OVERVIEW

This report contains the audit findings of significant nature which arose from the compliance audit in Civil Ministries of the Union Government, Departments of Posts and Telecommunications and their field offices. The report contains 18 chapters. Chapter I explains the audit methodology and auditee profile. Chapter II to XVII present detailed findings/ observations arising out of the compliance audit in these Ministries/Departments. Chapter XVIII presents summarised position of the remedial/corrective Action Taken Notes furnished by the Ministries.

A summary of some of the important findings included in this Report are as under :

Ministry of Agriculture

Department of Agriculture and Co-operation

Infructuous expenditure on construction of Glass House and purchase of X-Ray scanner by National Plant Quarantine Station, New Delhi

The National Plant Quarantine Station (NPQS), New Delhi, is responsible for regulating import of plants and planting material with a view to keeping exotic microbes, insects, pests, and weeds at bay. To conduct necessary "grow-out tests" of the imported sowing and planting material, NPQS got a glass house constructed in 2001 at a cost of Rs. 1.88 crore. However, the glass house had not been put to its intended use, and the equipment had deteriorated due to long disuse, making it unsuitable for future use and rendering the entire expenditure infructuous.

To detect exotic pests and disease infestation of agricultural produce brought in by arriving passengers, NPQS procured one X-Ray scanner in 2005-06 at a cost of Rs. 35.26 lakh for use at the IGI Airport, New Delhi. However, the X-Ray scanner had been lying in packed condition for the last three years, as no space had been provided in the IGI Airport for its installation and use.

Paragraph 2.1

Department of Animal Husbandry, Dairying of Fisheries

Inordinate delay in modernisation/improvement of Slaughter Houses and establishment of Carcass Utilisation Centres to minimise bird hits to IAF aircraft

As indiscriminate disposal of garbage and insanitary conditions close to airfields attract birds and pose serious hazards of air accidents due to bird hits, the Ministry of Agriculture had launched a Centrally Sponsored Scheme in the

VIII Plan for providing assistance to States for modernisation/ improvement of slaughter houses and establishment of Carcass Utilisation Centres (CUCs). This scheme was aimed at minimizing air accidents due to bird hits at ten selected high risk IAF airfield towns.

Audit observed that the scheme was not successful in modernisation of slaughter houses and establishment of CUCs, due to poor project implementation by the State Governments and their agencies, and lack of effective oversight by the Ministry. Eight out of ten projects at high risk IAF airfield towns (Ambala, Sirsa, Gwalior, Tezpur, Dindigul, Adampur, Hindon and Bareilly) could not commence or were not made fully operational, even after 18 years and expenditure of Rs 26.63 crore. The scheme was finally closed in 2004-05, without achieving its objectives and, therefore, the IAF airfields continued to remain exposed to high risk of air accidents due to bird hits.

Paragraph 2.4

Ministry of Civil Aviation

Inefficient management of Haj Operations

The Ministry of Civil Aviation (MOCA) is the nodal agency, responsible for handling the movement of Indian Haj pilgrims by air. Haj flights are undertaken by Air India (AI) and Indian Airlines (IA) (since merged into NACIL) in association with Saudi Arabian Airlines (SAA) (as per a bilateral agreement between India and Saudi Arabia), and these operate currently from 17 embarkation points in India. Haj subsidy is the difference between the fare paid by the pilgrims sponsored by the Haj Committee of India (HCOI) and the fare charged by the airlines that are making transport arrangements. This subsidy is paid to NACIL by MOCA out of its budget provisions. From 1994 onwards, the two-way airfare payable by Haj pilgrims remained static at the level of Rs. 12,000 per pilgrim till Haj 2009, when it was raised to Rs. 16,000, whereas the cost per pilgrim had increased to Rs. 51,610 during 2009. Consequently, the expenditure on Haj subsidy increased from Rs. 10.57 crores in 1994 to approximately Rs. 620 crore for Haj 2009 .

