

OVERVIEW

This Report contains the audit findings of significant nature which arose from the compliance audit in Civil Ministries including Scientific Departments of the Union Government, Departments of Posts and Telecommunications and their field offices. The report contains 20 chapters. Chapter I explains the audit methodology and auditee profile. Chapter II to XIII present detailed findings/ observations arising out of the compliance audit in these Ministries/Departments. Chapter XX 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

Indian Council of Agricultural Research

Injudicious release of funds

Work services entrusted to the Central Public Works Department for construction of residential quarters and office-cum-laboratory building for National Bureau of Soil Survey and Land Use Planning, a constituent of Indian Council of Agricultural Research, could not commence even after 10 years resulting in blocking of ` 1.01 crore, as the land in question did not have municipal clearance.

Paragraph 2.1

Ministry of Commerce and Industry

Department of Commerce

Recovery at the instance of Audit

Failure of the Deputy Controller of Accounts (supply), Mumbai to follow up the amendment letters relevant to the Rate Contract led to overpayment of ` 1.31 crore. Out of this, an amount of ` 1.09 crore was recovered from the suppliers at the instance of audit.

Paragraph 3.1

Ministry of Communications and Information Technology

Department of Posts

Non deduction of commission on purchase of revenue stamps

Failure of the Chief Postmasters General, Gujarat, Maharashtra, North East and West Bengal Postal Circles to deduct commission in advance on purchase

of revenue stamps from State Governments led to short realisation of revenue to the extent of ₹ 2.45 crore.

Paragraph 4.1

Non-realisation of pension/family pension dues from other departments

The Director of Accounts, Postal (DAP), Patna failed to obtain payment vouchers/schedules from 5 Post Offices under Bihar and Jharkhand Circle which resulted in non-raising debits of ` 2.44 crore against Coal Mines Provident Fund and Industrial Employees Provident Fund. In addition, commission of ` 0.47 crore was not realised from Department of Telecommunications.

Paragraph 4.2

Idling of Generator sets

Delay on the part of Chief Postmaster General, Bihar and West Bengal Postal circles in installation of Generator sets procured during March 2006-March 2009 resulted in idling of Gensets worth ₹ 1.86 crore.

Paragraph 4.3

Irregular payment of EPF pension/Family pension

CPMG, Tamil Nadu Postal Circle failed to stop payment of EPF pension/family pension through post offices in Chennai Region despite clear orders from Head Office, EPFO, New Delhi. This resulted in irregular payment of pension/family pension of ₹ 1.59 crore.

Paragraph 4.4

Recovery at the instance of Audit

An amount of ` 83.10 lakh was recovered at the instance of Audit out of ` 2.08 crore excess paid by the West Bengal and Bihar Postal Circles towards Central Government Health Scheme (CGHS) contribution during 2005-06 to 2008-09.

Paragraph 4.5

Non-levy of Service Tax

Omission on the part of 39 Post Offices in Gujarat and Tamil Nadu Postal circles resulted in short collection of service tax and education cess amounting to ` 39.25 lakh.

Paragraph 4.6

Avoidable payment of electricity charges

Failure of Automatic Mail Processing Centre, Mumbai to change the power distribution licensee from Reliance Energy to Tata Power Company resulted in avoidable extra payment of ₹ 22.64 lakh.

Paragraph 4.7

Centre for Development of Telematics

Wasteful expenditure of ₹ 16.10 crore due to non-commercialisation of technology

Despite shift in worldwide market trends towards Dense Wavelength Division Multiplexing technology in 2004, C-DOT continued the execution of a project to develop the Coarse Division Multiplexing technology. As a result, an obsolete technology was developed in 2006, which had no takers rendering the entire expenditure of ₹ 16.10 crore wasteful.

Paragraph 4.8

Ministry of Earth Sciences

Wasteful expenditure on refurbishment of a vessel

National Centre for Antarctic and Ocean Research did not effectively plan its requirements for hiring of a ship for its Antarctica expedition. As a result, it spent ₹ 43.68 lakh for refurbishment of a vessel which was ultimately not hired, rendering the entire expenditure wasteful. Ineffective planning also resulted in curtailment of objectives envisaged for the 27th Antarctica expedition.

