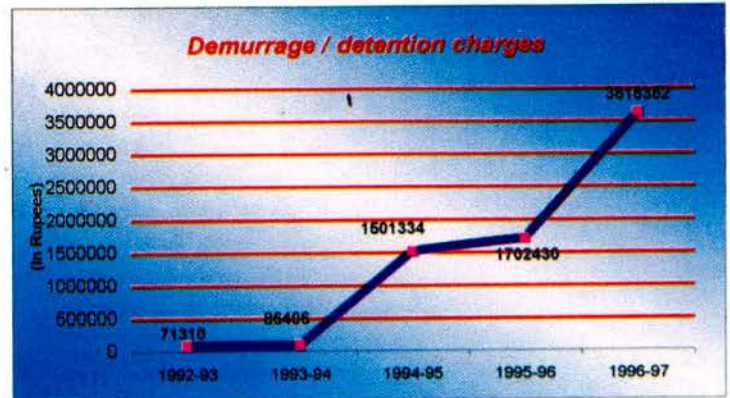
5.2 Avoidable expenditure of Rs 68.20 lakh

Delay in clearance of goods from the Port resulted in avoidable expenditure of Rs 68.20 lakh on demurrage/detention charges during 1994-97 by India Government Mint Mumbai.

Assistant Director (Shipping) in the office of the Director General, Supplies and Disposals (DGSD), Mumbai is responsible for regulating all imports of India Government Mint, Mumbai. Assistant Director (Shipping) forwards inward claims to the Pay and Accounts Office (PAO) of the Mint. The coinage section of the Mint scrutinises the inward claims and returns them to the PAO after approval by General Manager of the Mint for refund/reimbursement to the DGSD.

GM, India Government Mint approved reimbursement of demurrage charges of Rs 68.20 lakh without investigation.

Scrutiny of the records maintained by PAO India Government Mint revealed that the General Manager approved reimbursement of demurrage charges of Rs 68.20 lakh to DGSD due to delayed clearance of imported consignments in three years during 1994-97. The demurrage charges jumped from an average of mere Rs 0.79 lakh *per annum* during the two years 1992-94 to Rs 36.16 lakh during 1996-97. The General Manager approved reimbursement of the demurrage charges in a routine manner without investigating into the reasons. He could not produce evidence in support of any serious effort by him to contain the payment of mounting demurrage charges.



The General Manager, India Government Mint, Mumbai stated, in January 1997, that Noida Mint was the nodal agency for procuring coin blanks for all the four Mints at Noida, Mumbai, Calcutta and Hyderabad and their FA & CAO and Purchase and Stores Officer had contacted the Director of Shipping to request him to clear the consignment of coin blanks in time. He added that the original shipping documents are handed over to Director of Shipping in person to avoid delay.

However, the increasing trend in payment of demurrage/detention charges is suggestive that their efforts, if any, have not been effective. Thus, there is a need for critical examination of the system to establish the accountability process in the matter of clearance of goods imported by different consignees through the Director of Shipping so that in cases where demurrage is paid due to negligence, the responsibility may be fixed.

The matter was referred to the Ministry in July 1997, their reply was awaited as of November 1997.

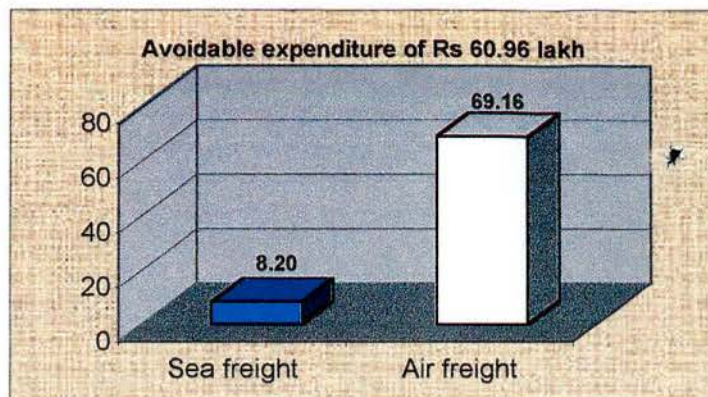
The increase in the amount of demurrage is suggestive of weak control.

5.3 Avoidable expenditure due to airlifting of ink

Deficient management of the stock and purchase of ink by Currency Note Press, necessitated airlifting of ink on four occasions during 1992-96, resulting in avoidable expenditure of Rs 60.96 lakh.

CNP Nasik airlifted 68.60 tonne ink leading to avoidable expenditure of Rs 60.96 lakh.

Currency Note Press (CNP) Nasik imports quick set printing ink (ink) for printing of currency notes. Scrutiny of records revealed that out of six supply orders for import of ink during 1992-96, they resorted to airlifting of partial/full quantity of the ink on four occasions. Out of total quantity of 359.60 tonne of ink imported through these six supply orders, 291 tonne was brought by sea on payment of Rs 34.83 lakh as freight charges and 68.60 tonne by air at transportation charges of Rs 69.16 lakh. Air freight charges were about eight times more expensive than sea freight.



The airlift charges were 11.94 to 41.49 per cent of the value of ink against only 0.92 to 2.79 per cent paid for sea freight.

The airlift charges paid by the CNP ranged between 11.94 to 41.49 per cent of the value of ink airlifted while sea freight ranged between 0.92 to 2.79 per cent only of the value of the consignment. Compared to the sea freight for the import of same quantity of ink, the extra expenditure of Rs 60.96 lakh on airlift was clearly avoidable with better planning of procurement and determination of re-ordering level.

The Chief Purchase and Store Officer, CNP stated, in October 1996, that airlifting were necessary for production of high denomination notes on priority. He added that in case ink was not airlifted, machines would have to be stopped for want of ink.

Since, the ink is one of the primary stock requirements of CNP, its procurement could have been planned well in advance by them keeping in view the consumption pattern and future requirements.

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

5.4 Loss due to under-realisation of electricity charges

Failure of India Government Mint to approach Calcutta Electric Supply Corporation for installation of separate domestic meters resulted in under-realisation of electricity charges of Rs 17.76 lakh.

The India Government Mint, Calcutta (Mint) obtains high pressure electrical energy in bulk at industrial rate from the Calcutta Electric Supply Corporation (CESC) for use in the office and also for providing power to the staff quarters within the Mint premises. The Mint supplied electricity to the residential quarters from its own sub-station through inner distribution lines and recovered the electricity charges from the allottees at the industrial rate on the basis of actual units recorded.

Test check of records of the Mint, in March 1997, revealed that from September 1995, the General Manager (GM) revised the rate of recovery towards electricity charges from the occupants of the staff quarters to domestic rates, which was much lower than the industrial rate at which payment to CESC was made for high pressure supply of electricity. The under-realisation of electricity charges from the allottees of the staff quarters during the period September 1995 to July 1997 resulted in an unauthorised subsidy of Rs 17.76 lakh to them.

Upon being pointed out by Audit, the GM sent a proposal to CESC for installing separate domestic meters for supply of electricity to the staff quarters. The separate domestic meters are, however, yet to be installed as of September 1997.

The General Manager was not competent to approve recovery of electricity charges at lower rate from the occupants of the staff quarters which amounted to unauthorised subsidy to them.

The matter was referred to the Ministry in May 1997; their reply was awaited as of October 1997.

5.5 Premature release of grant

Ministry of Finance released grant of Rs one crore to an organisation in November 1994 out of which Rs 50 lakh each were to be utilised during 1995-96 and 1996-97.

A social organisation, Acharyakul Paunar in Wardha requested the Ministry of Finance Department of Economic Affairs in September 1994 for providing grants-in-aid of Rs 1.48 crore to meet expenditure of Rs 30 lakh, Rs 64.50 lakh and Rs 53.80 lakh during 1994-95, 1995-96 and 1996-97 respectively for celebrations of 125th birth anniversary of Gandhiji, 100th birth anniversary of Vinobaji and golden jubilee of independence.

Ministry approved grant -in-aid of Rs 1.30 crore for use during three years.

Against this proposal, the Ministry approved grant of Rs 1.30 crore which included Rs 30 lakh, Rs 50 lakh and Rs 50 lakh for utilisation during 1994-95, 1995-96 and 1996-97 respectively. The Ministry released Rs 30 lakh in September 1994 and another Rs one crore in November 1994 out of the budget provision made for the Major Head 3475 -G.3(5) (5) - Grants to other institutions for Economic Research. It is noteworthy that as per the Allocation of Business Rules, the Department of Economic Affairs is not entrusted with the responsibility of providing grants -in-aid to voluntary organisations in the social sector. Release of Rs one crore during 1994-95 was premature, as the amount was to be utilised during 1995-96 and 1996-97 at the rate of Rs 50 lakh every year. Release of the amount much in advance of the requirement could earn an interest of Rs 10 lakh for the institute until the end of 1996-97 @ 12 per cent on *pro rata* reducing balance while the Government itself pays considerable interest as it is a net borrower at all times.

The Ministry released Rs one crore prematurely since this was to be utilised during the next two years.

The Ministry stated, in October 1997, that the decision to release the remaining amount of Rs one crore during 1994-95 was taken with the approval of Union Minister of Finance taking into account all the relevant circumstances and in view of the commitment made to the Institute. The contention of Finance Ministry is not relevant, since the issue raised by Audit was not whether the Ministry released grants with approval of appropriate authority but on the decision to release amount in advance, knowing fully well that the amount was required to be utilised during the next two years. Besides, the Parliament had approved the budget 1994-95 for expenditure during that year and not during the subsequent years.

5.6 Short utilisation of subsidy under PMRY

Central Bank of India and Union Bank of India Mumbai retained excess amount towards subsidy under PMRY of Rs 1.91 crore and Rs 2.45 crore.

The Prime Minister's Rozgar Yojana (PMRY) was launched, in October 1993, by the Government with the aim of providing sustained employment to educated unemployed youth in micro enterprises, manufacturing, service and business ventures.

Under the Scheme, the assistance to the entrepreneurs from the Government was in the shape of an outright capital subsidy in advance to the extent of 15 *per cent* of the project cost subject to a ceiling of Rs 7500. From 1994-95, the then existing Self Employment for Educated Unemployed Youth (SEEUY) Scheme was subsumed in the PMRY Scheme. The Scheme envisaged subsidy given by the Government to be passed on to the nominated implementing bank through RBI in advance. Though, no guidelines as to refund/adjustment of excess subsidy with the banks are available, the RBI issued instructions, in March 1994, that the total amount of subsidy retained by the bank should not exceed the subsidy payable to the beneficiaries as per sanctions as on 31 March 1994 and excess amount should be remitted to RBI immediately.

Scrutiny of the records of the Central Bank of India, Mumbai and Union Bank of India, Mumbai relating to PMRY revealed that of the subsidy received for disbursement by the banks, Rs 1.91 crore and Rs 2.45 crore pertaining to the period 1993-94 to 1995-96 were lying undisbursed with the banks as on 31 March 1997 respectively.

The amounts of loan disbursed by the banks were much below the amounts of loan sanctioned, which led to retention of excess subsidy by banks.

The banks stated that they were informing the balances of subsidy through quarterly statements of utilisation to RBI and as and when any instruction regarding remittance/adjustment of subsidy was received, the same was being carried out.

Had the procedures laid down for the SEEUY Schemes i.e., release of subsidy on the basis of disbursed loans and adjustment of excess subsidy against future claims been adopted, retention of the heavy amounts in the hands of the banks could have been avoided.

The matter was referred to the Ministry in June 1997; their reply was awaited as of December 1997.

5.7 Non-realisation of penalties

Deputy Director Enforcement Directorate Calcutta failed to realise penalties of Rs 1.19 crore under FERA in all 281 cases referred to the collectors for recovery during the last 33 years.

The Foreign Exchange Regulation Act, 1973 (FERA), as amended from time to time stipulates that if any person contravenes any of the provisions of the Act or any rule, direction or order made thereunder, he shall be liable to such penalty as may be adjudged by the Enforcement Directorate.

Further, Section 70(1) of the Act provides that where any penalty imposed on any person under this Act is not paid :-

- (i) the adjudicating officer may deduct the amount so payable from any money owing to such person which may be under the control of any officer of Enforcement; or
- (ii) the adjudicating officer may recover the amount so payable by detaining or selling any goods belonging to such person which are under the control of any officer of Enforcement; or
- (iii) if the amount can not be recovered from such person in the manner provided in clause (i) or clause(ii), the adjudicating officer may prepare a certificate signed by him specifying the amount due from such person and send it to the collector of the district in which such person owns any property or resides or carries on his business and the said collector, on receipt of such certificate shall proceed to recover from the said person, the amount specified thereunder as if it were an arrear of land revenue.

Enforcement Directorate Calcutta imposed penalties of Rs 1.19 crore under FERA during 1963-96 against which no amount was recovered.

Audit of the documents in the Enforcement Directorate Calcutta in January 1997 disclosed that the Deputy Director Enforcement Directorate took action under section 70(1)(iii) of FERA in 281 cases during 1963 to 1996 involving imposed penalties of Rs 1.19 crore and issued certificates to the collectors in each case. The amount of penalty was not received from the concerned collectors in any of the cases. This resulted in non-realisation of penalties aggregating Rs 1.19 crore. Of this, Rs 45.25 lakh were 10 to 33 years old, Rs 1.59 lakh from five to 10 years old and Rs 72.54 lakh were one to five years old.

Deputy Director ED
Calcutta did not follow
up to recover the
amount.

The Deputy Director Enforcement Directorate stated, in April 1997, that it is the responsibility of the district collectors to take appropriate action against the parties for recovery of the penalties. He added that most of the documents/papers relating to pre-1986 cases numbering 95 with aggregate value of Rs 45.25 lakh were not available. The Deputy Director ought to have followed up with the collector for recovery. There was no system to monitor and pursue the realisation of the amount.

Thus, failure of Deputy Director, Enforcement Directorate, Calcutta to follow up with the collectors and absence of appropriate action against parties resulted in non-realisation of penalty of Rs 1.19 crore. Ministry should establish a suitable system of follow up and accountability for realising the amounts of the penalty.

The matter was referred to the Ministry in May 1997; their reply was awaited as of November 1997.

5.8 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on nine Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed as under:

- Ministry failed to submit ATNs in respect of three Paragraphs included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Department	Subject
1 of 1995	8.8	Eco. Affairs	Idle engines purchased for prototype patrol boat.
1 of 1995	8.9	Expenditure	Unfruitful expenditure due to non-operational vessel.
1 of 1996	7.7	Revenue	Loss due to short recovery of rent.

- Though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four

months for furnishing the ATNs had elapsed in September 1997 the Ministry did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	5.1	Loss due to delayed sale of gold.
2 of 1997	5.2	Unclaimed securities not credited to Government account.
2 of 1997	5.5	Overpayment of incentive.
2 of 1997	5.6	Irregular retention of excess subsidy by State Bank of India under SEEU Scheme.
2 of 1997	5.7	Excess payment of Rs 62.42 lakh.
2 of 1997	5.8	Loss due to delay in credit to Government account.

The position of pending ATNs was referred to the Ministry in September 1997. The Ministry stated that ATNs on the Paragraphs concerning Department of Economic Affairs were under preparation. But no comments were offered by the Ministry on the ATNs concerning Department of Revenue.

6.1 Food processing and training centres in rural areas

Rs 4.32 crore released for opening 144 training centres for food processing in rural areas remained unutilised for up to four years. Only 60 centres out of 204 due for opening by March 1997 were actually opened.

Ministry of Food Processing Industries introduced a scheme of Food Processing and Training Centres in 1992-93 to promote development of entrepreneurship in rural areas for processing of agricultural raw materials into processed food through training in these centres. Assistance under the scheme was admissible to State Governments/Non-Governmental Organisations (NGOs) for plant and machinery including seed capital for commercial production.

Ministry released Rs 7.10 crore for 231 centres during 1992-97, which included 61 NGOs for which Rs 2.20 crore were released. The training centres were expected to be opened within 12 months from the date of release of grant.

The position of opening of centres at the end of March 1997 was as under:-

Year	No. of Centres approved	Amount released (Rs in lakh)	Centres opened
1992-93	38	110.35	21
1993-94	83	226.72	21
1994-95	29	87.65	12
1995-96	54	164.85	6
1996-97	27	119.50	--
Total	231	709.07	60

144 out of 204 centres were not setup up to March 1997 and Rs 4.32 crore remained unutilised for up to four years.

The above table would reveal that up to the end of March 1996, Ministry released Rs 5.89 crore for setting up of 204 centres. As per the terms of the grants, all of them should have been set up by the end of 1996-97. However, only 60 centres were reported to have been set up by the end of March 1997, which accounted for utilisation of only Rs 1.57 crore. Thus, Rs 4.32 crore remained unutilised for up to four years while 144 out of 204 centres were not set up within the time schedule.

Ministry released
Rs 35.38 lakh to
12 Defence Regimental
Centres, which did not
meet the basic criteria.

Ministry released Rs 35.38 lakh to 12 Defence Regimental Centres in February 1996 with the approval of the Minister despite being pointed out by the Finance Division that Regimental Centres are not covered within the scope of the scheme cleared by the Planning Commission. Grant of assistance to Regimental Centres was not proper, since the Regimental Centres did not meet the basic criteria of their location in rural areas.

None of the Regimental Centres, which received assistance under the scheme, had sent utilisation certificates and performance reports.

State Governments were required to design the teaching approach and methodology in consultation with the Ministry. While 60 training centres were opened during 1992-96, Ministry was yet to finalise the syllabus as of July 1997.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

6.2 Huller modernisation scheme

Rs 3.13 crore released under Huller modernisation scheme remained unspent with State Governments for periods up to 14 years.

Under the Huller modernisation scheme introduced for processing paddy and improving the output of rice and the by-product of oil rich pure bran, Ministry of Food Processing Industries released Rs 5.80 crore to the State Governments during 1983-97 for providing subsidy to rice mill owners to modernise their mills, setting up of demonstration units and holding seminars to popularise the scheme. The Ministry discontinued the scheme in April 1997. Scrutiny of the documents in the Ministry disclosed the following:

- (i) The State Governments utilised only Rs 2.67 crore out of Rs 5.80 crore released to them. Balance amount was held by them for periods up to 14 years.
- (ii) 50 per cent of the grant released for setting up of demonstration units was to be refunded to the Ministry. State Governments did not refund Rs 15.90 lakh due for refund in terms of the conditions of assistance under this scheme.

(iii) Paddy processing Research Centre Tanjavur kept bulk of Rs 30 lakh released under this scheme in 1993-94 in fixed deposits. Upon being pointed out by Audit, Ministry adjusted the unspent amount of Rs 25.50 lakh against the grants for 1997-98.

Ministry stated, in September 1997, that the blame for non-utilisation of funds provided under the scheme lies entirely with the State Governments. Ministry, however, did not elaborate on action taken by it to recover the unspent balances from the State Governments.

CHAPTER VII : Ministry Of Health And Family Welfare

Department of Health

7.1 Extra expenditure of Rs 3.44 crore on purchase of microscopes

On the orders of HFM, the DGHS purchased microscopes at higher rate without transparent justification resulting in extra expenditure of Rs 3.44 crore.

DGHS invited tenders in May 1995 for procurement of 4000 microscopes.

The Director General Health Services (DGHS) invited tenders in May 1995 for procurement of 4000 microscopes at an estimated cost of Rs 10 crore under German Commodity Aid for Health and Family Welfare Programme. The comparative details of five shortlisted firms who had tendered, were as follows :-

S.No.	Name of the firm		Model	Qty. offered	Manufacturer		Price CIF	
							US \$	Rs
1.	Orient Calcutta	Int.	STX-108	600	Birgo, Kong	Hong	442	15329
2.	Hindustan Udyog, Calcutta		CNX-601	750	Bhan	Impex, Singapore	684	23721
			STX-555	750	-do-		689	23895
			KFY-9000	500	-do-		691	23964
3.	Scope International		KK-802	4000	AMICRO,UK		885	30692
4.	Grabner New Delhi		XSZ-H	500	Triman Distributor, Hong Kong		940	32599
5.	E.Merck(I) Ltd. Mumbai		XSP-18B	4000	Prolabo, France		1134	39327

The Health and Family Welfare Minister (HFM) recorded after his discussion with the senior officers of the Ministry that the Chinese make microscopes were junk. The technical grounds on which the Chinese make microscopes were declared as junk were, however, not defined. This was inconsistent with the opinion of Director, NMEP of 18 December 1995 that 200 microscopes of Chinese make procured earlier were working

Ministry's rejection of two lowest offers was not justified.

satisfactorily. However, the Purchase Advisory Committee (PAC) of the Ministry rejected the first and second lowest offers of Orient and Hindustan Udyog on the plea that the Chinese make microscopes were not considered as of a good quality. The rejection of the two lowest offers by the Ministry was not justified in view of the fact that the Chinese make microscopes were already working satisfactorily in NMEP.

Ministry placed orders in February 1996 with Scope, i.e. the third lowest bidder, for supply of 2400 microscopes with the condition that the purchaser reserved the right to place order for additional/balance quantity of 1600 microscopes at the same rate and terms and conditions during the currency of the contract up to February 1996.

The Ministry did not place supply order for the entire quantity of 4000 microscopes on this firm on the ground that the firm had no record of sale in India. The Technical Committee of the Ministry approved only three firms who responded to the fresh tender. Their prices and the maximum quantity offered by them was as under :-

S.No.	Name of the Firm	Model	Qty. offered to supply	Price	
				Foreign Currency	Rupees
1.	Towa Optics	NIKON	350	JY 124090	44809
2.	Darbara Singh	OLYMPUS	300	JY 146118	52763
3.	Toshniwal	ZEISIS	300	DM 2952	73164

Ministry purchased 812 microscopes at a much higher rate than even the third highest rate of the last tender.

Placing the supply orders at higher rates resulted in an extra expenditure of Rs 3.44 crore.

The Purchase Advisory Committee recommended the purchase of 437 microscopes from Towa Optical on the plea that brand offered was of international standard and the best in quality. The above rates were higher by approximately Rs 14000 per piece over those of Scope in the previous tender. The Ministry counter-offered the rate of Towa to Darbara Singh and placed orders for 375 microscopes on them. The third firm was not considered as it was not registered with DGSD.

The Ministry placed supply order for another 615 microscopes on Scope in February 1996 at their last year's price of Rs 30692 per microscope.

Thus, placing the supply order on Scope at higher price by ignoring the first two lower offers of Orient and Hindustan Udyog in the first

tender of May 1995 on unacceptable considerations and unnecessary retendering and placing of supply orders for 812 microscopes at yet higher rate resulted in an extra expenditure of Rs 3.44 crore which was avoidable had the Ministry purchased the microscopes from the lowest bidders up to the quantities offered by them.

Actual procurement	Rs in lakh	Lower priced option	Rs in lakh
3015 microscopes from Scope @ Rs 30692	925.36	600 microscopes from Orient at Rs 15329 each	600x15329 = 91.97
812 microscopes of Towa and Darbara Singh @ Rs 44809	363.85	2000 microscopes from Hindustan Udyog at Rs 23721-23964 each	750x23721 = 177.91
			750x23895 = 179.21 500x23964 = <u>119.82</u>
			<u>476.94</u>
		1227 microscopes from Scope at Rs 30692	1227x30692 = 376.59
Total actual expenditure	1289.21		Total expenditure on the basis of minimum price 945.50

Difference Rs 1289.21 – Rs 945.50 = Rs 343.71 lakh

The Ministry stated, in January 1998, that the Chinese make microscopes were not purchased since these were not of good quality. They also added that orders for the entire 4000 microscopes were not placed on Scope since the Ministry did not want to put all the eggs in one basket. They further added that the specification of the microscopes earlier purchased under NMEP and those offered by the lowest bidders in the tender of May 1995 were different.

