

## CHAPTER - I

# Introduction

### 1.1 About this Report

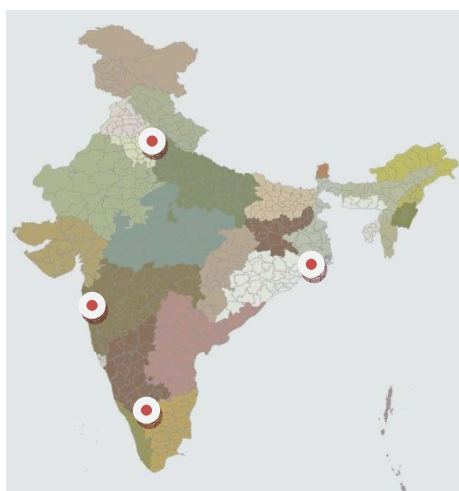
This report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of the transactions of the Scientific and Environmental Ministries/Departments of the Government of India and the autonomous bodies under their administrative control, for the year 2011-12.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of Government to ascertain that the provisions of the Constitution of India and the applicable laws, rules, regulations, orders and instructions issued by the competent authorities are being complied with. Compliance audit also includes an examination of the rules, regulations, orders and instructions to determine their legality, adequacy, transparency, propriety, prudence as also their effectiveness in terms of achievement of the intended objectives.

The primary purpose of the Report is to bring to the notice of the Parliament, important results of audit. Auditing Standards require that the materiality level for reporting be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant audit observations followed by a brief analysis of the expenditure of Scientific and Environmental Ministries/Departments, position of outstanding utilisation certificates, position of proforma accounts of departmentally managed government undertakings, losses and irrecoverable dues written off/waived and follow-up on audit reports. Chapters II to VIII present findings/observations arising out of the compliance audit of Scientific and Environmental Ministries/Departments and the research centres, institutes and autonomous bodies under them. Weaknesses that exist in the system of project management, financial management, internal controls etc., in various scientific and environmental institutions are also highlighted in the report.

## 1.2 Organisational Structure of the office of the Principal Director of Audit, Scientific Departments



Location of Scientific Audit Offices

The office of the Principal Director of Audit, Scientific Departments, New Delhi was established as a separate office in April 1986 for the audit of Ministries/Departments of Union Government operating in the field of Science and Technology. With the increasing attention on environment protection and conservation issues within the country and global trend among Supreme Audit Institutions (SAIs)

for special focus on the audit of environment related matters, the C&AG designated the office of the Principal Director of Audit, Scientific Departments as the nodal office for Environmental Audit.

It has three branch offices located at Mumbai, Kolkata and Bangalore and a sub-office at Chennai, which assist the Principal Director of Audit, Scientific Departments in carrying out the audit of Union Government Scientific and Environmental Ministries/Departments as well as the subordinate/attached offices and autonomous bodies under them.

## 1.3 Profile of audited entities

Up to March 2012, the office of the Principal Director of Audit, Scientific Departments was responsible for audit of units under 14 Ministries/Departments. Following re-structuring of work of field audit offices under the Indian Audit and Accounts Department, the sphere of audit of the office was revised with effect from 1 April 2012. The revised audit domain extends over nine Scientific and Environmental Ministries/Departments of the Government of India, listed below:

- **Department of Atomic Energy (DAE)**
- **Ministry of Earth Sciences (MoES)**
- **Ministry of Environment and Forests (MoEF)**
- **Ministry of New and Renewable Energy (MNRE)**
- **Department of Space (DOS)**

- **Ministry of Science and Technology comprising of:**
  - **Department of Science and Technology (DST)**
  - **Department of Scientific and Industrial Research (DSIR) and**
  - **Department of Biotechnology (DBT)**
- **Ministry of Water Resources (MoWR)**

This report covers the audit findings in respect of the above Scientific and Environmental Ministries/Departments and their autonomous bodies only.

A brief profile of these Ministries/Departments is discussed in **Appendix I**.

