

Report of the Comptroller and Auditor General of India for the year ended March 2021



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Union Government (Economic & Service Ministries - Civil)

No. 1 of 2023

(Compliance Audit Observations)

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Laid on the table of Lok Sabha and Rajya Sabha on.....

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PREFACE

This report of the Comptroller and Auditor General of India for the year ended March 2021 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains the results of compliance audit of the Economic & Service Ministries/Departments of the Union Government, their attached/subordinate offices and Central Autonomous Bodies. Bodies or Authorities, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the C&AG under the provisions of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2020-21 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2020-21 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

I Introduction

1. This Report includes important Audit findings noticed as a result of test check of accounts and records of Economic and Service Ministries/Departments and their Central Autonomous Bodies conducted by the officers of the Comptroller and Auditor General of India as per the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act).
2. The Report contains 12 individual observations relating to six Ministries/Departments. The draft observations were forwarded to the concerned Ministries providing them an opportunity to furnish their replies/comments in each case within a period of six weeks. Replies to five observations were not received even as this Report was being finalised as indicated in para 3 below.
3. The paragraphs included in this Report relate to the following Ministries of the Government of India and their Central Autonomous Bodies:

Sl. No.	Ministry/Department	Number of paragraphs	Number of paragraphs in respect of which Ministry/Department's reply was awaited
1.	Coal	2	-
2.	Department of Financial Services	1	-
3.	Housing and Urban Affairs	4	4
4.	Micro, Small and Medium Enterprises	1	-
5.	Mines	2	-
6.	Ports, Shipping and Waterways	2	1
Total		12	5

- II Highlights of some significant paragraphs included in the Report are given below:

Coal Mines Provident Fund Organisation

Coal Mines Provident Fund Organisation made an investment of ₹ 1390.25 crore (during the period May 2015 to February 2018) in Non-Convertible Debentures of Dewan Housing Finance Corporation Limited. The investment included Non-Convertible

Debentures amounting to ₹ 864 crore having an early redemption clause which provided right to dispose of the investments before maturity at par along with accrued interest in case credit ratings of Non-Convertible Debentures falls to AA- or below. Balance Non-Convertible Debentures amounting to ₹ 526.25 crore did not carry such clause of early redemption.

Audit observed that despite downgrading/falling of ratings of the Non-Convertible Debentures since March 2019 and recommendations of Portfolio Managers for exercising early redemption option, Coal Mines Provident Fund Organisation failed to utilise the option and remained indecisive, which resulted in avoidable loss of ₹ 315.35 crore.

Recommendation:

Failure of the Management in taking timely action for redemption of debentures of Dewan Housing Finance Corporation Limited may be investigated for fixation of responsibility. Management may strengthen the system to monitor the investment made in debentures, etc. so as to ensure the safety of the invested funds.

(Para 2.1)

Operation of Coal Mines Pension Scheme 1998 and Coal Mines Deposit Linked Insurance Scheme 1976

Audit reviewed the operations of the Coal Mines Pension Scheme 1998 and Coal Mines Deposit Linked Insurance Scheme 1976 operated by Coal Mines Provident Fund Organisation. The Compliance Audit para points out the issues in the operations of the schemes. The scheme wise issues noticed are highlighted below:

- 1. Coal Mines Pension Scheme, 1998:** The scheme came into force with effect from 31 March 1998. It includes provision for payment of pension to the employees on superannuation in accordance with the Scheme. Also, there are provisions for payment of Widow/Widower Pension and Children Pension in the scheme. During examination of records, Audit noticed the following issues:
 - Inadequate coverage of mine workers {Para 2.2.5.1 (i)}
 - Delay in receipt and settlement of pension cases {Para 2.2.5.1 (iii)(a) and (b)}
 - Incorrect fixation of Pension {Para 2.2.5.1 (iv)}
 - Non-adherence/deviations from the provisions of the scheme {Para 2.2.5.1 (v)}
 - Instances of excess disbursement of pension {Para 2.2.5.1 (vi)(e)}
 - Lack of monitoring and control mechanism {Para 2.2.5.1 (vi)}

Management/Ministry has accepted the issues pointed out by Audit and assured of corrective actions.

- 2. Coal Mines Deposit Linked Insurance Scheme, 1976:** To provide benefit of life insurance to the employees covered under the Scheme, Coal Mines Deposit Linked Insurance Scheme, 1976 was introduced with effect from 1 August 1976. The Scheme provides that in the event of death of an employee in harness, his/her nominee is

entitled to receive, an amount equal to the average balance, in the account of the deceased during the preceding three years, subject to a maximum of ₹ 10,000. While examination of records, audit noticed the following issues:

- Non-collection of contribution from members of the scheme {Para 2.2.5.2 (ii)}
- Non-levy of damage charges on non-contributors {Para 2.2.5.2 (iii)}
- Non-levy and collection of inspection charges for maintaining of accounts which is in deviation of the provisions of the scheme {Para 2.2.5.2 (iii)}
- Non-revision of administration charges since inception of the scheme {Para 2.2.5.2 (iii)}

Management while accepting the facts stated that the Board of Trustees has decided and approved the proposal for withdrawal of the Scheme which has been sent to the Ministry of Coal. Ministry also accepted the facts and stated that proposal of withdrawal of the Deposit Linked Insurance Scheme through amendment in the Act was under consideration.

With regard to Audit findings in the Para, Audit recommends that:

1. ***Management may take necessary steps to ensure maximum coverage of workers of coal mines under the Coal Mines Pension Scheme.***
2. ***Management may take necessary steps to ensure the sustainability of the Fund for disbursement of Pension liability in future. Further, the recommendations of the Actuary should be acted upon timely.***
3. ***Management may devise mechanism for creating awareness among the members for timely submission of pension claims.***
4. ***Management may take necessary steps and devise a mechanism to ensure the settlement of pension claims within a time bound manner so that the members can be provided their legitimate right of pension in time.***
5. ***Management may pursue the matter with the Ministry for carrying out the modifications in Coal Mines Pension Scheme so that uniformity may be brought among Regional offices for computation of pensions.***
6. ***Management may devise a monitoring and reconciliation mechanism for ruling out deficiencies in pension disbursements.***
7. ***Management may ensure prompt settlement and disposal of long pending pension revision cases.***
8. ***Management may develop an effective IT system to streamline the disbursement and monitoring of pension.***
9. ***Management may take steps for prompt settlement of erstwhile Family Pension Scheme.***
10. ***Management may devise a reliable mechanism for prompt and timely redressal of grievances.***

11. *Management may review the Coal Mines Pension Scheme and explore the possibility of having Independent Regulator for the Scheme to ensure effective implementation of the Scheme and to ensure that the intended benefits of the Scheme are extended to contractual workers.*

(Para 2.2)

Department of Financial Services

Deficiencies noticed in Recapitalisation of Public Sector Banks

Public Sector Banks (PSBs) constitute major component of the Indian Banking System and are an important instrument to implement various welfare schemes of the Government of India. Department of Financial Services (DFS) recapitalised PSBs for credit growth, meeting the requirement for regulatory capital, equipping better performing PSBs placed under Reserve Bank of India's Prompt Corrective Action framework to come out of it and meeting capital requirement on account of amalgamation of PSBs. Audit observed the following:

- DFS infused ₹ 8,800 crore into SBI in 2017-18 for credit growth considering it the largest PSB in the country even though there was no demand. DFS did not conduct assessment of the capital requirement as per its own standard practice before recapitalisation.
- DFS considered cushion over and above the norms prescribed by the Reserve Bank of India (RBI) while recapitalising PSBs. RBI had already prescribed enhanced capital requirement of additional 1 *per cent* on banks in India. This resulted in excess infusion of ₹ 7,785.81 crore.
- DFS infused ₹ 831 crore into Bank of Maharashtra in 2019-20 against the bank's demand of ₹ 798 crore to avoid surrender of funds amounting to ₹ 33 crore.

With regards to audit findings in the Para, Audit recommends that:

1. *In order to maintain uniformity amongst all PSBs, DFS may consider framing guidelines for cases of additional capital infusion in PSBs for credit growth.*
2. *Given the fact that RBI norms for Regulatory Capital Requirement for Banks are already above the Basel III norms, DFS may infuse funds sufficient enough to ensure that the PSBs are able to meet the minimum norms prescribed by RBI. The requirement for any additional funds to meet the Regulatory requirement during the course of the year, if any, could be considered as and when the need arises with proper justification. Giving a blanket headroom/cushion over and above the Regulatory requirement should not be normally encouraged considering the fiscal deficit and the competing demands of resources in the country.*

(Para 3.1)

Central Public Works Department

The rate of water charges of General Pool Residential Accomodation, where water supply is not regulated by meters, are to be decided on the basis of information provided by Central Public Works Department (CPWD) and the water charges to be revised from time to time and circulated by Directorate of Estates. Audit observed that in 'N' Division, CPWD was paying more towards water supplied by New Delhi Municipal Corporation in comparison to amount recovered from allottees. This was due to non-installation of individual water meters and non-revision of rates for recovery of water charges since last 16 to 27 years. This resulted in financial burden of ₹ 7.69 crore on CPWD.

(Para 4.1)

Actual consumption of electricity was persistently lower than the Contract Demand in case of Pushpa Bhawan, Delhi. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt (KW), the same was not availed by CPWD Division resulting in avoidable loss of ₹ 44.62 lakh. On being pointed out by Audit, Contract Demand and Sanctioned Load was reduced by CPWD. Following the Audit observation, CPWD Directorate also issued directions (December 2021) to review all such cases where actual maximum demand is less than the Contract Demand.

(Para 4.2)

After reverting from New Pension Scheme {now National Pension System (NPS)} subscription to Old Pension Scheme (GPF subscription), as per the court orders, CPWD credited entire amount of NPS subscription, returned from NSDL, into the GPF Account of the employees without adjusting Government Share and interest thereupon. In nine cases, an amount of ₹ 19.62 lakh, including penal interest of ₹ 0.69 lakh, deposited in GPF Accounts, had been recovered and transferred to Government Accounts at the instance of Audit. In spite of reminders to CPWD to make available details of other similar cases, no information was received.

Recommendation:

CPWD may review all cases of employees where NPS subscription was returned by NSDL to ensure that only legitimate portion is credited into the GPF Account of the employees after adjusting Government share and interest thereupon along with penalties, if any.

(Para 4.3)

Maintenance of Houses by Central Public Works Department

CPWD is an attached office of the Ministry of Housing and Urban Affairs (MoHUA) and Principal Engineering Organisation and Technical Advisor to the Government of India. Works executed by CPWD are categorised as Construction and Maintenance works. Maintenance works refer to works undertaken to keep, restore or improve the facilities of a structure or building with the aim to keep the same in good condition and in acceptable standards to sustain its utility and value.

The scope of audit covered activities relating to maintenance of houses for the period from 2017-18 to 2019-20. During the period, total expenditure on maintenance under budget head Revenue, across the country and Delhi Region was ₹ 1,197.50 crore and ₹ 759.87 crore, respectively. Around 65 *per cent* of the General Pool Residential Accommodation (GPRA) housing stock is situated in Delhi and 63.46 *per cent* of expenditure on maintenance, during the three years' period, had been incurred in Delhi Region alone. Thus, the Compliance audit focused on activities related to maintenance of Houses in the Delhi Region only. The scope of audit intended to assess efficient planning mechanism, efficient execution of maintenance activities and effective monitoring and complaint redressal mechanism. Major Audit observations in brief were as under:

Planning mechanism

Planning is important exercise which aids in decision making and maximising the use of the limited resources. Audit found that CPWD Divisions had neither prepared Annual Action Plans nor Registers of Buildings. The inspections of buildings/structures had also not been carried out as per the prescribed norms. As a result, Audit could not derive a reasonable assurance about the existence of an efficient planning mechanism for timely assessment of requirements and prioritisation of maintenance works by CPWD.

(Para 4.4.4.1)

Execution of works

During execution of works, instances of non-appointment of technical representative by the Division were noticed. Besides, non-use/less use of material, use of material without quality testing were also observed due to which works were rendered sub-standard. Provisions of the CPWD Manual were not followed in maintenance of records such as the Material at Site register, Site Order Book, Inspection Register, etc. In specialised works, neither Guarantee Bonds were obtained nor 10 *per cent* security from the bills of the contractor was deducted. There were also instances of extending undue benefits to the contractor.

(Para 4.4.4.2)

Monitoring and complaint redressal

Data analysis revealed a number of shortfalls in the working of CPWD viz., delays in disposal of complaints, delays in handing over physical possession, etc. There was pendency of complaints for long periods which indicated laxity in redressal of complaints and lack of monitoring, leading to dissatisfaction among the allottees and also loss of revenue to the public exchequer due to delayed handing over of quarters. Instances of non-adherence to a number of provisions of the Maintenance Manual and monitoring mechanisms such as attending to offline complaints, non-carrying out of physical inspections as per norms, etc. were also noticed.

(Para 4.4.4.3)

With regards to audit findings in the Para, Audit recommends that:

1. *CPWD may strengthen its planning mechanisms by ensuring preparation of Annual Action Plans based on objective inputs. A format for collection of information required to prepare Annual Action Plans needs to be devised. An online system may also be devised for preparation of AAP and collection of information for the same to ensure effective monitoring and control.*
2. *The Register of Building as prescribed by the CPWD Maintenance Manual, indicating particulars of property, year of construction/purchase, recorded value, source of funds, object of construction, record of plants maintained, etc., should be maintained by each division of CPWD and CPWD Sewa may also be updated accordingly.*
3. *CPWD may strengthen its planning mechanism by regular inspection of the buildings/structures at each level and to report deficiencies to ensure necessary remedial action as prescribed by the Manuals.*
4. *Compliance to provisions of CPWD Manuals/General Conditions of Contracts pertaining to appointment of technical representatives may be ensured for his/her availability for proper supervision of work at site during all the stages of work.*
5. *Provisions of CPWD Manuals pertaining to testing of material brought at site may be complied with to ensure use of quality material.*
6. *Provisions of CPWD Manuals pertaining to obtaining of Guarantee Bonds and deduction of 10 per cent security from the bills of the contractors in specialised works may be adhered to. A mechanism should be devised to collate the complaints and link with improper/sub-standard work to ensure rectification of the same by the contractor or recovery thereof.*
7. *Inspection Registers and Site Order Books should be maintained as prescribed in the CPWD Works Manual for proper monitoring of the works.*
8. *Requirements of quantity of materials to be used in the work should be complied with and the material brought at site be properly accounted for in the Material at Site Register. Responsibility should be fixed for short accountal/usage.*
9. *Provisions of Agreement regarding recoveries from the bills of contractor need to be strictly complied with.*
10. *CPWD may ensure proper use of CPWD Sewa for monitoring and managing the complaints to ensure timely redressal of the same.*
11. *CPWD may ensure promptness in handing over physical possession of quarters to allottees in accordance with the norms prescribed.*
12. *CPWD may ensure strengthening of their monitoring mechanisms regarding complaints at various level, i.e., Junior Engineer/Assistant Engineer/Executive Engineer. It may be ensured that all complaints are entered on CPWD Sewa.*

(Para 4.4)

Office of Development Commissioner (MSME)

The office of Development Commissioner (MSME) released inadmissible amount of ₹ 50.50 lakh to Haryana State Industrial & Infrastructure Development Corporation Limited (HSIIDC) as reimbursement towards expenditure incurred before approval of a project under Micro and Small Enterprises – Cluster Development Programme. The amount was yet to be recovered from HSIIDC.

(Para 5.1)

Ministry of Mines

Geological Survey of India placed (December 2005) an order for procurement of helicopter to Hindustan Aeronautics Limited at ₹ 34.87 crore and also placed (March 2009) procurement order for heliborne geophysical sensor survey system to M/s PICO Enirotec Inc., Canada at a cost of US\$ 39,91,674 (equivalent to ₹ 19.17 crore) through global tender. Due to delay in procurement of heliborne sensor survey system, the helicopter was kept under paid maintenance and safe custody of Hindustan Aeronautics Limited from March 2009 to November 2013. During the test flight in May 2014, one part of the heliborne sensor survey system got damaged. Thereafter, very limited heliborne survey could be conducted due to repeated technical snags even after repairs. Facing technical constraints of the heliborne system and helicopter, Geological Survey of India proposed (July 2017) disposal of helicopter as well as geophysical sensor survey system. The Ministry of Mines subsequently approved (September 2017) the proposal for disposal of helicopter only. Geological Survey of India handed over (May 2019) the helicopter to Hindustan Aeronautics Limited at a price of ₹ 9.22 crore while the heliborne geophysical sensor survey system remained in idle condition with the Geological Survey of India. Audit observed that deficient cost benefit analysis coupled with lack of due diligence in evaluating the technical aspects of the helicopter and the geophysical survey system prior to their procurement resulted in unfruitful expenditure of ₹ 81.88 crore and also frustrated the very purpose of such procurement as Geological Survey of India could survey only two *per cent* of their envisaged target of survey of three lakh line kilometres.

(Para 6.1)

National Mineral Exploration Trust

Functioning of National Mineral Exploration Trust

National Mineral Exploration Trust (NMET) was set up (August 2015) as a non-profit body to expedite mineral exploration in the country with NMET contribution as its source of financing. The holders of mining lease or prospecting licence-cum-mining lease are required to pay NMET contribution at the rate of two *per cent* of the royalty payable to the State Government. Severe discrepancies however exist in reconciliation of NMET contribution even after six years of its inception. There was consistent shortfall in utilisation of allocated budget due to delay in initiating reimbursement, undue dependence on Mineral Exploration Corporation Limited /Geological Survey of India, lack of

participation of private exploration agencies, want of capacity building programmes and inadequate scrutiny of project proposals.

(Para 6.2.3.1)

Further, the exploration projects approved by NMET were skewed towards bulk minerals and it did not accord required priority to exploration of strategic and critical minerals which was one of prime objectives of its establishment. There were deficiencies in diligent scrutiny of projects by Technical-cum-Cost Committee as well.

(Paras 6.2.3.2 and 6.2.3.3)

Although NMET was intended to function as an autonomous body since inception, undue control of the Ministry of Mines and lack of full autonomy resulted in several administrative and functional problems such as non-preparation of its separate budget or annual accounts. As a result, no audit of annual accounts could be conducted till date (October 2022). In the absence of autonomy, NMET not only failed to achieve its intended purposes effectively but also funding operations thereof were not managed in an organised manner. Further, non-development of adequate control mechanisms and non-preparation of separate budget affected the effectiveness and economy of NMET's operations. All these resulted in inadequacy of impetus required to cater to the need of mineral exploration in the country.

(Para 6.2.3.8)

With regard to Audit findings in the Para, Audit recommends that:

- 1. In view of the statutory nature of NMET contribution and its significance for mineral exploration in the country, NMET may ensure reconciliation of NMET contribution due to be collected, actually collected and that deposited into the Consolidated Fund of India.*
- 2. Ministry may take steps for incorporating enabling provision to empower NMET to call for information with specified periodicity from both Indian Bureau of Mines and State Governments.*
- 3. Ministry may consider incorporating suitable penal provisions/penalty for delayed deposit of NMET contribution in Act or Rules.*
- 4. NMET may take necessary steps to reinforce its project scrutiny process, streamline tendering process, monitoring of ongoing projects, increase participation of private parties, organise capacity building programs, etc., to increase utilisation of idle funds.*
- 5. NMET may ensure holding required number of meetings of its Governing Body at regular intervals and get its annual plan and budget approved prior to sending the same to the Parliament to have greater control and monitoring on its affairs.*

6. *NMET may take measures for prioritising the project proposals in consultation with Central Geological Planning Board and accord suitable priority to strategic and critical mineral projects while sanctioning funds to Notified Exploration Agencies.*
7. *NMET may frame a Standard Operating Procedure regarding conduct of business of its Technical-cum Cost Committee with appropriate duration allotted for each project in order to evaluate the proposals scrupulously.*
8. *NMET may devise and implement a robust mechanism for monitoring of its ongoing projects to have a better control on project execution and expenditure.*
9. *NMET may ensure that exploration agencies plan their field work in a time bound manner and carry out execution only after appropriate approvals are obtained.*
10. *Ministry may expedite according full autonomy to NMET so that it is strengthened to play its role of national importance with its own set of infrastructure and human resources as envisaged. This would enable the Trust to take decisions more independently and overcome hurdles faced by it in present dispensation.*
11. *NMET may have an ideal mix of borrowed and permanent staff to maintain healthy in-house cadre and continuity in organisation.*

(Para 6.2)

Syama Prasad Mookerjee Port

Haldia Dock Complex of Syama Prasad Mookerjee Port (Port) allotted (February 2016) land to the M/s Dinesh Chandra R Agarwal Infracon Private Limited, a contractor engaged by Calcutta Haldia Port Road Company Limited without any charge and without approval of the competent authority. The Port raised (January 2017 and June 2017) invoices towards licence fee for the period from February 2016 to January 2017 and thereafter, stopped raising the same since no payment was made by the contractor. The contractor did not pay any licence fee and vacated (January 2021) the land on completion of the construction of Road Over Bridge cum flyover after occupation of the land for almost five years without any charges. The Port, thus, extended undue benefit to the contractor by allotment of land without any charge leading to a loss of revenue of ₹ 4.06 crore to the Port.

Recommendation:

Syama Prasad Mookerjee Port may fix responsibility on officials of Infrastructure and Civic Facilities Division of Haldia Dock Complex for allotment of land free of charge to a private contractor without approval of competent authority and take appropriate steps to prevent its recurrence in future.

(Para 7.1)

Visakhapatnam Port Authority

Assessment of Environmental Issues in Visakhapatnam Port Authority

Visakhapatnam Port Authority (VPA), one of the major ports in India, was established in the year 1933 on the Eastern Coast of India. VPA handled 207.86 million tonnes of various cargoes during the financial years 2018-19 to 2020-21. The audit on “Assessment of Environmental Issues in VPA” was conducted for the period of three years from 2018-19 to 2020-21 to review the pollution control measures taken up by VPA and also review the role of Andhra Pradesh Pollution Control Board in enforcement of environment related safeguards and their effectiveness, adequacy and compliances. The main observations noticed during audit were as under:

- Long Term Lease Agreements entered for leasing of port land with various parties by Visakhapatnam Port Authority stipulates that the lessees should develop greenery in 10 *per cent* of the area allotted to them as an anti-pollution measure failing which double the cost of plantation for 10 *per cent* of the area of land including the maintenance cost will be recovered from the lessees without any notice. Though the stipulated condition was not adhered by the lessees in 112.75 acres, penalties to the tune of ₹ 19.84 crore were not imposed on the lessees.

{Para 7.2.6.1 (iii)}

- Harbour Water Quality Management was deficient as it was noticed that Lead, Dissolved Oxygen and Total Suspended Solids were found beyond the prescribed tolerance limits.

{Para 7.2.6.2 (i)}

- It was observed that Water Consumption and Discharge of Effluents were beyond the limits stipulated in the Consent for Operation issued by Andhra Pradesh State Pollution Control Board.

{Para 7.2.6.2 (ii)}

- VPA failed to meet the prescribed annual average standards in respect of emission of PM₁₀ during the years 2018 to 2021 (up to July 2021).

{Para 7.2.6.3 (i)}

- Though Andhra Pradesh State Pollution Control Board has directed VPA to cover all the stack yards of dusty cargoes (coal and other cargoes) with tarpaulins, it was observed that, of the examined stacks during the period from January 2019 to June 2021, 15 *per cent* of the stacks had no tarpaulin coverage at all and the average surface coverage of the stacks with tarpaulins was only about 60 *per cent* of dusty cargo stacks.

{Para 7.2.6.3 (ii)}

- National Green Tribunal instructed Andhra Pradesh State Pollution Control Board to levy penalty under the principle of “Polluter Pays” as there were

non-compliances of assurances made to it by VPA. Consequent to the instructions of National Green Tribunal, Andhra Pradesh State Pollution Control Board imposed a penalty of ₹ 1.97 crore. It was further observed that even after payment of such penalty, there was continuous non-compliance of directions of Andhra Pradesh State Pollution Control Board by VPA subsequently as well.

{Para 7.2.6.3 (iii)}

- Noise levels recorded by VPA in respect of its Diesel Generators were in excess of the prescribed limit of 75 dB (A) and ranged up to 102.7 dB (A) on 22 out of 33 occasions when test was done for various diesel generators at Off Shore Tanker Terminal Berth, LPG Berth and Oil Refinery-I&II Berth during the period 2018-19 to 2020-21.

(Para 7.2.6.4)

- Role of Andhra Pradesh State Pollution Control Board was deficient as its monitoring and enforcement mechanism appeared to be very weak as evidenced by its inaction in the areas of consumption of water, excess discharge of effluents beyond norms stipulated in the Consent for Operations, excess emission of PM₁₀, delayed installation of Sewage Treatment Plant, etc.

(Para 7.2.6.7)

With regard to Audit findings in the Para, Audit recommends that:

- 1. Visakhapatnam Port Authority may evolve a well laid down Comprehensive Environment Management Policy outlining roadmap for abatement of pollution in synchronisation with its Master Plan.*
- 2. Visakhapatnam Port Authority may initiate action on the lessees who have not complied with the contractual obligations relating to plantations.*
- 3. Visakhapatnam Port Authority may take necessary steps to improve the Harbour Water quality. So far as role of Greater Visakhapatnam Municipal Corporation is concerned, matter may be escalated with concerned Authorities.*
- 4. Visakhapatnam Port Authority may explore alternative methods for increasing reuse of waste water such as for gardening, flushing toilets, sprinkling on roads/coal yards to suppress dust, etc. so as to reduce the consumption of fresh water.*
- 5. Visakhapatnam Port Authority needs to make greater efforts to ensure adequate coverage of stacks by tarpaulins so as to reduce the dust emanating from the cargoes.*
- 6. Andhra Pradesh Pollution Control Board may consider reviewing the commitments given by VPA to keep the pollution levels within the norms and take appropriate timely action against VPA, as warranted.*

7. *Visakhapatnam Port Authority may provide adequate qualified manpower for the Environment Cell to oversee the environment related activities.*
8. *Visakhapatnam Port Authority may conduct Environment Audit regularly and take remedial action based on the findings of such Audit.*

(Para 7.2)

CHAPTER I: INTRODUCTION

1.1 About this Report

Compliance Audit refers to examination of transactions relating to expenditure, receipts, assets and liabilities of audited entities to ascertain whether the provisions of the Constitution of India and applicable laws, rules, regulations, orders and instructions issued by the competent authorities are being complied with and also to determine their legality, adequacy, transparency, propriety, prudence and effectiveness in terms of achievement of the intended objectives.

Audits are conducted on behalf of the Comptroller and Auditor General of India (CAG) as per the approved Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The Audit findings/observations are expected to enable the Executive to take corrective action(s), also to frame policies and procedures 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 brief analysis of the expenditure of the Economic and Service Ministries/Departments as listed out in **Annexure-I** and their financial management. Chapters II to VII present findings/observations arising out of the Compliance Audit of the Economic and Service Ministries/Departments and their Autonomous Bodies as listed out in **Annexure-II**.

1.2 Authority for Audit

The authority for Audit by the CAG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (Act). CAG conducts audit of expenditure of Ministries/Departments of the Government of India under Section¹ 13 and Section² 17 of the Act.

Bodies established by or under law made by the Parliament and containing specific provisions for audit by the CAG are statutorily taken up for audit under Section³ 19(2) of the Act. Audit of other organisations (Corporations or Societies) are entrusted to the CAG

¹ *Audit of (i) all expenditure from the Consolidated Fund of India, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets and other subsidiary accounts.*

² *Audit and report on the accounts of stores and stock kept in any office or department of the Union or of a State.*

³ *The duties and powers of the CAG in relation to the audit of the accounts of corporations (not being companies) established by or under law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective legislations.*

in public interest under Section⁴ 20(1) of the Act. Besides, bodies or authorities, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the CAG under the provisions of Section⁵ 14(1) of the Act.

1.3 Planning and conduct of audit

Compliance audit is conducted in accordance with the principles and practices enunciated in the auditing standards promulgated by the CAG. The audit process commences with the assessment of risk of the Ministry/Department as a whole and of each unit thereunder based on expenditure incurred, the criticality/complexity of its activities, the 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 is decided. An annual audit plan is thereafter formulated to conduct audit on the basis of such risk assessment. After completion of audit of selected/planned units, Inspection Reports containing audit findings are issued to the heads of the units. 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 issued separately as draft Audit paragraphs to the heads of the Administrative Ministries/Departments for their comments and processed for inclusion in the Reports of the CAG which are submitted to the President of India under Article 151 of the Constitution.

1.4 Budget and Expenditure

The comparative position of budget and expenditure⁶ during the reporting period 2020-21 and the preceding year in respect of Economic and Service Ministries/Departments (wherever applicable) is given in Table 1.1 below.

⁴ *Where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law made by Parliament, he shall, if requested so to do by the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority*

⁵ *Where any body or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly, the CAG shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.*

⁶ *Appropriation Accounts of the respective years*

Table 1.1: Budget and Expenditure of Economic and Service Ministries/Departments

(₹ in crore)

Ministry/ Department	Year	Budget Estimate (BE)	Actual expenditure	Unspent budget	% of unspent budget against BE
Ministry of Chemicals and Fertilizers					
Department of Chemicals & Petrochemical	2020-21	295.70	293.04	2.66	0.90%
	2019-20	370.18	365.12	5.06	1.37%
Ministry of Civil Aviation	2020-21	4,131.62	4,090.18	41.44	1.00%
	2019-20	4,500.02	3,646.82	853.20	18.96%
Ministry of Coal	2020-21	882.63	571.64	310.99	35.23%
	2019-20	1,159.06	823.00	336.06	28.99%
Ministry of Commerce and Industry					
Department of Commerce	2020-21	6,219.33	4,582.82	1,636.51	26.31%
	2019-20	6,998.78	6,944.44	54.34	0.78%
Department of Promotion of Industry and Internal Trade	2020-21	8,254.67	7,559.13	695.54	8.43%
	2019-20	6,510.54	6,423.29	87.25	1.34%
Ministry of Corporate Affairs	2020-21	752.63	666.54	86.09	11.44%
	2019-20	639.84	582.11	57.73	9.02%
Ministry of Finance					
Department of Financial Services	2020-21	60,780.64	48,939.16	11,841.48	19.48%
	2019-20	83,884.03	83,233.52	650.51	0.78%
Department of Investment & Public Asset Management	2020-21	132.11	71.72	60.39	45.71%
	2019-20	132.08	105.1	26.98	20.43%
Department of Public Enterprises ⁷	2020-21	24.15	16.15	8.00	33.13%
	2019-20	22.64	21.09	1.55	6.85%
Ministry of Heavy Industries	2020-21	1,532.45	896.55	635.90	41.50%
	2019-20	1,367.01	1,306.19	60.82	4.45%
Ministry of Housing & Urban Affairs	2020-21	67,786.29	53,410.65	14,375.64	21.21%
	2019-20	55,146.07	42,353.64	12,792.43	23.20%
Ministry of Micro Small and Medium Enterprises	2020-21	8,572.24	5,647.83	2,924.41	34.11%
	2019-20	7,011.31	6,717.54	293.77	4.19%
Ministry of Mines	2020-21	1,851.41	1,435.28	416.13	22.48%
	2019-20	1,825.55	1,466.68	358.87	19.66%
Ministry of Petroleum and Natural Gas	2020-21	46,813.02	42,189.88	4,623.14	9.88%
	2019-20	45,501.86	42,812.23	2,689.63	5.91%
Ministry of Ports, Shipping & Waterways	2020-21	2,365.01	1,907.63	457.38	19.34%
	2019-20	2,653.67	2,193.46	460.21	17.34%
Ministry of Power	2020-21	22,284.79	14,940.49	7,344.30	32.96%
	2019-20	22,900.29	21,135.10	1,765.19	7.71%
Ministry of Road Transport & Highways	2020-21	1,96,544.85	1,89,789.88	6,754.97	3.44%
	2019-20	1,66,616.66	1,52,161.35	14,455.31	8.68%

⁷ As per the Gazette Notification dated 6 July 2021 of the Cabinet Secretariat, the administrative control of the Department of Public Enterprises has been shifted from the Ministry of Heavy Industries and Public Enterprises to the Ministry of Finance and the Ministry of Heavy Industries and Public Enterprises has been renamed as Ministry of Heavy Industries.

Ministry/ Department	Year	Budget Estimate (BE)	Actual expenditure	Unspent budget	% of unspent budget against BE
Ministry of Steel	2020-21	100.00	74.31	25.69	25.69%
	2019-20	241.29	194.33	46.96	19.46%
Ministry of Textiles	2020-21	3,520.98	3,146.97	374.01	10.62%
	2019-20	4,857.33	4,455.19	402.14	8.28%
Ministry of Tourism	2020-21	2,506.10	1,138.43	1,367.67	54.57%
	2019-20	2,189.24	1,399.21	790.03	36.09%
Total	2020-21	4,35,350.62	3,81,368.28	53,982.34	12.40%
	2019-20	4,14,527.45	3,78,339.41	36,188.04	8.73%

From the above table, it may be seen that:

- The total expenditure of the above Ministries/Departments of the Government of India during 2020-21 was ₹ 3,81,368.28 crore as against ₹ 3,78,339.41 crore in 2019-20 viz., an increase of ₹ 3,028.87 crore (0.80 per cent).
- Out of the total expenditure of ₹ 3,81,368.28 crore incurred by the Ministries/Departments during 2020-21, 49.77 per cent was incurred by Ministry of Road Transport & Highways followed by Ministry of Housing and Urban Affairs (14.01 per cent) and Department of Financial Services (12.83 per cent).
- The Ministries/Departments having increase in actual expenditure over the previous year were the Ministry of Housing and Urban Affairs, Ministry of Road Transport and Highways, Ministry of Corporate Affairs, Ministry of Civil Aviation and Department for Promotion of Industry and Internal Trade. Decrease in actual expenditure over the previous year was observed in the remaining Ministries/Departments during 2020-21.
- With reference to the total budget provision of ₹ 4,35,350.62 crore during 2020-21, the Ministries/Departments had an overall unspent budget of ₹ 53,982.34 crore which constituted 12.40 per cent of the total grant/appropriation, as against the unspent budget of 8.73 per cent during 2019-20.

1.5 Utilisation Certificates

As per the General Financial Rules, certificates of utilisation in respect of grants released to statutory bodies/organisations are required to be furnished within 12 months from the closure of the financial year by the concerned bodies/organisations. The Ministry/Department-wise details indicating the position (as on March 2021) of 5,570 outstanding utilisation certificates involving an amount of ₹ 18,186.67 crore in respect of grants released up to March 2020 by 13 Ministries/Departments that remained outstanding after 12 months from the end of the financial year in which the grants were released are given in **Annexure-III**. The age-wise position of outstanding utilisation certificates is summarised in Table 1.2 below:

Table 1.2: Position of outstanding Utilisation Certificates (UCs)
(₹ in crore)

Range of delay in number of years	UCs outstanding as on 31 March 2021	
	Number	Amount
0-1	1,445	7,090.80
1-5	2,832	9,470.48
Above 5	1,293	1,625.39
Total	5,570	18,186.67

In respect of the above 5,570 utilisation certificates involving ₹ 18,186.67 crore, no assurance could be derived that the amount had actually been incurred for the purpose for which it was sanctioned/authorised by the Legislature. High pendency of utilisation certificates is fraught with risk of misappropriation of funds and fraud.

The outstanding utilisation certificates predominantly pertain to seven Ministries/Departments. These constitute 97.20 *per cent* of total outstanding utilisation certificates, value of which is 97.63 *per cent* of the total outstanding amount. The position of the outstanding utilisation certificates with significant money value relating to the seven Ministries/Departments, as on March 2021, is given in Table 1.3 below:

Table 1.3: Utilisation certificates outstanding as on 31 March 2021
(₹ in crore)

Sl. No.	Ministry/Department	Till March ⁸ 2020	
		Number	Amount
1.	Ministry of Housing and Urban Affairs	1,721	12,223.29
2.	Ministry of Textiles	2,961	855.70
3.	Department of Financial Services	43	3,087.25
4.	Ministry of Micro, Small and Medium Enterprises	572	820.11
5.	Ministry of Tourism	84	361.78
6.	Department of Chemicals & Petrochemicals	13	215.22
7.	Ministry of Road Transport and Highways	20	191.72
	Total	5,414	17,755.07

1.6 Delay in submission of accounts by Central Autonomous Bodies (CAB)

The Committee on Papers Laid on the Table of the House had recommended in its First Report (1975-76) that every Autonomous Body (AB) should finalise/prepare its accounts within a period of three months after close of the accounting year (Financial Year) and make them available for audit. This is also stipulated in Rule 237 of the General Financial Rules, 2017.

Table 1.4 below shows delay in submission of accounts for the year 2020-21 by the CABs for audit:

⁸ For grants released till March 2020

Table 1.4: Delay in submission of accounts for the year 2020-21 by CABs

No. of CABs	Period of Delay			
	Up to 1 month	1-3 months	3-6 months	Beyond 6 months
	17	11	7	6

The details of CABs whose accounts for the year 2020-21 and/or the preceding year (2019-20) were delayed are given in **Annexure-IV**. Maximum delays in submission of accounts for the year 2020-21 was observed in case of Rajiv Gandhi National Aviation University (8 months), Rajiv Gandhi Institute of Petroleum Technology (8 months), National Jute Board (8 months), Seamen’s Provident Fund Organisation (9 months), Coal Mines Provident Fund Organisation (13 months), and National Automotive Testing and R&D Infrastructure Project Implementation Society (13 months).

1.7 Delay in presentation of audited accounts of CABs before Parliament

The Committee also recommended that the audited accounts of ABs be laid before Parliament within nine months of the close of the financial year i.e., by 31 December of the subsequent financial year.

The CABs which did not get its audited accounts for the year 2020-21 laid before either or both the houses of the Parliament (as on October 2022) is as mentioned in Table 1.5:

Table 1.5: CABs for which audited accounts for the year 2020-21 were issued but not presented to Parliament

Sl. No.	Name of the CAB
1.	Central Silk Board, Bengaluru
2.	Visakhapatnam Port Trust, Visakhapatnam
3.	National Institute of Design, Madhya Pradesh
4.	National Jute Board, Kolkata
5.	Seamen’s Provident Fund Organisation, Mumbai
6.	Stressed Assets Stabilisation Fund, Mumbai

Further, there were 33 CABs whose audited accounts for the year 2020-21 had been laid in the Parliament after the due date. Similarly, there were 52 CABs whose audited accounts for the year 2019-20 had been laid in the Parliament after the due date. The details are shown in **Annexure-V**.

1.8 Results of certification of audit

Separate Audit Reports for CABs audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971, are appended to the certified final accounts that are to be tabled by respective Ministries in the Parliament. Some of the significant observations issued on financial statements of CABs for the year 2020-21 are given in **Annexure-VI**. Some of the other important deficiencies noticed during the audit of Annual Accounts of CABs for the year 2020-21 are as mentioned below:

- a) Internal audit was not conducted in 15 CABs (**Annexure-VII**)
- b) Physical verification of the fixed assets was not carried out in 12 CABs (**Annexure-VIII**);
- c) Physical verification of the inventories was not carried out in 6 CABs (**Annexure-IX**);
- d) Accounting for gratuity and other retirement benefits was not carried out on the basis of actuarial valuation in 14 CABs (**Annexure-X**); and
- e) Accounts of five CABs were revised as a result of audit (**Annexure-XI**).

1.9 Status of pending ATNs

The Public Accounts Committee (PAC), in its 105th Report (Tenth Lok Sabha–1995-96) which was presented to the Parliament on 17 August 1995, had recommended that Action Taken Notes (ATNs) on all paragraphs of the Reports of the CAG should be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of four months from the date of laying of the Audit Reports on the Table of the House starting from 31 March 1996 onwards. Subsequently, a Monitoring Cell was created under the Department of Expenditure which is entrusted with the task of coordination and collection of the ATNs from all the Ministries/Departments concerned duly vetted by Audit and sending them to PAC within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

A review of the position of the ATNs on paragraphs included in CAG's Compliance Audit Reports Union Government (Civil-Economic & Service Ministries), revealed that 46 ATNs were due but only 33 were received and were under various stages of correspondence with the concerned Ministries/Departments (March 2022). Details of the outstanding ATNs are indicated in **Annexure-XII**.

1.10 Response of the Ministries/Departments to Draft Audit Paragraphs

The Ministry of Finance (Department of Expenditure), on recommendations of PAC, issued directions to all Ministries in June 1960 to send their responses on the draft Audit paragraphs proposed for inclusion in the Report of the CAG within six weeks. The draft Audit paragraphs are forwarded to the Ministries/Departments concerned drawing their attention to the Audit findings and requesting them to send their response within prescribed time period. This report contains 12 Audit paragraphs. The replies of concerned Ministries/Departments were received in respect of seven paragraphs. The responses received have been suitably incorporated in the Report (October 2022).

CHAPTER II: MINISTRY OF COAL

Coal Mines Provident Fund Organisation

2.1 Failure of the Management to take timely decision to redeem debentures of Dewan Housing Finance Corporation Limited resulted in avoidable loss of ₹ 315.35 crore

Failure of Coal Mines Provident Fund Organisation to ensure the safety of its investments due to lackadaisical approach in redeeming debentures of Dewan Housing Finance Corporation Limited despite adverse credit ratings led to avoidable loss of ₹ 315.35 crore.

Coal Mines Provident Fund Organisation (CMPFO), under the administrative control of Ministry of Coal (MoC), is governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (Act). The Board of Trustees⁹ (BoT), administrative agency for CMPFO, consists of representatives of Central/State Government, employers, and employees. The Coal Mines Provident Fund Commissioner is the ex-officio member of the Board and the overall in-charge of the Organisation.

CMPFO invests the investible funds¹⁰ to generate optimum returns ensuring safety of the investments. CMPFO appoints portfolio managers who are responsible for investing the funds and monitoring the investments on a continuous basis. The scope of services of portfolio managers, *inter-alia*, provided that the services shall include investment management, renewing, reshuffling, and selling the Assets, etc., so as to ensure that the benefits accrue to the Trust. It also provided for the prior approval of BoT for exercising any option. CMPFO also formed an Investment Sub-Committee¹¹ which is responsible for reviewing the status of all investible funds and the performance of portfolio managers on quarterly basis.

CMPFO, as on March 2020, had an investment of ₹ 1,390.25 crore¹² in Non-Convertible Debentures¹³ of Dewan Housing Finance Corporation Limited (DHFL). The investment included Non-Convertible Debentures amounting to ₹ 864 crore having an early

⁹ Consists of Secretary, Ministry of Coal as Chairman, Commissioner, CMPFO as ex-officio member, Joint Secretary, Ministry of Coal, Joint Secretary cum Financial Advisor, Ministry of Coal and 11 other members.

¹⁰ Investible fund means fresh accretions, periodical income, redemption, sale proceeds and other surplus fund received therefrom and transferred to Trustee's Investment Account at a designated Branch of the Bank.

¹¹ Comprises of Joint Secretary and Financial Advisor, Ministry of Coal as the Chairperson and Joint Secretary, Ministry of Coal, Commissioner, CMPFO and Director (Finance), Coal India Limited as members.

¹² Investment was made during the period May 2015 to February 2018.

¹³ A debenture is a medium to long term debt instrument executed by the company acknowledging its obligation to repay the sum at a specified rate of interest. It is a method of raising loan funds of the company. Debentures are of two types viz., convertible (which can be converted into shares or equities) and non-convertible (which cannot be converted into shares or equities).

redemption clause, which provided the investors right to dispose of the investments before maturity at par along with accrued interest in case any credit rating agency assign credit ratings of AA- or below. Balance Non-Convertible Debentures amounting to ₹ 526.25 crore did not carry such clause of early redemption.

In this regard, Audit observed that CMPFO failed to take timely action for redemption of DHFL debentures despite adverse credit ratings resulting in avoidable loss of ₹ 315.35 crore. Detailed chronology of events in respect of redemption of debentures of DHFL by CMPFO is as under:

Table 2.1: Chronology of events in respect of redemption of debentures of DHFL

Date	Events
21 May 2015 to 20 February 2018	CMPFO through portfolio managers, invested ₹ 1390.25 crore in Non-Convertible Debentures (NCDs) of DHFL, which included NCDs amounting to ₹ 864 crore having an early redemption clause. Balance NCDs amounting to ₹ 526.25 crore did not carry such clause of early redemption.
3 February 2019 and 6 March 2019	A rating agency (CARE) downgraded ratings of Non-Convertible Debentures of DHFL from AA+ in February 2019 to AA- in March 2019.
8 March 2019	Portfolio Managers informed CMPFO regarding downgrading of rating and sought approval for early redemption of Non-Convertible Debentures of DHFL.
20 March 2019	On the recommendations of Portfolio Managers, proposals for early redemption of Non-Convertible Debentures were placed before Commissioner of CMPFO.
25 March 2019	Commissioner of CMPFO accorded the approval for inclusion in the items of the agenda for upcoming BoT meeting.
26 March 2019	The BoT meeting was held. However, the proposal for exercising early redemption of Non-Convertible Debentures was not included in the agenda of the meeting for obtaining approval of BoT.
14 May 2019	The rating of Non-Convertible Debentures of DHFL was further downgraded to BBB-.
5 June 2019	The credit rating of DHFL was removed from credit watch of the rating agencies.
24 June 2019	CMPFO requested the Joint Secretary, MoC, to take up the matter with the Chairman, BoT, considering the importance of the matter and requested to accord approval for exercising the early redemption clause to safeguard the investment in DHFL
2 July 2019	MoC instructed CMPFO to take appropriate action to bring the referred proposal for consideration in next BoT.
9 August 2019	CMPFO requested Joint Secretary, MoC for conveying suitable date and time for holding the 172 nd BoT meeting.
16 August 2019	MoC requested Commissioner, CMPFO to finalise the Action Taken Report of the previous (171 th) BoT meeting before proposing for convening next (172 nd) BoT meeting.

Date	Events
9 September 2019 30 September 2019 14 October 2019	MoC issued reminders to CMPFO for early action on its letter dated 16 August 2019.
24 October 2019	The ATR of the 171 st BoT meeting was approved by Chairman, BoT.
15 November 2019	CMPFO informing tentative agenda to MoC, requested Secretary, MoC to convey suitable date and time for proposed 172 nd BoT meeting with a copy to Joint Secretary, MoC
20 November 2019	Owing to governance concerns and defaults in meeting various payment obligations, the Reserve Bank of India superseded the Board of DHFL.
29 November 2019	Reserve Bank of India filed a petition before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC) for initiation of Insolvency Process against the company.
3 December 2019	NCLT initiated insolvency proceedings against DHFL and announced commencement of moratorium with effect from date of filing of petition <i>i.e.</i> 29 November 2019.
20 December 2019	The 172 nd BoT meeting held and it approved the option for exercising early redemption in respect of Non-Convertible Debentures held in DHFL, though the above right had lapsed after commencement (November 2019) of moratorium.
7 June 2021	NCLT approved the resolution plan of DHFL through which CMPFO received realisation proceeds of ₹ 662.58 crore only.

It could be seen from the above that:

- CARE (a rating agency) downgraded ratings of Non-Convertible Debentures of DHFL from AA+ in February 2019 to AA- in March 2019. The Portfolio Managers informed (March 2019) CMPFO regarding downgrading of rating and sought approval for early redemption of Non-Convertible Debentures held in DHFL.
- The option for exercising early redemption, based on the recommendations of Portfolio Managers, was proposed to be included as one of the items for agenda in next BoT to be held on 26 March 2019. The proposals were placed (20 March 2019) before Commissioner of CMPFO who accorded the approval (25 March 2019) for inclusion in the items of the agenda for upcoming BoT meeting. Despite approval of the Commissioner, the proposal for exercising early redemption was not included in the agenda of the BoT for discussion and obtaining approval of BoT.
- The rating of Non-Convertible Debentures of DHFL was further downgraded (14 May 2019) to BBB- and subsequently removed (5 June 2019) from credit watch of the rating agencies.
- Owing to governance concerns and defaults in meeting various payment obligations, the Reserve Bank of India superseded (20 November 2019) the Board of DHFL and filed a petition (29 November 2019) before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC) for initiation of Insolvency Process against the company. NCLT initiated (03 December 2019) insolvency proceedings against

DHFL and announced commencement of moratorium¹⁴ with effect from date of filing of petition i.e., 29 November 2019.

- The BoT finally approved (20 December 2019) the option for exercising early redemption in respect of Non-Convertible Debentures held in DHFL, though the above right had lapsed after commencement (November 2019) of moratorium.
- Though the Investment Sub-Committee was required to meet quarterly for review of investments, it did not call for any meetings during the intervening period of BoT's meeting (held on 26 March 2019) till commencement of moratorium (29 November 2019). Further, there was no BoT meeting held during the period to approve the proposal of exercising early redemption option.
- As per the resolution plan of DHFL approved (7 June 2021) by NCLT, CMPFO received realisation proceeds of ₹ 662.58 crore¹⁵ only.

Thus, it is evident from the facts highlighted above that despite recommendations by the Portfolio Managers in March 2019 and having the early redemption clause in Non-Convertible Debentures amounting to ₹ 864.00 crore, CMPFO failed to exercise the option, which resulted in avoidable loss of ₹ 315.35 crore¹⁶.

CMPFO while accepting the Audit observations, stated (January 2022) that CMPFO had incurred a loss in DHFL although it had taken all the necessary measures to avoid the loss. Further, even if the option had been exercised, it was not certain whether it could have received/recovered the amount at that time. It also stated that the reason for delay in taking decision was due to the fact that this type of uncertain incident had happened for the first time in the organisation. A resolution was passed giving powers to the Investment Sub-Committee for taking decision on all issues pertaining to investments of CMPFO, which could help in taking timely decision by the Investment Sub-Committee in future on such issues to avoid any loss to CMPFO.

The Ministry replied (March 2022) that the draft agenda approved by the Commissioner, CMPFO on 25 March 2019 could not be placed in the BoT meeting held on 26 March 2019, as the agenda for the meeting was already circulated seven days before the meeting. Subsequent meeting of BoT also could not be held till December 2019 as the Action Taken Report of the last BoT meeting (March 2019) could not be finalised till October 2019. The delay in exercising early redemption option was procedural.

The response of the Management/Ministry needs to be viewed in light of the following:

- CMPFO had the option to exercise early redemption in respect of Non-Convertible Debentures amounting to ₹ 864 crore. CMPFO could have taken prompt/timely action on the recommendations of Portfolio Managers for early redemption of

¹⁴ *Commencement of moratorium under section 14 of IBC prohibits the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.*

¹⁵ *₹113.93 crore in cash against Non-Convertible Debentures not having early redemption option and ₹187.05 crore in cash along with securities worth ₹361.60 crore for Non-Convertible Debentures having early redemption option.*

¹⁶ *₹864.00 crore – ₹187.05 crore received as cash - ₹361.60 crore received as securities.*

Non-Convertible Debentures when its rating became AA-, to safeguard the funds of ₹ 864 crore at that juncture.

- Though the Commissioner of CMPFO approved the proposal for exercising early redemption option as an agenda item for BoT meeting of March 2019, the same could not be implemented due to non-inclusion of the same as agenda item in the Board Meeting. Approval of BoT was taken belatedly in December 2019, after a delay of eight months when the right of early redemption had already lapsed due to commencement of moratorium in November 2019. Delayed decision by CMPFO resulted in the loss of opportunity to avail timely redemption option and safeguarding its funds.
- The reason, cited by Ministry in its response, for non-placement of agenda in the BoT meeting of 26 March 2019 as ‘agenda for the meeting was already circulated seven days before the meeting’ is not convincing in view of the fact that Commissioner, CMPFO, who was also the ex-officio member of BoT could have taken up the issue in the meeting considering the importance and urgency of the matter in the agenda item number XI - ‘any other issue with the permission of Chair’.
- Despite approval of the Commissioner of CMPFO for inclusion of the proposal for exercising early redemption option as an agenda item for the upcoming BoT meeting (March 2019), non-inclusion of the same in the said meeting and delay in taking prompt action on the issue points to serious lapses in the management.

Thus, due to non-redemption of DHFL debentures despite adverse credit ratings, CMPFO incurred an avoidable loss amounting to ₹ 315.35 crore.

Recommendation

Failure of the Management in taking timely action for redemption of debentures of DHFL may be investigated for fixation of responsibility. Management may strengthen the system to monitor the investment made in debentures, etc. so as to ensure the safety of the invested funds.

2.2 Operation of Coal Mines Pension Scheme 1998 and Coal Mines Deposit Linked Insurance Scheme 1976

2.2.1 Introduction

Coal Mines Provident Fund Organisation (CMPFO), an Autonomous Body under the Ministry of Coal, Government of India, was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (the Act) to implement social security schemes for the benefits of employees employed in or in connection with coal mining. The schemes being implemented are the Coal Mines Provident Fund Scheme, 1948 (CMPFS), the Coal Mines Pension Scheme 1998 (CMPS) and the Coal Mines Deposit Linked Insurance Scheme, 1976 (DLI).

2.2.2 Organisational structure

The Board of Trustees (BoT) is the administrative agency for implementing the provisions of the Schemes operated by CMPFO, which consists of representatives of the Central/State Government, employers and employees. The Commissioner of CMPFO is the *ex-officio* member of the Board and overall, in-charge of the Organisation. The Headquarters of CMPFO is located at Dhanbad, Jharkhand. The schemes are implemented through 20 Regional Offices¹⁷ (ROs) located in different States.

2.2.3 Schemes operated by CMPFO

A brief description of various schemes operated by CMPFO is as follows:

(i) The Coal Mines Pension Scheme, 1998

The Coal Mines Pension Scheme, 1998 (CMPS) came into force with effect from 31 March 1998 by replacing the erstwhile Coal Mines Family Pension Scheme, 1971 (CMFPS). The scheme provides coverage to all employees who were members of the erstwhile CMFPS and to those who are eligible as per the provisions of the CMPS. A Pension Fund was established to make a provision for payment of pension in accordance with the scheme to the employees on superannuation. Also, there are provisions for payment of Widow/Widower Pension and Children Pension. Details of type of pensions is given in Table 2.2.

Table 2.2: Brief details of Pension

Monthly Pension	Widow Pension	Children Pension
<ul style="list-style-type: none"> An employee, who has rendered less than 30 years of pensionable service but more than 10 years of pensionable service, on attaining the age of superannuation, will get the pension as per specified rules <i>i.e.</i>, length of pensionable service/30 x 25 <i>per cent</i> of the average emoluments. Where an employee has not completed 10 years of pensionable service on attaining the age of superannuation or opts to leave service, or his services are terminated or becomes 	<ul style="list-style-type: none"> Widow/widower will get pension, on death of an employee, equivalent to 60 <i>per cent</i> of monthly pension drawn by the employee on the date of his death, subject to a minimum of ₹ 250 per month. On death of an employee while in service, widow or widower will get pension equal to 66.6 <i>per cent</i> of the monthly pension of the employee, which he/she was entitled on 	<ul style="list-style-type: none"> From the date following the death of an employee along with his/her surviving wife/husband, two of the eldest sons or unmarried daughters, as the case may be, till the sons attain the age of 25 years or in the case of unmarried daughters till the date of her marriage whichever is earlier, shall be entitled to Children Pension. The amount of monthly children pension is equal to 25 <i>per cent</i> of the amount of widow or widower pension for each

¹⁷ (i) Godavarikhani (ii) Bilaspur, (iii). Dhanbad-I, (iv) Dhanbad-II, (v) Ranchi-II (vi) Asansol-I, (vii) Asansol-III, (viii) Talcher, (ix) Sambalpur, (x) Margherita, (xi) Nagpur, (xii) Jabalpur, (xiii) Chhindwara, (xiv) Kothagudem, (xv) Asansol-II, (xvi) Singrauli, (xvii). Ranchi-I, (xviii) Deoghar, (xix) Kolkata, and (xx) Jammu.

Monthly Pension	Widow Pension	Children Pension
disabled before completion of 10 years of pensionable service, will get the amount payable by way of return of contribution.	the day of his/her death, subject to a minimum of ₹ 320 per month.	son or daughter as the case may be but not less than ₹ 100 for each child.

Details of contribution under the scheme

Upto September 2017, the employees and the employers were contributing an amount equivalent to four and one-third *per cent* of the salary of the employee. Thereafter, the rate was revised to seven *per cent* of the salary of the employee with matching contribution of the employer. In addition, an amount equivalent to one and two-third *per cent* of the salary of the employee subject to maximum salary of ₹ 1600 per month is also contributed by the Central Government to the pension fund. CMPFO is responsible for making banking arrangements in respect of the amount vested with the Pension Fund.

(ii) The Coal Mines Deposit Linked Insurance Scheme, 1976

As per the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, to provide benefit of life insurance to the employees covered under the Provident Fund Scheme, Government of India, introduced Coal Mines Deposit Linked Insurance Scheme, 1976 (DLI) with effect from 1 August 1976. Section 21(1) of the DLI Scheme provides that in the event of death of an employee in harness who is a member of Coal Mines Provident Fund, his/her nominee is entitled to receive in addition to the Provident Fund, an amount equal to the average balance, in the account of the deceased during the preceding three years, subject to a maximum of ₹ 10,000. The operation and administration of the Scheme are dependent on the contributions made by the employer on behalf of the employees and by the Central Government. Employees do not have to make any contribution to the Scheme. Employers are required to make contribution at the rate of 0.5 *per cent* of aggregate wages. The Central Government also contributes an amount equal to half of the amount contributed by employers.

(iii) The Coal Mines Provident Fund Scheme, 1948

The Coal Mines Provident Fund Scheme, 1948 (CMPFS) provides for lumpsum benefits to the members after retirement from coal industry and to their family members in the event of death. The Scheme also provides for non-recoverable advances during the course of employment of the employee for defined purposes.

2.2.4 Audit Objectives and Scope

Out of the three social security schemes operated by CMPFO, Audit observed significant deficiencies in the operations of CMPS and DLI Schemes in the past audits. In view of the above, Compliance Audit of operation of both the Schemes was conducted to assess whether:

- i) coverage of all coal mine workers under CMPS and DLI Schemes for their social security was ensured by CMPFO;

- ii) the objectives of CMPS and DLI Schemes were fulfilled by extending the intended benefits to the coal mine workers; and
- iii) monitoring and control mechanisms in respect of CMPS and DLI Schemes were functional and adequate.

The scope of Audit included review of implementation of CMPS and DLI Schemes for the period from 2016-17 to 2020-21. In case of CMPS, 10 ROs¹⁸ out of 20 operational ROs of CMPFO were selected for audit. Further 1,892 pension cases out of 94,579 pension cases settled in the selected ROs during 2016-17 to 2020-21, were test checked during audit. Sampled pension cases included 1,251 Monthly Pension cases, 354 Widow/Widower Pension cases, 99 Children Pension cases and 188 Contract Workers' Pension cases. In case of audit of DLI Scheme, records maintained at CMPFO Headquarters at Dhanbad for different ROs were reviewed.

2.2.5 Audit Findings

The CMPS and DLI Schemes were framed by Government of India to provide pension and insurance benefit respectively to all the workers working in coal mines within the country. Audit findings related to operation of CMPS and DLI Schemes are highlighted in the subsequent paragraphs.

2.2.5.1 CMPS Scheme

The Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 is applicable to all companies engaged in coal mining and associated activities. It *inter alia* includes:

- ✓ Coal India Limited (CIL) and its eight subsidiaries functioning under MoC.
- ✓ The Singareni Collieries Company Limited (SCCL), under the Government of Telangana.
- ✓ Outsourcing contractors of coal producing units.

CMPS Scheme was framed under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.

2.2.5.1 (i) Inadequate coverage of mine workers

The Parliamentary Standing Committee on Coal and Steel instructed (2013) Ministry of Coal to ensure full coverage of all workers of coal mines under the social security scheme of CMPFO. The position regarding coverage of outsourced manpower deployed by mining contractors of CIL's subsidiaries as on 30 September 2021 is given in Table 2.3:

¹⁸ (i) Godavarikhani (ii) Bilaspur, (iii) Dhanbad-I, (iv) Dhanbad-II, (v) Ranchi-II (vi) Asansol-I, (vii) Asansol-III, (viii) Talcher, (ix) Sambalpur and (x) Margherita.

Table 2.3: Status of Outsourced Manpower covered under CMPS

Name of the Company ¹⁹	Outsourced Manpower deployed by mining contractors as on September 2021		
	No. of outsourced workers	Coverage under CMPS	Shortfall of coverage (in per cent)
ECL	5,026	526	90
BCCL	5,103	1,528	70
CCL	5,004	1,127	77
WCL	7,906	1,346	87
SECL	8,596	4,340	50
MCL	14,174	11,532	19
NCL	13,013	396	97
Total	58,822	20,795	65

Source: Data related to subsidiaries of CIL furnished by CMPFO. Updated data of Singareni Collieries Company Limited (SCCL) with respect to manpower deployed by contractors of SCCL was not made available to Audit.

From the table, it is evident that workers engaged by outsourcing contractors of these companies had remained significantly uncovered (65 per cent), ranging between 19 per cent to 97 per cent across the Companies.

The Management stated (July 2022) that the coverage of workers under CMPS, 1998 would be taken up at Board of Trustees (BoT) as well as at the Ministry level.

The Ministry, in reply, stated (September 2022) that in the last BoT (176th) meeting held in August 2022, it was decided to examine the issue in detail in consultation with the coal companies to come up with solution to ensure full coverage of contract workers.

The fact remains that despite recommendation of the Parliamentary Standing Committee more than eight years ago, only 35.35 per cent of workers engaged by the outsourcing contractors for coal mining were brought under the coverage of CMPS. One of the major reasons behind the inadequate coverage of outsourced manpower deployed by mining contractors is lack of periodic inspection through Provident Fund Inspectors which is highlighted in succeeding para.

Recommendation No. 1

Management may take necessary steps to ensure maximum coverage of workers of coal mines under the Scheme.

¹⁹ Eastern Coalfields Limited (ECL), Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Western Coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), Northern Coalfields Limited (NCL), and Mahanadi Coalfields Limited (MCL)

2.2.5.1 (ii) Identification of beneficiaries through periodic inspection

Parliamentary Standing Committee on Coal and Steel in its Report 2013 viewed that the inspection of mines for coverage of mine workers to ensure social security to mine workers and their hard-earned money had not been conducted. It observed that during 2010-11 to 2012-13, only 71 inspections were carried out by Provident Fund Inspectors out of 901 coal mines registered under CMPFO. The Committee was not satisfied with such a low number of inspections carried out by Provident Fund Inspectors.

The Committee, therefore, strongly recommended that MoC/CMPFO should ensure that Provident Fund Inspectors visit all the coal mines on a regular basis by drawing up a time bound inspection schedule. CMPFO, accordingly, prepared a handbook of inspection in June 2015 which prescribed that each mine was to be inspected by the Provident Fund Inspectors at least once in two months.

In this regard, Audit noticed that 510 mines were in operations under 10 selected ROs as on March 2021. Accordingly, considering the instructions as contained in the handbook, Provident Fund Inspectors were to carry out 3,060 inspections during the year 2020-21. Contrarily, only 26 inspections were carried out during the year (shortage of 99 *per cent*). Thus, CMPFO failed to carry out the mandated inspection of mines to ensure full coverage of mine workers in compliance of its own laid down guidelines.

The Management, while accepting the facts, stated (July 2022) that BoT had also taken a serious concern on the issues and as per available manpower, Provident Fund Inspectors were deployed for inspection. CMPFO assured to implement an IT based system to identify the actual number of workers engaged in the coal mining sector and to explore technology-based inspection to minimise manual intervention and to make the system transparent and accurate.

The Ministry in reply stated (September 2022) that due to shortage of manpower, monitoring of identification of beneficiaries had been hampered considerably. The Ministry had taken up the matter with the concerned authorities so that adequate number of Provident Fund Inspectors could be appointed early.

