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and Rajya Sabha on
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**Report of the
Comptroller and Auditor General
of India**

for the year ended March 2012

**Union Government (Civil)
Compliance Audit Observations
No. 19 of 2013**



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PREFACE

This Report for the year ended March 2012 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains findings emerging out of compliance audit of financial transactions of Civil Ministries.

The cases mentioned in this Report are among those which came to notice during the course of audit in 2011-12. However, matters relating to earlier years which could not be included in the previous Reports and matters relating to the period subsequent to 2011-12 have also been included, wherever considered necessary.

OVERVIEW

OVERVIEW

This Report contains significant audit findings which arose from the compliance audit of the financial transactions of Civil Ministries. It contains 17 chapters. Chapter I gives a brief introduction while Chapters II to XVI present detailed audit observations. Chapter XVII presents a summarised position of the Action Taken Notes furnished by the Ministries to the Audit Reports of the earlier years.

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

Ministry of Agriculture

Department of Animal Husbandry, Dairying and Fisheries

Financial indiscipline in DMS

Delhi Milk Scheme an undertaking of the Ministry of Agriculture, had accumulated losses amounting to ₹ 838.67 crore up to March 2012. Audit noted several deficiencies in its financial management. The cash management system adopted in DMS was not cost effective. Gross violations were noticed in the disbursement and adjustment of advances provided to departmental officers/officials. Further, it was found that about 87 *per cent* to 90 *per cent* of the expenditure in DMS was incurred from the Personal Deposit Account during 2009-12 which meant that the necessary checks ensured by the PAO system were bypassed.

Paragraph 2.1

Premature release of funds

The Ministry released a sum of ₹ 1.92 crore to NABARD under the scheme “Salvaging and rearing of Male Buffalo Calves” based on an incomplete proposal and in violation of Scheme provisions. Resultantly the amount could not be utilized by NABARD leading to blocking of funds for more than nine months.

Paragraph 2.3

Ministry of Civil Aviation

PSF (SC) Escrow Account of GMR Hyderabad International Airport Limited

Inadmissible expenditure out of PSF (SC) Fund Escrow Account

GHIAL incurred inadmissible expenditure of ₹ 100.40 crore out of PSF (SC) Fund Escrow Account.

Paragraph 3.1

Ministry of External affairs

Undue financial benefit to the service provider

The permission of the Ministry to enhance the service charge per visa applicant by 12 *per cent* of the existing rates on the basis of increase in property tax resulted in undue financial benefit of ₹ 3.45 crore to the service provider from October 2011 to December 2012.

Paragraph 5.1

Ministry of Health and family welfare

National AIDS Control Organization (NACO)

The CVM scheme by the NACO was characterized by poor planning and implementation. The Ministry did not undertake a comprehensive feasibility study. In the absence of a valid documented agreement, the issues relating to security and maintenance of the CVMs remained unaddressed. Consequently the project was discontinued by NACO.

The sale of condoms through CVMs was very low in comparison to the projections of the NACO. The intended objective of improving the accessibility of condoms in high risk areas through CVMs was not achieved despite investment of ₹ 21.54 crore under the scheme. The hasty manner of release of funds by the Ministry under Phase II without ascertaining the status of CVMs installed earlier was inappropriate.

Paragraph 6.1

Pradhan Mantri Swasthya Suraksha Yojana

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced (August 2003) by the Government with the aim of correcting regional imbalances in the availability of affordable/reliable tertiary healthcare services and also to augment facilities for quality medical education in the country. It was proposed to establish in the next three years, six new hospitals in backward

States with modern facilities like those available at All India Institute of Medical Sciences (AIIMS) in Delhi.

An audit of the process of selection and payments made to consultants and contractors for different stages of construction of the six AIIMS like institutions was conducted. Audit noted deficiencies in selection of project consultants and payment processes to consultants and contractors. Cases of irregular release of mobilisation advances were also noticed.

Paragraph 6.2

Procurement of Allopathic drugs in CGHS

Audit noted that 71 per cent of the drugs procured consisted of drugs outside the formulary despite the fact that prices of drugs in the formulary are comparatively lower. CGHS resorted to procurement of higher priced branded drugs despite availability of low cost brands.

Branded drugs continue to be preferred over generic drugs despite adverse remarks of the Parliamentary Committee. This caused significant additional financial burden on the exchequer. The money value included in this report relates to only test checked cases which constitutes only a small percentage of actual procurement. Therefore, the monetary impact of such irregular practice would be much higher if the entire procurement were to be reckoned.

Paragraph 6.3

Loss due to expiry of anti-TB drugs

Improper planning in procurement of anti-TB drugs by the Central Tuberculosis Division of the Ministry resulted in losses due to the expiry of drugs valuing ₹ 5.06 crore.

Paragraph 6.4

Ministry of Home Affairs

Sashastra Seema Bal

Excess expenditure on construction of residential quarters

Sashatra Seema Bal did not initiate measures for construction of residential quarters in a timely manner after the approval of authorisation norms by the Ministry of Home Affairs. This led to cost overrun of ₹ 5.19 crore on construction of 108 residential quarters.

Paragraph 7.1

Border Security Force (BSF)

Irregular procurement

Failure of the BSF to follow laid down provisions while procuring Field Telephone Cable resulted in a loss of at least ₹ 1.45 crore.

Paragraph 7.2

Ministry of Human Resource Development

Department of Higher Education

Shortcomings in the Aakash Tablet project

The Ministry launched LCAD-AKASH through IIT, Rajasthan (IITR) without ascertaining their capacity to undertake the work. Consequently the project was withdrawn from IITR and awarded to IIT Mumbai. Thus the expenditure of ₹ 1.05 crore incurred on the project by IITR was rendered unfruitful. Further the delivery of the project was also adversely affected.

Paragraph 8.1

Department of School Education and Literacy

Irregular release of grant

The Ministry under the Scheme for providing quality education in madrasahs provided financial assistance for 372 madrasahs, without ensuring the fulfillment of the eligibility conditions prescribed in the scheme guidelines. This resulted in irregular release of grants amounting ₹ 8.86 crore to the State Government of Jammu and Kashmir.

Paragraph 8.2

Ministry of Overseas Indian Affairs

Non-creation of self sustaining corpus funds for Indian Community Welfare Scheme

Failure to create self sustaining corpus fund of ₹ 23.95 crore collected for Indian Community Welfare Scheme by the Ministry of External Affairs resulted in loss of interest amounting to ₹ 1.00 crore.

Paragraph 10.1

Ministry of Shipping

Directorate of Lighthouses and Lightships

Non-restoration of DGPS since Tsunami and Unfruitful Expenditure of ₹ 75.14 lakh

Essential navigational aids could not be restored even after eight years of tsunami due to flawed planning by the Department that further led to unfruitful expenditure of ₹ 75.14 lakh on purchase of equipment in December 2006 which had not yet been commissioned

Paragraph 11.1

Ministry of Textiles

Inordinate delay in purchase of ready built flats resulted in blockade of funds

Delay in construction of residential flats in Guwahati resulted in blockade of ₹ 2.38 crore for more than seven years besides escalation of cost and loss of interest of ₹ 1.67 crore.

Paragraph 12.1

Ministry of Tourism

Irregular payment of agency handling fee to advertising agency

India tourism offices at Frankfurt, Paris, Amsterdam and Milan paid agency handling fee to the advertising agency based on a working agreement containing provisions contrary to the orders issued by the Ministry of Tourism. This resulted in irregular payment of Rs. 88.67 lakh during November 2009 to May 2012.

Paragraph 13.1

Union Territories

Andaman and Nicobar Administration

Andaman Public Works Department

Unfruitful expenditure

Lapse of omission on the part of the Andaman Public Works Department to obtain the Coastal Regulation Zone clearance before commencement of the work and inadequate design resulted in unfruitful expenditure of ₹ 1.58 crore and additional liability of ₹ 0.31 crore on construction of two sea walls.

Paragraph 14.1

Directorate of Shipping Services

Ignoring safety concerns and applicable Acts, as well as instructions of MoS, GOI and DGS, DSS approved faulty designs of engines of two vessels which led to unfruitful expenditure of ₹ 16.35 crore besides depriving public of their services for more than three years.

Paragraph 14.2

Non-recovery of penalty of ₹ 3.73 crore plus cost of repair and refit for damage

Due to inaction of the Directorate of Shipping Services penalty of ₹ 3.73 crore together with the cost of repair towards damage of vessel remained unrecovered from the Manning Agent

Paragraph 14.3

Non-recovery of penalty

Due to inaction of the Directorate of Shipping Services to impose penalty, an amount of ₹ 2.18 crore remained unrecovered from Shipping Corporation of India besides denial of proper connectivity between the islands to the general public.

Paragraph 14.4

Overpayment made to the Manning Agent

The Director of Shipping Services failed to recover differential Wages between officers with total competence and those with lower qualification as per agreements, leading to overpayment of ₹ 78.96 lakh.

Paragraph 14.5

Irregular payments of ₹ 58.43 lakh to contractors

The Directorate of Shipping Services allowed irregular payments of ₹ 58.43 lakh to contractors for victuals which were not actually supplied.

Paragraph 14.6

Lakshadweep Administration

Failure to procure Landing Barges resulted in wasteful expenditure of ₹ 12.21 crore

Failure of the UTL Administration in timely renewal of Bank Guarantees as per contract clause, resulted in non-recovery of the amount of ₹ 12.21 crore from supplier.

Paragraph 14.7

Non-commissioning of Radar Transponders

Failure to obtain Wireless Operating Licence (WOL) from Department of Telecommunication (DoT) resulted in non-commissioning of Radar Transponders valuing ₹ 1.52 crore despite incurring ₹ 1.17 crore towards royalty/spectrum charges.

Paragraph 14.8

UT Chandigarh Administration

Misappropriation of Government money

Non-remittance of cash in the treasury received from the cash counters of the Registering and Licensing Authority of UT Chandigarh, resulted in misappropriation of Government money of ₹ 25.68 lakh.

Paragraph 14.10

Chandigarh Administration-Police Department

Non-recovery of charges for deployment of police force

Non-compliance of rules for providing police force to Punjab Cricket Association (PCA) and Kings XI, Punjab, resulted in non-recovery of ₹ 8.92 crore by UT Administration, Chandigarh

Paragraph 14.11

Chandigarh Building & Other Construction Workers Welfare Board, Chandigarh

Non-achievement of objectives due to non-utilization of cess of ₹ 28.04 crore collected for welfare of construction workers

Due to non-implementation of welfare schemes for the benefit of building and other construction workers', cess of ₹ 28.04 crore collected from Government, public sector undertakings and others remained unutilized.

Paragraph 14.12

Ministry of Women and Child Development

Inordinate delay in the construction of office building for the National Commission for Women

The office building for the National Commission for Women could not be constructed despite acquiring the land in 2001. The delay was mainly attributable to deficient planning. As a result, funds amounting to ₹ 1.47 crore released to the Central Public Works Department for the construction activity

remained blocked since March 2004. Despite substantial time and cost overruns, the project was still at the preliminary stage.

Paragraph 15.1

Ministry of Youth Affairs and Sports

Ineffective monitoring of grants

The Ministry failed to effectively monitor the release of the grants related to Commonwealth Games- 2010. As a result funds amounting ₹ 191.22 crore were parked with SAI for periods ranging from 17 to 26 months. This contravened the provisions of the sanctions governing the utilization of the grants. Besides, the Ministry failed to take into account the interest earned on the unspent grants amounting ₹ 22.12 crore before releasing subsequent grants to SAI.

Paragraph 16.1

CHAPTER I : INTRODUCTION

1.1 About this Report

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

Audits are conducted on behalf of the Comptroller and Auditor General (C&AG) as per the Auditing Standards¹ approved by him. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance and abuse, as well as on weaknesses that exist in systems of financial management and internal control. The findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organizations, thus, contributing to better governance.

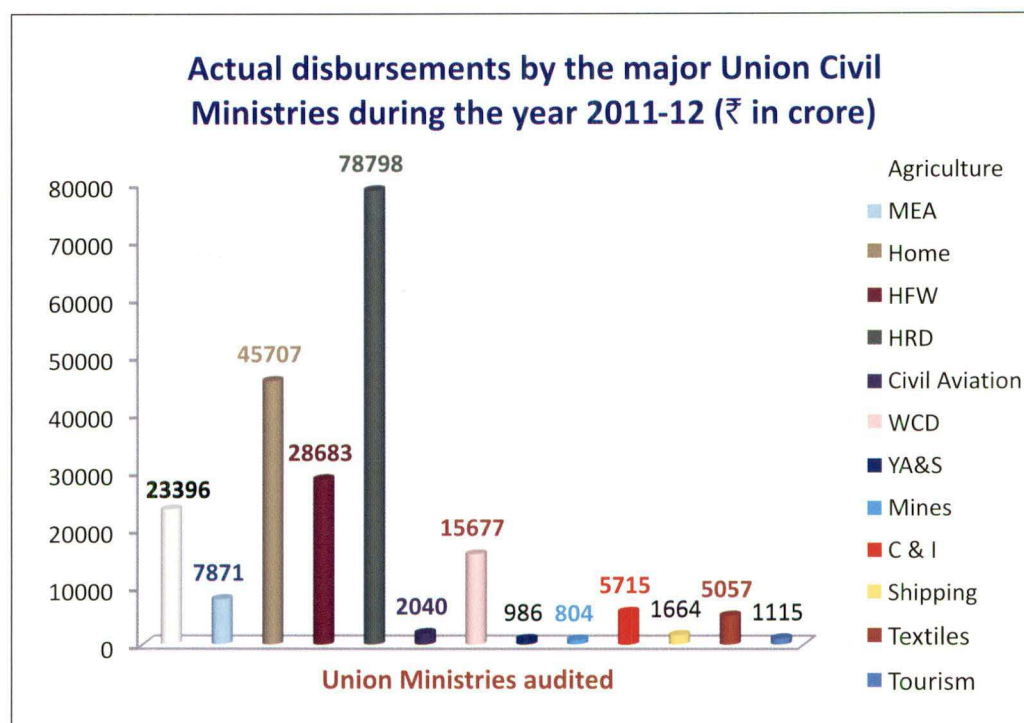
There are about 50 Ministries/independent Departments of the Union Government excluding the Ministries of Posts and Telecommunication, Railways and Defence. The gross expenditure of these 50 Ministries and departments of the Government during the last three years is given below:

(₹ in crore)

Year	Expenditure
2009-10	₹ 41,17,712
2010-11	₹ 40,23,332
2011-12	₹ 47,62,240

¹ www.cag.gov.in/html/auditing_standards.htm

The Chart below captures the actual disbursements of major Union Civil Ministries during the year 2011-12:



In this Report, significant audit findings relating to 15 Ministries/Departments have been included in different chapters.

1.2 Authority for Audit

The authority for audit by the C&AG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Sections 13² and 17³ of the C&AG's (DPC) Act⁴. The principles and methodologies for compliance audit are prescribed in the Regulations on Audit and Accounts, 2007, issued by the Comptroller and Auditor General of India.

1.3 Planning and conduct of Audit

The audit process starts with the assessment of risks in the Ministry/Department as a whole and their various units, based on the expenditure incurred, the criticality and complexity of their activities, the level

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

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

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

of delegated financial powers, their overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessments.

After completion of the audit of the units, Inspection Reports, containing the audit findings are issued to the heads of the units. The units are requested to furnish replies to these findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are settled or further action for compliance is advised. Important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the President of India under Article 151 of the Constitution of India.

1.4 Significant Audit findings

The Union Government spends significant amount of expenditure in the health sector. During 2011-12, the total expenditure incurred by the Ministry of Health and Family Welfare (including its various departments) amounted to ₹ 28683 crore. This report includes the following three theme based Audit paragraphs relating to the Ministry of Health and Family Welfare:

- Non achievement of Major objective – NACO implemented a CVM scheme with the objective of improving the accessibility of condoms in high risk areas. The scheme lacked proper planning and consequently the expenditure of ₹ 21.54 crore incurred on the scheme was rendered as unfruitful. Subsequently, the scheme was discontinued by NACO.
- Pradhan Mantri Swasthya Yojana proposed to establish six AIIMS like institutions in the country. Audit examination of the process of selection and payments made to consultants revealed deficiencies. Audit also came across cases of irregular release of Mobilisation Advances to the contractors.
- Procurement of Allopathic Drugs- Audit examination of the procurement process of Allopathic Drugs in CGHS revealed major deficiencies. Audit noted that the procedure related to procurement of drugs were not aimed at effecting economics thereby causing significant financial burden on the exchequer.

CHAPTER II : MINISTRY OF AGRICULTURE

Department of Animal Husbandry, Dairying and Fisheries

Delhi Milk Scheme

2.1 Financial indiscipline in DMS

Delhi Milk Scheme an undertaking of the Ministry of Agriculture, had accumulated losses amounting to ₹ 838.67 crore up to March 2012. Audit noted several deficiencies in its financial management. The cash management system adopted in DMS was not cost effective. Gross violations were noticed in the disbursement and adjustment of advances provided to departmental officers/officials. Further, it was found that about 87 per cent to 90 per cent of the expenditure in DMS was incurred from the Personal Deposit Account during 2009-12 which meant that the necessary checks ensured by the PAO system were bypassed.

The Delhi Milk Scheme (DMS) is a subordinate office of the Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture. It was established in 1959 with the primary objective of supplying wholesome milk to the citizens of Delhi at reasonable price as well as to provide remunerative prices to the milk producers. It was mandated to be run on 'No profit No Loss basis'.

The Ministry of Agriculture provides budgetary support to DMS for its operations. Audit noted that DMS had accumulated losses of about ₹ 838.67 crore up to 31 March 2012.

Audit noted (October 2012) instances of poor financial management in the organisation, which are discussed in the following paragraphs:

1. Cash management in DMS

Unproductive expenditure

As per the Civil Accounts Manual in the departmentalized accounting system introduced by the Central Government, the authorized bank is fully compensated for the cost of handling Government transactions. The Reserve Bank of India also provides a turn-over commission to the banks for undertaking the cash maintenance activities of the Government departments¹.

¹ Para 26 of the memorandum of instructions issued by RBI

The State bank of India is the authorized bank for all banking operations of DMS. SBI provides cash pick facility to various organisations involved in the business of cash handling on daily basis, through its branches spread all over the NCR. The cash pick facility of SBI not only optimizes the manpower deployment for cash handling but also permits cash collection and remittance on real time basis. Alternatively, SBI provides the facility of direct deposit of cash by the distributors² of DMS.

However, Audit noted that in DMS's cash was being collected by the staff of the contracted transporters from the DMS booths, on daily basis, which was further collected by the field cashiers, route-wise, and deposited in the Cash receipt section of the DMS. The cash so collected in the section by the cash counter clerks was reconciled with the challans and then deposited in the Bank account of DMS. This activity was carried out by four Assistant Milk Distribution Officers, two cash counter clerks, six driver cum sales man, one LDC and one mate.

The annual expenditure incurred on the salary and allowances of the 14 officials handling cash at DMS worked out to approximately ₹ 60.41 lakh.

The present system in the DMS did not conform to the Receipts and Payments rules as the entire cash collection was not remitted into the bank daily.

Further, analysis of the cash collection and remittance to the bank for the month of March 2012 revealed the following:

- The average cash collected and remitted to the bank on daily basis worked out to ₹ 80.34 lakh. The cash handled daily was thus very large. The private handling of the cash of this magnitude is fraught with the risk of pilferage and losses. DMS should have availed the cash pick facility provided by the SBI.

The Ministry stated (July 2013) that the DMS had taken up the matter with the State Bank of India which had agreed to accept the deposits directly from the transporters on the basis of Government receipt challans prepared by the DMS staff. This system had been implemented since July 2013 and had resulted in the reduction in the volume of cash handling by DMS staff to the extent of about 70 per cent. The Ministry also stated that the cash management system in the DMS had been further improved.

² Cash collection system applicable to distributors where the daily cash is directly deposited in bank.

2. **Irregularities in drawal of departmental advances**

The Receipts and Payments Rules provide that temporary advances may be made either direct to the parties concerned or may be drawn by departmental officers who maintain detailed accounts of such advances in lump sum on abstract bills for disbursing to the parties. Further, the following safeguards have been prescribed when advances are rendered to the departmental officials:

- 1) No officer disbursing these advances should be allowed to draw a second abstract bill without producing a detailed bill to account for the amounts already disbursed from the last advance taken, any balance left being at the same time refunded.
- 2) In no case should the submission of the detailed bill be delayed beyond the end of the month following that in which the advance was drawn.
- 3) The head of the department concerned should prescribe a money limit for the amount which can be drawn on abstract bills by each officer with due regard to the circumstances of each case.

A review of the advances rendered to the departmental officials of DMS during the period April 2010 to March 2012 revealed violation of the laid down provisions as detailed below:

- **Large amount of advances-** Audit noted that the advance payments ranged from ₹ 0.23 lakh to ₹ 14.01 lakh on daily basis. Analysis of the trend of adjustment of advance payments revealed that each year, during the month of the March, there was a considerable fall in the outstanding advances. This shows that the adjustments of advance payments were controllable and efforts were undertaken in this direction only during closing month of the financial year to present better picture of the financial statements of DMS.
- **Poor assessment of advances drawn -** During 2010-11, in 83 cases advances were drawn in excess of the requirement i.e., against an amount of ₹ 5.88 lakh drawn, a sum of ₹ 2.28 lakh was refunded after delays. Similarly, during 2011-12, in 79 cases advances of ₹ 8.08 lakh were drawn against which an amount of ₹ 2.96 lakh was refunded after considerable delays.

- **Advances to individuals in contravention of the codal provisions-**
There were 108 instances where advances were given to the two officials before the adjustment of the previous advances in disregard of the codal provisions and financial propriety.

Two specific cases of violations in rendering departmental advances in DMS are highlighted below:

A) Analysis of advances drawn by 'X' an employee of DMS (2010-11)

- The employee in 46 cases drew an advance of ₹ 3.20 lakh and refunded a sum of ₹ 1.47 lakh i.e. 46 *per cent* of the total advance drawn.
- The average advance drawn and refund made on monthly basis worked out to ₹ 0.27 lakh and ₹ 0.12 lakh respectively.
- In 21 cases sums aggregating ₹ 0.75 lakh were drawn. This entire unspent amount was refunded.

B) Analysis of advances drawn by 'Y' another employee of DMS (2011-12)

- The employee in 62 cases drew an advance of ₹ 6.69 lakh and refunded a sum of ₹ 2.34 lakh i.e. 35 *per cent* of the total advance drawn.
- The average advance drawn and refund made on monthly basis worked out to ₹ 0.56 lakh and ₹ 0.19 lakh respectively.
- In 14 cases sums aggregating ₹ 1.06 lakh were drawn. This entire unspent amount was refunded.

Systemic weaknesses- GM, DMS did not prescribe any monetary ceiling for the drawal of advance by the departmental officials/officers. The irregularities highlighted above on test check basis underlines the need to fix a monetary ceiling and also to issue departmental instructions for operating temporary advances.

The Ministry stated (July 2013) that based on the audit observations, a monetary ceiling for drawl of cash advance by the department officers/officials had now been fixed.

3. **Operationalisation of the PDA Account**

Under the Civil Accounts manual and the other codal provisions³ there is a provision for maintaining a personal deposit account (PDA) to facilitate the administrative head to credit receipts into and effect withdrawals directly from the account, subject to overall check being exercised by the bank in which the account is authorized to be opened.

An analysis of the expenditure incurred from the PDA maintained by the DMS, for the period 2009-10 to 2011-12, revealed that the expenditure ranged from 87 per cent to 90 per cent of the total expenditure incurred by DMS during the period 2009-10 to 2011-12. As a result, the checks exercised by the Pay and Accounts Office (PAO) before release of payments to the parties/agencies were bypassed. Also the PAO functioning in DMS with full sanctioned strength was relieved of its assigned work and its role was restricted to processing establishment expenses only.

Further, Audit noted that items of expenditure viz. Plant and machinery, major works and minor works, wages, transportation on account of hiring of tempos/vehicles and office expenses had not been approved by the Ministry for inclusion in the PDA expenses. The booking of expenses pertaining to these heads under the PDA was thus unauthorised.

The Ministry stated (July 2013) that the DMS had been advised to ensure that the expenditure on items which had not been approved by the Ministry for inclusion in the PDA account, would henceforth be made through PAO, DMS only.

The reply of the Ministry confirms the audit findings that the DMS had not been following good financial practices in terms of cash management and advance disbursal.

2.2 Short recovery of licence fee

Delhi Milk Scheme failed to recover the licence fee at the prescribed rates from the State Bank of India operating in its premises. This led to short recovery of licence fee of ₹ 1.88 crore during the period from March 1999 to November 2012.

The Government periodically prescribes the rate of licence fee to be charged from banks in lieu of the space provided by its departments. In consonance of this policy, the Directorate of Estates (DoE) issues orders specifying the

³ Rule 88 and 89 of the GFR and Rule 191 in Receipts and Payment Rules

amount of licence fee recoverable from commercial entities in respect of General Pool accommodation.

Examination of the records of Delhi Milk Scheme (DMS) revealed that a branch of the State Bank of India was established in its premises in the year 1972. As per the agreement between DMS and the bank, an area of 1198.64 sq.ft. was recorded as area leased to the bank. Subsequently, the bank had unauthorisedly encroached upon the premises of the DMS and expanding its operational space.

Audit noted that DMS had intimated (June 2001) to the Ministry of Agriculture that the bank had occupied at different times an additional area of 3150 sq.ft. without seeking permission. The area thus occupied by bank increased to 4348.64 sq.ft. (1198.64 sq.ft. plus 3150 sq.ft.) i.e., 404 sq.m.

The Ministry noted (November 2001) that the failure to prevent the unauthorized occupation constituted a serious lapse on the part of DMS.

DoE had issued orders effective from 16 March 1999 for charging licence fee from banks operating from general pool accommodation. However, DMS without reckoning the rates prescribed by DoE and the area occupied by the SBI, agreed to receive a fixed amount of ₹ 4742 per month. This was arrived at by effecting an increase of 25 per cent, over the previous rates, as provided in the lease deed.

Audit noted that the licence fee charged by DMS from the bank was much lower than the rates prescribed by DoE. This resulted in short levy of licence fee of ₹ 1.87 crore.

Similarly, a space of 11.90 sq.m. was leased out by DMS to SBI for opening an ATM through an agreement of January 2007. However, audit noted that DMS charged licence fee @ 220 per sq.m. i.e., ₹ 2618 per month even though this rate had been revised upwards by DoE to ₹ 5414 per month since April 2011. Thus, due to non-application of the prescribed rate of DoE there was short recovery of licence fee amounting to ₹ 1.17 lakh.

Thus, failure of DMS to charge licence fee at the prescribed rates led to short recovery of licence fee of ₹ 1.88 crore during the period from March 1999 to November 2012. **(Annex-1)** Further, no punitive compensation was sought from the SBI for the unauthorized occupation of premises.

The matter was referred to the Ministry in May 2013; their reply was awaited as of June 2013.

2.3 Premature release of funds

The Ministry released a sum of ₹ 1.92 crore to NABARD under the scheme “Salvaging and rearing of Male Buffalo Calves” based on an incomplete proposal and in violation of Scheme provisions. Resultantly the amount could not be utilized by NABARD leading to blocking of funds for more than nine months.

The Ministry of Agriculture, conveyed administrative approval for the implementation of Central Sector Scheme ‘Salvaging and Rearing of Male Buffalo Calves’ during the Eleventh Five Year Plan. The Scheme with an outlay of ₹ 300 crore was to be implemented during the plan period i.e. 2008-09 to 2011-12 through the National Bank for Agricultural and Rural Development (NABARD).

The main objectives of the scheme were to salvage and rear male buffalo calves for meat production, increase availability of buffalo meat and by-products for export and domestic markets and to enlarge raw material base for leather industry.

In terms of the Scheme guidelines, in each State, a State level Sanctioning and Monitoring Committee (SLSMC) was to be constituted under the chairmanship of the Principal Secretary/Secretary of the Department of Animal Husbandry of the State Government concerned. The Committee was to meet periodically and sanction suitable proposals. The Regional Officer of NABARD was to act as the nodal officer who was responsible for convening meetings of the SLSMC to consider projects to be implemented in the respective States. Funds available for the Scheme were to be released by the Ministry to NABARD against specific project proposals sanctioned by the SLSMC which was to be distributed by NABARD within a month.

NABARD submitted (August 2010) a proposal to the Ministry seeking funds of ₹ 4.37 crore for implementation of the Scheme. Audit noted that the proposal contained only the details of fund required under various components of the Scheme. The proposal did not incorporate specific project duly sanctioned by the SLSMC. Thus, the provisions of the Scheme guidelines were not complied with.

Audit further noted that the Integrated Finance Division (IFD) of the Ministry despite being aware that the proposal submitted by NABARD was incomplete,

approved release of funds of ₹ 1.92 crore. The funds were released in September 2010. Subsequently, NABARD could not utilize the amount due to non-receipt of project proposals from the State Governments due to imposition of restrictions on slaughter of buffaloes under the Slaughter Act. As a result, it sought (May 2011), the permission of the Ministry for utilizing the amount under another scheme viz. 'Piggery Development' to which the Ministry accorded (June 2011) permission.

Audit noted that the action of the Ministry amounted to re-appropriation of funds after close of the financial year in which the funds were originally sanctioned. In the process, it breached Rule 59 of the General Financial Rules, which stipulate that re-appropriation of funds may be sanctioned by the competent authority at any time before the close of the financial year to which such grant or appropriation relates. The action of the Ministry was thus irregular.

The Ministry stated (April 2013) that diversion of funds to the scheme of Piggery Development was made with the sole intention of putting available fund for better use in a scheme where there was demand for more funds. Further, utilisation of funds under the scheme "Salvaging and rearing of male buffalo calves" by NABARD was dependent on the interest of beneficiaries in the Scheme and such Schemes usually had a little longer take-off time.

The reply does not address the issue of irregular release of funds by the Ministry, based on an incomplete proposal submitted by NABARD, which was not consistent with the Scheme provisions. This also indicates inadequate scrutiny of the proposal by the Ministry. Subsequent action of the Ministry to allow diversion of funds for another scheme was also irregular and undermined the process of Parliamentary authorization.

CHAPTER III : MINISTRY OF CIVIL AVIATION

PSF (SC) Escrow Account of GMR Hyderabad International Airport Limited

3.1 Inadmissible expenditure out of PSF (SC) Fund Escrow Account

GHIAL incurred inadmissible expenditure of ₹ 100.40 crore out of PSF (SC) Fund Escrow Account.