The comparative position of expenditure of the Scientific and Environmental Ministries/Departments during 2011-12 and in the preceding two years is given below:

(₹in crore)

**Table 1 - Details of expenditure incurred by Scientific and Environmental Ministries/Departments**

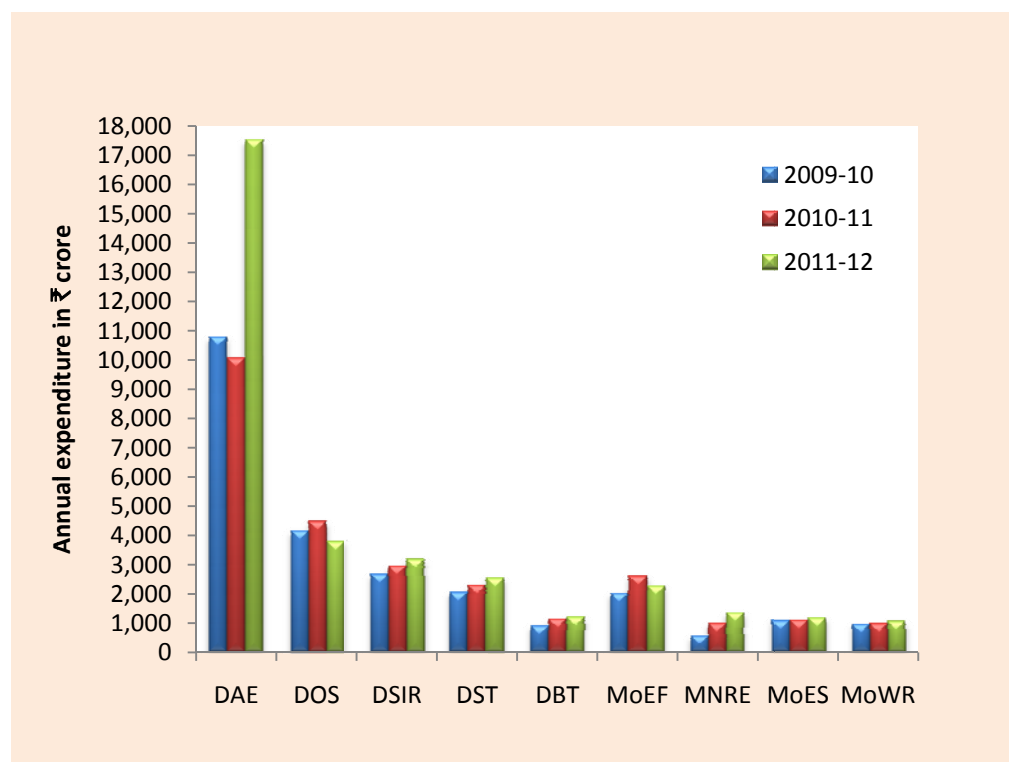
Sl. No.	Ministry/Department	2009-10	2010-11	2011-12
1.	Department of Atomic Energy	10,777.70	10,057.23	17,516.61
2.	Department of Space	4,162.96	4,482.23	3,790.79
3.	Department of Scientific and Industrial Research	2,697.31	2,982.68	3,214.70
4.	Department of Science and Technology	2,045.10	2,280.76	2,521.47
5.	Department of Biotechnology	906.56	1,144.87	1,208.43
6.	Ministry of Environment and Forests	2,021.71	2,608.92	2,270.00
7.	Ministry of New and Renewable Energy	563.40	994.81	1,365.22
8.	Ministry of Earth Sciences	1,080.54	1,098.08	1,174.60
9.	Ministry of Water Resources	969.24	992.79	1,066.03
<b>Total</b>		25,224.52	26,642.37	34,127.85
<b>Percentage increase/decrease</b>		<b>21.13<sup>1</sup></b>	<b>5.62</b>	<b>28.10</b>

Source : Appropriation Accounts of the respective years

The total expenditure on above listed Ministries/Departments of the Government of India during 2011-12 was ₹34,127.85 crore. Of this nearly 51 per cent of the expenditure was incurred by Department of Atomic Energy alone, followed by Department of Space (11 per cent) and Department of Scientific and Industrial Research (9 per cent).