However, facts remain that for effective implementation of CMPS, it is necessary to identify the coal mines and their employees who are not covered under the Act through periodic inspection and this function is carried out by CMPFO through Provident Fund Inspectors.

Lack of inspections by Provident Fund Inspectors, inadequate internal controls and monitoring on part of the Management is likely to have led to inadequate coverage of the mine workers. Shortfall in coverage resulted in reduction in number of members contributing to the Pension Fund from 4.60 lakh in 2016-17 to 3.91 lakh in 2020-21. During the said period number of pensioners increased from 4.50 lakh in 2016-17 to 5.50 lakh in 2020-21. Year wise details of the contribution received, and pension disbursed along with number of employees/beneficiaries is given in Table 2.4:

Table 2.4: Year wise details of the contribution received and pension disbursed

Year	No. of employees contributing	Amount of contribution received (in ₹ crore)	No. of pension beneficiaries	Total pension disbursed (in ₹ crore)
2016-17	4,60,000	984.45	4,50,000	2,208.38
2017-18	4,45,000	1,033.69	4,95,000	2,459.80
2018-19	4,18,000	3,084.12	51,9000	2,842.29
2019-20	4,00,000	3,706.42	5,35,000	3,185.00
2020-21	3,90,777	3,454.71	5,50,422	3,936.06

As the number of pensioners had become more than the members contributing to the fund, the yearly contribution received was far less than the disbursement made as seen from the table above.

Provisions of the Scheme provide that CMPFO appoints Actuary at the interval of three years for valuation and review of the pension fund. The employees and the employers were contributing an amount equivalent to four and one-third *per cent* of the salary of the employee till September 2017. Since inception of the Scheme, CMPFO has either not implemented the recommendations of the Actuary or delayed its implementation. CAG's Report No. 12 of 2017 highlighted that non-revision of rate of contribution to the Pension Fund by CMPFO as per the recommendations of the then Actuary, had serious implications on the financial interest of existing as well as future pensioners considering the deficit in the Fund. Based on the Report, Ministry of Coal/CMPFO took remedial action and rate of contribution was revised to seven *per cent* of the salary with effect from 1 October 2017 with matching contribution of the employer to resolve the issue of deficit in the Pension Fund Account.

Last Actuary was appointed in January 2020. In February 2021, a draft report was submitted by the Actuary, wherein it was reported that there was actuarial pension liability of ₹ 62,400 crore. Actuary, while making a presentation to the Board (October 2021), opined that the current rate of contribution i.e., seven *per cent* each by employer and employee was not sufficient to meet the benefit under the Scheme and viewed that required contribution need to be much higher (30 *per cent* of the salary). Further, in his latest draft report (October 2022), the Actuary, while revising the pension liability to ₹ 42,391.63 crore, stated that the current Scheme seems unviable in the long run and will result in the corpus of the Pension Fund being exhausted before all the benefits are paid off. It is pertinent to mention that the corpus of the Pension Fund (as of March 2021) was ₹ 18,712.50 crore.

Considering the above, Audit is of the view that actuarial pension liability of ₹ 42,391.63 crore, would erode the corpus of Pension Fund in future and failure to finalise the Actuary report and its implementation in a time bound manner raises concern on the sustainability of the Pension Fund. The issue has been continuously highlighted through Separate Audit Reports on the Accounts of CMPFO since 2015-16 but no action has been taken by the Management of CMPFO.

The Management while agreeing to the facts stated (July 2022) that the deficit in Pension Fund Account was in the notice of BoT and steps were being taken to minimise it.

The Ministry in reply stated (September 2022) that for sustainability of Pension Fund, it had been decided by the BoT (August 2022) to enhance the existing rate of voluntary contribution by the coal companies to the Pension Fund to bridge the gap between accrual and disbursement.

However, the fact remains that the deficit which continued in the Pension Fund Account would impact the future disbursement of pension.

Recommendation No. 2

Management may take necessary steps to ensure the sustainability of the Fund for disbursement of Pension liability in future. Further, the recommendations of the Actuary should be acted upon timely.

2.2.5.1 (iii) Implementation of Coal Mines Pension Scheme

CMPFO was established with a vision to provide social security to all employees/their family members working in the coal mines across the country through timely settlement of claims. For prompt receipts and settlement of pension claims and to minimise the pendency of pension claims, BoT proposed (June 2004) to hand over the order of pension to the members on the date of retirement. In compliance to the above proposal, CMPFO carried out a special drive in January 2005 to clear the backlog of pension disbursement, under the name 'Mission Biswas'. This special drive was officially launched in January 2006 to fast track the settlement of pension claims in the month of retirement. As per the modality of Mission Biswas, the superannuation claims were to be settled in the month of retirement if the claims were received by the seventh day of the month of retirement.

Parliamentary Standing Committee on Coal and Steel (2012-13) observed delays in settlement of pension cases and recommended that MoC should take necessary steps and come out with a 'Citizens' Charter' to ensure settlement of all claims of coal mines workers within a given time frame. Accordingly, CMPFO framed a Citizens' Charter in 2016 which provided for timely disposal of the pension cases.

Review of records revealed that no fixed time frame for settlement of pension claims was stipulated in Coal Mines Pension Scheme (CMPS). Further, Audit noticed that there was lack of awareness among the beneficiaries for prompt submission of claims. Members submitted their claims even after retirement which led to difficulty in making correction or removing flaws in applications. This resulted in delays in settlement of claims by CMPFO and non-achievement of objective of Mission Biswas which are highlighted in the subsequent paragraphs.

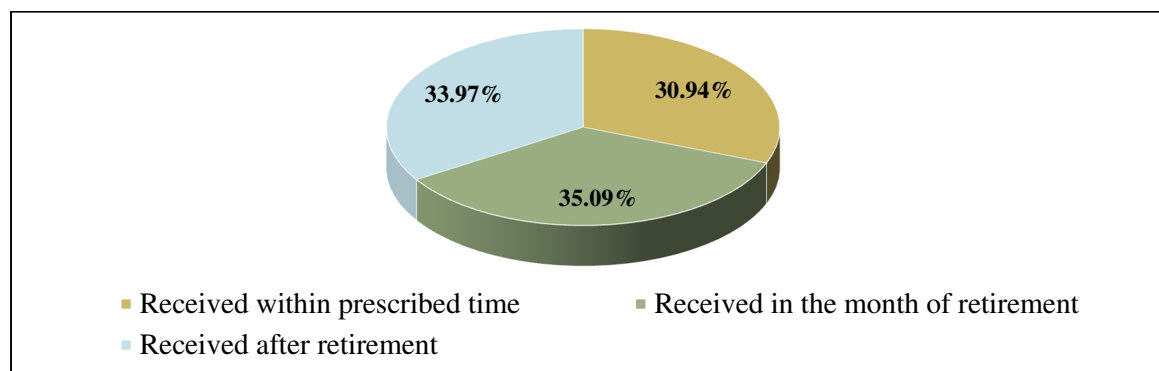
(a) Delay in receipt of pension claims

The processing of a claim starts once it is received from the members of CMPS. As per Mission Biswas, the superannuation claims were to be received by the seventh day of the

month of retirement. Audit, however, observed that there were inordinate delays in submission of claims as discussed below:

- Out of sampled 1,251 monthly pension claims, 387 claims (30.94 per cent) were received by seventh day in the month of retirement under Mission Biswas. Balance 864 cases (69.06 per cent) were received after the stipulated time of seventh day of the month of retirement. Out of 864 cases, 439 cases (35.09 per cent) were received in the month of retirement after the stipulated time of seventh day of the month of retirement and 425 cases (33.97 per cent) were received after the date of retirement as shown in Chart 2.1 below:

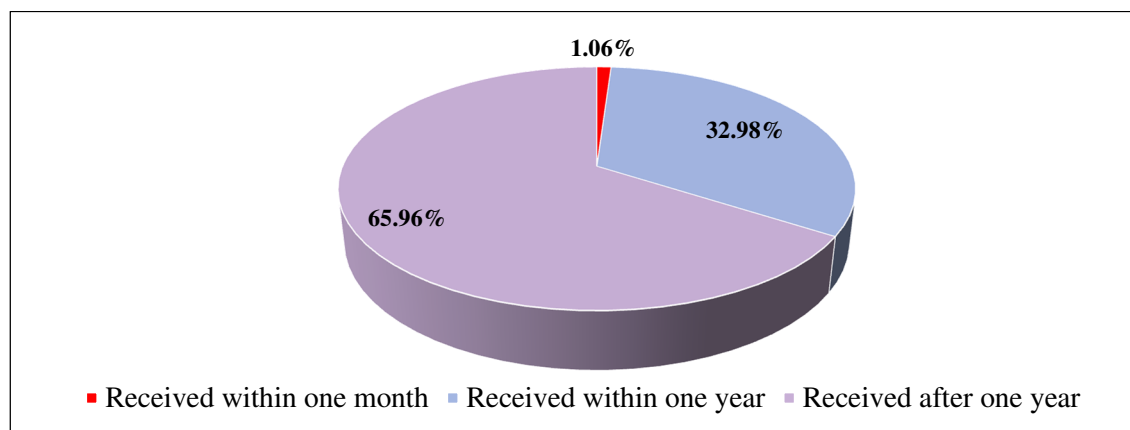
Chart 2.1: Delay in receipts of Monthly Pension Cases



Audit while reviewing the files of monthly pension having delay in submission of claims noticed five cases²⁰ involving delay in receipt of monthly pension claims in the range of four years to ten years from the date of superannuation. No reason was found on record for such abnormal delay.

- In respect of contractual workers, out of 188 sampled cases, only two claims were received within a period of one month and 62 claims were received within one year. Remaining 124 claims (65.96 per cent) were received after a period of one year, as shown in Chart 2.2:

Chart 2.2: Delay in receipts of contractual workers cases

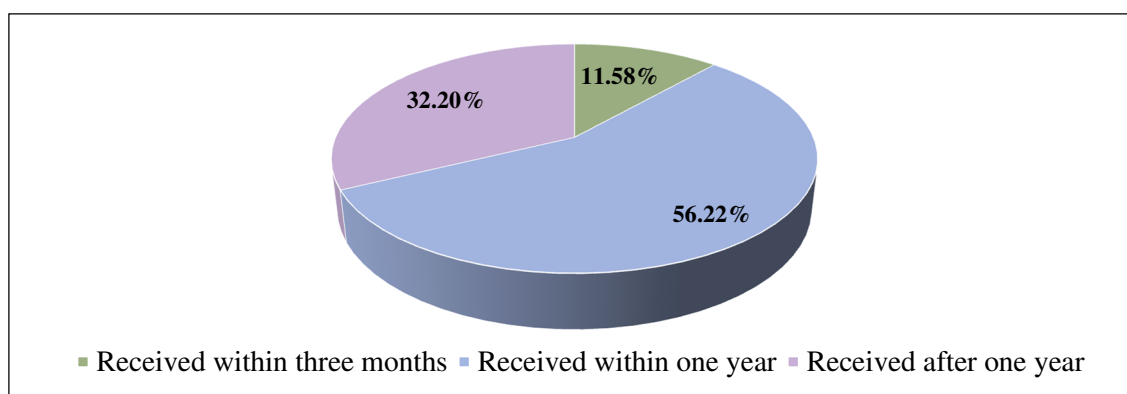


²⁰ RO Sambalpur (two cases), ROs Dhanbad-I and II and Ranchi-II (one case each).

Audit, while reviewing the files of pension cases of contractual workers, noticed five cases²¹ involving delays ranging between 10 years to 23 years. However, no reason was found on record for such abnormal delay.

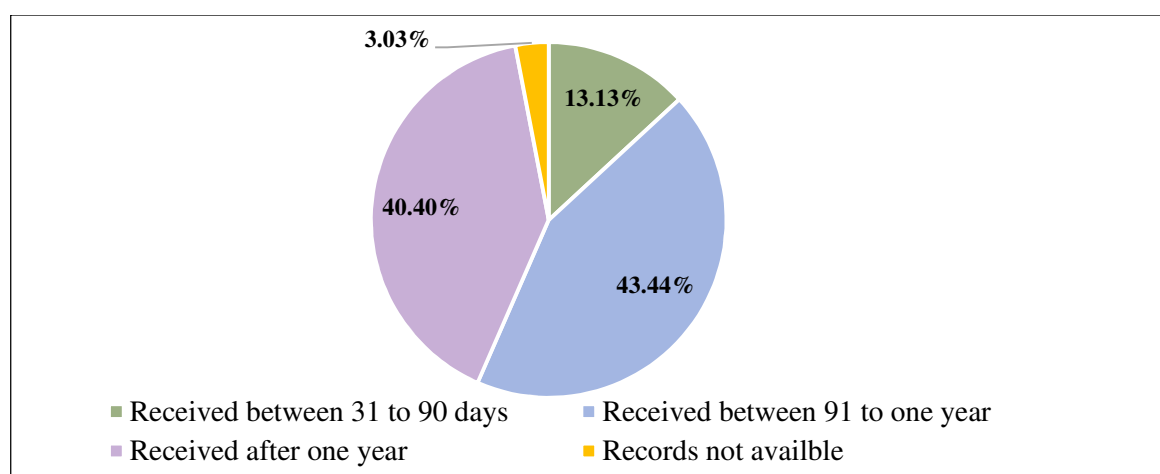
- The Widow Pension claimants were eligible to claim the pension immediately after the death of the members. However, out of 354 sampled widow/widower pension cases, 41 claims (11.58 per cent) were received within three months, 199 claims (56.22 per cent) were received between three months to one year and balance 114 claims (32.20 per cent) were received after one year from the date of death of members as shown below in Chart 2.3.

Chart 2.3: Delay in receipts of widow pension cases



- The Children pension claimants were also eligible to claim immediately after the death of the members. However, out of 99 sampled children pension cases, 13 cases (13.13 per cent) were received between 31 days to 90 days, 43 cases (43.44 per cent) were received between 91 days to one year, 40 cases (40.40 per cent) were received after one year from the date of member's death as shown below in Chart 2.4. In balance three cases, the dates of receipt were not available.

Chart 2.4: Delay in receipts of Children Pension cases



²¹ RO Sambalpur (one case), RO Dhanbad-II (four cases).

The Management/Ministry, while accepting the facts, stated (July/September 2022) that there were regular co-ordination meetings with the coal companies and the workers to make them aware about the Schemes, *etc.*

However, the fact remains that no mechanism for extending awareness among members for timely submission of claims existed in CMPFO.

Recommendation No. 3

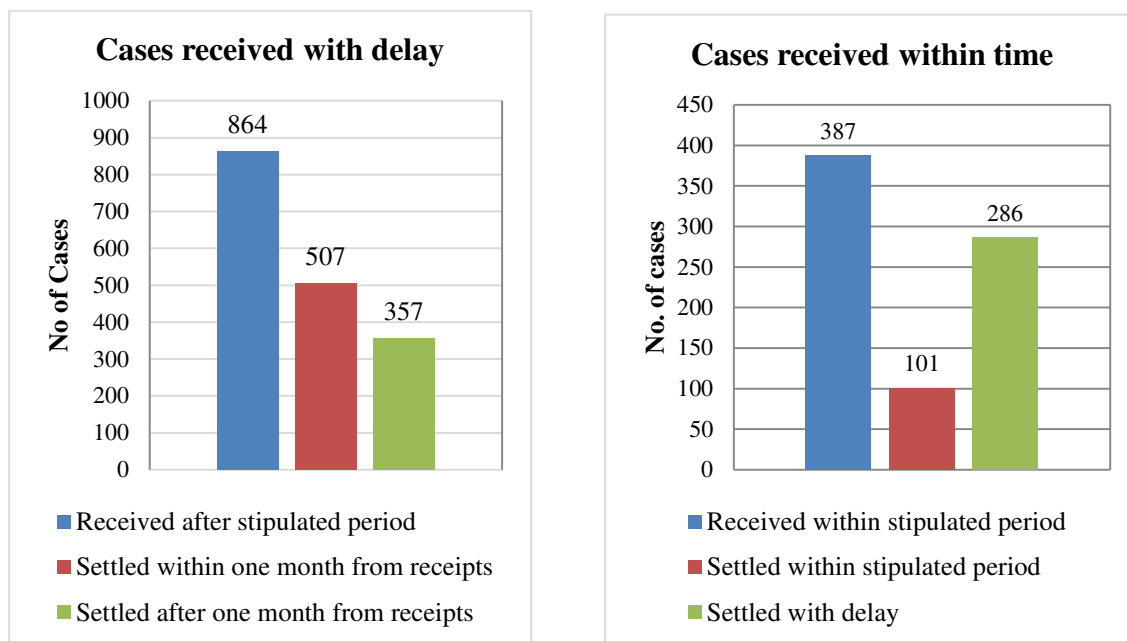
Management may devise mechanism for creating awareness among the members for timely submission of pension claims.

(b) Delay in settlement of pension claims

As per the Mission Biswas, the superannuation claims were to be settled in the month of retirement itself, if the claims were received by the seventh day of the month of retirement. Audit, however, observed that there were delays in settlement of pension claims as detailed below:

- Out of sampled 1,251 monthly pension cases, 387 cases were received by seventh of the month of retirement of which 101 cases were settled in the month of retirements itself as stipulated in the Scheme. Out of 864 cases received after the stipulated date i.e., after seventh day of the month of retirement, only 507 cases were settled within one month from the receipt of the claim as analysed in Chart 2.5 below:

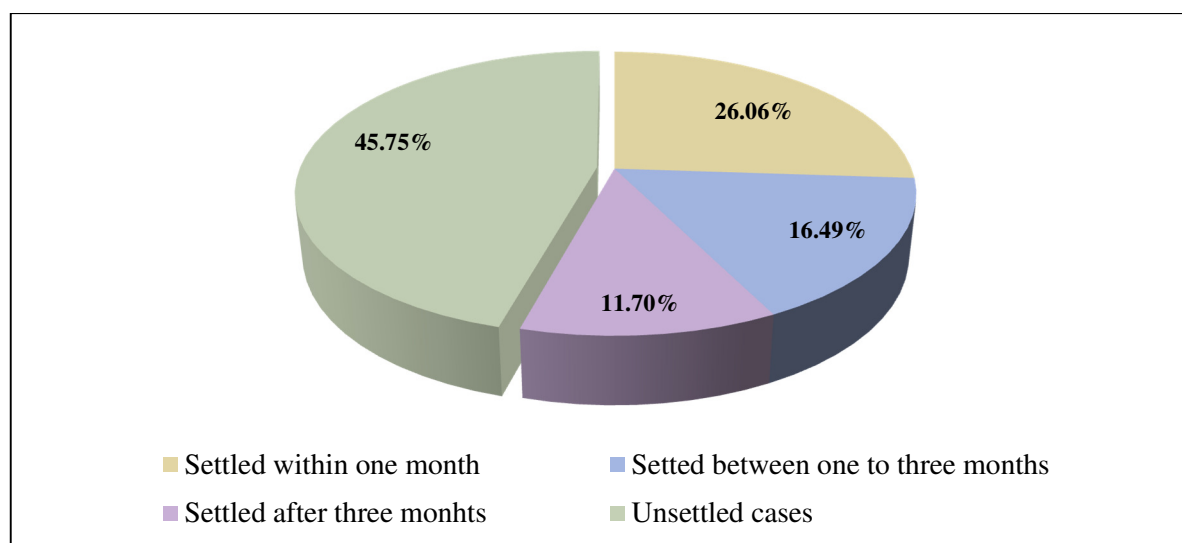
Chart 2.5 – Delay in settlement of monthly pension claims



- In respect of contractual workers, out of sampled 188 cases, 49 cases (26.06 per cent) were settled within one month of the receipt of the claims. 31 cases (16.49 per cent) were settled in one month to three months, 22 cases (11.70 per cent) were settled with delays beyond three months from the receipt of the claims. 86 cases

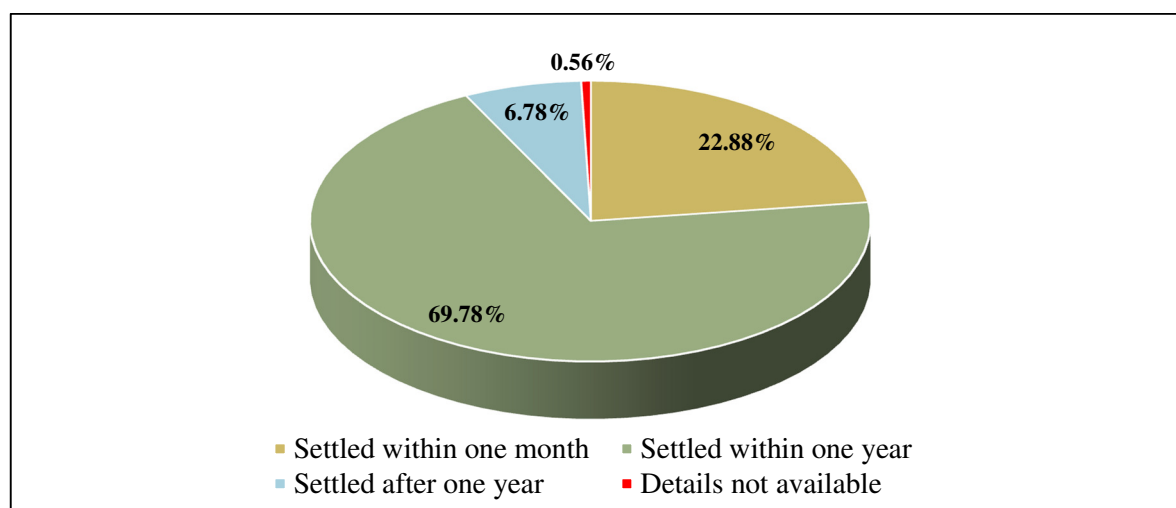
(45.75 per cent) which were received between May 2017 and May 2021, remained unsettled (as on September 2021) as shown in Chart 2.6 below:

Chart 2.6: Delay in settlement of contractual workers' cases



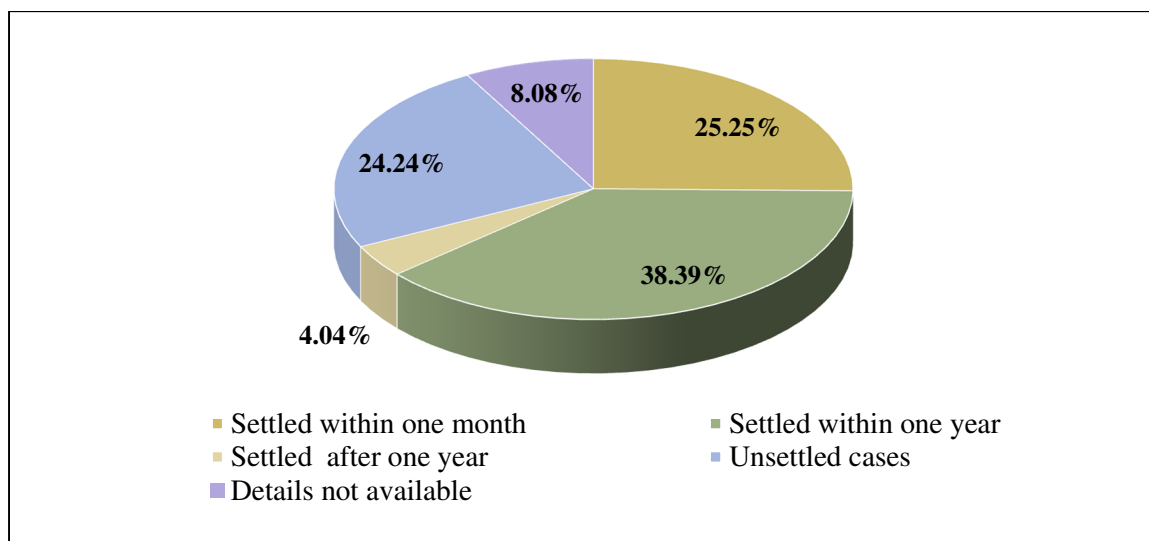
- Out of 354 sampled widow/widower cases, 81 cases (22.88 per cent) were settled within one month of the receipt of claims. 247 cases (69.77 per cent) were settled within one year, 24 cases (6.78 per cent) were settled taking more than one year from the receipt of claims as shown below in Chart 2.7. In balance two cases, details were not available in files.

Chart 2.7: Delay in settlement of widow/widower cases



In respect of 99 children pension cases, only 25 cases (25.25 per cent) were disposed within one month from the date of receipt of claims, 38 cases (38.39 per cent) were settled in one year and four cases (4.04 per cent) were settled after one year from the receipt of claims. Further, 24 cases (24.24 per cent), received between August 2015 and March 2021 were not settled (as on September 2021) and in balance eight cases, dates of receipt were not available as shown in Chart 2.8.

Chart 2.8: Delay in settlement of child pension cases



Delay/non-settlement of pension claims within a stipulated and reasonable time not only deprived the members of their legitimate right of pension, but also defeated the objective of the Scheme.

The Management stated (July 2022) that steps were being taken to minimise the pendency of claims by joint information between coal mines and RO's concerned. The Ministry further stated (September 2022) that CMPFO had adopted various measures like Pension Adalat for early disposal of pension claims.

Recommendation No. 4

Management may take necessary steps and devise a mechanism to ensure the settlement of pension claims within a time bound manner so that the members can be provided their legitimate right of pension in time.

2.2.5.1 (iv) Incorrect fixation of pension

(a) Fixation of pension without considering Special Dearness Allowance

As per para 10 of the Scheme, eligible members shall receive monthly pension at the rate of 25 per cent of the average emoluments consisting of basic pay and dearness allowances.

Review of records revealed that prior to June 2018, superannuation pension claims were computed on the basis of monthly salary which included basic pay, Special Dearness Allowance (SDA)²² and Variable Dearness Allowance (VDA) as components. An amendment was carried out (June 2018) in CMPS Scheme, through Gazetted notification, modifying the definition of salary. The definition of salary was changed by removing the SDA component through the said amendment. Further, in compliance of above notification, corresponding revision in the provision 10 of CMPS related to payment of pension as well as definition of average emoluments under provision 2(k) was also required to be carried

²² Non-executives of CIL including its subsidiaries and SCCL allowed SDA at the rate of 1.795 per cent of their basic wage.

out. Accordingly, Board of Trustees of CMPFO approved the proposal (December 2019) for necessary modification in the Scheme and the same was sent to Ministry, which is yet to be approved.

Audit noticed that as the required modification has not been approved and no modification has been made in the Scheme for computation of pension, selected ROs are not following uniform approach in computation of pensions. Out of the 10 selected ROs, seven ROs were settling the monthly pension claims without considering SDA as a component of pay/salary for computation of pension and three ROs continued to fix the pension considering SDA in monthly emoluments, resulting in inconsistency in fixation of pension by the ROs.

While the necessary changes for removal of SDA as component for computation of pension are yet to be approved by the Ministry, CMPFO has made short disbursement of pension of ₹ 17.53 lakh up to March 2021 to 208 members by not considering SDA as a component for payment of pension.

The Management, while accepting the fact, stated (July 2022) that ROs had been asked to apply uniformity for settlement of pension cases at their end. It assured necessary action to bring in uniformity. The Ministry endorsed (September 2022) the views of the Management.

Recommendation No. 5

Management may pursue the matter with the Ministry for carrying out the modifications in Coal Mines Pension Scheme so that uniformity may be brought among Regional offices for computation of pensions.

2.2.5.1 (v) Deviations in compliance of stipulations related to contractual workers

(a) Incorrect computation of returns of contribution

As per the provisions of the Scheme, where an employee has not completed 10 years of pensionable service on attaining the age of superannuation, or opts to leave service, or his services are terminated, or becomes disabled before completion of 10 years of pensionable service, the amount payable by way of return of contribution to such employee shall be determined on the basis rate specified in Schedule 3 of the Scheme.

Review of records involving return of contribution revealed the following:

- As per Schedule 3 of the Scheme, the amounts payable by way of return of contribution shall be calculated based on the last monthly salary drawn by the employee on the date of superannuation. In contravention to the provision, 68 claims out 188 sampled claims of contractual workers were settled considering last 10 months' average salary. Thus, due to consideration of average salary of 10 months instead of last drawn salary, CMPFO made a short disbursement amounting to ₹ 2.14 lakh²³.

²³ ₹13.91 lakh calculated based on last drawn salary less ₹11.77 lakh calculated based on 10 months average salary.

- As per Schedule 3 of the Scheme, in case of return of contribution, number of years of pensionable service is to be rounded off to the nearest year. Audit noticed that in one case, the total pensionable service of a worker was nine years and 10 months that should have been rounded off to 10 years. Thus, as per the provisions of the Scheme, the employee was eligible for monthly pension, but the claim was settled by way of return of contribution.

The Management, while accepting the audit observation, stated (July 2022) that the observation was noted for compliance. The Ministry stated (September 2022) that correct computation was being ensured by CMPFO.

(b) Irregular recovery of arrears of contributions from contractual workers

As per Paragraph-23(3) of the Scheme, the employer shall be responsible to deduct the contributions from the salary of an employee towards the employee's share under the Scheme and remit the same to the Commissioner. Further, where an employer makes default in remittance of any contribution to the Commissioner, such default in remittance on the part of the employer shall not make any adverse effect on the benefits admissible to an employee under the Scheme.

Review revealed that during settlement of pension claims of contractual workers by way of return of contribution, in violation of the above stipulation, an amount of ₹ 1.13 lakh was recovered/adjusted from eight contractual workers for short deposit of pension contribution by the employer.

The Management/Ministry, while agreeing to the facts, stated (July/September 2022) that the observation was noted for compliance and the Ministry further stated that in case of default in remittance of contribution by the contractors, the responsibility devolved on the principal employer i.e., the coal companies.

2.2.5.1 (vi) Monitoring and Control mechanism

Audit reviewed the monitoring and control mechanism in the operation of CMPS and the observations are highlighted in the subsequent paragraphs:

(a) Non-implementation of IT system for payment of pension

CMPFO decided (June 2014) to work out a procedure for automatic payment of pension to widows in line with the Central Government rules. CMPFO further decided (May 2017) that member's pension and spouse pension should both be fixed together, and spouse pension should be automatically authorised on receipt of death certificate of the pensioner by the bank. No claim application should be required for this purpose.

It further added that the Pension Payment Order (PPO) of spouse of a pensioner would henceforth be generated at the time of generation of PPO of the employee and both the amounts i.e., pension and family pension amount would be mentioned in the PPO. In case of death of a pensioner, no fresh claim would be required. As soon as death certificate is submitted to the bank of concerned RO, spouse pension shall be started automatically.

At time of joining the Scheme by a member, CMPFO provides a "CMPF account number" to all its employees, which is a unique ID for all its employees pan India and at the time of

retirement, this CMPF account number serves as a reference number for all communications in case of pensioner and is used as an ID for pensioners for disbursement of pension. In addition to this common unique ID, CMPFO also generates PPO number for the pensioners. Though, PPO is generated, CMPFO Account number is still used as a unique ID across India by CMPFO for pension disbursement.

Audit observed that even after a lapse of considerable time, neither any IT system was implemented for disbursement of pensions nor any automatic payment of pension to the spouse in case of death of the pensioner was implemented.

The Management/Ministry, while accepting the facts, stated (July/September 2022) that presently CMPFO was in the process of implementation of SAP and once it would be fully operationalised, unique PPO number for the pensioners would be generated.

(b) Non-recovery of damage charges from contractors for delay in remittance of contribution

As per the provision of the Scheme (Section 23), where any employer makes a default in the remittance of any contribution to the Commissioner, the Commissioner shall be competent to recover damages for such delayed remittance on the rates specified in Schedule 4 of the Scheme.

Audit, however, observed that in deviation of the above provisions, CMPFO did not raise any damage charges on the contractors for delays in remittance of contributions in the following cases:

- During the years 2019-20 and 2020-21, in 625 cases in RO, Bilaspur, a private contractor defaulted in remittance of contributions with delays ranging between three months and three years.
- During the period from June 2017 to March 2021, in 116 cases in RO Ranchi, a private contractor defaulted in remittance of contributions with delays ranging between one month and two years.

The total damage charges amounting to ₹ 19.32 lakh till March 2021 has not been claimed by CMPFO from the defaulters till date.

The Management/Ministry, while accepting the facts, stated (July/September 2022) that the audit observation was forwarded to all ROs for compliance. Efforts would be made to ensure raising of demand notices to the defaulting employers by the ROs.

(c) Deficiencies in pension disbursement through banks

For disbursement of pension, pensioners' data of each jurisdictional RO is provided to the nodal branch of the respective bank. Based on pensioners' updated data, nodal branch demands necessary funds from CMPFO, HQ for disbursement of pension on monthly basis.

Audit noticed that in Godavarikhani RO, nodal bank (Andhra Bank) released the pension/arrears of pension to a beneficiary twice amounting to ₹ 0.96 lakh, which remained undetected till the same was pointed out by Audit. There is no system in place to reconcile

the pension payment data submitted by the banks, which led to this error remaining undetected.

The Management/Ministry, while accepting the facts, stated (July/September 2022) that presently ROs directly send pension data to banks and banks raise demand from the CMPFO Headquarters. However, all the banks had to submit Utilisation Certificates for the last remittances. CMPFO was also planning to set up a Centralised Pension Disbursement Reconciliation Cell for effective control. It also stated that all new settled pension cases had been paid through SBI and migration of legacy data of pensioners from non-SBI banks to SBI was under process.

Recommendation No. 6

Management may device a monitoring and reconciliation mechanism for ruling out deficiencies in pension disbursements.

(d) Non-revision of monthly pension cases

As per the National Coal Wage Agreement (NCWA) -X, the revision of pay of employees of CIL including its subsidiaries was approved in October 2017. The revision was effective from July 2016. Accordingly, pension of the employees, who superannuated during the period from July 2016 to September 2017 was required to be re-fixed based on their revised pay as per NCWA-X.

Audit observed that 22,187 employees superannuated during the period from July 2016 to September 2017. However, pension of only 16,530 employees (74.5 per cent) had been re-fixed till date. Re-fixation of pension in respect of 5,657 (25.5 per cent) employees was yet to be carried out even after lapse of four years.

The Management, while accepting the fact, stated (July 2022) that concerned sections had already been issued directions for speeding up pension revision cases. The Ministry also endorsed (September 2022) the views of the Management.

Recommendation No. 7

Management may ensure prompt settlement and disposal of long pending pension revision cases.

(e) Payment of excess amount of children pension

As per the provisions of CMPS, “after the death of an employee, along with surviving wife/husband, two of the eldest sons or unmarried daughters, as the case may be, till they attain the age of twenty-five years or in the case of unmarried daughter till the date of her marriage, whichever is earlier, shall be entitled to children pension”.

Review of records of 99 sampled children pension cases revealed that:

- In 5 cases, CMPFO continued the payment of children pension even after attainment of 25 years by the beneficiary which was in violation of the provisions of the Scheme. CMPFO paid an excess amount of ₹ 1.03 lakh.

- In two cases, children pension of ₹ 1.60 lakh was disbursed to children other than two eldest children in violation of the provisions of the Scheme.
- In one case, pension of ₹ 0.60 lakh was paid to three children of a deceased member, of which none of the children was the eldest one.

While accepting the facts, the Management stated (July 2022) that suitable revision was under process. Management also stated that under the proposed IT based system, there would have a column indicating the date up to which the children pension should be disbursed, so that the children pension would stop automatically after the expiry of the due date. The Ministry also endorsed (September 2022) the views of the Management.

(f) Absence of established system of Information Technology for monitoring

A well-established Information Technology (IT) System is highly required for effective control and to maintain uniformity in processing and settlement of pension claims. The Parliamentary Standing Committee on Coal and Steel (2012-13) expressed its displeasure on the computerisation programme of the organisation citing frequent implementation of a new computer programme in CMPFO, instead of streamlining the existing system.

Audit observed that even after a lapse of considerable period since 2012-13 when the Parliamentary Standing Committee on Coal and Steel expressed its displeasure on the computerisation programme of the organisation, CMPFO failed to establish an IT system commensurate to its size of operations which is evident from the following:

- CMPFO implemented Enterprise Resource Planning based IT System in 2006 by engaging M/s SAP India Private Limited, which continued till April 2009.
- CMPFO, thereafter, implemented Online Settlement System (OSS) System for the period from May 2009 to July 2019 by engaging a local agency viz., M/s Soft-Info, Dhanbad.
- OSS System was scrapped in July 2019 and the erstwhile SAP modules were revived and implemented again from October 2020.

Audit noticed that there was no IT system in operation in CMPFO during August 2019 to September 2020. Further, database maintained in OSS could not be migrated to SAP System till December 2021. It is pertinent to mention that CMPFO, till March 2021, has incurred a total expenditure of ₹ 42.22 crore on implementation of IT system which is yet to be fully operationalised/streamlined. Consequently, live membership data of pension and legacy data of pensioners were not uploaded in the SAP System.

The Management/Ministry, while accepting the facts, stated (July/September 2022) that the audit observation was noted for compliance. It also stated that SAP was under implementation.

However, the fact remains that in absence of a well-established IT system, CMPFO failed to develop a robust monitoring mechanism for effective implementation of CMPS.

Recommendation No. 8

Management may develop an effective IT system to streamline the disbursement and monitoring of pension.

(g) Non-settlement of pending claims of erstwhile Family Pension Scheme, 1971

CMPS came into force with effect from 31 March 1998 superseding the erstwhile CMFP Scheme, 1971 and the entire corpus of the CMFP Scheme was transferred to the new Scheme. As such, the claims pertaining to the CMFP Scheme cases were to be met from the funds of the CMPS.

Audit observed that there were 200 claims of CMFP Scheme that remained pending for settlement as on 31 March²⁴ 2016. These 200 claims were yet to be settled even after lapse of five years.

The Management/Ministry, while accepting the facts, assured (July/September 2022) that the matter would be reviewed, and the pending cases would be settled at the earliest.

However, the fact remains that CMPFO failed to settle 200 claims pertaining to CMFP Scheme depriving legitimate pensioners of the benefits of the Scheme for a considerable period.

Recommendation No. 9

Management may take steps for prompt settlement of cases pertaining to erstwhile Family Pension Scheme.

(h) Absence of robust mechanism of grievance redressal system

Grievance Redressal System is a mechanism commonly used to receive and act on complaints or grievances reported by the stakeholders of an entity, enabling prompt actions on issues raised by them. A robust mechanism of grievance redressal of an organisation aims to eliminate the reasons of dissatisfaction of its stakeholders by speedy resolution of the problem.

CMPFO has Grievance Redressal Cell in its Headquarters, Dhanbad as well as in Regional Offices for redressing the grievances of the members and the pensioners. It receives grievances through online web portal Centralised Public Grievance Redressal and Monitoring System (CPGRAMS) and also by post. Grievances received by it mostly pertained to delays in settlement of claims and updating individual accounts.

During review of records pertaining to grievance redressal, Audit noticed the following:

- No timeline existed for redressal of a grievance and average time taken for disposal of a grievance had been increasing over the years. It had increased from 28 days in 2016-17 to 106 days in 2020-21.

²⁴ Review exercise was last carried out by CMPFO during 2015-16. Details also appearing in the Annual Reports of CMPFO for the year 2015-16 onwards.

- CMPFO did not specify different levels of authorities for escalation of a grievance, in case of non-redressal of a grievance within a specific period of time at the lower level.
- CMPFO prepared periodical reports of receipt and disposal of grievances, analysed average disposal time taken and age of the pending grievances in respect of grievances registered through CPGRAMS only. No such mechanism existed for grievances received by post.

The Management/Ministry stated (July/September 2022) that all grievance cases were received at Headquarter Office through mail and the same were forwarded to the ROs concerned for redressal of the grievances of the member. It assured to include the grievances received by post in the CPGRAMS and monitor their timely disposals.

The reply is not tenable as no timeline for redressal of the grievances existed in CMPFO. Average time for disposal had increased over the years as the existing system for monitoring of timely disposal of grievances was deficient.

Recommendation No. 10

Management may devise a reliable mechanism for prompt and timely redressal of grievances.

2.2.5.1 (vii) Deficiencies in the CMPS

CMPFO has been entrusted with the responsibility of administering the Coal Mines Provident Fund and Miscellaneous Provision Act, 1948 and different Schemes framed there under. The aim of CMPFO is to provide social and financial security to the employees working in coal industry and ensuring optimum returns on the contributions of the members. Its vision is to provide online settlement of PF, pension and other claims for the members, creation of smooth systems for processing of claims and disbursements, providing a transparent, people-friendly and responsive administration for the benefit of employees and pensioners, protecting interest of the employees by introducing the most advanced tools of information technology to facilitate and improve performance, monitoring and compliance.

Review of CMPS 1998 revealed the following:

A. Absence of Independent Regulator: Audit noticed that unlike National Pension Scheme, which is under Pension Fund Regulatory and Development Authority (PFRDA), there is no independent regulator for managing the pension Scheme of CMPFO. PFRDA, as a Government regulator, aims to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to Schemes of pension funds and for matters connected therewith or incidental thereto.

Audit noticed that CMPFO regulate and administer the scheme on its own and invest its fund through appointed portfolio manager. However, in the absence of an independent regulator, the interests of the mine workers were not adequately protected, and the workers were deprived of the intended benefits under the Scheme. By having an independent regulator, following issues could have been avoided/resolved:

A.1 Inadequate coverage of coal mine workers: Coal Mine workers engaged by outsourcing contractors remained significantly uncovered (65 per cent on an average) which ranged between 19 per cent to 97 per cent across different Coal Companies as highlighted in the para 2.2.5.1 (i).

A.2 Regular inspections: As per the provisions of the Act, periodic inspections are to be carried out by CMPFO through Provident Fund Inspectors. Inspections are necessary to identify the coal mines and their employees who are not covered under the Scheme. There was shortfall of inspection by 99 per cent during 2020-21 as highlighted in the para 2.2.5.1 (ii). Thus, CMPFO failed to carry out the mandated inspection of mines to ensure full coverage of mine workers in compliance of the Act.

A.3 Non-appointment of Actuary within time and delay in implementation of recommendations of the Actuary: As per the provisions of the Scheme, an Actuary is to be appointed by the Board every third year for valuation and review of the pension fund. The recommendations of the Actuary shall be placed before the Board. Board, on the recommendation of an Actuary, may recommend to the Central Government and with its approval may amend the rates of contribution payable under the Scheme, or enhancement and revision of the amount of pension.

Audit noticed that CMPFO neither appointed the Actuary at the interval of three years nor its recommendations were implemented timely for sustainability of the Fund. During the period covered under audit, Actuary was appointed in 2015 and thereafter only in 2020 after a gap of five years.

Audit also noticed that Actuary appointed in October 2015, submitted its report in October 2016. However, the recommendation of the Actuary to enhance the contribution rate to 7 per cent was approved only in June 2018. Audit also noticed that last Actuary appointed in 2020 was yet to submit its final report. No records of the efforts being made by the CMPFO were found on record for obtaining the report from the Actuary even after lapse of two years. In February 2021, a draft report was submitted by the Actuary, wherein it was reported that there was actuarial pension liability of ₹ 62400 crore, which would erode the corpus of Pension Fund in the future, as highlighted in para 2.2.5.1 (ii).

A.4 Protecting interest of the workers: Audit, while examining the records, related to return of contribution to mine workers, noticed that in 16 cases out of 188 sampled cases of coal mine workers who failed to complete 10 years of service, the contribution had been returned to such workers based on the rates as specified in the Schedule 3. Audit noticed that in such cases, workers deposited pension contribution of ₹ 7.83 lakh but only ₹ 6.70 lakh was returned to the workers based on the rates as specified in the Schedule 3. Thus, the workers even failed to realise the contribution so made over the years. It was also noticed that there was no provision in the Scheme for providing interest on the contribution so returned to workers. The workers, instead of getting at least a nominal interest on the contributions, even failed to realise the principal amount of their contributions.

The Management stated (September 2022) that CMPFO settled pension as per the provisions of CMPS 1998, which was itself a regulator to regulate the Scheme. CMPFO appointed the Actuary as per the provisions of the Scheme and BoT approved extension to the Actuary for evaluation of CMPS 1998 upto the year 2021-22.

The contentions of the Management are to be viewed in the light of the fact that it is a good practice to have a regulator which ensures that financial services of the organisation are compliant with the law and financial regulations. However, in the absence of an independent regulator, CMPFO failed to ensure old age income security to most of the contractual coal mine workers and deprived them the intended benefits of CMPS.

Recommendation No. 11

Management may review the Coal Mines Pension Scheme and explore the possibility of having Independent Regulator for the Scheme to ensure effective implementation of the Scheme and to ensure that the intended benefits of the Scheme are extended to contractual workers.

2.2.5.2 Deposit Linked Insurance Scheme

2.2.5.2 (i) Coverage under Deposit Linked Insurance Scheme

Coal Mines Provident Fund Act provides that employees who are covered under PF Scheme of CMPFO are eligible for getting the benefit of life insurance under Deposit Linked Insurance (DLI) Scheme. Audit reviewed the coverage of DLI Scheme during the period 2016-17 to 2020-21 among the employees working in coal sector which is given in Table 2.5:

Table 2.5: Year wise position of DLI Scheme

Period	No. of Employers contributed to PF Scheme	No. of Employers exempted from contributing to DLI Scheme	No. of Employers contributing to DLI Scheme	Amount contributed by employers to DLI Scheme (₹ in crore)	Amount contributed by Central Government to DLI Scheme (₹ in crore)	Position of DLI Corpus Fund at the year end (₹ in crore)
2016-17	900	10	1	0.01	0	275.00
2017-18	891	10	1	0.01	0	295.07
2018-19	879	10	1	0.04	0	316.66
2019-20	876	10	0	0	0	339.89
2020-21	881	10	0	0	0	364.81

It may be seen from the above that during the last two years ending 2020-21, no contribution was made to the Scheme by any employer, making the Scheme ineffective.

2.2.5.2 (ii) Non-collection of contribution

Section 11C of the Act provides that on request of an employer, Central Government may exempt the employer from making contribution to DLI Scheme by notification in the official gazette. Accordingly, Government of India exempted 10 PSUs viz., Singareni Collieries Company Limited (SCCL), Coal India Limited and its eight subsidiaries from making contributions in respect of their workers and executives with effect from January 1979 and March 2009 respectively, as they had formed their own life-cover Schemes.

Audit observed the following:

- i) The employers, who were making the contribution to PF Scheme, were also required to make contribution to DLI Scheme as per the provisions of the Act. As on 31 March 2021, out of 881 employers who had been making contribution in PF Scheme, 10 employers got exemption from the Central Government from contributing to DLI Scheme as per the records made available to Audit. However, out of remaining 871 employers, only one employer (J&K Minerals Limited) contributed to DLI Scheme during 2016-17 to 2018-19. No exemption notification of the Government in respect of the remaining employers (870) who were not contributing to DLI Scheme was available with CMPFO and it also failed to collect contributions for DLI Scheme from these 870 employers without any recorded reasons.
- ii) During 2019-20 and 2020-21, no contribution was received from any employer.
- iii) As per the provisions of the Act, the Government of India is also required to make contribution to the DLI Scheme. Audit, however, noticed that the Government was also not making any contribution since 2010-11. No records were found with regard to the efforts made by CMPFO for regularisation of contribution from the employers and the Government.

2.2.5.2 (iii) Operation of DLI Scheme

The operation and administration of the Scheme are dependent on the contributions made by the employer on behalf of the employees and by the Central Government along with administrative charges levied at such rate as the Central Government may fix from time to time.

Audit observed the following:

- Section 10F of the Act, empowered to levy damage charges on non-contributors. As per the provisions, damages not exceeding 25 *per cent* of the amount in arrears may be recovered from such defaulting employers. CMPFO, however, failed to initiate any action to recover damage charges from the defaulting employers.
- As per provisions of the Scheme, despite exemption from contribution to the DLI Scheme, the exempted employers are required to pay inspection charges to CMPFO, as fixed by Central Government, for maintaining the accounts, making investment, and providing inspection facilities. No such inspection charges were collected by CMPFO. Audit observed that after being pointed out by Audit (May 2020), CMPFO sought clarifications from MoC (August 2020) for fixation of rate of inspection charges to be collected from the exempted employers.

Thus, due to laxity on the part of CMPFO, it failed to fix, claim and collect inspection charges, which in turn adversely affected the sustainability of DLI Scheme.

- As per provisions of the Act, the employer is required to pay charges for operation and administration of the Scheme at the rate of 0.1 *per cent* of aggregate wages. Audit observed that this rate remained unchanged since inception of the Scheme. During the period 2016-17 to 2020-21, CMPFO incurred an expenditure of ₹ 2.71 crore to maintain

and operate the DLI Scheme, against which it received only ₹ 0.61 crore in the form of administration charges.

Thus, expenditure of ₹ 2.10 crore (₹ 2.71 crore – ₹ 0.61 crore) was incurred from the internal sources rather than recovering the same from the non-exempted employers. No initiative had been taken by CMPFO for recovering the amount from the employers as envisaged in the Act.

2.2.5.2 (iv) Ineffective Monitoring and implementation of the Scheme

As per provisions of the Act, in the event of death of an employee in harness, his nominee is entitled to receive a maximum amount of ₹ 10,000 which was applicable since inception (1976). Audit observed that despite manifold increase in cost of living over time, CMPFO never revised and raised the limit.

The Parliamentary Standing Committee on Coal & Steel (2012-13), Fifteenth Lok Sabha (Ministry of Coal), while reviewing the performance of CMPFO regarding DLI Scheme, observed that a sum of ₹ 10,000 was hardly sufficient to support the deceased worker's family to meet the ever growing cost of living. It, therefore, strongly recommended that an early decision should be taken in the matter and the benefit to mine workers should suitably be enhanced under the Scheme.

In the Action Taken Note (September 2013), Ministry stated that it would revisit the matter.

However, despite lapse of more than eight years, no action had been taken by the Ministry/CMPFO for revision of the limit under the Scheme.

After deficiencies in the Scheme being pointed out by Audit, Board finally approved (October 2021) the proposal of withdrawal of DLI Scheme and forwarded the proposal to the Ministry for necessary approval and amendments.

The facts remain that CMPFO, never carried out any awareness campaign to educate the beneficiaries/workers about the intended benefits available under the Scheme. As a result, DLI Scheme yielded no benefit to the workers serving in the coal mining industry, which is evident from the fact that since commencement of the Scheme, only 1,648 claims were settled involving a sum of ₹ 1.34 crore. The last such claim was settled in 2009-10. In last 10 years, not even a single claim was logged and paid. This resulted in large accumulation of DLI corpus fund which increased from ₹ 275 crore in 2016-17 to ₹ 364.81 crore in 2020-21 on account of reinvestments of corpus fund and accumulation of interest thereon without any outgo for claims settlement.

The Management/Ministry, while accepting the facts, stated (February/July 2021) that due to exemption to majority of the employers from DLI Scheme, no claim under the Scheme was received during the last 10 years, due to which the corpus of DLI Scheme went on increasing. The Management further stated (July 2022) that BoT had approved the proposal for withdrawal of Scheme. The proposal for the same had been sent to the Ministry of Coal for approval and necessary amendments in the Act. The Ministry further stated (September 2022) that proposal of withdrawal of DLI Scheme through amendment in CMPF&MP Act 1948, was under consideration.

2.2.6 Conclusion

CMPFO was established with a vision to provide social security to all the employees and their family members working in the coal mines across the country. Though the departmental workers engaged by Coal India Limited, its subsidiaries and Singareni Collieries Company Limited were fully covered under Coal Mines Pension Scheme, workers engaged by outsourcing contractors of these companies significantly remained uncovered. The following significant issues were observed during the course of audit:

- The actuarial pension liability of ₹ 42,391.63 crore, as valued by the Actuary, would erode the corpus of Pension Fund in future. Further, failure to finalise the recommendations made by Actuary in its report and to implement them in a time bound manner raises concern on the sustainability of the Pension Fund.
- CMPFO failed to carry out the mandated inspections of mines to ensure full coverage of mine workers in compliance of CMPF Act. There were instances of delays in receipt and settlement of pension claims, incorrect fixation of pension and returns of contribution to the contractual workers. CMPFO failed to implement automatic payment of pension and to recover damage charges from the private contractors for default in remitting contributions. CMPFO also failed to establish an effective Information Technology system for monitoring its activities.
- As CMPFO itself is the regulator, administrator and investor of the scheme and its funds, in the absence of an independent regulator, the interests of the mine workers were not adequately protected, and the workers were deprived of the intended benefits under the Scheme.

CMPFO failed to implement the Deposit Linked Insurance Scheme effectively for the benefit of the employees (including contractual workers) working in the coal mining industry even after 45 years since its introduction. The operation of the Scheme was grossly neglected by CMPFO. Moreover, lack of initiative on the part of CMPFO for educating and creating awareness among employees/workers for the intended benefits under the Scheme is evident from the fact that not even a single employee was benefitted during the last 10 years.

CHAPTER III: MINISTRY OF FINANCE (DEPARTMENT OF FINANCIAL SERVICES)

3.1 Deficiencies observed in Recapitalisation of Public Sector Banks

Department of Financial Services (DFS) infused ₹ 8,800 crore into the State Bank of India in 2017-18 for credit growth considering it the largest Public Sector Bank in the country without any demand from it. DFS also considered cushion over and above the norms prescribed by the Reserve Bank of India while recapitalising Public Sector Banks resulting in excess infusion of ₹ 7,785.81 crore. Further, DFS infused ₹ 831 crore into Bank of Maharashtra in 2019-20 against the bank's demand of ₹ 798 crore. Thus, during the years 2017-18 to 2020-21, DFS made excess infusion of ₹ 16,619 crore beyond the Reserve Bank of India's Regulatory requirement/ demands of the PSBs.

3.1.1 Introduction

Public Sector Banks (PSBs) constitute major component of the Indian Banking System and are an important instrument to implement various welfare schemes of the Government of India. As per Reserve Bank of India's report on Trend and Progress of Banking in India (2020-21), the share of PSBs in total advances of the Scheduled Commercial Banks was 58.67 per cent and in deposits, it was 63.50 per cent at the end of March 2021.

PSBs were recapitalised by Department of Financial Services (DFS) after taking into consideration various factors including, *inter-alia*, capital projections made by PSBs after taking into account the credit growth as well as risk profile of assets to project the Risk Weighted Assets²⁵, subsequent discussions with senior executives of concerned PSBs, requirement of meeting regulatory capital²⁶ norms etc.

As informed by DFS, the standard practice adopted for recapitalisation of PSBs is as follows:

- PSBs made their capital projections and provided details to DFS.
- Upon receipt of the projections, the same were discussed with senior executives of the PSBs concerned.
- The capital to be infused was assessed on the following basis:
 - o Meeting the requirement for regulatory capital
 - o Equipping better performing PSBs placed under RBI's Prompt Corrective Action framework to come out of it
 - o Meeting capital requirement on account of amalgamation of PSBs

²⁵ Risk-weighted assets are bank's assets exposures weighted according to the risk of the asset.

²⁶ Regulatory capital or capital requirement is the amount of capital a bank or other financial institutions have to hold as required by its financial regulator.

- The amount of capital was finalised based on projections, discussions and assessment with reference to the bases described above.

3.1.2 Capital Adequacy Ratio of PSBs

The Minimum Total Capital prescribed under Basel III rules by the Basel Committee on Banking Supervision is 8 *per cent*. As per RBI's Master Circular on Basel III Capital Regulations dated 1 July 2015 scheduled commercial banks operating in India are required to maintain a Minimum Total Capital of 9 *per cent* of total risk-weighted assets.

Total regulatory capital consists of the sum of the following categories:

- i. Tier 1 Capital (going-concern capital²⁷)
 - a. Common Equity Tier 1²⁸
 - b. Additional Tier 1²⁹
- ii. Tier 2 Capital (gone-concern capital³⁰)

The details of capital requirement are given below in Table 3.1:

Table 3.1: Capital requirement as a percentage of risk-weighted assets

Sl. No.	Regulatory Capital	As per cent to Risk Weighted Assets
i	Minimum Common Equity Tier 1 (CET-1) ratio	5.5
ii	Capital Conservation Buffer ³¹ (comprised of Common Equity)	2.5
iii	Minimum Common Equity Tier 1 ratio plus capital conservation buffer [(i)+(ii)]	8.0
iv	Additional Tier 1 Capital	1.5
v	Minimum Tier 1 capital ratio [(i) +(iv)]	7.0
vi	Tier 2 capital	2.0

²⁷ From regulatory capital perspective, going-concern capital is the capital which can absorb losses without triggering bankruptcy of the bank.

²⁸ Common Equity Tier-1 ratio is the ratio between common equity tier-1 capital and risk weighted assets. Common Equity Tier-1 consists of paid up equity capital, share premium resulting from the issue of equity capital, statutory reserves, capital reserves i.e. surplus arising out of sale proceeds of assets, other disclosed free reserves, if any, and balance of Profit and Loss Account at the end of the previous financial year.

²⁹ Consists of perpetual non-cumulative preference shares and share premium on this, perpetual debt instruments that may be issued as bonds or debentures, any other type of instrument generally notified by RBI.

³⁰ Gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank. It consists of General Provisions and Loss Reserves, Debt capital instruments issued by banks, preference share capital and share premium thereon, revaluation reserves at a discount of 55 per cent and any other type of instrument generally notified by RBI.

³¹ The Capital Conservation Buffer (CCB) is designed to ensure that banks build up capital buffers during normal times (i.e. outside periods of stress) which can be drawn down as losses are incurred during a stressed period. The requirement is based on simple capital conservation rules designed to avoid breaches of minimum capital requirements. Regulatory requirement in this regard was 0.625 per cent, 1.25 per cent, 1.875 per cent and 2.5 respectively on 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019.

Sl. No.	Regulatory Capital	As per cent to Risk Weighted Assets
vii	Minimum Total Capital Ratio [(v)+(vi)] (also known as Capital to Risk Weighted Assets Ratio)	9.0
viii	Minimum Total Capital Ratio plus capital conservation buffer [(vii)+(ii)]	11.5

GoI infused capital amounting to ₹ 2,86,000 crore during the period 2017-18 to 2020-21. PSBs were recapitalised during the said period mainly to meet the requirement for regulatory capital. While auditing the recapitalisation of PSBs done by DFS during this period, following issues were observed by Audit:

A. Capital infusion in State Bank of India during FY 2017-18 without any demand from the bank

DFS proposed (January 2018) to follow a differentiated approach for recapitalisation of PSBs that were under Prompt Corrective Action (PCA) and those that were not under PCA. Accordingly, following was proposed by DFS:

- Capital infusion of ₹ 44,734 crore in 11 PSBs³² under PCA for regulatory requirements.
- Capital infusion of ₹ 27,028 crore in proportion to their standard gross advances as of September 2017 in eight Non-PCA PSBs³³ to equip them to support credit off-take.
- ₹ 8,800 crore to be kept in reserve for the remainder of the Financial Year.
- No capital infusion was proposed in Indian Bank and State Bank of India (SBI) (the remaining non-PCA Banks).

Reasons recorded by DFS for not proposing any capital infusion in SBI was that requirement for Minimum Common Equity Tier-1 plus Capital Conservation Buffer was 8 per cent for other PSBs whereas on account of being classified as a Domestic Systematically Important Bank, there was a requirement of additional Common Equity Tier-1 ratio of 0.45 per cent as on 1 April 2018 and 0.6 per cent as on 1 April 2019 for SBI. Thus, the target common equity requirement under the Basel-III roadmap was 8 per cent and in case of SBI, it was 8.6 per cent. SBI's common equity as of September 2017 was 10.2 per cent, representing a headroom of 1.6 per cent above the Basel-III roadmap target which indicated that it had capacity for credit off-take on its own. Similarly, Indian Bank's common equity was 11.3 per cent as of September 2017 representing a headroom of 3.3 per cent above the Basel III roadmap target which indicated that it had sufficient capacity for

³² IDBI Bank, Bank of India, UCO Bank, Central bank of India, Indian Overseas Bank, Oriental Bank of Commerce, Dena Bank, Bank of Maharashtra, United Bank of India, Corporation Bank and Allahabad Bank

³³ Punjab National Bank, Bank of Baroda, Canara Bank, Union Bank of India, Syndicate Bank, Andhra Bank, Vijaya Bank and Punjab and Sind Bank

credit off-take on its own. No infusion was, therefore, proposed in Indian Bank and SBI in Financial Year 2017-18 by the DFS.

DFS, however, subsequently approved (January 2018) infusion of ₹ 8,800 crore in SBI stating that SBI, being the largest PSB in the country, was to lead the credit growth. Thus, DFS recapitalised SBI in 2017-18 without any demand or requirement from the bank. This resulted in non-adherence to the standard practice for recapitalisation followed by DFS.

Moreover, in the previous Audit Report on the subject of Recapitalisation of Public Sector Banks (Report no. 28 of 2017) one of the recommendations of Audit was that the criteria for fund infusion, once finalised, may be consistently applied across all PSBs and in case of variation, reasons should be well documented. In this case, however, the DFS recapitalised only one bank for credit growth without adequate justification.

DFS, in their reply (22 July 2022), stated the following:

SBI was chosen for infusion of growth capital as its advances portfolio constituted 33 *per cent* of the total advances of PSBs, and the bank achieved a credit growth of 26 *per cent* during the year 2017-18. DFS also stated that standard practice being followed for capital infusion in PSBs considered factors like meeting the requirement for regulatory capital, equipping better performing PSBs placed under RBI's Prompt Corrective Action framework to come out of it and meeting capital requirement on account of amalgamation of Public Sector Banks.

The reply of DFS needs to be seen in the light of the fact that DFS infused funds into SBI even though there was no demand from SBI and recapitalisation was done without any assessment of the capital requirement. Further, DFS did not infuse any fund in Indian Bank, a Non-PCA bank, for credit growth. This was not in line with its own standard practice as well as recommendation made by Audit previously.

Thus, the infusion of ₹ 8,800 crore was made in SBI despite no demand and projection.

Recommendation No. 1

In order to maintain uniformity amongst all PSBs, DFS may consider framing guidelines for cases of additional capital infusion in PSBs for credit growth.

B. Capital infusion on account of Cushion/Headroom to Common Equity Tier 1, Tier 1 and Capital to Risk Weighted Assets Ratio

Banks in India are required to maintain a ratio of 5.5 *per cent* for Minimum Common Equity Tier 1, 7 *per cent* for Minimum Tier 1 capital and 9 *per cent* for Minimum Total Capital as stated in Table 3.1 above.

Audit observed that DFS calculated capital shortfall considering margin on Risk Weighted Assets and kept an additional Cushion/Headroom to Minimum Common Equity Tier 1, Minimum Tier 1 and Capital to Risk Weighted Assets Ratio. This additional Cushion/Headroom was calculated differently for different years as well as for different PSBs as discussed below:

B.1 Year 2017-18

(i) DFS calculated (December 2017) and infused Capital shortfall of ₹ 7,577 crore on account of Margin of 0.1 *per cent* of Risk Weighted Assets above Common Equity Tier-1 i.e. 5.5 *per cent* in three banks (Bank of India, UCO Bank and Central Bank of India) and above Common Equity Tier-1 plus Capital Conservation Buffer i.e. 6.75 *per cent* in respect of other three banks (IDBI Bank, Dena Bank and Bank of Maharashtra) as per details given below in Table 3.2.

Excess infusion in these six banks during 2017-18 on account of the cushion given by DFS was ₹ 1043.44 crore.

Table 3.2: Capital infusion by DFS as cushion of 0.1 *per cent* above CET-1

Sl.No.	Bank	Amount (₹ in crore)
1.	IDBI Bank	2,729
2.	Bank of India	2,257
3.	UCO Bank	1,375
4.	Central Bank of India	323
5.	Dena Bank	243
6.	Bank of Maharashtra	650
Total		7,577

(ii) Again, in January 2018, DFS calculated capital shortfall of ₹ 52,311 crore for Prompt Corrective Banks with headroom of 0.375 *per cent* above Minimum Tier 1 capital ratio i.e. 7 *per cent* of Risk Weighted Assets during 2017-18 and infused ₹ 44,734 crore (excluding ₹ 7577 crore infused in December 2017 as mentioned above). Details of this infusion is given below in Table 3.3.

