सत्यमेव जयते

Report of the Comptroller and Auditor General of India for the year ended March 2022

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Union Government (Civil)
Compliance Audit Observations
Report No. 8 of 2024

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Report was presented in the Parliament on:

Lok Sabha	**-**
Rajya Sabha	**-**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2022 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 23 Ministries/Departments of the Union Government and their field offices under the General and Social Services Sector including Union Territories without Legislatures.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2021-22 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 2021-22 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.

OVERVIEW

This Report contains significant audit findings arising from the compliance audit of financial transactions under 44 grants relating to 23 Civil Ministries/ Departments/Constitutional Bodies **(Appendix-I)** of the Union Government under the General and Social Services sectors as also Union Territories without Legislatures.

The gross expenditure of these 23 Civil Ministries/Departments decreased by 0.12 *per cent* from ₹ 7,88,028.36 crore in 2020-21 to ₹ 7,87,047.55 crore in 2021-22 (Appendix-II).

This Report contains 26 illustrative cases[1] pertaining to 11 Ministries/Departments and four Union Territories without Legislatures. An overview of the main audit findings included in this Report is given below:

Ministry of Development of North-Eastern Region

Analysis of Non-Lapsable Central Pool of Resources

In 1996, an initiative was introduced by the Union Government to ensure speedy development of infrastructure in the North-Eastern (NE) States. For this purpose, the Central Government created a Non-Lapsable Central Pool of Resources (NLCPR) Scheme in 1998-1999 which was to be funded from the unspent amount of the stipulated 10 *per cent* of the gross budgetary support earmarked for spending on North-Eastern States by 54 non-exempted Central Ministries/ Departments each year. It was, however, noted that the reserve fund for NLCPR was not created in the Public Account of India and the same remained only a notional pool maintained by the Department of Economic Affairs, Ministry of Finance, not used to fund NLCPR scheme.

The execution of projects under the scheme was unsatisfactory as 21 *per cent* of the projects were incomplete with significant delays. Monitoring of the NLCPR scheme at the Ministry and State levels was also found to be deficient.

(Paragraph No. 2.1, Page No. 11)

[1] Four cases included under Para 1.11 under 'Action taken/recoveries effected by Ministries and Departments'

Ministry of Education

Department of School Education & Literacy

Parking of funds outside the Government Account

Department of School Education and Literacy failed to observe the extant rules and adhere to mandatory use of PFMS for transferring the scholarship directly from PAO to beneficiaries, which led to parking of funds outside the Government Account and utilisation of savings in the subsequent years.

(Paragraph No. 2.2, Page No. 25)

Ministry of External Affairs

Embassy of India, Berlin

Undue favour to Consultant due to execution of faulty agreement

Decision of the Mission/Ministry to enter into a contract, overlooking the available legal opinion, without specifying scope of work and fees in the contract and making payments without obtaining all original documents at every stage resulted in (a) allowing the consultant to change the original estimate (b) drain of public money in terms of rentals due to delay in completion of project and (c) possible infructuous expenditure to the tune of €6,58,059 (₹ 5.70 crore) (including VAT).

(Paragraph No. 2.3, Page No. 29)

High Commission of India, London

Excess charge of passport surrender fee

The Mission and Posts in UK failed to revise passport surrender fee despite orders issued by the Ministry in April 2021. This resulted in excess collection of excess passport surrender fee of £ 10,06,608 (₹ 10.18 crore) during the period from 01 April 2021 to 11/12 May 2022.

(Paragraph No. 2.4, Page No. 34)

Embassy of India, Stockholm

Avoidable expenditure of ₹ 2.84 crore due to lack of proactive actions by the Mission/Ministry

The Ministry/Mission failed to adhere to its own guidelines against purchase of heritage properties and failed to extend the existing lease leading to hasty hiring of same premises proposed for purchase besides retention of two properties simultaneously for a quarter resulting in avoidable expenditure of ₹ 2.84 crore.

(Paragraph No. 2.5, Page No. 35)

Ministry of Health and Family Welfare

Directorate General of Health Services

Government Medical Stores Depot, Kolkata, Guwahati, Hyderabad, Chennai and Karnal

Loss due to expiry of anti-TB and other drugs

Despite earlier assurances to streamline its drug procurement and distribution strategy, the Ministry failed to develop a dynamic and need-based strategy which is aligned to periodic changes in drug regimens. Director General of Health Services (DGHS) failed to issue release orders in time, resulting in expiry of anti-TB and other drugs valuing ₹ 43.37 crore, at five Government Medical Store Depots.

(Paragraph No. 2.6, Page No. 40)

Food Safety Standards Authority of India (FSSAI) and Central Drugs Standard Control Organisation (CDSCO)

Avoidable expenditure of ₹ 2.52 crore on electricity charges

Failure of CDSCO and FSSAI to regularise its temporary electricity connection in the common office premises resulted in avoidable expenditure aggregating ₹ 2.52 crore to BSES on account of electricity charges.

(Paragraph No. 2.7, Page No. 42)

Ministry of Home Affairs

Border Security Force

Blockage of funds on purchase of flats

Border Security Force purchased 906 one bed room flats (453 amalgamated pairs) at Siraspur from Delhi Development Authority without assessment of requirements and made payments aggregating ₹ 151 crore between March 2019 and March 2021. Of the 115 and 338 amalgamated flats taken possession of in February 2020 and November 2020 respectively, only 18 were occupied as of November 2022, as they did not find favour with BSF Personnel. Thus, purchase of flats without assessing requirements resulted in blockage of funds aggregating ₹ 151 crore.

(Paragraph No. 2.8, Page No. 43)

Avoidable payment of interest

Delay of 15 months in release of payment to NIIT, based on the decision of the Hon'ble High Court Delhi, resulted in avoidable outgo of interest amounting to ₹ 1.25 crore.

(Paragraph No. 2.9, Page No. 45)

Ministry of Information and Broadcasting

Implementation of National Film Heritage Mission by National Film Archive of India (NFAI), Pune

Ministry of Information and Broadcasting launched (November 2014) a scheme called "National Film Heritage Mission" (NFHM) with an estimated cost of ₹597.41 crore during the period from 2014-15 to 2020-21 through NFAI. Objectives of the Mission were to take up the assessment of film collection, preventive conservation and digitization of film reels, construction of archival and preservation facilities for preservation of material restored and organising training courses and workshops in this field. Inadequate planning, lack of a legal framework, *adhoc* approach of the Ministry to stop and then re-start the work, incorrect framing of RFPs and application of contract agreement resulted in inordinate delay in execution of NFHM scheme and non-achievement of the stated objectives of the scheme. As a result, film condition assessment, preventive conservation of film reels, picture and sound restoration, digitization of filmic contents as well as provision of space for storage of filmic and non-filmic contents remains incomplete till date.

(Paragraph No. 2.10, Page No. 47)

Ministry of Personnel, Public Grievances and Pensions

Department of Personnel and Training

Staff Selection Commission

Avoidable payment to the Contractor

Lack of proper planning in execution of time-based contract by Staff Selection Commission (SSC) for hosting its online services on mobile App without ensuring availability of requisite server and IT storage infrastructure on NIC Cloud led to 15.5 months' delay in project implementation and consequent avoidable payment of ₹ 90 lakh to the contractor.

(Paragraph No. 2.11, Page No. 66)

Ministry of Skill Development and Entrepreneurship

Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)

SANKALP was planned as a Centrally Sponsored Scheme to improve short term skill training qualitatively and quantitatively with loan assistance from the International Bank for Reconstruction and Development. The total outlay was US $ 675 million (₹ 4,455 crore). However, only 44 *per cent* was disbursed against budget provisions during the period between 2017-18 and 2023-24 (as of October 2023). The pace of physical and financial progress remained slow and the implementation strategy lacked necessary adherence to extant provisions.

(Paragraph No. 2.12, Page No. 70)

Ministry of Tribal Affairs

***Eklavya* Model Residential School Scheme**

Blockage of funds and non-achievement of intended benefits

Lack of planning and monitoring by the Ministry of Tribal Affairs resulted in 279 out of 681 residential schools for Scheduled Tribe under Eklavya Model Residential School (EMRS) Scheme sanctioned upto March 2022, remaining non-functional as of December 2022. In 57 out of 279 schools, the construction work was either incomplete or yet to be started, resulting in blockage of funds amounting to ₹ 916 crore released.

(Paragraph No. 2.13, Page No. 84)

Tribal Cooperative Marketing Development Federation of India (TRIFED)

Diversion of funds by TRIFED

Failure of the Ministry of Tribal Affairs to monitor its scheme resulted in diversion of fund of ₹ 5.67 crore, sanctioned during 2015-16, by TRIFED for establishment of Van Dhan Vikas Kendras without its approval during 2018-20. It also failed to recover interest aggregating to ₹ 5.36 crore accrued thereon from TRIFED as of September 2022.

(Paragraph No. 2.14, Page No. 86)

UT Andaman and Nicobar Administration

Directorate of Shipping Service

Loss of Revenue

Non-revision of container freight and other charges by Directorate of Shipping Services (DSS) led to loss of revenue of ₹ 22.14 crore.

(Paragraph No. 3.1, Page No. 89)

Non-realisation of Pre-bid Earnest Money Deposit and Security Deposit to the tune of ₹ 61.01 lakh in violation of General Financial Rules

Directorate of Shipping Services (DSS) failed to realize the Pre-bid Earnest Money Deposit and Post-bid Security Deposit to the tune of ₹ 61.01 lakh from the successful bidders for the auction of its decommissioned vessels, due to lacunae in the agreement entered by DSS with M/s Metal Scrap Trading Corporation Limited (MSTC), resulting in violation of General Financial Rules as well as failure to complete the sale of decommissioned vessels.

(Paragraph No. 3.2, Page No. 90)

UT Andaman Lakshadweep Harbour Works (ALHW)

Short recovery/Non-recovery of interest on account of Mobilisation Advance and Hypothecation Advance

Andaman Lakshadweep Harbour Works (ALHW) failed to levy interest on Mobilisation Advance and Hypothecation Advance extended to the contractors as per the terms and conditions of the contract agreements, resulting in short recovery/ non-recovery of interest.

(Paragraph No. 3.3, Page No. 93)

UT Chandigarh Administration

Undue benefit to the contractors

Municipal Corporation Chandigarh allotted 32 parking areas in Zone I and 57 parking areas in Zone-II to M/s Ram Sunder Prasad Singh, Patna and M/s. Pashchatya Entertainment (P) Limited, Delhi for annual license fee of ₹ ₹5,01,03,001/- and

₹5,51,11,111/- per annum respectively, initially for a period of three years extendable for further two years w.e.f. 23 January 2020. However, against the provisions of the Stamp Duty Act, 1899 and the Indian Registration Act, 1908, the contractors deposited Stamp duty of only ₹ 7.01 lakh instead of ₹ 23.67 lakh actually leviable, resulting in loss of revenue amounting to ₹16.66 lakh. Besides, license fee amounting to ₹ 7.26 crore is still pending (January 2023) from the contractor of Zone-II due to non-forfeiture of bank guarantee by MCC.

This undue benefit to contractors has resulted in loss of revenue due to short deposit of stamp duty amounting to ₹ 16.66 lakh and short recovery of License fee amounting to ₹ 7.26 crore.

(Paragraph No. 3.4, Page No. 95)

UT Dadra & Nagar Haveli and Daman and Diu

Retention of interest earned on Grant-in-Aid

District Panchayat Daman and its Gram Panchayats did not remit the interest earned on Grant-in-Aid (GIA) in violation of GFR provisions.

(Paragraph No. 3.5, Page No. 97)

UT Ladakh

Jammu and Kashmir Armed Police (JKAP)

Inadmissible payment of allowances to the appointees on probation

Contrary to the J&K Special Recruitment Rules, 2015, Commandant JKAP 25th Battalion, Leh allowed inadmissible monetary benefit to the extent of ₹ 5.13 crore to various probationers appointed under Statutory Regulatory Orders (SRO) 202 of 2015 for the period September 2018 to June 2020 during their posting in the Battalion.

(Paragraph No. 3.6, Page No. 99)

UT Chandigarh Administration

Short levy of Tax due to wrong calculation

The designated officer i.e. Excise and Taxation Officer Ward-9, Chandigarh during assessment of tax under the Punjab VAT Act, 2005 wrongly calculated the tax amounting to ₹ 23,68,010 instead of ₹ 26,30,333, thereby resulting into short calculation of tax ₹ 2,62,313 and interest of ₹ 2,95,102 totalling ₹ 5,57,415.

(Paragraph No. 3.7, Page No. 100)

Suppression of sale resulting into short levy of tax

Excise and Taxation Officer, Ward – 8, Chandigarh in the assessment cases of M/s Shiva Remedies assessed for the assessment year 2015-16 & 2016-17 respectively failed to crosscheck and compare the closing and opening stocks. A comparison of the Trading accounts of these years revealed that there was a difference of ₹ one crore in the closing stock of AY 2015-16 and opening stock of AY 2016-17. The omission resulted in revenue loss ₹ 24.68 lakh.

(Paragraph No. 3.8, Page No. 101)

CHAPTER-I
INTRODUCTION

1.1 About this Report

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the Government to ascertain whether the provisions of the Constitution of India and applicable laws, rules, regulations, order 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.

The Auditing Standards adopted by the Comptroller and Auditor General of India require that the materiality level for reporting be commensurate with the nature, volume and magnitude of transactions. The findings of Audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations thereby contributing to better governance.

1.2 Authority for Audit

The authority for audit by the C&AG and reporting to Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (the Act). The C&AG conducts audit of receipts and expenditure of Ministries/ Departments of the Government of India under Sections 13, 16 and 17 of the Act. Bodies established by or under law made by the Parliament and containing specific provisions for audit by the C&AG are statutorily taken up for audit under Section 19(2) of the Act. Audit of other organisations (Corporations or Societies) is entrusted to the C&AG in public interest under Section 20(1) of the Act.

1.3 Planning and conduct of Audit

As per the Annual Audit Planning process, units for compliance audit are selected on the basis of risk assessment, besides topicality, materiality, social relevance etc. Risk assessment includes appraisal of internal control systems of the units, past instances of defalcation, misappropriation, embezzlement, etc. as well as findings of previous Audit Reports. Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are settled with action for compliance advised, wherever necessary. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report after seeking responses from the Ministry/Department concerned. Audit Reports are laid before the Parliament under Article 151 of the Constitution of India.

1.4 Audit coverage

This Report contains significant results of the Compliance Audit of financial transactions of 23 Ministries/Departments of the Union Government covering 44 civil grants **(Appendix-I)** under the General and Social Sectors. The Report has been organised in three chapters as under:

- This chapter (Chapter I), in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of 23 Union Ministries/Departments covering 44 civil grants under the General and Social Sectors for the financial year 2021-22, response of the Government to draft paragraphs and follow up action on Audit Reports.

- Chapter II contains significant observations arising out of compliance audit of the 23 Civil Ministries/Departments as a result of audit of transactions up to 2021-22.

- Chapter III contains significant observations arising from the audit up to 2021-22 of Government Departments/Offices under the control of the five Union Territories without Legislatures (UTs) *viz.* Andaman and Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Ladakh and Lakshadweep covering five grants.

1.5 Budget and expenditure control of Civil Ministries/Departments

The position of provision, expenditure, and savings of 23 Union Ministries/ Departments covering 44 civil grants for FY 2020-21 and FY 2021-22 are shown in **Table No. 1.1**. The details are given in **Appendix-II**.

Table No. 1.1: Details of grants received, expenditure incurred and savings under General and Social Sectors

(₹ in crore)

Segment	2020-21[1]			2021-22		
	Grant/Appro-priation#	Total Expenditure	Savings (-)/ Excess (+)	Grant/Appropriation#	Total Expenditure	Savings (-)/ Excess (+)
Revenue (Charged)	5,668.75	4,207.35	-1,461.40	5,596.89	4,755.77	-841.12
Revenue (Voted)	9,13,490.91	7,70,405.99	-1,43,084.92	8,75,703.36	7,62,715.95	-1,12,987.41
Capital (Charged)	63.07	58.56	-4.51	131.57	126.23	-5.34
Capital (Voted)	26,361.78	13,356.46	-13,005.32	26,014.70	19,449.60	-6,565.10
Total	**9,45,584.51**	**7,88,028.36**	**-1,57,556.15**	**9,07,446.52**	**7,87,047.55**	**-1,20,398.97**

Source: Union Government Appropriation Accounts (Civil) 2020-21 and 2021-22.
#Grant/Appropriation = Budget Estimates + Supplementary

Analysis of expenditure of the Ministries/Departments depicted in **Appendix-II** revealed that in following eight Grants under seven Ministries **(Table No. 1.2),** the expenditure incurred during FY 2021-22 was more than or equal to **₹ 1,000** crore and was in excess of 30 *per cent* of expenditure in comparison to FY 2020-21.

Table No. 1.2: Comparison of expenditure between FY 2020-21 and 2021-22

(₹ in crore)

Sl. No.	Grant Nomenclature	Ministry	Expenditure in 2020-21	Expenditure in 2021-22	Increase in Expenditure (5 – 4)	%age increase
1	2	3	4	5	6	7
1.	Department of Pharmaceuticals	Ministry of Chemicals and Fertilisers	456.16	1858.14	1401.98	307
2.	Ministry of Development of North Eastern Region	Ministry of Development of North Eastern Region	1895.99	2662.47	766.48	40
3.	Dadra and Nagar Haveli and Daman and Diu	Ministry of Home Affairs	2340.43	3671.68	1331.25	57
4.	Ladakh		2374.03	5060.66	2686.63	113
5.	Ministry of Labour and Employment	Ministry of Labour and Employment	12929.83	24036.34	11106.51	86
6.	Law and Justice	Ministry of Law and Justice	1717.52	4163.99	2446.47	142
7.	Ministry of Planning	Ministry of Planning	749.30	1064.81	315.51	42
8.	Ministry of Youth Affairs and Sports	Ministry of Youth Affairs and Sports	1787.83	2376.96	589.13	33

Source: Union Government Appropriation Accounts (Civil) 2020-21 and 2021-22

[1] Variation in figures for the FY 2020-21 as shown here and figures shown in CAG's Audit Report No. 24 of 2022 is due to non-inclusion of figures relating to 10 Grants which are presently under audit jurisdiction of Director General of Audit (Agriculture, Food and Water Resources).

