

## 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 transactions of Scientific and Environmental Ministries/Departments of the Government of India and the autonomous bodies under their administrative control, for the year 2012-13.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of Government to ascertain that provisions of the Constitution of India and 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 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 VI present findings/observations arising out of the compliance audit of Scientific and Environmental Ministries/Departments and 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

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



Location of Scientific Audit Offices

among Supreme Audit Institutions 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

The office of the Principal Director of Audit, Scientific Departments is responsible for audit of units under nine Scientific and Environmental Ministries/Departments of the Government of India, listed below:

- **Department of Atomic Energy (DAE)**
- **Department of Space (DOS)**
- **Ministry of Earth Sciences (MoES)**
- **Ministry of Environment and Forests (MoEF)**
- **Ministry of New and Renewable Energy (MNRE)**
- **Ministry of Science and Technology comprising of:**
  - **Department of Biotechnology (DBT);**
  - **Department of Science and Technology (DST); and**
  - **Department of Scientific and Industrial Research (DSIR)**
- **Ministry of Water Resources (MoWR)**

This report covers the audit findings in respect of the above Scientific and Environmental Ministries/Departments and their subordinate/attached offices and 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 2012-13 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                              | 2010-11                    | 2011-12          | 2012-13          |
|---|--|----------------------------|------------------|------------------|
| 1.  | Department of Atomic Energy                      | 10,057.23                  | 17,516.61        | 11,981.76        |
| 2.  | Department of Biotechnology                      | 1,144.87                   | 1,208.43         | 1,282.84         |
| 3.  | Department of Science and Technology             | 2,280.76                   | 2,521.47         | 2,524.22         |
| 4.  | Department of Scientific and Industrial Research | 2,982.68                   | 3,214.70         | 2,945.66         |
| 5.  | Department of Space                              | 4,482.23                   | 3,790.79         | 4,856.28         |
| 6.  | Ministry of Earth Sciences                       | 1,098.08                   | 1,174.60         | 1,177.14         |
| 7.  | Ministry of Environment and Forests              | 2,608.92                   | 2,270.00         | 1,996.69         |
| 8.  | Ministry of New and Renewable Energy             | 994.81                     | 1,365.22         | 1,243.72         |
| 9.  | Ministry of Water Resources                      | 992.79                     | 1,066.03         | 1,055.59         |
| <b>Total</b>                              |  | <b>26,642.37</b>           | <b>34,127.85</b> | <b>29,063.90</b> |
| <b>Percentage increase(+)/decrease(-)</b> |  | <b>(+)5.62<sup>1</sup></b> | <b>(+)28.10</b>  | <b>(-)14.84</b>  |

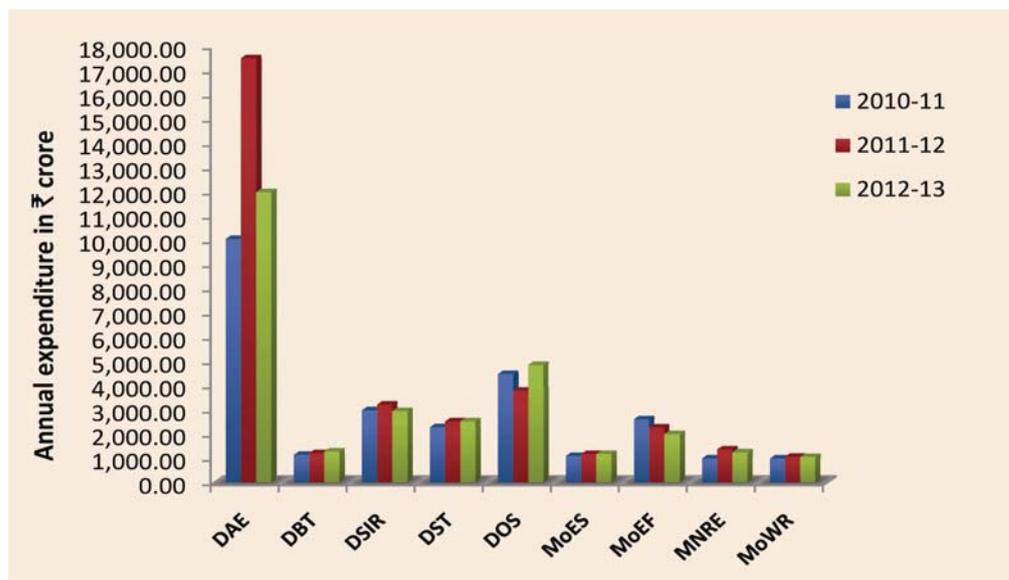
Source : Appropriation Accounts of the respective years

The total expenditure on above listed Ministries/Departments of the Government of India during 2012-13 was ₹29,063.90 crore. Of this, 41 per cent of the total expenditure was incurred by DAE, followed by DOS (17 per cent) and DSIR (10 per cent).

