

CHAPTER XIV : MINISTRY OF TOURISM

14.1 Non-observance of Financial Propriety

Deliberate circumvention of canons of financial propriety and the failure of MOT to effectively monitor the expenditure incurred or committed resulted in unsanctioned expenditure of Rs. 5.59 crore in GOITO New York. The propriety of the expenditure also becomes suspect in the absence of adequate documentation and control.

The Civil Accounts Manual stipulates that no payment should be made in excess of budget allotment unless an advance from the Contingency Fund covers it. Further all Payments made should be based on sanction orders signed by competent authorities. As per General Financial Rules control over expenditure shall be exercised through the Heads of Departments and other Controlling Officers, if any, and Disbursing Officers subordinate to them.

The Government of India, Tourism Office (GOITO), New York headed by a Regional Director (RD) is entrusted with the task of promoting diverse Indian tourism products through marketing and campaigns in the region of North America (primary market), South America and Caribbean Islands along with the GOITOs headed by Assistant Directors (AD) at Los Angeles and Toronto. The RD has delegated financial powers ranging between US\$ 7,000 and US\$20,000 (Rs. 3.80 lakh to Rs. 8.80 lakh) per item for advertisements, Brochure supports etc. and full powers for participation in exhibitions etc. subject to prior approval of yearly schedule by the Ministry.

The Fund allotment of the GOITO is categorized into non Plan (pay and allowance and office expenditure etc.) and Plan (expenditure on tourism promotional activities). The Plan expenditure is governed by the Annual Action Plan (AAP) drawn by GOITO and approved by the Ministry of Tourism (MOT). As far as the Plan expenditure is concerned the Assistant Director (AD) is the drawing and disbursing authority in the system while RD acts as the Head of Office and the sanctioning authority to the extent of his financial powers. The details of expenditure and supporting vouchers are to be sent to Pay and Accounts Office, Ministry of Tourism for audit and accounting. Thus GOITO together with MOT was responsible for the control over expenditure.

The total allotment of funds for plan expenditure was Rs. 11 crore out of which Rs. 5.00 crore was intended for advertising and the balance on various other promotional activities in accordance with the AAP. The AAP contained

a general description of various activities proposed to be carried out, but did not contain the specific details and party/agency/item wise break up of expenditure envisaged except in respect of exhibitions. The post of Regional Director at New York was vacant from April 2004 to October 2006 during which time the Assistant Director held charge and the financial powers of RD were delegated to him

A review in audit of the expenditure of 2006-2007 revealed the following irregularities:

- i) The office incurred a liability of Rs. 5.59 crore (51 *per cent*) over and above the budget allotment of Rs. 11 crore sanctioned by the Ministry of Tourism (MOT) for the year 2006-2007 in contravention of the provisions of the Civil Accounts Manual which stipulates that no payment should be made in excess of budget allotment and that all payments should be sanctioned by the competent authority. The excess over the budget had no covering sanctions. Out of this liability, Rs. 4.71 crore was paid in 2007-2008 by GOITO, out of the budget allotted for 2007-2008, while a liability of Rs. 0.88 crore is yet to be discharged (May 2008).
- ii) The details of expenditure incurred by GOITO were to be sent every month to the MOT. However, no such details were either sent by the office or called for by MOT during the period April 2006 to October 2006. There was no evidence of internal audit either. This is indicative of poor controls. Had the expenditure pattern been monitored effectively various irregularities as detailed in succeeding paragraphs could have been avoided.
- iii) Though as per the AAP the budget earmarked for exhibitions/trade shows was Rs. 0.90 crore, the actual expenditure booked was Rs. 2.31 crore. The excess over budget was committed without sanction of MOT.
- iv) RD had been delegated financial powers for various tourism promoting activities that ranged from US\$ 7,000 to US\$20,000 (Rs. 3.80 lakh to Rs. 8.80 lakh) depending on the item of promotion. For expenditures beyond the delegated powers, prior approval of the MOT was required. The AD, functioning as RD sanctioned expenditure and entered into agreements with agencies beyond RD's delegated powers. Test check further revealed that in several cases, invoices were split, in contravention of rules, to bring them within the ambit of the delegated powers of the RD (**Annex-I**).
- v) Payments to the extent of US\$ 21,570 (Rs. 9.50 lakh) were made to agencies without vouchers/supporting records or justification and even the

original invoices from the concerned firms were not available on record. Thus the basis of payments was not verifiable. Of these, US\$14,225 (Rs. 6.26 lakh) was paid to a firm for acquisition of a domain name 'www.incredibleindiarewards.org'. However, there was no evidence of such a registration or link to the domain having been created.