Audit of Haj subsidy payments of Rs. 1398.91 crore from 2002 to 2006-II (subsidy payments for Haj 2007 to 2009 had not been finalised) disclosed the following:

- Inadmissible payments amounting Rs. 51.34 crore were made to AI on account of higher fares for Lucknow and Srinagar, claims for excess number of passengers, royalty payment to SAA for shortfall in passengers carried, additional payments for technical halt at Sharjah, payment for travel of non-official pilgrims, and claims for own flights at higher rates applicable for leased aircraft.

- Payments amounting to Rs. 125.77 crore were paid to AI, without adequate justifications/ details available on record, over and above the approved rates for Haj operations for items such as direct and indirect fixed costs, other costs, miscellaneous charges, additional charges on positioning of aircraft, excessive claims on account of hub and spoke operations, and penalty for underutilisation of capacity on SAA flights.
- MOCA did not settle dues on account of Haj operations on a timely basis, resulting in payment of Rs. 46.29 crore on account of interest to AI.
- The reimbursement of HAJ subsidy to AI is on cost/ claim basis. The rates agreed with SAA (ranging between $ 710 and $ 847 per pilgrim) were significantly lower than the overall rates ultimately claimed by AI for Haj operations (ranging from $ 940 to $ 1235 per pilgrim), which indicates that AI/ IA were not managing their HAJ operations economically and efficiently.
- GoI had set up an Expert Group in 2007 for reviewing the policy for future Haj operations. Most of the recommendations of the Expert Group were accepted by a Group of Ministers, but have not been implemented.

We recommend that the Ministry progressively move away from a cost reimbursement approach for Haj subsidy to a well-defined competitive tendering mechanism for Haj air travel to minimize the subsidy burden on the Government exchequer and incentivize efficiency in operation. There is also a need to strengthen internal audit of subsidy claims by the Ministry to minimize inadmissible/ excess payments.

Paragraph 3.1

Non-commencement of projects for Civil Aviation Security Training Academy and Office of Regional Deputy Commissioner of Security (Mumbai)

Establishment of a Civil Aviation Security Training Academy (CASTA) under the aegis of the Bureau of Civil Aviation Security (BCAS) was recommended by an Inter-Ministerial Group consituted in 1993 in the wake of four hijackings of Indian Airlines flights. Subsequently, a proposal for setting up such an academy, which would function as the apex aviation security institution in the country, was approved by the Planning Commission in 1996 with an allocation of Rs. 16.87 crore.

We observed that the Ministry and BCAS had not been able to finalise the location of the academy over the last 13 years, and therefore the training academy could not be set up. This highlights the apathetic attitude of the authorities towards strengthening civil aviation security in the country despite the increasing menace of global terrorism and repeated terrorist attacks in India and elsewhere.

Similarly, a project for construction of an office building for the Regional Deputy Commissioner of Security of BCAS at Mumbai, which was approved in 2003, could not even commence after six years, due to non-finalisation of its location. This, further, highlights the indecisiveness of the authorities in dealing with civil aviation security related issues.

Paragraph 3.2

Infructuous expenditure of Rs. 6.10 crore on procurement and non-utilisation of Hansa Trainer Aircraft

Director General of Civil Aviation (DGCA) procured 11 Hansa trainer aircraft from National Aerospace Laboratories (NAL) at the cost of Rs. 6.10 crore for allotment to various Government flying clubs. However, these aircraft were not utilized by the flying clubs due to lack of trained instructors and perceived technical constraints. The expenditure incurred on procurement of these aircraft was, therefore, largely rendered infructuous.

Paragraph 3.3

Ministry of Commerce and Industry

Department of Commerce

Short levy of departmental charges by DGS&D

The Directorate General of Supplies & Disposals (DGS&D) is a central purchase organisation of the GoI, which concludes rate contracts for common user items required by the Central Government Departments, State Governments, Union Territories, and quasi-public bodies like municipalities, statutory corporations and government undertakings. It levies departmental charges for the servies rendered for purchase and inspection of stores at rates prescribed by the Government from time to time.

