

CHAPTER IX : MINISTRY OF HOME AFFAIRS

9.1 Unauthorised expenditure

Ministry of Home Affairs diverted an amount of ` 2.53 crore out of funds allotted for a different purpose by the Parliament under capital section for meeting revenue expenditure.

Delegation of Financial Power Rules¹ stipulates that in the same Demand for Grants, savings under the Revenue Section are not to be re-appropriated to meet additional requirements in the Capital Section or *vice versa*.

In June 2008, the Administration Division of MHA requested the Chief Controller of Accounts (CCA) to include an additional requirement of ` 2.7 crore in the revenue section under the sub-head 2052.03.99.52 – Machinery and Equipment (IT) in the first batch of supplementary demands for grants for procurement of computers, peripherals and software. The Ministry without receipt of additional grant went ahead and placed supply orders (September 2008) for computers and software worth ` 2.53 crore. Eventually, the additional funds as requested were not approved. The Ministry decided to apply unutilized funds allocated for the introduction of Electronic Access Control (Smart Card) system in North Block under Capital section. The Ministry met the expenditure towards purchase of computers and software from this allocation although the expenditure pertained to Revenue section. This was stated to be done with the concurrence of the CCA, whereas the CCA had simply clarified that if the Administrative Division certified that the proposal qualified to be funded under the Capital section then PAO would have no objection. Thus, the Ministry diverted funds allotted by the Parliament under capital section to meet revenue expenditure for a different purpose resulting in an unauthorized expenditure of ` 2.53 crore.

On being pointed out in audit, the Ministry stated (October 2009) that since the biometric system was meant for attendance control, the bulk computers were purchased for issue to all officers and staff to address this issue and therefore, were very much a capital expenditure for the purpose for which the budget provision was made. The Ministry further stated that biometric system had since been installed and all the computers were serving the intended purpose.

¹GOI decision no. (4) below Rule 10 of Delegation of Financial Power Rules

The reply is not acceptable as the purchase of bulk computers did not qualify as capital expenditure under capital section as the Ministry initially preferred the bills as revenue expenditure. Further, the proposal seeking supplementary grant for purchase of computers did not refer to the biometric system. Audit also noted that the proposal for installation of biometric system which was initially mooted in 2003 and finally implemented in 2009 made no reference to computers that were purchased for issue, to the officers and staff of MHA. Therefore the two proposals for purchase of the biometric system and for the purchase of computers and software were separate and distinct.

The Ministry while accepting the audit finding stated (December 2010) that on deeper examination of papers it was noted that the observation of CCA had been construed as an approval for meeting the expenditure from 'Capital' which was not correct. The Ministry further stated that instructions had been issued to all DDOs of the Ministry to avoid such lapse in future.

Border Security Force

9.2 Procurement without planning

Six MI-17 helicopters purchased by the Ministry of Home Affairs at a cost of ` 125.29 crore in 2003 were parked at Safdarjung Airport, New Delhi instead of being optimally utilised for meeting its operational requirement in North East and Jammu and Kashmir areas. Meanwhile necessary infrastructure in the form of hangars for parking the helicopters at designated places in these States had not been created even after seven years of the sanction of ` 7.00 crore for the purpose. Besides having to incur avoidable expenditure of ` 9.18 crore on sorties from Delhi to these areas, BSF also continued to depend on IAF for its operations.

The Government of India, Ministry of Home affairs, in November 2002, approved procurement of 6 MI-17 helicopters for the BSF Air Wing along with other operational requirements of MHA based on the decision of the Cabinet Committee on Security (CCS) held during July 1999 and December 2001. The procurement of MI helicopters was to be made through the Ministry of Defence. These helicopters were meant for carrying troop's to meet counter insurgency situation, to check infiltration and for intelligence related operations in the North East and Jammu & Kashmir. GOI also approved the creation of required infrastructure at five places for maintaining the MI helicopters at an estimated cost of ` 7.00 crore in January 2003.

Ministry of Defence in December 2002 entered into an agreement with M/s Rosoboronexport (Russia) for the supply of 16 MI-17 helicopters including six

for BSF. The firm delivered the helicopters between September 2003 and December 2003. The helicopters were procured at a total cost of ` 125.29 crore.

