

OVERVIEW

This Report contains the significant audit findings arising from the compliance audit of financial transactions under 74 civil grants relating to 46 Civil Ministries/Departments of the Union Government under the General, Social and Economic Services sectors and of autonomous bodies/corporations under their administrative jurisdiction excluding the Ministries/Departments of Revenue, Railways, Defence, Science and Environment, Tele-communications, Electronics and Information Technology and Posts as well as the Union Territories without Legislatures.

The gross expenditure of these 46 Civil Ministries/Departments increased by 38 *per cent* from ₹ 53,34,037 crore in 2015-16 to ₹ 73,62,394 crore in 2016-17. Given the volume of expenditure involved, it is imperative that systems and procedures be in place that would continually and demonstratively take cognizance of deficiencies in budget management and expenditure brought out by audit so as to improve the efficiency and expected outcome of the expenditure being incurred. Previous Audit Reports of the Comptroller & Auditor General have been highlighting instances of loss of non-tax revenues or non-recovery of dues as well as avoidable or extra expenditure due to non-adherence to codal provisions and applicable rules and regulations, deficiencies in project management, poor internal controls, irregularities in release of pay and staff entitlements and poor financial management. Audit continued to find similar irregularities across various Ministries/Departments during the compliance audit for the financial year ended March 2017 which was symptomatic of the need to further strengthen extant systems of internal controls and budget management as well as to ensure prompt and effective action on the audit findings to prevent recurrence.

This Report contains 78 illustrative cases¹ of such irregularities involving ₹ 1,179.16 crore covering 19 Ministries/Departments and autonomous bodies/corporation under their administrative control. Some major cases included in

¹ 78 cases include three Paragraphs clubbed under Para 1.8 under 'Action taken/recoveries effected by Ministries & Departments' and 62 individual Paragraphs. Further, 18 cases are clubbed under five Paragraphs (Paragraph Nos. 7.2, 7.3, 12.4, 12.10 and 12.17) as they fell under common lapses.

this Report have been summarised category-wise as below.

Analysis of Outcome Budget

The basic objective of Outcome Budgets is to establish a relationship between the financial outlays and performance in terms of not just physical outputs but also outcomes which are the ultimate end objectives of State intervention and the financial outlays. Audit analysed the Outcome Budgets for the years 2013-14 to 2016-17 of two Ministries i.e. the Ministry of Drinking Water and Sanitation and the Ministry of Urban Development to assess whether the various orders and instructions relating to preparation of outcome budget had been followed so as to enable it to serve its intended purpose. The analysis disclosed substantive deviations from guidelines relating to preparation of Outcome Budgets with no co-relation between financial outlays and physical outcomes. There were discrepancies in depiction of programme targets and figures between the Outcome Budgets and the web-based online systems of the Ministries and monitoring of the progress of implementation of the programmes through Web-based online system suffered from data unreliability. Due to such deviations as well as non-depiction of physical targets and achievements against each component of various schemes/programmes, the Outcome Budget failed to serve its intended purpose as an instrument to measure outcomes expected from the financial outlays being made.

(Paragraph No. 2.3)

I. Loss of non-tax revenues

Ministry of External Affairs

Instructions of the Ministry of External Affairs relating to levy/revision of visa and consular fees were not adhered to by **Missions/Posts in Australia, Bahrain, Berne, China and Dubai** resulting in short collection of revenue of ₹ 74.83 crore.

Further, the **Post at Chicago** failed to reconcile its accounts with its bank accounts relating to consular fees and remittances of the Indian Community Welfare Fund by a Service Provider resulting in USD 91,189 remaining undetected for more than two years. Though the Post recovered the short remittance from the service provider, the mandatory penalty of ₹ 1.71 crore on delayed remittance has yet to be recovered.