We found that DGS&D failed to implement increased rates of departmental charges from December 2005, which resulted in short levy of Rs. 9.42 crore for the period from December 2005 to March 2008.

Paragraph 4.1

Department of Industrial Policy and Promotion

Deficient implementation of projects under Industrial Infrastructure Upgradation Scheme (IIUS)

In December 2003, the Department of Industiral Policy and Promotion (DIPP) introduced the Industrial Infrastructure Upgradation Scheme (IIUS) with a provision of Rs. 675 crore in the X Plan to enhance international competitiveness of domestic industry by providing quality infrastructure through Public Private Partnerships at industrial clusters/ locations with high growth potential.

We found that out of 26 projects approved between December 2003 and March 2005 under the scheme, only eight projects had been completed, despite release by DIPP of 84 *per cent* (Rs 792.45 crore) of Government of India's (GoI) share of Rs. 945.27 crore. 17 projects were yet to be completed, with time overruns ranging from 23 to 46 months and one project had been cancelled (although the GoI grant of Rs. 13.63 crore with interest was yet to be refunded). The main reasons for delay in completion were inadequate survey and assessment of requirements (resulting in frequent changes in scope of the projects), and ineffective monitoring by DIPP.

Thus, the scheme's objective of providing quality infrastructure through Public Private Partnership for enhancing international competitiveness of domestic industry had not been achieved.

Paragraph 4.3

Non-recovery of renewal fee for patents amounting to Rs. 1.12 crore

Continued validity of a patent is conditional on its renewal, for whch renewal fee is payable, and patents shall cease to have effect following non-payment of renewal fee within the prescribed or extended period. Failure on the part of Deputy Controller of Patents and Designs (DCPD), Kolkata to monitor the status of outstanding renewal fee for patents and publicly notifying cancellation of patents with outstanding renewal fee resulted in loss of revenue of Rs. 1.12 crore from August 1992 to March 2008, besides allowing the patentees to continue to enjoy business rights without paying the requisite renewal fees.

Paragraph 4.4

Ministry of Communications and Information Technology

Department of Posts

Irregular payment of commission to banks

In contravention of the codal provisions, five Head Post Offices in Bihar Circle made irregular payment of commission of Rs. 81.32 lakh in obtaining bank drafts from nationalised banks.

Paragraph 5.2

Excess payment of haulage charges

Failure of CPMsG Gujarat, Orissa and Uttar Pradesh Circles to verify the claim of haulage charges made by Railways resulted in excess payment of Rs. 2.10 crore.

Paragraph 5.3

Ministry of External Affairs

Flawed purchase of property for Indian Chancery and unjustified expenditure on its renovation

The Indian Mission in Prague incurred an expenditure of Rs. 20.12 crore on the acquisition and extensive renovation of a 75 year old property for Indian Chancery, between April 2004 and October 2008.

Audit examination disclosed that the property was purchased ignoring both security and structural safety aspects in contravention of Ministry's Security guidelines of March 2001. Further, the property was purchased based on erroneous assement made by the Property team of MEA. This resulted in repeated revision/increase in the scope of work leading to time and cost overruns with the cost of renovation work rising to 116 *per cent* (Rs. 11.39 crore) of the cost of acquisition against only 15 *per cent* (Rs. 1.31 crore) anticipated at the time of approval of purchase.

Paragraph 6.1

Extra expenditure on purchase of full fare economy tickets from Air India

The Ministry of External Affairs (MEA) did not comply with instructions of the Ministry of Finance to effect utmost economy in air travel. It did not frame comprehensive arrangements for optimally utilising competitive fares and incentive schemes being offered by airlines including Air India (AI). Instead, it entered into an arrangement with AI for regulating air travel which was not only limited in scope but was also flawed as it allowed payment of full economy fares which were three to five times the concessional/cheap economy class fares. As a result, the additional expenditure incurred by the MEA on purchase of air tickets for home travel, emergency passages and temporary duty for the 30 Missions test checked alone was amounted to approxmately Rs. 20.76 crore for the period November 2006 to March 2009.