Further analysis revealed that major components of increase in expenditure in FY 2021-22 in comparison to FY 2020-21 in the above mentioned eight grants are as follows:

- **Department of Pharmaceuticals:** Increase of ₹ 1,401.98 crore in the expenditure during 2021-22 in comparison to 2020-21 pertained mainly to Write-off/Waiver of losses in respect of Pharmaceutical PSUs (₹ 1,083.21 crore), Development of Pharmaceuticals Industry (₹ 136.63 crore) and Loans to Public Sector and other Undertakings – Hindustan Antibiotics Ltd. (₹ 119.57 crore).

- **Ministry of Development of North Eastern Region:** Increase of ₹ 766.48 crore in expenditure during 2021-22 in comparison to 2020-21 mainly pertained to Central Pool of Resources for NE Region – Central Assistance from Non Lapsable Pool of Resources for North East and Sikkim (₹ 265.37 crore), Special Component Plan for Scheduled Castes - Central Assistance from Non Lapsable Pool of Resources for North East and Sikkim (₹ 31.39 crore), Special Development Package to Autonomous Territorial Council (₹ 21.75 crore), Trial Area Sub Plan-Central Assistance from Non Lapsable Pool of resources for North East and Sikkim (₹ 18.95 crore) and Trial Area Sub Plan - Special Development Package to Autonomous Territorial Council (₹ 15.00 crore).

- **Ministry of Home Affairs:**

  I. **Dadra & Nagar Haveli and Daman & Diu:** Increase of ₹ 1,331.25 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to Transmission and Distribution of power in Daman and Diu (₹ 394.11 crore), District Road (₹ 278.50 crore), Municipal Council (₹ 213.95 crore) and Panchayats (₹ 86.46 crore).

  II. **Ladakh**: Increase of ₹ 2,686.63 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to UT Ladakh Administration (₹ 1,237.14 crore), Ladakh Autonomous Hill Development Council- Director and Administration - Secretary Finance, UT Ladakh (₹ 816.70 crore), Ladakh Autonomous Hill Development Council (₹ 83.88 crore), Chief Medical Officers, Leh and Kargil (₹ 79.16 crore) and Expenditure on Transmission and Distribution (₹ 77.38 crore).

- **Ministry of Labour and Employment:** Increase of ₹ 11,106.51 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to Employees' Pension Scheme, 1995 (₹ 8,192.19 crore), Special Component Plan for Scheduled Castes - Employees' Pension Scheme, 1995 (₹ 1,828.31 crore) and Social Security Schemes (₹ 1,131.85 crore).

- **Law and Justice:** Increase of ₹ 2,446.47 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to Charges for conduct of Election of Lok Sabha and State/Union Territory Legislative Assemblies when held simultaneously – Reimbursements to State/Union Territory Governments (₹ 1,285.99 crore), EVMs for Election Commission (₹ 849.68 crore), Electoral Officers - Reimbursements to State/Union Territory Governments (₹ 111.00 crore) and Preparation and Printing of Electoral Rolls - Reimbursements to State/Union Territory Governments (₹ 104.00 crore).

- **Ministry of Planning:** Increase of ₹ 315.51 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to Atal Innovation Mission including Self Employment and Talent Utilization (SETU) (₹ 341.97 crore), Ongoing Programme and Schemes including liabilities from BE 2014-15 [SOPS, EPP(IC), R&S, PFAR, UNDP-HDBI, UNDP-SCDP] (₹ 275.01 crore) and NITI Aayog – Headquarters (₹ 36.45 crore).

- **Ministry of Youth Affairs and Sports:** Increase of ₹ 589.13 crore in the expenditure during 2021-22 in comparison to 2020-21 was mainly due to Khelo India (₹ 299.22 crore), Sports Authority of India (₹ 102.47 crore), Nehru Yuva Kendra Sangthan (₹ 81.86 crore) and Sports University in North East (₹ 62.23 crore).

1.6 Saving of over ₹ 500 crore in major schemes

The Public Accounts Committee (PAC) in Para 14 of the 17th Report relating to Union Government Appropriation Accounts (Civil) 1996-97 had observed that "large scale unspent provisions under Grants/Appropriations by the Civil Ministries/Departments have become an almost recurring feature and the position is still to improve and had concluded that the concerned Ministries/Departments have not made any serious attempts to apply effective corrective measures in accordance with the Committee's recommendations". Therefore, in compliance with the recommendation made by the PAC in this regard, the Ministry of Finance requested all the Financial Advisers to carry out a thorough study of the cases/schemes where large scale unspent provisions have occurred and take appropriate action so as to avoid recurrence of large-scale unspent provisions in their respective Demands for Grants.

Audit observed that savings of ₹ 500 crore and above constituting more than 15 *per cent* of the budget provisions occurred in the following Major schemes implemented by the 23 Ministries/Departments covered in this Audit Report during 2021-22 as detailed in **Table No. 1.3**. Large savings are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. Such savings also implied unnecessary provisioning of resources raised through taxes etc. and correspondingly depriving other deserving sectors of the economy.

Table No. 1.3: Savings of ₹ 500 crore and above constituting more than 15 *per cent* of the budget provisions

(₹ in crore)

Sl. No.	Ministry	Scheme	Budget Estimates	Actuals	Savings	Savings Percentage
1.	Education	Rashtriya Uchhatar Shiksha Abhiyan	3000.00	242.34	2757.66	91.92
2.	Health and Family Welfare	Pradhan Mantri Jan Aarogya Yojna	6401.00	3115.55	3285.45	51.33
3.	Rural Development	National Livelihood Mission-Aajeevika	13677.61	9384.2	4293.41	31.39
4.	Women and Child Development	SAMARTHYA	2522.00	1733.03	788.97	31.28
5.	Health and Family Welfare	National AIDS and STD Control Programme	2900.00	2126.33	773.67	26.68
6.	Skill Development and Entrepreneurship	Pradhan Mantri Kaushal Vikas Yojana	2505.00	1844.38	660.62	26.37
7.	Education	Samagra Shiksha	31050.16	25060.89	5989.27	19.29

***Source:** Accounts at Glance for the year 2021-22 at official website of Controller General of Accounts, Department of Expenditure, Ministry of Finance*

1.7 Audit of Union Territories

With notification of The Jammu and Kashmir Reorganisation Act, 2019, and Dadra & Nagar Haveli and Daman & Diu (merger of Union Territories) Act, 2019, there are now eight Union Territories specified under Part II of the First Schedule to the Constitution of India. Out of these, five UTs *viz.* Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Ladakh and Lakshadweep are UTs without legislature, while three UTs *viz.* National Capital Territory of Delhi, Puducherry and Jammu & Kashmir are UTs with Legislatures.

The budget provisions in respect of UTs without Legislature are under the administrative control of the MHA. The MHA prepares the Demands for Grants and Detailed Demand for Grants (DDGs) relating to these UTs for approval of Parliament. While the general administration of the UTs is the responsibility of the MHA, other Ministries/Departments of the Union Government administer funds on the subjects mentioned in Lists I and II of the Seventh Schedule to the Constitution of India in so far as they exist in regard to these territories. Thus, the DDGs also contain proposals relating to the expenditure in these UTs on activities concerning other Ministries and Departments of the Union Government. Administrators of the UTs have been delegated financial powers up to a certain limit by MHA for sanction of plan schemes.

1.7.1 Provision and Expenditure in UTs

Details of budgetary allocation and expenditure in the five UTs without Legislatures in 2021-22 are given in **Table No. 1.4**.

Table No. 1.4: Budgetary allocation and expenditure in 2021-22

(₹ in crore)

Name of Union Territory	Total Grant/ Appropriation		Gross Expenditure		Savings			
					Revenue		Capital	
	Revenue	Capital	Revenue	Capital	Amount	*Per cent*	Amount	*Per cent*
Andaman and Nicobar Islands	5463.61	666.34	5345.35	419.99	118.26	2.16	246.35	36.97
Chandigarh	4567.76	618.52	4471.62	468.68	96.14	2.10	149.84	24.23
Dadra & Nagar Haveli and Daman & Diu	2798.81	873.07	2798.66	873.02	0.15	0.01	0.05	0.01
Ladakh	3597.43	3626.38	3205.08	1855.58	392.35	10.91	1770.80	48.83
Lakshadweep	1238.22	229.10	1209.45	65.88	28.77	**2.32**	163.22	71.24
Total	**17665.83**	**6013.41**	**17030.16**	**3683.14**	**635.67**	**3.60**	**2330.27**	**38.75**

Source: Union Government Appropriation Accounts (Civil) 2021-22

In **Andaman and Nicobar Islands**, savings ranged from 2.16 *per cent* in Revenue segment to 36.97 *per cent* in Capital Expenditure which were mainly due to non-finalisation of procurement process & delay in delivery of marine vessels, less operation of vessels & slow progress of work owing to COVID-19 pandemic and unspent balances of previous year.

In **Chandigarh**, savings ranged from 2.10 *per cent* in Revenue segment to 24.23 *per cent* in Capital segment which were mainly due to non-finalization of proposal for construction of road, railway crossings & elevated corridors in various sectors, non-finalization of tender for purchase of buses, construction of hostel in college campus, construction of Sports Injury Centre and procurement of machinery & vehicles, non-receipt of administrative approval for construction of various Educational Blocks/Hostels, additional block at High Court premises & multi-level parking at District Court Complex.

In **Ladakh**, savings ranged from 10.91 *per cent* in Revenue segment to 48.83 *per cent* in the Capital segment which were mainly due to short delivery of vehicles owing to unprecedented snowfall, non-commencement of works by Public Sector Undertakings and requirement of less funds towards medical re-imbursement claims & meetings/seminars owing to COVID-19 pandemic.

In **Lakshadweep**, savings ranged from 2.32 *per cent* in Revenue segment to 71.24 *per cent* in the Capital segment which were mainly due to delay in acquisition of land/ construction/extension works of airports and helipads, non-finalization of tender for purchase of cargo/passenger ships, restructuring of schemes and delay in receipt of utilization certificates from panchayats, delay in construction of new and ongoing jetties and berthing facilities owing to COVID-19 pandemic.

1.8 Audit of Central Public Sector Enterprises (CPSEs)

The accounts of Central Public Sector Enterprises (CPSEs) including Government Companies, Statutory Corporations and other Companies controlled by Government, are audited by the C&AG of India under Sections 143(6) and 143 (7) of Companies Act, 2013 or respective Act of the Parliament forming Statutory Corporations. The Independent Auditor(s) {Chartered Accountants(s)} are appointed by the C&AG to certify the accounts of CPSEs and the C&AG has the right to conduct supplementary audit of such audited accounts. Reports in relation to the CPSEs are submitted to the Government by the C&AG under the provisions of section 19A of the C&AG (Duties, Powers and Conditions of Service) Act, 1971.

53 CPSEs under 12 Union Ministries/Departments as outlined in **Appendix-III** were audited under the provisions of Companies Act, 2013 or respective Act of the Parliament.

1.9 Status of pending ATNs

In its 105th Report (10th Lok Sabha–1995-96) presented to the Parliament on 17 August 1995, the Public Accounts Committee had recommended that Action Taken Notes (ATNs) on all paragraphs of the Reports of the C&AG 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 Ministries/Departments concerned duly vetted by Audit and sending them to the Public Accounts Committee within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

As of December 2023 (for the period ending March 2022), out of 16 ATNs of Civil Ministries and six ATNs of Union Territories without Legislatures, no ATN is pending and all are under correspondence. **(Appendices-IV and V)**

1.10 Response of the Ministries/Departments to audit paragraphs

On the recommendation of the Public Accounts Committee (PAC), the Ministry of Finance issued directions to all Ministries in June 1960 to send their responses to the draft paragraphs proposed for inclusion in the Report of the C&AG of India within six weeks of receipt of the paragraphs. Accordingly, the draft paragraphs are forwarded to Secretaries of the Ministries/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

Concerned Ministries/Departments did not send replies to eight out of 26 paragraphs (upto March 2023). The response of the concerned Ministries/ Departments received in respect of the remaining 18 paragraphs has been suitably incorporated in the Report.

An amount aggregating ₹ 7.98 crore has been recovered during the compliance audit process as per details given in **Table No. 1.5**.

Table No. 1.5: Details of recovery

(₹ in crore)

Sl. No.	CPSE/ Department/ Ministry	Audit observations	Amount recovered
1.	External Affairs	Failure of Ministry of External Affairs (MEA) to ensure installation of electricity sub-meters at the time of allotment of space to M/s Tata Consultancy Services (TCS), Service Provider in its Passport Offices resulted in non-recovery of proportionate electricity usage charges from the Service Provider for co-located Passport Seva Kendras. After being pointed out by audit, MEA recovered ₹ 2.89 crore from TCS.	2.890
2.	Rural Development	Audit noticed irregular reimbursement aggregating ₹ 5.18 lakh under Leave Travel Concession scheme in the Ministries. On this being pointed out, Ministry intimated vide its email/letter dated March 2023/ February 2024 about steps taken for recoveries along with penal interest from these employees and recovery of ₹ 3.35 lakh from the employees. Further, it also stated that random scrutiny of other LTC cases for the FY	0.034

Sl. No.	CPSE/ Department/ Ministry	Audit observations	Amount recovered
		2018-19 has also been completed and no other such cases were found.	
3.	Social Justice and Empowerment	Non-remittance of interest, earned by various grantee bodies on Grants-in-Aid received from Department of Empowerment of Persons with Disabilities (Divyangjan-DEPwD), resulted in short remittance of ₹ 4.75 crore to Consolidated Fund of India. After being point out by audit, DEPwD recovered interest aggregating ₹ 4.75 crore from various National Institutes/Composite Regional Centres.	4.750
4.	UT Chandigarh Administration	Chandigarh Administration decided to handover the Sampark Project permanently to SPIC in July 2015 and transaction rate of both Sampark and Gram Sampark Centres were revised to ₹ 25/- per transaction with the approval of the then Secretary (IT). Cost per transaction per month was worked out to ₹ 19.93/- and it was rounded off by the Department to ₹ 20. Further, by adding SPIC Project Management Charges at the rate of 25 *per cent* on the cost of each transaction per month, the cost worked out to ₹ 25/- (20+ 25 *per cent* of 20) per transaction. Had the cost per transaction been taken as ₹ 19.93, it would have worked out as ₹ 24.91 instead of ₹ 25/-. The rounding off cost of rupees at the time of calculation for fixation of rates is not as per the Receipt and Payment Rules, 2007. Rounding off at this stage stands premature and has resulted in overpayment of transaction charges to operating agency by ₹ 31 lakh. The Department has informed that the society has deposited the excess amount as pointed out in audit.	0.310
		Total	**7.984**

CHAPTER-II
UNION MINISTRIES

This Chapter contains fourteen Audit Paragraphs covering audit findings related to nine Union Ministries/Departments.

(I) Ministry of Development of North-Eastern Region

2.1 Analysis of Non-Lapsable Central Pool of Resources

In 1996, an initiative was introduced by the Union Government to ensure speedy development of infrastructure in the North-Eastern (NE) States. For this purpose, the Central Government created a Non-Lapsable Central Pool of Resources (NLCPR) Scheme in 1998-1999 which was to be funded from the unspent amount of the stipulated 10 *per cent* of the gross budgetary support earmarked for spending on North-Eastern States by 54 non-exempted Central Ministries/Departments each year. It was however noted that the reserve fund for NLCPR was not created in the Public Account of India and the same remained only a notional pool maintained by the Department of Economic Affairs, Ministry of Finance, not used to fund NLCPR scheme.

The execution of projects under the scheme was unsatisfactory as 21 *per cent* of the projects were incomplete with significant delays. Monitoring of the NLCPR scheme at the Ministry and State levels was also found to be deficient.

2.1.1 About NLCPR

2.1.1.1 Introduction

The North-Eastern Region (NER) comprises of eight States *viz.* Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Development in the North-Eastern Region has lagged behind the rest of the country leading to its dependence on Central funding for development works. All the States in the NER were accorded Special Category Status where Development Plans are centrally financed on the basis of 90 *per cent* Grant and 10 *per cent* Loan. In October 1996, the Prime Minister announced new initiatives for the North-Eastern Region (NER) and stipulated that at least 10 *per cent* of the Budget(s) of the Central Ministries/Department would be earmarked for the development of North-Eastern States.

A preliminary exercise undertaken by the then Planning Commission in consultation with various Ministries/Departments revealed that the expenditure in NER by some Union Ministries during 1997-1998 fell short of the stipulated 10 *per cent* of the Gross Budgetary Support (GBS) for that year. As per Union budget 1998-99, the amount, to the extent of shortfall in the utilization of this provision by any Ministry/Department (except some exempted ones), would be transferred to a new Reserve Fund in the Public Account titled 'Central Resource Pool for development of North-Eastern Region'.

Subsequently, a Non-Lapsable Central Pool of Resources (NLCPR) scheme was started in 1998 with the objective to ensure speedy development of infrastructure in NER by increasing the flow of budgetary financing for developing both physical and social infrastructure such as Irrigation and Flood Control, Power, Roads and Bridges, Education, Health, Water Supply, Sanitation, Sports, Tourism and Culture etc. in the Region. The NLCPR Pool is maintained by Ministry of Finance.

Ministry of DoNER is provided a fixed amount of fund under Annual Budgetary Allocation to support the projects under NLCPR Scheme. Under the NLCPR scheme, 90 *per cent* of the approved cost of a project was to be released by DoNER as grant-in aid and the remaining 10 *per cent* was to be contributed by the respective State Government.

In November 2017, the Cabinet approved restructuring of the NLCPR Scheme into a new scheme, *viz*. North-East Special Infrastructure Development Scheme (NESIDS). Since the NLCPR Scheme has been restructured into NESIDS w.e.f. 15 December 2017, no new project was sanctioned under the NLCPR scheme. The provision for release of funds under NLCPR scheme from 2018-19 onwards was only for committed liabilities which depend on receipt of Utilization Certificates (UCs) from respective States. A new scheme named Prime Minister's Development Initiative for North-East (PM-DeviNE) was announced in the Union Budget 2022-23, the outlay for which is based on average annual saving on account of 10 *per cent* GBS in the North-Eastern region by 54 non-exempted Ministries/Departments.

2.1.1.2 Project formulation and approval under NLCPR Scheme

NLCPR scheme is administered by the 'NLCPR Committee', headed by the Secretary, Ministry of Development of North-Eastern Region (DoNER).

