Report of the Comptroller and Auditor General of India

for the year ended March 2005

Union Government (Civil)
Transaction Audit Observations
No. 2 of 2006

CONTENTS

PREFACE

This Report for the year ended March 2005 has been prepared for submission to the President under Article 151 of the Constitution.

The audit observations on Finance Accounts and Appropriation Accounts of the Union Government for the financial year 2004-05 have been included in Report No. 1 of 2006. This Report includes matters arising from test audit of the transactions of Civil Ministries including the Department of Posts and Telecommunications and Scientific Departments.

The cases mentioned in this Report are among those, which came to notice in the course of audit during 2004-05. For the sake of completeness, matters which relate to earlier years but not covered in the previous Reports are also included. Similarly, results of audit of transactions subsequent to April 2005 in a few cases have also been mentioned, wherever available and relevant.

OVERVIEW

This Audit Report contains audit observations emerging out of the transaction audit in the Civil Ministries including the Department of Posts, Department of Telecommunications, Scientific Departments and their field offices. The audit observations on the accounts of the Union Government (excluding Railways) are incorporated in Report No.1 of 2006.

Department of Atomic Energy

Non-installation of incinerator system

Bhabha Atomic Research Centre (BARC) procured different components of an incinerator system at a cost of Rs. 52.78 lakh between May 1993 and March 1999 for installation at its Waste Management Division at Tarapur for improvement in management of low-level radioactive waste and minimizing the disposal cost. At the time of integration and commissioning of the system, BARC decided to review the lay out of the system and constituted a task force in June 2002 to review the status of the job and to expedite completion. The task force, which was to submit its report by August 2002, submitted its report in July 2005 suggesting certain modifications in respect of the material of construction, area for segregation and packaging of the waste. Thus the system/equipment valued at Rs. 52.78 lakh, with warranty already expired, were yet to be commissioned and put to intended use.

(Paragraph 1.1)

Ministry of Commerce and Industry

Erroneous release of Rs. 1.40 crore

The Ministry released Rs. 2.81 crore to Bihar State Export Corporation including an excess amount of Rs. 1.40 crore . The funds released were idling for more than three years and were yet to be recovered by the Ministry.

(Paragraph2.2)

Ministry of Communications and Information Technology

Department of Posts

Non-deduction of commission on purchase of revenue stamps

The Chief Postmasters General of 13 Postal circles failed to implement the instructions of the Department of Posts to deduct commission of Rs. 3.85 crore on purchase of revenue stamps from State Governments.

(Paragraph 3.2)

Overpayment of bonus on Postal Life Insurance Policies

Postal Life Insurance authorities of the Andhra Pradesh, Gujarat, Madhya Pradesh, Tamil Nadu and West Bengal Postal circles and the Additional Directorate General of Army Postal Service (PLI Cell), Delhi did not implement the instructions of the Department of Posts and paid bonus amounting to Rs. 1.01 crore on policies surrendered before maturity.

(Paragraph 3.3)

Short realisation of postage charges.

Four Head Post Offices/Post Offices under the Delhi, Karnataka and Uttar Pradesh Postal circles authorised concessional tariffs to ineligible publications. This resulted in short realisation of postal charges of Rs. 31.58 lakh.

(Paragraph3.4)

Irregular payment of interest

Post Offices under the Orissa and Uttar Pradesh circles and one Head Post Office in Mumbai failed to ensure the prescribed monetary ceiling in the accounts opened under the Monthly Income Scheme. Besides, one Head Post Office and two Sub Post Offices under the Orissa Circle allowed unauthorised agencies to open such accounts in contravention of rules. This resulted in irregular payment of interest, bonus and commission amounting to Rs. 21 lakh.

(Paragraph 3.5)

Non-deduction of service charge on silent accounts

Eleven Head Post Offices/General Post Offices under the Assam, Karnataka, Rajasthan and West Bengal Postal circles failed to levy service charges on accounts treated as silent accounts prior to March 2002. This resulted in non-deduction of service charges to the tune of Rs. 15.74 lakh.

(Paragraph 3.6)

Department of Telecommunications (DoT)

Non-recovery of interest on delayed payment of pension contribution

Pension contribution of DoT personnel, who were either on deemed deputation or permanently absorbed in Bharat Sanchar Nigam Limited was received by the Controllers of Communication Accounts concerned after delays of one to 31 months. This delayed payment attracted interest of

Rs. 55.32 lakh, which the Controllers of Communication Accounts did not claim from the BSNL

(Paragraph 3.8)

Excess payment of Dearness Relief

Banks in the Andhra Pradesh, Kerala, Madhya Pradesh and Rajasthan circles paid dearness relief to Bharat Sanchar Nigam Limited pensioners at the inapplicable higher central dearness allowance rates instead of the industrial dearness allowance rates. This resulted in excess payment of dearness relief of Rs. 31.80 lakh.

(Paragraph 3.9)

Ministry of External Affairs

Deficient internal control mechanism

Non-institution of effective internal control mechanism in the Ministry and Indian Missions/Posts abroad as well as disregard of the existing instructions and procedures, resulted in irregular expenditure of Rs. 4.92 crore and non-recovery of Rs. 15.04 lakh from India-based officials.

(Paragraph 4.1)

Unauthorised expenditure on engagement of contingency paid staff

In disregard of the rules and regulations governing the employment of locally recruited staff, the Missions and Posts abroad continued to employ such staff and pay them from contingencies resulting in unauthorised expenditure of Rs. 2.54 crore.

(Paragraph 4.2)

Loss of interest due to injudicious retention of excess cash balance

Persistent non-compliance by the Indian Missions abroad with the instructions of the Ministry of External Affairs for not holding cash balance in excess of requirement resulted in loss of interest of Rs. 1.79 crore.

(Paragraph 4.3)

Avoidable additional expenditure

In violation of Ministry's instructions, the Indian Missions at Port Moresby, Suva and Helsinki purchased full fare economy class tickets instead of economy class excursion air tickets for 212 trainees during the period

April 1996 to August 2004 resulting in an estimated additional expenditure of Rs. 1.44 crore.

(Paragraph 4.4)

Unrealised VAT refunds

Improper filing, monitoring and pursuance of VAT refunds pertaining to the period April 2002 to July 2004 by eight Missions/Posts led to Rs. 25.11 lakh remaining unrealised.

(Paragraph 4.5)

Avoidable extra expenditure

The Ministry's decision to increase the composition of the Haj Goodwill Delegation 2005 from around 17 persons to 36, just ten days before the start of the Haj pilgrimage resulted in extra expenditure of Rs. 24.50 lakh on booking of hotel rooms at higher rate.

(Paragraph 4.6)

Ministry of Finance

Deficient property management

Improper planning and lack of seriousness of the Income Tax Department in utilising the land and buildings acquired by it for office and residential purposes resulted in idling of Rs. 50.37 crore for periods ranging from 2 to 12 years and avoidable expenditure of Rs. 11.55 crore on payment of interest and extension charges and rent of hired buildings. The Department also incurred additional expenditure of Rs. 1.23 crore on the maintenance of an unoccupied building between March 2003 and February 2005 and continued to incur expenditure of Rs. 5.74 crore per annum on rent and maintenance of other hired and unoccupied buildings beyond February 2005.

(Paragraph 5.1)

Idling of investment due to improper planning

India Government Mint, Noida, without properly assessing its housing need, constructed 96 staff quarters which resulted in 58 quarters (60 *per cent*) remaining vacant and consequential idling of investment of Rs. 2.29 crore. Besides, the Department had to pay House Rent Allowance of Rs. 43.51 lakh to the staff for whom the quarters had been constructed and there was a loss of licence fee of Rs. 5.63 lakh.

(Paragraph 5.2)

Ministry of Health and Family Welfare

Injudicious release of grants-in-aid

Violation of the General Financial Rules and the guidelines issued by the Ministry of Finance resulted in release of Rs. 3.28 crore to four autonomous bodies during 2001-02 to 2003-04 although these bodies were generating sufficient internal resources and were reporting excess of income over expenditure.

(Paragraph 6.1)

Non-recovery of electricity and water charges

Inaction of Safdarjung Hospital to get separate domestic electric meters installed in the nurses' hostel resulted in additional expenditure of Rs. 48.55 lakh during May 1999 to December 2004 as higher commercial rates had to be paid for domestic consumption of electricity. The Hospital also failed to recover electricity and water charges amounting to Rs. 65.79 lakh at the rates fixed by it for the same period from the occupants of the hostel.

(Paragraph 6.3)

Irregular payment of transport allowance

In contravention of the orders of the Government of India, Safdarjung Hospital irregularly paid transport allowance of Rs. 49.52 lakh to various doctors and members of the staff who had been allotted government accommodation within a distance of one kilometre or within the hospital campus.

(Paragraph 6.4)

Ministry of Home Affairs

Avoidable extra payment

The Registrar General of India entered into a fixed price contract when the quantity of work was not certain and made avoidable extra payment of Rs. 1.83 crore.

(Paragraph 7.1)

Ministry of Power

Non-collection of service tax

Central Electricity Authority failed to collect service tax amounting to Rs. 62.10 lakh from its clients. It also exposed itself to interest liability of

Rs. 14.29 lakh by becoming an assessee in default before the Department of Central Excise.

(Paragraph 10.1)

Non-deduction of income tax

Defective scheme of leave travel concession led to non-deduction of income tax aggregating Rs. 36.37 lakh at source on claims allowed on self certification basis for journeys performed by the employees and exposed Badarpur Thermal Power Station to likely interest and penalty demand by the Income Tax Department.

(Paragraph 10.2)

Ministry of Science and Technology

Council of Scientific and Industrial Research

Unfruitful expenditure

The Regional Research Laboratory (RRL), Bhubaneswar proposed to procure a High Temperature Contact Angle measuring system with molybdenum disilicide as the heating element. A German supplier quoted for the system with molybdenum silicon dioxide as the heating element instead of molybdenum disilicide. However, RRL did not notice the change and placed the order on the firm for the system with molybdenum silicon dioxide as heating element in January 2004. On receipt of the system in July 2004, it was noticed that the heating system supplied by the firm was neither molybdenum disilicide nor molybdenum silicon dioxide but molybdenum oxide. RRL requested the supplier in October 2004 to replace the equipment, which the latter refused to do so. The matter had not been resolved with the supplier nor had RRL initiated any legal action against the supplier, with the result that the system costing Rs. 24.04 lakh was lying uninstalled.

(Paragraph 11.1)

Avoidable expenditure

The Central Mechanical Engineering Research Institute (CMERI) identified its two units, Mechanical Engineering Research and Development Organisation (MERADO) at Chennai and Pune as poor performers and recommended their closure to the Council of Scientific and Industrial Research (CSIR) in August 2001. However, on CMERI's instruction, a purchase order for SMART-300 X-ray machine at a cost of Rs. 17.17 lakh for the Chennai unit was placed in December 2001. CSIR instructed closure of MERADO Chennai and Pune in

April 2002. The newly procured machine of MERADO Chennai was transferred to CMERI, Durgapur. CMERI did not explore the possibility of its utilization, which led to avoidable expenditure of Rs. 17.17 lakh.

(Paragraph 11.2)

Ministry of Urban Development

Avoidable extra expenditure

Non-completion of the mandatory formalities and non-observance of contractual terms of the agreement coupled with delay in execution of the work by CPWD led to avoidable extra expenditure and loss amounting to Rs. 1.65 crore in the case of construction of quarters in Kolkata.

(Paragraph 13.1)

Extra expenditure due to delay in execution of work

Non-enforcement of contractual provisions and delay in completion of work resulted in extra expenditure of Rs. 18.45 lakh and loss of Rs. 18.85 lakh, besides adversely affecting the patrolling functions of the B.S.F.

(Paragraph 13.2)

Union Territories

Unfruitful expenditure on slipway and repair facilities

The Directorate of Shipping Services, after the creation of assets worth Rs. three crore could not deploy the required technical manpower and the assets remained unutilised for more than two years. Further, the purpose for which the assets were created remained unfulfilled with the possibility of rapid deterioration of the assets due to their non-utilisation and non-maintenance.

(Paragraph 14.1)

CHAPTER I : DEPARTMENT OF ATOMIC ENERGY

1.1 Non-installation of incinerator system

Bhabha Atomic Research Centre procured different components of an incinerator system at a cost of Rs. 52.78 lakh. The system had not been installed even after nine years defeating the objective of introducing efficient ways of nuclear waste management.

The Directorate of Purchase and Stores (DPS) of the Department of Atomic Energy (DAE) placed orders for supply of incinerator system, hepa filters, heat exchangers, bag houses and draft cooling towers with accessories alongwith other supporting items between May 1991 and December 1996 on different firms at a total cost of Rs. 38.25 lakh excluding taxes and duties. The incinerator system was required by Bhabha Atomic Research Centre (BARC), a research and development unit of DAE, for installation at its Waste Management Division at Tarapur for waste management at 'Away From Reactor' (AFR) storage facility for improvement in management of low level radioactive waste and minimising the disposal cost.

BARC received all the items, except heat exchanger and bag houses valued at Rs. 8.75 lakh at site between May 1993 and July 1997. Due to failure of the supplier to supply heat exchanger and bag houses, BARC could not commission the incinerator system and stored a few items at AFR building and the balance in open yard due to non-availability of storage facility. BARC procured the heat exchanger and bag houses subsequently in March 1999 from another supplier at a cost of Rs. 23.28 lakh and installed the major items like incinerator structure, bag houses, heat exchanger etc. by October 2000.

At the time of integration and commissioning of the system, BARC decided to review the lay out of the system to facilitate an integrated approach for the facility and constituted a task force in June 2002 to review the status of the job and to expedite completion. Though the task force was to submit its report by August 2002,it submitted the report only in July 2005 suggesting certain modifications in respect of material of construction, area for segregation and packaging of the waste. However, the system/equipment valued at Rs. 52.78 lakh procured between May 1993 and March 1999, with warranty already expired, were yet to be commissioned and put to intended use. The system was expected to be commissioned by March 2007. The delay in commissioning of the system led to disposal of radioactive waste by the existing method without volume reduction and requiring costly trench.

DAE stated in October 2005 that out of various elements of the system procured, most have been tested, installed and were in satisfactory condition. It further stated that the technology for development of the proposed incinerator system was not readily available and thus, it took considerable time for development of the incinerator and procurement of heat exchanger and bag houses. It was added that non-availability of the incinerator had not affected the existing programmes.

The reply of DAE is not tenable as DAE should have considered all pros and cons of the system before ordering for the equipment. Further, it was seen that no job had been assigned for development of the technology related to the equipment. Moreover, the warranty of various components of the system had already expired leaving no scope for their free repair/replacement if any defect or damage was found. The reply that the delay had not affected the existing programmes was also not acceptable, as BARC had to dispose of the low level nuclear waste by using the existing method requiring huge area and costly trench.

Thus, the objective of introducing efficient ways of low-level nuclear waste management by minimum disposal cost had not been achieved even after nine years and expenditure of Rs. 52.78 lakh.

CHAPTER II : MINISTRY OF COMMERCE AND INDUSTRY

Department of Commerce

2.1 Blocking of funds and un-recovered arrears

The funds meant for promotion of Indian made products in the international arena remained mostly blocked as corpus fund without being utilised for nine years.

The Government of India (GOI) approved (October 1995), the establishment of the India Brand Equity Fund to finance the fostering of international awareness of India-made products, with a view to projecting the strength of Indian products and services and of the Indian economy. For this purpose, a deed of declaration of the trust fund named 'India Brand Equity Fund (IBEF) Trust'[1] under the Ministry of Commerce was made in July 1996. The sources of income for the fund were the one time budgetary support of Rs. 50 crore received from the Government of India in December 1996 and Rs. 33.67 crore as accruals from premium on the sale of Special Import Licences (SILs) during 1996-97 and 1997-98.

The corpus of the Trust was to be invested in appropriate securities and instruments. All income arising out of the investments of the corpus and upto 25 *per cent* of the contributions received by the Fund was to be utilised for undertaking international promotions to project India as a whole, as well as specific production sectors namely industry, agriculture, dairying and support the brands which had achieved international quality and performance standards. The guidelines provided for assistance from the fund to be given to the eligible exporters in the form of soft loan repayable over a period of five to seven years.

The status of utilisation of the fund is indicated below:-

(Rupees in crore)

Accounting Year	Opening Balance of Corpus Fund	Income earned during the year	Expenditure incurred during the year	Excess of income transferred to Corpus Fund	Loan disbursed
1996-97	50 plus 13.10 received from sale of SIL	1.20	Nil	1.20	Nil
1997-98	64.30 plus 20.57 received from sale of SIL	10.12	0.008	10.11	Nil

[1] Since renamed as India Brand Equity Foundation in November 2003

Accounting Year	Opening Balance of Corpus Fund	Income earned during the year	Expenditure incurred during the year	Excess of income transferred to Corpus Fund	Loan disbursed
1998-99	94.98	12.80	0.17	12.63	Nil
1999-2000	107.61	14.29	0.08	14.21	5.40
2000-01	121.82	15.45	0.08 0.52 (written off)	14.85	3.09
2001-02	136.67	15.64	0.01	15.63	7.75
2002-03	152.30	18.54	0.03	18.51	0.11
2003-04	170.81	18.33	0.70	17.63	Nil
2004-05	188.44	14.50	6.34	8.16	Nil
2005-06	**196.60**	--	--	--	--
TOTAL		**120.87**	**7.94**	**112.93**	**16.35**

Though the Trust was established in 1996, the first loan under the scheme was disbursed only in 1999. Out of the total income of Rs. 120.87 crore earned during 1996-97 to 2004-05, only Rs. 16.35 crore had been disbursed as loan.

To an audit query raised in July 2001, the Ministry stated (August 2001) that from 2001-02 onwards, the objective of the Trust was likely to be better achieved. Again, in November 2003, the Ministry stated that the Government was determined to give a new thrust and dynamism to the activities of IBEF so that the objectives for which the fund had been created could be fully achieved. The Ministry further stated that as a major step in that direction they had entered into a Memorandum of Understanding (MoU) with the Confederation of Indian Industry (CII) under which a Management team had been set up to exclusively manage the functions of IBEF.

Audit examination, however, revealed that even after two and a half years of handing over the management to CII, no loan was disbursed to any company and the corpus had grown to Rs. 196.60 crore as on 31 March 2005 including the interest earned.

The Ministry intimated (June 2005) that the loan activity had been discontinued from 19 January 2004 and to achieve the objectives of the Trust, its mandate had been repositioned to "Building Positive Economic Perceptions for India Globally". The Trust had spent Rs. 3.07 crore during 2004-05 on various promotional events like India- ASEAN Car Rally 2004, Asia Society event in US, China event 2004, Thailand event 2004, Kolkata event 2005 and so on and Rs. 1.49 crore on publications and supplements on the basis of an annual action plan. But all this expenditure was incurred without formulation of long term guidelines fixing the level of spending, assistance for each activity and the mechanism of assessing the outcome.

It is pertinent to note that while at the time of formulation of the scheme, it was contemplated that the Industry would take over, manage and raise further resources required to meet the objectives of the scheme, the Industry had not made any contribution to the fund, so far. Thus, apparently the scheme did not generate adequate interest in the exporting community.

Apart from the meagre utilization of the fund for the desired purposes, ineffective monitoring of recovery of loan, interest etc. resulted in an amount of Rs. 13.18 crore remaining un-recovered from four firms. The Ministry stated (October 2005) that legal action had been initiated against the defaulting companies.

Thus, the funds meant for promotion of 'Made in India' brand goods remained mostly blocked as corpus without being utilised for achieving the envisaged objective for almost nine years. Since the restructuring efforts of IBEF have failed to bring about any perceptible change in its operation and effectiveness, the Ministry may consider transferring the entire amount of the corpus to the Consolidated Fund of India for meaningful utilisation in other priority areas. Also, special efforts needed to be made for expeditious realisation of the outstanding dues.

2.2 Erroneous release of Rs. 1.40 crore

The Ministry released to the Bihar State Export Corporation, an excess amount of Rs. 1.40 crore. The funds were lying unutilised since 2002 and were yet to be recovered by the Ministry.

The Ministry of Commerce (Ministry) launched the centrally sponsored Critical Infrastructure Balance (CIB) scheme in 1996 with a view to strengthening export infrastructure at important locations. As per the guidelines, the Ministry was to provide funds to Central/ State Government departments for infrastructure projects of emergency nature. An Empowered Committee (EC) considered the projects under the scheme for providing assistance.

The Bihar State Export Corporation (BSEC) Limited submitted a project proposal in April 2000 for setting up an Air Cargo Complex (ACC) at Patna airport for handling perishable and non-perishable cargo and sought Rs. 5.92 crore towards the total cost of the project. Since funds under the scheme were generally provided on matching basis, the Ministry asked the BSEC to specify the financial share of the BSEC/State Government in the project.

The BSEC (September 2000), while informing that the Agricultural and Processed Food Products Export Development Authority (APEDA) had agreed in principle to finance the perishable section of the project costing Rs. 3.11 crore, proposed that the State Government and the Ministry would share the balance of Rs. 2.81 crore equally. Accordingly, EC approved the proposal (November 2000) subject to the condition that at least 25 *per cent* of their share would be spent by the implementing agency before making any request to the Government of India to release the funds.

During 2001-2002, Audit noted that instead of Rs. 1.40 crore approved by EC towards the central share, the Ministry released the whole amount of Rs. 2.81 crore to the State Government in March 2002 resulting in excess release of Rs. 1.40 crore. In May 2005, Audit further noted that even as the funds were to be utilised within the year 2002-03, the amount of Rs. 2.81 crore was still lying unspent with the State Government.

On this being pointed out by Audit (July 2005), the Ministry stated (August 2005) that the State Government had been asked to return the entire amount of Rs. 2.81 crore as no progress had been reported in the project so far.