Paragraph 5.1

Ministry of External Affairs

Delay in renovation of Indian chancery in Paris

Delay in implementation of project of renovation of Indian Chancery in Paris has blocked the capital of ₹ 18 crore on purchase of new building which has been lying unused since 2006. This led to the Mission having to incur a recurring liability of ₹ 26 lakh *per annum* on rent of the Space Wing which was envisaged to be relocated in the new building after its renovation.

Paragraph 6.1

Inordinate delay in construction/ disposal of Government of India owned property

Despite assurances to the PAC, the Mission/Ministry displayed extraordinary indecision in disposing/ constructing Government of India owned property in Bangkok and Warsaw. This led to continued idling of the plots for over 35 and 22 years respectively. The delay has resulted in avoidable annual rental

expenditure of ₹ 2.15 crore and ₹ 1.28 crore in Bangkok and Warsaw respectively.

Paragraph 6.3

Irregular expenditure under the head Publicity

Despite Ministry's instructions and earlier audit observations, the Six Indian Missions/Posts incorrectly classified expenditure of ₹ 93.06 lakh under the head 'Publicity' during 2008-2010 which resulted in the Missions understating the expenditure under the head Office Expenses besides violating the government's instructions on economy in expenditure.

Paragraph 6.5

Irregular expenditure due to non-adherence to sanctions and scales

28 Missions/Posts incurred an irregular expenditure of ₹ 1.22 crore on visiting delegations by extending various facilities, such as, hotel accommodation, hired transport, cash allowance, VIP Lounge etc, which were beyond the scope of sanction/without the sanction of the Competent Financial Authority. In addition, Embassy of India, Suriname constructed a Swimming Pool at Embassy Residence at a cost of ₹ 64.15 lakh not covered under the laid down scale.

Paragraph 6.6

Avoidable extra expenditure on hiring of excess space for chancery building

The Indian Mission in Minsk hired a significantly large property in excess of the prescribed norms for its chancery without the prior approval of the Ministry. This would result in an avoidable extra expenditure of at least ₹ 42.12 lakh.

Paragraph 6.7

Systemic failure of internal controls leading to embezzlement of government money

Failure to follow good practices in handling and accounting of receipts coupled with ineffective monitoring led to embezzlement of government money amounting to ₹ 26.23 lakh in Embassy of India, Rome.

Paragraph 6.9

Unauthorised expenditure due to non-adherence to prescribed rental ceiling in hiring residential accommodation

The Missions at Singapore, Tokyo and Port Moresby paid rent for residential accommodation in excess of the prescribed rental ceiling resulting in unauthorised expenditure of ` 21.20 lakh during 2009-10.

Paragraph 6.10

Ministry of Finance

Securities and Exchange Board of India (SEBI)

Irregular expenditure

SEBI failed to check the status of land proposed to be acquired for setting up of NISM before making payment to MIDC. The land was encroached upon by the locals for seasonal cultivation. This led to irregular payment of compensation of ` 90 lakh to MIDC for settlement with the illegal occupants. The possession of land was yet to be received even after making payment of ` 11.85 crore to MIDC.

Paragraph 7.2

Insurance Regulatory and Development Authority(IRDA)

Loss of interest

IRDA invested ₹ 58.80 crore in two banks as term deposits at an interest rate of 7.5 per cent ignoring the option of multiple deposits at a higher interest rate of 8 per cent offered by these banks. Consequently it sustained a loss of interest of ₹ 31.14 lakh.

Paragraph 7.3

Irregular award of work

Awarding the work of web portal development to a firm without ensuring competitiveness of rates and without safeguarding its interest resulted in an irregular and avoidable expenditure of ₹ 59.48 lakh.

Paragraph 7.4

Ministry of Health and Family Welfare

Safdarjung Hospital and VMCC

Unfruitful expenditure

Inordinate delays and lackadaisical approach of the Ministry and the Hospital led to non-commencement of the work of construction of staff quarters for the nurses depriving them of the intended facility. The expenditure of ` 1.80 crore incurred by the Ministry on acquisition of land has been rendered unfruitful.

Paragraph 8.1

Directorate General of Health Services

Central Government Health Scheme

Avoidable payment

Non compliance with the terms of agreement, which provided for deduction of VAT from the bills of chemists, resulted in avoidable payment of VAT of ` 8.92 crore by CGHS, New Delhi.