In terms of rule 88 of the Aircraft Rules, 1937, the Airport operator is entitled to collect 'Passenger Service Fee' (PSF) from the embarking passengers. The PSF¹ so collected comprises a security component (65 per cent of PSF) and a facilitation component (35 per cent of PSF). In case of a Private Airport Operator, the facilitation component is retained by him while the security component is kept in an Escrow Account which is used to defray security related expenses as allowed by the Ministry of Civil Aviation (MoCA). Accordingly, GMR Hyderabad International Airport Limited (GHIAL) (Operator) has been operating an escrow account since June 2008.

The MOCA issued (January 2009) the Standard Operating Procedure (SOP) for regulating the PSF (SC) Escrow Account. The SOP details the purposes for which amounts in the Escrow Account could be utilized.

However, the operator charged the following inadmissible expenses to the PSF (SC) fund:

Sl. No.	Item of expenditure	Year	Amount (₹ in crore)	Remarks
Revenue Expenditure				
1.	Administrative cost	2008-09	1.46	Not admissible as per para 6.2 of SOP.
		2009-10	0.85	
2.	Terrorism insurance premium	2009-10	0.70	As per para 6.7 of SOP, insurance paid to cover fixed assets created from PSF (SC) fund is admissible. Hence, this premium meant to cover the airport is not admissible.
		2010-11	0.33	
		2011-12	0.57 ²	
3.	Interest paid on funds borrowed for construction of quarters	2008-09	4.53	As per SOP and MOCA order of 9 May 2006, payments made to CISF only are admissible. The expenditure incurred on CISF
		2009-10	6.86	
		2010-11	6.91	
		2011-12	8.27	

¹ Fixed at ₹ 200 per passenger; 65 per cent of this, i.e., ₹ 130 is a security component.

² Includes ₹ 0.14 crore towards interest on Terrorism Insurance Premium.

				quarters is not payment made to CISF and hence not admissible.
4.	Land registration charges	2010-11	0.03	Expenditure to be met out of project funding and not from PSF (SC) Escrow account.
Sub-total			30.51	
Capital Expenditure				
1.	Purchase of land	2007-08	4.00	Expenditure to be met out of project funding and not from PSF (SC) Escrow account.
2.	Construction of quarters for CISF	2008-09	65.89	
Sub-Total			69.89	
Grand total of inadmissible expenditure out of PSF (SC) Fund			100.40	

The issue of inadmissible expenditure from PSF (SC) fund by the operator was brought to the notice of MoCA by Audit during audit of accounts of PSF (SC) Escrow account for the years 2007-09, 2009-10 and 2010-11. MoCA, while drawing attention to audit comments, directed (July 2012) GHIAL to immediately reverse the aforesaid entire ineligible expenditure incurred up to 2010-11 and submit a compliance report. GHIAL had not withdrawn the ineligible expenditure as directed by MoCA but had booked additional inadmissible expenditure of ₹ 8.84 crore during 2011-12 as indicated above.

Thus, charging of inadmissible expenditure of ₹ 100.40 crore to PSF (SC) fund by the operator was irregular and needed to be reversed early.

CHAPTER IV : MINISTRY OF COMMERCE AND INDUSTRY

4.1 Petroleum and Explosives Safety Organization, Nagpur

Under utilization of Infrastructure created for Fireworks Research and Development Centre (FRDC) at Sivakasi.

The Petroleum and Explosives Safety Organization (PESO), a subordinate office under the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry is headed by the Chief Controller of Explosives (CCE). It is entrusted with the administration of Explosives Act, 1884, Petroleum Act, 1934, Inflammable Substances Act, 1952 and various rules made there under.

PESO, considering the Supreme Court directions on development of environment friendly firecrackers to reduce pollution level and hazard caused by firecrackers, conceived (2003) a project on establishment of Fire Works Research and Development Centre (FRDC) at Sivakasi, the hub of fire works manufacturing activities. No specific time frame for the project completion was fixed.

The objectives of FRDC designed to address the requirements of Indian Fire works Industry included development of environment friendly fire works, mechanization of hazardous manufacturing processes, development and standardization of products, safety of personnel involved, study of nature of chemical composition and contrivance, quality control and quality assurance, Technical Resource Development, testing of raw materials, etc.

The Civil and Electrical works were completed by the end of 10th Five Year Plan (2007) at a cost of ₹ 3.48 crore. The project was extended to 11th Five Year Plan for procurement of lab equipments, library books and instruments. The total expenditure incurred on the project worked out to ₹ 6.49 crore as of 2011-12.

While the project activities of FRDC, Sivakasi were being executed, PESO had to undertake necessary research activities for evaluation of fire works on the basis of chemical composition and come out with its chemical formula for each type or category of fireworks (Supreme Court judgement of 15 July 2005). PESO was also required to specify the proportion/composition as well as the permissible weight of every chemical used in manufacturing fire crackers and to divide the fire crackers into two categories—sound emitting and colour/light emitting fire crackers.

The Core Committee constituted (2005) under the chairmanship of the Joint Chief Controller of Explosives, to examine the related issues in depth spelt out the objectives of FRDC and recommended a staff strength of 53 technical and 40 ministerial posts for FRDC. A proposal for creating posts of technical/administrative/supporting staff aggregating to 80 numbers was submitted by CCE to DIPP in February 2006. Further, in order to initiate the research and implementation activities at the earliest a rapid implementation module was also proposed by CCE in June 2006 for creation of minimum required workforce of 12 posts.

FRDC was inaugurated in July 2011. However, the proposals for creation of workforce for the unit had not been cleared so far (December 2012) for reasons not on record. On the directions of the Joint Secretary, DIPP, (Mar 2010) the existing manpower of PESO was mobilized to initiate the bare minimum functions of FRDC i.e. One Controller of Explosives had been posted as Officer in Charge of FRDC, and at staff level- one Senior and Junior Assistant had been transferred from DTS, Ghondkiary, Nagpur and one steno from the Office of the Controller of Explosives, Vellore. Security and maintenance of FRDC are outsourced to CPWD and minimum day to day activities were carried out through casual workers. Thus, though FRDC was properly equipped for functioning, it was functioning with 3 technical staff drafted from PESO, who were not equipped with the expertise to conduct research work as directed by the Hon'ble Supreme Court.

Accidents in Sivakasi continue to happen and reported in media during 2009 to 2012.

The Ministry replied (May 2013) that the FRDC Complex was being used to conduct seminars, training, testing, examinations and enquiries. The reply was not acceptable as the steps taken by the Ministry to utilize the FRDC Complex do not address the primary objectives for which ₹ 6.49 crore was spent.

CHAPTER V: MINISTRY OF EXTERNAL AFFAIRS

5.1 Undue financial benefit to the service provider

The permission of the Ministry to enhance the service charge per visa applicant by 12 per cent of the existing rates on the basis of increase in property tax resulted in undue financial benefit of ₹ 3.45 crore to the service provider from October 2011 to December 2012.

High Commission of India, London (Mission) and its consulates in Birmingham and Edinburgh executed an agreement with M/s VF Services (UK) Ltd (service provider) on 24 January 2008 for providing various visa support services. As per condition 4.2 to Schedule I of the agreement, the amount of service provider's service charge could be changed only if there is a change in the rate of local taxes or VAT.

The service provider requested (July 2010) the Mission for an increase in service charge from £ 6.90 per applicant to £8.80 on account of inflation, depreciation of Great Britain Pounds against Indian Rupee, drop in number of applicants and increase in Rates and Taxes. The Ministry agreed to revise the service charge due to increase in local taxes by 12 per cent and stated that the service charge could be enhanced by that percentage. However, the Ministry wrongly applied the rate of increase of 12 per cent in property taxes to the entire service charge instead of restricting it to the percentage/weight of property tax in the service charge. Thus the enhancement of service charge to £ 7.70 per applicant from 12 September 2011 resulted in undue benefit of ₹ 3.45 crore as explained in the succeeding paragraphs.

Audit scrutiny (January and August 2012) revealed that the service provider processed 498333 visa applications during the year 2010. Therefore, the total service charge collected by them during the year was £3438498 at the rate of £6.90 per application. During the years 2010 and 2011, the property tax paid by the service provider was £127230.4 and £ 139969.20 respectively. Thus the increased outgo on account of property tax in absolute terms was £12739 (Annex A). In percentage terms, the property tax increased from 3.70¹ per cent

¹ 498333 (number of visa applications during 2010) multiplied by £6.90 (the existing service charge per applicant)- £3438497.70 , £127230.40 (property tax for the year 2010) divided by £3438497.70 (total service charge levied for 2010) multiplied by 100 = 3.70 per cent.

in 2010 to 4.07² per cent in 2011, of the total amount of service charge collected in 2010. Therefore, the increase in property tax was only 0.37³ per cent of the existing charge levied by the service provider.

Instead of restricting the increase in service charge to 0.37 per cent of the existing rate, the Ministry wrongly enhanced it to the percentage of increase in property tax when compared with the property tax for the year 2010 which worked out to 12⁴ per cent. The revised service charge should have been £6.93⁵ instead of £7.70 approved by the Ministry, as an increase of £0.03 per application resulting in additional revenue of £15658⁶ was sufficient to cover the extra outgo of £12739⁷ on account of increase in property tax. Thus, the erroneous method adopted for calculating the enhancement of service charge due to increase in property tax resulted in wrongful enhancement of service charge by £0.80 per application and undue financial benefit of £455688.31⁸ (₹ 3.45 crore)⁹ to the service provider from October 2011 to December 2012.

The Mission replied (November 2012) that the inputs have been forwarded to the Ministry for a reply and the Audit would be provided with the facts once these are made available to the Mission.

The matter was referred to the Ministry in November 2012; their reply was awaited as of June 2013.

² 498333 (number of visa applications during 2010) multiplied by £6.90 (the existing service charge per applicant) = £3438497.70, £139969.20 (property tax for the year 2011) divided by £3438497.70 (total service charge levied for the year 2010) multiplied by 100 = 4.07 per cent.

³ 4.07 per cent deduct 3.70 per cent.

⁴ £5550.63 (property tax for 2011 i.e. £51140.63 deduct property tax for 2010 i.e. £45590) divided by property tax for 2010 (£45590) multiplied by 100

⁵ By adding 0.37 per cent to £6.90 (existing service charge per application)

⁶ 521945 (number of applications processed by service provider during 2011) multiplied by £0.03 deduct £127230 (property tax paid by service provider during 2010)

⁷ £139969 (property tax paid by service provider during 2011) deduct £127230 (property tax paid by service provider during 2010)

⁸ £0.77 per application multiplied by 591803 (number of application processed during October 2011 to December 2012)

⁹ At exchange rate of 1£ = ₹ 75.71 (the exchange rate of October 2011 which was the lowest rate of exchange during the period from October 2011 to July 2012) = ₹ 34500162

CHAPTER VI : MINISTRY OF HEALTH AND FAMILY WELFARE

National AIDS Control Organization (NACO)

6.1 Non achievement of project objectives

National AIDS Control Organisation is a division of the Ministry of Health and Family Welfare that provides leadership to HIV/AIDS control programme in India through various HIV/AIDS Prevention and Control Societies. National Aids Control Organisation (NACO), proposed (March 2005) to create quality access to condoms in high risk areas through Condom Vending Machines (CVMs) under Social Marketing Scheme. The Scheme envisaged promotion of safer sexual health practices by increasing access to and availability of quality condoms at all times in high risk areas of the country. The strategy adopted to achieve this objective was through installation of CVMs at public places viz., railway station, restaurants, bus terminals, cinema houses, red light areas, banks, post offices etc.

The scheme was operationalised in phased manner as detailed below:

Project phase	No. of districts covered	No. of CVMs ¹ planned to be installed	Implementing agency	Financial arrangement	
Phase-I	67	11025 LTDOs-8000 MTDOs-3000 HTDOs-25	HLL Lifecare Ltd (formerly Hindustan Latex Limited) a PSU	₹ 10 crore released in March 2005	₹ 8.33 crore for procuring the machines and balance for meeting the operational and promotional expenditure
Phase-II	68	10025 LTDOs-10000 HTDOs-25	Hindustan Latex Family Planning Promotion Trust (HLFPPT), a Trust under HLL	₹ 10 crore released in January 2007. ₹ 1.50 crore released in 2010-11 to 2012-13, along with a recurring expenditure of ₹ 50,000 per month for maintenance cost of CVMs in West Bengal.	₹ 8.85 crore for procuring the machines and the balance for meeting the promotional, operational costs Extended the implementation of the programme till December 2012.

Audit noted the following irregularities in the implementation of the scheme.

¹ Low, Medium and High Traffic Dispensing Outlets

6.1.1 Physical performance of the project

6.1.1.1 Poor Planning

The Ministry initiated the scheme (Phase-I) on the basis of the proposal submitted by Hindustan Latex Limited for undertaking social marketing of condoms through vending machines. Audit noted that the Ministry did not undertake any comprehensive feasibility study before going ahead with the scheme.

In October 2006, a meeting was held in the Ministry to consider the proposal of installation of 11025 condom vending machines by the HLPPT under the scheme (Phase-II). With the proposal a progress report submitted by the HLPPT, in which, it claimed a sale of 13.33 million condoms through the vending machines during January to August 2006. Audit noted that this roughly worked out to 4.98 condoms per machine per day. This was less than the minimum targeted sale of 6 condoms per day. Audit further, noted that prior to releasing the grant for II phase in January 2007, the sale further dipped to 1.57 and 1.55 condoms per machine per day in October and November 2006 respectively. However, the Standing Finance Committee (SFC) proposal for the Phase-II of the project was given a go-ahead purportedly on the basis of the evaluation report given by the implementing firm itself.

Thus, neither the Ministry undertook any comprehensive feasibility study before going ahead with the scheme nor it evaluated the effectiveness of the scheme delivery under the Phase-I before releasing further funds for the Phase-II of the scheme.

6.1.1.2 Delay in installation of machines

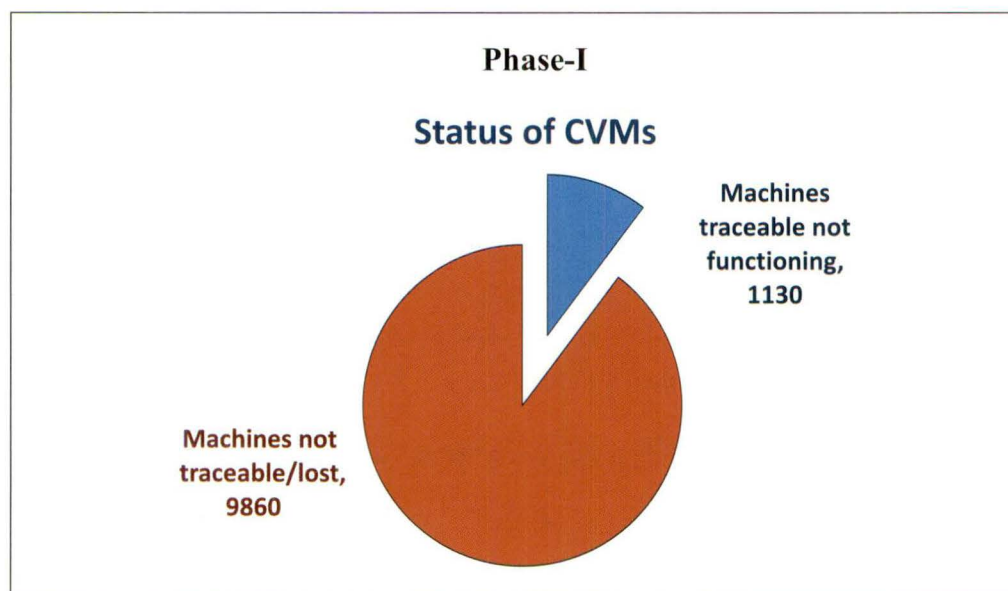
As per the minutes of the meeting of the SFC held in March 2005, M/s HLL was to procure and install CVMs within a period of six months. The notification award issued by HLL to the supplier stipulated that the machines were to be delivered, installed and commissioned on or before 30 September 2005 in Phase-I. In Phase-II, the machines were to be installed between April and July 2008.

Audit, however, found that in Phase-I, machines were actually installed during October 2005 to January 2006. The installation process for Phase-II commenced from August 2008 i.e., after the stipulated date of commissioning of the CVMs. The reasons for delay in installation of the machines were attributed to delay in selection of sites, worker's strike, torrential rains etc. The delay impacted the outcomes of the scheme vis-à-vis the targets envisaged.

6.1.2 Poor maintenance of CVMs due to absence of agreement with HLL/HLFPPT

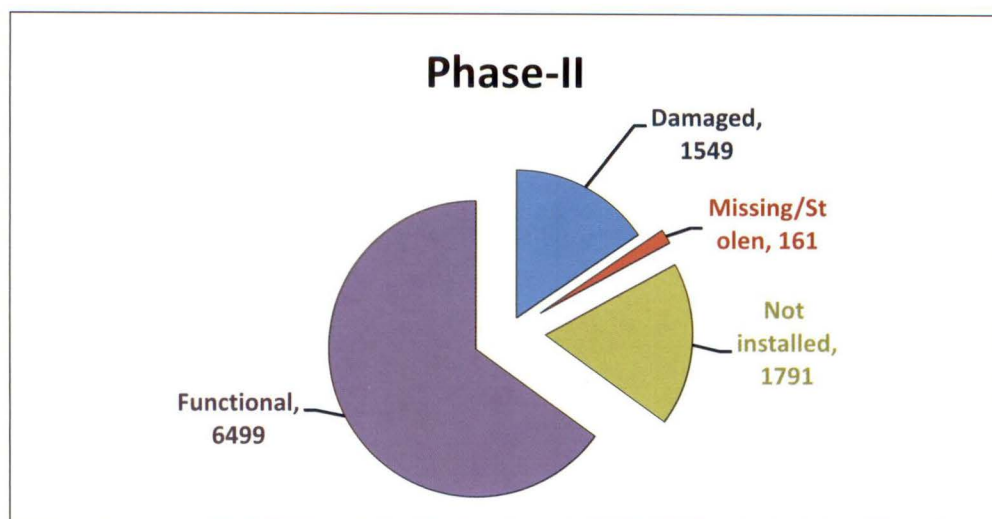
The Ministry/NACO did not enter into an agreement/Memorandum of Understanding with HLL/HLFPPT for management of the project and for assigning responsibility for safety, security and maintenance of the CVMs. Consequently the scope of the work relating to maintenance of the CVMs was not clearly defined.

Audit noted that the normal lifespan of a CVM was three years, extendable up to seven years with timely maintenance. During the first phase, the warranty on the machines expired in January 2009. These machines were serviced by the suppliers till March 2009. However, subsequently, due to absence of Annual Maintenance contract with the suppliers, the machines could not be serviced. HLL Lifecare Ltd. submitted (April 2009) a proposal for further operation and maintenance of the machines. The status of the functioning the CVMs as provided by HLL and HLFPPT to the NACO was as under:



As can be seen from the above only 1130 machines under Phase-I were available/traceable on sites. As the CVMs installed under Phase-I were not insured against theft and damage, thus, no recovery/claim could be made in respect of stolen machines.

HLL had requested (August 2011) to NACO to take suitable action as some of these machines could be made functional with some repairs. However, no action was evident in the records of the NACO as of March 2013.



The machines installed under Phase-II were maintained till June 2010 within the cost of ₹ 10 crore. The project was extended till March 2011 for operation and maintenance of CVMs at an extra cost of ₹ 90 lakh. A contract to this effect was entered (January 2011) into with M/s HLPPT. The payments were released in two instalments during February and November 2011. The project was further extended till September 2011 with an additional cost of ₹ 60 lakh. The status of machines under Phase-II was better. However, given the fact that these machines had completed their useful life of seven years, NACO's decision to support their continued maintenance by incurring substantial expenditure needs to be reviewed in the light of their utility and impact.

The NACO stated that contract was not signed with the implementing entities because HLL was Central PSU and HLPPT, a trust promoted by the PSU. The reply is not in consonance with the extant provision of GFR rule 204 (iv-d), which stipulates that contract should invariably be executed in cases of turnkey works or agreements for maintenance of equipment and provision of services. The reply was also contrary to its decision to enter into a contract with the M/S HLPPT in January 2011 for extension and implementation of Phase-II of the SMP.

6.1.3 Poor sale of condoms through CVMs

NACO had estimated an average sale of 6, 12 and 35 pieces of condom per day from each Low Traffic Dispensing Outlets (LTDO), Medium Traffic Dispensing Outlets and High Traffic Dispensing Outlets respectively in the first year. It was, however, observed that 16 million pieces of condoms at an average of 1.34 pieces per machines/day were dispensed through 11025 CVMs of Phase-I during 36 months till January 2009. In the case of Phase-II, as per the data submitted by Technical Support Group, the average off take of condoms during 2008-11 was as low as 0.42 condom per machine per day. As

the programme had been merged with Social Marketing Organisations (SMOs), therefore, the average off take of condoms from CVMs during the period 2011-12 to 2012-13 could not be ascertained separately by the NACO.

Even by using the minimum sales estimation of six condoms per machine per day, it is evident that the actual sale of condoms through the CVMs was much lower. The reason for the lower sale may be attributed partially to the poor maintenance of the machines. The Ministry failed to assess reasons for poor sale of condoms for taking remedial action.

6.1.4 Lack of clarity regarding revenue to be generated through sale of Condoms

As per the Memorandum for the SFC submitted by the Ministry in March 2005, the project was to be sustained from the income generated from the sale of condoms. From the second year onwards the sales realization from the operation was to be utilized to meet the network maintenance costs, branding costs etc. Audit, however, noted that this proposal remained only on paper as the quantum of revenue realized or its utilization thereof did not find a mention subsequently in the records of the Ministry or NACO. NACO did not provide the information despite specific requests. Consequently, the arrangements in place for safe custody of money received through sale of condoms and its utilization could not be ascertained by Audit.

Audit also noted that under both Phases I and II, NACO was proposed to create a replenishment fund out of the contribution from the sale of condoms at the rate of Re. 0.05 and 0.10 per condom respectively. However, the proposed fund was not created. The reasons were also not found on record and were not provided despite specific request from audit.

6.1.5 Discontinuation of the Project

As per the decision taken subsequently in August 2011, the project was being discontinued by NACO due to operational and maintenance difficulties and it was proposed to merge the project with Condom Social Marketing Programme (CSMP). A total of 6499 machines which were functional as of September 2011 were to be handed over to SMOs implementing CSMP in six States and some machines were also be relocated by HLPPT. The handing over and relocation of the machines was completed by HLPPT in all concerned States except in the State of West Bengal where the existing SMO had refused to take over the machines. Therefore, HLPPT was asked to continue the maintenance and operation of the 794 CVMs located in West Bengal at the

cost of ₹ 50,000 per month till December 2012. The payment @ ₹ 50,000 per month from October 2011 to June 2012 has been made to HLPPT.

6.1.6 Conclusion

The CVM scheme by the NACO was characterized by poor planning and implementation. The Ministry did not undertake a comprehensive feasibility study. In the absence of a valid documented agreement, the issues relating to security and maintenance of the CVMs remained unaddressed. Consequently, the project was discontinued by NACO.

The sale of condoms through CVMs was very low in comparison to the projections of the NACO. The intended objective of improving the accessibility of condoms in high risk areas through CVMs was not achieved despite investment of ₹ 21.54 crore under the scheme. The hasty manner of release of funds by the Ministry under Phase-II without ascertaining the status of CVMs installed earlier was inappropriate.

The matter was referred to the Ministry in May 2013; their reply was awaited as of June 2013.

6.2 Pradhan Mantri Swasthya Suraksha Yojana

6.2.1 Introduction

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced (August 2003) by the Government with the aim of correcting regional imbalances in the availability of affordable/reliable tertiary healthcare services and also to augment facilities for quality medical education in the country. It was proposed to establish in the next three years, six new hospitals in backward States with modern facilities like those available at All India Institute of Medical Sciences (AIIMS) in Delhi.

The Cabinet Committee of Economic Affairs (CCEA) approved (March 2006/June 2006) the first phase of PMSSY with two components i.e. (i) creation of six AIIMS like (AL) institutions² and (ii) upgradation of 13 medical colleges. The Phase-II of PMSSY proposed (February 2009) to establish AL institutions in two more states³ and to upgrade six more medical colleges. The tentative cost of Phase-I of PMSSY was ₹ 9307 crore in February 2010. The Budget and Expenditure under the scheme is given below:

² Bihar (Patna), Chhattishgarh (Raipur), Madhya Pradesh (Bhopal), Orissa (Bhubaneswar), Rajasthan (Jodhpur) and Uttarakhand (Rishikesh).

³ Uttar Pradesh and West Bengal

(₹ in crore)

Year	Revenue		Saving	Saving in %	Capital		Saving	Saving in %
	Budget allocation	Actual expenditure			Budget allocation	Actual expenditure		
2004-05	60	6.16	53.84	89.73	-	-	-	-
2005-06	250	2.52	247.48	98.99	-	-	-	-
2006-07	75	6.27	68.73	91.64	-	-	-	-
2007-08	150	87.49	62.51	41.67	-	-	-	-
2008-09	50	33.46	16.54	33.08	440	450.54	-	-
2009-10	148	12.67	135.33	91.44	1300	461.81	838.19	64.48
2010-11	50	21.54	28.46	56.92	700	632.30	67.70	9.67
2011-12	55.94	42.29	13.65	24.40	1560.63	834.81	725.82	46.51

6.2.2 Status

Financial and Physical progress of six AL institutions indicating status of PMSSY-phase I as on 30 June 2012 are tabulated below:

(₹ in crore)

AIIMS project at	Total tendered costs for construction of residential complex and other four packages	Physical progress in %				
		Construction of Residential complex	Package I Construction of Medical College	Package II Construction of Hospital complex & HVAC	Package III Electrical services	Package IV Estate service
Bhopal	521.26	92.30	74.30	46.10	7.88	5.35
Bhubaneswar	531.00	21.00	72.52	55.19	2.15	Nil
Jodhpur	389.50	100.00	76.00	68.00	20.00	Nil
Patna	583.83	99.20	83.50	43.90	48.17	5.73
Raipur	512.54	100.00	49.21	43.92	34.30	2.13
Rishikesh	490.41	93.10	63.17	69.03	30.00	Nil
	3028.54	68.39	70.86	53.73	22.13	4.32

6.2.3 Audit findings

An audit of the process of selection and payments made to consultants and contractors for different stages of construction of the six AL institutions covered under Phase-I of the scheme was conducted during June-August 2012. The findings are discussed in the succeeding paragraphs.

6.2.3.1 Irregularity in selection of Project Consultant

The Ministry through its in-house⁴ consultant HLL, invited (August 2007) 'Expression of Interest (EOI)' for appointment of Project Consultants for

⁴ As an inhouse consultant HLL has been (March 2007) rendering various activities services viz., coordinate, liaise, monitor implementation activities, undertake bid process management, make payments to consultants, coordinate with State Governments etc. on behalf of the Ministry of Health and Family Welfare.

construction of Hospital and Medical college complex under PMSSY. The EOI contained qualifying criteria for issue of Request for Proposal (RFP) to the prospective bidders. Para 16 of the EOI provided that applications received after the stipulated time frame would not be considered under any circumstances.

In response, 14 Firms submitted EOI. Audit noted that out of these, four Firms did not have sufficient project experience while three Firms (including M/s SMEC) submitted the applications after the stipulated timeline. As such, only seven Firms were eligible for issue of RFP. However, after the evaluation of EOI, HLL, in December 2007, issued (December 2007), RFP to the 13 shortlisted Firms (including four technically disqualified Firms and two Firms which had submitted their application late). Subsequently, after evaluation of RFP bids, four successful Firms were selected (April 2008) as Project Consultants for six AL institutions (April 2008). M/s SMEC was selected as Project Consultant for AIIMS, Rishikesh at a cost of ₹ 5.18 crore. Payment of ₹ 2.17 crore was made to the firm as consultancy charges till April 2012.

Audit noted that M/s SMEC was not eligible for issue of RFP in terms of the EOI. Thus the selection of the firm as project consultant was not in compliance with the EOI and consequentially led to irregular payment of ₹ 2.17 crore to the firm.

The Ministry stated (July 2013) that HLL may have entertained the late submission of EOI for having wider participation and to have better competition.

The reply is inconsistent with the terms of the para 16 of the EOI document which stipulated that application received after the prescribed timeframe would not be considered under any circumstances. Further, after the receipt of bids, even the Ministry through its letter of September 2007 had drawn the attention of M/s HLL to this stipulation of EOI.

6.2.3.2 Irregular expenditure on escalation charges for civil work of hospital complex

The Ministry decided (August 2009) to carry out the civil work for medical college and hospital complex in two separate packages. It was also decided to

split the electrical works into two packages viz (i) sub-station, UPS, DG sets etc; and (ii) HVAC and BMS⁵ etc.

During the course of technical evaluation in respect of civil package-II i.e. hospital complex, the Ministry decided that HVAC work and BMS would be included as part of the package-II. Accordingly revised financial bids were invited by the Ministry with additional scope of work. However, during financial evaluation for package-II it was observed that the rates quoted by the bidders were unreasonably high with respect to estimated cost of each of the project. Accordingly, with the approval of Health & Family Welfare Minister (HFM) it was decided (May 2010) to cancel the tenders for package-II and invite fresh bids. Subsequently, HFM approved the proposal of the Ministry that *“escalation clause for material and labour except HVAC & BMS work may be included in the tender as per CPWD norms to cater for realistic payments to the contractors as per actual price escalation”*.

Audit noted that the subsequent RFP issued on 30 May 2010 clearly mentioned that escalation clause would not be applicable for HVAC & BMS work⁶. However, after the pre-bid conference held in June 2010 the Ministry decided that *“escalation shall be payable for HVAC works also as per clause 10 CC of CPWD GCC”*. It was noted in Audit that this issue was not raised by the prospective bidders in pre-bid conference. Thus, the amendment to this effect in the tender document after pre-bid conference without seeking the approval of HFM was irregular. Finally, contracts for package-II were awarded in July 2010 and an expenditure of ₹ 1.56 crore as detailed in **Annex -2** was incurred on account of escalation clause for HVAC and BMS work against the specific orders of the HFM.

The Ministry stated (July 2013) that based on pre-bid conference held on 21 June 2010 the amendments were made to HVAC work by the Technical Evaluation Committee.

