PRESS RELEASE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi
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Commercial Compliance Audit Report on CPSEs Presented in Parliament

The Report no. 18 of 2025 of Comptroller and Auditor General of India (C&AG) on Compliance Audit Observations include important audit findings noticed as a result of test check of accounts and records of Central Government owned companies and corporations conducted by the officers of the C&AG as per the provisions of the Companies Act 2013 and the statutes governing various corporations. This Report was presented in the Parliament here today.

2. The Report contains 10 individual audit observations and seven compliance audit paragraphs relating to 12 Central Public Sector Enterprises (CPSEs) under eight Ministries/Departments. Total financial implication of individual audit observations and compliance audit paragraphs is ₹5,048.20 crore.

3. Highlights of significant paragraphs included in the Report are given below:

Energy Cluster

Review of Construction of New Coal Washeries in BCCL

Bharat Coking Coal Limited (BCCL) did not adhere to the prescribed time schedules for construction of washeries. Delay resulted in payment of compensation charges of ₹22.24 crore to contractors. Deficiencies were noticed in awarding of contract for construction of Bogie Open Bottom Rapid (BOBR) track hopper system at Patherdih-I washery, that led to under-utilisation of capacity and deprived BCCL from earning additional revenue of ₹371.33 crore. There are instances of violation of conditions specified by the Ministry of Environment, Forest and Climate Change. Also, even after commencement of operation of Dahibari washery, BCCL failed to supply committed quantity of raw coal, which led to payment of commitment charges of ₹36.18 crore and deprived BCCL from earning additional revenue of ₹113.32 crore.

(Para 1.1)

Follow up of Report No. 12 of 2019 on "Assessment of Environmental Impact due to Mining Activities and its Mitigation" in CIL

The Performance Audit on "Assessment of Environmental Impact due to Mining Activities and its Mitigation in Coal India Limited (CIL) and its Subsidiaries" was printed vide Report No. 12 of 2019. The review was carried out to examine the action taken by the Ministry/ Management on the issues highlighted in that Report. Audit noticed that certain issues, remained partially complied or yet to be complied with. These relate to efforts required to combat air pollution, water pollution, as well as concerning rehabilitation and resettlement for mine fire and monitoring of environmental activities. The capital works relating to air and water pollution control measures were still under progress. Even after lapse of more than 10 years since Jharia Mine Plan was approved, the surface fire area existed in 1.80 sq. km, spreading over 27 sites. In respect of Raniganj Master Plan, the shifting of affected families is yet to be carried out. The present installed capacity of solar projects in CIL and its seven subsidiaries was only 4.08 *per cent* of envisaged capacity of 3,000 MW of solar projects.

(Para 1.2)

Avoidable expenditure towards payment of penal interest to the tune of ₹14.37 crore by CCL

As per Forest (Conservation) Act, 1980, the company, was required to obtain, prior approval of the Central Government for diversion of forest land for non-forest purpose with adequate mitigating measures. However, without obtaining necessary permission, CCL decided (July 2019) to commence transportation of coal on forest land through village road. Forest Department of Jharkhand (October 2022) raised a demand for regularization of encroachment and ex-post facto approval for use of forest land for construction of road and CCL was asked to pay ₹11.18 crore including ₹8.70 crore as penalty for violation of forest regulation.

(Para 1.3)

Idling of Time Charter Vessels and resultant infructuous expenditure of ₹470.56 crore by BPCL

Bharat Petroleum Corporation Limited (BPCL) hired Time Chartered Vessels more than company's actual requirement for the coastal movement of LPG and Petroleum products without assessing the available storage and other infrastructure facilities. Deficient planning by not assessing the need for the creation of Storage and Infrastructure facilities coupled with deficient Supply and Logistics planning resulted in underutilisation of Time Chartered Vessels hired by BPCL and infructuous expenditure of ₹470.56 crore during the period from 2019-20 to 2022-23.

