PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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Audit Report on Economic and Service Ministries Presented in Parliament

The Compliance Audit Report (Civil) No. 7 of 2025 of the Comptroller and Auditor General of India on Union Government (Economic and Service Ministries) for the year ended March 2022 was presented in the Parliament today.

The Report contains 16 individual observations relating to 10 Ministries/Departments and their Autonomous Bodies. Total financial implication of audit observations is ₹198.71 crore. The highlights of the significant paragraphs included in the Report are as under:

Ministry of Coal

Coal Controller's Organisation

In contravention to the General Financial Rules, Commissioner of Payments opened a Current Account (June 2015) and parked the money for payment to the prior allottees of the coal blocks, in the said account. Due to non-opening of Government Account with the Reserve Bank of India, there was loss of interest to the tune of ₹11.77 crore to the Government Exchequer during the period from June 2016 to August 2021.

(Para 3.1)

Ministry of Commerce and Industry

Agricultural and Processed Food Products Export Development Authority

Agricultural and Processed Food Products Export Development Authority (APEDA) sanctioned (October 2015) financial assistance of ₹10.00 crore to Gujarat State Agricultural Marketing Board (GSAMB) for setting-up Aseptic packaging line and canning lines (processing plant) for mangoes and other fruits at Surat and two mechanised pack houses at Navsari and Valsad.

Audit observed that GSAMB established the processing plant and upgraded an existing pack house at Surat instead of establishing two pack houses at the approved locations. However, APEDA released 100 *per cent* financial assistance (₹10.00 crore) to GSAMB against the eligible assistance of ₹8.90 crore resulting in excess release of ₹1.10 crore. Thus, the objective of setting up pack houses at Navsari and Valsad for the benefit of tribal farmers of South Gujarat was defeated.

(Para 4.1)

APEDA sanctioned (March 2015) financial assistance of ₹7.35 crore to Council for Food Research and Development (CFRD), Kerala for setting up an export-oriented fruits and vegetables facility at Village Elanji, Kerala. As per the Memorandum of Understanding (MoU) between APEDA and CFRD, the project was to be completed by September 2016.

Audit observed that even after a lapse of more than seven years from the scheduled date of completion, the project was not completed as of July 2024. Despite non-completion of the project and deterioration of the installed equipment, APEDA neither invoked the Bank Guarantee (₹3.67 crore) submitted by CFRD, nor imposed any penalty on CFRD for the delay and instead repeatedly extended the timelines for completion of the project. Thus, failure of APEDA to take action as per the terms of the MoU resulted in unfruitful expenditure of ₹6.61 crore, along with non-recovery of penalty amounting to ₹36.75 lakh.

(Para 4.2)

Indian Institute of Foreign Trade

Compliance Audit on 'Administrative Issues in Indian Institute of Foreign Trade (IIFT)' for the period 2012-13 to 2021-22 revealed the following observations:

- There was inordinate delay of around seven years in construction of IIFT's Maidangarhi campus due to which the ground rent of ₹5.32 crore paid by IIFT for the period 2016-17 to 2023-24 became unfruitful, apart from the cost of land (₹26.62 crore).
- The pay scales of faculty of IIFT had been aligned with the pay scales of the Indian Institutes of Management which came under Centrally Funded Technical Institutes, without mandated approvals.
- IIFT introduced an Incentive Scheme which specified minimum work expected of faculty each year with a provision for payment of compensation to the faculty for exceeding the minimum workload, and a Policy on 'Incentives for Research Publications' for faculty members. No such Incentive Schemes had been notified or endorsed by the University Grants Commission for Deemed to be Universities. Further, IIFT did not seek approval for payment of the incentives to its faculty from the Department of Expenditure, Ministry of Finance and the Administrative Ministry.
- The Department of Expenditure *vide* office memorandum dated 12 April 2017 instructed that all powers with respect to creation of posts delegated under Delegation of Financial Power Rules stand withdrawn and only the Finance Minister (for below Joint Secretary level posts) and the Cabinet (for Joint Secretary and above level posts) would be the Competent Authority for creation of posts. However, the Board of Management of IIFT created one post of Finance Officer, one post of Assistant Registrar (Official Language) and 14 posts of Assistant Professors in lieu of 14 posts of Consultants without approval of the competent authority for creation of these posts.