(Paragraph No. 7.2)

II. Non-recovery of dues

Audit noticed six cases of non-recovery of dues amounting to ₹ 89.56 crore pertaining to Departments/autonomous bodies under three Ministries. Of these, five cases involving ₹ 88.73 crore are summarised below:

Ministry of Human Resource Development

Motilal Nehru National Institute of Technology, Allahabad, failed to initiate effective action for collection of rent or eviction of premises in respect of 23 lessees who were in default resulting in non-realisation of lease rent of ₹ 66.10 lakh as well as unauthorized occupation of sheds belonging to the Institute.

(Paragraph No. 12.18)

Ministry of Information and Broadcasting

Failure of **Commercial Broadcasting Service, All India Radio, Mumbai**, to adhere to instructions regarding payment in advance by non-accredited agencies for broadcast of content coupled with ineffective follow-up resulted in non-recovery of revenue amounting to ₹ 1.12 crore.

(Paragraph No. 13.2)

Ministry of Shipping

Award of an adjacent berth by **Jawaharlal Nehru Port Trust, Mumbai**, to the same entity operating the existing berth at a lower revenue share without safeguarding the financial interest of JNPT led to diversion of traffic from the existing to the new berth and consequent loss of revenue to the Port. Over 2015-17, the loss of revenue amounted to ₹ 54.72 crore.

(Paragraph No. 19.1)

Mumbai Port Trust suffered loss of revenue of ₹ 17.13 crore during April 2015 to March 2017 as the Port failed to recover wharfage at the agreed rate from the licensee. The Port also allowed revision of tariff at 130 per cent of scale of rates without the approval of Tariff Authority for Major Ports which was irregular.

(Paragraph No. 19.2)

Mumbai Port Trust failed to revise casual occupation charges and service charges since 1990-92 which led to loss of revenue to the port. Considering the revised charges proposed by the port in May 2002, the loss amounted to ₹ 15.10 crore (approx) during April 2012 to March 2017. The loss would continue till the Port takes necessary steps to revise these charges.

(Paragraph No. 19.3)

III. Lapses in Financial Management

Deficient financial management as well as non-compliance with rules resulted in loss of ₹ 19.85 crore in four cases relating to three Ministries. Of these, three cases involving ₹ 19.33 crore are summarised below.

Ministry of Commerce and Industry

Non-inclusion of provisions for levy of interest and penalty in MoUs entered into with various agencies while releasing grants-in-aid and not insisting on bank guarantees for financial assistance extended to agencies coupled with inadequate monitoring by **Agricultural and Processed Food Products Export Development Authority** resulted in loss of ₹ 3.31 crore.

(Paragraph No. 4.1)

Retention of funds in savings bank account instead of investing in fixed deposit by **Export Inspection Council of India, Kolkata**, resulted in loss of interest of ₹ 13.76 crore during the period from October 2014 to March 2017.

(Paragraph No. 4.2)

Ministry of Culture

National Museum, New Delhi, failed to comply with Central Government Account (Receipts and Payments) Rules, 1983, relating to handling of government receipts. It did not route receipts through the cash book nor did it undertake any reconciliation with bank accounts. As a result, ₹ 2.26 crore was irregularly kept outside government accounts for a prolonged period of time.

(Paragraph No. 6.2)

IV. Non-adherence to Scheme guidelines/Acts/Rules and Regulations

Audit noticed 10 cases where applicable guidelines or rules and regulations were not adhered to resulting in unauthorised expenditure of ₹ 66.47 crore relating to five Ministries. Of these, eight cases involving ₹ 65.86 crore are summarised below.

Ministry of Culture

The **Sangeet Natak Akademi** was implementing a scheme for 'Safeguarding the Intangible Heritage and Diverse Cultural Traditions of India (ICH scheme).' Audit noticed that only 35 out of 324 projects sanctioned during 2013-14 to 2015-16 had been completed while 96 grantees did not furnish even the first reports as of March 2017. The Akademi had reported to the Ministry of Culture expenditure of ₹ 5.77 crore against the actual expenditure of ₹ 4.25 crore under the ICH Scheme. Grants under another Scheme of Financial Assistance to

Cultural Institutions were sanctioned in violation of scheme guidelines and a majority of the project proposals were not being routed through state akademies/governments and approvals were being accorded without due documentation.