(Para 2.1)

Lack of timely construction of office building at MBA Basin, Kolkata resulting in an additional financial burden of ₹39.47crore on ONGC

The office building for ONGC's MBA Basin Kolkata could not be constructed for more than 17 years despite acquiring the land at a cost of ₹9.80 crore in October 2006. The construction of the building was delayed on account of procedural delays in approvals, finalisation of design and re-tendering. An expenditure of ₹9.81 crore incurred on design, vetting, statutory approvals etc. was rendered unfruitful, alongside continued incurrence of rent for hired premises amounting to ₹29.66 crore during the delayed construction period (December 2016- October 2024).

(Para 2.3)

Industry Cluster

Execution of Solar Power Projects by BHEL

Audit of the functioning of the Solar Business of BHEL for the period 2017-18 to 2021-22 revealed that the average capacity addition contributed by BHEL was only about one *per cent*. Further, the existing manufacturing facilities for 85 MW Cell and 200 MW Module have minimal utilisation due to limited raw material availability and also suffer from outdated technology. Also, incorrect cost estimation and time over run resulted in the Company incurring loss of ₹1,145.30 crore constituting 41 *per cent* of total contract value. Furthermore, the Company did not adhere to approved schedules in 14 out of 15 projects and attracted penalties of ₹119.61 crore. Besides above, the Company could not provide the minimum guaranteed electricity generation as per the contractual terms in majority of the O&M years incurring penalty of ₹49.04 crore.

(Para 4.1)

Extra expenditure of ₹12.88 crore by SAIL

Steel Authority of India Limited (SAIL) entered (June 2017) into a Contract of Affreightment with a ship owning Company for shipment of 1.35 million tonnes limestone. SAIL did not exercise the options for shipment holiday and delivery extension as per the contract in time for which it had to incur additional freight of ₹8.52 crore towards higher freight in shipments after July 2018. Inability of SAIL in settlement of claim within the prescribed time schedule has resulted in extra expenditure of ₹4.36 crore towards interest and arbitration/legal expenses.

(Para 5.1)

Avoidable expenditure of ₹9.21 crore by SAIL

Durgapur Steel Plant of Steel Authority of India Limited procures refractory for lining of its Converter sets on heat basis and pays bonus to the suppliers for heats achieved above the minimum guaranteed heat. Lack of proper fixing of the minimum guaranteed heats of the converter lining resulted in avoidable expenditure on account of higher payment of bonus of approximately ₹9.21 crore for the differential minimum guaranteed heats during the period April 2021 to November 2022.

(Para 5.2)

Infrastructure cluster

Non execution of lease agreement and lack of follow up to collect dues resulted in loss of ₹11.40 crore to AAI

Airports Authority of India (AAI) allotted (December 1994) a land to the Transport Department, Government of West Bengal on lease basis for a period of 10 years on payment of advance annual lease rent. Authority did not execute any lease agreement as per terms with the lessee. Authority raised first bill in July 2002, however, same was not paid by Government of West Bengal. Authority started (August 2016) persuasion for recovery of the lease rent and directed (December 2017) to vacate the land. Land was ultimately vacated by Government of West Bengal on 1 August 2022 without paying outstanding lease rent of ₹11.40 crore. Thus, non-execution of lease agreement and lack of timely follow up to recover the outstanding lease rent resulted in loss of ₹11.40 crore.

(Para 6.1)

Operation and Maintenance of dredgers of Dredging Corporation of India Limited

Audit of operation and maintenance of the dredgers by Dredging Corporation of India Limited (DCIL) for the period from 2019-20 to 2021-22 revealed that lacunae persisted in planning; delayed/non-deployment of dredgers / dredgers of suitable capacity; idling of dredgers. These resulted in a loss of ₹87.62 crore. In addition, DCIL suffered losses to the extent of ₹240.39

crore due to incorrect cost and time estimation and also faced levy of penalties and liquidated damages by customers to the extent of ₹9.51 crore due to non-adherence to contractual timelines and stipulations. Further, non-inclusion of provisions to safeguard its financial interests in the contracts resulted in loss of ₹31.64 crore. The process of tendering, evaluation and execution of dry dock repairs took considerable time leading to revenue loss of ₹45.54 crore in five such cases of dry dock repairs, on account of idling of dredgers, additional mobilisation and de-mobilisation costs, etc. Furthermore, DCIL incurred wasteful expenditure of ₹63.96 crore on dry docking of dredgers without assessing consequential performance improvement, in addition to cash losses on operation amounting to ₹116.84 crore.