Paragraph 6.2

Recovery at the instance of audit

Failure of the Missions/Posts abroad to correctly regulate payments of salaries and allowances etc., to their employees resulted in overpayment of Rs. 52.28 lakh by 32 Missions/Posts in 64 cases, which was recovered at the instance of audit during 2006-09.

Paragraph 6.5

Outsourcing of visa support services in Missions/ Posts abroad

The process of tender evaluation and selection of Service Provider (SP) for outsourcing of visa support services in Consulate General of India, Milan was flawed leading to selection of a vendor who was not the lowest bidder. In High Commission of India, London an undue financial benefit of Rs. 3.63 crore was extended to the SP due to non-consideration of rates linked with the number of visa service centres operated. Besides, due to incorrect interpretation of the provisions of the agreement, the SP was additionally benefited by Rs. 1.96 crore by way of levy of administrative fee from the visa applicants. In Embassy of India, Washington DC the SP continued to collect a minimum rate of USD 21 per application on account of mailing charges as against the minimum prevailing FedEx rate of USD 18.95 per application, resulting in an undue benefit of Rs. 1.16 crore to the SP. Exclusion of and deviation from the important provisions of the model agreement diluted control of Missions/Posts over the functioning and quality of services rendered by SPs. While CGI, Frankfurt was yet to review its staff strength for consular services, EI, Paris was holding excess consular staff.

Paragraph 6.6

External publicity through Missions

Despite assurance to the Public Accounts Committee, instances of release of funds to Missions without receipt of Annual action plans, incorrect classification of items of expenditure to publicity head and despatch of publicity material to Missions without request which led to 58 to 74 percent of publicity material remaining unutilized, were noticed in Audit.

Paragraph 6.7

Logistic management for offices and residences of diplomatic personnel

Despite assurance to the PAC, the pace of construction of projects on acquired land by various Indian Missions/Posts abroad such as Embassy of India Brasilia, Embassy of India Port of Spain, Embassy of India Paramaribo (Suriname) and High Commission of India Abuja (Nigeria) continues to be a cause of concern. The delay in construction in above Missions/Posts ranged between 16 to 45 years resulting in both idling of funds and consequent escalation in cost of construction. Further as per IFS (PLCA) rules, the Ministry has to fix and intimate the Mission/Posts the rental ceiling fixed for various categories of India based officials. But in many India Missions/Posts abroad, the Ministry has not fixed the rental ceiling for the official accommodation of various categories of officers which resulted in excess payment or hiring of accommodation excess of the eligibility. Audit also noticed expenditure on repair and maintenance of building being incurred by the Missions in exces of the powers delegated to Head of Missions/Posts.

Paragraph 6.8

Ministry of Health and Family Welfare

Department of Health

Non-implementation of computerised management Information System for Food Control Organisation

Failure of the Ministry to ensure migration of complete data from State Food Testing Laboratories to the computerised system resulted in non-achievement of objectives of establishing communication network between the Food regulatory agencies and the laboratories even after three years of the scheduled date of completion. The equipment worth Rs. 2.79 crore was lying idle at NIC, New Delhi and in State laboratories at different locations.

Paragraph 7.1

National Aids Control Organisation

Recovery at the instance of Audit

At the instance of Audit, the Ministry recovered interest of Rs. 3.35 crore on funds of Rs. 49.55 crore prematurely released in March/July 2006 to M/s HSCC for procurement of Anti Retro Viral drugs.

Paragraph 7.2

National Institute of Communicable Diseases

Delayed supply of equipment

The Ministry as a measure of preparedness against Avian Influenza, decided in January 2008, to procure 100 ventilators for National Institute of Communicable Diseases (NICD) through Hospital Services Consusltancy Corporation (HSCC) on limited tender basis. The Ministry, however, failed to ensure timely supply of ventilators through HSCC despite this being an emergency procurement. The intended objective of the procurement therefore, remained unfulfilled. Further, the Ministry prematurely released advance payment of Rs. 5.53 crore to HSCC even before an agreement was entered into by the latter with the supplier. The advance paid was much in excess of the value of goods procured. The unadjusted advance of Rs. 1.57 crore was yet to be recovered from HSCC.