The reply of the Ministry does not answer the issue of arbitrariness of the opinion that the Chinese make microscopes were junk, on the basis of which the lowest bidders were rejected. It also fails to address satisfactorily the question why the Ministry resorted to quick retender and placed supply order at still higher price compared to the price at which the

supply orders were placed on Scope, who had offered to supply the total quantity put to tender. Ultimately, they had to place supply order for another 615 microscopes on Scope and therefore, the contention of not putting all eggs in one basket also does not hold. The contention about the specifications of the Chinese make microscopes purchased earlier and those offered by the lower bidders in May 1995 being different is also not supported by data to suggest that the specifications of the microscopes offered in May 1995 were in any way inferior. However, the examination of the technical specifications of the earlier NMEP ordered models (H-400 and 44-XL) and those of the Chinese make microscopes offered in May 1995 indicated a broad similarity with regard to the critical operational parameters like eyepiece specification, objectives, condenser and magnification.

7.2 Loss due to expired medicines

Procurement of medicines without proper planning and failure to obtain undertaking for free replacement of time-expired medicines resulted in loss of Rs 67.18 lakh to the Government.

Government Medical Store Depot (GMSD) Mumbai purchases medicines for supply to Government/Non-Government institutions. As per the standard practice, the medicines should be utilised within the expiry of the validity period of medicines.

Test check of the records of GMSD Mumbai revealed that time-expired medicines valued at Rs 67.18 lakh purchased during 1985 to 1994 were lying in the store at the end of January 1997. Of these, the value of time-expired proprietary medicines was Rs 41.41 lakh and value of time-expired generic medicines was Rs 25.77 lakh.

Quality Control Manager (QCM) GMSD stated, in June 1997, that due to decline in demand from indentors, the stock could not be issued fully within the shelf life of medicines. He also mentioned that for purchases of proprietary medicines from 1993 onwards the Depot has been obtaining undertakings/affidavits from the manufacturers of the medicines for free replacement of time-expired medicines. The value of time-expired proprietary medicines of Rs 41.41 lakh purchased prior to 1993 could not be recovered from the firms as no affidavits/undertakings for their free

Medicine valued at
Rs 67.18 lakh in
Government Medical
Stores Depot were time-
expired.

replacement were obtained at the time of their purchases. He, however, added that matter had been taken up with the Directorate as well as sister depots to recover the amount of time-expired proprietary medicines from the pending bills of the concerned firms. He, further stated that Director General of Health Services, New Delhi has been requested to write-off the value of time-expired generic drugs worth Rs 25.77 lakh.

Thus, procurement of medicines in excess of requirement and failure to obtain affidavits/undertakings for free replacement of time-expired medicines resulted in loss of Rs 67.18 lakh which could have been avoided.

The matter was referred to the Ministry in July 1997; their reply was awaited as of November 1997.

7.3 Loss due to time-expired anti-leprosy drugs

Due to deficient monitoring 10.03 lakh Rifampicin capsule (300 mg) worth Rs 21.37 lakh used in the treatment of leprosy outlived their useful life in November 1994 and February 1995. These were lying in GMSD Karnal.

Under Leprosy Eradication Programme, the Director General Health Services (DGHS) placed order for procurement of anti-leprosy drugs. The drugs were received by Medical Stores Depots spread over different States against orders placed by DGHS. The States of Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh, Madhya Pradesh, Delhi and Union Territory of Chandigarh were supplied medicines through GMSD, Karnal.

Scrutiny of the records of the office of the GMSD, Karnal in November 1995 revealed that the Depot had received large number of Rifampicilin capsules during 1992-94, against orders placed by DGHS as under :

	Opening Balance	Receipt	Total	Release order received by GMSD	Quantity issued	Used in Testing	Closing balance
1989-90	-	1999850	1999850	1999850	1999850	-	-
1990-91	-	946200	946200	912200	912200	-	34000
1991-92	34000	522400	556400	556400	556400	-	-
1992-93	-	7007000	7007000	2775000	2775000	1470	4230530
1993-94	4230530	4274000 + 10000*	8514530	5257000	5257000	1400	3256130
1994-95	3256130	905000*	4161130	4019300	3607130	--	554000@
1995-96	554000	449000#	1003000	-	-	-	-

(*) Stores received back from indentor.

(@) Stores time-expired in November 1994 and February 1995 in Depot.

(#) Time-expired stores received back from indentor.

The life span of this drug was two years. Large quantities were received back from the indentors during 1994-96. Six indentors who were issued 10.73 lakh capsules during the years 1993 and 1994 returned 9.05 lakh capsules in 1994-95. Similarly, an indentor who was issued 16 lakh capsules in September 1994 returned 4.49 lakh time expired capsules in July 1995. The return of the medicines by the consignees showed that either major period of shelf life of the drug was already over at the time of supply by GMSD or allocation of the drug was in excess of their requirement. Thus, due to improper monitoring 10.03 lakh capsules became time-expired resulting in a waste of Rs 21.37 lakh.

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

7.4 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on two Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed that though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997 the Department of Health did not submit ATNs on the following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	7.5	Outstanding advances against defaulting firm.
2 of 1997	7.7	Non-functional CGHS polyclinic at Patna.

The position of pending ATNs was referred to the Department in September 1997; their reply was awaited as of December 1997.

8.1 Unauthorised purchase of vehicles

Director, NPA purchased motor vehicles worth Rs 19.99 lakh unauthorisedly in place of simulator approved by the Ministry.

Ministry approved purchase of driving simulator at Rs 20 lakh.

With the objective of imparting better training in motor driving to IPS Probationers by overcoming drawbacks inherent in conventional methods of training coupled with saving of expenditure on fuel and wear and tear of motor vehicles used for training purpose, the Ministry approved purchase of a driving simulator at Rs 20.35 lakh for the S.V.P., National Policy Academy (NPA), Hyderabad in March 1994. NPA placed purchase order on OMC Computers Limited, Secunderabad in March 1994 for manufacture and supply of the driving simulator at a cost of Rs 20 lakh. The delivery was to be made by 18 August 1994. The Director also paid an advance of Rs 10 lakh to the firm in March 1994. However, the Director cancelled the supply order on the ground that the firm neglected the work badly. The advance of Rs 10 lakh was recovered by encashment of bank guarantee furnished by the firm.

Director, NPA instead purchased 11 vehicles out of the funds provided for simulator.

Subsequently, Director, NPA purchased 11 motor vehicles comprising of two Ambassador and two Maruti-800 cars, four Mahindra Jeeps and three Yamaha motor cycles at a cost of Rs 19.99 lakh without prior approval of the Ministry during June - September 1995. At the time of cancellation of order for the driving simulator, NPA was having 16 vehicles comprising of four Ambassador cars, 12 Jeeps, which were being used by the officers as well as for training purpose. NPA condemned two Ambassador cars and three Jeeps in March 1995 against which three more Jeeps were also purchased separately. With the purchase of the new vehicles, NPA raised the strength of the vehicles from 16 to 22 besides adding three Yamaha motor cycles. Besides these light vehicles, NPA also held a fleet of 11 general purpose and heavy vehicles comprising of Minibus, Ambulance, Swaraj Mazda, Buses, Trucks and Water tanker.

The Director, NPA raised the strength of vehicles from 16 to 22 besides adding three motor cycles.

The Director, NPA did not have financial powers for purchase of vehicles.

Thus, action of Director, NPA to purchase vehicles against the sanction and Plan funds provided for purchase of simulator was in disregard of the delegation of financial powers and is therefore unauthorised. In the process, the strength of the vehicles other than the 11 general purpose vehicles mentioned above has also been unilaterally raised to 22 cars and

jeeps and three motor cycles from 16. By this Director NPA committed additional recurring expenditure on their repairs and maintenance. The Ministry should carry out investigation to determine the appropriate strength of vehicles for NPA.

The matter was referred to the Ministry in February 1997; their reply was awaited as of November 1997.

8.2 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on 10 Audit Paragraphs which included Paragraphs relating to UTs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed as under :

Ministry failed to submit ATNs in respect of one Paragraph included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Functional Ministry/ Department	Subject
2 of 1996	9.10*	Power	Infructuous expenditure on purchase of battery operated vehicles.

(b) Though, the Audit Reports for the year ended 31 March 1996 were laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997, the Ministry did not ensure submission of ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Functional Ministry/ Department	Subject
2 of 1997	8.1	Home Affairs	Wasteful expenditure due to injudicious decision.
2 of 1997	17.1*	Environment	Working of Forest Department
2 of 1997	17.2*	Power	Variation in execution of work.
2 of 1997	17.4*	Urban Affairs & Employment	Wasteful expenditure.
2 of 1997	17.9*	-do-	Short recovery of water charges.
2 of 1997	17.11*	Power	Nugatory expenditure.
2 of 1997	17.12*	Rural Development	Failure to supply potable water.
2 of 1997	17.13*	Urban Affairs and Employment	Infructuous expenditure.
3 of 1997	1	Home Affairs	Modernisation of Prison Administration.

* Pertains to Union Territories for which Action Taken Note is to be submitted by Ministry other than Ministry of Home Affairs but since the Ministry of Home Affairs is the nodal Ministry, the progress of submission of Action Taken Note is to be monitored by the Ministry.

The position of pending ATNs was referred to the Ministry in September 1997; the Ministry confirmed the facts in November 1997 but did not explain the reasons for non-submission of ATNs.

9.1 Extra expenditure on publication of advertisements

Order by OSD to HRM for release of two full page advertisements through a private agency in disregard of the financial rules and established procedure of routing the advertisement through DAVP, cost the exchequer an extra Rs 93 lakh.

The Department of Education, Ministry of Human Resource Development (HRD) published two advertisements on 20 August 1995 and 05 September 1995 on the occasion of Rastriya Saksharta Sammelan and Teachers' Day respectively through Priyadarshini Advertising Private Limited, Hyderabad in 31 daily newspapers at a cost of Rs 1.37 crore.

Ministry issued advertisement through private agency against the rules.

Ministry issued both advertisements through the private advertising agency in violation of the Allocation of Business Rules which provide that all Government advertisements are to be issued only through the Department of Audio Visual Publicity (DAVP).

OSD to HRM issued the advertisement directly from HRM's office.

Scrutiny of documents disclosed that the then Officer on Special Duty (OSD) to Human Resource Minister (HRM) directly issued orders to the private agency from the office of the then HRM on 18 August 1995 to release full page advertisement on 20 August 1995 to 31 newspapers and endorsed a copy each to Secretaries (Education, Culture, Youth Affairs and Sports and Women and Child Development). This order referred to the approval of the advertisements by HRM, indicated the names of the dailies along with their editions in which the advertisement was to be published and authorised payments at current tariff without specifying the amount.

In the endorsements to the Secretaries, the OSD stated that DAVP was contacted and they had expressed their inability to issue the advertisement at such a short notice and that payment may be made against voucher and divided among the four departments.

OSD sent another similar letter to the private agency for issue of advertisement on Teachers' Day.

The OSD to HRM sent another similar letter to Priyadarshini Advertising Pvt. Ltd., Hyderabad on 2 September 1995 asking them to issue the advertisement on 5 September 1995 which was approved during their discussion with HRM in the same selected dailies. A copy of this letter was also endorsed to the four Secretaries with exactly similar request as in the endorsement of the letter of 18 August 1995.

The cost of advertising through private agency was Rs 1.37 crore against only Rs 43.88 lakh through DAVP.

The budget heads from which the payments were made were not strictly related to the advertisements.

The arbitrary decision of the OSD cost the exchequer an extra Rs 93 lakh.

Against the bill of Rs 1.37 crore of the private agency, the Ministry made part payment of Rs 43.88 lakh in October 1995, which was the cost admissible as per the norms of DAVP for issue of the two advertisements. The Ministry of Finance, to whom the case was referred for approval, while according the approval for the total expenditure in November 1995 as *fait accompli*, observed that the award of contract to the private agency was in total disregard of both the existing financial rules and the prescribed procedure for dealing with such cases. It advised the Ministry of HRD to fix responsibility in the case. The Ministry of HRD paid the balance amount of Rs 93.08 lakh in November 1995.

Scrutiny disclosed that the Department of Education paid the entire amount of Rs 1.37 crore out of Major Head 2202, C4 - Adult Education C4 (I) - Direction and Administration, C4 (I) (I) - Directorate of Adult Education C4 (I) (I) (7) - Advertising and Publicity for the year 1995-96 and asked the other three Departments to meet their proportionate share and adjust them in the accounts. Booking of expenditure on advertisement for Teachers' Day to the budget for Adult Education and for both Saksharta Sammelan and Teachers' day to the budgets of Departments of Culture, Youth Affairs and Sports and Women and Child Development was not in consonance with their areas of function and purpose for which the Parliament provided funds in their grants.

Thus, the arbitrary decision to place advertisement through a nominated private agency at commercial rate in disregard of the rules to place advertisement through DAVP resulted in extra expenditure of Rs 93.08 lakh.

9.2 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on six Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed as under:

Ministry failed to submit ATNs in respect of two Paragraphs included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Subject
1 of 1995	10.1	Improvement of Science Education in Schools.
2 of 1996	1.1	Vocationalisation of Secondary Education.

Though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997, the Ministry did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	9.1	Delay in construction of office building.
2 of 1997	9.2	Lapses in purchase of antiquities.
2 of 1997	9.3	Premature release of Rs 120 lakh.
3 of 1997	2	Restructuring and Reorganisation of Teacher Education.

The position of pending ATNs was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

10.1 Recovery at the instance of Audit

The Ministry recovered/agreed to recover Rs 80.50 lakh on being pointed out by Audit.

The Ministry permitted Deposit Insurance and Credit Guarantee Corporation to retain 30.50 *per cent* of the recoveries of advances granted to small scale industries towards their establishment charges up to March 1991. The Corporation retained the establishment charges twice for the same period, January 1986-March 1986. Upon being pointed out by Audit, the Ministry recovered the excess amount of Rs 27.60 lakh in September 1996.

From 1992-93, the Ministry revised the percentage of recoveries to be retained by the Corporation towards establishment charges to 10 *per cent* only. However, the Corporation retained the amount of Rs 78.70 lakh on the total recovery of Rs 2.58 crore during 1991-92, at the old rate of 30.50 *per cent*. Upon being pointed out by Audit that during 1991-92 also, the retention towards establishment expenditure should have been at 10 *per cent* only, the Ministry accepted the audit observation and asked the Corporation in May 1996 to refund the excess amount of Rs 52.90 lakh retained by them.

11.1 Four Nation Independence Cup -1997

DG Doordarshan not only paid Rs 3.40 crore towards production cost of Independence Cup Cricket Tournament without justifying the elements of cost but assumed income tax liability of Rs 99.66 lakh also. DG Doordarshan also did not recover Rs 9.80 crore from the advertising agency.

Board of Control for Cricket in India (BCCI) organised a four nation cricket tournament during 09 to 28 May 1997 to commemorate 50th year of India's independence. Doordarshan bid for telecast rights of the tournament in India on payment of Rs five crore to BCCI. The highest bid was of World Tel Inc., who offered Rs six crore. Doordarshan and World Tel entered into an agreement under which World Tel surrendered the telecast rights to Doordarshan subject to the following conditions:

- Doordarshan was to make payment of Rs six crore to BCCI.
- Doordarshan and World Tel were to co-produce the television signals for both Doordarshan and foreign broadcasters.
- World Tel was to have all international rights except cable/satellite channels whose footprint covers India. World Tel was to retain all revenues from international sales.
- Doordarshan was to provide necessary equipment and personnel for the duration of the events.
- Doordarshan was to provide seven CCD Camera/three Beta VT broadcast units along with operational staff for Hyderabad and Gwalior matches.
- Doordarshan was to pay ₹567860 net of taxes to World Tel towards production cost.
- World Tel's Indian affiliate, namely, World Tel Sports India Private Limited was to have an option to secure the marketing rights to Doordarshan's live telecast on national network for a minimum guarantee of Rs 14.40 crore net. Revenue in excess of Rs 14.40 crore was to be shared in the ratio of 70:30 between Doordarshan and World Tel Sports India Private Limited.

Scrutiny of documents in the office of DG Doordarshan disclosed the following:

Acceptance of cost of production without examination

Payment of Rs 3.40 crore made to World Tel Inc. USA without proper assessment of cost.

Doordarshan's record did not contain any evidence to suggest that either Director General (DG), Doordarshan or the committee constituted under his chairmanship examined the details of the cost of production before agreeing to commit a payment of £567860 equivalent to Rs 3.40 crore to World Tel Inc., USA towards production cost in the Memorandum of Understanding (MOU). To begin with, Doordarshan had estimated the total production cost at around Rs 2.50 - 3.00 crore. The documents available in Doordarshan indicated that Doordarshan accepted whatever was demanded by World Tel.

In addition to the payment of Rs 3.40 crore to World Tel, Doordarshan also spent Rs 28.60 lakh on the coverage of these matches taking the total expenditure borne by Doordarshan on production and coverage to Rs 3.69 crore, which was much more than the estimated cost of between Rs 2.50 - 3.00 crore reckoned by Doordarshan while working out the cost and benefit.

Additional liability of Income Tax

DG Doordarshan assumed additional liability of Rs 99.66 lakh for income tax due to signing of MOU with the foreign firm.

The note of DG, Doordarshan dated 14 March 1997 indicates the name of the highest bidder i.e. World Tel as an Indian company with the address at Bangalore. While debating on the options for obtaining telecast rights the address in the proforma enclosed for agreement with World Tel was also shown as World Tel Sports India Limited, Cambridge Road Layout, Bangalore. However, DG Doordarshan entered into MOU on 19 March 1997 with World Tel Inc., USA. The direct impact of this was that apart from the payment in foreign currency, Doordarshan assumed the liability for payment of income tax on the sum payable to a non-resident foreign company under Section 195 (1) of the Income Tax Act, 1961. The income tax liability on behalf of World Tel was never discussed in the notes and correspondence in connection with the proposal to obtain telecast rights and Doordarshan was not aware of this liability until Income Tax Department demanded the tax.

Payment of income tax without examination

Doordarshan paid Rs 99.66 lakh as income tax on behalf of World Tel before release of £567860 to them rather than recovering it from the payment due to them. Thus, the cost of production to Doordarshan in effect became Rs 4.69 crore. Further, Section 195 (2) of Income Tax Act, 1961 provides that where the person responsible for paying any such sum chargeable under the Act, considers that the whole of such sum would not be income chargeable in the case of the recipient, he may make an application to the Assessing Officer to determine the appropriate proportion of such sum so chargeable, and upon such determination, tax shall be deducted under Section 195(1) of the Act only on that proportion of the sum which is so chargeable. However, in this case, since World Tel Inc. USA was to get their payment net of taxes as per MOU, they could not be expected to be bothered about the amount paid by Doordarshan out of their own resources towards income tax. It was, therefore, incumbent upon DG, Doordarshan to determine the appropriate proportion of the payment made to World Tel Inc. USA which was chargeable under Section 195 (2) of Income Tax Act and pay tax only on that portion rather than making payment of income tax treating the total amount payable to World Tel as income.

Incorrect calculation of opportunity cost

Opportunity cost of telecast of a programme in lieu of an existing programme is worked out by reckoning the earning lost due to not telecasting the existing programme. While working out the minimum guarantee of Rs 14.40 crore, DG Doordarshan assumed the opportunity cost of telecast of Independence Cup as Rs five crore, the other costs being payment of Rs six crore to BCCI and Rs 3.40 crore towards production cost to World Tel Inc. Analysis by Audit of revenue earned during the corresponding days of the week immediately preceding those on which the matches took place, however, disclosed that the revenue lost due to telecast of this programme aggregated to Rs 8.91 crore. Thus, Doordarshan had omitted to reckon revenue of about Rs 3.91 crore while calculating the revenues that could have been earned on the corresponding days on telecast of existing programme. This upset the calculation of the total cost and the benefits.

DG Doordarshan did not reckon Rs 3.91 crore in the calculation of opportunity cost.

Under the MOU, DG Doordarshan entered into an agreement with an advertising agency namely, UTV, granting them commercial rights for advertisements. The agreement with them provided for bank guarantee of Rs 14.40 crore by UTV towards the minimum guaranteed revenue and sharing of the net revenues in excess of Rs 14.40 crore between Doordarshan and World Tel in the ratio of 70:30.

Non-realisation of dues

Six months after the tournament, Rs 9.80 crore was yet to be recovered from the advertising agency.

As per the accounts furnished by UTV, the total revenue earned by them during the telecast of the Independence Cup was Rs 23.10 crore. After deduction of the agency commission at 15 *per cent*, the net revenue worked out to Rs 19.63 crore with Doordarshan's share at Rs 18.06 crore. UTV had made payment of only Rs 8.26 crore during August 1997 to October 1997. DG Doordarshan had not recovered the balance amount of Rs 9.80 crore against the bank guarantee of Rs 14.40 crore up to November 1997 which was valid up to December 1997. The interest benefit to the advertising agency on account of amounts overdue from them was Rs 78.46 lakh for the period August 1997 to November 1997 at 18 *per cent per annum*.

Unverified revenue figures

The correctness of the figures of revenue stated to have been earned by the agency was not verifiable.

Further, the reliability of the figure of Rs 23.10 crore of revenue furnished by the agency could not be verified in the absence of any record indicating the exact amount of commercial time used by the agency/sponsor in each match. Since, the revenues are directly proportional to the actual time utilised for advertisements during each commercial break, it was necessary for Doordarshan to have the figure of revenue cross-checked with the help of cue sheets and prevailing Rate Card. In spite of specific requests, the relevant records were not made available to Audit.

It may be pertinent to mention that in another Paragraph 11.2 of this Report titled 'Loss of Rs 6.82 crore' the concerned advertising agency had submitted certified figures of revenue and commercial time used, but the revenue collection as per the statement was found much less than the amount arrived at by Audit as per the prescribed Rate Card.

The matter was referred to the Ministry in December 1997; their reply was awaited as of January 1998.

11.2 Loss of Rs 6.82 crore

Doordarshan arbitrarily accepted lower amount of revenue from the advertising agency who were given exclusive commercial rights for Four Nations Cricket Tournament and US Open Tennis Tournament giving a benefit of Rs 6.82 crore to them at the cost of public exchequer.

Doordarshan gave marketing rights to Nimbus Communications Mumbai.

Doordarshan acquired telecast rights for the Four Nations Cricket Tournament in Sri Lanka and US Open Tennis Tournament both held in September 1994 for US\$ 500000 equivalent to Rs 1.57 crore and US\$ 35000 equivalent to Rs 0.11 crore respectively. Doordarshan gave exclusive marketing rights of both the tournaments on minimum guarantee basis to Nimbus Communications Mumbai after inviting competitive bids.

The salient features of the arrangement with the advertising agency were :

The agency was to charge from the advertisers at the Doordarshan rates.

- The agency was not to charge any advertiser for advertising time more or less than the rates prescribed by Doordarshan.
- The agency was to guarantee a minimum amount for use of commercial time during the tournament matches. Beyond the guaranteed amount the revenue was to be shared between Doordarshan and the advertising agency in the ratio prescribed in the agreements.
- The minimum amount of guarantee for Four Nations Cricket Tournament was Rs 3.42 crore. The revenue in excess of this was to be shared by Doordarshan and the advertising agency in the ratio of 85:15.
- The minimum guaranteed amount for commercial rights of the US Open Tennis Tournament was fixed at Rs 20 lakh. The revenue in excess of Rs 29.50 lakh was to be shared between Doordarshan and the advertising agency in the ratio of 80:20.

Beyond the minimum guaranteed amount, the revenue was to be shared between Doordarshan and the advertising agency.

As per the then prevailing Rate Card, live telecast of international sports events/highlights fell under 'A-Special' category, which attracted spot-buy rate of Rs 40000 per 10 seconds of commercial time.

The advertising agency submitted report on utilisation of commercial time and revenue realised during the two tournaments as under :

(Rs in lakh)

Tournament	Commercial Time used (in seconds)	Sales realisation as furnished by the advertising agency
Four Nations Cricket Tournament	24015	428.00
US Open Tennis Tournament	7885	26.25

Since as per the basic term of the agreement, the advertising agency is to charge from the advertisers at rates not lower or higher than the Rate Card rates, the value of commercial time utilised by the advertising agency ought to have been worked out at the Rate Card rate of Doordarshan rather than accepting the sales realisation as shown by the advertising agency.