The reply however does not address the issue of non compliance with specific orders of HFM. Moreover, this issue was not a part of pre-bid queries raised by the prospective bidders.

6.2.3.3 Incorrect release of mobilization advance

As per section 32.5 of CPWD works manual and clause 10B (ii) of the General Conditions of Contract (GCC) entered into by the Ministry with

⁵ Heating, ventilation and air-conditioning (HVAC), building management system (BMS)

⁶ clause 10CC of RFP/GCC relating to payment due to increase/decrease in prices/wages

various contractors, mobilization advance (MA) not exceeding 10 per cent of the tendered value may be allowed. However, the request was to be made by the contractor within one month of the order to commence the work. Further, as per clause 10B V of General Conditions of contract, entered into with contractors 'if circumstances are considered reasonable by the Engineer in charge, the period of one month be extended at the discretion of Engineer-in-charge'. Further, Para 32.5 (ii) of CPWD works manual provides that the advance should be released in not less than two instalments.

Audit noticed incorrect release of mobilization advance of ₹ 8.32 crore in the following three cases as depicted in the Table given below:

Sl. No.	Name of the work	Name of the contractor	Amount of MA released (₹ in crore)	Remarks
1.	Residential complex at AIIMS Bhubaneswar	M/s RDB reality and Infrastructure Ltd.	4.89	The Ministry released MA @ 10 per cent of tender value of ₹ 48.86 crore in one instalment in violation of provision of CPWD manual.
2.	Residential complex at AIIMS Bhopal	M/s Kumar Colonizers and Const. Pvt. Ltd.	1.18	The Project consultant (HLL) extended the period for grant of MA in violation of the General Conditions of the Contract. Further, justification submitted by HLL that MA was required to commence the work was incorrect as the work was already in progress.
3.	Residential complex at AIIMS Patna	M/s RDB Industries Ltd.	2.25	MA was released by M/s HLL after the lapse of stipulated period. However the fact was not brought to the notice of the Ministry.

The Ministry stated that in the case of Residential complex at AIIMS Bhubaneswar, M/s Hospital Service Consultancy Corporation (HSCC) had not released MA to the agency and in the case of Residential complex at AIIMS Bhopal and Patna, the MA has since been fully recovered.

The reply however does not address the issue of irregular grant of MA by the Ministry in contravention of the laid down provisions.

6.2.3.4 Excess payment of ₹ 25.20 lakh to in house consultant

The Ministry entered (August 2008) into agreement with HLL retrospectively from March 2007. As per para 4.5 of the agreement, advertisement charges,

legal expenses and actual of insurance premia paid for the maintenance of insurance cover, charges levied by local authorities, payment for security arrangements, expenses on logistics for running Project Cell at sites were to be reimbursed by the Ministry on actual basis.

Audit noted that the Ministry reimbursed expenditure of ₹ 25.20 lakh to M/s HLL on account of fees for sub-consultancy, for preparation of zoning plans and towards document and other miscellaneous expenses even before the agreement was signed. Further the payments made to HLL were not covered in the agreement. Thus to excess payment of ₹ 25.20 lakh was made to HLL.

The Ministry stated (July 2013) that the payment was made to M/s HLL prior to the signing of the consultancy agreement which was for their services rendered for completion of pre-project formalities.

The fact remains that these payments were not covered under the provisions of the agreement which was given effect retrospectively.

6.2.4 Other irregularities

- ❖ As per Rule 56 (3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Audit noted that the Ministry in violation of instructions of GFR released substantial funds aggregating to ₹ 81.62 crore to consultants/contractors during the months of March as advance during 2009-10, 2010-11 and 2011-12.
- ❖ The Ministry awarded (October 2007) consultancy work for construction of residential complex for AL institutions to M/s Hindustan Latex Limited (HLL) for Rishikesh and Patna sites and M/s HSCC for Bhubaneswar and Raipur sites. The contract agreements between Ministry and HLL/HSCC provided for payments for execution of work carried out by the contractors through Project Consultants based on actual progress of the project.

Audit noted that the Ministry had been releasing funds to HLL/HSCC on the basis of their estimated fund requirements on quarterly basis instead of actual progress of work. The consultants, in turn, were releasing the funds to the respective contractors on the basis of actual progress of respective works. This led to blocking of funds with consultants.

Further, as per clause 10.6 of these agreements '*any interest earned on the deposit received/advance drawn from the Government of India by the*

Consultant shall be added to the deposit received/advance drawn from Government of India'. However the Ministry did not carry out any assessment of the interest earned by the consultants on the funds retained in excess by them. Audit noted that during November 2008 to March 2010, funds of ₹ 0.57 crore to ₹ 16.66 crore remained blocked with the consultants (HLL and HSCC) for periods ranging between 1 and 166 days. This had an interest impact of ₹ 2.72 crore⁷ (Annex-3).

The Ministry stated (July 2013) that interest earned on funds released to consultants was being accounted for and would be adjusted at the time of final payments.

The reply does not explain the need for placing the excess funds at the disposal of the consultants.

- ❖ As per Clause 3.6 of the agreement, the consultant M/s HLL shall submit a performance guarantee equivalent to 5 per cent of the consultancy charges of ₹ 12 crore within one month of the signing of the agreement. Audit noted that M/s HLL had initially submitted a performance guarantee of ₹ 60 lakh covering the period from 27 September 2008 to 03 October 2011 and no fresh guarantee for ₹ 87.05 lakh (5 per cent of the total amount paid to M/s HLL - ₹ 17.41 crore) was obtained from the firm.

The deficiencies in selection of project consultants and payment processes to consultants and contractors as brought out above indicates that the Ministry did not exercise adequate due diligence in implementing the project. The issues raised by Audit require immediate attention and corrective action by the Ministry.

6.3 Procurement of Allopathic drugs in CGHS

6.3.1 Introduction

The Ministry of Health and Family Welfare (Ministry) provides comprehensive health care facilities through “Central Government Health Scheme” (CGHS) to Central Government employees and pensioners and their dependents residing in 23 cities covered under CGHS apart from Delhi NCR. The medical facilities are provided through 250 CGHS wellness centres (earlier called as dispensaries) across the country.

⁷ Based on average cost of borrowing of the Central Government during 2011-12 (7.9 per cent)

Medical Stores Organisation (MSO) is entrusted with the task of procurement of drugs and medicines required for CGHS hospitals and wellness centres outside Delhi. The MSO operates through seven Medical Stores Depots (MSD)⁸. Government Medical Store Depot (GMSD), Delhi is the nodal centre for procurement, storage and distribution of drugs for all CGHS wellness centres in Delhi.

6.3.1.1 Organisational set up

CGHS is headed by Director CGHS. Additional Director (Headquarters) is the administrative head of MSD Delhi and four zonal Offices of CGHS. The zonal offices exercise administrative control over CGHS wellness centres in their zone, and are responsible for processing and making payments of bills relating to local purchase made by the CGHS wellness centres. In cities outside Delhi, the CGHS is headed by Joint/Additional Director who exercises overall administrative control over the CGHS units and authorises payments to the suppliers of medicines against their bills.

6.3.1.2 Scope of Audit

The audit covered scrutiny of procurement of allopathic drugs in CGHS by Medical Store Depots and CGHS wellness Centres in Delhi, Ahmedabad, Jaipur, Chandigarh, Bhopal, Jabalpur, Kolkata, Chennai, Thiruvananthapuram, Hyderabad, Bangalore, Allahabad, Bhubaneswar and Mumbai during 2009-10 to 2011-12.

In Delhi, related records were examined in offices of Medical Store Organisation (MSO), MSD and the Ministry. In cities outside Delhi related records were examined at the offices of concerned Joint/Addl. Director CGHS, Central Medical Stores/Medical Store Depots and at the CGHS wellness centres.

6.3.2 Expenditure on Procurement of Drugs in CGHS

The total expenditure incurred by the Ministry on procurement of drugs for CGHS for the period 2009 to 2012 is given in table below:

⁸ Mumbai, Kolkata, Chennai, Hyderabad, Guwahati, Karnal and New Delhi.

**Total expenditure on procurement of drugs in CGHS
Delhi and outside Delhi**

	(₹ in crore)			
	2009-10	2010-11	2011-12	Total
CGHS DELHI	328.15	387.28	326.93	1043.35
CGHS OUTSIDE DELHI*	200.40	232.83	270.00	703.23

6.3.3 Drugs Procurement system in CGHS

The Ministry maintains a list of drugs called drug formulary, separately for Branded and Generic drugs, for Government hospitals, Medical Store Organisation and CGHS. As of 31 March 2012 the Generic formulary consisted of 1128 drugs and the Branded formulary of 622 drugs.

Generic and Branded drugs

A Generic drug is defined as a term referring to any drug marketed under its chemical name without advertising; therefore Generic drugs are listed as the name of the constituent drug unlike Branded drugs.

A Branded drug is a drug/medication sold by a pharmaceutical company under a trademark-protected name.

The drug formulary is prepared by a committee⁹ comprising, inter-alia, senior doctors from government hospitals. The Ministry finalizes the rates of the drugs listed in the formulary. These drugs are subject to mandatory testing in laboratories before supply to CGHS. In Delhi, the responsibility for procurement of formulary drugs/ medicines for CGHS wellness centres has been outsourced to M/s Hospital Services Consultancy Corporation Ltd. (HSCC). Every year, MSD constitutes a provisioning committee comprising zonal heads of four zones of MSD, which finalises the annual requirement of quantity of Branded and Generic drug for CGHS. The requirement finalized by the provisioning committee is sent to HSCC for supply of medicines to MSD.

For local purchase of drugs not listed in formulary, MSD Delhi empanels the local chemists and fixes the rates of discount on Maximum Retail Price (MRP) of drugs after negotiation with the chemists. Similarly, in cities outside Delhi, concerned head of CGHS units empanels the local chemists.

CGHS purchases drugs outside formulary on daily basis, on prescription of doctors, without any lab testing or any other verification.

* Expenditure incurred in 23 cities covered in CGHS outside Delhi.

⁹ Joint Secretary (Chairman) , Medical Superintendents, and HOD Medicine of AIIMS and RML hospitals, Director AIIMS, nominees from PGIMER Chandigarh, and JIPMER Pondicherry, Addl. DG Stores (MSO) and Addl. Director (HQ) CGHS.

6.3.4 Previous Audit Findings and Reports of the Parliamentary Committee

A performance audit of the procurement of medicines and medical equipment under the Ministry of Health and Family Welfare was conducted during 2006-07. The related findings were brought out in Report No. 20 of 2007 presented to the Parliament in November 2007.

The Report *inter-alia* touched upon the high incidence of local purchase of drugs and irregularities in such procurements.

The Public Accounts Committee took up the subject for detailed examination. In its Report on the subject (Twenty Fourth Report of the Fifteenth Lok Sabha) the Committee expressed concerns over the prescription pattern of the Doctors leading to high incidence of local purchase of drugs. The Committee advised the Ministry to take measures to avoid unnecessary local purchase of medicines.

The Ministry in its Action Taken Report stated that efforts would be made to reduce the incidence of local purchase.

Further, the Parliamentary Committee¹⁰ in its 45th Report submitted to the Parliament in August 2010 observed that the current prices of many brands of drugs were highly inflated with no relation to their costs as detailed below:

Name of brand	Name of manufacturer	Drug composition	Price for 10 tablets
ORTHOVID	Abbot Health Care Pvt. Ltd.	NIMESULIDE 100mg	29.19
NIMULID	Panacea Biotech	NIMESULIDE 100mg	38.72
NICIP	Cipla Limited	NIMESULIDE 100mg	21.00
NISE	Dr. Reddy Laboratories	NIMESULIDE 100mg	48.00

The Parliamentary Committee noted that the cost of producing a strip of 10 tablets of Nimesulide was no more than ₹ 1.40. It was evident that huge margins are being made by both the drug companies and traders. There would be many examples of such price effects.

The Parliamentary Committee also noted that despite there being a code of ethics in the Indian Medical Council Rules introduced in December 2009

¹⁰ 45th Report of Parliamentary Standing Committee on 'Issues relating to availability of Generic, Generic Branded and Branded Medicine, paragraph 30 and 31

forbidding doctors from accepting any gift, hospitality, trips to foreign and domestic destinations etc. from healthcare industry, there is no let-up in this evil practice and the pharma companies continue to sponsor foreign trips of many doctors and shower the obliging prescribers who prescribe costlier drugs with high value gifts like air conditioners, cars, music systems, gold chains etc. as quid pro quo.

The present audit seeks to examine the system of procurement of allopathic drugs in CGHS.

6.3.5 Audit findings

The objective of a drug formulary is to identify drugs commonly required for treatment of patients in hospitals/wellness centres. The formulary helps the doctors to restrict the treatment regimen within these drugs and reduce the incidence of local purchase of other drugs. The audit findings are discussed in the succeeding paragraphs.

6.3.6 Preparation/revision of drug formulary for Branded drugs

The Ministry constituted (September 2008) a Committee¹¹ for preparation/revision of the existing drug formulary for Branded drugs. The Committee decided to include new items in the formulary by identifying those drugs which were commonly procured in the CGHS, Delhi during 2008 through local purchase. The inclusion of various drugs was further subject to valid drug licence, registration of the manufacturing firm with MSO. Consequently, the Committee recommended (December 2009) inclusion of 382 more drugs over the existing 350 drugs. Subsequently, a total of 622 drugs were notified in the revised formulary in September 2010.

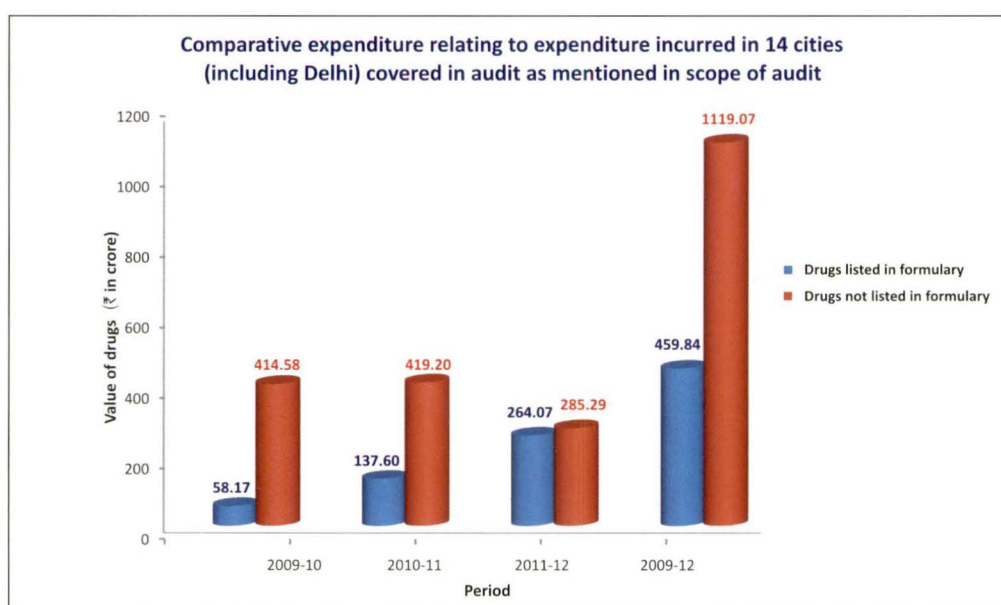
Audit noted that the Committee, while identifying the drugs for inclusion in the formulary, opted for commonly prescribed brands of drugs instead of identifying commonly prescribed drug composition. Thus, the methodology adopted by the Committee was predominantly based on the prescription of specific brands by doctors. The selection of items by adopting the drug composition approach would have provided many options that would be cost effective, as there were many brands of same drug composition available in the market at different rates.

¹¹ Under chairmanship of Joint Secretary the committee comprised of Medical Superintendents, and HOD Medicine of AIIMS and RML hospitals, Director AIIMS, nominees from PGIMER Chandigarh, and JIPMER Pondichery, Addl. DG Stores (MSO) and Addl. Director (HQ) CGHS

Test check of 21 cases in the Branded drug formulary revealed availability of several low cost brands in the same category of drugs. Audit also noted that even the discounted price of the selected brand was much higher than the MRP of other low cost brands available in the market. Audit compared the prices of these 21 test checked brands with other brands of identical drugs and found that CGHS Delhi incurred avoidable expenditure of ₹ 9.25 crore during 2011-12 by opting for higher priced brands (**Annex-4**).

6.3.7 Procurement of drugs not listed in the formulary

The expenditure incurred by the Ministry on procurement of formulary and non-formulary drugs during the years 2009-12 is given in the chart below:



Analysis of the procurement pattern indicates that during 2009-10 to 2011-12, 71 per cent of the total expenditure was incurred on procurement of drugs not listed in the formulary. Further, CGHS Delhi procured only 19 per cent of items from within the formulary while 81 per cent items were outside the formulary as detailed in **Annex-5**. In cities outside Delhi covered in Audit, CGHS incurred about 50 per cent of the total expenditure on procurement of drugs outside the formulary during 2009-12.

Audit analysed the approved rates of drugs listed in the formulary and found that during 2011-12 the Ministry was able to obtain discounts in the range 12 to 50 per cent on the maximum retail price of these drugs. In comparison, CGHS was able to obtain discounts in the range of 10 per cent to 30 per cent for drugs outside the formulary. Thus the drugs listed in the formulary are substantially cheaper. However, Audit is unable to quantify the exact financial implication on this account as rates of non-formulary drugs are not maintained and therefore are not available for comparison.

Audit noted that the following factors played a significant role which led to drugs being procured outside the formulary.

(a) Non-finalisation of procurement rates of drugs listed in the formulary

One of the most important factors for timely supply of drugs of good quality is the speedy finalisation of the procurement rates of the drugs listed in the formulary by the Ministry. Audit noted that the rates of large number of drugs, particularly during 2009-10 and 2010-11, were not finalised by the Ministry. The details are given below:

Formulary	Year	Total nos. of drug listed in formulary	Drug for which rates finalised	Drug for which rates not finalised	Percentage of drugs of which rate had not been finalised
Branded drugs	2009-10	504	350	154	30.56 %
	2010-11	504	339	165	32.74 %
	2011-12	622	592	30	4.82 %

The reasons for non-finalisation of rates of various drugs were attributed to items being de-registered by the Drug Controller, rates of drugs not being negotiable, firms having changed drug composition to bypass NPPA¹², the firm not being the manufacturer of the quoted item, etc. Thus non availability of rates of drugs within the formulary is likely to lead to procurement of drugs outside the formulary which in turn would lead to extra expenditure as already mentioned at para 6.3.7 above.

(b) Inadequate and incomplete drug formulary

Audit noted that the doctors continued to prescribe drugs outside the formulary despite the adverse recommendations of the Parliamentary Committee. As a result, drugs valuing ₹ 1119 crore were purchased from outside the formulary during 2009-12 as detailed in paragraph 6.3.7 above. The fact that 71 *per cent* of the expenditure during 2009-12 was spent on drugs outside the formulary points to drug formulary not being comprehensive enough to cover drugs for wide-ranging ailments/diseases.

6.3.8 Procurement of Generic drugs

Audit further noted that many drugs are available in both Generic and Branded version. Generic drugs are substantially cheaper than the Branded version.

The following example would illustrate the point:

¹² National Pharmaceuticals Pricing Authority (NPPA) is an independent body of experts and is responsible for implementing the drug price control order (DPCO). DPCO is an order issued by the Government for fixing the prices of some essential bulk drugs and their formulations.

Generic name	Generic drugs				Branded Drugs		
	Strength	Type	Pack	Price	Brand	Manufacturer	Price
Nimesulide	100mg	Tab	10	2.70	Nimulid	Panacea Biotech	29.00
					Nise	Dr. Reddy Lab	32.00
Amikacin	100mg/2ml	vial	2ml	6.25	Zycin	Zydus Cadila	19.50
			vial		Amexel	Nicholas Piramal	15.10

Source :www.janaushidhi.gov.in

The Minister of Health and Family Welfare while approving (September 2010) the revised formulary of Branded drugs, expressed serious concern on prescribing of Branded drugs by doctors instead of Generic versions and directed for a complete shift towards Generic drugs, within one year, both in prescriptions and supplies. In order to promote Generic drugs the Ministry, in May 2011, revised its Generic drug formulary from 818 to 1128 drugs.

Audit further noted that the Ministry did not finalise procurement rates of most of the drugs listed in the Generic formulary as detailed below:

Formulary	Year	Total nos. of drug listed in formulary	Drug for which rates finalised	Drug for which rates not finalised	Percentage of drugs of which rate had not been finalised
Generic drugs	2009-10	818	264	554	67.73 %
	2010-11	818	127	691	84.47 %
	2011-12	1128	279	849	75.26 %

The reason for non-finalisation of the rates of Generic drugs was mainly attributed to poor response from the drug manufacturers.

As a result, CGHS procured only 2 to 55 per cent of the Generic drugs listed in the formulary as detailed in the Table below:

Name of city covered in audit	Year	Percentage of drugs procured from Generic list
Delhi	2009-10	2.08
	2010-11	2.20
	2011-12	5.14
Ahmedabad	2009-10	54.5
	2010-11	8.17
	2011-12	4.43
Kolkata	2009-10	27.63
	2010-11	9.90
	2011-12	8.33
Chennai	2009-10	14.18

	2010-11	3.45
	2011-12	4.26
Mumbai	2009-10	40.61
	2010-11	16.78
	2011-12	24.59
Bhubaneswar	2009-10	6.80
	2010-11	6.80
	2011-12	5.07

Further, the expenditure on procurement of Generic drugs in CGHS, Delhi during 2009-12 constituted a mere 0.19 *per cent*.

Test check also revealed that 59 drugs selected for Branded drug formulary were already listed in the Generic formulary (**Annex-6**). Further, a comparison of rates of 30 Branded drugs with rates of Generic drugs in Janaushidhi scheme¹³ revealed that an amount of ₹ 11.81 crore could have been saved by CGHS Delhi during 2011-12, had Generic drugs been procured instead of Branded drugs as detailed in **Annex-7**.

6.3.9 Delays in procurement of drugs listed in formulary

Hospital Service Consultancy Corporation (HSCC) places the supply orders on vendors at rates already finalized by the Ministry. HSCC provides 60 days to the suppliers for making drugs ready for inspection and testing.

Audit noted that drugs were received in MSD after a delay of two to six months after communication of the requirement to HSCC. Further, issue of drugs from MSD to CGHS wellness centres took another three to five months (**Annex-8**). In effect the drugs were received in CGHS wellness centres with significant delays.

Similarly in CGHS Chennai, Jaipur, Kolkata, Chandigarh, Thiruvananthapuram, Hyderabad and Bhubaneswar, drugs were received from respective MSDs after a delay of two to ten months from placing the orders.

In CGHS Hyderabad, Thiruvananthapuram, Chandigarh, Mumbai and Bhubaneswar there was a short supply/non-supply up to 85 *per cent* of drugs indented to the GMSD during 2009-10 to 2011-12.

The delays in procurement and non-availability of formulary drugs at CGHS wellness centres led to procurement of these drugs by CGHS centres from local chemists at higher rates leading to an extra expenditure of ₹ 3.05 crore as detailed below:

¹³Under Janaushidhi scheme Generic drugs which are available at lower prices but are equivalent in potency to the Branded expensive drugs are made available to public through Janaushidhi stores.

Extra expenditure on purchasing formulary drug from local chemists at higher rates

(₹ in lakh)

Name of CGHS covered city	Amount of extra expenditure incurred
Delhi	231.83*
Kolkata	0.18
Hyderabad	12.77
Jaipur	14.44
Chennai	45.58
Total	304.80

* Details in Annex-9

6.3.10 Avoidable expenditure of ₹ 13.52 crore in procurement of formulary drugs in Delhi through HSCC

In terms of Rule 165 of General Financial Rules and Para 1.2.1 of Manual of Policies and Procedure of Employment of Consultants issued by Ministry of Finance; the consultants may be employed in the condition of absence of required expertise in-house and when it is felt absolutely essential.

MSD Delhi is the nodal office which procures drugs for all CGHS wellness centres in Delhi. Procurement rates and concerned suppliers of the drug, listed in the approved drug formulary, are finalized by the Ministry. However, MSD procures these drugs through HSCC instead of procuring them directly from notified suppliers. MSD paid consultancy charges of 4.5 *per cent* to HSCC for this procurement till October 2008 and 2.5 *per cent* thereafter.

Audit noted that HSCC did not add any value to the procurement process and simply acted as a conduit between the Ministry and the supplier. This is so because the rates and suppliers had already been finalised for drugs procured through HSCC. Thus, MSD Delhi incurred avoidable extra expenditure of ₹ 13.52 crore on consultancy charges paid to the HSCC during 2002-03 to 2010-11.

6.3.11 Pilot Project to streamlining procurement of drugs

CGHS proposed (January 2007) to implement a Pilot Project to streamline procurement of drugs in CGHS. The project envisaged assessment of monthly consumption of drugs at CGHS centres. Requirements, thus assessed, were to be intimated to the supplier at the end of month. The drugs were to be delivered at the beginning of each month directly to the CGHS wellness centre by the supplier. This project was supposed to eliminate delays in supply of

drugs present in the prevailing central procurement system through HSCC in Delhi and through GMSDs in cities outside Delhi.

The Ministry approved (March 2007) the Pilot Project for 10 CGHS centres in Delhi initially. The project was implemented from July 2008.

Audit, however, noted that contrary to the proposal, which envisaged procurement of both formulary and non-formulary drugs, the approved list under pilot project contained only non-formulary drugs. It included 235 drugs that were stated to be commonly prescribed drugs purchased locally in CGHS. The project was extended to all the CGHS centres by September 2009. Later the list of drugs in the pilot project was revised to 272 drugs and were included in the Branded formulary of the Ministry (September 2010).

Audit also noted that MSD submitted (September 2010) that all the 622 drugs in the new drug formulary as approved by the Ministry may be included in the Pilot Project. This was meant to cut down delays in procurement through HSCC as well as to effect savings of commission of 2.5 per cent commission being paid to HSCC. The proposal was, however, not approved by the Ministry, the reasons for which were not on record.

Audit also noted that in CGHS Chennai, Kolkata, Jaipur and Hyderabad, even the drugs included in the Pilot Project were procured through local purchase at higher rates leading to an extra expenditure of ₹ 85.22 lakh.

6.3.12 Procurement of life saving drugs

CGHS maintains a list of 382 drugs under the category of life saving drugs. This is distinct from the approved drug formulary of the Ministry. These drugs include drugs for cancer, kidney diseases, osteoporosis, dialysis, haemophilia etc.

MSD finalizes procurement rates of these drugs on the basis of quotations received from the manufacturers. MSD procures the drugs based on the prescription made by the CGHS doctors, on approved rates.

As noted in the case of other Branded drugs, there were more than one brands of the same drug composition. Audit noted that there were 206 such brands of 72 drug compositions in the list of life saving drugs as on December 2011. Further, prices of the different brands having same drug composition varied substantially.

Test check of records related to procurement of life saving drugs in CGHS Delhi, Thiruvananthapuram, Allahabad and Kolkata revealed that CGHS incurred avoidable extra expenditure of ₹ 6.26 crore on procuring higher

priced drug brands despite availability of low cost brands within the list itself **(Annex-10)**. CGHS did not accord reasons for including several brands of the drug of the same composition in the list of life saving drugs. This led to procurement of drugs in an arbitrary manner.

In CGHS Hyderabad, it was observed that life saving drugs were purchased at rates higher than the authorised list resulting in avoidable extra expenditure of ₹ 20.22 lakh.

Audit further noted that the MSD Delhi initiated (June 2009) an open tendering process for procurement of Generic drugs. However, the tender documents could not be finalised due to issues relating to modification of clauses in the tender documents. Thus the MSD failed to implement the proposal of procuring life saving drugs through open tender as of July 2012.

6.3.13 Quality Assurance

The drugs procured by MSD are subject to mandatory testing in laboratories before supply to CGHS.

In CGHS Kolkata drugs were issued to the patients before receipt of test reports, which were later reported as sub-standard by GMSD. In CGHS Mumbai medicines worth ₹ 28.45 lakh received from GMSD during 2009-2012 were declared sub-standard. Out of these, medicines worth ₹ 15.66 lakh were already issued to patients. Such instances highlight the absence of a robust mechanism for quality assurance, which exposes the patients to the hazards of sub-standard medicines and drugs.

In CGHS Hyderabad drugs worth ₹ 21.39 lakh procured from GMSD did not have prescribed shelf life and the shortfalls in shelf life were in the range of one to three months.

In Chandigarh drugs valuing ₹ 13.53 lakh expired between April 2009 and November 2011 implying that the requirement of drugs was not assessed properly.

6.3.14 Conclusion

It is recognised that the prices of drugs in the formulary are lower than non-formulary drugs. However, Audit noted that 71 *per cent* of the drugs procured consisted of drugs outside the formulary.

Further, procedures relating to procurement of drugs were not directed to effecting maximum economy. As a result, higher priced, Branded drugs were procured despite availability of low cost brands.

Branded drugs continue to be preferred over Generic drugs despite adverse remarks of the Parliamentary Committee. This caused significant financial burden on the exchequer. The money value included in this report relates to only test checked cases which constitute only a small percentage of actual procurement. Therefore, the monetary impact of such irregular practice would be much higher if the entire procurement were to be reckoned.

The Ministry may review the arrangement currently in place for procurement of drugs in light of the audit findings.

The matter was referred to Ministry in May 2013; their reply was awaited as of June 2013.

Directorate General of Health Services

6.4 Loss due to expiry of anti-TB drugs

Improper planning in procurement of anti-TB drugs by the Central Tuberculosis Division of the Ministry resulted in losses due to the expiry of drugs valuing ₹ 5.06 crore.

Tuberculosis (TB) is a major public health problem in India. To address the problems related to shortages and irregular supply of drugs for TB the Revised National Tuberculosis Programme (RNTCP) was launched in 1997. RNTCP is an application of World Health Organization recommended Directly Observed Treatment Short Course strategy.

Under the RNTCP the principle of continuous uninterrupted supply of drugs are followed whereas for the non-DOTS¹⁴ regimen loose anti-TB drugs are procured. The Central Tuberculosis Division (CTD) of the Ministry of Health and Family Welfare, based on the assessment of the quantity required, procures anti-TB drugs through procurement agents for both DOTS and non-DOTS regimen.

The drugs are received by six GMSDs¹⁵ through procurement agents. Further, the CTD issues release orders to GMSDs for distribution of the drugs to the respective State Drug Stores and District TB Control Societies.