vi) DENTSU America, Inc was the agency specifically engaged by GOITO with the approval of MOT for planning, recommending, creating and arranging advertisements on behalf of GOITO, NY. However, US\$753,860.13 (Rs. 3.32 crore) were paid for advertisements placed directly with various other agencies without utilizing the services of DENTSU during the period 2006-2007. Publicity orders amounting to US\$483,258.45 (Rs. 2.13 crore) were also given to vendors not approved by MOT in the AAP (**Annex-II**). No justification for deviating from the AAP or the details of these vendors i.e. their circulation/reach was available on record to justify orders (**Annex-III**). In some cases the advertisement insertion orders were issued verbally and there was no record available with the office.

vii) No review of bills preferred for payment was made before clearing them. A Corporate Credit Card was issued by American Express Bank to the AD for official payments. An amount of US\$432,064.20 (Rs. 1.90 crore) was incurred against the credit card payments during the year 2006-07. There was no separate sanction or justification for the items charged to the credit card and all the items were booked against "exhibitions". A scrutiny of the items of the credit card bills for which payments were made revealed that these included several items normally intended for personal use such as groceries, toys and footwear worth at least US\$3,083.49 (Rs.1.36 lakhs). Items such as webcam procured against the credit card and paid from the office were not found in the inventory. No clarification has been provided by GOITO so far (June 2008).

Thus, the deliberate flouting of financial rules by the AD and the failure of MOT to effectively monitor the expenditure incurred or committed has resulted in unsanctioned expenditure of Rs. 5.59 crore. The absence of documentation in support of some of the expenditure coupled with nature of documentation that were in fact available for scrutiny indicate a clear risk of financial mismanagement and misuse of public funds. Ministry must immediately investigate all serious financial irregularities committed by GOITO in incurring of expenditure of Rs. 5.59 crore and should fix responsibility of officials found involved in financial mismanagement/misuse of public funds.

Annex-I

(Referred to in paragraph No. 14.1)

Few examples of Vouchers split to bring the value under the ambit of delegation of power

S.No	Vr No date	Value in US\$	Party	Details	Value of party bill US\$	Remarks
1.	Vr.48 Dt.15.05.2006	13000	Bridal Guide Magazine	Advertisement	26000	No Note /justification and /work order.
2.	Vr.47 Dt.15.05.2006	13000	Bridal Guide Magazine	Advertisement	26000	No Note /justification and /work order
3.	Vr.05 dt.05.09.2006	12500	Innes Communication Inc	Advertisement	25000	No Note /justification and /work order.
4.	Vr. No.94 Dt.22.01.2007	12550	AARP Publication	Advertisements	36550	No Note /justification and /work order.
5.	Vr. No.93 Dt.22.01.2007	12000	AARP Publication	Advertisements	36550	No Note /justification and /work order..
6.	Vr. No.92 Dt.22.01.2007	12000	AARP Publication	Advertisements	36550	No Note /justification and /work order..
7.	Vr. 62 Dt.19.06.2006	12500	Curteo Robb Media,LLC	Advertisements	25000	No Note /justification and /work order.
8.	Vr. 61 Dt.19.06.2006	12500	Curteo Robb Media,LLC	Advertisements	25000	No Note /justification and /work order..
9.	Vr.22 Dt.11.08.2006	12333	Elephant Advertising	Advertisements	24728	No Note /justification and /work order.
10.	Vr No.59 Dt.16.01.2007	13418	DCA Advertising Inc	Advertisement	43418	National Geographic
11.	Vr No.58 Dt.16.01.2007	15000	DCA Advertising Inc	Advertisement	43418	-do-
12.	Vr No.57 Dt.16.01.2007	15000	DCA Advertising Inc	Advertisement	43418	-do-
13.	Vr.No.50 Dt.12.10.2006	15000	DCA Advertising Inc	Advertisement	18810	American Photo
14.	Vr.No.51 Dt.12.10.2006	3810	DCA Advertising Inc	Advertisement	18810	American Photo
15.	Vr. No45 Dt.12.10.2006	15000	DCA Advertising Inc	Advertisement made in the New Yorker dated 24.04.2006	60000	The New Yorker.
16.	Vr. No46 Dt.12.10.2006	15000	DCA Advertising Inc	Advertisement made in the New Yorker dated 24.04.2006	60000	The New Yorker.
17.	Vr. No47 Dt.12.10.2006	15000	DCA Advertising Inc	Advertisement made in the New Yorker dated 24.04.2006	60000	The New Yorker.
18.	Vr. No48 Dt.12.10.2006	15000	DCA Advertising Inc	Advertisement made in the New Yorker dated 24.04.2006	60000	The New Yorker.

