

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 2013-14.

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 VII 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 Profile of audited entities

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

- Department of Atomic Energy (DAE)
- Department of Space (DOS)
- Ministry of Earth Sciences (MoES)
- Ministry of Environment and Forests (MoEF)¹
- 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)²

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

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 2013-14 and preceding two years is given in Table 1.

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

(₹ in crore)

Sl. No.	Ministry/Department	2011-12	2012-13	2013-14
1.	DAE	17,516.60	11,981.76	13,437.26
2.	DBT	1,208.43	1,282.84	1,291.32
3.	DST	2,521.47	2,524.22	2,610.22
4.	DSIR	3,214.70	2,945.66	3,159.54
5.	DOS	3,790.79	4,856.28	5,168.95
6.	MoES	1,174.60	1,177.14	1,248.15
7.	MoEF	2,270.00	1,996.69	2,158.80
8.	MNRE	1,365.22	1,243.72	1,633.52
9.	MoWR	1,066.03	1,055.59	1,094.71
Total		34,127.84	29,063.90	31,802.47
Percentage increase(+)/decrease(-)		(+)28.10³	(-)14.84	(+)9.42

Source : Appropriation Accounts of the respective years

¹ The Ministry has been renamed (2014-15) as Ministry of Environment, Forest and Climate Change.

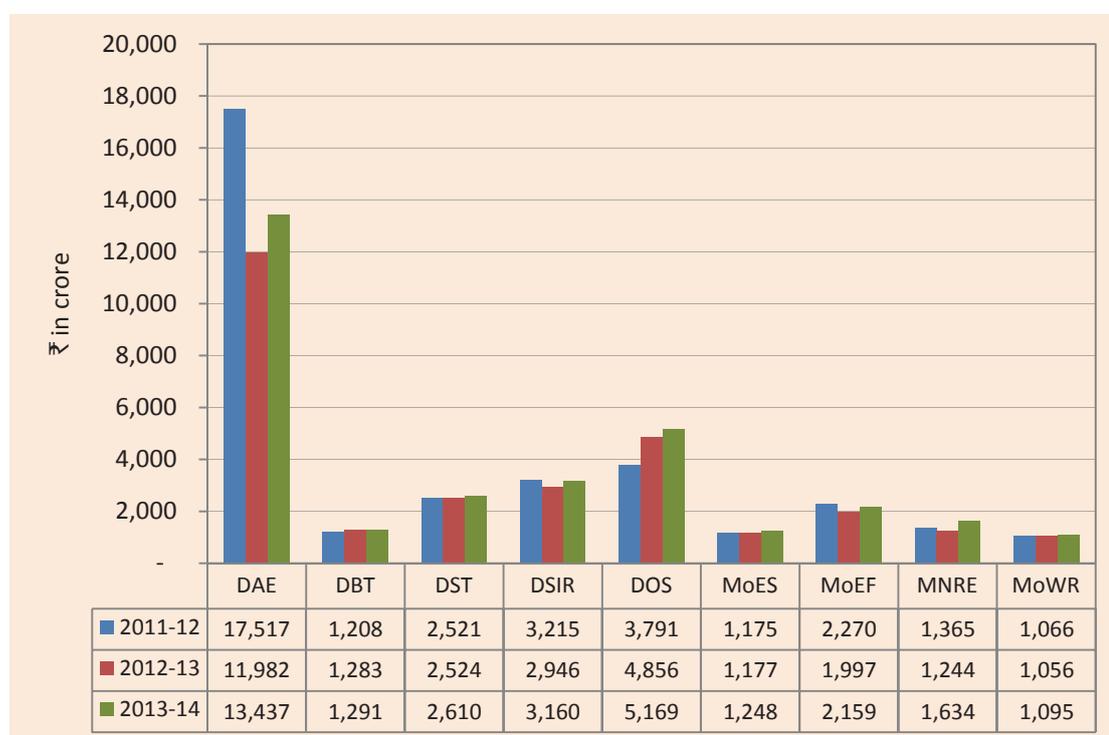
² The Ministry has been renamed (2014-15) as Ministry of Water Resources, River Development and Ganga Rejuvenation.