In the Comptroller and Auditor General's Audit Report no. 2 of 2005, an audit finding, was made regarding the expiry of the shelf life of anti-TB drugs valuing ₹ 28.67 lakh in the GMSD, Kolkata, during February and November

¹⁴ DOTS strategy means Directly Observed Treatment Short Course strategy under which a patient wise box is earmarked for a patient and it ensures that the TB patient receives drugs for the entire duration of the treatment. Whereas, under the non-DOTS regimen loose tablets are distributed to the patients.

¹⁵ GMSD at Mumbai, Kolkata, Karnal, Hyderabad, Guwahati and Chennai

2002. In their Action Taken Note (March 2007), the Ministry of Health and Family Welfare attributed the expiry of drugs mainly to change in the strategy of TB programme. It also assured to improve upon the drug management system by ensuring that the drugs were procured in different tranches to have maximum shelf life and through optimal utilisation of stocks.

Subsequent examination of the records of the CTD revealed that during 2004-05 to 2005-06, the six GMSDs had received 25.09 crore loose anti-TB drugs tablets for non-DOTS regimen costing ₹ 16.64 crore. The loose anti-TB drugs were procured on the basis of the assessment that at least 10 *per cent* of the patients would require to be put on non-DOTS regimen i.e., in the form of loose drugs. The assessment of 10 *per cent* was made after assuming that some patients would find it difficult to take treatment under DOTS or who do not accept DOTS for other reasons.

Audit, however, noted from the relevant documents in the Ministry that detailed analysis or records of deliberation to arrive at the figure of 10 *per cent* were absent. Thus, the assumption of 10 *per cent* non-DOTS requirement did not have a reasonable basis. This analysis was critical as the drugs under the two regimen were not interchangeable.

Audit noted that the shelf life of five years of 11.09 crore tablets valuing ₹ 5.06 crore had expired in the GMSDs by October 2011. This worked out to 46 *per cent* of the total quantity available.

Thus, the Ministry sustained losses of ₹ 5.06 crore due to expiry of the shelf life of the anti-TB drugs. Of these, drugs valuing ₹ 2.75 crore¹⁶ had been written off during 2007-11. The process for regularization of the remaining expired drugs was being initiated by the Central TB Division of the Ministry. Audit noted that the Ministry of Finance while concurring to the proposal for writing off the loss on account of expiry of the drugs had noted that the Ministry of Health and Family Welfare should ensure non-recurrence of such lapses.

Audit further noted that the Ministry while stating the reasons for expiry of loose anti-TB drugs to the Ministry of Finance, mentioned that the drugs expired due to a change in strategy requiring the programme to follow WHO recommended DOTS strategy instead of non-DOTS regimen used for patients earlier. The reason attributed by the Ministry was not convincing, as the WHO recommended DOTS strategy, popularly named as RNTCP, was in operation since 1997. Moreover, the fact that same reason had been advanced

¹⁶ ₹ 2.59 crore written off by Ministry of Finance in December 2011 and ₹ 15.68 lakh written off by Ministry of Health and Family Welfare in November 2007.

by the Ministry, in their ATN, to an earlier Audit Para, indicates that appropriate remedial measures have not been taken by the Ministry to address this critical issue.

The Ministry in its reply to an audit observation stated (January 2013) that it had estimated that 10 *per cent* of the TB patients would continue to be put on non-DOTS regimen while actually less than one *per cent* of the patients were put on it. The Ministry further stated that it had taken steps to avoid such recurrences.

Subsequently, the Ministry reiterated (July 2013) that adoption of DOTS programme was a major shift in the strategy. The loss was not significant when compared to the total programme outlay and coverage. Further, it stated that the expiry and incomplete utilisation of the loose drugs was linked to accelerated coverage of DOTS and also delayed supplies of Non-DOTS regimen.

The replies of the Ministry establish that the procurement planning was improper. The assessment of patients for non-DOTS regimen was arbitrary leading to substantial losses. As a result, the assurance rendered to the Public Accounts Committee has not been complied with. It is recommended that responsibility for this lapse must be ascertained.

CHAPTER VII : MINISTRY OF HOME AFFAIRS

Sashastra Seema Bal

7.1 Excess expenditure on construction of residential quarters

Sashastra Seema Bal did not initiate measures for construction of residential quarters in a timely manner after the approval of authorisation norms by the Ministry of Home Affairs. This led to cost overrun of ₹ 5.19 crore on construction of 108 residential quarters.

Paragraph no. 4.3 of Audit Report no. 13 of 2012-13 mentioned inordinate delay in the construction of staff quarters by the Subsidiary Intelligence Bureau, Lucknow, resulting in cost escalation of ₹ 2.17 crore.

In the Action Taken Note on the paragraph the Ministry of Home Affairs stated (May 2013) that all Central Armed Police Forces (CAPFs) have been advised to hold regular monthly meetings with Central Public Works Department (CPWD) at the Headquarter level to discuss the delayed proposals. Further, list of Projects having cost/time overrun may be sent by CAPF HQ to CPWD HQ on monthly basis for their intervention to resolve the issues.

In an another instance, Audit examination of the construction of residential quarters of Sashastra Seema Bal (SSB) revealed inordinate delay as discussed below:

SSB proposed (June 2004) construction of 371 residential quarters for Battalion Headquarters at Falakata, West Bengal. The Finance Wing of SSB, based on the fact that the category-wise requirement of the residential quarters was under finalization by the Ministry of Home Affairs (MHA) revised the requirement downwards to 189 residential quarters (**Type I-140, Type II-48 & Type V-1**). The MHA accorded sanction (February 2005) of ₹ 11.78 crore for construction of the proposed residential quarters.

Audit noted that the MHA approved (February 2006) the authorization norms for residential accommodation for the SSB. (**Type I-25 Type II-269 & Type V-2**). As a result, the corresponding sanctioned accommodation now stood at 296. The SSB, after observing, huge variation in the number of quarters sanctioned earlier and authorized later, decided to carry out construction of only 52 quarters as detailed below:

Type	Number of quarters sanctioned	Number of quarters now authorised	No. of quarters already held	No. of quarters allowed to be constructed
I	140	25	22	03
II	48	269	-	48
V	1	2	-	1

Accordingly, the SSB requested (March 2006), the CPWD to construct only 52 quarters. It also informed the CPWD that the decision for remaining type of quarters would be conveyed after obtaining the revised sanction from MHA as per the approved authorisation norms.

Audit noted inordinate delay on the part of the SSB in pursuing the matter thereafter with the Ministry for obtaining the revised sanction. The SSB initiated the matter only in January 2009 that too after being requested by the CPWD to expedite the matter. This constituted a delay of 33 months (from April 2006 to December 2008). The CPWD also informed that 52 quarters had been completed at a cost of ₹ 4.10 crore.

Subsequently, the SSB approached (January 2009) the MHA for revision of sanction for the construction of additional quarters as per the details given below:

Sl. No.	Type	No. of quarters earlier sanctioned	No. of quarters completed	No. of quarters proposed for conversion into/from other type	Total number of quarters after conversion
1.	Type I	140	03	137 ¹	03
2.	Type II	48	48	108	156 (48+108)
3.	Type V	01	01	-	1
	Total	189			160

MHA accorded (March 2009) revised sanction for construction of 160 residential quarters. However, CPWD showed its inability to undertake the work at the earlier rates and submitted (October 2009) a revised preliminary estimate of ₹ 21.06 crore. CPWD attributed the enhancement in the estimates to increased cost of material and labour. SSB approached the MHA (August 2010) for obtaining the revised expenditure sanction of ₹ 21.06 crore which was accorded in September 2010. Audit noted that 91 *per cent* of construction work at a cost of ₹ 16.75 crore had been completed by the CPWD as of January 2013.

¹ 137 Type I quarters were proposed to be converted to 108 Type II quarters keeping in view the plinth area equivalence.

Thus, failure of the SSB in processing the case in a timely manner led to substantial cost overrun of ₹ 5.19 crore on the project (**Details in Annex-11**).

SSB stated (May 2013) that the time taken in revision of cost by the MHA was procedural and involved correspondence and clarification from CPWD to the nature of the project and unique condition in which it was launched.

SSB did not provide documentary evidence in support of its contention. Further, the reply was not borne out by the records of the SSB which clearly established that no action was taken after March 2006 and upto December 2008 in pursuing the matter with the Ministry in obtaining the revised sanction which resulted in an escalation of cost of ₹ 5.19 crore.

Border Security Force (BSF)

7.2 Irregular procurement

Failure of the BSF to follow laid down provisions while procuring Field Telephone Cable resulted in a loss of at least ₹ 1.45 crore.

Rule 150 of the General Financial Rules stipulate that invitation to tenders should be used for procurement of goods of estimated value of ₹ 25 lakh or more. The GFR allows deviation from this procedure only in cases (i) where the competent authority in the Ministry or Department certifies that any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of the urgency or (ii) the sources of supply are definitely known and the possibility of fresh source beyond those tapped, is remote. Rule 154 of the GFR further requires the Ministry or the Department to provide Propriety Article Certificate² (PAC) before procuring the goods from a single source.

Border Security Force (BSF) uses Field Telephone Cable JWD-I for communication purposes.

Directorate General, BSF procured (June 2009) 7290 kilo meters (Km) length of Field Telephone Cable JWD-1(HDPE) at a cost of ₹ 5.43 crore (@ ₹ 7384 per km) from M/s Ordinance Cable Factory (OCF), Chandigarh. The procurement was made on PAC basis.

² A certificate to the effect that only a particular firm is the manufacturer of the required goods.

BSF invited fresh tenders (September 2010) from the same firm for procuring additional 2000 km length of Field Telephone Cable JWD-I (HDPE) on PAC basis. However, due to non-acceptance of Liquidated Damages (LD) and Delivery Period clauses by OCF, the tender for procurement of the cable had to be scrapped (October 2010). BSF subsequently decided (January 2011) to invite open tender for procurement of cable. Four firms submitted their bids against the open tender invited in February 2011. M/s Network Cables quoted a rate of ₹ 5462 per km, was declared the lowest bidder (L1). BSF placed (October 2011) supply order on the firm at the tendered cost of ₹ 1.09 crore.

Audit noted that Field Telephone Cable JWD-1(HDPE) procured by BSF in 2009 was not a PAC item, as is evident from the responses to the open tender invited by BSF in February 2011. Thus, the provisions contained in Rule 154 of GFRs were not applicable in this case. Audit further noted that PAC used by the BSF was signed by OCF during 2008. Thus the applicability of the PAC was not confirmed by the BSF before placing supply orders on OCF in June 2009. As a result the cable procured by BSF from OCF during 2009-10 was higher by ₹ 1922 (₹ 7384 - ₹ 5462) per km in comparison to the rates offered by M/s Network Cables in 2011³. Hence, BSF suffered a loss of at least ₹1.45 crore on procurement of Field Telephone cable (JWD) from OCF.

BSF stated (September 2012) that though the L-1 firm met the specifications but the quality, finish, make and durability of Field Telephone Cable JWD-I (HDPE) supplied by OCF Chandigarh was far better and superior in all respects from what had been supplied through open tendering process. The Ministry reiterated (April 2013) the stand taken by BSF.

The contention of BSF is not borne out by facts as M/s Network Cables was awarded the supply order of Field Telephone Cable (JWD) after it had met the required technical specifications. Moreover, the sample of the Cable supplied by M/s Network Cable was found complying with the specifications of BSF by an independent laboratory.

BSF also stated that MHA had subsequently allowed (August 2011) a similar procurement of Carrier Quad Cable of 1000 km length on single source basis from OCF. The Ministry had observed that PAC was not required in this case as the firm was a Department under Ministry of Defence.

³ This comparison is justified in view of the fact that the price of the cable quoted by the OCF in September 2010 was ₹ 8800/- per k.m. which showed an upward trend.

This reply is not in consonance with the provisions of GFR which do not provide special dispensation for procurements from Government department. Further, in the absence of bidding Audit is unable to form an opinion whether the price for this procurement was competitive.

CHAPTER VIII : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Higher Education

8.1 Shortcomings in the Aakash Tablet project

Under the National Mission on Education through Information and Communication Technology, the Ministry decided to launch LCAD-AAKASH through IIT, Rajasthan (IITR) without ascertaining their capacity to undertake the work. This adversely affected the project delivery. The Ministry also placed ₹ 47.42 crore at the disposal of IITR without carrying out a prudent assessment. This raised issues of financial propriety. This adversely affected the project delivery along with an avoidable expenditure of ₹ 1.05 crore.

Under the Centrally Sponsored Plan Scheme of National Mission on Education through Information and Communication Technology (NMEICT), the Minister of Human Resource Development announced (July 2010) the launch of a project 'Low Cost Access cum Computing Device (LCAD-Tablet) named AAKASH'. The project envisaged providing the Tablet at a cost of USD 35 i.e., approximately ₹ 1500 for educational purposes to students and teachers in higher learning institutions across the country.

The Ministry based on the presentations made by Indian Institute of Technology Rajasthan (IITR) decided (July 2010) to engage IITR for the project. As per the proposal, the LCAD was to be supplied by the Institute by January 2011 and after successfully trial, one million LCAD was to be provided to the student and teachers within a year.

The Project Approval Board on NMEICT scheme under the first phase of the project approved (September 2010) procurement, field trials and extensive testing of one lakh pieces of LCADs. The project was awarded (October 2010) to IITR by the Ministry at an estimated cost of ₹ 41.50 crore¹.

The Ministry released (October 2010) ₹ 15 crore to IITR as first installment for the project. IITR initiated (October 2010) the tendering process. Only one out of the seven bidders who participated in the tender was found technically qualified for undertaking the project. Meanwhile, IITR requested (November 2010) the Ministry to release the balance funds of ₹ 26.50 crore for

¹ ₹ 25 crore for testing and ₹ 16.50 crore for procurement of one lakh devices

procurement of one lakh LCADs and for additional manpower and testing facilities. The Ministry released (December 2010) ₹ 10 crore to IITR.

Further, IITR in the standing committee meeting (March 2011) informed that it had to initiate fresh tendering due to non-compliance of the terms of the tender by the earlier selected bidder. Subsequently, M/s Datawind was selected as the lowest bidder in the second round of tendering. IITR also intimated that based on the lowest accepted bid², in the second tender, the procurement cost of one lakh LCADs would require an additional amount of ₹ 6.22 crore. Thus the total project cost increased to ₹ 47.22 crore (₹ 41.50 crore + ₹ 6.22 crore.) The Ministry released (March 2011) the balance funds of ₹ 22.72 crore to IITR on the approval of the standing committee.

Audit further noted that the vendor M/s Datawind could supply only 6440 devices to IITR between August 2011 and November 2011. As per the distribution detail, out of the 6440 devices supplied, 5790 devices were rejected by IITR and the balance 650 devices were conditionally accepted for further field testing. Meanwhile, 366 devices of LCADs were distributed to the students for feedback. There were complaints with regard to devices getting heated up, device battery not lasting for 3 hours, devices being slow to operate and about its resistive touch screen. To resolve the issues, the matter was taken up with the firm which agreed to make changes in the device to improve its functions without any enhancement in cost.

IITR informed (November 2011) the Ministry about the underperformance of the selected vendor M/s Datawind and stated that giving further extension to them would be a futile exercise. It further stated that as per the agreement, because of delay and inability to supply the devices as per the revised schedule, the order placed with M/s Datawind may be cancelled and the earnest money be forfeited.

A meeting was held (15 November 2011) in the Ministry to resolve various issues related to the devices. It was decided that M/s Datawind shall submit a testing report for each lot supplied to ensure that all devices were without any defect and the delivery of devices would be made by March 2012.

Audit further noted that the dispute between the vendor and IITR could not be resolved. As a result, IITR communicated (February 2012) to the Ministry that due to the intractable issues arising with regard to the implementation of the scheme, the project may be transferred to any other appropriate organisation.

² Device cost of USD 49.98 calculated at the exchange rate of ₹ 45.45 per US dollar.

Consequently, the Ministry decided to transfer the project to IIT, Bombay (IITB) and requested (April 2012) the IITR to transfer the balance amount to IITB.

Accordingly IITR transferred ₹ 51.77 crore to IITB between April 2012 to May 2012 after adjusting the expenditure incurred (₹ 1.05 crore) and interest earned (₹ 5.10 crore) by then.

Audit noted the following shortcomings in the implementation of the project LCADs:

1) Questionable award of project to IITR

(a) Selection of IITR for the project: The Ministry failed to carry out a feasibility study before undertaking a project of this magnitude. The records of the Ministry did not provide any justification for selecting IITR to execute the project. Thus the selection of IITR was arbitrary. The audit view is further borne out by the fact that during the preliminary discussions, other established IITs, i.e. IIT Kanpur, Kharagpur, Madras, Bombay and IISc Bangalore had participated. However, these Institutes were overlooked, and IITR which was relatively a new IIT, was selected for this flagship project of the Ministry, ahead of other IITs.

(b) Preparedness of IITR for the project: The Integrated Finance Division (IFD) of the Ministry while concurring with the proposal for sanctioning the funds to IITR had enquired about the preparedness of IITR for handling the project. This concern was raised in light of the fact that IITR was operating from temporary premises. This important observation of the IFD was bypassed and the work was allotted to IITR without evaluating the readiness of IITR to undertake the project. The records of the Ministry did not establish that an evaluation of the adequacy of the resources and infrastructure available with IITR for undertaking the project had been carried out. Ultimately, IITR was unable to deliver the project because it was ill equipped. Hence, a due diligence exercise by the Ministry, at the outset, would have identified these shortcomings of IITR.

2) Imprudent release of funds to IITR The Ministry sanctioned and released a sum of ₹ 47.72 crore to IITR in a hasty manner within a period of five months i.e. between October 2010 and March 2011 for the Project, in instalments, without ensuring the receipt of the utilization certificates, reports on progress of the project and statement of expenditure of the previous instalment. Thus, the Ministry failed to effectively monitor the project

implementation and funds utilisation by the IITR particularly in wake of the fact that 97.80 *per cent* of the funds released was ultimately transferred to IITB along with interest. The period over which the funds remained blocked with IITR ranged from 12 to 18 months. General Financial Rules provide that money should not be drawn from treasury unless the same is required for immediate disbursements. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant. It was further seen that the bulk of the release was made in the month of March 2011. The action of the Ministry was thus non compliant with the General Financial Rules.

3) Unfruitful expenditure incurred by IITR

The expenditure of ₹ 1.05 crore incurred by IITR was rendered unfruitful as its implementation by IITR was abandoned: The instances of the expenditure incurred by IITR are given in the box.

Unfruitful expenditure of ₹ 1.05 crore by IITR: Few instances

- PCs and Tablets worth ₹ 20.67 lakh procured for the project were not transferred to the new PI i.e., IITB rather these were issued to the various other project labs in IITR.
- Utility of travel expenses of ₹ 0.77 lakh pertaining to the Canada visit of the Ministry representative at the site of the vendor during June-July 2011 could not be established as no feedback /performance report of the visit was available on record.
- Expenditure of ₹ 0.31 lakh has incurred as visa fees for four officials for travel to Taiwan and China to test the samples of LCADs. Subsequently this mission was aborted without recording reasons for this decision.
- In violation of the government orders, air travels in private airlines in 29 test checked cases, was irregularly allowed.
- IITR hired M/s Pearl International (Lucknow based private firm) for air ticketing services in violation of Government rules. Thus payment of ₹ 5.02 lakh made to the firm was irregular.
- Appointment of a retired officer of MHRD as an advisor to IITR for a period of three months at a remuneration of ₹ 0.50 lakh was made with relaxed conditions of working for 15 days in a month. However this clause was not mentioned in the advertisement for the job. Later, on expiry of the contract he was retained on honorarium basis for three months @ 3300 per day which exceeded the monthly contracted amount by ₹ 15000.

Thus, the selection of IITR for implementing the project was not properly planned as a result, the delivery schedule of tablets was adversely affected (March 2012). The financial and other irregularities brought out above further

reflect that the Ministry did not exercise due diligence in implementing the project. Moreover, the expenditure of ₹ 1.05 crore incurred by IITR was rendered unfruitful as the implementation of the project had to be abandoned in IITR and transferred to IITB.

The matter was referred to the Ministry in May 2013; their reply was awaited as of July 2013.

Department of School Education and Literacy

8.2 Irregular release of grant

The Ministry under the Scheme for providing quality education in madrassas provided financial assistance for 372 madrassas, without ensuring the fulfilment of the eligibility conditions prescribed in the scheme guidelines. This resulted in irregular release of grants amounting ₹ 8.86 crore to the State Government of Jammu and Kashmir.

Under the National Policy on Education, the National Monitoring Committee for Minority Education (NMCME) was constituted (2004) to look into all aspects of education of minorities. Based on the recommendations of the NMCME, the Scheme for Providing Quality Education (SPQEM) in Madrassas was redesigned.

The SPQEM was fully funded by the Central Government. As per the scheme guidelines the following eligibility conditions for financial assistance to madrassas were stipulated:

- Existence of madrassas for at least three years and
- Registration of madrassas under the Central or State Government Acts or Madrassas Board/Wakf Board or National Institute of Open Schooling.

The procedure prescribed for implementation of the scheme included receipt of all requests from the madrassas for financial assistance by the concerned State Government. For the scrutiny and recommendation of the proposals the States/UT were required to constitute a State level Grant-in-aid Committee (GIAC) which included a Ministry's nominee. The proposal along with the recommendations of the State Government were to be forwarded to the Ministry of Human Resource Development in the prescribed formats. The proposal was thereafter required to be considered by the Ministry's GIAC for financial approval.

Audit noted that the State Government of Jammu and Kashmir submitted (January 2010) proposals for financial assistance to 372 madrassas³ under the scheme. The State Government GIAC while going through the proposals advised (February 2010) the State education department that the credentials of the applicant madrassas may be re-verified and actual facts be intimated before accepting the proposal. The Ministry, while scrutinizing the proposal requested (January 2011) the State Government to clarify the number of madrassas for which grant was required.

Audit examination of the records of the Ministry revealed that the State Government of Jammu and Kashmir had not provided the details of the existence and registration of the 372 madrassas as required under the scheme.

Audit noted that the records of the Ministry did not contain the documentary evidence required in support of the fulfilment of the eligibility conditions under the scheme by the grantee madrassas.

Audit further noted that the Ministry without ascertaining the credentials of the madrassas approved (March 2011) the release of grants amounting to ₹ 8.86 crore as financial assistance to 372 madrassas. The grant-in-aid of ₹ 3.48 crore and ₹ 5.39 crore were released to the State Government of Jammu and Kashmir in March 2011 and May 2011 respectively. Thus the release of grant of ₹ 8.86 crore by the Ministry without ascertaining the fulfilment of the conditions was irregular.

The Ministry replied (February 2013) that the Member secretary of the State GIAC had certified that the proposal was within the parameters of the scheme. Further, as per the utilization certificate of the State Government, it was observed that out of the grant of ₹ 8.86 crore the State had an unspent balance of ₹ 7.37 crore (as of January 2013). The Ministry had requested the State Government to furnish the reasons for non-utilisation of the funds under the scheme and also to certify whether the 372 madrassas recommended by the State Government fulfilled the eligibility criteria.

The reply of the Ministry establishes the fact that the Ministry did not ensure fulfilment of the eligibility conditions of the madrassas while releasing the grants. Further, the low utilization of the funds under the scheme by the State Government indicates that the release was inappropriate and resulted in blocking of funds.

³ 235 in Kashmir and 137 in Jammu

CHAPTER IX : MINISTRY OF MINES

Indian Bureau of Mines, Nagpur

9.1 Unfruitful expenditure due to non-utilization of Rock Drilling Rig

Under the North Eastern Region Assistance Programme announced by the Central Government to support the infrastructural development of the North Eastern states the Indian Bureau of Mines (IBM) Nagpur placed an order (February – 2006) for the supply of one rock drilling rig (big size) costing ₹ 58.16 lakh on M/s KLR Industries Ltd. Hyderabad (supplier) accepting their lowest quoted rate, to the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl, the consignee by 20 March 2006.

The Rock Drilling rig (big size) was finally inspected by Geological Survey of India, Southern Region, Hyderabad and Indian Bureau of Mines (IBM) Hyderabad at the suppliers premises on 22 May 2006 and was dispatched to the consignee and the same was stated to be received at the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl on 26 June 2006.

The supplier requested (07 June 2006), the consignee to specify the convenient date for installation and commissioning of the 'Rig' and IBM Nagpur intimated (19 July 2006) the Directorate of Industries, Mizoram to carry out the installation and commissioning of the Rig through the supplier and submit the report thereof to IBM Nagpur. However, Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl intimated (27 September 2006) to Indian Bureau of Mines, Nagpur that the Rig supplied was not suitable for the hilly regions due to shifting problems and that they required a truck chassis for mounting the drilling machine and that unless their proposal was taken into account and executed, commissioning of the Rig supplied and sending report/intimation to IBM seemed inappropriate. However, this aspect was not dealt with properly and the file was not put up by the Central Stores, as noted by IBM.

The matter of installation/commissioning was taken up with the supplier by IBM only on 29 February 2012 after a lapse of more than six years from the date of intimation of unsuitability of the rig and requirement of truck chassis by Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl (27 September 2006). The supplier had not responded, and the equipment supplied was lying idle at the O/o the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl till date (October 2012).

The instructions for bidders and terms and conditions of contract of submission of tender which, formed part of the tender documents specified “100 *per cent* payment within 30 days against pre- receipted bill after receipt of item in full and good condition and after their installation/commissioning and training at the site specified by the consignee”. It was however noticed that the full and final payment (₹ 58.16 lakh) was effected (17 March 2006) to the supplier on a proforma invoice against an acknowledgement (09 March 2006) from the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl regarding receipt of the equipment, even prior to joint inspection (22 May 2006) of the equipment at the suppliers premises, issue of dispatch instruction to the supplier by IBM, Nagpur (23 May 2006) and the actual receipt of the equipment at the consignees premises (26 June 2006) violating the conditions specified in the tender.

Thus, selection of an equipment unsuitable for hilly terrain and not taking necessary action in time led to the equipment remaining idle for the last six years. The release of payment to the supplier in violation of the terms and conditions of payment further rendered the contractor unenforceable. Consequently, the expenditure on procurement (₹ 58.16 lakh) remained unfruitful and the envisaged objective of the procurement under the Assistance programme for the North Eastern States stood defeated. In reply, IBM, Nagpur (December 2012) while confirming the facts and figures stated that the case had been referred to Chief Vigilance Officer, IBM and that action would be taken based on the findings.

The matter was referred to the Ministry in January 2013; their reply was awaited as of June 2013.

CHAPTER X : MINISTRY OF OVERSEAS INDIAN AFFAIRS

10.1 Non-creation of self sustaining corpus funds for Indian Community Welfare Scheme

Failure to create self-sustaining corpus fund by the Ministry of Overseas Indian Affairs out of ₹ 23.95 crore collected for Indian Community Welfare Scheme resulted in loss of interest amounting to ₹ 1.00 crore.

Para 3.1.2 of the Comptroller and Auditor General of India's Report No 13 of 2012-13 had revealed that due to delay in implementation of the "Indian Community Welfare Fund Scheme" in 17 Missions and Posts, an amount of ₹ 15.29 crore on account of additional fees was not collected.

The Ministry of Overseas Indian Affairs (MOIA) is the administrative Ministry, which, monitors and issues the necessary guidelines for the operation of the ICWF and all associated issues including revenue generation and expenditure.

As per the guidelines, issued in December 2010, the Scheme aimed at meeting contingency expenditure for welfare activities of Overseas Indian Citizen in distress. The funds required for the Scheme were to be raised by Indian Missions through service charge on consular services, voluntary contributions by Indian Community and budgetary support of Ministry of Overseas Indian Affairs. The budgetary support was to be initially for three years or till the Fund became self sustaining, whichever was earlier. The corpus¹ established for the Scheme was thus intended to become self sustaining within a maximum period of three years of its establishment. Moreover, the Standing Committee on External Affairs in its 7th Report (15th Lok Sabha) had expressed concern over the functioning of the ICWF and desired to know (March 2011) about the total fund collected in each Mission/Post through contribution and the aid received through budgetary support as well as the number of workers benefited and the expenditure made so far at each location. They also reiterated for making provision of corpus fund in the Scheme so that the welfare of workers in distress does not suffer due to paucity of fund. The responsibility of creating the corpus fund under ICWF rested with the MOIA.

¹ Corpus Fund: A fund denotes a permanent fund kept for the basic expenditure needed for the administration and survival of the organisation.

Audit noted that in 26 Missions and Posts, ₹ 23.95 crore had accumulated up to March 2012, under the ICWF accounts. None of these Missions had created a corpus fund out of the amounts collected so far. As a result, these balances remained idle in ICWF current accounts of the Missions for varying periods ranging from two to twenty two months. The Missions had utilised just ₹ 76.95 lakh out of it (March 2012 - **Annex-12**). The Ministry, thus, by holding the amount in current accounts without any emergent need, lost the opportunity of receiving additional funding of ₹ 1.00 crore through interest (March 2012). Also the objective of creating a sustainable corpus fund for welfare of workers in distress could not be achieved.

The matter was referred to the MOIA in May 2013; their reply was awaited as of June 2013.

CHAPTER XI : MINISTRY OF SHIPPING

Directorate of Lighthouses and Lightships

11.1 Non-restoration of DGPS since Tsunami and Unfruitful Expenditure of ₹ 75.14 lakh

Essential navigational aids could not be restored even after eight years of tsunami due to flawed planning by the Department that further led to unfruitful expenditure of ₹ 75.14 lakh on purchase of equipment in December 2006 which had not yet been commissioned

The earthquake and tsunami of December 2004 destroyed the Differential Global Positioning System (DGPS) stationed at Indira Point Lighthouse at Campbell Bay, Andaman & Nicobar Islands that served as an essential navigational aid. In order to restore this station, the Ministry of Shipping, Road Transport and Highways (MOSRTH) placed an order on a firm for supply, installation and commissioning of DGPS equipment at the old approved rate of ₹ 83.50 lakh* in November 2005 with the stipulation that the equipments should be supplied, installed and commissioned within 13 months i.e., December 2006. The equipment, which has a lifespan of 10 years was supplied by the firm within the stipulated date, i.e., December 2006. 90 per cent payment being ₹ 75.14 lakh was made to the supplier in March 2007.