(Paragraph No. 6.1)

The **Asiatic Society, Kolkata**, deposited excess provident fund contribution of ₹ 1.19 crore in respect of 160 employees in contravention of the Employees Provident Fund and Miscellaneous Provisions Scheme, 1952.

(Paragraph No. 6.3)

Ministry of External Affairs

A service provider over-charged courier fees from applicants for visas and other consular services to the extent of ₹ 14.39 crore in violation of the agreement with the **Mission and Posts in USA**.

(Paragraph No. 7.4)

The **Posts at Vancouver, Houston and San Francisco** engaged contingency staff in violation of rules and instructions of the Ministry incurring an unauthorized expenditure of ₹ 2.68 crore.

(Paragraph No. 7.5)

Ministry of Health & Family Welfare

The tender evaluation committee of the **International Institute for Population Sciences, Mumbai**, constituted for procurement of human resource service irregularly disqualified two bidders in contravention of procurement policy of the Government thereby vitiating the procurement process and defeating the objective of the policy. In another case, deviation from the evaluation criteria stipulated in bid document led to the work being awarded to the second ranked agency resulting in additional expenditure of ₹ 2.42 crore.

(Paragraph No. 9.1)

The **Post Graduate Institute of Medical Education and Research, Chandigarh**, lacked an established procedure in the form of a Procurement Manual that could ensure effective procurement management and timely acquisition of equipment based on a holistic and systematic assessment of requirements. This resulted in procurements being made on an ad hoc basis, rush of expenditure towards the end of the financial year and delays in progressing of procurement cases. The Institute also failed to invoke contractual remedies available to it where the supplier did not fulfil their contractual obligations with delay in levy of penalty amounting to ₹ 72.77 lakh for delays on the part of the vendors in supply or installation of equipment and for incorrect calculation of

down-time and non-recovery of penalty of about ₹ 1.46 crore for excess downtime with reference to the contractual terms. This undermined both the deterrent effect of the penal provisions as well as the Institute's ability to enforce due performance of the contract by the suppliers.

(Paragraph No. 9.3)

Ministry of Human Resource Development

The **University Grant Commission** is implementing a scheme to provide hostel facilities to women to achieve the goal of enhancing the status of women and gender equity. Financial assistance of ₹ 9.91 crore was released by the **University Grants Commission, Eastern Regional Office, Kolkata**, without ensuring compliance with the extant scheme guidelines resulting in excess approval of grant of ₹ 56.11 lakh on inflated estimates. Further, 31 projects involving payment of grant of ₹ 26.16 crore remained incomplete even after periods ranging between two months and over nine years beyond the stipulated completion while two hostels created at a cost of ₹ 2.30 crore remained unutilised for more than three years.

(Paragraph No. 12.3)

Grants sanctioned for specific projects/schemes/programmes to the extent of ₹ 3.30 crore were lying unutilized with the **Indira Gandhi National Tribal University, Amarkantak**, defeating the purpose for which they were sanctioned.

(Paragraph No. 12.5)

V. Idling of equipment/buildings/infrastructure

Improper planning and lack of necessary synchronization of activities resulted in unfruitful expenditure and idling/sub-optimal utilisation of assets valued at ₹ 18.87 crore in six cases pertaining to four Ministries as summarised below.

Ministry of Agriculture

Delays at various stages of establishing and operationalizing a facility by **National Institute of Fisheries Post Harvest Technology and Training** for processing and export of sashimi grade tuna led to expected revenue amounting to ₹ 70.83 lakh being forgone. Besides, a facility set up at a cost of ₹ 1.78 crore has remained idle for over six years and envisaged benefits in the form of increase in foreign exchange and employment was unattained.

(Paragraph No. 3.1)

Ministry of Health & Family Welfare

Improper planning in procurement of equipment by the **National Institute of Nutrition, Hyderabad**, a unit of **Indian Council of Medical Research** as well

as failure to enforce performance on terms of supply order by supplier resulted in equipment worth ₹ 1.52 crore lying idle and equipment worth ₹ 2.13 crore not being put to optimal use for more than five years.