The exact excess infusion in these eleven banks during 2017-18 on account of this cushion/headroom could not be worked out by Audit in the absence of availability of figures of projected Risk Weighted Assets and Tier 1 Capital requirements.

Table 3.3: Capital infusion by DFS with cushion of 0.375 *per cent* above minimum Tier-1 capital

Sl.No.	Bank	Amount (₹ in crore)
1.	IDBI Bank	7,881
2.	Bank of India	6,975
3.	UCO Bank	5,132
4.	Central Bank of India	4,835
5.	Indian Overseas Bank	4,694
6.	Oriental Bank of Commerce	3,571
7.	Dena Bank	2,802
8.	Bank of Maharashtra	2,523
9.	United Bank of India	2,634
10.	Corporation Bank	2,187
11.	Allahabad Bank	1,500
Total		44,734

B.2 Year 2018-19

During 2018-19 DFS calculated (July 2018) capital shortfall considering cushion of 0.25 *per cent* above Minimum Total Capital Ratio (Capital to Risk-Weighted Asset Ratio) i.e. 9 *per cent* of Risk Weighted Assets (in respect of Central Bank of India, Corporation Bank and Indian Overseas Bank) and cushion of 0.25 *per cent* to Minimum Common Equity Tier-1 (Allahabad Bank) as per details given below in Table 3.4.

The exact infusion in these four banks during 2018-19 on account of this cushion/headroom could not be worked out by Audit in the absence of availability of figures of projected Risk Weighted Assets and Tier 1 Capital requirements.

Table 3.4: Capital Infusion by DFS during 2018-19

Sl. No.	Bank	Amount (₹ in crore)
1.	Central Bank of India	2,354
2.	Corporation Bank	2,555
3.	Indian Overseas Bank	2,157
4.	Allahabad Bank	1,790
Total		8,856

B.3 Year 2019-20

During 2019-20, DFS calculated (December 2019) capital shortfall considering cushion of 0.25 *per cent* above Minimum Tier 1 capital requirement i.e. 7 *per cent* of Risk Weighted Assets (UCO Bank, Indian Overseas Bank); 0.25 *per cent* above Minimum Common Equity Tier 1 *plus* Capital Conservation Buffer i.e (5.5 *per cent* plus 1.875 *per cent*) (in respect of Allahabad Bank) and a buffer of ₹ 10 crore in respect of Andhra Bank. Details of infusion are given below in Table 3.5.

Table 3.5: Capital infusion by DFS during 2019-20

Sl. No.	Bank	Amount (₹ in crore)
1.	UCO Bank	2,142
2.	Indian Overseas Bank	4,360
3.	Allahabad Bank	2,153
4.	Andhra Bank	200
Total		8,855

Excess infusion in these four banks during 2019-20 on account of this cushion/buffer was ₹ 884.37 crore.

B.4 Year 2020-21

During 2020-21, DFS calculated (March 2021) capital shortfall considering a safety factor of 1 *per cent* over and above Minimum Tier-1 capital requirement including Capital Conservation Buffer (i.e. 7 *per cent* plus 2.5 *per cent*) on account of Covid-19 in respect of four banks viz., Bank of India, Central Bank, Indian Overseas Bank and UCO Bank. Further, a cushion of ₹ 133 crore from Minimum Tier-1 Capital was also provided in respect of Punjab and Sind Bank (November 2020). Details of infusion in these banks is given below in Table 3.6.

Table 3.6: Capital Infusion by DFS during 2020-21

Sl. No.	Bank	Amount (₹ in crore)
1.	Bank of India	3,000
2.	Central Bank	4,800
3.	Indian Overseas Bank	4,100
4.	UCO Bank	2,600
5.	Punjab and Sind Bank	5,500
Total		20,000

Excess infusion in these five banks during 2020-21 on this account was ₹ 5,858 crore.

Audit is of the view that considering the additional one *per cent* capital requirement prescribed by RBI on banks in India, infusion of capital over and above the already enhanced prescribed capital requirement norms was avoidable considering the competing demand for resources in the country.

Further, the basis for arriving at the figures of '0.1' *per cent* or '0.375 *per cent*' or '0.25 *per cent*' or '1 *per cent*' for the cushion/headroom was not found in the records of DFS. As can be seen from Tables 3.2, 3.5 and 3.6, excess infusion amounting to ₹ 7785.81 crore was made by DFS on account of cushion/headroom. Audit could not, however, calculate the additional amount provided to other banks on account of the cushion/headroom in infusions made as per Tables 3.3 and 3.4.

DFS in their reply (22 July 2022) stated the following:

As the assessment of capital requirement was carried out based on projections, a cushion was provided to guard against variations. RBI also keeps a cushion of around 1 *per cent* while estimating capital requirement for banks. Accordingly, cushion up to a maximum of 1 *per cent* was provided in various tranches of capital infusion, subject to availability of capital for allocation.

The reply of DFS may be seen in the light of the fact that RBI had already prescribed enhanced capital requirement of additional 1 *per cent* on banks in India. The cushion provided by DFS was over and above the norms prescribed by RBI, which puts an unnecessary burden on the exchequer.

C. Capital infusion on account of cushion over and above capital requirement in Bank of Maharashtra in Financial Year 2019-20

Bank of Maharashtra had requested Government of India vide letter dated 24 February 2020 for capital infusion of ₹ 798 crore to keep the bank compliant with the minimum regulatory capital requirement as well as remaining out of Prompt Corrective Action framework of RBI for the financial years 2019-20 and 2020-21. Out of budgetary provision of ₹ 70,000 crore for capital infusion in 2019-20, GoI had infused ₹ 69,169 crore in banks till then. Thus, for the financial year 2019-20, an unspent budget provision of ₹ 831 crore was available for recapitalisation in PSBs.

DFS approved and released ₹ 831 crore (March 2020) keeping a cushion of ₹ 33 crore against the capital requirement of ₹ 798 crore projected by Bank of Maharashtra. Thus,

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instead of surrendering ₹ 33 crore, the extra amount was infused in Bank of Maharashtra beyond the bank's demand. India being a fiscal deficit country, infusion of the amount over and above the demand was avoidable.

DFS in their reply (22 July 2022) stated the following:

It may be seen that the capital requirement was based on projections for the year-end. To guard against variations, cushion of ₹ 33 crore was provided which constitutes 0.04 per cent of Risk Weighted Assets. It may also be noted that while shortfall of ₹ 798 crore was arrived for Tier-1 capital, total shortfall was estimated at ₹ 824 crore for Capital to Risk weighted Assets Ratio. Cushion over and above minimum regulatory capital was provided to ensure that banks do not breach the regulatory threshold in case projections considered for assessment of capital requirement, differ from the actual figures. RBI too adds a cushion of around 1 per cent while estimating capital requirement for banks.

While appreciating the concern for fiscal deficit, it may be mentioned that capital infusion in PSBs is an investment which entails potential for return in the form of capital gains and dividend. For FY 2021-22, Bank of Maharashtra has paid a dividend of ₹ 306 crore to the Government out of the total dividend of ₹ 337 crore paid to all shareholders.

The reply of DFS may be seen in the light of the fact that DFS had not considered shortfall of ₹ 824 crore for Capital to Risk weighted Assets Ratio but had considered Tier 1 requirement of ₹ 798 crore and cushion of ₹ 33 crore while infusing capital in Bank of Maharashtra.

Thus, during the years 2017-18 to 2020-21, DFS made excess infusion of ₹ 16,619 crore beyond the RBI's Regulatory requirement/demands of the PSBs.

Recommendation No. 2

Given the fact that RBI norms for Regulatory Capital Requirement for Banks are already above the Basel III norms, DFS may infuse funds sufficient enough to ensure that the PSBs are able to meet the minimum norms prescribed by RBI. The requirement for any additional funds to meet the Regulatory requirement during the course of the year, if any, could be considered as and when the need arises with proper justification. Giving a blanket headroom/cushion over and above the Regulatory requirement should not be normally encouraged considering the fiscal deficit and the competing demands of resources in the country.

CHAPTER IV: MINISTRY OF HOUSING AND URBAN AFFAIRS

Central Public Works Department

4.1 Short recovery of water charges

Due to failure of CPWD to install individual water meters and revise the rates of recovery of water charges from the allottees of General Pool Residential Accommodation, financial burden of ₹ 7.69 crore devolved upon CPWD.

Directorate of Estates (DoE), an attached office of the Ministry of Housing and Urban Affairs (the Ministry), is responsible for administration and management of the office buildings and residential accommodation of estates of the Government of India. Office Memorandum dated 7 August 1987 issued by DoE stipulates that “Normally water and electricity charges are payable by the allottee to the local bodies. Where, however, such charges cannot be recovered from the allottees due to non-availability of separate meters etc., this will continue to be recovered by the Government from the allottees.”

As regards recovery of water charges from the allottees of General Pool Residential Accommodation (GPRA), where water supply is not regulated by meters, the rate at which such recoveries are to be made is decided on the basis of information/data provided by CPWD on cost of water supply in different areas. The water charges were to be revised from time to time and these were to be circulated by DoE amongst the recovery sections.

There are nine divisions of CPWD, which are organised in five Delhi Circles and one Zone. Audit of the office of the Executive Engineer, ‘N’ Division (the Division), IP Bhawan, CPWD, for the period April 2008 to March 2018 was taken up during July-August 2018. The Division is involved in maintenance of GPRA colonies at various locations³⁴. It was initially observed that for water supply to Servant quarters (SQ) attached with GPRA quarters³⁵ of Types-V and VI, a bulk water meter (one for every block of Servant Quarters) had been installed in the name of the Executive Engineer. The payment of the water bills raised by New Delhi Municipal Corporation (NDMC) for these bulk water connections was made by the Division.

It was noted that there were two types of Servant/Mali Quarters i.e., (i) Servant Quarters were attached to quarters of main allottees and water supply was same for both and (ii) Servant Quarters were located at a distance from main allottees and water supply is also separate for both. In this regard issue of recovery of water charges for the Servant/Mali Quarters was examined and following were revealed:

³⁴ Rabindra Nagar, Pandara Road, Pandara Park, Shahjahan Road, Cornwallis Road, Bharti Nagar (w.e.f. December 2018), Humayun Road and Prithviraj Lane

³⁵ Rabindra Nagar, Pandara Road, Pandara Park, Shahjahan Road, Humayun Road, Cornwallis Road, Bharti Nagar and for Mali quarters (MQ) situated at Prithviraj Lane

- i. On the basis of information gathered, it was noted that in Humayun Road individual meters were installed both for the main allottees and Servant Quarters and water charges were paid by the allottees on the basis of consumption shown in individual meters. However, in other locations, due to non-installation of individual meters, water charges of Servant/Mali Quarters were being recovered by CPWD through licence fee or no water charges were being recovered, which are classified as under:
- **Category-A:** Servant Quarters³⁶ are attached to quarters of main allottees and water supply is same for both. In such a setup, water charges were recovered through licence fee by DoE from main allottees.
 - **Category-B:** Where Servant Quarters are located at a distance from main allottees and water supply is also separate for both. Since individual meters are installed for main allottee, the water charges are being paid by the allottees themselves, however, for Servant Quarters³⁷, constructed as blocks with each block consisting of four quarters, there is one bulk water connection. The water charges for water utilised by Servant Quarters, were being levied as part of licence fee from main allottees.
 - **Category-C:** The setup is as in Category B but no water charges were being recovered from Servant/Mali Quarters³⁸. Directorate of Estates (DoE), which is responsible for notifying rates of recovery, stated (February 2022) that recovery was not being made since no rates were available in the e-sampada portal, which is the online-allotment administering system for GPRA.
- ii. Scrutiny of records revealed that water charges were being recovered at different rates in different colonies which were ranging between ₹ 22 to ₹ 206 as under: -

Table 4.1: Different rates of water charges in different colonies

(Amount in ₹)			
Category	Area	Rate	Rates applicable with effect from
A (MS Flats)	Pandara Road	66	13 January 2006
	Shahjahan Road	206	1 March 1997
B	Rabindra Nagar, Pandara Road, Pandara Park and Shahjahan Road	22	1 April 2001
	Bharti Nagar		1 March 1995
C	Cornwalis Road and Prithviraj Lane	Not available in e-sampada	Not available

The rates of recovery for water charges, being recovered through licence fee, in the above GPRA colonies were revised 16 to 27 years back.

- iii. It was also noticed that, during the period 2008-09 to 2021-22 (November 2021), payment of water bills for ₹ 10.06 crore raised by the NDMC for these bulk water

³⁶ Multi-storied flats at Pandara Park and Shahjahan Road

³⁷ Rabindra Nagar, Pandara Road, Pandara Park, Shahjahan Road and Bharti Nagar

³⁸ Cornwallis Road and Prithviraj Lane

connections, was made by the Division. However, the water charges recovered from the individual allottees were not in consonance with the bills paid, as only ₹ 0.23 crore was recovered due to which the Division had incurred a financial burden of ₹ 9.83 crore as under:

Table 4.2: Recovery of water charges from allottees

(Amount in ₹)				
Category	Area	Charges for water usage paid by CPWD	Water usage charges recovered from allottees	Less recovery of water charges
A	Multistoried flats at Pandara Park and Shahjahan Road	3,00,47,533	10,13,400	2,90,34,133
B	Rabindra Nagar, Pandara Road, Pandara Park, Shahjahan Road and Bharti Nagar	5,58,12,632	12,77,817	5,45,34,815
C	Cornwalis Road and Prithviraj Lane	1,47,62,998	0	1,47,62,998
Total		10,06,23,163	22,91,217	9,83,31,946

- iv. Scrutiny of records also revealed that, during June 2014 and November 2016, the DoE had issued various letters/reminders to the Executive Engineer (Licence Fee), CPWD for revision of the water charges but no response was received. Six meetings for exploring the possibilities of installation of water meters in GPRA colonies were held during January 2018 to November 2018 under the Chairmanship of DoE, in which representatives of CPWD, NDMC and DJB were participants.

In the meeting held on 1 November 2018, representatives of CPWD and NDMC stated that installation of individual water meter connections in multi-storeyed building was not technically feasible as major infrastructure changes would have to be carried out, which would not be financially viable. The DoE requested Superintending Engineer, CPWD to prepare a report for revision of water charges at standard rates based on actual consumption during the previous one year and also factor-in the previous bills raised by NDMC to CPWD and numbers of quarters in the colony to which the supply was made after bulk water supply was provided at one point. It was decided that CPWD would furnish a detailed proposal within 10 days. However, the proposal was submitted (November 2019) by CPWD after one year, on which DoE stated that the proposal was not feasible due to wide variations of rates and again requested CPWD to furnish a detailed proposal with estimated rates of water charges for all types of accommodations (type-wise) on the basis of the average consumption of the colonies.

Further, another meeting was held on 10 September 2021 in which it was decided that CPWD will review the recommended rates of water charges in which there was huge variation in the rates of water charges of same type in different localities and will propose uniform rates of water charges for each type of house throughout Delhi instead of different localities. No discussion was held regarding installation of individual meters. It was, however, decided that CPWD would take up with

NDMC/DJB for installing new bulk supply meters or make the existing meters operational and in case DJB/NDMC fail to do the same, CPWD will install bulk meters on their own. CPWD will also ensure that bulk meters should be functional and must be tested at periodic intervals in coordination with DJB/NDMC. Executive Engineer (Licence Fee), CPWD forwarded proposed revised water charges in respect of GPRA colonies in Delhi to DoE in June 2022.

Thus, non-installation of individual water meters and non-revision of rates of water charges recoverable from allottees in GPRA colonies for a long time resulted in avoidable financial burden of ₹ 9.83 crore on account of payment of water charges to NDMC whilst amount recovered from the allottees was much less in comparison.

The issue was brought to the notice of the Director General (Works), CPWD in December 2020 and Joint Secretary & Financial Advisor, MoHUA in January 2021. The matter was again reported (February 2021 and May 2021) to the Ministry. From the reply of DG, CPWD in July 2021 and replies of 'N' Division/DoE to audit requisitions issued during December 2021 to June 2022, the following integrated position was revealed:

- The Servant Quarters attached with M.S. Apartments of Pandara Park and Shahjahan Road are the integral part of main quarters and DoE has fixed the rate of licence fee inclusive of water charges for these apartments that are directly recovered from the salary of the main allottees of the respective flats. Recovery for water used by the contractors, during the period 2008-09 to 2021-22 (upto November 2021), amounting to ₹ 1.69 crore was made from the contractor bills for using water in repairing and up-gradation work. Further, an amount of ₹ 0.45 crore was paid for water charges for CPWD service centre at Shahjahan Road and Pandara Road.
- So far as installation of individual water meters was concerned, it was stated that installation thereof in all quarters, including Servant Quarters would be taken up in a phased manner depending on feasibility and availability of funds. Moreover, directions were issued (June, 2021) to all divisions to ensure that separate meter for each flat may be provided at the time of design and construction itself in the new GPRA colonies. Regarding revision of water charges, it was stated that fixation of water charges recoverable from the allottees is decided by DoE in consultation with CPWD. Recommendations on revision of water charges, based on the principle of no loss no gain had been sent to DoE (29 June 2021) wherein it was also stated that water charges in Delhi cannot be uniform. Hence, the water charges of Mali quarters/Servant quarters, in some colonies which appeared very high were being re-examined by the concerned field units.

While audit observations have been accepted by CPWD, the facts remain that:

- After considering ₹ 0.45 crore as water charges for CPWD Service Centre and recovery of ₹ 1.69 crore from contractors' bills, the financial burden upon CPWD still is of the magnitude of ₹ 7.69 crore³⁹

³⁹ ₹7.69 crore = ₹9.83 crore - ₹0.45 crore - ₹1.69 crore

- No time frame for installation of individual meters has been indicated in the reply which shows lackadaisical approach towards avoidable expenditure of public money.
- The issue of revision of rates, last revised 16 to 27 years back, is still unresolved. A focused approach to resolve the issue has not been ensured.
- Executive Engineer (Licence Fee), CPWD has sent a fresh proposal for revision of water charges in respect of GPRA colonies in Delhi to DoE (01 June 2022) after a lapse of nine months from the meeting in which it was so decided.

The reply, therefore, indicates absence of policies for installation of individual water meters for all allottees and ensuring timely revision of water charges.

4.2 Corrections/rectifications at the instance of Audit

Actual consumption of electricity was persistently lower than the Contract Demand in Pushpa Bhawan New Delhi. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt, the same was not availed by CPWD Division in respect of Pushpa Bhawan, resulting in avoidable loss of ₹ 44.62 lakh. On being pointed out by Audit, Contract Demand was reduced.

Office of the Executive Engineer, Electrical Construction Division (ECD-IV), Pushpa Bhawan (Division), under CPWD, is entrusted with the upgradation, repair & maintenance works of Pushpa Vihar GPRA Quarters, Krishi Vihar and Pushpa Bhawan, New Delhi.

Payment of electricity bills in respect of Pushpa Bhawan is also made by the Division. M/s BSES Rajdhani Power Limited (BRPL) was providing electricity supply to the Division, for a sanctioned load of 1577 KVA and Contract Demand⁴⁰ of 1069 KVA in the Tariff Category of Non-Domestic (HT) and Supply type HT (11 KV). The connection was energised in June 2002. As per Delhi Electricity Regulatory Commission (DERC) Supply Code and Performance Standards Regulations 2007 (Regulation), the Division had to pay fixed Contract Demand charges on Billing Demand basis i.e., in case the actual utilisation was less than the Contract Demand taken, the fixed charges were to be paid for the full Contract Demand taken. There was a provision in the Regulation for applying for load reduction after two years from the original energisation for connection above 100 Kilowatt (KW).

The Division had also entered into a power purchase agreement (July 2015) with M/s Madhav Infra Projects Limited for Design, Manufacture, Supply, Erection, Testing and Commissioning including Warranty, Operation & Maintenance of (100x5) 500 kWp Roof Top Solar PV Power System (Solar Power System) at Pushpa Bhawan, New Delhi. The same was installed in October 2015 and commenced power generation during the same month. The installed solar power plant was a grid interactive solar power generation plant and net meter was installed by BRPL for the system. Resultantly, surplus solar power

⁴⁰ Demand in Kilo Volt Ampere (KVA) as provided in the supply agreement, for which the licensee makes specific commitment to supply from time to time and in any case, it shall not be less than 60 per cent of the Sanctioned Load (SL)

generated in the system can be fed into the grid. The payment for energy consumption through net meter was worked out on the basis of total energy consumed in the building reduced by total power generation by the solar plant.

On scrutiny of records (September 2018), it was noticed that during the year 2013-14 and 2014-15, Maximum Demand Indicator (MDI) was persistently low and as high as 876 KVA for a few times. The Solar Panel System was installed which would have reduced the dependency on the supply of electricity from the conventional sources. It was, however, observed that after installation of Solar power system, the Division had not undertaken any such review to take corrective action to reduce Contract Demand from M/s BRPL. Further, although there was a provision in the Delhi Electricity Regulatory Commission (DERC) Supply Code and Performance Standards Regulations 2007 for applying for load reduction after two years from the original energisation for connection above 100 KW, the same was not availed by the Division even after installation of Solar power system.

A test-check of electricity bills for the period from April 2015 to August 2018 revealed that as against the Contract Demand of 1069 KVA, the electricity utilised in actual did not exceed 760 KVA which indicated a need to reduce the Contract Demand. The issue was raised by Audit in October 2018, however, the Division replied (March 2021) that the Contract Demand had been reduced by M/s BRPL to only 946.20 KVA w.e.f. February 2021 as Contract Demand cannot be less than 60 *per cent* of Sanctioned Load in KVA. In order to explore the feasibility of more reduction of Contract Demand, Audit revisited the Division in October 2021 and observed that during the period September 2018 to September 2021 electricity actually utilised had not exceeded 580 KVA. Therefore, audit emphasised that there was scope for further reduction, more so because of the installation of solar power system at Pushpa Bhawan, New Delhi.

Not availing the option for load reduction despite consistent low consumption of electricity as compared to the contract demand resulted in avoidable loss of ₹ 44.62 lakh during the period from April 2015 to November 2021.

The Division intimated (February 2022) that the Contract Demand had been further reduced from 946.20 KVA to 600 KVA besides reducing Sanctioned Load from 1577 KVA to 1000 KVA and reflected in the bill for the month of January 2022. Additionally, CPWD Directorate also issued directions (December 2021) to review all such cases where actual maximum demand is less than the Contract Demand.

Reduction of Contract Demand clearly established that the Division was having excess Contract Demand and action to reduce the Contract Demand had been initiated by CPWD only after the issue was reported by the Audit.

4.3 Recovery of ₹ 19.62 lakh at the instance of Audit

CPWD credited entire amount of National Pension System subscription returned from NSDL into the employees' GPF Account without adjusting Government Share and interest thereupon.
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As per the provisions of the Casual Labourers (Grant of Temporary Status and Regularisation) Scheme (the scheme) of Government of India (GoI), 1993, casual labourers

who had rendered service for a continuous period of one year or more were granted temporary status with effect from September 1993. After rendering three years' continuous service subsequent to conferment of temporary status, the casual labourers would be treated on par with temporary Group 'D' employees for the purpose of contribution to the General Provident Fund (GPF). This scheme was circulated (January 1994) by O/o Director General (Works) for the Central Public Works Department (CPWD) (the Directorate). Subsequently, the Scheme was reviewed (April 2004) in the light of introduction of New Pension Scheme {now National Pension System (NPS)} and it was communicated (26 April 2004) that no further deductions towards GPF of such employees would be effected w.e.f. 1 January 2004, onwards and the amount lying in their GPF accounts, including deductions made after 1 January 2004 shall be paid to them as there was no provision of GPF in the NPS. Later on, orders were issued (March 2011) by the Directorate to regularise such employees. After their regularisation, these employees were brought under NPS.

The Office Memorandum (26 April 2004) was quashed by various benches of Central Administrative Tribunal/High Courts, who decided that the scheme could not be modified retrospectively. The Special Leave Petitions filed by the Government of India were also dismissed by the Apex Court. Consequently, it was decided that the casual labourers who had been granted temporary status under the scheme and had completed three years of continuous service after that, would be entitled to contribute towards GPF. Such employees of CPWD were, thus again permitted (March 2016) to subscribe under GPF Rules. The Central Pension Accounting Office (CPAO), Department of Expenditure, Ministry of Finance directed (July 2018) that National Securities Depository Limited (NSDL) may be requested by the concerned Pay & Accounts Offices to deposit the NPS subscriptions, Government Contribution plus interest thereon into the Government Account.

During the audit of Electrical Division-16 of CPWD (July 2018) it was observed that in three cases the entire amount returned by NSDL, in pursuance of directions of CPAO, had been transferred into the GPF accounts of the concerned employees. Since 50 *per cent* contribution under NPS was made by the Government of India as the employers' contribution, the employees should have been entitled to only their share of contribution and interest thereupon. The observation of erroneous credits of NPS to the GPF accounts was brought to the notice of the Division by Audit.

In this regard, CPWD was requested to make available the details of such employees in other divisions of CPWD also. However, despite reminders, information in respect of only eight such employees of five other Divisions was provided. Out of the 11 cases, NSDL had returned the balance of nine employees to the concerned divisions. It was noticed that in all the nine cases the entire amount was transferred to the GPF accounts of the employees without deducting the share of government contribution (**Annexure-XIII**).

In response to the audit observations, CPWD has replied that the GPF accounts of the employees has been recast and the interest has been calculated as per the prevailing rates of GPF for credit to the respective GPF accounts. The excess credit of ₹ 14.86 lakh in seven cases has been transferred into the Government accounts as prescribed by CPAO.

It was further observed that in two cases⁴¹ the Divisions had transferred entire amount, received from NSDL, into the GPF accounts without adjusting government share and interest thereupon, i.e., ₹ 3,40,703 and ₹ 3,38,566 respectively, which had been withdrawn by the employees in excess of their share. However, on being pointed out by Audit, the respective Divisions had recovered the excess withdrawal from the employees with penal interest of ₹ 0.44 lakh and ₹ 0.25 lakh respectively and credited into the Government accounts.

Since due diligence had not been carried out, excess amount got credited to the GPF accounts of the employees and liability of the Government of India also increased by such amount. It is evident that in the nine cases ₹ 19.62 lakh, including penal interest of ₹ 0.69 lakh, erroneously deposited into the GPF accounts had been recovered and transferred to the Government account at the instance of Audit. In spite of reminders to the Chief Engineers/CPWD to make available details of employees in other divisions covered under the scheme whose GPF accounts have been erroneously credited, no information has been received since last three years.

The issue was brought to the notice of the Directorate/CPWD (July 2019) and Ministry of Housing and Urban Affairs (February 2022 and September 2022). However, the reply was still awaited (September 2022).

Recommendation

CPWD may review all cases of employees where National Pension System subscription was returned by NSDL to ensure that only legitimate portion is credited into the GPF Account of the employees after adjusting Government share and interest thereupon along with penalties, if any.

4.4 Maintenance of Houses by Central Public Works Department

4.4.1 Introduction

Central Public Works Department (CPWD) is an attached office of the Ministry of Housing and Urban Affairs (MoHUA). It is the Principal Engineering Organisation and Technical Advisor to the Government of India. Works executed by CPWD are categorised as Construction and Maintenance works. Maintenance works refer to the works undertaken to keep, restore or improve the facilities of a structure or building with the aim to keep the same in good condition and in acceptable standards to sustain its utility and value.

The CPWD is divided into administrative units called Zones/Circles, which are headed by a Chief Engineer/Superintending Engineer. Each Zone/Circle consists of field establishments known as Divisions (Project division/Maintenance division) which are placed under the charge of Executive Engineers (Civil)/(Electrical) and Dy. Director (Horticulture). Total General Pool Residential Accommodation (GPRA) quarters⁴² across

⁴¹ Hindon Central Electrical Division, Ghaziabad and Parliament House Civil Works Div., 36 GRG Road

⁴² GPRA: Central Government residential accommodations under the administrative control of the Directorate of Estates in Delhi and at 39 stations outside Delhi like Kolkata, Mumbai, Chennai, Chandigarh, etc.

the country and in Delhi Region were 1,01,731 and 66,017 respectively (**Annexure-XIV**). There are 42 Maintenance Divisions dealing with the General Pool Residential Accommodation in Delhi Region.

As per CPWD Manual 2019, maintenance works include:(i) Annual repairs including preventive maintenance, (ii) Special repairs, (iii) Additions/Alterations works in the buildings, (iv) Supply & maintenance of furniture & furnishing articles for VIPs, (v) Day to day repairs/service facilities and (vi) Upgradation (including retrofitting and aesthetic improvement).

4.4.2 Budget and Expenditure

CPWD received budget for the construction and maintenance of residential accommodation under the accounting heads of 4216 - Capital and 2216 - Revenue. Budget Estimates (BE) and Actual Expenditure, under accounting head Revenue (2216), for Delhi Region during 2017-18, 2018-19 and 2019-20 were ₹ 279.44 crore, ₹ 263.13 crore & ₹ 259.99 crore and ₹ 266.97 crore, ₹ 245.61 crore & ₹ 247.29 crore respectively.

Budget Estimates, Revised Estimates and Actual expenditure of 12 selected divisions, out of 42 divisions, are given in **Annexure-XV**. It was, however, observed that CPWD does not maintain category-wise or maintenance-wise expenditure detail.

4.4.3 Audit Approach

4.4.3.1 Scope of Audit

The scope of audit covered activities relating to maintenance of houses for the period from 2017-18 to 2019-20. During the period, total expenditure incurred by CPWD on maintenance under the Budget head Revenue (2216), across the country and Delhi Region was ₹ 1,197.50 crore and ₹ 759.87 crore, respectively. Around 65 *per cent* of the GPRA housing stock is situated in Delhi and 63.46 *per cent* of expenditure on maintenance, during the three years period, had been incurred in Delhi Region alone. Thus, the Compliance audit focused on activities related to maintenance of Houses in the Delhi Region only.

4.4.3.2 Audit Objectives

The Compliance Audit on maintenance of houses by CPWD was conducted to assess whether:

- (i) an efficient planning mechanism is in place for timely assessment of the maintenance of houses and related services;
- (ii) various activities involved in maintenance are executed efficiently in compliance with the applicable norms and safety standards; and
- (iii) an effective monitoring and complaints redressal mechanism system is in place.

4.4.3.3 Audit Criteria

Audit criteria included: (i) CPWD Maintenance Manuals (2012 and 2019 editions), (ii) CPWD Works Manual (2014 and 2019 editions), (iii) CPWD Maintenance Charter/Citizens Charter, (iv) Directives, instructions, circulars, policies, rules or procedures laid down by

Government of India, MoHUA and Central Vigilance Commission, and (v) Tender documents, Contract Agreements and records related to execution of works.

4.4.3.4 Audit Methodology and Sampling

A total of 42 divisions (25 civil, 14 electrical and 3 horticulture), during the period 2017-18 to 2019-20, were engaged in maintenance of houses and office buildings in Delhi Region. Eight divisions⁴³ which do not specifically deal with the maintenance of houses were excluded. Out of the remaining 34 divisions (20 civil, 11 electrical and 3 horticulture divisions), which deal in maintenance of houses, 12 Divisions⁴⁴, covering expenditure of ₹ 304.77 crore under the head Capital (4216) and ₹ 407.08 crore under the head Revenue (2216), during 2017-18 to 2019-20, were selected for audit covering 40,184 units/quarters in different categories out of the total 66,017 units of GPRA in Delhi Region.

Four works were selected from each division and different maintenance activities were covered. Thus, a total of 48 works⁴⁵ (**Annexure-XVI**) were selected for Audit. Besides, the functioning of Web-Based Portal CPWD Sewa was also examined by selecting two service centres from each sampled division to measure the efficiency and effectiveness of the complaint redressal and monitoring mechanism.

Audit commenced with an entry conference on 10 September 2020 with CPWD. Field audit was concluded in February 2021 and an exit conference was held on 16 March 2021.

4.4.4 Audit Findings

A summary of audit findings in respect of the 12 sampled Divisions is included in **Annexure-XVII**. The issue-wise observations are mentioned in succeeding paragraphs.

4.4.4.1 Planning mechanism

Planning involves analysing and deciding ahead on what needs to be done, determining priorities, defining the sequence of activities and skills/resources required. Planning not only aids decision making, but also provides direction and helps in maximising use of the limited resources and helps avoid wastage. A well drafted plan also helps in effective monitoring.

Audit, however, observed that divisions of CPWD had neither been preparing Annual Action Plan nor maintaining category-wise or maintenance-wise expenditure detail. Further, building registers were not maintained by the divisions and periodic inspection of buildings/structures was also not being carried out.

Examination of the records of 12 selected divisions revealed the following:

⁴³ *Two Presidential Estate Division – (1) President Estate Division (PED) and (2) President Estate Electric Division (PEED); five hospital divisions – (1) Safdarjung Hospital Division, (2) Safdarjung Hospital Electrical Division, (3) RML Hospital Division, (4) SSK Hospital Division and (5) RML and SSK Hospital Electrical Division and One Central Secretariat Division which is engaged with the maintenance work of North Block and South Block.*

⁴⁴ *Nine Civil Divisions – B, E, I, L, M, Q, S, V and U, two Electrical Division – DED-302 and DED-21 and one Horticulture Division-II*

⁴⁵ *Upgradation-13 works, Annual Repair and Maintenance-24 works, Comprehensive – 7 works and Special Repairs- 4 works*

4.4.4.1 (i) Non-preparation of Annual Action Plan

As per para 2.2 of CPWD Maintenance Manual, 2012, an Annual Action Plan containing estimates for annual repairs, special repairs, maintenance, annual work programme, time frame for invitation of tenders and award of work and completion thereof etc., needs to be prepared by each division and submitted to the Superintendent Engineer/Chief Engineer for approval. The Annual Action Plan is required to be prepared based on surveys, major complaints pending, as well as on past experiences and anticipation, and shall include details of works showing the quarter/building/block where the work is to be carried out. Further, as per para 2.2 of Maintenance Manual 2019, the Annual Action Plan, indicating the activities of all disciplines⁴⁶, shall be prepared considering the fund availability. However, no prescribed format of Annual Action Plan has been provided in CPWD Maintenance Manual.

CPWD Maintenance Manual also requires that before the calendar year is completed, a survey of the buildings should be conducted to identify all works required or anticipated and the sub-division, should take action to forward, by 15th December, proposal for Annual Action Plan for the ensuing financial year to the division. The Executive Engineers shall ensure that all the estimates within competence of division are sanctioned by 15th January and where approval of higher authority(s) is required, the proposals are forwarded by 5th January so that these are also sanctioned by 15th January.

It was observed that out of the 12 sampled divisions, Annual Action Plan had not been prepared in 11 divisions. Further, records of 'M' Division, the only division where Annual Action Plan was prepared, revealed that Annual Action Plans, during the period under review, were showing only anticipated expenditure without any detailed analysis for estimates of annual repairs, special repairs, maintenance, annual work programme, time frame for invitation of tenders, award of work & completion thereof, etc. It has also been noticed that Annual Action Plan, containing anticipated expenditure only, for the years 2017-18 and 2019-2020 had been forwarded to higher authority in September 2017 and April 2019 respectively whereas these should have been forwarded by 5th January, i.e., before drawing up the budget for the ensuing financial year.

Non-preparation of Annual Action Plan by 11 out of 12 sampled divisions indicate violation of the prescribed procedures. Besides, 'M' Division had prepared Annual Action Plan without complying with the necessary survey requirement and without incorporating details of time frame for the repairs, minor works, upgradation works, etc.

In the absence of Annual Action Plans, Audit could not ascertain the reliability and comprehensiveness of identification of works required or anticipated during the year. Absence of proper planning exposes the system to risk of adhocism in decision making, which can also jeopardise efficiency in work and resource utilisation, besides effectiveness of execution of works.

CPWD, in their reply (July 2021), stated that the GPRA buildings are maintained through comprehensive maintenance contracts awarded for a period of three years. Instead of

⁴⁶ *Disciplines refer to civil, electrical and horticulture wings of CPWD.*

preparing Annual Action Plan, the items of works are anticipated in advance for a period of three years. Annual Action Plan is generally discussed in the meetings for making estimates for works.

The reply is not tenable as the process being followed is not as per provisions of the CPWD Maintenance Manuals. It is difficult to comprehend that planning can be based only on anticipated activities over three years without preparation and access to basic records like Register of Buildings, inspection of buildings/structures registers, survey of buildings, etc. Further, the fact that the Annual Action Plans are only discussed in the meetings instead of being prepared as per prescribed procedure highlights the ad-hoc nature of the planning process in CPWD. Further, during 2017-18 to 2019-20, 1,339 contracts were awarded in nine sampled civil⁴⁷ divisions out of which only 27 works were comprehensive.

Recommendation No. 1

CPWD may strengthen its planning mechanisms by ensuring preparation of Annual Action Plans based on objective inputs. A format for collection of information required to prepare Annual Action Plans needs to be devised. An online system may also be devised for preparation of AAP and collection of information for the same to ensure effective monitoring and control.

4.4.4.1 (ii) Non-maintenance of Register of Buildings

As per para 1.5 of CPWD Maintenance Manual 2012 and 2019, every division should maintain a Register of Buildings (the Register) in the prescribed format up to date, indicating particulars of property, year of construction or purchase, recorded value (original/subsequent additions or reductions/progressive total), funds from which constructed/maintained, object of construction, record of plants maintained, etc. The Superintending Engineer, during his inspection of the Divisional Office, should examine this register to verify that it is being posted and maintained up to date.

During examination of records of the selected divisions, it was observed that the Register was not prepared by 11 divisions. Q division was having registers of buildings but the registers were not updated since 1973.

In the absence of the Register, Audit could not ascertain how the divisions were keeping up-to-date records of their assets (buildings). The Register, which provides the basic information about the assets held by CPWD, is also crucial for preparing the Annual Action Plan and planning various works required for proper maintenance of the buildings. Non-preparation of the Register of Buildings is, thus, not only a violation of the prescribed norms but also jeopardised the very planning process, as in absence of details of assets, planning would not be reasonable.

CPWD, in their reply (July 2021), stated that the register of buildings for each administrative level is being maintained on CPWD Sewa website and is being updated as

⁴⁷ B, E, I, L, M, Q, S, U and V

per changes. Therefore, no hard copy register of buildings is being maintained by the divisions.

The reply is not tenable as the format of the data maintained on the CPWD Sewa website was not in consonance with the prescribed format for preparation of the Register. The information captured on the website are only that of housing stock, vacation and occupation of houses whereas, the format of register of buildings that acts as a crucial input in planning activities by CPWD, *inter alia*, requires to capture details such as year of construction or purchase, recorded value (original/subsequent additions or reductions/progressive total), funds from which constructed/maintained, object of construction, etc.

Recommendation No. 2

The Register of Building as prescribed by the CPWD Maintenance Manual, indicating particulars of property, year of construction/purchase, recorded value, source of funds, object of construction, record of plants maintained, etc., should be maintained by each division of CPWD and CPWD Sewa may also be updated accordingly.

4.4.4.1 (iii) Non-inspection of buildings/structures

Para 1.6 of CPWD Maintenance Manual, 2012 and 2019 requires that all buildings/structures borne on the Register of Buildings are required to be inspected once a year by the Assistant Engineer in-charge to ensure that the building/structure is not unsafe for use. The Junior Engineers are also required to inspect such structures/installations twice a year and record certificates to that effect. In case of any deficiency found in the structure/installation, necessary report should be made to higher authorities and immediate steps taken to get the same inspected by the Executive Engineer and further action taken to remedy the defects.

Audit noticed that inspection of buildings/structures was not carried out in 10 divisions, out of the 12 selected divisions, in violation of the prescribed procedures as under:

Table 4.3: Inspection of buildings/structures carried out by the Divisions

Particulars	Divisions
Inspections of buildings/structure was being carried out by Division	Electrical Divisions DED 302 and DED-21
Inspection of building structure was not being carried out by Division	B, E, I, L, M, Q, S, V, U and Horticulture Division-II

In the absence of inspection of buildings/structures, it could not be ascertained, as to how the divisions were planning the structural safety needs of specific buildings/structures and resultantly ensuring the safety of the occupants.

CPWD, in their reply, stated (July 2021) that regular inspections of buildings/structures are carried out. Unsafe buildings/structures are identified by Assistant Engineer and cross

verified by Executive Engineer. If the structures require rehabilitation, the same is carried out with suitable agency for special repair. If it is not in condition for rehabilitations, then same shall be intimated to Director of Estates for not including in the bidding platform for allotment. However, the records may not be in streamlined manner.

The reply is not tenable as in the absence of records of surveys and inspection of buildings/structures, it could not be ascertained whether the same were actually carried out by the divisions. Also, there would be no formal mechanism to ensure that such crucial inputs are accounted for during preparation of the Annual Action Plan and planning would continue to be done in an ad-hoc manner ultimately impacting the quality of maintenance activities by CPWD.

Recommendation No. 3

CPWD may strengthen its planning mechanism by regular inspection of the buildings/structures at each level and to report deficiencies to ensure necessary remedial action as prescribed by the Manuals.

4.4.4.2 Execution of works

CPWD Works Manual, 2019 aims to achieve customer satisfaction through transparency, quality, timely delivery and effective execution of works. Effective and efficient execution emanates from good planning and largely reduces the efforts for monitoring and follow-ups. Audit examination of records related to contracts of works for maintenance⁴⁸ of houses in the 12 sampled divisions, for the period 2017-18 to 2019-20, revealed the following deficiencies:

4.4.4.2 (i) Non-appointment of Technical Representative

As per the General Conditions of Contract (GCC), the contractor shall, immediately after receiving the letter of acceptance of the tender and before commencement of the work, intimate in writing to the Engineer-in-Charge, the particulars along with certificates of the technical representative(s) who will be supervising the work. The Engineer-in-Charge shall, within three days of receipt of such communication, intimate in writing his approval to the contractor. Further, as per the schedule of agreement, qualified technical representative with adequate experience was to be appointed in the work. In the event of not fulfilling the provision, recoveries ranging from ₹ 10,000 to ₹ 30,000 per month (depending on the provisions of the individual agreements) had also been stipulated.

During examination of records, it was noticed that in 32 works, no records relating to written approval of Engineer-in-charge for the representative(s) were found. In the absence of records relating to appointment of qualified technical representatives with relevant experience and qualification, it could not be ascertained whether those qualified technical representative(s) were appointed and the works were properly supervised and executed by the contractor. In such circumstances, where no qualified technical representative was appointed, a recovery amounting to ₹ 57.85 lakh, as stipulated in the agreement, was not

⁴⁸ 48 works related to Annual Repair and Maintenance, Upgradation, Special Repairs, Addition & Alteration and Comprehensive Maintenance were examined in audit.

done from the contractors. Non-recovery of the amount indicates that an undue favor was extended to the contractors by the CPWD authorities while compromising with the quality of works.

CPWD replied (July 2021) that the appointment of technical representatives was made by the Agencies/Contractors and they have already submitted the documents in respect of such technical representatives along with requisite experience certificates. At the time of Audit Inspection, these documents were not traceable. However, the photocopies of documents of seven works have now been made available. CPWD further stated that recovery of ₹ 3,60,000 has been made in respect of DED-21(3) and DED-21(4).

The reply is not tenable as in respect of the remaining 25 works (**Annexure-XVIII**) there was no evidence on record regarding appointment of qualified technical representative by Executive Engineer. Further, the recovery of ₹ 3,60,000 was made by CPWD only after being pointed out by Audit.

Recommendation No. 4

Compliance to provisions of CPWD Manuals/General Conditions of Contracts pertaining to appointment of technical representatives may be ensured for his/her availability for proper supervision of work at site during all the stages of work.

4.4.4.2 (ii) Discrepancy in use of material at site

(a) Non-testing of material brought to site

As per para 27.1 of CPWD Works Manual 2014, cement shall be got tested by the Engineer-in-charge and used on works after receipt of satisfactory test results. In four works i.e., I2, B1, B2 and B4, it was noticed that contractors brought 6,300, 5,008, 13,540 and 1,126 cement bags respectively, however, no evidence for test results/reports were found.

In respect of I2, B2 and B4, CPWD replied (July 2021) that samples of the cement were taken and also tested periodically. In B1, CPWD replied that material was used as per NIT approved brand. The photocopies of test reports are attached.

Reply of CPWD is not tenable as test reports of materials used in the works were not found attached with the reply. Further, the fact that material used was actually as per NIT approved brand and no sub-standard material was used would be known only by carrying out the prescribed tests.

Recommendation No. 5

Provisions of CPWD Manuals pertaining to testing of material brought at site may be complied with to ensure use of quality material.

(b) Non-obtaining of Guarantee Bonds and non-deduction of 10 per cent security from the bills of the contractors in specialised works

As per para 16.5 of the CPWD Manual 2014, in case of certain specialised jobs (waterproofing works and anti-termite treatment) Guarantee Bonds are required to be executed by the contractors for removal of any defects cropping up in the works executed

by them during the guarantee period. As per para 22.5, for some of the specialised items of work such as anti-termite treatment, waterproofing work, kiln seasoned and chemically treated wooden shutters, etc., that are entrusted to specialised firms or registered contractors who associate specialised agencies as per para 16.3 (1) of the Manual, the contractor/firm executing the work should be asked to give a specific guarantee that they shall be responsible for removal of any defects cropping up in these works executed by them during the guarantee period. Para 22.5 (2) further states that 10 per cent of the security deducted from the bills of the contractors is to be refunded after expiry of the maintenance period in accordance with the terms of the contract.

Audit noticed that in eight works, as shown in the table below, which involved specialised job components, neither Guarantee Bond were obtained nor 10 per cent of the security withheld from the bills of the contractors by CPWD. In the absence of Guarantee bond, the CPWD forfeited its right to get the defects occurring within the guarantee period, rectified from the contractor. It was also observed that there was no mechanism to collate complaints of the allottees relating to the specialised works.

Table 4.4: Amount required to be withheld for specialised works

(Amount in ₹)

Sl. No	Work Code	Specialised item	Amount of the item (as per Schedule of quantity/Running bills)	Amount of Security (10 per cent) required for the item of work
1	B1	Water proofing treatment	1,32,963	13,296
2	B2		6,27,249	62,725
3	B3		1,18,456	11,846
4	B4		51,950	5,195
5	M1	Synthetic polyester fibre	34,366	3,437
6	Q1	Water proofing treatment	8,89,297	88,930
7	U3	Water proofing treatment	20,088	2,009
8	U4		2,00,377	20,038
Total				2,07,476

CPWD, while accepting the audit observation, replied (July 2021/May 2022) that in respect of:

- (i) B1 and B2 works, total amount of guarantee bond of specialised work for extra items shall be recovered in the final bill at the time of finalisation of work. For works B3 and B4, agencies have been asked to deposit the amount for guarantee bond of specialised work for extra items, which could not be obtained during finalisation of work inadvertently.

The reply is not tenable as the final bills for the works B3 and B4 have already been paid and the chances of recovery of the security deposit appear remote.

- (ii) In M1 works, there was no provision for submission of guarantee bond in the agreement since water proofing work had been deleted from the list of specialised items/job in July 2018.

Reply of CPWD is not tenable as the item was still being included under the list of specialised items in CPWD Works Manual 2019 published in February 2019.

- (iii) In Q1 work, water proofing work was deleted from the list of specialised items/job in July 2018 and the same was again included under the specialised items in CPWD Works Manual 2019 published in February 2019. Hence, it is not possible to receive guarantee bond from agency as there was no provision in agreement for the submission of the guarantee bond due to lapse at the time of preparation of NIT.

The reply of the division is not acceptable as last date of submission of bid was 15 July 2019 which was much after (i.e., more than five months) publishing of CPWD Works Manual 2019 (February 2019).

- (iv) U3 work is yet to be finalised and U4 work has been finalised. An amount of ₹ 13,025 has been withheld from the final bill for U4 work. Copy of the Guarantee Bond has been obtained from the contractor

The reply of CPWD is not tenable as the amount (₹ 13,025) withheld from the final bill for U4 work was not commensurate with the amount required to be deducted (₹ 20,038) in respect of the execution of specialised item.

Recommendation No. 6

Provisions of CPWD Manuals pertaining to obtaining of Guarantee Bonds and deduction of 10 per cent security from the bills of the contractors in specialised works may be adhered to. A mechanism should be devised to collate the complaints and link with improper/sub-standard work to ensure rectification of the same by the contractor or recovery thereof.

(c) Non-maintenance of Inspection Register and Site Order Book

Para 25 of CPWD Works Manual 2014 stipulates that an Inspection Register is required to be maintained at every site of work. Whenever the Chief Engineer/Superintending Engineer visits the site, he shall record the date and time of his visit, items inspected and his observations. The Executive Engineer/Assistant Engineer shall carry over such observation and defects on which action is to be taken by the contractor to the Site Order Book with appropriate cross references in the Inspection Register. The Site Order Book should be consulted at the time of making payments to the contractor and verified before releasing payment.

Audit noticed non-maintenance of Inspection Registers and Site Order Books in 30 works⁴⁹, and 16 works⁵⁰ respectively.

In respect of Inspection Registers, CPWD replied (July 2021) that most of the works as defined are of maintenance and small works. Whenever a senior officer like Superintending Engineer (SE)/Chief Engineer (CE) visits the site, an inspection note is issued by him which is pasted on the inspection/site order book for further directions to contractor. Hence, site inspections must have been carried out by CE/SE. However, directions could not be recorded inadvertently. Further, in respect of DED-302 (1) and DED-302(4), no such need of inspection by concerned SE/CE arose during execution of work. However, Audit observation is noted for future.

Reply of the CPWD is not tenable as it is based on assumptions that the site inspections must have been carried out. In the absence of documentation, CPWD themselves could not confirm whether inspections had been carried out or not. Further, CPWD Manual does not restrict inspection for small/maintenance works by higher official. Also, inspections/maintenance of site order book is mandatory and not need-based. Further, CPWD did not furnish replies regarding maintenance of inspection registers in respect of HD-II(1), HD-II(2), HD-II(3) and HD-II(4).

In respect of B2, B4 works regarding site order book, CPWD stated (July 2021) that since these works were related to VVIP bungalows, the time for addressing the maintenance complaints is usually very less. So regular instructions are given telephonically or at site by concerned JE/AE in charge. In respect of S2, S3, S4, HD II (2) and HD II (3), CPWD stated that site order books are being maintained properly. Proper supervision and periodical inspections were carried out in respect of each work during the execution of work. However, observation was noted for future.

Reply of CPWD is not tenable as supporting documents regarding maintenance of site order book were neither provided during audit nor were submitted with the replies.

In respect of works L1, L2 and L4, CPWD replied (July 2021) that site order book is maintained for each of the work in which observations were recorded. However, due to small nature of work the directions/observations may not be recorded. In V2 works, site order book has been maintained and the field staff was directed to maintain the same properly. However, in respect of E1, E2, E4, I1, I2, M1, M2 and M4, CPWD accepted the Audit observation on non-maintenance of Site Order Books and stated that it had been noted for future compliance.

The reply is not acceptable as no documents in respect of V2 work was made available to Audit for verification. Further, absence of inspection registers and site order books indicate that either proper supervisions/inspections were not carried out during the execution of work or records of such inspections were not maintained. Such practice leads to ineffectiveness in follow up action. Further, it could not be ascertained how the payments

⁴⁹ B1, B2, B3, B4, E1, E2, E4, I1, I2, L1, L2, L3, M1, M2, M3, M4, S1, S2, S3, S4, U1, U2, U3, U4, DED 302 (1), DED 302 (4), HD II (1), HD II (2), HD II (3) and HD II (4)

⁵⁰ B2, B4, E3, E4, I1, I2, L1, M1, M2, M4, S2, S3, S4, V2, HD-II(2) and HD-II(3)

of the bills were made without any entry in the site order book and the certificate required against thereon.

Recommendation No. 7

Inspection Registers and Site Order Books should be maintained as prescribed in the CPWD Works Manual for proper monitoring of the works.

4.4.4.2 (iii) Irregularities in receipt and issue of material

(a) Non/less use of material leading to sub-standard work

Para 53.2(9) of CPWD Works Manual 2014 and SOP 7/2-ix of CPWD Works Manual 2019 stipulate that (i) All the Material at Site Registers including Cement and Steel Registers shall be maintained by contractor which shall be issued to the contractor by Engineer-in-Charge in the same manner as being issued to CPWD field staff; (ii) Each of the entry of receipt of Material at Site shall be 100 *per cent* test checked by JE or AE. Further, as per para 33.15.1 of CPWD Manual 2014, and SOP 5/13 of CPWD Works Manual 2019, it is necessary that with every running account bill, a statement showing the theoretical requirements of material for the items of work done and measured should be prepared and got signed from the contractor at the time of obtaining his signature on the running account bill, so that he is aware of the basis on which the theoretical consumptions⁵¹ are worked out. It will also enable the Department to exercise a broad check over the consumption of these materials during execution of the work.

Audit noticed instances where requirements of quantity of materials to be used in the work were not complied with as shown in the following table:

Table 4.5: List of works showing quantity of materials to be used as per theoretical consumption and actually used

Sl. No.	Work code	Particular material	of Quantity to be used as per theoretical calculation	Quantity actually used (As Material at Site Register)	Less quantity used
1.	E4	Oil bound distemper	220 kg	160 kg	60 kg
2.		Cement	594 bags	425 bags	169 bags
3.	Q1	Water proofing	2912 kg	2580 kg	332 kg
4.	Q2	Cement	255 bags	206 bags	49 bags
5.	V1	Cement	398 bags	96 bags	302 bags

Besides the above cases, Audit also noticed instances where the material was not accounted for in the Material at Site register. In the absence of entries of receipt or issue of material,

⁵¹ *The quantities of consumption of different items like cement, putty, paint, bitumen, etc. in various kinds of work have been given in Delhi Schedule of Rates (DSR). For each kind of item of works a coefficient is prescribed for the particular item which helps to determine the theoretical quantity of its consumption, which is then tallied/checked with actual usage during the work (from material at site register).*

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it could not be ascertained whether the material was actually used in the work though paid for. The details of such cases are given in **Annexure-XIX**.

Non-use/less use of material in deviation from the prescribed norms would lead to sub-standard works.

CPWD, in its reply (July 2021), stated that:

- (i) In respect of E4 work, initially 60 kg of acrylic distemper was received and issued to the contractor (by 3 January 2020) which was entered on page no. 32 of paint register which is in addition to the 160 kg acrylic distemper issued till 10 January 2020. The same is inadvertently written as oil bound distemper in the paint register by site staff.

The reply is not tenable as no entry of oil bound distemper was found on page no. 32 of Material at Site Register, incorrectly stated as “paint register” in the reply, which was produced during the course of audit.

- (ii) In respect of three works, CPWD has accepted the audit observation and stated (July 2021) that for Q1 work necessary recovery amounting to ₹ 62,320 is being made from the withheld security deposit of the agency. In respect of Q2 work, the recovery, for using less quantity, on penal rate will be made from the security deposit of the agency. Further for V1 work, the recovery of ₹ 43,445 for issuing less quantity of cement will be made from the contractor.

- (iii) Items/materials for Cement putty, French spirit polish, Melamine, Plaster of Paris, structural steel like angle iron, tube section, etc., are not required to be taken in Material at Site Register as per laid down procedure.

Reply of CPWD is not tenable, since CPWD Manual 2014 and 2019 stipulate that all Material at Site Register including cement and steel register shall be maintained by the contractor which shall be issued to the contractor by Engineer-in-Charge. Moreover, in the absence of any entry in the Material at Site Register, it could not be ascertained that the material was actually brought to site and used for the works, it was meant for. Further, non-use/less use of material than the prescribed norms leads to execution of sub-standard work.

Recommendation No. 8

Requirements of quantity of materials to be used in the work should be complied with and the material brought at site be properly accounted for in the Material at Site Register. Responsibility should be fixed for short accountal/usage.

(b) Undue benefits to contractors

- (i) As per item 25 of Special Conditions of Contract in respect of S3 work, one *per cent* water charges were to be deducted from the contractor’s bill. Examination of records revealed that deductions for water charges were not made from the contractor’s bills resulting in undue benefit of ₹ 1.42 lakh to the contractor.

CPWD replied (July 2021) that AE certified in each and every bill that the contractor made his own arrangement of water. Agency has also provided authentic proof regarding water arrangement made by him during full period of execution of work. Hence one *per cent* water charges not deducted from the bills.

Reply of CPWD is not tenable as condition of the contract clearly states that one *per cent* water charges were to be deducted from the contractor's bill. Besides, there was no provision in the contract giving the contractor the choice to make his own arrangement for water. Further, no supporting documents viz., challan number, entry pass to the residential complex, vehicle number of the water tanker by which water was brought, etc., were attached with the reply.

(ii) Audit noticed that in DED-21(1) work, during 2019-20 day-to-day maintenance and miscellaneous works for MS Apartments and Asia House was awarded to M/s Girdhari Lal Chauhan and Sons (contractor) at ₹ 1.07 crore for 12 months (w.e.f. 09 January 2020 to 08 January 2021) which included AMC for lifts and DG sets. It was observed that work of AMC of lifts and DG sets was being carried out by M/s OTIS and M/s Cummins respectively during certain period of the above contract (4.82 months in the case of lifts and 7.10 months in case of DG sets) and payments were made to these agencies at the rates which were higher than those of the contractor. The payment of the remaining period of the contract was made to M/s Girdhari Lal and Sons at the agreement rate only. The payment made at higher rates to the M/s OTIS and M/s Cummins was irregular as the contract of M/s Girdhari Lal Chauhan and Sons was already in force during this period.

CPWD accepted the observation and stated that the MOU between the contractor and M/s Cummins and M/s OTIS was not submitted by the contractor in time. For the said periods, AMC of DG set was carried out by DG set manufacturer M/s Cummins and AMC of Lifts was carried out by M/s OTIS. In this respect, after being pointed out by Audit, the concerned division has recovered amounts of ₹ 2,12,590 and ₹ 56,492/- vide recovery statements No.1 and 2 respectively for excess payment to original manufacturer.

Thus, non-deduction of water charges and payment made at higher rates in award of AMC tantamount to grant of undue benefit to the contractors.

Recommendation No. 9

Provisions of Agreement regarding recoveries from the bills of contractor need to be strictly complied with.

4.4.4.3 Monitoring and complaint redressal

CPWD Sewa, a web-based application for lodging, monitoring and managing maintenance complaints, was introduced in 2010 to overcome the drawbacks of traditional methods of handling complaints. It is integrated with a call centre and SMS gateway. The CPWD Sewa is used by the allottees to lodge complaints related to maintenance requirements and to provide feedback.

During audit, certain issues relating to monitoring of complaints by the CPWD authorities were noticed. These are detailed in the ensuing paragraphs:

4.4.4.3 (i) Long pendency of day-to-day complaints

CPWD maintains assets of central government (whose ownership is vested with the Ministry of Housing & Urban Affairs) through its service centres established within the Government colonies/office complexes. These service centres are required to dispose the complaints lodged online at CPWD Sewa web portal. The allottees can also lodge complaints through 24x7 Call Centres. As per the CPWD Maintenance Charter, the maintenance complaints handled by CPWD are grouped as Minor Complaints⁵², Major Complaints⁵³, Periodical Complaints⁵⁴ and Up-gradation works⁵⁵. The time limit for attending to major complaints and periodical complaints has been prescribed as 30 days and 60 days respectively, whereas in case of upgradation work time limit was 60 days and 75 days for Type I to IV quarters and for Type-V and higher quarters respectively.

Complaints for special repairs or periodical/upgradation repairs like white washing, painting, rewiring, which cannot be attended on daily basis are required to be transferred in CPWD Sewa to major complaints or periodical/up-gradation complaints categories as the case may be. Such complaints need to be acknowledged through SMS to the complainant, intimating the time frame for attending the complaint.

On review of CPWD Sewa portal, Audit noted that during 2017-18 to 2019-20, a total of 10.85 lakh⁵⁶ various maintenance complaints were attended to by 89 service centres covering a total of 40,184 houses (Type I to Type VIII) in the 12 sampled divisions. Out of the total complaints attended, during 2017-18 to 2019-20, a sample data of major complaints of 30,824 attended in 23 service centres⁵⁷ of 12 sampled divisions was analyzed (**Annexure-XX**). Audit observed that the prescribed timelines for attending to the major complaints, i.e., 30 days, were not adhered to and complaints were attended after long pendency. Out of the 30,824 major complaints, 12,382 complaints (40 per cent) were attended beyond 30 days across the sampled divisions. The highest percentage of delays in attending the complaints in a service centre was 88 per cent and the delay in attending a complaint was up to 1007 days.

The percentage of complaints not attended within 30 days, out of the total number of major complaints attended in the selected service centres is depicted in the **Annexure-XX**.

⁵² *These include works which are attended on day-to-day basis, such as removing blockage of drainage system, manholes, restoration of water supply, repairs to faulty switches, watering of plants, hedge cutting, etc.*

⁵³ *As the building ages, there is deterioration to various components, and it becomes necessary to restore them back to original condition. The major complaints include works of replacement or repairs to deteriorated or worn out components of the building like replacement or repairs to door, window frames and shutters, plumbing and sanitary installation, internal wiring, electrical equipment, re-grassing, re-planting, etc.*

⁵⁴ *These include works of periodical nature like white or colour washing, distempering, painting, replacement of switches, sockets, Fans cleaning, etc.*

⁵⁵ *In case of residential buildings, the Ministry has prescribed detailed specifications for free of cost up-gradation of quarters vide circulars issued from time to time.*

⁵⁶ *As per CPWD Sewa.*

⁵⁷ *Two Service centres were selected in each of the 11 sampled divisions, whereas, one sample division i.e., 'E Division' was having only one service centre.*

Further, during the course of audit (i.e., September 2020 to February 2021) also, not much improvement in pendency of complaints was noticed (**Annexure-XXI**) as detailed below:

(i) The number of major complaints not attended within the prescribed 30 days and pending till the date of audit ranged between 17 (SC 232- DED-21 division) to 570 (SC 329 in S division) with maximum pendency period being 32 months in S Division.

(ii) The number of periodical complaints not attended within the prescribed 60 days and pending till the date of audit ranged between 16 (SC 332-M division) to 190 (SC 425-V division) with maximum pendency period being 27 months in L Division.

(iii) The number of complaints relating to upgradation work not attended within the prescribed 60/75 days and pending till the date of audit ranged between 20 (SC 255-L division) to 226 (SC 420-V division) with the maximum pendency period being 35 months in L Division.

Thus, there were significant delays in attending to complaints. Delay in attending to maintenance works is a cause of inconvenience to the allottees, besides causing avoidable deterioration of the houses.

Further, delays in attending to the complaints beyond the specified timeline led to a liability for compensation of ₹ 200 payable by CPWD (to be deducted from the salary of the erring officials) to the allottees for each day of delay if it is without any reasonable cause. The information of compensations paid to the allottees in this respect, if any, was sought from eight⁵⁸ selected divisions which was not made available to Audit.

In their reply, CPWD stated (July 2021) the following reasons for delays:

- Complaints remained unattended due to COVID-19 and consequent lockdowns.
- As on date, maximum/all major/upgradation complaints have been attended which were pointed out during audit.
- Upgradation related works were pending because of several reasons like lack of funds, availability of agreement for execution of upgradation work. Moreover, upgradation work is an extra facility requested by the allottees and it is not a basic complaint due to which allottee may suffer.

Reply is not tenable as COVID 19 and lockdown occurred from March 2020 while pendency was prevailing much before the onset of the pandemic. No supporting documents, except for DED-302, have been attached with the reply to show nil/improved status of the pending complaints. Further, the reply that delayed execution of upgradation work does not impact the allottees is unsubstantiated. Reply for two divisions viz., S and Q was not furnished.

Recommendation No. 10

CPWD may ensure proper use of CPWD Sewa for monitoring and managing the complaints to ensure timely redressal of the same.