Paragraph 8.2

Indian Council of Medical Research

Inordinate delay in creation of a national facility for breeding of primates

A breeding centre for primates such as apes and monkeys to meet the needs of biomedical research could not be established even after 11 years due to inability of National Institute for Research in Reproductive Health (NIRRH) to ensure that the designs for the facility were prepared timely by the architect and that the building was constructed in time by the executing agency. NIRRH also failed to effectively monitor and coordinate with different agencies implementing the project. Failure on part of NIRRH led not only to non-achievement of the objectives of establishing the facility but also blockade of funds of ` 14.15 crore and unfruitful expenditure of ` 8.90 crore already incurred on the project.

Paragraph 8.4

Delay in commissioning of equipment

Delay by National Institute of Occupational Health in placement of the purchase order and poor planning in execution of construction of instrumentation room led to non-commissioning of an equipment costing ` 2.20 crore to address the existence of pesticides and other contamination in soft drinks which adversely impact on the health of consumers.

Paragraph 8.5

Ministry of Home Affairs

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.

Paragraph 9.1

Border Security Force

Procurement without planning

Six MI 17 helicopters purchased by the Ministry of Home Affairs at a cost of ` 125.29 crore were parked at Safdarjung Airport, New Delhi. These were intended to be utilised for meeting its operational requirement in North East and Jammu and Kashmir areas. Necessary infrastructure in the form of hangars for parking the helicopters had not been created even after seven years of the sanction of ` 7 crore for the purpose. BSF also incurred an avoidable expenditure of ` 9.18 crore on sorties from Delhi to these areas.

Paragraph 9.2

Central Reserve Police Force

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 10 years.

Paragraph 9.3

Directorate of Co-ordination Police Wireless

Unfruitful expenditure

The Ministry embarked on the project of setting up a police network (POLNET) which aimed to provide a reliable National police communication system without studying the appropriateness of the technology adopted. This coupled with its failure to obtain co-operation from State Governments resulted in non-achievement of objectives despite incurring expenditure of ` 94.57 crore. The Ministry also incurred avoidable expenditure of ` 13.08 crore towards payment of Spectrum charges to DoT for unused/un-installed Multi Access Radio Telephones (MARTs).

Paragraph 9.4

National Disaster Management Authority

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 GFR. 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. This resulted in overall delay in completion of the project and avoidable payment of rent amounting to ` 3.77 crore on account of its extended stay in the rented accomodation.

Paragraph 9.5

Ministry of Information and Broadcasting

Directorate of Film Festival

Loss of Revenue

Failure of the Directorate to initiate timely action for award of canteen facility contract resulted in loss of revenue of ` 33.77 lakh.

Paragraph 11.1

Ministry of Mines

Geological Survey of India

Avoidable expenditure due to non-recovery of Service Tax

Geological Survey of India (GSI) failed to recover an amount of ` 4.62 crore from outside agencies on account of Service tax. As a result, it had to pay ` 4.62 crore from its resources. Due to non-payment of Service tax in time, GSI is also liable to pay penal interest of ` 1.05 crore. Further, Coal wing of GSI again failed to follow the provisions of the Finance Act, 1994 as well as instructions of its headquarters issued in November 2004 and did not recover Service tax amounting to ` 68.91 lakh thereby making it liable to pay the Service tax and interest thereon in the future.

Paragraph 12.1

Ministry of New and Renewable Energy

Infructuous expenditure due to non-utilisation of software

Failure of Ministry of New and Renewable Energy to utilise the software for automation of the functions of the Ministry resulted in infructuous expenditure of ₹ 45.82 lakh besides non-achievement of envisaged objectives of having a paperless office.

Paragraph 13.1

Ministry of Science and Technology

Department of Scientific and Industrial Research

Deficient implementation of projects for generation of power through safe

disposal of waste

Central Leather Research Institute, Chennai (CLRI) initiated three projects for setting up of plants for power generation and reduction in green house gas emission by utilising biological waste. However, these projects were taken up without ensuring the capability of beneficiaries to supply required quantity and quality of wastes to feed the plants. CLRI also failed to enforce contractual obligations and effectively monitor/supervise execution of these projects. This led to non-achievement of objective of generation of power and reduction in green house gas emission through safe disposal of waste, despite incurring an expenditure of ₹ 8.76 crore.