(Paragraph No. 9.2)

Ministry of Home Affairs

Failure of the **Delhi Police** to synchronize the purchase of server and software with the procurement of leased internet lines resulted in idling of the servers and software for three and half years and avoidable expenditure of ₹ 1.11 crore on hired servers.

(Paragraph No. 10.3)

Ministry of Human Resource Development

Construction of hostel building, kitchen and dining block for the **Kendriya Vidyalaya, Sidhi**, by the **Kendriya Vidyalaya Sangathan** without assessing its requirement or conducting a feasibility study resulted in unfruitful expenditure of ₹ 1.70 crore as the building remained unutilized since its completion in May 2012.

(Paragraph No. 12.6)

National Institute of Technology, Tiruchirappalli, constructed a school building for Kendriya Vidyalaya without obtaining approval and financial sanction of Ministry resulting in non-utilisation of the building constructed at a cost of ₹ 6.64 crore for intended purpose.

(Paragraph No. 12.12)

Poor contracting practices and lack of effective follow-up to enforce terms of supply order by **Central University of Gujarat, Gandhinagar**, resulted in equipment worth ₹ 2.22 crore remaining non-functional.

(Paragraph No. 12.13)

VI. Deficiencies in Project Management

Poor project management as reflected in delays in identification and allocation of sites, lack of prioritisation and delay in progress of works led to avoidable expenditure or idling of funds amounting to ₹ 224.46 crore in 10 cases. Nine of these 10 cases pertaining to three Ministries having financial implications are summarised below.

Ministry of External Affairs

South Asian University, New Delhi (SAU), was established by the eight member nations of the South Asian Association for Regional Co-operation (SAARC) and commenced functioning from August 2010. Audit noticed that the construction of campus planned to be completed by 2014 was substantially

delayed due to allotment of encumbered land, litigation and delay in statutory clearances. MEA had to forego rebate to the tune of ₹ 1.97 crore due to delay in payment of rent.

Delay in project has also prolonged recurring monthly rental liability of ₹ 2.66 crore.

(Paragraph No. 7.1)

Undue delay in progress of works for refurbishment and construction in **Missions at Dublin, Port Moresby and Warsaw** and entering into lease by the **Post in Sydney** without authorisation and in disregard of Ministry's directions resulted in avoidable expenditure totalling ₹ 12.61 crore as well as idling of property valued at ₹ 45.16 crore for prolonged periods.

(Paragraph No. 7.3)

Ministry of Home Affairs

Failure of **Delhi Police** and Ministry of Home Affairs to assess and determine technical requirement for CCTV surveillance system in high security areas in a CCTV surveillance project awarded in February 2013 for New Delhi and Central District resulted in the project remaining incomplete as of October 2017 despite an expenditure of ₹ 42.94 crore. Further, the Delhi Police has been incurring a monthly expenditure of ₹ 21.02 lakh on hiring CCTV cameras for these areas.

(Paragraph No. 10.1)

Ministry of Human Resource Development

Entrustment of 49 works valuing ₹ 138.41 crore by **Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Wardha**, to the Uttar Pradesh State Construction and Infrastructure Development Corporation Limited without prioritizing construction activities and ensuring availability of funds resulted in ₹ 22.65 crore spent on six uncompleted works being rendered idle as on March 2017.

(Paragraph No. 12.1)

Procedures prescribed in UGC guidelines and CPWD Works Manual were not adhered to at the **Central University of Tamil Nadu, Thiruvavur**, in executing construction works resulting in cost overrun of ₹ 46.32 crore as well as delay in its completion. The library building remains partly vacant and incomplete even after incurring of expenditure of ₹ 15.40 crore and delay of four years. Further, injudicious site selection and excess construction as well as deviation from norms resulted in avoidable expenditure of ₹ 19.82 crore.