GOI, MHA in January 2003 approved 35-additional posts for operation and maintenance of these MI-17 helicopters under J&K Action Plan. Meanwhile in August 2003 the Ministry decided to induct the trained flying and maintenance officers/staff (64 posts) from the Indian Air Force (IAF) on deputation/re-employment basis in BSF's Air Wing to operate these MI-17 helicopters which were planned to be deployed at five places i.e., Srinagar, Jammu, Bhubaneswar, Assam and Tripura. Against the Ministry's proposal of deputation/re-employment, only seven officers were willing to join BSF up to June 2004 which were increased to 43 in May 2010. Since the BSF did not possess the requisite expertise for the operation and maintenance of these helicopters, the Ministry requested the IAF to take custody of the helicopters in March 2004. Between July 2004 and March 2005, the helicopters were returned to the BSF and were positioned at Safdarjung Airport, New Delhi as of December 2010. The Airport Authority of India levied a sum of ` 9.32 crore on BSF towards licence fee and conservancy charges for parking the helicopters at Safdarjung Airport for the period 2004-05 to 2009-10.

(1) During 2004-05 to 2009-10, the helicopters had been utilized for 5787 flying hours against the projected utilization of 18900 flying hours. BSF had also spent ` 20.15 crore for hiring helicopters from IAF for airlifting and ration dropping to BSF in Jammu and Kashmir and North East area, which could have been minimized through optimal utilization of its own fleet of helicopters.

(2) The CCS had recommended construction of hangars at five places. An amount of ` 7.00 crore was sanctioned to create this infrastructure, however no expenditure had been incurred on this account and the construction of hangars had not even commenced as of December 2010. The reasons were attributed to non-availability of appropriate land, identifications of alternate land and proposal for acquiring land under consideration. As a result of the delay in construction of hangars, substantial avoidable expenditure had been incurred by BSF as 39 sorties had to be made to these areas from Delhi, using 542 flying hours in the process. This resulted in avoidable expenditure of ` 9.18 crore on account of additional operation cost of helicopters from Delhi.

(3) The Airports Authority of India levied a sum of ` 9.32 crore on BSF towards licence fee and conservancy charges for parking the helicopters at Safdarjung Airport during the period from 2004-05 to 2009-10. Subsequently, as per the agreement between both the parties (June 2010) 50 *per cent* of the charges had been waived off. The delay in construction of hangars at the strategic locations has created avoidable liability on BSF towards payment of licence fee.

In their reply, the BSF stated (April 2010) that these helicopters were busy with all the central para military forces and in MHA commitments. It further stated that mostly ration droppings was being done in North East Frontiers and sending helicopters from Delhi to the far flung areas would cost more than hiring helicopters from IAF. The Ministry stated (April 2011) that though CCS had sanctioned five air bases, it was decided to have only three air bases operational, one each in Jammu, Guwahati, and Raipur. It was further decided by MHA to shift the proposed bases at Jammu and Guwahati to suitable locations at Srinagar and Silchar. This was done due to non availability of land at the designated places. Creating the required infrastructure being a time consuming affair, it was decided to gainfully utilise the available infrastructure at Safdarjung Airport. The Ministry also stated that BSF fleet being comparatively very small, with meagre manpower, spares and other resources could not have generated more hours than those actually achieved. Further the projected requirement of 18900 hours could not be achieved with the present available air assets. The Ministry also stated that hangar at Safdarjung Airport had been with the BSF on lease for operation of its fixed wing. The fixed wing fleet was shifted to Palam Airport. However the aviation stores and other inventory items of Air wing were held and maintained at Safdarjung Airport. With the induction of MI-17 IV helicopters, this facility at Safdarjung Airport was gainfully utilised and therefore the delay in construction of hangars had no impact towards licence fee.