³ Calculated on the basis of expenditure of ₹ 26,642.37 crore incurred in 2010-11.

The total expenditure on above listed Ministries/Departments of the Government of India during 2013-14 was ₹ 31,802.47 crore. Of this, 42 per cent of the total expenditure was incurred by DAE, followed by DOS (16 per cent) and DSIR (10 per cent).

While there was a significant increase of 28 per cent in the overall expenditure of the Scientific and Environmental Ministries/Departments during 2011-12 over 2010-11, there was a decrease in total expenditure by 15 per cent during 2012-13 over 2011-12. During 2013-14, however, there was an increase in total expenditure by around nine per cent.

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



1.3 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 13⁴ of the C&AG's (DPC)⁵ Act. C&AG is the sole auditor in respect of autonomous bodies under the Scientific and Environmental

⁴ 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.

⁵ Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Ministries/Departments which are audited under sections 19(2)⁶ and 20(1)⁷ of the C&AG's (DPC) Act. In addition, C&AG also conducts supplementary/superimposed audit of those autonomous bodies under Sections 14⁸ and 15⁹ 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.

1.4 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 2013-14, compliance audit of 194 out of 402 units of Scientific and Environmental Ministries/Departments was conducted. Our audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

⁶ 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.

⁷ 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.

⁸ 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.

⁹ 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.

1.5 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 are 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;**
- **Irregular financial benefits extended to employees; and**
- **Deficient internal controls**

1.5.1 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. 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 five long paragraphs containing audit observations on-

- (i) Deficiencies in selection, financial management and monitoring of projects sanctioned by DST under Drugs and Pharmaceutical Research Programme. (Para 3.1 of the Report);
- (ii) New Millennium Indian Technology Leadership Initiative Scheme, implemented by Council of Scientific and Industrial Research. (Para 4.1 of the Report);
- (iii) Installation and upkeep of observatories by Regional Meteorological Centre, Kolkata. (Para 6.2 of the Report);
- (iv) Implementation of E-waste (Management and Handling) Rules, 2011 by Central Pollution Control Board (Para 7.1 of the Report); and

- (v) Inordinate delay in commencement of four demonstration projects for treatment of sewage taken up by Central Pollution Control Board (Para 7.2 of the Report).

The report also includes a paragraph on a website of MoES remaining non-functional since February 2012. (Para 6.1 of the Report)

1.5.2 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 Audit Report brings out observation on delay of 21 years in execution of lease deed in respect of land acquired by DST and failure to complete construction within permissible time period, resulting in avoidable expenditure. (Para 3.2 of the Report)

1.5.3 Irregular financial benefits given to employees

Most of the autonomous bodies under the Scientific and Environmental Ministries/Departments are significantly 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. There have also been instances of Government departments extending various benefits to their employees without requisite approvals or proper assessment.

The current report includes two long paragraphs on grant of incentives to staff by DAE (Para 2.1 of the Report) and DOS (Para 5.1 of the Report) as well as paragraph on irregular grant of promotions (Para 4.2 of the Report) by CSIR.

1.5.4 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.

This Audit Report brings out instances of weak internal controls in DOS due to which two organisations under DOS viz. Master Control Facility, Hassan and Regional Remote Sensing Centre-East, Kolkata incurred irregular/avoidable expenditure on payment of Service Tax (Para 5.2 of the Report) and electricity charges (Para 5.3 of the Report) respectively.

1.6 Budget and expenditure controls

A summary of Appropriation Accounts for 2013-14 in respect of Scientific and Environmental Ministries/Departments is given in Table 2.