The main steps in project formulation and approval under NLCPR scheme are:

- Submission of shelf/Annual Profile/priority list of projects by the State through the State Nodal Department.
- Retention of Projects by NLCPR Committee
- As per NLCPR Guidelines-2012, submission of Detailed Project Report (DPR) of the retained projects by the State through the nodal Department to DoNER.

- As per NLCPR Guidelines-2016, DPRs will be placed before State Level Empowered Committee (SLEC)
- Techno-economic examination of the project by Line Ministries/SLEC.
- Technical project appraisal by NLCPR Committee and recommendation for approval of the project to DoNER.
- Final concurrence of the project by the Minister of DoNER.

2.1.2 Audit approach

2.1.2.1 Audit objectives

Audit of NLCPR was undertaken to assess whether:

- the NLCPR has been able to achieve the objective of speedy development in the NER?
- the projects financed through NLCPR were executed efficiently, effectively and economically?
- there was adequate monitoring and evaluation of the projects by DoNER?

2.1.2.2 Audit Scope, Criteria, Methodology and Constraints

This audit covered implementation of NLCPR during 2016-17 to 2020-21. The records were examined with reference to Guidelines of NLCPR Scheme, Cabinet Notes etc.

- During 1998-2017, 1635 projects were taken up under NLCPR scheme having financial implication aggregating ₹ 16233.79 crore.
- During the audit period, ₹ 2368 crore was released for 428 projects.
- Out of 428 projects, 83 projects having financial outgo aggregating ₹ 446.95 crore were selected by audit for test check relating to three sectors *viz.* Health, Sports and Water-supply. The projects were selected by judgemental sampling keeping in view their importance for the people of the NER.

Out of the 83 projects selected for test check, DoNER could not make available records relating to six projects[1] aggregating ₹ 85.38 crore stating that the files

[1] (i) Construction of Annexe Block for 1000 bedded Super Specialty STNM, Sochyagang, Sikkim, (ii) Augmentation/ providing water supply connection at Parang Valley, Papumpare district of Arunachal Pradesh, (iii) Greater Selsella Water Supply Scheme (Tura North Division), Meghalaya, (iv) Greater Saitual Water Supply Scheme, Mizoram, (v) W. Phaileng Water Supply (Pumping), Mizoram, and (vi) Aibawk Water Supply Scheme, Mizoram.

were untraceable, which has limited the Scope of Audit. Consequently, audit could examine records related to only 77 projects.

The audit of NLCPR was conducted during September 2021 to January 2022 at NLCPR Division, M/o DoNER, New Delhi. Further, audit observations raised during the compliance audit of DoNER for the year 2020-21 have also been included in the Report.

2.1.3 NLCPR Fund and NLCPR scheme

2.1.3.1 Non-creation of NLCPR fund in Public Account of India and its existence only in notional form

As per Cabinet decision taken in 1998-99, the Ministry of Finance was mandated to create a NLCPR fund in the Public Account of India. The unspent amount of the stipulated 10 *per cent* of the GBS earmarked for spending on North-Eastern States by 54 non-exempted Central Ministries was to be kept in this fund. The NLCPR scheme was to be funded from the said reserve fund. However, no such Reserve Fund was created in the Public Account of India and the unspent amount was surrendered by the Ministries/Departments at the end of the financial year.

The non-creation of Reserve Fund in Public Account was also flagged in CAG's Audit Report No. 5 of 2010-11 - Union Government (Civil) - Performance Audit of Non-Lapsable Central Pool of Resources Scheme. It was also stated that as the scheme had failed to achieve its intended objective of ensuring speedy development of infrastructure in NE States, DoNER may review the further continuance of NLCPR scheme.

DoNER stated (February 2023) that utilization of any resources from this Pool had not taken place as NLCPR existed in notional form maintained on a proforma basis by the Ministry of Finance. Hence, NLCPR scheme was implemented as one amongst many DoNER schemes for which funds were provided through GBS to DoNER. Further, Ministry of Finance also confirmed (17 April 2023) that the Non-Lapsable Central Pool of Resources is a notional fund, which is not maintained in Public Account.

2.1.3.2 Reconciliation of NLCPR accrual

NLCPR scheme was to be funded from the unspent amount of the stipulated 10 *per cent* of the Gross Budgetary Support (GBS) earmarked for spending on North-Eastern States by 54 non-exempted Central Ministries/Departments each year.

Ministry of DoNER, being the nodal Ministry, monitors and keeps track of expenditure under the mandatory 10 *per cent* of GBS by non-exempted Ministries/ Departments. The annual surrendered amounts out of the earmarked outlays of all non-exempted Central Ministries/Departments for NER are being accounted for as accruals to NLCPR pool. The year wise figures of NLCPR accruals compiled by DoNER are sent to Department of Economic Affairs, Ministry of Finance for reconciliation. Audit noted that the figures under NLCPR accruals were not reconciled as on February 2023. Department of Economic Affairs, Ministry of Finance, however, agreed (April 2023) with the accrual figures of ₹ 111345.52 crore as on 31 March 2020 as informed by the DoNER.

2.1.4 Project Planning and Execution

2.1.4.1 Gap Analysis not conducted

NLCPR Scheme Guidelines envisaged that the States should submit an annual priority list of projects which should be a comprehensive proposal containing gap analysis of all major sectors and justification of the list of projects in fulfilling these gaps. The priority list was to be forwarded to the NLCPR committee which, after examination and taking into consideration the priorities of the State, would recommend the retention of project to DoNER. The State Governments were to prepare Detailed Project Reports of retained projects so intimated and after clearance by Line Ministries/State Level Empowered Committee (SLEC) place them before the NLCPR Committee for approval.

While the Guidelines mandated gap analysis, there was no methodology provided in the Guidelines for conducting such gap analysis. DoNER has not devised any mechanism to conduct such gap analysis, which could serve as an important tool in comparative sectoral analysis and aid planning at the macro level. The States have also shied away from carrying out any such analysis.

DoNER stated (March 2022) that the State Government submitted priority list of projects along with concept papers and detailed analysis of existing facilities, having impact on larger number of people, based on their present needs and keeping in view the future expansion. States identified certain sectors for focused investments with a long-term vision. DoNER further stated (June 2022) that there existed sufficient mechanism under NLCPR guidelines to conduct gap analysis by the NE States.

Though, DoNER stated that sufficient mechanism existed under NLCPR guidelines, no records regarding any gap analysis by the North-Eastern States was provided to audit.

2.1.4.2 Analysis of ongoing projects

During 1998-1999 to December 2017, 1635 projects were sanctioned under the NLCPR Scheme with an approved cost aggregating ₹ 16233.79 crore.

- Only 1292 of these projects were completed with a time overrun upto 11 years as of February 2023.

- 343 projects (21 *per cent*) costing ₹ 5389.50 crore were pending for completion with delays ranging from one to 15 years from the date of sanction of the projects and funds to the tune of ₹ 3863.66 crore released on these projects was blocked. DoNER had identified 49 old projects (out of 343 projects) of approved cost aggregating ₹ 595.24 crore under NLCPR scheme which could not be taken up further and needed to be foreclosed. DoNER had released funds amounting to ₹ 327.19 crore to the North-Eastern States for these 49 old projects. These projects are yet to be foreclosed and the expenditure incurred on them is likely to become infructuous.

This shows poor planning and weak monitoring of the projects.

DoNER did not give a specific reply to the audit comments.

2.1.4.3 Analysis of sampled projects

Out of 83 projects selected for detailed scrutiny, DoNER submitted files relating to only 77[2] projects.

- These 77 projects were approved by DoNER at an estimated cost aggregating ₹ 1203 crore against which funds aggregating ₹ 429.48 crore were released till March 2021.
- Only 46 (as detailed in **Table No. 2.1**) of these 77 projects, were completed as of June 2022, with a time overrun ranging from 0.6 year to nine years while one project was cancelled after release of token amount of ₹ 10 lakh.
- 30 projects were incomplete with delays ranging from two years and one month to 13 years as of February 2023, as detailed in **Annexure-2.1**.

[2] One project in Arunachal Pradesh was cancelled by DoNER due to delay in submission of work order and six project files were not submitted to audit by DoNER.

Table No. 2.1: State-wise status of reviewed projects

<table>
<tr><th>State</th><th>Projects reviewed</th><th>Completed projects</th><th>Incomplete Projects</th><th>Reasons for delay/Remarks</th></tr>
<tr><td>Arunachal Pradesh</td><td>10*</td><td>6</td><td>3</td><td rowspan="9">1. Delay in submission of work orders by States in 62 projects.
2. Delay in acquisition of land.
3. Delay due to law-and-order problems.
4. Delay in submission of UCs & QPRs.
5. The State Government did not seek approval of SLEC for re-scheduling the date of completion.
6. Deficient monitoring by DoNER.</td></tr>
<tr><td>Assam</td><td>10</td><td>2</td><td>8</td></tr>
<tr><td>Manipur</td><td>11</td><td>6</td><td>5</td></tr>
<tr><td>Meghalaya</td><td>6</td><td>3</td><td>3</td></tr>
<tr><td>Mizoram</td><td>17</td><td>17</td><td>0</td></tr>
<tr><td>Nagaland</td><td>8</td><td>3</td><td>5</td></tr>
<tr><td>Sikkim</td><td>8</td><td>7</td><td>1</td></tr>
<tr><td>Tripura</td><td>7</td><td>2</td><td>5</td></tr>
<tr><td>Total</td><td>77*</td><td>46</td><td>30</td></tr>
</table>

Note: * one project was cancelled after release of token amount of ₹ 10 lakh

- 42 out of 58 projects sanctioned under NLCPR Guidelines-2012 were reported to have been completed while 16 projects were incomplete as of December 2022. DoNER had released third and final instalment for eight out of these 16 incomplete projects, after ensuring 80 *per cent* progress, during September 2016 to January 2020. However, the projects were still incomplete as of February 2023 even after the release of entire Central share resulting in blockage of funds amounting to ₹ 97.93 crore.

- 14 out of 19 projects sanctioned under NLCPR Guidelines-2016 were incomplete. Entire Central share for four out of these 14 has been released during December 2019 to September 2021 after ensuring 50 *per cent* physical progress in these four projects. However, these projects were still incomplete as of February 2023 resulting in blockage of funds of ₹ 54.53 crore.

DoNER stated (February 2023) that progress of these projects has been reviewed during the meeting of inter-Ministerial Committee chaired by Secretary, DoNER and co-chaired by the Chief Secretaries of the concerned States. As a result of these meetings, the State Governments have identified projects to be completed within a fixed timeline and action would be taken for achieving the same. DoNER is coordinating closely with the State Governments for monitoring the same.

As 39 *per cent* of test-checked projects were incomplete with delays ranging from two years and one month to 13 years, the efforts in completion of projects were found to be lacking.

2.1.4.4 Sector-wise Impact Assessment

(A) Health sector

Out of 10 test checked projects under Health Sector, only five projects have been completed with time overrun of five years to seven years. The remaining five projects were yet to be completed with time overrun ranging from 1.5 years to 13.5 years, which would likely to result in cost overrun as well.

Important findings during the audit in Health Sector projects are presented in **Table No. 2.2**.

Table No. 2.2: Important findings noticed in Health Sector

(₹ in crore)

Sl. No.	Name of the Project	Year of sanction	Estimated cost	Schedule for completion	Status of Project/ Delay as of 30 June 2022	Expenditure incurred (% of Estimated cost)	Reasons
1.	Construction of 50 bedded Hospital at Yingkiong in Upper Siang District, Arunachal Pradesh	2013	13.07	June 2016	Completed with the delay of six years.	13.07 (100%)	Delay in tender formalities.
2.	Construction of 50 bedded Civil Hospital at Lawngtlai, Aizawl, Mizoram	2014	11.92	December 2016	Completed with the delay of five and half years.	11.92 (100%)	Delay due to short working season and shortage of labourers.
3.	South District Hospital Phase-II (Hospital Quarters), Tripura	2013	9.68	September 2016	In Progress/ (five years and nine months).	6.48 (67%)	Delay in selection of construction agency and dispute on work site.
4.	Establishment of a College of Nursing, Kokrajhar, Assam	2013	14.27	May 2015	In Progress/ (seven years).	10.28 (72%)	Heavy flood and shortage of forest material.

Hence, the above table indicates substantial delay in completion of projects ranging from five years to seven years despite incurring expenditure ranging from 67 *to* 100 *per cent* of approved cost of projects.

(B) Water Supply Sector

Out of 39[3] test checked projects under Water Supply Sector, only 27 projects were completed with time overrun ranging from 0.6 year to 6.8 years. The

[3] One project was cancelled by DoNER.

remaining 12 projects were yet to be completed with time overrun ranging from 1.5 years to 11.8 years.

Important findings during the audit in Water Supply sector are presented in **Table No. 2.3**.

Table No. 2.3: Important findings noticed in Water Supply Sector

(₹ in crore)

Sl. No.	Name of the Project	Year of sanction	Estimated cost	Schedule for completion	Status of Project/ Delay as of 30 June 2022	Expenditure incurred (% of Estimated cost)	Reasons
1.	Tinsukia Town Water Supply Scheme (Phase-I)	2013	35.83	December 2016	In Progress/ (five years and six months)	25.80 (72%)	Bad Weather conditions, Labour issues
2.	Bongaigon Town Water Supply Scheme, Assam	2011	32.02	February 2014	In Progress/ (eight years and four months)	11.29 (35%)	Delay in handing over of land to implementing authorities.
3.	Greater Raliang Water Supply Project, Meghalaya	2010	21.14	February 2013	In Progress/ (nine years and four month)	19.03 (90%)	Delay in finalization of land agreement with land owners and clearance of land from PWD.
4.	Upper Shillong Water Supply Project, Meghalaya	2010	33.02	January 2014	In Progress/ (eigth years and five months)	29.14 (88%)	Delay in finalization of land agreement with local durbar and forest clearance from Forest Department

Hence, the above table indicates substantial delay in completion of projects ranging from five years and six months to nine years and four months despite incurring expenditure ranging from 35 to 90 *per cent* of approved cost of projects.

(C) Sports Sector

Out of 28 test checked projects under Sports sector only 15 projects were completed with time overrun ranging from 0.7 year to 5.3 years. The remaining 13 projects were yet to be completed with time overrun ranging from one year to 10.8 years.

Important findings during the audit in Sports sector are presented in **Table No. 2.4**:

Table No. 2.4: Important findings noticed in Sports Sector

(₹ in crore)

Sl. No.	Name of the Project	Year of sanction	Estimated cost	Schedule for completion	Status of Project/ Delay as of 30 June 2022	Expenditure incurred (% of Estimated cost)	Reasons
1.	Construction of Indoor Multi Sports Complex in Namsai, Arunachal Pradesh	2014	3.13	December 2016	Completed with the delay of five years and six months	3.13 (100%)	Delay of 2 years in award of work by the State Government.
2.	Development of Ziekezou Sports Complex, Kohima, Nagaland	2017	12.5	November 2019	In Progress/ (Two years and Seven months)	11.25 (90%)	Delay in submission of UCs, QPR for second and final instalment by the State Government to DoNER.
3.	Construction of District Sports Complex, Bishnupur, Manipur	2010	9.4	December 2013	In Progress/ (Eight years and six months)	6.65 (71%)	Complaint was received regarding misappropriation of funds in 2015 and DoNER was to obtain report from the state. The same was not received. Project could not progress further.
4.	Construction of Football Stadium, Tobu HQ, Nagaland	2014	2.67	January 2016	In Progress/ (six years and five months)	1.90 (71%)	Land slip occurred resulted in washing away of beams and columns of retaining wall, dilapidated conditions of road

Hence, the above table indicates substantial delay in completion of projects ranging from two years and six months to eight years and six months despite incurring expenditure ranging from 71 to 90 *per cent* of approved cost of projects.

While furnishing status of projects under Health, Water Supply and Sports sectors, DoNER stated (February 2023) that various steps for strengthening the monitoring mechanism have been undertaken by DoNER like geo-tagging of project sites, monitoring of physical progress through geo-tagged photographs, just in time release of funds etc.

2.1.5 Recommendation

DoNER may, in coordination with State Governments, review the progress of the projects and analyse reasons for delayed and incomplete works to remove bottlenecks and ensure timely and efficient execution of the projects.

DoNER accepted (October 2022) the above recommendation and noted it for compliance.

2.1.6 Monitoring and Evaluation

NLCPR guidelines provide for various measures to be undertaken for monitoring and evaluation. However, the efforts were found to be lacking which is reflected in terms of a significant number of incomplete, delayed projects. Three illustrative case studies showing the improper execution of projects and lack of monitoring are given in **Annexure-2.2**.

Further, audit observations regarding Monitoring and Evaluation are given below:

2.1.6.1 At DoNER level

NLCPR guidelines prescribe following measures to be taken by DoNER for monitoring and evaluation of various projects sanctioned under NLCPR Scheme:

- Field inspections by officers of DoNER, as well as through impact studies, social audits and evaluations conducted by Government or through independent Agencies at the request of DoNER.
- Quarterly inspections of NLCPR projects by the officers of DoNER and submission of reports thereon.
- Monitoring of a sample of five *per cent* of the projects by independent Agencies. The State Governments would ensure independent monitoring of the projects and furnish to DoNER inspection reports of such monitoring.

However, DoNER did not furnish any details/reports of i) visits made by its officers; ii) social audits, iii) inspections made through independent agencies and iv) Inspections Reports of the State Governments during 2016-17 to 2020-21.

DoNER, in its reply stated (March 2022) that the measures such as payment through PFMS, Geo-tagging photographs, just-in-time release of funds linked to physical & financial progress and inspection of major projects by Technical Wing of DoNER were taken by it for strengthening the monitoring mechanism. DoNER also stated (March 2022) that third party evaluation of the projects under NLCPR was conducted by three independent Agencies during the period 2016 to 2021.

However, DoNER did not give information about the monitoring and evaluation in terms of Scheme Guidelines such as field inspections made by the officers of DoNER, the details of monitoring of a sample of five *per cent* of the projects by independent Agencies and Inspection Reports thereof submitted by the State Governments and quarterly inspections made by the officers of DoNER. Hence, the guidelines for monitoring of the sanctioned projects under NLCPR scheme were not followed.

2.1.6.2 At State level

- In terms of NLCPR Guidelines-2012, the State was required to report progress in respect of each project in a prescribed QPR to DoNER within three weeks of the end of the quarter under report.

- Chief Secretary of these States were required to hold quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR and make available summary record of such meetings to DoNER.