While there was a moderate increase of six per cent in the overall expenditure of the Scientific and Environmental Ministries/Departments during 2010-11 over 2009-10, the increase was a significant 28 per cent during 2011-12 over 2010-11. During 2012-13, however, there was a decrease in total expenditure by 15 per cent. This was mainly due to the reduction in expenditure of five out of nine Scientific and Environmental Ministries/Departments, viz. DAE (32 per cent), MoEF (12 per cent), MNRE (nine per cent), DSIR (eight per cent) and MoWR (one per cent).

<sup>1</sup> Calculated on the basis of expenditure of ₹25,224.52 crore incurred in 2009-10.

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



## 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 C&AG'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)<sup>3</sup> Act. 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 C&AG's (DPC) Act. In addition, C&AG also conducts supplementary/superimposed audit of those 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

<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.

<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.

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 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 2012-13, 3,536 audit party-days were used to carry out compliance audit of 211 out of 358 units of Scientific and Environmental Ministries/Departments. Our audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

### 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 inability 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 includes three long paragraphs on (i) Activities of Zoological Survey of India (under MoEF) in exploration, identification and monitoring of faunal diversity; (ii) issues in the implementation of National Data Buoy Project of National Institute of Ocean Technology, Chennai under MoES and (iii) Non-establishment of model facilities for management of municipal solid wastes by Central Pollution Control Board (under MoEF). In addition, the report also contains paragraphs on inordinate delays in executing projects such as realisation of SRE-2 mission by DOS and setting up of National Botanic Garden by MoEF.

### **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 that resulted in non-installation of costly imported equipment by Atomic Minerals Directorate for Exploration and Research, Hyderabad (under DAE) and Indian Association for the Cultivation of Science, Kolkata (under DST). The report also includes observations on infructuous expenditure in procurement of items that were eventually not utilised for the intended purpose as well as avoidable expenditure due to

unjustified revision of contractual terms of agreements by ISRO Satellite Centre, Bengaluru (under DOS).

### **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 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 on grant of financial benefits to employees of National Institute of Ocean Technology, Chennai, an autonomous body under MoES, without obtaining requisite approval of Government of India/Ministry of Finance.

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 inadequate internal control and financial management such as fraudulent payment of legal fees by two autonomous institutes under DST, loss of revenue by DOS due to non-compliance with Government decisions and wasteful expenditure in hiring of office accommodation by MoEF.

## 1.7 Budget and expenditure controls

A summary of Appropriation Accounts for 2012-13 in respect of Scientific and Environmental Ministries/Departments is given in Table 2:

(₹ in crore)