<sup>1</sup> Calculated on the basis of expenditure of ₹20,824.63 crore incurred in 2008-09

Chart 1 - Expenditure incurred by Scientific and Environmental Ministries/ Departments



While there was a significant increase of 21 *per cent* in the overall expenditure of the Scientific and Environmental Ministries/Departments during 2009-10 over 2008-09, the increase was a moderate six *per cent* during 2010-11 over 2009-10. During the next year 2011-12 however, there was a steep rise in total expenditure by 28 *per cent*. This was mainly due to the sharp increase in expenditure of Department of Atomic Energy and Ministry of New and Renewable Energy by 74 *per cent* and 37 *per cent* respectively.

## 1.4 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Section 13<sup>2</sup> of the C&AG's (DPC) Act<sup>3</sup>. C&AG is the sole auditor in respect of autonomous bodies under the Scientific and Environmental Ministries/Departments which are audited under sections 19(2)<sup>4</sup> and 20(1)<sup>5</sup> of the

<sup>2</sup> Audit of (i) all expenditure from the Consolidated Fund of India, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

<sup>3</sup> Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

<sup>4</sup> Audit of the accounts of corporations (not being companies) established by or under law made by Parliament in accordance with the provisions of the respective legislations.

<sup>5</sup> Audit of accounts of any body or authority on the request of the President, on such terms and conditions as may be agreed upon between the C&AG and the Government.

C&AG's (DPC) Act. In addition, C&AG also conducts supplementary/superimposed audit of their autonomous bodies under Sections 14<sup>6</sup> and 15<sup>7</sup> of C&AG's (DPC) Act, which are substantially funded by the Government of India and whose primary audit is conducted by Chartered Accountants. Principles and methodologies for compliance audit are prescribed in the Regulations on Audit and Accounts, 2007 issued by the C&AG.

## 1.5 Planning and conduct of Audit

Compliance audit is conducted in accordance with the principles and practices enunciated in the auditing standards promulgated by the C&AG. The audit process starts with the assessment of risk of the Ministry/Department as a whole and each unit based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the audit reports which are submitted to the President of India under Article 151 of the Constitution of India.

During 2011-12, 3,566 audit party-days were used to carry out compliance audit of 215 out of 556 units of Scientific and Environmental Ministries/Departments. Our audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

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<sup>6</sup> Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of India and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of India in a financial year is not less than ₹ one crore.

<sup>7</sup> Audit of grant or loan given for any specific purpose from the Consolidated Fund of India to any authority or body, to scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants or loans were given.

## 1.6 Significant audit observations

In the last few years, Audit has reported on several significant deficiencies in critical areas which impact the effectiveness of functioning of Scientific and Environmental Ministries/Departments. The specific audit findings that have emerged from the audit of these Ministries/Departments during the last five years have been listed in **Appendix II**.

The current report brings out deficiencies in critical areas which impact the effectiveness of functioning of Scientific and Environmental Ministries/Departments/Organisations. The significant areas of concern requiring corrective action include:

- **Inefficient project management;**
- **Weaknesses in procurement and contract management;**
- **Financial benefits extended to employees without requisite approvals; and**
- **Deficient internal controls**

### 1.6.1 Inefficient project management

One of the most significant deficiencies, which audit has been pointing out is the failure of the scientific institutions to achieve project objectives set out by themselves in the project proposals. This issue is especially important as projects are taken up with clearly laid down deliverables, in the areas of both pure as well as applied scientific research. While we recognise the fact that the success of scientific endeavour cannot be predicted, the deficiencies pointed out are largely a result of poor project management, which is well within the control of these institutions.