Audit noted delays ranging from one month to six years in submission of QPRs in respect of 77 sample projects to DoNER. This led to delay in release of next instalments to the State Governments resulting in delayed implementation of projects.

No records of quarterly meetings chaired by Chief Secretaries were found in project files. DoNER stated (March 2022) that implementation of projects, delays and cost overruns were discussed regularly in the meetings of the NLCPR Committee/IMC held quarterly, which were co-chaired by the Chief Secretaries of the NE States. DoNER further stated (June 2022) that the Chief Secretaries of the concerned States during State level empowered committee (SLEC) meetings also monitor the implementation status of various projects in their respective States. The reply of DoNER is not tenable as NLCPR Scheme Guidelines call for State level quarterly meetings by State Chief Secretaries on progress and implementation of projects which have not been conducted.

2.1.6.3 Monitoring through NLCPR Project Portal

The PAC in its Sixty Third Report recommended that DoNER should strengthen the monitoring mechanism for ensuring proper utilization of funds and timely completion of projects under NLCPR Scheme. In pursuance of the recommendation of the PAC, DoNER launched a new online e-portal in September 2015 for submission, surveillance, and follow-up of development projects under NLCPR Scheme. DoNER Project Portal was developed to keep track of various stages of project activities by the stakeholders such as Planning Departments and Line Departments of North-Eastern State Governments, line Ministries of Government of India, DoNER and the public.

However, analysis of various stages of activities of 77 sample projects on NLCPR Portal in the current audit revealed following deficiencies:

- Advertisement/bid documents were not available for all 77 sample projects.
- The Detailed Project Reports were not available in 44 projects.
- Work Orders were not available in 26 projects.
- UCs were not available in 20 projects.
- Completion certificates were not available in 16 projects.
- Information on instalments released were not available in 9 projects.
- In case of seven projects, one completed project[4] was shown as ongoing while six ongoing projects[5] were shown among the completed; however, completion certificates were not available for these projects on the project portal.
- In case of seven projects[6] complete documents were not available in the project files but these were shown as incomplete on the project portal along with completion certificate.

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4 Tamulpur Water Supply Scheme.

5 Water supply to 24 villages Chiephobozou, RD Block, Nagaland; Construction of well-equipped 50 bedded hospital in Yingkion in Upper Siang District, Arunachal Pradesh; Construction of Multi Sports Complex, Namsai Lohit, Arunachal Pradesh; Augmentation of water supply to Wokha Town, Nagaland; Providing water supply to new Peren district HQ Complex, Nagaland; Construction of In-patient Ward at district hospital, Tawang, Aranachal Pradesh.

6 Augmentation of Water supply at Khonsa Township in Tirap District, Arunachal Pradesh; Construction of Mini-Sports complex at Khawbung, Mizoram; Construction of State Sports Academy at Zobawk. Mizoram; Water supply scheme in dormant polytechnic campus Takyel in Imphal. West Manipur; Construction of 50 bedded hospital at Lawngtlai, Mizoram; Water supply scheme by water conservation at Tamenglong Hq. Manipur; and Construction of mini sports Complex Sakawrdai, Mizoram.

It can be seen from the above that the NLCPR Project Portal did not depict a factual position of projects under NLCPR. DoNER stated (March 2022) that it updates the portal on a daily basis to monitor amount of fund released/utilised, number of projects sanctioned/ongoing/completed (State-wise, Sector-wise and project-wise), geo-tagged photographs; and also to monitor the status of pending UCs/Completion Certificates.

As is evident from the deficiencies pointed out above, the project portal was not updated on daily basis which impacted utility of the project portal by the stakeholders. Thus, the purpose for monitoring of ongoing projects funded under NLCPR Scheme through the NLCPR portal stood defeated.

DoNER stated (June 2022) that State Governments were advised from time to time to upload the physical and financial progress reports on the portal and make maximum use of it. However, DoNER accepted the audit observation and stated that NLCPR Project portal would be made more compatible.

It is, therefore, evident that weak and inadequate monitoring both at DoNER and States level resulted in slow pace of execution and delays in implementation of various projects.

2.1.7 Recommendations:

(i) *DoNER may explore an annual review/appraisal of progress of projects with State Governments and ensure strengthening of the monitoring of projects in close coordination with State Governments.*

(ii) *DoNER should improve the NLCPR portal to create a dynamic real-time e-portal that helps to monitor, track and improve implementation The projects may be physically inspected as well as geo- tagged. The provision for quarterly review meetings with Chief Secretaries of the States as stipulated in the Guidelines should be followed.*

DoNER stated (October 2022) that the recommendations have been noted for compliance.

2.1.8 Conclusion

Contrary to the objective of speedy development of infrastructure in the NER by increasing the flow of budgetary financing for new infrastructure projects/schemes in the region through a dedicated NLCPR Fund, no such Fund has been created and the NLCPR Fund exists only in notional form with notional accruals to the tune of ₹ 1,11,000 crore. The NLCPR Scheme gets its actual funding through the normal budgetary process just like any other Centrally Sponsored Scheme. The NLCPR, thus, is neither a Pool of resources nor is it Non-Lapsable in its current form.

The execution of projects under the Scheme is unsatisfactory, given that out of total 1635 sanctioned projects, 343 projects aggregating ₹ 5389.50 crore remained incomplete (as of February 2023). Most of the projects were inordinately delayed or stalled for various reasons even after funds have been released at DoNER level. Monitoring of the Scheme at DoNER and State level is deficient. There were provisions for field inspections, impact studies, social audits and evaluations at the Ministry level which were not being followed. At the State level, QPRs and UCs were not being submitted in time to DoNER. The NLCPR project portal was also found to be lacking in many aspects like lack of daily updation, non-maintenance of year-wise record of UCs, incomplete storage of project files etc.

(II) Ministry of Education

Department of School Education and Literacy

2.2 Parking of funds outside the Government Account

Department of School Education and Literacy failed to observe the extant rules and adhere to mandatory use of PFMS for transferring the scholarship directly from PAO to beneficiaries, which led to parking of funds outside the Government Account and utilisation of savings in the subsequent years.

The Public Finance Management System (PFMS, initially called Central Plan Scheme Monitoring System), implemented with effect from 01 April 2008, has established an efficient fund flow system as well as a payment-cum-accounting network. Its use has been made mandatory for payment, accounting and reporting under Direct Benefit Transfer (DBT) with effect from 01April 2015. The PFMS enables the Pay and Accounts Offices (PAOs) to transfer funds directly to the beneficiaries' bank account on receipt of beneficiaries' details by using PAO-DBT module. This allows 'just in time' transfer of funds to the beneficiaries by minimising the requirement of float funds.

Further, Rule 57 (2) of the GFRs stipulates that a Grant or Appropriation can be utilised only to cover the charges (including liabilities, if any, of the past year) which are to be paid during the financial year of the Grant or Appropriation and adjusted in the account of the year. No charges against a Grant or Appropriation can be authorised after the expiry of the financial year. Moreover, Rule 62 (1) of GFRs prescribes that the Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them.

Rule 241 of General Financial Rules, 2017 (GFRs)[7] prescribes that in case of the schemes covered under DBT, where the fund flow is directly from the Central Government to the beneficiaries, the intimation from the bank/National Payments Corporation of India (Aadhaar Payment Bridge) regarding deposit of the funds in the beneficiaries' bank accounts, generated as per procedure prescribed by the Controller General of Accounts, may be treated as a Utilisation Certificate.

National Means-cum-Merit Scholarship Scheme (NMMSS) was launched in May 2008 as a Central Sector Scheme under Ministry of Education (MoE) with an objective to award scholarships to meritorious students of economically weaker sections to arrest their drop out at class VIII and to encourage them to continue their study at secondary stage in State Government, Government-aided and local body schools. Under this scheme, one lakh scholarships are awarded to the students studying in class IX, which is renewed for classes X, XI and XII.

It was initially envisaged that a *corpus* of ₹ 3,000 crore would be created with the State Bank of India (SBI) and the disbursement of scholarship to the beneficiaries would be made from the returns on the corpus fund. Department of School Education and Literacy (DoSEL) released ₹ 1000 crore to SBI in two tranches of ₹ 750 crore and ₹ 250 crore in December 2008 and June 2009, respectively. MoE entered into a Memorandum of Understanding (MoU) with the SBI in November 2009 for opening a current account for management of the *corpus* fund for implementation of the NMMSS and disbursement of scholarship to the beneficiaries.

Subsequently, MoE modified (May 2010) the scheme and decided to wind up the *corpus* fund and make an annual budget provision from 2010-11 onwards for the fund requirements for award of scholarships and other associated costs to ensure that high-cost borrowings by the Government are not put into the *corpus* that generates lower yield. The *corpus* of ₹ 1,000 crore lying with SBI was refunded in December 2010. However, the bank account was not closed as the Bank agreed (December 2011) to continue to follow the existing arrangement for disbursement of scholarships to the beneficiaries subject to the condition;

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[7] This provision was initially incorporated as Rule 212 (6) of the GFR, 2005 vide Department of Expenditure O. M. No. 8(1)/2013-E-II(A) dated 05 February 2013.

- Banks have not asked for reimbursement or compensation for charges/expenses incurred as the implementation of the Scheme is viewed by them as a joint partnership with the Ministry.
- The funds for the scheme may be left in the current accounts as per the existing arrangement.

The average deposit level at the time was ₹ 35 crore.

The Scheme was brought under the DBT in 2014 and was on-boarded on National Scholarships Portal (NSP) in 2015-16.

Audit observed that:

- The sanction order of the funds released under the Scheme stated that "the funds released to the State Bank of India will remain with the bank for crediting scholarship amount into the accounts of scholarship holders. Thus, the amount released to the bank is treated as utilised". This arrangement of treating the funds utilised, without verifying the actual deposit of scholarship in the beneficiaries' bank accounts, (undisbursed amount due to rejected entries[8]) was in violation of Rule 241 of GFRs.
- MoE did not adhere to the provisions of Rule 57 (2) and Rule 62 (1) of *ibid* and allowed parking of undisbursed funds, outside the Government Account, in the SBI bank account with an intent to disburse them in subsequent years. This led to accumulation of substantial balance at the end of each year ranging between ₹ 12.96 crore and ₹ 429.65 crore during the period 2016-17 to 2022-23 (up to 28 December 2022) as depicted in **Annexure-2.3**.
- As per the Scheme Guidelines, no claim for scholarship arrears was to be entertained after the expiry of 12 months of the academic session for which one has applied for the claim. While the SBI refunded ₹ 34.97 crore on account of undisbursed scholarships during 2014-15 to 2017-18, no such refund was made during 2018-19 to 2021-22. On being pointed out by Audit, the Department reviewed the position and secured the refund of undisbursed scholarship aggregating ₹ 100.06 crore in December 2022.
- While the NMMSS was on-boarded on National Scholarship Portal (NSP) in 2015-16, the facilities provided by the portal could not be fully utilised during first three years due to technical glitches. The Scheme became fully operational on the NSP from 2018-19 onwards.

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8 Rejected entries amount-the amount against the rejected entries lying unspent with the bank, due to non-receipt of corrected bank details from the State Government.

- The disbursement of scholarships through NSP-PFMS system is managed in seven steps[9]. While the steps relating to validating the correctness of bank account number of students, Aadhaar number, matching of name of the students with Aadhaar and bank account numbers etc. are being used under the NMMSS, PFMS was not leveraged for steps relating to disbursement of scholarship in DBT mode using PAO-DBT module. MoE continued to use the SBI bank account for carrying out transactions which allowed the bank to hold significant float funds with it.

- As per the MoU entered between the MoE and SBI, a current bank account with auto-sweep facility was to be opened for NMMSS. The undisbursed funds were to be deposited in Corporate Liquid Term Deposit (CLTD) linked with the current account for defined period between 12 to 36 months. Further, the sanction order for release of funds to the SBI also stated that the amount released to SBI and not immediately utilised can be kept in short term fixed deposits. While the terms of MoU were never amended, the SBI after intimating the MoE, stopped the auto sweep services under this account after the winding up of the *corpus* fund on the pretext that the bank was managing the scholarship scheme and operating cost of its implementation is compensated by the available float funds in the account. Thus, the bank account, in which the NMMSS funds were parked, did not yield any interest.

Thus, non-adherence to the provisions of GFRs for control of expenditure against budget and failure to utilise the facility of just-in-time release of payment directly from the Ministry to the beneficiaries through PFMS led to parking of funds outside the Government Account. Consequently, the objective of changing the funding pattern of the NMMSS (2010-11) by winding up the corpus and funding it through the annual budget could not be met.

The matter was brought to the notice of MoE in March 2022. MoE stated (December 2022) that the SBI is managing the scholarship by allocating a team which is exclusively looking after the implementation of the scheme. A special infrastructure too has been created for maintenance of the management information system (MIS). The operating cost of the Scheme is compensated by the available float fund in the account. Further, there were delays in receiving refunds of undisbursed funds during 2020-21 and 2021-22 due to the COVID-19

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[9] (i) Student Registration and Application Submission; (ii) Level 1 Verification of Application at Institute Level; (iii) Level 2/3 Verification of Application at District/State/Ministry Level; (iv) Beneficiary Records Creation and Account Validation by PFMS; (v) Applications Deduplication and Merit List Generation; (vi) Payment File Generation and Financial Approval; and, (vii) Scholarship Disbursement through DBT.

pandemic and merger of several nationalised banks which resulted in change in account numbers of beneficiaries and consequent failure of transactions.

The reply is not tenable as the arrangement for compensating the SBI through maintaining float funds without amending the MoU indicated lack of due diligence. It is pertinent to note that the average float balance increased to ₹ 35 crore in 2011 and ranged between ₹ 101 crore and ₹ 257 crore during the period 2018-19 to 2022-23. Subsequently, the Department reviewed the position and secured the refund of undisbursed scholarship aggregating ₹ 100.06 crore in December 2022.

Recommendation: *The Ministry may utilise the facilities already available under National Scholarship Portal for payment of scholarship directly in the beneficiaries' accounts through DBT.*

(III) Ministry of External Affairs

Embassy of India, Berlin

2.3 Undue favour to Consultant due to execution of faulty agreement

Decision of the Mission/Ministry to enter into a contract, overlooking the available legal opinion, without specifying scope of work and fees in the contract and making payments without obtaining all original documents at every stage resulted in (a) allowing the consultant to change the original estimate (b) drain of public money in terms of rentals due to delay in completion of project and (c) possible infructuous expenditure to the tune of €6,58,059 (₹ 5.70 crore)(including VAT).

Government of India has a property located at 10, Stormstrasse, Berlin Charlottenburg/Westland, Berlin acquired in 1987. The proposal to redevelop the property for Non-Representational Grant (RG) Residences for the staff of the Mission was initiated in 2002. The design brief for nine non-RG residences was approved by the Ministry in 2011.

Mission invited Expression of Interest (EoI) through local newspapers and received five design proposals in time, which were evaluated from the point of view of their design expression/concept. After examination, only three[10] proposals were found suitable in May 2014.

The cost estimates and the consultancy charges quoted by the three agencies were as detailed in **Table No. 2.5**

[10] M/s GMP International; M/s Leon Wohlhage Wernik (LWW), Archtekten; M/s DGI Bauwerk.

Table No. 2.5: Cost estimates and the consultancy charges

Particular of Detached building	Estimated cost in € (Euro)		
	M/s DGI	M/s GMP	M/s LWW
Total Cost	42,64,890	29,78,300	39,22,321
Consultancy charges as *per cent* of the cost	19	21.9/ 19.9 (negotiated)	28
Amount	8,10,329	5,92,682	10,98,250

Accordingly, M/s GMP was selected at the negotiated consultancy fees of 19.9 *per cent* of the estimated overall building costs of €29,78,300 (€5,92,682 i.e. ₹ 5.14 crore) plus VAT. An Agreement with them was entered into in October 2015, after receiving the Ministry's approval.

In April 2016, the Consultant unilaterally suspended the work citing reasons such as delayed decision on part of the Mission, additional costs due to delays and cost escalation due to change in statutory building regulations. The basis of the dispute was difference in interpretation of the nature of contract i.e. while the Mission considered it a comprehensive general planner contract, the Consultant interpreted it as standard architectural contract and refused to assist the Mission in appointing Inspection Engineers.

In June 2016, the Consultant submitted its revised quoted estimates of €46,28,544, thereby making it the highest amongst the three quotations. Thereafter, the Consultant kept on revising the estimates from €46,28,544 in June 2016 to €59,18,186 (₹ 51.29 crore) in January 2019 as detailed below:

Estimated cost in €					
Month	**June 2016**	**January 2018**	**February 2018**	**March 2018**	**January 2019**
Estimate	46,28,544	51,46,018	52,73,192	56,06,902	59,18,186

Though initially M/s GMP had kept the prices low to get the contract, it increased the cost soon thereafter, thus becoming the most expensive of all the three quotations. The Ministry accepted (30 January 2018), the revised cost estimate of January 2018 i.e. €51,46,018 and sanctioned consultancy charges @19.9 *per cent* over the revised estimate. Thus, the consultancy charges were raised from €5,92,681.70 to € 10,24,057.58 (73 *per cent* above the initial amount) excluding VAT. Till May 2019, the Mission had to pay €6,58,059.47 (₹ 5.70 crore) against €3,80,857.26 (₹ 3.30 crore) at quoted rate for the phases[11] completed by the Consultant.

[11] Submission of the concept design, approval of Preliminary Design and Estimate, approval of Municipal drawings, completion of detailed working drawings, completion of pre-qualification process and approval of pre-qualification of agencies, preparation of tender documents in respect of all services and on approval of the tender documents and call of tenders.

The tender for construction work of the project which was called in May 2019 could not fructify as the bidders withdrew from the tender citing capacity shortage/construction contract not keeping in with local laws and practice. The work was retendered in December 2019. However, on 18 June 2020, two of the Contractors revised their quotes. The acceptance of the only un-revised tender was referred to the Ministry for approval which was not acceded to as the tendering process had been vitiated. The Ministry decided to re-tender the work.

Since then, the project remains in limbo as M/s GMP unilaterally terminated the contract vide their letter dated 07 September 2021, over the dispute on the failed second tender for the work and submitted a revised claim of € 9,38,078.61 for the services rendered (including amount of € 6,58,059.47). This revised demand was on revised estimates of March 2018 i.e., €56,06,903 (₹ 48.60 crore). The matter had been referred to the Ministry for further advice in October 2021. The Ministry's guidance/decision is still awaited.