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

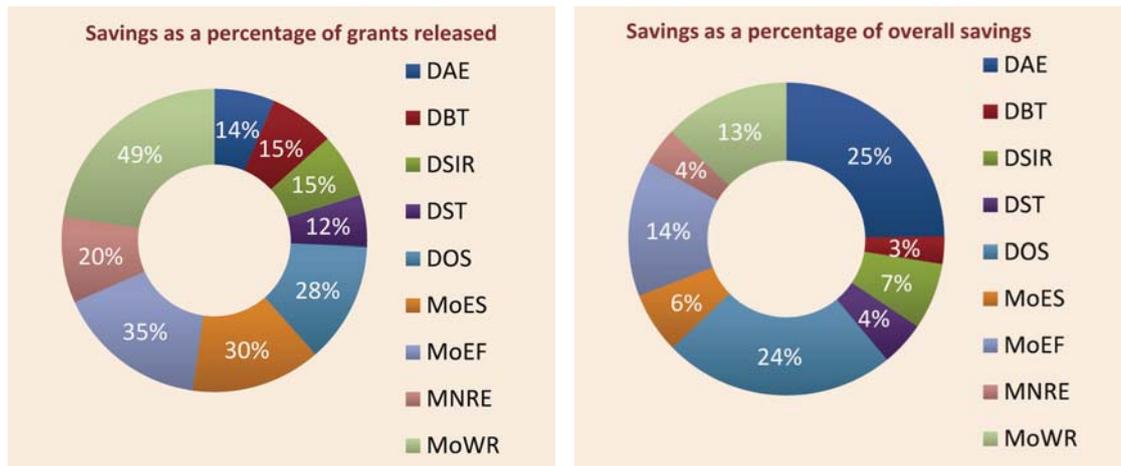
| Sl. No.      | Ministry/Department                              | Grant/ Appropriation (including supplementary grant) | Expenditure      | (-) Savings/ (+) Excess | Percentage of unspent provision |
|--------------|--|--|------------------|-------------------------|---------------------------------|
| 1.           | Department of Atomic Energy                      | 13,917.64  | 11,981.76        | (-) 1,935.88            | 14                              |
| 2.           | Department of Biotechnology                      | 1,500.40   | 1,282.84         | (-) 217.56              | 15                              |
| 3.           | Department of Science and Technology             | 2,882.88   | 2,524.22         | (-) 358.66              | 12                              |
| 4.           | Department of Scientific and Industrial Research | 3,484.00   | 2,945.66         | (-) 538.34              | 15                              |
| 5.           | Department of Space                              | 6,715.06   | 4,856.28         | (-) 1,858.78            | 28                              |
| 6.           | Ministry of Earth Sciences                       | 1,672.41   | 1,177.14         | (-) 495.27              | 30                              |
| 7.           | Ministry of Environment and Forests              | 3,092.97   | 1,996.69         | (-) 1,096.28            | 35                              |
| 8.           | Ministry of New and Renewable Energy             | 1,548.48   | 1,243.72         | (-) 304.76              | 20                              |
| 9.           | Ministry of Water Resources                      | 2,067.63   | 1,055.59         | (-) 1,012.04            | 49                              |
| <b>Total</b> |  | <b>36,881.47</b>                                     | <b>29,063.90</b> | <b>(-) 7,817.57</b>     | <b>21</b>                       |

Source: Appropriation Accounts of the Ministries/ Departments for 2012-13

It can be seen from the above table that with reference to total budget allotment of ₹36,881.47 crore, the Scientific and Environmental Ministries/ Departments had an overall savings of ₹7,817.57 crore which constitutes 21 per cent of the total grant/appropriation. DAE, DOS, MoEF and MoWR had significant savings of over ₹1,000 crore during the year.

As a proportion of the grants released to the Scientific and Environmental Ministries/ Departments, the savings of MoWR were the highest (49 per cent), followed by MoEF (35 per cent) and MoES (30 per cent). Of the total savings of the Scientific and Environmental Ministries/ Departments, the proportion of savings made by DAE was the highest, followed by DOS.

Chart 2- Ministry/ Department wise percentage of 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 2014 mentions some of these areas which are briefly recapitulated below.

#### Retention of public funds outside government accounts

- (a) The Compensatory Afforestation Fund Management and Planning Authority (CAMPA) is the custodian of all Compensatory Afforestation Funds (CAF) collected from user agencies while allowing diversion of forest land for non-forest purposes under the Forest (Conservation) Act, 1980 and also the amounts received towards net present value of the forest land so diverted. The collected money is held in trust by CAMPA for each State/UT and released to respective State/UT Governments based on approved annual plans. It was observed that there existed no system to report incomes and outgoings in respect of these funds to either the Parliament or the State Legislatures and funds amounting to ₹26,384.73 crore were lying outside the government accounts.
- (b) It was observed that two centres of DOS withdrew sums from the Consolidated Fund of India and transferred these sums to banks by opening escrow accounts<sup>8</sup> to allow these to be spent over extended periods. From 2002-03 onwards, DOS transferred ₹831.11 crore in 19

<sup>8</sup> Escrow account is a trust account held in borrower's name in a bank to pay obligations such as property taxes, insurance premia, etc. where money has to be physically transferred to bank before release of payment and the bank would disburse the money to the contractor on pro-rata basis on submission of certain documents as proof of completion of various contractual obligations.

escrow accounts and as of 31 March 2013, the balance available in these accounts was ₹139.90 crore. This was in serious violation of Parliamentary authorisation. As there is no provision in Government accounting and financial rules to retain public funds outside Government accounts, the retention of public funds amounting to ₹139.90 crore as of 31 March 2013 outside Government account was irregular.