The current report brings out the issues and problems faced by some of the scientific institutions in the implementation of their projects due to inefficient project management, which resulted in non-achievement/incomplete achievement of their stated objectives. These are (i) EDUSAT Utilisation Programme of ISRO (Para 3.1), (ii) Public Private Partnership of Institute of Genomics and Integrative Biology under DSIR for setting up The Centre for Genomic Application (Para 4.1) and (iii) Central Institute of Mining and Fuel Research under DSIR (Para 4.2). The report also brings out inadequate inspection and maintenance of the Farakka Barrage constructed on the river Ganga to facilitate water supply and river transport, which have compromised the safety and security of the critical operating structures of the barrage (Para 7.1).

### **1.6.2 Weaknesses in procurement and contract management**

Scientific and Environmental Ministries/Departments spend a significant part of their budget on procurement of stores, equipment and services for successful implementation of projects. Some of these Departments like Atomic Energy and Space exercise enhanced financial powers in the purchase of stores and equipment in comparison to other Ministries/Departments of the Government of India.

The current report points out instances of weaknesses in procurement and contract management systems in Nuclear Fuel Complex and Saha Institute of Nuclear Physics under DAE (Paras 2.1 and 2.2), Indian Space Research Organisation and Liquid Propulsion Systems Centre under DOS (Paras 3.2 and 3.3).

### **1.6.3 Financial benefits given to employees without requisite approvals**

Most of the autonomous bodies under the Scientific and Environmental Ministries/Departments are largely funded from grants provided by the Government of India. Their efforts to generate internal revenues have not yielded the desired results and in many cases, their dependence on government funding has increased over the years. Despite such dependence on the government for financial support, there have been increasing instances of these institutions granting substantially higher benefits to their employees. These benefits are extended irregularly, without the approval of the Ministry of Finance, thus, putting extra financial burden on the central exchequer.

The current report includes audit findings of grant of financial benefits to employees of autonomous bodies by Jawaharlal Nehru Centre for Advanced Scientific Research under DST (Para 5.2), Central Pollution Control Board under MoEF (Para 6.1) and Indian National Centre for Ocean Information Services under MoES (Para 8.1).

Such instances of grant of higher benefits by autonomous institutions must be reviewed by the Ministries concerned to ensure that extra financial burden is not put on the government without its approval.

### **1.6.4 Deficient internal controls**

Internal controls are necessary to regulate the means by which the organisation's resources are mobilised and utilised economically and effectively. Government organisations need to impose stringent internal control measures and employ financial prudence in expenditure to ensure

that public funds are spent in accordance with rules and regulations and losses and wastages are minimal.

The current report brings out instances of avoidable and extra expenditure incurred due to inadequate internal control and financial management in Public Private Partnership arrangement of Institute of Genomics and Integrative Biology under DSIR for setting up The Centre for Genomic Application (Para 4.1) and Science and Engineering Research Board under DST (Para 5.1).

## 1.7 Budget and expenditure controls

A summary of Appropriation Accounts for 2011-12 in respect of Scientific and Environmental Ministries/Departments is given below:

(₹ in crore)

**Table 2 - Details of grants received and expenditure incurred by Scientific and Environmental Ministries/Departments**

Sl. No.	Ministry/Department	Grant/ Appropriation (including supplementary grant)	Expenditure	(-) Savings/ (+) Excess	Percentage of Unspent provision
1.	Department of Atomic Energy	18,812.64	17,516.61	-1,296.03	6.89
2.	Department of Space	6,626.06	3,790.79	-2,835.27	42.79
3.	Department of Scientific and Industrial Research	3,385.02	3,214.70	-170.32	5.03
4.	Department of Science and Technology	2,742.71	2,521.47	-221.24	8.07
5.	Department of Biotechnology	1,426.96	1,208.43	-218.53	15.31
6.	Ministry of Environment and Forests	2,784.17	2,270.00	-514.17	18.47
7.	Ministry of New and Renewable Energy	1,380.19	1,365.22	-14.97	1.08
8.	Ministry of Earth Sciences	1,569.16	1,174.60	-394.56	25.14
9.	Ministry of Water Resources	1,249.36	1,066.03	-183.33	14.67
<b>Total</b>		<b>39,976.27</b>	<b>34,127.85</b>	<b>-5,848.42</b>	<b>14.63</b>