The reply establishes the fact that the manpower and other resources were not sufficient to attain the projected flying hours. Further, the reply of BSF confirms that the helicopters were not being utilized for the intended objectives of the meeting counter insurgency requirements in the North East and Jammu and Kashmir areas in the absence of suitably located parking facilities and trained manpower. The contention of the Ministry that there was no additional financial implication on account of delay in construction of hangars is not convincing. The BSF (air wing) in response to a specific audit query had replied that the licence fee and conservancy charges pertained to six

helicopters stationed at Safdarjung Airport. The helicopters would have been shifted to the designated bases had timely construction of hangars been ensured. Purchase of six helicopters for BSF without ensuring necessary infrastructure to position them on desired locations, pilots to fly them and staff to handle its operations resulted in idling/sub-optimal use of these helicopters acquired seven years back at a cost of ` 125.29 crore in 2003, besides avoidable expenditure of ` 9.18 crore and continued dependence of BSF on IAF for its operations.

Central Reserve Police Force

9.3 Blocking of funds of ` 1.32 crore

Non-acceptance of refund of excess amount by the CRPF in January 1999 and lack of focused pursuance led to the blocking of ` 1.32 crore for a period of ten years.

In August 1989, the Delhi Development Authority (DDA) allotted 20 acres of land in Pappankalan, New Delhi to the Central Reserve Police Force (CRPF) for the construction of a transit camp. CRPF remitted ` 3.84 crore to DDA in March 1991 towards provisional rates charged by them as the revision of rates of land was under consideration. DDA however handed over the possession of only 9.72 acres of land to CRPF in May 1991 on the grounds that the rates had been revised upwards.

Thereafter, the matter remained under correspondence and on the intervention by the Ministry of Urban Affairs and Employment, which is the administrative Ministry of the DDA (September 1998), the latter agreed for charging land rates on 'no profit no loss' basis and refunded the differential excess amount of ` 1.23 crore worked out on the basis of revised rates in January 1999. CRPF however returned the cheque to DDA in April 1999 on the plea that DDA had incorrectly deducted an amount of ` 0.87 lakh on account of ground rent plus interest in respect of CRPF Public School while requesting for allotment of additional land. In the meanwhile, DDA handed over the possession of the remaining 10.28 acre land (20 acre minus 9.72 acre) to the CRPF in May 1999. DDA again refunded the amount of ` 1.23 crore to the CRPF in November 1999, due to non availability of land.

CRPF resurveyed the land in July 2000, almost a year after its receipt. The total land allotted was found to be only 19.32 acres. Accordingly the refundable amount worked out to ` 1.32 crore.

In April 2000 and again in October 2001, DDA reiterated that no land was available for allotment.

Audit noted that CRPF wrote to DDA in March 2002, April 2004, August 2005 and May 2007 for the allotment of the additional land but did not seek refund of its deposit made in 1991. On the other hand, it did not accept refunds made by DDA, on two occasions. It was only in July 2007 that CRPF sought refund of ` 1.32 crore along with interest. The matter remained unresolved as of October 2010.

The Ministry stated (December 2010) that delay was due to failure on the part of DDA to allot suitable additional land in lieu of the refundable amount. It also stated that CRPF had made vigorous efforts for allotment of alternate land at various locations. As this did not materialize, DDA was finally asked in July 2007 to refund the excess amount.

The fact remains that due to non-acceptance of the refunded amount coupled with inadequate action on the part of CRPF to claim the refund, led to blocking of ` 1.32 crore for 10 years with an interest impact of ` 1.05 crore calculated at the average borrowing rate of Government of India.

Directorate of Co-ordination Police Wireless

9.4 Unfruitful expenditure

Launch of a project by the Ministry to provide a reliable national police communication system without studying the appropriateness of the technology adopted and failure to obtain co-operation from State Governments resulted in non-achievement of objectives despite incurring expenditure of ` 94.57 crore. Besides, the Ministry also incurred avoidable expenditure of ` 13.08 crore towards payment of Spectrum charges to DoT for unused/un-installed MARTs.

The Cabinet Committee on Security (CCS) approved (September 1998) a proposal of the Ministry of Home Affairs, Directorate of Co-ordination Police Wireless (DCPW) for setting up of a Police Network (POLNET) based on Satellite Technology in order to modernise the police telecommunication in the Country. The project was intended to provide connectivity to all police stations in the Country with State Capitals, District Headquarters and the National Capital.