⁵⁸ *except four VIP divisions.*

4.4.4.3 (ii) Inordinate delays in handing over physical possession after allotment

The allottee shall take physical possession of accommodation from CPWD after acceptance of the allotted accommodation. In case the allotted accommodation is not ready for immediate occupation, CPWD shall issue a Technical Occupation Report to the allottee on receipt of authority letter issued from Directorate of Estates. Once the accommodation is ready for occupation, CPWD shall issue a Physical Occupation Report to the allottee and after handing over the accommodation to the allottee, the liability for licence fee shall commence from the date of physical occupation. After this, House Rent Allowance (HRA) is also not payable to the allottee. Additionally, as per clause 3.4 of CPWD's Maintenance Manuals 2012 and 2019, the work of white washing, colour washing, painting, etc., and items of inevitable repairs to the building (other than additions/alterations) shall be taken up immediately upon vacation without waiting for the allotment of the residence to the new incumbent. In case, upgradation is to be carried out, they shall also be taken up simultaneously.

Scrutiny of the records relating to the time taken from the date of technical occupation report and physical occupation of all the quarters allotted in the six selected divisions⁵⁹ revealed that during 2017-18 to 2019-20, there were significant delays in physical possession of quarters. Maximum delays in the sampled divisions ranged between 241 days (Q division) to 522 days (L division).

Audit observed that all the selected six civil Divisions failed to hand over the quarters within prescribed time frames. Had the physical occupation been provided to the allottees within the maximum maintenance time frame considered for upgradation work i.e., 60 days and 75 days for Type-I to IV quarters and Type-V and higher quarters respectively, the Government could have saved a minimum of ₹ 370.53 lakh considering the HRA paid to the allottees and licence fees not charged from them for that period as detailed in **Annexure-XXII**. Delay in hand over of quarters to the allottees is not only a cause for inconvenience to allottees but also leads to mental agony and problems for their families.

CPWD stated (July 2021) that in most of the cases, allottees did not want to take quarters due to non-upgradation, office tour, vacation, examinations of children, family and health issues, etc. Further, CPWD stated that the delay also arises due to non-availability of funds.

The replies are not tenable as no supporting documents in respect of non-taking up possession by the allottees had been furnished. There may be a few cases of allottees opting for delayed physical possession owing to personal reason(s), those numbers can only be a small proportion of the total delayed allotments. Besides, no such analysis nor any supporting documents/letters have been provided by CPWD in this regard.

Recommendation No. 11

CPWD may ensure promptness in handing over physical possession of quarters to allottees in accordance with the norms prescribed.

⁵⁹ *Two service centres from each of six civil divisions (S, Q, V, M, U and L) were selected as civil divisions are responsible for allotment of quarters.*

4.4.4.3 (iii) Non-compliance of provisions of Maintenance Manual on CPWD Sewa

(a) Attending complaints without entering into CPWD Sewa

As per para 3.1 of the CPWD Maintenance Manual 2019, “For monitoring of complaints related to maintenance of assets being maintained by CPWD, the CPWD Sewa portal is being operated”. Further, “an occupant can lodge complaint in respect of residential or non-residential buildings being maintained by CPWD either by taking assistance of 24 x 7 Call Centre service or by directly logging into CPWD Sewa portal. Where complaint is directly received, these are required to be entered online at the designated service centre.”

Audit noticed that in addition to the online complaints, various offline complaints (i.e., from mobile, letter, personal messenger, whatsapp, etc.) from the allottees were also attended to during the audit period (2017-18 to 2019-20) by the service centres of three divisions i.e., B division (SC 141 and SC 1140), I division (SC 132 and SC 151) and Horticulture II division (SC 115 and SC 118). However, these complaints were not entered into the CPWD Sewa as required under the Maintenance Manual.

CPWD (B and I division), in its reply, stated (July 2021) that due to scarcity of time and exigency of work it is emphasised on attending the complaints rather than entering in the CPWD Sewa site. Hence, the feedback of such complaints is not received. If these complaints were also registered in CPWD Sewa, the performance of the Service Centre would have definitely enhanced.

The reply of the CPWD is not tenable since non-compliance of the procedure led not only to a false picture of lesser complaints raised by allottees but also to an improper assessment of work load of the divisions.

(b) Non-monitoring of day to day complaints by Junior Engineer/Assistant Engineer

As per para 3.6 (ii) of the Maintenance Manual, “The Junior Engineer/Assistant Engineer should invariably carry out personal inspections of 25 *per cent* of the complaints attended to every day in order to ensure that the work has been carried out satisfactorily.” However, Audit observed that no physical inspections have been recorded in seven⁶⁰ out of twelve divisions selected for audit. Further, in merely one *per cent* (374 against 39,308 complaints) to 5 *per cent* (223 against 4361 complaints), physical inspection was conducted in the remaining five divisions⁶¹.

CPWD in its reply stated (July 2021) that the complaints attended are personally monitored by Junior Engineers/Assistant Engineers as per the norms but due to scarcity of time, the same are sometimes omitted and not recorded in CPWD Sewa. However, it is noted for future.

The reply of the CPWD is not tenable as provision of monitoring by the JE/AE had not been adhered to.

⁶⁰ Q, B, I, E, U, L, Hort. II Divisions

⁶¹ S, V, M, DED 21, DED302 Divisions

(c) Poor monitoring of complaints by Executive Engineer

As per para 3.6.2 of the CPWD Maintenance Manual “The Executive Engineer shall also carry out personal inspections of some of the complaints attended other than those checked by the JE/AE at least twice a month. The result of his inspection needs to be recorded through comments option in CPWD Sewa.”

However, audit scrutiny of CPWD Sewa portal of the two selected Service centres in each of the 12 sampled divisions revealed that no visit record/inspection results have been recorded on CPWD Sewa except in E and I division. Further, in E division only one comment by the Executive Engineer was found noted and only 10 comments were found recorded in I division during 2017-18 to 2019-20. This reflects poor monitoring efforts on the part of the administrative heads of the divisions (viz., Executive Engineer).

CPWD, in its reply, accepted the audit observation and stated (July 2021) that it was noted for compliance and in future, results of inspections shall be recorded as per Manual requirement. V division stated that the records for inspection of complaints by the Executive Engineer has not been maintained at site but now the same has been maintained and inspection has been done at site at regular intervals. U division stated that the Physical inspection by Executive Engineer could not be carried out due to COVID-19 as the occupants were not allowing field staff to enter their house.

The reply of V and U division is not relevant as recording of results of inspections is mandated in the Maintenance Manual of CPWD. Besides, the COVID 19 situation arose only at the fag end of the period under audit.

Recommendation No. 12

CPWD may ensure strengthening of their monitoring mechanisms regarding complaints at various level, i.e., Junior Engineer/Assistant Engineer/Executive Engineer. It may be ensured that all complaints are entered on CPWD Sewa.

4.4.4.4 Conclusion

CPWD divisions had not prepared Annual Action Plan. Neither Inspection of Buildings/structure had been carried out nor register of building was prepared. There was no quality testing of the materials used at site and also deficiencies in maintaining of various records/registers were noticed. Further, no/less quantity of material was used which not only led to sub-standard work but also loss to the public exchequer due to delay in handing over of accommodations. Maintenance Manual and monitoring mechanism were also not adhered to while attending to offline complaints and carrying out of physical inspections, etc.

CHAPTER V: MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

Office of Development Commissioner (MSME)

5.1 Release of inadmissible amount to HSIIDC

The office of Development Commissioner (MSME) released inadmissible amount of ₹ 50.50 lakh to Haryana State Industrial & Infrastructure Development Corporation Limited (HSIIDC) as reimbursement towards expenditure incurred before approval of a project under Micro and Small Enterprises – Cluster Development Programme. The amount was yet to be recovered from HSIIDC.

A detailed project report (DPR) for ‘Upgradation of Industrial Estate, Rai at Sonapat, Haryana’, as proposed by the Haryana State Industrial & Infrastructure Development Corporation Limited (HSIIDC), Panchkula, a Government of Haryana Undertaking, was submitted (April 2013) by the Office of Director of Industries & Commerce, Government of Haryana to the Director, MSME Development Institute, Karnal under the Micro & Small Enterprises – Cluster Development Programme⁶² (MSE-CDP). The DPR was forwarded (May 2013) by MSME Development Institute, Karnal to the office of the Development Commissioner (MSME), Ministry of MSME for consideration and approval. The project was approved in the 34th Steering Committee meeting of MSE-CDP held on 27 December 2013. The purpose of the project was to create infrastructure facilities for upgradation of Industrial Estate, Rai by laying roads, roadside greenery and social forestry, drainage, power distribution and street light arrangements, etc. The project was to be implemented by HSIIDC.

The office of Development Commissioner (MSME) communicated (November 2014) the final approval of the project to the Industries & Commerce Department, Government of Haryana wherein it was stated that the total estimated project cost of ₹ 8.76 crore would be shared equally between the Government of India (GoI) and Government of Haryana/HSIIDC i.e., ₹ 4.38 crore each and the funds (GoI assistance) would be released on reimbursement basis or on matching share basis. Further, one of the conditions of the approval letter (viz., Condition no. xvi under Para 6) stipulated that the GoI’s assistance would be provided only for the expenditure incurred by HSIIDC, after the proposal was approved by the Steering Committee. The work was completed by HSIIDC in March 2015 at an expenditure of ₹ 8.71 crore, out of which the eligible expenditure was ₹ 8.66 crore. Office of Development Commissioner (MSME) released (June 2019) an amount of ₹ 4.33

⁶² *The Ministry of Micro, Small and Medium Enterprises (MSME), adopted the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. The MSE- Cluster Development Programme (CDP) is administered by the Office of Development Commissioner (MSME), Ministry of MSME. The projects proposed by the States/Union Territories under the MSE-CDP are approved by the National Level Steering Committee of the MSE-CDP under the Chairmanship of Secretary, MSME.*

crore (50 *per cent* of eligible expenditure of ₹ 8.66 crore) to HSIIDC as the first and final instalment of GoI grant, on reimbursement basis.

Audit observed that HSIIDC had started the process of tendering in April 2013 and the work had commenced from 26 August 2013. Payments aggregating to ₹ 1.01 crore were made to the running account of the contractor towards upgradation and strengthening of roads which was part of the project, prior to the approval of the Steering Committee on 27 December 2013 as detailed below:

Table 5.1: Payments made to the contractor by HSIIDC prior to approval of project

Sl. No.	Name of Agency	Date of payment	Amount (in ₹)
1	M/s Mohinder Singh, Contractor	30.10.2013	2,98,354
2	-do-	30.10.2013	15,00,000
3	-do-	30.10.2013	15,00,000
4	-do-	06.11.2013	67,94,966
	Total		1,00,93,320

The reimbursement of ₹ 4.33 crore made by Office of Development Commissioner (MSME) to HSIIDC included ₹ 50.50 lakh (50 *per cent* of ₹ 1.01 crore) towards payment made to the contractor prior to the approval of the project by the Steering Committee, and was, therefore, in contravention to condition (xvi) under Para 6 of the final approval of the project. Thus, inadmissible reimbursement to the extent of ₹ 50.50 lakh was made to HSIIDC in June 2019.

After being pointed out (December 2020) by Audit, the office of Development Commissioner (MSME) requested (March 2021) the office of Director of Industries and Commerce, Government of Haryana as well as HSIIDC to refund the amount of ₹ 50.50 lakh. The amount was, however, yet to be recovered from HSIIDC (December 2021).

The office of Development Commissioner (MSME) stated (January 2022 and February 2022) that reminders were issued on 08 December 2021 and 23 February 2022 for recovery of the amount and regular follow-up was being made through email, telephone, etc.

Thus, the office of Development Commissioner (MSME) released inadmissible grant amounting of ₹ 50.50 lakh to HSIIDC towards reimbursement of expenditure incurred before approval of the project, and recovery of that amount was yet to be effected.

CHAPTER VI: MINISTRY OF MINES

6.1 Unfruitful expenditure towards procurement of helicopter and geophysical survey system

Injudicious decision of the Ministry towards procurement of helicopter and heliborne geophysical sensor survey system resulted in unfruitful expenditure of ₹ 81.88 crore.

The Ministry of Mines granted (November 2005) administrative approval and financial sanction of ₹ 49.47 crore for procurement of helicopter and heliborne geophysical sensor survey system to Geological Survey of India. Considering all technical and physical parameters as well as cost-benefit analysis, Geological Survey of India found that Advanced Light Helicopter of Hindustan Aeronautics Limited was ideal for integration of heliborne geophysical sensor survey system. Geological Survey of India placed (December 2005) purchase order for procurement of helicopter on Hindustan Aeronautics Limited at a cost of ₹ 34.87 crore. Further, Geological Survey of India constituted (October 2008) a Technical Evaluation Committee for technical evaluation of the tender received for procurement of helicopter borne geophysical sensor survey system. The Technical Evaluation Committee observed that generator of the transmitter of the system would hang with a tow from the helicopter which was hazardous for flying. In spite of having knowledge of such constraint, Geological Survey of India placed (March 2009) purchase order for procurement of heliborne geophysical sensor survey system on M/s PICO Enirotec Inc., Canada at a cost of US\$ 39,91,674 (equivalent to ₹ 19.17 crore) through the process of global tender.

Picture 6.1: Helicopter with heliborne geophysical sensor survey system mounted



Source: Ministry of Information and Broadcasting

Hindustan Aeronautics Limited handed over helicopter to Geological Survey of India in March 2009 while the geophysical sensor survey system was supplied to Geological Survey of India in October 2010. Therefore, helicopter had to be kept under paid maintenance and safe custody of Hindustan Aeronautics Limited as there was delay in procurement of heliborne sensor survey system. Finally, after installation of geophysical instruments, helicopter was handed over by Hindustan Aeronautics Limited to Geological Survey of

India in November 2013. In the meantime, Geological Survey of India paid an amount of ₹ 10.76 crore to Hindustan Aeronautics Limited as maintenance cost during the period from April 2009 to November 2013.

During the test flight of the system, a part of the heliborne survey equipment got severely damaged (May 2014). As a result of this, trial run was suspended. The survey was resumed without repair of the damaged part⁶³ in February 2016 and collected 4381 line kilometers⁶⁴ data (14 *per cent* approx.) against total target of 30449 line kilometers data for the financial year 2015-16 due to limited capability of the damaged equipment. Owing to repeated technical snags and grounding of helicopter for mandatory maintenance, flying was possible only intermittently during February 2016 to April 2016. As per enquiry committee (November 2016) constituted by Director General, Geological Survey of India, Geological Survey of India did not put in extra effort to make the helicopter operational, as soon as possible, at various stages of interruptions. Accordingly, there was no justification for the non-performance of the helicopter for such a long duration. The damaged part of geophysical sensor system was made operational by M/s PICO Enirotec Inc. and survey with the same was resumed in December 2016. However, the geophysical survey continued in phases⁶⁵ only upto May 2017 due to technical snag in the helicopter.

Geological Survey of India proposed (July 2017) to Ministry of Mines to dispose of helicopter as well as geophysical sensor survey system due to following reasons:

- For disposal of helicopter: i) the helicopter procured for geophysical survey system was unsuitable due to high operation and maintenance cost, ii) being a twin engine helicopter, would not be able to land on normal hard ground and required concrete helipads which became a hindrance for regular heliborne surveys, iii) Hindustan Aeronautics Limited was unable to supply spares in time, and iv) as per Hindustan Aeronautics Limited's manual, this helicopter needed more number of scheduled maintenance.
- For disposal of geophysical sensor survey system: i) low depth of penetration by the diameter of the transmitter loop of Sensor Survey System, and ii) several limitations in sensor survey system in terms of its design, performance and endurance which cannot stand day to day survey condition in varied Indian terrains.
- Another reason cited was that the actual cost of air borne data acquisition through geophysical sensor survey system was double the amount charged by private agencies of international repute.

The Ministry of Mines accorded (September 2017) approval to the proposal (July 2017) of Geological Survey of India for disposal of helicopter to Hindustan Aeronautics Limited. Finally, helicopter was handed over (May 2019) to Hindustan Aeronautics Limited at a price of ₹ 9.22 crore while no decision was conveyed by the Ministry to Geological Survey

⁶³ *The heliborne survey was carried out using only gravimetric-magnetic configuration during February to April 2016 i.e without Time-Domain Electromagnetic method.*

⁶⁴ *Total length of path flown by aircraft in line kilometers.*

⁶⁵ *9 days in December 2017 and 8 days between February 2017 to first week of May 2017.*

of India regarding the heliborne geophysical sensor survey system which was left in idle condition.

In this connection, Audit observed that:

- Due to delay (38 months) in procurement of geophysical survey system, Geological Survey of India incurred unavoidable expenditure of ₹ 10.76 crore towards maintenance of helicopter from April 2009 to November 2013 to Hindustan Aeronautics Limited.
- Damaging of the transmitter during testing of the survey equipment on-board proved apprehension of the Tender Evaluation Committee that hanging generator of the transmitter was hazardous. In spite of being aware of such probable risk, Geological Survey of India went ahead with procurement of such geophysical sensor survey system.
- There was substantial difference in the maintenance cost (i.e. actual maintenance cost of ₹ 11.68 crore against estimated maintenance cost of ₹ 2.75 crore) which was mainly due to lower estimation of the cost of maintenance, insurance and cost of spares. This indicates lack of due diligence on the part of Geological Survey of India.
- Even after incurring total ₹ 91.10 crore towards acquisition and maintenance cost (including warranty and other miscellaneous charges) of helicopter and geophysical survey system, helicopter was utilised without the survey system on board only for four months (February 2016 to April 2016 and in December 2016) during the period from November 2013 to September 2017 for conducting 7074 line kilometers (two *per cent* approx.) out of envisaged geophysical survey of 3 lakh line kilometers.
- In spite of being aware of such constraints (viz., low depth penetration by the diameter of transmitter, several limitations in terms of its design and endurance, etc.) in conducting heliborne survey with helicopter, decision for disposal of the helicopter was taken only in September 2017, i.e., after more than four years of its taking over from Hindustan Aeronautics Limited and the same was disposed in May 2019 i.e. after a delay of 20 months. No reasons for the same were, however, recorded.
- The Ministry of Mines as well as Geological Survey of India neither conducted any feasibility study regarding usability of the geophysical sensor survey system of US\$ 39,91,674 (equivalent to ₹ 19.17 crore) nor decided to dispose of the same.
- The actual cost of air borne data acquisition through geophysical sensor survey system was double the amount charged by private agencies of international repute.

Though the Ministry of Mines accepted (December 2021) the facts, the reply was silent on lack of due diligence in conducting feasibility study and cost-benefit analysis prior to acquisition of helicopter and geophysical sensor survey system.

Thus, injudicious decision coupled with improper cost-benefit analysis and inadequate feasibility study towards procurement of helicopter and geophysical sensor survey system resulted in unfruitful expenditure of ₹ 81.88 crore⁶⁶.

National Mineral Exploration Trust

6.2 Functioning of National Mineral Exploration Trust

6.2.1 Introduction

6.2.1.1 Brief History

The Government of India took several reform initiatives to improve the mineral exploration trajectory of the country including the amendment (March 2015) in the Mines and Minerals (Development and Regulation) Act 1957. In pursuance of Section 9C (1) of the Act so amended, a non-profit body called the National Mineral Exploration Trust (NMET) was established by the Government of India vide Gazette notification dated 14 August 2015 with the broad objective of expediting mineral exploration, funding of special studies and projects, undertaking studies for mineral development and sustainable mining in the country. In this regard, the National Mineral Exploration Trust Rules, 2015 were also notified on even date.

6.2.1.2 Objectives of NMET

The NMET was established with following major objectives:

- a) carrying out regional⁶⁷ and detailed exploration for minerals
- b) funding of special studies and projects designed to identify, explore, extract, beneficiate and refine deep-seated or concealed mineral deposits;
- c) undertaking studies for mineral development, sustainable mining, adoption of advanced scientific and technological practices and mineral extraction metallurgy;
- d) consulting with Central Geological Programming Board⁶⁸ to decide the priorities of NMET for exploration;
- e) facilitating completion of brownfield regional exploration projects in obvious geological potential areas (G3) including conducting high-risk exploration for deep-seated mineral deposits through modern technologies;
- f) organising capacity building programmes to raise technical capability of personnel engaged in or to be engaged in exploration;

The objectives of NMET are listed in **Annexure-XXIII**.

⁶⁶ ₹91.10 crore - ₹9.22 crore

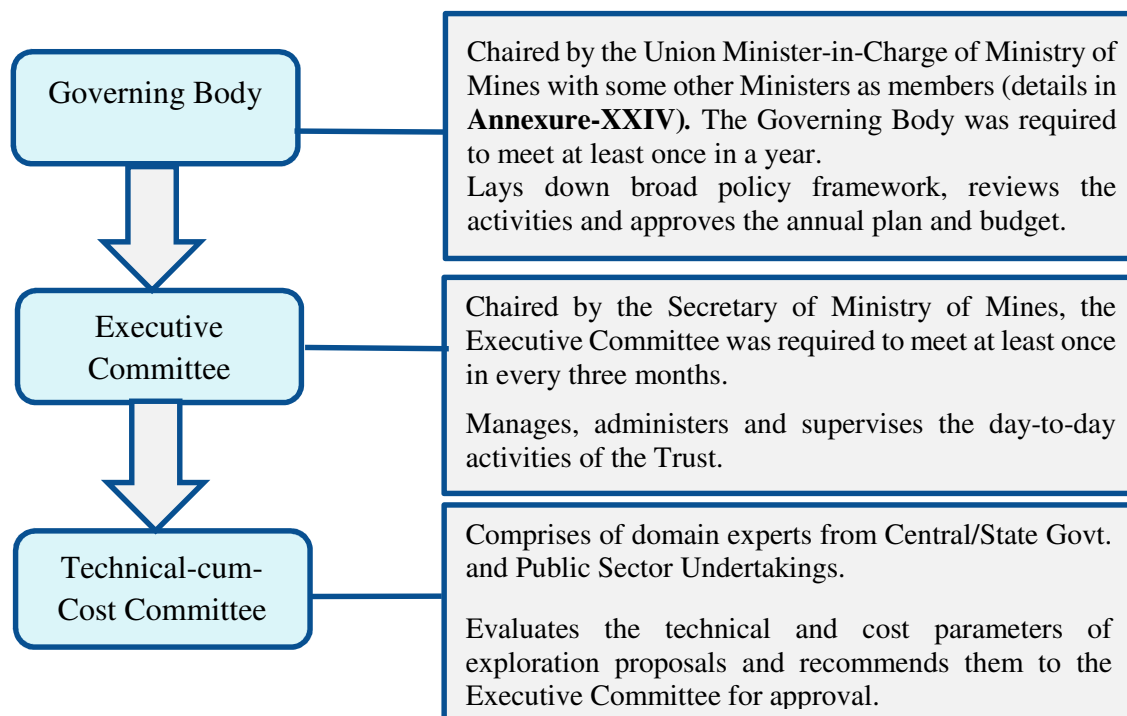
⁶⁷ In mining 'Regional Exploration/Reconnaissance Exploration (G4) is identification of areas of enhanced mineral potential based primarily on results of regional geological studies, regional geological traverses and mapping, airborne geophysical survey, etc.

⁶⁸ Central Geological Programming Board is the apex body at the national level to oversee the programme of geoscientific activities including mineral exploration

6.2.1.3 Organisational Structure

NMET has three tier organisational structure. The names, composition and functions of these tiers are presented below:

Chart-6.1: Organisational Structure of NMET



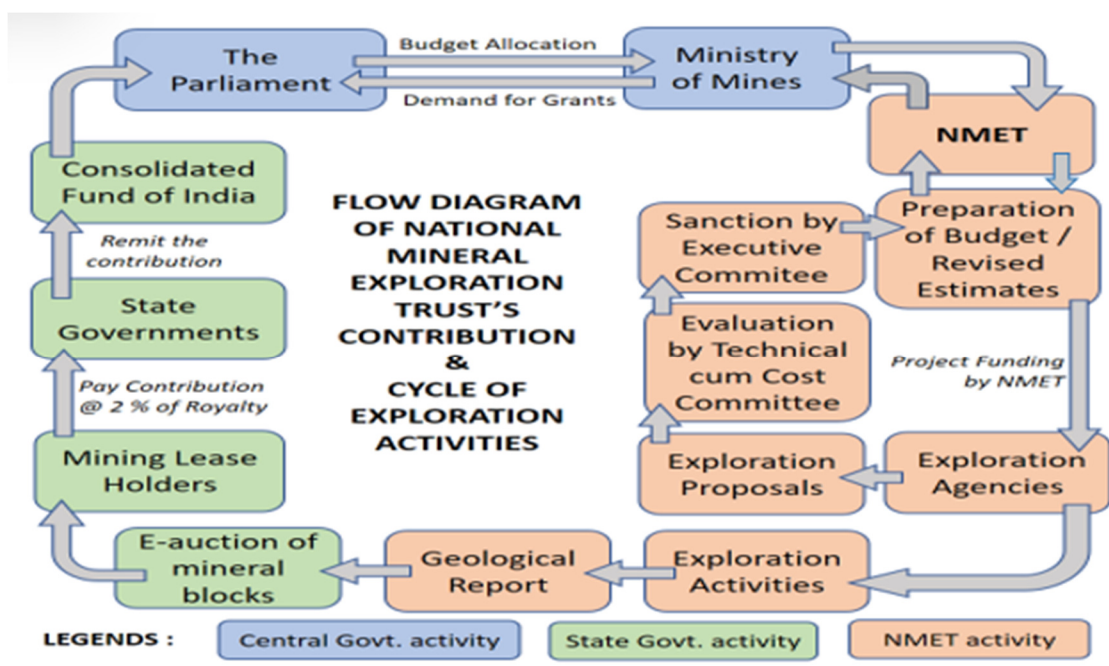
6.2.1.4 Funding and functioning of NMET

In accordance with Rule 6 of the NMET Rules, a fund was established (September 2015) by the Central Government to finance the mineral exploration activities of NMET. As per Rule 7 of NMET Rules, the holders of mining lease or prospecting licence-cum-mining lease are required to pay NMET contribution at the rate of two *per cent* of the royalty payable to the State Government. The State Governments were required to deposit the NMET contribution so collected into the bank account of NMET till May 2018 and in the Consolidated Fund of India from June 2018 onwards, not later than 10th day of the succeeding month of the month of collection. The responsibility of maintaining necessary accounts for the purpose is of the State Governments.

Five agencies mentioned in Section 4, sub-section 1 of Mines and Mineral (Development and Regulation) Act 1957 alongwith 21 Notified Exploration Agencies (**Annexure-XXV**) send their proposals for mineral exploration to NMET. The Technical-cum-Cost Committee at NMET scrutinises the proposals and recommends the same for approval of Executive Committee. In case of non-acceptance of the proposal, the same are returned for necessary modification. Based on the proposals approved by the Executive Committee, NMET prepares and sends its budget estimates to Ministry of Mines, which presents the same to the Parliament through its Annual Budget. The Notified Exploration Agencies take up exploration work and submit periodic bills which are reimbursed by NMET. The

Exploration Agencies submit Geological Reports after completion of the exploration work, based on which mines are auctioned by the State Government.

Chart-6.2: Flow diagram of NMET's Fund



6.2.2 Audit framework

6.2.2.1 Audit Objectives

The objectives of audit were to assess whether:

- the NMET Fund was managed efficiently,
- NMET was functioning effectively to achieve its intended objectives,
- NMET could utilise its sanctioned budget effectively and economically and
- NMET could develop adequate control mechanisms to cater to the needs of mineral exploration in the country.

6.2.2.2 Audit Criteria

Following criteria were identified to meet the objectives of audit:

- a) The Mines and Minerals (Development and Regulation) Act, 1957 and its subsequent amendments (2015 and 2021),
- b) The National Mineral Exploration Rules, 2015 and its amendments,
- c) The Minerals (Evidence of Mineral Contents) Rules, 2015,
- d) The National Mineral Exploration Policy, 2016,
- e) The National Mineral Policy, 2019,
- f) Exploratory drilling guidelines for NMET funded projects,

- g) Schedule of Charges for NMET funded projects and
- h) General Financial Rules, 2017.

6.2.2.3 Scope of Audit

The scope of audit extended to the objectives of NMET as well as all the activities performed by NMET and also by Ministry of Mines in this regard. Audit covered the period from the incorporation of NMET (August 2015) to 2020-21.

6.2.3 Audit Findings

6.2.3.1 Fund management

A total amount of ₹ 2,730.08 crore had been deposited as NMET contribution upto the year 2020-21. The audit findings with respect to Fund management are discussed below:

6.2.3.1 (i) Discrepancies in collection and remittance of NMET contribution

Scrutiny of records revealed some discrepancies in collection and remittance of NMET contribution by the state governments and its deposit into the Consolidated Fund of India, which are elaborated in following sub-paragraphs.

(a) Mismatch in collection by States

NMET contribution is to be collected from the mining lease holders at the rate of two *per cent* of applicable royalty at the time of payment of royalty to the State Government. As per Rule 7(8) of NMET Rules, Indian Bureau of Mines was to provide NMET with the information made available by the State Governments regarding collection of NMET fund on a periodic basis. Scrutiny of information relating to year-wise and State-wise collection of NMET contribution as furnished by the State Governments to NMET revealed the following:

Table 6.1: Mismatch in collection of NMET contribution

YEAR	Short Collection		Excess Collection	
	No. of States	Amount (₹ in crore)	No. of States	Amount (₹ in crore)
2015-16	3	0.74	5	43.86
2016-17	6	9.12	3	0.08
2017-18	3	4.52	6	0.75
2018-19	10	320.00	5	94.83
2019-20	13	228.45	3	7.48
2020-21	11	212.72	-	0.00
Grand Total	46	775.55	22	147.00

From the above, Audit observed that there were 46 cases of overall short collection totalling ₹ 775.55 crore and 22 cases of excess collection totalling ₹ 147.00 crore during the period from 2015-16 to 2020-21. Despite the fact that Indian Bureau of Mines was mandated as per the provisions of NMET Rules, to provide NMET with information regarding collection of fund on a periodic basis, NMET did not develop any mechanism to reconcile the amount of NMET contribution collected with the information available with Indian Bureau of

Mines⁶⁹. As a result, the net short collection of NMET contribution of ₹ 628.55 crore⁷⁰ during the above period remained unaddressed. The reasons for above discrepancies were:

- Many states did not collect the NMET contribution along with royalty or collected it at a later stage. This resulted in short collection of NMET contribution.
- Some corporate sector mining lease holders carrying out mining activities in more than one state deposited their entire due contribution pertaining to all the states in the state where they were headquartered. This resulted in over collection of contribution in respect of some states.

(b) Mismatch in remittance into the Consolidated Fund of India

The State Governments are required to remit the contribution collected by them in a particular month into the Consolidated Fund of India by the 10th day of the subsequent month. Scrutiny of information relating to year-wise and State-wise remittance of NMET contribution to NMET's bank account/Consolidated Fund of India, as furnished by the State Governments to NMET, revealed the following:

Table 6.2: Mismatch in remittance of NMET contribution

Year	Short Remittance		Excess Remittance	
	No. of States	Amount (₹ in crore)	No. of States	Amount (₹ in crore)
2015-16	15	346.44	1	39.64
2016-17	9	47.27	10	161.90
2017-18	8	21.23	10	257.84
2018-19	7	74.02	11	178.27
2019-20	2	0.14	16	559.07
2020-21	-	0.00	18	620.85
Total	41	489.10	66	1817.57

Above revealed that there were cases of short remittance and excess remittance being the difference between the amount received in the NMET's bank account/Consolidated Fund of India and the information provided by the State Governments in this regard. Comparing the State-wise and year-wise remittance of contribution into Consolidated Fund of India, Audit observed that there were 41 cases of short remittance totalling to ₹ 489.10 crore and 66 cases of excess remittance totalling ₹ 1,817.57 crore upto the year 2020-21. As a result, net excess remittance was to the tune of ₹ 1,328.47 crore⁷¹. Some reasons for difference between the data provided by the States and the actual collection of NMET fund are mentioned below:

- Some mining lease holders deposited NMET contribution into the bank account of NMET without intimation to State Government which resulted in excess remittance.

⁶⁹ The source of information is State Governments for IBM and State Governments, Public Financial Management System and bank for NMET

⁷⁰ ₹775.55 crore - ₹147 crore = ₹628.55 crore

⁷¹ ₹1,817.57 crore - ₹489.10 crore = ₹1,328.47 crore

- On the other hand, some States did not remit the contribution collected by them resulting in short remittance.

NMET, however, (as cited in para 6.2.3.1 (i)(a) above) did not have any mechanism to reconcile such excess or short remittance in NMET bank (till May 2018)/Consolidated Fund of India (since June⁷² 2018). Considering overall position, excess NMET fund amounting to ₹ 699.92 crore⁷³ was remitted by the States.

(c) Partial reconciliation of NMET contribution

NMET attempted to reconcile the receipts of ₹ 1,281.18 crore accumulated up to May 2018 by appointing a Chartered Accountants' firm. Information regarding ₹ 968.92 crore was received from the State Governments and the firm could reconcile receipts of ₹ 924.09 crore. Remaining portion (₹ 357.09 crore) could not be reconciled due to lack of proper identification/bank reference of transactions till December 2021.

Regarding reconciliation of remittance of ₹ 1,448.91 crore into the Consolidated Fund of India from June 2018 onwards, no documents were made available despite being called for in audit to show the steps taken by them to reconcile funds directly received into the Consolidated Fund of India.

As such, there is huge discrepancy in collection and remittance of NMET contribution which is lying unaddressed even after six years of NMET's inception. Further, Audit noticed that post amendment of NMET Rules in May 2018, the Trust has not taken any initiative to reconcile the direct receipts into the Consolidated Fund of India (₹ 1,448.91 crore).

(d) Failure to obtain updated data from Indian Bureau of Mines

As per Rule 7 of NMET Rules, 2015, Indian Bureau of Mines was given the responsibility to obtain data regarding collection and remittance of NMET contribution from State Governments and to maintain an updated record of the same along with royalty. Further, Indian Bureau of Mines was to share updated records of royalty and NMET contribution with NMET periodically. However, it was observed that Indian Bureau of Mines did not share the same with NMET till date. The Ministry also could not furnish any document regarding persuasion with Indian Bureau of Mines in this regard.

While accepting the fact, Ministry stated (April 2022) that the source data in audit para was provided by State Governments on their own. There is no mandate for NMET to receive information regarding NMET contribution from State Governments. Further, the Ministry stated that as the miners/leaseholders were depositing NMET contribution into Public Accounts of the States along with the payment of royalty to the State Governments, the possibility of non-transfer of NMET contribution from Public Accounts of States to the

⁷² *Till May 2018, State Governments and/or mining lease holders were depositing NMET contribution in NMET's bank account. Consequent to change in accounting procedure of NMET contribution due to an amendment in NMET Rules in 2018, the bank account was closed and State Governments started depositing such contribution into the Consolidated Fund of India with effect from June 2018.*

⁷³ *Net excess collection – net short collection = ₹1,328.47 crore - ₹628.55 crore*

Consolidated Fund of India was minimised after the change of accounting procedure with effect from June 2018.

The reply of the Ministry (April 2022) may be viewed in the light of the fact that Rule 7 of NMET Rules mandates Indian Bureau of Mines to share such information with NMET periodically. Therefore, NMET should have put in a place a suitable mechanism to get such information periodically. Further, the reply is also silent about the steps taken to ensure reconciliation of contribution collectible. The Ministry's claim, that possibility of short remittance has been eliminated, is also not acceptable as there were cases of short/excess remittance to Consolidated Fund of India even after adoption of the new accounting procedure (June 2018).

In view of incomplete reconciliation of the data regarding NMET contribution, it could not be ensured that all the amounts collectable on account of NMET contribution were actually collected and deposited into the Consolidated Fund of India.

Recommendation No. 1

In view of the statutory nature of NMET contribution and its significance for mineral exploration in the country, NMET may ensure reconciliation of NMET contribution due to be collected, actually collected and that deposited into the Consolidated Fund of India.

Recommendation No. 2

Ministry may take steps for incorporating enabling provision to empower NMET to call for information with specified periodicity from both Indian Bureau of Mines and State Governments.

Recommendation No. 3

Ministry may consider incorporating suitable penal provisions/penalty for delayed deposit of NMET contribution in Act or Rules.

6.2.3.1 (ii) Under-utilisation of NMET fund

Year wise details of NMET contribution deposited in the Consolidated Fund of India (CFI), number of projects sanctioned, total approved cost, and sanctioned budget and utilisation against the same are given below:

Table 6.3: Year-wise collection of NMET contribution and utilisation of sanctioned budget

Year	Amount deposited in CFI (₹ in crore)	Projects approved		Budget Sanctioned (₹ in crore)	Budget Utilised (₹ in crore)	Utilisation Percentage (%)
		Nos.	Total cost (₹ in crore)			
2015-16	140.73	0	0	0	0	-
2016-17	538.22	58	245.76	0	0	-
2017-18	518.51	26	163.71	100	79.95	79.95
2018-19	246.93	94	467.67	400	88.22	22.05
2019-20	664.85	21	58.07	150	67.86	45.24
2020-21	620.85	13	138.31	150	82.94	55.290
Total	2730.08	212	1073.52	800	318.98	39.87

Analysis of the above table indicates the following:

- During the period 2015-2021, out of the accumulated corpus of 2,730 crore in the NMET fund, only ₹ 800 crore was sanctioned as budget to NMET for expenditure on exploration activities.
- It is also evident from the table that year-wise budget utilisation ranged from 22.05 to 79.95 per cent.

Audit noted that out of total 212 projects approved, 196 were mineral exploration projects (costing ₹ 631.89 crore) and remaining 16 Projects (costing ₹ 441.63 crore) were baseline/aero geophysical surveys⁷⁴. Further, out of total 212 projects sanctioned by NMET, 135 projects (61.68 per cent) were awarded to Mineral Exploration Corporation Limited, a Central Public Sector Undertaking under the Ministry of Mines despite having its capacity constraints as detailed in point (b) below and Geological Survey of India despite its poor performance as detailed in point (c) below. Thus, of the total cost of the approved projects being ₹ 1,073.52 crore, project costing ₹ 854.06 crore (79.56 per cent) were sanctioned to these two entities. Reasons for under-utilisation of budget are given below:

(a) Delay in initiating reimbursement of Project's cost

NMET started approving projects since May 2016 and Exploration Agencies raised bills from June 2016 onwards for reimbursement of their expenditure. In this regard, it was, however, noted by audit that no payments were made by NMET during 2016-17 as no demand for budget for the year 2016-17 was made by it. The budget for the year 2017-18 was demanded by NMET only in January 2018 and ₹ 100 crore was sanctioned in March 2018. Of this, an amount of ₹ 79.95 crore was disbursed in the last month of the financial year 2017-18. This indicates laxity on the part of NMET for not having raised a demand for budget till January 2018 despite approving 58 projects with a cost of ₹ 245.76 crore during financial year 2016-17 itself. This adversely affected the progress of exploration activity in the country defeating the very purpose of formation of NMET.

(b) Capacity Constraints of Mineral Exploration Corporation Limited

Records revealed that more than half of NMET funded mineral exploration projects (100 out of 196) were approved in favour of Mineral Exploration Corporation Limited⁷⁵. Executive Committee, while approving time over-run for 42 projects in its 10th (October 2018) meeting (25 projects) and 11th (February 2019) meeting (17 projects), decided to take a capacity and capability review of Mineral Exploration Corporation Limited. The Committee formed in this regard observed (October 2018) that capacity constraints of Mineral Exploration Corporation Limited had led to time over run in the past and also put new proposals of Mineral Exploration Corporation Limited on hold. Despite this

⁷⁴ *Baseline surveys are the preliminary examination of the general geological features and characteristics of a region. Aero-geophysical surveys are conducted using geophysical sensors installed in an aircraft (Fixed wing/Helicopter) to scan large areas for acquiring baseline geoscience data in order to target concealed and deep-seated mineral deposits in a short span of time.*

⁷⁵ *As per its latest available Annual Report (for the year 2020-21), Mineral Exploration Corporation Limited had earned Gross Revenue of ₹449.26 crore and Net Profit of ₹149.79 crore during the year.*

conclusion by the Committee, Mineral Exploration Corporation Limited was assigned 12 projects in 2019-20 and 9 projects in 2020-21. It was further noted in audit that 26 projects (**Annexure-XXVI**) were still running late (as of 31 December 2021) and NMET granted extension of time for the delayed projects.

(c) Lack of due diligence in tendering process of survey projects

Geological Survey of India was carrying out multi-sensor aero geophysical survey in 12 blocks. Out of these, survey in only five blocks (viz., block nos. 1, 2, 3, 4 and 11) was completed (March 2021). Tender process for four blocks (viz., block nos. 5, 6, 7 and 8) which were initiated in June 2017 were litigated (August 2017) by the non-selected bidders i.e. private parties due to wrongful rejection of the bids. As per direction of the Court, retendering for two blocks (block nos. 5 and 7) in August 2019 and two (block nos. 6 and 8) in November 2019 was done. Retendering process for the block nos. 5 and 7 that were retendered in August 2019 were litigated again in January 2020 and is still sub-judice. Work order for the block nos. 6 and 8 retendered in November 2019 were finally awarded in October/November 2021 after further retendering. Work orders for two (block nos. 10 and 12) of the remaining three blocks were issued in December 2018 and for block no. 9, it was issued in January 2019. However, all these three blocks are under the process of termination due to slow progress of work.

Due to the above facts, approved project cost of ₹ 204.52 crore pertaining to seven blocks i.e. 5 to 10 and 12 remained unutilised.

(d) Lack of private participation in mineral exploration

Rule 12 of National Mineral Exploration Trust Rules, 2015 stipulated that Executive Committee may implement mineral exploration projects of its own accord or on receipt of proposal from a State Government or any other entity, including private sector entities. However, Section 4(1) of Mines and Minerals (Development and Regulation) Act, 1957, which is the parent Act for NMET, stated that no person other than the entities specified therein or notified under the Act by the Central government should undertake any exploration activities without a reconnaissance permit or a prospecting licence or a mining lease granted under the Act.

This provision prohibited NMET funding to private parties till March 2021 as they were not notified. Provision to allow private parties was made applicable only after an amendment in Mines and Minerals (Development and Regulation) Act, 1957 in March 2021. It was observed that a scheme for accreditation of private parties by the National Accreditation Board for Education and Training of the Quality Council of India (QCI-NABET), was started in August 2021. Thereafter, the notification of private parties as Notified Exploration Agencies, as per the scheme, started only from March 2022 onwards.

Audit observed that, some exploration proposals were turned down (prior to March 2022) by NMET on the grounds that the entities were not Notified Exploration Agencies under the Act.

It transpires from the above that although NMET was mandated as per rules to fund exploration projects of private entities since its inception, however, lack of corresponding

provision in the parent Mines and Minerals (Development and Regulation) Act, 1957 prevented participation of private parties in mineral exploration till March 2022. This was also one of the reasons of under-utilisation of NMET funds.

(e) Lack of initiative towards capacity building

One of the intended objectives of NMET was to organise capacity building programmes to raise technical capability of parties engaged in exploration. Audit noted that there was lack of initiative on the part of NMET in this regard. An exploration project was approved (March 2018) in favour of National Thermal Power Corporation and subsequently cancelled (March 2020) due to lack of in-house capabilities for exploration of non-fuel minerals. Such lack of initiative on the part of NMET was one of the reasons of under-utilisation of NMET fund. Management reply (April 2022) was silent in this regard.

(f) Other controllable reasons

Apart from the reasons discussed above, there were other reasons for under-utilisation of the funds like cancellation/reduction in scope due to project area falling within human settlement, wildlife sanctuaries and national parks, overlapping of project area with leasehold area/area already undertaken for exploration by other agencies, chemical analysis, etc. Audit observed that there was lack of scrutiny by Technical-cum-Cost Committee in a number of cases while evaluating project proposals submitted by the Notified Exploration Agencies. The details of some such cases are cited in **Annexure-XXVII**.

Ministry, in its reply, stated (April 2022) that under-utilisation of the budget was on account of foreclosure of some approved projects due to lack of potential.

The reply of the Ministry is not acceptable as foreclosure of some approved projects was not the only reason for under-utilisation of the funds. There were several other reasons for cancellation/reduction in scope of the projects like project area falling within human settlement, wildlife sanctuaries and national parks, overlapping of project area with leasehold area/area already undertaken for exploration by other agencies that were controllable and could have been assessed by NMET. Thus, the purpose for which NMET fund was formed was not being fully served and the fund remained under-utilised for a considerable period of time.

Recommendation No. 4

NMET may take necessary steps to reinforce its project scrutiny process, streamline tendering process, monitoring of ongoing projects, increase participation of private parties, organise capacity building programs, etc., to increase utilisation of idle funds.

6.2.3.1 (iii) Delay in approval of Annual Plan and Annual Budget

The Annual Plan and the Annual Budget of NMET is required to be laid before the Governing Body for its approval before beginning of each financial year. The Governing Body is required to meet at least once in a year. It was, however, observed that during six years since inception (August 2015) to March 2021, only two meetings of the Governing Body were held. Audit observed that in the absence of the required annual meetings of the

Governing Body, Annual Plans were not approved by the Governing Body within due time. Annual Budget of NMET and the outflow therefrom was made without prior approval of the Governing Body. For example, the Annual Plan and Annual Budget for the year 2017-18 were approved by Governing Body in March 2018 whereas that for 2019-20 to 2020-21 were not approved till closure of relevant financial years. Though the day to day monitoring of utilisation of fund was done by the Executive Committee, the annual monitoring was hindered due to failure of NMET to hold the required number of annual general meetings of the Governing Body.

In reply, the Ministry stated (April 2022) that NMET, being a division of Ministry of Mines, the Annual Plan and Annual Budget of NMET gets approval from the Parliament of India at the stage of Budget Estimates and Revised Estimates every year. Hence, there was no delay in approval of Annual Plan and Annual Budget of NMET before incurring of expenditure on NMET activities.

The reply of the Ministry is not acceptable as the Governing Body was mandated to approve the Annual Plan and the Annual Budget of NMET as per NMET Rules, 2015. Post-facto approval of Annual Budget estimates for the years 2018-19, 2019-20 and 2020-21 by the Governing Body in July 2021, after the approval of the same by the Parliament was *fate accompli* and was only for the sake of showcasing compliance.

Recommendation No. 5

NMET may ensure holding required number of meetings of its Governing Body at regular intervals and get its annual plan and budget approved prior to sending the same to the Parliament to have greater control and monitoring on its affairs.

6.2.3.2 Under-exploration of Strategic and critical minerals

National Mineral Exploration Policy 2016 and National Mineral Policy 2019 stipulated that special attention should be given towards exploration of fertiliser minerals, precious metals and stones, strategic and critical minerals (viz., Chromium, Germanium, Molybdenum, and Antimony, etc.) for which the country has a poor resource-cum-reserve base despite having the geological potential (5.91 lakh sq. km) for large resources. It was also mentioned in the Ministry of Mines Roadmap for NMET 2020 that there is a significant amount of import dependence for procurement of these minerals, especially gold, which significantly contributes to the Current Account Deficit. The import of gold, diamond, molybdenum and antimony is stated in the table below:

Table 6.4: Year-wise Import of precious metals

Metals/Minerals	(In billion US\$)		
	2021-22	2020-21	2019-20
Gold *	43.01	31.79	24.91
Diamond	14.61	16.49	24.41
Molybdenum	0.21	0.12	0.14
Antimony	0.02	0.01	0.02

Source –Statista

*₹ converted into US\$, considering 1 US\$ = ₹ 80

The exploration of coal, lignite, and other bulk minerals⁷⁶ is relatively simpler activity as against exploration of strategic minerals which requires specialised knowledge, experience, and state-of-art technology. Strategic Planning Group established under Ministry of Mines noted (April 2020) that Public Sector units like Mineral Exploration Corporation Limited were lacking expertise and technological knowhow and hence they preferred mineral exploration of bulk minerals which provided greater opportunity to make profit.

Prioritising exploration of strategic and critical minerals was one of the objectives of NMET which was to be done in consultation with Central Geological Programming Board. The same was also highlighted by the Executive Committee time and again. Scrutiny of records revealed that NMET approved 148 (75.51 *per cent*) out of total 196 exploration projects towards coal, lignite, and other bulk minerals till 31st March 2021. Absence of a robust project prioritisation plan for exploration of strategic and critical minerals at NMET resulted in significant portion (71.49 *per cent*, i.e. ₹ 451.79 crore out of ₹ 631.89 crore) of its allocation for projects being earmarked for exploration of coal, lignite and other bulk minerals depriving strategic minerals of envisaged priority.

In reply, the Ministry stated (April 2022) that NMET approved eight projects at an approved cost of ₹ 1,115.39 crore till 2021-22 for generation of baseline data in the country which will be very helpful in finding potential mineral exploration blocks in respect of strategic and deep-seated minerals in the country.

The reply of the Ministry may be viewed in light of the fact that projects approved by NMET can be broadly segregated into two distinct categories (a) Mineral exploration projects and (b) Baseline/aero-geophysical Surveys. Exploration projects are carried out for establishing reserves of a specific mineral in potential areas whereas surveys are conducted in relatively vast areas to ascertain presence of any kind of minerals. Further, only eight projects (4 *per cent*) out of 196 exploration projects costing ₹ 16.71 crore (2.64 *per cent*) out of ₹ 631.89 crore were approved towards exploration of strategic minerals.

The reply of the Ministry may be seen in light of the fact that baseline and aero-geophysical surveys are preliminary activities which are not mineral specific in nature. They basically generate data regarding presence of any kind of minerals based on which further exploration for a particular mineral may be taken up. Results of baseline survey may give indication of presence of any mineral and not necessarily strategic minerals and therefore, expenditure towards the same cannot be directly linked to exploration of strategic and critical minerals. Thus, NMET has failed to accord the much required priority to exploration of strategic minerals.

Recommendation No. 6

NMET may take measures for prioritising the project proposals in consultation with Central Geological Programming Board and accord suitable priority to strategic and critical mineral projects while sanctioning funds to Notified Exploration Agencies.

⁷⁶ *Bulk minerals occur in nature in large quantities in the form of homogenous deposits. Limestone, iron ore, bauxite, manganese ore, lignite, coal, etc. are bulk minerals.*

6.2.3.3 Functioning of Technical-cum-Cost Committee

The Technical-cum-Cost Committee⁷⁷ of NMET was constituted (March 2016) to scrutinise the technical and cost parameters of the project proposals submitted by Notified Exploration Agencies.

Scrutiny of the records relating to functioning of the Technical-cum-Cost Committee revealed various lapses in its functioning which are enumerated below:

1. There was no laid down Standard Operating Procedure/framework regarding the constitution of the Technical-cum-Cost Committee and modalities concerning periodicity of its meetings, number of proposals to be discussed in each meeting, etc.
2. It was observed that Technical-cum-Cost Committee did not have adequate number of external expert members for each mineral or a group of minerals and that all project proposals were evaluated by Technical-cum-Cost Committee with its fixed set of experts.
3. Out of 32 meetings of the Technical-cum-Cost Committee, 28 meetings (87.50 *per cent*) were convened for one to two days only. The Committee evaluated technical parameters and costing of the proposals. They also discussed proposals resubmitted after modifications as per directions given in previous meetings and reviewed the progress of ongoing projects during the given time. The Committee had also felt difficulty in technical and financial appraisal of the projects within the limited time and desired that about 20 proposals only be taken up in each meeting of the Technical-cum-Cost Committee for proper technical and financial evaluation.
4. The Chairman of the Technical-cum-Cost Committee is the incumbent Additional Director General of Geological Survey of India. Thus, there was conflict of interest while approving the projects of Geological Survey of India.
5. Apart from the above stated deficiencies, Audit also observed lack of proper scrutiny in evaluation of project proposals by Technical-cum-Cost Committee in number of cases. Audit noted that some projects lying within areas of human settlement/reserve forest/wildlife sanctuary were also approved. In another case, areas allotted to one Notified Exploration Agency were re-allotted to another agency. Some such cases noticed in audit are detailed in **Annexure-XXVII**.

In reply, the Ministry submitted (April 2022) that it is practically impossible to have expert member for each mineral. They also stated that proposals for new projects were forwarded to Committee members in advance. The Ministry further added that the serving officers nominated as members of Technical-cum-Cost Committee had not directly vetted and evaluated the project proposals and those were looked after by retired persons.

⁷⁷ *Members of the Committee are experts from the area of exploration, geology, etc.*

The reply of the Ministry is not acceptable as NMET could have empanelled expert members for group of minerals as was being done in case of hiring of consultants for monitoring of ongoing projects. The fact that the Technical-cum-Cost Committee itself stated the difficulties faced due to time constraints and expressed its desire to limit the number of projects to be evaluated in each meeting, indicates that the Committee did not have adequate time for evaluation of project proposals. In addition, NMET did not have any laid down Standard Operating Procedure for issues like project evaluation time, selection of Technical-cum-Cost Committee members or to avoid conflict of interest, etc. Further, Ministry could not produce any documentary evidence for its claim that serving officers nominated as members of Technical-cum-Cost Committee had not directly vetted and evaluated the project proposals. Considering the fact that the Chairman of the Technical-cum-Cost Committee was a serving employee, he/she could influence the decision of the Committee. Therefore, conflict of interest cannot be ruled out.

Recommendation No. 7

NMET may frame a Standard Operating Procedure regarding conduct of business of its Technical-cum Cost Committee with appropriate duration allotted for each project in order to evaluate the proposals scrupulously.

6.2.3.4 Inordinate delay in approval of Schedule of Charges

NMET reimbursed the cost of project to the Notified Exploration Agencies based on prevailing Schedule of Charges of Ministry of Mines. Subsequently, Executive Committee formulated a separate Schedule of Charges for NMET funded projects effective from 1 April 2020.

Audit observed that the prevailing Schedule of Charges of Ministry of Mines covered only six minerals (viz. copper, gold, phosphorite, tin, lead-zinc and tungsten) whereas NMET was approving exploration projects for 26 different minerals. Finalisation of Schedule of Charges of NMET after more than four and half years of inception of NMET led to avoidable excess payment.

Payment against drilling in soft rock mineral commodities such as Limestone and Bauxite was made at rates applicable for Phosphorites which was not a comparable mineral. NMET made (upto March 2020) avoidable payment of ₹ 1.53 crore (**Annexure-XXVIII**) in four projects because the rate of drilling per meter for Phosphorites was higher than that for soft rock category in the Schedule of Charges of NMET. Similarly, payment for drilling of iron ore was made at the rate of ₹ 19,716 per metre (up to March 2020) whereas the applicable rate for iron ore drilling as per Schedule of Charges of NMET later fixed in April 2020 was ₹ 12,650 per metre. This resulted in avoidable payment of ₹ 4.71 crore (**Annexure-XXVIII**). Had the Schedule of Charges of NMET been finalised earlier, avoidable payment at higher rates amounting to ₹ 6.24 crores, in the above cases, could have been avoided as detailed in the table below:

Table 6.5: Excess payment over Rates of Schedule of Charges of NMET

Sl. No.	Name of the Mineral	Quantity of work done (in metre)	Rate of Payment (₹ /metre)	Rate as per SoC of NMET (₹ /metre)	Excess Payment (₹)
		A	B	C	D = (B-C) *A
1	Bauxite (Drilling)	1,540.60	6,780.00	5,242.00	23,69,442.80
2	Lime Stone (Drilling)	8,202.50	6,820.21	5,242.00	1,29,45,264.00
3	Iron Ore (Core Drilling),	6,661.30	19,716.00	5,242.00	4,70,68,745.00
Total					6,23,83,451.80

Ministry, in its reply, stated (April 2022) that requirement of separate Schedule of Charges for NMET was not felt as the Schedule of Charges of the Ministry was sufficient to fulfil the purpose of cost estimation of mineral exploration project proposals.

The reply of the Ministry is self-contradictory as the requirement was felt and a new Schedule of Charges for NMET was made effective from 1 April 2020. Further, the reply is not acceptable as the prevailing Schedule of Charges was for drilling and associated geological and laboratory studies in respect of six minerals only whereas NMET approved projects relating to 26 minerals/group of minerals.

6.2.3.5 Irregular disbursement of Transaction Advisors' Fee

State Governments engage Transaction Advisors for assistance during e-auction of mineral blocks. The fees to such advisors were paid by respective State Governments from their own funds. Upon request (July 2021) of Government of Madhya Pradesh, NMET conveyed (August 2021), with the approval of the Minister of Mines, to various State Governments that it would consider reimbursement of Transaction Advisors' fee incurred by State Governments for auction of mineral blocks. It was decided that NMET will reimburse 100 per cent of Transaction Advisors' fee in case of successful auction of the mineral block and 50 per cent of Transaction Advisors' fee in case of unsuccessful auction, subject to a limit of ₹ 10 lakh and ₹ 5 lakh respectively.

Accordingly, ₹ 1.70 crore was released (November 2021) to five State Governments (viz., Odisha, Gujarat, Andhra Pradesh, Chhattisgarh and Madhya Pradesh) against auction of 17 mineral blocks.

Scrutiny of the records made available to Audit revealed that:

1. Earlier, fees of Transaction Advisors engaged for auction of mineral blocks were paid by the State Governments from their own funds.
2. The payment of Transaction Advisor fee did not fall under mineral exploration activities or any other activity specifically mentioned in NMET Rules, 2015.
3. The above payment was not authorised by the Governing Body of NMET.
4. Moreover, the reimbursement (₹ 20.00 lakh) exceeded the actual expenditure (₹ 15.54 lakh) in case of Government of Chhattisgarh.

In reply, the Ministry stated (April 2022) that participation of the State Governments is very crucial to enhance the mineral exploration and, therefore, the incentives were provided to State Governments with the approval of the Minister of Mines who is ex-officio Chairperson of Governing Body of NMET.

The reply of the Ministry is not acceptable as the Chairperson of the Governing Body, in his individual capacity, is not empowered to authorise such payments. Rule 9(k) of NMET Rules, 2015 empowers the Governing Body of NMET to decide or authorise Executive Committee to use the Trust's fund in the interest of conservation, development and exploitation of mineral resources in India, not inconsistent with the provisions of the Act.

6.2.3.6 Lack of Monitoring Mechanism for ongoing projects

Rule 13(1) of NMET Rules, 2015 stipulate that the Trust should monitor implementation of ongoing projects either by itself or by engaging any government entity. Further, Rule 13(2) *ibid*, required the Trust to devise its own monitoring procedure consistent with the Act and the rules made thereunder.

Audit observed that NMET had not formulated any mechanism to monitor implementation of the projects. Field visits to six blocks were made to monitor the project implementation by NMET officials during 2018-19 and 2019-20 on the instructions of the Executive Committee. As the present monitoring of ongoing projects was being done through desk review of Monthly Progress Reports only, it resulted in lack of proper monitoring leading to poor control over project expenditure.

Recommendation No. 8

NMET may devise and implement a robust mechanism for monitoring of its ongoing projects to have a better control on project execution and expenditure.

6.2.3.7 Execution of Additional work without prior approval of Technical-cum-Cost Committee/Executive Committee

Scrutiny of records revealed that Notified Exploration Agencies, in some cases, carried out additional work totalling to ₹ 2.38 crore (**Annexure-XXIX**) without prior approval of Technical-cum-Cost Committee/Executive Committee of NMET. Subsequently, the cost was approved by the Technical-cum-Cost Committee/Executive Committee of NMET after completion of work/submission of geological reports. The Committee should have ensured that the project implementing agencies obtain prior approval of Technical-cum-Cost Committee/Executive Committee before carrying out such additional work.

In reply, the Ministry stated (April 2022) that the cost of held up/idling/stopping of ongoing work due to pending approval for additional work would be much higher. Continuing of work while requests for approval of additional work were submitted by Notified Exploration Agencies in subsequent meetings of Technical-cum-Cost Committee was more cost-effective.

The above reply is not acceptable as approvals in instant cases were obtained after submission of geological reports which was much later than the completion of field work

and lacked justification for such delays. This also made the monitoring/verification of additional work impractical due to wide gap in work completion and requests for approval.

Recommendation No. 9

NMET may ensure that exploration agencies plan their field work in a time bound manner and carry out execution only after appropriate approvals are obtained.

6.2.3.8 Status of autonomy of NMET

NMET was set up (August 2015) as a non-profit body by amending the Mines and Minerals (Development and Regulation) Act, 1957. From the manner of its establishment by enacting an amendment in the Act and giving it its own set of governing body as well as executive management, it is quite evident that the Trust was intended to be a body independent of the Ministry of Mines and its functioning was supposed to be autonomous from the very beginning. Although the Minister of Mines, Secretary (Mines) and the Joint Secretary and Financial Advisor of the Ministry of Mines are ex-officio members in its Governing Body or Executive Committee, there is no provision of direct administrative control of the Ministry of Mines over its day-to-day functioning. However, NMET is being treated as a division of the Ministry of Mines instead of an autonomous body having a separate legal entity. In the meanwhile, the Mines and Minerals (Development and Regulation) Act, 1957 has been further amended in March 2021 to declare NMET a “non-profit autonomous body” but the state of ambiguity still persists. NMET is suffering from operational hindrances due to confusion over status of its autonomy as detailed below:

i) Non-hiring of experts/consultants for project monitoring

NMET, with the approval of Executive Committee (February 2019), selected nine minerals exploration experts for monitoring of ongoing projects. Subsequently, the file was forwarded to Integrated Finance Division of the Ministry for its concurrence. Integrated Finance Division rejected the proposal stating that it should have been routed through the Establishment Division of Ministry of Mines as NMET was functioning as a Programme Division of the Ministry. In view of the above, Executive Committee cancelled (February 2020) the process of hiring of experts/Consultants. Till date, no further initiative for hiring of experts/consultants for monitoring of NMET funded projects was undertaken. The reply of the Ministry (April 2022) was silent on this issue.

ii) Lack of Annual Maintenance Contract for website resulting in its vulnerability

A work order was issued (January 2016) at a cost of ₹ 37.92 lakh (Phase-I: Website Development for ₹ 24.60 lakh and Phase-II: Annual Maintenance Contract for ₹ 13.32 lakh) for developing a dynamic website for NMET.

After completion of Phase-I, proposal was sent (May 2019) to the Integrated Finance Division of the Ministry for financial concurrence towards payment for Phase-II. However, the Integrated Finance Division had various queries over a period of six months and the proposal was not approved ultimately. Consequently, Annual maintenance of NMET website could not be done and it is not being maintained/updated regularly. Further, Ministry failed to conduct security audit of NMET’s website at prescribed intervals of every

six months. In the meantime, Intelligence Bureau (June 2020) as well as Prime Minister's Office (May 2021) informed NMET of prevailing vulnerability of the website which could be used to compromise data integrity and to carry out cyber-attacks.

While accepting the fact, the Ministry stated (April 2022) that NMET has initiated the process for selection of Annual Maintenance Contract service provider who would carry out the security audit of NMET website to resolve the issue of vulnerability.

iii) Lack of separate budget

NMET does not have its separate budget. Budget estimates (BE/RE) of NMET are prepared with the demand for grants of the Ministry of Mines based on the projection of exploration projects to be executed by various Notified Exploration Agencies during the relevant year. The reply of the Ministry (April 2022) was silent on this issue.

iv) Non-maintenance of Annual Accounts

Rule 24(1) of NMET Rules, 2015 require NMET to maintain its annual accounts in form, mode and manner as may be decided by the Central Government. Further, Rule 24(2) *ibid* stipulates that the accounts of the Trust shall be audited in such manner as decided by the Central Government. Subsequently, NMET Rules were amended in March 2018 and audit of the accounts of NMET was entrusted to the Comptroller and Auditor General of India. However, no accounts have been prepared since its inception and, therefore, audit of the same has not been conducted till date. The reply of the Ministry (April 2022) was silent on this issue. Due to such non-preparation of annual accounts, the surplus or deficit generated from the operations of NMET was not getting reported and the assets and liabilities of the fund were also not quantifiable.

v) Non-preparation of Annual Reports

NMET Rules, 2015, also require NMET to submit its annual report to Central Government after audit of accounts. Annual Reports were prepared for the first three years (2015-16 to 2017-18) incorporating NMET's operational details. However, this practice has been discontinued since 2018-19 and the operational and financial performance of NMET are being included in the Annual Report of the Ministry. The reply of the Ministry (April 2022) was silent on this issue as well.

vi) Non-creation of regular posts in NMET

NMET is presently functioning with nine officials temporarily drawn from Geological Survey of India and Mineral Exploration Corporation Limited. The appointment of these officials is neither permanent nor on deputation. Although, the NMET Rules empower the Governing Body to employ personnel for NMET to run its day-to-day functions, yet the Ministry has not created any regular posts for NMET.