Thus, lack of monitoring and erroneous release of Rs. 1.40 crore, resulted in idling of the funds for more than three years. The Ministry needed to take urgent steps to recover the funds and strengthen their internal control mechanism to avoid recurrence of similar irregularities.

2.3 SEEPZ Special Economic Zone, Mumbai

Interest adjusted on unutilised funds at the instance of Audit

Inaction of Santacruz Electronics Export Processing Zone Mumbai to recover/adjust interest accrued on unspent fund held with Maharashtra Industrial Development Corporation led to non-recovery of interest of Rs. 46.81 lakh during 2003-04 and 2004-05 till it was pointed out by Audit.

The Ministry of Commerce in November 1973 approved entrustment of construction of buildings and other utilities in Santacruz Electronics Export Processing Zone (SEEPZ), Mumbai to Maharashtra Industrial Development Corporation (MIDC). The terms and conditions of the works entrusted to MIDC *inter-alia* stipulated release of funds by the Ministry/SEEPZ on a quarterly basis for MIDC to undertake the work as deposit works.

Examination of records by Audit at SEEPZ revealed that it had deposited the entire amount of Rs. 1.80 crore in February 2000 released by the Ministry with

MIDC towards the cost of special repair works at SEEPZ and its staff quarters against the work order of the value of Rs. 1.80 crore. Though the work order stipulated completion of the work within the financial year 1999-2000, MIDC could spend only Rs. 5.90 lakh up to April 2000 on one item of work, representing 3.3 *per cent* of the total funds deposited by SEEPZ.

There was no provision in the terms and conditions of the works entrusted to MIDC for payment of interest on the unspent balance by MIDC. There was thus an undue benefit that had accrued to MIDC on the substantial unspent balance held with them. On this being pointed out by Audit in October 2000 and again in April 2002, SEEPZ recognized the need to take up the matter with MIDC which led to a mutual understanding in March 2004. MIDC was to invest the unspent balance in banks/financial institutions and credit the interest accrued on such funds to the funds received from SEEPZ.

Notwithstanding this understanding, MIDC had not afforded any credit towards interest accrued on the unspent balance of Rs. 14.85 crore held by it on 31 March 2005 out of Rs. 20.35 crore released by SEEPZ during 2003-2004 and 2004-2005 as detailed below:

(Rupees in crore)

Year	Amount deposited	Expenditure	Balance
2003-04	3.61	2.09	1.52
2004-05	16.74	3.41	13.33
Total	**20.35**	**5.50**	**14.85**

When Audit again pointed this out in April 2005, SEEPZ took up the matter with MIDC in June 2005. MIDC intimated in July 2005/August 2005 that an interest of Rs. 46.81 lakh had been worked out as accrued on the amount deposited under ASIDE Scheme for SEEPZ during 2003-04 and 2004-05.

Thus, inaction of and weak internal control in SEEPZ led to non-adjustment of interest of Rs. 46.81 lakh accrued on unspent balance fund held with MIDC till it was pointed by Audit.

CHAPTER III : MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

Department of Posts

3.1 Organisational set-up and financial management

3.1.1 Functions of the Department

The basic functions of the Department of Posts (DoP) include collection, processing, transmission and delivery of mail, sale of stamps and postal stationery, booking of registered, insured and value payable articles, money orders and parcels.

DoP also discharges certain agency functions on behalf of other ministries and departments, namely the Postal Savings Bank, other small savings schemes, Postal Life Insurance, Public Provident Fund Scheme, National Savings Certificates, collection of customs duty on articles sent by post from abroad, booking, transmission and delivery of telegrams, disbursement of pension to military and railway pensioners, disbursement of family pension to families of coal mine employees and industries covered by the Employees Provident Fund Scheme.

3.1.2 Organisational set-up

The management of the department vests with the Postal Services Board. The Board, headed by a Chairperson, has three Members holding the portfolios of Operations, Infrastructure and Financial Services and Personnel. The Chairperson is also the Secretary to the Government of India in DoP. The Board directs and supervises the management of postal services throughout the country with the assistance of the Deputy Directors General in the Directorate General of Posts. A Business Development Directorate (BDD) was set up in DoP in 1996 to ensure focused management of value added services such as Speed Post, Speed Post Passport Service, Business Post, Express Parcel Post, Media Post, Meghdoot Post card, Greeting Post, Data Post, E-Bill Post and E-Post.

The department has 22 Postal Circles which are divided into 33 Regional offices, controlling 441 Postal Divisions and 70 Railway Mail Service Divisions. There is also a base circle to cater to the postal communication needs of the Armed Forces. The staff strength of the department as on

31 March 2005 was 5.41 lakh with 2.47 lakh departmental employees and 2.94 lakh extra departmental employees.

3.1.3 Postal Traffic

The projected traffic for unregistered mail was calculated by the department on the basis of assessed traffic for the last two years. The assessed traffic was based on the revenue earned. According to information furnished by the Department, the volume of traffic projected and assessed during the years 2002-2005 in respect of classical services such as sale of post cards, letter cards (inland), money orders and insurance was as shown in the table below:

Postal Traffic

(A) Unregistered mail *(Rupees in lakh)*

Sl. No	Item	2002-03		2003-2004		2004-2005	
		Projected	Assessed*	Projected	Assessed*	Projected	Assessed*
1.	Post cards	1933.02	2290.06	2551.11	2706.81	2989.32	2451.07
2.	Printed Post cards	1005.10	420.55	468.49	816.08	901.26	830.04
3.	Letter cards (Inland)	3294.79	2939.60	3274.69	2809.93	3103.20	2610.35
4.	Newspapers						
	Single	730.91	531.87	592.50	811.83	896.56	860.86
	Bundle	180.60	322.41	359.16	82.84	91.49	150.82
5.	Parcels	642.94	479.45	534.10	409.92	452.70	408.75
6.	Letters	5403.42	4370.98	4869.23	3720.97	4109.33	7678.81
7.	Book packets	699.22	600.70	669.17	747.50	825.52	753.82
8.	Printed books	258.99	227.87	253.85	175.76	194.10	353.02
9.	Other periodicals	186.74	233.76	260.41	199.95	220.82	269.27
10.	Acknowledgement	324.44	279.61	311.48	637.45	703.98	741.07

* Based on revenue collection   * Based on revenue collection   *Based on revenue collection

(B) Registered mail and others *(Rupees in lakh)*

Sl. No	Item	2002-2003		2003-2004		2004-2005	
		Projected	Actual	Projected	Actual	Projected	Actual
11.	Money Orders (MOs)	1067.31	1095.82	1165.01	1136.55	1100.45	1222.91
12.	Insurance	88.26	87.18	97.12	95.59	105.57	90.86
13.	Value payable letters and parcels	92.86	170.44	189.87	100.43	110.91	93.72
14.	Registered letters and parcels	1960.85	2004.50	2233.00	1923.61	2124.38	1900.84

3.1.4 Earnings from Postal Services and their costs

The Department's net overall loss of Rs. 1289.11 crore on postal services, including Speed Post, during 2004-2005 was Rs. 126.90 crore (11 *per cent*) more than the net loss suffered during 2003-2004. Out of 20[*] revenue earning

[*] Post cards, Letters, Registration, Letter cards (Inland), Money orders(MOs), Newspapers (single), Newspapers (bundle), Indian Postal Orders(IPOs), Printed Postcards, Value payable Post, Other periodicals, Acknowledgements, Book Pattern and Sample Packets, Telegraphic MOs, Printed books, Insurance, Parcels, Competition Post cards, Speed post and Foreign mail

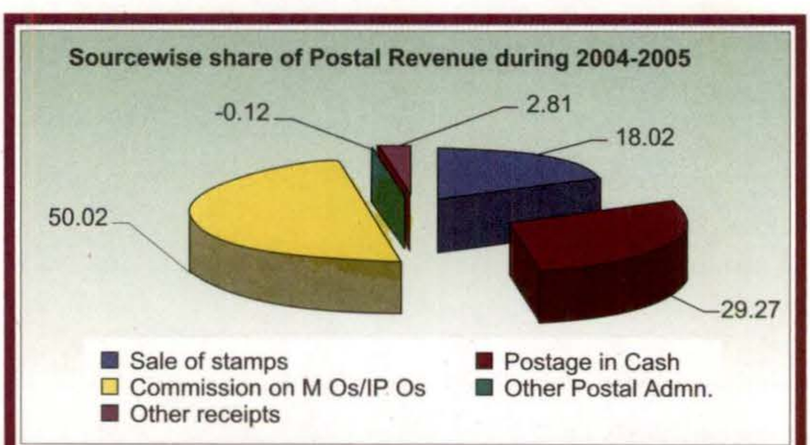
services, only four services namely, Competition Post cards, Foreign Mail, Insurance and Letters showed a gain in 2004-05, whereas the remaining 16 services continued to sustain losses.

The comparative position of the net losses incurred by the Department on various postal services, including Speed Post, during the period 2000-2005 was as under:

Revenue realisation and Revenue Expenditure

3.1.5 Revenue

The four major revenue earning groups of services namely, sale of stamps, commission on MOs/IPOs, postage in cash and other receipts generated a revenue of Rs. 4432 crore during the year 2004-05, after adjusting the loss of Rs. 551 lakh in net receipt from other postal administrations. Source-wise share of postal revenue is shown in the chart below:-



3.1.6 Revenue Expenditure

The revenue expenditure on pay and allowances, conveyance of mail, printing of stamps, post cards and stationery during 2004-05 was as shown in the table below:

Revenue expenditure

(Rupees in crore)

Category	2004-05	Percentage of total expenditure
(a) Pay and allowances, contingencies, interim relief, etc.	4390.40	73.61
(b) Pensionary charges	1208.03	20.25
(c) Stamps, post cards etc.	21.35	0.36
(d) Stationery and forms printing etc.	33.88	0.57
(e) Conveyance of mail (payments to railways and air mail carriers)	123.64	2.07
(f) Other expenditure	187.24	3.14
Total	**5964.54**	

The net revenue budgetary support, which was worked out by deducting receipts of Rs. 4431.85 crore and recoveries of Rs. 150.85 crore from the gross revenue expenditure of Rs. 5964.54 crore, was Rs. 1381.84 crore in 2004-05.

3.2 Non deduction of commission on purchase of revenue stamps

The Chief Postmasters General of 13 Postal Circles failed to deduct commission amounting to Rs. 3.85 crore on purchase of revenue stamps from State Governments.

The Post offices sold revenue stamps as an agency function on behalf of various State Governments. This work was considered to be reciprocal to the work of indenting, stocking and distribution of postage stamps being done by State treasuries on behalf of the post offices. Though this reciprocal arrangement came to an end after the Postal Stamp Depots were set up in 1976, the post offices continued to sell revenue stamps without any commission.

The Department of Posts (DoP) issued instructions only in February 2004 to all Heads of Postal Circles to deduct commission in advance at the rate of 3 *per cent* with effect from 1 October 2003, 6 *per cent* with effect from 1 October 2004 and 10 *per cent* with effect from 1 October 2005, while purchasing revenue stamps from State treasuries. They were also instructed to take up the matter with the State Governments to ensure immediate implementation of the scheme, including calculation of commission due to

DoP for the sale of revenue stamps, emphasising that not doing so might result in non purchase of revenue stamps by the post offices.

Test check of the records in seven Postal Circles in audit from July 2004 to June 2005 revealed that the Governments of Andhra Pradesh, Delhi, Haryana, Kerala, Rajasthan, Uttar Pradesh and West Bengal had not issued any notification regarding deduction of commission on purchase of revenue stamps by the post offices. However, the Andhra Pradesh, Delhi, Haryana, Uttar Pradesh and West Bengal circles continued the purchase and sale of revenue stamps in these States. The Delhi Circle continued with the purchase and sale of revenue stamps, though the Delhi Government was paying commission at the rate of 3 *per cent* as against the rate of 6 *per cent* from 1 October 2004. The Kerala and Rajasthan circles stopped purchase and sale of revenue stamps since August 2004 and December 2004 respectively. In the case of the Uttar Pradesh Circle, the purchase and sale of revenue stamps was stopped only in the Lucknow General Post Office and that too from January 2005. This resulted in accumulation of commission to the tune of Rs. 1.57 crore in these seven circles for the period October 2003 to March 2005.

A further test check of records from September 2004 to July 2005 revealed that though the State Governments of Bihar, Gujarat, Jharkhand, Maharashtra, Orissa and Tamil Nadu issued notifications, the same were not made effective from the due date of 1 October 2003. This resulted in accumulation of commission to the tune of Rs. 2.28 crore in these six circles for the period 1 October 2003 to 31 March 2005. The total amount of commission not recovered in 13 circles thus worked out to Rs. 3.85 crore.

On this being pointed out in audit, the Chief Postmasters General (CPMsG), concerned accepted the facts and stated that the matter for issuing the notification as well as recovery of commission had been taken up with the State Governments.

The matter was referred to the Ministry in September 2005; their reply was awaited as of January 2006.

3.3 Overpayment of bonus on Postal Life Insurance policies

Non-implementation of instructions in respect of payment of bonus on Postal Life Insurance policies surrendered before maturity resulted in overpayment of Rs. 1.01 crore.

According to instructions (18 November 2003) of the Directorate of Postal Life Insurance (PLI), Department of Posts (DoP) and subsequent clarification

(December 2003), no bonus was to be paid on the paid up or the reduced sum assured if a policy was surrendered before completion of five years. If a policy was surrendered after five years, proportionate bonus on the paid up or the reduced sum assured would be payable in addition. The instructions were effective from the date of issue.

Audit scrutiny of the records of PLI, Andhra Pradesh, Gujarat, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and West Bengal Postal Circles and the Additional Directorate General of Army Postal Service (PLI Cell) Army Headquarters, Delhi conducted during September 2004 to August 2005 revealed that in 323 cases, bonus was paid on policies surrendered before the completion of five years, in violation of the above instructions. This resulted in overpayment of bonus amounting to Rs. 40.63 lakh.

Further, in 761 cases, where policies were surrendered after completion of five years, proportionate bonus was paid on the assured sums instead of on the paid up or reduced sums assured. This resulted in overpayment of bonus of Rs. 60.15 lakh.

On this being pointed out, the Chief General Manager, PLI Directorate, DoP, New Delhi replied that non-receipt of the orders on the date of issue of the letter had caused the overpayment and a corrigendum had been issued to make the instructions effective from the date of receipt of the same in the circles. He further stated that the once the claim was settled, it was not easy to recover the overpayment. CGM (PLI) further stated (December 2005), that the orders of November 2003 relating to the payment of bonus were issued after obtaining the approval of Secretary (P) and the corrigendum permitting change in the effective date was approved by CGM (PLI) and that for an amendment, the approval of the Secretary was not required.

The reply was not tenable as the instructions of 18 November 2003 were effective from the date of issue. The PLI Directorate should have ensured dispatch and receipt of the orders in the circles in time through fax or e-mail. Further, the issue of corrigendum by CGM (PLI) without obtaining the approval of the Secretary who had approved the original orders was not only irregular but led to a situation where the principle of equity in the application of government orders was compromised by prescribing different effective dates for different holders of policies under the same scheme.

In Uttar Pradesh and West Bengal Postal circles, the irregular payment continued till April 2004 and February 2004 respectively.

Thus, non-implementation of the government instructions resulted in overpayment of bonus to the tune of Rs. 1.01 crore while the unauthorised issue of a corrigendum discriminated between policyholders.

The matter was referred to the Ministry in July 2005; their reply was awaited as of January 2006.

3.4 Short realisation of postage charges

A Head Post Office under the Delhi Postal Circle, two Post Offices under the Karnataka Postal Circle and one General Post Office under the Uttar Pradesh Postal Circle authorised concessional tariffs to ineligible publications, resulting in short realisation of postage charges of Rs. 31.58 lakh.

The Indian Post Office (IPO) Act, 1898 stipulated that a publication should be deemed a newspaper, subject to the condition that it had a bona fide list of subscribers. The IPO Rules, 1933 further stipulated that the newspaper sought to be registered should have at least 50 bona fide subscribers, who had paid their subscriptions. All such registered newspapers would be entitled to transmission at concessional tariffs during the currency of their registration. If any newspaper failed to comply with any of the above specified conditions, it should be transmitted at the higher rates and under the conditions applicable to book packets containing periodicals. The Department of Posts (DoP) issued a clarification in October 2002 that unpriced periodicals would be classified as book packets and transmitted at the rates prescribed for 'Book, pattern and sample packets' with effect from 1 June 2002. These provisions were reiterated by DoP in December 2002.

Audit scrutiny of the records of the Ashok Vihar Head Post Office under the Delhi Postal Circle and the Bangalore General Post Office (GPO) and the Senior Superintendent of Post Offices, Gulbarga under the Karnataka Postal Circle during November and December 2004 revealed that one newspaper in the Delhi Postal Circle and five newspapers in the Karnataka Postal Circle did not satisfy the condition of having bona fide subscribers. These newspapers, circulated free of cost to subscribers, were registered and transmitted at concessional tariffs instead of at the rates applicable to book packets containing periodicals (prior to 1 June 2002) and at the rates prescribed for 'Book, pattern and sample packets' with effect from 1 June 2002. Further, in the Karnataka Postal Circle, two publications which had not got their registration renewed were allowed to be transmitted at concessional tariffs. In the Lucknow GPO under the Uttar Pradesh Postal Circle, four newspapers were transmitted at concessional tariff instead of at the rates prescribed for 'Book, pattern and sample packets'. All the above instances noticed in audit resulted in short realisation of postage charges of Rs. 31.58 lakh in respect of these newspapers for the period August 1999 to November 2005.

On being pointed out by Audit, the Chief Postmaster General (CPMG), Delhi Circle and the Chief Postmaster, Bangalore GPO stated in June 2005 and December 2004 respectively that it was only in December 2003 that DoP, in consultation with the Ministry of Law, had clarified that free publications could not be registered with DoP for transmission by post. CPMG, Delhi Circle also stated that the Principal CPMG, Delhi had issued instructions only in January 2004 that no concessional postage would be allowed to free publications on or after 1 February 2004. Reply from Chief Postmaster, Lucknow was awaited.

The reply was not tenable as the statutory provisions for registration of newspapers were already in existence in the IPO Act, 1898 and the IPO Rules, 1933. The instructions issued by DoP in December 2003 were only a clarification of the statutory provisions. Audit also observed that two units test checked in the Andhra Pradesh Circle and all the units in the Haryana, Himachal Pradesh, Jammu and Kashmir and Punjab circles had followed the correct procedure.

Thus the failure of CPMsG Delhi, Karnataka and Uttar Pradesh Postal circles to follow the statutory provisions resulted in short realisation of postage charges to the tune of Rs. 31.58 lakh.

The matter was referred to the Ministry in August 2005; their reply was awaited as of January 2006.

3.5 Irregular payment of interest

Post Offices in Orissa and Uttar Pradesh and one Head Post Office in Mumbai failed to ensure the prescribed monetary ceiling in the accounts opened under the Monthly Income Scheme. Besides, three Post Offices in Orissa allowed unauthorised agencies to open such accounts. This resulted in irregular payment of interest, bonus and commission amounting to Rs. 21 lakh.

Departmental rules provided that an individual depositor might open more than one account under the Monthly Income Scheme (MIS) subject to the condition that deposits in all accounts taken together should not exceed Rs. 2.04 lakh (Rs. 3 lakh from 1 February 2000) in a single account and Rs. 4.08 lakh (Rs. 6 lakh from 1 February 2000) in a joint account.

Rules further provided that at the time of investment in an MIS Account, the depositor should give a declaration to the effect that his/her deposits in all the accounts taken together did not exceed the prescribed limit. In the case of excess deposits made beyond the prescribed limit, the Head Postmaster should refund the excess irregular deposits without interest to the depositor. The interest paid, if any, on the excess deposits should be deducted and commission paid to the agents on the excess investments should be recovered. However, in January 2002, the Ministry of Finance decided to refund to the depositors the excess deposits along with interest at the Post Office Savings Bank rate, from the date of deposit till the end of the month preceding the month in which the subscriber was to withdraw the excess deposit from the MIS account. The Department of Posts communicated this decision to all circles in April 2002.

Mention was made in paragraph 1.12 of the report of the Comptroller and Auditor General of India for the year ended 31 March 2003, Union Government, Transaction Audit Observations, of instances of irregular payment of interest on accounts opened in various post offices under MIS in contravention of the rules.

The Ministry, in their Action Taken Note submitted in December 2004, admitted that the postal staff failed to follow the rules of the scheme and stated that all Heads of Circles had been directed in September 2004 to ensure that the officers entrusted with inspection duties of post offices were also assigned the work of initiating checks on accounts opened in the post offices, besides ensuring that the rules regarding all post office accounts were available in the office to avoid recurrence of such irregularities in future.

Audit scrutiny of the records in the Orissa and Uttar Pradesh Postal circles and one Head Post Office (HPO) under the Chief Postmaster General (CPMG), Mumbai conducted during September 2004 to April 2005 revealed that 8 HPOs and two sub post offices (SO) under the Orissa Postal Circle, 5 HPOs under the Uttar Pradesh Circle and one HPO in Mumbai paid interest on MIS deposits made beyond the prescribed limit, at MIS rates instead of at Savings Bank rates, besides paying commission and bonus amounting to Rs. 18 lakh. Further, one HPO and two SOs under the Orissa Circle allowed various unauthorized agencies such as Temple Trusts, Natya Sansada, Yuvak Sangha, School and Scholarship Funds to open MIS accounts in contravention of the rules and also paid interest and bonus of Rs. three lakh to them.