The value of commercial time shown as utilised during the two tournaments at the Rate Card rates of Doordarshan was Rs 9.61 crore for the Four Nations Cricket Tournament and Rs 3.15 crore for the US Open Tennis Tournament.

In terms of the agreement, the amount due from the advertising agency for the Four Nations Cricket Tournament worked out to Rs 7.95 crore as under :

- Minimum Guarantee :Rs 3.42 crore
- Add 85 per cent of the balance
- Rs 5.33 crore :Rs 4.53 crore
- Total :Rs 7.95 crore**

Similarly, in terms of the agreement, the amount due from the agency for commercial time utilised during the US Open Tennis Tournament was Rs 2.49 crore as under :

- Minimum guarantee :Rs 20 lakh
- 80 per cent of Rs 285.90 lakh
- being the commercial value of the amount in excess of Rs 29.50 lakh :Rs 229 lakh
- Total :Rs 2.49 crore**

The Controller of Sales Doordarshan, however, arbitrarily accepted the lower figure of the value of sales shown by the advertising agency for both the tournaments. This resulted in forgoing of dues of Rs 6.82 crore from the advertising agency for the two tournaments and equivalent benefit to them.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

In terms of agreements the advertising agency was to pay to Doordarshan Rs 10.44 crore for both the tournaments.

The controller of sales arbitrarily accepted the figures shown as revenue by the advertising agency. The loss to Government was Rs 6.82 crore.

11.3 World Cup Hockey Tournament - 1994: Unrealised revenue

Doordarshan did not claim Rs 42 lakh from Nimbus Communications for commercial time used by them, nor did it recover even the accepted amount of minimum guarantee of Rs 10.25 lakh.

Doordarshan obtained rights for telecast of World Cup Hockey Tournament - 1994 through Channel Services Private Limited on payment of Rs 10.50 lakh. The tournament was held in Australia from 26 November 1994 to 04 December 1994. DG Doordarshan gave the rights for marketing of scheduled commercial time in India during the telecast of the matches/highlights from 29 November to 04 December to Nimbus Communications on the condition of payment of a minimum guarantee of Rs 10.25 lakh and sharing of the revenue in the ratios ranging between 80:20 and 65:35 by Doordarshan and the agency, on the revenue earned above Rs 11.75 lakh according to a graded scale. The matches were scheduled to be telecast on DD-I and DD-II network. The agency acknowledged selling of 580 and 2400 seconds of commercial time on DD-I and DD-II respectively.

As per Doordarshan's Manual, the agency was not to charge any advertiser for advertising time more or less than the rates prescribed by Doordarshan. This condition had also been included in the agreement between the accredited advertising agency and Doordarshan Commercial Service.

As per the approved Rate Card, the live telecast of international sports events/highlights fall under 'A Special' category, which attracts spot-buy rate of Rs 40000 per 10 seconds on DD-I and Rs 22000 per 10 seconds on DD-II. On this basis, the total value of the commercial time stated to have been utilised by the agency worked out to Rs 76 lakh, with Doordarshan's share of Rs 42.03 lakh over and above the minimum guarantee amount of Rs 10.25 lakh.

The agency, however, showed total sales of Rs 10.57 lakh only. Doordarshan accepted the revenue, stated to have been realised by the agency, without insisting on payment of its share of the value of commercial time as per the Rate Card in terms of the agreement. Moreover, Doordarshan did not recover even the minimum guarantee of Rs 10.25 lakh from the agency. Besides, the correctness of the commercial

The commercial time utilised by the agency was valued at Rs 76 lakh.

Doordarshan share was Rs 42 lakh over and above the minimum guarantee amount of Rs 10.25 lakh.

Doordarshan neither recovered the minimum amount of Rs 10.25 lakh nor claimed the remaining Rs 42 lakh.

time stated to have been used by the agency was not verified by Doordarshan with their own records and they accepted whatever was indicated by the agency.

Thus, not only Doordarshan was negligent in ascertaining the correct value of the commercial time and claiming Rs 42 lakh due from the agency, it did not claim even the minimum guarantee amount of Rs 10.25 lakh committed by the agency.

The Ministry stated, in December 1997, that the rate at which marketing agency sells commercial time is of no relevance so long as producer/agency pays the minimum guarantee amount and to categorise these events in 'A Special' category will make the telecast of these events economically and commercially unviable. The arguments advanced by them are not acceptable since Doordarshan is not only entitled to minimum guarantee amount but also to a substantial share from sales above the minimum guarantee amount. As such Doordarshan is expected to ensure that the agency does not sell the commercial time at rates lower than the prescribed rates in Rate Card. All the international sports events have been categorised by Doordarshan as 'A Special', irrespective of the popularity of the game. The viability of telecast of advertisements during these events had already been taken into account while framing the terms and conditions of the agreements with the advertising agencies with reference to the Rate Card.

11.4 Undue benefit to the producer of the programme 'Good Morning India'

Grant of extra FCT and lower sponsorship fee to the producer of the programme 'Good Morning India' with reference to the admissible FCT in the Rate Card resulted in a benefit of Rs 6.48 crore to sponsor.

As per the then applicable commercial Rate Card of Doordarshan, the time slot for programmes telecast on DD-I in the morning and afternoon transmissions fall under category 'B', for which sponsorship fee on programmes of one hour duration was Rs 50000 per episode and the sponsor was entitled to FCT of 300 seconds.

DG Doordarshan approved a sponsored programme 'Good Morning India' of one hour duration by NDTV from 7.15 a.m. to

DG Doordarshan provided many concessions to NDTV for 'Good Morning India'.

DG Doordarshan changed the FCT and other conditions in favour of NDTV within one day of the original approval.

The decision of DG Doordarshan led to a benefit of Rs 6.48 crore to the producer.

8.15 a.m. on 18 April 1996 for telecast on DD-I on five working days of the week from 25 April 1996 on the following terms and conditions:-

- The sponsorship fee was allowed at concessional rate of Rs 25000 per hour which was 50 *per cent* of the fee prescribed in the Rate Card. The decision was to be reviewed after four months.
- The sponsor was allowed FCT of 600 seconds in place of the maximum 300 seconds prescribed in the Rate Card.
- The total cost of the programme to NDTV was accepted at Rs 3.75 lakh including the sponsorship fee. The revenue over and above Rs 3.75 lakh was to be shared between DD and the sponsor on 50:50 basis.
- The programme was to be a co-production of Doordarshan and NDTV, in which Doordarshan was to provide suggestions regarding stories, ideas etc. and NDTV had the responsibility for the production of the programme. DG Doordarshan was the Chief Editor of the programme.
- Doordarshan and NDTV were to make aggressive efforts to sell the commercial timings allotted to the sponsor of the programme.

Within one day of original approval i.e. on 19 April 1996, DG Doordarshan increased the FCT to 720 seconds and fixed the spot-buy rate at Rs 15000 per 10 seconds as per the Rate Card. Besides, the clause on sharing of revenue above Rs 3.75 lakh was deleted. DG Doordarshan did not record any ground for this decision having significant financial implication. DG Doordarshan, therefore, entered into inexplicable arrangements with the sponsors in which, apart from allowing concessional rate of sponsorship fee and double the normal FCT, he assumed responsibilities of co-production and aggressive marketing of the commercial time even when Doordarshan was to get nothing out of aggressive marketing effort by DG Doordarshan.

DG Doordarshan, thus, granted extra FCT of 420 seconds valuing Rs 6.30 lakh per episode and lower sponsorship fee by Rs 25000 per episode with reference to the Rate Card. The total undue favour to the producer on telecast of 99 episodes during 25 April 1996 to 30 September 1996 aggregated to Rs 6.48 crore.

Besides, Doordarshan was to charge from the producer Rs 2500 per day for providing microwave link and uplinking facilities for a period of four months. Doordarshan did not furnish any information or evidence in support of recovery of these charges which worked out to Rs 2.20 lakh approximately.

The matter was referred to Ministry in September 1997; their reply was awaited as of December 1997.

11.5 Arbitrary concessions to the producer of 'News Hour'

Arbitrary concessions to the producers of the programme 'News Hour' by DG Doordarshan resulted in overall unjustified benefit of at least Rs 3.32 crore to them.

Doordarshan approved a co-funded programme 'News Hour' to be produced by NDTV who were given 540 seconds of FCT to cover their share of cost.

DG Doordarshan initiated a proposal for telecast of a current affairs programme 'News Hour' to be produced by NDTV on Channel III on five working days. Initially DG Doordarshan approved the programme to be co-funded by Doordarshan and NDTV equally at the total cost of Rs four lakh per episode in August 1995. NDTV was to foot half of the total cost through advertising revenue from FCT of nine minutes during the one-hour programme. The estimates were not examined by costing committee as required under the guidelines of the Ministry.

Full funding of the cost

DG Doordarshan approved change over to full funding on the copy of representation by the producer itself.

On a representation of NDTV in September 1995 that they were not able to get sponsors because Channel III was not available on satellite; DG Doordarshan permitted full cost of Rs four lakh per episode to be met by Doordarshan until this channel was available on the satellite. Examination of documents disclosed that the then DG Doordarshan recorded his approval on the representation of NDTV itself, and therefore, did not leave any scope for examination by the officers dealing with the subject or by the costing committee.

Funding at double the reasonable rate

Arbitrary decision of DG Doordarshan in fixing the cost of the programme resulted in a benefit of Rs 64 lakh to the producers.

The sponsors had submitted an estimate of Rs six lakh for a programme of two hours' duration in May 1995. Doordarshan reckoned the cost estimates worked out by them for another programme 'Good Morning India' as the basis for working out the budget of this programme. DDG (Finance) had estimated the cost at Rs four lakh for the two hour programme 'Good Morning India' and had recommended the cost of Rs two lakh per episode for one hour programme 'News Hour'. Yet the then DG Doordarshan approved the cost of Rs four lakh per episode. The arbitrary decision of DG Doordarshan in deciding the cost of this programme at Rs four lakh resulted in a benefit for Rs two lakh per episode to the sponsors. The total amount of benefit for 32 episodes during 25 September 1995 to 13 November 1995 aggregated to Rs 64 lakh.

After Channel III came on the satellite from 14 November 1995, DG Doordarshan converted this programme into co-sponsored category under a unique arrangement in which while Doordarshan was to co-fund

The producer was allowed double the FCT permissible.

The costing at higher rate resulted in extra payment of Rs 87 lakh to the producer.

Sponsorship fee of Rs 29.50 lakh was also not recovered.

the cost on 50:50 basis, NDTV was to get FCT of 300 seconds to enable them generate revenues through advertisements. As per the Rate Card, the FCT permissible for a half an hour programme on DD-III was 150 seconds. As such, one-hour programme could get a maximum FCT of 300 seconds. Since it was co-funded on 50:50 basis, NDTV was entitled to only 150 seconds FCT per episode. However, they were allowed total FCT of 300 seconds available on one hour programme rather than 150 seconds, being half of it.

Due to the error in reckoning the cost of the programme at Rs four lakh per episode rather than Rs two lakh, Doordarshan continued to pay an extra Rs one lakh per episode for 87 episodes during 14 November 1995 to 22 March 1996 when the programme was co-sponsored. From 23 March 1996 this programme was made fully sponsored.

Sponsorship fee not recovered

NDTV was also liable to pay half the sponsorship fee applicable for the one hour programme at the rate Rs 10000 per half hour, Doordarshan did not recover half of the sponsorship fee totaling Rs 8.70 lakh during the period 14 November 1995 to 22 March 1996. After the programme became fully sponsored from 23 March 1996, NDTV was required to pay sponsorship fee at Rs 20000 for one hour programme. However, the producer was given further concession by reducing the sponsorship fee to Rs 10000 per episode instead of Rs 20000 for three months during the period 25 April 1996 to 24 July 1996. The value of concession for 56 episodes in the period was Rs 5.60 lakh. Besides, sponsorship fee of Rs 20.80 lakh for the period 23 March 1996 to 15 October 1996 was also not recovered as of 7 January 1998.

Use of commissioned material in sponsored programme

Another sponsored programme by the same producer namely, 'News Tonight' was also telecast concurrently on Metro Channel during 25 September 1995 to 22 March 1996. Internal review within Doordarshan in October 1995 through test check of three episodes disclosed that the producer was using 66 to 70 per cent of the footage/clips of the commissioned programme 'News Hour' in the sponsored programme 'News Tonight' without authorisation from Doordarshan. As per the prevailing rates for use of Doordarshan footages, the producer was liable to pay to Doordarshan about Rs two lakh per episode for use of the footage of 'News Hour' in 'News Tonight'.

The producer used footages of commissioned programme in sponsored programme 'News Tonight' without any payment to Doordarshan.

The value of footages not recovered was Rs 1.51 crore.

Despite being clearly brought out by DDG (Vigilance, Litigation and Finance), DG Doordarshan closed the issue of unauthorised use of footage of commissioned programme in November 1995 on unsustainable plea by the sponsors in their meeting on 6 November 1995 with DG Doordarshan that one hour news programme cost something like Rs 10 lakh, which the producers were doing only for Rs four lakh. The justification advanced by the sponsors which was accepted by DG is not tenable since the cost was worked out by Doordarshan at Rs two lakh per episode only. Besides, the producer himself had quoted a cost of Rs six lakh for a two hour programme in May 1995, which makes it only Rs three lakh per episode of one hour duration on *pro rata* basis even by their own admission.

No further data on extent of footage of 'News Hour' used by the producer in the sponsored programme 'News Tonight' is available since DG Doordarshan closed the issue in November 1995. However, if it is presumed that similar extent of footage continued to be used during the entire period when the programmes were telecast concurrently, the value of footages not recovered would be Rs 64 lakh at Rs two lakh per episode during 25 September 1995 to 13 November 1995 and Rs 87 lakh at Rs one lakh per episode during 14 November 1995 to 22 March 1996.

The matter was referred to the Ministry in October 1997; their reply was awaited as of December 1997.

11.6 Undue benefit of Rs 6.86 crore: 'Entertainment Now'

Decision of DG Doordarshan to allow FCT to the sponsors of 'Entertainment Now' treating the five minute programme as a 15 minute programme resulted in a benefit of Rs 6.86 crore to the sponsors with corresponding loss to Doordarshan.

DG Doordarshan approved telecast of 'Entertainment Now'; a programme sponsored by Pritish Nandy Communications Private Ltd. consisting of news from the field of performing arts viz. theatre, music, dance, films etc. of four and half minutes' duration on Metro channel at 7.20 p.m. in 'A' category. He approved the programme in April 1996 to be telecast on five days a week. The programme started telecast from 10 June 1996 for 13 weeks.

Originally DG Doordarshan allowed the FCT of 30 seconds correctly for a four and half minute programme.

DG Doordarshan changed his decision and allowed FCT applicable to a 15 minutes' programme.

DG Doordarshan approved sponsorship fee of Rs 15000 to be paid by the sponsors and allowed Free Commercial Time (FCT) of 30 seconds for each episode. As per Doordarshan's Rate Card the sponsorship fee for 'A' category programme of 30 minutes duration on Metro channel was Rs 35000 with 210 seconds of FCT. *Pro rata* sponsorship fee and FCT for a five minute programme would be Rs 6000 and 35 seconds respectively.

DG Doordarshan rejected a request by the sponsors in June-July 1996 for charging *pro rata* sponsorship fee of Rs 6000 with FCT of 35 seconds or sponsorship fee of Rs 15000 with FCT of 105 seconds treating the programme as one of 15 minutes duration. However, on their subsequent request of 30 July 1996 DG Doordarshan allowed the sponsors FCT of 110 seconds with sponsorship fee of Rs 17500. This decision of DG Doordarshan gave a benefit of 75 seconds of FCT to the sponsors valued at Rs 1.88 lakh per episode at the spot-buy rate for 'A' category programme, while Doordarshan got an extra of only Rs 11500 towards sponsorship fee with reference to the *pro rata* amount on the basis of Rate Card. This decision allowed the sponsor 110 seconds of FCT in a programme of 270 seconds constituting 41 *per cent* of the total time provided for advertisements.

DG Doordarshan approved extension of the programme in spells of 13 weeks on five occasions in September and December 1996 and March, June and October 1997 on the same terms and conditions. Until October 1997, 325 episodes have been telecast and the decision of DG Doordarshan has given a net benefit of Rs 5.72 crore to the sponsors. Doordarshan could have earned equal amount of revenue by marketing the spots in the FCT allowed to the sponsors. The benefit for the remaining 65 episodes approved in October 1997 would be another Rs 1.14 crore as under:

The decision gave the sponsors a benefit of Rs 6.86 crore.

Excess FCT per episode permitted	Value of excess FCT per episode at spot-buy rate of Rs 25000 per 10 seconds	Less extra sponsorship fee paid by the sponsors	Net Benefit to the sponsors per episode
75 seconds	Rs 25000 x 7.50 = Rs 187500	Rs 17500 - Rs 6000 = Rs 11500	Rs 176000
Benefit for 325 episodes already telecast up to October 1997		325x176000 = Rs 5.72 crore	
Benefit for remaining 65 episodes already approved		65x176000 = 1.14 crore	

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

11.7 Benefits to the producer of the programme 'MTV'

Doordarshan charged less sponsorship fee and allowed more FCT to the sponsor of the programme 'MTV' which has resulted in undue benefit of Rs 9.07 crore to the sponsor.

DG Doordarshan approved in August 1994 sponsored telecast of two and a half hours 'MTV' programme from Monday to Friday, three and a half hours on Saturday and one and a half hours on Sunday. The telecast of the programme started from October 1994 on DD Metro channel.

DG Doordarshan, however, allowed FCT of 240 seconds against 210 seconds per half an hour of the programme admissible in accordance with the Rate Card. He allowed the extra 30 seconds FCT in view of high cost of production, as stated by the sponsor. However, DG Doordarshan did not verify the extra cost stated by the sponsor before allowing 30 seconds of additional FCT. In fact, the programme being selective cuts of MTV's other programmes ought to have cost much less to 'MTV'. The grant of 30 seconds extra FCT per half hour slot of the programme resulted in a total extra FCT of 46020 seconds, for 1534 episodes telecast during January 1995 to 06 October 1995, valued at Rs 4.60 crore at the spot-buy rate of Rs 10000 per 10 seconds. The information relating to the numbers of slots telecast during October 1994 to December 1994 was not made available. Assuming that the programme was telecast as per the approval, the value of extra FCT of 12960 seconds for 432 slots of half an hour programme telecast during 06 October 1994 to 31 December 1994 worked out to Rs 1.30 crore.

DG Doordarshan extended the duration of programme in April 1995 for telecast from 12 midnight to 1.00 a.m. with sponsorship fee of Rs 5000 per half hour. The programme fell in category 'B' for which sponsorship fee of Rs 10000 was prescribed. As such, fixing of sponsorship fee at Rs 5000 for half an hour from April 1995 resulted in further benefit of Rs 16.40 lakh to the sponsor for 328 episodes of half an hour each till October 1995.

For continuance of the programme during the second year i.e. from October 1995, 'MTV' offered to double the sponsorship fee to Rs 20000 for half hour slots except midnight slots, for which it offered to pay sponsorship fee of Rs 10000. Doordarshan had also decided in February 1995 itself to charge double the existing rates from the second year i.e. from October 1995. Despite an earlier decision and 'MTV's offer to

DG Doordarshan granted extra FCT of 30 seconds per half an hour slot.

The producer got total benefit of Rs 5.90 crore due to grant of more FCT.

DG's decision to charge half the sponsorship fee for midnight slot resulted in a loss of Rs 16.40 lakh to Doordarshan.

Despite offer by MTV to double the sponsorship fee and earlier internal decision in DD for the same, DG continued telecast at old rates.

This resulted in further loss of Rs two crore.

double the sponsorship fee, Doordarshan continued the telecast of the programme at the old rate of Rs 10000 per half an hour and Rs 5000 for midnight. The programme was telecast up to 11 February 1996. This resulted in loss of revenue of Rs two crore for 521 slots of half an hour during October 1995 to December 1995. Doordarshan did not furnish the telecast details of this programme during the period 01 January 1996 to 11 February 1996. Assuming the telecast as per the approval, Doordarshan lost another Rs 1.01 crore during the period up to 11 February 1996 due to extending the programme at the old rate.

The fixing of sponsorship fee at lower rate and grant of excess FCT resulted in overall benefit of Rs 9.07 crore to the sponsor and loss of an equivalent amount to Doordarshan.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

11.8 Arbitrary fixing of lump-sum fee

Arbitrary fixation of the amount of lump-sum fee for the commercial time provided to the sponsors of the serial 'Alif Laila' resulted in a benefit of Rs 3.74 crore.

DG Doordarshan decided in December 1994 to change the then existing terms and conditions for telecast of the 'Super-A' category serial 'Alif Laila' on national network to a system termed as 'minimum guarantee'. Prior to this, the serial was telecast as a sponsored programme under which the sponsor; P.S. Films, Mumbai paid a sponsorship fee of Rs 1.40 lakh and got Free Commercial Time(FCT) of 90 seconds. Under the minimum guarantee conditions the sponsor is given additional commercial time over and above the FCT. He is entitled to market the commercial time in lieu of a lump-sum amount payable to Doordarshan. While fixing the consolidated fee in lieu of the sponsorship fee and additional commercial time, the amount ought to be fixed as equivalent to the value of the additional commercial time over and above the FCT and sponsorship fee at the prevailing Rate Card.

While changing the terms and conditions of the programme from the sponsored category to the minimum guarantee programme in December 1994, DG Doordarshan permitted total commercial time of 260 seconds per

episode including FCT of 90 seconds for a lump-sum fee of Rs 11.50 lakh, which was close to the money value of Rs 11.60 lakh of the additional commercial time of 170 seconds over and above the FCT of 90 seconds at the then prevailing spot-buy rate of Rs 60000 per 10 seconds and the sponsorship fee of Rs 1.40 lakh.

Doordarshan revised the Rate Card with effect from 1 April 1995, under which the sponsorship fee and the spot-buy rate per 10 seconds for 'Super-A' programme were changed from the existing Rs 1.40 lakh and Rs 60000 to Rs three lakh and Rs 90000 respectively, while there was no change in the FCT of 90 seconds. On the basis of revised Rate Card, the sponsor was entitled to a total commercial time of not more than 185 seconds for the lump-sum fee of Rs 11.50 lakh per episode payable by him. DG Doordarshan intimated the entitlement of reduced commercial time of 185 seconds to the sponsor in April 1995. However, upon a request by the sponsor to retain the commercial time at 260 seconds as originally agreed to on the plea that the minimum guarantee amount was fixed on the basis of Television Rating Points (TRP) ratings and not on the rates in the Rate Card, DG Doordarshan allowed them the FCT of 260 seconds per episode, which included the FCT of 90 seconds up to 02 October 1995.

As per the revised Rate Card of April 1995, the value of 170 seconds of commercial time at the spot-buy rate of Rs 90000 per 10 seconds over and above the FCT of 90 seconds and sponsorship fee of Rs three lakh per episode for 'Super-A' category programme worked out to Rs 18.30 lakh. Under the terms and conditions for the sponsored serials, the revised Rate Cards are applicable from the date of revision, even to the existing serials approved earlier. TRP has nothing to do with the sponsorship fee and FCT, as these are decided on the basis of Rate Card. Yet, DG Doordarshan neither reduced the commercial time nor increased the lump-sum fee in accordance with the revised Rate Card. By this, he gave a benefit of Rs 1.70 crore to the sponsors at Rs 6.80 lakh per episode for 25 episodes telecast during 01 April-02 October 1995.

DG Doordarshan granted extension to this serial for 26 episodes in September 1995. Even while granting the extension, he did not insist on either reducing the commercial time or increasing the lump-sum fee commensurate with the revised Rate Card. He granted the extension for a lump-sum fee of Rs 14.30 lakh each for the first 13 episodes from 9 October 1995 and Rs 18.30 lakh from the 14th episode. However, on a representation from the sponsor, DG Doordarshan with the consent of the Ministry agreed in March 1996 to retain the fee at only Rs 14.30 lakh from

DG Doordarshan did not enforce the application of the revised Rate Card effective from 1 April 1995.