Table 2 - Details of provision and expenditure incurred by Scientific and Environmental Ministries/Departments

(₹ in crore)

Sl. No.	Ministry/ Department	Grant/ Appropriation (including Supplementary Grant)	Expenditure	(-) Savings/ (+) Excess	Percent-age of unspent grant
1.	DAE	15,124.70	13,437.26	(-)1,687.44	11
2.	DBT	1,502.07	1,291.32	(-)210.75	14
3.	DST	3,395.39	2,610.22	(-)785.17	23
4.	DSIR	3,571.01	3,159.54	(-)411.47	12
5.	DOS	6,792.07	5,168.95	(-)1,623.12	24
6.	MoES	1,693.77	1,248.15	(-)445.62	26
7.	MoEF	2,884.74	2,158.80	(-)725.94	25
8.	MNRE	2,847.71	1,633.52	(-)1,214.19	43
9.	MoWR	2,102.68	1,094.71	(-)1,007.97	48
Total		39,914.14	31,802.47	(-)8,111.67	20

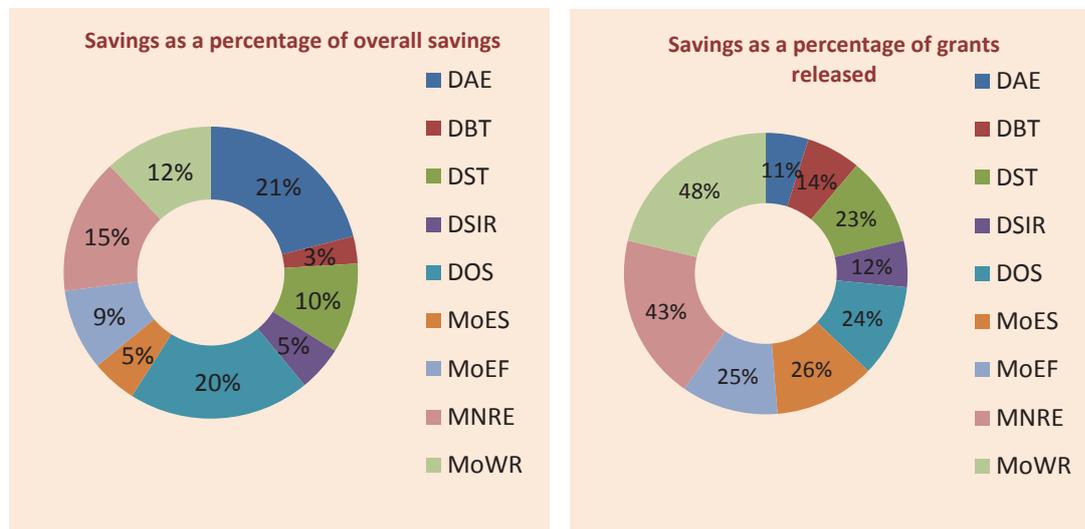
Source: Appropriation Accounts for 2013-14

It can be seen from the above table that with reference to total budget allotment of ₹ 39,914.14 crore, the Scientific and Environmental Ministries/ Departments had an overall savings of ₹ 8,111.67 crore which constitutes 20 per cent of the total grant/appropriation. DAE, DOS, MNRE 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 (48 per cent), followed by MNRE (43 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.

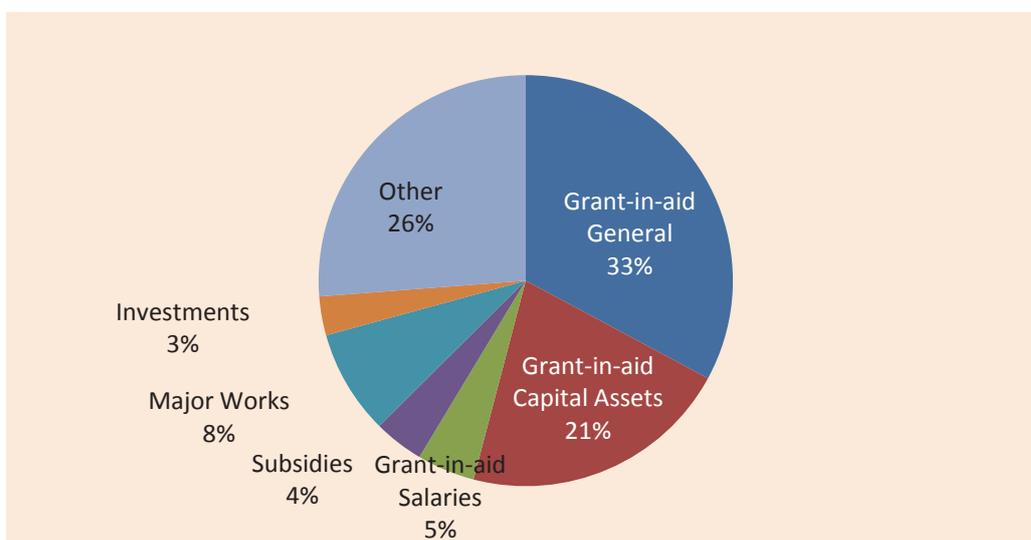
Chart 2 - Ministry/ Department wise percentage of savings