Paragraph 7.3

Medical Stores Organisation

Supply of medicines on unlimited credit period

Supply of medicines on credit basis by the Government Medical Stores Depots to various client departments and institutions resulted in accumulation of outstanding dues of Rs. 88.34 crore covering the period from 1975 to 2009.

Paragraph 7.5

Ministry of Home Affairs

Central Reserve Police Force

IT audit of SELO system of Central Reserve Police Force

A computerization plan for CRPF was conceived in 1997 with the aim of introducing Information Technology in the service in a comprehensive manner. The Ministry, therefore, awarded the work of development of integrated software named 'SELO' (Service and Loyalty) to M/s NIIT in March 2000 to be implemented in a phased manner. The SELO system involved networking of 114 CRPF offices from the level of Director General to the Group Centre offices under Dy. Inspectors General situated at 64 different locations. The SELO software covers finance, personnel, inventory, operations and pay roll related functions/activities of CRPF.

Audit scrutiny disclosed that despite incurring an expenditure of Rs. 50.70 crore on the implementation of the SELO system of CRPF, end users are not utilizing most of the applications. CRPF does not have an IT policy or IT Steering Committee for implementation of the SELO system. Due to lack of requisite application controls in the software, the database had been rendered unreliable and incorrect. Inadequate logical access controls exposed the system to the risk of unauthorized access.

Paragraph 8.1

National Crime Records Bureau

Non-establishment of Disaster Recovery site for computerised national database of crime records at NIC

National Crime Records Bureau (NCRB) is responsible for maintaining secure, sharable, national database on crimes, criminals, property and also the data pertaining to motor vehicles. NCRB did not establish disaster recovery site to improve the accessibility and security of national database on crime records despite incurring an expenditure of Rs. 54.34 lakh. Meanwhile, the primary objective of maintaining business continuity in the event of break-down of the active site remained unfulfilled.

Paragraph 8.2

Ministry of Housing and Urban Poverty Alleviation

Non-commencement of Model Demonstration Slum Projects under Valmiki Ambedkar Awas Yojana (VAMBAY)

The Valmiki Ambedkar Awas Yojana (VAMBAY) was launched as a Centrally Sponsored Scheme in August 2001 to provide shelter or upgrade existing shelters for people living below the poverty line in urban slums. In order to demonstrate that better dwelling units could be constructed by using cost-effective technology under VAMBAY, it was envisaged that in every State there should at least be one model demonstration slum project to be emulated by all other cities and towns in the State. Subsequently, model demonstration slum projects were approved in 11 States for 1,165 units (with per unit cost ranging from Rs. 40,000 to Rs. 60,000), based on proposals received from the States, and funds of Rs. 5.52 crore released between March 2003 and April 2004. The projects were to be executed by the Building Materials and Technology Promotion Council (BMTPC), an autonomous body under the Ministry.

We found that model demonstration slum projects in six States (Jammu & Kashmir, Kerala, Manipur, Orissa, Rajasthan and Tripura) for construction of 600 dwelling units at an estimated cost of Rs. 2.55 crore could not be commenced due to delay in availability of sites, and higher construction costs than the allowable limits. The Ministry did not take effective and timely action to address these problems to make the projects successful, and hence the objective of demonstrating the use of cost-effective technology for building slum dwelling units could not be achieved.

Paragraph 9.2

Ministry of Micro, Small and Medium Enterprises

Poor implementation of the Scheme of Integrated Infrastructure Development for Small Scale Industries

The Ministry of Micro, Small and Medium Enterprises launched the Scheme of Integrated Infrastructural Development (IID Scheme) for small scale industries in rural/ backward areas in 1993-94 for setting up of IID centres with suitable infrastructural facilities to promote clusters of small scale and tiny units. The scheme was subsumed in the Micro Small Enterprises-Cluster Development Programme (MSE-CDP) from 2007-08. The Ministry released an amount of Rs 124.59 crore upto 2007-08 to various implementing agencies for 84 IID projects with an estimated cost of Rs 400 crore.