### **Under-utilisation of cess collected under Research and Development Cess fund**

The Research and Development Cess Act, 1986 provided for the levy and collection of a cess on all payments made for the import of technology for encouraging commercial application of indigenously developed technology and for adapting imported technology to wider domestic applications. The fund for this purpose is administered by Technology Development Board (TDB), under DST. It was observed that during 1996-97 to 2012-13, funds to the extent of ₹4,139.17 crore were collected by way of cess, out of which only ₹528.91 crore (12.77 *per cent*) were disbursed to TDB. TDB, in turn disbursed financial assistance and loans of ₹1,118.67 crore to industrial concerns. Thus, though the collection of cess under the Act was substantial its utilisation for the intended objectives was not optimum.

### **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 entails 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 and DOS. There were savings above ₹100 crore under revenue heads in the grants of MoES, MoEF, DST, DBT, DSIR, MNRE and MoWR. The unspent provisions ranged between ₹217.56 crore (DBT) to ₹1,859.62 crore (DAE).

Persistent savings were observed in DAE under both Capital and Revenue heads. The savings had increased progressively in DAE under Capital head, from four *per cent* (2009-10) to 17 *per cent* (2010-11), 24 *per cent* (2011-12) and 32 *per cent* (2012-13). In MoES, the savings increased under Revenue head from seven *per cent* (2010-11) to 16 *per cent* (2011-12) and 28 *per cent* (2012-13). Similarly, in MoWR, the savings increased under Revenue head from 12 *per cent* (2010-11) to 14 *per cent* (2011-12) and 50 *per cent* (2012-13).

### **Surrender of savings and surrenders made in excess of total savings**

MoES and MoWR surrendered major portion of their savings on the last day of the fiscal year. While MoES surrendered 96 *per cent* of its total savings on 31 March 2013, MoWR surrendered 87 *per cent* of its savings. It was also observed that DST surrendered amount (₹18.65 crore) that was more than the savings (₹18.53 crore) under the grant.

### **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 given below:

- DAE made re-appropriation of ₹54 crore to one sub-head which was injudicious, as the final savings under that sub-head was ₹104.44 crore. The original provision under that sub-head was therefore more than adequate.
- DAE made re-appropriation from one sub-head (₹54 crore) which was injudicious as there was excess expenditure under this sub-head (₹104.44 crore) over the final available provision after re-appropriation.
- DAE sought a supplementary provision of ₹ eight crore under the Capital (Charged) Section, which was eight times the original provision of ₹ one crore.
- In 19 cases under DAE, MoES, MoEF, DSIR, DOS and MoWR, the entire budget provision in the sub-heads remained unutilised.
- In 15 cases under DAE, MoES, MoEF, DST, DOS and MoWR, the unspent provision under the sub-heads alone was in excess of ₹100 crore.
- In 11 cases under DAE, MoEF, MNRE, DOS and MoWR, there was unspent provision of 47 to 100 *per cent* of the budgeted provision under the sub-heads.

### **Rush of expenditure**

The quantum of expenditure incurred by DSIR during the month of March 2013 and during the last quarter of the financial year was to the extent of 85 *per cent* of the budget estimates which was in excess of the prescribed limit of 15 *per cent* and 33 *per cent* respectively.

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

In the following cases, augmentation of budget provisions was done without obtaining prior approval of the Parliament:

- In one case, expenditure of ₹21 lakh was incurred by augmenting the provision under 'Grants in aid - General' by DOS.
- In one case, expenditure of ₹76.73 crore was incurred by augmenting the provision under 'Grants for Creation of Capital Assets' by DOS.
- In 82 cases of two Departments (DAE and DOS), funds aggregating to ₹248.98 crore were augmented under the object heads 'Major Works' and 'Machinery and Equipment'.

### **Misclassification of expenditure**

- Capital expenditure to the extent of ₹580.11 crore was misclassified and booked under Revenue expenditure by MoES, DOS and MoWR.
- Revenue expenditure to the extent of ₹14.67 crore was misclassified and booked under Capital expenditure by DAE, DOS and MoWR.

### **Misclassification within Object heads under the same section of the grant**

Rule 8 of the Delegation of Financial Powers Rules 1978 (DFPR) prescribes standard primary units of appropriation with the description/definitions for the purpose of classification of expenditure up to the sixth tier i.e. object head. Audit noticed that in four cases of three Ministries/Departments, viz. MNRE, DAE and DOS, funds aggregating to ₹85.31 crore were misclassified in these primary units of appropriation i.e. object heads.