(Paragraph No. 12.2)

Indira Gandhi National Open University (IGNOU) acquired land measuring 7,235.4 square metres for construction of **Regional Central at Karnal** from HUDA in November 2007 at ₹ 5.29 crore. As per the terms and conditions of allotment, the construction work was to be completed within two years from taking over possession of the land. However, IGNOU failed to ensure timely action at various stages and construction of the building is yet to begin. This also resulted in avoidable cost of ₹ 46.41 lakh as well as non-realisation of intended objective of the project.

(Paragraph No. 12.21)

VII. Lapses in Internal Control

Lack of effective internal controls led to short realisation of dues, avoidable payment and double payment as well as doubtful expenditure on procurement amounting to ₹ 13.60 crore in five cases pertaining to four Ministries. Of these, two cases involving ₹ 7.67 crore are summarised below.

Ministry of Human Resource Development

The **Indian Institute of Information Technology, Allahabad**, incurred an expenditure of ₹ 1.50 crore towards purchase of 1,830 books/journals from a non-empanelled publisher in violation of its own laid down procedures and the provisions of the General Financial Rules. Out of these 1,830 books/journals, there is no receipt nor entry in Library Accession Register pertaining to 801 books and 180 journals worth ₹ 81.45 lakh, which renders the expenditure doubtful.

(Paragraph No. 12.16)

Ministry of Labour and Employment

Failure of eight **Regional Offices of the Employees' Provident Fund Organisation** to verify dues remitted by the establishments with reference to the revised rate of administrative charges on Employees' Deposit Link Insurance and Employees' Provident Fund resulted in short realisation of ₹ 6.17 crore during the period from January 2015 to March 2017.

(Paragraph No. 14.1)

VIII. Irregularities in pay and staff entitlements

Non-adherence to rules and guidelines relating to payment of pay and entitlements of personnel resulted in irregular payment/reimbursement

amounting to ₹ 26.23 crore in 13 cases in five Ministries. Of these, 11 cases involving ₹ 24.53 crore are summarised below.

Ministry of Home Affairs

Employees in some offices of **Delhi Police** submitted Leave Travel Concession (LTC) claims with inflated air fares in violation of Government orders. These were passed without due scrutiny resulting in irregular reimbursement amounting to ₹ 2.56 crore to 435 employees.

(Paragraph No. 10.2)

Ministry of Human Resource Development

Banaras Hindu University, Varanasi, Indian Institute of Management, Ahmedabad and Indian Institute of Management, Kolkata, paid higher rates of interest to GPF/CPF subscribers in contravention of extant orders resulting in overpayment of ₹ 6.28 crore.

(Paragraph No. 12.4)

Payment of special allowance/honorarium by **Indian Institute of Technology, Mumbai**, in violation of the General Financial Rules resulted in irregular payment of ₹ 9.76 crore.

(Paragraph No. 12.8)

Indian Institute of Technology (ISM), Dhanbad, National Institute of Foundry and Forge Technology, Hatia and National Institute of Technology, Jamshedpur, irregularly reimbursed air fares of ₹ 1.28 crore during 2011-16 against air tickets purchased by their employees from unauthorized agents in violation of guidelines for availing Leave Travel Concession.

(Paragraph No. 12.10)

Payment of honorarium by **Visva-Bharati, Shantiniketan**, in violation of provisions of the Financial Rules resulted in irregular payment of ₹ 1.07 crore.

(Paragraph No. 12.14)

Niti Aayog

National Institute of Labour Economics Research and Development revised the sanctioned post of Joint Director, Deputy Director and Assistant Director in violation of the instructions of the Ministry of Finance resulting in irregular expenditure of ₹ 1.02 crore on their salary and allowances.

(Paragraph No. 15.1)

Ministry of Power

Continued payment of Compensatory Allowance after adoption of pay scales of the Punjab State Electricity Board by the **Bhakra Beas Management Board** resulted in irregular expenditure of ₹ 2.56 crore during 2014-15 to 2015-16.

