



सत्यमेव जयते

Report of the Comptroller and Auditor General of India



**Union Government (Commercial)
No. 21 of 2015
(Compliance Audit Observations)**

Volume II

**Report of the
Comptroller and Auditor General of India**

for the year ended March 2014

**Union Government (Commercial)
No. 21 of 2015
(Compliance Audit Observations)**

Volume II

CONTENTS

CHAPTER/ PARAGRAPH	SUBJECT	PSU	PAGE NO.
	PREFACE		v
	EXECUTIVE SUMMARY		vii
Chapter I	MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES		
1.1	Non-regularisation of land and delay in execution of lease deed	Bharat Heavy Electricals Limited	1
1.2	Avoidable expenditure towards payment of demurrages and detention charges	Bharat Heavy Electricals Limited	2
1.3	Unfruitful Expenditure on procurement of rail wagon	Bharat Heavy Electricals Limited	4
1.4	Blocking of funds towards payment of Sales Tax	Bharat Heavy Electricals Limited	6
1.5	Loss due to withdrawal of price variation without approval of competent authority	Bharat Heavy Electricals Limited	7
1.6	Undertaking project expansion activities without adequate finance led to infructuous investment	Cement Corporation of India Limited	8
1.7	Idle investment	Hindustan Paper Corporation Limited	10
1.8	Unfruitful investment in salt refinery	Sambhar Salts Limited	11
Chapter II	MINISTRY OF MINES		
2.1	IT Audit on implementation of Oracle e-Business Suite (EBS)	Hindustan Copper Limited	14
2.2	Fraudulent accounting activities	Hindustan Copper Limited	17
Chapter III	MINISTRY OF PETROLEUM AND NATURAL GAS		
3.1	Wasteful Expenditure	Indian Oil Corporation Limited	20
3.2	Avoidable expenditure due to non-rescheduling mechanical completion of tankage facilities within the stipulated period	Indian Oil Corporation Limited	21

3.3	Deficient tender document coupled with Company's failure to negotiate with L1 bidder in view of reduced rate of withholding tax led to avoidable expenditure	Indian Oil Corporation Limited	22
3.4	Non achievement of envisaged benefits from Flue Gas Cooler	Indian Oil Corporation Limited	25
3.5	Loss of revenue on account of discount allowed on sale of crude oil containing basic sediments and water content above the norm	Oil India Limited	26
3.6	Avoidable assumption of liabilities and incurring avoidable expenditure in development of two oil and gas bearing fields due to acceptance of unfavourable terms in Settlement Agreement with a defaulting contractor	Oil and Natural Gas Corporation Limited	29
3.7	Follow-up IT Audit of implementation of Material Management module in Oil and Natural Gas Corporation Limited	Oil and Natural Gas Corporation Limited	35
3.8	Under-utilization of Water Injection Platform despite revamping	Oil and Natural Gas Corporation Limited	45
3.9	Avoidable expenditure due to change in scope of work after the award of contract and interface problems among the constituent projects	Oil and Natural Gas Corporation Limited	47
3.10	Extra expenditure due to retendering at the instance of a technically disqualified bidder	Oil and Natural Gas Corporation Limited	49
3.11	Extra expenditure due to non-availing of concessional customs duty	Oil and Natural Gas Corporation Limited	52
3.12	Avoidable payment of rental due to abnormal delay in restoration and surrender of abandoned drill sites and approach roads	Oil and Natural Gas Corporation Limited	54
3.13	Defective contracts providing interest free advances to contractors and linking their recovery to progress of work in violation of CVC guidelines leading to loss of interest	ONGC Petro additions Limited	56

Chapter IV			
MINISTRY OF POWER			
4.1	Metering and Billing	Damodar Valley Corporation	59
4.2	Loss of opportunity to recover Engine Detention Charges	Damodar Valley Corporation	66
4.3	Avoidable expenditure towards additional UI charges	Damodar Valley Corporation	67
4.4	Incorrect evaluation and award of contracts to Joint Ventures led by a financially weak firm	Power Grid Corporation of India limited	68
4.5	Loss of Interest due to disbursement of soft loans under RGGVY	Rural Electrification Corporation Limited	71
Chapter V			
MINISTRY OF STEEL			
5.1	Investment of SAIL in Joint Ventures	Steel Authority of India Limited	74
5.2	Performance of Coke Oven Batteries	Steel Authority of India Limited	80
5.3	Non-recovery of interest on differential excise duty	Steel Authority of India Limited	85
5.4	Under recovery of electricity charges	Steel Authority of India Limited	86
5.5	Blocking of funds	Steel Authority of India Limited	88
5.6	Avoidable expenditure in ISP/SAIL	Steel Authority of India Limited	90
Chapter VI			
MINISTRY OF TEXTILES			
6.1	Loss due to deficiency in settlement	National Textile Corporation Limited	92
Chapter VII			
MINISTRY OF WATER RESOURCES, RIVER DEVELOPMENT AND GANGA REJUVENATION			
7.1	Inordinate delay in terminating projects	National Projects Construction Corporation Limited	94

Chapter VIII	IRREGULARITIES IN PAYMENT OF ENTITLEMENTS AND RECOVERIES, CORRECTIONS/RECTIFICATIONS BY CPSEs AT THE INSTANCE OF AUDIT		
8.1	Irregular payment towards encashment of Half Pay Leave/Earned Leave/Sick Leave as well as employer's share of EPF contribution on leave encashment	Oil and Natural Gas Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, GAIL (India) Limited, Indian Oil Corporation Limited and Engineers India Limited	97
8.2	Recoveries at the instance of audit	Steel Authority of India Limited, National Highways Authority of India, National Building Construction Corporation of India Limited, and National Projects Construction Corporation Limited	100
8.3	Corrections/rectifications at the instance of audit	Instrumentation Limited, Steel Authority of India Limited and Ferro Scrap Nigam Limited	100
Chapter IX	Follow up on Audit Reports		101
	Appendix I		105
	Appendix II		106
	Appendix III		108
	Annexures		110