By not applying the revised Rate Card DG Doordarshan gave a benefit of Rs 1.70 crore to the sponsors.

DG's decision in not revising the FCT even while granting extension gave a benefit of Rs 2.04 crore to the sponsors.

the 14th episode also. This decision had resulted in a benefit of Rs 2.04 crore to the sponsor at Rs four lakh per episode for 51 episodes up to October 1996.

Thus, arbitrary decision by DG Doordarshan against the commercial interest of Doordarshan resulted in an overall benefit of Rs 3.74 crore to the sponsor at the cost of public exchequer.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

11.9 Loss due to excess FCT in programmes 'Metro Club' and 'Hello Bombay'

Grant of extra FCT to the sponsors of programmes 'Metro Club' and 'Hello Bombay' resulted in undue benefit of Rs 2.95 crore to the sponsors.

Cases of undue benefit to sponsors and equivalent loss of opportunity by Doordarshan due to favourable grant of FCT in odd duration programmes, not specifically included in the Rate Card, were included in the Report of the Comptroller and Auditor General of India for the year ended March 1996 - Union Government (Civil): No.2 of 1997.

Scrutiny of records in Doordarshan disclosed further the following cases where the DG Doordarshan provided benefit to the sponsors by grant of inadmissible FCT.

'Metro Club'

A sponsored programme titled 'Metro Club' of 20 minutes duration sponsored by Drishti India Ltd. was telecast on Metro channel for five working days of the week under 'A' category from August 1995 to June 1996. As per the Rate Card of Doordarshan, the sponsorship fee for 'A' category programme of 30 minutes duration was Rs 35000 with 210 seconds of FCT. Proportionate FCT and sponsorship fee for 20 minutes programme worked out to 140 seconds and Rs 23000 respectively.

Examination of records relating to telecast of this programme revealed that the DG Doordarshan granted FCT of 210 seconds instead of 140 seconds per episode treating it as a programme of 30 minutes duration. By this, while Doordarshan got only Rs 12000 additional sponsorship fee by treating the 20 minutes programme as a 30 minutes slot, the value of 70

Grant of extra FCT resulted in a benefit of Rs 2.53 crore to the sponsors of 'Metro Club'.

seconds additional FCT granted to the producer was Rs 1.75 lakh per episode, calculated at the spot-buy rate of Rs 25000 per 10 seconds applicable to this category of programme. As a result, DG Doordarshan allowed the producer a net benefit of Rs 2.53 crore in 155 episodes telecast between August 1995 and June 1996 at the rate of Rs 1.63 lakh per episode.

'Hello Bombay'

Similarly, Prominent, sponsor of another programme 'Hello Bombay' of 20 minutes duration on Metro channel was allowed FCT of 210 seconds instead of 140 seconds per episode admissible to them on *pro rata* basis and was charged sponsorship fee of Rs 35000 instead of Rs 23000 per episode. This resulted in a net benefit of Rs 42.38 lakh to the sponsor for 26 episodes telecast between July 1995 and February 1996.

Grant of extra FCT to the sponsors of 'Hello Bombay' and 'Metro Club' led to a benefit of Rs 2.95 crore to them.

Thus, by treating a 20 minutes programme as 30 minutes for the purposes of sponsorship fee and FCT, Doordarshan allowed undue benefit of Rs 2.95 crore to the sponsors of these two programmes. Doordarshan lost an opportunity of marketing the additional commercial time allowed to the sponsorer and earn revenue of the equivalent amount.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

11.10 Undue benefit to sponsors

Failure of the Director, DDK Calcutta to follow the prescribed Rate Card resulted in undue benefit to sponsors for which DDK suffered a loss of Rs 2.50 crore.

Scrutiny of documents in Doordarshan Kendra (DDK) Calcutta disclosed that the Director DDK did not recover sponsorship fee and provided more FCT than admissible as per the Rate Card to the sponsors of programmes 'Janani', 'Mone Rekho Mor Gaan' and 'Gaan Niye' as under:-

Janani

'Janani', a non-film based serial sponsored by T.S. Associates was telecast on Channel-VII with repeat telecast on DD-II and DD-I as under:

Channel	Time of telecast	Period	No of episodes
DD-VII	8:30 AM	30-10-1995 to 10-01-1997	260 (1 to 260)
DD-II	1.00 PM	30-10-1995 to 30-11-1995	24 (1 to 24)
DD-I	12:30 PM	01-12-1995 to 13-01-1997	236 (25 to 260)

As per the Rate Card of Doordarshan repeat serial either from the same kendra or different kendra fall under 'Super-A' category, for which sponsorship fee at Rs 26000 per episode was chargeable with FCT of 60 seconds.

However, Director DDK Calcutta charged sponsorship fee at Rs 15000 per episode only and granted three times more FCT at 180 seconds per episode for 207 episodes of repeat telecast from DD-VII to DD-I during the period 01 December 1995 to 14 November 1996. This resulted in net benefit of Rs 2.27 crore to the sponsors, while Doordarshan lost Rs 22.77 lakh towards sponsorship fee and another Rs 2.04 crore which it could have earned through sale of commercial spots during the excess free commercial time granted to the producers.

As per the Rate Card effective from 15 November 1996, in programmes repeated from the regional kendras to DD-I, 50 per cent premium was to be added to the sponsorship fee with no change of FCT.

Director DDK Calcutta did not charge Rs 2.18 lakh being the premium for the repeat telecast of 'Janani' during the period 15 November 1996 to 13 January 1997. Test check also disclosed that in cases of repeat telecast of another two programmes on DD-I from the regional channel. Director DDK Calcutta did not charge the premium of Rs 5.40 lakh as under:

Director DDK charged lower sponsorship fee and granted higher FCT for the repeat telecast on DD-I.

The benefit to the sponsors was Rs 2.27 crore.

Director DDK did not charge premium of Rs 7.58 lakh on sponsorship fee on repeat telecast of the programmes on DD-I.

Name of the serial	Sponsors	Period	No of episodes	Premium not charged (Rs in lakh)
Mone Rekho Mor Gaan	Sweet Sound	30 January 1997 to 24 April 1997	11	2.20
Gaan Niye	Consumer Point	07 January 1997 to 29 April 1997	16	3.20

Mahanayak

A film-based titled 'Mahanayak' sponsored by T.S. Associates was telecast simultaneously on DD-I and DD-VII, supported by Regional Language Satellite Services from 18 August 1995 to 08 March 1996, having 26 episodes.

As per the circular of June 1995 the Director Commercial Service, New Delhi had notified the telecast fee of Rs 60000 per episode for DD-VII. But the Director, DDK charged the sponsorship fee only for DD-I while for the telecast on DD-VII no fee was charged at all. The negligence of Director DDK Calcutta thereby caused a loss of Rs 15.60 lakh for 26 episodes at Rs 60000 per episode.

The matter was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

Director DDK did not charge sponsorship fee of Rs 15.60 lakh for the telecast of the serial on DD-VII.

11.11 Lackadaisical management of commissioned programmes

Lack of monitoring and failure to take timely action by Director Doordarshan Kendra Hyderabad resulted in locking up of Rs 34.69 lakh besides delay in production of commissioned TV serials.

Director Doordarshan Kendra Hyderabad concluded 50 agreements during March 1989 - June 1995 with private producers for production of commissioned programmes. As per agreements, the producers were to deliver the completed TV serials within six to 24 months from the date of agreements. Of the 50 programmes production of eight programmes had not been completed as of November 1997.

Scrutiny of the documents of Doordarshan Kendra, Hyderabad in April 1996 and November 1997 disclosed that three producers had not

Three producers did not deliver the prints.

delivered the TV serials for which Director, Doordarshan Kendra, Hyderabad had paid advance of Rs 20.10 lakh during December 1994 to July 1995 as under:-

(Rupees in lakh)

Sl. No	Name of the serial	Name of the producer	Date of		Amount of advance
			Agreement	Payment of advance	
1.	Bhakta Kavi Potana	Ms. V. Lata	14 December 1994	30 December 1994	10.40
2.	Adavi Talli	J.A. Sanjeev Kumar	16 January 1995	30 March 1995	4.80
3.	Sirikakolanu Chinnadi	V.S.R. Murty	1 March 1995	31 July 1995	4.90
				Total	20.10

Matters relating to five serials were pending with the court/Director General, Doordarshan.

Director Doordarshan Kendra Hyderabad neither cancelled the agreements nor recovered the advance.

In addition, matters relating to five serials for which advance of Rs 14.59 lakh was paid between March 1989 - January 1997 were stated to be pending either in the court or with the Director General, Doordarshan.

In seven other cases, the producers delivered the TV serials after a delay of 11 to 34 months.

Director, Doordarshan Kendra, Hyderabad failed to cancel the agreements of the defaulting producers in terms of the provisions of the agreements on account of their failure to complete the production work and to follow the prescribed schedule.

The agreements further provided that the amounts of advances paid to the defaulting producers would be recovered along with the interest at the prevailing rates as in the cases of arrears of land revenue. Director, Doordarshan Hyderabad did not invoke this provision to recover the advance along with the interest as arrears of land revenue in any case despite default.

Thus, lack of monitoring at production stage, inadequate coordination with Director General Doordarshan and failure to initiate prompt penal action resulted in locking up of Rs 34.69 lakh besides delay in production of TV serials.

Director Doordarshan Kendra Hyderabad stated, in November 1997, that penal action for failure of the producers with regard to programmes intended for telecast on national network could not be initiated without the prior approval of the Directorate General and that the Kendra was pursuing with the producers for completing the programmes instead of going in for long legal battle to recover the advances. The fact, however

remains that the Director of the Kendra has not been following the timely completion of the serials effectively nor has recovered the advances outstanding for many years against which the production of the serials have not been taken up.

The matter was referred to the Ministry in July 1997; their reply was awaited as of December 1997.

11.12 Non-recovery of outstanding dues

Deficiency in the system of billing and monitoring of the collection resulted in non-realisation of outstanding dues of Rs 3.89 crore. Besides, penal interest on delayed payment recoverable stood at Rs 79.94 lakh.

The Doordarshan Kendras telecast advertisements in the spots booked by advertising agencies registered/accredited by Director, Doordarshan Commercial Service, New Delhi (DCS). The Directors, Doordarshan Kendras raise bills for advertisements telecast by the accredited agencies and send the details of bills so raised and payments received periodically to the DCS, New Delhi. As most of the agencies operate on all India basis, they make payments generally to the DCS, New Delhi for advertisements telecast on all Doordarshan Kendras. The details of amounts so received at New Delhi are sent to the respective Doordarshan Kendras by him.

According to the terms of the contract, the accredited agencies are required to pay their dues within 60 days from the first day of month following the date of telecast. In case of default, the accredited agencies are liable to pay interest at 18 *per cent per annum*. The contract further provided that in case of default in payment of dues on more than three occasions in a year, the accredited agencies automatically lose their accreditation.

Delay in payment of dues for advertisements telecast by the accredited agencies and negligence of Doordarshan in realising the interest on delayed payment and penal action against the defaulters were pointed out in Paragraph 11.13 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 - No. 2 of 1997 - Union Government (Civil).

Test check of accounts of Doordarshan Kendras Chennai, Lucknow and Calcutta disclosed the following:-

i) Doordarshan Kendra Chennai

Test check, in April 1997, of 270 bills pertaining to the period April 1995 to March 1997 disclosed that the accredited agencies delayed payment of dues ranging from three to 273 days. The Director, Doordarshan Kendra Chennai did not raise demand for interest on any of them. The interest recoverable from the accredited agencies worked out to Rs 46.51 lakh as of October 1997. Some of the major defaulters with interest liability indicated in the parenthesis were Prime Time Media Services (Rs 19.56 lakh), Hansa Vision (Rs 7.54 lakh), United Television (Rs 3.98 lakh), and R.K.Swamy (Rs 3.94 lakh).

As the bills pertaining to advertisements telecast from the Kendra were raised by them, the demand for the interest from defaulting agencies in terms of the agreement ought to have been raised and realised by the Director, Doordarshan Kendra, Chennai.

17 accredited agencies defaulted in payment of dues on more than three occasions in a year. Yet, the Director, Doordarshan Kendra, Chennai and Director, Commercial Services Doordarshan, New Delhi did not cancel their accreditation in terms of the agreement.

The Director of the Kendra stated, in October 1997, that the registered or accredited status could be withdrawn only by the DCS, New Delhi as the requisite power was vested with them. This contention is not tenable as the contract provides for automatic loss of accreditation in case of default on more than three occasions. As such, the Kendra should have treated the defaulting agencies as not accredited when they defaulted in payment of dues on more than three occasions during the year.

ii) Doordarshan Kendra Lucknow

Rs 55.76 lakh was outstanding against 29 accredited agencies for telecasts. Though out of the above, eight accredited agencies defaulted in payment of dues on more than three occasions in a year, the Director Doordarshan Kendra Lucknow/Director Commercial Services Doordarshan New Delhi cancelled accreditation only in one case. Some of the major defaulters with the amount due as of 30 November 1997 depicted in the parenthesis were Contract (Rs 2.75 lakh), Lintas (Rs 2.63 lakh), Prominent (Rs 5.46 lakh), Sasi (Rs 2.04 lakh), R.K.Swamy (Rs 4.39 lakh), Trikaya (Rs 3.64 lakh) and HTA (Rs 5.52 lakh). In addition, penal interest recoverable stood at Rs 15.85 lakh as of November 1997.

Director DDK Chennai did not raise demand for interest on delayed payment.

He did not cancel accreditation for default on more than three occasions.

Rs 55.76 lakh was outstanding from 29 accredited agencies at DDK Lucknow, besides penal interest of Rs 15.85 lakh.

Director DDK Lucknow did not cancel accreditation in accordance with the terms of agreement.

Rs 3.33 crore was outstanding from three accredited agencies at DDK, Calcutta besides penal interest of Rs 17.58 lakh.

The system of realisation of dues and interest needs strengthening.

The Director of the Kendra stated, in December 1997, that the demands for dues and penal interest had been raised. He, however, did not state the reasons for not realising the outstanding dues together with penal interest in time as also his failure to cancel accreditation of those who defaulted on more than three occasions in one year.

iii) Doordarshan Kendra Calcutta

Rs 3.33 crore (Rs 1.36 crore from HTA, Rs 0.94 crore from Sweet Sound and Rs 1.03 crore from Plus Channel) was outstanding against three accredited agencies for telecasts. Though the delay ranged from four to 275 days, the Director Doordarshan Kendra Calcutta did not raise demand for the penal interest on them. The penal interest recoverable from them for the period April 1996 to March 1997 was Rs 17.58 lakh.

Thus, failure of Director Commercial Services Doordarshan, New Delhi and Directors Doordarshan Kendra, Chennai, Lucknow and Calcutta in not realising the dues and interest in time and in not cancelling the accreditation for default in payment of dues on more than three occasions resulted in financial benefit to the agencies. It calls for strengthening and streamlining of the system of control in the matter of realisation of dues and action for default.

The matter was referred to Ministry in May/June/September 1997; their reply was awaited as of December 1997.

11.13 Absence of inventory control

Deficient inventory control at High Power Transmitter Station of All India Radio Chinsurah in West Bengal resulted in premature purchases and idle inventories.

The High Power Transmitters (HPT) Station (Station), Chinsurah, situated 40 Km away from Calcutta, stocks materials required in connection with the running of transmitters under its control. A total number of 3634 different items of materials were handled at the store at the end of April 1997.

The Director General (DG), All India Radio, New Delhi centrally purchases stores for supply on the basis of reports on the stock position of stores as sent by the various stations.

Scrutiny of records of inventory holding in the Station store in March 1997 revealed the following:-

Injudicious procurement of valves led to idling of investment of Rs 94.57 lakh.

(i) The DG AIR placed a supply order in March 1993 on a Russian firm for supply of 25 electronic valves of specification Y-68A. The firm supplied the valves for use as spares in transmitters to the Station at a cost of Rs 94.57 lakh (US\$ 299750) in December 1993.

Scrutiny of relevant documents revealed that at the time of receipt of 25 new valves, the Station had a stock of 66 useable valves, of which 32 valves had crossed their average life of 13800 hours but were still operational, and the remaining 34 valves had life equivalent to 17.56 fresh valves. The requirement of valves being about eight per year the 25 valves freshly procured in December 1993 were not required and except for testing purpose, had not been used for the circuit by the Station as of March 1997.

The Ministry stated, in April 1997, that orders were placed beforehand due to uncertainty in regular supply of stores from Russia. It was also stated that the concerned officials were directed to plan purchases pragmatically to avoid idling of equipment.

Deficient inventory control system resulted in blocking of funds coupled with overstocking of materials of Rs 34.04 lakh.

(ii) The Station had 18 items of stores valuing Rs 14.20 lakh procured 20 to 24 years ago which had remained non-moving right from the date of their procurement. Another 10 items of stores valuing Rs 1.77 lakh remained unused for periods ranging from four to 20 years. Further, consumption and use of 12 items of stores was so slow that at the present annual rate of consumption, these would be used only after another 14 years to several decades. This has resulted in overstocking of materials worth Rs 18.07 lakh even after allowing for three years consumption as prudent storing level.

Ineffective pursuance has led to an expenditure of Rs 44.40 lakh remaining unfruitful over five years.

(iii) The DG AIR placed a supply order on a local firm in February 1990 for supply of various components and equipment for 'C' Band Radio Networking Terminal (RNT) at the Station with a view to increasing the frequency of different programmes on 'C' Band. The Superintending Engineer, HPT received the equipment worth Rs 42.51 lakh in March 1991 and installed them satisfactorily in December 1991 in a building specially constructed for RNT at a cost of Rs 1.89 lakh.

Test check of documents of the Station, in April 1996, revealed that one unit of RNT failed in circuit totally in May 1993. Thereafter, the 'C' Band Terminal worked with a stand by system up to May 1994. Since, June 1994 the 'C' Band Terminal became inoperative because of malfunctioning.

Meanwhile, the guarantee period of the RNT had expired in December 1992.

The Director of the Station stated, in October 1996, that they had sent reminders to the firm but so far could not prevail upon the firm to rectify the equipment.

Thus, injudicious procurement of stores by DG AIR without obtaining definite and actual requirements from the Station coupled with deficient inventory control system in the Station and ineffective pursuance by the Station for repair of RNT led to idling of investment of Rs 1.73 crore.

The matter was referred to the Ministry in May 1997; their reply was awaited as of December 1997.

11.14 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on 11 Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of December 1997 revealed as under:

- Ministry failed to submit ATNs in respect of two Paragraphs included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Subject
2 of 1995	3.2	Setting up and functioning of FM Radio Stations.
2 of 1996	3.11	Non-recovery of outstanding dues.

- Though the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997 the Ministry/ Department did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	11.1	Undue benefit to the producer of programme 'News Tonight'.
2 of 1997	11.4	Allowing of extra FCT resulting in undue benefit to producer of programme 'Nazaare'.
2 of 1997	11.6	Loss of revenue due to excess FCT on serial 'Sri Krishna'.
2 of 1997	11.8	Short recovery of sponsorship fee from sponsor of a Hindi serial 'Ajnabi'.
2 of 1997	11.9	Mismatch between procurement of equipment and completion of civil works.
2 of 1997	11.11	Unfruitful investment in automatic message switching system by Press Information Bureau.
2 of 1997	11.12	Non-recovery of advances.
2 of 1997	11.13	Loss of Interest.
2 of 1997	11.14	Outstanding dues of Doordarshan Commercial Service.

The position of pending ATNs was referred to the Ministry in September 1997. The Ministry stated that efforts were being made to furnish ATNs on these Paragraphs.

12.1 Idle electronic voting machines valued at Rs 73.50 crore

Failure of the Election Commission to anticipate and sort the problems associated with use of electronic voting machines before rushing to procure 1.50 lakh of them rendered the expenditure of Rs 73.50 crore infructuous.

Examination of documents in the Election Commission of India and in the offices of the Chief Electoral Officers of a few States during 1996-97 disclosed that the Election Commission has not put to any use 1.50 lakh electronic voting machines purchased in March 1990 at an expenditure of Rs 73.50 crore for the last seven years in any elections.

The Election Commission attributed the following reasons in June 1997 for their inability to use them:

- Doubts and objections raised by political parties about the credibility of the machines and their fool-proof working.
- Problems associated with training of polling personnel, public at large (voters), contesting candidates and representatives of political parties in the use of the electronic voting machines.
- Large number of candidates filing nominations in many constituencies and the final list of candidates not being known until the last date for withdrawal of the candidature.

The Commission added that they did not want to thrust the electronic voting machines unless and until there was a consensus among the political parties in the matter.

None of the factors now being advanced by the Commission for their inability to put the electronic voting machines to use are such as could not be anticipated before rushing to purchase them, particularly when it involved such heavy expenditure. Rather than purchasing a pilot batch and testing them in actual or simulated situation the Commission hastily purchased the machines for the entire country. The Commission failed to visualise the basic problems which could be associated with the use of the electronic voting machines. Their utilisation was uncertain even as of June 1997.

Meanwhile, the batteries supplied with the electronic voting machines, which have a life of three years before they turn into scrap, have

Commission failed to anticipate the problems before purchase of the Electronic Voting Machines.

Batteries supplied turn into scrap without being put to use.

already spent their useful life without ever being put to use. If and when these machines are put to use, the replacement of batteries in the existing stock of 1.50 lakh machines would cost at least another Rs 97.50 lakh at the unit rate of Rs 65 quoted in 1989. Further, out of 18 States/UTs for which data was available, seven States/UTs have spent Rs 40 lakh on their storage.

Thus, hasty action by the Election Commission of procuring the electronic voting machines without paying attention to the likely problems associated with their use, has rendered the expenditure of Rs 73.50 crore questionable, besides infructuous recurring expenditure on their storage without any utilisation.

The matter was referred to the Ministry in April 1997. The Ministry stated, in September 1997, that electronic voting machines would be used by the Election Commission in near future.

13.1 Road Improvement Project

Delay in acceptance of tenders and non-application of rebate component while making payment for escalation in cost, resulted in extra cost of Rs 12.64 crore and excess payment of Rs 16.64 lakh to contractors respectively. Non-adjustment of excess/less consumption of material also led to undue financial aid of Rs 54.06 lakh to contractor.

Audit of accounts of Project Director, National Highways, Visakhapatnam relating to Asian Development Bank assisted widening of the existing highway (NH5) in Vijayawada - Visakhapatnam and Visakhapatnam - Bhubaneshwar section disclosed an extra expenditure of at least Rs 12.64 crore and excess payment of Rs 70.70 lakh as under:-

(i) Chief Engineer, National Highway, Hyderabad recommended the tender of Atlanta Construction Company (India) Ltd. at Rs 21.89 crore for one of the two packages of the widening Project on 5 July 1990. The validity of the offer was 16 December 1990. ADB conveyed their consent to MOST on 8 December 1990. But MOST, while communicating their approval telegraphically to the Chief Engineer, National Highways, Hyderabad on 10 December 1990, failed to include the contract price cleared by ADB. MOST forwarded their approval by post, which included the names of successful tenderer and contract price accepted by them, nine days later on 19 December 1990, which was received by the Chief Engineer on 28 December 1990. By that time the validity of the offer had expired. The contractor for the second of the two packages refused to accept the rates quoted by him due to expiry of the validity period. The Project Director/Chief Engineer had to put this work to tender again in June 1992. The minimum acceptable rate received, which was subsequently approved by MOST at Rs 37.26 crore, after taking into account rebate of 15 per cent offered by contractor on quoted rates of all the items, was higher by Rs 15.37 crore. Even allowing escalation as given under the contract for the first package of the work, the extra cost of delay by MOST was Rs 12.64 crore.

MOST sent incomplete documents/information to the CE.

By the time these were received the validity of the offer expired and one of the contractors backed out.

Retender attracted the bid which was higher by Rs 12.64 crore.