Annex-II

(Referred to in paragraph No. 14.1)

Examples for advertisement given to agencies not mentioned in AAP and without routing through the Advertisement Agency

Print Media Mentioned in AAP	Advertisement made		
	Name of Media	Date of payment	Amount in US\$
Ethnic			
India Abroad	Weta	10-April	7800
News India Times	Telegu Times Media	10-April	680
Business Times	Performance Media Group	10-April	3332
NRI Today	The New York Times	13-April	2500
South Asian Insider	New Gate Travel Media Group	19-April	1666
India Post	Curtco Robb Media	01-May	18000
India Today(International Edition)	Bharatiya Vidhya Bhavan	02-May	2000
Trade Magazines	Virtuo card	15-May	2000
	Performance Media Grp	15-May	3332
Travel Agent	Imagine Asian Entertainment	15-May	670
	Bridal Guide Magazine	15-May	26000
Travel World News	New Media Travel Group	18-May	1960
Travel weekly	Punjab Dunia	09-June	420
Travel Age West	Little India Inc	09-June	3315
Luxury Travel Advisor	Travel Overseas	09-June	6751.55
	Travel Trade	09-June	4000
Consumer Magazines	IMS Inc	09-June	4200
Condernast Traveler (Special Supplement)	Desi Match.Com	09-June	595
	Telegu Times Media Inc	09-June	680
National Geographic Adventure	Performance Media Group	14-June	3332
Natural History(Special Supplement)	Hit Corp USA Inc	15-June	9600
Smithsonian	Curtco Robb Media LLC	19-June	25000
The New Yorker	Bharatiya Vidya Bhavan	26-June	750
Travel Holidays	Imagine Asian Entertainment	05-July	1238.40
American Photo	Travel Trade	05-July	3500
Budget Travelers	IMS Inc	05-July	4200
Outside Traveler	The Indian Express	06-July	1500
Out Door Photography Magazine	Nu Media Inc	10-July	5000
	Show Zone	10-July	3200
News Paper(Consumer)	Hit Corp USA Inc	17-July	10000
	Atman Press	31-July	2100