Source: Appropriation Accounts of the Ministries/ Departments for 2011-12

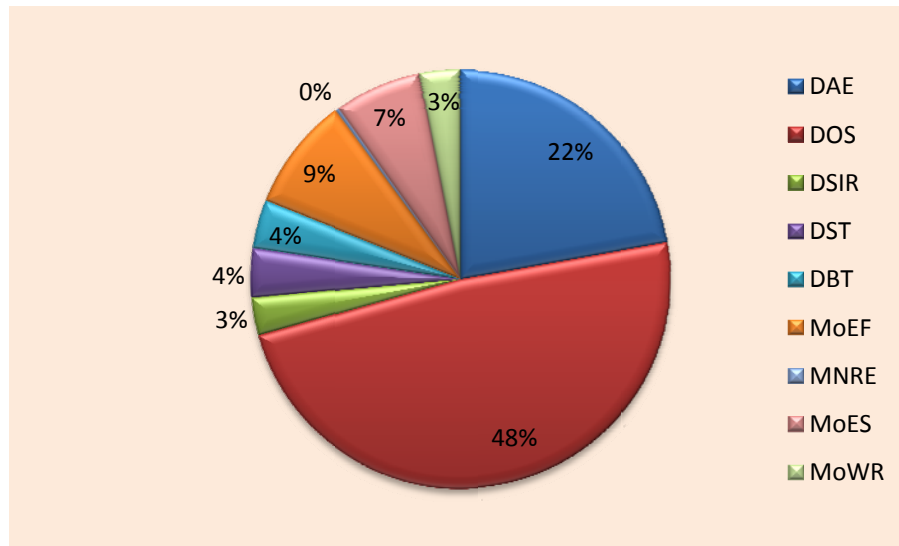
It would be seen from the above table that with reference to total budget allotment of ₹39,976.27 crore, the Scientific and Environmental Ministries/ Departments had an overall savings of ₹5,848.42 crore which constitutes 15 per cent of the total grant/appropriation. The Department of Space, Ministry of Earth Sciences, Ministry of Environment and Forests and Department of Biotechnology had significant savings of ₹2,835.27 crore (43 per cent),



₹394.56 crore (25 per cent), ₹514.17 crore (18 per cent) and ₹218.53 crore (15 per cent) respectively with reference to the funds released to these Ministries/Departments.

Out of the total savings of the Scientific and Environmental Ministries/Departments, the proportion of savings made by DOS was the highest, followed by DAE and MoEF respectively as shown below:

**Chart 2- Ministry/ Department wise Percentage of savings to the total savings**



Budget and expenditure controls in the Scientific and Environmental Ministries/Departments continue to be an area of concern, requiring attention and strengthening of control and oversight systems. C&AG's Report No.1 of 2013 mentions some of these areas in Chapters 3 and 4, which are briefly recapitulated below.

**Savings of ₹100 crore or more**

Savings in a grant or appropriation indicates deficient budgeting as well as shortfall in performance. Further, savings of ₹100 crore or above in any section of the grant need a detailed explanatory note to the Public Accounts Committee. Savings in excess of ₹100 crore were noticed under both Capital and Revenue heads in DAE, DOS and MoES. There were savings above ₹100 crore under Revenue heads in MoEF, DST, DSIR, DBT and MoWR. The unspent provisions ranged between ₹166.20 crore (MoWR) to ₹2,834.57 crore (DOS).

Persistent savings were observed in DAE and DOS under Capital head. The savings had increased progressively in DAE, from four per cent (2009-10) to 17 per cent (2010-11) and 24 per cent (2011-12). In DOS the savings ranged from 37 per cent (2009-10) to 28 per cent (2010-11) and 65 per cent (2011-12).