The Project consisted of two components i.e. Satellite and Radio. The Satellite component consisted of one Earth Station (HUB) in New Delhi and 852 V-SATs² to be installed at State/UT Capitals/District Headquarters/CPMFs³ locations. The Radio component (MART)⁴ consisted of 605 BSUs⁵ to be installed at 35 State/UT capitals and Districts Headquarters and 11502 RSUs⁶ at police stations to link them with the District Headquarters. V-SATs connect one District/State Capital to another District/State Capital through Satellite link and the MART extends the connectivity from District/State Headquarters to police stations in the Districts on terrestrial radio link.

MHA accorded administrative approval and expenditure sanction for implementation of the project with an outlay of ` 97 crore (later revised to ` 99.07 crore) in August 2002 and entered into a contract (November 2002) for supply, installation and commissioning of POLNET project with M/s Bharat Electronics Limited (BEL). The project was expected to be completed by September 2004. MHA released ` 94.57 crore to the firm between 2002 and 2010. The work remained incomplete as of December 2010. Significantly, the primary units, i.e. police stations could not be covered under the network. The position of equipment to be provided along with status of work and expenditure incurred as of December 2010 is given below:

(` in crore)

Equipment	No. of equipment to be procured & installed	Equipment actually installed	Shortfall	% of shortfall	Total cost	Funds released to M/S BEL
POLNET HUB	1	1	Nil	Nil	11.32	11.31
V-SATs	852	852	Nil	Nil	59.50	59.05
MART BSU	605	439	166	27.44	10.00	9.06
MART RSU	11502	4640	6862	59.66	18.25	15.15
Total					99.07	94.57

Audit scrutiny revealed the following:

- (i) The project was approved by the CCS in September 1998, yet the work was awarded by the MHA only in November 2002 i.e. after a delay of four years. The status of the MART installations disclosed that in 4673 cases, the reasons for non-installation of the RSUs were that the BSUs and RSUs were

² Very Small Aperture Terminals

³ Central Para Military Forces

⁴ Multi Access Radio Telephones

⁵ Base Station Units

⁶ Remote Station Units

not technologically-enabled to establish communication links if the distance between District Headquarters and police station was more than 35 kms and/or the transmitter antenna at District Headquarters and receiver antennae at police stations were not in the line of sight i.e. in straight line without any obstacles in between. Three States namely Andhra Pradesh, Uttar Pradesh and Kerala were not willing to install MART as they had better facilities and in the case of Bihar, Jammu and Kashmir, Orissa, Tamil Nadu and West Bengal, suitable masts for installation of MART BSU antenna were not ready. Govt. of Rajasthan expressed its dissatisfaction over MART due to link problems and lack of repair facilities.

(ii) No feasibility study was carried out by the Ministry to assess the suitability of the MART technology with reference to the existing locations of police stations. The Ministry did not provide for any backup plan to cover the risk of non-cooperation from states regarding non-provision of masts/towers. As a result, 60 *per cent* of RSUs and 27 *per cent* of BSUs could not be installed as of December 2010.

(iii) CCS while approving the Project in September 1998 also approved the creation of Nodal Agency consisting of 42 posts (27 Technical and 15 other categories) within the DCPW to implement the Project. Out of 42 sanctioned posts, only 21 posts (11 posts were created in June 1999 and 10 posts were created in April 2007) were created and filled up by the DCPW. The remaining posts were not created by the DCPW due to non-approval of these posts by Ministry of Home Affairs/Ministry of Finance. Due to shortage of manpower a dedicated project group/nodal agencies were not created in time which also contributed to poor implementation of the project.

(iv) Ministry of Communications, Department of Telecommunications (DoT) levied spectrum charges consisting of licence fee and royalty for VSATs and MARTs under POLNET with effect from 2004. Accordingly the Ministry was paying Annual Radio Spectrum charges to DoT for the POLNET MARTs, both BSUs and RSUs for 12107 stations at the rate of ` 3.81 crore for 2004-05 and ` 4.33 crore *per annum* from 2005-06 to 2009-10 to be paid in advance. Out of 12107, only 5079 BSUs and RSUs MART were installed by the DCPW in the States and 7028 (166 BSUs and 6862 RSUs) MARTs were left un-installed as of December 2010. As a result, expenditure of ₹ 13.08

crore⁷ incurred by the Ministry on Spectrum charges for 7028 un-installed BSUs and RSUs MART from 2004-05 to 2009-10 was rendered unfruitful.