(Paragraph No. 17.1)

IX. Avoidable payments by autonomous bodies/Departments/Corporations

Lack of due diligence in ensuring conformity with the instructions and rules issued by Government from time to time relating to service tax or lack of timely review of actual requirement of power resulted in avoidable expenditure of ₹ 11 crore in 12 cases pertaining to seven Ministries. In addition, there was avoidable or extra expenditure amounting to ₹ 632.58 crore in Food Corporation of India mainly due to non-adherence to extant instructions relating to procurement of food grains and gunny bags and their movement and distribution. Of these, 14 cases involving ₹ 543.62 crore are summarised below.

Ministry of Consumer Affairs, Food and Public Distribution

Food Corporation of India (FCI) failed to recover ₹ 223.58 crore that was due to the Corporation on account of interest on advances given to State Government Agencies (SGAs) for procurement of gunny bags as well as on account of reimbursement of cost of gunny bags at higher rates than that prescribed. Further, there was non-recovery of ₹ 2.86 crore from Container Corporation of India due to failure to effectively pursue pending claims for damaged, short and rain affected gunny bags.

(Paragraph No. 5.1)

FCI incurred avoidable expenditure of ₹ 117.10 crore due to improper planning for movement of stock. Supply of foodgrains in excess of requirement at a station and non adherence to distance measurement before awarding contract resulted in avoidable expenditure of ₹ 12.96 crore. In addition, liquidated damages of ₹ 89 lakh was not levied on contractors for short supply against indented trucks.

(Paragraph No. 5.2)

FCI made excess payment of ₹ 14.10 crore to the Government of Uttar Pradesh and its agencies during the years 2010-11 to 2016-17 on reimbursement of inadmissible elements as part of Mandi Labour Charges (MLC) for procurement of wheat.

(Paragraph No. 5.3)

FCI paid guarantee fees of ₹ 145.74 crore to SGAs without verification of bank guarantees given by Government of Punjab.

(Paragraph No. 5.4)

FCI failed to optimally utilise vacant storage capacity at Kaithal silo resulting in avoidable payment of carry over charges to SGAs amounting to ₹ 6.49 crore

(Paragraph No. 5.5)

Non-adherence to Ministry's guidelines relating to payment of Custody and Maintenance Charges by **FCI** resulted in irregular payment of ₹ 10.32 crore to SGAs under Odisha Region during 2013-14 to 2016-17.

(Paragraph No. 5.6)

Ministry of Health & Family Welfare

Jawaharlal Institute of Post-graduate Medical Education and Research, Puducherry, failed to claim refund of customs duty exemption availed by a firm on imported equipment resulting in loss of ₹ 1.08 crore.

(Paragraph No. 9.4)

Ministry of Housing and Urban Affairs

Central Public Works Department, Bhubaneswar, failed to claim refund of service tax within the due date resulting in avoidable expenditure of ₹ 71.80 lakh.

(Paragraph No. 11.1)

Ministry of Human Resource Development

The **Indian Institute of Technology, Mumbai**, failed to exercise due diligence and made irregular payment of service tax amounting ₹ 2.56 crore on construction activities under taken by them which was exempted from payment of service tax.

(Paragraph No. 12.9)

Failure of **Indian Institute of Technology, Chennai**, to collect service tax from the service receiver resulted in payment of arrears of service tax and interest from their own resources resulting in an avoidable expenditure of ₹ 1.19 crore.

(Paragraph No. 12.11)

Ministry of Personnel, Public Grievances and Pensions

Failure of **Central Bureau of Investigation, New Delhi**, to accurately assess power consumption requirements and delay in taking action to reduce the contract demand resulted in avoidable payment of ₹ 1.42 crore towards electricity charges.

(Paragraph No. 16.1)

Ministries of Culture, Information and Broadcasting and Statistics and Programme Implementation

Inaccurate assessment of contract demand by **Indira Gandhi Rashtriya Manav Sangrahalay, Bhopal, Super Power Transmission, All India Radio, Bangalore, and The Indian Statistical Institute, Kolkata**, and delayed action for reducing the contract demand resulted in avoidable expenditure of ₹ 2.61 crore towards billing demand charges paid to respective Electricity Power and Distribution Companies.

(Paragraphs No. 6.4, 13.1 & 20.1)