Major components of Plan expenditure

Of the total expenditure of ₹ 31,802.47 crore incurred by the Scientific and Environmental Ministries/Departments, ₹ 16,749.72 crore i.e. nearly 53 per cent was incurred on meeting Plan expenditure as extracted from e-lekha database portal as on 24 November 2014. A major part of the Plan expenditure comprising 33 per cent was spent on releasing Grants-in-aid General, followed by 21 per cent as Grants for creation of Capital Assets. The remaining comprised expenditure on components such as Grants-in-aid salaries, subsidies, major works, investments, etc.

Chart 3 - Distribution of Plan expenditure among major components



1.7 Audit of accounts of Autonomous Bodies

Principal Director of Audit, Scientific Departments is the sole auditor of 14 autonomous bodies for which Separate Audit Reports (SARs) are prepared on their annual accounts under sections 19(2) and 20(1) of the C&AG's (DPC) Act, 1971. The total grants released to these 14 autonomous bodies during 2013-14, including unspent balances of the previous year, were ₹ 4,246.75 crore, as detailed in Table 3.

Table 3- Details of grants released to Central Autonomous Bodies

(₹ in crore)

Sl.No.	Name of the Autonomous Body	Ministry/ Department	Amount of Grant released during 2013-14
1.	Science and Engineering Research Board, New Delhi	DST	530.00
2.	Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram	DST	91.07
3.	Technology Development Board, New Delhi	DST	13.50
4.	Council of Scientific and Industrial Research, New Delhi	DSIR	3,126.97
5.	Animal Welfare Board of India, Chennai	MoEF	15.48
6.	Central Zoo Authority, New Delhi	MoEF	26.47
7.	National Biodiversity Authority, Chennai	MoEF	46.83
8.	National Mission for Clean Ganga, New Delhi	MoEF	166.53
9.	National Tiger Conservation Authority, New Delhi	MoEF	16.76
10.	Wildlife Institute of India, Dehradun	MoEF	21.31
11.	Betwa River Board, Jhansi	MoWR	38.32
12.	Brahmaputra Board, Guwahati	MoWR	85.00
13.	Narmada Control Authority, Indore	MoWR	14.74
14.	National Water Development Agency, New Delhi	MoWR	53.77
Total			4,246.75

Source: Separate Audit Reports of the Autonomous Bodies for the year 2013-14

In addition, supplementary/superimposed audit of 68 other autonomous bodies are conducted under Sections 14 or 15 of the C&AG's (DPC) Act, 1971. The total grants released to 64¹⁰ autonomous bodies during 2013-14 were ₹ 4,163.27 crore, details of which are indicated in **Appendix III**.

1.7.1 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.

¹⁰ Information in respect of four autonomous bodies was not furnished by the Ministries/ Departments.

The position of submission of accounts for the year 2013-14 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	07.08.2014	1
2.	Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram	DST	11.06.2014	-
3.	Technology Development Board, New Delhi	DST	29.12.2014	5
4.	Council of Scientific and Industrial Research, New Delhi	DSIR	09.07.2014	-
5.	Animal Welfare Board of India, Chennai	MoEF	26.06.2014	-
6.	Central Zoo Authority, New Delhi	MoEF	12.08.2014	1
7.	National Biodiversity Authority, Chennai	MoEF	17.06.2014	-
8.	National Mission for Clean Ganga, New Delhi	MoEF	14.08.2014	1
9.	National Tiger Conservation Authority, New Delhi	MoEF	04.08.2014	1
10.	Wildlife Institute of India, Dehradun	MoEF	30.06.2014	-
11.	Betwa River Board, Jhansi	MoWR	22.07.2014	0.5
12.	Brahmaputra Board, Guwahati	MoWR	10.07.2014	-
13.	Narmada Control Authority, Indore	MoWR	07.08.2014	1
14.	National Water Development Agency, New Delhi	MoWR	01.07.2014	-

It can be seen from the above table that seven autonomous bodies submitted their accounts after delay ranging from about 15 days to five months.