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

As per Rule 58 (2) of GFR, if honouring of a claim is certain to produce an excess over the allotment or appropriation at the disposal of the disbursing officer, he should take the orders of the administrative authority before authorising payment. The administrative authority will arrange to provide funds either by re-appropriation or by obtaining a Supplementary grant or an advance from the Contingency Fund. It was observed that DOS incurred expenditure of ₹4.15 crore in excess of the available provision and no re-appropriation orders were issued to provide for the funds before incurring expenditure.

Further, DOS incurred an excess expenditure aggregating to ₹586.71 crore in 168 cases over the available provision prior to issue of re-appropriation orders.

### Issue of deficient sanction orders

As per Rule 25 (1) of the GFR, all sanctions to expenditure shall indicate details of the provisions in the relevant grant or appropriation wherefrom such expenditure is to be met. It was observed that sanction orders issued by DOS did not distinctly specify the amount of expenditure to be debited separately to revenue and capital accounts and plan and non-plan heads. The amount of expenditure to be classified was also specified only up to the sub head level i.e. the fourth tier of classification, instead of giving complete directions up to the sixth tier of classification, as required. Thus, the sanction orders issued by the authorities in the DOS were deficient.

### 1.8 Audit of accounts of Autonomous Bodies

Principal Director of Audit, Scientific Departments is the sole auditor of 12 autonomous bodies for which Separate Audit Reports (SARs) 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 11<sup>9</sup> autonomous bodies during 2012-13, including unspent balances of the previous year, were ₹3,987.69 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 2012-13 |
|--------------|--|----------------------|---|
| 1.           | Science and Engineering Research Board, New Delhi                                    | DST                  | 405.29                                  |
| 2.           | Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram | DST                  | 91.01                                   |
| 3.           | Technology Development Board, New Delhi  | DST                  | *                                       |
| 4.           | Council of Scientific and Industrial Research, New Delhi                             | DSIR                 | 2,976.28                                |
| 5.           | Animal Welfare Board of India, Chennai   | MoEF                 | 25.81                                   |
| 6.           | Central Zoo Authority, New Delhi   | MoEF                 | 19.16                                   |
| 7.           | National Biodiversity Authority, Chennai   | MoEF                 | 25.67                                   |
| 8.           | National Mission for Clean Ganga, New Delhi  | MoEF                 | 283.84                                  |
| 9.           | National Tiger Conservation Authority, New Delhi                                     | MoEF                 | 15.38                                   |
| 10.          | Wildlife Institute of India, Dehradun  | MoEF                 | 19.43                                   |
| 11.          | Brahmaputra Board, Guwahati  | MoWR                 | 76.00                                   |
| 12.          | National Water Development Agency, New Delhi   | MoWR                 | 49.82                                   |
| <b>Total</b> |  |                      | <b>3,987.69</b>                         |

Source: Separate Audit Reports of the Autonomous Bodies for the year 2012-13

\*Accounts not received

<sup>9</sup> Accounts of one autonomous body (Technology Development Board, New Delhi) for 2012-13 were not received in audit

In addition, supplementary/superimposed audit of 62 other autonomous bodies are conducted under Sections 14 or 15 of the C&AG's (DPC) Act, 1971. The total grants released to 49<sup>10</sup> autonomous bodies during 2012-13 were ₹2,818.26 crore, details of which are indicated in **Appendix III**.

### 1.8.1 Delay in submission of accounts

The Committee on Papers Laid on the Table of the House recommended in its First Report (Fifth Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year.

For the year 2012-13, seven out of 12 autonomous bodies submitted their accounts within the prescribed time limit of three months after the close of the accounting year. The position of submission of accounts for the year 2012-13 is indicated below:

**Table 4- Position of submission of accounts by Autonomous Bodies**

| Sl. no. | Name of Autonomous Body  | Ministry/ Department | Date of submission of accounts to audit | Delay in submission of accounts (in months) |
|---------|--|----------------------|---|---|
| 1.      | Science and Engineering Research Board, New Delhi                                    | DST                  | 26.08.2013                              | 2   |
| 2.      | Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram | DST                  | 10.06.2013                              | -   |
| 3.      | Technology Development Board, New Delhi  | DST                  | Accounts not received                   | Accounts not received                       |
| 4.      | Council of Scientific and Industrial Research, New Delhi                             | DSIR                 | 02.08.2013                              | 1   |
| 5.      | Animal Welfare Board of India, Chennai   | MoEF                 | 14.06.2013                              | -   |
| 6.      | Central Zoo Authority, New Delhi   | MoEF                 | 08.08.2013                              | 1   |
| 7.      | National Biodiversity Authority, Chennai   | MoEF                 | 04.06.2013                              | -   |
| 8.      | National Mission for Clean Ganga, New Delhi  | MoEF                 | 04.10.2013                              | 3   |
| 9.      | National Tiger Conservation Authority, New Delhi                                     | MoEF                 | 04.07.2013                              | -   |
| 10.     | Wildlife Institute of India, Dehradun  | MoEF                 | 02.07.2013                              | -   |
| 11.     | Brahmaputra Board, Guwahati  | MoWR                 | 11.06.2013                              | -   |
| 12.     | National Water Development Agency, New Delhi   | MoWR                 | 18.06.2013                              | -   |

<sup>10</sup> Information in respect of 13 autonomous bodies was not furnished.

It can be seen from the above table that four autonomous bodies submitted their accounts after delay ranging between one to three months. Accounts of Technology Development Board for the year 2012-13 were not received.

### 1.8.2 Significant deficiencies in accounts

Some of the important issues highlighted in SARs on the accounts for the year 2012-13 are listed below:

#### General observations:

- Internal Audit was incomplete in two<sup>11</sup> autonomous bodies.
- Internal audit for 2012-13 was not conducted in four<sup>12</sup> autonomous bodies.
- Physical verification of the fixed assets for the year 2012-13 was not conducted in three<sup>13</sup> autonomous bodies.

Significant specific observations on the accounts of a few autonomous bodies were as below:

#### Council of Scientific and Industrial Research (CSIR), New Delhi

- The balance of the Capital Fund as on 31<sup>st</sup> March 2013 ₹ (-)705.92 crore included an adjustment entry of ₹ (-)304.19 crore. The Council did not provide the details of this adjustment entry and therefore audit was not able to assure that the Capital Fund was correctly reported.
- An amount of ₹36.85 crore, which was due for refund in externally aided projects, was not shown in accounts resulting in understatement of Current Assets and Current Liabilities each by the same extent.
- Due to incorrect/non-accounting of the interest earned on 'Deposits in margin money for opening of LC<sup>14</sup>', 'Term Deposit Receipts' and 'Savings Account', the liabilities of CSIR towards government were understated by ₹35.15 crore and income was overstated by ₹33.65 crore.
- An amount of ₹22.04 crore, which was refunded by the Council to Government out of a refundable amount of ₹249.20 crore, was not reduced from its liabilities. Thus, the liabilities were overstated by ₹22.04 crore.

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<sup>11</sup> Brahmaputra Board and National Water Development Agency

<sup>12</sup> National Biodiversity Authority, Wildlife Institute of India, Animal Welfare Board of India and Science and Engineering Board

<sup>13</sup> Brahmaputra Board, National Tiger Conservation Authority and Sree Chitra Tirunal Institute of Medical Science and Technology

<sup>14</sup> Letter of credit

- Out of 44 companies to whom loans of ₹246.47 crore were provided by CSIR under New Millennium Indian Technology Leadership Initiative (NMITLI) Scheme, loans provided to seven companies amounting to ₹55.21 crore were under default of repayment where legal action was stated to be on. Against these companies, a penal interest of ₹41.93 crore was imposed by the CSIR which was also recoverable from them. However, CSIR neither separately depicted the entire loan of ₹55.21 crore under default nor the amount of ₹41.93 crore towards penal interest, which resulted in understatement of assets by ₹41.93 crore in the accounts besides non-disclosure of the defaulted loans in Notes on Accounts.

#### **Science and Engineering Research Board**

- Funds of ₹5.29 crore received from Ministry of Food Processing Industries for their projects, of which ₹4.06 crore was expended, were wrongly treated as income and expenditure of the Board and the unspent balance was included in surplus instead of being reflected as liability.
- Income included ₹73.00 lakh on account of Grant spent on procurement of Capital Assets which resulted in overstatement of Surplus of Income over expenditure.

#### **Sree Chitra Tirunal Institute of Medical Science and Technology**

- The Receipt and Payment account was revised based on the comments of Audit. Receipt side and payment side of the Receipt and Payment account was decreased by ₹383.53 crore.