Meanwhile, for reestablishment of the navigational aids, Andaman & Nicobar Administration (Administration), on the basis of request made in March 2005, allotted one hectare of land in Campbell Bay to the Director of Lighthouses and Lightships, Port Blair (DLL) which was taken over in August 2006. The DLL, however, found that the land was unsuitable for their requirement as it was only 60 meter away from sea and almost at sea level, and was opposite a hill of about 30 meter height which would obstruct transmission of DGPS signals. The DLL requested the Administration for re-allotment of land at a higher elevation with no obstruction for 360° radius in air. After prolonged correspondence between the DLL and the Administration, the land was allotted in September 2007, and taken over by the Directorate in January 2008. In August 2008, the construction work of “Establishment of DGPS Station at Campbell Bay, construction of staff quarters, Inspection Quarters and Technical Building at Campbell Bay” for ₹ 1.92 crore was started after conducting jungle clearance and geo-technical sub-soil investigation. The construction work was completed and DGPS has been installed at Campbell

* Cost of DGPS equipment only.

Bay in December 2012 on trial-run basis. However, the DGPS has not been commissioned yet.

Audit observed that:

- The DGPS equipment was ordered and taken delivery of even before suitable land was available.
- DGPS was lying at Port Blair. It was transferred to Campbell Bay only in October 2012, after audit had pointed out that the equipment was lying idle at Port Blair.
- The warranty for DGPS has expired even before installation and trial run.

Thus, an important navigational aid procured in December 2006 and having a life span of 10 years was installed only after 6 years due to the delays in site selection, and construction. The equipment had already lost 60 *per cent* of its life. Further, the very purpose of reestablishment of essential navigational aids since December 2004, was frustrated.

Directorate General of Lighthouses and Lightships, NOIDA (DGLL), in its reply (May 2013) stated that the damages due to Tsunami in the area were vast and unparalleled which was not at all visualised at the time of planning. However, the fact remains that the order for DGPS was placed in November 2005, almost one year after Tsunami. Thus there was sufficient time for the DGLL to ascertain the extent of damage to the area by Tsunami and plan accordingly. The reply also stated that land allotted required “unimaginable development”, the approach road could not be made due to environmental restrictions/hurdles, forest clearance was required, which resulted in abnormal delay and the approach road could not be made motorable until recently, and therefore, Diesel Generator sets required for ensuring 24x7 operation could be transferred only now. The reply itself showed that the Department had procured the DGPS without taking into account the various other facts which could delay the construction of the DGPS station.

Thus, essential navigational aids could not be restored even after eight years of tsunami due to flawed planning by the Department that further led to unfruitful expenditure of ₹ 75.14 lakh on purchase of the equipment in December 2006 which has been idle for 60 *per cent* of its life span and has not yet been commissioned.

The matter was reported to Ministry in April 2013; their reply was awaited as of June 2013.

CHAPTER XII : MINISTRY OF TEXTILES

12.1 Inordinate delay in purchase of ready built flats resulted in blockade of funds

Delay in construction of residential flats in Guwahati resulted in blockade of ₹ 2.38 crore for more than seven years besides escalation of cost and loss of interest of ₹ 1.67 crore.

The Development Commissioner (Handicraft) {DC(H)}, New Delhi received a proposal (February 2006) from their North Eastern Region Office (NERO), Guwahati for purchase of 40 ready built flats for residential quarters for officers and staff of NER office and Regional Design & Technical Development Centre (RDTDC), Guwahati at a total cost of ₹ 5.36 crore. The flats were to be built by Assam State Co-operative Housing Federation Ltd. (HOUSEFED), a State Government organization at Beltola, Guwahati. The work was to be completed and flats were to be handed over to NERO within 24 months. The proposal was approved by the Standing Finance Committee (SFC) of Ministry of Textiles in March 2006 after revision in the number of flats, from 40 to 24, at a total project cost of ₹ 3.54 crore. The approval included land cost at ₹ 1.23 crore and construction cost of ₹ 2.31 crore for constructing 24 assorted flats. Out of the above, an advance of ₹ 2.38 crore (₹ 1.23 crore as 100 *per cent* cost of land *plus* ₹ 1.15 crore as 50% of construction cost) was released to HOUSEFED in March 2006.

A scrutiny of the relevant records/ files revealed the following facts:

1. The Deed of Agreement for taking up the work was not signed between HOUSEFED and NERO, Guwahati *inter alia* to ensure the safety of government funds.
2. As against targeted completion in 24 months, the work was completed marginally (only boundary wall, foundation work of the building, installation of deep tube well), after a lapse of 7 years (April 2013).
3. NERO was required to monitor the physical and financial progress of the work and submit monthly report to DCH, New Delhi. As no reports of physical and financial progress of the work were received, office of DCH, New Delhi asked HOUSEFED (June 2009) to furnish the reasons for non-completion/delay in project and why the amount of ₹ 2.38 crore should not be recovered with *penal interest*. In its reply, HOUSEFED

informed that the delay was on account of objections raised by a local MLA. Expenditure was already incurred on purchase of land, construction of boundary wall and foundation work of the building. The dispute with MLA was stated to have been settled in August 2009.

4. HOUSEFED informed (October 2009) NERO that approach culvert at the work site had been dismantled by Guwahati Municipal Corporation (GMC) and another culvert would have to be constructed to carry building materials to the work site.
5. HOUSEFED informed (November 2010) NERO, Guwahati that it would not be possible to continue the work at the earlier/original sanctioned cost and submitted revised construction cost estimate at ₹ 4.47 crore (up from estimate of ₹ 2.31 crore) with an escalation of 93 *per cent*. One of the reasons furnished by HOUSEFED for increase in costs was non-incorporation of items such as lifts, generator, transformer, motor pump, steel gate etc. in the original proposal.
6. Revised estimates submitted by HOUSEFED (November 2010) were not approved by office of DCH till May 2013 for want of verification of the same by PWD.
7. No correspondence with HOUSEFED was found on record since November 2011.

Proper scrutiny of initial proposal submitted by the HOUSEFED by the office of the NERO while sanctioning/approving the project would have prevented exclusion of items mentioned above. DCH, New Delhi accepted that the same was inadvertently not noticed by the Department while approving the estimates. Thus, deficiency and negligence in processing the proposal by NERO and inefficient monitoring thereafter, led to an amount of ₹ 2.38 crore remaining blocked for a period of 7 years (April 2013) with consequential loss of interest of ₹ 1.67 crore (calculated at the rate of 10¹ *per cent*). Besides, the objective of providing housing to the staff of NER office and Regional Design and Technical Development Centre (RDTDC), Guwahati, remained unfulfilled.

The matter was reported to the Ministry in January 2013; their reply was awaited as of June 2013.

¹ Rate as prescribed in GFR Rule 209 for recovery of Grants in case of failure by grantee to comply with prescribed conditions.

CHAPTER XIII : MINISTRY OF TOURISM

13.1 Irregular payment of agency handling fee to advertising agency

India tourism offices at Frankfurt, Paris, Amsterdam and Milan paid agency handling fee to the advertising agency based on a working agreement containing provisions contrary to the orders issued by the Ministry of Tourism resulting in irregular payment of ₹ 88.67 lakh during November 2009 to May 2012.

Regional Director(RD), India Tourism Office at Frankfurt (ITF) invited expression of interest (June 2009) from advertising agencies for development and implementation of a communication strategy for the India Tourism offices in Europe Region (excluding UK) based at Frankfurt, Paris, Amsterdam and Milan. The above step of ITF envisaged to position India as a preferred tourist destination leading to increase in India's share of global tourism market and foreign exchange earnings. Out of bids received from five agencies ITF shortlisted three agencies viz. M/s Serviceplan, Munich, Grey Consell, Frankfurt and Best Werbeagentur, Frankfurt and recommended to the Ministry of Tourism for appointment of an agency.

The Ministry of Tourism, Overseas Marketing Division approved (November 2009) appointment of M/s Serviceplan, Munich as the advertising agency for ITF for the Europe Region for a period of one year subject to condition that the agency would not charge any fee from the office and they would get their payments by way of commission from the media agencies. There would be no cost levied for handling campaigns with creatives provided by Ministry/ ITF. The services which would be charged on actual would include providing new designs/ creatives any changes in creatives provided, translation of text matter, adaptation of existing format and other services pertaining to presentations, etc., if required. The Ministry further instructed ITF to draw up an agreement on similar lines as the already vetted for India Tourism Office, London, incorporating the above mentioned condition.

It was noticed in audit that the ITF commenced utilising services of M/s Serviceplan without entering into an agreement as per directions of the Ministry. After delay of one year and without obtaining the approval of Ministry, the RD, ITF executed a working agreement with the Agency on 7 December 2010 specifying that advertising and media costs will be invoiced fortnightly, the payment has to be made within 14 days including 15 *per cent* agency handling fee.

The RD, ITF executed another agreement with the Agency on 16 December 2010 similar to the agreement executed by the India Tourism Office London (ITL) with a provision for non payment of any Fee as directed by the Ministry, but the same was not made operational. The Assistant Director (Accounts), ITF sought clarification of the claim of Fee by the Agency for invoices under agreement signed on 16 December 2010, as there was no provision for such payments. However, the RD, ITF directed to pay the Fee as per the working agreement. The RD, ITF renewed the working agreement further on 11 January 2011. Though another agreement was executed on 19 July 2011 for a period upto 31 March 2012 in conformity with the directives of the Ministry, the same was also not made operational.

As a result, the ITF and the tourism offices at Paris, Amsterdam and Milan paid Fee amounting to ₹ 88.67 lakh¹ (Euro 137860.62) to M/s Serviceplan during the period from November 2009 to May 2012 on the basis of working agreements which were not approved by the Ministry. Further, invoices amounting to ₹ 18.35 lakh towards Fee for the period from October 2011 to March 2012, were pending release of payment to M/s Serviceplan.

The matter was reported to the Ministry in January 2012.

The Ministry while agreeing to the basic facts and figures contained in the audit observation stated (March 2013) that:

- The then RD, ITF unilaterally entered into working agreement with the agency and included the provision of payment of 15 *per cent* agency commission as agency handling fee without obtaining the approval of the Ministry.
- A disciplinary case was being initiated to fix the responsibility on the erring Government Servant i.e. the then Regional Director, ITF who had since retired and clearance of his retirement dues would be subject to settlement of audit objections involving personal recoveries.
- Payment towards pending bills had been released to M/s Serviceplan after reducing the 15 *per cent* agency fees.
- Working agreements being ambiguous and sanctity of the same being doubtful, opinion of the Law Ministry had been sought so as to

¹ Frankfurt ₹ 76.62 lakh, Paris ₹ 9.45 lakh, Amsterdam ₹ 2.28 lakh, Milan ₹ 0.32 lakh

explore the possibility of taking legal recourse in case M/s Serviceplan went into litigation.

The facts point towards lack of effective internal control by the Ministry over the activities of RD, ITF, which resulted in irregular payment of ₹ 88.67 lakh to the advertising agency. Further, in absence of any documentary evidence furnished by the Ministry, audit was unable to substantiate Ministry's reply with regard to release of payment towards unpaid invoices amounting to ₹ 18.35 lakh after deduction of 15 *per cent* agency fees.

CHAPTER XIV : UNION TERRITORIES

Andaman and Nicobar Administration

Andaman Public Works Department

14.1 Unfruitful expenditure

Omission on the part of the Andaman Public Works Department to obtain the Coastal Regulation Zone clearance before commencement of the work and inadequate design resulted in unfruitful expenditure of ₹ 1.58 crore and additional liability of ₹ 0.31 crore on construction of two sea walls.

With a view to stop sea water from entering into agriculture land, two works, Construction of sea walls at Gandhi Nagar and Shastri Nagar at Campbell Bay (500 meters each) were conceived by Construction Division, Andaman Public Works Department, Campbell Bay.

Administrative Approval and Expenditure Sanction (AA&ES) were accorded (January 2008) @ ₹ 1.70 crore for each work. The estimates were revised (April 2009) to ₹ 3.19 crore for Gandhi Nagar and ₹ 3.20 crore for Shastri Nagar. The revised estimates were not sanctioned and were returned in March 2010 for reframing in accordance with the prevailing site conditions.

Without obtaining revised AA&ES, the work at Gandhi Nagar was awarded (October 2010) to a Contractor for ₹ 1.85 crore and the work at Shastri Nagar was awarded to another Contractor for ₹ 1.76 crore. The stipulated date of commencement and completion of both the works were 9th November 2010 and 8th July 2011 respectively.

It was noted by Audit that at Gandhi Nagar, 47 *per cent* work was completed valuing ₹ 1.14 crore against which the contractor was paid ₹ 0.97 crore, and at Shastri Nagar, 16 *per cent* work was completed valuing ₹ 0.75 crore and the contractor was paid ₹ 0.61 crore.

Meanwhile, the Department of Environment and Forest, sought (June 2011) Coastal Regulation Zone (CRZ) clearance for the works, and in its absence, both the works were stopped (October 2011) by the Division. During the cyclonic weather (November-December 2011), the walls were severely damaged and it was opined that mere concrete structure could not withstand severe wave action facing open sea.

Division approached (February 2012) Central Water and Power Research Station (CWPRS) for a suitable design of sea wall for both the sites, which was yet to be received.

The fact remains that the omission on the part of the Division to obtain the CRZ clearance before commencement of the work and inadequate design, resulted in unfruitful expenditure of ₹ 1.58 crore with a further liability of ₹ 0.31 crore on construction of two sea walls. Besides it also defeated the sole purpose of protecting the agriculture land.

The matter was referred to the Ministry in October 2012; their reply was awaited as of June 2013.

Directorate of Shipping Services

14.2 Unfruitful expenditure

Ignoring safety concerns and applicable Acts, as well as instructions of MoS, GOI and DGS, DSS approved faulty designs of engines of two vessels which led to unfruitful expenditure of ₹ 16.35 crore besides depriving public of their services for more than three years.

Andaman and Nicobar Administration, Directorate of Shipping Services (DSS) proposed (May 2005) to construct two 100-passenger-cum-vehicle ferries (Vessels) under Inland Vessels Act, 1917 (I.V. Act) and accordingly, wrote to Ministry of Shipping (MoS), GOI for necessary approval and sanction of expenditure. These vessels were to ply in the tidal creeks separating Baratang and Middle Strait on one hand and Gandhi Ghat and Uttara Jetty on the other.

The proposal was deliberated at the meeting of the Standing Finance Committee (SFC) in January, 2006 wherein it was queried whether the proposed areas of operation had been declared as inland waterways or not¹. It was clarified shortly (February 2006) by the A&N Administration (Administration) that the creek waters were not covered under inland vessels limit. This meant that vessels plying there could not be governed by the I.V. Act. Accordingly, the SFC recommended that a report may be sought from Directorate General of Shipping (DGS) about the safety of operation of the vessels in the creek waters, as they were proposed to be built under I.V. Act

¹ As per Section 70 of the Inland Vessels Act, 1917, only the Central Govt. can define 'tidal water' and by notification in the official gazette, define how much of any tidal water shall be deemed to be an inland water for the purpose of this Act. Also as per Section 2 of the Act, "inland water" means any canal, river, lake or other navigable water.

and not the Merchant Shipping (M.S.) Act which governed the construction of all vessels plying outside the I.V. limits. Approval was to be given subject to safety clearance from DGS only.

The MoS accordingly conveyed (March 2006) to the Administration that construction under the I.V. Class could be carried out subject to prior safety clearance by DGS only.

The DGS categorically stated (March 2006) that passenger vehicles intending to operate beyond I.V. limits should comply with relevant M.S. Rules as applicable to their Class depending on the area of operation.

The fact that DSS was aware of the MoS's directions and the DGS's clarification was evident from its correspondence with the Administration (June 2006) wherein acknowledging both the above, it argued that there were operational constraints of MS Class vessels and therefore, it was essential to operate IV Class vessels in the creeks. However, without resolving the issue of safety clearance from DGS, the DSS entered into agreement (October 2006) with M/s Garden Reach Shipbuilders and Engineers Limited, Kolkata (Builder) for construction and delivery of vessels under Inland Vessels Act at a total cost of ₹15.50 crore.

DSS appointed (May 2007) National Ship Design and Research Centre, Visakhapatnam (NSDRC) as Technical Consultant to finalize drawings, design & specification of the vessel during their construction. Thus DSS despite being fully aware of facts projected to NSDRC that the vessels were to operate within I.V. limits. Accordingly, NSDRC designed the vessel with electrical motor driven HRP hydrojets with 200 KW capacity motors.

The scheduled date of delivery of the two vessels was January 2008. These were actually delivered in January 2009 at a cost of ₹ 16.35 crore and named as MV Afra Bay and MV Karmatang.

Trials of the vessels (January 2009) revealed that the wind and current factors of the operational area were not taken into account while designing the crafts. The 200 KW electric driven motors were not effective enough to counter the effect of wind and tidal force on these vessels and thus they could not be put into operation during high wind/current condition which prevailed at Port Blair for seven to eight months in a year. Had the vessels been designed and constructed for M.S. Class as suggested by DGS, these problems could have been averted.

Indian Maritime University, Vizag campus (IMU) (erstwhile NSDR) inspected (February 2010) the vessels and suggested re-designing of these vessels with major additions and alterations for making them operational. Examination and trials by IMU was still under progress (December 2012) pending which the vessels were lying idle.

DSS had ignored the applicable provisions of Inland Vessel and Merchant Shipping Acts while preparing their initial proposal for construction of the Vessels and violated the instructions of SFC and MoS, GOI regarding getting safety clearance from DGS prior to placing the order with the Builder. Thus they compromised the safety and security of passengers. Non compliance with the applicable provisions and consequent wrong projection of requirements resulted in faulty design of the vessels and unfruitful expenditure of ₹16.35 crore due to their idling. Besides, the public was deprived of their services for more than three years.

The matter was reported to the Ministry in October 2012 and again in July 2013; their reply was awaited as of July 2013.

14.3 Non-recovery of penalty of ₹ 3.73 crore plus cost of repair and refit for damage

Due to inaction of the Directorate of Shipping Services penalty of ₹ 3.73 crore together with the cost of repair towards damage of vessel remained unrecovered from the Manning Agent

The Directorate of Shipping Services (DSS) entered into an agreement (December 2008) with M/s ABS Marine Service Private Limited, Chennai, (Manning Agent) for manning the vessel M.V.Long Island. The Manning Agent was to be paid ₹ 12.67 lakh per month inclusive of service tax of 12.36 per cent.

As per the agreement, any loss of life, accident or serious financial loss caused to the vessel due to willful act of omission or negligence on the part of the Manning Agent or his personnel was to be treated as default. DSS reserved the right to recover any financial loss occurred due to such default. Further, if the vessel was unavailable due to fault of the Manning Agent at any point of time during the period of contract, a penalty of 0.75 per cent of the annual fees per day was required to be imposed for such period.

Audit scrutiny revealed that the vessel was grounded off Campbell Bay in July 2009. The bottom of the vessel was extensively damaged and four fresh water

tanks had ruptured. Due to this incident, the vessel had to undergo major repairs and it remained unavailable for service for the period from July 2009 to July 2010 (367 days).

In a Preliminary Enquiry Report, the Technical Manager, Shipping Corporation of India (SCI) attributed (August 2009) the reason for grounding incident to a number of lapses and navigational errors on the part of the Master and duty officers of the Manning Agent.

Since, the vessel was unavailable for service for a period of 367 days, penalty of ₹ 3.73 crore² was to be recovered from the Manning Agent, besides the cost of repairs and refit obtaining the details from SCI. However, DSS neither levied any penalty nor recovered the cost of repair from the Manning Agent. Audit noted that Andaman and Nicobar Administration instructed DSS (February 2010) to follow up the matter with SCI and impose penalties against the Manning Agent as per provisions of agreement. Despite this, DSS did not pursue the matter with SCI any further at any point of time until pointed out by Audit (September 2012). The reason for not initiating any action for recovery from Manning Agent as stated (October 2012) by DSS was non-receipt of details from SCI.

DSS could neither get details from SCI regarding quantum of damage been assessed nor had SCI intimated the amount of insurance received by it (April 2013).

DSS further stated (May 2013) that action is under process for recovery of penalty of ₹ 3.73 crore towards non-availability of the vessels for 367 days from the Manning Agent's bills and the recovery towards damage repair cost will be done on receipt of the details from SCI.

The matter was reported to the Ministry of Home Affairs in November 2012; their reply was awaited as of May 2013.

² The manning fee was to be paid @ ₹ 1267200 inclusive of service tax @ 12.36 per cent per month. Hence, after excluding service tax, the net amount payable per month would be ₹ 1127803. Penalty = Annual fee paid ₹ 1,35,33,636 @ (1127803 X 12 months) X 0.75% = ₹ 1,01,502 X 367 days = ₹ 3,72,51,234 i.e ₹ 3.73 crore

14.4 Non-recovery of penalty

Due to inaction of the Directorate of Shipping Services to impose penalty, an amount of ₹ 2.18 crore remained unrecovered from Shipping Corporation of India besides denial of proper connectivity between the islands to the general public.

The Director of Shipping Services (DSS) entered into an agreement in April 2004 with the Shipping Corporation of India Ltd (SCI) for technical management of 18 vessels of 75/100 passenger capacity of Andaman and Nicobar Administration (Administration) for a period of five years. The management fee was ₹ 1.50 lakh per month per vessel. All the 18 vessels were handed over to SCI between June 2004 and March 2010. SCI continued with the management till it was handed over to the new contractor, M/s ABS Marine Service Pvt. Ltd., Chennai, between October 2010 and October 2011.

As per the agreement, SCI was to ensure availability of vessels for a minimum period of 315 days in a year after allowing 50 days for Annual Passenger Survey (APS)/ repair, barring force majeure instances, failing which SCI was liable to be penalized as per terms and conditions of the agreement. The agreement also provided that the docking and other surveys, for which the vessels needed to be laid off, were to be planned by SCI and intimated to DSS at least three month in advance to make arrangement for dry docking etc.

Audit scrutiny revealed that, during the period from June 2004 to February 2012, the vessels were under APS/repair and thus remained non-operational ranging from 56 to 258 days. SCI had neither requested DSS for docking in advance as per the terms of the agreement nor had ever invoked force majeure clause for non-availability of vessel. On other hand DSS not maintain any vessel-wise record indicating complete details of hindrances occurred as a result of APS/ repair to verify and substantiate the delay attributable to SCI and thus left wide scope for SCI to deny the delay attributable to it. After allowing the admissible non-operational period of 50 days, the total penalty to be imposed on SCI worked out to be ₹ 2.18 crore.

Thus, due to systematic lapses and inaction on the part of DSS to impose penalty, ₹ 2.18 crore remained unrecovered from SCI and the prime objective of providing the general public with timely service and proper connectivity between the islands in ANI was greatly compromised.

The DSS stated (March 2013) that a notice had been issued to SCI in December 2012 for comments/replies on the issues raised by audit but no reply was received. Pending receipt of reply from the SCI, attempts at

recovery of penalty by the DSS from the advance payment due to SCI were under process.

The matter was referred to the Ministry in November 2012; their reply was awaited as of June 2013.

14.5 Overpayment made to the Manning Agent

The Director of Shipping Services failed to recover differential Wages between officers with total competence and those with lower qualification as per agreements, leading to overpayment of ₹ 78.96 lakh.

The Andaman and Nicobar Administration own and operate seventeen 75/100/150 passenger vessels registered under Merchant Shipping (M.S.) class-VI. Agreements for manning each vessel were executed between Director of Shipping Services (DSS) and M/s ABS Marine Service Pvt. Ltd., Chennai (Manning Agent) from time to time, with the same terms and conditions.

As per Agreements drawn up after March 2007, the Manning Agent was required to provide six officers³ on board each vessel. The officers provided on board were required to be duly certified, qualified and medically fit with total competence as per the Flag State Requirement (FSR)⁴. The Agreements also provided that if the Manning Agent engaged officers with lower qualification but with proper dispensation⁵ granted by the Director General of Shipping (DGS), the difference of wages between the officer with total competence and that prescribed for officers engaged with lower qualification (as finalized in Schedule-3 of the agreements) was required to be deducted from the claims of the Manning Agent. Further, if the DGS charged any fee for granting dispensation, the deduction of the differential wage should be reduced to that extent.

Audit scrutiny revealed that during the period from April 2007 to August 2012, the Manning Agent posted officers with lower qualifications on different occasions. A total of ₹ 51.82 lakh was paid to DGS as dispensation from July 2007 to August 2012.

The wage differential for the corresponding periods was ₹ 138.50 lakh. As such, a further wage difference of ₹ 86.68 lakh⁶ was to be recovered from the

³ Master, Chief Officer, 2nd Officer, Chief Engineer, 2nd Engineer and 3rd Engineer

⁴ As per the FSR, the Chief Officer and Chief Engineer of each vessel should have the qualification of Mate (Near Coastal Vessels) and MEO-III Chief Engineer (NCV) respectively while the Second Officer and Second Engineer should have the qualification of Night Watch Keeping Officer (NCV) with GMDSS endorsement and MEO-III Second Engineer (NCV) respectively.

⁵ Dispensation means relaxation/exemption from a rule or usual requirement.

⁶ ₹ 138.50 lakh (actual wage differential) - ₹ 51.82 lakh (dispensation already paid) = ₹ 86.68 lakh

Manning Agent. However, DSS had recovered only ₹ 7.72 lakh during the period from July 2007 to July 2008, resulting in net overpayment of ₹ 78.96 lakh to the Manning Agent.

At the instance of audit, an amount of ₹ 29.03 lakh, pertaining to the period from April 2011 to September 2012 was recovered in November 2012. The Ministry directed (January 2013) DSS to recover the balance amount from the payment due to the Manning Agent. Accordingly, DSS recovered the balance amount of ₹ 49.93 lakh in April 2013.

14.6 Irregular payments of ₹ 58.43 lakh to contractors

The Directorate of Shipping Services allowed irregular payments of ₹ 58.43 lakh to contractors for victuals which were not actually supplied.

Directorate of Shipping Services (DSS) entered into agreement (December 2007) with M/s Fareedh Traders, Port Blair and M/s Y.A.R. Shipping & Catering Private Ltd. (Contractors) for running catering establishments on board of the vessels M.V. Nancowry and M.V. Swaraj Dweep respectively. The agreements were initially for one year with retrospective effect from September 2007 and were extended from time to time up to January 2010.

As per the terms and conditions of the agreements, the contractors were required to supply ration/victuals⁷ to the crew on board of the vessels at prevalent scale of provisions at the rate of ₹ 200 per head per day and to submit bills for every calendar month, duly certified by the Master of the vessel, to DSS for payment.

Audit scrutiny revealed that the crew of M.V. Nancowry and M.V. Swaraj Dweep had stopped receiving victuals from the contractors and started self messing from 1 March 2008 and 4 September 2008 onwards respectively as the quality of provisions supplied was unfit for human consumption. The matter was intimated to DSS through the Masters of the ships concerned and was also confirmed by the contractors in the bills submitted for officers/petty⁸ officers.

The contractors submitted (April- May 2009) bills for ₹ 58.43 lakh to DSS in respect of supply of victuals for the crew of the vessels M.V. Nancowry⁹ and

⁷ Food or provisions.

⁸ A rank of non-commissioned officer in the Navy, above leading seaman or seaman and below Chief petty officer.

⁹ For the period from 1st March 2008 to 28th February 2009.

M.V. Swaraj Dweep¹⁰. These claims were supported by the contractors with the attendance list of crew of the vessels concerned but were not duly authenticated by the Messing Certificates that were necessary as per Clause 43 of the agreements. The bills for ₹ 58.43 lakh were accepted and paid by the DSS between May and July 2009 despite the fact that the crew had self messed during the periods of the claims. The same had also been intimated to DSS by the crew-members of M.V.Nancowry in April 2009, i.e. before the bills of the contractors were passed for payment (May/July 2009). Such irregular payment extension thus amounted to showing undue favour to contractors.

At the instance of audit, the Andaman and Nicobar Administration (Administration) asked DSS (July 2012) to recover the entire payment from the contractors and fix responsibility against the officials responsible for such lapse.

In the four months since the issue was scrutinized and raised by Audit, DSS had recovered ₹ 33.76 lakhs from the contractors (i.e. till November 2012), which had remained pending for over 39 months from May 2009¹¹.

The Ministry accepted (April 2013) the observation and the fact that their were lapses on the part of officials in releasing payment to contractors, further stating that action on fixing responsibility was being initiated.

Lakshadweep Administration

14.7 Failure to procure Landing Barges resulted in wasteful expenditure of ₹ 12.21 crore

Failure of the UTL Administration in timely renewal of Bank Guarantees as per contract clause, resulted in non-recovery of the amount of ₹ 12.21 crore from supplier.

The Government of India, Ministry of Shipping, accorded sanction (April 2007) to Union Territory of Lakshadweep, (UTL) Administration for acquisition of six 200 Passenger capacity landing barges¹² at a cost of ₹ 51.06 crore for each of the six¹³ islands. The objective of procurement of barges was to minimize the risks and ease the passenger embarkation and disembarkation which was being done through small boats from the ship to the shore.

¹⁰ For the period from 4th September 2008 to 28th February 2009.

¹¹ Date of payment to the contractors

¹² Hull No. 165 to 170

¹³ Agatti, Amini, Androth, Kadamat, Kavaratti and Minicoy

UTL Administration signed (November 2007) a ship building contracts with M/s. Vipul Shipyards Pvt. Ltd, Goa for construction and supply of six barges. As per the contract the UTL Administration made stage payments in seven installments to the supplier against bank guarantees (BGs) for equivalent amounts, valid till the date of delivery. The 3rd installment was to be paid on account of 100 *per cent* hull fabrication. As per the inspection clause of the contract, the buyer/or buyer's supervisors had the right to attend to such test and inspection relating to the vessels, to monitor and inspect the construction and workman ship, if considered necessary.

Earlier in March 2006, the UTL Administration also entered into an agreement with the Shipping Corporation of India (SCI) to provide managerial services for assisting the UTL Administration in ordering the barges, approval of plans and drawings, supervision and inspection of the construction of the barges at a selected Shipyard until the delivery and acceptance of the barges.

The construction of the first and second barge¹⁴ was scheduled to start in January 2008 and delivered in October 2008 and November 2008. Accordingly stage payments¹⁵ amounting to ₹ 12.21 crore were released for the construction of the two barges, based on certification by SCI against bank guarantees for an equal amount valid till 25 November 2010 and 28 January 2011.