1.7.2 Significant deficiencies in accounts

Some of the important issues highlighted in SARs on the accounts for the year 2013-14 are listed below:

1.7.2.1 Provisions of Gratuity and other retirement benefits

- Betwa River Board, Jhansi did not include provision for retirement benefits such as pension, gratuity and leave encashment, etc. on actuarial basis, which was in contravention of accounting policies.
- The significant accounting policy number 7 of Animal Welfare Board of India, Chennai regarding non-provision of retirement benefits was in contravention of

the accounting standards 12 issued by ICAI¹¹ and uniform format of accounts approved by Government of India for central autonomous bodies.

1.7.2.2 Depreciation provided on fixed assets

- Incorrect booking of part-payments/ advances amounting to ₹ 133.65 crore as final expenditure led National Institute of Oceanography, Goa (CSIR) to charge depreciation of ₹ 34.75 crore on the Research vessel, which was not in its possession as of 31 March 2013. As a result, Capital Fund and Fixed Assets each were understated by ₹ 34.75 crore.

1.7.2.3 Other comments

- Science and Engineering Research Board, New Delhi diverted grants of ₹ 207.66 crore received under 'Grants in aid-General' for creation of capital assets without obtaining proper authorisation.
- Technology Development Board, New Delhi did not report the value of its investments i.e. Equity/Venture Capital Funds at fair market price.
- The third party confirmation received from the bankers of CSIR Headquarters and its sampled laboratories revealed a difference of ₹ 103.53 crore in the figure of 'TDRs against margin money' reported by them in their annual accounts and by their bankers. Hence, under the circumstances and facts, Audit was unable to assure that amount of ₹ 134.93 crore shown by them as Deposits in margin money for opening of Letters of Credits under Current Assets, Loans and Advances were correctly reported and that the corresponding adjustments made in others heads of accounts by them were also correct.
- CSIR Headquarters and its sampled laboratories booked unspent part of Grants-in-aid and interest earned/ accrued on the Grants-in-aid as their 'Income' and consequently overstated their income and understated current liabilities towards 'Unspent grant refunded to Govt.' each by ₹ 45.71 crore.
- Payment of advances amounting to ₹ 52.85 crore made by CSIR and its laboratories, out of externally funded projects was booked as final expenditure. Further, interest amounting to ₹ 13.10 crore accrued by them on Term Deposits¹² made out of funds of externally funded projects was not accounted for in the books of accounts. Thus, sampled laboratories of CSIR understated their current liabilities towards deposits for externally funded projects as well as current assets (Advances) each by ₹ 65.95 crore.