### Unrealistic budgeting

Budgeting in the Scientific and Environmental Ministries/Departments was observed to be unrealistic. There were huge unspent provisions within the grants and funds received after supplementary grants and re-appropriations were eventually not utilised, indicating poor budgeting. Some of the significant observations in this regard are as below:

- MoEF sought a supplementary provision of ₹42 crore under the Capital (Voted) Section, which was 52 *per cent* of the original provision of ₹80.68 crore.
- In two cases, DAE and MoES made re-appropriations of ₹19.99 crore and ₹13 crore respectively, which was injudicious, as these re-appropriated funds were never utilised.
- In 14 cases of DAE, DST and DOS, the entire budget provision in the sub-heads remained unutilised.
- In 11 cases under DAE and DOS, the unspent provisions under the sub-heads alone was in excess of ₹100 crore.
- In 10 cases under DAE, DOS and MoES, there was unspent provision of 48 to 97 *per cent* of the budgeted provision under the sub-heads.

### Surrender of savings

MoEF and DST surrendered major portion of their savings on the last day of the fiscal year. DST surrendered 90.4 *per cent* of its total savings on 31 March 2012. It was observed that under the Grant no 5- Nuclear Power Schemes of DAE, the amount surrendered (₹40.81 crore) was more than the savings (₹40.25 crore) under the grant.

### Rush of expenditure

The quantum of expenditure incurred by DAE and DBT during the month of March 2012 was 17 and 18 *per cent* respectively, which was in excess of the prescribed quantum of 15 *per cent*. The expenditure incurred by MNRE during the last quarter of the financial year was to the extent of 42 *per cent* of the budget estimates which was in excess of the prescribed limit of 33 *per cent*.

### Expenditure incurred without budget line

DOS incurred and booked an expenditure of ₹54.22 lakh on a new service for which no budget line was available. In April 2012, after the close of the

financial year, Department of Space amended the re-appropriation order and transferred this expenditure to two other heads.

### **Failure to obtain legislative approval for augmenting provision**

Ministry of Finance issued (May 2012) clarification that the cases of augmentation of funds under the object heads 'Grants-in-aid', 'Subsidies' 'Machinery and equipment' and 'Major Works' under 'New Service/New instrument of service' and all cases relating to augmentation of funds above ₹2.5 crore or above 10 *per cent* of the provision under the object heads 'Major Works' and 'Machinery and equipment' would require prior approval of the Parliament. In the following cases, the augmentation was done without obtaining prior approval of the Parliament:

- In 129 cases of three<sup>8</sup> Ministries/Departments, funds aggregating to ₹244.85 crore were augmented under the object heads 'Major Works' and 'Machinery and equipment'.
- In nine cases of seven<sup>9</sup> Ministries/Departments expenditure of ₹20.64 crore was incurred by augmenting the provision under 'grants-in-aid' to various bodies/authorities.
- MNRE augmented the provision under the object head 'subsidy' to the extent of ₹15.70 crore.

### **Misclassification of expenditure**

- Capital expenditure to the extent of ₹823.37 crore was misclassified and booked under Revenue expenditure by four<sup>10</sup> Ministries/Departments.
- Revenue expenditure to the extent of ₹53.30 crore was booked under Capital expenditure by three<sup>11</sup> Ministries/Departments.
- DAE incorrectly booked an amount of ₹8.54 crore incurred towards Grants-in-aid under the object heads "Other Charges" and "Scholarships/Stipends".

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<sup>8</sup> DAE, DOS and MoEF

<sup>9</sup> DAE, MoES, MoEF, DST, DBT, DOS and MoWR

<sup>10</sup> DAE, MoES, DOS and MoWR

<sup>11</sup> DAE, MoES and MoWR

### **Expenditure incurred without prior authorisation**

DAE incurred expenditure of ₹192.76 crore (June 2011 to February 2012) in excess of the available provision, without necessary prior authorisation. The re-appropriation order was issued only on 31 March 2012.

### **Non-operation of detailed head of Grants-in-aid Salaries**

Ministry of Finance, Department of Expenditure notified (June 2011) introduction of new object head 36- Grants-in-aid-Salaries with effect from 1 April 2011, which would include amounts released as grants-in-aid for payment of salaries. DOS did not operate the new head but booked amount of ₹127.66 crore under the head Grants-in-aid-General.