#### **Wildlife Institute of India**

- An amount of ₹19.86 lakh was shown as fixed assets under the head - 'Campus Development', which was actually revenue expenditure for the year 2012-13 resulting in overstatement of fixed assets to the tune of ₹18.43 lakh after adjustment of depreciation of ₹1.43 lakh and understatement of expenditure to the same extent.

#### **Brahmaputra Board**

- During 2012-13, Brahmaputra Board earned accrued interest of ₹39.67 lakh on investment of ₹16.00 crore in four term deposits. Out of ₹39.67 lakh, only ₹4.51 lakh was accounted for and the balance ₹35.16 lakh remained unaccounted for, resulting in understatement of income and current assets by ₹35.16 lakh.

## 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 seven<sup>15</sup> Ministries/Departments, 9,981 Utilisation Certificates (UCs) due by March 2013, for grants aggregating ₹1,877.11 crore were outstanding as given in **Appendix IV**.

Out of the 9,981 UCs awaited in respect of the six Ministries/Departments, 8,016 certificates amounting to ₹ 523.89 crore were pending for more than two years. A total of 6,676 UCs amounting to ₹ 327.56 crore were outstanding for more than five years.

Ministry/Department-wise position of outstanding UCs is given in Table 5:

(₹ in crore)

**Table 5- Position of outstanding Utilisation Certificates**

| 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                      | 233                                 | 18.38         | 105                                  | 2.85          |
| 2.           | Department of Biotechnology                      | Not available                       |               |                                      |               |
| 3.           | Department of Science and Technology             | Nil                                 |               |                                      |               |
| 4.           | Department of Scientific and Industrial Research | Not available                       |               |                                      |               |
| 5.           | Department of Space                              | 179                                 | 11.81         | 113                                  | 8.13          |
| 6.           | Ministry of Earth Sciences                       | 1,042                               | 87.48         | 800                                  | 51.77         |
| 7.           | Ministry of Environment and Forests              | 6,366                               | 381.74        | 5,635                                | 258.32        |
| 8.           | Ministry of New and Renewable Energy             | 64                                  | 10.96         | 2                                    | 5.34          |
| 9.           | Ministry of Water Resources                      | 132                                 | 13.52         | 21                                   | 1.15          |
| <b>TOTAL</b> |  | <b>8,016</b>                        | <b>523.89</b> | <b>6,676</b>                         | <b>327.56</b> |

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

Rule 84 of the General Financial Rules, 2005 stipulates 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.

<sup>15</sup> DST, DAE, DOS, MoEF, MNRE, MoES and MoWR

There were two departmentally managed Government Undertakings of commercial or quasi-commercial nature as of 31 March 2013 under audit jurisdiction of this office viz. Nuclear Fuel Complex, Hyderabad and Heavy Water Board, Mumbai under DAE. 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. However, proforma accounts of both Nuclear Fuel Complex and Heavy Water Board for the period 2012-13 were not received for audit as they were under preparation even after delay of more than one year.

In the absence of proforma accounts, cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to work out performance indicators like return on investment, profitability etc. for their activities.

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

Statement of losses and irrecoverable dues written off/waived during 2012-13 furnished by seven<sup>16</sup> Ministries/Departments is given in **Appendix V** to this Report. It will be seen from the Appendix that while in 29 cases involving ₹11.30 lakh the amounts were written off for 'other reasons', one case involving ₹ 3,000 pertained to neglect/fraud and two cases of ₹11.14 lakh pertained to waiver of recovery which were written off during 2012-13.

### **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.

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<sup>16</sup> DAE, DOS, DSIR, DST, DBT, MNRE and MoES

Draft Paragraphs proposed for inclusion in this report were forwarded to the Secretaries concerned between February 2014 and April 2014 through letters addressed to them personally.

Concerned Ministries/Departments did not send replies to two out of the 13 Paragraphs featured in Chapters II to VI. The responses of concerned Ministries/Departments received in respect of 11 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 March 2014 (details in **Appendix VI**) revealed that a total of 13 ATNs pending from six Ministries/ Departments were not received even for the first time indicating delay in submission of ATNs ranging between two to 78 months. Also revised ATNs in respect of 41 paras were pending from eight Ministries/ Departments ranging from two to 156 months (**Appendix VII**).

Chart 3- Number of outstanding ATNs of Audit Reports