While accepting the above facts, the Ministry (April 2022) stated that the process for autonomous functioning of NMET has been initiated. The following steps have already been initiated by Ministry of Mines to enable functioning of NMET as an autonomous body:

Report No. 1 of 2023

- During 2021-22 NMET has requested Ministry of Finance to transfer all funds accumulated to Public Account of NMET. The same has been included in 3rd Batch of Supplementary Demand for Grants for 2021-22.
- The draft accounting procedure of NMET for functioning as an autonomous body has already been forwarded to Department of Economic Affairs, Ministry of Finance as per advice of Controller General of Accounts, Ministry of Finance.
- The matter regarding creation of posts for NMET as an autonomous body is under consideration at Department of Expenditure.

The fact, however, remains that even though NMET was established in August 2015 as a separate non-profit autonomous body with defined objectives, it lacks autonomy in terms of functioning which ultimately resulted in non-existence of separate public account, budget, annual accounts and audit thereof and also lack of adequate and quality manpower.

Recommendation No. 10

Ministry may expedite according full autonomy to NMET so that it is strengthened to play its role of national importance with its own set of infrastructure and human resources as envisaged. This would enable the Trust to take decisions more independently and overcome hurdles faced by it in present dispensation.

Recommendation No. 11

NMET may have an ideal mix of borrowed and permanent staff to maintain healthy in-house cadre and continuity in organisation.

6.2.4 Conclusion

NMET was set up as a non-profit body to expedite mineral exploration in the country with NMET contribution as its source of financing but there were severe discrepancies in reconciliation of NMET contribution even after six years. There was consistent shortfall in utilisation of allocated budget due to delay in initiating reimbursement, undue dependence on Mineral Exploration Corporation Limited/Geological Survey of India, lack of participation of private exploration agencies, want of capacity building programmes and inadequate scrutiny of project proposals.

Further, the exploration projects approved by NMET were skewed towards bulk minerals and it did not accord required priority to exploration of strategic and critical minerals which was one of the prime objectives of its establishment. There were deficiencies in diligent scrutiny of projects by Technical-cum-Cost Committee as well. Further, the NMET funded projects were not properly monitored. There was inordinate delay in approval of Schedule of Charges for NMET which resulted in excess outflow from NMET Fund. Transaction Advisor Fee, relating to auction of mineral blocks, was disbursed to State Governments in violation of NMET Rules. NMET also did not devise any procedure to monitor its ongoing projects as envisaged under the Rules.

Although NMET was intended to function as an autonomous body since inception, undue control of the Ministry and lack of full autonomy resulted in several administrative and functional problems such as non-preparation of its separate budget or annual accounts ever. As a result, no audit of annual accounts could be conducted. Further, insufficient meetings of the Governing Body led to non-formulation of policy framework for NMET and its annual budgets were not approved within scheduled time.

In the absence of autonomy, NMET not only failed to achieve its intended purposes effectively but also funding operations thereof were not managed in an organised manner. Further, non-development of adequate control mechanisms and non-preparation of separate budget affected the effectiveness and economy of NMET's operations. All these resulted in inadequacy of impetus required to cater to the need of mineral exploration in the country.

CHAPTER VII: MINISTRY OF PORTS, SHIPPING AND WATERWAYS

Syama Prasad Mookerjee Port

7.1 Undue benefit to a private contractor in allotment of land

Syama Prasad Mookerjee Port incurred loss of revenue of ₹ 4.06 crore due to non-recovery of licence fee as a result of procedural lapse in allotment of land to a private contractor, coupled with extending undue concession in licence fee in violation of Land Policy Guidelines.

The National Highway-41 connecting the Haldia Dock Complex of Syama Prasad Mookerjee Port (Port) with the National Highway Grid gets terminated at a railway crossing at Ranichak, Haldia. The rail as well as the road crossing⁷⁸ at Ranichak created heavy traffic congestion in the vehicular movement of the Port and its adjoining industries. The Port felt the requirement for construction of a Road Over Bridge cum Flyover at Ranichak. To implement the above project, it was decided (March 2015) in the meeting held between representatives of Ministry of Road, Transport & Highways, the Port and National Highways Authority of India that construction of a four lane Road Over Bridge cum Flyover with two up and down ramps on either side would be taken up by National Highways Authority of India through Calcutta Haldia Port Road Company Limited⁷⁹.

Accordingly, Calcutta Haldia Port Road Company Limited engaged (February 2016) M/s Dinesh Chandra R Agarwal Infracon Private Limited (contractor) for construction of Road Over Bridge cum flyover at Ranichak. The contractor approached (February 2016) National Highways Authority of India to seek permission from the Port for setting up of the plant and office for the above project on a vacant land⁸⁰ of Haldia Dock Complex on lease term basis for three years. Accordingly, National Highways Authority of India requested (February 2016) Haldia Dock Complex to allot the land as requested by the contractor for the above project. The permission for setting up of the plant and office was granted (February 2016) by the Infrastructure and Civic Facilities Division of Haldia Dock Complex of the Port without any charge and without any approval of competent authority responsible for allotment of land at Haldia Dock Complex. To regularise the above procedural lapse in allotment of land to the contractor, Haldia Dock Complex issued (June 2016) an offer letter of granting licence for 11 months to the contractor at the rate and terms and conditions applicable as per prevailing Schedule of Rent and Land Policy Guidelines. The same was not accepted by NHAI or the contractor. Haldia Dock Complex raised (January 2017 and June 2017) invoices towards licence fee for the period from February 2016 to January 2017. Haldia Dock Complex stopped (since June 2017) raising invoices thereafter as no payment against the above invoices was made by the contractor. The above

⁷⁸ Situated immediately after the railway crossing at Ranichak

⁷⁹ A Special Purpose Vehicle fully owned subsidiary of National Highways Authority of India for construction, operation and maintenance of Calcutta-Haldia port connectivity project.

⁸⁰ measuring about 10.873 acres (44,000 sq. metres)

issue of charging licence fee and request of Calcutta Haldia Port Road Company Limited as well as the contractor was placed (September 2018) before the Board of Trustees of the Port. The Board of Trustees decided to charge 50 *per cent* of the applicable Schedule of Rent towards licence fee for the land allotted to the contractor. The decision was conveyed (January 2019) to National Highways Authority of India with a request to advise the contractor to deposit the licence fee accordingly. The construction of Road Over Bridge cum flyover was completed in December 2020 and the contractor vacated the land in January 2021 without making any payment of licence fee.

Audit observed the following:

- There was procedural lapse (allotment of land without any approval of the competent authority viz., Deputy Chairman of the Port) by Infrastructure and Civic Facilities Division of Haldia Dock Complex of Syama Prasad Mookerjee Port, Kolkata in allotment of land to the contractor and due to the same, no licence agreement was entered into with the contractor prior to handing over the land.
- The contractor occupied the land for almost five years without paying any licence fee. As such, the Port extended undue benefit to a private party sacrificing its own financial and commercial interest.
- Further, granting 50 *per cent* concession in the licence fee to the contractor was in violation of the Land Policy Guidelines 2014. Thus, the Port chose to forego revenue of ₹ 2.03 crore.
- Since Haldia Dock Complex did not enter into a licence agreement with the contractor for allotment of such land, it put the Port in a weak position for recovery.
- As the construction of Road Over Bridge was already completed and the contractor also vacated the land, the possibility of recovery of the concessional licence fee of ₹ 2.03 crore became remote notwithstanding their right to recover the full licence fee of ₹ 4.06 crore.

Thus, the Port extended undue benefit to the contractor, a private party, by granting concession in the licence fee coupled with procedural lapses in allotment of land. As a result, the Port not only stood to forego its legitimate claim of licence fee (₹ 2.03 crore) but also failed to recover licence fee (₹ 2.03 crore), which ultimately led to a loss of entitled revenue of ₹ 4.06 crore.

In reply, the Management/Ministry stated (April 2022/July 2022) that the 50 *per cent* concession in the licence fee allowed to the contractor was in compliance with the provisions of the Land Policy Guidelines 2014. It was also stated that the issue of recovery of outstanding licence fee is being pursued with National Highways Authority of India.

The above contention of the Management/Ministry is not acceptable as the Land Policy Guidelines 2014 clearly stipulates that concession may be granted to security agencies and Government departments only up to 50 *per cent* of the annual lease rent. Further, in respect of land to Government Departments which are essential to the functioning of Port like Customs, Electricity Department, Health Department, Security Functions, etc., concessions

up to 75 per cent of the annual lease rent can be considered by the Port. The same was also backed by “Compilation of Policy Guidelines for Land Management 2015 Clarifications issued thereon” issued by the Ministry of Shipping. Since, neither the contractor was a Government organisation nor the said land was utilised for construction of common facilities like sewage plants or hospitals, etc., concession in lease rent should not have been granted to the contractor. Regarding persuasion for recovery of outstanding licence fee from the contractor through the National Highways Authority of India, it is worthwhile to mention that the final bill of the contractor of ₹ 35 lakh only is pending with the National Highways Authority of India due to Goods and Service Tax related issue and the same will be settled on receipt of Goods and Service Tax Auditor’s report. Therefore, chances of recovery of the lease rent from contractor’s bill with National Highways Authority of India seems to be remote.

Thus, allotment of land free of charge to a private contractor without approval of the competent authority led to loss of ₹ 4.06 crore as chances of recovery of rent is remote.

Recommendation

Syama Prasad Mookerjee Port may fix responsibility on officials of Infrastructure and Civic Facilities Division of Haldia Dock Complex for allotment of land free of charge to a private contractor without approval of competent authority and take appropriate steps to prevent its recurrence in future.

Visakhapatnam Port Authority

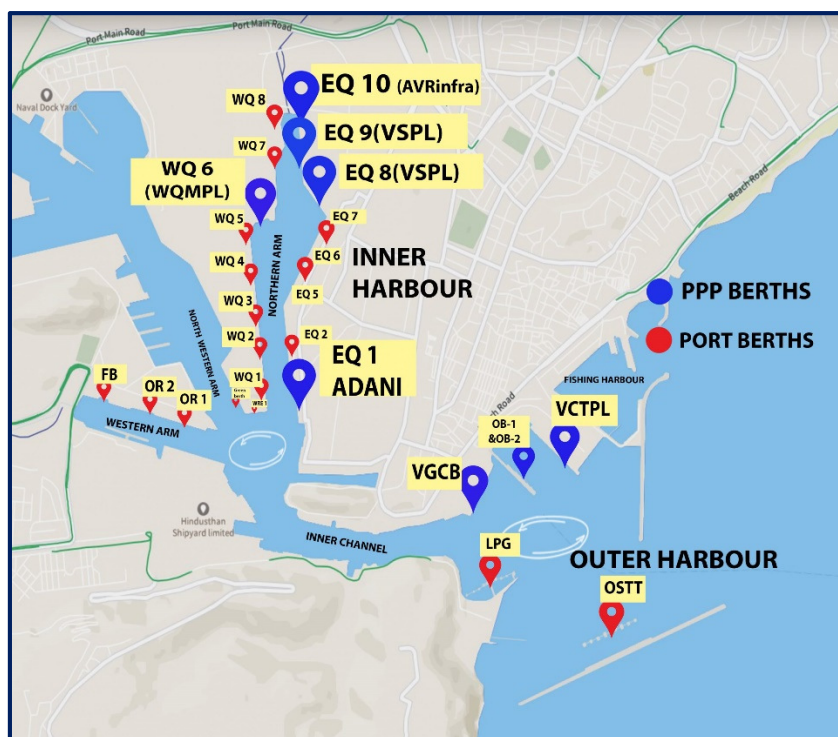
7.2 Assessment of Environmental Issues in Visakhapatnam Port Authority

7.2.1 Introduction

Visakhapatnam Port Authority⁸¹ (VPA) was established in the year 1933 on the Eastern Coast of India. VPA has a land block of 7,618.30 acres spread in and around Visakhapatnam. It has 27 berths⁸² and VPA handled 207.86 million tonnes of various cargoes during the financial years 2018-19 to 2020-21.

⁸¹ *Consequent to the implementations of the Major Port Authorities Act, 2021, the name of “Visakhapatnam Port Trust” has been changed to “Visakhapatnam Port Authority” with effect from 3 November 2021.*

⁸² *A ship’s allotted place at a wharf or dock in the Port.*



← **Layout of Visakhapatnam Port Authority**

- WQ – West Quay Berth
- EQ – East Quay Berth
- OB – Ore Berth
- FB – Fertiliser Berth
- OR – Oil Refinery
- VGCB – M/s. Vedanta General Cargo Berth
- VCTPL – M/s. Visakha Container Terminal Private Limited
- OSTT – Deep Draft Off Shore Tanker Terminal
- LPG – Liquefied Petroleum Gas Terminal

Picture 7.1 – Overview of the Visakhapatnam Port Authority

Visakhapatnam Port is a natural port and unique features of the Port are as follows:

- Island break-water⁸³, constructed by scuttling two old ships,
- It is a natural port endowed with deep water basins formed by a high promontory⁸⁴ into the sea, known as Dolphin’s Nose Hill to the south and Ross Hill to the north of the entrance channel,
- The only port in India and first of its kind in South Asia to have a cavern facility⁸⁵ constructed for Liquefied Petroleum Gas at a depth of 200 meters below sea level with a capacity of 60,000 tonnes.

7.2.2 Operational Performance

VPA is primarily engaged in handling of dusty dry bulk⁸⁶ cargo such as Iron Ore, Coal, etc. The following chart indicates the quantities of Dry Bulk Cargo handled against Total Cargo handled during the years 2018-19 to 2020-21.

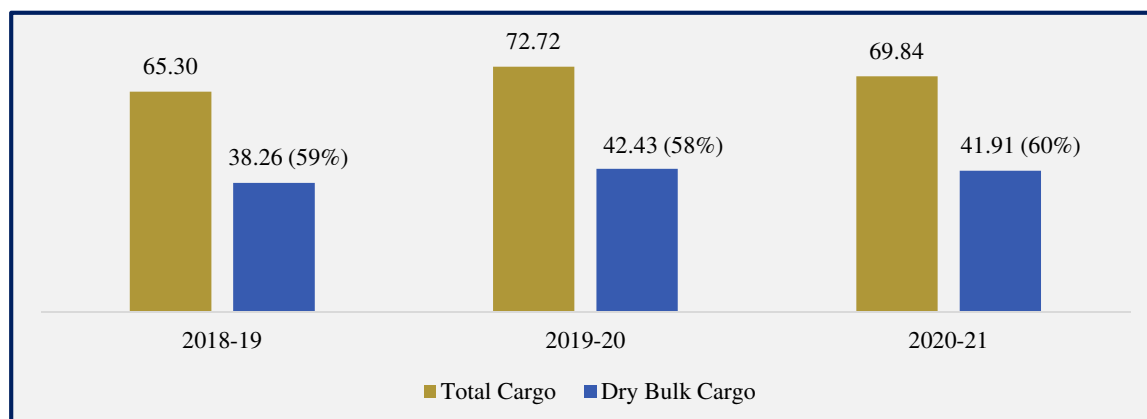
⁸³ A breakwater is a permanent structure constructed at a coastal area to protect against tides, currents, waves and storm surges.

⁸⁴ Promontory is a raised mass of land that projects into a low land or a body of water.

⁸⁵ A Cavern facility is an underground storage facility to store liquid or liquefied hydrocarbons.

⁸⁶ Dry Bulk Cargo means commodity cargo which is transported unpacked in large parcels and includes commodities like Coal, Iron Ore, etc.

Chart 7.1: Total Cargo handled vis-a-vis Dry Bulk Cargo handled during 2018-19 to 2020-21 (in million tonnes)



As can be seen from the above, of the total of 207.86 million tonnes of cargo handled, 122.60 million tonnes (59 per cent) constituted dry bulk cargo which is a major source of pollution.

7.2.3 Environmental Legislation and Organisational Framework

a. Government of India, through its Ministry of Environment, Forest and Climate Change (MoEF&CC), has brought multiple regulations from time to time to conserve the environment. Major policy initiatives by MoEF&CC include -National Forest Policy, 1988; National Conservation Strategy and Policy Statement on Environment and Development, 1992; Policy Statement for Abatement of Pollution, 1992; National Environment Policy, 2006, etc. Overall, the Ministry has enacted more than 50 Rules/Regulations/Notifications for control of water pollution, air pollution, environment protection, animal welfare, wildlife protection, etc. Andhra Pradesh Pollution Control Board (APPCB) along with Central Pollution Control Board is a statutory organisation entrusted to implement Environmental Laws and Rules within the State of Andhra Pradesh.

Visakhapatnam Port falls under Coastal Regulation Zone and has to comply with the regulations under Coastal Regulation Zone Notification 2011 in order to conserve and protect coastal stretches, its unique environment and its marine area. Port also has to comply with the environmental laws issued by the MoEF&CC from time to time.

APPCB issues Consent for Operations and is an authority to monitor, control and regulate all industries in Andhra Pradesh and issue notices to the defaulting ones.

b. Organisational Set-up

The VPA is headed by a Chairman who is supported by a Deputy Chairman and Heads of Functional Departments. Environmental Division is under Civil Engineering Department and is headed by the Superintending Engineer (Environment Cell) who reports to the Chief Engineer of the Civil Engineering Department.

c. Role of Visakhapatnam Port Authority

The VPA plans and executes various projects such as deepening of channels and berths, construction of new berths, installation of state-of-art mechanised handling facilities and

other logistics and modernisation and expansion of existing projects either with its own resources or through Public Private Partnership. VPA needs to obtain Environmental Clearance for such projects. In order to obtain this clearance, an application is made by VPA to MoEF&CC. On receipt of such application, MoEF&CC determines and communicates Terms of Reference for Environmental Impact Assessment study. On successful compliance of recommendations made in Environmental Impact Assessment Study Report, Environmental Clearance is issued by MoEF&CC. Based on successful compliance of conditions stipulated in Environmental Clearance, APPCB issues Consent for Establishment upon which the Project Proponent shall start the construction/modernisation/upgradation of the project. After ensuring the compliance with the conditions in the Consent for Establishment, APPCB issues the Consent for Operations. Project Proponent can start the operations of the Project only after receipt of this consent. VPA has to mandatorily comply with the conditions stipulated in Consent for Operations while conducting its operations.

7.2.4 Audit Scope, Methodology and Criteria

The audit on “Assessment of Environmental Issues in VPA” was conducted for the period of three years from 2018-19 to 2020-21 to review the pollution control measures taken up by VPA and also review the role of Andhra Pradesh Pollution Control Board in enforcement of environment related safeguards and their effectiveness, adequacy and compliances.

An entry conference was held with the Management of the Port on 29 November 2021 in which audit objectives, scope and methodology of audit was discussed. Audit methodology included examination of records of the Port and information available in the public domain, issue of Audit Memos, raising observations, interacting with the officers of VPA and finalisation of the Draft Audit Report. The Draft Report was discussed with the Management during an Exit Conference held on 4 May 2022.

Audit criteria for assessing the effectiveness of pollution control measures undertaken by the Port were:

- a) Environmental Management System and Environmental Impact Assessment Study;
- b) Environment and Coastal Regulatory Zone Clearance issued by MoEF&CC and Consent for Operations issued to the VPA by APPCB;
- c) Parameters/norms on management of air quality, water quality, noise reduction and waste management prescribed by the MoEF&CC, CPCB and APPCB through various Acts/Notifications/Rules for Ports in general, and for VPA in particular;
- d) Judicial pronouncements made by National Green Tribunal against Visakhapatnam Port Authority.

7.2.5 Audit Objectives

Audit was conducted to assess whether:

- (i) the Port had an appropriate Environmental Impact Assessment/Environmental Management Plan and system in place to discharge environment related responsibilities;
- (ii) the Port complied with the Acts/Rules/Notifications framed by the Government of India/State Government for controlling various types of pollutions, handling and disposal of Hazardous Wastes and conservation of natural resources; and
- (iii) Andhra Pradesh Pollution Control Board discharged its role efficiently in enforcing environment related safeguards and monitoring of activities of the Port.

7.2.6 Audit Findings

The Audit findings noticed during the course of audit are discussed in the succeeding paragraphs.

7.2.6.1 Environmental Management System

7.2.6.1 (i) Insufficient Environment Management Policy

A well laid down Environment Management Policy is a pre-requirement for any organisation to plan and execute its environment related operations. However, it was observed that VPA had not formulated any comprehensive policy for environment management, conservation of natural resources and occupational health.

Management replied (May 2022) that the current Policy was prepared in accordance with ISO certification norms and stated that the audit observation with regard to absence of comprehensive environment management policy was noted and suitable action will be taken in this regard.

The reply needs to be viewed in light of the fact that the policy referred to by Management is the Safety, Health, Environment and Quality Policy of Visakhapatnam Port under ISO 14001 Certification which is a general statement outlining the commitment of VPA in few areas e.g., compliance with all applicable Statutory and Regulatory requirements, preventing injury, occupational hazard and pollution, etc. This cannot be termed as a well laid down policy analysing organisation's strengths and weaknesses which require timely corrective action for abatement of pollution. Ideally, the Policy should, in synchronisation with the Master Plan of VPA, prescribe the road-map for formulating different schemes/plans which aim for abatement of pollution, conservation of natural resources and secure the occupational health of the employees of the Port.

Recommendation No. 1

Visakhapatnam Port Authority may evolve a well laid down Comprehensive Environment Management Policy outlining roadmap for abatement of pollution in synchronisation with its Master Plan.

7.2.6.1 (ii) Targets for plantation of trees

Environmental and Coastal Regulatory Zone (E&CRZ) Clearance granted (19 May 1998) to VPA by MoEF&CC stipulated that plantation has to be done at the rate of 2,000 to 2,500

saplings per hectare of land. Further, as per the targets set under Green Visakha Programme⁸⁷, a total of 5,65,000 saplings were to be planted by 2017-18, i.e., five years from 2012-13. To comply with the above condition, a dedicated Nursery (viz., Tirupathi Raju Environmental Park) is being maintained by VPA within its premises.



Picture 7.2: Green Belt in the Port Area

In this regard, it was observed that out of the overall plantation target of 5,65,000 trees under Green Visakha Programme, VPA has made significant progress (94.34 per cent) and a total of 5,33,000 saplings were planted till the end of 2020-21, though a shortfall in planting of 32,000 trees still remained.

While confirming the audit observation, Management stated that (May 2022/September 2022) efforts were being made to complete the balance plantation of 32,000 plants.

7.2.6.1 (iii) Non-compliance of plantation by lessees

Clause 31 of the Long Term Lease Agreements entered into with various parties by VPA stipulates that the lessees should develop greenery in 10 per cent of the area allotted to them as an anti-pollution measure failing which double the cost of plantation for 10 per cent of the area of land including the maintenance cost will be recovered from the lessees without any notice. However, it was observed that though 23 lessees (indicated in **Annexure-XXX**), who had taken lease of 1127.55 acres since 1993, had not adhered to the condition, VPA has not taken any punitive action against them indicating failure in supervisory mechanism. This not only resulted in non-plantation of trees in 112.75 acres indicating complete non-compliance but also resulted in non-levy of penalty of ₹ 19.84 crore on the non-compliant lessees, as of 31 March 2021, as required under Clause 31 of the Agreements.

While confirming the audit observation, Management replied (May 2022) that efforts are being made to impress upon the lessees to complete the plantation as per contractual obligation and also stated that certain land parcels were not conducive for plantation and hence, a meeting was planned with the lessees to solve the issue.

⁸⁷ Green Visakha is a tree plantation programme taken up by Visakhapatnam Urban Development Authority to plant 40 lakh saplings in coordination with the Public Sector Undertakings, Pollution Control Board and the Greater Visakh Municipal Corporation.

Recommendation No. 2

Visakhapatnam Port Authority may initiate action on the lessees who have not complied with the contractual obligations relating to plantations.

7.2.6.1 (iv) Hosting of Environmental Clearances on website

As per Para 10 (i)(a) of the MoEF&CC Notification dated 14 September 2006 on Environmental Impact Assessment, it shall be mandatory for the project proponent to make public the Environmental Clearance granted for their project along with the environmental conditions and safeguards and the same shall also be displayed in the project proponent's website permanently. However, VPA has not hosted the Environmental Clearances obtained on its website.

Management stated (May 2022) that necessary action will be initiated to comply with the legal requirements.

7.2.6.2 Water Pollution

7.2.6.2 (i) Deficiencies in Harbour Water Quality Management

As per Environment (Protection) Rules, 1986, maintenance of water quality is a pre-requirement for Harbours. Class Surface Water (SW) - IV of Rule 86 of the said Rules on "Harbour Water under Water Quality Standards for coastal waters marine outfalls" read with Schedule VI of the said Rules on "General Standards for discharge of environmental pollutants Part A – Effluents" prescribes standards for maintenance of Harbour Water Quality for Dissolved Oxygen, Lead, Total Suspended Solids, etc. Harbour Water Samples were tested on 10 occasions during the period from April 2018 to March 2021 by consultants from Andhra University and it was observed from Analysis Reports that actual values for Lead, Dissolved Oxygen and Total Suspended Solids were beyond the permissible limits on all the occasions as per the details given below -

a) Lead: Lead is a metal which is highly toxic in aquatic environment. Fish are one of the most abundant aquatic vertebrates, and they in turn can directly affect human food intake. Fish are at the top of the food chain in aquatic environment and accordingly, they are most susceptible to the toxic effects of lead exposure. As per the set Water Quality Standards for Harbour Water stipulated in Environment (Protection) Rules, 1986 issued by MoEF&CC, Lead should be less than 0.10 milligrams per litre in Harbour Water. However, it was observed that presence of lead in Harbour Water was in excess of the prescribed standard at various sampling points and ranged between 0.20 and 0.49 milligrams per litre during the period from April 2018 to March 2021.

b) Dissolved Oxygen: Dissolved Oxygen is the amount of oxygen that is present in water. Water bodies receive oxygen from atmosphere and aquatic plants. When Dissolved Oxygen becomes too low, fish and other aquatic organisms cannot survive. As per the standards prescribed in Environment (Protection) Rules, 1986 issued by MoEF&CC for Harbour Water, Dissolved Oxygen should be greater than 3 milligrams per litre. However, it was observed that the presence of Dissolved Oxygen in Harbour Water was less than the

prescribed standard at various sampling points and ranged between 0.30 and 2.90 milligrams per litre during the period from April 2018 to March 2021.

c) **Total Suspended Solids:** Total Suspended Solids is the dry weight of suspended particles, which are not dissolved in a given water sample. Presence of high Total Suspended Solids may decrease natural Dissolved Oxygen in water and increase water temperature. However, it was observed that the presence of Total Suspended Solids levels in Harbour Water were in excess of the prescribed standard of 600 milligrams per litre at various sampling points and ranged between 605 and 876 milligrams per litre during the period April 2018 to March 2021.

Management replied (May 2022) that the primary reason for excess of pollutants in the Harbour Water is due to entering of drainage water from Visakhapatnam city drains into Harbour Water. This matter has been taken up with the District Collector time and again and action from their end is awaited.

The reply needs to be viewed in light of the fact that the efforts of VPA have not yielded any visible results in containing harbour water pollution as seen from tests results mentioned in the para above.

Recommendation No. 3

Visakhapatnam Port Authority may take necessary steps to improve the Harbour Water quality. So far as role of Greater Visakhapatnam Municipal Corporation is concerned, matter may be escalated with concerned Authorities.

7.2.6.2 (ii) Deviations in Consumption of Water and Discharge of Effluents

VPA obtained Consent for Operations from APPCB in May 2017 which was valid up to 31 December 2021. The Consent for Operations prescribed limits for water consumption, discharge of effluents, disposal of hazardous waste, etc. On a review of application filed by VPA in December 2021 for renewal of Consent for Operations and various periodical returns filed by VPA, the following were observed:

a) **Water Consumption:** It was observed from the application filed (29 November 2016) by VPA for obtaining Consent for Operations from APPCB that it requested to grant permission for consumption of 6.0 million litres of fresh water per day which was equivalent to 15.84 lakh⁸⁸ gallons per day. However, APPCB, restricted the freshwater consumption to 4.00 lakh gallons per day. APPCB also directed VPA to take steps to reduce water consumption to the extent possible.

Audit observed that the average consumption of fresh water was nearly double the permitted quantity and stood at 8.044 lakh gallons, 8.156 lakh gallons and 7.962 lakh gallons per day during the years 2018, 2019 and 2020 respectively. Further, despite noticing consumption of excess water in the year 2018 itself, VPA did not conduct mandatory Water Audit, as required vide guidelines of Central Water Commission, to analyse the reasons for

⁸⁸ 6 million litres = 60,00,000 litres. Conversion factor for 1 litre into 1 US gallon is 0.264. Hence 60,00,000 litres X 0.264 = 15,84,000 gallons.

consumption of water in excess of the limits prescribed by APPCB in Consent for Operations dated 11 May 2017.

It was further observed that though the consumption of fresh water during the initial year of Consent for Operations itself was at 8.04 lakh gallons per day as against the limit prescribed in the Consent for Operations limit at 4.00 lakh gallons per day, VPA had neither taken necessary steps to keep the water consumption within the limits stipulated in the Consent for Operations issued by APPCB on 11 May 2017 nor approached APPCB for enhancement of limits for the consumption of water. Since 85 *per cent* of water consumed was to be discharged as effluent, any increase in water consumption would also increase the discharge of effluents.

b) Discharge of Effluents beyond norms: The discharge of effluents is in proportion to the water consumed and VPA assessed that around 85 *per cent* of water consumed will be discharged as effluents. As per Consent for Operations, the limit prescribed for maximum daily discharge of domestic effluents was 19.04 kilo litres per day.

Audit observed that the average discharge of effluents during the years 2018, 2019 and 2020 was at 2,588.23, 2,624.27 and 2,561.85 kilo litres per day respectively as against the maximum permissible discharge of domestic effluents of 19.04 kilo litres per day. Further, Environment (Protection) Rules, 1986 also prescribe reuse of treated effluent water. However, the assessment of VPA that around 85 *per cent* of water consumed will be discharged as effluent indicates that the Port had not explored the possible ways and alternatives for waste water reuse.

Management replied (May 2022) that the limits with respect to water consumption and effluents' discharge were revised in the latest Consent for Operations issued in April 2022 and valid up to 31 December 2026.

The reply of the Management needs to be viewed in light of the fact that even though the permissible limits for discharge of domestic effluents had been revised to 3,091 kilo litres per day and consumption of water was revised to 8 lakh gallons per day as per the Consent for Operations received in April 2022, the actual discharge of effluents and consumption of water still exceeded the norms and were 4,862 kilo litres per day and 8.86 lakh gallons per day respectively during the period from 1 January 2022 to 30 June 2022 which constitutes excess discharge of effluents by 57.30 *per cent* and excess water consumption by 10.75 *per cent* over and above the revised norms stipulated in Consent for Operations effective from April 2022.

Effectiveness of APPCB

In its reply, APPCB (April 2022) acknowledged the increase in water consumption and attributed the same to sprinkling of water to arrest emission of dust from various cargo. Further, APPCB differed with the assessment of VPA that 85 *per cent* of water used will be discharged as effluents and said that there will be loss of some quantity of water due to evaporation. However, no details of loss due to such purported evaporation was quantified by APPCB.

It was further observed that though APPCB had instructed (2 March 2020) VPA to obtain amendment to its Consent for Operations with respect to exceedance of limits in the areas of water consumption and discharge of effluents, no action was initiated by VPA in this regard until the expiry of the Consent for Operations by December 2021.

Recommendation No. 4

Visakhapatnam Port Authority may explore alternative methods for increasing reuse of waste water such as for gardening, flushing toilets, sprinkling on roads/coal yards to suppress dust, etc. so as to reduce the consumption of fresh water.

c) Presence of constituents in excess of tolerance limits in the treated effluents discharged - In compliance with the conditions stipulated in Consent for Operations issued (4 July 2017) by APPCB, VPA had installed (4 October 2019) a Sewage Treatment Plant at Port Hospital (viz., Golden Jubilee Hospital). The main purpose of installation of Sewage Treatment Plant was to reduce toxic effects of various effluents like Potential Hydrogen (pH), Total Suspended Solids, etc. However, it was observed from the Analysis Reports of effluents discharged from Sewage Treatment Plant located at Golden Jubilee Hospital that the Alkalinity levels and presence of Total Suspended Solids were in excess of the prescribed limits on three occasions out of seven during the period from October 2019 to December 2021 as given in Table 7.1 below:

Table 7.1 – Details of Potential Hydrogen value and Total Suspended Solids’ exceedances

Parameters	Unit	Prescribed Limits	Results of Testing done on		
			12-12-2020	13-03-2021	14-09-2021
Potential Hydrogen value	-	5.5-9.0	10.6	11.32	11.2
Total Suspended Solids	mg/l*	100	228	201	277

* mg/l = milli gram per litre

Management stated (May 2022) that the Potential Hydrogen value is not of serious concern unless it is abnormally high and with time, the Potential Hydrogen values will be stabilised. Since the wastewater was discharged from different hospital units, removal of dissolved solids cannot be ensured. Hence, on some occasions, the Total Suspended Solids results may be shown in excess of the prescribed limits.

Reply of the Management is not acceptable in view of the fact that the discharge of effluents was in excess of the standards and indicated non-attainment of objectives of installation of the Sewage Treatment Plant.

Effectiveness of APPCB

In this regard, it was observed from the records of VPA that APPCB had not taken any action against VPA for non-compliance with the prescribed norms as per the Consent for Operations and non-adherence of its instructions until the same were revised in April 2022.

APPCB replied (April 2022) that the Harbour Water is getting contaminated with domestic sewage entering into the waters without any treatment which is being dealt with by Greater Visakhapatnam Municipal Corporation and that the matter has been taken up with

Commissioner, Greater Visakhapatnam Municipal Corporation. It was also stated that the water consumption had increased due to continuous water sprinkling to control fugitive dust emissions generated while handling dusty cargoes. It was further stated that the Analysis Reports of waste water samples collected from Sewage Treatment Plant of VPT in January 2022 indicated that the effluents viz., Potential Hydrogen and Total Suspended Solids were within the norms.

Reply of APPCB is not fully acceptable as Audit observed that for tests got conducted by VPA subsequently in the months of January, April, July, September and October 2022, pH level was not within the prescribed norms and it ranged from 10.4 to 11.7 though Total Suspended Solids were found to be within the prescribed norms.

7.2.6.3 Air Pollution

7.2.6.3 (i) Emission of PM₁₀ in excess of the prescribed annual averages

As per National Ambient Air Quality Standards issued by MoEF&CC vide Gazette Notification dated 18 November 2009, the annual averages of Particulate Matter₁₀ (PM₁₀) levels were to be maintained at 60 micro grams per cubic meter. Three Ambient Air Quality Monitoring Stations were located in VPA premises. Data from these stations revealed that the annual averages of PM₁₀ were in excess of the levels stipulated by MoEF&CC. The annual averages of PM₁₀ recorded at three Ambient Air Quality Monitoring stations located in VPA from January 2018 to July 2021 are indicated in the table below:

Table 7.2 – Details of exceedances of annual averages of PM₁₀

(In micro grams per cubic meter)

Year	Standard Annual Average	R&D Yard	GVMC* Stadium	General Cargo Berth
2018	60	84.51	73.64	65.81
2019	60	78.41	71.27	71.68
2020	60	72.26	66.15	63.06
2021 (Up to July 2021)	60	78.14	72.66	75.61

* GVMC = Greater Visakhapatnam Municipal Corporation. GVMC stadium is abutting VPA main gate and is in Port Area

While confirming the audit observation, Management replied (May 2022) that though VPA was able to meet daily emission norms⁸⁹, they were unable to meet annual averages. It was also stated that they were initiating various steps such as installation of Mechanised Dust Suppression Systems, Fog Cannon Machines on all berths and construction of covered sheds. It was further stated that besides VPA, so many other factors such as vehicle pollution and dust emanating from the city roads were also contributing to dust pollution.

⁸⁹ *As per notification of Central Pollution Control Board dated 18 November 2009, average daily permissible limit for PM₁₀ is 100 micro grams per cubic metre whereas annual average is below 60 micro grams per cubic metre.*

7.2.6.3 (ii) Inadequate covering of dusty cargo with tarpaulins

APPCB, being the Regulatory Authority for monitoring environmental aspects in the State of Andhra Pradesh, issued directions to VPA from time to time for mitigating pollution. The directions given by APPCB on 28 December 2015 to mitigate the air pollution in VPA, inter-alia, included that “VPA shall cover all the stack yards of dusty cargoes (coal and other cargoes, etc.) with tarpaulins immediately and no coal stack yard shall exist without covering with tarpaulins.”



Picture 7.3 – Stacks partially covered by tarpaulins

The Periodical Inspection Reports of the Internal Environment Task Force Team constituted to assess the coverage of cargoes with tarpaulins at various locations of VPA and Public Private Partnership Operators covered 2,630 stacks during the period from January 2019 to June 2021. These inspections revealed that in 15 *per cent* of the stacks, there was no tarpaulin coverage at all. Average surface coverage of remaining stacks with tarpaulins was only about 60 *per cent* of dusty cargo stacks.

Consequent upon the failure in covering of stacks with tarpaulins by stock holders, VPA issued notices to all defaulting stockholders and collected a penalty of ₹ 8.16 crore during the period May 2018 to January 2020⁹⁰.

Thus, in compliance of the directions given by the APPCB on 28 December 2015, VPA was able to cover nearly half of the surface area of the stacks with tarpaulins. It did not ensure full compliance with the measures as directed by APPCB to mitigate air pollution generated through storage of dusty cargoes at its stack yards. The mechanism put in place by VPA for covering of dusty cargoes with tarpaulins needs to be strengthened as the directions issued by APPCB in this regard were not fully complied with.

Management replied (May 2022) that the Internal Environment Task Force Team is monitoring the stack yards round the clock and necessary action is being taken in case of non-covering of dusty cargoes with tarpaulins. The reply of the Management may be viewed in light of the fact that in 15 *per cent* of the stacks, there was no tarpaulin coverage

⁹⁰ *Subsequently, no penalty was levied as the stack holders obtained stay from the High Court of Andhra Pradesh against the levy of penalties.*

at all and in the remaining stacks, average surface coverage was only about 60 *per cent* of dusty cargo stacks.

Recommendation No. 5

Visakhapatnam Port Authority needs to make greater efforts to ensure adequate coverage of stacks by tarpaulins so as to reduce the dust emanating from the cargoes.

7.2.6.3 (iii) Non-Compliance with the Directions issued by APPCB

(a) Payment of environmental compensation due to non-compliance of the directions issued by APPCB

A Non-Governmental Organisation (NGO) filed an application (2015) before the National Green Tribunal on purported violation of environmental standards by VPA with a request to pass appropriate orders for not operating any coal cargo by VPA due to emission of dust from such cargo. In response to the application, VPA stated (September 2015) that VPA was installing Mechanical Dust Suppression Systems to arrest the emission of dust from such cargo in addition to other measures such as washing of truck tyres, raising of compound wall, non-storing of dusty cargo near the human habitations, etc. It was also stated that they have initiated a Comprehensive Environment Management Plan with Short Term (during 2015-16), Medium Term (during 2015-17) and Long Term Measures (during 2015-18). As per Environment Management Plan promised by VPA, it had to implement Long Term Measures by December 2018.

Consequently, the National Green Tribunal rejected the plea of the applicant NGO for not operating any coal cargo by VPA and directed (8 March 2017) VPA to implement the already initiated Environment Management Plan. VPA was further directed to submit Quarterly Progress Reports to National Green Tribunal for further action. APPCB, being the statutory authority for maintaining pollution standards in the State, had been reviewing the status of implementation of the directions and Consent for Operations conditions and had issued periodical directions⁹¹ from time to time for compliance by VPA.

Subsequently, in the course of an appeal filed (2019) by the NGO, the National Green Tribunal observed that VPA had not complied with the commitments given to it and directed (3 January 2020) APPCB to take necessary action against VPA on the basis of the observations made by them in the last report and submit further action taken and status report in this regard within a period of two months. National Green Tribunal also directed APPCB to monitor the unit periodically and submit the compliance of the pollution norms by VPA.

In compliance with the directions of National Green Tribunal, APPCB reviewed the status of pollution control measures taken by VPA in the External Advisory Committee (Task Force) meeting held on 23 January 2020 and observed that even after issuance of directions by the APPCB, VPA had not complied with the Immediate, Short Term, Medium Term and Long Term measures against the timelines committed by the VPA as indicated in

⁹¹ *Periodical directions issued on 22.05.2017, 13.12.2017, 8.06.2018, 26.12.2018 and 28.5.2019.*

Annexure-XXXI. APPCB issued (2 March 2020) further directions for compliance and directed VPA to submit Performance Bank Guarantee for ₹ 1.00 crore.

In compliance with the direction of APPCB, VPA submitted (4 March 2020) a Performance Bank Guarantee for ₹ 1.00 crore in favour of APPCB for a period valid up to July 2021 with a commitment to comply with the earlier directions (28 December 2015 and 2 March 2020) of APPCB for installation of Mechanised Dust Suppression Systems at all dusty cargo areas as committed in the Action Plan given on 25 February 2020.

The National Green Tribunal (South Zone), in its order (5 March 2020), stated that the submission of Performance Bank Guarantee is only to assure the performance of the undertaking complying with the directions and that will not amount to any realisation of compensation for the past violations committed. The National Green Tribunal also stated that, in several matters of such nature, they had directed APPCB to impose environmental compensation as per the guidelines provided by the Central Pollution Control Board and to recover the same from the defaulter unit applying the "*Polluter Pays*" principle, but such steps had not been taken. The National Green Tribunal also directed (5 March 2020) the APPCB to issue show cause notice and give opportunity to defaulter/violator to submit response to the imposition of compensation and then pass appropriate order in accordance with law.

APPCB, in compliance with the National Green Tribunal order dated 5 March 2020 carried out inspection on 13 June 2020 and assessed that the Port was yet to comply with certain directions. They estimated that an amount of ₹ 1.97 crore was to be paid by VPA as environmental compensation for violations of the directions issued by APPCB. APPCB also stated that continued failure to comply with the directions of APPCB would attract environmental compensation at rates that would be multiples of the rates assessed above. VPA confirmed (May 2022) the payment of the environmental compensation of ₹ 1.97 crore to APPCB on 14 July 2020.

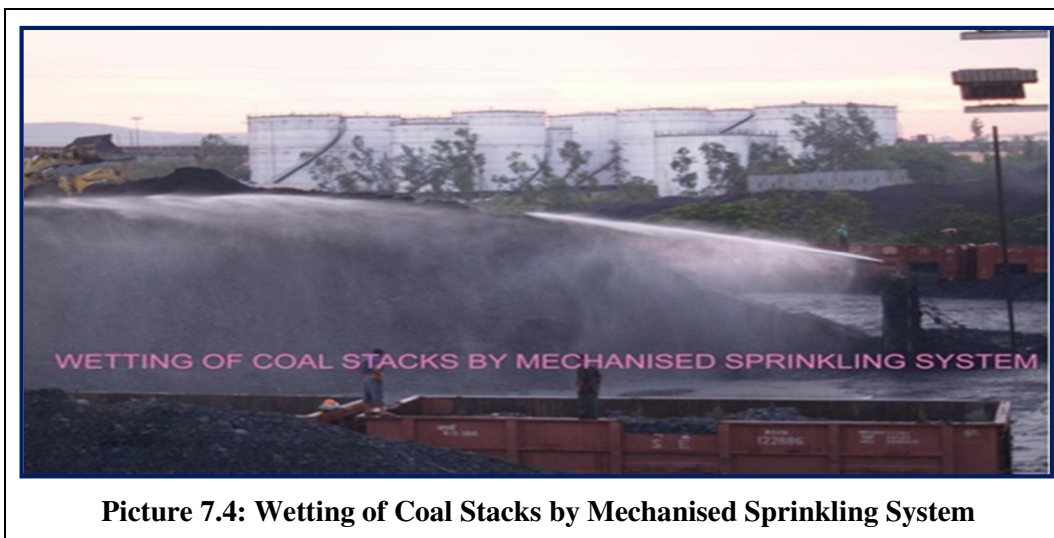
Had VPA implemented appropriate pollution control measures as committed to the National Green Tribunal and complied with the directions of APPCB, VPA would have avoided payment of environmental compensation of ₹ 1.97 crore.

(b) Continued non-compliance to directions of APPCB despite payment of environmental compensation

To comply with the directions of National Green Tribunal, APPCB inspected (12 August 2021) VPA to verify the compliance of the directions given by it vide its Orders dated 28 December 2015 and 2 March 2020 and observed the following non-compliances of immediate measures as stipulated by APPCB -

- a) As per the directions of APPCB, the Port shall restrict the stack height of coal piles up to 6 meters. However, it was observed that height of few stacks of coal still exceeded the prescribed height of 6 meters.
- b) As per the directions of APPCB, the Port shall not store any dusty cargo without Mechanical Dust Suppression System at any location in the Port. However, it was

observed that VPA was storing dusty cargo at few places without Mechanical Dust Suppression System.



Picture 7.4: Wetting of Coal Stacks by Mechanised Sprinkling System

- c) As per the directions of APPCB, the Port was to submit an Action Plan for reorganisation of Coal Stacking Yards located near the city interface and all the excess stacking was to be removed immediately. As per the Action Plan dated 25 February 2020, Coal Stacking Yards were proposed to be shifted to the areas created by the demolition of abandoned buildings of Port Area. However, till July 2022, this action plan was not fully implemented.

While confirming the audit observation, Management stated (May 2022) that the Internal Task Force Team was continuously monitoring the stack yards and ensuring compliance to the measures such as installation of Mechanical Dust Suppression Systems at all locations where dusty cargo was being stored and water sprinkling through Fog Cannon Machines at all berths.

The fact remains that the directions of National Green Tribunal were not being complied with even after lapse of more than six years and payment of environmental compensation amounting to ₹ 1.97 crore.

7.2.6.4 Noise Pollution from Diesel Generators

As per the noise limits for diesel generator sets notified by MoEF&CC by amendments to Environment (Protection) Rules, 1986, the maximum permissible limit of noise level for a diesel generator set with rated capacity up to 1,000 KVA manufactured on or after 1st January 2005 was 75 dB (A) at 1 meter from the enclosure surface. However, it was observed that noise levels recorded by VPA in respect of its diesel generators were in excess of the prescribed limit of 75 dB (A) and ranged upto 102.7 dB (A) on 22 occasions out of 33 occasions when test was done for various diesel generators at Off Shore Tanker Terminal Berth, LPG Berth and Oil Refinery-I & II Berth during the period 2018-19 to 2020-21.

Management replied (May 2022) that efforts were being made to meet the norms with regard to noise pollution and that these generators were located where human exposure was minimum.

Reply of the Management is not tenable in view of the fact that employees working in the areas adjacent to diesel generators were exposed to higher noise levels.

7.2.6.5 Lapses in E-waste Management

The MoEF&CC vide Notification dated 23 March 2016 notified the E-waste⁹² (Management) Rules, 2015 which stipulate that the e-waste generated is to be disposed in the manner that is prescribed under E-waste Management Rules issued in the years 2011 and 2016. Rule 12 of E-waste Management Rules, 2011 read with Rule 15 of E-waste Management Rules, 2016 state that “every producer, collection center, dismantler, or recyclers may store the e-waste for a period not exceeding one hundred and eighty days”. Further, Consent for Operations issued to VPA in May 2017 prescribed that the disposal of e-waste generated at VPA shall be limited to 0.5 tonnes per annum and the same had to be disposed to the authorised re-processors/re-cyclers.

In this regard, Audit observed that VPA disposed (November and December 2018) 13.66 metric tonnes of e-waste through e-auction participated by authorised agents. Subsequently, another quantity of 9.60 metric tonnes was disposed of in January 2021. These quantities were said to have accumulated over a period of 20 years. Further, 500 kilograms of electrical lamps were lying in stock as on 31 March 2021. The reasons for delay in disposal of e-waste were not available in the records produced to Audit.

While accepting the audit observations, Management replied (May 2022) that action will be initiated to adhere to the prescribed timelines and Environment Management Plan will be amended accordingly.

The fact remains that e-waste was accumulated over the years and was not timely disposed of despite the norms being in vogue since 2011.

7.2.6.6 Conservation of Natural Resources

7.2.6.6 (i) Non-utilisation of treated water from Sewage Treatment Plant at Port Hospital

As per Consent for Operations issued (4 July 2017) by APPCB to VPA’s Hospital (viz., Golden Jubilee Hospital), VPA should construct a Sewage Treatment Plant within four months from the date of obtaining Consent for Operations (i.e., by 3 November 2017). However, it was observed that VPA installed a Sewage Water Treatment Plant of 25 kilo litres per day in October 2019 after a delay of two years.

⁹² *E-waste is a popular, informal name for electronic products nearing the end of their “useful life”. Computers, televisions, VCRs, stereos, copiers, and fax machines are common electronic products.*



Picture 7.5 – Treated Water from Sewage Treatment Plant discharged into Main Drain

Further, one of the objectives of installation of Sewage Treatment Plant was that the treated water should be put into reuse for various requirements such as gardening, flushing in toilets, etc., which in turn reduces usage of fresh water thereby conserving natural resources. However, it was observed that the treated water of Sewage Treatment Plant at Golden Jubilee Hospital was discharged into drainage system without making any efforts to recycle the treated water for utilisation in the Hospital premises or for gardening.

Management replied (May 2022) that efforts were being made to identify options for usage of treated water in the Hospital premises as only small quantity of treated water was generated.

7.2.6.6 (ii) Construction of Rain Water Harvesting Structures

As per the conditions stipulated in the Environmental and Coastal Regulation Zone Clearances issued to VPA, Rain Water Harvesting shall be followed as per local byelaws and harvested water shall be stored, treated and reused to reduce the additional water requirement. Management replied (May 2022) that it had constructed Rain Water Harvesting pits at all its colonies. It was further stated that Rain Water Harvesting trenches were erected in the foothills of Kailasagiri and Malkapuram.

7.2.6.7 Role of Andhra Pradesh Pollution Control Board

APPCB is a Statutory Authority constituted by Government of Andhra Pradesh which is responsible for implementation of provisions of various Environmental Legislations as enacted by Government of India from time to time.

The environmental laws and rules largely provide APPCB with a predominant role in monitoring of compliance with the provisions of these laws and rules by industries, municipal authorities, hospitals, etc. APPCB is responsible for collection and dissemination of information relating to pollution, planning comprehensive programmes and advising the State Government for prevention, control and abatement of pollution. To enable it to discharge its mandated functions effectively, APPCB has been vested with powers to obtain information from the organisations, inspect and collect samples of effluents/emissions, grant/reject/withdraw Consent for Establishment/Consent for Operations of any

organisation, operation or process, to approach Courts for restraining persons causing pollution, etc.

For discharging its functions, APPCB conducted inspection of VPA on four occasions⁹³ during the period covered in the present audit. APPCB, in compliance with the National Green Tribunal order dated 5 March 2020, levied environmental compensation of ₹ 1.97 crore for continued failure of VPA to comply with the directions of APPCB. VPA paid the environmental compensation of ₹ 1.97 crore to APPCB on 14 July 2020.

Deficiencies in performance of its role have been discussed in detail in paras 7.2.6.2 (ii) (consumption of water and discharge of effluents), 7.2.6.3 (i) (excess emission of PM₁₀) and 7.2.6.9 (non-conduct of environment audit). Further, despite various deviations and non-compliances, environmental compensation was imposed by APPCB only after intervention of National Green Tribunal as discussed in para 7.2.6.3 (iii)(a).

To sum up, the role of APPCB is deficient as its monitoring and enforcement mechanism appears to be very weak as evidenced by its inaction in taking appropriate action in respect of various instances of non-compliances by VPA. This is clear from replies of APPCB mentioned against individual audit observations which shows that APPCB had not taken any punitive action, on its own, despite various non-compliances.

Recommendation No. 6

Andhra Pradesh Pollution Control Board may consider reviewing the commitments given by VPA to keep the pollution levels within the norms and take appropriate timely action against VPA, as warranted.

7.2.6.8 Inadequate Human Resources

Human Resources and their optimum utilisation are vital to any organisation for effective discharge of assigned tasks. Men in Position *vis-à-vis* the Manpower Sanctioned for the Environment Cell for monitoring and abatement of pollution for the period of three years ending 2020-21 have been enumerated in Table 7.3 below:

Table 7.3 – Manpower Sanctioned *vis-à-vis* Men-in-Position

Sanctioned		2018-19		2019-20		2020-21	
		MIP*	Shortage	MIP	Shortage	MIP	Shortage
Category-I	4	3	1	4	0	2	2
Category-II	3	3	0	2	1	2	1
Category-III	9	7	2	4	5	4	5
Category-IV	3	1	2	1	2	1	2
Total	19	14	5 (26%)	11	8 (42%)	9	10 (53%)

* MIP – Men-in-position

It may be seen from the above that human resources were not adequately provided to the Environment Cell throughout the period of three years ending 2020-21. Shortages in manpower were noticed in the range of 26 to 53 *per cent* during the last three years.

⁹³ 4 January 2019, 22 and 23 of February 2019, 7 December 2019 and 13 June 2020.

Management accepted the audit observation and replied (May 2022) that efforts were being made to recruit suitably qualified people in Environment Division and stated that an Environment Officer and two Junior Engineers were recently appointed on contractual basis.

Recommendation No. 7

Visakhapatnam Port Authority may provide adequate qualified manpower for the Environment Cell to oversee the environment related activities.

7.2.6.9 No specific Environmental Audit

Rule 15 of the Environment (Protection) Rules, 1986 stipulates (19 November 1986) that every organisation has to conduct Environment Audit for each financial year and submit that Audit Report to State Pollution Control Board in Form-V.

In this regard, Audit observed that –

- (i) VPA is getting audit done for various sections including Environment Cell as a part of ISO Certification and the outcome of such audit is used for filing Form-V with APPCB instead of conducting a specific Environment Audit as prescribed by Environment (Protection) Rules, 1986.
- (ii) As part of the measures taken by the Port to monitor and improve Environmental Management Systems, it was mentioned that –
 - (a) National Environment Engineering Research Institute prepared and submitted (July 2014) the “Disaster Management Plan” which is stated to be in force for implementation.
 - (b) “Environmental Management and Monitoring Plan⁹⁴” was prepared and submitted by Administrative Staff College of India, Hyderabad in January 2015 and the Port is implementing the same.
 - (c) Jawaharlal Technology University, Kakinada prepared and submitted (December 2018) Report on “Assessment of Effectiveness of existing air pollution management plan of Public Private Partnership Partners and Other areas of Visakhapatnam Port”.

However, none of the above documents were produced to Audit for scrutiny and hence, Audit is unable to comment on the compliance of Visakhapatnam Port with the recommendations of the above documents.

Effectiveness of APPCB

From the records made available to Audit, it was observed that APPCB had not raised any objection despite the non-compliance of the Port in getting the Environment Audit done annually. Further, Audit was also unable to ascertain whether the Reports mentioned at

⁹⁴ *Environmental Management and Monitoring Plan is a policy document and a tool to proactively manage and confirm that the impact of dredging, reclamation and other marine construction activities do not exceed the stipulated Environmental standards.*

Sr. No. (ii) above and action taken by the Management as per those reports were examined by APPCB or not.

While confirming the audit observation that no specific Environment Audit was conducted, Management stated (May 2022) that VPA had established an internal mechanism to monitor environmental aspects through periodical meetings of Heads of Departments. The APPCB stated (April 2022) that the Port was regularly submitting the Environment Statement every year.

The reply may be viewed in light of the fact that the ISO Certification is not a replacement for Environment Audit which focuses on the compliance of the Port with the conditions stipulated in the Environmental Clearance and the Consent for Operations while the ISO Certification examines only the compliance to the broad Environmental Management Systems of the Port. The environmental report submitted to APPCB in Form-V primarily consisted of statistical data. Had the VPA conducted an Environmental Audit, it could have assessed whether the conditions stipulated in various environmental clearances issued to it and terms and conditions of Consent for Operations are adhered by it or not. Further, the reply of APPCB was silent on the issue as to whether the recommendations in the documents mentioned by Audit at Sr. No. (ii) above were taken into cognisance by it or not. Hence, the compliance of the Port with respect to the recommendations of the Reports cannot be assured.

Recommendation No. 8

Visakhapatnam Port Authority may conduct Environment Audit regularly and take remedial action based on the findings of such Audit.

7.2.6.10 Inadequate testing of Workers/Employees

Section 41(C)(c) of the Factories Act, 1948 stipulates that every occupier in relation to hazardous processes, shall provide for medical examination of every worker while continuing in such hazardous job, and after he has ceased to work in such job, at intervals not exceeding twelve months. However, Audit observed that the testing of regular employees of VPA for identification of occupational hazards was not adequate and only 58 per cent of men-in-position were tested for occupational hazards as detailed in the Table 7.4 below.

Table 7.4 – Details of regular employees who underwent medical examination

Year	Men-In-Position	No. of employees who underwent medical examinations during the year	Percentage of employees who have undergone medical examinations
2018-2019	3348	1800	54
2019-2020	3150	1945	62
2020-2021	2961	1733	59
Average			58

Management replied (May 2022) that the periodical health check-up of employees of VPA was badly affected due to Covid-19 pandemic and lockdowns imposed.

The reply of the Management is not acceptable in view of the fact that there was no impact of Covid-19 pandemic in the financial years 2018-19 and 2019-20 wherein the percentage of employees who underwent medical examination was only 54 per cent and 62 per cent respectively. It was further observed that during 2020-21, wherein Covid-19 restrictions were in force, medical tests were conducted around the same level, i.e., 59 per cent.

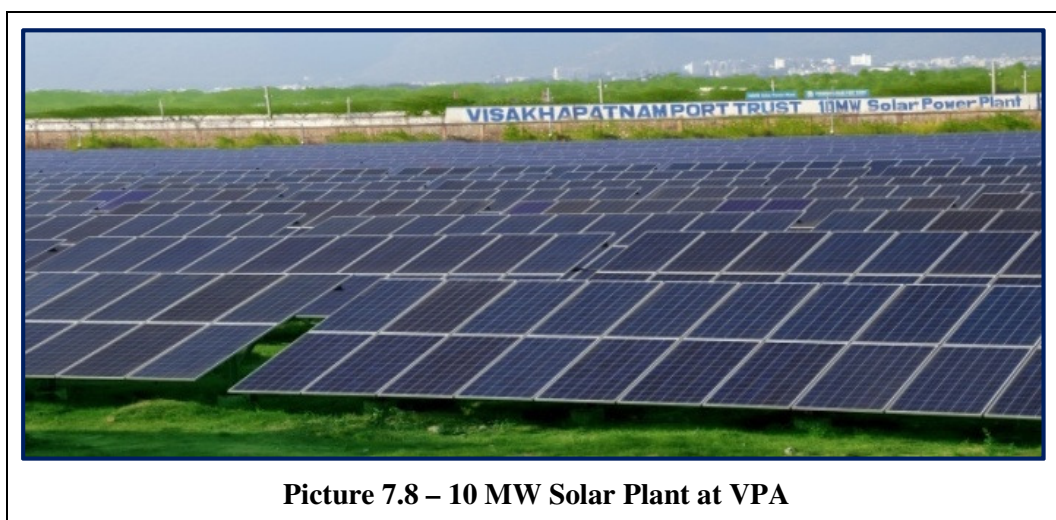
7.2.7 Good Practices at Visakhapatnam Port Authority

The following are the good practices followed by VPA with respect to Environmental aspects:

- (i) VPA had constructed dust barriers to arrest dust emissions from the stack yards. It also constructed high rise walls to arrest dust emissions.



- (ii) VPA was able to meet 100 per cent of its electricity requirement through renewable energy source viz., solar power during the years from 2018-21.



7.2.8 Conclusion

Audit observed various deficiencies in control of water pollution, air pollution as well as noise pollution. Though VPA was able to meet the Ambient Air Quality norms on daily basis as prescribed by CPCB during the years from 2018-2019 to 2020-2021, it was

observed that annual averages of PM₁₀ were in excess of the norms. The instructions issued by APPCB for non-storing of dusty cargo without Mechanical Dust Suppression Systems were also not adhered to.

VPA was unable to adhere to the limits prescribed under Consent for Operation for consumption of fresh water and effluents discharged. Further, discharges from Sewage Treatment Plant at Port Hospital and Harbour Water were found to be in excess of norms for Alkalinity, Total Suspended Solids, Lead and Dissolved Oxygen. No measures were taken for reuse of waste water in order to reduce consumption of fresh water.


Failure in complying with assurances given to National Green Tribunal resulted in payment of environmental compensation of ₹ 1.97 crore.

Audit also observed that though VPA had an established Environment Cell to oversee the Environmental Management issues and compliances with environmental Acts/Rules, this cell was poorly staffed.

APPCB did not take necessary action against VPA for its failure to keep the pollution/effluent levels within the norms and for non-conducting an Independent Environment Audit by VPA.


Thus, VPA needs to improve compliance to various norms established by statutory authorities to be able to contain pollution levels in all the areas and discharge its responsibility towards society in this regard effectively.

New Delhi
Dated: 10 February 2023


(R G Viswanathan)
Deputy Comptroller and Auditor General
and Chairman, Audit Board

Countersigned

New Delhi
Dated: 10 February 2023


(Girish Chandra Murmu)
Comptroller and Auditor General of India

ANNEXURES

Annexure-I
(Referred to in Para 1.1)

Economic and Service Ministries/Departments

Sl. No.	Economic and Service Ministries
1.	Civil Aviation
2.	Coal
3.	Commerce and Industry
4.	Corporate Affairs
5.	Heavy Industries
6.	Housing and Urban Affairs
7.	Micro, Small and Medium Enterprises
8.	Mines
9.	Petroleum and Natural Gas
10.	Ports, Shipping and Waterways
11.	Power
12.	Road Transport and Highways
13.	Steel
14.	Textiles
15.	Tourism
	Departments under Ministry of Chemicals and Fertilizers
1.	Department of Chemicals & Petrochemicals
	Departments under Ministry of Finance
2.	Department of Financial Services
3.	Department of Investment and Public Asset Management
4.	Department of Public Enterprises

**Annexure-II
(Referred to in Para 1.1)**

List of Central Autonomous Bodies

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
1.	Airports Economic Regulatory Authority of India	Civil Aviation
2.	Rajiv Gandhi National Aviation University	
3.	Coal Mines Provident Fund Organisation	Coal
4.	Agricultural & Processed Food Products Export Development Authority	Commerce and Industry
5.	Coffee Board	
6.	Export Inspection Council	
7.	Footwear Design and Development Institute	
8.	Marine Products Export Development Authority	
9.	National Industrial Corridor Development and Implementation Trust	
10.	National Institute of Design, Ahmedabad	
11.	National Institute of Design, Madhya Pradesh	
12.	Rubber Board	
13.	Spices Board	
14.	Tea Board India	
15.	Tobacco Board	
16.	Competition Commission of India	Corporate Affairs
17.	Insolvency and Bankruptcy Board of India	
18.	Investor Education and Protection Fund Authority	
19.	National Financial Reporting Authority	
20.	Stressed Assets Stabilisation Fund	Department of Financial Services
21.	Pension Fund Regulatory and Development Authority	
22.	Insurance Regulatory and Development Authority of India	
23.	Special Liquidity Scheme Trust	
24.	National Automotive Board	Heavy Industries
25.	National Automotive Testing and R&D Infrastructure Project Implementation Society	
26.	Delhi Development Authority	Housing and Urban Affairs
27.	Delhi Urban Art Commission	
28.	National Capital Region Planning Board	
29.	Rajghat Samadhi Committee	Micro, Small and Medium Enterprises
30.	Coir Board	
31.	Khadi & Village Industries Commission	
32.	Oil Industry Development Board	Petroleum and Natural Gas
33.	Petroleum and Natural Gas Regulatory Board	
34.	Rajiv Gandhi Institute of Petroleum Technology	
35.	Calcutta Dock Labour Board	Ports, Shipping and Waterways
36.	Chennai Port Trust*	
37.	Cochin Port Trust*	
38.	Deendayal Port Trust*	

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department	
39.	Indian Maritime University		
40.	Jawaharlal Nehru Port Trust*		
41.	Mormugao Port Trust*		
42.	Mumbai Port Trust*		
43.	Mumbai Port Trust Pension Fund Trust		
44.	New Mangalore Port Trust*		
45.	Paradip Port Trust*		
46.	Seamen's Provident Fund Organisation		
47.	Syama Prasad Mookerjee Port*		
48.	Tariff Authority of Major Ports		
49.	Visakhapatnam Port Trust*		
50.	V.O. Chidambaranar Port Trust*		
51.	Bureau of Energy Efficiency		Power
52.	Central Electricity Regulatory Commission		
53.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)		
54.	National Power Training Institute		
55.	Standing Conference of Public Enterprises	Department of Public Enterprises	
56.	Indian Roads Congress	Road Transport and Highways	
57.	Central Silk Board	Textiles	
58.	National Institute of Fashion Technology		
59.	National Jute Board		
60.	Textiles Committee		

* **Note:** The Major Ports of India which were governed by the Major Port Trusts Act, 1963 hitherto have been brought under the Major Ports Authorities Act, 2021 with effect from 3 November 2021. Accordingly, the Major Port Trusts have been renamed as the Port Authorities.