### **Issue of deficient sanction orders**

Although the Detailed Demand for Grants of DOS were prepared with full accounts classification up to the object head level on revenue and capital accounts separately for plan and non-plan expenditure, the sanction orders issued did not distinctly specify the amount of expenditure to be debited separately to revenue and capital accounts and plan and non-plan under revenue and capital accounts. Thus, the sanction orders issued by DOS were deficient, as they did not give clear directions with regard to proper booking and classification of expenditure.

### **Expenditure without adequate provisioning of funds**

It was seen that the actual expenditure of ₹40.55 crore in 14 cases in DOS exceeded the available provision prior to issue of the re-appropriation orders, which was in violation of the extant rules.

## **1.8 Audit of accounts of Autonomous Bodies**

Principal Director of Audit, Scientific Departments is the sole auditor of 10 autonomous bodies for which Separate Audit Reports (SAR) are prepared on their accounts under sections 19 (2) and 20 (1) of the C&AG's (DPC) Act, 1971. The total grants released to these autonomous bodies during 2011-12 were ₹3,394.48 crore, as detailed below:

(₹ in crore)

**Table 3- Details of grants released to Central Autonomous Bodies**

Sl.No.	Name of the Autonomous Body	Ministry/ Department	Amount of Grant released during 2011-12
1.	Council of Scientific and Industrial Research, New Delhi	DSIR	3,135.91
2.	Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram	DST	91.00
3.	Technology Development Board, New Delhi	DST	Nil
4.	National Tiger Conservation Authority, New Delhi	MoEF	14.71
5.	Wildlife Institute of India, Dehradun	MoEF	18.70
6.	Central Zoo Authority, New Delhi	MoEF	17.35
7.	National Biodiversity Authority, Chennai	MoEF	9.37
8.	Animal Welfare Board of India, Chennai	MoEF	24.09
9.	National Water Development Agency, New Delhi	MoWR	34.35
10.	Brahmaputra Board, Guwahati	MoWR	49.00
<b>Total</b>			<b>3,394.48</b>

Source: Separate Audit Reports of the Autonomous Bodies for the year 2011-12. Audit of Science and Engineering Research Board was entrusted during 2012-13.

In addition, supplementary/superimposed audit of 64 other autonomous bodies are conducted under Sections 14 or 15 of the C&AG's (DPC) Act, 1971. The total grants released to 57<sup>12</sup> autonomous bodies during 2011-12 were ₹3,301.75 crore, details of which are indicated in **Appendix III**.

### 1.9 Outstanding Utilisation Certificates

Ministries and Departments are required to obtain certificates of utilisation of grants from the grantees i.e., statutory bodies, non-governmental institutions etc., indicating that the grants had been utilised for the purpose for which these were sanctioned and where the grants were conditional, the prescribed conditions had been fulfilled. According to the information furnished by six<sup>13</sup> Ministries/Departments, 8,865 utilisation certificates (UC) due by March 2012, for grants aggregating ₹1,091.72 crore were outstanding as given in **Appendix IV**.

Out of the 8,865 UCs awaited in respect of the six Ministries/Departments, 7,565 certificates amounting to ₹409.36 crore were pending for more than two years. A total of 6,232 UCs amounting to ₹288.18 crore were outstanding for more than five years.

<sup>12</sup> Information in respect of seven autonomous bodies was not furnished.

<sup>13</sup> DAE, DOS, MoEF, MNRE, MoES and MoWR

Ministry/Department-wise position of outstanding UCs is given in the table below:

(₹ in crore)

Sl. No.	Ministry/Department	UCs pending for more than two years		UCs pending for more than five years	
		No.	Amount	No.	Amount
1.	Department of Atomic Energy	189	10.78	56	1.92
2.	Department of Space	162	12.58	105	9.04
3.	Department of Scientific and Industrial Research	Not available			
4.	Department of Science and Technology	Not available			
5.	Department of Biotechnology	Not available			
6.	Ministry of Environment and Forests	6,168	302.16	5,354	240.30
7.	Ministry of New and Renewable Energy	33	6.41	1	0.03
8.	Ministry of Earth Sciences	879	61.13	699	36.08
9.	Ministry of Water Resources	134	16.30	17	0.81

### 1.10 Departmentally Managed Government Undertakings - Position of Proforma Accounts

The General Financial Rules stipulate that departmentally managed government undertakings of commercial or quasi-commercial nature will maintain such subsidiary accounts and proforma accounts as may be prescribed by the Government in consultation with the C&AG.