¹¹ Institute of Chartered Accountants of India

¹² Including deposits in margin money for opening of Letters of Credits

- Despite knowing the fact that there was uncertainty regarding collectability of outstanding amount of interest from defaulting industries, CSIR continuously recognised the interest accrued from defaulted industries, against whom cases were pending with the courts/ arbitrations. Further, figure of 'Interest due but not received under NMITLI¹³' was incorrectly reported in Financial Statement of CSIR (Hqrs.). As a result, current assets (accrued interest on loans to industry) as well as current liabilities (Interest due but not received under NMITLI) were overstated by ₹ 5.71 crore each.
- Funds of ₹ 24.90 crore lying in FDRs/Saving Accounts for Provident Fund payments was not shown in the Annual Accounts of Betwa River Board, Jhansi.
- Wildlife Institute of India, Dehradun booked an amount of ₹ 34.38 lakh and ₹ 24.33 lakh under Fixed Assets towards 'Avenue Plantations' and 'Trees' respectively, both of which were located outside the campus and therefore were not under the ownership of the institute. This resulted in overstatement of fixed assets and Capital Fund in the Balance Sheet by ₹ 58.71 lakh.
- National Tiger Conservation Authority, New Delhi released ₹ 3.21 crore from Capital Grant to Bandipur Tiger Conservation Foundation for providing accommodation facility to the staff of the Special Tiger Protection Force deployed in Maddur, Handpost and Thithimathi. This amount was shown as expenditure in Schedule No. 22- Grants, instead of Schedule-11 B 'Loans Advances and Other Assets' as Grants-in-aid to Bandipur Tiger Conservation Foundation, resulting in overstatement of Expenditure and understatement of Assets to the extent of ₹ 3.21 crore.
- An amount of ₹ 26.47 crore was shown in the accounts of Central Zoo Authority, New Delhi (CZA) under Schedule 13- Grants/Subsides as received and taken into Income and Expenditure Account as income during the year. However, this amount included ₹ 97.12 lakh which was unspent balance of Grants-in-aid refunded by Zoos during 2009-10 to 2013-14 pertaining to previous years. Out of ₹ 97.12 lakh, an amount of ₹ 56.19 lakh was revalidated by the Ministry for utilisation during 2013-14, but the remaining amount of ₹ 40.93 lakh was not revalidated and remained with CZA. This resulted in overstatement of Income by ₹ 97.12 lakh besides understatement of liabilities by ₹ 40.93 lakh and prior period income by ₹ 56.19 lakh.
- Utilisation Certificates pertaining to funds released by Animal Welfare Board of India, Chennai for ₹ 7.05 crore were not received from 687 organizations though they were due to be received by March 2014. Of this, nine utilisation certificates

¹³ New Millennium Indian Technology Leadership Initiative

amounting to ₹ 3.05 lakh were outstanding for more than 15 years, 105 utilisation certificates amounting to ₹ 20.77 lakh were outstanding for more than 10 years and 139 utilisation certificates amounting to ₹ 84.92 lakh were outstanding for more than five years.

1.8 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 seven¹⁴ Ministries/Departments, 9,117 Utilisation Certificates (UCs) due by March 2014, for grants aggregating ₹ 1,421.64 crore were outstanding as given in **Appendix IV**. DST and DSIR did not furnish information about pending UCs.

Out of the 9,117 UCs awaited in respect of the seven Ministries/Departments, 7,390 certificates amounting to ₹ 422.64 crore were pending for more than two years. A total of 6,194 UCs amounting to ₹ 289.20 crore were outstanding for more than five years.

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

Table 5 - Position of outstanding Utilisation Certificates

(₹ 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.	DAE	242	16.47	139	5.50
2.	DBT	Nil			
3.	DST	Not available			
4.	DSIR	Not available			
5.	DOS	199	12.17	126	8.54
6.	MoES	622	44.96	488	27.95
7.	MoEF	5,977	293.84	5,398	244.92
8.	MNRE	156	36.40	10	0.33
9.	MoWR	194	18.80	33	1.96
TOTAL		7,390	422.64	6,194	289.20

¹⁴ DAE, DBT, DOS, MoES, MoEF, MNRE and MoWR

1.9 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.

There were two departmentally managed Government Undertakings of commercial or quasi-commercial nature as of 31 March 2014 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. The position of proforma accounts of Heavy Water Board for the period 2013-14 is given in **Appendix V** of this report. Proforma accounts of Nuclear Fuel Complex were not received for audit even after delay of more than one year.

1.10 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues written off/waived during 2013-14 furnished by nine Ministries/Departments is given in **Appendix VI** to this Report. It can be seen from the Appendix that in 63 cases involving ₹ 13.21 lakh, the amounts were written off for 'other reasons' and in 20 cases amount of ₹ 4.65 crore pertaining to waiver of recoveries were written off during 2013-14.

1.11 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 Ministries/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 January 2015 and May 2015 through letters addressed to them personally.

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

1.12 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 2015 (details in **Appendix VII**) revealed that a total of 14 ATNs pending from six Ministries/ Departments were not received even for the first time, indicating delay in submission of ATNs ranging between one to 28 months. Also revised ATNs in respect of 33 paras were pending from seven Ministries/ Departments ranging from one to 136 months (**Appendix VIII**).

Chart 4- Number of outstanding ATNs of Audit Reports