**Annexure-III
(Referred to in Para 1.5)**

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (grants released upto March 2020)	Outstanding UCs which were due by 31.03.2021 in respect of grants released upto March 2020	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Housing and Urban Affairs	1985-86 to 2014-15	334	1,534.61
	2015-16	60	92.08
	2016-17	163	856.79
	2017-18	200	1,163.57
	2018-19	421	2,470.36
	2019-20	543	6,105.88
	Total	1,721	12,223.29
Department of Financial Services	2015-16	9	135.58
	2016-17	11	1,707.56
	2017-18	11	604.89
	2018-19	7	614.22
	2019-20	5	25.00
	Total	43	3,087.25
Ministry of Textiles	1978-79 to 2014-15	763	26.25
	2015-16	429	124.37
	2016-17	332	582.01
	2017-18	366	23.10
	2018-19	512	31.05
	2019-20	559	68.92
	Total	2,961	855.70
Ministry of Heavy Industries	2003-04 & 2014-15	2	5.71
	2016-17	2	0.15
	2017-18	5	20.36
	2018-19	11	23.87
	2019-20	21	106.45
	Total	41	156.54
Department of Chemicals and Petrochemicals	2018-19	13	215.22
	Total	13	215.22
Ministry of Tourism	2010-11 to 2014-15	18	28.83
	2015-16	10	48.12
	2016-17	21	164.08
	2017-18	11	57.41
	2018-19	13	31.63
	2019-20	11	31.71
	Total	84	361.78
Ministry of Micro, Small and Medium Enterprises	2006-07 to 2014-15	171	18.30
	2015-16	51	5.19
	2017-18	77	62.35

Ministry/Department	Period to which grants relate (grants released upto March 2020)	Outstanding UCs which were due by 31.03.2021 in respect of grants released upto March 2020	
		No. of pending UCs	Amount (₹ in crore)
	2018-19	41	137.56
	2019-20	232	596.71
	Total	572	820.11
Ministry of Road Transport and Highways	2016-17	1	4.40
	2017-18	6	103.84
	2018-19	5	43.75
	2019-20	8	39.73
	Total	20	191.72
Department of Commerce	2008-09 to 2014-15	3	10.26
	2015-16	1	2.00
	2016-17	2	15.30
	2017-18	7	38.54
	2018-19	6	20.85
	2019-20	9	49.62
	Total	28	136.57
Ministry of Ports, Shipping and Waterways	2017-18	1	40.68
	Total	1	40.68
Department of Promotion of Industry and Internal Trade	2014-15	1	1.42
	2016-17	10	3.79
	2018-19	9	24.42
	2019-20	54	65.08
	Total	74	94.71
Ministry of Steel	2018-19	1	1.02
	2019-20	1	1.54
	Total	2	2.56
Ministry of Mines	Information not provided by the Ministry		
Department of Public Enterprises	2014-15	1	0.01
	2015-16	7	0.37
	2019-20	2	0.16
	Total	10	0.54
Grand Total		5,570	18,186.67

Annexure-IV
(Referred to in Para 1.6)

**Central Autonomous Bodies whose accounts for the year 2020-21 and/or 2019-20
were submitted with delay**

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2020-21	Delay in submission of Accounts for the year 2020-21 (in months)	Date of submission of Accounts for the year 2019-20	Delay in submission of Accounts for the year 2019-20 (in months)
I. Ministry of Civil Aviation					
1.	Airports Economic Regulatory Authority of India	28.07.2021	1	10.08.2020	1
2.	Rajiv Gandhi National Aviation University	04.03.2022	8	01.07.2021	12
II. Ministry of Coal					
3.	Coal Mines Provident Fund Organisation	12.07.2022	13	11.01.2022	18
III. Ministry of Commerce and Industry					
4.	Agricultural & Processed Food Products Export Development Authority	10.08.2021	1	20.10.2020	4
5.	Coffee Board	18.11.2021	5	02.11.2020	4
6.	Export Inspection Council	10.08.2021	1	10.03.2021	8
7.	Footwear Design and Development Institute	10.11.2021	4	30.12.2020	6
8.	Marine Products Export Development Authority	11.08.2021	1	01.07.2020	1
9.	National Industrial Corridor Development and Implementation Trust	26.07.2021	1	04.09.2020	2
10.	National Institute of Design, Ahmedabad	07.08.2021	1	19.08.2020	2
11.	National Institute of Design, Madhya Pradesh	22.10.2021	4	01.01.2021	6
12.	Spices Board	06.08.2021	1	04.09.2020	2
13.	Tobacco Board	21.09.2021	3	13.08.2020	1
IV. Ministry of Corporate Affairs					
14.	Competition Commission of India	12.07.2021	12 days	15.07.2020	1
15.	Insolvency and Bankruptcy Board of India	11.10.2021	3	14.07.2020	1
16.	Investor Education and Protection Fund Authority	-	-	13.10.2020	3
V. Department of Financial Services					
17.	Insurance Regulatory and Development Authority of India	16.08.2021	2	29.07.2020	1

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2020-21	Delay in submission of Accounts for the year 2020-21 (in months)	Date of submission of Accounts for the year 2019-20	Delay in submission of Accounts for the year 2019-20 (in months)
18.	Pension Fund Regulatory and Development Authority	01.07.2021	1 day	31.08.2020	2
19.	Stressed Assets Stabilisation Fund	01.10.2021	3	29.12.2020	6
VI. Ministry of Heavy Industries					
20.	National Automotive Testing and R&D Infrastructure Project Implementation Society	25.07.2022	13	04.01.2021	6
VII. Ministry of Housing and Urban Affairs					
21.	Delhi Development Authority	29.09.2021	3	30.08.2020	2
22.	Delhi Urban Arts Commission	04.10.2021	3	02.09.2020	2
23.	National Capital Region Planning Board	19.07.2021	1	01.07.2020	1
24.	Rajghat Samadhi Committee	12.08.2021	1	14.10.2020	4
VIII. Ministry of Micro, Small and Medium Enterprises					
25.	Coir Board	24.07.2021	1	25.09.2020	3
26.	Khadi & Village Industries Commission	22.09.2021	3	23.02.2021	8
IX. Ministry of Petroleum and Natural Gas					
27.	Oil Industry Development Board	26.08.2021	2	21.08.2020	2
28.	Petroleum and Natural Gas Regulatory Board	19.08.2021	2	-	-
29.	Rajiv Gandhi Institute of Petroleum Technology	07.03.2022	8	29.01.2021	7
X. Ministry of Ports, Shipping and Waterways					
30.	Calcutta Dock Labour Board	11.08.2021	1	10.08.2020	1
31.	Deendayal Port Trust	05.07.2021	5 days	-	-
32.	Indian Maritime University	25.10.2021	4	07.10.2020	3
33.	New Mangalore Port Trust	-	-	02.07.2020	2
34.	Paradip Port Trust	-	-	31.07.2020	1
35.	Seamen's Provident Fund Organisation	15.03.2022	9	05.04.2021	9
36.	Tariff Authority for Major Ports	15.09.2021	3	-	-
37.	Visakhapatnam Port Trust	03.11.2021	4	16.10.2020	4
38.	V.O. Chidambaranar Port Trust	03.09.2021	2	04.09.2020	2
XI. Ministry of Power					
39.	Bureau of Energy Efficiency	23.07.2021	1	28.07.2020	1

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Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2020-21	Delay in submission of Accounts for the year 2020-21 (in months)	Date of submission of Accounts for the year 2019-20	Delay in submission of Accounts for the year 2019-20 (in months)
40.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	13.07.2021	13 days	15.10.2020	4
41.	National Power Training Institute	07.01.2022	6	05.04.2021	9
XII. Ministry of Textiles					
42.	Central Silk Board	20.12.2021	6	20.08.2020	2
43.	National Institute of Fashion Technology, New Delhi	06.08.2021	1	30.09.2020	3
44.	National Jute Board	17.02.2022	8	11.01.2021	7
45.	Textiles Committee	-	-	29.03.2022	21

Annexure-V
(Referred to in Para 1.7)

**Delay in presentation of Audited Accounts for the year 2020-21 and 2019-20 by
Central Autonomous Bodies to Parliament**

Sl. No.	Name of the Autonomous Body	Delay in months	
		2020-21	2019-20
I. Ministry of Civil Aviation			
1.	Airports Economic Regulatory Authority of India	1	3
2.	Rajiv Gandhi National Aviation University	7	11
II. Ministry of Commerce and Industry			
3.	Agricultural & Processed Food Products Export Development Authority	1	2
4.	Coffee Board	1	1
5.	Export Inspection Council	3	12
6.	Footwear Design and Development Institute	7	12
7.	Marine Products Export Development Authority	1	1
8.	National Industrial Corridor Development and Implementation Trust	1	1
9.	National Institute of Design, Ahmedabad	7	3
10.	Rubber Board	-	1
11.	Spices Board	-	1
12.	Tea Board India	1	1
13.	Tobacco Board	3	1
III. Ministry of Corporate Affairs			
14.	Competition Commission of India	1	2
15.	Insolvency and Bankruptcy Board of India	3	7
16.	Investor Education and Protection Fund Authority	-	11
17.	National Financial Reporting Authority	-	3
IV. Department of Financial Services			
18.	Insurance Regulatory and Development Authority of India	-	1
19.	Pension Fund Regulatory and Development Authority	2	1
V. Ministry of Heavy Industries			
20.	National Automotive Testing and R&D Infrastructure Project Implementation Society	-	12
VI. Ministry of Housing and Urban Affairs			
21.	Delhi Development Authority	7	12
22.	Delhi Urban Art Commission	3	3
23.	National Capital Region Planning Board	3	3
24.	Rajghat Samadhi Committee	3	3
VII. Ministry of Micro, Small and Medium Enterprises			
25.	Coir Board	1	3
26.	Khadi & Village Industries Commission	3	11
VIII. Ministry of Petroleum and Natural Gas			
27.	Oil Industry Development Board	3	1

Sl. No.	Name of the Autonomous Body	Delay in months	
		2020-21	2019-20
28.	Petroleum and Natural Gas Regulatory Board	1	1
29.	Rajiv Gandhi Institute of Petroleum Technology	-	7
IX. Ministry of Ports, Shipping and Waterways			
30.	Calcutta Dock Labour Board	-	1
31.	Chennai Port Trust	3	1
32.	Cochin Port Trust	-	1
33.	Deendayal Port Trust	-	1
34.	Indian Maritime University	3	3
35.	Jawaharlal Nehru Port Trust	-	1
36.	Mormugao Port Trust	-	1
37.	Mumbai Port Trust	3	1
38.	Mumbai Port Trust Pension Fund Trust	3	1
39.	New Mangalore Port Trust	-	1
40.	Paradip Port Trust	2	1
41.	Seamen's Provident Fund Organisation	-	11
42.	Syama Prasad Mookerjee Port	-	1
43.	Tariff Authority of Major Ports	3	1
44.	Visakhapatnam Port Trust	-	1
45.	V.O. Chidambaranar Port Trust	3	1
X. Ministry of Power			
46.	Bureau of Energy Efficiency	1	3
47.	Central Electricity Regulatory Commission	-	3
48.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	3	3
49.	National Power Training Institute	7	15
XI. Ministry of Textiles			
50.	Central Silk Board	-	7
51.	National Institute of Fashion Technology, New Delhi	3	1
52.	National Jute Board	-	15

Notes:

- (1) Cases where audited accounts were not presented by the CABs in the Parliament are not included in the above table and have been separately mentioned in para 1.7 of the Report.
- (2) National Financial Reporting Authority presented in its Annual Accounts for the year 2019-20 and 2020-21 in the Parliament without having them audited by the CAG.
- (3) Investor Education and Protection Fund Authority presented in its Annual Accounts for the year 2020-21 in the Parliament without having them audited by the CAG.

**Annexure-VI
(Referred to in Para 1.8)**

**Significant Observations on the Accounts of Central Autonomous Bodies
for the year 2020-21**

Sl. No.	Name of CAB	Comment on accounts
I. Ministry of Civil Aviation		
1.	Airports Economic Regulatory Authority of India (AERA)	<p>Balance Sheet Corpus/Capital Fund and Liabilities Current Liabilities and Provisions (Schedule 7): ₹ 3.40 crore Provision: ₹ 2.48 crore</p> <p>(a) Above does not include an amount of ₹ 11.62 crore payable to Airport Authority of India (AAI) as on 31 March 2021 towards reimbursement of salary in respect of Executives and Non-Executives of AAI working in AERA on loan basis. This has resulted in understatement of provisions and expenditure for the year by ₹ 11.62 crore.</p> <p>(b) AERA has not booked the liability of ₹ 11.03 crore payable to AAI in terms of MoU entered (24 November 2016) between AAI, AERA and others for construction of combined operational office. This has resulted in understatement of Current Liabilities and Capital works-in-progress for the year 2020-21 by ₹ 11.03 crore.</p>
2.	Rajiv Gandhi National Aviation University (RGNAU)	<p>Balance Sheet: Assets Fixed Assets (Schedule 4): ₹ 140.11 crore</p> <p>During the year 2020-21, the University capitalised ₹ 19.86 crore in respect of deposit work carried out by Airport Authority of India. It was observed that instead of item-wise capitalisation of the assets, the University has capitalised the entire amount of ₹ 19.86 crore under the Head 'Building'. Since the item-wise/asset-wise details are not available, Audit is not able to comment upon correctness of the capitalisation of assets and its impact on the depreciation.</p>
II. Ministry of Commerce and Industry		
3.	Coffee Board	<p>(i) Balance Sheet Assets (Schedule 8): ₹ 94,73,44,184</p> <p>(a) The above includes ₹ 1.53 crore being the expenditure incurred on repairs and maintenance of existing office buildings. This expenditure was incurred on existing buildings to arrest leakages and for other renovation works of revenue nature. Capitalising this has resulted in overstatement of Assets and Excess of income over expenditure by ₹ 1.53 crore.</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>The above impact is only for current year, Management of the Board needs to review and rectify previous year balances also for such discrepancies, if any.</p> <p>(b) The above includes economically valuable trees valued at ₹ 35.66 crore. Note no. 10 of Schedule 25 states that Impairment on the Economically Valuable Trees has been accounted on actual basis. However, no valuation of these trees was conducted during the years 2019-20 and 2020-21. In the absence of such valuation, Audit is unable to comment on the correctness of the value of the economically valuable trees shown in the Balance Sheet at the end of March 2021. Audit also suggests that an appropriate accounting policy about valuation and assessment of impairment loss needs to be made to maintain consistency in reporting of economically valuable trees.</p> <p>(ii) Income and Expenditure Account Income: ₹ 1,90,19,66,075</p> <p>The Board has a practice of accounting for the assets purchased out of Government Grants by debiting the Asset account and crediting the Corpus Fund instead of accounting for the same as 'Deferred Income' as required under the provisions of para 14 of Accounting Standard (AS) -12 Accounting for Grants and Uniform format of Accounts. This has resulted in understatement of income and understatement of excess of income over expenditure by ₹ 65.00 lakh. This has also resulted in understatement of deferred income and overstatement of corpus/capital fund by ₹ 7.32 crore. Further, this has also resulted in non-compliance to the depreciation method in respect of assets purchased out of Government Grants in the manner as specified in the notes to Schedule 8 of Uniform format of Accounts and para 14 of AS-12 Accounting for Grants.</p> <p>This comment was also raised on the accounts of Coffee Board for the year 2016-17, 2017-18, 2018-19 and 2019-20. However, the Board has not yet taken any corrective action.</p>
4.	<p>Footwear Design and Development Institute, Noida</p>	<p>Balance Sheet Liabilities Earmarked/Endowment Funds (Schedule-3) Capital Grant: ₹ 620.36 crore</p> <p>The above represents the closing balance of Capital Grant received by the Institute from the Government, out of which ₹ 564.07 crore (₹ 620.36 crore less ₹ 56.29 crore being unutilised grant) has been utilised for creation of assets. However, an amount of ₹ 564.66 crore (₹ 584.17 crore less</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>₹ 19.51 crore which are Assets purchased out of Earmarked Funds) has been depicted as the Net Block of Fixed Assets created out of Government Grant (Schedule 8B). Thus, a difference of ₹ 0.59 crore exists between the capitalised government grant and assets created out of Government Grants as on 31 March 2021 which needs reconciliation.</p> <p>Despite giving assurance during previous year i.e. 2018-19 and 2019-20, the Institute has not yet reconciled the difference between capitalised government grant and assets created out of government grants.</p>
5.	Marine Products Export Development Authority	<p>(i) Balance Sheet Fixed Assets: ₹ 31.03 crore</p> <p>The above includes ₹ 9.52 crore being net book value of assets pertaining to MAC project at Vallarpadam. The ownership of these assets is with Rajiv Gandhi Center for Aquaculture as per the terms of lease agreement. Accounting the same in the books of Authority resulted in overstatement of assets by ₹ 9.52 crore. This also resulted in overstatement of accumulated depreciation of ₹ 1.69 crore with corresponding understatement of Corpus/Capital Fund by the same amount.</p> <p>(ii) Current Assets, Loans, Advances, etc.: ₹ 69.28 crore</p> <p>The above is understated by ₹ 3 crore being advance paid to Centre for Marine Fisheries and Research Institute (CMFRI) for an ongoing project and recognised as expenditure even though utilisation certificate is pending. MPEDA treated the above advance amounts as revenue expenditure under the head 'Training Expenses and under the head 'Others' in 2019-20 (₹ 1 crore) and in 2020-21 (₹ 2 crore) respectively. This has resulted in overstatement of 'Deficit carried to Corpus/Capital Fund' by the same amount.</p> <p>(iii) Income and Expenditure Account Establishment Expenses: ₹ 46.24 crore</p> <p>(a) The Authority has shown ₹ 198.02 crore being the liability for retirement benefits of employees under 'Current Liabilities and Provisions with corresponding debit to 'Miscellaneous Expenditure' in Balance Sheet instead of routing it through Income and Expenditure Account. Similar comment was also highlighted in the SARs for the previous years; however, no corrective action has been taken by the Authority. This resulted in understatement of 'Establishment Expenses' and deficit carried to Corpus/Capital Fund during the year by ₹ 198.02</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>crore and overstatement of 'Miscellaneous Expenditure' to that extent.</p> <p>(b) The above head is also understated by ₹ 155.54 crore due to inadequate provision for pension liabilities as per actuarial valuation. This also resulted in understatement of 'Establishment Expenses' and deficit carried to Corpus/Capital Fund during the year by ₹ 155.54 crore.</p>
6.	<p>National Institute of Design, Madhya Pradesh</p>	<p>Balance Sheet Fixed Assets: ₹ 1,10,20,73,912 Capital Work in Progress (Schedule – 6): ₹ 99,94,67,875</p> <p>The above includes ₹ 99.94 crore being cost of construction of first phase of Infrastructure development at National Institute of Design Madhya Pradesh under which 10 units were constructed. The Institute's Bhopal campus was virtually inaugurated on 22.02.2019 and partially completed facilities have already been put into use. The Institute has commenced its first academic session from July 2019 in its own 30 acres campus at Bhopal, Madhya Pradesh. The Institute has not yet capitalised the same and kept the expenditure of ₹ 99.94 crore under Capital Work in Progress (CWIP). Non-capitalisation of expenditure has resulted in overstatement of CWIP and understatement of Fixed Assets (Buildings) by ₹ 99.94 crore.</p> <p>Non-capitalisation of expenditure also resulted in non-charging of depreciation and consequently resulted in understatement of Depreciation Fund by ₹ 4.99 crore (at the rate of 2.5 per cent) for the two years i.e. 2019-20 and 2020-21 and overstatement of Capital Fund to the same extent.</p>
7.	<p>Rubber Board</p>	<p>(i) Balance Sheet Capital Fund and Liabilities Earmarked/Endowment Funds (Schedule 3): ₹ 1,302.26 lakh</p> <p>The above stands overstated by ₹ 200 lakh being fund for distribution of critical inputs in North East region. The scheme was discontinued in 2015-16 and therefore the fund should be refunded to Ministry of Commerce and Industry. This has also resulted in understatement of current liabilities by the same amount.</p> <p>(ii) Current Liabilities & Provisions (Schedule 7): ₹ 1,055.33 lakh</p> <p>The above included an amount of ₹ 206.94 lakh being the liability booked under the head advance Cess collected. As per the details furnished to Audit, total liability to be accounted is ₹ 257.18 lakh. Hence the total Cess liability is understated by</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>₹ 50.24 lakh with corresponding understatement of current year expenses. This comment was included in the SAR for the year 2019-20, however, no corrective action has been taken by the Board.</p> <p>(iii) Assets Investment Others (Schedule 10): ₹ 1,891.80 lakh The above is overstated by ₹ 14.71 lakh since the Board has not created provision against doubtful realisation of investments made in M/s Malayalam Trading & Finance Company (₹ 4.10 lakh) and M/s Vembanad Coir & Rubber Industries Private Limited (₹ 10.61 lakh) which are dissolved/struck off and not in existence. This has also resulted in overstatement of Surplus for the year by the same amount.</p> <p>(iv) Current Assets, Loans and Advances (Schedule 12): ₹ 6,238.00 lakh The above is overstated by ₹ 2,943.35 lakh due to non-provision towards doubtful working capital loan and interest thereon extended to five Joint Venture Processing Companies whose net worth has been fully eroded. This has also resulted in overstatement of Surplus by the same amount. This comment was included in the SAR for the year 2019-20, however, no corrective action has been taken by the Board.</p> <p>(v) Income and Expenditure Account Income from Sales/Services (Schedule 14): ₹ 813.99 lakh The above is understated by ₹ 14.41 lakh due to non accounting of income from sale of rubber by Central Experiment Station, Chethackal during the year 2020-21. This has also resulted in understatement of Surplus by the same amount.</p> <p>(vi) Grants/Subsidies (Schedule 15): ₹ 18,910.85 lakh The above is overstated by ₹ 224.77 lakh due to inclusion of the amount realised by way of disposal of fixed assets under the 'Grants/Subsidies' in violation of Notes and Instructions attached to Uniform Format of Accounts. This also resulted in overstatement of Surplus by same amount.</p> <p>(vii) Other Income (Schedule 20): ₹ 755.91 lakh The above is understated by ₹ 17.85 lakh due to non accounting of profit on sale of assets in respect of 2.53 ha of land acquired (December 2020) for National Highways development in Tripura and compensation awarded in February 2021. Since the Board had obtained this land free of cost from Government of Tripura, entire compensation received should have been accounted as profit on sale of asset during 2020-21. This has</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>also resulted in understatement of Surplus for the year by the same amount.</p> <p>(viii) Expenditure: ₹ 20,961.03 lakh</p> <p>Expenditure during the year is understated by ₹ 21.73 lakh due to non-accounting of 84 Bank Payment Vouchers during the year 2020-21 under various sub-heads. These expenses are accounted in 2021-22. This has also resulted overstatement of Surplus for the year by same amount.</p> <p>(ix) Other Administrative expenses, etc. (Schedule 24): ₹ 3,805.86 lakh</p> <p>The above is overstated by ₹ 62.09 lakh due to inclusion of expenses in respect of membership fee to International Rubber Study Group, Singapore pertaining to 2019-20 and 2021-22. This has resulted in understatement of pre-paid expenses under current assets and Surplus for the year by ₹ 16.39 lakh and understatement of prior period expenses by ₹ 45.70 lakh.</p>
8.	Spices Board	<p>(i) Balance Sheet Corpus/Capital Fund & Liabilities Current Liabilities and Provisions (Schedule 7): ₹ 241.82 crore</p> <p>The above is understated by ₹ 4.85 crore due to non-provisioning for advances which has been pending recovery since 2010-11 from Government of Gujarat and for advances the details of which are not available with the Board. This has also resulted in understatement of deficit by ₹ 4.85 crore.</p> <p>(ii) Current Assets, Loans, Advances and other assets (Schedule 11): ₹ 193.43 crore</p> <p>The above is overstated by ₹ 1.34 crore due to double accounting of a Short Term Deposit. This has resulted in understatement of expenditure and deficit by ₹ 1.34 crore.</p> <p>(iii) Income and Expenditure Account Expenditure</p> <p>The provisions pertaining to gratuity, superannuation/pension and accumulated leave encashment amounted to ₹ 226.23 crore was made on the basis of actuarial valuation conducted in the year 2015-16. However, as per the actuarial valuation report as on 31 March 2021 the total liability pertaining to these items amounted to ₹ 348.72 crore. Besides this, various expenses involving a total amount of ₹ 0.53 crore pertaining to the year 2020-21 were accounted in the year 2021-22 for which no provision was made in the accounts for the year 2020-21. This has resulted in understatement of Expenditure and Current Liabilities & Provisions by ₹ 123.02 crore.</p>

Sl. No.	Name of CAB	Comment on accounts																																																
9.	Tea Board India	<p>Balance Sheet Current Liabilities & Provisions: ₹ 46745.21 lakh Other liabilities- Tea Board Tea Fund- Others (Schedule-C): ₹ 40884.12 lakh Loans – Interest free Loan to TTCI: ₹ 354.46 lakh</p> <p>During the period from 1993 to 1995 Tea Board paid ₹ 599 lakh to Tea Trading Corporation of India Limited (TTCI) as interest free loan <i>vide</i> Ministry of Commerce & Industry sanction letter No.48021/2/93-Plant A dated 16.08.1993, T-39012/93 Plant A dated 26.04.1994, T-39012/1/93- Plant A dated 04.07.1994, T-39012/1/93 plant A dated 30.03.1995 and Fax dated 28.04.1995 and 25.10.1995 respectively. Against this interest free loan, TTCI refunded an amount of ₹ 25 lakh to Tea Board on 02.06.1994. The details of payments of loan and refund thereof are enumerated below:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Cheque No.</th> <th>Drawn on</th> <th>Amount (₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>01.09.1993</td> <td>262896</td> <td>Central Bank of India</td> <td>350</td> </tr> <tr> <td>12.05.1994</td> <td>262930 to 262933</td> <td>Central Bank of India</td> <td>44</td> </tr> <tr> <td>01.06.1994</td> <td>262934 to 262937</td> <td>Central Bank of India</td> <td>12</td> </tr> <tr> <td>28.07.1994</td> <td>262942</td> <td>Central Bank of India</td> <td>109</td> </tr> <tr> <td>31.03.1995</td> <td>262992</td> <td>Central Bank of India</td> <td>55</td> </tr> <tr> <td>05.05.1995</td> <td>262999</td> <td>Central Bank of India</td> <td>14</td> </tr> <tr> <td>08.11.1995</td> <td>452786</td> <td>State Bank of India</td> <td>6</td> </tr> <tr> <td>07.12.1995</td> <td>084410</td> <td>Bank of Baroda</td> <td>9</td> </tr> <tr> <td colspan="3">Total</td> <td>599</td> </tr> <tr> <td colspan="3">Less: Refunded by TTCI on 02.06.1994 by Bank transfer</td> <td>25</td> </tr> <tr> <td colspan="3">Balance</td> <td>574</td> </tr> </tbody> </table> <p>Out of the above interest free loans paid to TTCI, Tea Board received grants of ₹ 354 lakh from Government of India towards payments to TTCI. Subsequently, TTCI went into liquidation as per winding up order dated 24.06.2002 and Tea Board could not recover the aforesaid loan of ₹ 574 lakh. During 2012-13, Tea Board adjusted balance amount of interest free loan of ₹ 220 lakh (₹ 574 lakh – ₹ 354 lakh) paid to TTCI from the loan due to Government. Hence, Tea Board received/adjusted from Government the total amount of ₹ 574 lakh paid to TTCI as interest free loan.</p>	Date	Cheque No.	Drawn on	Amount (₹ in lakh)	01.09.1993	262896	Central Bank of India	350	12.05.1994	262930 to 262933	Central Bank of India	44	01.06.1994	262934 to 262937	Central Bank of India	12	28.07.1994	262942	Central Bank of India	109	31.03.1995	262992	Central Bank of India	55	05.05.1995	262999	Central Bank of India	14	08.11.1995	452786	State Bank of India	6	07.12.1995	084410	Bank of Baroda	9	Total			599	Less: Refunded by TTCI on 02.06.1994 by Bank transfer			25	Balance			574
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		<p>However, ₹ 354 lakh was disclosed in the asset side of the Balance Sheet as “Interest free Loan to TTCI”. Similarly, other liabilities also include ₹ 354 lakh being “Payable to Government on Account of TTCI”.</p> <p>As TTCI is no longer in existence and Tea Board has received/adjusted the total amount of loan paid to TTCI from Government, disclosure of ₹ 354 lakh in the Asset Side of the Balance Sheet as “Interest free Loan to TTCI” is incorrect and should be adjusted against liability of ₹ 354 lakh towards “Payable to Government on Account of TTCI”.</p> <p>Non-adjustment of the above has resulted in overstatement of Assets towards “Interest free Loan to TTCI” by ₹ 354 lakh and overstatement of “Other Liabilities” by the same amount.</p> <p>The comment was included in the Separate Audit Report on the accounts for the years 2017-18, 2018-19 and 2019-20 but no corrective action has been taken by the Management.</p>
10	Tobacco Board	<p>(i) Balance Sheet Fixed Assets (Schedule 8) Capital Work-in-Progress: ₹ Nil</p> <p>The above does not include ₹ 2.99 crore towards Capital-Work-in-Progress pertaining to Gopalapuram auction platform in Andhra Pradesh. This amount has been shown as Capital Work in Progress under Current Assets (Schedule 11 (b) Others at Point No.5) resulting in understatement of Capital-Work-in-Progress and overstatement of Current Assets, Loans and Advances by ₹ 2.99 crore.</p> <p>(ii) Current Assets, Loans and Advances (Schedule 11) Sundry Debtors Other Liabilities (Receivable): ₹ 87.29 crore</p> <p>The above amount depicts auction amount payable from tobacco buyers to the tobacco growers for the period from 22.03.2021 to 31.03.2021. However, as the Tobacco Board is only a facilitator for these sales and purchases, showing this amount as receivable and payable is misleading and has resulted in overstatement of Current Assets and Current Liabilities by ₹ 87.29 crore.</p>
III. Ministry of Corporate Affairs		
11	Competition Commission of India, New Delhi	<p>Balance Sheet Funds and Liabilities Earmarked/Endowment Fund (Schedule 3): Nil</p> <p>Competition Commission of India received ₹ 10.99 crore in December 2019 from the Ministry of Corporate Affairs, towards recurring Capital Asset for making payment of Stamp Duty for Office premises. Competition Commission of India invested this amount in Fixed Deposits and received interest of ₹ 0.14 crore during 2019-20 and ₹ 0.26 crore during 2020-21.</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Out of ₹ 10.99 crore, Competition Commission of India spent ₹ 2.11 crore to M/s NSL towards final payment for the interior fit-outs, ₹ 0.02 crore to School of Planning & Architecture for consultancy charges and ₹ 1.04 crore towards interest on delayed payment of interest to Ministry of Urban Development during 2019-20 and charged interest of ₹ 0.40 crore towards payment of Registration Fee in respect of lease agreement of the said office premises during 2020-21. Competition Commission of India utilised balance grant of ₹ 7.82 crore towards stamp duty during 2020-21.</p> <p>As the above grant was received for specific purposes, the same should have been shown under the head Earmarked/Endowment Fund as per fund-based accounting and used for the specified purpose only.</p> <p>This has resulted in:</p> <ul style="list-style-type: none"> • Understatement of Earmarked/Endowment Fund by ₹ 3.57 Crore (₹ 10.99 crore plus ₹ 0.40 Crore as interest income less ₹ 7.82 crore payment towards stamp duty). • Understatement of Fixed Assets by ₹ 2.42 Crore (understatement of Superstructures of Land not belonging to the entity by ₹ 2.53 crore less ₹ 0.11 Crore towards depreciation) • Overstatement of Surplus by ₹ 1.15 Crore (₹ 1.04 crore towards non-charging of penal interest being revenue expenditure and ₹ 0.11 crore towards depreciation). <p>Despite being pointed out in the Separate Audit Report on the accounts of previous year, corrective action has not been taken by Competition Commission of India.</p>
12	Insolvency and Bankruptcy Board of India, New Delhi	<p>Balance Sheet Fixed Assets (Schedule VIII): ₹ 2.46 crore CWIP/Assets under Development: ₹ 1.23 crore</p> <p>Insolvency and Bankruptcy Board of India entrusted work of implementation of e-Office including File Management System, e- File MIS Report, Knowledge Management System, Employee Master Detail, Master Data Management, Tour Management System, Leave Management System and Leave MIS Reports to NICS I without any customisation at Insolvency and Bankruptcy Board of India, Mayur Bhawan and made payment of ₹ 20.20 lakh on 28 September 2017. All the modules except Leave Management System and Leave MIS Reports are in operation since 12 November 2018. As the leave rules incorporated in the leave module in e-Office are not in coherence with the leave rules of Insolvency and Bankruptcy Board of India, the same could not be used in the present format</p>

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		<p>and therefore Board of Insolvency and Bankruptcy Board of India decided (in 2021-22) to develop Leave Module In-house.</p> <p>Thus, the payment of ₹ 20.20 lakh for creation of e-Office should have been capitalised in 2018-19 instead of showing under Capital Work in Progress. Further, depreciation for the period November 2018 to March 2021, which works out to ₹ 20.20 lakh (2018-19: ₹ 4.04 lakh, 2019-20: ₹ 8.08 lakh and 2020-21: ₹ 8.08 lakh), has also not been provided.</p> <p>This has resulted in overstatement of CWIP by ₹ 20.20 lakh, understatement of depreciation for the previous years by ₹ 12.12 lakh and current year depreciation by ₹ 8.08 lakh. Consequently, Surplus for the year has been overstated by ₹ 8.08 lakh and Corpus Fund by ₹ 12.12 lakh.</p>
IV. Department of Financial Services		
13	Pension Fund Regulatory and Development Authority, New Delhi	<p>Balance Sheet Liabilities Earmarked/Endowment Funds (Schedule 3): ₹ 2,35,02,420</p> <p>The above does not include unutilised Grant-in-Aid of ₹ 34.40 crore as on 31 March 2021, received from Government on account of Atal Pension Yojana and Swavalamban Scheme. As per Pension Fund Regulatory and Development Authority (Form of Annual Statement of Accounts and Records) Rules, 2015, (Notes below Schedule 3), Plan Funds received from the Central/State Governments are to be shown as Separate Funds and not to be mixed up with any other Funds. Grants received during the year, payment made thereto, unutilised balance at year end should be depicted under respective Funds only.</p> <p>However, it was observed that during the year 2020-21, Pension Fund Regulatory and Development Authority had depicted an amount of ₹ 34.40 crore as closing balance of unutilised corpus fund in Schedule-1 of accounts. Depiction of these funds as Capital/Corpus Fund of Pension Fund Regulatory and Development Authority and interest on such funds as interest income of Pension Fund Regulatory and Development Authority has resulted in understatement of Earmarked Funds and overstatement of current liabilities by ₹ 34.40 crore.</p> <p>The incorrect treatment of Government grant received for Atal Pension Yojana and interest earned on balances of Swavalamban Scheme and Atal Pension Yojana grants and also expenditure incurred out of these grants has affected the Income and Expenditure Account as there is overstatement in case of (a) Other Administrative Expenses (Schedule-21) by ₹ 374.39 crore; (b) Expenditure on Grants and Subsidies (Schedule-22) by ₹ 13.80 crore (refund of interest to Government); (c) Grants and Subsidies (Schedule-13) by ₹ 273.00 crore (Grants for Atal</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Pension Yojana); and (d) Interest earned (Schedule-17) by ₹ 1.26 crore. Government grants received for Atal Pension Yojana and interest earned thereon and all expenditure made from Swavalamban and Atal Pension Yojana grants should have been routed through Schedule 3-Earmarked and Endowment Fund. However, the exact impact of this discrepancy could not be computed in audit for the year 2020-21 as the opening balance of unutilised corpus depicted in Schedule 1 (which is closing balance of unutilised grant of 2019-20) was also arrived at following incorrect accounting of Government Grant during previous year i.e. 2019-20 and the same discrepancy existed since 2015.</p> <p>Despite being pointed out repeatedly in SARs for the years ending on 31 March 2017, 2018, 2019 and 2020, Pension Fund Regulatory and Development Authority has not depicted the above-mentioned grants under 'Earmarked/Endowment Funds'.</p>
V. Ministry of Housing and Urban Affairs		
14	Delhi Development Authority	<p>(i) Nazul-I Balance Sheet Assets Sundry Debtors - ₹ 105.91 crore (Schedule D)</p> <p>SARs on the Financial Statements of Delhi Development Authority for the years 2018-19 and 2019-20 commented on non-booking of accrued income in respect of all damaged property. However, no corrective action has been taken by DDA.</p> <p>Delhi Development Authority collects damage charges under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 from unauthorised occupants of the government land placed at the disposal of the erstwhile Delhi Improvement Trust through the 'Nazul Agreement.' However, despite being repeatedly commented upon, Delhi Development Authority has not estimated the amount recoverable as damage charges for the year 2020-21.</p> <p>(ii) Nazul-II Receipts and Payments Account Other Miscellaneous Receipts - ₹ 115.60 crore</p> <p>The details of ₹ 79.02 crore booked under Other Miscellaneous Receipts were neither clearly identifiable with property concerned nor was the same reconciled. Further, the booking of such huge amount under Other Miscellaneous Receipts without any details necessitates review in Delhi Development Authority. In the absence of details/reconciliation, the amount</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>of ₹ 79.02 crore under Miscellaneous Receipts could not be vouchsafed in audit. This issue was also highlighted in 2019-20.</p>
		<p>(iii) General Development Account Balance Sheet Current Assets, Loans & Advances (Schedule F): ₹ 17,709.03 crore Sundry Debtors - ₹ 497.17 crore</p> <p>Note No. 11 of the Notes to Accounts disclosed that party wise and 'age-wise details of Sundry Debtors as on 31 March 2021, duly reconciled was not readily available. Further, Delhi Development Authority was not maintaining party-wise and age-wise breakup of debtors; as such Audit was unable to draw an assurance as to the authenticity, existence and recoverability of Sundry Debtors valuing ₹ 497.17 crore. Mere disclosure in Notes to Accounts that debtors had not been reconciled, was not sufficient. Despite the fact that this point was being repeatedly raised in the previous SARs since 2013-14, Delhi Development Authority has not maintained party wise and age-wise details of Sundry Debtors till date.</p>
		<p>(iv) Advances recoverable in cash or in kind or for value to be received/adjusted - Deposit Works - ₹ 143.63 crore</p> <p>The above included ₹ 67.61 crore shown as recoverable against Deposit Works pertaining to earlier years. As the recoveries are pending for more than 15 years, the chances of recovery are remote. Hence, these need to be reviewed and necessary provision made in the accounts.</p>
		<p>(v) Corpus/Capital Fund and Liabilities - Other Liabilities (Schedule-C) Advances from allottees of various DDA Housing Schemes: ₹ 562.49 crore</p> <p>Delhi Development Authority has reflected ₹ 562.49 crore as 'Advances from Allottees of various Delhi Development Authority Housing schemes under the head Other Liabilities (Schedule C). In this regard, allottee-wise details of advances received from the Allottees, date of receipt thereof and current status of the allotment is not available with Delhi Development Authority. In the absence of above details, Audit was unable to draw an assurance on the correctness of the above valuing ₹ 562.49 crore. Though the matter was raised in the SAR for the year 2019-20, no corrective action has been taken by Delhi Development Authority.</p>
		<p>(vi) General Non preparation of Combined Financial Statements</p> <p>Delhi Development Authority prepares annual accounts under three major heads/segments viz., General Development</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Account, Nazul - I and Nazul - II. Delhi Development Authority also prepares a separate Balance Sheet, Income and Expenditure Account and Receipt and Payment accounts for General Development Account and Nazul-I; however, in respect of Nazul-II, it prepares only Receipt and Payment account.</p> <p>To present financial information about Delhi Development Authority as a whole and its heads/segments as a single economic entity and to show the economic resources controlled by the Delhi Development Authority, it should prepare combined Financial Statements by incorporating accounts of these three heads/segments which are under its ambit.</p> <p>Though this point was flagged in 2019-20, however no action has been taken by Delhi Development Authority during the year 2020-21.</p>
VI. Ministry of Micro, Small and Medium Enterprises		
15	Coir Board	<p>(i) Balance Sheet Corpus/Capital Fund and Liabilities Earmarked/Endowment funds (Schedule 3): ₹ 58.34 crore</p> <p>For setting up of Eco Labs under the Scheme of Assistance to Training Institutions a separate fund of ₹ 16.98 crore was earmarked, out of which ₹ 6.75 crore was given as advance to CPWD. However, the entire amount of ₹ 16.98 crore was incorrectly accounted as utilised instead of accounting ₹ 6.75 crore as Advance to CPWD and balance ₹ 10.23 crore in Bank Account since these funds were only transferred and not actually utilised. This resulted in understatement of Earmarked funds by ₹ 16.98 crore and corresponding understatement of Bank Account and Current Assets by ₹ 10.23 crore and ₹ 6.75 crore respectively.</p> <p>(ii) Current Assets, Loans, Advances, etc. (Schedule 11): ₹ 127.26 crore Current Assets – Bank Balances with Scheduled Banks: ₹ 64 crore</p> <p>The above head does not include Bank Accounts opened in the name of Coir Board and operated by showrooms and Head Office for centralised collection account for transactions in respect of consignment sales. As these accounts were in the name of Coir Board represented by its Secretary, the balances appearing therein should have been taken into books of accounts of the Board with corresponding payables to parties so as to have a complete recognition of assets and liabilities of the Board. This resulted in understatement of Current Assets with corresponding understatement</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>of Current Liabilities by ₹ 2.31 crore in respect of 26 showrooms and one centralised collection account with Head Office.</p> <p>(iii) Consolidated Income and Expenditure Account Other Administrative Expenses, etc. (Schedule 21) - ₹ 30.56 crore</p> <p>The above does not include ₹ 1.51 crore being expenses incurred but not provided during 2020-21. This resulted in understatement of 'Other Administrative Expenses' and 'Excess of Expenditure over Income' by ₹ 1.51 crore. Consequently, Current Liabilities and Provisions is also understated by ₹ 1.51 crore.</p> <p>(iv) Expenditure on Grants, Subsidies, etc. (Schedule 22): ₹ 14.33 crore</p> <p>The above head includes ₹ 3.25 crore being the amount paid to Government of Kerala towards Market Development Assistance during 2020-21. The Board did not set off the expenditure against the existing liability for the same. This resulted in overstatement of 'Excess of Expenditure over Income' and Current Liabilities and Provisions by ₹ 3.25 crore each.</p>
16	<p>Khadi and Village Industries Commission</p>	<p>(i) Corpus/Capital Fund and Liabilities Earmarked/Endowment Fund (Sch 3) - ₹ 622.20 crore</p> <p>(a) The above includes ₹ 14.20 crore being the aggregate of imprest grant advances provided by the Commission over the years from 1964 onwards to its Field Offices, Institutions financed by it and nodal banks, not adjusted in the books of accounts due to non-receipt/non-entry of recoupment bills/vouchers. In absence of the details, Audit is unable to certify the accuracy and recoverability of the 'Endowment Fund' balances to the extent of these imprest advances of ₹ 14.20 crore.</p> <p>This comment has been issued in the SAR since 2011-12 and Khadi and Village Industries Commission is yet to adjust/reconcile the remaining advances despite such long pendency.</p> <p>(b) The Commission has not received Utilisation Certificates (UCs) to the extent of ₹ 1689.28 crore as on 31 March 2021 from field offices, Programme Directorates, Khadi Institutions and Village Industries Institutions, etc, out of which ₹ 1179.68 crore pertained to years 2000-01 to 2018-19 and ₹ 509.60 crore pertained to the year 2019-20. Thus, the compliance of provisions of GFR 212(1) read with 209(6) was not ensured by the Commission. In the absence of a proper</p>

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		<p>system to monitor the pending UCs, audit is unable to vouchsafe the correctness of expenditure booked.</p> <p>The comment has been issued since 2016-17.</p> <p>(ii) Current Liabilities and Provisions (Sch 6): ₹ 50.31 crore</p> <p>Khadi and Village Industries Commission has not yet adopted accrual-based accounting prescribed under Uniform Format of accounts for Central Autonomous Bodies (Uniform Format) and this has resulted in provision not being created for pending claims relating to:</p> <ul style="list-style-type: none"> - Market Development Assistance (production) – ₹ 120.63 crore (₹ 69.22 crore with field offices, ₹ 50 crore with Directorate of Khadi and ₹ 1.41 crore with Directorate of Accounts) - Market Development Assistance (Interest Subsidy Eligibility Certificate) – ₹ 0.24 crore with field offices - Amount payable to Trading Units - ₹ 0.77 crore <p>(This was issued as a comment in SAR of 2019-20)</p> <p>(iii) Significant Accounting Policies Accounting Convention</p> <p>Under the Significant Accounting Policies (Schedule 18), it was disclosed that the Financial Statements are prepared on the basis of Historical Cost convention unless otherwise stated.</p> <p>As per Sr.No.4 of the recommendations of the Committee of Experts on the Uniform Format of Accounts for Central Autonomous Bodies on Accounting Convention, “The Accounting will be based on the principle of Accrual System of Accounting and the concept of “Going Concern” will have to be maintained”.</p> <p>The Annual Accounts of Khadi and Village Industries Commission have not been prepared by the Commission on Accrual method of Accounting prescribed by Committee of Experts and approved by Ministry of Finance. This has resulted in non-compliance of the provisions of uniform format of accounts which is mandatory.</p> <p>Following are some of the observations which are related to non-compliance to uniform format:</p> <p>(a) Corpus/Capital Fund (Sch 1): ₹ 20.51 crore</p> <p>This does not include an amount of ₹ 62.11 crore being the excess of expenditure over income. As per the Uniform Format, the excess of expenditure over income is to be subtracted from</p>

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		<p>the corpus/capital Fund. This has resulted in overstatement of corpus/capital fund and understatement of reserves and surplus by ₹ 62.11 crore and non-compliance of Uniform Format prescribed by the Government of India.</p> <p>This has been issued as a comment in SAR of 2018-19 and 2019-20 also.</p> <p>(b) Earmarked/Endowment Fund (Sch 3): ₹ 622.20 crore</p> <p>As per Schedule 3A, unspent balance of Khadi Reforms and Development Programme (KRDP) Fund is of ₹ 180.98 crore and as per details given by Directorate/KRDP unspent balance is ₹ 272.45 crore. Thus there is a difference of ₹ 91.47 crore, which has resulted in understatement of endowment fund and understatement of expenditure by ₹ 91.47 crore.</p> <p>(c) Current Liabilities and Provisions (Sch 6) - ₹ 50.31 crore</p> <ul style="list-style-type: none"> This does not include an amount of ₹ 348.01 crore being the unspent amount with field offices/CO units/Corporation Bank, etc. plus interest of ₹ 40.49 crore earned on the unspent grants refundable to Government of India. The unspent grants being refundable to Government of India (as disclosed under Sr. No. 3.1 of Significant Accounting Policies forming part of Final Accounts), should have been accounted under Current Liabilities. This has resulted in understatement of Current Liabilities and Provisions and understatement of receivables to the extent of ₹ 388.50 crore. <p>(This Comment has been issued in the SAR 2018-19 and 2019-20, however, no corrective action has been taken by the Commission)</p> <ul style="list-style-type: none"> This does not include the provisions towards the liability of Retirement Benefits viz., Gratuity and Leave Encashment on actuarial valuation basis, in respect of Main Fund and Trading Fund, mandatorily required under Accounting Standard 15 and the Uniform Format of Accounts for Central Autonomous Bodies (clause 12.1 and 12.2) as well. This has resulted in understatement of Current Liabilities and Provisions to the extent provision not made and non-compliance of the provisions of Uniform Format of Accounts prescribed by the Government of India.

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		<p>This comment relating to Main Fund, has been issued in the SAR of 2017-18, 2018-19 and 2019-20 and in respect of Trading Fund in the SAR of 2019-20.</p> <p>(d) Current Assets, Loans, Advances, etc. (Sch 8): ₹ 2,248.64 crore</p> <p>This does not include an amount of ₹ 39.35 crore being the total amount refundable to Khadi and Village Industries Commission on account of interest and others, interest on village industry capital, rebates and subsidies, etc. by Trading Units. In Trading Fund account, it is shown as Liability but in Main Fund account, Khadi and Village Industries Commission has not shown it as receivables. This has resulted in understatement of Current Assets of Main Fund by ₹ 39.35 crore.</p> <p>This has been issued as a comment in SAR of 2018-19 and 2019-20 also.</p>
VII. Ministry of Petroleum and Natural Gas		
17	Oil Industry Development Board	<p>(i) Balance Sheet Fixed Asset (Net Block) (Schedule 8): ₹ 7,638 lakh</p> <p>The above includes an amount of ₹ 995 lakh pertaining to Leasehold Land at Dwarka, Delhi acquired by Oil Industry Development Board, Noida from Delhi Development Authority. As per lease agreement, accounting for land should have been done at a cost of ₹ 940 lakh instead of ₹ 995 lakh. Thus, the value of land was overstated by ₹ 55 lakh.</p> <p>(ii) Income and Expenditure Account Other Administrative Expenses – Provision for bad and doubtful debts/advances: ₹ Nil</p> <p>Balance Sheet Investment – Other (Schedule-10): ₹ 3,82,621 lakh</p> <p>M/s Biecco Lawrie Limited, a loss making company, was declared as sick industrial company in October 2015 and Cabinet Committee on Economic Affairs (CCEA) has also approved its closure in February 2018. As informed by M/s Biecco Lawrie Limited, as on 31 March 2021, it has accumulated losses of ₹ 190.07 crore with a negative net worth of ₹ 115 crore.</p> <p>Thus, investment is overstated by ₹ 5,034 lakh due to non-reduction of equity investment in M/s Biecco Lawrie Limited in line with the decision of CCEA. Consequently, 'Excess of Income over Expenditure' is also overstated by the same amount.</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Despite CAG's comment on the accounts of Oil Industry Development Board in the earlier years (2017-18, 2018-19 and 2019-20), the Board has not provided for diminution in the value of investment in equity shares of Biecco Lawrie Limited.</p> <p>(iii) Other Administrative Expenses – Provision for bad and doubtful debts/advances: ₹ Nil Balance Sheet Current Assets, Loans, Advances, etc. (Schedule-11): ₹ 8,08,530 lakh</p> <p>Considering the poor financial condition of M/s Biecco Lawrie Limited, there is no reasonable certainty of recovering the following loan amounts given to M/s Biecco Lawrie Limited:</p> <p>(a) Bridge loan of ₹ 1,200 lakh given to M/s Biecco Lawrie Limited though payments of instalments were not forthcoming.</p> <p>(b) Loan of ₹ 8,665 lakh given to M/s Biecco Lawrie Limited during the years 2018-19 and 2019-20 for meeting out the expected expenditure on voluntary retirement scheme, cost of existing employees, outstanding salary dues of employee, secured loans from banks and Contingent liabilities.</p> <p>Non-provision of the above uncertain/doubtful recoverable loans has resulted into overstatement of 'Current Assets, Loans, Advances, etc.' and 'Excess of Income over Expenditure' by ₹ 9,865 lakh.</p> <p>Despite CAG's comment on the accounts of Oil Industry Development Board in the earlier years (2017-18, 2018-19 and 2019-20), the Board has not made provisions against the loans given to BLL.</p> <p>(iv) Other Administrative Expenses, etc.: ₹ 1,095 lakh Depreciation: ₹ 704 lakh Balance Sheet Fixed Assets (Net): Building (on leasehold land): ₹ 3,991 lakh</p> <p>An amount of ₹ 47 lakh had wrongly been capitalised under the head 'Land-Leasehold Noida Land' which included advance lease rent of ₹ 21 lakh paid during 2006-07. Consequent upon audit objection raised during the previous year, the same has been de-capitalised from land during current year (i.e. 2020-21). It was, however, observed that instead of charging ₹ 21 lakh (i.e. advance lease rent) to Income & Expenditure Account and capitalising ₹ 26 lakh into 'Building on Leasehold Land', OIIB has capitalised the entire amount of ₹ 47 lakh into 'Building on Leasehold Land'. Further, an amount of ₹ 2.10</p>

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		lakh has been charged as Depreciation, against the capitalised amount of advance lease rent. This has resulted into overstatement of 'Building on Leasehold Land' by ₹ 21 lakh, overstatement of 'Depreciation' by ₹ 2.10 lakh, understatement of 'Other Administrative Expenses' by ₹ 21 lakh and consequential overstatement of 'Excess of Income over Expenditure' by ₹ 18.90 lakh.
18	Petroleum & Natural Gas Regulatory Board	General As per the requirement of Section 39 (1) of Petroleum & Natural Gas Regulatory Board (PNGRB) Act, 2006, the Board is required to constitute PNGRB fund wherein the grants, fees, penalties and charges received by the Board are credited including all other sums received by the Board from such other sources as may be approved by the Central Government. Moreover, Ministry of Finance Office Memorandum dated 01 July 2005 also stipulates that funds of regulatory bodies may be maintained in Public Account but operated in such a manner as will protect their independent status. However, PNGRB Fund has not been created and the amount is being kept in term deposit accounts by PNGRB, which is in violation of PNGRB Act, 2006. The observation relating to non-creation of PNGRB Fund was also highlighted in Separate Audit Report on annual accounts of PNGRB for the year 2017-18.
VIII. Ministry of Ports, Shipping and Waterways		
19	Calcutta Dock Labour Board, Kolkata (CDLB)	Calcutta Dock Labour Board (CDLB) has dues to Provident Fund amounting to ₹ 13,93,033.18 since the year 2007-08 in Dock Clerical & Supervisory Workers (Regulation of Employment) Scheme, 1970 (DC & SW) but the Management of CDLB has not provided any interest on the dues. Non-provisioning of Interest on Dues to Provident Fund has resulted in under-statement of liabilities as well as over-statement of excess of Income over Expenditure by ₹ 16,29,848 (₹ 13,93,033*9%* 13 years), say ₹ 16.30 lakhs of DC & SW Scheme.
20	Chennai Port Trust	(i) Balance Sheet Sources of Funds Current Liabilities and Provision: ₹ 1142.32 crore (Schedule-XII) As per Actuarial valuation done by LIC for Pension Liability as on 31 March 2021, the liabilities worked out to ₹ 6,271.64 crore. However, Corpus available in Pension Fund Trust Account as on 31 March 2021 was ₹ 3,524.52 crore. Similarly, as per Actuarial valuation done by LIC for Leave Encashment Liability as on 31 March 2021, the liabilities worked out to ₹ 165.22 crore. However, Corpus available in Leave

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		<p>Encashment Fund Account as on 31 March 2021 was ₹ 77.89 crore. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit to the extent of ₹ 2,834.45 crore.</p> <p>This issue was brought to the notice of the Port, for corrective action through previous years' Separate Audit Reports, however, no corrective action was taken by the Port.</p> <p>(ii) Fixed/Capital Assets – ₹ 693.36 crore (Schedule – VI) Capital Work in Progress – ₹ 120.17 crore</p> <p>The above head is overstated by ₹ 13.61 crore as this includes an expenditure of ₹ 13.61 crore for leasing of Quarries at Thiruthani for the Project of construction of Break water Mega Container Terminal. Due to poor response for the Project, the Port surrendered the quarries. Commissioner of Geology and Mining, Government of Tamil Nadu has taken over the quarries (9 February 2021) and the refund of ₹ 13.13 crore is due from Government of Tamil Nadu. Since the quarries were surrendered and the Government of Tamil Nadu is yet to refund the amount paid, necessary entries should have been made to transfer the amount from Capital Work in Progress to Sundry Debtor.</p>
21	Cochin Port Trust	<p>(i) Balance Sheet Application of Funds Current Liabilities and Provisions (Sch. VIII): ₹ 799.46 crore</p> <p>The liability on account of pension and gratuity contribution of existing employees and pensioners works out to ₹ 3,453.55 crore as per actuarial valuation. However, the contribution made towards LIC and interest earned towards the contribution as on 31 March 2021 was ₹ 480.56 crore only. Thus there is a shortfall in contribution of ₹ 2,972.99 crore. The Port Trust has not made any provision on this account. This has resulted in understatement of Current Liabilities and Provisions and consequent overstatement of Profit by ₹ 2,972.99 crore.</p> <p>(ii) Profit & Loss Account Expenditure Finance & Miscellaneous Expenditure (Sch. M) - ₹ 376.35 crore</p> <p>(a) Cochin Port Trust decided to settle an Arbitration with M/s Jaisu Shipping Co. (P) Ltd by adjusting ₹ 1.57 crore payable to them on account of maintenance dredging charges from an amount due from them in another litigation. Even though, Cochin Port Trust sent a notice on 24.03.2021 intimating the settlement, no response was received from the party and the process of adjustment is still pending.</p>

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		<p>Since the liability on account of Arbitration Award was crystallised prior to 31.03.2021, provision should have been created for the same. Due to non-provision of this amount, Finance and Misc. Expenses and Current Liabilities and Provisions are understated and current year Profit overstated by ₹ 1.57 crore.</p> <p>(b) Hon'ble Supreme Court ordered (05.08.2020) Cochin Port Trust to refund the excess amount of Ground rent collected from Steamer Agents and an amount of ₹ 1.29 crore (Provisional) is refundable to 7 parties for handling 55 containers. Due to non-provision of this amount, Finance and Misc. Expenses and Current Liabilities and Provisions are understated and current year Profit overstated by ₹ 1.29 crore.</p>
22	Deendayal Port Trust	<p>(i) Profit & Loss Account Operating Income – ₹ 1,717.95 crore Cargo Handling & Storage Charges - ₹ 602.67 crore (Schedule-I)</p> <p>The above includes royalty income from BOT operators amounting to ₹ 148.24 crore (Vadinar Oil Terminal: ₹ 65.57 crore, Tuna Port- M/s Adani Kandla Bulk Terminal: ₹ 52.67 crore, Container Terminal Kandla- M/s KICTL: ₹ 25.14 crore and Berge Jetty-M/s IFFCO Kisan: ₹ 4.86 crore).</p> <p>To ensure the correctness of revenue share, as per clause 9.4 of Concession Agreements, Deendayal Port Trust has awarded the work of special audit of said BOT incomes for the year 2020-21 to M/s Ashok Chhajed & Associate for verification of the gross revenue reported by Concessionaires. However, the final special audit report has not yet been submitted.</p> <p>Deendayal Port Trust did not provide primary records to Audit for verifying the correctness of royalty income received from BOT operators. In the absence of relevant records, Audit is unable to verify the royalty income from BOT operators amounting to ₹ 148.24 crore reflected in the books of accounts.</p> <p>This observation is being raised by Audit since 2016-17.</p> <p>(ii) General</p> <p>The pension payable to employees of Deendayal Port Trust (who were appointed prior to 1.1.2004) is a 'defined benefit pension' i.e. 50 per cent of the basic pay drawn at the time of retirement plus the applicable dearness allowance. Deendayal Port Trust has created a Superannuation Trust Fund and the Trust has taken a Group Superannuation Policy. At the time of Superannuation of an employee, annuities are purchased by utilising the fund available in respect of that employee. The annuities will take care of the monthly pension liability (as on the date of retirement) of the retired employee but not the increase in D.A. amounts, which are revised from time to time</p>

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		<p>and also any revisions in pension. The cost of immediate annuities required to be purchased to bridge the shortfall was assessed by Management in the year 2018-19 as ₹ 783.76 crore out of which provision was created for ₹ 391.88 crore (50 per cent) in the accounts of 2018-19. Management reversed the provision in the accounts for the year 2019-20 on the ground that they intend to make payment of shortfall directly rather than make additional contribution to the Fund to purchase immediate payout annuities.</p> <p>The liability of Deendayal Port Trust in meeting the shortfall in annuity payouts has not been assessed and provided for in the accounts for the FY 2020-21. This has resulted in understatement of Provisions and overstatement of Profit, the extent of which could not be quantified by Audit since the shortfall has not been assessed by the Management.</p> <p>Though this observation was raised by Audit in the year 2019-20, no corrective action was taken by the Port.</p>
23	Indian Maritime University	<p>(i) Balance Sheet Fixed Assets (Schedule 8) – ₹ 427.13 crore Fixed Assets Headquarters - ₹ 139.61 crore</p> <p>The Significant Accounting Policy no. 2.7 provided that the depreciation was provided on Written-Down Value method at the rates prescribed in Income Tax Act, 1961. However, the assets valuing ₹ 1.66 crore relating to “Computer Peripherals” to be depreciated at 40 per cent were classified as “Office Equipment” and depreciated at 15 per cent during 2019-20 and 2020-21.</p> <p>This has resulted in overstatement of fixed assets and understatement of depreciation by ₹ 0.18 crore for 2020-21 and ₹ 0.39 crore for 2019-20 being prior period adjustments.</p> <p>(ii) Fixed Assets (Schedule 8) – ₹ 427.13 crore Capital Work in progress – Chennai Campus – ₹ 16.75 crore</p> <p>The above account head include ₹ 0.13 crore towards the procurement and installation of split ACs for engine room simulator and classrooms, which were installed in February 2021.</p> <p>This has resulted in understatement of fixed assets and overstatement of capital work in progress by ₹ 0.13 crore. Consequently, depreciation and deficit for the year 2020-21 is understated by ₹ 63,251.</p> <p>(iii) Income and Expenditure Account Prior Period Adjustments - ₹ 0.81 crore</p> <p>Prior Period adjustments included provision for leave encashment and gratuity of ₹ 2.72 crore for Marine Engineering</p>