On this being pointed out by Audit, the CPMG, Orissa Circle stated in May 2005, that the compliance to the audit observation would be submitted. In respect of the Uttar Pradesh Postal Circle, the Postmasters, Amroha and Raibareilly HPOs stated (December 2004 and February 2000) that the excess payments would be recovered. The Postmasters, Allahabad, Kanpur and Ghazipur HPOs stated in September 2004, October 2004 and January 2005 respectively, that the cases would be verified and action would be taken. The Postmaster HPO, Mumbai accepted the facts and stated in May 2005 that in respect of two cases, an amount of Rs. 0.52 lakh had been recovered and the remaining cases would be verified and action would be taken. These clearly indicated that despite earlier assurances, the Ministry had not been able to stop the irregular practices and the mechanism for monitoring compliance of orders issued by the Department from time to time remained weak.

The matter was referred to the Ministry in September 2005; their reply was awaited as of January 2006.

3.6 Non-deduction of service charges on silent accounts

Failure of one General Post Office and 10 Head Post Offices under the Assam, Karnataka, Rajasthan and West Bengal Postal Circles to levy service charges on accounts treated as silent accounts prior to March 2002 resulted in non-deduction of service charges to the tune of Rs. 15.74 lakh.

The Post Office Savings Account Rules, 1981, stipulated that an account in which a deposit or withdrawal has not taken place for three complete years, shall be treated as a silent account. Rules further provided that in respect of a silent account with a balance below the stipulated amount of Rs. 50, a service charge of Rs. 20 should be deducted on the last working day of each financial year with effect from 31 March 2003. After deduction of the service charge, if the balance became nil, the account would automatically stand closed. The service charge so deducted, would be credited into departmental accounts as "Unclassified Receipts" on the last working day of every financial year. Further, it was clarified by the Department of Posts in December 2003 that for the purpose of levy of the service charge, an account which was declared as silent prior to 31 March 2003 would require to be technically revived.

Audit scrutiny of the records in one General Post Office and 10 Head Post Offices under Assam, Karnataka, Rajasthan and West Bengal Postal Circles during June 2004- February 2005 revealed that service charges aggregating Rs. 15.74 lakh in respect of 46,714 accounts declared silent prior to

31 March 2002 for the periods ending 31 March 2003, 31 March 2004, and 31 March 2005 were not deducted.

On this being pointed out in Audit, the postmasters of the HPOs under the Assam and West Bengal Postal Circles replied that necessary action would be taken as per rules. The Chief Postmaster General (CPMG), Rajasthan Circle replied in July 2005 that service charges of Rs. 0.45 lakh had since been deducted.

CPMG, Karnataka Circle stated in May 2005 that the technical revival of silent accounts declared silent prior to 31 March 2003 was under progress.

The matter was referred to the Ministry in September 2005; their reply was awaited as of January 2006.

Department of Telecommunications

3.7 Background

In 1948, India had only 0.1 million telephone connections with a telephone density of about 0.02 per hundred population. Since then, the number of telephone connections has risen to 98.37 million with a telephone density of 8.95 telephones per hundred population by 31 March 2005.

3.7.1 Administration and Control

The Telecom Commission, set up in July 1989 has the administrative and financial powers of the Government of India to deal with the various aspects of telecommunications. The Telecom Commission and the Department of Telecommunications (DoT) are responsible for policy formulation and administration of Public Sector Undertakings (PSUs) engaged in telecommunication services and international relations.

DoT was manned by 2361 officers and staff (Group A- 505, Group B- 411, Group C -1101 and Group D -344) as on 31 March 2005.

3.7.2 Development in the telecom sector

The process of entry of private operators in providing telecommunication services in India commenced in 1992. Apart from privatising basic telephone services, Government also decided to introduce a number of value added services through private operators, such as cellular mobile telephones, radio paging, e-mail, internet, closed user groups (CUG) and broad-band service, which added to the value of the existing basic telephone services. The share of the private sector in the total number of telephones increased from 39 *per cent* as of March 2004 to 47 *per cent* as of March 2005.

Entry of private service providers brought with it the inevitable need for independent regulation. The Telecom Regulatory Authority of India (TRAI), was, therefore, established with effect from 20 February 1997 by an Act of Parliament called the TRAI Act, 1997, to regulate the telecom services. The TRAI Act was amended by an ordinance effective from 24 January 2000, separating the dispute adjudicatory functions from TRAI by establishing a Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT). TDSAT adjudicates any dispute between a licenser and a licensee, between two or more service providers and between a service provider and a group of consumers. It also hears and disposes of appeals against any direction, decision or order of TRAI.

3.8 Non recovery of interest on delayed payments of pension contribution

The Controllers of Communication Accounts, Assam, Bihar and Gujarat circles failed to claim interest of Rs. 55.32 lakh on delayed payments of pension contribution from Bharat Sanchar Nigam Limited.

The Department of Telecommunications (DoT) issued instructions in July 2002, according to which pension contribution was payable to the Controller of Communication Accounts (CCA) by Bharat Sanchar Nigam Limited (BSNL) in respect of the employees of DoT, who were either on deemed deputation or permanently absorbed in BSNL. According to supplementary rule 307(1), the pension contribution was required to be paid annually within 15 days from the end of each financial year. In case the payment was not made within the said period, interest was to be paid on the unpaid contribution at the rate of two paise per day per Rs. 100 from the date of expiry of the aforesaid period up to the date on which the contribution was finally paid.

Audit scrutiny of the records of CCAs, Assam, Bihar and Gujarat circles during May 2005 to August 2005 revealed that the pension contribution of the employees absorbed in BSNL in 2001-02, 2002-03, 2003-04 and 2004-05 was received from BSNL after delays of one to 31 months. This delayed payment attracted interest of Rs. 55.32 lakh, which CCAs failed to claim.

The Ministry in their reply stated (November 2005) that the BSNL, Assam Circle had been requested to make the interest payment at an early date.

Recovery particulars were awaited. Reply in respect of Bihar and Gujarat circles was awaited (January 2006).

3.9 Excess payment of Dearness Relief

Payment of dearness relief to pensioners at higher rates resulted in overpayment of Rs. 31.80 lakh.

On the formation of Bharat Sanchar Nigam Limited (BSNL) with effect from 1 October 2000, the Department of Telecommunications, in January 2001, authorised the Controllers of Communication Accounts (CCA) in various circles to issue pension payment orders and to make payment of other retirement benefits to those on deemed deputation to or absorbed in BSNL. The CCAs were also authorized to conduct the audit of pension vouchers. Subsequently, BSNL introduced pay scales with industrial dearness allowance (IDA) for Group 'C'and 'D' and Group 'B' employees in August 2002 and February 2004 respectively, with effect from 1 October 2000. Consequent on revision of pay, retirement benefits, including pension and family pension of the employees who retired on or after 1 October 2000 were revised based on the pay fixed on the IDA pattern.

Audit scrutiny (November 2004 to September 2005) of pension payment vouchers and bank scrolls in the offices of the CCA, Andhra Pradesh, Kerala, Madhya Pradesh and Rajasthan circles revealed that the banks had paid dearness relief at the inapplicable higher central dearness allowance rate instead of the IDA rate to 203 BSNL pensioners during February 2001 to August 2005. This resulted in excess payment of Rs. 31.80 lakh.

The Ministry in their reply stated (November 2005) that in respect of the Andhra Pradesh Circle, all the payment scrolls received from the concerned banks had been checked and the actual overpayment was Rs. 6.41 lakh only. However, CCA Andhra Pradesh Circle had been directed to re-examine the whole case, after asking all the banks to send the pending pay scrolls, if any. Out of Rs. 6.41 lakh, Rs. 2.44 lakh had been recovered. Reply in respect of the Kerala, Madhya Pradesh and Rajasthan circles was awaited (January 2006).

CHAPTER IV : MINISTRY OF EXTERNAL AFFAIRS

4.1 Deficient internal control mechanism

Non-institution of effective internal control mechanism in the Ministry and the Indian Missions/Posts abroad as well as deliberate disregard of the existing instructions and procedures, resulted in irregular/ unauthorised expenditure of Rs. 4.92 crore and non-recovery of Rs. 15.04 lakh from India-based officials.

Audit examination of the records of various Indian Missions/Posts abroad and scrutiny of the Ministry's records revealed that effective internal control mechanisms either did not exist in the Ministry of External Affairs (MEA) or were deliberately bypassed. Consequently, the Ministry itself violated the prescribed procedure in respect of purchases of high value object d'art items. It also did not take effective measures to check the persistent irregularities pertaining to violation of the delegated financial powers and Government of India's orders/MEA's instructions despite these having been pointed out on various earlier occasions by audit. Instead of fixing responsibility in such cases, the Ministry encouraged the financial indiscipline by according ex-post facto approval to the expenditure irregularly incurred by the Missions/Posts abroad. A few instances noticed are discussed in the succeeding paragraphs:

4.1.1 Irregular expenditure on purchase of object d'art items

The Ministry instead of entrusting the work of selection of object d'Art (ODAs) items (such as paintings, sculpture, silver pieces and objects of traditional workmanship) to the sixth ODA Committee constituted (June 2001) with the approval of the Prime Minister, purchased ODAs worth Rs. 1.27 crore on its own during 2002-2004. It was also noticed that even expensive ODA items in the price range of Rs. 1.50 lakh to Rs. 3.00 lakh per piece were purchased without getting these recommended/selected by the Committee in terms of their quality/value. Consequently, the objective of ensuring quality and value in the procurement of ODAs got defeated and expenditure of Rs. 1.27 crore incurred on this account was irregular. It was further observed that the Ministry while issuing ODA items to various Missions/Posts did not adhere to the ceiling fixed by it and issued ODA items valuing Rs. 1.07 crore to 11 Missions/Posts[1] against the total ceiling of Rs. 71.80 lakh resulting in supply of ODA items in excess of the ceiling by Rs. 35.61 lakh.

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[1] EI Washington, London, Riyadh, Moscow, Muscat, Madrid,. Paris, PMI New York, NCI Pretoria, Colombo and CGI New York.

The Ministry stated (September 2005) that the sixth ODA Committee could not hold their formal meeting for various reasons though they did have the benefit of consultations with some of these experts. It also stated that with a view to rectifying this situation, the Ministry had already re-constituted the seventh ODA Committee in February 2005. With regard to issuing of ODA items to the Missions/Posts in excess of the ceiling, the Ministry stated that the monetary limits on supply of ODA items were only indicative and not binding. The reply is not tenable as the Ministry while revising the ceiling in April 2003 should have taken this aspect in view and fixed the ceiling according to the status of the Missions/Posts.

4.1.2 Unauthorised expenditure on security guards

Though the High Commission of India, Pretoria (South Africa) had full complement of two India based security guards in position, it had been engaging additional local security guards through a security agency since September 1995 for managing the security of the Chancery and Embassy residence without the approval of the Ministry. The Mission incurred unauthorised expenditure of Rs. 1.13 crore on this account between September 1995 and April 2005. It was further observed that in the case of High Commission of India, Gaborone (Botswana), the Ministry had conveyed (May 2002) sanction for continued hiring of local security guards for round the clock security of the Chancery and Embassy residence for a period of one year from 1 July 2002 to 30 June 2003. While the matter regarding continuation of security guards at enhanced rates was under correspondence with the Ministry, the Mission had been making payment of service charges at enhanced rates without the approval of the Ministry and incurred unauthorised expenditure of Rs. 18.27 lakh for the period from July 2003 to June 2005.

Thus, violation of financial rules and clear instructions of the Ministry by the Missions resulted in the unauthorised expenditure of Rs. 1.31 crore (Rs. 1.13 crore + Rs. 18.27 lakh).

On the matter being pointed out in Audit, the Ministry stated (December 2005) that regularisation of expenditure was under its active consideration.

4.1.3 Unauthorised expenditure on purchase of cars

In accordance with the instructions issued by the Government of India (Ministry of Finance) in September 2000 and October 2001, the Ministries/Departments could purchase new vehicles in replacement of condemned vehicles only after consultation with their Financial Advisor.

The following three Missions purchased new cars in replacement of old ones between June 2002 and January 2005 in violation of Government of India's orders and without obtaining prior approval of the Ministry as detailed below:

(Rupees in lakh)

S. No.	Name of High Commission	Month/Year of purchase	Cost of the vehicle
1.	Embassy of India, Riyadh	June 2002	16.83
2.	High Commission of India, Mahe (Seychelles)	November 2004	10.98
3.	Consulate General of India, Johannesburg	January 2005	18.83
		Total	**46.64**

The Ministry stated (October 2005) that regularisation of expenditure in respect of the Mission at Mahe was being processed and the Missions at Riyadh and Johannesburg were being asked to assign the reasons for not obtaining prior approval of the Ministry. It further stated that depending upon the circumstances, the matter could be considered for ex-post-facto regularisation.

4.1.4 Unauthorised expenditure in violation of delegated powers

According to item no. 8 (b) (i) of Schedule I of Financial Powers of the Government of India's Representatives Abroad, no powers have been delegated to Heads of Missions for purchase of furniture and equipment in the residences of Heads of Missions. As such, any expenditure incurred on this account should have prior approval of the Ministry. However, according to item no. 8 (b) (iii) of Schedule I of Financial Powers ibid, Heads of Missions have been delegated powers to incur expenditure upto $ [*]3850 equivalent to Rs. 1.78 lakh per annum on renewals and replacements of furniture and equipment in the residences of Heads of Missions. Further, in terms of item 8 (a) (i) of the said Financial Powers, the Heads of Missions have been delegated powers to incur expenditure upto $ [**]5000 equivalent to Rs. 2.39 lakh per annum on purchase of computers and related peripherals.

Audit scrutiny revealed that the Indian Missions at Luanda (Angola) and Harare (Zimbabwe) incurred expenditure of Rs. 26.08 lakh on purchase and replacement of furniture and equipment for the residences of the Ambassadors and purchase of computers and peripherals for official use during 2002-2004 as detailed below:-

[*] 1 US $=Rs. 46.40 (exchange rate for October 2003)
[**] 1 US $= Rs. 47.85 (exchange rate for April 2003)

(Rupees in lakh)

Name of the Mission	Year	Items purchased/ replaced	Expenditure	Expenditure admissible as per delegated powers	Excess expenditure
Luanda (Angola)	2002-03 and 2003-04	Purchase of furniture and equipment for Ambassador's residence	3.94	NIL	3.94
	- do -	Replacement of furniture and equipment for Ambassador's residence	7.77	3.56	4.21
	- do -	Purchase of computers and peripherals for official use	10.28	4.78	5.50
Harare (Zimbabwe)	2003-04	Replacement of furniture for Ambassador's residence	4.09	1.78	2.31
		Total	**26.08**	**10.12**	**15.96**

Thus the Mission at Luanda incurred unauthorised expenditure of Rs. 13.65 lakh during 2002-2004. Similarly, the Mission at Harare incurred unauthorised expenditure of Rs. 2.31 lakh. The total unauthorised expenditure incurred by the two Missions at Luanda and Harare during 2002-2004 amounted to Rs. 15.96 lakh.

The matter was referred to the Ministry in September 2005. Reply was awaited (February 2006).

4.1.5 Unauthorised expenditure on purchase of stationery

According to item no. 26 of Schedule I of the Financial Powers of the Government of India's Representatives Abroad, Heads of Missions other than in USA and UK were permitted to incur expenditure on purchase of stationery, stores and printing articles upto a maximum of Rs. one lakh per year until 2000-01, which was enhanced to US$ 3850* with effect from 2001-02.

Test check of records in 14** missions revealed that during 1999-2000 to 2003-04, these missions had incurred an unauthorised expenditure of Rs. 1.35 crore on stationery in excess of the delegated powers. The excess expenditure in these missions ranged between 6 *per cent* to 1351 *per cent* of the delegated powers.

* Equivalent to Rs. 1,88,342 in 2001-02, Rs. 1,84,993 in 2002-03 and Rs. 1,75,060 in 2003-04 taking exchange rates of March 2002, 2003 and 2004 respectively.

** CGI Jeddah, EI Tokyo, Bahrain, Phnom Penh, Doha, Kuwait, Muscat, HCI Dhaka, Canberra, Colombo, Male, Wellington, Dubai, Kuala Lumpur.

On the matter being pointed out in audit, the Ministry stated (September 2005) that excess expenditure incurred by Embassy in Doha had since been regularised and formal sanction issued. Regularisation of excess expenditure in respect of other Missions was under process.

4.1.6 Unauthorised and excess payments of garden grant

According to Sl. No. 4 A (iv) of Schedule I of Financial Powers of Government of India's Representatives Abroad, garden grant in respect of government owned properties housing Heads of Missions (HOMs)/Heads of Posts (HOPs) were to be paid only after obtaining the approval of the Ministry. Further, according to Sl. No. 4 A (i) of Financial Powers ibid, garden grant equal to 0.75 *per cent* of the annual rent, if the size of the garden was less than $1/4^{th}$ of an acre and equal to 1.25 *per cent* of annual rent if the size of the garden exceeded $1/4^{th}$ of an acre, was admissible for rented residences of HOMs/HOPs. Payment of garden grant to representational officers other than HOM/HOP was to be regulated in terms of paragraph 12 (2) of Annexure X of IFS (PLCA) Rules, 1961 (Part-I) which laid down that the garden grant in respect of a leased residence could be paid to these officers if the responsibility for maintenance of the garden attached to the residence was not that of the lessor. Similarly, according to paragraph 12 (a) of Annexure X of IFS (PLCA) Rules, 1961 (Part-I) read with Sl. No. 4 B of Schedule I of Financial Powers of Government of India's Representatives Abroad, the garden grant for residences of representational officers other than HOMs/HOPs in respect of both government owned and rented property was admissible upto one man-hour per day where the area of the garden did not exceed $1/4^{th}$ of an acre and upto two man-hours per day where the area of the garden exceeded $1/4^{th}$ of an acre. For the purpose of payment of daily wages of the contingency paid staff, employed against local posts, the Ministry decided (May 1994) that the wages of such persons be fixed at $1/30^{th}$ of the minimum of the revised pay scale of the corresponding local staff.

Audit examination revealed that the Consulate General of India, Johannesburg (South Africa), engaged a private company for maintaining garden at the residence of the HOP without the approval of the Ministry and incurred unauthorised expenditure of Rs. 5.20 lakh between July 2002 and March 2005. It was also observed that the garden attached to the rented residences of the First and Second Secretary of the Indian Mission at Mahe (Seychelles) was being maintained by the lessor. Though no garden grant was, therefore, payable to these officers, the Mission paid garden grant at the rate SR 300 per month to them. The Mission needed to recover the irregular payment of SR

18150 equivalent to Rs. 1.49 lakh made to them during the period 22 November 1999 to 30 April 2001 and 18 July 2001 to 6 March 2005. Further, the Indian Mission at Sana'a had engaged gardeners for the residences of the Counselor and First Secretary of the Mission and paid wages to them at the rate US $ 100 and US $ 150 per month against the admissible rate of US $ 19 per month. This resulted in excess payment of US $ 3135 equivalent to Rs. 1.46 lakh during the period August 2001 to July 2004 (except May 2004) which also needed to be recovered from the officers.

Thus, violation of rules and payment of garden grant in excess of the prescribed limit resulted in excess and unauthorised expenditure of Rs. 8.15 lakh during 1999-2005.

On the matter being pointed out in audit, the Ministry merely forwarded (February 2006) the inputs received by it from the concerned Missions/Posts. The Consulate General of India, Johannesburg regretted that it had inadvertently engaged one gardening agency for maintenance of the garden without the prior approval of the Ministry. It also stated that the matter was being processed and the Ministry's decision would be communicated to audit in due course. The Missions at Sana'a and Mahe (Seychelles) stated that the matter was being further looked into by the Ministry and they would revert to audit in due course.

4.1.7 Unauthorised expenditure on cellular phones

The Government of India (Ministry of Finance) allowed the facility of cellular phones to the Secretaries in January 2003 and to the Joint Secretaries in January 2004 subject to a monthly ceiling of expenditure of Rs. 1500 and Rs. 500 respectively on rental and call charges. MEA, while sanctioning mobile phones to Missions abroad, disallowed international trunk dialling from these phones.

The following Missions incurred unauthorised expenditure on mobile phones as detailed below:

(Rupees in lakh)

Sl. No.	Name of the Mission	Expenditure	Period	Irregularity
1.	Jeddah	3.24	2000-2005	Expenditure on international calls in violation of instructions of the Ministry.
2.	Thimpu	0.20	2004-2005	Same as above.
3.	Pretoria	1.28	2000-2003	Expenditure on cell phone used by the spouse of the High Commissioner despite the matter being pointed out by audit in 2002.
4.	Kuala Lumpur	4.88	2001-2005	Seven cell phones purchased without the approval of the Ministry.

(Rupees in lakh)

Sl. No.	Name of the Mission	Expenditure	Period	Irregularity
5.	Brunei	1.96	1995-2000	One cell phone purchased without the approval of the Ministry.
6.	Johannesburg	1.93	2002-2005	Two cell phones purchased without the approval of the Ministry.
	Total	**13.49**		

Non-observance of the Ministry's clear instructions regarding purchase of cell phones and disallowance of international calls resulted in unauthorised expenditure of Rs. 13.49 lakh during 1995-2005.

The matter was referred to the Ministry in October 2005; their reply was awaited as of February 2006.

4.1.8 Failure to impose recovery towards inadmissible items under Children's Education Allowance

As per Annexure VII of Indian Foreign Service (Pay, Leave, Compensatory Allowances) Rules, the Government of India is liable to pay school/tuition fee, admission fee, registration fee, examination fee, lab/science fee and computer fee for the education of the children of India-based officials posted in missions/posts abroad. Cost of books, transportation and lunch charges have been held as inadmissible. Where fees for inadmissible items are integrated in the school fee and no break-up of the constituent elements is available, the Ministry has prescribed deductions at different percentages of tuition fee/foreign allowance[2] to be made from each official to cover the cost of such charges paid by the Government. The reimbursement of capital fee or payment to building fund is admissible only with the prior approval of the Ministry.