Audit noted that the UTL Administration sought exemptions from Director General of Shipping (DGS) to provide forward mast¹⁶ (March 2010) on the barges, davits for the life rafts (June 2010), Simplified Voyage Data Recorder (SVDR) and Long Range Identification and Tracking (LRIT) (October 2010), and to provide sewage tank for minimum one day capacity (August 2010), as these specifications were not included in the approved design.

As the supplier did not supply the barge within schedule time, the UTL Administration deputed its representative twice (November 2010 and February

¹⁴ Hull No. 165 and Hull No. 166

¹⁵

Installments	Hull No 165 Amount in lakh	Release of installment	Hull No. 166 Amount in lakh	Release of installment
First (15%)	126.60	15.03.2008	126.60	10.09.2008
Second (15%)	126.60	10.09.2008	126.60	10.09.2008
Third (15%)	126.60	30.12.2008	126.60	20.11.2008
Fourth (20%)	168.80	30.12.2008	168.00	30.12.2008
Fifth (15%)			126.00	06.05.2010
Total	548.60		671.80	

¹⁶ A spar or structure rising above the hull and upper portions of a ship to hold sails, spars, rigging etc.

2011) for inspection. Subsequently, it also deputed a team¹⁷ (July 2011) comprising of its officials and the representatives of the SCI to report the progress of the construction of the barges at the shipyard. While both the representatives pointed out slow progress of the work, the team reported significant deviations/revisions from the approved specification, discrepancies in various parameters i.e. length of draft, weight of vessel, speed of vessel, etc.,. The team unanimously viewed that these barges could not be accepted by the UTL Administration in its present shape as it was not likely to serve the purpose, for which it was intended. Accordingly the UTL Administration issued notice rejecting the barges and rescinded the contract with the supplier (January 2012). Since the validity of the bank guarantees was not renewed, the UTL Administration directed (January 2012) the supplier to refund the entire amount with penal interest at the rate of 12 *per cent per annum*.

Audit noted that the UTL Administration had made payment to the supplier on the basis of certificate given by SCI. No effort was made by UTL Administration to assess the factual position on the ground, until November 2010. Audit further noticed that despite delay in delivery the UTL Administration failed to get the bank guarantees renewed for protecting Government interest.

The matter was referred to the Ministry of Home Affairs (August 2012). In their reply, the Ministry stated (November 2012) that UTL Administration had taken up the matter with both SCI and the Shipyard, not to deviate from the approved design/specification. All the stage payments were also made as per the certificate given by SCI in accordance with the terms and condition of the contract. Ministry, further, added that UTL Administration had also entered into timely correspondence with the SCI for renewal of all the BGs.

The Ministry's reply does not explain following accountability issues:

- Although the Ministry took up the matter regarding revalidation of BGs with SCI, the agreement did not bind SCI through a contract clause with the responsibility of keeping the BGs and getting them revalidated/renewed till delivery of vessels.
- The statement the UTL Administration did not make any modification in the original design is not correct as based on the request of SCI/supplier, the UTL Administration claimed exemption/modification from DGS in

¹⁷ Engineering Superintendent (September 2010), Retired CMD of Goa Shipyard (March 2011), Team (July 2011)

the original design. The barges which were initially intended to bring the passengers from the ship to the shore in each of the islands were actually constructed as sea going vessel.

- There were no independent checks applied by UTL Administration to ensure that SCI was carrying out adequate supervision.

The fact remains that an amount of ₹ 12.21 crore paid to the firm was rendered unfruitful for the last three 5 years, as UTL failed to protect this amount by not ensuring timely renewal of Bank Guarantees.

14.8 Non-commissioning of Radar Transponders

Failure to obtain Wireless Operating Licence (WOL) from Department of Telecommunication (DoT) resulted in non-commissioning of Radar Transponders valuing ₹ 1.52 crore despite incurring ₹ 1.17 crore towards royalty/spectrum charges.

The Union Territory of Lakshadweep (UTL) Administration uses helicopters as medical ambulance to evacuate critically ill patients from various islands of Lakshadweep to the main land (Kochi) for urgent and specialized medical treatment. In order to enhance to air safety of the helicopters and ensure navigational support for helicopter pilots in locating the islands/destination even in turbulent weather conditions, UTL sanctioned (July 2005) ₹ 1.52 crore for procurement of five Radar Transponders for the five islands¹⁸. The Airports Authority of India (AAI) was entrusted with the procurement of Transponders by UTL without entering into any formal agreement.

Airport Authority of India (AAI) in September 2006 and the Department of Telecommunications (DoT), Ministry of Communications (MoC) in May 2007 clarified to UTL that the Transponders could be commissioned for operation only after obtaining a Wireless Operating Licence (WOL) from the DoT. The pre-conditions for grant of WOL were site clearance and advance payment of licence fee and spectrum charges, calculated from the date of issue of DoT's decision letter. It was therefore, imperative on the part of UTL to ensure that WOL was obtained in time.

It was further noted that DoT's decision to grant WOL was communicated to UTL on 21 May 2007, with the direction to pay licence fee of 5000/- and Spectrum charges of ₹ 36.00 lakh per year and to take immediate action for site clearance and procurement of equipment. By that time procurement was

¹⁸ Bitra, Chetalatgh Kavaratti, Kiltan and Minicoy

already under way through AAI. All the five transponders were received in May 2008 and were installed between August 2008 and May 2009. The equipment were made ready for operation between March 2009 and May 2009. It was, however, seen that the application for site clearance was made almost after a year i.e. in September 2009 and the application for issue of WOL was submitted simultaneously along with the demand draft of ₹ 36.05 lakh payable for one year from 21 May 2007. In the mean time, DoT raised (15 October 2009) another demand of ₹ 92.06 lakh for spectrum charges and licence fee for the period 01 April 2008 to 31 March 2010, against which the UTL paid ₹ 80.66 lakh in May 2010, excluding late fee for 2009-10. Thus, UTL paid spectrum charges of ₹ 1.17 crore from May 2007 to May 2010 to the DoT.

Audit observed that due to non-receipt of WOL for over four years since August 2008, the transponders could not be operationalized and expenditure of ₹ 1.17 crore was rendered unfruitful. The transponders worth ₹ 1.52 crore also remained idle and their warranty period expired in July 2009.

The Ministry of Home Affairs admitted (March 2013) the above facts stating that though the Directorate of Port, Shipping and Aviation had constantly followed up with the Ministry of Telecommunications for issue of licence, it was not been received. The Ministry further added that they had deployed staff to the DoT to liaise in the matter.

Thus even after paying Spectrum charges of ₹ 1.17 crore, the Department failed to ensure air safety of the helicopters by providing navigational support to pilots as intended. Not only was this amount rendered unfruitful, the equipment worth ₹ 1.52 crore was also lying idle with expired warranty.

UT Chandigarh Administration

14.9 Loss of revenue

CTU suffered a loss of revenue of ₹ 58.97 lakh for initially not operating the 20 newly purchased A.C. buses and later operating them on local routes instead of on long routes for which they were structurally designed.

The Chandigarh Transport Undertaking (CTU) sent (September 2009) a proposal to the Chandigarh Administration for purchase of 20 ordinary A.C. buses against condemned ordinary long route buses. The need for replacement of ordinary buses with A.C buses was felt in order to compete with the long route A.C. buses plying in Punjab area with only 10 *per cent* extra fare.

Chandigarh Administration accorded (22 February 2010) approval for purchase of 20 chassis (ordinary District type A.C.) at a cost of ₹ 3.06 crore. The chassis received during September-October 2010 were fabricated¹⁹ as per norms for long route buses at the cost of ₹ 2.87 crore. These buses were passed by the State Transport Authority (STA) during January 2011 to March 2011.

After passing of these buses by the State Transport Authority (STA), a few buses were put on road for local operation on 27th and 28th January 2011. During the local operation, certain structural problems as detailed below were noted because the buses were designed for long route.

- These buses were fabricated as per norms meant for District Type buses. The dimensions i.e length, height and doors of these buses were different than the local buses.
- The height of these buses was one and half feet more than the existing local buses.
- The doors were very small which were not conducive to local operation. Moreover, there were no handle bars fitted to support the standing commuters in the bus. The height of the foot board of bus for disembarking and embarking the passengers was much higher as compared to the low floor local buses causing inconvenience to the children, senior citizens and disabled persons.
- Driver cabin was present in the bus which caused great hurdle for the driver to see the rear view of the bus while parking and driving the bus.

Audit noted that after observing the structural problems (January 2011) these buses were not put on the road averaging 57 days during the period February and March 2011, which led to non-realization of revenue of ₹ 49.22 lakh **(Annex-13)**.

Audit further noted that the CTU operated (April 2011) 13 buses on local routes for periods averaging 23 days despite the fact that these were fabricated for long route. Meanwhile, the Director Transport requested (5 April 2011) Chandigarh Administration for allowing operations of these AC buses on long routes. The Chandigarh Administration directed (15 April 2011) CTU to put these buses to strengthen the transport facilities in sub-urban areas so that the technical problems were taken care of. Accordingly, these 20 buses were put

¹⁹ District type buses were fabricated as per norms meant for long route buses viz, length, height, doors and interiors are different from local route buses.

on sub urban routes from 28 April 2011 onwards. Since the local routes buses were earning less revenue in comparison to long routes buses, Audit examination revealed that by operating these buses on local routes instead of on long route, there was short realization of ₹ 9.74 lakh (**Annex-13**). Finally in February 2012, the Chandigarh Administration allowed to operate these buses on long routes.

On being pointed out in Audit, the Management stated (August 2012) that the AC buses could not be plied on the long routes due to increase in the population of Tri City²⁰ manifold resulting in increase in demand for bus services. The reply was silent on non-operation of buses for 57 days after passing by the STA. Further, the reply is not convincing as Chandigarh Administration were well aware of the demand on the local routes while purchasing/fabricating the AC buses for long routes. Also, the Director Transport who was in charge of the day to day management of the operations of CTU, had clearly intimated (April 2011) Chandigarh Administration that there were already sufficient buses on local routes and demand for plying these buses on long routes existed.

Thus, adhoc decisions based on poor planning on the part of Chandigarh Administration for initially keeping A.C. buses grounded and later not operating them on long routes for which permit was available, resulted in potential loss of revenue of ₹ 58.97 lakh to the public exchequer.

The matter was referred to the Ministry in March 2013; their reply was awaited as of May 2013.

14.10 Misappropriation of Government money

Non-remittance of cash in the treasury received from the cash counters of the Registering and Licensing Authority of UT Chandigarh, resulted in misappropriation of Government money of ₹ 25.68 lakh.

Rule 13 (ii) of the Central Government Account (Receipts and payments) Rules 1983 provides that all monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the office in token of check. Further, Rule 7 (i) subject to sub-rule (2) provides that all moneys received by or tendered to Government Officers on account of the revenues of the Government shall, without undue delay be paid in full into the treasury and shall be included in the accounts of the Government. During the audit of cash

²⁰ Cities of Mohali, Chandigarh and Panchkula are termed as Tri-city

counter receipts with day book, day book with cash book and cash book with treasury challan of the Registering and Licensing Authority (RLA), U.T. Chandigarh (December 2011), revealed that RLA received an amount of ₹ 23.91 lakh²¹ at its different cash counters towards the registration fee of motor vehicles and issue of Driving Licenses between September 2010 and March 2011, which was neither entered in the day book/cash book nor remitted in the treasury. The entire amount as shown in **Annex-14** was misappropriated by the cashiers.

Further scrutiny of records of RLA also revealed that out of ₹ 15.91 lakh received in cash towards the registration fees of motor vehicles between May 2010 and March 2011, only ₹ 14.14 lakh were entered in the day book/cash book and remitted in the treasury. The remaining amount of ₹ 1.77 lakh²² was neither entered in the day book/cash book nor remitted in the treasury as shown in **Annex-15**. Thus in this case also there was misappropriation of the government money of ₹ 25.68 lakh.

Audit noted that the nodal officer (DDO) did not discharge his prescribed duty i.e. non reconciliation of receipts from base to treasury level (cash counter receipts with day book, day book with cash book and cash book with treasury challan), which resulted in misappropriation of government money.

In reply to a audit query, the Registering and Licensing Authority intimated (August 2012) that misappropriated amount had not been recovered and final outcome of the case would be intimated shortly.

The matter was reported to Finance secretary, Home Secretary and Deputy Commissioner of UT, Chandigarh (January 2012, November 2012 and March 2013); their reply was awaited as of April 2013.

Chandigarh Administration-Police Department

14.11 Non-recovery of charges for deployment of police force

Non-compliance of rules for providing police force to Punjab Cricket Association (PCA) and Kings XI, Punjab, resulted in non-recovery of ₹ 8.92 crore by UT Administration, Chandigarh

As per Punjab Police Rules 1934 (applicable to UT, Chandigarh), additional police applied for by private persons, corporate bodies, or commercial

²¹ ₹ 23,41,705/- Registration Fee and ₹ 49,345/- Driving License Fee

²² ₹ 15,91,120/- minus ₹ 14,14,185/-

companies, shall be supplied at the discretion of the Superintendent, subject to the general directions of the Magistrate of the district. Further as per Rules, additional police may not be given without the payment in full and in advance.

The Union Territory Chandigarh provided the police forces for security purpose to the private parties i.e. Nationalized Bank, Punjab Cricket Association Mohali and Indian Premier League Team-King XI Punjab on payment basis.

Audit scrutiny of records of the office of Inspector General of Police, U.T. Administration, Chandigarh revealed that on request of Punjab Cricket Association (PCA), Mohali and Kings XI Punjab (IPL Team), the UT Administration Chandigarh (IG Police) provided police forces for security of various teams participating in the World Cup (2011) and IPL cricket matches in 2010, 2011 and 2012. Audit further noted that the forces were provided without receiving full payment of ₹ 8.92 crore in advance (**Annex-16**). In five cases, the UT Administration had raised even the bills after the completion of the event. In case of nationalized banks, the payments were received from time to time.

On being pointed out by Audit (December 2011), the Inspector General of Police UT Administration Chandigarh intimated (July 2012) that they had already raised the bills to concerned authorities for the recovery of amount of police force provided for security of cricket teams. The reply is not acceptable as the UT Administration did not adhere to the provisions of the Rules, which stipulated that additional police may not be given without payment receiving in full in advance from the private parties.

Notwithstanding the matter being pointed out by Audit (November 2011), the UT Administration continued to provide the police force without raising the bill in advance to private parties during March 2012 to May 2012, the bill for which was raised in July 2012. Further no effective measures had been taken by the UT Administration to recover the long outstanding amounts (November 2009 onwards) from the private parties. This resulted in Government receipts amounting to ₹ 8.92 crore, remaining unreleased.

The matter was referred to the Ministry of Home Affairs in August 2012; their reply was awaited as of April 2013.

**Chandigarh Building & Other Construction Workers Welfare Board,
Chandigarh**

**14.12 Non-achievement of objectives due to non-utilization of cess of
₹ 28.04 crore collected for welfare of construction workers**

Due to non-implementation of welfare schemes for the benefit of building and other construction workers', cess of ₹ 28.04 crore collected from Government, public sector undertakings and others remained unutilized.

Introduction

Government of India (GOI) enacted (August 1996) the “Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Act, 1996” for constitution of a Welfare Board in each State undertake social security schemes. The GOI also enacted “Building and Other Construction Workers’ Welfare Cess Act, 1996” which stipulated that rule making power under the Act vests only with the GOI. To augment the resources of the Board, section 3 of the Cess Act as amended in September 1996 provided for levy of cess at the rate of one *per cent* of the total cost of construction on the employer. At least in five Audit Reports of the Comptroller and Audit General in respect of State Government²³, irregularities in implementation of welfare schemes for the benefit of building and other construction workers’ cess were mentioned.

For the safety, health and welfare of the workers, the Union Territory Administration Chandigarh, vide notification dated 18th July 2008, constituted the “Chandigarh Building & Other Construction Workers’ Welfare Board (Board), Chandigarh”. Further, Chandigarh Administration, Labour Department, vide notification of 17 September 2009 framed “Chandigarh Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009 and imposed (September 2009) cess at the rate of one *per cent* in accordance with the requirements of the Cess Act.

Creation of Funds and its objectives:

Rule 268 of the Chandigarh Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009 stipulated that the Board as soon as may be after the coming into force of these rules, constitute a fund by the name “The Chandigarh building and other

²³ HP-Para 3.1 of Report No 1 of 2012, J&K – Para 2.4 of Report No 1 of 2013, Haryana-Para 2.1 of report No 3 of 2013, Delhi-Para 3.4 of Report No 2 of 2013 and Punjab-Para 3.3 of Report No. 3 of 2013,

construction workers' Welfare fund" and it shall be inter alia credited with the proceeds of the cess collected under the Building and Other Construction Workers Welfare Cess Act, 1996. The funds so collected were required to be spent for the welfare of building and other construction workers on schemes like pension benefits, assistance in case of accident, loans for construction of house, insurance Scheme, financial assistance for education of children, medical assistance, maternity assistance etc. Construction workers between the age group of 18 and 60 years, were to register themselves with Board to become eligible for availing the benefits under such schemes.

Resources of the Board:

The cess collected under the Cess Act, registration fee from employers and workers and monthly subscription from the workers were the main sources of funds of the Board. The fund was required to be applied by the Board for meeting the expenses on welfare schemes of workers, salaries, allowances and other remunerations of the members, officers and other employees and other administrative expenses, etc, of the Board. The year-wise position of funds received, and expenditure incurred during the years 2010-11, 2011-12 and 2012-13 in indicated in Table below:

(₹ in lakh)

Particular	2010-11	2011-12	2012-13	Total
Receipts	746.60	976.67	1166.81	2890.08
Expenditure				
Welfare scheme	27.04	11.72	24.03	62.79
Other expenditure	4.99	6.06	12.02	23.07
Total expenditure	32.03	17.78	36.05	85.86
Utilization percentage	4.29	1.82	3.49	
Unutilized amount				2804.22

(a) As revealed from the above table, the percentage utilization of funds ranged between 1.82 and 4.29 only during the years 2010-11, 2011-12 and 2012-13.

(b) The Board received an amount of ₹ 28.90 crore during the period 2009-13 (upto 31 March 2013) from different Government Departments, public sector undertakings and private contractors as proceeds of labour cess. Of this ₹ 62.79 lakh i.e. only 2.17 per cent was utilized on the welfare

schemes/measures and ₹ 23.07 lakh on administrative expenses during the above period. It was further observed that major portion of the expenditure of ₹ 62.79 lakh incurred on welfare schemes was one time expense on purchase of ambulance van and mobile dispensary and distribution of blankets and pressure cookers. The balance amount of ₹ 28.04 crore (excluding interest earned on the investment of fund during the same period) was lying unutilized.

Deficiencies in implementation of schemes:

Audit scrutiny of the records of the implementing agencies noticed the following deficiencies;

- The Board had not conducted any survey to find out the actual number of building and other construction workers working in the Chandigarh.
- Only 12 of 9768 workers (member) registered (upto 31-3-2013) got benefit of ₹ 3.32 lakh under the death/accident/funeral assistance.
- Only two workers got benefit of ₹ 0.10 lakh under the maternity benefit scheme.
- Only two workers got benefit of ₹ 0.26 lakh under the Kanyadan scheme.
- Out of 9768 members only 24 workers were getting monthly pension and total amount paid was ₹ 1.04 lakh upto 31-3-2013.

Thus, release of a meager amount of ₹ 5.12 lakh was unlikely to fulfill the objective of benefiting the workers through the welfare schemes.

Board while accepting that no survey had been conducted to find actual number of workers, further stated (December 2012) that it will be the endeavor of the Board to provide more benefit to building workers so as to utilize the maximum labour cess for the welfare of the building and other construction workers.

The matter was reported to the U.T. Administration (August 2012) and also to Government of India (February 2013); their reply was awaited as of April 2013.

CHAPTER XV : MINISTRY OF WOMEN AND CHILD DEVELOPMENT

15.1 Inordinate delay in the construction of office building for the National Commission for Women

The office building for the National Commission for Women could not be constructed despite acquiring the land in 2001. The delay was mainly attributable to deficient planning. As a result, funds amounting to ₹ 1.47 crore released to the Central Public Works Department for the construction activity remained blocked since March 2004. Despite substantial time and cost overruns, the project was still at the preliminary stage.

The National Commission for Women (NCW) is presently housed in a hired building. The annual rent for this building is ₹ 50 lakh.

The Department of Women and Child Development accorded (October 1995) in principle approval to the NCW for acquiring land for the construction of a composite building to house NCW and Rashtriya Mahila Kosh. The proposed construction was to provide the NCW an independent and spacious building and to effect saving of rent for the existing hired building.

NCW acquired (June 2001) 3080 sq. meters of land at Jasola Institutional Area from the Delhi Development Authority (DDA) at a cost of ₹ 37.48 lakh. NCW appointed (August 2001) Housing and Urban Development Corporation Limited (HUDCO) for providing architectural consultancy for the project. Based on the architectural drawings prepared by HUDCO, the NCW requested (June 2003) CPWD to prepare the preliminary estimates. The estimates were submitted by the CPWD in October 2003. Accordingly, the Ministry of Women and Child Development conveyed (March 2004) administrative approval for ₹ 6.09 crore for the project and release of ₹ 1.80 crore as the first instalment. NCW released ₹ 1.80 crore to CPWD in March 2004 for execution of the project. Further, the work was to be completed within 24 months after approval of drawings by local bodies.

Audit noted inordinate delays in construction activities as tabulated below:

Period	Particulars
September 2004	HUDCO prepared the designs of the building and submitted them to the DDA
December 2004 and February 2005	DDA made some observations on the drawings which were replied to by HUDCO
March 2006	The Ministry directed NCW to explore the possibility of accommodating the National Commission of Protection of Child Rights (NCPCR) at the allotted site.
July 2007	HUDCO prepared the revised plan. This was submitted by the NCW to the Ministry.
April 2008	NCW requested the Ministry to convene a joint meeting comprising the officials of DDA, HUDCO and the CPWD for preparing a comprehensive plan for accommodating various offices.
May 2008	The Ministry directed NCW to take into consideration the area requirement of NCPCR.
August 2009	CPWD informed NCW that the boundary wall of the plot had been constructed.
January 2010	After a lapse of one and half years, the Ministry directed NCW to submit action taken report on the decision taken in May 2008.
March 2010	In pursuance of the direction of the Ministry, Central Adoption Resource Agency and Rashtriya Mahila Kosh submitted their requirement of space.
July 2010	The Ministry decided that in view of Floor Area Ratio restrictions, the plot could accommodate only the requirement of NCW and to construct the building for use of NCW only.
June 2011	NCW re-awarded the entire work of architectural design along with clearance from the local bodies and approval of site plan of building from DDA to the CPWD.
November 2011	The Ministry asked NCW to explore the suitability of NBCC as an alternate implementing agency.

On the basis of the cost estimates submitted by CPWD (₹ 18.00 crore) and NBCC (₹ 16.51 crore), the Ministry finally accorded (June 2012) in principle approval for construction of this office building through NBCC at a revised cost of ₹ 16.51 crore.

Audit noted that there were cascading delays after this acquisition of land by the NCW on account of subsequent thought of widening the scope of construction to accommodate other offices that was not envisaged at the initial stage. The Ministry was unable to firm up the number of organisations that were to be housed at the proposed site. The adhocism of the decision making process was evident in the final view that emerged. This was same as the initial view i.e. the building would accommodate only NCW. This uncalled for delay rendered the entire development from 2006 to 2010 infructuous. This inordinate delay also led to significant cost escalation of ₹ 9.44 crore¹ and blocking of ₹ 1.47 crore with CPWD since March 2004. Consequently, the expenditure of ₹ 79 lakh² incurred on procurement of land, construction of boundary wall and consultancy charges paid to HUDCO was also rendered unfruitful.

The avoidable delays in construction resulted not only in substantial time and cost overrun but also led to avoidable payments of rent amounting to ₹ 3.92 crore paid by NCW from October 2006 i.e. the date by which the project should have been completed as per the Standing Finance Committee meeting held in March 2004. Also, despite a passage of more than 12 years from the date of acquiring the land, the project was still at the preliminary stage.

The Ministry admitted (June 2013) that the project had endured inordinate delays. It further stated that NBCC had since obtained the required clearances from the local bodies and it was expected that the work would be completed without further time and cost overruns.

¹ Cost escalation of ₹ 9.44 crore calculated on the total area of 3299 sq. meter as per CPWD estimates submitted in January 2004.

² ₹ 0.37 crore on procurement of land, ₹ 0.33 crore on construction of Boundary wall and ₹ 0.09 crore on payment of consultancy charges to HUDCO.

CHAPTER XVI: MINISTRY OF YOUTH AFFAIRS AND SPORTS

16.1 Ineffective monitoring of grants

The Ministry failed to effectively monitor the release of the grants related to Commonwealth Games- 2010. As a result funds amounting ₹ 191.22 crore were parked with SAI for periods ranging from 17 to 26 months. This contravened the provisions of the sanctions governing the utilization of the grants. Besides, the Ministry failed to take into account the interest earned on the unspent grants amounting ₹ 22.12 crore before releasing subsequent grants to SAI.

The Performance Audit report of the Comptroller and Auditor General of India on the XIX Commonwealth Games had noted (August 2011) that releases to SAI were treated as expenditure in the books of Government of India. However, the final cost would be known only after the settlement of bill/receipt of Utilization Certificates with detailed Statements of Expenditure. Subsequent audit findings with regard to the grants released by the Ministry of Youth Affairs to the Sports Authority of India (SAI) are discussed in the succeeding paragraphs.

The Ministry while releasing grants for the Commonwealth Games 2010 to SAI had stipulated the following conditions:

- SAI on receipt of the funds would immediately release these to the implementing agencies viz. Central Public Works Department etc. and a compliance report be furnished to the Ministry to this effect.
- The unspent grant at the end of the financial year if any, would have to be refunded by SAI to the Ministry within 15 days of the close of the financial year or on being pointed out by the Ministry.
- Parking of funds by SAI (as observed by Ministry in March 2008) out of the grants released by the Ministry would be strictly avoided.

Examination of the records of the Ministry and the SAI revealed that in the following instances the grants released by the Ministry to SAI for CWG-2010 were lying unspent for significant periods.

Purpose of grant	Date of release of grant to SAI	Amount released (₹ in crore)	Amount lying unspent (₹ in crore)	Period of funds parked with SAI (in months)
			As of November 2012	
For the year 2010-11 the funds released for CPWD for upgration/ renovation of stadium	September 2010	200.00	100.00	26
	March 2011	72.40	22.40	20
For the year 2010-11 the funds released for CPWD/DPS RK Puram for projects other than SAI stadium.	June 2011	1.08	0.65	17
	April 2011	17.25	17.25	19
	March 2011	0.14	0.14	20
	April 2011	0.05	0.05	19
Total		290.92	140.49	

Audit noted that out of the grant of ₹ 290.92 crore released to SAI during the year 2010-12 an amount of ₹ 140.49 crore i.e., 48.30 per cent was lying unspent with SAI for periods ranging between 17 to 26 months. This was in contravention of the conditions stipulated in the sanction orders. The funds were parked with SAI despite specific instructions of the Ministry to refund the unspent grant within 15 days of the close of the financial year.

Scheme for preparation of Indian team for CWG-2010

Audit noted that in case of specific grants released for the purpose of preparation of Indian team for CWG-2010, very significant unspent balances had been retained by SAI. The year wise details are given in table below:

Financial year	Grant released (₹ in crore)	Unspent grant at the end of the F.Y. (₹ in crore)
2008-09	25	3.98
2009-10	223.77	110.02
2010-11	-	54.93
2011-12	-	50.73

Examination of the utilization certificates furnished by SAI revealed that the unspent balances of ₹ 54.93 crore and ₹ 50.73 crore as on 31 March 2011 and 31 March 2012 respectively, lying with SAI, were sought to be revalidated for the next financial year. However, Audit noted that the grants were specifically released for CWG-2010 and there was no justification for revalidation of the unspent grants by the Ministry as the games had concluded in October 2010.

Audit noted that SAI had earned interest of ₹ 22.12 crore on investments made as fixed deposits on the parked funds, however, the Ministry did not take this into account while releasing subsequent grants.

Audit further noted that SAI had treated the interest earned as its own income. Out of the total interest of ₹ 22.12 crore, ₹ 6.30 crore were transferred (March 2012) into the main account of SAI. The SAI justified this action on the grounds that it receives non-plan grants from the Ministry on deficit basis i.e., after factoring the anticipated internal receipts of SAI. However, this reply is not valid because the funds were provided to be utilized for the specific purpose of athlete preparation. Thus their retention with interest earned thereon, post CWG-2010, was irregular.

Therefore, the Ministry failed to effectively monitor the utilisation of the grants released to SAI. As a result, the funds were parked with SAI for significant periods.

The matter was referred to the Ministry in May 2013; their reply was awaited as of June 2013.

CHAPTER XVII : GENERAL

17.1 Follow-up on Audit Reports

Despite repeated instructions/recommendations of the Public Accounts Committee, various Ministries/Departments did not submit remedial/corrective Action Taken Notes on 43 audit paragraphs even after the lapse of the time limit prescribed by the Public Accounts Committee.

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries to furnish notes to the Ministry of Finance (Department of Expenditure), indicating remedial/ corrective action taken on various paragraphs contained in the Audit Reports, soon after these were laid on the Table of the House.

In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the Public Accounts Committee (PAC) desired that submission of pending Action Taken Notes (ATNs) pertaining to Audit Reports for the years ended March 1994 and 1995 should be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit, within four months from the laying of the Reports in Parliament.

Further, the Committee, in their Eleventh Report (Fifteenth Lok Sabha) presented to the Parliament on 29 April 2010, recommended that the Chief Accounting Authorities should be made personally accountable in all cases of abnormal delays in taking remedial action and submitting ATNs to PAC.

The Committee also desired that the matter relating to delays in submission of ATNs should be brought before the Committee of Secretaries (CoS) periodically, preferably at quarterly intervals so as to expedite the submission of ATNs by all the defaulting Ministries/Departments.