In this regard, Audit observed the following:

2.3.1 Non-adherence of legal opinion:

The local law firm, M/s Stassen LLP had pointed out (August 2015) several contradictions[12] in the draft Consultancy & Construction Management Agreement to be signed among the parties. It had advised not to use the proposed draft and to go for a fresh draft based on local German Law. However, despite clear deviations/omissions pointed out by the law firm, the Mission went forward with the approval of the Ministry and signed (October 2015) the agreement without considering the local law firm's advice.

Thus, audit is of the view that decision to sign the Contract contrary to the legal advice received and purely based on the acceptance of the interested party *viz* M/s GMP resulted in a contract that was not in consonance with German laws and lacked clarity, a fact completely exploited by M/s GMP.

2.3.2 Non-cooperation by the Consultant as a result of entering a contract in violation of legal advice:

The Mission faced non-cooperation from the Consultant in appointment of Inspection Engineers and unilaterally suspended the work in April 2016. The

[12] The draft of the contract differed quite a lot from the structure of the German Law and especially the regulations of the *Honorarordnung für Architekten und Ingenieure* (Honorarium regulations for Architects and Engineers) (HOAI) which is a federal ordinance regulating the fees for architectural and engineering services in Germany; Lack of defined goals (a definition of the maximum costs, time schedule, quality standards for the building) that client expects from the architect; Scope of work which is not in compliance with HOAI regulations and were ill described; There was no insurance for damage that are caused because the architect has not finished his work within stipulated time *etc*.

law firm reiterated its opinion that since the contract clauses were not as per the German law/HOAI and do not follow the patterns making up the German Law, they would be unable to conclusively comment on the issue. Thus, due to non-compliant provisions *vis-à-vis* local laws, the consultant was able to turn non-cooperative. The tendering process was also vitiated by allowing changes to the quotes by the work contractors during the second tender call.

2.3.3 Improper possession of original documents by the firm:

The original documents (technical drawing and other documentations) are in possession of the Consultant which has already terminated the contract and demanded additional amount of €4,58,254 (₹ 3.97 crore) (including VAT) for handing over the original documents to the Mission. The Mission/Ministry is yet to decide despite a lapse of almost two years, whether to make payment of €4,58,254 and obtain the documents or let the entire expenditure €6,58,059 (₹ 5.70 crore) (including VAT) on the Consultant go waste. The Ministry stated that it does not have soft copies of the documents but retains its hard copies. It pointed out that it has not approved the payment of €458,254 to M/s GMP as the agreement states that the selection of the contractor must be completed before payments are released. The Ministry further added that the expenditure incurred to date cannot be deemed infructuous as all the relevant documents are in the possession of the Mission and may be used to advance the construction of the project.

However, Audit is of the view that soft copies of the documentation, especially technical drawings are essential since it makes any changes at a later date, less time consuming, apart from the ease of preservation. Thus, the Ministry failed to ensure possession of the relevant original (soft copies) documents before releasing the payments to the Consultant. This will hamper the Mission's efforts in future, if it ever wishes to change the Consultant, as the new Consultant will not have easy access to work with the previous designs.

2.3.4 Irregularities in allowing the Consultant to change the original estimates:

Audit noted that the Consultant was allowed to change the quoted estimate frequently as detailed below:

Estimated cost in €						
Month	**May 2014**	**June 2016**	**January 2018**	**February 2018**	**March 2018**	**January 2019**
Estimate	2978300	46,28,544	51,46,018	52,73,192	56,06,902	59,18,186

The Ministry pointed out that the selection process of the consultant was held in July 2014, and the estimates were approved by the Ministry in January 2018 after approval of final design by the local authorities. As such, the initial estimates given by other bidders would also have undergone upward revision due to impact of inflation and change in statutory requirements based on local laws.

Audit noted that even after approval of revised estimates in January 2018, the Consultant revised the estimates again in February 2018, March 2018 and January 2019. This indicates that the scope of the final work has not been clearly spelt out in the agreement. Had the scope of the work and fees thereof been clearly spelt out at the time of the consultancy agreement, the additional charges/estimates could have been avoided.

2.3.5 Avoidable payment of rent:

The proposed redevelopment of the property was for nine non-RG residences. Based on the rental ceiling[13] communicated by the Ministry, the average monthly[14] rental outgo is €15,900[15] (₹ 13.81 lakh). This outgo was entirely due to non-completion of redevelopment work which could have been avoided.

Thus, entering into a contract contrary to the available legal opinion, not specifying scope of work and fees in the agreement enabling the consultant to change estimates at a later date and not obtaining all original documents at every stage before making payment by the Mission has resulted in:

(i) non-cooperation by the Consultant,

(ii) avoidable payment of rent; and

(iii) possibility of rendering the entire expenditure of €6,58,059 (₹ 5.70 crore) (including VAT) on the consultant infructuous.

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13 The Mission has a sanctioned strength of approximately 24 eligible officials and thereagainst approximately 22 persons in place. Further, the rental outgo in respect of these individuals is different.

14 Since, construction contractor is yet to be finalized and the proposed project completion date cannot be ascertained.

15 [{Rental ceiling (Attache- four residences) € 2200 + (Asst. Section Officer- four residences € 1900 + (Security guard/Chauffeur- 1 residence) € 1200}/3] x9

High Commission of India, London

2.4 Excess charge of passport surrender fee

The Mission and Posts in UK failed to revise passport surrender fee despite orders issued by the Ministry in April 2021. This resulted in excess collection of excess passport surrender fee of £ 10,06,608 (₹ 10.18 crore)[16] during the period from 01 April 2021 to 11/12 May 2022.

With a view to reducing the arbitrary fixation of visa and passport fees, the Ministry decided vide its letters dated March 2021[17] that with effect from 01 April 2021, the rate of exchange for the month of April 2021 would be taken as the starting point for fixation of new rate for visa and other service fees and prescribed various modalities regarding subsequent fixation of exchange rates. The Ministry subsequently reiterated, as a clarification, vide its OM dated 16 April 2021 regarding the modalities of fixation of passport surrender fees and reiterated that the passport renunciation fee of ₹ 7000 was to be converted into the local currency based on the official rate of exchange (ORE) of April 2021 as directed by the Ministry.

It was observed that the HCI London, along with its consulates, was charging passport surrender fee at the rate of £117. However, as per the ORE of April 2021, the rate of exchange was £1=₹ 102.62 and accordingly, the passport surrender fee of ₹ 7000 should have been reduced to £ 69 (rounded off to next higher integer) w.e.f. 01 April 2021. It was, however, observed that no passport surrender fee revision exercise had been carried out by the Mission, in the light of the orders issued by the Ministry, till 11 May 2022. Thus, during the period from 01 April 2021 to 11 May 2022 for the HCI London and till 12 May 2022 for the related CGIs at Birmingham and Edinburgh, the excess passport surrender fee collected was £1 0,06,608 (₹ 10.18 crore) from 18,538 applicants.

Audit is of the view that since the fees to be charged for various services are decided by the Ministry and communicated to all the Missions/Posts time to time to ensure uniformity of the rates, the failure of the Mission and the Post to recalculate the passport renunciation/surrender fee as directed by the Ministry is an indication of weak internal controls, which resulted in charge of fees in excess from the applicants amounting to ₹ 10.18 crore.

The HCI London as well as the Consulates at Birmingham and Edinburgh, in their reply to the audit observation, accepted the observation. The HCI London

16 £ 10,06,608 x ₹ 101.16 (RoE of May 2022) = ₹ 10,18,28,465
17 12 March, 25 March, 26 March and 30 March 2021

revised the fees from May 2022, which was then circulated to the CGI Birmingham and CGI Edinburgh for compliance. It further stated that the fee could not be revised from 01 April 2021 as they were not in receipt of the circular dated 16 April 2021. The reply of the Mission is not tenable as the Ministry's Order of 30 March 2021 clearly specified that the fees in respect of passport and passport related services should be revised with effect from 01 April 2021. In compliance to this though they had revised the fee for passport but failed to revise the fee for surrender of passport, which is one of the passport related services.

In its reply (20 January 2023), the Ministry accepted the audit observation and replied that the lapse was not intentional. It further stated that this has neither resulted in any loss to the Government nor is there any other beneficiary apart from the Government. It emphasised on the passport renunciation applicants now being foreign nationals. It further stated that, as per past practice, it would be again sending reminders for updating the rate of exchange from April 2023. It further stated that operational remedial measures have been up in place to ensure that all instructions on fees for passport related service including consular services are placed in a central repository.

The Ministry's reply is not tenable as irrespective of the nationality of the applicants, there has been excess collection of passport renunciation fee. The fact remains that there were not enough counter checks to ensure compliance of the Ministry's instructions at the ground level.

Thus, the failure to revise and communicate the passport surrender fee by HCI London, has resulted in excess collection of passport surrender fee to the tune of £ 10,06,608 (₹ 10.18 crore) during the period from 01 April 2021 to 12 May 2022 in the United Kingdom.

Embassy of India, Stockholm

2.5 Avoidable expenditure of ₹ 2.84 crore due to lack of proactive actions by the Mission/Ministry

The Ministry/Mission failed to adhere to its own guidelines against purchase of heritage properties and failed to extend the existing lease leading to hasty hiring of same premises proposed for purchase besides retention of two properties simultaneously for a quarter resulting in avoidable expenditure of ₹ 2.84 crore.

The Ministry issued revised guidelines (January 2015) for purchase of built-up properties intimating that it was not in favour of acquisition of heritage properties as renovation/refurbishment or up-gradation of these properties is not only time consuming but also very expensive.

2.5.1 Acquisition process for Heritage building

The Mission in Stockholm had leased a property at Adolf Fredriks Kyrkogata (**Location A**) since 1988-89. The Mission proposed (May 2018) to acquire a property situated at Malmvagen 1-3, 102 54 Stockholm (**Location B**) (refurbished in 2008) at an estimated cost of SEK 200 million. However, soon after, the Mission recommended (June 2018) procurement of a property situated at Korrnhamstorg 4, 111 27 (**Location C**) (constructed in 1750 rebuilt in 1855-65) at an approximate cost of SEK 250 million.

After the visit (August 2018) of the Ministry's property team, the Ministry informed (September 2018) that the competent authority had accorded '*in principle*' approval for acquisition of build-up property at Location C for use as Chancery. It directed the Mission to carry out evaluation of structural soundness and residual life of the property for acquisition of the selected property. However, the Mission could neither justify nor produce the Property Team's visit report for rejection of a recently refurbished larger building[18] at a lower cost (200 million SEK) and selection of an older (more than 250-year-old) as well as smaller property[19] at a higher cost (250 million SEK).

Ministry's "in-principle" approval, directed the Mission that subject to structural soundness assessment being satisfactory, it may engage an agency for Market evaluation. The Mission accepted (February 2019) that being under the impression that there would be no issue with the structural soundness, it went ahead and engaged a Market Evaluation Agency in November 2018 and a legal firm in December 2018. Thus, the Mission incurred an expenditure to the tune of ₹ 10.64 lakh[20] on the process.

The Delegated Investment Board (DIB[21]), however, in their meeting (14 February 2019) observed uncertainty about the foundation and consequent possibility of further sagging etc. and reserved its decision till the structural soundness was reassessed by another agency.

The Ministry (21 February 2019), in view of the refusal of the owner to have the structural soundness redone, approved extension of the lease of the current chancery at Location-A after dropping the proposal for acquisition of the

18 With plot area 2602 Sq m and built-up area 5039 Sq m.

19 Total area 1608 Sq m.

20 Structural soundness at ₹ 2.34 lakh + Market Evaluation at ₹ 2.42 lakh+ legal assistance at ₹ 5.88 lakh.

21 Consisting of Chairperson, 2 Members and one Member Secretary to approve projects of ₹ 100 crore and above.

property at Location-C. Being aware of the decision to drop the property acquisition, the owner (25 February 2019) permitted the Mission to perform another structural soundness at a cost of ₹ 3.72 lakh, while also proposing to secure the property for the Indian Embassy by renting it out to the Embassy.

On 22 May 2019, the law firm[22] informed the Mission that the same property at Location-C had been sold to the current owner in 2016-17 at SEK 49 million. Accordingly, in view of the serious doubt about the value of the property, the Ministry decided (11 July 2019) to drop the proposal of acquisition of the property. This rendered the entire expenditure of ₹ 14.46 lakh on structural soundness, market evaluation and legal assistance wasteful.

2.5.2 Delay in extension of lease and simultaneous leasing of two properties

While the exercise of finding a suitable property was still underway, the lease agreement of the present building at Location-A expired in September 2019. Audit observed that though the Mission was aware that the notice period in the existing lease (Location-A) was nine months, the Mission took up the matter with the landlord only in June/July 2019, despite receiving the Ministry's nod for extension of the existing lease in February 2019.

This resulted in extension of the lease of the existing Chancery building at Location-A in a piece-meal manner, i.e., for three months at a time, with additional payment. Thus, due to delayed extension of lease with two months notice, as against a basic quarterly rent of SEK 3,86,100 for the preceding quarter (July-September 2019), the Mission as a *fate accompli* had to pay a quarterly rent of SEK 8,58,000 (October 2019 to December 2019).

Meanwhile, the Mission reiterated[23] the proposal of hiring the property at Location-C which was approved (01 November 2019) by the Ministry at a monthly rent of SEK 8,70,458.33 excluding SEK 1,04,222.81 towards utility charges and property tax. Finally, the Agreement in respect of Location-C was entered into on 19 December 2019 for a three-year period effective from 01 January 2020.

Audit noted that as the Mission had approval (2 August 2019) of the Ministry to extend the existing lease by six months[24] i.e., till March 2020, hiring of building

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22 M/s Vangard AB appointed by the Mission in January 2019 to provide legal assistance for purchase of property

23 Vide correspondences dated 28 June 2019, 27 August 2019, 13 September, and 17 September 2019.

24 It was the owner who had suggested (July 2019) six months extension of lease against three months as proposed by the Mission in July 2019.

for Chancery at Location-C with effect from January 2020 itself was injudicious and against the standards of financial propriety. Thus, the Mission held two rented premises simultaneously during the quarter January to March 2020 which resulted in avoidable excess payment of ₹ 2,34,13,506.

It was also noticed that the rent (highest) for the property published in the open market (SEK 94,87,200) was far less (by SEK 9,58,300) than what was quoted (SEK 1,04,45,500) by the owner and accepted by the Mission. However, despite being aware of the discrepancy, the same was neither intimated to the Ministry nor any clarification obtained through agents or other sources. The Mission accepted the owner's version that the rent published in the open market was frivolous. This unjustified action resulted in undue favor to the owner of the property and created an additional annual liability of SEK 9,58,300 (₹ 80,80,098)[25] on the Government exchequer.

Thus, there has not only been a systemic failure on the part of the Mission but also financial loss of ₹ 283.89 lakh (wasteful expenditure of ₹ 14.37 lakh on structural soundness, market evaluation and legal assistance + avoidable expenditure of ₹ 35.39 lakh[26] due to non-extension of existing lease at Location-A in time + ₹ 234.13 lakh due to retention of two properties simultaneously for one quarter).

The Ministry in its reply (June 2023) stated as under:

a) The expenditure on structural soundness, market evaluation and legal assistance were necessary steps and cannot be deemed wasteful. Subject to property valuation discrepancy conveyed by the law firm (May 2019) at an advanced stage of acquisition and thus, decision to drop the purchase proposal was undertaken.

b) The Heritage property at Location-C was considered being an prominent building in a prestigious area, which met the requisite requirements of space, functional suitability and accessibility.

c) The notice of nine months for extension of lease could not be observed as the property acquisition was being pursued and only after intense/ prolonged negotiations, the lease for six months be agreed upon.

d) An overlap of the premises was essential and inevitable for moving the entire Chancery and making it fully functional and to avoid a disruption of important services.

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25 SEK 9,58,300 X ₹ 8.4317 (RoE of January 2022).

26 (SEK 8,58,000 –SEK 3,86,100) x ₹ 7.50 (RoE of September 2019).

The reply of the Ministry is not tenable in view of the following:

a) Despite an unsatisfactory structural soundness report (October 2018), the Mission engaged a Market Evaluation Agency in November 2018 and a legal firm in December 2018 under the impression that there would be no issue with the structural soundness. This was not only injudicious but was also against Ministry's in principle approval. This report was the basis for DIB reserving its decision and asking the Ministry to re-assess the structural soundness of the property. Hence, the claim of the Mission that expenditure on market evaluation, legal assistance and structural reassessment was unavoidable is unsustainable.

b) Despite having received the approval for renting the property on 01 November 2019, the Mission issued advance to the selected shifting agency only in the first week of February 2020, whereas the shifting of office equipment, files and furniture was done only in the third week of February 2020. Further, the Mission directed the agency to shift other equipment in March 2020 only. Thus, had the Mission not asked the Agency to shift the remaining chancery equipment in March 2020, the entire shifting could have been completed in the month of February itself. So, the rent for the period from selection of agency (10 December 2019) to first week of February and then March 2020 was wasteful. Thus, the claim of an overlap of the premise being unavoidable is not borne out by facts and available details and was actually attributable to the delay in tendering/selection process (demanding documentation post selection, not clarifying about advance, processing of advance in more than a month) and faulty instructions (instructing the agency to complete shifting in March 2020) by the Mission.

c) The Mission accepted that they discovered the discrepancy in the rates between the public advertisement on a local website (SEK 94,87,200) and the one quoted (SEK 1,04,45,500) by the owner in June 2019, much before proposal to hire the same property. However, the Mission neither intimated to the Ministry nor clarification obtained through agents or other sources. It was the doubts about the pricing, based on which, the Ministry dropped (July 2019) the proposal for acquisition. Hence, not informing the Ministry indicated lack of due diligence in the process.

Although, the Mission acted as per the advice and approvals from the Ministry, the action led to avoidable expenditure of ₹ 2.84 crore.

Ministry needs better planning so that such avoidable expenditure do not recur in future.

(IV) Ministry of Health and Family Welfare

Directorate General of Health Services

Government Medical Stores Depot, Kolkata, Guwahati, Hyderabad, Chennai and Karnal

2.6 Loss due to expiry of anti-TB and other drugs

Despite earlier assurances to streamline its drug procurement and distribution strategy, the Ministry failed to develop a dynamic and need -based strategy which is aligned to periodic changes in drug regimens. Director General of Health Services (DGHS) failed to issue release orders in time, resulting in expiry of anti-TB and other drugs valuing ₹ 43.37 crore, at five Government Medical Store Depots.