During a test check conducted between October 2004 and July 2005, Audit noticed that nine[3] Missions/Posts were not making recovery towards inadmissible items of supply of books, charges for which were included in the tuition fee borne by the Government. The Mission at Bucharest was also not making recovery on account of lunch charges included in the tuition fee.

Failure on the part of the Missions/Posts to comply with the instructions of the Ministry to impose recovery towards inadmissible items under the children's

[2] One per cent of tuition fee for supply of books by school (including books given on loan basis), half per cent of foreign allowance for lunch and half per cent of foreign allowance for each day of field trip.

[3] Ashgabat, Bucharest, Copenhagen, Geneva, Helsinki, Minsk, Munich, The Hague and Vladivostok. In respect of the Mission at Paris, this is for the academic years 2003-04 and 2004-05 as previous audit report contained non-recovery for the years 2001-02 and 2002-03

education scheme resulted in non-recovery of Rs. 15.04 lakh as per **Annexure-A**

Audit scrutiny also revealed that the Ministry sanctioned (December 1996) payment of capital fee of US $ 750 per child in respect of eligible children of the personnel of the Mission at Phnom Penh (Cambodia) who were studying in an empanelled school. However, the Mission, in disregard of the Ministry's orders, paid capital fee in respect of seven children of its personnel at the enhanced rate of US $ 1200 per annum per child. This resulted in unauthorised expenditure of Rs. 11.37 lakh during 1997-2005. It was also observed that though no payment of fee on account of 'English as Second Language' (ESL) was admissible, the Mission irregularly paid Rs. 1.22 lakh in respect of 13 children of its personnel during 1996-2002. The Mission at Khartoum had unauthorisedly paid capital fee at the rate US $ 600 per annum per child in respect of seven children of its personnel without first securing the approval of the Ministry. The unauthorised expenditure incurred was Rs. 2.49 lakh during September 2003 to February 2005.

Thus, the failure of the Missions to comply with the instructions of the Ministry resulted in non-recovery of Rs. 15.04 lakh and unauthorised expenditure of Rs. 15.08 lakh.

The matter was referred to the Ministry in July/October 2005. While reply to the matter referred to the Ministry in July 2005 was awaited (December 2005), the Ministry in reply to the latter stated (December 2005) that regularisation of the expenditure incurred by the Mission at Phnom Penh was under its active consideration and necessary information had been called for from the Mission at Khartoum for early settlement of the audit observation.

On the deficiencies being pointed out in audit, the Ministry while admitting the irregularities committed by the Missions/Posts stated (December 2005) that the Ministry had, from time to time, been directing them to adhere to the financial/administrative rules scrupulously. The rise in number of irregularities indicates the need for the Ministry to strictly enforce accountability instead of routinely according ex-post facto sanctions.

4.1.9 The above instances illustrate the weak internal controls in MEA, which manifested in the form of disregard of Government instructions. Not only did the Missions incur unauthorised expenditure, but the Ministry was excessively liberal in condoning the violations of established procedures and rules in most cases. This has encouraged others to casually disregard the prescribed rules and Government orders and whittle internal control.

4.2 Unauthorised expenditure on engagement of contingency paid staff

The Missions and Posts abroad continued to employ staff paid from contingencies and local staff in disregard of the rules and regulations governing the employment of locally recruited staff resulting in unauthorised expenditure of Rs. 2.54 crore.

In terms of rule 6 of General Financial Rules, no authority may incur any expenditure or enter into any liability involving expenditure on government account unless such expenditure has been sanctioned by general or special orders of the government or by any authority to which power has been delegated in this behalf. Thus, no authority can incur expenditure on payment of salary without the specific sanction of the authority competent to sanction the post.

Further, Item No. 12 of Schedule I of the Financial Powers of the Government of India's Representatives Abroad provides that the Heads of Missions and Posts (HOM/HOP) may employ only (Class IV) staff paid from contingencies for work of casual nature. It forbids employing staff paid from contingencies for work of a regular nature or against vacant posts borne on the regular establishment.

Orders issued from time to time by the Ministry place the following further restrictions on their employment:

- they should not be employed for over six months;
- they should be paid wages equal to one-thirtieth of the minimum of the scale of pay prescribed for the corresponding local posts for each day of their engagement; and
- they shall not be entitled to any earned leave, bonus, increments and adjustments based on the cost of living index.

Successive Reports[4] of the Comptroller and Auditor General of India have highlighted disregard of Schedule I of Financial Powers and Ministry's instructions by various Mission and Posts. In its Action Taken Notes furnished in January 2001, May 2002 and December 2004, the Ministry stated that instructions were issued to the Missions and Posts emphasizing the need to adhere to the rules and regulations, failing which responsibility would be fixed on errant officers.

[4] Paragraph No. 4.1.1 of Report (No. 2 of 1999), Paragraph No. 8.6 of Report (No. 2 of 2000), Paragraph No. 9.2 of Report (No. 2 of 2002), Paragraph No. 4.1 of Report (No. 2 of 2003), Paragraph No. 2.3 of Report (No. 2 of 2004) of the Union Government – Civil of the Comptroller and Auditor General of India.

(1) Audit scrutiny, however, revealed that despite earlier audit observations and the resultant instructions in this behalf, the Missions at Canberra, Dar-es-Salaam, Kuala Lumpur, Moscow, Nicosia, Port Louise and Singapore continued to disregard the rules and instructions and employed staff paid from contingencies unauthorisedly for work of a regular nature for prolonged periods and paid them higher wages without the approval of the Ministry. These irregularities resulted in the Missions and Posts incurring unauthorised expenditure of Rs. 1.79 crore as detailed below:

(Rupees in lakh)

Mission/ Post	Post	Period	Amount	Nature of irregularity
HCI Singapore	Clerks (Two)	April 2003 to July 2004	8.56	Instead of discontinuing the unauthorised staff, additional contingency paid staff were engaged for regular work without the approval of Ministry.
HCI Canberra	Clerks	February 2000 to June 2004	50.05	Contingency paid staff were continuously engaged for regular work without the approval of the Ministry.
EI Dar-es-Salaam	Security Guards	1995-96 to 2003-04	31.51	In addition to its sanctioned men-in-position, Mission engaged security guards from a security agency on contingency basis without the approval of the Ministry.
-do-	Gardeners	2001-02 to July 2004	1.95	In addition to one regular gardener, the Mission engaged two gardeners paid from contingencies for period exceeding six months without the approval of the Ministry.
HCI Kuala Lumpur	Security Guards	2001-02 to June 2004	32.95	In addition to its sanctioned men in position, Mission engaged Security Guards from a security agency on contingency basis for which Ministry's approval was not obtained.
EI, Moscow	Class-III staff	September 2003 to March 2005	31.53	Contingency paid Class III staff were continuously engaged without the approval of the Ministry.
HCI Nicosia	Interpreter Messenger and Maid	23.8.2001 to 16.6.2003	13.79	Engaged contingency paid staff against one post of interpreter (Group 'C') and two posts of Group 'D' beyond six months without the approval of the Ministry. As per instructions of the Ministry COLA* was not payable to the contingency paid staff but they were paid COLA as well.
HCI Port Louise	Clerks	March 1995 to May 2004	8.75	Contingency paid staff were engaged beyond six months without the approval of the Ministry.
		Total	**179.09**	

* Cost of Living Allowance

(2) Para 8.6 of the Report of the Comptroller and Auditor General of India for the year ended March 1999, Union Government (Civil) highlighted the unauthorised expenditure of Rs. 1.47 crore during 1989-1999 on the operation of three posts of locally recruited direct data entry operators (DDE) in the High Commission of India, London (Mission) for which sanction for continuance existed only up to 31 March 1989. Ministry in their Action Taken Notes stated (May 2002) that necessary instructions had been issued to all Missions and Posts abroad not to engage local employees in excess of the sanctioned strength.

Audit scrutiny revealed that the Mission continued to employ one DDE and incurred an unauthorised expenditure of GBP 101,325.62 (Rs. 74.63 lakh[5]) towards pay and bonus from April 1999 to March 2005.

The Mission stated in May 2003 that there were vacant posts of local and India-based staff in the Mission against which the post of DDE operator could be accommodated. The Mission further stated in October 2004 that they were regularly pursuing with the Ministry for regularisation of the local post.

The reply of the Mission (May 2003) is not tenable as the Mission had no delegated powers to accommodate unauthorised local posts within the overall sanctioned strength. Thus, the employment of contingency paid and local staff in disregard of the provisions of the rules and orders of the Ministry resulted in unauthorised expenditure of Rs. 2.54 crore.

On the matter being pointed out in audit, the Ministry responded (December 2005) only in respect of Mission at Kuala Lumpur by stating that it had regularised expenditure of Rs. 11.33 lakh for the period from February 2005 to January 2006 and had asked for details of expenditure for the period from August 2004 to May 2005 for ex-post-facto regularisation. It was, however, silent about regularisation of expenditure pointed out by audit for the period from 2001-02 to June 2004.

4.3 Loss of interest due to injudicious retention of excess cash balance

Persistent non-compliance with Ministry of External Affairs' instructions for not holding cash balance in excess of requirement by overseas Missions and Posts despite audit observations on a number of occasions in the past resulted in loss of interest of Rs. 1.79 crore.

The Ministry of External Affairs abroad meets cash requirement of Indian Missions and Posts through periodical remittances in foreign currency. Such

[5] Converted at the salary rate of exchange prevailing in the respective years

remittances as are received by the Missions and Posts from time to time are usually retained by them in bank accounts that do not yield any interest. In addition to the periodical cash remittances, Missions and Posts also generate revenue through the provision of consular services, which is also deposited in a similar manner.

Audit observations on a number of occasions in the past[6] had highlighted instances of retention of cash balances in excess of requirements by various Missions and Posts abroad resulting in avoidable loss of interest to the detriment of government's financial interest. In pursuance of these observations, the Ministry has also been repeatedly emphasising that Missions and Posts abroad should make a realistic assessment every month of their cash requirements covering a period of six weeks and ensure that any cash balances held in excess of these requirements were either repatriated or adjusted against future remittances by advising the Ministry to reduce or suspend its monthly remittances. Further, in December 2000 the Ministry had specifically advised the Missions and Posts that it was not mandatory to always maintain cash balances to meet six weeks' requirements and that it should be possible to manage even by retaining only a month's requirements. The Ministry while taking serious view of the Reports of the Comptroller and Auditor General of India and recommendations of the Public Accounts committee again directed (June 2003) all the Missions/Posts to ensure that under no circumstances funds in excess of six weeks' requirement should be retained by them. The Ministry felt that it would be constrained to fix responsibility for any lapses resulting in financial loss to the government.

Audit of various Missions and Posts abroad conducted between August 2004 and August 2005, however, revealed that repeated audit observations and the Ministry's instructions did not have any perceptible impact in bringing about improvements in cash management. Between April 2001 and June 2005, as many as 25 Missions and Posts[7] had retained cash balances in excess of their six weeks' requirements for varying periods ranging from 4 to 41 months. Of these, nine Missions and Posts[8] had retained such excess balances in the past as well and this had been brought to their notice as well as the notice of the

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[6] Refer paragraph nos. 4.4, 4.5, 8.14, 8.7, 9.4, 4.7, 2.14 and 6.13 of Report No. 2 of the Comptroller and Auditor General of India for the years ended March 1996, March 1997, March 1999, March 2000, March 2001, March 2002, March 2003 and March 2004 respectively.

[7] Abidjan, Amman, Antananarivo, Bahrain, Cape Town, Gaborone, Geneva, Ho chi Minh City, Hong Kong, Lagos, Luanda, Minsk, Paris, Pretoria, Rabat, Sana'a, Senegal, Tel Aviv, The Hague, Thailand, Thimpu, Tunis, Vienna, Windhoek and Zagreb.

[8] Antananarivo, Cape Town, Gaborone, Luanda, Paris, Pretoria, The Hague, Tunis and Vienna

Ministry through the Reports of the Comptroller and Auditor General of India. The estimated loss of interest computed at the average rate of borrowings of government of 9.24 *per cent* per annum on this account would work out to Rs. 1.79 crore. Relevant details in this regard are in the **Annexure- B**.

That the Missions and Posts abroad should persistently retain cash balances in excess of actual requirements indicates that the Ministry's instructions and periodical assurances have been honoured more in breach than in their observance. The control exercised by the Ministry also appears to have been inadequate, if not lax. Persistent disregard of the Ministry's instructions leading to recurring loss of interest only underscores the imperative need for addressing the issue with greatest seriousness as well as enforcing accountability.

The matter was referred to the Ministry in August/September 2005; their reply was awaited as of February 2006.

4.4 Avoidable additional expenditure

Indian Missions at Port Moresby, Suva and Helsinki in violation of Ministry's instructions of providing only economy class excursion air tickets to ITEC trainees, purchased full fare economy class tickets for 212 trainees during the period April 1996 to August 2004 resulting in an estimated additional expenditure of Rs. 1.44 crore.

With a view to observing economy in expenditure, the Ministry of External Affairs (Ministry) has, from time to time, directed the Missions/Posts abroad to provide air tickets at the most economical rates to the trainees nominated under Indian Technical and Economic Co-operation (ITEC) Programme. For the purpose of obtaining excursion tickets at the most competitive rates, the Ministry again directed (October 2003) the Missions/Posts to prepare a panel by obtaining rates from different airlines including Air India/Indian Airlines. The panel was to be drawn by a committee of three officers nominated by the Head of the Mission/Post on quarterly basis and approved by him/her.

Paragraphs 8.12 and 4.2 of the Reports of the Comptroller and Auditor General of India for the years ending March 1999 and March 2002, Union Government (Civil) (Report Nos. 2 of 2000 and 2003 respectively) highlighted the avoidable additional expenditure incurred by some Missions in providing full fare economy class air tickets to such trainees instead of cheaper excursion tickets in the tourist/economy class. In its Action Taken Note in respect of paragraph 8.12 of Report No. 2 of 2000, the Ministry stated (May 2001) that in the cases of connecting flights including those of foreign airlines, layovers were necessary, which were provided by Air India because ITEC trainees had held full fare economy class tickets. The reply is not tenable as there was no evidence of any request from the sponsoring government for providing full fare tickets, which entitled the trainees for a layover. Accordingly the Ministry was advised (June 2001) to send a revised Action Taken Note, which was awaited as of June 2005 despite reminders. The Ministry had not sent the ATN on para 4.2 of Report No. 2 of 2003 as of June 2005.

Despite clear instructions of the Ministry and earlier audit observations, the Missions at Port Moresby, Suva (Fiji) and Helsinki purchased full fare economy class air tickets for 212 trainees nominated under ITEC Programme during the period from April 1996 to August 2004, resulting in an estimated additional expenditure of Rs. 1.44 crore as detailed below:

(Rupees in lakh)

Sl. No.	Name of the Mission	Number of trainees	Period	Excess fare paid
1.	Port Moresby	95	1996-97 to 2003-04	36.81[9]
2.	Suva (Fiji)	106	2001-02 to 2003-04	95.25[10]
3.	Helsinki	11	November 2003 to August 2004	11.81[11]
	Total	**212**		**143.87**

On the matter being pointed out in Audit, the Mission at Port Moresby stated (November 2004) that it had started buying cheapest excursion air tickets after calling quotations from various airlines and travel companies and the position would be reviewed at regular intervals.

The Mission at Suva (Fiji), however, stated (May 2005) that it was only in October 2003 that the Ministry communicated approval of Finance Ministry to purchase tickets from any airline, which offered the most economical fare. This reply is not tenable as Ministry's previous instructions required that the Missions avail of the cheapest available excursion fares. The Mission also stated that it had finally started procuring the most economical/ excursion fare tickets for the trainees after being advised by Audit.

The Mission at Helsinki stated (May 2005) that it had only one class I and one class II gazetted officer each apart from Head of the Mission and therefore a committee could not be constituted to obtain and scrutinize quotations from airlines on quarterly basis. The reply of the Mission is not tenable since the Mission could have constituted a committee of officers including Head of the Mission to scrutinise quotations and draw a panel on quarterly basis.

In respect of the Missions at Port Moresby and Suva (Fiji), the Ministry stated (November 2005) that under the ITEC guidelines issued by it in April 1989 and May 1997, passages could be booked by the Mission by tourist/economy class in Air India/Indian Airlines and it was only in October 2003 that it allowed ITEC/SCAPP trainees to travel on excursion ticket from any airline which offered the most economical fare. It also stated that the expenditure incurred by the Missions on economy class air passages till receipt of its instructions of October 2003 was in order as it was in accordance with the

[9] For the Mission at Port Moresby the extra expenditure has been worked out by applying the same ratio to the total expenditure as between the discounted fare (Rs. 95,730) and the full economy class fare (Rs. 1,51,330).

[10] Extra expenditure in respect of Suva (Fiji) had been worked out on the basis of applying the ratio between excursion/tourist class fare (Rs.77,875) and full economy class fare (Rs. 2,09,145) to the total expenditure.

[11] Difference between full fare economy tickets offered by Air India and excursion class fare

existing instructions in force at the time of purchase of tickets. It further stated that any expenditure incurred on full fare economy air passages for ITEC/SCAAP trainees only after October 2003 by the two Missions could be taken into account for arriving at notional additional expenditure. It added that despite some genuine difficulties, the Missions were now following the instructions and providing excursion fare tickets to ITEC/SCAAP trainees. The reply is not tenable as the Ministry has admitted that its previous instructions required that the Missions avail of the cheapest available excursion fares. According to the instructions issued in October 2003 only the restriction of purchasing tickets from Indian Airlines/Air India was removed and the tickets had to be purchased for economy tourist class only and not full fare economy class. Further, various Missions had committed same irregularity earlier also which was brought out in paragraphs 8.12 and 4.2 of the Reports of the Comptroller and Auditor General of India for the years ending March 1999 and March 2002 respectively. The fact, therefore, remains that the Missions had incurred avoidable additional expenditure in violation of the Ministry's instructions.

4.5 Unrealised VAT refunds

Absence of proper mechanism for claiming VAT refunds in eight Missions/Posts led to Rs. 25.11 lakh remaining unrealised.

Diplomatic Missions/Posts abroad are entitled to refund of Value Added Tax (VAT) paid on expenditure incurred on running and maintenance of the Missions/Posts. The Missions/Posts were required to maintain records to identify the amount of VAT paid that were eligible for refund, file claims in time, pursue rejected claims and match the refunds received with the claim filed.

Audit examination of eight Missions/Posts for the period April 2002 to July 2004 revealed that improper filing, monitoring and pursuance of VAT refund claims led to non-realisation of Rs. 25.11 lakh, as detailed in the Table below:-

(Rupees in lakh)

Sl. No.	Mission/ Post	Period	Amount	Remarks
1.	Embassy of India, Copenhagen	July 2004 to November 2004	1.03	Claim was not filed
			5.34	VAT amount in the utility bills of leased residences was not depicted separately to enable filing of refund claims.
			1.84	Full refund against claim not received.
2.	Embassy of India, Paris	July 2003 to December 2003	3.58	➢ Failure to get addresses of various mission wings located in places other Chancery included for VAT refund

				➢ Insufficient/deficient documentation ➢ Non-submission of original bills ➢ Lack of proper certification
3.	Consulate General of India, Milan	April 2002 to March 2004	5.16	Claim was not filed.
4.	Embassy of India, Dublin	August 2002 to June 2003	4.79	Claim filed without proper supporting documents
5.	Embassy of India, Zagreb	January 2002 to July 2004	0.15	Claim was not filed.
			1.36	Inability to file claim as utility bill were not in the name of Embassy
6.	Embassy of India, Almaty	January 2003 to December 2003	0.93	Improper documentation.
7.	Embassy of India, Bishkek	February and March 2003	0.75	Claim was not filed.
8.	Consulate General of India, St. Petersburg	May 003 to December 2003	0.18	Claim filed without proper supporting documents
		Total	**25.11**	

The matter was referred to the Ministry in August 2005; their reply was awaited as of January 2006.

4.6 Avoidable extra expenditure

The decision of the Ministry to increase the composition of the "Haj Goodwill Delegation 2005" from around 17 persons in the past years to 36 just ten days before the start of holy "Haj" pilgrimage resulted in extra expenditure of Rs. 24.50 lakh on booking of hotel rooms at higher rates.

Government of India sends a Haj goodwill delegation (delegation) comprising 16 to 17 persons for Haj pilgrimage every year. Due to heavy rush of pilgrims, the Indian Mission at Jeddah reserves hotel accommodation for the delegates around six months in advance to avoid extra expenditure on account of last minute booking.

Audit examination revealed that the Mission requested (May 2004) the Ministry to intimate the composition of the delegation for the year 2005 so that the hotel accommodation could be reserved well in advance. The Ministry responded (July and August 2004) that it was too early to project the number of delegates and room requirements. It advised the Mission to reserve 17 hotel rooms in accordance with the past practice. Accordingly, the Mission reserved (July 2004) 19 hotel rooms for the Delegation for 19 days from 6 January 2005 to 24 January 2005 at a package room rent of SR 23500 equivalent to Rs. 2.76 lakh per room. The Ministry confirmed to the Mission in December 2004 that the delegation comprising 17 persons was scheduled to depart for Jeddah on 16 January 2005. Subsequently it informed the Mission on 7 January 2005 just 10 days before the commencement of the Haj pilgrimage that a 36 member delegation accompanied by their spouses and other members of their families would be reaching Jeddah on 16 January 2005. Due to the last minute decision of the Ministry to enhance the size of the delegation, the Mission had to arrange additional hotel accommodation for the delegates at the higher rates applicable at that time. It reserved 14 additional hotel rooms for 9 days from 16 January 2005 to 24 January 2005 at a package room rent of SR 38340 equivalent to Rs. 4.51 lakh per room. Thus, the Ministry's decision to increase the composition of the Delegation at the last minute resulted in extra expenditure of Rs. 24.50 lakh.