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		<p>and Research Institute (MERI) Mess employees of Kolkata campus, as approved in the Executive Council meeting in October 2020. Since the provision was approved in current accounting year, the same should have been accounted in current year as Establishment expenses instead of prior period adjustments.</p> <p>This has resulted in overstatement of Prior Period Adjustments and understatement of Establishment expenses by ₹ 2.72 crore for the year 2020-21.</p>
24	Jawaharlal Nehru Port Trust	<p>(i) Fixed Assets Capital Work-in-Progress: ₹ 3,431.46 crore The above includes an amount of ₹ 1,704.43 crore being the value of capital dredging work related to deepening and widening of Mumbai Harbour Channel and JN Port Channel (Phase-II). This work was completed on 18 February 2019 and the Port has been using the facility from March 2019. The Port, however, has not capitalised the same. This has resulted in understatement of depreciation for the year by ₹ 17.04 crore, prior period expenditure (Depreciation) by ₹ 25.56 crore, understatement of Gross Fixed Assets by ₹ 1,704.43 crore and overstatement of profit by ₹ 42.60 crore. The observation was included in the SAR of 2019-20 also.</p> <p>(ii) Finance and Miscellaneous Expenditure: ₹ 89.42 crore (Schedule 21) The above do not include ₹ 138.43 crore being the amount of liability on account of Pension Fund. As against the required fund of ₹ 1,703.50 crore as per Actuarial valuation report, the fund balance as on 31 March 2021 was ₹ 1,542.07 crore (including interest from LIC @ 7.4 per cent) resulting in a shortfall of ₹ 161.43 crore. The Port made provision to the extent of ₹ 23 crore only. Short provisioning has resulted in overstatement of Profit and understatement of Current liability to the extent of ₹ 138.43 crore.</p>
25	Mormugao Port Trust	<p>(i) Balance Sheet Application of funds Fixed/Capital Assets Capital Work-in-Progress: ₹ 83.08 crore (Schedule 2) The above includes ₹ 73.84 crore being the expenditure incurred on Capital Dredging during the period 2016-18. The project was proposed (2014) to facilitate navigation of Capesize vessels at any state of tide, by deepening the approach channel and Berth 5, 6 & 7 through capital dredging which was commenced in January 2019. The National Green Tribunal vide its order (September 2016) quashed the Environmental clearance, given by the Ministry, and the work/project was stopped in September 2016. At that time, only 45 per cent of</p>

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		<p>the work was completed. The Management also proposed (13.10.2020) to Ministry for dropping the project as the deepening of approach channel was not envisaged in near future due to high capital cost, Environmental Clearance, etc.</p> <p>Since the project (Capital dredging work) was not completed and the channel was not available for the intended use, in view of the Tribunal order and recommendation of the Port to drop the project, the expenditure (CWIP) incurred on the project should have been provided and charged to Profit & Loss Account.</p> <p>Thus, Retention of the expenditure under CWIP, incurred five years back, on an abandoned work/project has resulted in overstatement of Capital Work-in-Progress and understatement of Provision and Loss to the extent of ₹ 73.84 crore.</p>
		<p>(ii) Finance and Miscellaneous Income: ₹ 29.03 crore (Schedule 14)</p> <p>The Ministry of Shipping has sanctioned Grant-in-Aid of ₹ 187 crore to the Port for Construction of balance portion of four lane connectivity road at Mormugao Port Trust. The Port has received a total amount of ₹ 182.74 crore in various instalments until May 2019 as Grant-in Aid, out of which ₹ 53 crore is lying unspent. The unspent amount was invested in short term investment and an amount of ₹ 2.38 crore (as assessed by Audit) was earned as interest during the year 2020-21.</p> <p>As per GFR 2017 Rule 230(8) “All interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases.” However, instead of remitting the interest earned on unspent Grants to Government Accounts, the Port treated the interest as its own income and credited to Finance and Miscellaneous Income in the Profit and Loss Account. This has resulted into overstatement of Finance and Miscellaneous Income, understatement of loss as well as liability to the extent of ₹ 2.38 crore.</p>
		<p>(iii) Balance Sheet of Pension Trust Fund – Investment: ₹ 949.94 crore</p> <p>As against the total Fund Balance of ₹ 2,214.90 crore in Pension Trust Fund, the investment was ₹ 950.15 crore only (including bank balance), resulting in a deficit of ₹ 1,264.75 crore.</p> <p>Though the shortfall in Investment is being pointed out by Audit since 2015-16, the same is yet to be rectified by the Port</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Management and the Port has not framed any proposal for meeting the gap in investment.</p> <p>(iv) Balance Sheet of Gratuity Trust Fund – Investment: ₹ 79.83 crore</p> <p>As against the total Fund Balance of ₹ 120.86 crore in Gratuity Trust Fund, the investment was ₹ 81.78 crore only (including bank balance), resulting in a deficit of ₹ 39.08 crore.</p> <p>Though the shortfall in Investment is being pointed out by Audit since 2015-16, the same is yet to be rectified by the Port Management and the Port has not framed any proposal for meeting the gap in investment.</p>
26	Mumbai Port Trust	<p>(i) Reserves and Surplus (Schedule I) Revenue Reserves: ₹ 187.99 crore General Reserve: ₹ 41.81 crore</p> <p>As per the Common Framework for Financial Reporting of Major Ports, ‘debit balance of Profit and Loss Account’ should be deducted from Unspecified Reserves (also referred to as ‘General Reserve’).</p> <p>The Port has shown a debit balance of Profit and Loss Account of ₹ 322.23 crore on the asset side of the Balance Sheet and has shown a ‘General Reserve’ of ₹ 41.81 crore on the liability side of the Balance Sheet. The Port should have adjusted the ‘debit balance of Profit and Loss Account’ with the amount available in the ‘General Reserve’ and shown only the remaining amount on the asset side i.e. ₹ 280.42 crore (₹ 322.23 crore minus ₹ 41.81 crore)</p> <p>Non-adjustment of the two figures has resulted in overstatement of ‘debit balance of Profit and Loss Account’ and ‘General Reserve’ by ₹ 41.81 crore.</p> <p>Though the above observation was raised by Audit in Separate Audit Report for the year 2019-20, corrective action is yet to be taken by the Port Management.</p> <p>(ii) Current Liabilities and Provisions Current Liabilities: ₹ 3,389.97 crore Retirement Benefits read with Note No.17 (a, b & d)</p> <p>As per Common Framework for Financial Reporting of Major Ports, if the liability for retirement benefits was funded through creation of a Trust, the cost incurred for the year shall be ascertained by actuarial valuation. Mumbai Port Trust has not made adequate provisions towards the Pension Fund and Gratuity Fund as per particulars given below:</p>

Sl. No.	Name of CAB	Comment on accounts			
		(₹ in crore)			
		Name of the Fund	Liability to be provided as per Actuarial Valuation Report as on 31.03.2021	Balance in the Fund as on 31.03.2021	Shortfall
		1	2	3	4 (2-3)
		Pension Fund	13,650.88	8,719.34	4,931.54
		Gratuity Fund	702.20	62.92	639.28
		Total	14,353.08	8,782.26	5,570.82
		<p>As a result, there is understatement of Current Liabilities by ₹ 5,570.82 crore and corresponding overstatement of profit by the same amount.</p> <p>The above deficiencies are being pointed out by Audit since 2012-13. The Port has replied that the gap will be bridged by revenue generated from sale of land, lease of Mumbai Port Trust land which cannot be utilised for Port operation, etc. However, the same has not fructified so far.</p>			
		<p>(iii) Profit and Loss Account Operating Income Estate Rentals Rent from Building, Sheds and Godowns: ₹ 49.50 crore</p> <p>The above includes ₹ 27.60 crore being notional income recognised on allotment of land to Tata Memorial Hospital on lease basis at a nominal value of ₹ 1/sq.mtr. per annum for the period of 10 years under Corporate Social Responsibility (CSR) activity. The notional income represents the lease rent forgone for which the lessee does not have an obligation for payment. The Port had booked the notional income by debiting Sundry debtors for ₹ 16.67 crore and CSR fund Account in liabilities for ₹ 10.93 crore.</p> <p>Companies (Corporate Social Responsibility Policy) Rules, 2014 stipulate that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company. Further, any surplus derived on CSR should be immediately recognised as a liability for CSR expenditure and recognised as a charge to the statement of profit and loss, which has not been done by the Port.</p> <p>Also, for qualifying as CSR expense, the amount should be spent as clarified by MCA Circular dated 12.1.2016. Reducing</p>			

Sl. No.	Name of CAB	Comment on accounts
		<p>CSR liability through book adjustments is not a proper treatment of CSR.</p> <p>This has resulted in overstatement of Profit by ₹ 27.60 crore with an overstatement of Sundry debtors by ₹ 16.67 crore and understatement of CSR liabilities by ₹ 10.93 crore.</p>
27	<p>Mumbai Port Trust Pension Fund Trust</p>	<p>Balance Sheet Pension Fund Account and Liabilities: ₹ 8,719.34 crore (Schedule I) Notes on Accounts – Item III-b</p> <p>Mumbai Port Trust Pension Fund Trust was formed vide a Trust Deed (14 January 2004) to meet the pension liability of employees and ex-employees. Life Insurance Corporation (LIC) has been appointed as the Fund Manager to manage the Pension Fund. LIC does the actuarial valuation every year based on which the money has to be invested by the Trust with LIC.</p> <p>The total pension liability as per actuarial valuation as on 31.03.2021 as intimated by LIC was ₹ 13,650.88 crore (₹ 8,580.70 crore towards existing pensioners and ₹ 5,070.18 crore towards future pensioners). Against this, the pension fund balance as on 31 March 2021 was ₹ 8,719.34 crore. Considering the Actuarial Valuation Report, there is a shortfall of ₹ 4,931.54 crore in the Fund Balance.</p> <p>The shortfall resulted in understatement of liabilities (Pension Fund Account) and Assets (Current Assets, Loans and Advances – “Receivable from Mumbai Port Trust”) to the extent of ₹ 4,931.54 crore.</p> <p>Audit has been pointing out the shortfall in provisioning for the pension liability since 2012-13.</p>
28	<p>New Mangalore Port Trust</p>	<p>(i) Balance Sheet Application of Funds Fixed/Capital Assets Schedule2 -Fixed Assets and Depreciation</p> <p>(a) Additions during the year: ₹ 36,99,35,780</p> <p>Above includes an amount of ₹ 3,62,52,356 added during the year relating to Container Scanner as detailed below:</p>

Sl. No.	Name of CAB	Comment on accounts																																			
		Asset Code	Particulars of asset	Life	Date of capitalisation	Amount (₹)																															
		22145	Civil work for container scanner yard	50	31.07.2019	3,29,78,653																															
		22136	Security Room at container scanner yard	40	15.09.2020	4,49,425																															
		22146	Electrification at container scanner yard	25	27.09.2019	28,24,278																															
		Total				3,62,52,356																															
		<p>Depreciation on above amounting to ₹ 13,39,678 was charged and the Net Block as on 31.03.2021 was ₹ 3,49,12,678.</p> <p>As the main asset of Container Scanner was not commissioned till 31.03.2021 and was booked under Capital Work in Progress, capitalising these related assets is incorrect.</p> <p>This has resulted in overstatement of Gross Block as on 31.03.2021 by ₹ 3,62,52,356, Net Block by ₹ 3,49,12,678, Depreciation by ₹ 13,39,678 and understatement of Capital Work in Progress by ₹ 3,62,52,356 with a consequential understatement of Profit by ₹ 13,39,678.</p>																																			
		<p>(b) Railway Rolling Stock Gross Block ₹ 37,26,53,007 Depreciation ₹ 8,69,39,496 Net Block ₹ 28,57,13,511</p> <p>Above Gross Block includes ₹ 52,81,545 being the cost of railway network capitalised in September 2006 with estimated life of 60 years. Further, an addition of ₹ 8,96,08,936 was incurred for strengthening of the railway network during 2017-18. This additional expenditure should be depreciated with the balance life (49 years). Instead New Mangalore Port Trust has charged depreciation retrospectively from 2006-07 on this addition even if the asset was not on use till 2017-18.</p> <p>Depreciation to be charged and depreciation provided by the Port on the above assets as on 31.03.2021 is as given below-</p>																																			
		<table border="1"> <thead> <tr> <th rowspan="2">Asset Code</th> <th rowspan="2">Cost</th> <th rowspan="2">Capitalised on</th> <th rowspan="2">Life</th> <th colspan="3">Depreciation</th> </tr> <tr> <th>Chargeable</th> <th>Charged</th> <th>Excess/ (Short)</th> </tr> </thead> <tbody> <tr> <td>21054</td> <td>52,81,545</td> <td>Sept 2006</td> <td>60</td> <td>13,20,386</td> <td>12,83,709</td> <td>(36,677)</td> </tr> <tr> <td>20934</td> <td>8,96,08,936</td> <td>Dec 2017</td> <td>49 (60-11)</td> <td>73,15,015</td> <td>2,24,02,234</td> <td>1,50,87,219</td> </tr> <tr> <td colspan="4" style="text-align: center;">Total</td> <td>86,35,401</td> <td>2,36,85,943</td> <td>1,50,50,542</td> </tr> </tbody> </table>					Asset Code	Cost	Capitalised on	Life	Depreciation			Chargeable	Charged	Excess/ (Short)	21054	52,81,545	Sept 2006	60	13,20,386	12,83,709	(36,677)	20934	8,96,08,936	Dec 2017	49 (60-11)	73,15,015	2,24,02,234	1,50,87,219	Total				86,35,401	2,36,85,943	1,50,50,542
Asset Code	Cost	Capitalised on	Life	Depreciation																																	
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Total				86,35,401	2,36,85,943	1,50,50,542																															

Sl. No.	Name of CAB	Comment on accounts
		<p>Above excess depreciation of ₹ 1,50,50,542 has resulted in overstatement of Depreciation and understatement of Net Block by ₹ 1,50,50,542, with a consequential understatement of Profit by ₹ 1,50,50,542. Port also failed to take any action on this issue communicated vide serial number 10 of management letter dated 20 October 2020 on the accounts audit of 2019-20.</p> <p>(ii) Current Assets, Loans & Advances: Current Assets Interest accrued on Investment: ₹ 14,80,25,640</p> <p>Above represents the difference between the cost price and Net Asset Value (NAV) of the Long term investment made in mutual funds by crediting as income under the head Interest on General Investment in Schedule 16: Finance & Miscellaneous Income.</p> <p>As per the Significant Accounting Policies (item 8 of Schedule 18) of the Port, investments are valued at cost. Further, as per Accounting Standard 13: Accounting for Investment, Long Term Investment should be carried at Cost price. Difference between the carrying amount and the disposal proceeds, net of expenses, is recognised in the profit and loss statement at the time of disposal of the Investment. Hence, booking of the difference of the carrying amount and NAV of a Long-Term Investment as accrued income while holding the investment is a deviation from the Significant Accounting Policy of the Port read with AS 13.</p> <p>This has resulted in overstatement of Current Assets as well as Finance & Miscellaneous Income by ₹ 14,80,25,640 with a consequential overstatement of Profit to that extent.</p> <p>(iii) Current Assets, Loans & Advances: Current Assets Sundry Debtors (Sch. 4): ₹ 46,44,96,166</p> <p>(a) The above includes ₹ 2,83,44,743 pertaining to accounting of Sundry Debtors (Estate Penalty- Code 906 and Revenue Penalty- Code 907) without supporting documents. Absence of related documents pinpoints the serious lapse as far as Internal Control System is concerned. During the audit of accounts for the year 2019-20, New Mangalore Port Trust assured to furnish the details during the year 2020-21. However, no details have been furnished to Audit. Port also failed to furnish the details during 2020-21 as per their assurance during the accounts audit of 2019-20. This has resulted in overstatement of Current Assets and Profit by ₹ 2,83,44,743.</p> <p>(b) Total Sundry Debtors have been bifurcated between Government Dues and Non-Government Dues amounting to</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>₹ 10,37,89,613 and ₹ 36,07,06,553 respectively. As per the individual debtor balances provided for verification, amount of Government dues and Non-Government dues in respect of Port dues- code 823 and R. Miscellaneous- code 827 was not correctly segregated. This has resulted in understatement of dues from Government Agencies and overstatement of dues from Others/Non-Government dues by ₹ 3,84,31,179.</p>
29	<p>Paradip Port Trust, Paradip</p>	<p>(i) A deposit work was awarded (June 2015) to E.Co. Railway for provision of centralised operation of points and signals in Paradip Port Trust end of Exchange yard/PRDP up to Atharabanki. As against the estimate of ₹ 11.05 crore, Paradip Port Trust deposited ₹ 9.75 crore for execution of work. The work was completed and commissioned on 19.05.2018 i.e. in 2018-19. Meanwhile, the revised cost was enhanced to ₹ 13.55 crore and balance of ₹ 3.92 crore (₹ 3.80 crore + ₹ 0.12 crore) was paid to Railway Authority in October 2019 i.e., 2019-20. However, the same has been booked under Capital Work in progress as Signalling & Inter cocking of Port end of Exchange instead of capitalising of the same. This has resulted in understatement of Railway Permanent way to the extent of ₹ 3.92 crore with corresponding overstatement of CWIP to the same extent. This has also resulted in understatement of depreciation ₹ 0.065 crore each for 2019-20 and 2020-21 with corresponding overstatement of Net Surplus before income tax to that extent.</p> <p>(ii) The CWIP does not include the following figures:</p> <ul style="list-style-type: none"> • ₹ 1.38 crore towards running account bill raised (April 2021) for capital dredging work at North BOT Dock Complex from 09.03.2021 to 03.04.2021. The expenditure of ₹ 1.22 crore (₹ 1.38 crore*23 days/26 days = ₹ 1.22 crore) payable as on 31.03.2021 should have been provided in the books of accounts. This has resulted in understatement of Accrued Expenses as well as CWIP by ₹ 1.22 crore. • ₹ 2.25 crore towards service provided by M/s B. Anjaneyulu for extension of Fertiliser Berth Return Arm during 01.11.2020 to 16.03.2021. This has resulted in understatement of Accrued Expenses as well as CWIP by ₹ 2.25 crore. • ₹ 1.15 crore towards work done by M/s Gangadhar Jena for up gradation of existing service road inside Mechanised Coal Handling Plant area during 01.03.2021 to 26.03.2021. This has resulted in understatement of Accrued Expenses as well as CWIP by ₹ 1.15 crore.

Sl. No.	Name of CAB	Comment on accounts
		<p>(iii) The Accrued Expenses head does not include ₹ 1.33 crore towards operation and maintenance of Paradip Port Trust owned locomotives payable to M/s Rites Limited (WSD-Maintenance) for the period from January 2021 to March 2021. This has resulted in understatement of Accrued Expenses with corresponding overstatement of Net Surplus before income tax by ₹ 1.33 crore (₹ 0.44 crore *3 months).</p> <p>(iv) The Container Corporation of India was allotted (December 2017) 100 acres of land for a lease period of 30 years against the up-front land premium of ₹ 23.87 crore excluding taxes. As per accounting policy, one-time non-refundable upfront fee received from parties are apportioned over the period of lease. However, as against ₹ 2.65 crore, Paradip Port Trust has amortised only ₹ 0.53 crore for the period December 2017 to March 2021 (3 years 4 months). This has resulted in overstatement of Current Liabilities & Provisions and understatement of Net surplus before income tax by ₹ 2.12 crore (₹ 2.65 crore - ₹ 0.53 crore).</p> <p>(v) As per Concessionaire Agreement, The Paradip International Cargo Terminal Private Limited handles cargo and accordingly pays royalty, port dues and annual licence fee. The Paradip International Cargo Terminal Private Limited pays in advance to the Paradip Port Trust and the same is booked under the Liabilities Account head “Deposit of Port Charges” till adjustment. Once the royalty/port dues/annual licence fee is due, the same is adjusted against the advance. The scrutiny of above ledger revealed that Annual Licence fees of ₹ 3.85 crore for the period 2021-22 has been erroneously adjusted against the advances in 2020-21. This has resulted in understatement of Current Liabilities & Provisions and overstatement of Net Surplus before Income Tax by ₹ 3.85 crore.</p> <p>(vi) The Board of Trustees in principle approved (27.05.2019) for allotment of 200 acres of land in favour of Numaligarh Refinery Limited towards installation of Crude Oil Terminal at Paradip as per the MOU signed between Numaligarh Refinery Limited and Paradip Port Trust on 16th April 2017. Though the provisional demand was issued (27.03.2019), Numaligarh Refinery Limited did not remit the amount as the earmarked site was classified under CRZ 1 & 4. Subsequently, Numaligarh Refinery Limited pursued with the Government of Odisha for change of Coastal Regulation Zone classification to accommodate its original plan and made payment (06.02.2020) of ad-hoc advance of ₹ 20 crore to Paradip Port Trust. Thereafter, re-survey was conducted to identify the exact area and on raising of demand note, Numaligarh Refinery Limited further paid ₹ 40.30 crore</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>(29.09.2020) and ₹ 14.10 crore (15.01.2021) thereby totalling ₹ 74.40 crore (consisting of Upfront lease Rent for ₹ 70.49 crore, Interest on delayed payment for ₹ 3.81 crore and others). It was also noticed that the land allotment date was reckoned as 06.04.2020 for a period of 30 years lease.</p> <p>As per significant accounting policy, one-time non-refundable upfront fee received from parties are apportioned over the period of lease. Audit noticed that as against apportionment of ₹ 2.35 crores (₹ 70.49 crore/30 years), management apportioned ₹ 1.24 crore only.</p> <p>This resulted in understatement of income by ₹ 1.11 crore (₹ 2.35 crore - ₹ 1.24 crore) and corresponding overstatement of liability (Deposits from Merchants, Contractors and others) by the same amount.</p>
		<p>(vii) As per requirement of Paradip Port Trust, Indian Oil has been engaging external pilotage service since 2009 for vessel handling at Single Point Mooring during monsoon/rough weather seasons (from May to October). However, for mooring/unmooring operations, two tugs are provided by Port and the pilotage is carried out under the supervision of Deputy Conservator. IOCL has requested to extend the concession of 100 <i>per cent</i> on Pilotage and Towage charges and 100 <i>per cent</i> on Pilot attendance charges. However, the Board of Trustees approved 70 <i>per cent</i> concession on Pilotage and Towage charges and 100 <i>per cent</i> on Pilot attendance charges since 2017-18. Accordingly, on the basis of Crude Oil Tanker handled through Single Point Mooring, refund was approved and it was stated that refund amount will be credited in the Profit and Loss Account of the firm for adjustment of their future bills.</p> <p>Audit scrutiny revealed that ₹ 11.24 crore for the year 2017-18 is still lying as payable to IOCL Pipeline Division (Subsidiary code 596) as on 31.03.2021. Further test checks revealed that in 2018-19, ₹ 11.24 crore was debited to prior period income by creating liability towards Deposit for Port Dues. Thereafter, the same was paid to IOCL, as such there is no liability towards IOCL pipeline divisions as on 31.03.2021. This has resulted in overstatement of liability and understatement of Net Surplus before income tax by ₹ 11.24 crore.</p>
		<p>(viii) The head “Investments” includes investment of ₹ 40 crore towards equity shares in Paradip Port Road Co. Ltd., a Special Purpose Vehicle with National Highways Authority of India. The net worth of Paradip Port Road Co. Ltd. has fully eroded which stood at (-) ₹ 495.52 crore as on 31.03.2016. Meanwhile the Board of trustees (Paradip Port Trust) have been</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>appraised in the meeting held on 26.10.2018 that NHAI had proposed for winding up of the SPV. Paragraph-17 of Accounting Standard 13 stipulates “Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee’s assets and results and the expected cash flows from the investment”. Therefore, provision should be made for diminution in the value of long-term investment as required under AS-13. This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by ₹ 40 crore. This comment was incorporated in the Separate Audit Report of 2018-19 and 2019-20.</p> <p>(ix) Para 13 of the Significant Accounting Policies and Notes on Accounts states that, “the stores received during the financial year but not check measured are not accounted for”. Scrutiny of records in this regard revealed that M/s Forech India Private Limited supplied 2500 meter Steel Cord Conveyor Belt on 20.01.2021 for which bill was passed on 26.03.2021. However, no entry has been passed in the books of accounts as on 31.03.2021. This has resulted in understatement of Inventories (Steel cord conveyor belt) to the tune of ₹ 1.37 crore with corresponding understatement of Sundry Creditor for suppliers to the same extent.</p> <p>(x) M/s System House Corporation, Bhubaneswar was awarded with the work for “Shifting of 33/11 KV control room at Atharabanki and 33 KV power supply to BOT Terminal on 06.12.2013. Thereafter, the contractor completed 70 <i>per cent</i> of the work and handed over the same within scheduled completion time. Hence, Paradip Port Trust deducted liquidated damages of ₹ 2.86 crore for not completing full work and booked it as income. However, as per clause of the contract, if substantial completed section of work was taken over by the purchaser within the scheduled date of completion, then liquidated damage shall be levied only on cost of balance portion of work. Since, 70 <i>per cent</i> of total work was completed and liquidated damages was leviable on 30 <i>per cent</i> of balance work, hence Paradip Port Trust released ₹ 2 crore of withheld liquidated damages to the contractor on April 2021.</p> <p>As the liquidated damages were payable as on 31.03.2021, the same should have been accounted as liability. This has resulted in understatement of Accrued Expenses to the tune of ₹ 2 crore with corresponding overstatement of Net Surplus before income tax to that extent.</p>
30	Syama Prasad Mookerjee	(i) As per accounting manual, the word ‘Fund’ in relation to any reserve was to be used only when such Reserve was

Sl. No.	Name of CAB	Comment on accounts												
	Port, Kolkata (erstwhile Kolkata Port Trust)	<p>represented by a specified investment. However, balances of the following Fund as on 31st March 2021 vis-à-vis amount of specified investments made there against showed a total shortfall of ₹ 185.31 crore. Thus, the requirement of matching investment in respect of Funds was not fulfilled. The details of Fund and specified investment there against as on 31 March 2021 are as under:</p> <p style="text-align: right;">(₹ in crore)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Name of the Fund</th> <th style="text-align: center;">Fund Liability</th> <th style="text-align: center;">Investment</th> <th style="text-align: center;">Difference</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Kolkata Port Trust Employees Superannuation Fund</td> <td style="text-align: center;">576.19</td> <td style="text-align: center;">390.88</td> <td style="text-align: center;">185.31</td> </tr> </tbody> </table> <p>Thus, it can be observed from the above that there is a shortfall of investment amounting to ₹ 185.31 crore against the fund liability of ₹ 576.19 crore.</p> <p>(ii) Capital Work in Progress included ₹ 17.32 crore towards Capital Dredging over Jiggerkhali Flat since long in Haldia Dock Complex. The said work-in-progress was transferred by Kolkata Dock System during 2001-02 but the same was not capitalised due to lack of documents like 'Completion Certificate', 'Copy of Final Bill', etc. As no records/documents regarding the nature of the expenditure were available, the amount should have been charged off to Profit & Loss Account. Non-charging of this amount has resulted in overstatement of CWIP by ₹ 17.32 crore and overstatement of net profit for the year by the same extent.</p> <p>Similar comment is being included in the SAR since 2013-14, but no corrective action has been taken.</p> <p>(iii) An amount of ₹ 6.77 crore was spent towards work of improvement of road connectivity and up gradation of Transport Depot Road which were completed between December 2017 and March 2020. Therefore, the above amount lying in CWIP should have been capitalised as fixed/capital assets and should have been depreciated along with the capitalised assets.</p> <p>Non-compliance of the above resulted in understatement of fixed/capital assets by ₹ 6.77 crore and depreciation by ₹ 0.35 crore along with overstatement of CWIP by ₹ 6.77 crore and net profit for the year by ₹ 0.35 crore.</p> <p>(iv) As per actuarial valuation, the liability in respect of Gratuity for 3407 employees as on 31.03.2021 was ₹ 365.92</p>			Sl. No.	Name of the Fund	Fund Liability	Investment	Difference	1.	Kolkata Port Trust Employees Superannuation Fund	576.19	390.88	185.31
Sl. No.	Name of the Fund	Fund Liability	Investment	Difference										
1.	Kolkata Port Trust Employees Superannuation Fund	576.19	390.88	185.31										

Sl. No.	Name of CAB	Comment on accounts
		<p>crore against which total fund of ₹ 297.27 crore was available. However, no liability was provided for the shortfall of ₹ 68.65 crore arising due to difference between actuarial valuations and fund available. Such non-provisioning resulted in understatement of Provisions as well as overstatement of net profit for the year by ₹ 68.65 crore.</p> <p>(v) As per actuarial valuation, the total liability in respect of Pension Fund as on 31.03.2021 was ₹ 1894.42 crore against which total fund of ₹ 1278.83 crore was available with LIC. Syama Prasad Mookerjee Port recognised a liability of only ₹ 143.51 crore for the year and disclosed it in the Notes on Accounts (Note No. 12). However, no liability was provided for the remaining shortfall of ₹ 472.08 crore arising due to difference between actuarial valuations and fund available. As per AS 15 (Employee Benefits), full provision for Pension Fund should have been made in the current year. This resulted in understatement of Provisions as well as overstatement of net profit for the year by ₹ 472.08 crore.</p> <p>(vi) Regulation 9 of Kolkata Port Trust Contributory Provident Fund Regulations 1989 provided that the Kolkata Port Trust would accept liability for any deficiencies found in the fund. It was seen that the Contributory Provident Fund showed a revenue deficit of ₹ 2.85 crore as on 31st March 2021. In accordance with Regulation 9, Syama Prasad Mookerjee Port is liable to make a suitable provision towards the deficit of the Fund. However, Syama Prasad Mookerjee Port has made no provision for such liability.</p> <p>This has resulted in under-statement of Finance & Miscellaneous Expenses, Provisions and consequent overstatement of net profit for the year by ₹ 2.85 crore.</p>
31	Vishakhapatnam Port Trust	<p>(i) Balance Sheet Current Liabilities and Provisions Provident, Pension & Gratuity Funds: ₹ 23.29 crore</p> <p>As per the Actuarial Valuation Report submitted by LIC, the requirement of funds to meet the future obligations of Pension and Gratuity as on 31 March 2021 is ₹ 5,660.92 crore. However, Vishakhapatnam Port Trust apportioned an amount of ₹ 4,807.64 crore to meet the above obligations till 31 March 2021 and invested the amount in Pension Fund Trust and Gratuity Fund Trust. This resulted in short fall of ₹ 853.28 crore towards investment in Pension Fund Trust and Gratuity Fund Trust as on 31 March 2021. This resulted in understatement of Current Liabilities and Provisions and overstatement of profit by ₹ 853.28 crore.</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>(ii) Application of Funds Fixed Capital Assets (Gross Block) (Schedule 2.1): ₹ 2702.50 crore</p> <p>The above was overstated by ₹ 4.87 crore due to adoption of life norm of two assets⁹⁵ aggregating to ₹ 12.59 crore between 0 and 75 years instead of 40 years. This also resulted in understatement of Prior period expenses by ₹ 4.72 crore and Depreciation by ₹ 0.15 crore. Consequently, Profit before tax was overstated by ₹ 4.87 crore.</p> <p>(iii) Current Assets, Loans and Advances Sundry Debtors: ₹ 364.16 crore</p> <p>(a) Provision towards doubtful debts made till March 2014 was ₹ 7.31 crore. Subsequently, despite giving assurances year after year, Vishakhapatnam Port Trust had not made further provision towards doubtful dues. Out of gross Sundry Debtors of ₹ 371.47 crore as at 31 March 2021, amount outstanding for more than five years was ₹ 127.81 crore (34.41 per cent). Similar comment was included in the Separate Audit Report for the year 2019-20. However, no corrective action was taken in the year 2020-21.</p> <p>(b) Estate Rentals receivable from M/s. Vizag Sea Port Pvt. Ltd. (₹ 8.45 crore) and M/s Visakha Container Terminal Pvt Ltd. (₹ 13.09 crore) for the years 2019-20 and 2020-21 amounting to ₹ 21.54 crore were not included in the books of accounts for the year ended 2020-21. On being pointed out by Audit, during the recast of accounts, Vishakhapatnam Port Trust recognised estate rentals receivable only for ₹ 5.44 crore instead of ₹ 21.54 crore. This has resulted in understatement of Sundry Debtors by ₹ 16.10 crore and income from Estate Rentals as well as Profit before tax by ₹ 16.10 crore.</p>
32	V.O. Chidambaranar Port Trust	<p>(i) Balance Sheet Current Assets, Loans & Advances Current Assets-Sundry debtors Government: ₹ 47.16 crore</p> <p>The above head includes an amount of ₹ 9.56 crore being amount due from Tamil Nadu Warehousing Corporation Ltd on account of lease rent, penalty receivable on Minimum Guaranteed Traffic, electricity and water charges which was accounted during the period 2013-14 to 2019-20. Tamil Nadu Warehousing Corporation Ltd had surrendered the godowns in March 2015 and disputed the claims of V.O. Chidambaranar Port Trust since then.</p>

⁹⁵ i) Land based works at Lova garden and ii) General works at Lova garden.

Sl. No.	Name of CAB	Comment on accounts
		Reference is invited to Port's Accounting Policy on revenue recognition (4.ix) which states that "wherever the claim is disputed for payment and pending as on Balance Sheet date the same is being recognised on receipt basis." The above recognition of the claims receivables is against the above stated accounting policy of the Port. Consequently, the Sundry Debtors and Surplus for the year is overstated by ₹ 9.56 crore.
IX. Ministry of Power		
33	Bureau of Energy Efficiency	<p>(i) Balance Sheet Schedule 1B others – PRGFEE & VCFEE Fund: ₹ 17,232.76 lakh</p> <p>Schedule 1B includes Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE) and Venture Capital Fund for Energy Efficiency (VCFEE). As on 31.03.2021, PRGFEE Fund was ₹ 12,110.97 lakh whereas VCFEE Fund stood at ₹ 5,121.79 lakh.</p> <p>Ministry of Power decided (March 2021) to short-close the schemes and return the fund to the Ministry of Power along with interest thereon. Accordingly, both the funds should have been shown under Current Liabilities. However, Bureau of Energy Efficiency has shown the above funds in Schedule-1B and has also not given any disclosure in its Notes on Accounts regarding the fact that these schemes have been short-closed and these funds are to be returned to the Ministry of Power.</p> <p>This has resulted in overstatement of 'Others - PRGFEE & VCFEE Fund' (Schedule-1B) and understatement of 'Current Liabilities' (Schedule-7) by an amount of ₹ 17,232.76 lakh each apart from deficiency in the Notes on Accounts to that extent.</p> <p>(ii) Earmarked Funds (Schedule-3): ₹ 8,563.64 lakh</p> <p>(a) Bureau of Energy Efficiency has booked an amount of ₹ 97.35 lakh under Standards & Labelling scheme in respect of Electric Vehicle Charging Infrastructure which is not related to Standards & Labelling scheme. This should have been accounted for as under:</p> <ul style="list-style-type: none"> • an amount of ₹ 32.45 lakh as Prior Period expense, as it pertains to the period from November 2019 to March 2020 • ₹ 64.90 lakh as current year expense, as it pertains to the period from April 2020 to January 2021 and • ₹ 12.98 lakh as a liability, being in respect of unpaid amount for February and March 2021. <p>Thus, it has resulted into understatement of 'Earmarked/Endowment Funds' (Schedule-3) by an amount of</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>₹ 97.35 lakh, 'Other Administrative Expenses, etc.' (Prior Period) by ₹ 32.45 lakh, 'Other Administrative Expenses' (Schedule-21) by ₹ 77.88 lakh and 'Current Liabilities and Provisions' (Schedule-7) by ₹ 12.98 lakh. Further, there is overstatement of 'Excess of income over Expenditure' by an amount of ₹ 110.33 lakh.</p> <p>(b) Bureau of Energy Efficiency along with Power System Operation Corporation Limited has been authorised by MoP to facilitate trading of E-Certs which are issued to eligible consumers upon achieving energy savings beyond specified targets. The necessary infrastructure viz., software, portal, etc., is being maintained by Bureau of Energy Efficiency/Power System Operation Corporation Limited and a fee of ₹ 5 per E-Certs issued is levied/collected and distributed equally between Bureau of Energy Efficiency and Power System Operation Corporation Limited along with one-time registration fee required for trading of E-Certs.</p> <p>Bureau of Energy Efficiency has been booking expenditure on creation/maintenance of portal, etc. for E-Certs in National Mission for Enhanced Energy Efficiency whereas income has been booked separately under 'Corpus/Capital Fund' instead of booking the same under 'Earmarked/Endowment Funds' under National Mission for Enhanced Energy Efficiency.</p> <p>This has resulted in overstatement of 'Corpus/Capital Fund' and understatement of 'Earmarked/Endowment Funds' by an amount of ₹ 67 lakh."</p> <p>(iii) Investments from Earmarked/Endowment Funds (Sch.9): ₹ 64,298.48 lakh</p> <p>As per Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules 2007 (notification issued by the Ministry of Power dated 28 February 2007), amount held as 'Bank Balances against earmarked/endowment funds' should be separately disclosed in Schedule 11- Current Assets, Loans, Advances, etc.</p> <p>However, Bureau of Energy Efficiency, under 'Investment from Earmarked/Endowment Fund' (Schedule-9) has included an amount of ₹ 59,298.48 lakh (excluding ₹ 5,000 lakh in respect of NTPC Bonds) on account of augmented Corpus Fund of National Mission for Enhanced Energy Efficiency, Partial Risk Guarantee Fund for Energy Efficiency, Venture Capital Fund for Energy Efficiency and Standards & Labelling Fee which are held under FDR/Savings & Sweep Account. The same should have been shown under 'Bank Accounts with</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>Scheduled Bank' held against earmarked funds in Schedule-11 in line with the above-mentioned rules.</p> <p>This has resulted in overstatement of 'Investments from Earmarked Funds' (Schedule-9) by ₹ 59,298.48 lakh and understatement of Bank Balances with Scheduled Banks held against earmarked funds under 'Current Assets, Loans, Advances, etc.' (Schedule-11) by the same amount.</p> <p>This issue was also raised in Separate Audit Reports for the year 2018-19 and 2019-20 and Bureau of Energy Efficiency had assured to take corrective action thereon. However, no correction has been done by Bureau of Energy Efficiency in its Annual Accounts for the year 2020-21.</p>
34	<p>Central Electricity Regulatory Commission</p>	<p>(i) Balance Sheet Corpus/Capital Fund and Liabilities CERC Fund (Schedule-2): ₹ 73,869.45 lakh Income and Expenditure Account Income from Fee (Schedule-13): ₹ 14,089.56 lakh Interest Income (Schedule-14): ₹ 475.90 lakh</p> <p>Central Electricity Regulatory Commission has adopted revised fund operation and accounting procedure without obtaining due approval from CAG/Controller General of Accounts. The issue was raised through Management Letters issued to Central Electricity Regulatory Commission for the financial years 2017-18 and 2018-19 and also highlighted in Separate Audit Report for the year 2019-20.</p> <p>Further, accounting of incomes through Grants, Fees and interests is not in line with Central Electricity Regulatory Commission Fund (Constitution and the manner of application of the Fund) Rules, 2007 and Section 98 and 99 of the Electricity Act, 2003, which stipulate that all the fees and other sums received by Central Electricity Regulatory Commission are required to be deposited in Central Electricity Regulatory Commission Fund. Accordingly, all the fees and sums received by Central Electricity Regulatory Commission during the year 2020-21 amounting to ₹ 14,565.46 lakh⁹⁶ should have been added to Central Electricity Regulatory Commission Fund instead of treating the same as income and booking under 'Income from Fee' and 'Interest Income' in its Income and Expenditure Account.</p> <p>Central Electricity Regulatory Commission has still not received approval of the revised procedure adopted by it thereby consistently violating the provisions of Electricity Act and Central Electricity Regulatory Commission Fund</p>

⁹⁶ Filing Fee/Tariff Fee of ₹8708.44 lakh + Licence Fee of ₹5240.57 lakh + Annual Registration Fee of ₹58 lakh + Miscellaneous Fee of ₹82.55 lakh + Interest Income of ₹475.90 lakh

Sl. No.	Name of CAB	Comment on accounts
		<p>(Constitution and the manner of application of the Fund) Rules, 2007.</p> <p>(ii) Current Liabilities & Provisions (Schedule-3) Provisions: ₹ 384.99 lakh</p> <p>Central Electricity Regulatory Commission paid an amount of ₹ 445.22 lakh to NDMC for the period upto March 2021 against its bill amounting to ₹ 517.56 lakh (including penal interest of ₹ 72.34 lakh) and no provision was created for the unpaid interest of ₹ 72.34 lakh for which Central Electricity Regulatory Commission has not received any waiver thereof from NDMC till date.</p> <p>Therefore, 'Current Liabilities and Provisions' (Schedule-3) as well 'Other Administrative Expenses' (Schedule-19) is understated by an amount of ₹ 72.34 lakh each.</p> <p>(iii) Assets - Fixed Assets (Schedule-4 & 4A): ₹ 172.90 lakh Expenditure - Depreciation (Schedule-4 & 4A): ₹ 70.74 lakh</p> <p>Accounting Policy No. 4 on 'Amortisation of Intangible Assets' stipulated that "<i>Software is amortised over a period of 5 (five) years or life of the software, which is lower</i>". It is observed that software, being independent licences of MS Office-2019 and Windows Server with 5 years' support are capable of being used in other PCs or servers. However, Central Electricity Regulatory Commission has considered the useful life of all software added during the year as 3 years instead of 5 years without conducting technical assessment and proper justification. This has resulted into overstatement of depreciation on such assets, and understatement of 'Fixed Assets' (Schedule-4 & 4A) by ₹ 7.52 lakh each, apart from non-compliance of the stated accounting policy.</p> <p>(iv) Grants-in-Aid Capital Fund (Schedule-1): ₹ 107.99 lakh CERC Fund (Schedule-2): ₹ 73,869.45 lakh Capital Work-in-Progress (Others) (Schedule-5): ₹ 5,830.40 lakh</p> <p>Ministry of Power approved Grants amounting to ₹ 22,000 lakh (Grants-in-Aid Salary ₹ 2,000 lakh plus Grant-in-Aid General ₹ 5,000 lakh plus Grant for creation of Capital Assets of ₹ 15,000 lakh for acquiring immovable property) to be released from Central Electricity Regulatory Commission Fund for the year 2020-21. Out of these grants, Central Electricity Regulatory Commission utilised an amount of ₹ 10,871.99 lakh in the year 2020-21. Balance amounts of revenue grant and capital fund were booked under Central Electricity Regulatory</p>

Sl. No.	Name of CAB	Comment on accounts
		Commission fund whereas it should have depicted in Grants from Ministry of Power (Balance grant for revenue expenditure) and Capital Fund (Balance capital grant). This has resulted in understatement of Grants from Ministry of Power (Schedule-12) by ₹ 1,956.52 lakh as well as Capital Fund (Schedule-1) by ₹ 9,171.49 lakh and overstatement of CERC Fund (Schedule-2) by ₹ 11,128.01 lakh.
X. Ministry of Textiles		
35	Central Silk Board	<p>(i) Balance Sheet Corpus Fund (Schedule 1): ₹ 45,547.47 lakh The above is understated by ₹ 867.21 lakhs due to incorrect adoption of previous closing balance as ₹ 44,119.16 lakh instead of ₹ 44,986.37 lakh. This has resulted in incorrect depiction of the financial statements of the Central Silk Board for the year 2020-21. As per Uniform format of accounts of Central Autonomous Bodies, “Corpus /Capital Fund is akin to Capital, Share Capital or Owners Funds. It comprises amounts received by way of contributions specifically to the Corpus, as increased/decreased by the net operating results shown in the Income and Expenditure Account”. The adjustments made by the Board during the current year are neither specific contributions to the corpus fund nor arising out of operating results shown in Income and Expenditure Account. This has resulted in non-adherence to Uniform format of accounts. Balances certified in previous year’s financial statements are to be carried forward in the current year financial statements. Not doing so has affected the true and fair view of the accounts presented.</p> <p>(ii) Assets Fixed Assets (Schedule 8) ₹ 30,751.04 lakh During the year, the Board has made a total deduction of ₹ 373.39 lakh from Capital Work in Progress (CWIP). Out of this, ₹ 193.18 lakh was shown as additions to fixed assets. For the remaining amount of ₹ 180.21 lakh, no adjustment entry was passed during the year. This has resulted in understatement of Fixed Assets by ₹ 180.21 lakh due to non-accounting of decrease in Capital WIP as additions to the fixed assets during the year.</p> <p>(iii) Current Assets, Loans, Advances, etc: (Schedule 11) Loans, Advances and Other Assets Advances and Other amounts recoverable in cash or in kind or for Value to be received Other Miscellaneous Deposits ₹ 1,302.25 lakh The above includes ₹ 662.85 lakh being the loan and interest thereon extended to reelers as part of Multiend Reeling Machinery Package (principal ₹ 389.76 lakh and interest ₹ 273.09 lakh) since 2000-01. As the collection was not</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>adequate, with an intention to help the reelers, it was decided in the 128th and 134th meetings of the Board that the concerned State Governments will refund 50 <i>per cent</i> of the outstanding loan and the Board will waive off the 50 <i>per cent</i> of loan and accrued interest with the approval of Ministry of Textiles. As there is no certainty of cash flows for the Central Silk Board and in view of the decision taken by Central Silk Board to waive off 50 <i>per cent</i> of the loan, provision should have been made towards the share of Central Silk Board amounting to ₹ 467.97 lakh (50 <i>per cent</i> of Principal which works out to ₹ 194.88 lakh + entire interest ₹ 273.09 lakh). However, no provision was made towards the same. Non-provisioning has resulted in overstatement of Other Miscellaneous Deposits-Current Assets, Loans, Advances (Schedule 11), understatement of expenses and overstatement of Excess of Income over Expenditure by ₹ 467.97 lakh.</p>
		<p>(iv) Income and Expenditure Account Income from Sales/Services (Schedule 12): ₹ 2,665.65 lakh</p> <p>The above is understated by ₹ 470.01 lakh due to incorrect adoption of the sales under National Silkworm Seed Organisation Bangalore Working Capital (Annexure XIV) as ₹ 2,558.23 lakh instead of ₹ 3,028.24 lakh. This has resulted in understatement of Excess of income over expenditure by ₹ 470.01 lakh. Further, this has also resulted in non-confirmation of the financial statements with the ledger balances.</p>
		<p>(v) Expenditure Other Administrative Expenses (Schedule 21) ₹ 5,562.27 lakh</p> <p>During the year, Central Silk Board has disposed off assets of Gross value ₹ 438.03 lakh having accumulated depreciation of ₹ 213.31 lakh. The sale proceeds of these assets were ₹ 19.10 lakh. However, Central Silk Board has accounted for the resultant loss of ₹ 205.62 lakh in the Capital Fund instead of recognising it in the Income and Expenditure Account. This has resulted in understatement of Expenditure and overstatement of Excess of income over expenditure by ₹ 205.62 lakh. Further, this has resulted in non-compliance with the generally accepted accounting principles and the provisions of Uniform Format of Accounts.</p>
		<p>(vi) General</p> <p>(a) Central Silk Board has several units across the country where accounting transactions are recorded. Receipts and Payments accounts maintained at Units are the basis for preparation of accounts. Central Silk Board doesn't have an integrated accounting system whereby the Consolidated</p>

Sl. No.	Name of CAB	Comment on accounts
		<p>General Ledger for the entire Organisation is prepared and, therefore, no Consolidated Trial Balance is prepared. The accounts are consolidated based on the data prepared in the form of annexures instead of routing through journal entries as per double entry system. The accounts reflect balances which are not part of the books of accounts and, therefore, are not in conformity with the principles of book-keeping.</p> <p>(b) The Sundry Debtors, bank balances, loans and advances and other assets, balances of advances received for supplies, Expenditure on Grants, Subsidies, etc., disclosed in the accounts for the year 2020-21 are subject to confirmation. The Board has 141 bank accounts of which Management submitted confirmation of balances for only 19 accounts.</p> <p>(c) During the year, the Board has credited an amount of ₹ 20.31 crore to Corpus/Capital Fund (Account code A021) by giving debit to Adjustment to Capital Fund (Account code A581) without any narration. However, the said journal entry was not effected in the Annual Accounts. Thus, the financial statements are not in conformity with the accounting records and there is no faithful representation of the transactions in the financial statements.</p>
36	National Institute of Fashion Technology, New Delhi	<p>(i) Balance Sheet Liabilities Current Liabilities and Provisions (Schedule 7): ₹ 275.24 crore</p> <p>The above does not include ₹ 5.67 crore being lease rent payable by Raebareli Campus to ITI Limited for the financial year 2019-20 and 2020-21. The lease agreement entered into with ITI Limited had expired on 14 November 2018 and efforts of National Institute of Fashion Technology to get the land transferred from ITI Limited have not yet materialised. In the meantime, ITI Limited demanded lease rent on provisional basis as per the last agreement. Though National Institute of Fashion Technology had created provision for the period 15 November 2018 to 31 March 2019, no provision has been created for the year 2019-20 and 2020-21.</p> <p>Non-provision of lease rent has resulted in understatement of Current Liabilities and Provisions by ₹ 5.67 crore⁹⁷ and overstatement of Surplus to that extent.</p> <p>Despite being pointed in the Separate Audit Report issued on the Accounts of National Institute of Fashion Technology for the year 2019-20, no corrective action has been taken by the Institute.</p>

⁹⁷ ₹ 6.87 crore less ₹ 0.95 crore, being provision already made for the period 15 November 2018 to 31 March 2019 less ₹ 0.25 crore, being rent paid for the month of April 2021

Sl. No.	Name of CAB	Comment on accounts
		<p>(ii) Income & Expenditure Account Deferred Revenue Income: ₹ 20.01 crore Prior Period Income: ₹ 4.36 crore</p> <p>The above includes ₹ 19.85 crore (₹ 20.01 crore during current year and (-)₹ 0.16 crore on account of prior period) being deferred depreciation/deferred Revenue income booked in Income & Expenditure account due to implementation of Accounting Standard (AS)-12 - Accounting of Government Grants. National Institute of Fashion Technology capitalised the Government Grant to the tune of ₹ 794.40 crore (net of deferred depreciation), however, the corresponding Net Assets created out of Government Grants has been shown at ₹ 766.46 crore which has resulted in a difference of ₹ 27.94 crore.</p> <p>Despite being pointed out in the Separate Audit Reports on the accounts for the years 2017-18, 2018-19 and 2019-20, National Institute of Fashion Technology has not yet reconciled the difference.</p>
37	National Jute Board, Kolkata	<p>(i) One employee of National Jute Board (LIC Id 31) was compulsorily retired from service on 05.10.2018. Gratuity of ₹ 5,61,192 and Leave encashment of ₹ 4,40,360 was paid to him in November 2018. Later on he was re-instated (July 2019) in service. National Jute Board paid (June 2020) premium to LIC for his Gratuity and Leave encashment subsequent to his re-instatement. Still National Jute Board shows ₹ 10,01,552 as recoverable from LIC for Gratuity and Leave encashment for the employee. It was estimated that ₹ 7,94,399 is payable to that employee for his arrear pay and others. Thus, net ₹ 2,07,153 (₹ 5,61,192 + ₹ 4,40,360 - ₹ 7,94,399) stands recoverable from the employee (as on 31.01.2021).</p> <p>Thus, Recoverable from LIC has been overstated by ₹ 10,01,552; Loans & Advance to Staff has been understated by ₹ 2,07,153 and Balance being Excess of Income Over Expenditure has been overstated by ₹ 7,94,399.</p> <p>(ii) National Centre for Jute Diversification (NCJD) released interest free Loan to different parties under Jute Entrepreneurs Assistance Scheme (JEAS) of which an amount of ₹ 2.16 crore could not be recovered from 15 parties by National Jute Board, Kolkata till 31st March 2021. Scrutiny of records revealed that National Jute Board filed court cases against 8 out of 15 parties. The remaining 7 parties have been defaulting since 2006-07. The chance of recovery is very remote. So, a Provision amounting to ₹ 0.72 crore was to be raised for Bad and Doubtful Debts.</p> <p>Non-provision of the same resulted in under-statement of Provision as well as overstatement of Loans, Advances and</p>

Sl. No.	Name of CAB	Comment on accounts																
		<p>other Asset and Balance being Excess of Income Over Expenditure by ₹ 0.72 crore.</p> <p>(iii) An amount of ₹ 54,70,595 has been shown under the head “On Account Advance/Recoverable” from the following parties:</p> <table border="1" data-bbox="576 488 1382 837"> <thead> <tr> <th data-bbox="576 488 1134 533">Name of the Parties</th> <th data-bbox="1134 488 1382 533">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 533 1134 577">Indian Jute Mills Association (IJMA)</td> <td data-bbox="1134 533 1382 577">2,31,251</td> </tr> <tr> <td data-bbox="576 577 1134 622">O/o the Textile Commissioner</td> <td data-bbox="1134 577 1382 622">1,67,455</td> </tr> <tr> <td data-bbox="576 622 1134 667">JPDEPC BSM USA</td> <td data-bbox="1134 622 1382 667">11,44,901</td> </tr> <tr> <td data-bbox="576 667 1134 712">ESIC</td> <td data-bbox="1134 667 1382 712">1,75,924</td> </tr> <tr> <td data-bbox="576 712 1134 757">CPWD</td> <td data-bbox="1134 712 1382 757">1,61,294</td> </tr> <tr> <td data-bbox="576 757 1134 801">Noida land extension advance</td> <td data-bbox="1134 757 1382 801">35,90,400</td> </tr> <tr> <td data-bbox="576 801 1134 837">Total</td> <td data-bbox="1134 801 1382 837">54,70,595</td> </tr> </tbody> </table> <p>Since those remain recoverable since long, suitable provision was to be raised for full amount. Non-provision of the same has resulted in overstatement of the head “Current Assets, Loans and Advances, etc.” as well as overstatement of Income over expenditure and under-statement of Provision for Advance Recoverable, all by ₹ 54,70,595.</p> <p>(iv) The National Jute Board, Kolkata received an order issued by Ministry of Textiles vide no. F/12/2020 Jute section dated 23rd September 2020 regarding approval of increase in cost of Patsan Bhawan project. In terms of the aforementioned approval, the cost increase by ₹ 13.37 crores would consist of ₹ 7.32 crore towards Furniture, Fixtures & Interiors and ₹ 6.05 crore towards GST/ST of the Patsan Bhawan Project. Out of ₹ 7.32 crore approved for Furniture, Fixture & Interiors, the amount of ₹ 4.12 crore was already available with National Jute Board from previous sanctioned funds for the Patsan Bhawan project. However, a payment of ₹ 2.25 crore was made to NBCC for the job of Furniture, Fixture & Interiors. Though the payment had been stated in the Note on Accounts as an Advance to NBCC, National Jute Board showed it as expense in the accounts; and excluded it from Capital Fund Patsan Bhawan, an Earmarked/Endowment fund.</p> <p>This has resulted in understatement of both Capital Fund Patsan Bhawan and advance under Current Assets, Loans, Advances, etc.by ₹ 2.25 crore.</p> <p>(v) National Jute Board had paid ₹ 72.22 crore to NBCC for construction of the Patsan Bhawan at Rajarhat up to 31 March 2021. Out of this, ₹ 11.30 crore was paid after 1 October 2018. As per Section 51 and Section 12(1) & (3) of the CGST and SGST Act read with Notification No. 50/2018 dated 13 September 2018, provision was made for deduction of TDS</p>	Name of the Parties	Amount (₹)	Indian Jute Mills Association (IJMA)	2,31,251	O/o the Textile Commissioner	1,67,455	JPDEPC BSM USA	11,44,901	ESIC	1,75,924	CPWD	1,61,294	Noida land extension advance	35,90,400	Total	54,70,595
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Total	54,70,595																	

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Sl. No.	Name of CAB	Comment on accounts
		<p>from 1 October 2018 by Government organisations including an Authority or a Board or any other body set up by an Act of Parliament or a State Legislature. National Jute Board was liable to deposit ₹ 22.60 lakh as TDS towards GST.</p> <p>The above resulted into understatement of Current Liabilities to the extent of ₹ 22.60 lakh with corresponding overstatement in Jute Board Fund Account.</p>

**Annexure-VII
(Referred to in Para 1.8)**

**Central Autonomous Bodies where Internal Audit was not conducted during the
year 2020-21**

Sl. No.	Name of Autonomous Body
I. Ministry of Civil Aviation	
1.	Airports Economic Regulatory Authority of India, New Delhi
II. Ministry of Commerce and Industry	
2.	Agricultural and Processed Food Products Exports Development Authority
3.	Coffee Board, Bengaluru
4.	Marine Products Export Development Authority, Kochi <i>(Internal Audit was not conducted for 17 offices out of 23 offices)</i>
5.	National Institute of Design, Madhya Pradesh
6.	Rubber Board, Kottayam
7.	Spices Board, Kochi <i>(Internal Audit was not conducted for 74 offices out of 84 offices including Head office of the Board)</i>
8.	Tobacco Board, Guntur <i>(Internal Audit was done only partially due to Covid-19)</i>
III. Ministry of Micro, Small & Medium Enterprises	
9.	Coir Board, Kochi <i>(Internal Audit was not conducted for 40 units of the Board)</i>
IV. Ministry of Petroleum and Natural Gas	
10.	Petroleum and Natural Gas Regulatory Board, New Delhi
V. Ministry of Ports, Shipping and Waterways	
11.	V.O. Chidambaranar Port Trust, Tuticorin
VI. Ministry of Power	
12.	Bureau of Energy Efficiency, New Delhi
13.	Central Electricity Regulatory Commission, New Delhi
14.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories), New Delhi
VII. Ministry of Textiles	
15.	Central Silk Board, Bengaluru

**Annexure-VIII
(Referred to in Para 1.8)**

Central Autonomous Bodies where physical verification of fixed assets was not conducted during the year 2020-21

Sl. No.	Name of Autonomous Body
I. Ministry of Civil Aviation	
1.	Rajiv Gandhi National Aviation University, Rae Bareli
II. Ministry of Commerce and Industry	
2.	Export Inspection Council and Export Inspection Agencies at Chennai, Kochi and Mumbai
3.	National Institute of Design, Ahmedabad
4.	Rubber Board, Kottayam
5.	Spices Board, Kochi
6.	Tobacco Board, Guntur
III. Ministry of Ports, Shipping and Waterways	
7.	Jawaharlal Nehru Port Trust, Mumbai <i>(Physical verification was not conducted in three Departments)</i>
8.	Mumbai Port Trust, Mumbai
9.	New Mangalore Port Trust, Mangalore
10.	Paradip Port Trust, Paradip
11.	Syama Prasad Mookerjee Port, Kolkata
IV. Ministry of Textiles	
12.	Central Silk Board, Bengaluru

Annexure-IX
(Referred to in Para 1.8)

Central Autonomous Bodies where physical verification of inventories was not conducted during the year 2020-21

Sl. No.	Name of Autonomous Body
I. Ministry of Commerce and Industry	
1.	Rubber Board, Kottayam
2.	Spices Board, Kochi
II. Ministry of Ports, Shipping and Waterways	
3.	Chennai Port Trust <i>(Physical verification was not conducted in some units)</i>
4.	Mumbai Port Trust, Mumbai <i>(Physical verification report not furnished to Audit)</i>
5.	Paradip Port Trust, Paradip
6.	Syama Prasad Mookerjee Port, Kolkata

Annexure-X
(Referred to in Para 1.8)

Central Autonomous Bodies which have not accounted for gratuity and other retirement benefits on the basis of actuarial valuation

Sl. No.	Name of Autonomous Body
I. Ministry of Commerce and Industry	
1.	Coffee Board, Bengaluru
2.	Export Inspection Council and Export Inspection Agencies at Kolkata and Mumbai
3.	Marine Products Export Development Authority, Kochi
4.	Spices Board, Kochi
II. Ministry of Micro, Small and Medium Enterprises	
5.	Khadi and Village Industries Commission, Mumbai
III. Ministry of Petroleum and Natural Gas	
6.	Petroleum and Natural Gas Regulatory Board, New Delhi
IV. Ministry of Ports, Shipping and Waterways	
7.	Cochin Port Trust, Cochin
8.	Deendayal Port Trust, Mumbai
9.	Jawaharlal Nehru Port Trust, Mumbai
10.	Mumbai Port Trust, Mumbai
11.	Mumbai Port Trust Pension Fund, Mumbai
12.	Syama Prasad Mookerjee Port, Kolkata
13.	Visakhapatnam Port Trust, Visakhapatnam
V. Ministry of Power	
14.	National Power Training Institute, Faridabad

Note: The above list also includes the Autonomous Bodies which have provided for a lesser liability as compared to the liability determined on actuarial valuation

Annexure-XI
(Referred to in Para 1.8)

**Central Autonomous Bodies that revised their accounts for the year 2020-21
as a result of audit**

Sl. No.	Name of Autonomous Body
I. Ministry of Commerce and Industry	
1.	Coffee Board, Bengaluru
II. Department of Financial Services	
2.	Insurance Regulatory and Development Authority of India, Hyderabad
III. Ministry of Ports, Shipping and Waterways	
3.	Visakhapatnam Port Trust, Visakhapatnam
4.	V.O. Chidambaranar Port Trust, Tuticorin
IV. Ministry of Textiles	
5.	Central Silk Board, Bengaluru

Annexure-XII
(Referred to in Para 1.9)

Position of Outstanding Action Taken Notes as on March 2022

Sl. No.	Name of the Ministry/Department	Report for the year ended	Outstanding ATNs status	
			ATNs Not received even once	Under process at different stages
1.	Commerce and Industry	Report No. 4 of 2018 for the year ended March 2017	0	1
		Report No. 16 of 2021 for the year ended March 2020	0	1
		Report No. 18 of 2015 for the year ended March 2014	0	1
2.	Corporate Affairs	Report No. 3 of 2020 for the year ended March 2018	0	1
		Report No. 16 of 2021 for the year ended March 2020	1	0
3.	Housing & Urban Affairs	Report No. 3 of 2020 for the year ended March 2018	1	8
		Report No. 10 of 2020 for the year ended March 2019	0	1
		Report No. 17 of 2021 for the year ended March 2020	1	0
		Report No. 16 of 2021 for the year ended March 2020	4	0
4.	Micro Small & Medium Enterprises	Report No. 10 of 2020 for the year ended March 2019	0	1
		Report No. 16 of 2021 for the year ended March 2020	2	0
5.	Petroleum and Natural Gas	Report No. 11 of 2016 for the year ended March 2015	0	1
		Report No. 10 of 2020 for the year ended March 2019	0	2
6.	Power	Report No. 3 of 2020 for the year ended March 2018	0	1
		Report No. 16 of 2021 for the year ended March 2020	1	0
7.	Road Transport & Highways	Report No. 3 of 2020 for the year ended March 2018	1	0
8.	Ports, Shipping & Waterways	Report No. 3 of 2020 for the year ended March 2018	0	5

Sl. No.	Name of the Ministry/Department	Report for the year ended	Outstanding ATNs status	
			ATNs Not received even once	Under process at different stages
		Report No. 10 of 2020 for the year ended March 2019	0	4
		Report No. 16 of 2021 for the year ended March 2020	0	3
9.	Textiles	Report No. 10 of 2020 for the year ended March 2019	0	1
10.	Tourism	Report No. 3 of 2020 for the year ended March 2018	0	1
		Report No. 10 of 2020 for the year ended March 2019	0	1
		Report No. 16 of 2021 for the year ended March 2020	2	0
			13	33

Annexure-XIII
(Referred to in para 4.3)

(Amount in ₹)

S. No.	Name of the Division and number of employees in brackets	Employee Contribution	GoI Contribution	Total contribution	Amount returned by NSDL and deposited in GPF	Actual amount which was to be deposited in GPF account of the employee	Excess amount deposited in GPF account of employee	Amount recovered
1.	ED-16, Vidyut Bhawan	1,15,283	1,15,283	2,30,566	3,40,548	1,40,027	2,00,521	2,00,521
2.	(3)	1,15,283	1,15,283	2,30,566	3,40,548	1,40,027	2,00,521	2,00,521
3.		1,17,542	1,17,542	2,35,084	3,41,890	1,43,100	1,98,790	1,98,790
4.	Parliament Annexe	1,15,990	1,15,990	2,31,980	3,31,522	1,41,523	1,89,999	1,89,999
5.	Elect. Works Div., 36	1,16,001	1,16,001	2,32,002	3,31,562	1,41,539	1,90,023	1,90,023
6.	GRG Road (3)	1,15,762	1,15,762	2,31,524	3,31,562	1,41,184	1,90,378	1,90,378
7.	Parliament Library Elect. Works Div. (1)	1,87,475	1,87,475	3,74,950	5,55,370	2,39,972	3,15,398	3,15,398
8.	Hindon Central Electrical Division, Ghaziabad (1)	1,12,937	1,12,937	2,25,874	3,40,703	1,36,996	2,03,707	2,47,821*
9.	Parliament House Civil Works Div., 36 GRG Road (1)	1,10,790	1,10,790	2,21,580	3,38,566	1,34,818	2,03,748	2,28,821*
	Total				32,52,271	13,59,186	18,93,085	19,62,272

* including penal interest

Annexure-XIV
(Referred to in Para 4.4.1)
Type wise number of quarters maintained by CPWD

Types	I	II	III	IV	IV Spl.	V	VA	VB	VI	VIA	VIB	VII	VIII	Other ⁹⁸	Total
Pan India															
GPRA⁹⁹	24147	37972	21707	8362	1201	1214	1470	832	251	522	105	184	172	3592	101731
Non-GPRA¹⁰⁰	11400	17363	14910	4409	62	1078	554	111	320	109	202	101	13	2230	52862
Total															154593
Delhi Region															
GPRA	16625	24548	12892	5768	1086	362	1291	813	55	496	96	184	171	1630	66017
Non-GPRA	752	1203	797	319	-	49	383	84	12	82	202	95	13	217	4208
Total															70225

⁹⁸ Hostel/Guest House, Single Suite, Double Suite, A-Type, BC-Type, C-Type, SK/Service centre and shop

⁹⁹ General Pool Residential Accommodation (GPRA) means Central Government residential accommodations under the administrative control of the Directorate of Estates in Delhi and at 39 stations outside Delhi like Kolkata, Mumbai, Chennai, Chandigarh, etc.