Project Director made payment as per the mix indicated in the contract rather than the actual mix and ended up paying an extra Rs 54.06 lakh.

Failure to apply rebate to the claim led to excess payment of Rs 16.64 lakh.

(ii) The tenders were finalised for use of bituminous macadam of four *per cent*, dense bituminous macadam of 4.8 *per cent* and for bituminous concrete of six *per cent*. However, the binder content in bituminous mixes was to be determined based on technical parameters like quality of aggregate, binder and climatic conditions during the actual execution of works. Scrutiny of the documents disclosed that the actual mix in the packages for this work was lower at 3.5, 4.5 and 4.9 *per cent* of bituminous macadam, dense bituminous macadam and bituminous concrete respectively. Thus, the contractor used less bituminous material than what was specified in the tender. However, since the Project Director made payment to him for material for the mix provided in the tender document rather than for the material actually used, he ended up paying Rs 54.06 lakh for the material which was not actually used by the contractor.

(iii) The contractor for the second package of the work brought out in the preceding paragraph (i) above had offered an unconditional rebate of 15 *per cent* on their quoted price for all items of work. According to the terms of the agreement, Project Director made payment to the contractor for escalation in cost of bitumen, steel, cement, etc. without applying the rebate of 15 *per cent* offered by contractor, while for some other items viz. labour, general materials, POL, etc. he applied the rebate. This resulted in excess payment of Rs 16.64 lakh.

The Chief Engineer, NHAP stated, in September 1997, that the rebate was applicable only on gross value of the tender and there was no mention about its applicability on escalation payment. The contention is not acceptable as the contractor had offered the rebate on all the items of work and therefore, it would apply to payments both at base rates and for subsequent escalations.

The matter was referred to the Ministry in October 1997; their reply was awaited as of December 1997.

13.2 Unintended benefit to the contractor on price variation for seigniorage fee

Payment of price variation for increase in the cost of general materials under two different clauses of the agreement resulted in unintended benefit of Rs 45.99 lakh to the contractor.

As per clause 70 (2) of the agreement with the contractor entrusted with the work of widening of the National Highway 45 from Km 27/8 to Km 67/0, price variation on general materials other than steel, cement and bitumen was admissible, assuming the cost of general material as 15 *per cent* of the total cost of completed works. As per another clause 70 (5), reimbursement of extra expenditure due to changes to or introduction of any national or state statute etc. was also admissible provided that such expenditure was not covered under clauses 70 (1) to 70 (4) of the agreement.

Test check of the accounts of National Highways Division 45, Tamil Nadu disclosed that the Executive Engineer reimbursed increase in seigniorage charges of Rs 45.99 lakh to the contractor until June 1995 levied by the State Government on the quarried material viz., earth, gravel and blue metal under clause 70 (5). The Executive Engineer had also paid price variation of Rs 1.79 crore on general material under clause 70 (2) during the same period. Since, the seigniorage charges are a part of the cost of the general material, which included the quarried material also, the separate reimbursement for the same purpose under clause 70 (5) was, therefore, not admissible. The inadmissible payment was, therefore, liable to be recovered from the contractor.

The matter was referred to the Ministry in June 1997; their reply was awaited as of November 1997.

13.3 Failure to encash bank guarantees

Failure of Executive Engineer to encash the bank guarantees in time led to loss of Rs 58.25 lakh.

The Executive Engineer Expressway Division No.1 Ahmedabad awarded the work of construction of road including minor bridges, canal crossing, cross drainage work, toll plaza, junction and appurtenant between

Executive Engineer NH
Division 45, Tamil Nadu
made inadmissible
payment of Rs 45.99
lakh.

(i) Km 0/0 to 16/0 and (ii) Km 16/0 to 32/0 of Ahmedabad- Vadodara Expressway to a contractor in May 1987, at a tendered cost of Rs 22.17 crore with stipulated date of completion as January 1992. The Executive Engineer terminated the contract in December 1994 due to extreme slow progress of work despite extension up to December 1994. While approving the termination of work, Ministry of Surface Transport (MOST) directed the Executive Engineer that all outstanding dues may be recovered from contractors by invoking the 11 bank guarantees worth Rs 4.53 crore.

Out of the 11 bank guarantees, two worth Rs 58.25 lakh could not be encashed since the Executive Engineer erroneously included these two bank guarantees in December 1994 in the list of UCO bank, New Delhi instead of the State Bank of Saurashtra, New Delhi, who had actually provided these bank guarantees. By the time the Executive Engineer sent the claim for encashment to the State Bank of Saurashtra, the validity of these bank guarantees had expired and the bank refused to encash them.

Thus, negligence of the Executive Engineer, Expressway Division No. 1 in forwarding the bank guarantees for encashment to the bank which had not guaranteed them resulted in non-realisation of Rs 58.25 lakh.

The Executive Engineer stated, in June 1997, that the enquiry was under process for fixing responsibility.

The matter was referred to the Ministry in June 1997; their reply was awaited as of November 1997.

13.4 Unintended benefit to a lessee

Executive Engineer, Roads and Buildings Division, Vijayawada provided unauthorised financial aid of Rs 17.32 lakh to a lessee.

The tender conditions for leasehold rights to collect toll on a bridge across river Krishna in Vijayawada on National Highway No. 5 (Madras to Calcutta) for 1996-98 provided that the lessee would pay the earnest money and additional security deposit in the form of demand drafts.

Executive Engineer, Roads and Building Division, Vijayawada executed lease deed with Sri Chinde China Pitchaiah in March 1996 incorporating the above condition and collected demand drafts for Rs 83.57 lakh towards earnest money of Rs 35 lakh and additional security deposit of Rs 48.57 lakh. Contrary to the conditions of tender, the

**Executive Engineer
Roads & Building
Division Vijayawada
converted the security to
FDR.**

FDR in favour of the contractor against the terms of contract gave him a benefit of Rs 17.32 lakh.

Executive Engineer subsequently withdrew the deposits from Government Account in May 1996 on the request of the lessee and converted them into FDRs in nationalised bank in his favour in disregard of the tender conditions.

The Executive Engineer, thus, gave an unintended benefit of Rs 17.32 lakh to the lessee, being the interest earned by him on FDRs from May 1996 to the end of lease period i.e., March 1998.

The Executive Engineer stated, in May 1997, that security deposit can be made either in cash or in State Government securities or in Central Government securities. Therefore, on the request of the lessee, he converted the security deposited into FDRs in the name of lessee by withdrawing the amount from Government Account with the approval of Chief Engineer. The contention of the Executive Engineer is not correct since the tender conditions specifically provided for deposit of the earnest money and security in the form of demand drafts. Subsequent variation of the tender conditions altered the terms of the contract to the advantage of the lessee.

The matter was referred to the Ministry in October 1997; their reply was awaited as of November 1997.

13.5 Delay in construction of road-overbridge

Delay by Western Railway of over six years to undertake construction of road-overbridge on NH 5 despite advance deposit of money by Project Director NH Gujarat did not permit realisation of value for expenditure of Rs 3.38 crore on widening of NH 5 for over two and a half years.

As a part of widening the two-lane to four-lane divided carriage-way between Km 104/4 to 108/4 of National Highway No.8 connecting Ahmedabad with Vadodara, the existing railway overbridge between Chhayapuri and Pilol stations in Vadodara-Godhra Broad Gauge section was also to be widened. Ministry of Surface Transport accorded the technical and financial sanction for Rs one crore in March 1990 for the road-overbridge. The Deputy Chief Engineer (Bridges) Western Railway Vadodara was requested to complete the construction by March 1992 to synchronise with completion of the widening of the National Highway.

Executive Engineer National Highway Division Vadodara deposited the estimated cost of Rs one crore with Senior Accounts Officer (Construction) Western Railway Ahmedabad in March 1990.

Audit of documents of National Highway Division in July 1995 disclosed that while they completed the widening of the road by December 1994, about 33 months behind the schedule, the Western Railway did not even initiate action to invite tenders and award the work in time for widening of the railway overbridge for over six years. National Highways Organisation Gujarat sent 17 reminders to Western Railway and two reminders were sent to them from the Ministry of Surface Transport.

The delay in widening of the overbridge necessitated revision in the cost estimates of the railway overbridge to Rs 156.96 lakh in May 1993. The Executive Engineer, National Highway Division, Vadodara deposited the balance Rs 56.96 lakh also in March 1995.

The Deputy Chief Engineer (Bridges) Western Railway Vadodara finally awarded the work of widening of the railway overbridge in August 1996. Until May 1997, an expenditure of Rs 61.08 lakh had been incurred on this work.

Thus, due to failure of the Western Railway to complete the widening of the railway overbridge, value for Rs 337.55 lakh spent on widening of the National Highway, was not realised for over two and a half years.

The matter was referred to the Ministry in April 1997; their reply was awaited as of November 1997.

13.6 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Note on one Audit Paragraph.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of September 1997 revealed that though the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has

elapsed in September 1997, the Ministry/Department did not submit ATNs on Paragraph No. 4 of Audit Report No. 3 of 1997.

The position of pending ATNs was referred to the Ministry in October 1997; their reply was awaited as of November 1997.

14.1 Non-recovery of printing charges

Inordinate delay in despatch of finished printed jobs and non-preferring of bills resulted in non-recovery of Rs 197.05 lakh for periods up to more than six years.

The Government of India Press, Forms Unit, Santragachi executes printing jobs as per indents received from the various government departments. The Press despatches the printed material to the indentors through its Publication Unit, located in the same premises. The local indentors themselves lift the printed material by their own transport arrangements. Thereafter, the Press raises the bills against the indentors for printing work done by them.

Test check in January 1997 revealed that the Press had completed five printing jobs valuing Rs 197.05 lakh for Department of Telecommunications (DOT). The jobs were completed up to May 1991. Printed jobs worth Rs 138.54 lakh only were lifted by the indenter during September 1987 to August 1996. Printed forms valued at Rs 58.51 lakh have remained in the store of the Press as of May 1997.

The Press did not raise bills against the indenter as of May 1997 to claim Rs 197.05 lakh, being the cost of the jobs executed.

The Assistant Manager (Technical) stated, in May 1997, that they could not despatch the printed jobs due to shortage of staff and bills were not preferred, as all the finished jobs had not been despatched. This contention of the Press is not tenable. All along the Press had about 80 *per cent* staff strength. Besides, this reason for non-despatch of the printed forms was never stated in the past. In so far as preferring of claims is concerned the Government of India, Press Hand Book envisages that the Press would raise bills quarterly, on the basis of jobs completed.

Thus, failure to take effective measures to despatch the forms and raise bills for the printing jobs completed has resulted in non-recovery of Rs 1.97 crore for over six years. This has also caused avoidable blocking of storage space in the Press.

The matter was referred to the Ministry in July 1997; their reply was awaited as of November 1997.

The Press had not despatched the printed forms valued at Rs 58.51 lakh since May 1991.

The Press did not raise bills of Rs 197.05 lakh for the printed jobs against DOT.

14.2 Short recovery of water charges

Failure of Assistant Estate Manager, Nagpur to revise the rate of water charges of Government residential accommodations led to short recovery of Rs 82.81 lakh.

Until March 1988, the Assistant Estate Manager, Nagpur recovered water charges from the allottees of 881 Government residential accommodations and shops at flat rates. The rates of water charges were fixed so as to cover the payments to Nagpur Municipal Corporation for bulk supply of water to the CPWD for distribution to the Government residential accommodations and shops.

Test check of documents in the office of Assistant Estate Manager in March 1997 revealed that Nagpur Municipal Corporation revised the rate of bulk supply of water to about 2.4 times from April 1988. The Executive Engineer, CPWD (Civil), Nagpur, Central Division No. 1 brought it to the notice of Assistant Estate Manager in July 1988 and May 1989 and advised him to revise the flat rate for recovery of water charges *pro rata* and take action for installation of individual water meters for residential accommodations, shops etc.

The Assistant Estate Manager and Director of Estates failed to revise the rate of recovery for water charges corresponding to the increase in the rate by Nagpur Municipal Corporation and/or to install individual water meters for each unit.

This resulted in short recovery of water charges of Rs 82.81 lakh from the allottees for the period April 1988 to March 1997 at Rs 9.20 lakh *per annum*.

The Assistant Estate Manager, Nagpur stated, in March 1997, that recovery as fixed by the Executive Engineer for each type of tenements, shops etc. was made along with the licence fee. The installation of the meters was the responsibility of CPWD.

The reply is not acceptable as the Executive Engineer, CPWD had requested him in July 1988 and May 1989 to effect the recovery of water charges at 2.4 times the existing rate and take action for installation of individual meters. Yet, the Assistant Estate Manager did not follow his advice.

The matter was referred to the Ministry in June 1997; their reply was awaited as of September 1997.

Nagpur Municipal Corporation revised the rate of bulk supply of water to about 2.4 times from April 1988.

The Assistant Estate Manager did not revise the water charges.

This resulted in short recovery of Rs 82.81 lakh.

14.3 Recovery at the instance of Audit

On being pointed out by Audit, Government Press, Koratty, Kerala raised supplementary claim for Rs 91.04 lakh towards printing charges and realised Rs 66.92 lakh.

Government of India Press, Koratty, Kerala undertakes printing jobs of different Ministries, Departments, Offices, etc. The cost of work done is initially charged on provisional basis subject to adjustment of final cost on completion of proforma accounts for the respective years.

The Manager, Government Press, Koratty did not raise supplementary claims from 1975-76 onwards due to his failure in computing the final cost of printing charges etc.

On being pointed out in Audit, in December 1991, the Manager, Government Press assessed the differential cost of printing charges for the period 1982-94 and raised claims for Rs 91.04 lakh. Out of this, Rs 66.92 lakh was recovered during November 1993 - September 1997. The final cost of printing charges relating to the period from 1975-82 and 1994-96 was yet to be worked out as of October 1997.

The Manager, Government Press stated, in October 1997, that the work for computation of final cost was pending due to non-availability of old records for the period 1975-82.

14.4 Extra expenditure

Executive Engineer CPWD unauthorisedly accepted bank guarantee of only Rs 40 lakh from a contractor against Rs 1.25 crore provided in the contract. The contractor stopped the work and was holding 408 tonne steel billets valued at Rs 53 lakh.

Executive Engineer (EE) Central Stores Division II Central Public Works Department (CPWD) awarded the work of rerolling of 3600 tonne billets against issue of 3956 tonne into various dia/categories of tor-steel bars in January 1993 to Nova Steels (India) Ltd. at an estimated cost of Rs 54 lakh to be completed by 25 April 1993. The contractor was to lift the billets from Mumbai on furnishing a bank guarantee of Rs 1.25 crore. The Executive Engineer unauthorisedly obtained a bank guarantee of Rs 40

lakh only. He granted provisional extension of time for completion of the work up to 30 June 1994 with the condition that liquidated damages on account of delay may be recovered. The firm started lifting billets from May 1993 and supplied 1312 tonne re-rolled steel up to February 1994.

The contractor lifted the last batch of 408 tonne billet valuing Rs 53 lakh in April 1994 but refused to supply the re-rolled tor-steel unless Excise duty was paid to him by the department in advance. When Executive Engineer initiated action to invoke the bank guarantee of Rs 40 lakh in August 1994, the firm, filed a suit in the High Court, which in turn directed the Chief Engineer CPWD North Zone in February 1996 to appoint an arbitrator for adjudication of dispute. The Chief Engineer took 21 months to appoint the arbitrator in November 1997.

The delay in re-rolling of the billets as per the schedule compelled the CPWD to purchase 2289 tone re-rolled billets from the market at an extra expenditure of Rs 68.10 lakh compared to the cost of re-rolled steel made from the billets supplied by the CPWD. Besides, the contractor was also holding 408 tonne billet valued at Rs 53 lakh since April 1994. The interest at 18 *per cent* up to December 1994 on this amount would be Rs 7.16 lakh.

This paragraph underscores the unauthorised action by Executive Engineer in accepting the bank guarantee of an amount lower than that provided in the terms of the contract, which may eventually delay or contribute to hindrance in recovery of the damages and cost of billets not returned by the contractor as and when the arbitration case is decided.

The matter was referred to the Ministry in August 1997; their reply was awaited as of November 1997.

Department of Urban Development

14.5 Non-recovery of risk and cost

The Executive Engineer CPWD Gandhinagar failed to realise the risk and cost amount of Rs 20.68 lakh.

The Executive Engineer Gandhinagar Central Division, Central Public Works Department (CPWD) awarded the work of "construction of 180 type III staff quarters for Central Revenues Department" at Vadodara to

a contractor in March 1988 at tendered cost of Rs 64.94 lakh with stipulated date for completion as July 1989. The Executive Engineer terminated the contract at the risk and cost of the contractor in February 1992 due to slow progress of the construction despite extensions. At the time of termination of the contract, the contractor had carried out works valued at Rs 45.54 lakh. He awarded the remaining work to another contractor in September 1992 at the risk and cost of the first contractor at the tendered cost of Rs 49.26 lakh. The remaining work was completed at a cost of Rs 43.53 lakh, which included some additional work by March 1994. However, the Executive Engineer did not take action to recover the risk and cost dues of Rs 20.68 lakh from the first contractor as of June 1997.

Thus, failure of the Executive Engineer to take action to recover the risk and cost dues from defaulting contractor resulted in non-recovery of Rs 20.68 lakh.

The matter was referred to the Ministry in April 1997; their reply was awaited as of November 1997.

14.6 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on 14 Audit paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of September 1997 revealed as under:

- Ministry failed to submit ATNs in respect of six paragraphs included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Subject
2 of 1996	7.1	Avoidable expenditure.
2 of 1996	7.2	Unfruitful expenditure.
2 of 1996	7.3	Delay in construction of residential quarters at New Bombay.

Contd-

Audit Report Number and Year	Paragraph Number	Subject
2 of 1996	7.5	Additional expenditure due to non-fulfilment of contractual obligations
2 of 1996	7.6	Additional expenditure of Rs 26.76 lakh.
2 of 1996	7.8	Improper payment of Holding Tax.

- Though, the Audit Reports for the year ended 31 March 1996 were laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs has elapsed in September 1997 the Ministry/Department did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	14.1	Working of Government of India Presses at Calcutta and Santragachi.
2 of 1997	14.2	Loss of revenue due to unauthorised occupation of Government residential accommodation.
2 of 1997	14.3	Grant of Rs 70.00 lakh not refunded.
2 of 1997	14.4	Execution of sub-standard work.
2 of 1997	14.5	Avoidable expenditure on escalation.
2 of 1997	14.6	Extra expenditure due to wrong selection of delivery point.
2 of 1997	14.7	Wasteful expenditure.
2 of 1997	14.8	Avoidable expenditure due to departmental lapse.

The position of pending ATNs was referred to the Ministry in September 1997; their reply was awaited as of December 1997.

15.1 Extra expenditure due to cancellation of cheque

Failure of the Ministry to obtain approval for re-appropriation of funds despite savings in Capital Section resulted in extra expenditure of Rs 36.72 lakh on purchase of land.

Ministry was unable to approve re-appropriation.

Executive Engineer had to stop payment of the cheque.

The Ministry of Water Resources sanctioned an expenditure of Rs 1.44 crore in March 1995 for purchase of 180 cents of land at the rate of Rs 0.80 lakh per cent allotted by the Greater Cochin Development Authority (GCDA), Kochi in August 1994 for construction of an office building and staff quarters for South Western Rivers Division, Central Water Commission (CWC), Kochi. The funds were to be provided from savings available in the 'Capital Section' of the Ministry's budget for 1994-95 through re-appropriation. The Executive Engineer CWC Kochi issued a cheque for Rs 1.44 crore on 31 March 1995, but stopped its payment on 1 April 1995 on the instruction of Secretary Central Water Commission, New Delhi since the Ministry could not obtain approval of Secretary (Expenditure) for re-appropriation of funds. It is noteworthy that there was a savings of Rs 2.07 crore under Capital Section (Voted) in the grant for Ministry of Water Resources during 1994-95. GCDA cancelled the allotment in April 1995.

Within three months, the Executive Engineer, CWC, Kochi again approached the GCDA for allotment of land on 5 July 1995. GCDA allotted the same plot of land in September 1995 at an enhanced rate of Rs one lakh per cent. The Ministry sanctioned the payment of Rs 1.80 crore in September 1995. The Executive Engineer made payment in October 1995 and took possession of the land in January 1996.

On subsequent purchase of the same plot, the Ministry spent Rs 36.72 lakh more.

Thus, inability of Ministry in providing the funds through re-appropriation despite a saving led to abrupt cancellation of the cheque. This resulted in extra expenditure of Rs 36.72 lakh towards enhanced cost of land including registration charges.

The matter was referred to the Ministry in July 1997; their reply was awaited as of December 1997.

15.2 Extra expenditure

GM Farakka Barrage Project and Ministry permitted back to back subletting of the contract for repair of gates of Farakka Barrage by RPNN in disregard of the rules and paid percentage charge of over Rs 32 lakh to them for no reason.

Ministry/GM FBP awarded the work on cost plus 15 per cent basis.

For regulation of flow of water in feeder canal, 11 gates are provided in the head regulator of Farakka Barrage. Ministry of Water Resources (MOWR) awarded in November 1992, the work of repairs/rectification of the gates to National Project Construction Corporation, since renamed as Rastriya Pariyojana Nirman Nigam Limited (RPNN) on "cost plus 15 per cent" basis at the total estimated cost of Rs 191.51 lakh. The work which was to be completed by June 1995 was in progress as of October 1997 and running account payment of Rs 246.60 lakh was paid to RPNN up to October 1997.

Scrutiny of documents relating to award of work in the Ministry and Farakka Barrage Project (FBP) disclosed that the Ministry did not invite open tenders for the work on the plea that the bill of quantities of the above work could not be determined at that stage without dewatering the area. Instead the Ministry called for limited quotations from Public Sector Undertakings and received three offers. Jessop & Company, who were the original manufacturers of the gates and had earlier identified the items of work to be executed, gave their offer in March 1992. The other two offers were received from RPNN and a private firm Emtraco, Calcutta during June 1992. Emtraco had directly submitted their offers to MOWR for their consideration. The terms and conditions of three offers were as under:-

(Rupees in lakh)

Sl. No.	Firm	Estimated Cost	Condition
1	Jessop & Company	150	Actual cost plus 20 per cent.
2	RPNN	191.51	Actual cost plus 15 per cent.
3	Emtraco	162.80	Extra cost of Rs 29 lakh for extra optional works on mutually agreed rate.

Ministry accepted the highest tender of RPNN due to doubtful capacity of Emtraco.

RPNN sublet the work back to back to Emtraco, whose capacity was considered doubtful.

RPNN got Rs 32 lakh for no reason.

The Ministry accepted the highest offer of RPNN in November 1992 on the grounds that Jessop & Company had offered their rates only for mechanical works and coordination for the civil works done by another firm might pose problems, adversely affecting the time schedule and that the capacity of Emtraco to handle this work along with another smaller work entrusted to them was doubtful. Besides, in the opinion of the Ministry, some of the condition in their offer had additional financial implications.

RPNN, however, subcontracted the execution of the complete work in January 1993 to Emtraco on back to back basis at a total cost of Rs 165.32 lakh without prior permission of the accepting authority.

Though, subletting of the complete work is not permissible, the General Manager of the Project (GM, FBP), who would have known it, did not take any action towards rescission of the agreement with RPNN. Instead, the Ministry regularised the subletting in September 1993 as *fait accompli*. In doing so, the Ministry failed to take penal action against RPNN of at least cancelling the payment of percentage charge to them. Further, out of total running account payment of Rs 246.60 lakh made as of October 1997, RPNN got Rs 32.16 lakh as the percentage charge for no reasons.

Besides, inadmissible escalation payment of Rs 14.82 lakh was recovered from RPNN by FBP on being pointed out by Audit.

Thus, by allowing subletting by the highest tenderer on back to back basis to the lowest tenderer, the FBP and the Ministry incurred extra expenditure towards percentage charge of Rs 32.16 lakh.