The Ministry stated (December 2005) that the decision about the size of the delegation was taken with the approval of the Prime Minister and intimation about 36 member delegation was received from the Prime Minister's office on 7 January 2005 which was communicated to the Mission the same day. This points to the need for better co-ordination in the Government office so that the size of the delegation is fixed well in advance. In the instant case, a timely decision would have avoided extra expenditure of Rs. 24.50 lakh.

4.7 Irregular expenditure under the head Publicity

Despite Ministry's instructions and earlier audit observations, the Indian Missions at Accra, Abidjan, Rabat, Thimpu, Dakar, Lagos and Bangkok incorectly classified expenditure of Rs. 15.85 lakh under the head 'Publicity' during 2001-2005 which resulted in the Missions' understating the expenditure under the head 'Office Expenses' besides violating the government's instructions on economy in expenditure.

In the wake of repeated audit comments instances of irregular expenditure being incurred under the head Publicity by the Indian Missions and Posts abroad, the Ministry issued (March 1997) instructions according to which only the expenditure on the following would, inter alia, qualify for being booked under the head Publicity:

(i) press conferences intended to project India's point of view,

(ii) print and audio visual publicity material for dissemination of information on India,

(iii) purchase of office equipment such as computers and photocopiers which were specifically meant for publicity work,

(iv) media related matters, which would include any activity intended at projecting India's image and

(v) installation of cable/TV/VCR Dish antenna to Chancery.

Audit scrutiny revealed that despite Ministry's instructions and earlier audit observations, the Indian Missions at Accra, Abidjan, Rabat, Thimpu, Dakar, Lagos and Bangkok had incorrectly booked expenditure of Rs. 15.85 lakh on inadmissible items like subscription for DSTV and installation of an amplifier at High Commissioner's residence, purchase of diaries; calendars; advance for sale of car; purchase of chairs for Ambassador's residence dinner for golf tournament etc. as detailed in the annexure 'C', under the head 'Publicity' during 2001-2005. As the items of expenditure did not contribute towards enhancing India's image abroad, these did not qualify for classification under the head 'Publicity'. Further, since the government has been repeatedly emphasizing the need to observe economy in expenditure particularly under 'Office Expenses', booking of expenditure on inadmissible items under the head results in under-statement of actual expenditure on other items especially 'Office Expenses' thus circumscribing and violating government's orders on economy in expenditure.

The Missions at Accra, Abidjan and Rabat stated (June-July 2005) that the audit observations had been noted and the expenditure would be classified correctly in future. The Mission at Thimpu stated (July 2005) that the expenditure had inadvertently been booked under the head "Publicity" and the Ministry would be requested to regularise the same. The Mission at Dakar, however, justified (June 2005) classification of expenditure of Rs. 0.87 lakh on purchase of chairs for the Embassy residence under the head 'Publicity' on the ground that the chairs were needed for organising various functions including projection of films at the Embassy residence as the Chancery premises had no hall or auditorium for organising such functions. The reply was not tenable as the expenditure on account of purchase of chairs for Embassy residence was one of the normal activities of the Mission and would not qualify for being classified under the head Publicity.

On the matter being pointed out in audit the Ministry stated (December 2005) that its External Publicity Division had communicated the audit observations to all the seven Missions who had assured that the instructions in this regard would be followed in future. It also stated that its External Publicity Division had reiterated (September 2005) the instructions to all the Missions regarding booking of expenditure under the head Publicity.

Annexure -A

(Refer to Paragraph No. 4.1.8)

Details of recoverable amount in respect of supply of books and lunch

(Rupees in lakh[12])

Sl. No.	Name of Mission/Post	Total recoverable amount		Recovery made	Outstanding recovery
		Local currency			
1.	Ashgabat	US$ 3458.60	1.52	Nil	1.52
2.	Bucharest[13]	US$ 7232.07 and Euro 385	3.41	0.66	2.75
3.	Copenhagen	DK 3099.95	0.24	Nil	0.24
4.	Geneva	CHF 5330.31	1.97	Nil	1.97
5.	Helsinki	Euro 1497.00	0.86	0.30	0.56
6.	Minsk	US $ 902.00	0.40	Nil	0.40
7.	Munich	Euro 1638.80	0.94	Nil	0.94
8.	Paris	Euro 6707.90	3.86	Nil	3.86
9.	The Hague	Euro 4001.90	2.30	Nil	2.30
10.	Vladivostok	US$ 1143.20	0.50	Nil	0.50
	Total		**16.00**	**0.96**	**15.04**

[12] Converted in Indian rupees at official rates of exchange for the month of March 2005
[13] In respect of supply of text books and lunch, rest are in respect of supply of books only

Annexure -B

Statement showing the loss of interest due to retention of excess cash balance by the Missions/Posts (Refer to paragraph No.4.3)

(Rupees in lakh)

Missions/Posts at	Period examined in audit	No. of Months during which excess cash held	Total Amount of excess cash retained during these months	Loss of interest @ 9.24 *per cent per annum*
Abidjan	April 2001 to March 2005	9	51.41	0.39
Amman	December 2001 to January 2005	24	228.79	1.76
Antananarivo	April 2002 to November 2004	23	373.25	2.87
Bahrain	May 2003 to November 2004	9	19.06	0.15
Cape Town	April 2002 to August 2004	7	166.38	1.28
Gaborone	April 2002 to June 2005	23	1180.94	9.09
Geneva	January 2004 to December 2004	6	624.96	4.81
Ho chi Minh City	April 2001 to November 2004	31	541.69	4.17
Hong Kong	April 2004 to March 2005	11	197.96	1.52
Lagos	April 2001 to June 2005	41	2909.34	22.40
Luanda	April 2002 to June 2005	11	313.03	2.41
Minsk	October 2001 to January 2005	30	814.96	6.30
Paris	July 2003 to August 2004	8	2091.67	16.11
Pretoria	April 2002 to May 2005	18	3800.22	29.26
Rabat	April 2002 to March 2005	16	164.85	1.27
Sana'a	May 2002 to March 2005	25	581.53	4.48
Senegal	April 2001 to March 2005	18	319.31	2.46
Thailand	April 2003 to March 2005	24	2020.98	15.56
Tel Aviv	June 2003 to April 2005	21	1217.55	9.37
The Hague	March 2004 to January 2005	4	360.40	2.78
Thimpu	April 2002 to May 2005	22	3771.46	29.04
Tunis	August 2001 to August 2002	10	168.21	1.29
Vienna	February 2004 to January 2005	7	275.74	2.12
Wind hoek	June 2001 to May 2005	26	612.12	4.71
Zagreb	January 2002 to June 2004	19	455.99	3.51
Total				**179.11**

Annexure C

(Refer to Paragraph 4.7)

Details of expenditure wrongly booked by the Missions under the head "Publicity"

Sl. No.	Name of the Mission	Year	Item Description	Amount (Rupees in lakh)
1.	Accra (Ghana)	2002-03	Photocopying paper, diaries/ calendars and diplomatic yearbook.	0.26 0.29
		2003-04	Painting of brass signboard, fixing of calendar clock and subscription charges for India house.	0.03
		2004-05	Subscription for country reports and purchase of antenna for India House.	1.20
2	Abidjan	2002-03	Hiring of taxi and recoupment of interest.	0.14
		2003-04	Hiring of taxi/van, cost of English dictionary, announcement of sale of car, Republic Day celebrations[14] and payment for photographs.	0.48
		2004-05	Cost of issuing rejoinder and reimbursement of petty cash.	0.18
3.	Rabat (Morocco)	2001-02	Postage stamps.	0.10
		2004-05	Purchase of one smart card and subscription.	0.35
4.	Thimpu (Bhutan)	2002-03 to 2004-05	Dinner for Golf tournament.	1.76
		- do -	Internet charges.	0.55
5.	Dakar (Senegal)	2001-02	Local newspapers, printing of letter heads and invitation cards and purchase of chairs for Embassy residence.	1.33
		2002-03 and 2003-04	Bank draft charges and subscription to IMF journal 2003.	0.13
		2004-05	Purchases of folders and papers	0.06
6.	Lagos (Nigeria)	2001-02	Subscription for DSTV at residence of High Commissioner, First Secretary, Second Secretary and India based officials, installation of amplifier at High Commissioner's residence, installation of booster/antenna at Embassy and other residences and purchase of bookshelves.	3.82
		2002-03	Subscription of DSTV for residence of High Commissioner and Second Secretary, renewal of subscription of DSTV at Embassy residence, payment of distribution of DSTV channels to residences of staff members and painting of racks for library.	2.13
		2003-04	Subscription for DSTV for residence of First Secretary/ Second Secretary, purchase of stationery and postage stamps.	1.31
		2004-05	Purchase of stationery and TV at the residence of First Secretary.	0.30
7.	Bangkok (Thailand)	2003-04	Independence Day[15] celebrations, printing of folders for Embassy and Internet charges for consular wing.	1.03
		2004-05	UBC cable charges at residence.	0.40
			Grand Total	**15.85**

[14] Separate funds were provided by the Ministry to the Missions for Republic Day celebrations

[15] Separate funds were provided by the Ministry to the Missions for Independence Day celebrations

CHAPTER V : MINISTRY OF FINANCE

Department of Revenue

Income Tax Department

5.1 Deficient property management

Improper planning and casual approach of the Income Tax Department (Department) in utilising land and buildings acquired for office and residential purposes resulted in idling of Rs. 50.37 crore for periods ranging between 2 and 12 years and avoidable expenditure of Rs. 11.55 crore on payment of interest/extension charges and rent of hired buildings. The Department also incurred additional expenditure of Rs. 1.23 crore on the maintenance of unoccupied building between March 2003 and February 2005 and continued to incur expenditure of Rs. 5.74 crore per annum on rent and maintenance of other hired and unoccupied buildings beyond February 2005.

The Central Board of Direct Taxes (CBDT) decided (1989–1995) to acquire land, ready built buildings and residential flats in and around Delhi with a view to providing office and residential accommodation to the officers and staff of the Income Tax Department (Department). The Department purchased the following plots of land and buildings between March 1992 and January 2000:

a. ready-built office building at Vaishali, Ghaziabad, Uttar Pradesh,

b. a plot at the Community Centre, Saket, New Delhi for office complex, and

c. a plot at the District Centre, Laxmi Nagar, New Delhi for office complex.

Audit noticed (June-August 2005) various irregularities and deficiencies in the purchase and utilisation of the land and buildings as discussed in the succeeding paragraphs.

(a) Ready-built office building at Vaishali, Ghaziabad, Uttar Pradesh

The Department proposed (July 1994) acquisition of a ready-built accommodation at Vaishali, Ghaziabad (UP) for shifting its offices from Mayur Bhawan and Jhandewalan, New Delhi. The Ministry of Finance (Department of Revenue) accorded (December 1996) administrative approval and financial sanction for the purchase of ready built office space measuring 15000 square metres at Vaishali from GDA at a cost of Rs. 19.94 crore. After taking possession of the building from GDA in January 2000, the Department got civil and electrical works completed (February 2003) through CPWD at a cost of Rs. 16.81 crore[1]. Though the building was ready for utilisation in February 2003, the Department did not shift its offices from Mayur Bhawan and Jhandewalan, New Delhi to it as its Standing Council advised (March 2003) against it on the grounds that besides causing inconvenience to the assessees, it would create legal problems as the Delhi based assessees under the territorial jurisdiction of Delhi High Court would have to approach Allahabad High Court for the settlement of disputes. This happened despite CBDT's instructions (November 1994) to the Department to examine the implications in the light of Income Tax laws before going in for acquisition of the property in a bordering state. This important legal aspect was not kept in view while purchasing the building at Vaishali.

Audit examination revealed that the Department had been utlising only two floors of the building and 10 floors continued to remain unoccupied. Audit also noticed that though the Department had allotted three floors to its subordinate offices, these remained unutilised as of October 2005. Non-utilisation of ten floors of the building resulted in idling of funds of Rs. 30.68 crore calculated on a proportionate basis, for over two years. Additionally, the Department incurred expenditure of Rs. 10.24 crore on the rent of the offices located in Mayur Bhawan and Jhandewalan, New Delhi from March 2003 to February 2005. The Department also incurred an expenditure of Rs. 1.23 crore on civil and electrical maintenance of the unoccupied floors of the building calculated on proportionate basis, from March 2003 to February 2005. The minimum recurring expenditure of Rs. 5.74 crore (rent: Rs. 5.12 crore and maintenance: Rs. 62 lakh) per annum also continued. In response to the audit observations, the Ministry stated (February 2006) that the entire building had been allotted to the D. G. (Systems) for establishing the National Computer Centre. This underscores the point that the building could not be utilised for the purpose for which it was acquired and the legal implications were not examined before its purchase. Substantial portion of the building continued to remain unutilised till December 2005.

(b) Plot of land at Community Centre, Saket, New Delhi

The Delhi Development Authority (DDA) allotted 2100 square metres of land to the Department in November 1992 in Saket, New Delhi for construction of an office building at a premium of Rs. 15.30 crore. As per the terms and conditions of allotment, the payment was to be made to DDA by 31 January 1993. As the Department made the payment on 31 March, it had to pay interest at the rate of 18 *per cent*, which worked out to Rs. 45.90 lakh.

[1] Civil works including furniture = Rs. 10.46 crore, electrical works = Rs. 6.35 crore

Audit noticed that the above payment was made to DDA without first ensuring that the land was free from encumbrances. A team of officers of the Department inspected the site (August 1995) and (August 1996) and found that a sewer line, a water supply line, three covered storm water drains and a metalled road constructed by MCD were running through the plot of land. Besides, a 'nallah' was also flowing adjacent to the plot. The public was using the road as a thoroughfare. Since it was not possible for the Department to carry out the proposed construction on the said plot of land, it requested (September 1996) the DDA to allot another plot of land free from such encumbrances. However, the Department took possession of the plot in February 1997 and that too without getting the encumbrances removed. Reasons for this action were not on record. Though eight years had elapsed, the Department was yet to initiate any action to get the encumbrances removed to enable construction of the building.

Thus, the failure of the Department in ensuring that the land was free from encumbrances before its purchase resulted in idling of investment amounting to Rs. 15.64 crore (cost of land: Rs. 15.30 crore; stamp duty: Rs. 33.50 lakh) for more than 12 years. Moreover, delayed payment of the land premium to the DDA resulted in avoidable additional expenditure of Rs. 45.90 lakh on account of payment of interest. In response to the audit observations, the Ministry stated (February 2006) that it was not expected from a government agency like DDA to allot a land which could not be put to use on account of various encumbrances. This did not absolve the Department of its failure in ensuring that the land purchased by it was free from all encumbrances.

(c) Plot of land at Laxmi Nagar, New Delhi

The Department approached (October 1989) the DDA for allotment of land at Laxmi Nagar, New Delhi for construction of a multi-storeyed office complex. The DDA offered (August 1990) two adjacent plots, each measuring 399.53 square metres at a total premium of Rs. 4.05 crore to be paid by 20 September 1990. This date was extended to 25 October 1991 by DDA on the request of the Department.

Audit noticed that the Department paid the amount only in March 1992 after the administrative approval and expenditure sanction were accorded by the Ministry of Finance in November 1991. Consequently, it had to pay (March 1993) Rs. 81.97 lakh as interest on the delayed payment. In December 1995, the Ministry accorded administrative approval and technical sanction for construction of a building on the plots at a total cost of Rs. 7.88 crore. Delay by the Department in obtaining clearance from Fire Services and Delhi Vidyut Board resulted in the construction getting delayed till June 2003.

Consequently, the Department had to pay extension charges of Rs. 2.99 lakh to DDA on account of delay.

Thus, various delays in the purchase of land and commencement in construction of building resulted in idling of investment of Rs. 4.05 crore for more than 11 years and avoidable expenditure on payment of interest and extension charges of Rs. 84.96 lakh.

Thus, improper planning and lack of seriousness of the Department in utilising land and buildings acquired for office and residential purposes resulted in:

(i) idling of funds amounting to Rs. 50.37 crore in three cases for periods ranging between 2 to 12 years,

(ii) avoidable expenditure on payment of interest and extension charges aggregating Rs. 1.31 crore (Rs. 45.90 lakh + Rs. 81.97 lakh + Rs. 2.99 lakh);

(iii) failure to utilise the building acquired at Vaishali, Ghaziabad, UP as planned for office accommodation resulting in additional expenditure of Rs. 10.24 crore on rent of other buildings; and

(iv) Rs. 1.23 crore on maintenance of the unoccupied building at Vaishali, Ghaziabad. Such additional expenditure was continuing at the minimum rate of Rs. 5.12 crore and Rs. 62 lakh per annum.

Department of Economic Affairs

5.2 Idling of investment due to improper planning

India Government Mint, Noida, constructed 96 staff quarters without properly assessing its housing need resulting in 58 quarters (60 *per cent*) remaining vacant and consequential idling of investment of Rs. 2.29 crore. House rent allowance of Rs. 43.51 lakh was paid to the staff for whom the quarters had been constructed and there was a loss of licence fee of Rs. 5.63 lakh.

India Government Mint (Mint), Noida, purchased 25865.25 square metres of land (October 1986) worth Rs. 1.14 crore from New Okhla Industrial Development Authority (Authority) for construction of 184 staff quarters in two phases – 96 quarters in Phase-I and the remaining 88 in Phase-II. As per the terms and conditions of allotment of the land, the construction was to be completed within three years from the date of allotment of land that is by October 1989.

Audit examination revealed (April 2005) that construction of 96 staff quarters under Phase-I was completed in December 1998 at a cost of Rs. 2.26 crore. For the delay of 9 years occasioned due to delay in execution of the lease deed, non-approval of plan by the Authority, late sanction of electric connection and labour problems, the Mint had to pay extension charges of Rs. 42.03 lakh (Rs. 27.23 lakh in January 1995 and Rs. 14.80 lakh in December 1998) to the Authority. Records produced to audit did not indicate adequate action on the part of the Mint to overcome the problems. Only 38 quarters (40 *per cent*) had been allotted and occupied by the staff as of March 2005. The Mint attributed (April 2005) the poor occupancy of the quarters to low demand from the employees as some of them had constructed their own houses. Subsequently, in view of the non-availability of the applicants, it was decided not to go ahead with the construction of the remaining 88 quarters under Phase-II.

Thus, the Mint did not assess the actual housing need before taking up the project for construction of 96 quarters which resulted in 58 quarters (60 *per cent*) lying vacant involving investment of Rs. 3.82 crore*. On a proportionate basis, Rs. 2.29 crore of the investment had, thus, been idling. While there were vacant quarters, the Mint paid Rs. 43.51 lakh as house rent allowance to its employees for whom the quarters were constructed. The Mint lost Rs. 5.63 lakh which it could have received as licence fee had the quarters been occupied.

On the matter being pointed out in audit, the Ministry while admitting the delay in construction of quarters stated (August 2005) that due to the long time gap between the expected year of completion of construction (1993) and the actual year of completion (1998), the scenario of demand for the quarters had completely changed as most of the staff had constructed their own houses. Regarding utilisation of vacant quarters the Ministry stated that CISF personnel would be deployed for internal security for whom 75 quarters had been earmarked. However, there has been no progress in the matter as of January 2006.

* Rs. 1.14 crore – cost of land + Rs. 0.42 crore – extension charges + Rs. 2.26 crore – cost of construction.

CHAPTER VI : MINISTRY OF HEALTH AND FAMILY WELFARE

6.1 Injudicious release of grant-in-aid

The Ministry of Health and Family Welfare, in contravention of the General Financial Rules and guidelines of the Ministry of Finance, released Rs. 3.28 crore to four autonomous bodies during 2001-02 to 2003-04 although these bodies were generating sufficient internal resources and were reporting excess of income over expenditure.

Rule 148 (4) of General Financial Rules provided that cases where financial assistance was proposed to be granted to a society or an organisation likely to make a profit, the feasibility of giving grant-in-aid should be specifically considered by the sanctioning authority in consultation with the Ministry of Finance. The latest guidelines of Government of India, Ministry of Finance on expenditure management including fiscal prudence and austerity issued in September 2004 mentioned, *inter-alia,* that there had been cases in which Ministries were releasing funds to autonomous bodies year after year though substantial balances were available with these bodies which were lying unutilised and were kept in deposit with the banks. The ministries were advised not to release funds in such cases. The responsibility for regulating release of funds to the Autonomous Bodies rested with the Financial Advisers of the concerned Ministries.

Audit scrutiny revealed that the Ministry, in contravention of the General Financial Rules and guidelines of the Ministry of Finance, released grants-in-aid to four autonomous bodies during 2001-02 to 2003-04 though these bodies had sufficient internal resources generated by sale of application forms and recoveries made on account of registration, inspection, recognition and renewal fees and interest from investments etc. and had also reported excess of income over expenditure in annual accounts.

The financial position of these autonomous bodies during the years 2001-02 to 2003-04 was as under:

(Rupees in lakh)

Name	Medical Council of India			Pharmacy Council of India			National Board of Examinations			Dental Council of India		
Year	**2001-02**	**2002-03**	**2003-04**	**2001-02**	**2002-03**	**2003-04**	**2001-02**	**2002-03**	**2003-04**	**2001-02**	**2002-03**	**2003-04**
Grant-in-aid	58.00	60.00	60.00	11.00	10.00	10.00	10.00	20.00	20.00	28.00	25.00	16.00
Income from own resources	664.56	1107.16	938.30	122.15	93.08	109.47	498.05	658.51	935.62	159.00	214.70	217.53
[1]Excess of income over expenditure	267.40	665.46	203.35	30.34	10.55	36.02	154.76	272.20	545.32	44.66	83.32	16.49

[1] **Includes grant-in-aid released during these years.**

Thus, the Ministry injudiciously released grants amounting to Rs. 3.28 crore to theses bodies during 2001-02 to 2003-04 which indicated laxity in budgetary control.