Audit reviewed the status of the implementation of the scheme and found that 42 out of 79 IID projects, which were due for completion by January 2008, remained incomplete. Delays in completion of projects ranged between one month and twelve years. Further, detailed field level audit of 10 centres in Assam, Haryana, Madhya Pradesh, Orissa and Uttar Pradesh revealed that many infrastructural facilities at the centres were incomplete. Also, by creating large plots and allocating plots to large units, the small scale and tiny units, which formed the target group for the scheme, were deprived of its benefits. There were also instances of deficient financial management and inadequate monitoring.

Paragraph 10.1

Ministry of Shipping

Scheme for Inland Water Transport

Inland Water Transport (IWT) is an eco-friendly, economically viable and fuel efficient mode of transportation, but has not been developed to its full potential in India due to various constraints. Development of IWT would have numerous direct and indirect benefits, such as catalysing industrial growth and economic activities in the hinterland along waterways, shift of cargo transport from other modes of transport, and decongesting road and rail traffic.

An existing Centrally Sponsored Scheme for Development of Inland Water Transport was, therefore, substantially revised in 2002 with provision of financial assistance of 90 to 100 *per cent* grant-in-aid for various IWT activities – surveys / studies, waterway development, navigation aids, terminal facilities, procurement of vessels for development and regulation etc. During 2003-07, 35 projects were sanctioned in 15 States at a cost of Rs. 105.89 crore, against which funds of Rs. 52.84 crore were released. The scheme was finally discontinued by the Planning Commission in February 2007.

We found that only 3 out of 35 projects were reported to have been completed, while work had not even commenced in respect of 13 projects. One project was foreclosed, while the remaining 18 projects were still incomplete. Further, our field scrutiny of 16 projects in five States (Orissa, Himachal Pradesh, Madhya Pradesh, Maharashtra and West Bengal), revealed that many projects had not achieved their intended objectives, resulting in unfruitful expenditure.

As such, the objective of the scheme for development of IWT as an eco-friendly, economically viable and fuel-efficient mode of transport remained unachieved.

Paragraph 12.1

Ministry of Textiles

Non-establishment of Raw Material Bank for Silk Carpets in Jammu & Kashmir

In September 2003, the Ministry of Textiles approved a project, under the Prime Minister's Special Employment Package for Jammu & Kashmir, for setting up of a Raw Material Bank (RMB) for silk carpets at a cost of Rs. 2.50 crore for direct distribution of silk and other raw materials to artisans and weavers, which would enable two lakh carpet weavers to come out of the shadow of big yarn dealers and obtain full-time employment opportunities.

We found that even after five years of approval, the Ministry failed to ensure completion of the project for setting up the raw material bank. Instead of setting up a society for direct distribution of raw materials to artisans, the implementing agency (J&K Small Industries Development Corporation) identified two private firms in Kashmir, who were already enjoying a monopoly, and one firm in Jammu, which used the entire material for its own use. This defeated the objective of the scheme of enabling artisans and weavers to come out of the shadow of big yarn dealers.

Paragraph 13.1

Non-establishment of National Centres for Design and Product Development at Delhi and Moradabad

In October 1998, the Ministry approved a proposal for setting up two National Centres for Design and Product Development (NCDPD) at Delhi and

Moradabad at a cost of Rs. 5.37 crore, primarily for land & buildings and other fixed assets. The objectives of establishing these centres were to assist in development of new designs, improve the quality of handicraft items produced by artisans, enrich and orient the industry to the finer aspects of design, and ensure acceptability of exportable handicrafts in international markets. The Ministry released Rs. 4.00 crore in installments between March 1999 and March 2006.