There were two departmentally managed Government Undertakings of commercial or quasi-commercial nature as of 31 March 2012 which were under audit jurisdiction of this office. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading Account, Profit and Loss Accounts and Balance Sheet. The position of the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in **Appendix V**. Both Nuclear Fuel Complex and Heavy Water Board provided provisional figures.

### 1.11 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues written off/waived during 2011-12 furnished by eight<sup>14</sup> Ministries/Departments is given in **Appendix VI** to this Report. It will be seen from the Appendix that while in 32 cases involving ₹8.46 lakh the amounts were written off for 'other reasons', two cases

<sup>14</sup> DAE, DOS, DSIR, DST, DBT, MoEF, MNRE and MoWR

involving ₹ two lakh pertained to 'ex-gratia payments' and one case of ₹24.78 lakh pertained to waiver of recovery which were written off during 2011-12.

### 1.12 Response of the Ministries/Departments to Draft Audit Paragraphs

On the recommendations of the Public Accounts Committee, Ministry of Finance (Department of Expenditure) issued directions to all Ministries in June 1960 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the C&AG within six weeks.

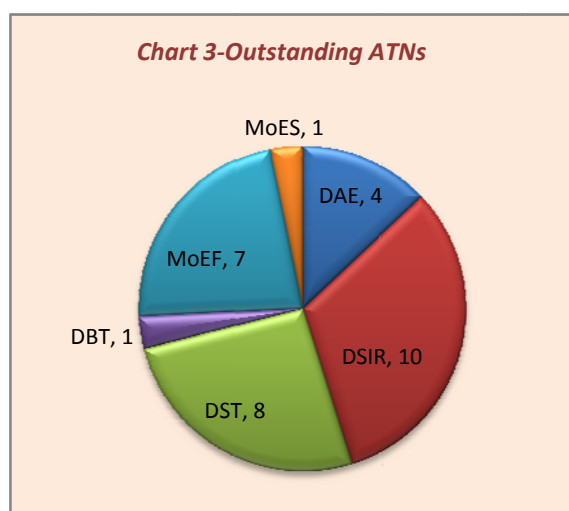
The Draft Paragraphs are forwarded to the Secretaries of the Ministry/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. It is brought to their personal attention that in view of likely inclusion of such Paragraphs in the Audit reports of the C&AG, which are placed before Parliament, it would be desirable to include their comments in the matter.

Draft Paragraphs proposed for inclusion in this report were forwarded to the Secretaries concerned between November 2009 and June 2012 through letters addressed to them personally.

Concerned Ministries/Departments did not send replies to four out of 12 Paragraphs featured in Chapters II to VIII. The responses of concerned Ministries/Departments received in respect of eight paragraphs have been suitably incorporated in the Report.

### 1.13 Follow-up on Audit Reports

In its Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997, the Public Accounts Committee had recommended that Action Taken Notes (ATNs) on all paragraphs pertaining to the Audit Reports for the year ended 31 March 1996 onwards be submitted to them, duly vetted by Audit, within four months from the laying of the reports in Parliament. A review of outstanding ATNs on paragraphs included in the Reports of the C&AG pertaining to Scientific and Environmental Ministries/



Departments as of December 2012 (details in **Appendix VII**) revealed that a total of four ATNs pending from two Ministries/Departments/Autonomous Bodies were not received even for the first time indicating delay in submission of ATNs ranging between one year to five years.

Also revised ATNs in respect of 27 paras were pending from six Ministries/Departments for more than six months (**Appendix VII A**).