¹⁰⁰ Non- General Pool Residential Accommodation means those quarters which are not under administrative control of Directorate of Estates and maintained by CPWD on the request of the client department e.g., NCERT quarters, JNU campus quarters, etc.

**Annexure-XV
(Referred to in Para 4.4.2)**

**Statement of Budget Estimates, Revised Estimates and Actual Expenditure under head Revenue (2216) and Capital (4216)
for the period 2017-18 to 2019-20**

(₹ in Lakh)

S. No	Division	2017-2018						2018-2019						2019-2020					
		Revenue (2216)			Capital (4216)			Revenue (2216)			Capital (4216)			Revenue (2216)			Capital (4216)		
		BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.
1	B	2039.07	4610.10	1950.70	2650.00	2650.00	1269.35	2768.01	2397.01	1296.7	2650.00	1500.00	1750.11	3410.20	3730.00	3179.00	4000.00	3000.00	1949.58
2	E	325.00	370.00	201.00	650.00	850.00	895.55	400.00	400.00	411.00	900.00	850.00	1001.39	500.00	900.00	640.00	700.00	1400.00	1525.00
3	I	2211.00	2211.00	1557.30	2200.00	2200.00	1420.00	2330.00	2330.00	2469.00	2700.00	2700.00	1306.41	8485.00	8485.00	3427.00	4000.00	4000.00	2310.00
4	L	500.00	550.00	306.70	1133.00	1058.00	1904.63	470.00	550.00	474.67	1133.00	1058.00	1086.52	1700.00	1700.00	917.89	1700.00	1700.00	441.95
5	M	1132.62	1285.38	1124.44	1570.00	3650.52	1572.12	760.00	1165.00	749.38	1450.00	1440.00	1390.70	683.82	1043.70	680.17	548.00	1135.39	547.98
6	Q	963.63	-	957.85	1109.05	-	1104.28	915.56	-	904.25	1156.00	-	1024.38	900.00	-	898.09	614.13	-	613.98
7	S	1496.00	1895.00	1813.00	2980.00	2570.00	1770.00	1835.00	1835.00	1166.00	1505.00	2080.00	1493.00	2150.00	2150.00	1235.00	2522.00	2492.00	1078.00
8	U	957.86	-	942.12	198.00	-	164.17	2334.30	-	1708.25	360.00	-	298.44	2992.50	-	1016.95	125.00	-	103.39
9	V	1000.00	1000.00	929.00	800.00	825.00	810.00	550.00	675.00	526.00	475.00	475.00	431.00	500.00	500.00	474.00	400.00	400.00	388.00
10	DED-21	6.00	8.00	6.00	4.00	8.00	212.95	8.00	12.00	0.00	4.00	10.00	0.00	18.00	80.00	72.00	3.50	120.00	24.97
11	DED-302	720.82	620.00	599.99	113.13	475.15	254.98	750.00	970.00	728.66	422.78	138.97	52.22	1000.00	1814.75	544.81	73.35	191.56	115.09
12	HD-II	3868.00	2269.00	2111.53	82.00	60.00	25.42	2386.00	2325.50	2349.16	49.50	114.50	51.21	2624.60	3224.60	2340.35	126.05	454.45	90.52
	Total	15220.00	14818.48	12499.63	13489.18	14346.67	11403.45	15506.87	12659.51	12783.07	12805.28	10366.47	9885.38	24964.12	23628.05	15425.26	14812.03	14893.40	9188.46

Annexure-XVI
(Referred to in Para 4.4.3.4)

List of sample works selected for audit in 12 divisions

Name of Division	Name of work	Code assigned to work
Q Division	Annual Repair and Maintenance of 925 Type-II GPRA flats at Moti Bagh. Sub Head:-Water proofing treatment on roof during 2019-20.	Q1
	Comprehensive maintenance of various type of quarters and various colonies like Moti Bagh, Nanakpura, North West Moti Bagh, IB Colony Bapu Dham and Nivedita Kunj during 2019-20.	Q2
	Upgradation work in GPRA Vacant/Occupied quarters at Nivedita Kunj, Sector-10, R.K. Puram, New Delhi (Sub Head:- Civil upgradation of 15 Nos. Type-5B Flat, 15 Nos. Type-IV and 10 Nos. Double suit and 20 Nos. Single suits MS Apartment flats). (Electrical upgradation of 15 Nos. Type-V, 15 Nos. Type-IV and 10 Nos. Double suit and 20 Nos. Single suits MS Apartment flats) during 2018-19.	Q3
	Retrofitting of dangerous Type I Quarters at Moti Bagh, New Delhi during 2019-20	Q4
L Division	Comprehensive maintenance of Type-V & Type-VI Flats at Deen Dayal Upadhyay (DDU) Marg, Minto Road under the jurisdiction of L-Division during the year 2018-19	L1
	Comprehensive maintenance of civil operation of General Pool Residential Accommodation (GPRA) at Common Wealth Games Village, near Akshardham Temple (Service Centre No. 841) under Sub Division 2K (5L) New Delhi during 2018-19	L2
	Annual Repair & Maintenance of 140 quarters of Type-V and 104 Nos Type-VI quarters at DDU Marg and G-48 quarters at Mirdard Road, New Delhi during 2019-20 (Sub Head:- painting and repair works at the time of change of tenancy)	L3
	Balance upgradation of Type-I, II & Type-III XYZ under (Service Centre (SC) 261 + SC 262) at Aram Bagh, New Delhi during 2016-17 Sub Head (A): Civil Work- Modification of kitchen cupboard, room almirah and other miscellaneous work related to upgradation such as providing and fixing wire mesh window, safety doors and loft tank, etc. Sub Head (B): Electrical work- Upgradation of Type-I 10 Nos., Type-II 10 Nos. & Type-III 30 Nos. Quarters under Service Centre No. 261 & 262	L4
M Division	Special Repairs to various type of Quarters of Sector-5, R.K.Puram, New Delhi during 2019-20 Sub Head: Prevention from seepage in various quarters	M1
	Special Repairs to various type of Quarters at Sector-7, R.K.Puram, New Delhi during 2017-18 Sub Head: Replacement of damaged doors, windows, flooring. Plastering, Over Head Tanks, and other miscellaneous works	M2
	Upgradation works in various types of GPRA Quarters at Sector-8, R.K. Puram, New Delhi during 2018-19 (Sub Head: Upgradation of 26 Nos. Type-II and 4 Nos. Type III Quarters)	M3
	Annual Repair and Maintenance of GPRA Quarters at Sector-7, R.K. Puram, New Delhi during 2018-19 (Sub Head: Change of tenancy to various quarters and other miscellaneous works)	M4

Name of Division	Name of work	Code assigned to work
E Division	Upgradation work in Bungalow No. 5- Safdarjung lane, New Delhi during 2017-18 (Civil & Electrical Work).	E1
	Annual Repair & Maintenance of Hon'ble Minister's Bungalow under Sub Division 1/E during 2018-19 (Sub Head: Miscellaneous Civil Work) at Safdarjung Lane	E2
	Annual Repair & Maintenance of Hon'ble Minister's Bungalow during 2018-19 (Sub Head: Miscellaneous Civil Work under Sub-Division 4/E, E-Division, New Delhi).	E3
	Annual Repair & Maintenance of Hon'ble Minister's Bungalow at Teen Murti House and other building under 3/E Sub-Division during 2019-20 (SH: Miscellaneous Civil Work)	E4
S Division	Special Repair to GPRA quarters at Sector-3, R.K. Puram, New Delhi during 2019-20 (Sub Head: Miscellaneous Civil work for attending pending complaints)	S1
	Upgradation of GPRA Quarters at Sector-3, R.K. Puram, New Delhi (Sub Head: Civil and Electrical upgradation work for 20 Nos. Type-II, 15 Nos. Type III and 25 Nos. of Type –IV quarters) during 2018-19	S2
	Comprehensive Maintenance through outsourcing including day to day maintenance, Annual Repair and Maintenance of Works, Special Repair works in respect of Civil and Electrical work and operation of Electrical and Mechanical of Lok Sabha Residential Multistoried Complex at Sector-2, R.K. Puram, New Delhi during 2018-19	S3
	Annual Repair & Maintenance of various type of quarters at Sector-1, R.K. Puram, New Delhi during 2018-19 (Sub Head: Change of tenancy)	S4
B Division	Upgradation of bungalows of Hon'ble Minister & Hon'ble Dy. Minister under 3/B Sub-Division during 2017-18. (Sub Head: Upgradation work in various bungalows) at Krishna Menon Lane	B1
	Upgradation of bungalows of Hon'ble Minister & Hon'ble Dy. Minister under 4/B Sub-division for civil work & Sub-Division-IV/Electrical Division-II for electrical work during 2018-19. (Sub Head- Upgradation of civil & electrical works in various bungalows)	B2
	Annual Repair & Maintenance of bungalows of Hon'ble Minister & Hon'ble Dy. Minister under 3/B Sub-Division during 2017-18 (Sub Head- Miscellaneous civil work under Sec-I) at Krishna Menon Lane	B3
	Annual Repair & Maintenance under 4/B Sub-Division during 2018-19 (Sub Head: Miscellaneous civil works in various bungalows under Sector-II) at Krishna Menon Lane	B4
U Division	Comprehensive maintenance of Pragati Vihar Hostel, New Delhi, (Sub Head- Civil and Electrical Maintenance Work related to day to day maintenance) during 2018-21	U1
	Annual Repair & Maintenance of 135 Nos Type-III Quarters at UDAP Colony, Nehru Nagar, New Delhi. (Sub Head: Miscellaneous repair work) during 2018-20	U2
	Up-gradation of 90 Nos. Double Suites at Pragati Vihar Hostel (Sub Head: Civil & Electrical Works) during 2019-20	U3
	Up-gradation of 125 Nos. Double Suites at Pragati Vihar Hostel (Sub Head: Civil & Electrical Works) during 2017-19	U4

Name of Division	Name of work	Code assigned to work
V Division	Aesthetic improvement and structural repair of external surface of 152 flats at AGV Complex, New Delhi during 2017-18. (Sub Head: Miscellaneous work)	V1
	Annual Repair & Maintenance of residential quarters of NCERT Campus, New Delhi during 2018-19 (Sub Head: Miscellaneous civil work in Type-I to V quarters on vacation and change of tenancy)	V2
	Annual Repair & Maintenance and Special Repair work of 917 Nos. Type IV(S), Type V(B) and Transit Flats at Hudco Place Extension, New Delhi. (Sub Head: Repair and maintenance of Type IV(S), Type V(B) and Transit flats and other miscellaneous works in vacant/occupied flats during 2019-20)	V3
	Up-gradation of 514 Nos. Type-V flats at Hudco Place extension, New Delhi, during 2018-19 (Sub Head: Upgradation of 7 nos. Type-V-B flats & flooring of 32 nos. type-V-B vacant/occupied flats & electrical work in 3 nos. Type-V flats & replacement of conventional light with energy efficient LED light in common area & staircase)	V4
I Division	Annual Repair & Maintenance of bungalows of High Court Judges under 4/I Sub-Division during 2017-18. (Sub Head: Repair/renovation of toilets, kitchen, etc.) at Kushak Road	I1
	Upgradation work of various bungalows occupied by High Court Judges under 4/I Sub Division for Civil and Sub Division-II/Electrical Division-II for Electrical work during 2018-19 (Sub Head: Renovation of toilets kitchen internal and external painting and various electrical work at upcoming Delhi High Court Judges bungalows, etc. Sub Division-II/Electrical Division-II)	I2
	Comprehensive civil and electrical maintenance of bungalows under I - Division, CPWD, New Delhi through outsourcing including day to day maintenance, Annual Repair & Maintenance, Special Repair, Extra Ordinary Special Repair & Periodical works during 2018-2021	I3
	Annual Repair & Maintenance of Bungalows under I-Division, CPWD, New Delhi during 2018-19. (Sub Head : Watch & Ward in vacant bungalows)	I4
DED-302	Upgradation of residential quarters under Service Centre No. 247 & 250 at DIZ Area, New Delhi. (Sub Head: A- Installation of new cubical panel boards for Type-1 Quarters in 66 & 67 block, from quarter No. 814 to 846 and type-II Quarter from quarter No. 451 to 706 of Sec-D. B-balance work for providing TPNMCCB Boards in Type-I quarters of P. K. Road from block No. 41 to 65) during 2019	DED-302(1)
	Repair & Maintenance of pumping sets, DG sets & goods lift at DIZ area, New Delhi (Sub Head: a) Operation and Maintenance pumping sets at Arambagh, C. G. Road, Outram square and J block, DIZ area. b) Operation and maintenance of 82.5 KVA D G Sets installed at M.S flats, Kali Bari Marg, DIZ area, New Delhi during 2019-20.	DED-302(2)
	Maintenance of Electrical Installation & Fans in Various Types of residential quarter under Havelock Square Service Centre New Delhi (Sub Head:- Day to day maintenance of Wall Bracket	DED-302(3)

Name of Division	Name of work	Code assigned to work
	Lights, Pole Light, Flood Light, Passage Light, Gate Lights, Stair case Lights, etc. & other allied works) during 2018-19.	
	Comprehensive maintenance through outsourcing including day to day maintenance, Annual Repair & Maintenance works, Special repairs works of civil, electrical & horticulture work and operation of Equipment & Machinery of GPRA complex at Nivedita Kunj and Nanakpura, New Delhi during 2018-21	DED-302(4)
DED-21	Day to day maintenance and miscellaneous works in MS Apartment and Asia House at KG Marg, New Delhi during 2019-20 (Electrical Works)	DED-21(1)
	Maintenance of GPRA colony under sub division 2A, 3A & Electrical service centre 1216 of ESD-V/ED-IV at Timarpur, Delhi during 2019-20 (Sub Head: (A) Day to day civil maintenance works including annual, periodic, Extra Ordinary Special Repair, Special Repairs, Addition/Alteration and Upgradation works Sub Head: (B) Day to day maintenance, attending major complaints, Addition/Alteration, special repair, etc. for electrical work in GPRA quarters at Timarpur, Delhi)	DED-21(2)
	Annual Repair & Maintenance of internal Electrical Installation & fans in GPRA under enquiry no. 1216 at Timarpur, Delhi (Sub Head: Partial electrical works in newly allotted quarters under service centre 233 & 234 during 2019-20.	DED-21(3)
	Annual Repair & Maintenance of internal Electrical Installation & fans in GPRA under enquiry no. 462 at Timarpur, Delhi (Sub Head: Electrical work for major complaints in service centre no. 231 & 232 during 2019-21	DED-21(4)
Horticulture Division-II	Maintenance of garden area attached to Member of Parliament (MP) Bungalows - ZH Marg, Pandara Park, Pandara Road, Shahjahan Road, Humayun Road, Lodhi Garden and Lodhi Enclave under Sub division-3/2, New Delhi during 2017-18	H D-II(1)
	Maintenance of garden area attached to MP's Bungalows at GRG Road and Mahadev Road, Pandit Pant Marg, New Delhi, during 2018-19.(Sub Head: Complete maintenance of garden features & potted plants)	H D-II(2)
	Special Repair- regrassing the garden area attached with MP's Bungalows/Flat under Horticulture Division-II, Sub-Division-3, CPWD, New Delhi, during 2018-19.	H D-II(3)
	Maintenance of garden area attached to Hon'ble MP's Bungalows/flats under Horticulture Division-II, CPWD, New Delhi, during 2019-20 (Sub Head: Providing and displaying of Cyclamen, Dianthus and Pansy plants).	H D-II(4)

Annexure-XVII
(Referred to in Para 4.4.4)
Audit findings in 12 Divisions

Code assigned to work	Name of work	Work specific Audit Observations
1. Q Division		
Audit Observations		
(i) Annual Action plan was not prepared, (ii) Register of building was not updated, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over of physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		
Q1	Annual Repair and Maintenance of 925 type –II GPRA flats at Moti Bagh. Sub Head: -Water proofing treatment on roof during 2019-20. (Q1)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2(i)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Less material, as against the standard, was used leading to sub-standard work {4.4.4.2 (iii)(a)}
Q2	Comprehensive maintenance of various type of quarters and various colony like Moti Bagh, Nanakpura, North West Moti Bagh, IB Colony Bapu Dham and Nivedita Kunj during 2019-20. (Q2)	<ul style="list-style-type: none"> • Less material, as against the standard, was used leading to sub-standard work {4.4.4.2 (iii)(a)}
Q4	Retrofitting of dangerous Type I Quarters at Moti Bagh, New Delhi during 2019-20 (Q4)	<ul style="list-style-type: none"> • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
2. L Division		
Audit Observations		
(i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over of physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		

Code assigned to work	Name of work	Work specific Audit Observations
L1	Comprehensive maintenance of Type-V & Type VI Flats at Deen Dayal Upadhyay (DDU) Marg Minto Road under the jurisdiction of L-Division during the year 2018-19	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
L2	Comprehensive maintenance of civil operation of General Pool Residential Accommodation (GPRA) at Commonwealth Games Village, near Akshardham Temple (Service Centre No. 841) under Subdivision 2K (5L) New Delhi during 2018-19	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}
L3	Annual Repair & Maintenance of 140 quarters of type-V and 104 Nos type-VI quarters at DDU Marg and G-48 quarters at Mirdard Road New Delhi during 2019-20 (Sub Head:- painting and repair works at the time of change of tenancy)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}
<p>3. M Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over OF physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
M1	Special Repairs to various type of Quarters of Sector-5, R.K.Puram, New Delhi during 2019-20 Sub Head: Prevention from seepage in various quarters.	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
M2	Special Repairs to various type of Quarters at Sector-7, R.K.Puram, New Delhi during 2017-18 Sub Head: Replacement of damaged doors, windows, flooring. Plastering, Over Head Tanks, and other miscellaneous works	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)}

Code assigned to work	Name of work	Work specific Audit Observations
		<ul style="list-style-type: none"> • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
M3	Upgradation works in various types of GPRA Quarters at Sector-8, R. K. Puram, New Delhi during 2018-19 (Sub Head: Upgradation of 26 Nos. Type-II and 4 Nos. Type III Quarters)	<ul style="list-style-type: none"> • Inspection register was not maintained {4.4.4.2 (ii)(c)}
M4	Annual Repair and Maintenance of GPRA Quarters at Sector-7, R.K. Puram, New Delhi during 2018-19 (Sub Head: Change of tenancy to various quarters and other miscellaneous works)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
4. E Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		
E1	Upgradation work in Bungalow No. 5-Safdarjung lane, New Delhi during 2017-18 (Civil & Electrical Work).	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
E2	Annual Repair & Maintenance of Hon'ble Minister under Subdivision 1/E during 2018-19 (Sub Head: Miscellaneous Civil Work) at Safdarjung Lane	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
E3	Annual Repair & Maintenance of Hon'ble Minister Bungalow during 2018-19 (Sub Head: Miscellaneous Civil Work under Sub-Division 4/E, E-Division, New Delhi).	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)}

Code assigned to work	Name of work	Work specific Audit Observations
		<ul style="list-style-type: none"> • Site order book was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
E4	Annual Repair & Maintenance of Hon'ble Minister Bungalow at Teen Murti House and other building under 3/E Sub-Division during 2019-20 (SH: Miscellaneous Civil Work)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register and site order book was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)} • Less material, as against the standard, was used leading to sub-standard work {4.4.4.2 (iii)(a)}
<p>5. S Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over of physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
S1	Special Repair to GPRA quarters at sector-3, R. K. Puram, New Delhi during 2019-20 (Sub Head: Miscellaneous Civil work for attending pending complaints)	<ul style="list-style-type: none"> • Inspection register was not maintained {4.4.4.2 (ii)(c)}
S2	Upgradation of GPRA Quarters at Sector-3, R. K. Puram, New Delhi (Sub Head: Civil and Electrical upgradation work for 20 Nos. Type-II, 15 Nos. Type III and 25 Nos. of Type –IV quarters) during 2018-19	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
S3	Comprehensive Maintenance through outsourcing including day to day maintenance, Annual Repair and Maintenance of Works, Special Repair works in respect of Civil and Electrical work and operation of Electrical and Mechanical of	<ul style="list-style-type: none"> • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)} • Undue benefit to contract by not deducting water charges {4.4.4.2 (iii)(b)(i)}

Code assigned to work	Name of work	Work specific Audit Observations
	Lok Sabha Residential Multistoried Complex at Sector-2, R.K. Puram, New Delhi during 2018-19	
S4	Annual Repair & Maintenance of various type of quarters at Sector-1, R.K. Puram, New Delhi during 2018-19 (Sub Head: Change of tenancy)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
<p>6. B Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
B1	Upgradation of Hon'ble Minister & Hon'ble Dy. Minister bungalows under 3/B Sub-Division during 2017-18. (Sub Head: Upgradation work in various bungalows) at Krishna Menon Lane	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • No evidence of test conducted, for material brought to site, was found {4.4.4.2 (ii)(a)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
B2	Upgradation of Hon'ble Minister & Hon'ble Dy. Minister Bungalows under 4/B Sub-division for civil work & Sub-Division-IV/Electrical Division-II for electrical work during 2018-19. (Sub Head- Upgradation of civil & electrical works in various bungalows)	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • No evidence of test conducted, for material brought to site, was found {4.4.4.2 (ii)(a)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}

Code assigned to work	Name of work	Work specific Audit Observations
B3	Annual Repair & Maintenance of Hon'ble Minister & Hon'ble Dy. Minister Bungalows under 3/B Sub-Division during 2017-18 (Sub Head- Miscellaneous civil work under Sec-I) at Krishna Menon Lane	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register was not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
B4	Annual Repair & Maintenance under 4/B Sub-Division during 2018-19 (Sub Head: Miscellaneous civil works in various bungalows under Sector-II) at Krishna Menon Lane	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • No evidence of test conducted, for material brought to site, was found {4.4.4.2 (ii)(a)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
<p>7. U Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over of physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
U1	Comprehensive maintenance of PragatiVihar Hostel, New Delhi, (Sub Head- Civil and Electric Maintenance Work related to day to day maintenance) during 2018-21	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}

Code assigned to work	Name of work	Work specific Audit Observations
U2	Annual Repair & Maintenance of 135 Nos type –III Quarters at UDAP Colony, Nehru Nagar, New Delhi. (Sub Head: Miscellaneous repair work) during 2018-20	<ul style="list-style-type: none"> • Inspection register was not maintained {4.4.4.2 (ii)(c)}
U3	Up-gradation of 90 Nos. Double Suites at PragatiVihar Hostel (Sub Head: Civil & Electrical Works) during 2019-20	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}
U4	Up-gradation of 125 Nos. Double Suites at PragatiVihar Hostel (Sub Head: Civil & Electrical Works) during 2017-19	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Neither Guarantee Bonds were obtained nor 10 <i>per cent</i> of the security withheld from the bills of the contractor {4.4.4.2 (ii)(b)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}
<p>8. V Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, (v) Inordinate delays in handing over physical possession after allotment, (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
V1	Aesthetic improvement and structural repair of external surface of 152 flats at AGV Complex, New Delhi during 2017-18. Sub Head: Miscellaneous work)	<ul style="list-style-type: none"> • Less material, as against the standard, was used leading to sub-standard work {4.4.4.2 (iii)(a)} • Material utilised was shown in running bills, however, not accounted/recorded in the Material at Site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
V2	Annual Repair & Maintenance of residential Quarters of NCERT Campus, New Delhi during 2018-19 (Sub Head: Miscellaneous civil work in T-I to V quarters on its vacation and change of tenancy)	<ul style="list-style-type: none"> • Site order book was not maintained {4.4.4.2 (ii)(c)}
V3	Annual Repair & Maintenance and Special Repair work of 917 Nos. Type IV(S), Type V(B) and Transit Flats at Hudco Place Extension, New Delhi. (Sub Head:	<ul style="list-style-type: none"> • Material utilised was shown in running bills, however, not accounted/recorded in the Material at Site register

Code assigned to work	Name of work	Work specific Audit Observations
	Repair and maintenance of Type IV(S), Type V(B) and Transit flats and other miscellaneous works in vacant/occupied flats during 2019-20)	due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
V4	Up-gradation of 514 Nos. Type-V flats at Hudco Place extension New Delhi, during 2018-19 (Sub Head: Upgradation of 7 nos. Type-V-B flats & flooring of 32 nos. type-V-B vacant/occupied flats & electrical work in 3 nos. type-V flats & replacement of conventional light with energy efficient LED light in common area & staircase)	<ul style="list-style-type: none"> Material utilised was shown in running bills, however, not accounted/recorded in the Material at Site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
<p>9. I Division Audit Observations (i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, and (vi) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.</p>		
I1	Annual Repair & Maintenance of High Court Judges Bungalows under 4/I Sub-Division during 2017-18. (Sub Head:Repair/renovation of toilets, kitchen, etc.) at Kushak Road	<ul style="list-style-type: none"> Technical Representative(s) was not appointed {4.4.4.2 (i)} Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)} Material utilised was shown in running bills, however, not accounted/recorded in the Material at Site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}
I2	Upgradation work of various bungalows occupied by High Court Judges under 4/I Sub Division for Civil and Sub Division-II/Electrical Division-II for Electrical work during 2018-19 (Sub Head: Renovation of toilets kitchen internal and external painting and various electrical work at upcoming Delhi High Court Judges bungalows, etc. Sub Division-II/Electrical Division-II)	<ul style="list-style-type: none"> No evidence of test conducted, for material brought to site, was found {4.4.4.2 (ii)(a)} Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)} Material utilised was shown in running bills, however, not accounted/recorded in the Material at Site register due to which audit was unable to ascertain whether the material was actually used in the work {4.4.4.2 (iii)(a)}

Code assigned to work	Name of work	Work specific Audit Observations
10. DED-302 Division		
Audit Observations		
(i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Long pendency of day to day/major complaints, and (iv) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		
DED-302(1)	Upgradation of residential quarters under Service Centre No. 247 & 250 at DIZ Area New Delhi. (Sub Head: A- Installation of new cubical panel boards for type-I Quarters in 66 & 67 block, from quarter No. 814 to 846 and type-II Quarter from quarter No. 451 to 706 of Sec-D. B-balance work for providing TPNMCCB Boards in type-I quarters of P. K. Road from block No. 41 to 65) during 2019	<ul style="list-style-type: none"> • Inspection register was not maintained {4.4.4.2 (ii)(c)}
DED-302(4)	Comprehensive maintenance through outsourcing including day to day maintenance, Annual Repair & Maintenance works, Special repairs works of civil, electrical & horticulture work and operation of Equipment & Machinery of GPRA complex at Nivedita Kunj and Nanakpura, New Delhi during 2018-21	<ul style="list-style-type: none"> • Inspection register was not maintained {4.4.4.2 (ii)(c)}
11. DED-21 Division		
Audit Observations		
(i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Long pendency of day to day/major complaints, and (iv) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		
DED-21(1)	Day to day maintenance and misc works in MS Apartment and Asia House at KG Marg, New Delhi during 2019-20 (Electrical Works)	<ul style="list-style-type: none"> • Despite having AMC contract for lift/DG sets, the work of AMC was got done from other agencies at higher rates {4.4.4.2 (iii)(b)(i)}
12. Horticulture Division-II		
Audit Observations		
(i) Annual Action plan was not prepared, (ii) Register of building was not prepared, (iii) Inspection of buildings/structures was not carried out, (iv) Long pendency of day to day/major complaints, and (v) Non-compliance of provisions of Maintenance Manual on CPWD Sewa.		
HD-II(1)	Maintenance of garden area attached to Member of Parliament (MP) Bungalows - ZH Marg, Pandara Park, Pandara Road, Shahjahan Road, Humayun Road, Lodi Garden and Lodi Enclave under Sub division-3/2, New Delhi during 2017-18	<ul style="list-style-type: none"> • Technical Representative(s) was not appointed {4.4.4.2 (i)} • Inspection register was not maintained {4.4.4.2 (ii)(c)}

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Code assigned to work	Name of work	Work specific Audit Observations
HD-II(2)	Maintenance of garden area attached to MP's Bungalows at GRG Road and Mahadev Road, Pandit Pant Marg, New Delhi, during 2018-19.(Sub Head: Complete maintenance of garden features & potted plants)	<ul style="list-style-type: none">• Technical Representative(s) was not appointed {4.4.4.2 (i)}• Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
HD-II(3)	Special Repair-regrassing the garden area attached with MP's Bungalows/Flat under Horticulture Division-II, Sub-Division-3, CPWD, New Delhi, during 2018-19.	<ul style="list-style-type: none">• Technical Representative(s) was not appointed {4.4.4.2 (i)}• Inspection register and site order book were not maintained {4.4.4.2 (ii)(c)}
HD-II(4)	Maintenance of garden area attached to Hon'ble M.P.'s Bungalows/flats under Horticulture Division-II, CPWD, New Delhi, during 2019-20 (Sub Head: Providing and displaying of Cyclamen, Dianthus and Pansy plants).	Technical Representative(s) was not appointed {4.4.4.2 (i)} Inspection register was not maintained {4.4.4.2 (ii)(c)}

Annexure-XVIII
(Referred to in Para 4.4.4.2 (i))

Calculation sheet for amount to be recovered for non-appointment of technical representative

(Amount in ₹)

Sl. No.	Code assigned to work	Date of start/ completion of work	Total period ¹⁰¹ (in month)	Amount per month to be recovered	Total Amount
1.	B1	01.09.2017 14.02.2019	17m 14 d i.e., 17 months	40,000 (25,000+15,000) ¹⁰²	6,80,000
2.	B2	26.06.2018 31.03.2020	21m 6 d i.e., 21 months	85,000 (30,000+25,000+ 15,000+15,000) ¹⁰³	17,85,000
3.	B3	4.12.2017 27.11.2018	11m 24 d i.e., 12 months	15,000	1,80,000
4.	B4	01.01.2019 22.07.2019	6m 22 d i.e., 7 months	15,000	1,05,000
5.	E1	10.03.2018 16.08.2018	5m 7d i.e., 5 months	25,000	1,25,000
6.	E2	27.10.2018 18.07.2019	8m 23d i.e., 9 months	25,000	2,25,000
7.	E3	08.01.2019 31.03.2020	14m 24 d i.e., 15 months	25,000	3,75,000
8.	E4	27.07.2019 31.03.2020	8m 5 d i.e., 8 months	25,000	2,00,000
9.	I1	29.06.2017 28.10.2017	4m 3d i.e., 4 months	15,000	60,000
10.	L1	01.12.2018 01.07.2019	7 months	15,000	1,05,000
11.	L2	08.02.2019 10.06.2019	3m 12 d i.e., 3 months	15,000	45,000
12.	L3	22.04.2019 16.08.2019	4 months	15,000	60,000
13.	M1	21.07.2019 15.10.2019	2m 26 d i.e., 3 months	10,000	30,000
14.	M2	02.06.2017 26.09.2018	15 m 25d i.e., 16 months	10,000	1,60,000
15.	M4	06.11.2018 30.04.2019	6 months	10,000	60,000
16.	Q1	21.08.2019 20.11.2019	3 months	15,000	45,000
17.	S2	14.03.2018 21.05.2018	2m 8 d i.e., 2 months	15,000	30,000

¹⁰¹ Where the works are running beyond 31 March 2020, the cut-off date has been taken as 31 March 2020 due to audit period.

¹⁰² Two Technical representative were to be deputed.

¹⁰³ Four Technical representative were to be deputed.

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Sl. No.	Code assigned to work	Date of start/ completion of work	Total period¹⁰¹(in month)	Amount per month to be recovered	Total Amount
18.	S4	19.01.2019 30.10.2019	9m 12 d i.e., 9 months	15,000	1,35,000
19.	U1	09.05.2018 31.03.2020	22m 23 d i.e., 23 months	15,000	3,45,000
20.	U3	25.02.2019 31.03.2020	13m 7d i.e., 13 months	15,000	1,95,000
21.	U4	13.06.2017 08.01.2019	18m 28 d i.e., 19 months	15,000	2,85,000
22.	HD-II(1)	09.06.2017 30.07.2018	13m 22 d i.e., 14 months	15,000	2,10,000
23.	HD-II(2)	10.01.2019 31.03.2020	14m 22d i.e.,15 months	15,000	2,25,000
24.	H D-II(3)	23.03.2018 29.10.2018	7m 7d i.e., 7 months	15,000	1,05,000
25.	H D-II(4)	15.12.2019 14.01.2020	1 months	15,000	15,000
				Total	57,85,000

Annexure-XIX
{As referred to in Para 4.4.4.2 (iii)(a)}

**Quantity of material required and shown used in running bills but not accounted
for in Material at Site Register**

S. No.	Work code (location and year of contract)	Particular of material	Quantity not included in MAS Register
1.	B1 (Upgradation of Ministers' bungalows during 2017-18)	Plaster of Paris	3951.63 kg
		White cement-based putty	29352.00 kg
		TMT Steel	1526.87 kg
2.	B3 (Annual Repair & Maintenance of Minister's Bungalows)	White cement-based putty	5041.00 kg
		Bitumen primer	229.54 litre
		French spirit polishing	170.45 litre
3.	B4 (Annual Repair & Maintenance of Minister's bungalow)	Bitumen	242.15 kg
4.	E1 (Upgradation work in Bungalow during 2017-18)	White cement-based putty	1893.51 kg
		Steel	1229.37 kg
5.	E2 (Annual Repair & Maintenance of Minister's Bungalow during 2018-19)	White cement-based Putty	406.18 kg
6.	E3 (Annual Repair & Maintenance of Minister's Bungalow during 2018-19)	White cement-based putty	2465.18 kg
7.	E4 (Annual Repair & Maintenance of Minister's Bungalow during 2019-20)	White cement-based Putty	2295.75 kg
8.	I1 (Annual Repair & Maintenance of High Court Judges' Bungalows during 2017-18)	Cement-based putty	437.00 kg
		French polish	110.80 litre
		Melamine	44.20 litre
		Plaster of Paris	7765.00 kg
		Steel	3291.00 kg
		Bitumen	40.00 kg
9.	I2 (Upgradation work of various bungalows occupied by High Court Judges during 2018-19)	Plaster of Paris putty	5374.00 kg
		French polish	90.99 litre
		Melamine	219.00 litre
10.	M1 (Special Repairs to various types of Quarters R.K.Puram during 2019-20)	Synthetic polyester fibre	89.53 kg
		Waterproofing	716.20 kg
11.	V1 (Aesthetic improvement of flats at AGV Complex during 2017-18)	Primer	398.00 kg
		White Cement-based Putty	3438.00 kg
12.	V3 (Annual Repair & Maintenance and Special Repair work at Hudco Place) during 2019-20)	Putty	13716.00 kg
		French spirit polishing	397.00 litre
13.	V4 (Up-gradation of Type-V flats at Hudco Place during 2018-19)	Water proofing	207.00 Kg
14.	Q4 (Retrofitting of dangerous Type I Quarters at Moti Bagh, during 2019-20)	Exterior Primer	228.00 Kg

Annexure-XX
{As referred to in Para 4.4.4.3(i)}

Details of major complaints attended beyond 30 days during 2017-18 to 2019-20

Division	Service Centre No.	Total No. of major complaints	Delay in attending of major complaints i.e after 30 days	Percentage of complaints attended beyond stipulated 30 days	Maximum No. of days taken to attend a complaint
A	b	c	d	e(d/c)	F
S	329	8621	3101	36	970
	327	2502	1666	67	606
Q	318	3106	2304	74	497
	370	2416	484	20	612
V	420	1042	20	2	96
	421	613	158	26	296
M	315	1016	315	31	307
	310	2612	1086	42	442
U	357	1848	730	40	455
	417	927	813	88	1007
B	141	9	0	0	0
	1140	750	15	2	59
I	151	139	0	0	0
	132	857	5	1	65
E	143	301	178	59	423
DED 21	234	1019	176	17	509
	232	692	180	26	680
L	255	1844	1099	60	875
	841	465	39	8	176
DED 302	266	1	0	0	0
	267	0	0	0	0
Hort.II	115	0	0	0	0
	118	44	13	30	158
Total		30824	12382	40	

Annexure-XXI
{Referred to in Para 4.4.4.3(i)}

List of Major works pending

Sl. No.	Division	Service Centre No.	Nos. of major works pending beyond 30 days	Maximum pendency time (in months)
1.	S	329	570	32
		327	422	4
2.	Q	317	236	18
		318	425	13
3.	V	424	52	10
4.	M	310	173	13
		332	150	26
5.	U	417	163	6
6.	L	255	26	7
7.	DED 21 (electrical)	232	17	10
		234	92	13
8.	DED 302 (electrical)	266	33	12
		267	41	13

List of Periodical works pending

Sl. No.	Division	Service Centre No.	Periodical pending for more than 60 days	Maximum pendency time (in months)
1.	V	425	190	16
2.	M	332	16	9
3.	L	255	31	8
4.	L	203	101	27

List of Upgradation works pending

Sl. No.	Division	Service Centre No.	Pending more than 60/75 days	Maximum pendency time (in months)
1.	V	420	226	22
2.	U	357	205	30
3.	L	255	20	35
4.	L	841	127	32

Annexure-XXII
{ Referred to in Para 4.4.4.3(ii) }

Statement showing calculation of House Rent Allowance (HRA) paid to and Licence Fee not recovered from the prospective allottees due to delay in handing over physical possession

Sl. No.	Division	Service Centre No.	No. of quarter Allotted during 2017-20	Physical possession given after 60/75 days	Maximum days taken	HRA ¹⁰⁴ and Licence Fees (₹ in lakhs)
1.	S	329	464	263 (57%)	367	69.03
		327	350	201 (57%)	321	
2.	Q	321	389	33 (8%)	251	29.46
		370	313	98 (31%)	241	
3.	V	420	655	198 (30%)	363	74.93
		421	57	18 (32%)	254	
4.	M	309	457	186 (41%)	297	35.76
		315	489	142 (29%)	361	
5.	U	357	277	118 (43%)	437	75
		358	275	101(37%)	372	
6.	L	255	364	164 (45%)	522	86.35
		841	135	34 (25%)	359	
Total						370.53

¹⁰⁴ This is minimum amount of HRA calculated by taking the lowest grade-pay, in the eligible level of pay, of the allottees and considering that all the allottees are first time allottees and drawing HRA upto the date of physical possession.

Annexure-XXIII
(Referred to in para 6.2.1.2)
Objectives and Functions of NMET

NMET was established to carry out regional and detailed exploration for minerals and to undertake such activities as may be deemed necessary by the Governing Body to achieve its objects including the following:

- a) funding of special studies and projects designed to identify, explore, extract, beneficiate and refine deep-seated or concealed mineral deposits;
- b) undertaking studies for mineral development, sustainable mining adoption of advanced scientific and technological practices and mineral extraction metallurgy;
- c) taking up exploration of areas for regional and detailed exploration, giving priority particularly to strategic and critical minerals;
- d) consulting with Central Geological Programming Board to decide the priorities for exploration of the Trust;
- e) facilitating exploration activities in such a manner that areas explored can be taken up for grant of mineral concessions in accordance with the provisions of the Act and rules made thereunder;
- f) facilitating completion of brownfield regional exploration projects in obvious geological potential areas (G3) including conducting high-risk exploration for deep-seated mineral deposits through modern technologies;
- g) promoting completion of detailed exploration (G2 or G1) across India in the areas where G3 stage exploration has been completed;
- h) facilitating geophysical, ground and aerial, survey and geochemical survey of obvious geological potential areas and rest of India;
- i) facilitating a national core repository for encouraging research in earth sciences and for evaluation of mineral prospects;
- j) organising capacity building programmes to raise technical capability of personnel engaged in or to be engaged in exploration; and
- k) using the Trust Fund for such other purposes that the Governing Body may decide, or authorise the Executive Committee, to be necessary or expedient in the interest of conservation, development, and exploration of mineral resources of India, not inconsistent with the provision of the Act.

Annexure-XXIV
(Referred to in para 6.2.1.3)

Composition of the Governing Body of NMET

The Union Minister in charge of the Ministry of Mines is ex-officio Chairperson of the Governing Body of NMET and the Secretary, Ministry of Mines is ex-officio Convenor. Other members of the Governing Body are following:-

- a) Union Minister in charge of the Ministry of Coal,
- b) Union Minister in charge of the Ministry of Petroleum and Natural Gas,
- c) Minister of State for Atomic Energy,
- d) Minister of State for Mines,
- e) Six Ministers of State Governments, holding charge of Mines and Geology to be nominated by the Chairperson of the Governing Body of NMET, on rotation basis, for a term not exceeding two years at a time with the eligibility for re-nomination and
- f) Special invitees having experience in the relevant field to be invited by the Chairperson of the Governing Body of NMET.

Composition of the Executive Committee of NMET

The Secretary, Ministry of Mines is ex-officio Chairperson of the Executive Committee of NMET and the Joint Secretary in-charge of exploration, Ministry of Mines is its ex-officio Member Secretary.

Other members of the Executive Committee are following:

- a) An officer not below the rank of Joint Secretary, Department of Atomic Energy,
- b) An officer not below the rank of Joint Secretary, Ministry of Coal,
- c) An officer not below the rank of Joint Secretary, Ministry of Petroleum & Natural Gas,
- d) Joint Secretary and Financial Advisor of Ministries of Mines or Coal,
- e) Director General of Geological Survey of India,
- f) Controller General of Indian Bureau of Mines,
- g) One representative from any four States Governments, as decided by the Central Government, not below the rank of Secretary to the State Government or equivalent, on rotation basis, for a term not exceeding two years at a time, with the eligibility for re-nomination, and
- h) Five persons, among persons with experience in exploration or in research in a related field at least for a period of two years, to be nominated by the Chairperson of the Executive Committee of NMET

Annexure-XXV
(Referred to in para 6.2.1.4)

Exploration Agencies

Second proviso to sub section 1 of section 4 of the Mines and Mineral (Development & Regulation) Act, 1957 stipulates that exploration activities can be undertaken by the following agencies:

A.

1. Geological Survey of India,
2. Indian Bureau of Mines,
3. Atomic Minerals Directorate for Exploration and Research,
4. Directorates of Mining and Geology of any State Government,
5. Mineral Exploration Corporation Limited.

B.

Notified 21 exploration agencies.

1. Rastriya Ispat Nigam Limited,
2. Steel Authority of India Limited,
3. National Mineral Development Corporation Limited,
4. KIOCL (Kudremukh Iron Ore Company Limited)
5. MOIL (Manganese Ore (India) Limited)
6. Chhattisgarh Mineral Development Corporation Limited,
7. Madhya Pradesh State Mining Corporation Limited,
8. Andhra Pradesh Mineral Development Corporation Limited,
9. Gujarat Mineral Development Corporation Limited,
10. Singareni Collieries Company Limited,
11. Telengana State Mineral Development Corporation,
12. Central Mining Planning and Design Institute Limited,
13. Odisha Mining Corporation Limited,
14. West Bengal Mineral Development and Trading Corporation Limited,
15. National Thermal Power Corporation Limited,
16. Odisha Mineral Exploration Corporation Limited,
17. Hindustan Copper Limited,
18. Tamil Nadu Minerals Limited,
19. Tamil Nadu Magnesite Limited,
20. Tamil Nadu Cements Corporation Limited and
21. NLC India Limited

Annexure-XXVI
{Referred to in para 6.2.3.1(ii)(b)}

List of NMET funded Projects of Mineral Exploration Corporation Limited running late up to December 2021

Sl No	Name of the Block	Stage ¹⁰⁵	Approved cost (₹ in Lakh)	Sanction Date	Scheduled date of completion
1	Veeranam Lignite sub-Blocks 1-4, District-Cuddalore, Tamil Nadu.	G1	6743.000	03-04-2017	02-04-2020
2	C-sub Block of Malangtoli Iron Ore Deposit, Districts: Sundargarh & Kendujhar, Odisha	G3	1201.550	21-06-2018	21-06-2019
3	H-sub Block of Malangtoli Iron Ore Deposit, Districts: Sundargarh & Kendujhar, Odisha	G3	1027.640	21-06-2018	20-06-2019
4	Sub Block-D of Malangtoli Block, Districts: Sundargarh & Kendujhar, Odisha	G3	210.890	16-08-2018	15-10-2019
5	Sub Block-E of Malangtoli Block, Districts: Sundargarh & Kendujhar, Odisha	G3	199.210	16-08-2018	15-10-2019
6	Sub Block-G of Malangtoli Block, Districts: Sundargarh & Kendujhar, Odisha	G3	210.880	16-08-2018	15-10-2019
7	Biarpalli Block, District: Bolangir, Odisha	G4	151.340	31-10-2018	30-10-2019
8	Biarpalli Block, District: Bolangir, Odisha	G2	357.350	31-10-2018	30-12-2019
9	Babja Block, District: Bolangir, Odisha	G4	107.910	31-10-2018	30-10-2019
10	Babja Block, District: Bolangir, Odisha	G2	144.230	31-10-2018	30-08-2019
11	Bokna Block, District: West Singhbhum, Jharkhand	G3	199.450	31-10-2018	30-11-2019
12	Sendurkhar Block, District- Kabirdham, Chhattisgarh.	G3	94.430	27-09-2019	26-06-2020

¹⁰⁵ G1 to G4 are four stages of exploration of mineral deposits viz., Reconnaissance (G4), Prospecting (G3), General Exploration (G2) and Detailed Exploration (G1).

SI No	Name of the Block	Stage ¹⁰⁵	Approved cost (₹ in Lakh)	Sanction Date	Scheduled date of completion
13	Silpunji Block in Jamda-Koira Valley, District West Singhbhum, Jharkhand.	G3	97.230	27-09-2019	26-05-2020
14	Dunguripalli Block, Bolangir district, Odisha	G2	157.360	27-09-2019	26-07-2020
15	General Exploration (G2) of Copper Ore Resource in Baraganda Block, District- Giridih, Jharkhand.	G2	884.670	27-09-2019	26-02-2021
16	General Exploration for Limestone in Diggaon Block, District-Kalaburgi, Karnataka.	G2	319.270	07-01-2020	06-03-2021
17	General Exploration for Magnesite in Selu Block District- Udaipur, Rajasthan.	G2	303.880	07-01-2020	06-05-2021
18	General Exploration for Limestone Block in Adanakurichi Village, Sendurai Taluk, Ariyalur District, Tamil Nadu.	G2	115.920	27-01-2020	26-12-2020
19	General Exploration for Limestone Block in Alathiyur Block, Ariyalur District, Tamil Nadu.	G2	115.920	27-01-2020	26-12-2020
20	General Exploration for Limestone Block in Anandwadi Block, Ariyalur District, Tamil Nadu.	G2	89.730	27-01-2020	26-11-2020
21	General Exploration for Limestone Block in Unjini Block, Ariyalur District, Tamil Nadu.	G2	64.040	27-01-2020	26-09-2020
22	Reconnaissance survey (G4) for graphite and manganese ore in Rengali Block, Balangir, Odisha	G4	411.300	18-11-2020	17-11-2021
23	Reconnaissance Survey (G4) in Antapali Block, Balangir, Odisha	G4	155.770	18-11-2020	17-11-2021
24	Reconnaissance Survey (G4) in Kumiapali Block, Balangir, Odisha	G4	237.990	18-11-2020	17-11-2021

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SI No	Name of the Block	Stage ¹⁰⁵	Approved cost (₹ in Lakh)	Sanction Date	Scheduled date of completion
25	General Exploration (G2) in Tonda Block, Eastern Khetri Copper Belt, Jhunjhunu, Rajasthan.	G2	650.390	18-11-2020	17-01-2021
26	Reconnaissance Survey (G4) in Namapur Block, Rajanna Sircilla, Telangana	G4	54.830	18-11- 2020	17-11-2021

Annexure-XXVII
{Referred to in paras 6.2.3.1(ii)(f) and 6.2.3.3}

Lack of proper scrutiny by Technical-cum-Cost Committee while approving projects

Sl. No.	Name of the Block (Commodity) and Implementing Agency	Observations of audit
1.	Khairha Block (Limestone) Directorate of Geology & Mining, Chhattisgarh	It was found that the block area was within settlements and roads. Hence, mining could not be done and block could not be auctioned. NMET paid ₹ 20.77 lakh to the Project Implementing Agency for exploration work already done. This indicated that the proposal was not properly scrutinised by the Technical-cum-Cost Committee before its approval.
2.	Mailaram Block (Limestone) Telengana State Mineral Development Corporation Limited	Exploration work could not be taken up because the block area was situated within the Kinnarasani Wildlife sanctuary. The project was cancelled after one year of its approval. This indicated that the Technical-cum-Cost Committee was not vigilant enough during scrutiny of project proposal.
3.	Khargone Block, MP (Limestone/manganese) National Thermal Power Corporation Limited	Project was cancelled after 24 months with zero progress as National Thermal Power Corporation Limited had no in-house set-up for carrying out non-fuel mineral exploration work. This implied that the project was approved in favour of National Thermal Power Corporation Limited without assessing their capabilities for carrying out exploration of given commodity (limestone/manganese) which was a non-fuel mineral.
4.	Chelima Block, Andhra Pradesh. (Diamond) Mineral Exploration Corporation Limited	Exploratory mapping in the block was abandoned after 40 sq. km of mapping in patches out of total 702 sq. km and could not be taken up due to denial of forest permission as the remaining block fell within Nandyal and Giddalur (Cumbum) Tiger reserve forest. ₹ 4.31 lakh was paid to Mineral Exploration Corporation Limited on account of work done. This indicated lack of proper scrutiny by Technical-cum-Cost Committee during evaluation of project proposal.
5	South of Kasarpur Block, Mayurbhanj, Odisha.	Geological Survey of India undertook G3 stage of exploration in the part of the area allotted to Mineral

	(Copper) Mineral Exploration Corporation Limited	Exploration Corporation Limited and subsequently Mineral Exploration Corporation Limited had to modify its block area for further exploratory activities.
6	Bukkapatna Block, Tumkur, Karnataka. (Gold) National Mineral Development Corporation	There was almost 68 <i>per cent</i> overlapping with area under the leasehold of Hindustan Zinc Limited. Hence, Technical-cum-Cost Committee advised National Mineral Development Corporation to concentrate in rest of the area (i.e about 75 sq.km) and submit the report on findings. ₹ 75.15 lakh was paid to National Mineral Development Corporation.
7	Jamodi-Mahanna Block, Satna, Madhya Pradesh. (Limestone) Mineral Exploration Corporation Limited	This block was explored under NMET funding at G4 and G3 stages and upgraded to G2 stage. However, during G2 level exploration, drilling in 15 boreholes could not be done as the area fell within leasehold area.

Annexure-XXVIII
(Referred to in para 6.2.3.4)

Excess payment over Rates of Schedule of Charges of NMET

Sl No	Name of the block	Item of work	As per bills			Rate as per SoC of NMET (₹ /Mtr)	Excess Payment (₹)
			Quantity of work done (in meter)	Amount paid (₹)	Effective Rate (₹ /meter)		
1	Gothra-Parasrampura Block (Lime stone)	Drilling	2797.5	18213791	6511	5242	3549296
2	Parpatia Area (Bauxite)	Drilling	1540.6	10445268	6780	5242	2369442.8
3	Jamodi- Mahanna Block, Limestone	Drilling	3731	25296180	6780	5242	5738278
4	Naubasta-Kolad Block, Limestone (G2)	Drilling	1674	12432798	7427	5242	3657690
						Sub Total =	15314707
1	Jumka-Pathriposhi Block, District- Sundargarh, Odisha.	Core Drilling	2933.8	57842800	19716	12650	20730231
2	Malangtoli Iron Ore (H-sub block), Districts- Sundargarh & Kendujhar, Odisha.	Core Drilling	2183.1	43042000	19716	12650	15425785
3	BRH Iron Ore Mines, NEB Range M/s RMMPL, ML No. 2010, District- Ballari, Karnataka.	Core Drilling	1544.4	30449390	19716	12650	10912730
						Sub Total =	47068746
						Grand Total =	62383453

Annexure-XXIX
(Referred to in para 6.2.3.7)

Details of additional cost approved by designated committee

Sl. No.	Block Name	Additional Cost (in ₹)	Remarks
1	Udwara Area, Alirajpur,MP (G4)	1,06,200	Approved after submission of GR
2	Kuhi-Khobna-Arargaon gap areas, Nagpur, Maharashtra	12,100	Approved after submission of GR
3	Udagi Block, Chittarpur Taluk, Kalaburragi, Karnataka	1,76,988	Approved after submission of GR
4	Tamiya Block, Bolangir,Odisha (G2)	43,613	Approved after submission of GR
5	Ranibennur Block, Haveri & Davanagere, Karnataka (G4)	66,779	Approved after submission of GR
6	Deravad-Chargarhia-Bansra Area, Udaipur, Rajasthan	7,49,022	Approved after completion of the projects
7	Ranigaon-Gondaiya, Bilaspur, Chhattisgarh (G3)	6,60,885	Approved after completion of the projects
8	Diggaon, Kalaburagi, Karnataka (G3)	14,21,548	Approved after completion of the projects
9	Jhalara-Matasula-Manpur-Bhabrana-Amalva area, Rajasthan (G4)	13,299	Approved after completion of the projects
10	Kanawat-chala-karath-Bagholi Area, Rajasthan (G4)	12,490	Approved after completion of the projects
11	Vasu-Jagat-Kharwach & Saran Bharwawat Area, Rajasthan (G4)	35,644	Approved after completion of the projects
12	Saraipani-Dadar block, Chhattisgarh (G2)	1,00,465	Approved after completion of the projects
13	Jhumka-Pathiriposhi, Sundargarh, Odisha	1,92,17,914	Approved after completion of the projects
14	Kanawatchala-Karath-Bagholi Area, Jhunjhunu & Sikar District, Rajasthan	11,71,967	No prior approval was taken.
	Total	2,37,88,914	

Annexure-XXX
{Referred to in Para 7.2.6.1 (iii)}

List of Lessees

Sr. No.	Name of the Agency	Land Allotted (in Acre Cents)	Date of Allotment
1	Central Warehousing Corporation Unit-I, Visakhapatnam	6.97	2.01.2014
2	Central Warehousing Corporation Unit-II, Visakhapatnam	11.25	2.01.2014
3	M/s Indian Potash Ltd. - II	12.00	29.03.2010
4	M/s K. Ramabrahmam & Sons	9.82	3.09.1993
5	M/s KRIBH Co.	6.00	28.06.2007
6	M/s LMJ International Ltd. - I	5.00	17.02.2004
7	M/s LMJ International Ltd. - II	6.00	17.02.2004
8	M/s Prathyusha Stev Com (P) Ltd.	6.06	8.12.1993
9	M/s Indian Potash Ltd. - I	6.00	5.10.2006
10	M/s Dolphin Construction Ltd.	11.83	25.09.1993
11	M/s Duraflex Service & Construction Technologies Ltd.	5.83	15.02.1996
12	M/s Container Corporation of India	98.07	26.12.2012
13	M/s Balmer Lawrie & Co. Ltd.	53.025	13.01.2015
14	M/s Visakha Container Terminal Pvt. Ltd. - CFS	28.045	13.05.2015
15	M/s Hindustan Petroleum Corporation Limited (Additional Tank Project)	212.31	18.05.2019
16	M/s Hindustan Petroleum Corporation Limited (Refinery)	511.03	1.06.1995
17	M/s Hindustan Petroleum Corporation Limited (Visakh Terminal)	15.00	2.01.2014
18	M/s Hindustan Petroleum Corporation Limited (LPG Plant)	17.56	1.04.1993
19	M/s Bhabha Atomic Research Centre	5.00	13.09.2006
20	M/s Rain Calcination Limited - II	5.39	11.01.2017
21	M/s Hindustan Petroleum Corporation Limited – Visakh Refinery Modernisation Project	34.96	7.10.2016
22	M/s Srivalli Shipping Ltd.	10.40	31.12.2016
23	M/s Hindustan Petroleum Corporation Limited – Visakh Refinery Modernisation Project	50.00	31.03.2017
Total leased land		1127.55	
10 per cent of above land to be developed as Green Belt		112.75	

Annexure XXXI
{Referred to in Para 7.2.6.3 (iii)(a)}

Statement showing the status of implementation of short term, medium term and long-term measures as assured to National Green Tribunal

Immediate Measures:

Sl. No.	Direction	Status in March 2020
1	The Port shall cover all the stack yards of dusty cargoes (coal and other cargoes, etc.) with tarpaulins immediately and no coal stack yard shall exist without covering with tarpaulins.	80 <i>per cent</i> of the dusty cargo covered with tarpaulins and the remaining dusty cargo was in loading and unloading condition and, therefore, could not be covered fully.
2	The Port shall restrict the stack height of coal piles up to 6 metre as per the Consent for Operations condition and the excess stacking shall be removed immediately.	The height of the stacks was restricted to 6 metres in the stack yard.
3	The Port shall not store any dusty cargo at west of ESSAR and the existing dusty cargo shall be removed immediately.	Not storing any dusty cargo at west of ESSAR. However, storing the manganese ore at west of ESSAR containing lumps and fines and the same were covered with tarpaulins.
4	The Port shall not store any dusty cargo without Mechanical Dust Suppression System at any location in the port premises.	Mechanical Dust Suppression Systems were provided in three areas (viz. West Ore Berth area, S4 area and L17 area). No Mechanical dust suppression systems were provided at R2 to R5, A, B at Traffic Manager Opposite yard where dusty cargo is stored. The facility carrying out wetting through mobile water tankers. VPA submitted in principle approval order for providing temporary Mechanical Dust Suppression System at R2 to R5 with an approximate estimated amount of ₹ 36 Lakhs. VPA proposed to provide permanent Mechanical Dust Suppression Systems at a cost of about ₹ 12.31 crores by the end of July 2021 at the remaining areas including R2 to R5.
5	The Port shall not store any dusty cargo at R11 area.	Not storing any cargo at R11 area.
6	The Port shall submit an action plan for reorganisation of coal stacking yards, which are nearer to the city interface immediately.	Action plan not submitted. VPA proposed to shift the coal stacks at R2 to R5 areas which are nearer to human habitation within 3 months.

7	The Port shall submit an action plan for reorganisation of all the dusty stacking yards and submit the stacking yard plan within 15 days.	Action plan not submitted.
8	The Port shall submit an action plan for mechanisation of the dusty cargo handing berths within 30 days.	All the five berths in the outer harbour and three berths in inner harbour (viz., East Quay -1, East Quay -10 and West Quay-5) are mechanised. East Quay -8, East Quay -9, West Quay-6, West Quay-7 & West Quay-8 are semi mechanised. VPA has dropped plan to mechanise East Quay-2 to East Quay-5 as they are not commercially viable and decided to handle dust free cargo like fertilizers, food grains, bagged cargo, steel, granite, etc.

Short Term Measures:

1	The Port shall complete the installation and commissioning of the truck tyre washing facility by 31 st March 2016.	VPA provided Truck tyre washings at 'B' – Ramp and ESSAR Jn.
2	The Port shall complete the installation and commissioning of the truck mounted fog cannon system at loading/unloading of dusty cargo by 31 st March 2016.	The Port is having two nos. of Mobile Fog canons and deploying fog machines at loading/unloading for dusty cargos.
3	The Port shall complete the refurbishing of all the existing Mechanical dust suppression systems and shall be operational by 31 st March 2016.	The existing Mechanical Dust Suppression System working properly.
4	The Port shall install 3 Continuous Ambient Air Quality Monitoring stations and connect to APPCB website by 31 st March 2016.	Complied.
5	The Port shall comply with the targets fixed for the plantation under Green Visakha Program.	Out of 5.65 lakh sapling target allotted to VPA under Green Vaisakha programme, VPA had planted about 4.625 lakh of plants and about 1.02 lakh of plants were yet to be completed.
6	The Port shall procure Mechanical sweeping machine by 31 st March 2016.	VPA was carrying out sweeping through Mechanical Sweeping Machine and proposed to procure 3 more machines.

Medium Term Measures:

1	The Port shall complete the construction of concrete wall of 7.5 metre height and 1.7 KM long i.e., from the Sea Horse Junction to Convent Junction at the city interface by 31 st March 2016.	Complied.
2	The Port shall complete the upgradation of the Sewage Treatment Plant to handle 10 Million litres per day with proper quality output to meet to the standards of the Board by 31 st March 2016.	VPA upgraded Sewage Treatment Plant with Hypo dosing system for disinfection.
3	The Port shall provide Closed Circuit Cameras at the coal yards and connect it to website of Andhra Pradesh Pollution Control Board for dissemination of information to the public.	Installed Closed Circuit cameras were not connected to Andhra Pradesh Pollution Control Board website due to the Security and Safety of the areas imposed by Indian Navy owing to the Defence Movements through Port.

Long Term Measures:

1	Dismantling and reconstruction of West Quay berths i.e. from part of West Quay -2 to West Quay -5 for handling 14.50 metre draft vessels with fully mechanised handling facilities for handling bulk cargoes.	VPA informed that it was not economical to mechanise the lower draft berths like West Quay-2 to West Quay-5 in view of shifting of dusty cargos to higher draft vessels such as West Quay-7, West Quay-8 & East Quay-7 which will be mechanised on Public Private Partnership mode by the end of 2023.
2	East Quay-5 and East Quay-6 berths for handling 14.50 metre draft vessels with fully mechanised handling facilities for handling bulk cargoes in Inner Harbour of Visakhapatnam Port.	As there was no demand for cargo envisaged earlier, VPA has not mechanised East Quay-5 and East Quay-6.
3	Replacement of existing East Quay -2 to East Quay -5 berths to cater to 14.50 metre draft vessels with fully mechanised handling facilities for handling bulk cargoes in inner harbour of Visakhapatnam Port.	VPA informed that they have dropped plan to mechanise East Quay-2 to East Quay-5 as they were not commercially viable and decided to do semi mechanisation by deploying the harbour dust free cargo like fertilizers, food grains, bagged cargo, steel, granite, etc.
4	Development of West Quay North (West Quay -7 & West Quay -8) berth with mechanised handling facilities for handling bulk cargoes.	VPA obtained amendment to Environmental Clearance (EC) vide order dated 16 November 2018 for semi mechanised mode of handling of cargo at West Quay-7 & West Quay-8 for a period of 3 years.

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