Ministry stated, in August 1997, that the lump-sum offer of Emtraco was with certain conditions involving financial implications and that at the time of award of the work, the firm had carried out only some work in the project and their progress of execution of another work costing Rs 77 lakh was found to be slow. The Ministry, however, did not address the question of fixing responsibility of GM, FBP who overlooked the irregular action of RPNN to award the contract back to back to Emtraco against the rules and against the background of slow progress by them in another work, which was taken as disqualification for award of work to them.

15.3 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective Action Taken Notes on three Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India - Union Government (Civil) as of September 1997 revealed as under:

- Ministry/Department failed to submit ATNs in respect of one Paragraph included in the Audit Reports up to and for the year ended March 1995.

Audit Report Number and Year	Paragraph Number	Subject
2 of 1996	8.1	Unnecessary purchase of spares

- Though, the Audit Report for the year ended 31 March 1996 was laid on the table of the Parliament on 8 May 1997 and the time limit of four months for furnishing the ATNs had elapsed in September 1997, the Ministry/Department did not submit ATNs on following Paragraphs:

Audit Report Number and Year	Paragraph Number	Subject
2 of 1997	15.1	Failure to recover licence fee.
2 of 1997	15.2	Avoidable expenditure on idle store.

The position of pending ATNs was referred to the Ministry in September 1997; their reply was awaited as of November 1997.

CHAPTER XVI- UNION TERRITORIES

Andaman and Nicobar Administration

Ministry of Home Affairs

16.1 Extra expenditure on extension of runway

Faulty estimation by consultants and absence of follow up action by APWD resulted in extra expenditure of Rs 32.76 lakh on extension of runway. The estimated additional liability is likely to be about Rs 3.52 crore.

For extension of the runway at Port Blair, Andaman and Nicobar Administration engaged Rail India Technical and Economic Services (RITES) as consultant in December 1992 for field survey, geo-technical investigations, preparation of structural drawings, preliminary cost estimates etc. The Ministry of Civil Aviation, Department of Tourism conveyed, in August 1993, the administrative approval and expenditure sanction for Rs 49.29 crore for the work. The Executive Engineer, South Andaman Division, Andaman Public Works Department (APWD) entered into an agreement in December 1994 with RITES, specifying the consultancy charges as Rs 64.81 lakh.

The project included extensive earthwork. RITES prepared the tender documents and bill of quantities for the earthwork in February 1995 for Rs 23.40 crore against the estimated cost of Rs 13.60 crore framed by APWD. The difference in cost was due to adoption of market rate by RITES. The excavation work consisted of the following items of work for which the consultants estimated the quantities as under:-

	Items of Work	Quantities of work (in lakh Cu.m)
A.	Earthwork in excavation in ordinary soil (92 per cent of total earthwork)	33.96
B.	Earthwork in excavation of ordinary rock (Four per cent of total earthwork)	1.48
C.	Earthwork in excavation of hard rock (Four per cent of total expenditure)	1.48
	Total Earthwork	36.92

Out of 22 valid offers, the Executive Engineer, APWD awarded the contract for earthwork in December 1995 to S.M. Kanungo at his tendered cost of Rs 14.72 crore, being the lowest on the basis of estimated quantities.

Scrutiny of documents, in January 1997, disclosed the following:

Actual quantities widely varied from the estimates

The actual quantities of ordinary soil, rock and hard rock excavated were quite different from the estimated quantities by RITES.

(i) The contractor started the earthwork in February 1996. After cutting a depth of 1.5 metre, the soil strata indicated existence of ordinary rock in greater proportion than what had been provided for in the bill of quantities in the Notice Inviting Tender (NIT). On the basis of physical execution done by the contractor, APWD re-estimated the quantity of ordinary rock as 26.53 lakh cu. metre as against 1.48 lakh cu. metre assessed by the consultants. The estimated quantity of earthwork in ordinary soil came down from 33.96 lakh cubic metre to only 8.90 lakh cu. metre upsetting the ratio of ordinary soil, ordinary rock and hard rock from the estimated 92:4:4 to 24:72:4 respectively. The abnormal variation in the quantity of ordinary rock found during actual physical execution of the work from what was estimated by the consultants would indicate that they prepared the estimates incorrectly. The consultants had already been paid Rs 56.55 lakh as consultancy fee out of the total fee of Rs 64.81 lakh payable to them.

Alteration in the value of the contract

Significant variation in the estimated quantities upset the tender evaluation.

(ii) Acceptance of offer of the contractor was based on quantities of earthwork specified in the NIT and rates quoted by him for each of the three types of earthwork i.e., excavation in ordinary soil, in ordinary rock and in hard rock. Change in the quantity of ordinary rocks from four to 72 *per cent* and in ordinary soil from 92 to 24 *per cent* of the total earthwork during actual physical execution, resulted in significant alteration in the total value of the contract.

Effect on tender evaluation

On the basis of actual and subsequently estimated quantities, the second lowest bid was actually the lowest.

(iii) Itemwise analysis of the rates quoted by the lowest and second lowest firm for the 12 items, including four sub-items of work revealed that the rate of the second lowest tenderer Bridge & Roof was higher than that of S.M.Kanungo only in respect of four items of work, mainly for ordinary soil and hard rock while in respect of six other items of work the rate of S.M.Kanungo, the lowest tenderer, was higher. Their rates were same for carriage of excavated earth and hard rock for specified leads. Significantly, the rate of excavation of ordinary rock offered by Bridge & Roof was lower by Rs 13 per cubic metre.

Extra expenditure

Award of contract on estimated quantities by RITES resulted in extra expenditure of Rs 32.76 lakh besides additional liability of Rs 3.52 crore.

(iv) The abnormal variation in the estimated bill of quantities from those actually encountered in course of excavation substantively affected the calculation of the total value of work on the basis of item rates for evaluation of tender and award of contract. On the basis of the actual and subsequently estimated quantities of earthwork, the total tendered cost of Bridge & Roof would have become lower than the tendered cost of S.M.Kanungo. Reckoning the actual quantities of the hard rock, ordinary rock and ordinary soil on the basis of actual excavation up to January 1997, the APWD has already incurred extra expenditure of Rs 32.76 lakh with reference to the rates of Bridge and Roof for the portion of work completed up to January 1997 and has assumed an estimated additional liability of at least Rs 3.52 crore on the balance work.

The matter was referred to the Ministry and the Administration in June 1997; their reply was awaited as of December 1997.

16.2 Delay in fabrication of chassis

Deficient planning coupled with lack of effective follow up action resulted in delay in fabrication of 16 chassis worth Rs 64.46 lakh for more than 31 months.

The Director, State Transport Services, Andaman and Nicobar Administration (Administration) under its scheme for "Augmentation of

Road Passenger Transport Services” during Eighth Five Year Plan, placed an order for ten bus chassis on TELCO in December 1994. TELCO delivered the chassis to the interim consignee of the Administration at Calcutta during March 1995 at a total cost of Rs 40.29 lakh.

The Administration decided to have two chassis fabricated at Calcutta and transported the remaining eight chassis to Port Blair for fabrication.

Scrutiny of records in audit in August 1996 revealed that :

The two chassis left at Calcutta, in March 1995, were handed over to Cheran Engineering Corporation Ltd., Chennai for fabrication of two AC Coaches in May 1996 after more than a year of their receipt. The Director, State Transport Services (STS) subsequently cancelled the work order in February 1997 and decided to have two Super Delux Coaches fabricated at a cost of Rs 13.64 lakh from the same firm instead of AC Coaches. The fabricated Super Delux Coaches were received in Port Blair in May 1997.

The STS received eight chassis in Port Blair during July-August 1995, but the Director, STS placed order for fabrication of six chassis at Rs 15.65 lakh on Laxmi Motor Service (LMS) in January 1996 and October 1996 and two chassis at Rs 5.34 lakh on ASMACOS in April 1997 after a period ranging between 10 to 25 months from the date of their receipt. LMS completed the fabrication work of two chassis during November - December 1996, seven months beyond the scheduled date of delivery. The fabrication work of the remaining six chassis has not been completed as of October 1997 even after 31 months of the chassis.

The STS procured ten more bus chassis worth Rs 40.28 lakh in March 1996 under the same scheme. The Director, STS placed order for fabrication of five chassis at Rs 13.35 lakh on ASMACOS in October 1996 and other five chassis to A.A. Agencies in March 1997 for Rs 13.83 lakh. The fabrication work of these chassis has not been completed as of October 1997 even after a period of 19 months of their receipt.

The Mechanical Engineer of the Directorate stated, in June 1996, that facilities for fabrication of new chassis was limited at Port Blair. Yet, the Directorate did not take them into account before purchasing large number of chassis or made efforts to explore alternatives to get the fabrication work completed within a reasonable period in the main land. Thus, deficient planning and failure to assess the competence and capacity of the local firms coupled with lack of effective follow up action has resulted in an inordinate delay in fabrication of 16 chassis worth Rs 64.46

Fabrication work of six chassis remained incomplete even after 31 months of the receipt of the chassis.

STS procured ten more bus chassis and their fabrication work also remained incomplete.

lakh for period ranging up to 31 months. Moreover, the objective of augmentating road transport services on the islands has to this extent not been achieved besides the unproductivity of revenue earning assets.

The matter was referred to the Ministry in July 1997; their reply was awaited as of October 1997.

16.3 Failure to provide night navigation

Failure of Chief Port Administrator, Port Management Board, Andaman and Nicobar to assess the condition of buoys on which gas lanterns were to be installed for night navigation of ships rendered the expenditure of Rs 16 lakh infructuous, besides delay in providing night navigational facilities by eight years.

Inter-island shipping service is the primary mode of transport in the Andaman and Nicobar Islands. Night navigational facilities are important requirement for the safe navigation of ships during night. To improve such facility at Katchal Bay, 228 nautical mile south of Port Blair, the Chief Port Administrator Port Management Board (PMB) entrusted to the Director of Light House and Light Ships(LHLS), Ministry of Surface Transport, the work for installation of gas operated lanterns on the channel marker buoys at Katchal Bay.

The installation of the lanterns on the buoys at Katchal Bays was completed in June 1990 at a cost of Rs 16 lakh excluding the departmental charges. The lights, however, were not made functional as the gas cylinders for them were received about 20 months later in February 1992.

Director LHLS could not instal the gas cylinders on the buoys due to their poor condition leading to danger of their sinking. He, therefore, removed the lanterns and other equipment valued at Rs 19.50 lakh from the buoys in April 1993 and handed them over to the Chief Port Administrator, PMB. The equipment has not been utilised as of October 1997 and night navigation facilities are still not available at Katchal Bay, restricting the sailing and ship movement in the bay at night.

The Chief Port Administrator, PMB stated, in June 1997, that the equipment handed over by Director, LHLS would be installed on the pile structure being constructed in place of buoys at Katchal and Port Blair. He added that the construction was expected to be completed by March 1998.

Gas cylinders for lanterns to provide night navigational facilities were received 20 months later.

The buoys on which the lanterns were to be installed were found to be in poor condition.

More than seven years after the work was undertaken night navigation facilities were yet to be provided.

Thus, failure of Chief Port Administrator, PMB to assess the suitability of the buoys for installation of gas lanterns on them before entrusting the work to the Director, LHLS not only rendered the expenditure of Rs 16 lakh on their installation infructuous, but frustrated the basic objective of provision of night navigational facilities for about eight years.

The matter was referred to the Ministry in July 1997; their reply was awaited as of October 1997.

16.4 Un-recovered stock: Rs 24.90 lakh

Hasty transfer of work of distribution of agricultural inputs by Director of Agriculture Andaman and Nicobar Administration without safeguards led to uncertainty over recovery of stock valued at Rs 24.90 lakh.

Director of Agriculture Andaman and Nicobar Administration entrusted the supply of agricultural input in March 1994 to Consumer Co-operative Stores Ltd., Port Blair. The objective of transfer of this work hitherto, performed by the Directorate, was to release the staff of Directorate of Agriculture from this work for giving more stress on extension work.

Out of the total stock of agricultural inputs of Rs 65.53 lakh handed over to the Consumers' Co-operative Stores in April 1994, the Director could recover stock worth Rs 34.05 lakh only besides sale proceeds of Rs 6.58 lakh. He has not been able to recover the balance stock or sale proceeds for Rs 24.90 lakh for the last three years. The consumers' stores has, in turn, claimed a lump-sum amount of Rs 14.85 lakh from the Director of Agriculture without furnishing any break up. Due to unsatisfactory management of distribution of inputs by the Consumers Co-operative Stores, the Director of Agriculture reverted back to the distribution by the departmental officers from December 1994.

Thus, handing over the work and the stock of agricultural inputs to the Consumers' Co-operative Stores, Port Blair by the Director of Agriculture, Andaman and Nicobar Administration without proper assessment of their capabilities and safeguards led to a deadlock where recovery of stock of agricultural inputs valued at Rs 24.90 lakh is doubtful.

Stock of agricultural input valued at Rs 24.90 lakh could not be recovered from Consumers' Co-operative Stores Port Blair.

The matter was referred to the Ministry in September 1997; their reply was awaited as of November 1997.

16.5 Unfruitful expenditure on a centre

Setting up of a Labour Welfare Centre at Rutland without a survey to evaluate its viability resulted in unfruitful expenditure of Rs 10.79 lakh.

With a view to providing welfare and educational facilities to the workers engaged in extraction of timber from forest under the coup system, the Labour Commissioner approved construction of two Labour Welfare Centres (Centre) at Rutland and Manpur in South Andaman during the Eighth Five Year Plan (1992-97) at an outlay of Rs 18.30 lakh. He approved the project without any preliminary survey to evaluate the possibility of utilisation of the Centres specially as the coup system, under which timber from a forest area is extracted by the workers of a coup holder on payment of royalty and premium, had been abolished by the Forest Department in 1989-90.

The Andaman Public Works Department (APWD) completed the construction of the Centre at Rutland in June 1995 at a cost of Rs 10.79 lakh. Construction work at Manpur was not taken up as the number of labourers was found to be less. The Centre at Rutland had not been taken over by the Administration as of September 1997 and remained unutilised.

The Administration stated, in September 1997, that the Centre had not been taken over as its utilisation was doubtful because the number of labourers in Rutland had reduced due to abolition of coup system.

Thus, approval of construction of the Labour Welfare Centre by Labour Commissioner resulted in unfruitful expenditure of Rs 10.79 lakh.

The matter was referred to the Ministry in June 1997 ; their reply was awaited as of December 1997.

16.6 Overstocking of plant protection chemicals leading to wasteful expenditure

Procurement of plant protection chemicals far in excess of requirement resulted in overstocking of chemicals worth Rs 13.50 lakh including banned chemicals with zero consumption for Rs 3.09 lakh.

The Director of Agriculture, Andaman and Nicobar Islands procures plant protection chemicals (Chemicals) and supplies them to the farmers departmentally at subsidised rates. The Directorate procured the chemicals either on the basis of indents for annual requirement received from its zonal offices or on anticipated requirement where no indents were received.

Scrutiny of records of Directorate of Agriculture by Audit in August 1996 for procurement and supplies of chemicals made during 1990-97 revealed as under :-

- i) The Ministry of Agriculture banned the use of BHC Powder on vegetables, fruits, oil seed, crops and preservation of food grain in October 1990 as it involved health hazards to human beings, animals and environment. Yet the Director, continued to procure BHC Powder up to 1994-95 for use in paddy crops. Only 76.850 tonne were issued up to March 1995 against the available stock of 158.072 tonne. The procurement of restricted chemical resulted in a stock of 81.222 tonne of BHC Powder remaining unused and thus expenditure of Rs 3.09 lakh was rendered idle.
- ii) The Director made purchases of the various plant protection chemicals without determining actual requirement or fixing the reordering levels of stock.

As a result seven chemicals valuing Rs 10.41 lakh have been overstocked. On the basis of their past consumption pattern, the stocked chemicals would be consumed in periods ranging from three years to several decades.

Thus, improper assessment of requirement and excess procurement resulted in stocking of chemicals worth Rs 13.50 lakh after allowing for two years' stock consumption. Moreover there is the attendant risk of wastage and deterioration of the chemicals, as ordinarily the shelf life of the chemicals is two years.

The Directorate stated, in October 1996, that the chemicals had been procured on the basis of indents received from the zonal offices. Director of Agriculture, however, did not explain the reasons for purchase of chemicals in stock, the consumption of which in some cases would take several years.

The matter was referred to the Ministry in August 1997; their reply was awaited as of December 1997.

Ministry of Surface Transport

16.7 Excess payment of freight

Erroneous application of cargo rate led to excess payment of freight charges of Rs 29.80 lakh in transportation of machinery items.

EE CSWD made extra payments on transportation of machinery and parts thereof on enhancement of tariff rate.

Executive Engineer Central Stores paid transportation charges for machinery at higher *ad valorem* rate.

The incorrect rate led to excess payment of Rs 29.80 lakh.

Andaman Lakshadweep Harbour Works (ALHW) transported one crane worth Rs 72.21 lakh in July 1993 and paid freight charges of Rs 2.87 lakh at the rate applicable to machinery. Subsequently, on enhancement of tariff rate of "valuable cargo" from 2.5 per cent to 9.76 per cent *ad valorem* in August 1993, with retrospective effect from October 1992, the carrier claimed Rs seven lakh as freight charges of the crane treating it as a "valuable cargo". Executive Engineer, Central Store and Workshop Division (EE, CSWD) accepted the claim and paid the difference in January 1994. Thereafter, EE CSWD paid freight charges at *ad valorem* rate for transportation of all machinery and parts thereof whenever the value of each unit/package of machinery exceeded Rs 50000.

The erroneous application of rate and payment of freight for machinery at the rate applicable to "valuable cargo" resulted in excess payment of Rs 29.80 lakh towards freight charges during November 1993 to April 1995.

The Chief Engineer and Administrator (ALHW) contended in December 1995 and in September 1996, that freight applicable to "valuable cargo" had been paid to avoid delay and demurrage charges. He added that the Indian Coastal Conference (ICC) had confirmed that any unit/package of goods valuing more than Rs 50000 should be treated as "valuable cargo".

The contention is not tenable, since the ICC tariff prescribes specific rate for machinery irrespective of their value. Besides, in terms of Bill of Lading clause 19 read with Rule 5 of Article IV of the Indian Carriage of Goods by Sea Act 1925(Act), also freight for "valuable cargo" on *ad valorem* basis is payable only where special written shipping order or advice is issued for transportation of goods worth Rs 50000 and above. The contention of ALHW that it had no say in the matter is also not tenable as the provisions of the Act are applicable to all ship owners/carriers and any clause, covenant, agreement contrary to provisions of the Act is to be treated as null and void. Clause 19 of Bill of Lading further provides that valuable cargo would have to be delivered on board. Neither special written shipping order or advice was issued nor were the machineries delivered on board in these cases.

Thus, incorrect interpretation of rules and erroneous application of rate resulted in extra payment of Rs 29.80 lakh towards freight charges which should be recovered.

The matter was referred to the Ministry in May 1997; their reply was awaited as of December 1997.

Chandigarh Administration

Ministry of Home Affairs

16.8 Recovery at the instance of Audit

On being pointed out by Audit, Inspector General of Police, Chandigarh realised Rs 20.58 lakh towards leave salary and pension contributions of police force provided to banks. The banks have accepted the claim for the balance Rs 8.37 lakh.

Additional police force can be given to private or corporate bodies on advance payment towards their deployment. While claiming charges for deployment of police force, leave salary and pension contributions at the prescribed rate are also to be charged from such private or corporate bodies.

Inspector General of Police, Chandigarh did not claim Rs 28.95 lakh on account of leave salary, and pension contributions for police force provided/committed to the Reserve Bank of India and 11 scheduled banks at Chandigarh during the period January 1991 December 1997.

On being pointed out in Audit, Inspector General of Police raised a claim of Rs 28.95 lakh in May 1997. Out of this, Rs 20.58 lakh was recovered during May-December 1997. The banks have accepted the claim for the balance.

Ministry of Urban Affairs and Employment

Department of Urban Development

16.9 Idle investment

Failure of Chandigarh Administration to verify the limitation of the site due to large portion of it being a forest land stalled construction of tenements for rehabilitation. 240 tenements constructed at an investment of Rs 1.95 crore are lying idle for over three years.

After constructing 240 tenements at Rs 1.95 crore the Administration realised that the site for construction of remaining tenements was forest land.

In order to rehabilitate the slum dwellers of Labour Colony No. 4, the Chandigarh Administration was to construct 3858 tenements. They constructed 240 one room tenements through the Chandigarh Housing Board (CHB) in October 1994 at a cost of Rs 1.95 crore. When the work was in progress, Chandigarh Administration realised that the Plot for the remaining tenements to be constructed would come under forest land. The work for construction of remaining tenements was, thus, stopped. Since, these tenements were small in number and insufficient to accommodate all the slum dwellers of Labour Colony No. 4, the residents of the Colony had to be rehabilitated at alternative sites at Mauli Jagran, Manimajra and Palsora complexes.

Even after their conversion into industrial units, these could not be sold.

Subsequently, the Chandigarh Administration decided, in April 1995, that 240 tenements constructed by the CHB be auctioned as industrial sheds by converting them into 60 small hi-tech pollution free industrial units by combining four tenements for each industrial unit. The industrial units were put to auction in January 1996, but could not be sold

as the reserve price was high and the infrastructure facilities were not available at site.

Thus, the lapse of Chandigarh Administration in constructing the tenements without ensuring availability of sufficient land and their subsequent failure to allot/auction the units resulted in idle investment of Rs 1.95 crore since October 1994.

The matter was referred to the Chandigarh Administration in April 1996 and the Ministry in March 1997; their replies were awaited as of December 1997.

16.10 Under-realisation of fee

Failure of the Administration to charge identical site fee from hawker licensees and hand-cart licensees resulted in loss of Rs 39.31 lakh during 1990-97.

The Chandigarh Administration charges registration fee at the rate of Rs 100 from hand-cart licensees besides Rs 300 towards site fee for the first year. During subsequent years, the Administration charges renewal fee of Rs 50 and site fee of Rs 300 *per annum*. The licensees are provided with 36 square feet of space in the rehri market.

Test check of documents in the office of the Assistant Estate Officer, Chandigarh disclosed that while the Administration provided identical facilities to hawker licensees, which included their eligibility for allotment of appropriate built up booths they charged them only Rs 12 *per annum* towards licence fee.

Scrutiny of documents of persons registered for allotment of built up booths under the scheme for allotment/transfer of booths disclosed that 1872 out of the total 4148 persons registered for the built up booths were hawker licensees. Since, the hawker licensees were provided with site facilities similar to those provided to the hand-cart licensees, the Administration ought to have charged identical site fee from them as charged from the hand-cart licensee. By not recovering the site fee the Administration chose to forego a revenue of Rs 39.31 lakh during 1990-97.

The Assistant Estate Officer, Chandigarh stated, in July 1996, that the hawker licensees would be allotted built up booths in phases and that the registration fee and premium applicable for allotment of the booths would be recovered from them at the same rate as applicable for hand-cart

The Administration charged different rates from two types of licensees who were given similar facilities.

licensees. His reply is, however, silent about why identical annual site fee was not recovered from the hawker licensees when they were provided with identical facilities.

The matter was referred to the Ministry in May 1997; their reply was awaited as of December 1997.

16.11 Failure to avail rebate on cess

Failure of Divisional Engineer to obtain prior approval of Chandigarh Pollution Committee for disposal of treated sewage resulted in forfeiture of Rs 13.35 lakh towards rebate, besides liability of interest of Rs 4.65 lakh.

As per provisions of the Water (Prevention and Control of Pollution) Cess Act, 1977, a cess is payable on water consumed by persons carrying on certain industries and by the local authorities. The Act further provides that where any person or local authority liable to pay the cess under this Act instals any plant for treatment of sewage or trade effluent, such person or local authority, shall from such date as may be prescribed, be entitled to rebate of 25 *per cent* of the cess payable by such person or local authority, provided that a person or local authority shall not be entitled to a rebate if he or it fails to comply with any of the provisions of Section 25 of the Water (Prevention and Control of Pollution) Act, 1974; Section 25 *inter alia* lays down that no person without the prior consent of the State Pollution Control Board, shall bring into use any new or altered outlet for the discharge of trade effluent or any of the standards laid down by the Central Government under the Environment (Protection) Act, 1986.