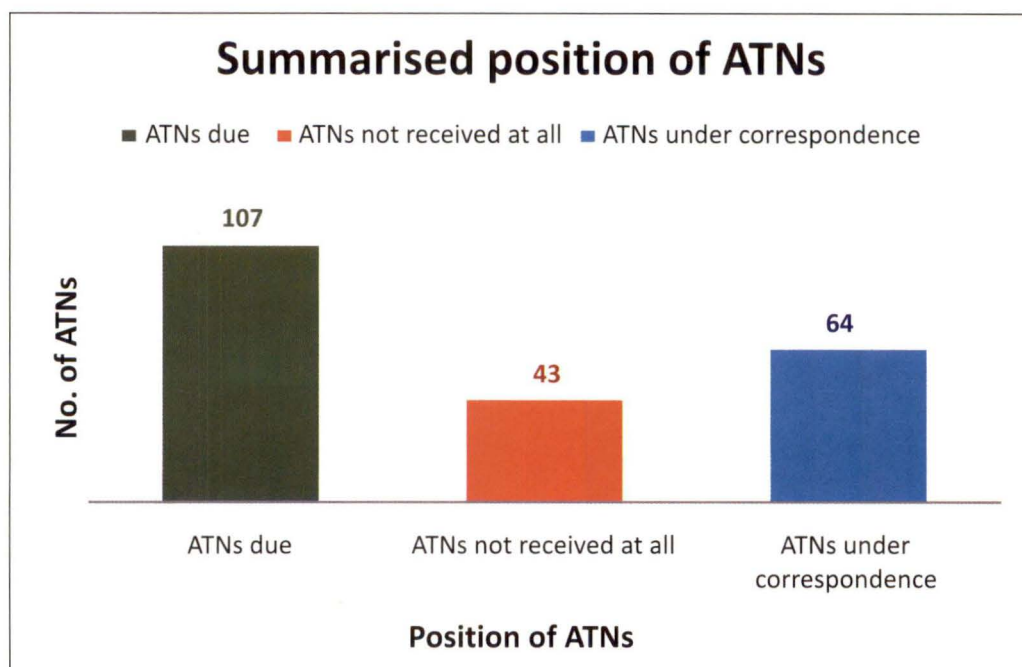
In pursuance of their recommendations, several meetings were taken by CoS in the Cabinet Secretariat in which following decisions were taken:

- (i) The Secretaries in the Ministries/Departments, being the Chief Accounting Officers, will be personally responsible for ensuring finalisation of ATNs/ATRs on Audit paras/PAC Reports within the prescribed timeframe.

- (ii) Standing Audit Committee (SAC), chaired by Secretary/Special Secretary including the Financial Advisor will be set up by each Ministry for monitoring the submission of ATNs on paras of C&AG's Reports and ATRs on the recommendations of PAC besides taking appropriate remedial measures. The SAC shall meet on monthly basis and its Terms of Reference (ToR) will include preventive action to be taken to avoid recurrence of irregularities pointed out in Audit paras/PAC's Reports.
- (iii) ATN Adalats/Workshops should be held regularly for speedy submission of ATNs.

In their meeting CoS observed that almost all Ministries/Departments had already set up SACs and remaining ones were in the process of setting up SACs. CoS further observed that progress regarding ATN Adalats/Workshops was slow. CoS directed that all Ministries may undertake special drives to clear the pendency of ATNs.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports, Union Government (Civil) up to the period ended 31 March 2012 (**Appendix- I**) revealed that the Ministries did not submit remedial/corrective ATNs in respect of a large number of paragraphs despite the above instructions. Out of 107 paragraphs on which ATNs were required to be sent, ATNs in respect of 43 paragraphs had not been received at all as of March 2013. Details are shown in the following chart:



The final ATNs in respect of 64 paragraphs, which were under correspondence, were pending at various stages. Out of these 107 paragraphs, 11 paragraphs pertained to Audit Reports which were more than 10 years old.


17.2 Response of the Ministries/Departments to draft paragraphs

Despite directions of the Ministry of Finance, issued at the instance of the Public Accounts Committee, Secretaries of Ministries/Departments did not send responses to 18 out of 33 draft paragraphs included in this Report.

On the recommendation of the PAC, Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of receipt of the paragraphs.

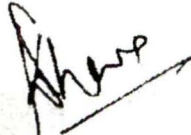
In 18 out of the 33 paragraphs included in this Report of the Comptroller and Auditor General of India for the year ended March 2012, replies from the Secretaries of the Ministries/Departments had not been received. The details are indicated in **Appendix-II**.

New Delhi
Dated: 19 August 2013

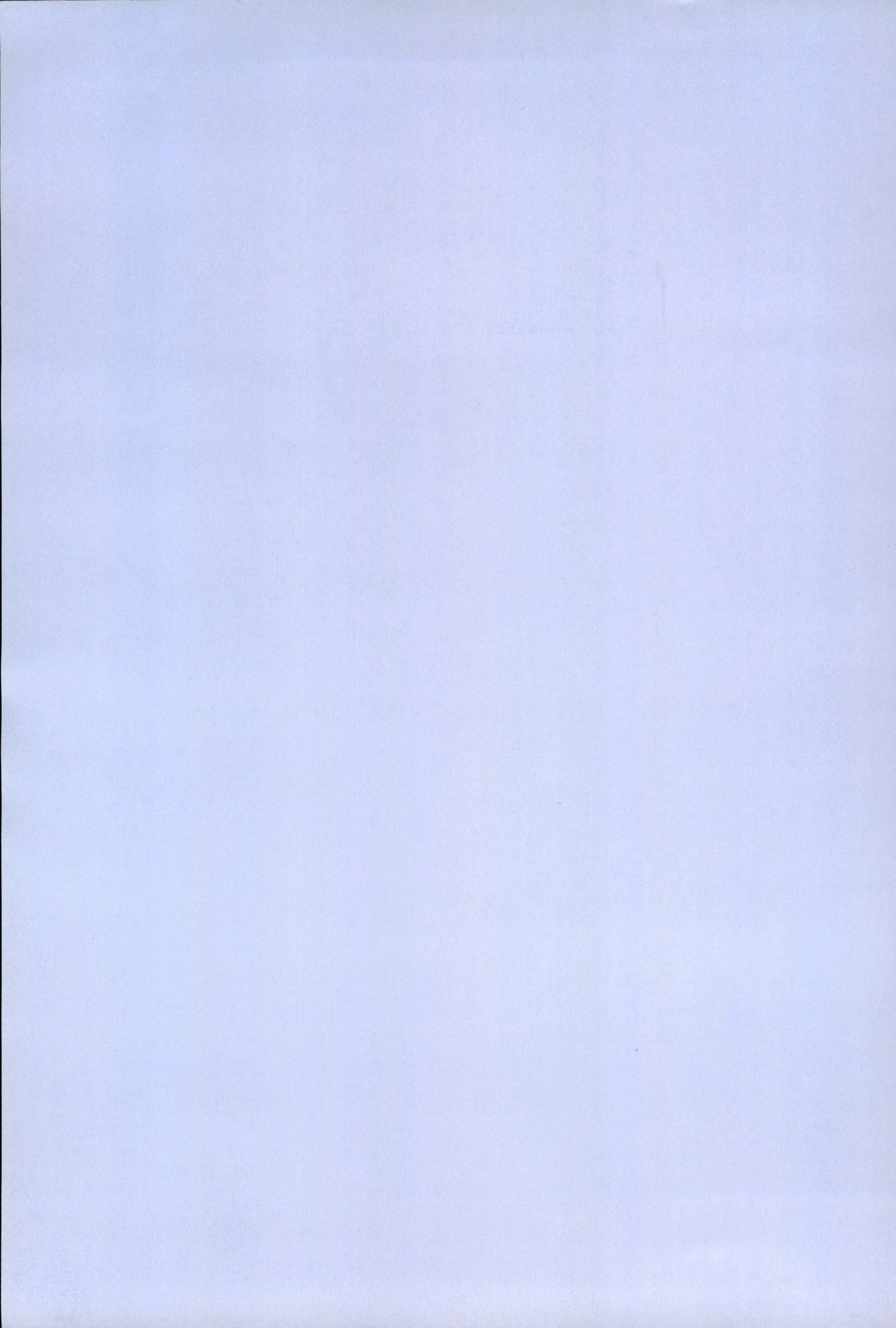

(ROY MATHRANI)
Director General of Audit
Central Expenditure

Countersigned

New Delhi
Dated: 20 August 2013


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

ANNEXES



Annex-1

(Referred to in paragraph no. 2.2)

Short recovery of licence fee

Period (in months)	Amount of licence fee charged by DMS (in ₹)	Amount recoverable as per DoE orders (in ₹)	Amount of short levy of licence fee (in ₹)
16 March 1999 to 31 March 2002 (36.5)	4742	$404 \times 220 = 88880$	$(88880 - 4742) \times 36.5 = 3071037$
April 2002 to March 2005 (36)	4742	$404 \times 249 = 100596$	$(100596 - 4742) \times 36 = 3450744$
April 2005 to March 2008 (36) <i>ATM:</i> <i>January 2007 to</i> <i>March 2008 (15)</i>	4742 2618	$404 \times 279 = 112716$ $11.90 \times 279 = 3320$	$(112716 - 4742) \times 36 = 3887064$ $(3320 - 2618) \times 15 = 10530$
April 2008 to March 2011 (36) <i>ATM:</i> <i>April 2008 to</i> <i>March 2011 (36)</i>	4742 2618	$404 \times 337 = 136148$ $11.90 \times 337 = 4010$	$(136148 - 4742) \times 36 = 4730616$ $(4010 - 2618) \times 36 = 50112$
April 2011 to November 2012 (20) <i>ATM:</i> <i>April 2011 to</i> <i>November 2012</i> <i>(20)</i>	4742 2618	$404 \times 455 = 183820$ $11.90 \times 455 = 5414$	$(183820 - 4742) \times 36 = 3581560$ $(5414 - 2618) \times 20 = 55920$
Total			18837583

Annex-2

(Referred to in paragraph no. 6.2.3.2)

Details of escalation of amount paid on HVAC and BMS work

(Amount in ₹)

Sl. No.	AIIMS	Name of the contractor	RA Bill	Escalation amount paid on HVAC and BMS work till last RA Bill
1.	Bhopal	JMC Projects (I) Ltd.	17, Bill no. 132/12-13 Dated 20.07.2012	68,28,338
2.	Rishikesh	JMC Projects (I) Ltd.	22, Bill no. 132/12-13 Dated 20.07.2012	88,04,197
Total				1,56,32,535

Annex-3

(Referred to in paragraph no. 6.2.4)

Interest calculation on position of funds retained by the consultant

(₹ in crore)

Name of the project consultant	Housing complex	Period covered	days for which funds remained parked with the project consultant		funds remained parked with the project consultant		Interest accrued @ 7.9 %
			Maximum	Minimum	Maximum	Minimum	
HLL	Rishikesh	07.11.08 to 30.10.09	84	1	13.45	3.87	0.61
HLL	Patna	07.11.08 to 30.10.09	85	14	6.29	1.29	0.28
HSCC	Raipur	18.11.08 to 15.03.10	50	4	9.94	0.57	0.56
HSCC	Bhubaneswar	18.11.08 to 14.01.10	166	8	16.66	4.66	1.27
Total							2.72

Annex-4

(Referred to in paragraph no. 6.3.6)

Comparison of rates of branded drugs in formulary and low cost options available in market for the year 2011-12

(Amount in ₹)

Sl. No.	Drug composition	Number of lower cost brands available in market	Higher cost brand listed in branded formulary			Example of lower cost brand available in market ¹					
	Drug Composition		Brand procured in formulary	Name of Manufacturer	Procurement Rate after discount	lower cost Brand available in market	Name of manufacturer	MRP Rate	Difference in rate of Branded and Generic drug	Quantity of medicines procured in 2011-12	Avoidable extra expenditure
1.	Gliclazide-60 mg	22	Diamicon XR (60 mg)	Serdia Pharmaceuticals (India) Ltd.	7	Claz OD (60 mg)	Franco Indian Remedies	4.9	2.1	1566278	3289183.80
2.	Glimepiride-2 mg	141	Amaryl (2 mg)	AVENTIS PHARMA LTD.	8.3	Azulix (2 mg)	Delta (Torrent Pharmaceuticals Ltd.)	5.3	3	2503830	7511490
3.	Nicorandil-10 mg	16	Nikorandil (10 mg)	Torrent Pharmaceuticals Ltd	8.78	Duorandil (10 mg)	Medreich Saimirra Ltd	5.9	2.88	381890	1099843.2
4.	Telmisartan-40 mg + Hydrochlorothiazide-12.5 mg	42	Arbitel-H (40+12.5)	Micro Labs Ltd	5.51	Telmikind H (40+12.5)	Mankind Pharmaceuticals Pvt. Ltd.	3.25	2.26	1255760	2838017.6
5.	Fexofenadine-120 mg	81	Allegra FC (120 mg)	Aventis Pharma Limited	6.22	Histafree (120 mg)	Mankind Pharmaceuticals Pvt. Ltd.	4.75	1.47	1668980	2453400.6

¹Source www.medguideindia.com

6.	Levocetirizin e-5 mg Montelukast- 10 mg	87	MONTAI R LC	CIPLA LIMITED.,	8.7	Lazine M (5+10)	Genx (Hetero Healthcare Ltd)	5.9	2.8	1295410	3627148
7.	CETRIZINE 10MG	336	CETZINE	GLAXOSMITH KLINE LTD	2.44	Bealert (10 mg)	Genx Healthcare	1.2	1.24	4179000	5181960
8.	Gliclazide- 60 mg	21	DIANOR M OD 60	MICRO LABS LIMITED	4.42	Nuzide (60 mg)	Intas Pharmaceuticals Ltd.	2.7	1.72	384370	661116.4
9.	Amlodipine- 5 mg Hydrochlorot hiazide-12.5 mg	3	AMLON G-H	MICRO LABS LIMITED	2.6	Amlokind-H (5+12.5)	Mankind Pharmaceuticals Pvt. Ltd.	1.25	1.35	680100	918135
10.	Ramipril- 10 mg	32	CARDAC E 10	AVENTIS PHARMA LTD.	9.98	Proace (10 mg)	Alembic Chemical Works Co Ltd	6.35	3.63	391320	1420491.6
11.	Ramipril- 5 mg	105	CARDAC E 5	AVENTIS PHARMA LTD.	7.7	Namipril (5 mg)	Nicholas Piramal India Ltd.	5.8	1.9	2047630	3890497
12.	Atenolol- 50 mg	113	ATEN 50	CADILA HEALTHCARE LTD.	1.94	Atekind (50 mg)	Mankind Pharmaceuticals Pvt. Ltd.	1.08	0.86	973874	837531.64
13.	Atenolol- 50 mg Indapamide- 2.5 mg	3	ATEN D	CADILA HEALTHCARE LTD.	2.45	Atekind-D (50+2.5)	Mankind Pharmaceuticals Pvt. Ltd.	1.14	1.31	135944	178086.64
14.	Atenolol- 25 mg	71	ATEN 25	CADILA HEALTHCARE LTD.	1.26	Latenol (25 mg)	Lupin Laboratories Ltd.	0.7	0.56	545328	305383.68
15.	Mecobalamin -500 mcg	85	METHYC OBAL TABLET	WOCKHARDT LIMITED.	4.19	Nurokind (500 mcg)	Mankind Pharmaceuticals Pvt. Ltd.	1.99	2.2	7074930	15564846

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16.	Aspirin-75 mg	23	ECOSPRI N-75	USV LIMITED.	0.21	CvSprin (75 mg)	Cadila Pharmaceuticals Ltd.	0.19	0.02	4889244	97784.88
17.	Pantoprazole Sodium Sesquihydrate -20 mg Domperidone -10 mg	134	PAN - D	ALKEM LABORATORIES LTD.	5.34	Pantadom Tab (20+10)	Mankind Pharmaceuticals Pvt. Ltd.	3	2.34	4958040	11601813.6
18.	Pantoprazole Sodium Sesquihydrate -40 mg	724	PAN 40	ALKEM LABORATORIES LTD.	4.54	Pantakind (40 mg)	Mankind Pharmaceuticals Pvt. Ltd.	1.75	2.79	4433140	12368460.6
19.	Metformin-500 mg	154	GLYCIPHAGE SR	FRANCO INDIAN PHARMACEUTICALS LTD.	1.22	Glumet EXT (500 mg)	Cipla Limited	0.65	0.57	5210940	2970235.8
20.	Amlodipine-5 mg	164	AMLON G-5	MICRO LABS LIMITED.	2.5	Amlosyl (5 mg)	Nicholas Piramal India Ltd.	1.33	1.17	4121220	4821827.4
21.	Pantoprazole Sodium Sesquihydrate -40 mg	1010	PANTOCID	SUN PHARMACEUTICALS INDUSTRIES LIMITED.	4.82	Nupenta (40 mg)	Macleods Pharmaceuticals Pvt Ltd	2.15	2.67	4072248	10872902.16
Total										92510155.60	

Annex-5

(Referred to in paragraph no. 6.3.7)

Expenditure on procurement of drugs in CGHS Delhi

(*₹ in crore*)

	2009-10	2010-11	2011-12	Total	Percent
A. Drugs listed in the Formulary (through HSCC)					
i Branded	11.73	56.03	125.53@	193.29	18.54
ii Generic	0.33	0.84	0.83	2.00	0.19
iii) Local purchase, Branded (MSD)	0.38	0.49	0.48	1.35	0.13
Total (A)	12.44	57.36	126.84	196.64	18.87
B. Drugs outside the Formulary					
i) Life saving drugs	75.32	102.21	104.11	281.64	27.02
ii) Pilot project	77.16	110.83	0*	187.99	18.04
iii) Insulin-direct	7.63	8.43	10.22	26.28	2.52
iv) Local Purchase (Wellness Centre)	155.60	108.45	85.76	349.81	33.56
Total (B)	315.71	329.92	200.09	845.71	81.13
Grand Total (A+B)	328.15	387.28	326.93	1042.36	100.00

*included in the formulary during 2011-12

@ includes ₹ 97.98 crore for pilot project

Annex-6

(Referred to in paragraph no. 6.3.8)

List of drugs which are common in Branded and Generic drug formulary

Sl. No.	Drug in Branded Formulary			Same drug composition in Generic Formulary	
	VMS Number	Name of Brand	Name of manufacturer	VMS Number	
1.	P03097	ALLEGRA 120MG	AVENTIS PHARMA LTD.	G03007	Fexofenadine 120mg Tablet
2.	P03098	ALLEGRA 180MG	AVENTIS PHARMA LTD.	G03008	Fexofenadine 180mg Tablet
3.	P03100	CETZINE	GLAXOSMITHKLINE LTD	G03009	Cetirizine 10mg Tablet
4.	P09082	BETALOC 25MG	ASTRA ZENECA PHARMA INDIA LTD	G12006	Metoprolol Tartrate 25 mg Tablets
5.	P09083	BETALOC 50MG	ASTRA ZENECA PHARMA INDIA LTD	G12007	Metoprolol Tartrate 50 mg Tablets
6.	P09080	BETACAP TR 40	SUN PHARMACEUTICALS INDUS TRIES LIMITED.	G12010	Propranolol Hydrochloride Propranolol Hydrochloride 40 mg Tablets
7.	P09107	DILZEM-30	TORRENT PHARMACEUTICALS LTD.	G12019	Diltiazem Hydrochloride 30 mg Tablets
8.	P09150	NEBISTAR-SA	LUPIN LABORATORIES LTD	G12034	Amlodipine 2.5 mg Tablets
9.	P09062	AMLOPRESS- 5	CIPLA LIMITED	G12035	Amlodipine 5 mg Tablets
10.	P09063	AMLOVAS-5	MACLEODS PHARMACEUTICALS LIMITED.		
11.	P09057	AMLONG-10	MICRO LABS LIMITED.	G12036	Amlodipine 10 mg Tablets
12.	P09071	ATEN 50	CADILA HEALTHCARE LTD	G12037	Atenolol 50 mg Tablets
13.	P09081	BETACARD -50	TORRENT PHARMACEUTICALS LTD.		
14.	P09067	ARKAMINE	UNICHEM LABORATOREIS LTD.	G12041	Clonidine Hydrochloride 100 mcg Tablets
15.	P09116	ENVAS 2.5	CADILA PHARMACEUTICALS LTD.	G12043	Enalapril Maleate 2.5 mg Tablets
16.	P09117	ENVAS 5	CADILA PHARMACEUTICALS LTD.	G12044	Enalapril Maleate 5 mg Tablets
17.	P09115	ENVAS 10	CADILA PHARMACEUTICALS LTD.	G12045	Enalapril Maleate 10 mg Tablets

18.	P09097	COVANCE- 25	RANBAXY LABORATORIES LTD	G12047	Losartan Potassium 25 mg Tablets
19.	P09135	LOSAR -25	UNICHEM LABORATOREIS LTD.		
20.	P09166	REPACE 25MG	SUN PHARMACEUTICALS INDUSTRIES LIMITED.	G12048	Losartan Potassium 50 mg Tablets
21.	P09098	COVANCE- 50	RANBAXY LABORATORIES LTD		
22.	P09166	REPACE 50 MG	SUN PHARMACEUTICALS INDUSTRIES LIMITED.		
23.	P09190	TOZAAR- 50	TORRENT PHARMACEUTICALS LTD.		
24.	P09136	LOSAR -50	UNICHEM LABORATOREIS LTD.		
25.	P09113	ECOSPRIN-75	USV LIMITED	G12065	Acetyl Salicylic Acid 75 mg Tablets
26.	P09132	LOPRIN DS	UNICHEM LABORATOREIS LTD.	G12077	Aspirin 150mg Tablet
27.	P09103	DEPLATT	TORRENT PHARMACEUTICALS LTD.	G12078	Clopidogrel 75mg Tablet
28.	P09096	CLOPIGREL	USV LIMITED.		
29.	P09161	RAMISTAR 2.5	LUPIN LABORATORIES LTD	G12080	Ramipril 2.5mg Tablet
30.	P09124	HOPACE-2.5	MICRO LABS LIMITED.		
31.	P09089	CARDACE 5	AVENTIS PHARMA LTD.	G12081	Ramipril 5mg Tablet
32.	P09162	RAMISTAR 5	LUPIN LABORATORIES LTD		
33.	P09123	HOPACE- 5	MICRO LABS LIMITED.		
34.	P09133	LORVAS	TORRENT PHARMACEUTICALS LTD.	G12082	Indapamide 2.5mg Tablet
35.	P09186	TIDE-10	TORRENT PHARMACEUTICALS LTD.	G16013	Torseamide 10mg Tablet
36.	P13015	OCID 20	CADILA HEALTHCARE LTD	G17004	Omeprazole 20 mg Capsules
37.	P13016	OMEZ	DR REDDYS LABS LTD		
38.	P13026	RANTAC 150	JB CHEMICALS & PHARMACEUTIALS LTD.	G17006	Ranitidine Hydrochloride 150 mg Tablets
39.	P13017	PAN - D	ALKEM LABORATORIES LTD.	G17033	Pantoprazole 40mg Tablet

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40.	P13023	PANTODAC TABLET	CADILA HEALTHCARE LTD.		
41.	P13022	PANTOCID	SUN PHARMACEUTICALS INDUSTRIES LIMITED.		
42.	P04037	DAONIL	AVENTIS PHARMA LTD	G18017	Glibenclamide 5 mg Tablets
43.	P04036	CETAPIN XR 500MG	AVENTIS PHARMA LTD.	G18020	Metformin 500 mg Tablets
44.	P04059	GLYCIPHAGE SR	FRANCO INDIAN PHARMACEUTICALS LTD.		
45.	P27001	THYRONORM 100MCG	ABBOTT INDIA LTD.	G18030	Thyroxin Sodium 100mcg tablets
46.	P04046	ELTROXIN 100 MCG	GLAXOSMITHKLINE LTD		
47.	P27004	THYROX-100	MACLEODS PHARMACEUTICALS LIMITED.		
48.	P04033	AMARYL 1MG	AVENTIS PHARMA LTD.	G18041	Glimepride 1mg Tablet
49.	P04034	AMARYL 2MG	AVENTIS PHARMA LTD.	G18042	Glimepride 2mg Tablet
50.	P04052	GLIZID-80	PANACEA BIOTEC	G18044	Gliclazide 80mg Tablet
51.	P04040	DIAMICRON	SERDIA PHARMACEUTICALS (I) PVT. LTD.		
52.	P04054	GLUCOBAY 50	BAYER INDIA LTD	G18047	Acarbose 50mg Tablet
53.	P04038	DIABOSE-50	MICRO LABS LIMITED.		
54.	P08015	TRYPTOMER 25MG	WOCKHARDT LIMITED.	G24012	Amitriptyline Hydrochloride 25 mg Tablets
55.	P08007	ANXIT-0.25	MICRO LABS LIMITED.	G24017	Alprazolam 0.25 mg Tablets
56.	P08013	TRIKA- 0.25	UNICHEM LABORATOREIS LTD.		
57.	P08006	ALPRAX.-0-25	TORRENT PHARMACEUTICALS LTD.		
58.	P08005	ALPRAX -0.5	TORRENT PHARMACEUTICALS LTD.	G24018	Alprazolam 0.5 mg Tablet
59.	P03104	MONTAIR LC	CIPLA LIMITED	G25031	Montelukast 10mg Tablet

Annex-7

(Referred to in paragraph no. 6.3.8)

Comparison of rates of drugs listed in both Generic formulary and Branded formulary/Pilot Project

Sl. No	Name of brand in branded formulary/Pilot project	Name of generic medicine	Branded Rate per tablet in formulary/pilot project (in ₹)	Generic Rate per tablet (Janaushadhi scheme rates) ² (in ₹)	Difference of rate (in ₹)	Quantity procured in pilot project	Avoidable extra expenditure (in ₹)
YEAR 2011-12							
1.	VOVERAN SR 100	Diclofenac Sodium IP 100 mg. SR	3.38	0.34	3.04	1508550	4585992
2.	NIMULID 100	Nimesulide IP 100 mg.	2.48	0.27	2.21	748900	1655069
3.	PAN-40	Pentaprazole 40mg Tabs	4.54	1.03	3.51	4433140	15560321
4.	PANTODAC		4.35		3.32	480460	1595127
5.	PANTOCID		4.8		3.77	4072248	15352375
6.	OMEZ	Omeprazole IP 20 mg.	3.53	0.69	2.84	1027955	2919392.2
7.	OCID 20		3.54		2.85	2094810	5970208.5
8.	CETZINE	Tab. Citirazine 10mg	2.44	0.28	2.16	4179000	9026640
9.	DOXIFLO 400	Doxofyllin 400 mg	3.02	1.47	1.55	2326318	3605792.9
10.	MAZETOL SR 200	Carbamazepin 200mg tabs	1.02	0.92	0.1	332730	33273
11.	BETACARD -50	Atenolol 50 mg Tabs	1.96	0.5	1.46	266494	389081.24
12.	ENVAS 5	Enalapril 5mg Tabs	1.92	0.66	1.26	851430	1072802
13.	ALPRAX -0.5	Alprazolam .5mg Tabs	1.67	0.3	1.37	686235	940141.95
14.	ANXIT-0.25	Alprazolam .25mg Tabs	1.19	0.26	0.93	556110	517182.3

² In the absence of procurement rates of all generic drugs, rates of Janaushadhi scheme of Ministry of Chemical and Fertilisers were adopted.