(Para 7.1)

Implementation of One Time Fund Infusion Scheme

To revive languishing Build Operate Transfer (BOT) road projects, the Cabinet Committee on Economic Affairs approved (13 May 2015) One Time Fund Infusion Scheme (OTFIS). This scheme authorized NHAI to provide funds on loan basis to projects. NHAI Board approved disbursement of funds of ₹1,730.65 crore in eight projects during the period from December 2016 to October 2021. Audit observed that third-party evaluation mechanism for determining the eligibility of projects under the scheme was not developed, funds of ₹936.90 crore was disbursed in four projects with less than 50 *per cent* physical progress as on 1 November 2014 in contravention of the scheme criteria, short charging of interest to the tune of ₹179.46 crore on delayed repayment of OTFIS due to charging of lower interest rate than stipulated in the concession agreement, excess sanction of ₹139 crore in Panvel-Indapur project due to non-consideration of undisbursed debt in the project. Funds of ₹246.63 crore were disbursed in Jaipur-Gurgaon and Krishnanagar-Baharampore projects without assessment of work done at site by the Review Committee, forgoing of revenue of ₹740.63 crore due to delay in completion of project within prescribed timeline and pending recovery of ₹2,613.81 crore from the concessionaire.

Thus, despite disbursement of funds under OTFIS, none of the project could be fully completed thereby defeating the objective of OTFIS i.e., quick completion of languishing projects by moderate funding.

(Para 8.1)

Short recovery of damages of ₹41.95 crore by NHAI

NHAI proposed to widen the existing two-lane Bodhre to Dhule Section to four-lane on Hybrid Annuity Mode. The Agreement contained certain 'Conditions Precedent' required to be fulfilled by the parties for them to declare Appointed Date from which construction period commences. The Agreement contained provisions for granting extensions in achieving Appointed Date and for imposing damages for delays. NHAI terminated the Agreement on account of various defaults of the Concessionaire in achieving financial close and recovered ₹7.45 crore as damages from the performance security bank guarantee of ₹49.10 crore. Audit observed that the recovery of only ₹7.45 crore instead of forfeiting the whole of the performance security resulted in undue benefit of ₹41.65 crore to the Concessionaire, and equivalent loss to NHAI.

(Para 8.2)

Mutual foreclosure rendering NHAI unable to impose damages of ₹19.42 crore

NHAI invited Request for Proposals for the work of upgradation of the existing road from Savali Vihir to start of the Ahmednagar Bypass Section of NH 160 to four lanes with paved shoulder configuration, on Engineering Procurement and Construction (EPC) mode. The EPC Contractor failed to achieve first Project Milestone of 10 *per cent* progress by the due date. Based on the Contractor's request, NHAI merged the first and second Project Milestones. As the environmental permission required for extracting temporary earth and stones, from National Green Tribunal (NGT) was not available, the Contractor's request for mutual foreclosure was approved by NHAI which resulted in not imposing damages of ₹19.42 crore for not achieving project milestones as per Concession Agreement.

(Para 8.3)

Avoidable investment burden of ₹17.52 crore due to acquisition of additional land by NHAI

While the construction works in the Greenfield stretches of the Sanchore to Santalpur section of NH-754K in Gujarat was progressing, certain landowners complained about non-receipt of compensation for the whole area of land acquired from them. In Package-4 of the Sanchore to Santalpur section, the construction was progressing not along the land that was acquired but along the coordinates given in the EPC Agreement resulting in mismatch of 05 to 25 meters along the entire length of the project. This caused land acquired on one side lying idle and construction progressing on land which was not acquired at all. Later, NHAI had to acquire 31.45 hectares of additional land in Package-4 at a cost of ₹16.41 crore. The same issue existed in Package-3 of Sanchore to Santalpur section, for which NHAI had to acquire 8.95 hectares of additional land costing ₹1.11 crore. Audit observed that acquisition of land by NHAI beyond the boundaries of land required as per EPC agreement resulted in avoidable investment burden of ₹17.52 crore.

(Para 8.4)