The matter was referred to the Ministry in June 2005. Reply was awaited as of February 2006.

6.2 Irregular payment of patient care allowance

The Director General of Health Services (DGHS), Central Government Health Scheme (CGHS) Division, New Delhi and CGHS, Mumbai irregularly paid Patient Care Allowance amounting to Rs. 2.17 crore to non-entitled employees in violation of Government orders.

The Government of India (Ministry of Health and Family Welfare) revised (January 1999) the rates of Patient Care Allowance (PCA) from Rs. 140 to Rs. 690 per month with effect from 29 December 1998. PCA was, however, payable only to Group 'C' and 'D' (non-ministerial) employees working in CGHS Dispensaries.

Mention was made in Paragraph 10.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that the Additional Director, CGHS had paid PCA to non-entitled ministerial employees in violation of Government Orders. The same irregularity had been committed by CGHS, Pune also, which was again pointed out in paragraph 8.3 of the report of the Comptroller and Auditor General of India for the year ended March 2004. In reply to the latter para the Ministry stated (September 2004) that a note for consideration of the Cabinet for granting PCA to all employees had been submitted on which final decision was awaited.

Audit scrutiny of the records of DGHS (CGHS Division) revealed that though the final decision of the Cabinet was awaited and the DGHS had decided (March 2003) on the basis of earlier audit observation to stop payment of PCA to non-entitled staff with immediate effect, the department continued to make irregular payment of PCA to non-entitled staff at DGHS Headquarters, its Zonal Offices and Medical Stores Depot at Mandir Marg, New Delhi. Subsequently, the DGHS (CGHS Division) issued orders (June 2003) for keeping its earlier order of March 2003 in abeyance regarding irregular PCA paid to non-entitled staff. The orders continued to remain in abeyance by grant of extension from time to time. The last extension was granted upto 1 June 2005. Irregular payment made on this account for the years 2001-02 and 2003-04 worked out to Rs. 1.16 crore. Details of payment made on this account during 2002-03 were not made available to audit.

Similarly audit scrutiny of the records of CGHS, Mumbai for the period January 1999 to March 2005 revealed that payment of PCA amounting to Rs. 1.01 crore was made to 196 unentitled employees.

The Ministry in its Action Taken Note in respect of both the paragraphs referred to above reiterated (August 2005) that the order issued by DGHS for recovery of PCA from all non-entitled employees had been kept in abeyance. A proposal to extend the period further was under the consideration of the Department of Health. It also stated that the Ministry of Finance and the department of Personnel and Training were not in favour of granting PCA to non-entitled employees. Subsequently, DGHS stated (October 2005) that a note had been sent to the Cabinet Secretariat on 16th September 2005 for placing the matter before Committee of Secretaries.

Department of Health

6.3 Non-recovery of electricity and water charges

Safdarjung Hospital did not get separate domestic electric meters installed in the nurses' hostel and incurred expenditure of Rs. 48.55 lakh on domestic consumption of electricity at higher commercial tariff. The hospital also failed to recover Rs. 65.79 lakh payable by the occupants as electricity and water charges for the period May 1999 to December 2004.

Audit scrutiny of the records of Safdarjung Hospital (Hospital) revealed that the Hospital had neither taken any action to get separate individual meters installed in the nurses' hostel (Hostel) constructed in 1988-89, nor did it recover any electricity and water charges from the occupants. It was only after CPWD pointed out to the Hospital (December 1998) that the monthly consumption of electricity for the Hostel was 30,000 to 35,000 units, the latter issued orders (June 1999) for recovery of electricity and water charges with effect from 1 May 1999 from the occupants at flat monthly rates of Rs. 200 and Rs. 20 per room respectively. The Delhi Nurses' Union objected to these orders (July 1999) and informed that the residents would be ready to pay the bills only after separate individual meters were installed. The Hospital, however, did not get individual domestic meters installed in the Hostel as of December 2004. While the Hospital was not recovering any electricity and water charges, it paid Rs. 1.20 crore between May 1999 and December 2004 to New Delhi Municipal Council for domestically consumed electricity at higher commercial tariff* (worked out by audit on the basis of minimum

* Rs. 5.23 per unit upto August 2001 and Rs. 6.37 per unit thereafter against domestic tariff of Rs. 3.15 and Rs. 3.78 respectively.

monthly consumption of 30,000 units assessed by CPWD). The Hospital failed to recover Rs. 65.79 lakh (Rs. 64.19 lakh for electricity charges and Rs. 1.60 lakh for water charges) which was payable for this period by the occupants at the rates fixed by the Hospital.

On the matter being pointed out in audit, the Hospital stated (December 2004/June 2005) that the matter of fixing the rate of electricity charges recoverable from the occupants was pending with the Director General, Health Services (DGHS) and the Ministry. Decision was awaited despite protracted correspondence and several meetings with them. The Hospital was silent about recovery of water charges.

Inaction of the Hospital/Ministry in getting domestic meters installed for the Hostel resulted in additional expenditure of Rs. 48.55 lakh for the period May 1999 to December 2004 because the energy consumed was paid for at the higher commercial rates. Besides, it also did not recover electricity and water charges amounting to Rs. 65.79 lakh for the same period from the occupants at the rates fixed by it. The Hospital authorities should take immediate effective steps to recover the amount and get individual domestic meters installed to avoid incidence of recurring additional expenditure due to payment of electricity charges for domestic supply at commercial rates.

The matter was referred to the Ministry in May 2005. Reply was awaited as of February 2006.

6.4 Irregular payment of transport allowance

Safdarjung Hospital, in contravention of the orders of the Government of India, irregularly paid transport allowance of Rs. 49.52 lakh to various doctors/staff members who had been allotted government accommodation within a distance of one kilometre or within the hospital campus.

The Government of India in pursuance of the recommendation of the Fifth Pay Commission sanctioned transport allowance to its employees with effect from 1 August 1997 at rates ranging from Rs. 75 to Rs. 800 per month according to pay scale and the place of posting. In terms of the said orders, transport allowance was not admissible to those employees who had been provided with government accommodation within a distance of one kilometre or within a campus housing the places of work and residence.

Audit scrutiny of the records of the Safdarjung Hospital (Hospital) revealed that in contravention of the above orders, it had been making payment of transport allowance to doctors and other staff who were allotted government accommodation within a distance of one kilometre or within the hospital campus. The hospital had irregularly paid Rs. 49.52 lakh during the period from August 1997 to October 2004 to doctors and other staff who were allotted government accommodation within a distance of one kilometre from the hospital and also to one employee residing in the campus

On the matter being pointed out in audit the Ministry stated (August 2005) that facts had been verified and the Medical Superintendent of the Hospital had intimated that transport allowance had not been paid to any doctor or other staff residing within the premises of Hospital and hence terms and conditions governing grant of transport allowance had not been violated. The reply was not tenable as the Hospital had not only paid transport allowance to doctors and other staff who had been allotted government residential accommodation in Kidwai Nagar (West/East) and Raj Nagar, New Delhi located at a distance of 0.3 km, 0.6 km and 0.8 km respectively from the Hospital, which was not permissible but also to an employee who was allotted residential accommodation within the hospital campus.

The hospital should immediately stop the payment of transport allowance to non-entitled doctors and other staff and recover the irregular payments already made.

6.5 Idling of equipment due to unplanned purchase

Safdarjung Hospital purchased a Gas Sterilizer at a cost of Rs. 27.80 lakh without first assessing the cost of the consumables. The equipment had been used for less than one month during 10 years. Besides National Institute of Communicable Diseases (NICD), Delhi purchased an Elisa Processor costing Rs. 18.57 lakh without first ensuring availability of suitable space for its installation as well as trained manpower. This resulted in idling of equipment for about six years depriving the patients of the diagnostic facilities. Moreover, improper storage of the equipment for two years resulted in its getting damaged and additional expenditure of Rs. 2.75 lakh on its repair. Lack of procurement planning thus led to idling of the investment of Rs. 46.37 lakh for 6-10 years.

Audit scrutiny of the records of Safdarjung Hospital, New Delhi and National Institute of Communicable Diseases, Delhi revealed that high value equipment had been purchased before assessing the cost of consumables required for operating the equipment and ensuring availability of suitable space for installation as well as trained manpower. Consequently, investment of Rs. 46.37 lakh remained idle for 6-10 years as discussed below:-

(a) Safdarjung Hospital (Hospital), after assessing the workload of treating 5000 burn patients every year placed an indent (May 1991) on the Directorate General of Supplies and Disposal (DGS&D) for purchase of a Gas Sterilizer. Accordingly, DGS&D got a Gas Sterilizer imported (October 1993) from Germany, through a local dealer, at a cost of Rs. 27.80 lakh (DM 1,37,814).

Audit scrutiny revealed that though the equipment was received in the Hospital in November 1993, it was installed after a delay of one year on 26 November 1994 as necessary infrastructure facilities such as a room with electric works and continuous water supply with required pressure was not ready. It stopped functioning on 16 December 1994 after less than one month of its commissioning as the Hospital had not ensured continuous availability of reagents essential for the operation of Gas Sterilizer after the quantity of reagents supplied by the firm alongwith the equipment was exhausted. Thereafter, the Hospital did not purchase the reagents due to their prohibitive cost and the equipment remained non-functional.

(b) Similarly, the National Institute of Communicable Diseases (NICD) placed an indent (January 1998) on the Directorate General of Health Services (DGHS), New Delhi for supply of one Elisa Processor (Automated) with a computer. The DGHS purchased the equipment (June 1999) at a cost of Rs. 18.57 lakh (SFr 71,800). Necessary infrastructure facilities for installation and commissioning of the equipment were to be provided by NICD.

Since NICD had not ensured availability of space before the delivery of the equipment in June 1999, it was installed only in one corner of the laboratory on the third floor of NICD where its satisfactory functioning was demonstrated by the supplier. The equipment was not used thereafter. Subsequently, the equipment was shifted to its permanent location in the newly built laboratory in September 2001. During inspection of the equipment in the new laboratory it was noticed that due to improper storage conditions, rats had caused damages in fluid pipes, electric wiring and shielding. The equipment was not installed and continued to remain non-functional. The matter regarding functioning of the equipment functional remained under correspondence with the DGHS and the supplier till November 2002 when the supplier informed NICD that since the equipment had got damaged due to improper storage at NICD, repair charges would be borne by the latter. In August 2003 NICD agreed in principle to bear the cost of damaged spares estimated at Rs. 2.75 lakh. This cost was payable only after the equipment was installed and demonstrated to be working to the satisfaction of NICD. Though the equipment was finally installed in July 2004, it was not made operational due to non-availability of trained staff. NICD requested the supplier (March 2005) to train one officer and two technicians so that the equipment could be made functional. Further developments in the matter were awaited as of April 2005.

Thus, the purchase of high value equipment without first determining the availability and cost of consumables/reagents, basic infrastructure for installation and trained manpower required for its operation indicated poor procurement planning. This resulted in idling of investment of Rs. 46.37 lakh (Rs. 27.80 lakh + Rs. 18.57 lakh) for six to ten years, damage to the equipment and denial of diagnostic facilities to the patients. Additionally, improper storage of the system resulted in undischarged avoidable liability of Rs. 2.75 lakh.

The matter was referred to the Ministry in May 2005. While reply to (a) was awaited as of February 2006, the Ministry in reply to (b) forwarded (August 2005) the comments of DGHS admitting (July 2005) the lapse on the part of NICD.

CHAPTER VII : MINISTRY OF HOME AFFAIRS

7.1 Avoidable extra payment

Registrar General of India by entering into a fixed price contract when the quantity of work was not certain made avoidable extra payment of Rs. 1.83 crore.

Audit examination of the records of the Registrar General of India (RGI) revealed that it awarded a contract to M/s CMC Ltd. in November 2001 for supply, installation, testing and commissioning of image based automatic form processing software and high volume production scanners and services for Census 2001. The work involved processing of about 22.80 crore household lists and schedules at a fixed contract price of Rs. 23.57 crore. The agreement stipulated that if the actual total number of forms processed by the vendor fell short of the specified 22.80 crore forms for reasons attributable to RGI, the vendor shall be entitled to full payment of the contract price. It was noticed in audit that the actual number of forms processed by the vendor was only 21.03 crore. Records revealed that the agreement entered into with the vendor was based on estimated figures of forms. Article 3 of the agreement relating to scope of work under the contract provides for processing of 'about' 0.80 crore houselist schedules in Phase 1 and 'about' 22 crore household schedules in Phase 2. However, in Article 16 of the agreement the number was clearly specified as 22.80 crore. It was also specified that any shortfall would not affect the payment to the vendor should this be attributable to RGI. Ultimately, there was a shortfall of 1.77 crore forms for which Rs. 1.83 crore was paid as computed on a proportionate basis. The award of contract on fixed price basis instead of unit rate basis particularly when the RGI was not sure of the number of forms to be processed, was not justified and resulted in extra payment of Rs. 1.83 crore.

On the matter being pointed out by audit, RGI stated (October 2005) that the rates quoted by the vendor were not directly connected with the number of forms prescribed. It covered the supply of software/hardware and other supports as indicated under the scope of work in the tender documents. The reply is not tenable as in the scope of work it was clearly indicated that hardware/software and other support were to be provided for processing of 22.80 crore forms. This is also supported by Article 16.1 (b) of the agreement which determines the proportionate quarterly payment based on the number of forms completed. Thus, the basis for working out the requirement of hardware/software and supporting staff was the number of forms to be processed. Entering into a fixed rate contract instead of a unit rate contract without properly estimating the total number of forms resulted in avoidable extra expenditure of Rs. 1.83 crore on proportionate basis.

The matter was referred to the Ministry in September 2005. Reply was awaited as of February 2006.

CHAPTER VIII : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

8.1 Unauthorised expenditure on operation of posts

Unauthorised operation of posts by the Embassy of India, Moscow in disregard of the directions of the Department of Secondary and Higher Education resulted in unauthorised expenditure of Rs. 28.21 lakh

According to rule 6 of the General Financial rules, no authority may incur any expenditure or enter into any liability involving expenditure from Government account unless such expenditure has been sanctioned by general or special orders of the Government or by any authority to which power has been delegated. Thus, no authority can incur expenditure on payment of salary without the specific sanction of the authority competent to sanction the post. Further item 12 of Schedule I of the financial powers of Government of India's representatives abroad provides that the Head of the Mission may employ only class IV staff paid from contingency subject to the condition that the staff so employed is not for work of a regular nature or against vacant post.

The Ministry of Human Resource Development sanctioned (June 2003) the discontinuance of posts of one India-based Private Secretary and one local interpreter in the Mission at Moscow from July 2003 and asked the Mission to terminate the services of the incumbents of these posts from 30 June 2003 (AN) keeping in view the contractual obligations. Instead of discontinuing the post of local interpreter from July 2003, the Mission engaged a contingent clerk against the post from August 2003 to September 2004, thus defeating the very purpose of abolition of the post. The Mission also continued the engagement of one India-based Personal Assistant (PA) from July 2003 to December 2004[1] against the abolished post of Private Secretary even though it had an opportunity as early as August 2003 to adjust him against a Personal Secretary who was returning to India.

In response to the Mission's repeated request (July 2003, October 2004, January 2005) for continuation of post of PA till May 2005 and local interpreter till September 2004, the Ministry (March 2005) without approving continuation of the posts, approved budgeted expenditure (final grant of 2004-05) of the Education wing of the Mission.

[1] From January 2005, the incumbent was transferred to the Technical wing of the Mission.

Thus, the Mission at Moscow incurred unauthorised expenditure of Rs. 28.21 lakh without sanction for operation of two posts from July 2003 to December 2004. Ministry's action of allotment of funds against posts not sanctioned was also irregular.

The matter was referred to the Ministry; their reply was awaited as of January 2006.

CHAPTER IX : MINISTRY OF INFORMATION AND BROADCASTING

Films Division

9.1 Wasteful expenditure on pay and allowances

Films Division did not transfer eight surplus staff members to other offices of the Ministry or the surplus cell of the Department of Personnel and Training which resulted in wasteful expenditure of Rs. 32.67 lakh between 1999-2000 and 2004-05 on the pay and allowances of the surplus staff.

The office of the Deputy Chief Producer, Films Division, Delhi region had eight tea makers, wash boys and girls who were being utilised in the four tiffin rooms of the unit offices of the Films Division located at Tolstoy Marg, Pandara Road, Pushpa Bhawan and Paryavaran Bhawan, New Delhi. The first three unit offices were shifted to Soochna Bhawan, New Delhi during 1998-99.

Audit examination revealed (May 2005) that apart from the Films Division, the Soochna Bhawan and Paryavaran Bhawan buildings housed other offices also and had a central canteen. The Films Division was not provided with any separate space in these buildings for running its tiffin rooms. Consequently, the eight staff members earlier engaged for tiffin rooms became surplus. The Deputy Chief Producer, Delhi Region brought (July 1998) these facts to the notice of the Chief Producer, Films Division, Mumbai and requested him to take up the matter with the Ministry and explore the possibility of absorbing these surplus employees in other canteens. However, no response was received despite his reminders of November 1998 and December 1999. Audit did not notice any evidence in the records produced and examined to show that the Films Division, Mumbai had taken up the matter with the Ministry. In the meanwhile, the Films Division did not transfer these surplus staff either to the other offices of the Ministry or to the surplus cell of the Department of Personnel and Training for posting to other offices or canteens. The surplus staff were paid Rs. 32.67 lakh as pay and allowances during 1999-2000 to 2004-2005 though they were not engaged in any work nor was there any work for them in the tiffin room. This payment was continuing at the rate of Rs. 0.60 lakh per month.

Thus, the failure of the Films Division to transfer eight surplus tea makers, wash boys and girls to other offices resulted in wasteful expenditure of Rs. 32.67 lakh during 1999-2000 to 2004-05 on the pay and allowances of idle staff. The wasteful expenditure was continuing @ Rs. 7.20 lakh per annum.

The matter was referred to the Ministry in October 2005. Reply was awaited as of February 2006.

CHAPTER X : MINISTRY OF POWER

Central Electricity Authority

10.1 Non-collection of Service Tax

The Central Electricity Authority did not collect service tax of Rs. 62.10 lakh from its clients and ended up as an assessee in default before the Department of Central Excise.

The Government of India, Ministry of Finance imposed service tax on the services provided by consulting engineers with effect from 7 July 1997 vide notification no. 23/97-ST dated 2.4.97. 'Consulting engineers' included an engineering firm who, either directly or indirectly rendered any advice, consultancy or technical assistance in any manner to a client in one or more disciplines of engineering. Section 68(1) of the Finance Act 1994 (the Act) as amplified by the decision in the Tata Consultancy Services v. Union of India, 2001 (130) ELT 726 (Karnataka) made it clear that the levy would fall on every person providing the service including juristic persons. Service tax was payable even if the service was provided to Central Government, any State Government or Public Sector Undertaking. The gross amount charged by such engineers from the clients for such services rendered is subject to the imposition of service tax at the specified rate. If a person liable to pay the service tax, failed to credit it to the Central Government within the prescribed period, he was liable to pay simple interest at the rate of 15 *per cent per annum* for the period by which such credit was delayed.

The Central Electricity Authority (CEA) under the Ministry of Power is engaged, *inter-alia*, in providing consultancy services against consultancy fees and is accordingly liable to service tax. During October 1999 to February 2005, CEA charged consultancy fees aggregating Rs. 963.25 lakh from the clients. The service tax at the rates specified in the Act on the above consultancy fees worked out to Rs. 62.10 lakh which CEA failed to recover from clients and deposit with the Government. CEA also exposed itself to the additional liability of interest amounting to Rs. 14.29 lakh upto August 2005 for the delay in remittance of service tax.

CEA stated (May 2005) that it had not been registered as an assessee with the Government for payment of service tax and the matter for grant of exemption from payment of service tax had been taken up with the Central Excise Department. The Central Excise Department clarified (August 2005) that no exemption has been provided to any Government Department or Public Sector

Undertakings in respect of any taxable services rendered by them and asked CEA to comply with the service tax law.

Thus, not only did CEA fail to collect from its clients service tax of Rs. 62.10 lakh which it is liable to pay to the Government but also exposed itself to an interest liability of Rs. 14.29 lakh (as on August 2005) by becoming an assessee in default before the Department of Central Excise. The total liability incurred by CEA owing to its failure to fulfill its obligations of payment of service tax amounted to Rs. 76.39 lakh.

Badarpur Thermal Power Station

(Under the Management of National Thermal Power Corporation)

10.2 Non-deduction of income tax

Defective scheme of leave travel concession led to non-deduction of income tax aggregating Rs. 36.37 lakh at source on claims allowed on self certification basis for journeys performed by the employees.

According to Section 10(5) of the Income Tax Act, 1961 (I.T. Act) the value of any leave travel concession (LTC) shall be exempt from income tax only to the extent of expenses actually incurred for such travel. No exemption can be claimed without performing any journey and incurring actual expenses thereon. The Drawing and Disbursing Officers (DDO) of Government departments are responsible for ensuring deduction of income tax from the salary of the employees.

