

OVERVIEW

This Report contains significant audit findings arising from the compliance audit of financial transactions under 62 civil grants relating to 37 Civil Ministries/Departments of the Union Government including Union Territories without Legislatures under the General and Social Services sectors and of Autonomous Bodies/Corporations under their administrative jurisdiction excluding the Ministries/Departments of Revenue, Railways, Defence, Tele-communications, Electronics and Information Technology and Posts.

The gross expenditure of these 37 Civil Ministries/Departments increased by 18.01 *per cent* from ₹ 7,38,280 crore in 2016-17 to ₹ 8,71,297 crore in 2017-18. 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 2018 which was symptomatic of the need to further strengthen extant systems of internal controls and budget management as well as to ensure that prompt and effective action on the audit findings have been drawn to prevent recurrence, of these paragraphs have been drawn. In a number of cases, the concerned Ministry has given response which has been suitability incorporated with appropriate rebuttal.

This Report contains 40 illustrative cases¹ of such irregularities involving ₹ 1361.54 crore covering 13 Ministries/Departments and five Union Territories without Legislatures and Autonomous Bodies/Corporation under their administrative control. Some major cases included in this Report have been summarised category-wise as below:

I. Loss of non-tax revenues

Ministry of External Affairs

Incorrect adoption of exchange rate by High Commission of India (HCI) Wellington in levying renunciation charges of Indian citizenship and penalty on

¹ Eight cases included under Para 1.13 under 'Action taken/recoveries effected by Ministries & Departments'.

misuse of passports resulted in less collection of revenue of ₹ 4.44 crore.

(Paragraph No. 8.2)

II. Lapses in Financial Management

Ministry of Home Affairs

Ministry of Home Affairs failed to effectively monitor the unutilised funds of Central Assistance lying with States under the Scheme of “Construction of Police Stations/Outposts to States affected by Left Wing Extremism” resulting in savings (including interest thereon) aggregating ₹ 52.18 crore remaining idle with eight States even after three years of completion of the scheme, while in Madhya Pradesh, the State had utilised the savings of ₹ 3.79 crore on construction of two additional Police Stations which, in the absence of sanction, was irregular. On this being pointed out by Audit, Ministry has recovered ₹ 22.69 crore, while ₹ 33.28 crore is yet to be recovered.

(Paragraph No. 10.1)

Department of Science and Technology

The Technology Development Board did not properly manage the financial assistance extended by it. This resulted in default in repayment of loan and interest amounting to ₹ 66.05 crore in seven selected projects.

(Paragraph No. 14.1)

Union Territories–Lakshadweep Administration

Directorate of Port, Shipping and Aviation, Union Territory of Lakshadweep (UTL) had retained an amount of ₹ 29.18 crore in their SB Account without remitting it to Government Account in violation of the provisions of Receipt & Payment Rules, thereby frustrating optimum cash management.

(Paragraph No. 15.11)

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

Audit noticed three cases where applicable guidelines or rules and regulations were not adhered to resulting in unauthorised expenditure of ₹ 5.34 crore relating to three Ministries.

Ministry of Agriculture and Farmers' Welfare

Coastal Aquaculture Authority, Chennai

Survey of coastal areas to delineate land suitable/unsuitable for aquaculture was not carried out. Adequate regulations for construction, operation, inspection and monitoring of aquaculture farms were not framed. Standards for inputs used in

aquaculture, Standard Operating Procedure for testing of waste water samples and guidelines for periodicity of DLC/SLC meetings were not prescribed. Environment Protection Fund for compensating the affected persons was not created and Grievance Redressal Mechanism was inadequate.

(Paragraph No. 2.1)

Ministry of Human Resource Development, Health and Family Welfare and Ayush

Educational Institutions coming under these Ministries made payment of service tax aggregating to ₹ 5.34 crore on outsourced services (housekeeping and security), although these services were exempted from payment of such tax.

(Paragraph No. 11.2)

IV. Deficiency in project management

Ministry of Agriculture and Farmers' Welfare

Out of 21 commercialisable technologies developed by CAZRI since its inception, 13 technologies were yet to be commercialised as of March 2019 and eight technologies though commercialised, could not reach the end users. Out of 14 Intellectual Property Rights enabled technologies, patents for only six technologies could be obtained by CAZRI till March 2019. Institute was not successful in releasing new foodgrain crop variety since 2005. Evaluation Committee, for carrying out objective evaluation of all research projects was not formed. In 35 test checked cases audit noticed that CAZRI was primarily dependent on Scientists to choose the research project and no record was available to show involvement of stakeholders and farmers in research topic selection. Average shortage of 35 *per cent* existed in scientific staff. The average publication of research papers in Indian and foreign Journals by scientists of CAZRI was only 68 per year during 2012-18. Out of total 405 research papers published by Scientists only 149 papers were published in journals having six and above rating by National Academy of Agricultural Sciences. Citation index of research papers revealed that 252 out of 405 research papers were never cited. CAZRI was not aware until 2015 that Institute was in short possession of 16.43 acres of land. Shortfalls were noticed in coverage of blocks under Frontline Demonstrations, On-farm Trials and achievements of various kinds of training programmes by *Krishi Vigyan Kendras*.