Test check of records of Public Health Division No.3, Chandigarh, revealed that it has been maintaining a Sewage Treatment Plant Chandigarh near Phase XI Mohali for disposal of the effluent for irrigation of land. The Divisional Engineer failed to obtain the consent/renewal of consent from the Chandigarh Pollution Committee from July 1989 to June 1994.

The Divisional Engineer, thus, had to apply for fresh consent in June 1994. The Pollution Committee assessed cess of Rs 53.42 lakh for the period March 1991 to November 1994 during September - December 1994, which was deposited during December 1994 (Rs 37.97 lakh) and May 1995 (Rs 15.45 lakh). However, the Pollution Committee did not allow rebate of Rs 13.35 lakh, being 25 *per cent* of cess paid under the

Rebate on Cess is available if sewage or trade effluent is released after treatment.

PHED Chandigarh failed to avail of the rebate of Rs 13.35 lakh and incurred a liability of Rs 4.65 lakh towards interest due to negligence.

provisions of the Act, since the Divisional Engineer had not obtained prior consent. The Pollution Committee also levied interest of Rs 4.65 lakh for delay in payment of the cess.

Thus, failure of the Divisional Engineer to obtain prior consent from the Chandigarh Pollution Committee for treatment and disposal of sewage deprived the Division of rebate of Rs 13.35 lakh. Besides, delay in making the payment of cess, also led to a liability of Rs 4.65 lakh towards interest.

The matter was referred to the Ministry in June 1997; their reply was awaited as of November 1997.

Lakshadweep Administration

Ministry of Energy

16.12 Working of Electricity Department

16.12.1 *Introduction*

The Union Territory of Lakshadweep (UTL) comprises of 36 islands with a total area of 32 sq. km. Eleven islands are inhabited and the total population is 51707. Electricity Department in UTL, which was declared a commercial undertaking from April 1961 caters to the generation and distribution of power in all the ten inhabited islands and Bangaram, an island of tourist importance.

16.12.2 *Organisational Set up*

The Electrical Division, Kavaratti under overall charge of an Assistant Executive Engineer (Ele) looks after the generation and distribution of electricity in the islands. It has nine sub-divisions and four sections. The main source of electricity in the islands comprises of 51 diesel generating sets with a capacity of 6.83 MW.

16.12.3 *Scope of Audit*

A review on the working of the Department covering the period 1990-95 was conducted in March 1996 and updated up to March 1997. The records of the division office at Kavaratti and three sub-divisions at Kavaratti, Amini and Willingdon Islands were test checked.

16.12.4 Highlights

- The capital and revenue expenditure of the Electricity Department during the seven years viz. 1990-97 was Rs 15.59 crore and Rs 79.60 crore respectively, while the total revenue realised was a meagre Rs 6.57 crore. The revenue realisation during 1990-97 was a mere eight per cent of the revenue expenditure.
- The Electricity Department has prepared proforma accounts only up to 1990-91. The accumulated losses up to 1990-91 were Rs 24.01 crore. The accumulated losses beyond 1990-91 were not ascertainable due to the failure of the Department to prepare the proforma accounts.
- Viewed in the background of the small distances over which the transmission of electricity takes place in the islands, the average transmission and distribution loss of 16.44 to 18.32 per cent was very high.
- The Administration had not recovered the cost of shortage of 608.84 KL HSD oil during 1992-97 valued at Rs 39.18 lakh.
- The management of solar energy projects has been tardy. The Administration has spent Rs 5.39 crore on solar energy projects during the last seven years. Practically no benefit has been derived out of this expenditure and almost all projects are languishing.

16.12.5 Financial target and achievement

The actual expenditure and revenue realised during 1990-97 were as follows:

(Rupees in lakh)

Year	Expenditure			Revenue realised
	Revenue	Capital	Total	
1990-91	393.25	172.90	566.15	50.96
1991-92	431.13	186.00	617.13	59.94
1992-93	633.31	179.84	813.15	62.02
1993-94	1400.80	214.42	1615.22	85.25
1994-95	1444.95	250.06	1695.01	105.45
1995-96	1787.02	263.86	2050.88	128.31
1996-97	1870.01	292.28	2162.29	165.45
Total	7960.47	1559.36	9519.83	657.38

Steep increase in revenue expenditure as compared to revenue realised.

Total revenue collected by sale of electricity during 1990-97 was eight *per cent* of the revenue expenditure and seven *per cent* of the total expenditure during this period.

16.12.6 Delay in preparation of proforma accounts

Proforma accounts were in arrears of six years.

The Department was declared commercial from 1 April 1961. Though, proforma accounts of a year were to be finalised within three months after the close of the financial year, these were finalised only up to 1990-91. The Department stated, in March 1997, that due to lack of qualified staff, the accounts from 1991-92 could not be prepared. Therefore, the working results from 1991-92 onwards were not ascertainable.

The accumulated loss up to 1990-91 was Rs 24.01 crore. The figures beyond 1990-91 were not available.

Proforma accounts for 1990-91 disclosed that though the cost of production of electricity after taking into account the auxiliary consumption and transmission and distribution loss was Rs 5.83 / KWH, tariff for sale of electricity up to the end of May 1993 was 60 paise / KWH for domestic and 40 paise / KWH for commercial and industrial consumption, which was revised to 75 paise for domestic, 120 paise for commercial and 80 paise for industrial from 1 June 1993. The accumulated losses as per the proforma accounts for 1990-91 were Rs 24.01 crore. The up to date position of the accumulated losses was not known in the absence of proforma accounts beyond 1990-91.

16.12.7 DCB statement of electricity charges

The Department consolidates the "demand collection and balance (DCB) statements" on the basis of data furnished by each sub-division. It did not prepare consolidated statements of DCB since 1991-92. In four islands (Kavaratti, Agatti, Kiltan and Amini), where statements were prepared up to March 1995, arrears of revenue amounted to Rs 14.91 lakh. The Department stated, in June 1996, that consolidated DCB statements would be prepared along with the proforma accounts.

16.12.8 Generation and distribution of electricity

As against the total installed capacity of 6994 KW (Diesel 6919 KW, Solar energy 35 KW and wind energy 40 KW), the maximum demand of electricity in the 11 islands was 4243 KW only.

16.12.8.1 Transmission and distribution loss

Transmission and distribution loss was very high considering the short distance.

The Department produced a total of 9.05 crore KWH electricity during 1990-97, of which, 1.52 crore KWH was lost in transmission and distribution (T&D). The average T&D loss ranged between 16.44 and

18.32 *per cent* during this period. The T&D loss was the highest in Kavaratti, which ranged between 21.2 and 28.4 *per cent* during 1990-95.

According to the energy audit study, conducted by the National Productivity Council in June 1991, the average T&D loss in the following islands, where the study was conducted, were as follows:

Kavaratti	-	16.08 <i>per cent</i>
Minicoy	-	12.15 <i>per cent</i>
Andrott	-	16.74 <i>per cent</i>

The report revealed that though the T&D losses in the three islands were less than the all-India average of about 21 *per cent*, the loss was, in effect, high considering the short transmission distances in the islands.

The loss in Kavaratti at 27 *per cent*, Kalpeni at 26.7 *per cent* and Kadamath 24 *per cent* were more than the all-India average during 1994-95. Such losses during 1990-95 worked out to 719089 KWH valued at Rs 41.92 lakh.

The Department stated, in June 1996, that the overhead lines were drawn through dense coconut gardens which resulted in frequent line snapping, short circuits etc., which were the main reasons for the transmission and distribution loss. It also added that the conversion of overhead lines to under-ground cables was underway. However, conversion of 58.5 km of overhead lines to underground cables targeted during 1990-95, was completed up to about 36 km only till March 1996. The Department stated that the conversion was delayed due to difficulty in getting wire-cut bricks for laying the cables.

16.12.8.2 Auxiliary consumption represents power consumed for various activities connected with production of power. The auxiliary consumption in the islands varied between 0.33 *per cent* in Kavaratti in 1994-95 and 11.07 *per cent* in Agatti in 1993-94. The Department stated, in June 1996, that admissible percentage of auxiliary consumption had not been fixed but instructions were being issued to reduce the consumption at the power houses, diesel yard etc.

16.12.9 Loss in transit of high speed diesel oil (HSD)

Mention was made in para 10.25 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992, Union Government (Civil) No. 6 of 1993 about the loss of HSD oil in transit to the islands from Kochi/Beyepore during October 1989 - December 1991.

Target of laying of underground cables was missed.

Recurring transit loss of diesel oil.

Test check of the records revealed that the Department continued to incur loss due to shortage of HSD oil in transit. The shortage of HSD oil during January 1992 - March 1995 was 608.84 KL valued at Rs 39.18 lakh.

The administration did not take follow up action to recover the loss from the transporters or from the persons responsible. The Administrator stated, in January 1996 that the shortage was mainly due to the hazardous nature of transportation of oil in barrels from the ports to the islands. He added that installation of storage tanks in the islands had already been taken up since 1986 with Indian Oil Corporation and the installation was to be started soon in Minicoy island.

16.12.10 Investment on development of non-conventional sources of energy (NCES)

16.12.10.1 The Department of Non-conventional Energy Sources (DNES) under the Ministry of Energy prepared an action plan in May 1988 for meeting the energy requirements of the islands from NCES. A project report was prepared by Bharat Heavy Electricals Limited, Bangalore in January 1989 for deployment of solar photo-voltaic (SPV) systems in the islands for conversion of energy from sunlight into electricity. The Department received a grant of Rs 5.78 crore during 1990-95 under NCSE for installation of SPV power plants for generation of electricity and SPV street lighting in the island. Out of this, Rs 5.39 crore was spent up to March 1997. A review of the implementation of the scheme revealed the following:

Bitra, Bangaram, Thinnakkara and Cheriya

The project report prepared by BHEL envisaged installation of four SPV plants at a cost of Rs 1.22 crore and a SPV communication system costing Rs 1.65 lakh.

(Rupees in Lakh)

Name of Island	Capacity (KWH)	Cost
Bitra	70	64.86
Bangaram	20	28.44
Thinnakkara	11	17.42
Cheriyam	11	11.42
Total		122.14

Administration failed to complete civil works leading to idling of SPV modules.

Based on the project report, the Department placed supply orders on BHEL for supply and installation of SPV plants/system in February 1989. It released Rs 60.40 lakh, being 50 per cent of the estimated cost of the panels, as advance in February 1989. It also made further payments

SPV modules valued at Rs 74.33 lakh not put to use.

Equipment for solar energy plant costing Rs 1.30 crore was idle since civil works were delayed.

Two wind turbines installed in June 1991 for Rs 20.96 lakh were lying idle since June 1993.

aggregating Rs 77.7 lakh during July 1989 - April 1994. Though the equipment for the plants at Bitra and Bangaram were supplied in July 1989, the plants were commissioned at Bitra only in June 1993 due to delay in completion of civil works. 1120 SPV modules costing Rs 46.46 lakh received in July 1989 for the SPV plants at Bangaram, Thinnakkara and Cheriyaam and for communication system in various islands were not installed as of March 1997. Other equipment such as junction box, invertors, module mounting structure etc. costing Rs 27.87 lakh received during August 1990 - July 1991 were also lying idle. Thus, the amount of Rs 74.33 lakh spent on purchase of the equipment remained locked up for six years without realising any value for money.

The Department stated, in June 1996, that the SPV plants at Thinnakkara and Cheriyaam could not be commissioned as the civil works were not yet over and that the SPV plants for Bangaram and for the communication system was ready for commissioning.

16.12.10.2 Delay in installation of 50 KW-SPV power plant in Kadamath.

The Department placed orders on BHEL for supply and installation of one 50 KW-SPV power plant at Kadamath in March 1994. It paid Rs 85.75 lakh, being 50 per cent of project cost of Rs 1.72 crore, to BHEL in two instalments in March 1994 and February 1995 besides payment of Rs 44.17 lakh during January 1995 - March 1995 against invoices for supply of various equipment. Though the supply of equipment commenced in November 1994, detailed project report was sent to the Department of Non-conventional Energy Sources only in January 1995 and sanction for civil work for Rs 14.07 lakh was accorded by the Administrator only in January 1996. The Administration has already spent Rs 1.30 crore during the last three years. The plant was, however, yet to be installed and commissioned as of March 1997.

16.12.11 Infertuous expenditure on Wind Mill Project

(i) The administrator purchased an aerogenerator to harness wind energy in 1985 at a cost of Rs 1.90 lakh. It was never installed due to damage to the equipment. The entire expenditure was wasteful.

(ii) The Department placed orders on a Bhopal firm for supply and installation of two wind turbines of 10 KW capacity each in Bangaram island at a cost of Rs 20.25 lakh in November 1989. The system was to be commissioned before March 1990. Land was hired to install the system and land rent amounting to Rs 0.71 lakh was paid up to March 1996.

Though the turbines were installed in June 1991, one of the invertors which became faulty in July 1991, was repaired only in November 1992. A series of repairs were carried out since then. Both the invertors went out of order in June 1993 along with four rectifiers, control cards and four circuit breakers. The company had not so far turned up to repair the generators as of March 1997. The Department stated, in June 1996 that the supplier firm was not in existence and repairs would be carried out through another firm. Thus, the entire expenditure of Rs 20.96 lakh on equipment and rent was rendered infructuous.

16.12.12 Other points of interest

Stock accounts

The Division did not maintain a priced stores ledger. Thus, the value of stock held by the Department was not known. Copies of goods received sheets and indents were not being received in the division from the sub-division/sections.

Indoor transformers

The Department placed orders on a Government of Kerala undertaking for purchase of two indoor type transformers for Androth and Kalpeni in June 1991. It paid advance of Rs 0.38 lakh in July 1991. Balance amount of Rs 1.47 lakh was also paid in January 1993, when the transformers were delivered by the company. These transformers could not be installed so far due to failure of the Administration to complete the civil works. The guarantee period of the transformers also expired in July 1994. Thus, the transformers purchased at a cost of Rs 1.85 lakh in June 1993 were lying idle as of March 1997.

Computerisation of store accounting

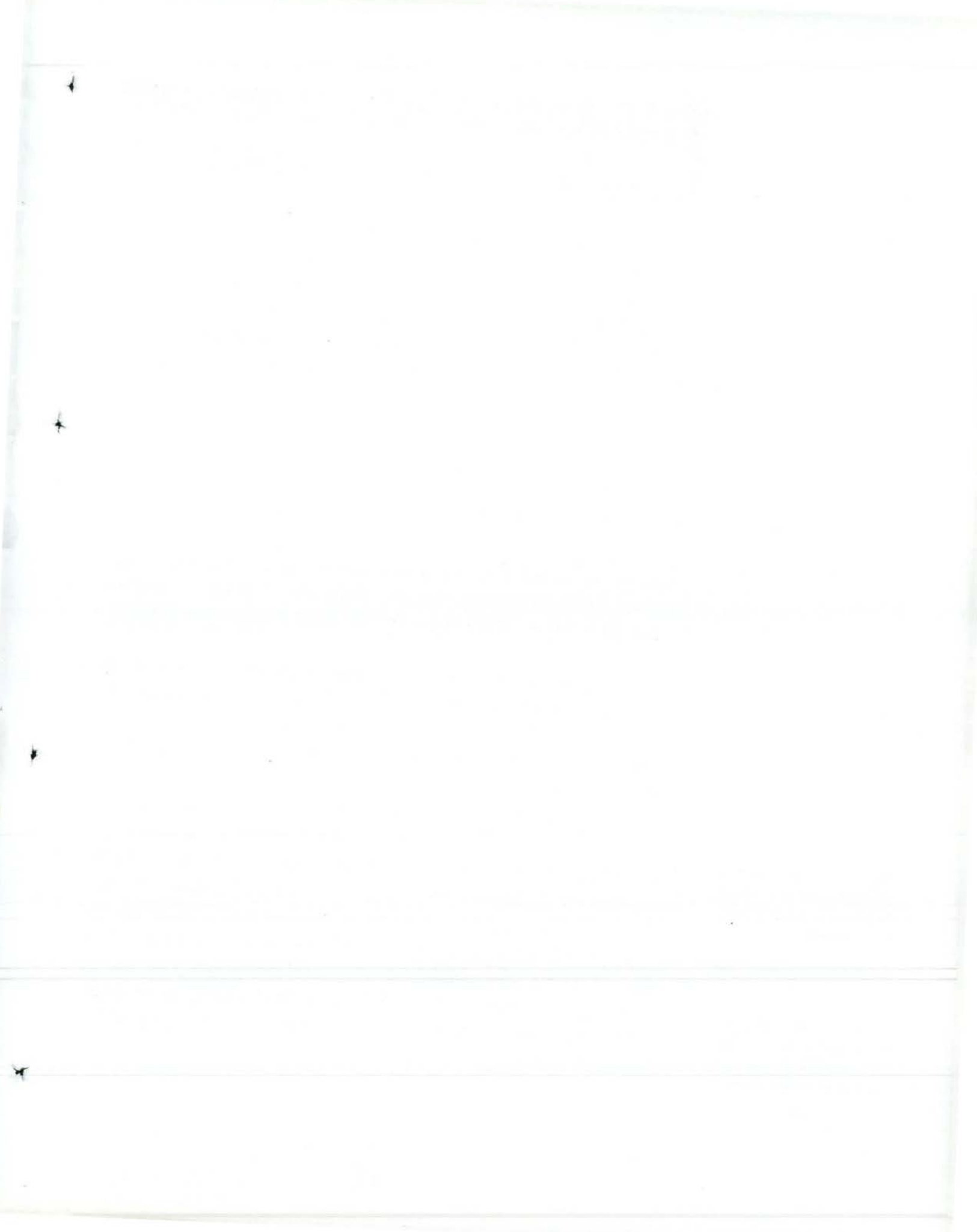
The Department paid Rs 1.32 lakh to National Productivity Council during October 1991 - March 1993 for development of software to computerise inventory management.

The Division procured a computer in March 1993 at a cost of Rs 2.01 lakh. Later, in February 1995, it was decided to procure eight more computers for billing of current charges, issue of receipts personnel and administration and inventory control in eight islands viz. Agatti, Amini, Androth, Kalpeni, Kadamath, Kiltan, Chetlat and Minicoy. The computers were received and installed during August - October 1995. Inventory control and personnel management have not been computerised as of

Failure to complete civil works led to idling of transformers valued at Rs 1.85 lakh.

March 1997, although computers worth Rs 14.40 lakh had been installed during August - October 1995.

The matter was referred to the Ministry in August 1996; their reply was awaited as of October 1997.



17.1 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues, duties, advances written off/waived during 1996-97, is given in Appendix I to this Report.

It will be seen from the Appendix I that in 219 cases Rs 118.60 lakh representing losses mainly due to failure of system, neglect, fraud etc. on the part of individual government officials (Rs 5.36 lakh) and for other reasons (Rs 113.24 lakh) were written off during 1996-97. In one case recovery involving Rs 0.08 lakh was waived during the year.

17.2 Follow up on Audit Reports - Summarised Position

Despite repeated instructions/recommendations of the PAC, various ministries/departments did not submit remedial/corrective Action Taken Notes on 158 Audit Paragraphs in time.

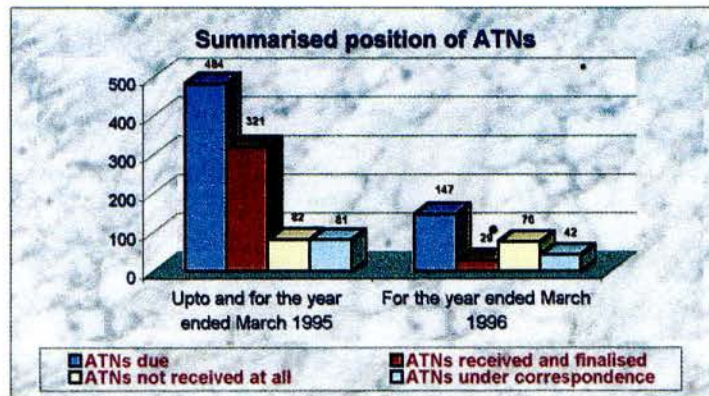
With a view to ensuring enforcement of accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Account Committee (PAC) decided in 1982 that ministries/departments should furnish remedial/corrective Action Taken Notes (ATNs) on all paragraphs contained therein.

The Committee took a serious view of the inordinate delays and persistent failures on the part of large number of ministries/departments in furnishing the ATNs in the prescribed time frame. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended 31 March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of the Reports in Parliament.

PAC recommended submission of all pending ATNs up to 1995 within three months.

From 1995-96, ATNs are to be submitted within four months of placing the Report on the Table.

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India, Union Government, (Civil, Other Autonomous Bodies and Scientific Departments) as of 31 December 1997 revealed as under:



- Ministries/departments failed to submit ATNs in respect of 163 Paragraphs included in the Audit Reports up to and for the year ended March 1995 within three months as indicated in Appendix IIA. Out of these, while the final ATNs in 81 Paragraphs are awaited, ATNs in respect of 82 Paragraphs have not been received at all. The outstanding ATNs date back up to 1987-88.
- Though, the Audit Reports for the year ended 31 March 1996 were laid on the table of the Parliament on 8 and 9 May 1997 and the time limit of four months for furnishing the ATNs had elapsed in September 1997, the ministries/departments did not submit ATNs on 118 Paragraphs as indicated in Appendix II B. Out of these, while final ATNs in respect of 42 Paragraphs are awaited, the remedial ATNs in 76 cases have not been furnished at all.

17.3 Response of the ministries/departments to Draft Audit Paragraphs

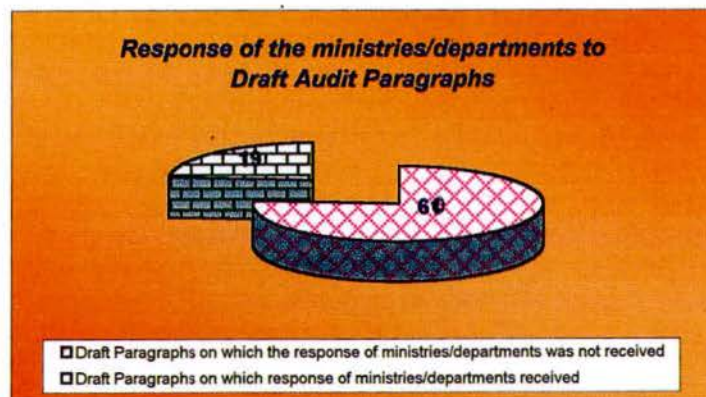
Despite directions of Ministry of Finance issued at the instance of PAC, secretaries of ministries/departments did not send response to 60 out of 79 Draft Audit Paragraphs included in this Report

Draft Paragraphs proposed in the Audit Report are forwarded Demi Officially to the secretaries of the ministries/departments.

Out of 79 Paragraphs included in this Report, the secretaries of the respective ministries/departments did not send their response in case of 60 Paragraphs.

On the recommendation of the PAC, Ministry of Finance issued directions to all ministries in June 1960 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The Draft Paragraphs are always forwarded by the respective Audit offices to the secretaries of the concerned ministries/departments through Demi Official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the ministries are invariably indicated at the end of each such Paragraph included in the Audit Report.

79 Draft Paragraphs included in the Report of the Comptroller and Auditor General of India for the year ended March 1997: Union Government (Civil) No. 2 of 1998 were forwarded to the secretaries of the respective ministries/departments during April- December 1997 through Demi Official letters.



The secretaries of the ministries/departments did not send replies to 60 Draft Paragraphs in compliance to above instructions of the Ministry of

Finance issued at the instance of the PAC as indicated in the Appendix III. These 60 Paragraphs have been included in this Report without the response of the secretaries of the ministries/ departments.

