

CAG REPORT ON UNION GOVERNMENT, UNION TERRITORIES WITHOUT LEGISLATURES (CIVIL) TABLED IN PARLIAMENT

Report No. 37 of 2025 of the Comptroller and Auditor General of India for the year ended March 2024, Union Government, Union Territories without Legislatures (Compliance Audit – Civil), was tabled in Parliament here today. The Audit Report covers significant audit findings arising from the Compliance Audit of financial transactions in Government Departments/Offices/Institutions under the administrative control of five Union Territories without Legislatures viz. Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli and Daman and Diu, Ladakh and Lakshadweep. This Report contains eight illustrative cases (including a case of recovery at the instance of Audit) of Compliance audit pertaining to five Union Territories without Legislatures. Important observations presented in the report are as follows:

EXPENDITURE SECTOR

Union Territory Andaman & Nicobar Islands

- ❖ Directorate of Health Services, Port Blair and office of the Medical Superintendent, Govind Ballabh Pant Hospital, Port Blair computed Island Special Duty Allowance as a percentage of sum of Basic Pay and Non-Practicing Allowance (NPA) instead of Basic Pay only, resulting in excess payment of ₹ 69.04 lakh during the period July 2017 to December 2023.
- ❖ Andaman & Nicobar Islands Medical Education and Research Society (ANIMERS) was established (December 2013) to oversee the project of establishment and operationalization of Andaman and Nicobar Islands Institute of Medical Sciences (ANIIMS) (a medical college). Subject specific compliance audit on ‘Establishment and Functioning of ANIIMS’ revealed that the project had been beset by significant deficiencies in financial planning by ANIMERS resulting in only eight out of 29 planned major infrastructural works being completed (October 2024). Significant deficiencies (nearly 40 *per cent*) existed in essential medical equipment across the departments. Key facilities like Operation Theatres (OTs) and Intensive Care Units (ICUs) being insufficient and ill-equipped, resulting in long waiting times for surgeries. ANIIMS was yet to obtain necessary quality certifications from

accreditation bodies (NABH and NABL). There were deficiencies in Bio-Medical Waste and fire safety management. Thus, the objective of establishing a medical college to provide quality medical education and healthcare services in the Union Territory remained unachieved even a decade after its inception.

- ❖ Andaman Lakshadweep Harbour Works, Dry Dock, Port Blair had made incorrect application of General Conditions of Contract Agreement that led to short levy of Liquidated Damages amounting to ₹ 58.31 lakh to the contractor.

Union Territory Chandigarh

- ❖ Sukhna lake was declared as a wetland in June 2020 by Chandigarh Administration. Lake area also falls under territory of States of Haryana and Punjab. Subject specific compliance audit on 'Management of Sukhna Lake' revealed that an Integrated Management Plan (IMP), prescribed under the National Plan for Conservation of Aquatic ecosystems guidelines for management of wetlands identification of significant threats and ensuring common understanding between various stakeholders, had not been prepared till September 2024. In the interim, the activities of de-silting, de-weeding and dredging were being carried out by various departments in a disjointed and piecemeal fashion, while the depth of the lake was reduced by 67 per cent between 1956 and 2024. As of December 2024, Punjab Government was yet to declare the area around Sukhna Wildlife Sanctuary, as Eco-Sensitive Zones (ESZ). Consequently, the prohibition and regulation of activities as per the guidelines of ESZ had not been implemented in the area around Sukhna Wildlife Sanctuary falling in the State of Punjab. In the absence of a Sewage Treatment Plant (STP), all the sewage water from two adjoining villages of Punjab continued to drain into the Chandigarh Forest area, which is the catchment area for the Sukhna lake.

Union Territory Dadra and Nagar Haveli (DNH) and Daman and Diu (DD)

- ❖ Government Hospital, Daman had made avoidable payment of ₹ 95.24 lakh towards penalty charges on electricity consumption due to oversight in assessing the actual demand *vis-a-vis* billing demand during the period March 2018 to March 2024.

REVENUE SECTOR

Union Territory Chandigarh

- ❖ Subject specific compliance audit on 'Legacy issues in Value Added Tax (VAT) in respect of Excise and Taxation Department, UT Chandigarh' for the Assessment Years 2013-14 to 2017-18 (prior to the introduction of Goods and Services Tax Act in July 2017) revealed several systemic and compliance related issues such as pendency of arrears and non-revalidation of bank guarantees, inaction against the dealers not filing their returns, long pendency of appeal cases, weak internal control

mechanism and lack of in-depth scrutiny and allowance of inadmissible benefit leading to loss of revenue to the government.

Union Territory Dadra and Nagar Haveli and Daman and Diu

- ❖ Subject specific compliance audit on Working of Road Transport Department in the UT of DNH & DD revealed instances of non-compliance and gaps in enforcement of the Central Motor Vehicle Act and Rules. Significant instances were non-renewal of Registration Certificates (RCs), Permits and Fitness Certificates, short levy of registration fee due to wrong categorisation of construction equipment vehicles, non-realisation of Motor Vehicle (MV) tax, vehicles plying without authorised national permits and without PUC certificates, *etc.*

Issues that indicated weakness in the controls in the VAHAN and SARATHI applications were also noticed which, if addressed, would serve compliance and enforcement of the laws and rules framed thereunder.

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