We found that the land for the two centres had not been acquired, even after 10 years of approval. The centre at Delhi continued to function from a temporary location, on the premises of another office of the Ministry, while the Moradabad centre had become non-functional since 2004. Even though the land for the centres had not been allotted, Rs. 2.45 crore had been utilized by NCDPD at temporary locations on various items (setting up of temporary infrastructure, acquiring fixed assets, setting up of office etc.), while Rs. 1.55 crore of GoI funds were lying unspent and had not been refunded, despite the Ministry rejecting the proposal for carry forward of grant.

Paragraph 13.5

Non receipt of Utilisation Certificates

Lack of adequate and effective monitoring by the Development Commissioner (Handicrafts) resulted in non-receipt of 1355 Utilisation Certificates (UCs) for Rs. 70.44 crore of grant-in-aid released upto 2006-07 to 808 organizations, which were to be submitted before March 2008. Further, in contravention of the General Financial Rules, the DC (H) released more grants to 161 organisations, despite non-receipt of UCs for the previous years, resulting in accumulation of outstanding UCs of Rs. 46.23 crore.

Paragraph 13.4

Deficiencies in setting up Common Facility Centres (CFCs) under Babasaheb Ambedkar Hastashilp Vikas Yojana (BAHVY)

The Development Commissioner (Handicrafts) (DC(H)), under the Ministry of Textiles, introduced the Babasaheb Ambedkar Hastashilp Vikas Yojana (BAHVY) in 2001-02 for integrated development of potential clusters of handicraft artisans, with the objectives of creating centres of excellence with forward and backward linkages; upgrading artisans' skills, and ensuring self-sustained and self-managed clusters of artisans. One of the components of BAHVY was the creation of Common Facility Centres (CFCs) at the cluster level to enhance production quality and quantity by using modern tools, equipment and techniques and increase economies of scale.

We found that out of the 95 CFCs sanctioned between 2001-02 and 2007-08, 61CFCs were yet to be completed, despite release of Rs. 21.15 crore, and Rs. 8.18 crore was lying unspent were yet to be refunded. Out of the 61 incomplete CFCs, in 42 CFCs (where Rs. 7.75 crore had been released), the NGOs/ Co-operative Societies executing the projects did not even seek grant of the second and subsequent installments, while in 13 CFCs (where Rs. 3.49 crore had been released), the executing agencies did not seek grant of the third and subsequent installments. 30 CFCs were reported as completed by the DC(H); however, we found that these were treated as completed merely on the basis of release of the last installment, without ensuring that the projects were physically completed and CFCs were functional. Thus, the Ministry failed to effectively implement this scheme.

Paragraph 13.2

Ministry of Tourism

Non-observance of Financial Propriety

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

Paragraph 14.1

Ministry of Urban Development

Non- recovery of rent in respect of premises alloted at market rates to non-entitled categories

Audit scrutiny of recovery of rent by the Directorate of Estate (DoE) in respect of office accommodation in Delhi allotted at market rates of licence fees to persons and entities falling in the non-entitled categories revealed serious mismanagement.

On being pointed out by audit, DoE recovered outstanding dues of revised market rates of license fee amounting to Rs. 1.60 crore from 10 allottees but Rs. 3.23 crore of outstanding dues in respect of 16 allottees was yet to be recovered.

DoE recovered Rs. 0.83 crore of outstanding dues between May and September 2008 from the Central Government Employees Welfare Housing Organization (CGEWHO) which was allotted office accommodation purely on temporary basis at market rates of license fee, subject to the approval of the Cabinet Committee on Accommodation (CCA). The Government did not agree to the allotment, but CGEWHO was yet to vacate the premises, and dues on account of license fee from February 2008 onwards continued to accumulate as of April 2009.

DoE did not follow up on its decision of November 2005 by initiating either recovery of rent at market rates or eviction proceedings for vacation of accommodation occupied by Kendriya Bhandar. Rent dues for the period from November 2005 to March 2010 amounting to Rs. 4.53 crore, was yet to be recovered as of March 2010.

Paragraph 15.2