17.4 Departmentally managed Government Undertakings - position of proforma accounts

As per provisions of the General Financial Rules, departmentally managed government undertakings of commercial or quasi-commercial nature are required to maintain such subsidiary accounts and proforma accounts as may be prescribed by Government in consultation with the Comptroller and Auditor General of India.

There were 37 departmentally managed Government Undertakings of commercial or quasi-commercial nature as on 31 March 1997. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading, Profit and Loss Accounts and Balance Sheet. However, Department of Publications, Delhi and Government of India Presses prepare only the stores accounts.

It is necessary for each ministry and department to get audited accounts from these undertakings within nine months of the close of the financial year. However, proforma accounts for the year 1996-97 have not been received from any of the 37 Undertakings as of December 1997. A statement showing the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in Appendix IV.

From the Appendix IV, it will be seen that the proforma accounts had not been prepared for periods ranging from 1 to 23 years as shown below:

Period for which lying in arrears		
No. of years	Period	No. of Undertakings
1-5	1992-93 to 1996-97	18
6-10	1987-88 to 1991-92	5
11-15	1982-83 to 1986-87	11
16-24	1973-74 to 1981-82	03
		37

The undertakings where proforma accounts were in arrears included All India Radio (14 years), Doordarshan (13 years), Medical Stores Depots (12 years), Delhi Milk Scheme (8 years).

The Public Accounts Committee, in their 57th Report (Tenth Lok Sabha) observed that the proforma accounts of Doordarshan had not been finalised since the year 1977-78. While criticising the inordinate delay of more than 15 years in the finalisation of the accounts, the Committee recommended that Ministry in consultation with the Comptroller and Auditor General of India find out ways and means of maintenance of the proforma accounts up-to-date. In their Action Taken Report on the subject i.e. 106th Report (Tenth Lok Sabha), the Committee had observed that no substantial headway was made in the finalisation process and expressed serious concerns over this state of affairs. The Committee recommended that the pending proforma accounts be finalised within a period of two years. But proforma accounts of Doordarshan were still in arrears since 1983-84.

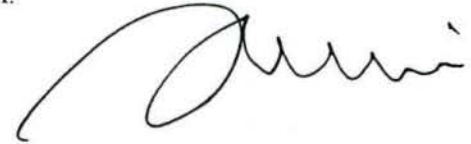
In the absence of proforma accounts, the cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to work out normal performance indicators like, return on investment, profitability etc. for their activities.

The delay in compilation of accounts in respect of departmentally managed government undertakings had also been brought to the notice of Finance Secretary in November 1997 and Secretaries of the Ministries of : (i) Information and Broadcasting (ii) Health and Family Welfare (iii) Surface Transport (iv) Agriculture (v) Defence (vi) Urban Affairs and Employment (vii) Environment and Forest (viii) Power for their replies/ comments. Except the Ministry of Urban Affairs and Employment and Ministry of Information and Broadcasting no other Ministry sent their replies/ comments as of December 1997.

Ministry of Information and Broadcasting stated, in December 1997, that Doordarshan, All India Radio and Films Division had been categorised as attached/ subordinated offices by Government of India under the Allocation of Business Rules and not as Commercial Undertakings. The contention of the Ministry is not acceptable because as per Rule 42 B of Government Accounting Rules 1990, the departments which perform, *inter alia* functions of commercial or quasi-commercial character are categorised as commercial departments. Accordingly, as per provisions of

Rule 299 of General Financial Rules, the heads of these undertakings are required to maintain such subsidiary and proforma accounts in commercial form as may be agreed between Government and the Comptroller and Auditor General of India.

Ministry of Urban Affairs and Employment only intimated the position of proforma accounts of the Department of Publications and of Government of India Presses but did not explain the reasons for delay and their action plan to complete them.



(A.L. GANAPATHI)
Director General of Audit
Central Revenues

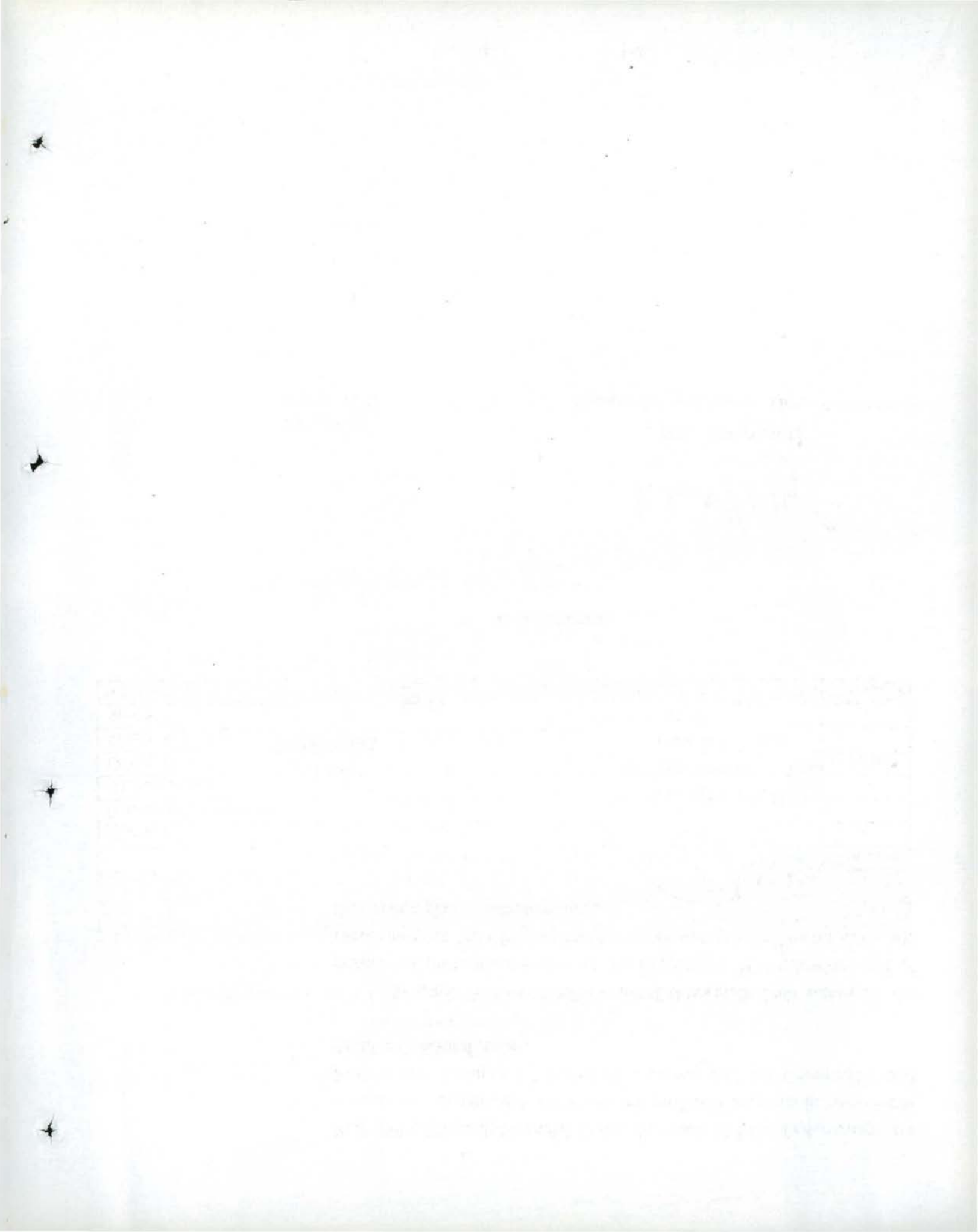
New Delhi
8 May 1998

Countersigned



(V.K. SHUNGLU)
Comptroller and Auditor General of India

New Delhi
8 May 1998



APPENDIX I
(Refer to paragraph 17.1)

Statement of losses and irrecoverable dues, written off/waived during 1996-97

(Rupees in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to				Waiver of recovery	
	Failure of system, neglect, fraud etc.		Other reasons		No. of cases	Amount
	No. of cases	Amount	No. of cases	Amount		
Finance	6	2.09	--	--	--	--
Planning Commission	--	--	1	0.11	--	--
Atomic Energy	--	--	15	5.13	--	--
Defence	33	3.06	154	107.49	1	0.08
Water Resources	5	0.21	1	0.16	--	--
Space	--	--	4	0.35	--	--
Total	44	5.36	175	113.24	1	0.08

APPENDIX II A

(Refers to paragraph 17.2)

Summarised position of the Action Taken Notes awaited from various ministries/ departments upto and for the year ended March 1995 as on 31 December 1997

Sl No	Name of the Ministry/ Department	Year of Report	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under Correspondence
1.	Civil Aviation (Department of Tourism)	1994-95	1	1	--	--	--	--	--	--	--	1	1	--
6.	External Affairs	1988-89	4	--	1	1	--	--	--	--	--	5	--	1
		1989-90	11	--	1	--	--	--	--	--	--	11	--	1
		1990-91	10	--	1	--	--	--	--	--	--	10	--	1
		1994-95	3	--	1	1	--	--	--	--	--	4	--	1
2.	Finance (Department of Economic Affairs)	1992-93	1	--	1	--	--	--	--	--	--	1	--	1
		1993-94	6	--	2	1	--	1	--	--	--	7	--	3
	(Department of Revenue)	1994-95	5	--	5	--	--	--	--	--	--	5	--	5
		1990-91	2	--	1	--	--	--	--	--	--	2	--	1
	(Department of Expenditure)	1993-94	2	2	--	--	--	--	--	--	--	2	2	--
		1994-95	1	1	--	--	--	--	--	--	--	1	1	--
3.	Health and Family Welfare	1994-95	1	--	1	--	--	--	--	--	--	1	--	1
		1991-92	2	--	--	4	--	1	--	--	--	6	--	1
		1992-93	4	--	1	--	--	--	--	--	--	4	--	1
		1993-94	2	--	--	3	--	2	--	--	--	5	--	2
4.	Home Affairs	1994-95	2	--	1	3	--	--	--	--	--	5	--	1
		1987-88	3	--	1	--	--	--	--	--	--	3	--	1
		1988-89	5	--	2	--	--	--	--	--	--	5	--	2
		1989-90	19	--	3	1	--	--	--	--	--	20	--	3
		1990-91	26	--	--	--	--	--	--	--	--	26	--	--
		1991-92	25	--	1	--	--	--	--	--	--	25	--	1
		1992-93	15	--	3	--	--	--	--	--	--	15	--	3
		1993-94	11	--	2	--	--	--	--	--	--	11	--	2
1994-95	16	1	1	--	--	--	--	--	--	16	1	1		

135

Sl No	Name of the Ministry/ Department	Year of Report	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
5.	Human Resource Development (Department of Culture)	1987-88	--	--	--	2	--	1	--	--	--	2	--	1
		1989-90	--	--	--	6	--	1	--	--	--	6	--	1
		1991-92	1	--	1	1	--	--	--	--	--	2	--	1
		1993-94	--	--	--	2	--	1	--	--	--	2	--	1
		1994-95	1	--	1	1	1	--	--	--	--	2	1	1
	(Department of Education)	1989-90	--	--	--	14	--	1	--	--	--	14	--	1
		1990-91	3	--	--	12	--	1	--	--	--	15	--	1
		1991-92	6	--	--	10	--	1	--	--	--	16	--	1
		1992-93	1	--	1	14	--	5	--	--	--	15	--	6
		1993-94	1	1	--	14	1	5	--	--	--	15	2	5
		1994-95	1	1	--	12	2	7	--	--	--	13	3	7
	(Department of Women and Child Development)	1987-88	1	--	1	--	--	--	--	--	--	1	--	1
		1988-89	1	--	1	--	--	--	--	--	--	1	--	1
		1992-93	1	--	1	--	--	--	--	--	--	1	--	1
(Department of Youth Affairs and Sports)	1993-94	1	--	1	1	1	--	--	--	--	2	1	1	
6.	Information and Broadcasting	1991-92	3	--	1	--	--	--	--	--	--	3	--	1
		1993-94	7	1	--	--	--	--	--	--	--	7	1	--
		1994-95	15	1	7	--	--	--	--	--	--	15	1	7
7.	Labour and Employment	1990-91	3	--	--	1	--	1	--	--	--	4	--	1
8.	Law Justice and Company Affairs	1993-94	1	--	1	--	--	--	--	--	--	1	--	1
9.	Mine (Geological Survey of India)	1993-94	--	--	--	--	--	--	1	1	--	1	1	--
10.	Non Conventional Energy Sources	1994-95	--	--	--	--	--	--	2	2	--	2	2	--
11.	Rural Area and Employment	1988-89	1	1	--	--	--	--	--	--	--	1	1	--
		1993-94	--	--	--	1	1	--	--	--	--	1	1	--
12.	Surface Transport	1994-95	3	--	2	20	1	--	--	--	--	23	1	2

Sl No	Name of the Ministry/ Department	Year of Report	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under Correspondence
13.	Urban Affairs and Employment	1988-89	8	--	--	5	5	--	--	--	--	13	5	--
		1989-90	9	--	--	6	6	--	--	--	--	15	6	--
		1990-91	15	--	--	9	8	1	--	--	--	24	8	1
		1991-92	8	--	--	9	9	--	--	--	--	17	9	--
		1992-93	9	--	--	13	12	1	--	--	--	22	12	1
		1993-94	7	--	--	6	5	1	--	--	--	13	5	1
		1994-95	10	6	1	11	10	1	--	--	--	21	16	2
14.	Water Resources	1994-95	1	1	--	1	--	--	--	--	--	2	1	--
15.	Welfare	1989-90	1	--	1	--	--	--	--	--	--	1	--	1
	Total		296	17	49	185	62	32	3	3	--	484	82	81

APPENDIX II B

(Refers to paragraph 17.2)

Summarised position of the Action Taken Notes awaited from various ministries/ departments for the year ended March 1996 as on 31 December 1997

Sl No	Name of the Ministry/ Department	Year of Report	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under Correspondence	Due	Not received at all	Under correspondence
1	Agriculture	1995-96	2	1	--	--	--	--	--	--	--	2	1	--
2	Atomic Energy	1995-96	--	--	--	--	--	--	2	2	--	2	2	--
3	Chemicals and Fertilisers	1995-96	1	1	-	-	-	-	-	--	-	1	1	-
4	CSIR	1995-96	--	--	--	--	--	--	8	3	--	8	3	--
5	Commerce (Department of Commerce) (Department of Supply)	1995-96	3	2	1	2	1	--	--	--	--	5	3	1
		1995-96	4	1	2	--	--	--	--	--	--	4	1	2
6	External Affairs	1995-96	7	3	3	--	--	--	--	--	--	7	3	3
7	Finance (Department of Economic Affairs)	1995-96	8	6	2	--	--	--	--	--	--	8	6	2
8	Health and Family Welfare	1995-96	7	2	5	2	-	2	--	--	--	9	2	7
9	Home Affairs	1995-96	15	9	2	--	--	--	--	--	--	15	9	2
10	Human Resource Development (Department of Culture) (Department of Education) (Department of Women and Child Development)	1995-96	2	2	--	--	--	--	--	--	--	2	2	--
		1995-96	2	2	--	7	2	4	--	--	--	9	4	4
		1995-96	-	--	--	1	1	--	--	--	--	1	1	--
11	Information and Broadcasting	1995-96	14	9	5	--	--	--	--	--	--	14	9	5
12	Industries	1995-96	1	--	1	3	3	--	--	--	--	4	3	1
13	Labour	1995-96	--	--	--	2	1	1	--	--	--	2	1	1
14	Ocean Development	1995-96	--	--	--	--	--	--	1	1	--	1	1	--
15	Planning and Programme Implementation	1995-96	--	--	--	1	1	--	--	--	--	1	1	--

Sl No	Name of the Ministry/ Department	Year of Report	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence	Due	Not received at all	Under correspondence
16	Rural Area and Employment	1995-96	1	1	-	-	-	-	-	-	-	1	1	-
17	Steel	1995-96	1	1	--	--	--	--	--	--	-	1	1	--
18	Surface Transport	1995-96	3	1	2	32	7	10	--	--	--	35	8	12
19	Urban Affairs and Employment	1995-96	8	8	--	3	2	1	--	--	--	11	10	1
20	Water Resources	1995-96	2	2	--	--	--	--	--	--	--	2	2	--
21	Welfare	1995-96	2	1	1	--	--	--	--	--	--	2	1	1
	Total		83	52	24	53	18	18	11	6	--	147	76	42

APPENDIX III
(Refers to paragraph 17.3)

Response of the ministries /departments to Draft Audit Paragraphs

Sl No	Ministry/Department	Total No of Paragraph	No of Paragraphs in which reply not received	Reference to Paragraph of the Audit Report
1.	Agriculture	2	2	1.1, 1.2
2.	Coal	1	1	2.1
3.	Commerce	6	3	3.1, 3.4, 3.6
4.	External Affairs	9	7	4.1 4.2, 4.3.1, 4.3.2, 4.4, 4.6, 4.7
5.	Finance	8	5	5.2, 5.3, 5.4, 5.6, 5.7
6.	Food Processing Industries	2	1	6.1
7.	Health & Family Welfare	4	3	7.2, 7.3, 7.4
8.	Home Affairs	9	7	8.1, 16.1, 16.2, 16.3, 16.4, 16.5, 16.6
9.	Human Resource Development	2	1	9.2
10.	Industries	1	-	
11.	Information and Broadcasting	14	12	11.1, 11.2, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10, 11.11, 11.12, 11.13
12.	Election Commission of India	1	-	--
13.	Surface Transport	7	7	13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 16.7
14.	Urban Affairs and Employment	9	8	14.1, 14.2, 14.4, 14.5, 14.6, 16.9, 16.10, 16.11
15.	Water Resources	3	2	15.1, 15.3
16.	Energy	1	1	16.12
	Total	79 #	60	

Position in respect of four General Paragraphs have not been included.

APPENDIX IV
(Refers to paragraph 17.4)
Summarised financial results of Departmentally managed Government Undertakings

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean Capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Ministry of Agriculture										
1.	Delhi Milk Scheme	1988-89	1600.55	544.76	883.72	(-)1917.35	181.45	(-)1735.90	-	
2.	Ice-cum-Freezing Plant, Cochin	1987-88	41.17	40.67	33.30	(-)20.90	-	(-)20.90	-	
Ministry of Defence										
3.	Canteen Stores Department	1995-96	48.00	1397.69	844.57	4472.92	2620.20	7093.12	34.36	
Ministry of Power										
4.	Electricity Department, Andaman and Nicobar Islands	1994-95	6087.53	5296.40	95.92	(-)3428.26	769.63	(-) 2658.63	-	
5.	Electricity Department, Lakshadweep	1982-83	185.80	110.57	36.76	(-)64.04	8.11	(-)55.93	-	
Ministry of Environment and Forests										
6.	Forest Department, Andaman and Nicobar Islands	1989-90	477.09	477.09	354.92	(+) 535.83	246.28	4397.44	131.24	
Ministry of Finance										
7.	India Security Press, Nasik Road	1992-93	5396.65	4089.22	1403.80	(+)1636.73	1489.68	3126.41	21.61	Figures based on Profit and Loss after adjustment.
8.	Security Printing Press, Hyderabad	1993-94	1348.00	980.00	369.00	(+)302.00	214.00	516.00	26	Un-audited provisional figures.
9.	Currency Note Press, Nasik Road	1992-93	7681.67	5498.00	2400.00	(+)2508.34	1966.87	4474.91	23.89	Figures based on Profit and Loss after adjustment.
10.	Government Opium Factory, Ghazipur	1992-93	172.01	90.48	40.39	1562.51	201.16	1763.67	92.06	
11.	Government Opium Factory, Neemuch	1992-93	219.93	191.27	27.16	(+) 2044.82	187.87	2232.69	124.78	
12.	Government Alkaloid Works, Neemuch	1992-93	456.64	199.94	10.06	(+) 288.89	41.63	330.52	83.37	
13.	Government Alkaloid Works, Ghazipur	1992-93	123.18	23.63	27.87	(-)58.44	20.68	(-)37.76	-	
14.	India Government Mint, Bombay	1983-84	29.89	516.46	25.22	(+)1561.18	193.32	(+)1754.50	63.98	
15.	India Government Mint, Calcutta	1991-92	409.39	264.62	311.10	(-) 814.13	1092.98	-	-	
16.	India Government Mint, Hyderabad	1991-92	4453.70	583.67	337.63	(-)854.88	516.69	338.19	7.59	
17.	Assay Department, Calcutta	1991-92	6.53	10.62	0.49	(+) 1.34	Nil	1.34	-	
18.	Silver Refinery, Calcutta	1991-92	58.91	9.51	103.85	(+) 110.19	188.67	296.86	-	
19.	Bank Note Press, Dewas	1988-89	5330.65	4004.41	1326.24	(+) 400.57	1020.55	1421.12	26.66	
20.	Security Paper Mill, Hoshangabad	1981-82	3171.16	2318.31	852.85	(-) 152.39	198.89	46.50	1.47	

Contd⇒

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean Capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Ministry of Health and Family Welfare										
21.	Central Research Institute, Kasauli	1994-95	267.46	21.46	31.12	10.88	63.18	247.68	54.38	
22.	Medical Stores Depots	1984-85	(+)978.92	44.61	35.19	(+)38.14	(+)79.98	1306.13	-	The figures do not include the results of GMSD, Delhi & GMSD, Mumbai.
23.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	1994-95	0.31	0.24	0.002	(-)0.49	0.02	1.34	442.93	
Ministry of Information and Broadcasting										
24.	All India Radio	1982-83	8325.15	5227.06	3098.09	(-)3121.89	409.64	(-)2712.25	-	
Revenue Assets										
25.	Radio Publication, All India Radio	1985-86	639.64	0.45	0.11	(-) 48.58	0.90	(-) 48.49	-	
26.	Director General Doordarshan, New Delhi	1976-77	2545.61	2026.43	519.18	(-) 575.45	117.88	(-) 457.57	-	Proforma accounts have been received up to 1982-83 but financial results are not made available.
27.	Commercial Sales Service, Doordarshan, New Delhi	1976-77	-	0.14	-	(+) 57.62	-	(+) 57.62	-	
28.	Films Division, Bombay	1984-85	828.99	217.90	(-)280.05	222.84	61.84	736.90	88.89	(i) Due to change in accounting method from 1983-84 net loss has been arrived at after taking into account revenue in respect of supply of prints made to Directorate of Field Publicity and national revenue (Rs 19.81 lakh) for free supply of prints to State Governments. (ii) Figures for the year 1984-85 are yet to be audited.
29.	Commercial Broadcasting Service, All India Radio	1983-84	251.28	178.71	72.57	(+) 1071.47	-	(+) 1071.47		
Ministry of Surface Transport										
30.	Lighthouses and Lightships Department	1991-92	8824.60	8030.32	1463.76	653.15	500.00	1153.15	0.17	
31.	Shipping Department, Andaman and Nicobar Islands	1972-73	43.50	56.80	7.89	(-) 80.15	4.47	(-) 75.68	-	

Contd. ⇒

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean Capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
32.	Ferry Service, Andaman	1984-85	195.85	86.93	108.92	(-) 95.45	18.49	(-) 76.96		
33.	Marine Department (Dockyard) Andaman and Nicobar Islands	1985-86	7.19	7.19	0.32	(-) 59.67	24.79	(-) 34.88	-	
34.	Chandigarh Transport Undertaking, Chandigarh	1991-92	2277.33	1128.79	48.32	(-) 361.41	145.87	(-) 215.54	-	Confirmation yet to be received from the Ministry.
35.	State Transport Service, Andaman and Nicobar Islands	1980-81	45.22	37.40	9.44	(-) 28.33	2.23	(-) 26.10	-	Acceptance received from the Ministry of Surface Transport.
Ministry of Urban Affairs and Employment										
36.	Department of Publications, New Delhi	1992-93								Performa accounts have been received up to 1992-93 but financial results are not available
37.	Government of India Presses	1987-88								Performa accounts have been received up to 1987-88 but financial results are not available