The General Medical Stores Depot (GMSD), under the Medical Stores Organisation (MSO), is administered through the Directorate General of Health Services (DGHS) of the Ministry of Health and Family Welfare. It provides logistic support through storage and issue of drugs and allied stores for various national health programmes undertaken by the Ministry, such as, National Vector Borne Diseases Control Programme (NVBDCP), Revised National TB Control Programme (RNTCP[27]), Reproductive and Child Health (RCH), Leprosy, Child Survival and Safe Motherhood, Family Welfare, etc.

Anti-TB drugs are procured by Central Tuberculosis Division (CTD) under Directorate General of Health Services (DGHS). GMSDs receive these drugs and distribute them to the respective State Drug Stores and District Tuberculosis Centres, on receipt of release orders from the Central TB Division (CTD) of DGHS, New Delhi. Drugs to fight vector borne diseases like Kala Azar, Malaria, Dengue, Filaria, Japanese Encephalitis and Chikungunya, are procured by National Centre for Vector Borne Diseases, New Delhi under DGHS and are released by GMSDs to the States and UTs, as per orders of the Joint Director, NVBDCP.

Audit of records of GMSDs located at Kolkata, Guwahati, Hyderabad, Chennai and Karnal has revealed that anti-TB drugs valued at ₹ 40.75 crore[28], received and stored at these GMSDs under the National TB Elimination Programme had expired between July 2017 and February 2023, before they could be issued due to non-receipt of release orders in time from the CTD (**Annexure-2.4**). Additionally, drugs to fight vector borne diseases, valuing ₹ 2.62 crore[29],

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[27] Renamed as the National TB Elimination Program (NTEP) in 2020

[28] ₹ 11.52 crore at GMSD Kolkata, ₹ 6.00 crore at GMSD Guwahati, ₹ 5.84 crore at GMSD Hyderabad, ₹ 11.65 crore at GMSD Chennai, and ₹ 5.74 crore at GMSD Karnal

[29] ₹ 1.52 crore at GMSD Kolkata ₹ 0.61 crore at GMSD Guwahati, ₹ 0.02 crore at GMSD Hyderabad, ₹ 0.06 crore at GMSD Chennai, and 0.41 crore at GMSD Karnal

received at the above-mentioned GMSDs under NVBDCP, had also expired before issuance **(Annexure-2.5)**.

The Ministry in its reply (January 2023) cited the following reasons for the expiry of the anti-TB drugs at GMSD Kolkata: (i) the Supreme Court order (January 2017) to move from intermittent regimen to daily regimen in 2017, (ii) minimal cases of Adverse Drug Reactions (ADR) under the new daily regimen as against anticipated 5 *per cent* ADR, and (iii) WHO's rapid guidelines in 2018 for the shift from injectable to oral regimens.

However, Audit noted that intermittent regimen drugs[30] valued at ₹14.30 crore were delivered (which subsequently expired) at GMSD Kolkata, Hyderabad and Chennai during April and May 2017, after the Supreme Court order had been issued. Furthermore, the daily regimen for treatment of new drug-sensitive TB cases had been initiated in 2016. Hence the procurement needs for the intermittent regimen drugs should have been reassessed in view of the anticipated shift.

Audit observed that the Ministry continued to supply injectable regimen drugs and issued release orders for such drugs until 2021. Scrutiny of GMSD records at Kolkata and Karnal revealed that the injectable drug valued at ₹ 3.61 crore[31] which expired during July 2022 and August 2022, had been manufactured during August 2019 and September 2019, indicating thereby that those drugs were procured even after issuance of WHO guidelines in 2018.

Further, in respect of the expiry of drugs to fight vector borne diseases under NVBDCP at GMSD Kolkata, the Ministry has stated (February 2023) that the said drugs could not be utilized due to lesser number of cases of such diseases than estimated and has also informed that a committee has been constituted under the chairmanship of the DDG (NCD/LEP) in the DGHS to examine the causes and circumstances which led to the expiry of the said drugs.

The Comptroller and Auditor General's Audit Report Nos. 02 of 2005 and 19 of 2013 had reported the matter of expiry of anti-TB drugs lying at the GMSDs. The Ministry, in its Action Taken Note (ATN) stated (July 2015) that, it would streamline the drug procurement policy.

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30 Drugs (Product Code-32) valuing ₹ 10.82 crore at GMSD Kolkata, out of which drugs valued at ₹ 9.38 crore got expired, drugs valuing ₹ 3.16 crore at GMSD Hyderabad & drugs worth ₹ 0.32 crore at GMSD Chennai.

31 ₹171 X 207200 vials = ₹35431200 at GMSD, Kolkata and ₹ 647200 at GMSD, Karnal.

However, audit noted that even during the year 2022, the Ministry failed to issue release orders in time resulting in stockpiling of anti-TB drugs in the Depot, many of which have already expired, or are on the verge of expiry. Expiry of drugs not only leads to wastage of lifesaving drugs but also represents a substantial drain of public money.

Audit recommends that Ministry may streamline its assessment and drug procurement procedure in a time-bound manner for ensuring that such wastages do not recur. It further recommends that Ministry may consider developing a real-time dashboard to assess the requirement and distribution of drugs.

Food Safety Standards Authority of India (FSSAI) and Central Drugs Standard Control Organisation (CDSCO)

2.7 Avoidable expenditure of ₹ 2.52 crore on electricity charges

Failure of CDSCO and FSSAI to regularise its temporary electricity connection in the common office premises resulted in avoidable expenditure aggregating ₹ 2.52 crore to BSES on account of electricity charges.

As per Schedule of electricity tariff of BSES Yamuna Power Ltd. (BSES), energy charges for Temporary electricity connections are to be charged at a rate higher by 30 *per cent* of the relevant category of tariff. Any prudent and large consumer of electricity is expected to regularise the temporary electricity connection at the earliest, so as to avoid payment of higher energy charges on such temporary connection.

The FDA Bhawan, Kotla Road, New Delhi houses the offices of the Central Drugs Standard Control Organisation (CDSCO) and the Food Safety Standards Authority of India (FSSAI) under the administrative control of Ministry of Health & Family Welfare (MoHFW). Audit noted that FDA Bhawan had a temporary electricity connection[32] in the name of Drug Controller (India) since 25 March 2008, which is yet to be regularised (November 2022). Further scrutiny revealed that non-conversion of the temporary connection into a permanent connection by CDSCO and FSSAI resulted in an additional payment of 30 *per cent* on energy charges, which aggregated to ₹ 2.52 crore during the period from February 2009 to November 2022 (**Annexure-2.6**).

On being pointed by audit (March 2020); CDSCO, FSSAI and the Ministry stated (December 2020, January 2023 and May 2023 respectively) that efforts

[32] CA No. 300000024.

were being made for regularisation of the temporary connection by taking up the matter with the BSES.

Thus, lack of timely efforts on the part of CDSCO and FSSAI to regularise the temporary electricity connection resulted in avoidable expenditure aggregating ₹ 2.52 crore to BSES for 15 years. Had there been an effective monitoring of such recurring financial liability, either in CDSCO or FSSAI, such payment from scarce resources could have been avoided.

(V) Ministry of Home Affairs

Border Security Force

2.8 Blockage of funds on purchase of flats

Border Security Force purchased 906 one bed room flats (453 amalgamated pairs) at Siraspur from Delhi Development Authority without assessment of requirements and made payments aggregating ₹ 151 crore between March 2019 and March 2021. Of the 115 and 338 amalgamated flats taken possession of in February 2020 and November 2020 respectively, only 18 were occupied as of November 2022, as they did not find favour with BSF Personnel. Thus, purchase of flats without assessing requirements resulted in blockage of funds aggregating ₹ 151 crore.

Ministry of Home Affairs (MHA) received (November 2018) an offer from Delhi Development Authority (DDA) for allotment of ready built one bedroom flats at Rohini, Narela and Siraspur for paramilitary forces. DDA had offered these flats at 2014 cost and also 50 *per cent* rebate on departmental charges. These flats were found suitable for Border Security Force (BSF) troops who were not eligible for General Pool accommodation. While processing the proposal, ADG (Ops) BSF (November 2018), had suggested that before making any commitment, the BSF personnel may be asked whether they would be interested in staying in these houses, considering their distance, transit time and poor construction, etc. ADG (Ops) further added that he/she had been part of the exercise for purchase of the same flats in CRPF, where the matter was dropped in view of the less than encouraging response from personnel. Accordingly, BSF formed a Committee (13 November 2018) to ascertain the present/future connectivity of the location, possibility of combining two or more flats, financial implications and suitability of flats. However, even before these issues could be considered and the proceedings finalised by the committee, the Ministry held a meeting and requested BSF to furnish the information about the requirement of DDA flats on 14 November 2018. Accordingly, BSF submitted (15 November 2018) the information showing the requirement of 1000 flats with estimated cost of flats as ₹ 143.70 crore along with additional funds for amalgamation of two flats which would be intimated on inspection of flats.

Subsequently, after a site visit, Engineering Directorate of BSF suggested (December 2018) that BSF should opt for maximum amalgamation units at Siraspur. Consequently, MHA sanctioned (4 February 2019) ₹ 178.30 crore to BSF for purchase of 906 one bedroom flats (453 amalgamated pairs) at Siraspur, New Delhi.

A Memorandum of Understanding (MoU) was signed between BSF and DDA on 21 February 2019 for 906 one bed room (453 amalgamated) flats at Siraspur for family accommodation to BSF for a total cost of ₹ 176.94 crore. As per the payment plan, 25 *per cent* payment of the total cost was to be paid at the time of signing of MoU, 15 *per cent* after one month of signing of MoU and the balance amount as per the progress of handing/taking over of the amalgamated flats with the provision for withholding 10 *per cent* towards defect liability, as per the standard norms. Subsequently, payments aggregating ₹ 151 crore was made to DDA during the period between March 2019 and March 2021. Handing and taking over of 115 and 338 amalgamated flats was done on 05 February 2020 and 03 November 2020, respectively.

Audit noticed that though BSF took possession of these 453 amalgamated flats in February/November 2020, only 18 flats had been allotted up to November 2022 and the remaining 435 flats were lying vacant.

Thus, due to the decision of the BSF to purchase flats at Siraspur without completing the process for assessing the connectivity and suitability of the flats, only limited number of flats (18) had been allotted to the BSF personnel even after lapse of more than two years. This led to blockage of funds aggregating ₹ 151 crore along with additional liabilities.

BSF stated (June 2022/December 2022) that out of 453 amalgamated flats, 18 flats have been allotted as on date and the number is likely to go up soon as all BSF personnel deployed in border area have also been made eligible to apply for flats in Siraspur as per the amended Standing Operating Procedure (SoP) issued in March 2022. It further stated that the mandatory eligibility for the allotment of these flats have been relaxed and extended to personnel posted at unpopular locations of BSF, families of Martyrs, and those who died during service etc. BSF, further, added that all the vacant flats have been uploaded in the CAPF e-Awas Portal for allotment to needy BSF and CAPF personnel and as per terms and conditions of CAPFs e-Awas Portal, flats which are vacant for six month or more will automatically be transferred to General Pool for allotment to other needy CAPFs personnel.

The reply is not tenable as even after more than two years of taking possession, majority of the flats are lying vacant. This has resulted not only in blockage of funds of ₹ 151 crore but has also defeated the intended purpose of providing accommodation to BSF personnel. Further, initiation of exploration of other options (2022) for utilisation of these flats by BSF/CAPFs only goes to substantiate the audit observation and indicates failure of planning.

The matter was referred to the MHA in October 2022 and February 2024; their reply was awaited (01 March 2024).

2.9 Avoidable payment of interest

Delay of 15 months in release of payment to NIIT, based on the decision of the Hon'ble High Court Delhi, resulted in avoidable outgo of interest amounting to ₹ 1.25 crore.

To provide its personnel access to their personal data from their place of posting, through its Intranet *Prahari* Project (IPP), the Border Security Force (BSF), floated Expression of Interest (EoI) on its website in October 2008 for supply and installation/commissioning of the project on turnkey basis.

Out of three[33] bidders, the bid of M/s NIIT Technologies, New Delhi (NIIT) was found to be the lowest and with the approval of the Ministry of Home Affairs (MHA), acceptance of tender was issued (25 February 2010) to NIIT with delivery period (DP) up to 25 August 2010 for the supply of deliverable equipment at site, installation and final commissioning of the project and its successful integration with the existing network with the condition that no grace period will be provided.

The total cost of the project, including five years Comprehensive AMC, was ₹ 228.75 crore. Though the project was to be completed by 25 August 2010, it was finally completed and handed over to BSF on 31 December 2011, after several extensions[34] Guarantee/warranty period of the project was upto 31 December 2013, i.e. two years from the date of successful installation/handover.

Even though the LD clause was not invoked, based on the queries raised by IFD in MHA with reference to completion of project, BSF was directed (16 January 2014) to calculate and impose LD on NIIT. Subsequently, a Board of Officers (BOO) was formed (04 April 2014) in BSF to ascertain the

[33] M/s Tata Consultancy Service, M/s Wipro Limited and M/s NIIT Technologies.
[34] Extension granted upto 31.12.2010, 28.02.2011, 30.06.2011 and 31.12.2011.

responsibility for delay on the part of BSF. A second BOO levied (18 March 2016) LD of ₹ 10.11 crore on NIIT.

NIIT requested (11 April 2016) withdrawal of LD, which was not acceded to by BSF. NIIT objected to levy of LD stating that it could not be imposed/levied after four years of the commissioning of the project. It further mentioned that the LD was unjustified as BSF was largely responsible for the delays, apart from *Force Majeure* and invoked the arbitration clause.

The Hon'ble High Court Delhi appointed (19 December 2017) Sole Arbitrator and NIIT raised a claim of ₹ 41.38 crore[35] against BSF. The Hon'ble Arbitral Tribunal after deliberation pronounced (14 January 2019) that BSF shall refund wrongfully deducted LD of ₹ 10.11 crore along with simple interest @ nine *per cent per annum* w.e.f. 01 January 2014 till realisation and ₹ 3.72 crore wrongfully deducted against the cost of cartridges for IPP project along with simple interest @ nine *per cent per annum* w.e.f. 01 April 2016 till realisation. Subsequently, BSF with the approval of MHA filed (12 April 2019) appeal before the High Court Delhi challenging this award, which was dismissed by the High Court Delhi in its order of 24 December 2019 stating *inter-alia*;

"I do not find any merit in the challenge to the above finding of the learned arbitrator on this counter claim. For the reasons stated here in above, I find no merit in the present petition. The same is dismissed, leaving the parties to bear own costs". Accordingly, the BSF released the payment aggregating ₹ 22.01 crore to NIIT on 28 February 2021.

Despite the clear verdict of the Hon'ble High Court Delhi in December 2019, Audit noted that BSF took 15 months (March 2021) to release the payment

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Claim No.	Description	Amount (₹)
1.	Withholding of illegal levied LD for many years	101135072
2.	Interest on the withheld LD amount @18 *per cent*	71321007
3.	Wrongful deduction made on the ground of non-supply of cartridges	37235418
4.	Amount payable by BSF on account of additional VAT	16470768
5.	Additional infrastructure costs incurred by Firm for IPP	45132698
6.	Additional work done outside scope of work	25820550
7.	Interest on (3), (4), (5) and (6) @ 18 *per cent*	116670727
	Total	**413786240**

aggregating ₹ 22.01[36] crore to NIIT. This resulted in avoidable payment of ₹ 1.25[37] crore on account of interest for the amount kept with the Department.

BSF attributed this delay to (i) the matter being referred to Ministry of Law & Justice by MHA for seeking opinion of the Additional Solicitor General (ASG), High Court Delhi (ii) after obtaining legal opinion of ASG on 10 September 2020, an additional demand for fund under budget head OC (charged) was projected (15 September 2020) in RE 2020-21/BE 2021-22. Thereafter, MHA allotted (2 March 2021) fund of ₹ 22.01 crore and further Finance Wing allotted (5 March 2021) additional budget under head OC (charged) for payment to NIIT.

Fact remains that due to delay in decision making on the part of BSF/Ministry resulted in avoidable payment of ₹ 1.25 crore on account of interests.

The matter was referred to the MHA in October 2022 and February 2024; their reply was awaited (01 March 2024).

(VI) Ministry of Information and Broadcasting

2.10 Implementation of National Film Heritage Mission by National Film Archive of India (NFAI), Pune

Ministry of Information and Broadcasting launched (November 2014) a scheme called "National Film Heritage Mission" (NFHM) with an estimated cost of ₹ 597.41 crore during the period from 2014-15 to 2020-21 through NFAI. Objectives of the Mission were to take up the assessment of film collection, preventive conservation and digitization of film reels, construction of archival and preservation facilities for preservation of material restored and organising training courses and workshops in this field. Inadequate planning, lack of a legal framework, *adhoc* approach of the Ministry to stop and then re-start the work, incorrect framing of RFPs and application of contract agreement resulted in inordinate delay in execution of NFHM scheme and non-achievement of the stated objectives of the scheme. As a result, film condition assessment, preventive conservation of film reels, picture and sound restoration, digitization of filmic contents as well as provision of space for storage of filmic and non-filmic contents remains incomplete till date.

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Sl. No.	Particular	Charged/Withheld	Interest @ nine *per cent* (SI)		Amount(₹)
1.	Liquidated Damage	10,11,35,072	01.01.2014 to 28.02.2021	6,52,36,278	16,63,71,350
2.	Cartridge and penalty	3,72,35,418	01.04.2016 to 28.02.2021	1,64,80,496	5,37,15,914
	Total	**13,83,70,490**	**--**	**8,17,16,774**	**22,00,87,264**

37 ₹ 138370490*9/100=124533441 say ₹ 1.25 crore, by allowing three months to obtain various permission from the Ministry for payment.

2.10.1 Introduction

National Film Archive of India (NFAI), Pune was established in February 1964 as an independent media unit under the Ministry of Information & Broadcasting (MoIB) for the realisation of the following objectives:

- to trace, acquire and preserve for the use of posterity the heritage of national cinema and a representative collection of world cinema,
- to classify and document data related to films and undertake and encourage research on cinema and publish and distribute them and
- to act as a Centre for dissemination of film culture in the country, and to promote Indian cinema abroad.

In consonance with the aforesaid objectives, MoIB launched (November 2014) a scheme called "National Film Heritage Mission" (NFHM) with an estimated cost of ₹597.41 crore during the period from 2014-15 to 2020-21 through NFAI.