Paragraph 15.2

Non-realisation of objectives of a project

Central Leather Research Institute, Chennai failed to ensure achievement of the objectives of a project intended for upliftment of families below the poverty line due to deficiencies in implementation of the project and inadequate monitoring even after spending ₹ 59.69 lakh.

Paragraph 15.3

Ministry of Social Justice and Empowerment

Recovery at the instance of Audit

The Ministry failed to exercise adequate control over release of grant to Ambedkar Foundation for acquisition of land for setting up of Ambedkar Memorial. This led to blocking of ₹ 9.77 crore for over six years. On it being pointed out, the Foundation refunded the amount together with interest to the Ministry.

Paragraph 16.1

Union Territories

Andaman and Nicobar Administration

Andaman Public Works Department

Abnormal delay in execution of a scheme work

Abnormal delay in execution of work with the link road remaining incomplete under PMGSY Scheme resulted in non-achieving of desired socio-economic benefit. The interest, penalty and other recoveries amounting to ₹ 74.20 lakh due from the contractor remained unrecovered.

Paragraph 17.1

Directorate of Fisheries

Non-utilization of ₹ 2.40 crore of Rajiv Gandhi rehabilitation package

Failure to assess the technical capability of ANIIDCO resulted in ₹ 2.40 crore meant for creating infrastructure for fisheries sector remaining unutilized for last four years.

Paragraph 17.2

Directorate of Shipping Services

Overpayment of ` 41.95 lakh to a private firm

Ignoring the conditions provided in the Service Support Agreement, the Directorate of Shipping Services made an over payment of ` 41.95 lakh as margin to a private firm.

Paragraph 17.3

Zilla Parishad

Unfruitful expenditure - ` 5.77 crore

Failure of the Zilla Parishad to replace the damaged sluice gates rendered the expenditure of ₹ 5.77 crore on restoration and strengthening of sea bunds for reclamation of paddy land unfruitful.

Paragraph 17.4

Chandigarh Administration

Avoidable expenditure on purchase of uniform

Failure of District Education Officer (DEO) U T Chandigarh (2006-07) in assessing the correct requirement of uniform cloth and jersey, resulted in excess quantity of cloth and jersey worth ` 90.71 lakh being purchased. To deplete the stock of excess uniform held, the department also distributed the uniforms among the students of ineligible schools.

Paragraph 17.5

Chandigarh Transport Undertaking

Imprudent decision in awarding contract

Imprudent decision in awarding the contract for display of advertisements on the buses of Chandigarh Transport Undertaking resulted in loss of ` 1.15 crore.

Paragraph 17.6

Chandigarh Administration - Engineering Department

Irregular advance payment for works

Without obtaining details of the utilization of ` 4.24 crore already advanced, the Chandigarh administration made further payment of ` 11 crore to Power Grid Corporation of India to prevent lapse of the budget grants.

Paragraph 17.8

Embezzlement due to non-reconciliation of remittances in the Treasury

Non compliance with the provisions/instructions issued from time to time regarding timely reconciliation of remittances in the treasury led to ` 1.83 crore being embezzled by the cashier.

Paragraph 17.9

Ministry of Women and Child Development

Blocking of funds

Release of grant amounting to ₹ one crore during 2002-03 and 2007-08 to the state Government in violation of the provisions of the Swadhar Scheme remained unfruitful. The targeted beneficiaries of the State were deprived of the facilities for about six years.

Paragraph 18.1

Department of Space

Idle investment on development of a Linac tube

A Linac tube was developed for Solid Propellant Space Booster Plant of Satish Dhawan Space Centre, Sriharikota in March 2002 to improve performance of the existing 15 MeV Linear Accelerator system. Despite availability of idle time of the main system, the Linac tube was not installed for eight years, leading to idle investment of ` 1.80 crore and additional maintenance cost of ` 32 lakh. Non replacement of the old Linac tube with the new one led to a two fold increase in the time taken for inspection of rocket motors.

Paragraph 19.1

Avoidable payment of electricity duty and cess

Failure of two units of Department of Space to claim the available exemption of electricity duty and cess resulted in additional expenditure of ` 1.49 crore which was avoidable. An amount of ` 1.05 crore was refunded/adjusted at the instance of Audit.

Paragraph 19.2