Audit also noted that the Bhaskaranarayana Committee and DCPW recommended (July 2009) surrender of the spectrum allotted for MART which was not in use. Ministry had not taken any decision on this issue as of December 2010. On being pointed out by audit, DCPW while confirming the facts and figures stated (December 2010) that spectrum charges were to be paid in advance every year irrespective of its use. It further stated that piecemeal allocation and surrender of frequencies was not administratively feasible. However, it had taken up the frequency related issue of MART with higher authorities and the decision was awaited. Audit, however, noted that the reply of the Directorate was incorrect as the policy of DoT allow for surrender of frequencies in part. Further, the reply is also contrary to its earlier decision of July 2009 to accept the recommendations of the Bhaskaranarayana committee for surrendering unused MART.

(v) The Ministry had constituted a Committee under the Chairmanship of Director, ISRO in November 2008 to study and give recommendations on POLNET Project. The Committee had recommended that the unused MART units should be scrapped locally and disposed of accordingly. The Ministry, however, was of the opinion that if MART RSUs were locally scrapped, it would result in huge loss to the public exchequer. Thus, the expenditure incurred on the project has been largely rendered unfruitful.

The DCPW stated (May 2010) that delay in awarding the project was due to the time consumed in completing the licensing formalities with the related departments, interruptions in the tendering process and due to state variance nature of the project. It also stated that non-installation of 166 BSUs and 6862 RSUs was due to non provision of the sites and suitable Masts for installation of MART system by some States and non-availability of line of sight between BSUs and RSUs. It further added that the Review Committee had already examined the feasibility of the project and its recommendations were under consideration of the Ministry for necessary action. The Ministry while reiterating the views of the Directorate further stated (February 2011) that VSAT network which was a major part of the project was completed and was working satisfactorily. However, despite best efforts about 44 *per cent* of MART component could not be completed.

⁷ This is an indicative figure. Royalty paid for the total MARTs in the States has been apportioned proportionately to the uninstalled MARTs.

The reply confirms the audit conclusion of the failure of the Ministry to undertake feasibility study to assess the suitability of the MART technology with reference to the existing locations of police stations and embarking on the project without ensuring the availability of site readiness. The purpose of the project of achieving a national police network to provide connectivity to all police stations in the Country with State Capitals, District Headquarters and the National Capital was not fulfilled even after eight years of award of work and incurring expenditure of ` 94.57 crore. Further, the Ministry also incurred avoidable expenditure of ₹ 13.08 crore on account of spectrum charges for un-installed BSUs and RSUs MART.

National Disaster Management Authority

9.5 Irregularities in execution of renovation and interior work of its new building by NDMA

Secretary NDMA accorded separate split sanctions aggregating to ` 4.48 crore in violation of the provisions of GFRs. Further, failure of NDMA in assessing its requirements for renovation and interior work in the allotted building at the initial stage necessitated continuous change in the scope and quantum of the work resulting in overall delay in completion of the project and avoidable payment of rent amounting to ` 3.77 crore.

National Disaster Management Authority (NDMA) was set up by the Ministry of Home Affairs in May 2005. With a view to accommodate the officers and staff of NDMA, the Ministry in October 2005 decided to hire 46 rooms in Centaur Hotel, New Delhi at a monthly rent of about ` 50 lakh. The Directorate of Estates, Ministry of Urban Affairs and Employment (MUAE), meanwhile in December 2005 allotted a building at Safdarjung Enclave, New Delhi for housing the office of NDMA. Since the allotted building was in need of repairs and renovation, NDMA approached National Building Construction Corporation (NBCC), a Government of India Enterprise, for execution of repairs and renovation work. NBCC submitted the preliminary estimates for strengthening, repairs and interior works of the allotted building, which was approved by the Ministry in October 2006 at an estimated cost of ` 12.96 crore. NDMA awarded the work of 'Renovation and Interior Decoration work' to NBCC and entered into an agreement with the latter in December 2006. The work was on turnkey basis and was scheduled to be completed by January 2008. The work *inter-alia* consisted of civil and electrical work, furnishing and furniture.