(Paragraph No. 2.2)

Ministry of Culture

Indian Museum, Kolkata

Indian Museum, Kolkata awarded the modernisation work on nomination basis and executed the work without any conservation plan or preparation of Detailed Project Report and proper planning. Major works pertaining to providing modern storage system, fire-fighting, fire-detection and prevention and HVAC were not taken up though sanctioned. It also did not ensure financial safeguards and failed in monitoring of the quality of work in the initial phases. Works sanctioned at a cost of ₹ 83.66 crore were executed for ₹ 105.70 crore, with works estimated to cost ₹ 25.76 crore not awarded at all. Proper conservation processes were also not followed during renovation resulting in damage to priceless artifacts.

(Paragraph No. 3.1)

Department of Space

Indian Space Research Organisation, Bengaluru and International Advanced Research Centre for Powder Metallurgy, Hyderabad established a Silicon Carbide Mirror Development Facility without ensuring that the technology for development of the mirrors was either proven or validated. The facility created could not produce the required quality of mirrors during its entire operational life of 10 years despite expenditure of ₹ 47.12 crore incurred on its establishment and maintenance. Silicon Carbide Mirror Development Facility

(Paragraph No. 5.2)

Management of civil works in five centres of Department of Space was deficient resulting in time overrun of 109 days to 1,142 days and cost overrun of ₹ 37.62 crore. Besides, there were cases of irregular payment of cost escalation, short levy of compensation for delay in work by contractors, short levy/collection of statutory recoveries and extra payments, etc. having total financial implication of ₹ 12.08 crore.

(Paragraph No. 5.5)

Ministry of External Affairs

SAARC Museum of Textiles and Handicrafts is yet to be operational (December 2019) even after a lapse of 10 years and incurring an expenditure of ₹ 18.47 crore.

(Paragraph No. 8.1)

Union Territories–Andaman and Nicobar Islands Administration

Andaman Public Works Department did not ensure availability of all the requisite materials before signing of a construction contract which was ultimately foreclosed after flip flops on the issue.

It delayed the construction of the Sea wall, increased the cost of shore protection, in the Tsunami affected area and also resulted in wasteful expenditure of ₹ 1.18 crore, as the incomplete work was washed away. The work has again been sanctioned with an estimated cost increase of ₹ 30.36 crore. The habitation of the affected area remained unprotected for 15 years after Tsunami.

(Paragraph No. 15.2)

Union Territories–Chandigarh

Municipal Corporation Chandigarh, (MCC) decided to implement a project to design and build a tertiary treatment plant and associated facilities with a capacity of 10 Million gallons/day (MGD), in addition to an existing tertiary treatment plant of 10 MGD, to treat the discharge from its Sewerage Treatment Plants (STPs), in order to supply treated water for irrigation purposes replacing potable water otherwise being used.

The design wrongly assumed sufficient availability of sewage water, One of the Underground Reservoirs was shifted to the older network with lower than required discharge capacity of pumps were installed at both plants, and the old STP was not technically upgraded. Moreover, MCC did not ensure the required BOD level i.e. below 5mg/l. in the output to TTP likely leading to non-acceptance of treated water among the consumers.

Moreover, MCC could not recover the 43 *per cent* of the cost of operation and maintenance of the project as planned. Treated water was supplied free to the green spaces being maintained by MCC Horticulture wing. MCC also did not bill the tertiary water connections. Audit found that the intended results could not be achieved even after 6-7 years after the completion of the project, and audit could not assure itself of the viability of the project.

(Paragraph No. 15.4)

Chandigarh Industrial and Tourism Development Corporation Limited (CITCO) operated Union Territory Chandigarh Secretariat Canteen at Chandigarh and Guest House at New Delhi without any agreements or operational arrangements and incurring a deficit of ₹ 8.27 crore and ₹ 1.52 crore respectively.

(Paragraph No. 15.7)

V. Idling of equipment/buildings/infrastructure

Improper planning and lack of necessary synchronisation of activities resulted in unfruitful expenditure and idling/sub-optimal utilisation of assets valued at ₹ 84.25 crore in two cases pertaining to Department of Atomic Energy as summarised below.

Department of Atomic Energy

Variable Energy Cyclotron Centre, Kolkata (VECC) did not prepare the site in time for installation of equipments for the proposed Medical Cyclotron facility due to which equipment costing ₹ 82.12 crore remained idle for more than eight years and the project remained incomplete for more than 15 years since sanction and after incurring an expenditure of ₹ 219.50 crore.