(Para 4.4)

Footwear Design and Development Institute

Compliance Audit on 'Establishment and Functioning of Footwear Design and Development Institute' covering the period up to March 2024 revealed the following observations:

- The Management of Footwear Design and Development Institute (FDDI) did not conduct detailed feasibility analysis before establishing new campus of FDDI at Ankleshwar approved in 2013-14, even though there was shortfall in enrolment in the existing eight campuses in the year 2013-14. Further, FDDI Campus was established at Ankleshwar which did not have strong presence of traditional or modern footwear industries.
- During the last seven academic years only 94 students sought admission in Ankleshwar Campus against the availability of 825 seats due to deficiencies in publicity and promotional activities, insufficient appointment of faculties/staff, non-appointment of Executive Director etc. Consequently, infrastructure created for accommodating 800-1,000 students at Ankleshwar campus valuing ₹101.48 crore was not utilised optimally.
- As per feedback survey of 27 students of FDDI, Ankleshwar, 66 *per cent* of respondents were not satisfied (gave poor/average grading) with the various academic and other facilities available at FDDI, Ankleshwar which indicated under-performance of the Institute.

(Para 4.5)

Ministry of Corporate Affairs

Investor Education and Protection Fund Authority

Investor Education and Protection Fund Authority (IEPFA/Authority) was established by the Government of India on 7 September 2016 under the provisions of Section 125(5) of the Companies Act, 2013 for administration of Investor Education and Protection Fund in accordance with the provisions of the Act. As of 31 March 2023, a total amount of ₹5,714.51 crore was lying in the Fund. Out of this amount, IEPFA has refunded unclaimed amounts of ₹39.20 crore (0.68 *per cent*) since its inception. Further, as on 31 March 2023, a total of 12,092.35 lakh shares pertaining to 1,185 companies were lying with IEPFA. A total of 238.83 lakh shares (1.93 *per cent)* had been returned by IEPFA to the investors since inception.

Compliance Audit of IEPFA revealed the following observations:

- IEPFA did not have a mechanism for refund of unclaimed dividend/shares to the investors in case of wound-up companies since verification from such companies was not possible. In the absence of such a mechanism, shares or unclaimed dividends transferred by the companies before their winding up could not be claimed by the investors. The dividend amount of wound-up companies lying with IEPFA as on 31 March 2023 was ₹4.30 crore.

- IEPFA had been conducting investor awareness programmes mostly in collaboration with India Post Payments Bank (IPPB), Common Services Centres (CSC) and Nehru Yuva Kendra Sangathan (NYKS). However, the programmes conducted by IEPFA were not adequate, as only 10.96 lakh citizens were covered under the programmes conducted by IPPB, CSC and NYKS in last three years from 2020-21 to 2022-23. Digital media/electronic media/social media, bulk SMSs, cinema and outdoor advertisements were not being effectively utilised by IEPFA to promote investors' education, awareness and protection.
- IEPFA selected (March 2020) National Institute for Smart Government (NISG) for providing services for implementation of a Mobile Application Build Project and issued (August 2020) a Work Order to NISG. The project was to be completed by March 2021. However, it had not been completed as of July 2024. The Mobile Application was not available in Google Play Store as well as iOS App Store till date (July 2024).

(Para 5.1)

Ministry of Heavy Industries

NATRIP Implementation Society

As per Ministry of Finance Office Memorandum dated 13 January 2017, the final package of benefits proposed to be extended to employees of autonomous organisations, whose pay scales and allowances and conditions of service were not similar to those of Central Government employees, should not be more beneficial than those admissible to the corresponding Central Government employees. Moreover, the final package required the concurrence of the Ministry of Finance. Audit observed that International Centre of Automotive Technology (ICAT), a unit of NATRIP Implementation Society implemented a Performance Linked Variable Pay Scheme effective from September 2016 with the approval of Director, ICAT, without the approval of the Governing Council of the Society and without the concurrence of the Ministry of Finance. This led to irregular payment amounting to ₹59.47 crore to employees during the period 2016-17 to 2021-22.

(Para 6.1)

Ministry of Petroleum and Natural Gas

Oil Industry Development Board

Oil Industry Development Board, Noida under-assessed the rate of Surcharge on Income Tax and short paid Advance Tax which resulted in avoidable payment of interest amounting to ₹5.64 crore during financial year 2019-20.

(Para 8.1)

Ministry of Ports, Shipping and Waterways

V.O. Chidambaranar Port Authority

V.O. Chidambaranar Port Authority and Rashtriya Chemicals and Fertilizers Limited entered (June 2008) into a lease deed for allotment of land to construct a warehouse to handle import of fertilizers at the V.O. Chidambaranar Port without incorporating Minimum Guaranteed Traffic clause. Rashtriya Chemicals and Fertilizers Limited then submitted (January 2009) a separate agreement for Minimum Guaranteed Traffic clause. However, V.O. Chidambaranar Port Authority failed to sign the separate agreement for Minimum Guaranteed Traffic clause and also did not collect the bank guarantee for the wharfage charges towards Minimum Guaranteed Traffic. This resulted in loss of revenue of ₹9.30 crore.