The employees of Badarpur Thermal Power Station (BTPS), whose salaries are funded by the Ministry of Power and managed by National Thermal Power Corporation (NTPC) on behalf of the Government, are governed by NTPC Leave Travel Concession (LTC) Rules effective from July, 1981. These Rules allowed employees and their family, reimbursement of actual fare limited to the amount of fare as per the entitled class of travel from the headquarters to the nearest railhead/airport of the place of visit either to home town or any other place in India once in a block of two years. The employees had the option to claim reimbursement of expenditure on LTC journey for distance upto 1250 Km (revised to 1400 Km in February 2002) on the basis of self-certification.

Claims were admitted on the basis of certificates to the effect that the claimant incurred expenditure not less than the amount of claim. BTPS disbursed a sum of Rs. 121.22 lakh during 2003-04 on account of LTC claims on certification basis. The amounts so paid were also allowed exemption from income tax on the ground that the employees had given a certificate stating that they had travelled not less than 1400 Km and incurred expenditure on fare for which reimbursement had been sought. Audit observed that in the absence of details of the dates on which the journey occurred, fares paid, mode of travel and other indications of actual performance of journey by the claimants, the correctness of the claims was not possible to be verified. Audit held that exempting the LTC without any proof of actual journey (other than self certification) was against the spirit of the exemption allowed under the IT Act, which was to be allowed only on the actual expenditure incurred on leave travel. On this being pointed out by audit, BTPS stated (July 2005) that from April 2005 they have begun to strictly deduct income tax at source on LTC payments made or claimed on certification basis. The Ministry endorsed this action of BTPS in December 2005.

Not taking similar action till it was pointed out by audit resulted in income tax amounting to Rs. 36.37 lakh not being deducted and credited to the Government account in only one year, i.e. 2003-04. The BTPS had also exposed itself to a likely interest and penalty demand amounting to Rs. 41.83 lakh from the Income Tax Department. Considering that the fact that the scheme for reimbursement of LTC claims on certification basis had been vogue since 1981, the income tax liability including interest and penalty would be much more.

CHAPTER XI : MINISTRY OF SCIENCE AND TECHNOLOGY

Council of Scientific and Industrial Research

11.1 Unfruitful expenditure

Failure of Regional Research Laboratory, Bhubaneswar to indicate the correct specifications while placing the order for a High Temperature Contact Angle measuring system on a foreign firm resulted in receipt of the system with wrong specifications. Neither had the matter been resolved with the supplier nor had RRL initiated any legal action against the supplier, with the result that the system costing Rs. 24.04 lakh was lying uninstalled.

Regional Research Laboratory (RRL), Bhubaneswar, a constituent unit of Council of Scientific & Industrial Research (CSIR) proposed (May 2003) to procure a High Temperature Contact Angle measuring system with molybdenum disilicide as heating elements. The system was required to study the reaction between refractory substrate and the material to be heated in the furnace at high temperature. In a quotation received by RRL in August 2003, a German supplier quoted for the system with molybdenum silicon dioxide as the heating element instead of molybdenum disilicide. However, RRL did not notice the change in the heating element in the quotation and placed the order on the firm for the system with molybdenum silicon dioxide as heating element in January 2004 at a cost of 47904 Euros.

RRL received the system in July 2004 and released 90 *per cent* payment amounting to 43,554 Euros, equivalent to Rs. 24.04 lakh through letter of credit. On receipt of the system, it was noticed that the heating system supplied by the firm was neither molybdenum disilicide nor molybdenum silicon dioxide but molybdenum oxide. RRL took up the matter with the supplier in the same month which replied in September 2004 arguing that RRL retain the system supplied by them in view of its advantages over the system ordered. RRL in October 2004 requested the supplier to replace the equipment. The supplier refused. RRL again took up the matter with the supplier in January 2005 for replacing the system with molybdenum disilicide heating elements. The supplier stated in February 2005 that RRL had not placed the order for the system with molybdenum disilicide but with molybdenum silicon dioxide which did not exist as heating element. It further stated that since RRL had not ordered for the system with molybdenum disilicide, they were unable to deliver the same. Despite the fact that the supplied system did not conform to its specification or the supply order, RRL did not initiate any legal action against the firm. The system has been lying uninstalled for more than eight months.

RRL stated in March 2005 that it had been making all efforts to rectify the situation and that the fault lay with the supplier of the system. It further stated in October 2005 that RRL was in correspondence with the Chief Vigilance Officer and Legal Advisor of CSIR for initiation of legal action against the supplier.

Thus, lapse of RRL in not indicating the correct specification while placing the supply order resulted in an unfruitful expenditure of Rs. 24.04 lakh.

The matter was referred to Ministry in August 2005; their reply was awaited as of January 2006.

11.2 Avoidable Expenditure

Lack of co-ordination by Central Mechanical Engineering Research Institute (CMERI), Durgapur in linking its decision for procurement of SMART-300 X-ray machine for a unit recommended for closure resulted in avoidable expenditure of Rs. 17.17 lakh.

The Central Mechanical Engineering Research Institute (CMERI) Durgapaur, an institute of Council of Scientific and Industrial Research (CSIR) had three constituent Mechanical Engineering Research and Development Organisations (MERADO) at Pune, Chennai and Ludhiana for assisting the growing industries in their day to day problems in the field of mechanical engineering. The institute uses X-ray machines for conducting radiographic analysis.

In July 2001, CMERI approved procurement of a new SMART-300 X-ray machine for MERADO, Chennai. A month later, in August 2001, CMERI, having identified MERADO Chennai and Pune as poor performers recommended their closure to CSIR. However, on CMERI's instruction a purchase order for the X-ray machine at a cost of Rs. 17.17 lakh was placed in December 2001. The decision to purchase a new X-ray machine for an institute already recommended for closure was inappropriate.

CSIR instructed closure of MERADO Chennai and Pune in April 2002. MERADO Pune also had a SMART-300 X-ray machine. This along with the newly procured machine of MERADO Chennai had to be transferred to CMERI, Durgapur on closure of the units. These two SMART-300 X-ray machines were in excess in CMERI, Durgapur. CMERI did not explore the possibility of utilisation of these machines. On this being pointed out in audit in February 2005, CMERI proposed to issue a circular to all CSIR laboratories, exploring the possibility of utilisation of the two SMART-300 X-ray machines.

While justifying the procurement of the machines, CMERI stated in March 2005 that the machine for the Chennai unit was purchased under the modernisation plan and the money allocated was to be utilised before 31 March 2002. CMERI further stated that all the recommendations do not come into reality and sometimes recommendations are turned down by the authorities and at that time there was a need to enhance the earnings of the unit by providing sophisticated equipment. The reply indicates improper haste in spending government funds besides lack of co-ordination in linking procurement decision for a unit recommended for closure. This led to avoidable expenditure of Rs. 17.17 lakh.

The matter was referred to the Department in August 2005. Reply was awaited as of January 2006.

CHAPTER XII : MINISTRY OF TOURISM

12.1 Irregular expenditure on engagement of staff paid from contingency

The Indiatourism offices, London, Milan and Paris incurred irregular expenditure of Rs. 83.17 lakh on engagement of staff paid from contingencies against vacant posts or for work of regular nature.

Item 12 of Schedule 1 of the Financial Powers of the Government of India's representatives abroad read with Part- IV thereof provided that the Regional Directors/ Directors of Indiatourism offices abroad could employ only class IV staff paid from contingency subject to the condition that the staff so employed was not for work of a regular nature or against the vacant posts borne on the regular establishment. In disregard of these instructions, the Indiatourism offices, London, Milan and Paris had been engaging contingency paid staff from July 2001 to March 2005 for work of regular nature or against vacant posts and incurred irregular expenditure of Rs. 83.17 lakh as under:

(Rupees in lakh)

S. No.	Indiatourism office at	Nature of work	Period	Amount
1.	London	Engagement of staff against vacant local posts.	January 2004 to March 2005	24.13[1]
2.	Milan	Engagement of staff for the work of cleaning and direct mailing, which was work of regular nature.	July 2001 to March 2005	30.48
3.	Paris	Engagement of staff against vacant post of Secretary and for direct mailing, which was work of regular nature.	April 2002 to March 2005	28.56
		Total		**83.17**

While the Indiatourism office at Paris approached the Ministry of Tourism in November 2003 and February 2005 for approval to the engagement of part time help on contractual basis and sanction for an India-based post of Secretary, the office at Milan sought (May 2005) approval for either two part time helps or one India-based post of Information Assistant.

The Ministry stated (October 2005) that the Indiatourism office in London engaged temporary staff against vacant posts, pending recruitment of regular staff for which approval in respect of the pay scale to be offered was awaited from the High Commission of India. In the case of Indiatourism, Paris, the

[1] At GB Pound 28,936.82 at official exchange rate of GBP1= Rs. 83.39 prevailing in March 2005

office was facing difficulties in appointment of a candidate to the post of Secretary/Stenographer as the benefits offered were not attractive enough and its proposal for converting this local based post to an India based post was under process in the Ministry. Indiatourism, Milan was not appointing the temporary staff on a regular basis, but only during peak season, to cope with the heavy workload.

The Ministry's reply was not tenable as the Heads of Indiatourism offices abroad had not been delegated with powers to employ temporary contingency paid staff against vacant posts borne on regular establishment or for work of a regular nature.

12.2 Unauthorised expenditure due to irregular continuation of post

Failure of the Ministry to stop continued operation of a post by a subordinate office abroad resulted in irregular expenditure of Rs. 57.27 lakh.

The Government of India (Department of Tourism) transferred (March 1992) one local based post of secretary-cum-stenographer from the Government of India Tourist Office (GOITO), Dubai to the GOITO, Madrid. The GOITO, Dubai continued utilizing the post and requested (February 1996) the Department of Tourism, Ministry of Tourism and Civil Aviation, New Delhi to cancel its order of March 1992 as there was heavy load of work. The Ministry regularised (April 1996) the post for the period March 1992 to February 1997 and later (November 1997) till September 1997, while abolishing the post of secretary-cum-stenographer with effect from October 1997.

During the course of audit, it was noticed that the GOITO, Dubai, continued to operate the post upto January 2004 even after formal abolition of the post. The office terminated the post only from February 2004. During the period October 1997 to January 2004, pay and allowances amounting to Rs. 57.27 lakh were paid to the employee.

In reply, Ministry stated (October 2005) that "though the services of the employee would have been terminated immediately but the same was done in February 2004 perhaps in anticipation of approval of this Ministry".

The reply clearly showed that even the Ministry was not sure about the reason for allowing the post to continue involving irregular expenditure of Rs.57.27 lakh.

CHAPTER XIII : MINISTRY OF URBAN DEVELOPMENT

Central Public Works Department

13.1 Avoidable extra expenditure

CPWD incurred avoidable extra expenditure of Rs. 1.65 crore on account of delay in completion of project and execution of pre-construction formalities.

With a view to mitigating the acute shortage of residential accommodation for central government employees in Kolkata, the Central Public Works Department (CPWD) decided to construct 56 Type V quarters for which administrative approval and expenditure sanction for Rs. nine crore were accorded by the Ministry in February 1995. Subsequently, CPWD revised the proposal and decided to construct 72 Type-V quarters in order to utilise the full potential of the plot. Accordingly, the Ministry accorded revised sanction for Rs. 19.02 crore in July 1999.

Audit examination revealed that though the pile foundation work was completed in January 1998, the construction of superstructure was awarded to the contractor by CPWD after three years in January 2001. This delay arose because CPWD did not finalise the lay out plan, structural drawings and specifications of materials during the period between the completion of the pile foundation work in January 1998 and award of the superstructure contract in January 2001. Consequently, escalation charges amounting to Rs. 30.20 lakh were paid by CPWD, which could have been avoided if the pre construction requirements were met expeditiously.

Audit examination also revealed that CPWD submitted building plans to the Calcutta Municipal Corporation (CMC) for approval in April 1996. CMC sought clarification on certain issues and rectification of the defects in the plan. The requirements of CMC were complied with by CPWD only in June 2003, after a lapse of six years, which resulted in avoidable additional payment of Rs. 28.68 lakh on account of sanction fee to CMC (now KMC).

Had the entire work of superstructure been completed as per schedule, the government could have saved expenditure of Rs. 1.06 crore[1] towards payment

[1] Worked out at 30 *per cent* of basic pay of Rs. 12,000 of the prospective allotees entitled to 72 Type V quarters for the period from February 2003 to September 2005.

of house rent allowance to the government employees besides recovering licence fee from them.

On this being pointed out in Audit in July 2005, CPWD while confirming the facts and figures stated (November 2005) that the work had since been completed and the building was handed over to the Estate Manager, Kolkata for allotment on 30 September 2005.

Thus non-completion of the mandatory pre-construction formalities and delay in execution of the work on the part of CPWD resulted in avoidable extra expenditure amounting to Rs. 1.65 crore, which included Rs. 30.20 lakh towards escalation charges, Rs. 28.68 lakh towards additional payment of sanction fee made to KMC and Rs. 1.06 crore towards house rent allowance to the prospective allottees.

The matter was reported to the Ministry in July 2005. Reply was awaited as of January 2006.

13.2 Extra expenditure due to delay in execution of work

Slackness in enforcing contractual provisions and completion of work resulted in extra expenditure of Rs. 18.45 lakh in execution and loss of Rs. 18.85 lakh towards non-recovery of dues on account of risk and cost and excess issue of material.

The work of construction of Indo Bangla Border road in Cooch Behar District of West Bengal was awarded to a contractor (November 1993) at a cost of Rs. 72.77 lakh with the stipulation that the work should be completed by February 1995. As the progress of work was very slow, the contract was rescinded at the risk and cost of the defaulting contactor after the work was measured unilaterally by CPWD (May 2002). An amount of Rs. 64.34 lakh was paid as running payment to the defaulting contractor till the contract was rescinded.

After rescission of the contract, the department worked out the final bill of the defaulting contractor at a negative amount of Rs. 18.85 lakh (Rs.6.68 lakh: cost of excess material + Rs.6.64 lakh: levy of penalty for delay + Rs.10.53 lakh amount of risk and cost recoverable=Rs.23.85 lakh (-) Rs.5.00 lakh security deposit = Rs.18.85 lakh). This was not recovered as of October 2005, as the whereabouts of the contractor were not known. The remaining work was awarded (December 2002) to another contractor and was completed in June 2004. An amount of Rs. 26.88 lakh was paid to the new contractor as final payment in May 2005.

As per provisions contained in CPWD Manual-II, compensation should have been levied from the contractor keeping in view the slow pace of work since the very beginning. The department also failed to record uptodate measurement of work done by the defaulting contractors for months together. Had CPWD taken timely action, excess issue of material or extra expenditure would not have arisen. Thus slackness in enforcement of contractual provisions by CPWD including issue of excess material to the first contractor resulted in extra expenditure of Rs. 18.45 lakh being the difference between the amount paid for the work to the two contractors (Rs.91.22 lakh) and the original contracted cost (Rs.72.77 lakh). This also led to a loss of Rs. 18.85 lakh due to non-recovery of dues from the contractor besides adversely affecting the patrolling of the border.

The matter was referred to the Ministry in August 2004 and August 2005. Reply was awaited as of January 2006.

CHAPTER XIV : UNION TERRITORIES

Andaman And Nicobar Administration

Directorate of Shipping Services

14.1 Unfruitful expenditure on slipway and repair facilities

Lack of proper planning and failure to provide the required manpower resulted in unfruitful expenditure of Rs. three crore on creation of assets which remained unutilised for more than two years.

With a view to providing repair and maintenance facilities for small boats locally at Mayabunder, the Directorate of Shipping Services, Andaman and Nicobar Administration (DSS) entrusted to the Andaman and Lakshwadeep Harbour Works (ALHW) two works namely 'Construction for slipway (Work A) and 'Providing afloat repairing facilities and foreshore development for slipway (Work B) in February 1995 and February 2000 on deposit work basis at an estimated cost amounting to Rs. three crore.

ALHW commenced Work A in October 1995 and Work B in January 2001. Though the completed works alongwith all tools and plants were taken over by the DSS in June 2003, the same were not put to use as the test trial of the slipway in September 2003 remained unsuccessful. Thereafter, neither any further trials were conducted nor any maintenance of the slipway undertaken (August 2005).

The DSS stated (August 2005) that the slipway and afloat facilities could not be put to use due to the lack of sanctioned technical manpower and that they had planned to utilise the assets by deputing the technical staff on duty-cum-tour basis. The reply was indicative of the lack of proper planning in putting these assets to use immediately on their acquisition.

Thus, creation of the assets without ensuring their immediate utilisation by deployment of technical manpower resulted in unfruitful investment of Rs three crore for over two years from the date of acquisition. In addition, the purpose for which these assets were created also remained unfulfilled and there was the possibility of rapid erosion of the value of assets due to non-utilisation and non-maintenance.

The matter was referred to the Ministry (August 2005). Reply was awaited as of January 2006.

Andaman Public Works Department

14.2 Extra and wasteful expenditure

Incorrect fixation of alignment of a diversion road of the runway of the airport by the Andaman Public Works Department (APWD) resulted in an extra expenditure of Rs. 53.57 lakh including wasteful expenditure of Rs. 13.40 lakh.

As a result of the extension of the runway of the airport by 5000 feet, the existing road which provided access to Port Blair from suburban areas fell within the alignment of the runway. This necessitated immediate construction of a construction of a diversion road measuring 2926 metres (1000 metres under Phase-I and 1926 metres under Phase-II) at an estimated cost of Rs. 3.90 crore (September 1998) in order to cater to traffic needs. But before taking up the construction of the diversion, APWD did not obtain approval of the Airport Authority of India (AAI), as required. The diversion road became operational in November 2000.

Subsequently, a team comprising officials from AAI, the Technical Advisor and the nodal agency for the operation of the project conducted a survey and specifically pointed out (October 2003) that a portion of the diversion road was penetrating the approach funnel[1] and causing obstruction to air traffic. Further, the Ministry of Civil Aviation in its meeting (January 2004) emphasized the need for realignment of the diversion road away from the approach funnel. The Chief Secretary, A&N Administration, during inspection (February 2004), also directed APWD to divert the road.

As a result of these developments, APWD took up the construction of an alternative road of a length of 615 M, abandoning the affected stretch measuring 400 M. For construction of the above alternative road, the Chief Engineer accorded administrative approval and expenditure sanction of Rs. 1.07 crore (July 2004). The contract for construction of the alternative road was awarded (July 2004) to a contractor at a cost of Rs. 1.14 crore, with the stipulated completion period of 10 months. APWD stated (October 2005) that the work had been completed and the road would be open for traffic after removal of the surplus material. An amount of Rs. 76.96 lakh was paid to the contractor as running payment till October 2005.

[1] The approach funnel is an area falling under the landing approach of aircraft. It starts from the end of the runway on both sides horizontally as well vertically with specific height/slope.

Thus, incorrect fixation of the alignment of the diversion road through the funnel area and delay in construction of the alternative road resulted in extra expenditure amounting to Rs. 54 lakh[2], which also included a wasteful expenditure of Rs. 13.40 lakh due to abandonment of a portion of the diversion road. This could have been avoided had APWD not ignored the requirements of avoiding the funnel area demarcated in October 1992, while constructing the diversion road.

APWD stated (October 2005) that though it helped in demarcation of the funnel area yet it was for the AAI and the Director General, Civil Aviation to identify the obstacle. The contention of APWD was not correct as the funnel area was well within the knowledge of APWD since 1992. Moreover, APWD had representation of the special airport cell, which finalized the demarcation of the funnel area of the airport in 1992, which indicated that APWD was aware of the funnel area.

An instance of the negligence of APWD in the construction of a water treatment unit within the funnel area of the airport, which had resulted in wasteful expenditure of Rs. 1.25 crore was already commented upon in Para 18.4 of the Comptroller & Auditor General of India's, Audit Report No. 2 of 1999 (Civil). APWD cannot, therefore absolve themselves of the responsibility for the wrong alignment of the road within the funnel area.

Thus, lack of proper coordination and planning by APWD led to extra expenditure amounting to Rs. 53.57 lakh, which included a wasteful expenditure of Rs. 13.40 lakh due to abandonment of a portion of the diversion road.

The matter was referred to the Ministry in July 2005. Reply was awaited as of January 2006.

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[2]	Cost of construction of 1926 metres	= Rs. 2.32 crore
	Cost of construction of 615 metres	= Rs. 1.14 crore
	Total	= Rs. 3.46 crore
Less:	Proportionate cost of Construction of 2430 metres	= Rs. 2.92 core
	Extra expenditure	= Rs. 54 lakh

CHAPTER XV : GENERAL

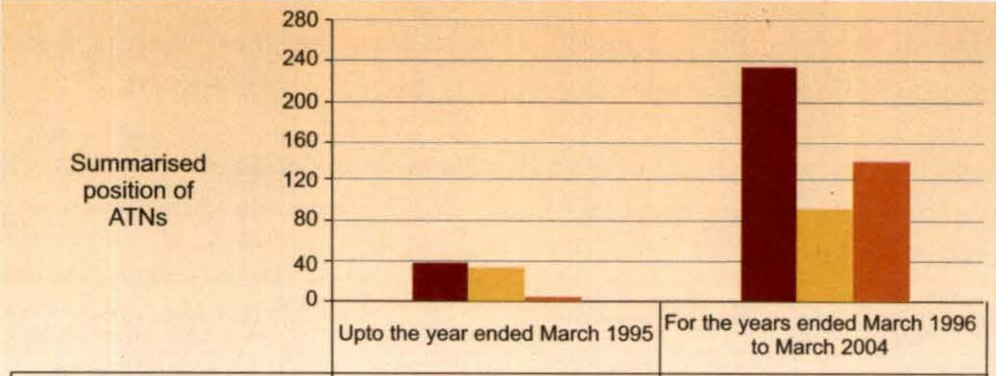
15.1 Follow up on Audit Reports-Summarised Position

Despite repeated instructions and recommendations of the Public Accounts Committee, various ministries and departments did not submit Action Taken Notes on 129 audit paragraphs even after the lapse of time limit prescribed by the Public Accounts Committee.

