

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

**NEW DELHI
20th DECEMBER, 2022**

**CAG'S REPORT NO. 24 OF 2022 OF UNION GOVERNMENT (CIVIL) TABLED IN
PARLIAMENT**

Report No. 24 of 2022 of the Comptroller and Auditor General of India – Union Government (Civil) was presented in Parliament here today. The report contains significant audit findings arising from the compliance audit of financial transactions under 54 grants relating to 28 Civil Ministries/ Departments/Constitutional Bodies of the Union Government under the General and Social Services sectors and Central Public Sector Enterprises under their administrative jurisdiction as also Union Territories without Legislatures.

This Report contains 24 illustrative cases of irregularities involving ₹ 348.57 crore pertaining to four Ministries/Departments, four Central Public Sector Enterprises under their administrative control and two Union Territories without Legislatures. Some of the important observations highlighted in the Report are summarised below:

Ministry of External Affairs

- Though the Ministry of External Affairs (MEA) had revised the rates for issue of fresh Overseas Citizen of India (OCI) cards, 17 Missions/Posts in the Euro Zone countries did not revise the same while 03 Missions/Posts in the United Kingdom adopted lower Rate of Exchange for charging the OCI fees leading to loss of ₹ 58.23 crore. MEA while admitting the observations stated that both MEA and Mission/Posts abroad are responsible for revision of the OCI card fee in terms of local currency, based on Rate of Exchange (ROE) fluctuations but due to misinterpretation of the instructions that fixation of OCI Scheme fee is guided by the Ministry of Home Affairs, a notional revenue loss has occurred as Mission/Posts in the Europe did not implement the revised ROEs for local currencies in time.
- Ministry of External Affairs had purchased two properties for setting up Indian Cultural Centres (ICC) at Paris (2011) and Washington (2013) but could not get them renovated in time for use as Cultural centres. Due to inherent deficiencies, such as significant structural concerns and issues of encroachment at ICC Washington, the expenditure incurred on purchase of property along with its renovation/refurbishment aggregating ₹ 41.93 crore remained infructuous. Similarly, the property for ICC Paris procured at a cost of ₹ 30.03 crore remained unused as of June 2022 with an irregular expenditure of ₹ 14.89 crore on hiring a local security agency for an under-renovation building.

- Embassy of India (EoI), Beijing hired a firm for construction of Indian Embassy complex at Beijing. Audit observed that EoI, Beijing made avoidable payment of ₹ 8.53 crore on account of escalation, even though the clause regarding escalation was not applicable as per the terms and conditions of the contract. Further, due to the issue of faulty lift, it withheld Contractor's payment for a period ranging between three and five years which led to avoidable payment of interest of ₹ 1.58 crore to the Contractor.
- The Ministry approved renovations of India House at Kingston, Jamaica and instructed the Mission to follow procedures for tendering as per General Financial Rules. However, the Mission invited bids by opting for single bid system without any estimate and detailed scope of work. The Ministry cancelled the tender and after re-tendering the work was awarded to contractor selected earlier. However, in the period of five months between the two bids, the contractor escalated the prices ranging from 16 to 175 *per cent*. After commencement of the renovation work, additional work was given to the contractor without the approval of the Ministry. The execution of tendering related to repair and renovation work of India House in disregard of the Ministry's instructions and extant provisions necessitated retendering, resulted in time and cost overrun which led to avoidable expenditure of ₹ 51.76 lakh coupled with an *ad-hoc* approach in execution of the work and arbitrary changes in agreed items of work costing ₹ 49.52 lakh.

Ministry of Fisheries, Animal Husbandry and Dairying

- The pilot doorstep Artificial Insemination (AI) delivery services under National Dairy Plan Phase-I (NDP-I) of Ministry of Fisheries, Animal Husbandry and Dairying was to promote a viable system for AI delivery as well as to reduce the cost at which the State Governments were funding outsourced AI delivery services. The Project Steering Committee (PSC) of NDP-I sanctioned sub-project of AI delivery services to the Shreeja Mahila Milk Producer Company (Shreeja MMPC), Andhra Pradesh. However, faulty planning and sanctioning of the project without proper study of the proposed area of operation resulted in overlap in delivery of AI services in the sub-project, leading to its premature closure and wasteful expenditure of ₹ 2.74 crore.

Ministry of Home Affairs

- As per Income Tax Act, 1961, Dearness Allowance component is to be included in Salary while calculating exemption on account of House Rent Allowance. However, Central Industrial Security Force Unit, Delhi Metro Rail Corporation (DMRC) did not adhere to this rule which resulted in excess exemption aggregating ₹ 2.01 crore and consequently, short deduction of income tax.
- Ministry of Home Affairs approved Construction of Separated Family Accommodations in respect of eleven locations, including Jaipur in September 2016. On the request of *Sashastra Seema Bal*, Jaipur Development Authority issued (12 April 2018) an allotment-cum-demand letter for 12,000 square meters (2.97 acres) for a plot of land at *Dahmi Kalan Village*, Jaipur on lease basis at a cost of ₹ 18.66 crore. *Sashastra Seema Bal* submitted the

proposal for sanction of ₹ 18.66 crore for acquiring the said plot to the Ministry only on 10 September 2018, after a delay of about five months. The payment of ₹ 18.66 crore was deposited with JDA on 28 September 2018 which led to imposition of interest aggregating ₹ 1.12 crore for late deposit of payment.