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Print Media Mentioned in AAP	Advertisement made		
Maimi Herald "Sunday Travel Section"	Travel Trade	31-July	4000
Chicago Tribune "Sunday Travel Section"	IMS Inc	31-July	4200x5=21,000
Robb Report	New Gate Travel Media Group	31-July	1372
	Elephant Advertising	11-August	12333
	Telegu Media Inc	11-August	680
	Global traveler Magazine	11-August	8000
	Vedanta Cultural Found	14-August	2351.50
	Poter Media Ltd	17-August	6000
	Hit Corp USA Inc	18-August	10,000
	Werner Publishing Corp	30-August	11375
	Nu Media Inc	30-August	3740
	Innes Communication Inc	05-September	25500
	Performance Media Group Inc	05-Sept	3332
	Imagin Asian Ent.Ino	05-Sept	1135.20
	Point Point World wide	18-Sept	1295
	Telgu Times	18-Sept	680
	CFI Capital	18-Sept	1500
	Indus Business Journal Inc	18-Sept	1500
	Imagin Asian Ent Inc	18-Sept	1444.80
	Hit Corp	18-Sept	10000
	Performance Media Group Inc	18-Sept	7652
	New Media inc	25-Sept	935
	Werner Publishing Corp	25 -Sep	8710
	Telgu Times	25-Sept	680
	Skyline	25-Sept	1200
	Esemble Travel Group	06-Oct	18500
	Tango	06-Oct	10,000
	Nu Media Inc	06-Oct	4675
	Imagine Asian Entertainment	19-Oct	1290
	Vituoso Ltd	23-Oct	7020
	The Indian Express	31-Oct	1500
	Hum Sub.Inc	07-Nov	600
	Ladevi Ediciones	24-Nov	9000
	News Week Business Tvl	27-Nov	13636
	Nu Media Inc	27-Nov	3740
	Jax Fax	07-Dec	3500
	X Media Grp.Incuest	21-Dece	1818

Print Media Mentioned in AAP	Advertisement made		
	Desi Match	09-Jan	595
	Bharatiya Vidya Bhavan	09-Jan	750
	Kerala day	09-Jan	2000.00
	Kartagener Assocoate Inc	22-Jan	14225
	AARP Publication	22-jan	36550
	Int Travel Communication	23-jan	10000
	Highland Adventures	23-jan	2150
	A&S Travels Inc	05-Feb	1250
	CMP Media LLC	01-March	2150
	Hatchetta Filipachi Media	30-March	15000
	Editoria Abril S/A	30-March	4500
	Editoria Peixes S/A.	30-March	4870+4870
	Perormance Media Grp	30- March	3332
Total			483,258.45

Rs. 2,12,82,702.14 (1US\$=Rs.44.04)

Annex-III

(Referred to in paragraph No. 14.1)

**Examples of Vouchers passed without office note /sanction order/
justification/work order**

S.No	Vr No date	Value in US\$	Party	Details	Remarks
1	Vr.48 Dt.15.05.2006	13000	Bridal Guide Magazine	Advertisement	No Note /justification and /work order.
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9	Vr.22 Dt.11.08.2006	12333	Elephant Advertising	Advertisements	No Note /justification and /work order.
10	VR.05 01.05.2006	9000.00	Curtco Robb Media, LLC	Advertisement	No sanction, justification,, work order, note
11	Vr No.10 dt.05.07.2006	3500	Jax Fax	Advertisement	No sanction, justification,, work order, note
12	VR No. 64 dt.30/08.2006	11375	Werner Publishing Corporation	Advertisement	No sanction, justification,, work order, note
13	29dt 19.04.2006	15000	Newsweek Budget Travel	Advertisement	No sanction, justification,, work order, note
14	VR.86 01.05.2006	9000.00	Curtco Robb Media, LLC	Advertisement	No sanction, justification,, work order, note

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S.No	Vr No date	Value in US\$	Party	Details	Remarks
15	Vr No.73 dt 30.08.2006	3740	Nu Mcdia Inc	Advertisement	No sanction, justification,, work order, note
16	Vr.No.07 dt.05.09.2006	3332	Performance Media group	Advertisement	No sanction, justification,, work order, note
17	Vr No.78 dated 23.10.2006	7020	Vitruoso LTD	Advertisement	No sanction, justification,, work order, note
18	Vr.No.27dt 11.08.2006	8000	Global Traveler Magazine	Advertisements	No sanction, justification,, work order, note
19	Vr.48 dt.14.06.2006	15000	Budget Travel	Advertisement	No sanction, justification,, work order, note
20	Vr No.29 Dt.19.04.2006	15000	Newsweek Budget Travel	Advertisement	No sanction, justification,, work order, note
21	Vr No.54 dt 31.07.2006	4200	IMS	Advertise me	No sanction, justification,, work order, note