(Para 9.1)

Ministry of Tourism

As per the Scheme guidelines issued by the Ministry of Tourism for setting up of Food Craft Institutes, a Society created by the Central Government/State Government/ Union Territory Administration to manage a Food Craft Institute would be eligible for Central Financial Assistance under the Scheme. Assistance was to be considered only after the State Government/Union Territory Administration concerned transferred a developed piece of land, free from all encumbrances, measuring not less than three acres.

Audit observed that the Ministry of Tourism released funds of ₹2.00 crore to the State Government of Uttar Pradesh for setting up a Food Craft Institute at Garhmukteshwar in December 2007 without ensuring constitution of the Society and transfer of land to the Society by the State Government. The Ministry also accorded approval for relocation of Food Craft Institute to Meerut in February 2010 and then again to Gorakhpur in July 2021 without ensuring adherence to the Scheme guidelines. Resultantly, even after lapse of more than 15 years, neither the Food Craft Institute has been set up nor did the State Government refund the financial assistance.

(Para 11.1)

The Ministry of Tourism released (September 2013) financial assistance of ₹4.00 crore for setting up of the State Institute of Hotel Management (SIHM) at Kottayam, Kerala. However, neither the State Government of Kerala submitted the DPR or any cost estimates to the Ministry nor did the Ministry seek the same from the State Government. Further, the Ministry gave time extension up to 31 December 2022 for completion of the project, as against the original scheduled completion date of July 2016 despite lack of response from the State Government to the Ministry's requests for furnishing physical and financial progress of the project. Consequently, the intended objectives of setting up the State Institute of Hotel Management were not achieved.

(Para 11.2)

Ministry of Tourism

Indian Culinary Institute

Compliance Audit of the Indian Culinary Institute for the period 2018-19 to 2022-23 revealed the following observations:

- As per the Cabinet approval (March 2014), the Institute's academic calendar was to include specific programmes *viz.*, B.Sc. in Culinary Arts and Sciences, M.Sc. in Culinary Arts, a one-year Diploma in Food & Beverage Service Management, short-term skill upgradation programmes, and skill and competency certification for practising chefs. However, the Institute offered only BBA (Culinary Arts) and MBA (Culinary Arts) courses, and did not start B.Sc., M.Sc., or any short-term courses. Further, the average enrolment in BBA (Culinary Arts) and MBA (Culinary Arts) courses was only 22 *per cent* and 25 *per cent* of the respective seating capacities in the two courses over the last five academic sessions.
- The Institute was required to conduct entrance examination through the Joint Entrance Examination of National Council for Hotel Management and Catering Technology. However, the Institute enrolled the students through the Joint Entrance Examination conducted by Indira Gandhi National Tribal University for admissions on an all-India basis. The Committee constituted by the Ministry of Tourism for suggesting way forward for the Institute had also identified this deviation as a major reason for insufficient student admissions in the Institute.
- The Institute was to serve as a world class resource center and promote research and pedagogy development for traditional Indian cuisine. However, the Institute either did not create adequate infrastructure or did not utilise the already set-up facilities. The library facilities were inadequate in both the Campuses whereas the computer lab and research workstation were ill-equipped at the Tirupati Campus. The Culinary Museums were also not functional and there was no Patent and Legal Cell.
- The timeline for recruitment of teaching and non-teaching staff in the Institute was 2014-15. However, the Recruitment Rules had not been finalised. As a result, both the Campuses of the Institute were working with limited contractual staff.
- Joint Physical Inspection of both the Noida and Tirupati Campuses revealed that the infrastructural facilities created were not in use or were damaged due to non-maintenance. Building of the entire Noida Campus was in deteriorating condition, elevators were not in use, and sewage and water treatment plant were non-functional in both the Campuses. The fire alarm system in Tirupati Campus was non-functional. The kitchen and lab equipment were also lying unutilised in both the Campuses. Further, the Institute had not entered into any annual maintenance contract to ensure upkeep of its assets. Also, there was lack of effective inventory management system in respect of stores and consumables, leading to possibility of wastage or misutilisation.

- Due to absence of change of land use by Tirupati Campus and non-mutation of land in the name of Noida Campus, both the Campuses could not start commercial activities which were essential to generate financial resources for the Institute to become self-sufficient. Consequently, the created infrastructure such as International Restaurants, Indian Restaurants, Café, and banquets were lying idle. Against the projected revenue generation of ₹25.48 crore during the first five years of operation, the actual revenue generated from both the Campuses was only ₹8.09 crore. As a result, the envisaged objective of the Institute to become self-sufficient from the third year of its operations remained unfulfilled.

Thus, even after nine years of its establishment, the Institute was yet to become fully functional and achieve its envisaged objectives.

(Para 11.3)

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