With a view to ensuring accountability of the executive in respect of the matters brought out in various Audit Reports, the Public Accounts Committee (PAC) decided in 1982 that the Ministries/Departments should furnish remedial/corrective Action Taken Notes (ATNs) on all paragraphs contained in these Reports.

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

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India, Union Government (Civil, Other Autonomous Bodies and Scientific Departments) as of October 2005 disclosed that the Ministries/Departments had not submitted ATNs on 129 paragraphs. This included 35 paragraphs included in the Audit Reports upto and for the year ended March 1995 as indicated in **Appendix-I**. The outstanding ATNs date back to as far as 1988-89.



	Upto the year ended March 1995	For the years ended March 1996 to March 2004
ATNs due	39	234
ATNs not received at all	35	94
ATNs under correspondence	4	140

Though the Audit Reports for the years ended March 1996 to March 2004 were laid on the table of the Parliament each year between May 1997 and May 2005 and the prescribed time limit of four months had elapsed in each case, the ministries/departments were yet to submit ATNs on 94 paragraphs while final ATNs in respect of 140 paragraphs were awaited as of October 2005 as indicated in **Appendix-II.**

15.2 Departmentally Managed Government Undertakings - Position of Proforma Accounts

The General Financial Rules stipulate that the departmentally managed government undertakings of commercial or quasi-commercial nature will maintain such subsidiary accounts and proforma accounts as may be prescribed by the Government in consultation with the Comptroller and Auditor General of India.

There were 34 departmentally managed Government Undertakings of commercial or quasi-commercial nature as of March 2005. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading Account, Profit and Loss Accounts and Balance Sheet. While the Government of India Presses prepare Proforma Accounts without Trading Account, Profit and Loss Account and Balance Sheet, the Department of Publications prepares only the Store Accounts.

It is necessary for each Ministry and Department to ensure that the audited accounts are prepared by the undertakings under their control within nine months of the close of the financial year. The position of the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in **Appendix –III.**

From the Appendix, it will be seen that the proforma accounts were in arrears in respect of 31 undertakings for periods ranging from one to thirty two years as shown below:

Period for which lying in arrears		
No. of years	**Period**	**No. of Undertakings**
1-5	2000-01 to 2004-2005	21
6-10	1995-96 to 1999-2000	9
32-33	1973-74	1
	Total	**31**

In the case of Shipping Department (Dockyard), Andaman and Nicobar Islands, the proforma accounts were in arrear since 1973-74 onwards. In the absence of proforma accounts, the cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to work out normal performance indicators like return on investment, profitability etc. for their activities.

The delay in compilation of accounts in respect of departmentally managed undertaking was brought to the notice of Secretaries of the Ministries of (i) Agriculture (ii) Defence (iii) Environment and Forests (iv) Finance (v) Health and Family Welfare (vi) Information & Broadcasting (vii) Power (viii) Road Transport and Highways (ix) Shipping (x) Urban Development in December 2005. Their replies/comments were awaited as of January 2006.

15.3 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues, duties, advances written off/ waived during 2004-05, is given in **Appendix-IV** to this Report. It will be seen from Appendix that in 832 cases, Rs. 60.11 lakh representing losses mainly due to failure of system, Rs. 526.92 lakh due to neglect/fraud etc. on the part of individual Government officials and Rs. 1061.70 lakh for other reasons, were written off during 2004-05. During the year, recoveries waived and ex-gratia payment made in 140 cases totalled Rs. 19.49 crore.

15.4 Response of the ministries/departments to draft paragraphs

Despite directions of Ministry of Finance issued at the instance of Public Accounts Committee, Secretaries of ministries/departments did not send response to 18 out of 38 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 response to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The draft paragraphs are always forwarded by the respective Audit offices to the Secretaries of the concerned ministries/departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the ministries are invariably indicated at the end of each such paragraph included in the Audit Report.

38 draft paragraphs included in this Report of the Comptroller and Auditor General of India for the year ended March 2005 were forwarded to the secretaries of the respective ministries/departments during May 2005-December 2005 through demi-official letters.

The Secretaries of the ministries/departments did not send replies to 18 draft paragraphs in compliance to above instructions of the Ministry of Finance issued at the instance of the PAC as indicated in the **Appendix-V**. As a result these 18 paragraphs have been included in this Report without the response of the Secretaries of the ministries/departments.

(Dr. A.K. BANERJEE)
Director General of Audit
Central Revenues

New Delhi
Dated 9 MAR 2006

Countersigned

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi
Dated 10 MAR 2006

APPENDIX-I
(Refers to Paragraph No.15.1)

Summarised position of the Action Taken Notes awaited from various ministries/departments up to the year ended March 1995 as of October 2005.

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
1.	Finance (Department of Revenue)	1994	2	-	2	-	-	-	-	-	-	2	-	2
2.	Information and Broadcasting	1995	1	-	1	-	-	-	-	-	-	1	-	1
3.	Urban Development	1989	-	-	-	1	1	-	-	-	-	1	1	-
		1990	-	-	-	5	5	-	-	-	-	5	5	-
		1991	-	-	-	8	8	-	-	-	-	8	8	-
		1992	-	-	-	9	9	-	-	-	-	9	9	-
		1993	-	-	-	12	12	-	-	-	-	12	12	-
4.	Youth Affairs & Sports	1994	-	-	-	1	-	1	-	-	-	1	-	1
	Total		**3**	**-**	**3**	**36**	**35**	**1**	**-**	**-**	**-**	**39**	**35**	**4**

APPENDIX-II

(Refers to Paragraph No.15.1)

Summarised position of the Action Taken Notes awaited from various ministries/departments up to the year ended March 2004 as of October 2005.

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
1.	Communications and Information Technology (Department of Posts)	2002	1	--	1	--	--	--	--	--	--	1	--	1
		2003	1	--	1	--	--	--	--	--	--	1	--	1
		2004	4	--	4	--	--	--	--	--	--	4	--	4
		2005	6	--	6	--	--	--	--	--	--	6	--	6
	Department of Information Technology	2004	--	--	--	---	--	--	1	1	--	1	1	--
	Department of Telecommunication	1997	1	--	1	--	--	--	--	--	--	1	--	1
		2004	4	--	4	--	--	--	--	--	--	4	--	4
		2005	3	--	3	--	--	--	--	--	--	3	--	3
2.	Commerce	2004	1	1	--	--	--	--	--	--	--	1	1	--
3.	Consumer Affairs and Public Distributions	2004	--	--	--	1	1-	--	--	--	--	1	1	--
4.	Council of Scientific and Industrial Research (includes DSIR)	2004	--	--	--	--	--	--	3	2	1	3	2	1

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
5.	Culture	1997	--	--	--	1	--	1	--	--	--	1	--	1
		1998	--	--	--	1	--	1	--	--	--	1	--	1
		2001	--	--	--	2	--	2	--	--	--	2	--	2
		2003	1	1	--	--	--	--	--	--	--	1	1	--
		2004	1	1	--	2	2	--	--	--	--	3	3	--
6.	Chemical & Fertilizer	2004	1	1	--	--	--	--	--	--	--	1	1	--
7.	Environment and Forest	2002	--	--	--	--	--	--	1	--	1	1	--	1
8.	External Affairs	1999	2	--	2	--	--	--	--	--	--	2	--	2
		2000	4	--	4	--	--	--	--	--	--	4	--	4
		2001	3	--	3	--	--	--	--	--	--	3	--	3
		2002	4	1	3	--	--	--	--	--	--	4	1	3
		2003	12	6	6	--	--	--	--	--	--	12	6	6
		2004	13	9	4	1	1	--	--	--	--	14	10	4
9.	Finance (Department of Revenue)	1998	1	--	1	--	--	--	--	--	--	1	--	1
		1999	2	1	1	--	--	--	--	--	--	2	1	1
		2002	1	1	--	--	--	--	--	--	--	1	1	--
	Department of Economic Affairs	2000	1	--	1	--	--	--	--	--	--	1	--	1
		2003	4	1	3	1	--	1	--	--	--	5	1	4
		2004	3	--	3	2	--	2	--	--	--	5	--	5

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
10.	Health and Family Welfare	1997	1	--	1	--	--	--	--	--	--	1	--	1
		1999	1		1	1	--	1	--	--	--	2	--	2
		2000	3	1	2	--	--	--	--	--	--	3	1	2
		2001	3	1	2	--	--		--	--	--	3	1	2
		2002	1		1	2	1	1	--	--	--	3	1	2
		2003	2	--	2	--	--	--	--	--	--	2		2
		2004	4	1	3	3	--	3	--	--	--	7	1	6
11.	Home Affairs	2000	1	--	1	--	--	--	--	--	--	1	--	1
		2002	1	--	1	--	--	--	--	--	--	1	--	1
		2004	3	--	3	--	--	--	--	--	--	3	--	3
12.	Human Resource Development (Department of Elementary Education and Literacy)	2000	1	--	1	--	--	--	--	--	--	1	--	1
		2001	1	--	1	--	--	--	--	--	--	1	--	1
	Department of Secondary and Higher Education	1999	1	--	1	--	--	--	--	--	--	1	--	1
		2001	--	--	--	4	--	4	--	--	--	4	--	4
		2002	--	--	--	3	3	--	--	--	--	3	3	--
		2003	3	1	2	4	2	2	--	--	--	7	3	4
		2004	4	1	3	11	6	5	--	--	--	15	7	8

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
	Department of Women and Child Development	1999	1	--	1	--	--	--	--	--	--	1	--	1
		2002	--	--	--	1	--	1	--	--	--	1	--	1
		2003	1	1	--	--	--	--	--	--	--	1	1	--
13.	Information and Broadcasting	1997	2	--	2	--	--	--	--	--	--	2	--	2
		1998	1	--	1	--	--	--	--	--	--	1	--	1
		2000	3	--	3	--	--	--	--	--	--	3	--	3
		2001	4	1	3	--	--	--	--	--	--	4	1	3
		2002	--	--	--	5	--	5	--	--	--	5	--	5
		2003	1	--	1	4	1	3	--	--	--	5	1	4
		2004	1	1	--	4	4	--	--	--	--	5	5	--
14.	Indian Council of Agricultural Research	2004	--	--	--	--	--	--	2	--	2	2	--	2
15.	Indian Council of Medical Research	2004	--	--	--	--	--	--	1	--	1	1	--	1
16.	Labour	2000	--	--	--	1	--	1	--	--	--	1	--	1
		2001	--	--	--	1	--	1	--	--	--	1	--	1
		2004	1	--	1	--	--	--	--	--	--	1	--	1
17.	Law & Justice	2003	1	1	--	--	--	--	--	--	--	1	1	--
18.	Power	2004	1	1	--	--	--	--	--	--	--	1	1	--
19.	Rural Development	2002	2	2	--	--	--	--	--	--	--	2	2	--

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
20.	Science and Technology	2003	--	--	--	--	--	--	1	1	--	1	1	--
		2004	--	--	--	--	--	--	2	-	2	2	-	2
	Department of Space	2004	--	--	--	--	--	--	1	--	1	1	--	1
	Department of Atomic Energy	2004	--	--	--	--	--	--	5	2	3	5	2	3
21.	Shipping	2001	--	--	--	1	1	--	--	--	--	1	1	--
		2002	--	--	--	1	1	--	--	--	--	1	1	--
		2003	--	--	--	3	2	1	--	--	--	3	2	1
		2004	1	1	--	4	3	1	--	--	--	5	4	1
22.	Small Scale Industries	2000	--	--	--	1	1		--	--	--	1	1	--
		2004	--	--	--	2	2	--	--	--	--	2	2	--
23.	Social Justice and Empowerment	1998	1	--	1	--	--	--	--	--	--	1	--	1
		2001	--	--	--	1	--	1	--	--	--	1	--	1
		2003	1	--	1	--	--	--	--	--	--	1	--	1
		2004	1	1	--	1	1	--	--	--	--	2	2	--
24.	Statistics and Programme Implementation	1997	1	--	1	--	--	--	--	--	--	1	--	1
		2000	1	--	1	--	--	--	--	--	--	1	--	1
25.	Steel	2003	1	1	--	--	--	--	--	--	--	1	1	--
26.	Textile	2003	1	1	--	--	--	--	--	--	--	1	1	--
27.	Tourism	2003	1	1	--	--	--	--	--	--	--	1	1	--
		2004	1	1	--	--	--	--	--	--	--	1	1	--

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Civil			Other Autonomous Bodies			Scientific Departments			Total		
			Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence	Due	Not received at all	Under corresp-ondence
28.	Urban Development	2002	--	--	--	1	1	--	--	--	--	1	1	--
		2003	1	1	--	1	1	--	--	--	--	2	2	--
		2004	6	6	--	3	3	--	--	--	--	9	9	--
29.	Water Resources	2003	1	1	--	--	--	--	--	--	--	1	1	--
30.	Youth Affairs & Sports	2003	1	1	--	--	--	--	--	--	--	1	1	--
		2004	1	1	--	--	--	--	--	--	--	1	1	--
Total			**143**	**51**	**92**	**74**	**37**	**37**	**17**	**6**	**11**	**234**	**94**	**140**

Appendix-III
(Refers to paragraph 15.3)
Summarised financial results of Departmentally Managed Government Undertakings

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
	MINISTRY OF AGRICULTURE									
1.	Delhi Milk Scheme	2004-05	3622.88	851.33	2156.81	(-)1777.66	255.28	(-) 1522.38	--	
2.	Ice-cum-Freezing Plant, Kochi	2003-04	211.67	118.16	77.43	78.11	25.40	42.96	--	
	MINISTRY OF DEFENCE									
3.	Canteen Stores Department	2003-04	48.00	3429.85	2337.37	11731.69	7940.93	19672.62	30.55	
	MINISTRY OF ENVIRONMENT AND FORESTS									
4.	Department of Environment and Forests, Andaman and Nicobar Islands	1999-00	1443.83	162.11	1281.72	(-) 993.99	*2147.31	(-)993.99	(-)4.20	*Interest on Government Capital as per the Proforma Accounts is 2147.31 lakh. But the correct figure if correct natured of calculation of interest is adopted it is 1164.45 lakh.
	MINISTRY OF FINANCE									
5.	Bank Note Press, Dewas	2000-01	10745.45	4826.32	5919.14	10998.62	4315.33	15313.95	43.08	
6.	Currency Note Press, Nasik Road	2003-04	47322.84	29263.49	18115.81	3843.03	3726.11	9983.87	27.49	
7.	Government Alkaloid Works, Ghazipur	1998-99	137.82	24.50	39.35	(-)382.54	98.95	(-)283.59	-	
8.	Government Alkaloid Works, Neemuch	1999-00	980.75	698.15	278.29	1940.14	114.98	2055.12	216.28	
9.	Government Opium Factory, Ghazipur	1998-99	234.10	103.44	75.96	5410.65	75.21	5485.86	875.34	

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
10.	Government Opium Factory, Neemuch	1999-00	417.05	350.29	67.58	10896.82	NIL	10896.82	-	
11.	India Government Mint, Hyderabad	2001-02	42765.49	312.05 1693.62	602.46 179.78	(-) 2624.30	5200.92	NA	NA	
12.	India Government Mint, Kolkata	2002-03	54550.66	1811.21	632.07 235.11	1973.60	6050.26	-	-	
13.	India Government Mint, Mumbai	1998-99	32364.04	4592.04	1397.64	12489.53	5258.25	17747.78	-	
14.	India Security Press, Nasik Road	2003-04	74601.66	11391.13	4588.49	55.15	5442.29	5497.44	11.19	
15.	India Govt. Mint, Noida	1998-99	2629.24	1905.20	724.04	3809.92	211.98	3821.91	145.36	
16.	Security Paper Mill, Hoshangabad	2002-03	9448.39	4034.83	3461.09	1582.94	-	1582.94	-	
17.	Security Printing Press, Hyderabad	1999-00	1947.00	938.00	1031.00	24.00	304.00	328.00	-	-
	MINISTRY OF HEALTH AND FAMILY WELFARE									
18.	Central Research Institute, Kasauli	2003-04	889.96	278.57	83.59	39.20	146.29	600.47	42.11	
19.	Medical Stores Depot	2001-02	3224.27	87.41	26.62	(-) 473.38	46.97	147.73	--	Does not contain figures of MSD Chennai & Guwahati as these were available only for the year 2000-01.
20.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	2004-05	0.31	0.23	0.0016	0.111	0.101	0.261	82.14	
	MINSTRY OF INFORMATION AND BROADCASTING									
21.	Films Division, Mumbai	1994-95	1641.87	1602.94	801.41	(-) 1418.89	167.87	-	-	Loss indicates loss for the year.

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
	MINISTRY OF POWER									
22.	Badarpur Thermal Power Station, New Delhi	2004-05	42673.30	10578	33082	20049*	1206	18044**	42.28	*Include NTPC share of profit of 10% **Net surplus after deducting NTPC share of profit.
23.	Electricity Department, Andaman and Nicobar Islands	2001-02	17926.41	15464.33	2015.55	(-) 55167.01	1718.91	(-) 8694.07	(-) 61.40	
24.	Electricity Department, Lakshadweep	2002-03	3123.21	1852.18	1271.03	(-)1453.43	270.86	(-) 1724.29	-	
25	Deptt. of Atomic Energy, Hyderabad	2003-04	43248.74	29172.19	14076.54	13474.31	6375.65	19849.96	46.72	
26	Heavy Water Pool Management, Mumbai	2003-04	703617.81	0.00	0.00	(-) 39296.94	72191.19	32894.25	4.68	Figures are provisional.
	MINISTRY OF ROAD TRANSPORT AND HIGHWAYS									
27.	Chandigarh Transport Undertaking	2002-03	7305.58	3434.62	680.33	(-) 589.89	309.55	(-) 280.34	(-) 3.84	
28.	State Transport Service, Andaman and Nicobar Islands, Port Blair	2003-04	1347.60	162.91	1184.68	(-)11591.66	(-)1394.68	(-) 12986.34	(-) 963.66	
	MINISTRY OF SHIPPING									
29.	Andaman Ferry Service	2002-03	26092.38	3373.67	5486.23	(-) 32.74	(-) 2553.32	(-) 2586.06	(-) 9.91	
30.	Department of Lighthouses and Lightships	2002-03	13640.00	14324.00	5505.00	4362.00	340.00	4702.00	69.00	

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreci-ation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
31.	Marine Department (Dockyard) Andaman and Nicobar Islands	2003-04	2884.55	205.10	61.60	(-) 4166.22	(-) 289.41	(-) 4455.63	(-) 154.47%	
32.	Shipping Services, Andaman and Nicobar Islands	1972-73	43.50	56.80	7.89	(-) 80.15	4.47	(-) 75.68	-	Accounts not received from the Department since 1973-74.
	MINISTRY OF URBAN DEVELOPMENT									
33.	Department of Publications, New Delhi	2000-01 and onwards	-	-	-	-	-	-	-	Instead of proforma accounts, publication department prepares store accounts which have been audited upto 1999-2000. The Ministry decided in November 2001 to change over the accounting system to commercial pattern of accounts. The Department has still not changed over.

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
34.	Government of India Press	2003-04	955.09	-	60.52	-	48.55	-	-	Government of India Presses functions on "No Profit, No Loss" basis. The figures include results of Presses in Delhi only.

APPENDIX –IV
(Refers to Paragraph 15.3)
Statement of losses and irrecoverable dues written off/waived during 2004-2005

(Rupees in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to									
	Failure of System		Neglect/fraud etc.		Other reasons		Waiver of recovery		Ex-gratia Payment	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Agriculture	--	--	--	--	1	0.22	--	--	--	--
Atomic Energy	--	--	--	--	28	12.81	1	0.05	--	--
Central Board of Excise & Customs	--	--	--	--	574	117.43	8	2.57	--	--
Finance (Economic Affairs)	--	--	--	--	--	--	1	1628.10	2	6.93
Health and Family Welfare	19	42.38	6	503.02	26	714.96	5	12.89	--	--
Information and Broadcasting	--	--	--	--	3	26.78	--	--	--	--
Labour and Employment	--	--	--	--	4	3.76	--	--	--	--
Department of Electricity {Lakshdweep}	--	--	1	1.18	--	--	--	--	--	--
Mines	--	--	--	--	--	--	29	0.25	--	--
Posts and Telecommunication	--	--	7	1.40	16	3.25	2	0.12	88	9.26
Power	--	--	--	--	3	23.32	--	--	--	--
Shipping, Road Transport and Highways	23	17.73	49	21.32	69	157.32	3	0.13	--	--
Space	--	--	--	--	3	1.85	--	--	--	--
Surface Transport	--	--	--	--	--	--	1	7.60	_	_
Urban Development (D.D.A)	--	--	--	--	--	--	--	--	*	281.15
Total	**42**	**60.11**	**63**	**526.92**	**727**	**1061.70**	**50**	**1651.71**	**90**	**297.34**

* Number of cases not mentioned by the Department.

APPENDIX - V
(Refers to Paragraph 15.4)
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.	Atomic Energy	01	--	--
2.	Commerce & Industry	03	--	--
3.	Communication and Information Technology	07	05	3.2, 3.3, 3.4, 3.5 and 3.6
4.	External Affairs	07	02	4.3 and 4.5
5.	Finance	02	--	--
6.	Health and Family Welfare	05	02	6.1 and 6.3
7.	Home Affairs	01	01	7.1
8.	Human Resource Development	01	01	8.1
9.	Information and Broadcasting	01	01	9.1
10.	Power	02	--	--
11.	Science and Technology	02	02	11.1 and 11.2
12.	Tourism	02	--	
13.	Urban Development	02	02	13.1 and 13.2
14.	Union Territories	02	02	14.1 and 14.2
	Total	**38**	**18**	