Audit examination disclosed that the NDMA decided in February 2007 to award a separate work relating to procurement and fixing/placing the soft/loose⁸ items for the proposed building with the expenditure to be charged against 'office expenses'. Accordingly, NDMA made a reduction of ` 1.56 crore on account of furniture and other items from the original estimate of the work which came down to ` 11.40 crore. The work relating to arranging furniture and furnishing was re-awarded to NBCC in March 2007 at an estimated cost of ` 2.82 crore. NDMA further decided in March 2007 to get additional work of conduiting and cabling for communication and IT equipment at an estimated cost of ` 1.66 crore and signed an agreement with NBCC in October 2007. The stipulated date of completion of all the works remained as that as of the main work i.e. by January 2008. NDMA did not obtain the approval of the Ministry for the revised work.

The work was originally scheduled for completion in January 2008 but was completed in December 2008 at a total cost of ` 15.85 crore. Meanwhile, NDMA shifted its office to the new building from hired accommodation in September 2008, as the building was fit for occupation.

The action of the NDMA in reducing the scope of the original work and re-awarding a modified part of this work without the approval of the Ministry was irregular and violated the provisions of General Financial Rules which provide that for the purpose of approval and sanctions a group of works which forms one project, shall be considered as one work. This was purportedly done to avoid seeking sanction of the Ministry for increase in cost. In the process NDMA transgressed its delegated powers, as Secretary NDMA had powers to accept advertised/limited tenders in respect of sanctioned works whether original or repair works valuing up to ` 10 lakh only. Further, the delay in construction also led to avoidable payment of rent of ` 3.77 crore for the period from February to September 2008.

The Ministry stated (November 2010) that no separate sanction for additional expenditure on furniture and furnishings had been obtained from the Ministry as this expenditure was covered under DFPRs wherein Secretary had full powers. The expenditure on furniture and furnishing was booked under Head "Office Expenses" in view of the fact that such expenditure was covered under the Head 'Office Expenses' for which Secretary NDMA had full powers.

⁸ Soft furnishing such as sofas, carpets, blinds and office equipment

It further stated that the conduiting and cabling for communication and IT was not a part of original work sanctioned by the Ministry, hence separate contracts were awarded to NBCC, which was in accordance with the DFPRs.

The delay in completion of project was attributed to delay in receipt of statutory clearances from different organisations, reduced working hours for civil work and absence of IT man power.

The argument advanced by the Ministry is not acceptable, on account of the following :

- (i) Rule 130 of the GFR states that the necessity for obtaining approval or sanction of higher authority to a project which consists of group of work forming a project should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of lower authority. In the instant case all the works formed a single project namely 'Renovation and interior work' and therefore constituted a single work. Further the argument is also contrary to the estimates drawn up by the NDMA and approved by the Ministry which included furniture and furnishings worth ` 1.55 crore. Thus, Secretary NDMA acted well beyond his delegated powers in issuing separate split sanctions for the same work which was purportedly done to avoid seeking sanction of the Ministry.
- (ii) Conduiting and cabling is directly related to the civil work in the building. This is further borne out by the Meeting of the Project Monitoring Group (PMG) held in November 2008 which admitted that certain items of civil work as well as furniture work were dependent upon cabling work. Thus, the conduiting and cabling work was very much a part of the main work and therefore required the approval of the competent authority.
- (iii) The statement showing the justification for extension of time submitted by the NBCC and later accepted by the Ministry clearly indicates that the delay was primarily due to delay in finalizing the IT works which was interlinked with furniture and other interior works. Moreover the IT works was finalised in May 2008 after more than 17 months from the date of initial agreement entered into between NDMA and NBCC. These points to poor planning as well as the execution of the project by NDMA which was marred by inordinate delays in finalising various associated works.

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The failure of NDMA in assessing its requirements at the initial stage necessitated constant change in the scope and quantum of the work resulting in overall delay in completion of the project and led to avoidable payment of rent amounting to ` 3.77 crore. Besides NDMA also exceeded the delegated powers as it undertook work of ` 2.90 crore without the approval of the Ministry.

The Ministry also stated (November 2010) that the competent authority in the NDMA had reviewed the entire case and it had now been decided to refer the case to the Ministry for approval of the entire expenditure.