NFHM envisaged the implementation of the Mission with the following objectives:

Assessment	• Film condition assessment of the film collection.
Conservation and restoration	• Preventive conservation of 1.32 lakh film reels • 2k/4k picture and sound restoration of 1086 landmark feature films. • 1152 shorts of Indian cinema and recording of new picture and sound inter-negatives of each film. • Digitisation of 1160 feature films and 1660 short films
Infrastructure	• Construction of archival and preservation facility for preservation of material restored under NFHM in dust free, low humidity, and low temperature conditions at NFAI campus, Pune
Training & workshop	• Training workshops and courses in field of conservation, preservation and archiving in coordination with international agencies that are experts in the field.

2.10.2 Organisational Setup

The management of the Mission is vested with the MoIB, and the Mission works under the High-Level Committee (HLC) headed by the Secretary, MoIB. The Joint Secretary (Films) is the Executive Officer to whom the Director, NFAI with the assistance of Officer on Special Duty reports on the progress of implementation of the Mission.

The NFAI has been merged with National Film Development Corporation (NFDC) with effect from 01 April 2022 and the additional charge to the post of Director, NFAI has been assigned to the CEO of Central Board of Film Certification (CBFC).

2.10.3 Audit Objective, Scope, and Methodology

A thematic audit on the "implementation of NFHM" was taken up from 25 April 2022 to 24 June 2022 covering the period from 2014-15 to 2021-22 for assessing whether

- planning process was proper and robust to achieve the objectives of the Mission within the stipulated time-frame.
- the scheme achieved the stated objectives as planned.
- there existed a sound and robust monitoring and coordination mechanism.

Audit applied substantive checking on records like tender documents, payment vouchers and project files etc. maintained by the NFAI.

The scope and extent of audit was discussed during entry conference held (April 2022) with the Administrative Officer of NFAI. The audit findings were discussed with the management of NFAI during the exit conference (June 2022) and their replies have been considered and included suitably in this report.

2.10.4 Audit Findings

2.10.4.1 Non-formulation of legal framework

The Government of India (Allocation of Business) Rules, 1961 prescribed the mandate of the Ministry of Information and Broadcasting (MoIB) regarding all matters relating to the film industry, including developmental and promotional activities thereto, and preservation of films and filmic materials.

A detailed project report (DPR) was prepared by NFAI in 2010 and by National Film Development Corporation (NFDC) in March 2012 for execution of

"Implementation of National Film Heritage Mission (NFHM)". The Administrative Approval (AA) for the scheme was accorded (November 2014) by the Expenditure Finance Committee (EFC) of MoIB at a project cost of ₹ 597.41 crore.

As per the DPRs, the following legal documentations were envisaged to be prepared in anticipation of the implementation of the mission:

- Legal agreements with right holders and with labs for procurement of source material/restoration/preservation of film/monetization of rights for part recovery of cost where restored material is made available to the right holder.
- Amendment in Indian Panorama and National Awards Rules whereby one inter-negative[38] (master copy) of award winning films to be mandatorily given to NFAI for preservation.
- Legal framework for acquisition and preservation of audio-visual assets and proposal to amend the Cinematograph Act in this regard.
- Terms and conditions for usage of the digitized and restored content would be finalized in consultation with the advisory committee.
- Proposal to compare legal documents of Academy Archives, British Films Archives for framing legal framework of the NFAI.

The committee of experts constituted (2018) by the Ministry to look into the conditions of the films and related materials at NFAI had also recommended that it must finalize a manual at the earliest.

Audit examination disclosed the following:

- No legal framework for the NFAI and NFHM has been prepared even after lapse of more than eight years since the administrative approval of the NFHM project. No study in this regard was also conducted. Even the advisory firm hired by the NFAI did not take cognizance of this matter in As-is Analysis report (roadmap) prepared by it for implementation of the project.

[38] An **internegative** is a motion picture film duplicate. It is the color counterpart to an interpositive, in which a low-contrast color image is used as the positive between an original camera negative and a duplicate negative. After a film is shot, the original negatives-taken directly from the camera equipment-are edited into correct sequence and printed onto fresh stock as a cohesive film, creating an interpositive print used for color timing. From the interpositive, answer prints, which include the color-corrected imagery and a properly synced soundtrack, are made. Once approved by the studio, the final answer print is made into an internegative used for striking copies that will be delivered to theaters for viewing.

- No amendment in the Indian Panorama and national awards Rules has been made by the NFAI/Ministry.

- No documentary evidence regarding the study and comparison of legal documents of Academy Archives and British Film Archives for framing legal framework of the NFAI was available on record.

- Although, a draft manual has been prepared, no approval has yet been accorded to it by the Ministry.

The NFAI accepted (January 2023) that no amendment in Indian Panorama and National Award Rules was carried out by the NFAI/Ministry. No reply has been furnished regarding preparation of legal framework.

In absence of legal framework/procedures important works pertaining to restoration, preservation of film material and its subsequent monetization could not be ensured.

2.10.4.2 Inconsistency in adoption of figures at conception stage

As per the objectives enshrined in the project, the NFAI was supposed to undertake film condition assessment of the film collection and to ascertain the left-over life of the films. Also, the NFAI was supposed to do preventive conservation of 1.32 lakh film reels.

Audit noted that the NFAI did not correctly assess the number of film collections available with NFAI. As per the DPR prepared by NFAI in 2010, it projected a figure of 1,92,000 film reels available for condition assessment. However, as per summary of accession register maintained by NFAI, total number of film reels available with it in 2010 was 1,36,857. The DPR prepared (2012) by NFDC neither contained the component of preventive conservation nor provided any number of film reels to be taken up under this component.

The EFC memo which was prepared by the Ministry included the component of preventive conservation of 1,32,000 film reels at an estimated cost of ₹ 39.10 crore. However, NFAI invited two separate RFPs (Request For Proposal) for “Film Collection Assessment of NFAI's film material” and “Preventive conservation of film content at NFAI” in June 2016 and September 2016 respectively adopting an assumptive figure of 1,50,000 film reels for condition assessment wherein 1,54,115 film reels were available as per accession register with NFAI as on 31 March 2016. Also, NFAI invited RFP for preventive conservation of 1,05,000 film reels (70 *per cent* of 1,50,000) as against 1,32,000 film reels as per EFC memo.

Hence, adoption of *ad hoc* figures by NFAI at planning stage is indicative of inadequate planning, having adverse impact on overall implementation as well as outcome of the project and possible complexities in tendering process in implementation phase as briefed in the paragraph 2.10.4.5(A) and 2.10.4.5(B)

NFAI, in its reply (January 2023) stated that as per the EFC document prepared in 2008, the number of film reels with NFAI was adopted as 1,32,000. However, during the process of preparation of RFP, number of film reels were adopted as 1,50,000 which was indicative in nature. NFAI further stated that the figures were adopted as suggestive quantum of work, while per unit cost was identified for each item and payment to the vendor was also made as per actual work. Moreover, the NFAI stated that over the period of time, the quantum of work increased as more film reels were added for preservation purposes. The approvals for increased quantum were solicited in HLC meetings and the same were also scrutinized by the IFD in the Ministry and approved by the competent authority.

Reply of the NFAI is not acceptable on the following grounds:

- Although adoption of figures of film reels on a realistic basis was imperative for execution of the entire project, NFAI adopted an assumptive figure of 1,50,000 instead of adopting the figure of film reels as per accession register of 1,54,115; plus new accession envisaged in the EFC memo for the subsequent five years.
- Film reels accessioned from Films Division, Children's Film Society of India (CFSI), Directorate of Film Festival (DFF) and Film and Television Institute of India (FTII) were also required to be factored in for film condition assessment as well as preventive conservation. However, no such exercise was made by them.
- Adoption of different figures of film reels on assumptive basis ultimately resulted in tender complexities, as outlined in subsequent paragraphs, especially in respect of work for preventive conservation and non-achievement of the objective of film condition assessment of the entire filmic content with the NFAI.

2.10.4.3 Initiation of tendering process without proper study and finalisation of roadmap

NFAI executed (19 May 2016) an agreement with M/s KPMG Advisory Services Private Limited for providing consultancy services to implement the scheme. The scope of work as per Appendix-A of the agreement *inter-alia* included documentation and preparation of comprehensive roadmap including preparation of current state assessment study (As-Is-Study) for implementation of NFHM project with time-bound deliverables. Further, the consultancy firm had to assist the NFAI in selection of implementing agencies through global tendering process.

As per point 9 of the agreement, if the consultant fails to submit the deliverables within the prescribed time schedule, then liquidated damages at the rate of one *per cent* of total cost of services per week was leviable. However, the liquidated damages shall not exceed 10 *per cent* of the total value of the contract. Further, as per deliverables chart of the agreement, the consultancy firm had to prepare and submit roadmap for NFHM within 18 weeks from the award of contract i.e. 19 May 2016. The consultancy firm had to prepare RFPs within 22 weeks from the award of contract. Thus, preparation of roadmap was to precede the activity of preparation of RFPs and was obviously a pre-requisite for initiation of tendering process.

Audit however observed that consultancy firm could prepare and submit its roadmap (As-is- study) only in May 2017 with delays of more than 35 weeks and by then the NFAI had already floated two numbers of RFPs for 'Film Collection Assessment' (June 2016) and 'Preventive Conservation of Film' (September 2016). Delay in preparation of comprehensive roadmap and floating RFPs for film collection assessment and preventive conservation without the same indicated serious flaws in the planning process.

Further, the roadmap prepared by the consultancy firm mapped 19,114 films. This included 14,897 films corresponding to 94,733 film reels and 4,217 films in respect of which the number of film reels could not be ascertained by the consultancy firm.

Non-adherence to the prescribed time-lines reflected not only contravention of contractual provisions as well as undue benefit to the agency due to non- levy of the liquidated damage of ₹ 2.04 crore for the delay in submission of roadmap.

Thus, this underlines that NFAI initiated tendering process in respect of film collection assessment as well as preventive conservation of films without proper study of filmic contents available with it.

The NFAI, in its reply, stated (January 2023) that there was no delay from the consultant in preparation of roadmap and hence, there was no question of initiation of penal proceedings. As regards floating of tenders without proper roadmap, the NFAI stated that NFHM was a mission mode project, hence, tenders were floated in parallel with the roadmap documentation. Moreover, NFAI stated that tenders were floated with due approval of the HLC headed by Secretary of the Ministry and the contract was awarded after due approval by the Ministry.

The reply of NFAI is not acceptable and is factually incorrect. The roadmap was prepared and submitted with a delay of 35 weeks and hence initiation of penal proceeding was warranted as per provisions of the agreement. Floating of tenders for film collection assessment and preventive conservation without a roadmap for the project on the premise that it was a mission mode project was against the above-mentioned RFP conditions of the hiring of consultancy firm.

2.10.4.4 Shortfall in achievement of Targets

(A) Shortfall in achievement of Physical Targets

The NFHM scheme was approved for a total project cost of ₹ 597.41 crore, with a stipulation to implement it from 2014-15 to 2020-21. Audit analysed the achievement of physical targets set by the Department. Audit observed the following in this regard:

- In case of four components of works namely Inter-negative and Restoration of feature and short films, no physical progress was noticed as on 31 March 2022 even after lapse of eight years from the approval of EFC in 2014-15.
- In case of work of Inter-negative of feature and short films, the NFAI did not even float RFPs for the work as on 31 March 2022.
- Remaining five components of work were yet to be completed as on 31 March 2022.

(B) Shortfall in achievement of Financial Targets

Audit observed that NFAI had incurred an expenditure of ₹ 120.09 crore only till the end of March 2022 as against the financial target of ₹ 597.41 crore stipulated to be incurred by 31 March 2021, constituting shortfall of 80 *per cent*. The component-wise expenditure details have been illustrated in **Annexure 2.7**.

In this regard, audit observed the following:

- There was a huge shortfall of 11 to 100 *per cent* in financial achievement in respect of 15 components of work as on 31 March 2022.
- In respect of two components of work, namely Inter-Negative of 1140 feature films and Inter-Negative of 1164 short films, there was nil financial progress.
- In respect of three components of works namely restoration of feature films, short films and acquisition of materials, there was shortfall in financial achievement ranging between 95 to 99 *per cent*.
- In case of four components of work, namely procurement of digitization equipment, digitization of feature films and short films and research and publication, there were shortfall in terms of financial achievements ranging between 50 to 95 *per cent*. Thus, in respect of 10 out of 15 components, the shortfall in terms of financial performance ranged from 50 to 100 *per cent*.

The NFAI in its reply (January 2023) stated that as the Ministry instructed (September 2017) to stop work of processing of further RFPs, achievements under various activities were affected. Further, the Department stated that COVID 19 situation led to slow acquisition of archival and film materials and achievement of various activities.

NFAI's reply is not acceptable as the instructions of the Ministry was to stop processing further RFPs only and not for stoppage of entire project. RFPs for assessment and preventive conservation had been floated in June and September 2016 respectively. Moreover, the work of acquisition of archival and film materials which was to be done by the NFAI could have been carried out without RFPs. Also, the slow pace of work during the pre and post COVID periods was not justifiable.

2.10.4.5 Non-compliance with tender conditions while executing condition assessment and preventive conservation

The objectives of the NFHM *inter alia* included assessing the condition of the film collections and to ascertain the left-over life of the film and preventive conservation of 1,32,000 film reels.

A) Delay in completion of condition assessment work

RFP for the work of "Condition Assessment of NFAI's film material" was floated in June 2016 and the work order was issued in March 2017 with a tendered cost of ₹15.02 crore with stipulation to complete within six months. The scope of work, *inter alia,* included identification of film reels and ascertaining the number of film reels, among others. As per the RFP, 1,50,000 film reels were to be assessed by the contractor into A, B and C category. Category A reels are considered as good and require only minor repairs, however, B and C category reels require major repairs and would be considered for preventive conservation. The NFAI had presumed that 1,05,000 out of 1,50,000 film reels (70 *percent*) would fall under categories B and C. The contractor had assessed 1,54,295 film reels picked up on random basis as against the 1,50,000 films which was to be assessed as per RFP.

Audit observed the following in this regard:

- Various works as mandated in the agreement such as RFID tagging, maintaining database on film reels, repairing of film reels, reel meta data and handing over of film reels to NFAI have not been completed by the contractor till date, even after lapse of more than five years.

- Despite non-completion of the work by the contractor, NFAI released ₹ 14.40 crore out of the total contract value of ₹ 14.49 crore (99.36 *per cent*), excluding AMC, in contravention of clause 6.3(c) of the agreement which stipulated withholding of 10 *per cent* of the contract value till acceptance of work by NFAI.

- In contravention of clause 9 of the contract agreement, NFAI did not levy liquidated damage for delay in execution of works.

- NFAI had made payment of ₹ 42.37 lakh towards AMC for RFID tags and solution for the period between 01 September 2019 and 01 February 2022, even though the RFID tags and solution could not successfully be installed (till July 2021).

Picture 2.1 : Film reels lying unassessed in vaults without RFID tags

In response of NFAI (January 2023) stated that:

a) The final payments were made after successful completion of each component of the agreed work.

b) Regarding invoking of penalty, it stated that the project work included extensive quality control by NFAI on the work performed by the vendor and subsequent rework to address those comments.

c) As per the RFP, the vendor had to procure and commission 329,500 RFID tags against which 336,096 tags have been commissioned. Regarding the functioning of RFID solution, it was reviewed (August 2019) by NFAI Technical Committee and the RFID solution was setup as per the expectations of NFAI. Further, as part of handover of the solution to NFAI staff and officials, a series of trainings on RFID solution was imparted.

Reply of the NFAI is not acceptable on the following grounds:

a) Handing over of films is not an isolated activity but is a stage of work flowing from a series of activities like condition assessment, checking and repairing of films and thus, successful completion of film condition assessment, checking and repairing of film reels would culminate in successful handing over of film reels. Thus, the milestone of handing over of films implicitly involved completion of all these activities to the satisfaction of NFAI. Thus, payment of 99.36 *per cent* of the total contract value was in contravention of clause 6.3(c) of the contract.

b) As regards non-invocation of penalty for delay in execution of work, extensive quality control by NFAI over the work performed by the contractor cannot be an excuse for non-recovery of liquidated damage as per contract conditions.

c) As regards commissioning of RFID tags, reply of the NFAI is factually incorrect as NFAI vide the letter dated 06.07.2021 had intimated the contractor that the hardware of RFID solution alone could not be construed as making live of entire RFID solution because software aspect of RFID was not deployed. Moreover, NFAI had stated that RFID demo cannot be interpreted as start of AMC.

(B) Ambiguity in contract leading to cost overrun and time overrun in execution of preventive conservation

The NFAI invited (September 2016) RFP for preventive conservation of 1,05,000 film reels on the basis of assumption that 70 *per cent* of total 1,50,000 film reels would be of B and C categories requiring preventive conservation.

Subsequently, NFAI awarded the contract (September 2017) of preventive conservation at the cost of ₹ 39.95 crore with a stipulated time- frame of two years for completion of the work.

Audit observed the following in this regard:

a) The RFP was floated even before the work order for "Collection Assessment of NFAI's film material" was issued to the successful bidder. However, the film condition assessment was a pre-requisite for the work of preventive conservation of film content. It was also pointed out by a bidder during pre-bid meeting that preventive conservation should start only after film condition assessment report was made available to the bidders.

b) Although NFAI maintained that calculation of film reels was based on internal study of film condition assessment carried out during 2009-10, EFC document and experts' advice, audit observed from sample survey report that only 8035 out of 43,750 film reels constituting about 18 *per cent* were found to be of B, C and D categories which required preventive conservation. Thus, preparation of RFP based on the presumption that 70 *per cent* of total film reels (70 *per cent* of 1,50,000=1,05,000) would be of B and C categories requiring preventive conservation was hypothetical and not based on any reliable data.

c) The work was stopped (September 2017) by the Ministry without assigning any specific reason which prevented processing of ongoing RFPs by NFAI. The approval for resumption of work could only be given by the Ministry in November 2018.

d) NFAI intimated (March 2019) the contractor that the number of film reels of B and C categories would stand in the range of 30,000 to 40,000 instead of 1,05,000 projected in the RFP. Further, the reduced figure of 32,000 film reels of B and C categories was intimated (August and September 2019) to the contractor. The Ministry, however, approved (April 2020) the proposal for preventive conservation of 45,700 film reels.

e) Subsequently, due to huge reduction in number of reels for preventive conservation, an addendum to the contract agreement was issued (August 2020) by NFAI for revising the contract amount to ₹ 17.38 crore from ₹ 39.95 crore. However, the contractor intimated (August 2020) his refusal to carry out the work on existing terms of the contract on the basis of expiry of the contract by September 2019 and non-viability thereof.

f) Consequently, the revised RFP for preventive conservation of films corresponding to 60,557 film reels was issued and the contract was awarded (March 2022) to a new contractor at a cost of ₹ 47.84 crore. Audit could not ascertain the reasons for how NFAI arrived at 60,557 film reels from 45,700, as the same was not available on records.