(Paragraph No. 4.1)

An Ion Trap System procured by Directorate of Purchase and Stores, Mumbai for Bhabha Atomic Research Centre, Mumbai after incurring expenditure of ₹ 2.13 crore, could not be commissioned even after more than seven years due to defective parts. The organisations did not obtain adequate financial safeguards for ensuring the security of the procurement.

(Paragraph No. 4.2)

VI. 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 **₹ 18.17 crore in seven cases** are summarised below.

Department of Atomic Energy

Tata Memorial Hospital, Mumbai did not carry out mid-term revision of the sum assured for its medical stock based on actual trend of inventory levels, which resulted in under coverage of stock and consequent loss of ₹ 1.64 crore from an insurance claim after a fire accident.

(Paragraph No. 4.3)

Ministry of Environment, Forest and Climate Change

National Zoological Park, Delhi incurred additional expenditure of ₹ 3.66 crore during 2013-18 towards energy charges for electricity drawn from a non-domestic high tension connection but consumed for domestic purpose, due to non-installation of electricity meters for the residential quarters

(Paragraph No. 7.1)

Ministry of External Affairs

Thirteen Regional Passport Offices out of twenty-five test checked could avail only half of the discount available to bulk customers of speed post services due to inability to provide required address data electronically. Another RPO failed to avail any discount, as it did not enter into an agreement with postal authority unlike other offices. Thus, non-availing of discount by the Regional Passport Offices lead to extra expenditure of ₹ 4.11 crore.

(Paragraph No. 8.3)

Ministry of Human Resource Development

Failure of internal controls led to advances drawn on Abstract Contingent Bills to the tune of ₹ 1.86 crore not being settled during the years 2006-07 to 2017-18.

(Paragraph No. 11.3)

Department of Legal Affairs

Grant of ₹ one crore sanctioned for the purpose of construction of Golden Jubilee Auditorium in January 2000 to Supreme Court Bar Association was neither utilised for the purpose for which it was sanctioned nor refunded, along with interest, even after lapse of 19 years, in violation of the GFRs governing the grant.

(Paragraph No. 12.1)

Ministry of New and Renewable Energy

Karnataka Solar Power Development Corporation Limited

TDS was not carried out from the payment of land lease charges to the land owners. It was borne by the company on behalf of the land owners, which resulted in irregular expenditure of ₹ 5.25 crore.

(Paragraph No. 13.2)

UT Chandigarh

Department of Information Technology, Chandigarh made irregular payment of ₹ 64.83 lakh to the Society of Promotion of Information Technology, Chandigarh on account of service tax, which was recovered after being pointed out by Audit

(Paragraph No. 15.6)

VII. 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 ₹ 500 crore in six cases in four Ministries are summarised below.

Department of Space

Department of Space did not take action for more than five years on the advice of Ministry of Finance to consider immediate withdrawal of payment of two additional increments being granted to its Scientists/Engineers. This resulted in payment of ₹ 251.32 crore towards continued grant of the two additional increments during the period December 2013 to March 2019 in 15 test checked centres and Autonomous Bodies under the Department.

(Paragraph No. 5.1)

Department of Space created 955 posts in administrative cadres without obtaining approval of the competent authority and filled them up by promotion of employees working in lower posts. Expenditure of ₹ 235.05 crore was incurred on the salaries of employees in the higher posts, a part of which was paid from the deposit projects of the department, which was contrary to the Government rules and procedures.

(Paragraph No. 5.3)

Department of Space did not obtain the approval of the competent authority for fixing the minimum residency period for promotion of its Group A officers at a lower than prescribed level which resulted in pre-mature grant of promotions and payment of pay and allowances in the higher scales to the extent of ₹ 1.29 crore in 13 test checked cases.

(Paragraph No. 5.4)

Ministry of Earth Sciences

Ministry of Earth Sciences allowed five of its Autonomous Bodies to grant additional financial benefits to their Scientists without obtaining approval of Ministry of Finance and consequently incurred expenditure of ₹ 2.63 crore during the period 2002-18. On being pointed out by Audit, the matter was referred to the Ministry of Finance for *ex-post facto* approval, which advised the Ministry to withdraw the financial benefits

(Paragraph No. 6.1)

Ministry of Health and Family Welfare

Ad-hoc bonus paid to the employees of JIPMER without receiving the orders from the Ministry of Finance for the years 2015-16 and 2016-17 resulted in irregular payment of Ad-hoc bonus of ₹ 4.56 crore.

(Paragraph No. 9.1)

Department of Bio-Technology

National Brain Research Centre, Manesar incurred extra expenditure of ₹ 5.15 crore on payment of House Rent Allowance, Non-Practising Allowance, Transport Allowance and Project Allowance to its employees in contravention of extant rules.

(Paragraph No. 14.2)

VIII. Avoidable payments by Autonomous Bodies/Departments/Corporations

Ministry of Human Resource Development

Atal Bihari Vajpayee Institute of Information Technology and Management advanced a sum of ₹ 4.32 crore to M/s EdCIL and failed to recover ₹ 3.98 crore.

(Paragraph No. 11.4)