Ministry of Personnel, Public Grievances and Pensions

- Department of Administrative Reforms and Public Grievances hired office space from State Trading Corporation of India Limited, which required extensive renovation works to make it fit to occupy. Though the space was hired *w.e.f.* December 2020, the initiation of renovation process started only in September 2021. This resulted in infructuous expenditure aggregating ₹ 13.26 crore towards rent for nine months from December 2020 to August 2021.

Andaman and Nicobar Administration

- Based on the recommendation of the Seventh Pay Commission, the Government of India abolished Rent Free Accommodation Allowance with effect from 01 July 2017. Offices of the Director General of Police (DGP), Port Blair, and Superintendent of Police, Mayabunder, however, in contravention of the same, continued to pay the Licence Fee component, to the Police personnel serving under these offices, even after 1 July 2017. This resulted in irregular payment of Licence Fee, *in lieu* of rent-free accommodation, aggregating to ₹ 2.57 crore, in respect of the above two offices, for the period from July 2017 to November 2019.

UT-Chandigarh Administration (Expenditure and Revenue)

- Audit at the Office of the Director General of Police, Union Territory, Chandigarh revealed deficiencies in internal & IT controls and gross negligence on the part of Drawing and Disbursing Officers. Instances of inadmissible payment on account of Pay & Allowances, LTC and other benefits amounting to ₹ 1.60 crore made to the Police personnel were noticed. After being pointed out by audit, an amount of ₹ 1.10 crore was recovered from them.
- Subject-specific compliance audit on GST Refunds in office of the Excise and Taxation Commissioner, UT, Chandigarh from July 2017 to July 2020 revealed various irregularities which *inter alia* included inadmissible grant of refund, irregular grant of refund due to non-debiting the Electronic Credit Ledger and Cash Ledger, non-following the order of debit to IGST, CGST and UTGST, acknowledgment not issued/not issued within time in GST refund cases under Pre & Post Automation Process, GST Refunds not sanctioned within the stipulated time, and improper maintenance of Records.
- Chandigarh Administration leased out Government Built Shops (SCOs)/Booths in Sector 17-E in 1960s and 1970s for a period of five years. The lease so granted was renewable after every five years, with 20 *per cent* increase in rent. The rent of these SCOs was increased to ₹ 14000/- per month in 1992. Audit noticed that while re-assessing the rent in case of 18 Shops & 05 Booths in Sector 17-E under Category 'A', the Estate Officer fixed

the rent of Shops/Booths ignoring the prescribed stages for increase in rent and revised the lease rent by directly applying 50 *per cent* increase on the base rent i.e. ₹ 14000. This resulted in loss of revenue due to short assessment of rent to the tune of ₹ 9.37 crore.

- GST was levied on transportation of passengers by air-conditioned stage carriage wef 01 July 2017. Chandigarh Transport Undertaking (CTU), however, did not collect Service Tax/GST from the passengers of Stage Carriage from the prescribed dates. CTU had to deposit the same using its funds from the Consolidated Fund of India which resulted in avoidable payment of ₹ 5.89 crore from Government Exchequer.
- Chandigarh Transport Authority did not exercise basic checks like inspection of the records maintained by the licensee, details of trips, details of all taxis in licensee's control etc. As a result, increase in number of taxis and consequential revenue to be realised remained unnoticed. The failure of the licencing authority to exercise basic checks, resulted in short realisation of licence fees and entry fees of ₹ 4.23 crore.

Central Public Sector Enterprises

- Department of Public Enterprises (DPE) issued clarification that Casual Leave must not be encashed at all and shall lapse at the end of the calendar year. Board of Directors of Madras Fertilisers Limited (MFL), however, approved adding unavailed Sick Leave and Casual Leave to Earned Leave account of the employee and automatic encashment of Earned Leave over and above 300 days. These amendments were in contravention of the DPE guidelines on encashment of CL and SL and resulted in encashment of CL and SL in indirect manner. Thus, an irregular payment of ₹ 8.07 crore was made while incurring an additional future liability of ₹ 13.17 crore as on 31 March 2021. The Ministry concurred with the facts reported by audit.
- Central Warehousing Corporation (CWC) is a leading market facilitator for providing integrated warehousing infrastructure and logistics services for products ranging from agricultural produce to sophisticated industrial products. Audit noticed that 42 cases were pending for registration of title/lease deed in favour of CWC, since acquisition during 1964 to 2012. Maximum pendency of 66.66 *per cent* of non-execution of deeds was due to disputes with various Government authorities/Departments. Further, land measuring 721.46 acres in 95 locations were acquired five or more years back but were not fully utilised and parts of land remained vacant as on 31 March 2021. Besides, instances of loss of business opportunity due to non-utilisation of vacant land, avoidable payment of lease rent, losses due to indecision in utilisation/surrendering of land, avoidable expenditure on acquisition of land for construction of office in Jaipur, avoidable payment of delayed payment charges, irregularities in management of Residential flats and non-reconciliation of land records were also noticed.

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