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15.	ALPRAX.-0-25		1.01		0.75	1868025	1401019
16.	TRIKA- 0.25		0.81		0.55	235120	129316
17.	LISTRIL-5	Lisinopril 5mg	3.94	0.88	3.06	228046	697821
18.	COVANCE- 50	Losartan Potassium 50mg Tablets	4.72	0.94	3.78	569760	2153692.8
19.	REPACE 50		4.09		3.15	820910	2585867
20.	TOZAAR- 50		4.26		3.32	317710	1054797
21.	LOSAR -50		3.72		3.72	1139220	4237898
22.	DAONIL		Glibenclamide 5 mg Tabs		0.67	0.27	0.4
23.	CETAPIN XR 500MG	Metformin Hydrochloride 500mg Tabs	1.74	0.6	1.14	1475682	1682277
24.	GLYCIPHAGE SR		1.22		0.62	5210940	3230783
25.	GLUFORMIN XL 500		1.39		0.79	2027060	1601377.4
26.	GLUFORMIN XL 1000	Metformin Hydrochloride 1000 mg Tab	2.15	0.77	1.38	1491790	2058670
27.	AMARYL 2MG	GLIMEPIRIDE 2mg Tab	8.31	1.18	7.13	2503830	17852308
28.	GLIMER 2MG		7.62		6.44	1207690	7777524
29.	AMARYL 1MG	GLIMEPIRIDE 1mg Tab	4.49	0.79	3.7	1657360	6132232
30.	GLIMER 1MG		3.93		3.14	698490	2193259
Total							118072139.29

Annex-8

(Referred to in paragraph no. 6.3.9)

Delay in procurement of drugs through HSCC

Month of intimation of requirement to HSCC	Period during which supply received	Delay in receipt of supply after intimation	Period during which medicines delivered in wellness centre	Delay in receipt at wellness centre after intimation	Remarks
2011-12					
January 12	March to May 12	2 to 5 months	March to July, 12	2 to 7 months	1 st installment
March 12	May to August 12	2 to 5 months	May to September 12	2 to 7 months	2 nd installment
2010-11					
June 10	June to November 10	1 to 6 months	July, 10 to January 11	1 to 8 months	1 st installment
January 11	February, 11 to June 11	1 to 6 months	February, 11 to September 11	1 to 9 months	2 nd installment

Annex-9

(Referred to in paragraph no. 6.3.9)

Loss due to drugs listed in formulary purchased locally at higher rates from local chemists during 2010-11 and 2011-12

Sl. No.	Name of Medicines	Local Purchase rate	Discounted local purchase rate*	Rates finalised by Ministry	Difference in rate per unit	Quantity procured locally	Extra expenditure
Year 2010-11							
1.	DUOLIN RESPULES--2.5MG+500MCG	10.33	9.03	6.3	2.73	21370	58340.1
	DUOLINNEBULIZER	10.33	9.03	6.3	2.73	7447	20330.31
	DUOLIN--na	10.33	9.03	6.3	2.73	58083	158566.59
	DUOLIN--2.5ML	10.33	9.03	6.3	2.73	110358	301277.34
	DUOLINE RESPULE--NA	10.33	9.03	6.3	2.73	141455	386172.15
	DUOLIN NEBULISATION	10.33	9.03	6.3	2.73	3571	9748.83
	DUOLIN	10.33	9.03	6.3	2.73	2987	8154.51
	DUOLIN--NA	10.33	9.03	6.3	2.73	14260	38929.8
2.	FORACORT 200 MDI	278	243.11	181.5	61.61	603	37150.83
	FORACORT--200	278	243.11	181.5	61.61	5870	361650.7
	FORACART INHALER 200	278	243.11	181.5	61.61	119	7331.59
	FORACORT 200	278	243.11	181.5	61.61	38	2341.18
	FORACORT--6+200MCG	278	243.11	181.5	61.61	80	4928.8
3.	GEMCAL	9.81	8.58	6.28	2.3	882	2028.6
	GEMCAL--0.25+500+7.5MG	9.81	8.58	6.28	2.3	47712	109737.6
	GEMCAL--0mg	9.81	8.58	6.28	2.3	10196	23450.8
	GEMCAL--500	9.81	8.58	6.28	2.3	182080	418784
	GEMCAL--na	9.81	8.58	6.28	2.3	27550	63365

4.	SEROFLO --250	404.7	353.91	280.64	73.27	15788	1156786.76
	SEROFLO 250	404.7	353.91	280.64	73.27	29	2124.83
	SEROFLO--250 mcg	404.7	353.91	280.64	73.27	3901	285826.27
	SEROFLO --25+250MCG	404.7	353.91	280.64	73.27	510	37367.7
5.	SHECAL 500	3.5	3.06	2.08	0.98	4237	4152.26
	SHECAL-500	3.5	3.06	2.08	0.98	11205	10980.9
	SHELCAL--500	3.5	3.06	2.08	0.98	1032800	1012144
	SHELCAL 500MG	3.5	3.06	2.08	0.98	1495	1465.1
	SHELCAL 500 MG	3.5	3.06	2.08	0.98	26800	26264
6.	AUGMANTIN625	40.2	35.15	31.14	4.01	7773	31169.73
	AUGMENTIN--500+125MG	40.2	35.15	31.14	4.01	2234	8958.34
	AUGMENTIN--625 mg	40.2	35.15	31.14	4.01	31108	124743.08
	AUGMENTIN--625 MG	40.2	35.15	31.14	4.01	16469	66040.69
	AUGMENTIN--625 MG DUO	40.2	35.15	31.14	4.01	1451	5818.51
	AUGMENTIN DUO--500+125MG	40.2	35.15	31.14	4.01	2355	9443.55
	AUGMENTIN DUO.625	40.2	35.15	31.14	4.01	1220	4892.2
	AUGUMENTIN DUO 625	40.2	35.15	31.14	4.01	1412	5662.12
7.	DYNAPAR	71	62.09	38	24.09	74	1782.66
	DYNAPAR CREAM--	71	62.09	38	24.09	3768	90771.12
	DYNAPAR GEL--NA	71	62.09	38	24.09	41040	988653.6
	DYNAPER	71	62.09	38	24.09	1228	29582.52
						A	5916918.67
Year 2011-12							
1.	ALEX S/F SYP	43.6	38.13	27.6	10.53	2461	25914.33
	ALEX SUGAFREE	43.6	38.13	27.6	10.53	4427	46616.31
	ALEX SUGAR FREE-	43.6	38.13	27.6	10.53	6108	64317.24
	ALEX SUGAR FREE--100ml	43.6	38.13	27.6	10.53	7416	78090.48
	ALEX SUGAR FREE--100ML	43.6	38.13	27.6	10.53	2392	25187.76
	ALEX-SF--NA	43.6	38.13	27.6	10.53	3508	36939.24

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2.	AUGAMENTIN 625 MG	43.92	38.41	26.6	11.81	3663	43260.03
	AUGMANTIN 625/	43.92	38.41	26.6	11.81	3998	47216.38
	AUGMANTIN625	43.92	38.41	26.6	11.81	6598	77922.38
	AUGMENTIN DUO.625	43.92	38.41	26.6	11.81	3639	42976.59
	AUGMENTIN DUO--500+125MG	43.92	38.41	26.6	11.81	1169	13805.89
	AUGMENTIN--625 mg	43.92	38.41	26.6	11.81	33180	391855.8
	AUGMENTIN--625 MG	43.92	38.41	26.6	11.81	24502	289368.62
	AUGMENTIN--625 MG DUO	43.92	38.41	26.6	11.81	6791	80201.71
	AUGMENTIN--500+125MG	43.92	38.41	26.6	11.81	9456	111675.36
	AUGUAMANTIN625MG	43.92	38.41	26.6	11.81	422	4983.82
	AUGUMENTIN DUO 625	43.92	38.41	26.6	11.81	1828	21588.68
3.	BIO D3 PLUS	10.86	9.5	6.65	2.85	2135	6084.75
	BIO D3 PLUS TABLETS	10.86	9.5	6.65	2.85	22865	65165.25
	BIO D3 PLUS--NA	10.86	9.5	6.65	2.85	191666	546248.1
4.	CHYMORAL FORTE--	9.4	8.22	6.6	1.62	133731	216644.22
	CHYMORAL FORTE TABS	9.4	8.22	6.6	1.62	3031	4910.22
	CHYMORAL FORTE--na	9.4	8.22	6.6	1.62	17443	28257.66
5.	DIGEN GEL	56	48.97	31.82	17.15	391	6705.65
	DIGENE GEL--830+185+50+100MG/10ML	56	48.97	32.82	16.15	6547	105734.05
	DIGENE GEL-M--	56	48.97	33.82	15.15	727	11014.05
	DIGENE GEN	56	48.97	34.82	14.15	483	6834.45
	DIGENE --NA	56	48.97	35.82	13.15	4735	62265.25
	DIGENE SYP	56	48.97	36.82	12.15	2753	33448.95
6.	DUOLIN---	210	183.65	143.8	39.85	4863	193790.55
	DUOLIN IHALER	210	183.65	143.8	39.85	95	3785.75
	DUOLIN INHALER--NA	210	183.65	143.8	39.85	130	5180.5
	DUOLINE--NA	210	183.65	143.8	39.85	38	1514.3
7.	DUOLINE RESPULE--NA	10.51	9.19	6.3	2.89	89645	259074.05
	DUOLIN	10.51	9.19	6.3	2.89	960	2774.4
	DUOLIN--na	10.51	9.19	6.3	2.89	34798	100566.22

	DUOLIN--NA	10.51	9.19	6.3	2.89	14651	42341.39
	DUOLIN --.5	10.51	9.19	6.3	2.89	186736	539667.04
8.	FORACORT--200	276	241.36	183.3	58.06	6874	399104.44
9.	GEMCAL CAPSULES	10.73	9.38	6.04	3.34	69691	232767.94
	GEMCAL--0.25+500+7.5MG	10.73	9.38	6.04	3.34	176660	590044.4
	GEMCAL--0mg	10.73	9.38	6.04	3.34	35758	119431.72
	GEMCAL500	10.73	9.38	6.04	3.34	1080	3607.2
	GEMCAL--500	10.73	9.38	6.04	3.34	750841	2507808.94
	GEMCAL--na	10.73	9.38	6.04	3.34	92468	308843.12
10.	GEMER 1 (1+500)	4.7	4.11	2.89	1.22	56620	69076.4
	GEMER 1--NA	4.7	4.11	2.89	1.22	48051	58622.22
	GEMER--1+500MG	4.7	4.11	2.89	1.22	20579	25106.38
11.	GEMER 2 (2+500)	7	6.12	4.6	1.52	178153	270792.56
	GEMER 2--na	7	6.12	4.6	1.52	110407	167818.64
	GEMER--2+500MG	7	6.12	4.6	1.52	63805	96983.6
12.	GLIZID M--80 MG	6.6	5.77	3.74	2.03	7425	15072.75
	GLIZID M--80+500MG	6.6	5.77	3.74	2.03	55430	112522.9
	GLIZID M--NA	6.6	5.77	3.74	2.03	164287	333502.61
13.	GRILICTUS	53.25	46.57	29.3	17.27	235	4058.45
	GRILINCTUS--NA	53.25	46.57	29.3	17.27	1223	21121.21
	GRILIINCTUS	53.25	46.57	29.3	17.27	3962	68423.74
	GRILINCTIS	53.25	46.57	29.3	17.27	327	5647.29
	GRILLICTUS --NA	53.25	46.57	29.3	17.27	684	11812.68
	GRILLINCTUS--NA	53.25	46.57	29.3	17.27	2896	50013.92
	GRILINCTUS 100ML	53.25	46.57	29.3	17.27	7046	121684.42
	GRINLINCTUS PLAIN	53.25	46.57	29.3	17.27	2463	42536.01
14.	GRINLINCTUS EXPECTORANT	53.25	46.57	29.3	17.27	506	8738.62
15.	GRILINCTUS BM	42	36.73	11.59	25.14	1562	39268.68
16.	GRILINCTUS BM--00	42	36.73	11.59	25.14	10221	256955.94
	GRILLINCTUS BM--NA	42	36.73	11.59	25.14	2984	75017.76

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	GRINLINCTUS BM--NA	42	36.73	11.59	25.14	2593	65188.02
	GRILICTUS BM	42	36.73	11.59	25.14	2478	62296.92
	GRILINCTIS BM	42	36.73	11.59	25.14	3016	75822.24
17.	LOSAR H 50 MG	5.95	5.2	3.9	1.3	11227	14595.1
	LOSAR H--NA	5.95	5.2	3.9	1.3	49941	64923.3
	LOSAR-H--50+12.5MG	5.95	5.2	3.9	1.3	19617	25502.1
18.	MOXCLAV --625 mg	42	36.73	24.15	12.58	6261	78763.38
	MOXCLAV 625/	42	36.73	24.15	12.58	3124	39299.92
	MOXCLAV--500+125MG	42	36.73	24.15	12.58	455	5723.9
19.	ROLSICAL PLUS--0.25+500MG	10.5	9.18	6.2	2.98	99298	295908.04
	SERETIDE 500 ACCUHALER	1130	988.19	753.23	234.96	935	219687.6
21.	SEROFLO --250	404.7	353.91	283.4	70.51	5899	415938.49
22.	SHELCAL 500 MG	3.8	3.32	2.08	1.24	386435	479179.4
	SHELCAL 500MG TABLET	3.8	3.32	2.08	1.24	63680	78963.2
	SHELCAL--500	3.8	3.32	2.08	1.24	4162176	5161098.24
23.	SHELCAL M--NA	4.13	3.61	2.2	1.41	166437	234676.17
	SHELCAL M	4.13	3.61	2.2	1.41	76680	108118.8
24.	ZEDEX SYP	57.5	50.28	29.77	20.51	8802	180529.02
						B	17266525.8
						Total A +B	23183444.47

Annex-10

(Referred to in paragraph no. 6.3.12)

Comparison of rates of different brands of same drug in the list of Life Saving drugs of CGHS

(Amount in ₹)

Generic name of drug	High cost brand in list	Low cost brand in list	Name of manufacturer	Price of high cost brand in the list	Price of low cost brand in the list	Difference in price	Quantity procured of high cost brand in 2011-12	Extra expenditure incurred
ANASTRAZOL	ARIMIDEX 1MG		ASTRA ZENCA	373.94		331.26	56588	18745381.3
		ALTRAZ 1MG	ELKEM		42.68			
Doxorubicin HCL Liposomal	CAELYX 20MG		JHONSON & JHONSON	39541.6		32716.6	156	5103789.6
		NUDOXA 20	ZYDUS		6825			
Exemestane 25MG	AROMACIN 25MG		PFIZER	230.16		197.91	10410	2060243.1
		X-TANE 25MG	NATCO		32.25			
Fulbexterant 250	FASLODEX 250		ASTRA ZENCA	20458.2		7708.2	156	1202479.2
		FULVENAT 250MG	NATCO		12750			
Ibandornic Acid 50 MG	BONDRONATE 50MG		ROCHE	400.05		359.1	4228	1518274.8
		BANDRONE 50MG	NATCO		40.95			
Ibandornic Acid 6 MG	BONDRONATE 6MG		ROCHE	8749.65		6678.15	97	647780.55
		BANDRONE 6MG	NATCO		2071.5			

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irinotecan 100 MG	CAMPTO 100		PFIZER	14976		14776.5	136	2009604
		NEXIRON 100	ZYDUS		199.5			
Letrozole 2.5 MG	FEMARA 2.5		NOVARTIS	171.15		143.85	16805	2417399.25
		LETROZ 2.5MG (TAB.)	ALKEM		27.3			
MycophenolateMofetil 500	MYCOFIT 500 (TAB.)		INTAS BIO Fharma	80.955		24.955	9520	237571.6
		MOFILET 500MG	GENNOVA		56			
MycophenolateMofetil S 360	MYCOFIT S360 (TAB.)		INTAS BIO Fharma	71.085		15.085	20180	304415.3
		MOFILET S360MG	GENNOVA		56			
Oxaalipatin 100 MG	DACOTIN 100MG		DR. REDDYS	8070.27		3439.77	363	1248636.51
		OXIDECH 100	RANBAXY		4630.5			
Oxaalipatin 50 MG	DACOTIN 50MG		DR. REDDYS	4024.64		1871.16	248	464047.68
		OXIDECH 50	RANBAXY		2153.48			
Paclitaxel 100 100 MG	TAXOL 100		BRISTOL-MAYER-SQUIBB	4918.03		1617.74	242	391493.08
		MITOTAX 100	DR. REDDYS		3300.29			
Paclitaxel 100 30 MG	TAXOL 30		BRISTOL-MAYER-SQUIBB	2039.1		634.33	223	141455.59
		MITOTAX 30	DR. REDDYS		1404.77			
Albumin Bound Paclitaxel	ABRAXANE 100 (VIAL)		BIOCHEM	14608.7		5320.26	576	3064469.76
		ALBUPAX 100 (VIAL)	NATCO		9288.44			
Bortezomib 3.5 MG	VELCADE 3.5 MG		JHONSON & JHONSON	49987.27		36757.27	81	2977338.87
		BORTENAT 3.5	NATCO		13230			

		MG						
Carboplatin 150 MG	PARA PLATIN 150		BRISTOL-MAYER-SQUIBB	2030		770	352	271040
		BIOCARB 150	BIOCHEM		1260			
Docetaxel 80 MG	TAXOTERE 80		SANOFI-AVENTIS	13569.23		6300	479	3017700
		DOCENAT 80	NATCO		7269.23			
Epirubicin HCL 50 MG	FARMORUBICIN 50		PFIZER	2646.84		1001.16	223	223258.68
		RUBIZEN 50	RANBAXY		1645.68			
Erythropoitein 4000 I.U.	EPREX 4000		JHONSON & JHONSON	1365		756	13214	9989784
		NEORECORMON 4000	ROCHE		609			
Erythropoitein 40000 I.U.	EPREX 40000		JHONSON & JHONSON	10584		2835	1089	3087315
		EPOFER 40000	ROCHE		7749			
Total								59123478*

* In addition similar cases worth ₹ 9.50 lakh and ₹ 25.42 lakh were noticed in Kerala and Kolkata

Annex-11

(Referred to in paragraph no. 7.1)

Details of cost escalation

- Construction cost of 48 Quarters (Type-II) constructed between November 2006 and March 2007:

Civil works= ₹ 2,72,11,884 Electrical works = ₹ 14,53,555 Total = ₹ 2,86,65,439

Construction cost of 1 Quarter (Type II) = 2,86,65,439 ÷ 48 = ₹ 5,97,196 (a)

- Construction cost of 108 Quarters (Type-II) as per the 'revised estimates' submitted by CPWD on October 2009:

Civil works= ₹ 10,45,60,993 Electrical works = ₹ 1,18,55,129 Total = ₹ 11,64,16,122

Construction cost of 1 Quarter = 11,64,16,122 ÷ 108 = 10,77,927 (b)

The cost of Difference of rate = (b) - (a) = 10,77,927 – 5,97,196 = ₹ 4,80,731

Cost escalation in respect of 108 Type-II Quarters = 108 X 480731 = ₹ 5,19,18,948

Annexure-12

(Referred to in paragraph no. 10.1)

Utilisation of fund in Indian Community Welfare Scheme

Mission	Country	ICWF		
		Date of commencement	Expenditure (₹)	Balance as on 31.03.2012 (₹)
EI Moscow	Russia	13-Feb-12	0	894163
HCI London	UK	14-Mar-11	607488	78260903
EI Paris	France	01-Dec-10	2788791	30822381
PMI Geneva	Switzerland	0	0	0
EI Rome	Italy	Jan-11	1424378	7119771
EI Brussels	Belgium	01-May-11	353485	6448801
EI Berlin	Germany	01-Apr-11	40724	5025382
EI The Hague	Netherland	01-Sep-10	25181	17960152
EI Madrid	Spain	11-Apr-11	399146	12154031
EI Berne	Switzerland	0	0	0
EI Vienna	Austria	0	0	0
CGI Frankfurt	Germany	01-Apr-11	116657	7966582
EI Stockholm	Sweden	01-Oct-11	0	1731306
CGI Munich	Germany	01-Apr-11	546917	8693010
CGI Birmingham	UK	14-Mar-11	276070	28791564
EI Copenhagen	Denmark	01-Aug-11	0	2856587
EI Athens	Greece	16-Aug-11	0	1195332
EI Prague	Czech Rep	01-Dec-11	0	477478

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EI Oslo	Norway	19-Jan-12	0	573584
EI Budapest	Hungary	0	0	0
EI Dublin	Ireland	0	0	0
EI Lisbon	Portugal	17-May-10	102194	3279399
CGI Milan	Italy	01-Apr-11	291535	17097568
EI Bucharest	Romania	09-May-11	718873	495020
EI Helsinki	Finland	0	0	0
EI Bratislava	Slovak Rep	11-Apr-11	0	466575
EI Warsaw	Poland	0	0	0
EI Ljubljana	Slovenia	0	0	0
EI Zagreb	Croatia	0	0	0
CGI Edinburgh	UK	14-Mar-11	0	2638525
EI Sofia	Bulgaria	0	0	0
EI Belgrade	Yugoslavia	18-Apr-11	0	169259
EI, Reykjavik	Iceland	08-Apr-11	0	107736
CGI Hamburg	Germany	01-Apr-11	4034	3825081
EI Minsk	Belarus	01-Oct-11	0	388439
CGI St. Petersburg	Russia	0	0	0
CGI Vladivostok	Russia	27-Jan-12	0	20,933
CGI St. Denis, Reunion	France	0	0	0
Total			7695473	239459562

Annex-13

(Referred to in paragraph no. 14.9)

Loss of revenue due to non/local operation of AC buses

Sl. No.	Chassis No.	Bus No.	Date of receipt of bus after fabrication	Date of passing as per Form 20	Date from which put to use on outstation route	No. of Days for which put to use on outstation routes	Receipt from outstation route	No. of days for which again not operated	Date from which put on local route	Effective kms covered during local operations	Receipt from local route (Amount in ₹)	Date from which put on semi-urban route	Period for which the buses were not pressed into service after passing (days)	Period for which the buses were operated on local routes (days)	Total period for which the buses were not operated/operated on local routes (days)
1	1412	CH01G1 7566	1/8/2011	1/25/2011	02-04-11 to 4-04-11	3	4304	7	4/12/2011	421	6533	4/29/2011	66	17	83
2	1422	CH01G1 7565	1/12/2011	1/25/2011					4/8/2011	775	9281	4/30/2011	72	22	94
3	1472	CH01G1 7567	1/12/2011	1/25/2011					4/8/2011	712	12925	4/28/2011	72	20	92
4	1421	CH01G1 7564	1/14/2011	1/25/2011					4/7/2011	467	5415	5/4/2011	71	27	98
5	1489	CH01G1 7568	1/15/2011	1/25/2011	3-04-11 to 4-04-11	2	3230	2	4/7/2011	718	10993	4/29/2011	67	22	89
6	1491	CH01G1 7569	1/17/2011	1/25/2011	4/5/2011	1	2494	3	4/9/2011	671	7324	4/28/2011	66	19	85
7	1418	CH01GA 5308	1/18/2011	2/3/2011					4/5/2011	919	13210	5/4/2011	60	29	89
8	1465	CH01GA 5309	1/28/2011	3/1/2011					4/5/2011	953	14511	4/28/2011	34	23	57
9	1467	CH01GA 5311	1/31/2011	3/1/2011					4/5/2011	678	6698	4/29/2011	34	24	58
10	1494	CH01GA 5313	1/31/2011	3/1/2011					4/6/2011	377	4764	5/2/2011	35	26	61
11	1495	CH01GA 5314	2/2/2011	3/1/2011					4/7/2011	1321	22538	4/29/2011	36	22	58

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12	1468	CH01GA 5312	2/7/2011	3/1/2011				4/10/2011	360	3096	4/29/2011	39	19	58	
13	1490	CH01GA 5306	1/28/2011	3/1/2011							5/7/2011	66		66	
14	1492	CH01GA 5301	1/31/2011	3/1/2011							5/7/2011	66		66	
15	1471	CH01GA 5310	2/8/2011	3/1/2011				4/5/2011	1249	16689	4/29/2011	34	24	58	
16	1466	CH01GA 5307	2/14/2011	3/1/2011							5/7/2011	66		66	
17	1420	CH01GA 5304	2/14/2011	3/1/2011							5/7/2011	66		66	
18	1496	CH01GA 5302	2/17/2011	3/3/2011							5/6/2011	63		63	
19	1419	CH01GA 5303	2/19/2011	3/3/2011							5/7/2011	64		64	
20	1493	CH01GA 5305	2/25/2011	3/8/2011							5/6/2011	58		58	
	TOTAL					6	10028	12		9621	133977		1135	294	1429

(Amount in ₹)

Loss on the basis of average revenue per bus day less average variable cost per bus day during Jan 2011 to May 2011 in respect of Depot No. 1

Loss in respect of 7 buses due to non operation	449*4337	1947313
Loss in respect of 13 buses due to non operation	686*4337	2975182
		4922495
Loss of revenue due to local operation of 13 long route buses	294*4337	1275076
Less: Contribution from local route (average revenue per bus day less average variable cost per bus day during Jan 2011 to May 2011 in respect of Depot No. 4)	294*1023	300762
Net Loss due to non-operation of buses/operating of buses on local routes		974314
Total Loss		5896809

Note: Depot 1 operates long route buses

Depot 4 operates local buses

Annex-14

(Referred to in paragraph no. 14.10)

Registration Fee of Vehicles/Driver License Fee not deposited in Treasury

Sr. No.	Name of counter cashier Registration Fee	Amount collected	Date of collection	Amount entered in the day book/cash book and deposited in the treasury
1.	Vinod	58320/-	21/09/2010	Nil
2.	Vinod	4760/-	25/10/2010	Nil
3.	Rajpal	11200/-	01/11/2010	Nil
4.	Rajpal	8000/-	03/11/2010	Nil
5.	Rajpal	1600/-	18/11/2010	Nil
6.	Sanjiv	71850/-	20/11/2010	Nil
7.	Rajpal	16170/-	23/11/2010	Nil
8.	Anil Rathi	147200/-	24/11/2010	Nil
9.	Vinod	188370/-	25/11/2010	Nil
10.	Neeru	12600/-	25/11/2010	Nil
11.	Vinod	3400/-	10/12/2010	Nil
12.	Narinder	10730/-	11/12/2010	Nil
13.	Sanjay	21560/-	11/12/2010	Nil
14.	Parveen	116320/-	20/12/2010	Nil
15.	Sanjiv	153890/-	22/12/2010	Nil
16.	Parveen	132890/-	23/12/2010	Nil
17.	Parveen	134610/-	24/12/2010	Nil
18.	Parveen	152490/-	27/12/2010	Nil
19.	Sanjiv	184130/-	28/12/2010	Nil
20.	Sanjiv	172560/-	29/12/2010	Nil
21.	Sumit	170320/-	29/12/2010	Nil
22.	Sanjiv	49500/-	30/12/2010	Nil
23.	Anju	5120/-	31/12/2010	Nil

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24.	Sanjiv	296620/-	31/12/2010	Nil
25.	Sumit	60880/-	08/01/2011	Nil
26.	Neeru	72500/-	25/01/2011	Nil
27.	Anita	81265/-	29/01/2011	Nil
28.	Vinod	2850/-	04/02/2011	Nil
	Total (A)	2341705/-		
	Driving License Fee			
1.	Rajni	22860/-	20/12/2010	Nil
2.	Alka	26485/-	18/03/2011	Nil
	Total (B)	49345/-		
	Total A&B	2391050/-		

Annexure-15

(Referred to in paragraph no. 14.10)

Registration Fee of vehicles deposited in partial

Sr. No.	Name of counter Cashier	Date of collection	Amount collected	Amount entered in the day book/cash book and deposited in treasury	Amount not entered in the day book/cash book and not deposited in treasury
1.	2.	3.	4.	5.	6. (4-5)
1.	Sanjiv	26/5/2010	126576/-	123626/- entered in day book on 27/5/2010	2950/-
2.	Anil Rathi	09/08/2010	75770/-	73160/- entered in day book on 10/8/2010	2610/-
3.	Sanjay	30/08/2010	857350/-	856170/-	1180/-
4.	Sanjay	08/09/2010	45875/-	40580/-	5295/-
5.	Narender	20/10/2010	39920/-	37410/-	2510/-
6.	Narender	07/01/2011	34750/-	32150/-	2600/-
7.	Sanjay	31/01/2011	150160/-	15060/-	135100/-
8.	Vinod	11/02/2011	20340/-	11800/-	8540/-
9.	Narender	25/03/2011	240379/-	224229/-	16150/-
Total			1591120/-	1414185/-	176935/-

Annex-16

(Referred to in paragraph no. 14.11)

Details of outstanding deployment charges

S.No	Organizing Agency	Requisition No & Date	Demand No & Date	Period	Amount in (₹)
1.	Chief Executive Officer, Punjab Cricket Association, Mohali	PCA-2009/0981 dated 04/11/2009	D15573/SPL/Sec/UT Dated 31/3/11	25/3/2011 to 31/3/2011	1,60,68,600
2.	Chief Executive Officer, Punjab Cricket Association, Mohali	PCA-2009/0981 dated 04/11/2009	D15575/SPL/Sec/UT Dated 31/3/11	28/2/11 to 12/3/2011	2,65,35,200
3.	General Manager operations, Kings XI Punjab	0009/2010 dated 21/02/2010	NoD-701/spl/Sec/UT dt 11/3/2010	1/03/2010 to 10/04/2010	47,44,732
4.	General Manager operations, Kings XI Punjab	No.D-01/spl/Sec/UT dt 11/3/2010	D-11266/spl/Sec/UT Dt 31/3/2010	15/03/2010 to 10/04/2010	9,58,156
5.	General Manager operations, Kings XI Punjab	NIL	20049/Spl/Sec/UT dated 9/5/2011	01/05/2011 to 11/05/2011	1,12,24,800
6.	General Manager operations, Kings XI Punjab	NIL	20045/Spl/Sec/UT dated 9/5/2011	03/4/2011 to 16/04/2011	1,00,60,600
7.	General Manager operations, Kings XI Punjab	NIL	20047/Spl/Sec/UT dated 9/5/2011	17/04/2011 to 22/04/2011	76,17,600
8.	General Manager operations, Kings XI Punjab	NIL	38210/Spl/Sec/UT dated 18/7/2012	28/03/2012 to 14/05/2012	1,20,36,600
Total					8,92,46,288

APPENDICES

APPENDIX - I

(Referred to in Paragraph No. 17.1)

Summarised position of Action Taken Notes awaited from various Ministries/Departments up to the year ended March 2012 as of March 2013

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Civil		
			Due	Not received at all	Under correspondence
1.	Agriculture	2010	1	-	1
2.	Chemical and Fertilizers	2010	1	-	1
3.	Civil Aviation	2009	2	1	1
		2011	1	1	-
4.	Commerce and Industry	2008	1	-	1
		2009	1	-	1
5.	Corporate Affairs	2010	3	2	1
6.	Consumer Affairs, Food & Public Distribution	2011	1	-	1
7.	Culture	2003	1	-	1
		2004	1	-	1
		2006	2	2	-
		2007	2	-	2
		2008	1	1	-
8.	Personnel Planning and Grievances	2011	1	1	-
9.	Petroleum and Natural Gas	2011	1	-	1
10.	External Affairs	2006	4	-	4
		2007	1	-	1
		2008	1	-	1
		2009	6	2	4
		2010	8	7	1
		2011	6	6	-
11.	Finance	2012	1	1	-
12.	Health and Family Welfare	2000	2	-	2
		2005	1	-	1

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		2007	1	-	1
		2008	2	-	2
		2009	3	1	2
		2010	5	-	5
13.	Home Affairs	2010	1	-	1
		2011	4	2	2
	Home Affairs (Union Territories)	2007	1	-	1
		2008	1	-	1
		2010	1	-	1
		2011	3	2	1
14.	Human Resource Development	2011	1	1	-
15.	Information and Broadcasting	2000	1	-	1
		2011	1	1	-
16.	Law and Justice	2003	1	1	-
17.	Mines Geological Survey of India	1998	1	-	1
		2008	1	-	1
		2010	1	-	1
18.	Rural Development	2002	1	1	-
		2007	1	-	1
		2009	1	-	1
		2010	1	1	
19.	Shipping	2009	1	1	-
		2011	3	3	-
20.	Social Justice and Empowerment	1996	1	-	1
		2003	1	-	1
		2006	1	-	1
		2010	1	-	1
21.	Textiles	2003	1	-	1
		2007	1	-	1
		2009	3	-	3

22.	Tribal Affairs	1998	1	-	1
		2006	1	1	-
23.	Urban Development	2009	1	-	1
		2011	1	1	-
24.	Water Resources	2008	-	-	-
25.	Women and Child Development	1999	1	-	1
		2003	1	-	1
		2010	1	-	1
		2011	2	2	-
26.	Youth Affairs and Sports	2011	2	1	1
TOTAL			107	43	64

APPENDIX - II

(Referred to in Paragraph No. 17.2)

Response of the Ministries/Departments to draft paragraphs

Sl. No	Ministry/ Department	Total No. of Paragraphs	No. of Paragraphs to which reply not received	Reference to Paragraphs of the Audit Report
1.	Agriculture	3	1	2.2
2.	Civil Aviation	1	-	-
3.	Commerce and Industry	1	-	-
4.	External Affairs	1	1	5.1
5.	Health and Family Welfare	4	2	6.1, 6.3
6.	Home Affairs	2	-	-
7.	Human Resource Development	2	1	8.1
8.	Mines	1	1	9.1
9.	Overseas Indian Affairs	1	1	10.1
10.	Shipping	1	1	11.1
11.	Textiles	1	1	12.1
12.	Tourism	1	-	-
13.	Union Territories	12	8	14.1, 14.2, 14.3, 14.4, 14.9, 14.10, 14.11 and 14.12
14.	Women and Child Development	1	-	-
15.	Youth Affairs and Sports	1	1	16.1
Total		33	18	-