Thus, inadequate planning, adoption of inaccurate and ambiguous terms of contract, non-prioritization of components of work, undue splitting of inseparable and overlapping works led to cost overrun of ₹ 24.80 crore (47,84,33,185 – 39,95,47,260×60,557/1,05,000) as well as time overrun of almost three years. Moreover, this also led to failure in achieving the mission objective of preventive conservation of film reels.

The NFAI in its reply (January 2023) accepted that the initial contractor refused to carry out the work of preventive conservation of B and C category reels due to reduced numbers of reels and non-viability. Hence, NFAI had re-floated the tender for carrying out preventive conservation work for 60,557 reels, which included a buffer of approximately 20 *per cent* over and above the actual number of category 'B' and 'C' reels.

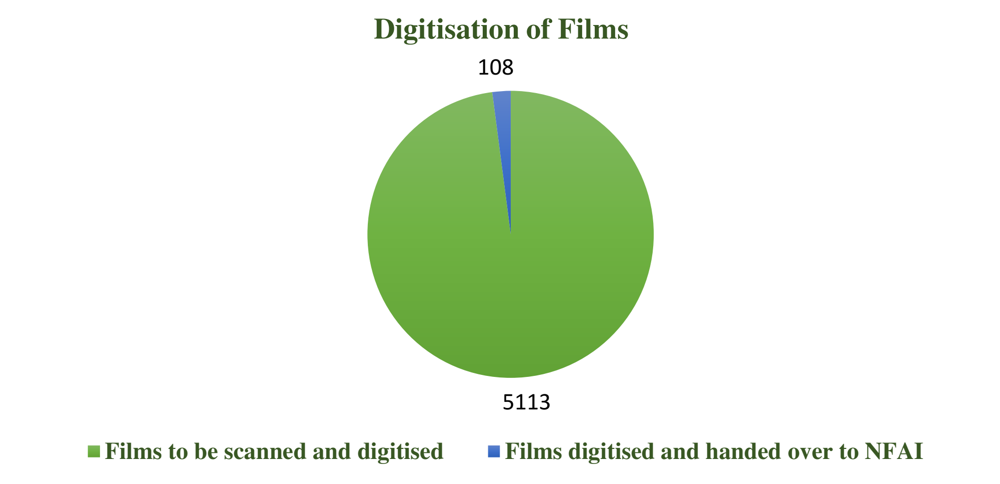
Department's reply is not acceptable as the assessment of film reel condition should have been first carried out before awarding the work of preventive conservation of 'B' and 'C' category reels to the contractor.

Further, the Department had not replied to audit objection pertaining to time overrun and cost overrun due to frequent change in the estimated number of film reels in the category 'B' & 'C' for carrying out preventive conservation of works which led to cost overrun of ₹ 24.80 crore.

2.10.4.6 Discrepancies in execution of work of Digitisation of Film Content at NFAI

The NFAI had floated the first Request for Proposal (RFP) for Digitization of Film Content in March 2017. In response to the RFP, four bidders had submitted their bids. However, the Ministry of Information & Broadcasting instructed (September 2017) NFAI to stop all the RFPs being processed until review of the entire NFHM was done. Consequently, the NFAI refloated the RFP in May 2019 after decision to restart the work was taken in the 6th High Level Committee (HLC) meeting held in September 2018. Subsequently, M/s X was declared H1 (successful bidder) and the contract agreement was executed at a cost of ₹ 74.02 crore in August 2020 with stipulated time- frame of two years for completion of the work.

As per agreement, 5113 films (2,345 feature films and 2,768 short films) corresponding to 4,30,000 film reel minutes had to be cleaned, scanned and digitized. Audit observed that the contractor had handed over only 108 films, constituting two percent of the total films till September 2022, to NFAI after completion of the digitisation process.



In this regard, audit also observed the following:

A. Slow pace of digitization

As per approved parameters for picking up the films for digitization, regional film selection committee (RFSC) had to recommend the list of films for digitization duly approved by the Central Sub-Committee (CSC). The contract was entered in August 2020 and the project was to be executed within two years.

Audit observed that out of 5113 films, the RFSC/CSC could recommend only 3160[39] films (61.80 *per cent*) for digitization even after lapse of 21 months (out of allotted 24 months). Of this, only 1861 films have been provided to the vendor till date. Audit also noticed that 1441 films could only be scanned by the vendor while 54 films were held by the vendor, digitization of 197 films was cancelled and 169 films were pending for scanning due to various reasons.

B. Under-deployment of personnel leading to delay in execution

As per contractual provisions, the contractor was to arrange installation and commissioning of adequate number of scanners in order to complete the project within two years from the date of the contract agreement. The contractor was expected to complete the said work at a scanning rate of 896 film reel minutes per day (by considering 20 working days in a month to scan 4,30,000 film minutes).

39 Approved by CSC – 2163 Feature Films & 997 Short Films

Audit noticed that the contractor had installed 4 Arriscan XT scanners (for picture scanning) and 2 Sondor (for sound scanning) as proposed in the technical bid.

Audit noticed that a total number of 1,12,202 film minutes were scanned as against 4,30,000, at the rate of 268 film minutes per day only, during August 2020 to May 2022. Audit also noticed that out of 1,12,202 film minutes scanned by the contractor, 36,976 and 48,281 film minutes were pending for quality check and grading by the NFAI team respectively, indicating under-deployment of QC team. Also, only 108 films translating to 5923 film reel minutes were finally handed over to NFAI till date (September 2022) averaging 14 film minutes (5923/21*20) per day.

Thus, under-deployment of quality check team by NFAI resulted in very slow pace of execution of work against the required rate.

The NFAI, in its reply, agreed to the audit observation and stated (January 2023) that due to the Covid-19 pandemic, there was considerate delay in setting up the project office, mobilization of resources and equipment and consequent execution of work. However, necessary steps would be taken to ensure increase in the pace of the digitization project. It was also stated that remaining titles would be undertaken for digitization adhering to the project scope and mandate.

2.10.4.7 Shortcomings in floating of tenders and RFP for Master System Integrator (MSI)

(A) Floating of tenders for selection of master system integrator (MSI) without administrative approval

Audit noticed that in the 5th High Level Committee (HLC) meeting held in September 2017, the NFAI acknowledged that allocation for IT work was not made substantially in the EFC document as comprehensive IT solution was not envisaged therein. Further, it was stated that the IT work would be carried out of the envisaged savings under different heads of the NFHM.

Audit, however, observed that NFAI had total committed expenditure and allocated funds for different components of the project amounting to ₹ 804.46 crore **(Annexure-2.8)**. Thus, there was no saving under the project to carry out the work of comprehensive IT solution. The component of comprehensive IT solution was not envisaged under the project, defeating the objective of digitization of films with ultimate objective of making these assets visible and available to the stakeholders.

Also, the RFP was floated for the work despite no savings under other heads of the project and NFAI had not taken administrative approval from the competent authority before floating the tender.

The NFAI in its reply stated (January 2023) that the EFC document had actually missed this crucial component of the Mission and hence allocation was made from the savings under different heads of NFHM.

NFAI's reply is not acceptable as no savings were available in the project.

(B) Deficiency in preparation of RFP of MSI

As per model RFP documents for selection of implementation agencies issued by Ministry of Electronics & Information Technology (MeiTY) 2018, any pre-qualification (PQ) eligibility criteria which is established must have a direct and perceptible linkage with the scope of work, project's financial worth and risk.

Further, CMMI certification requirement should be established as PQ criteria if a project is pertaining to software implementation or application development is being done. Moreover, the guidance note stipulates that the purchaser should assure that any certification should add value to the tender and should not lead to limiting the competition.

The NFHM project *inter alia* envisaged digitization of film reels, however, it did not envisage a comprehensive IT solution in this regard which would otherwise have been an essential component of the project. NFAI in the roadmap for execution of the project envisaged establishment of an IT infrastructure which would not only help NFAI preserve and manage the media assets but also help it make those assets visible and available to the stakeholders.

Audit noted that NFAI issued (December 2020) request for proposal (RFP) for selection of master system integrator (MSI) for implementation of NFAI's data center & enterprise solution (NES) under NFHM. The objective of the RFP was to seek the services of reputed agencies to design, build, maintain, operate Tier III compliant on premise data center along with disaster recovery center on cloud and design, customize, procure, supply, integrate a software solution with deployment, commissioning, licensing, hosting and maintenance including change management, amendments, operations and services of the complete solution as Master System Integrator (MSI) for implementation of NFAI's own Tier III compliant on premise data center along with enterprise solutions (NES) under NFHM at NFAI for a period of five years.

Further, as per minutes of the meeting of committee (December 2020) for review of draft scope of work for IT RFP, the project *inter alia* involved minor tweaking in Commercial off the Shelf (COTS) software. This was also evident from the objective of the RFP as mentioned above. However, audit observed that the NFAI established a PQ criteria of valid CMMi level 3 certificate or higher in violation of the above-mentioned guidance for model RFP of MeiTY.

Due to inclusion of the above PQ criteria, two bidders were declared non-responsive on account of non-submission of valid CMMi certificate resulting in single bid situation and subsequent scrapping of the bid. Consequently, fresh RFP was floated for this work without CMMi certificate as PQ criteria.

Thus, inclusion of pre-qualification criteria for the project effectively limited the competition and resulted in delay in execution of the project as the project has not been completed and operationalized till date (May 2022). This led to non-achievement of the very objective of the NFHM to make the digitized films accessible to the end users.

The NFAI in its reply (January 2023) stated that while preparing RFP, it was considered advisable to have a relevant certification as qualification criteria. However, in the present RFP, it is proposed to host the data on cloud, hence it was envisaged to not retain this criterion anymore.

The reply of the NFAI is not acceptable as the RFP for MSI does not require CMMI certification criteria as per model RFP issued by MeiTY. Hence, inclusion of the said criteria in initial RFP resulted in limited response leading to refloating of RFP after deletion of requirement of CMMI certification and affected the achievement of objective of digitisation.

2.10.4.8 Advances to contractors without Bank Guarantee

Circular issued (February 2011) by the Central Vigilance Commission (CVC) as well as provisions of GFR prescribed advances to contractors after obtaining BG as financial safeguards.

Audit observed that NFAI invited six RFPs for executing various items of works and executed six contract agreements for these works. However, advance payments of ₹ 23.60 crore were provided to contractors without any financial safeguard in the form of Bank guarantees. The details of the contract agreements and advances given to contractors are stated in **Table No. 2.6**:

Table No. 2.6: Details of Contract Agreement and advance

(Amount in ₹)

Sl. No.	Description of RFP	Date of Proposal	Date of Signing contract	Advances Given
1.	Collection assessment of NFAI's film material	Jun-16	Mar-17	2,83,93,474
2.	Digitisation of Non-Filmic material	Jul-16	Mar-17	14,95,100
3.	Preventive conservation of film collection at NFAI	Oct-20	Mar-22	6,57,14,010
4.	DCP (Digital Cinema Package) work at NFAI	Jan-17	Aug-17	20,67,124
5.	Digitisation of Film Content at NFAI	May-19	Jul-20	13,36,33,500
6.	Subtitling of film content	Dec-20	Mar-21	47,20,392
			Total	**23,60,23,600**

The NFAI in its reply (January 2023) stated that no advance payments were given to any vendor rather payments were done at the end of specific milestones. Further, it was stated that the performance bank guarantee was taken as per CVC guidelines and GFR provisions to have sufficient safeguard for the implementation of the project.

The reply of the NFAI is not acceptable as payments were made upon signing of contract itself and moreover payments were made against mobilization of resources and these were in the nature of the advance payments. Mobilization advance provided should have been covered by bank guarantee of an amount equal to 110 *per cent* of the advance in compliance to CVC guidelines.

2.10.4.9 Inadequate co-ordination and monitoring mechanism

(A) Inordinate delay in approval for award of contract for restoration work

The RFP for Restoration of Film Content at NFAI was first issued in April 2017 and was abandoned due to instruction from Ministry for stoppage of the process of RFP. After go ahead from Ministry, revised RFP for Restoration of Film Content at NFAI was issued in November 2019. Post-selection of bidders, approval for on-boarding of bidders for carrying out the work was sought by NFAI from the Ministry vide letter dated 11 November 2020. However, the Ministry accorded its approval only on 04 May 2022, after a delay of 18 months. Thus, inordinate delay by the Ministry in according approval for award of the contract resulted in inexplicable delay in execution of an already delayed project.

The NFAI in its reply (January 2023) reiterated the timeline of the approval process and did not furnish reasons for the inordinate delay in the process.

(B) Inadequate monitoring mechanism

The EFC memo *inter alia* envisaged following functions of the High-Level Committee (HLC):

(i) Monitoring progress of the mission

(ii) Approval of fund allocation

(iii) Periodically assess and review/revise targets laid down

Audit, however, observed that

(i) Periodicity of HLC meeting was not well defined.

(ii) Although eight meetings of HLC were held during August 2015 and December 2019, no meeting was held to assess and review the progress of the Mission after December 2019.

The NFAI in its reply (January 2023) stated that no HLC meeting could be convened due to COVID 19 situation.

The reply is not acceptable as the Department could have continued to conduct HLC meetings in 2020 and 2021 through online mode.

2.10.5 Non-production of records

The NFAI did not furnish the following records:

(i) report of the committee of experts for review of administrative and economic aspects

(ii) Report of the committee of technical experts constituted by the Ministry to look into conditions of the film and related materials at NFAI.

As a result, audit could not ascertain as to why work under NFHM was stopped in September 2017 and again re-started in September 2018. Besides, various administrative and technical issues relating to the implementation of the scheme could not be ascertained.

2.10.6 Conclusion

Inadequate planning, lack of legal framework, incorrect framing of RFPs and application of contract agreement incorrectly resulted in inordinate delay in execution of NFHM scheme and non-achievement of the stated objectives of the scheme. Film condition assessment, preventive conservation of film reels, picture and sound restoration, digitization of filmic contents as well as provision of space for storage of filmic and non-filmic contents remains incomplete till date of audit (June 2022).

The inordinate delay in execution of the project is bound to create perpetual worsening of the filmic content due to callous storage in gunny bags resulting in continued decay of film reels having great archival value. Moreover, slow pace of the project can cause decay in quality of such contents which were in good condition at the planning stage of the project.

The para was issued to the Ministry in November 2022 and again in February 2024. The reply of the Ministry is awaited. (01 March 2024)

2.10.7 Recommendation:

Audit recommends to put in place an adequate and robust mechanism to monitor the entire execution of a prestigious project like NFHM and should endeavour to speed up the pace of its execution by completing all the deliverables of the project so that national filmic heritage having immense archival value is preserved for generations to come.

The Ministry needs to review delays in implementation of the project at various levels and clearly define time-lines for execution of various deliverables, as the initial timeframe of the project implementation has already lapsed. Further, it should fix accountability for delays in implementation of the project.

(VII) Ministry of Personnel, Public Grievances and Pensions

Department of Personnel and Training, Staff Selection Commission

2.11 Avoidable payment to the Contractor

Lack of proper planning in execution of time-based contract by Staff Selection Commission (SSC) for hosting its online services on mobile App without ensuring availability of requisite server and IT storage infrastructure on NIC Cloud led to 15.5 months' delay in project implementation and consequent avoidable payment of ₹ 90 lakh to the contractor.

As per paragraph 3.2.1 of the Manual for Procurement of Consultancy and Other Services, 2017 (Manual) issued by the Department of Expenditure, Ministry of Finance, under normal circumstances, the procuring entity shall use the lump-sum (firm fixed price) form of contract. Lump-sum consultancy contracts are easy to administer because there is fixed price for a fixed scope and payments are linked to clearly specified outputs/milestones/deliverables such as reports, documents, drawings, bills of quantities, software programmes and so on. Further, as per paragraph 3.3.1 of the Manual, the time-based (retainer-ship) contracts, in which payments are based on agreed hourly, daily, weekly or monthly rates for staff, is appropriate when lump-sum contract is not feasible due to difficulties in defining the scope and the length of services. Time and cost over-run are major risks in time-based contracts, as the payment is based on time and delay may result in unanticipated benefit to the Consultant besides the assignment getting delayed.

UMANG (Unified Mobile Application for New-age Governance) has been developed by the Ministry of Electronics and Information Technology (MeitY) to drive mobile governance in India. It provides a single platform for Indian citizens to access pan-India eGovernance services ranging from Central Government to Local Bodies. Staff Selection Commission (SSC) was required to share its seven identified services available on its website, *viz.* (i) Latest News, (ii) Notice of Examination, (iii) Results of Examinations, (iv) Examination Calendar, (v) Vacancies, (vi) One-time Registration, and (vii) Submission of Online Applications, with UMANG app for the convenience of prospective candidates. As the SSC's online services were hosted on National Informatics Centre (NIC) cloud, the work of providing these services on mobile App involved coordination with NIC.

SSC engaged five IT personnel[40] from M/s Wipro Ltd. (Wipro) for a period of one year[41] on retainership basis from 05 November 2019 for the work of integrating its seven online services with UMANG mobile App interface. The agency was selected on nomination basis considering that Wipro was already providing end-to-end IT solutions[42] to SSC. The work was assigned as a separate project at a cost of ₹ 1.27 crore (inclusive of seven *per cent* NICSI margin + 18 *per cent* GST).

Audit observed that:

- While SSC had got the effort estimation for the work prepared by the existing IT personnel managing end-to-end IT solutions, such estimation for infrastructure required on NIC-cloud was not carried out before hiring fresh

40 Four software developers with 0-2 years' experience having man-month cost of ₹ 1.60 lakh and one developer with 3-5 years' experience having man-month cost of ₹ 1.98 lakh.

41 As per the documents for effort estimation for UMANG Mobile App Integration, 05 resources were projected for development of solution for five months. The same resources were projected for additional seven months for support and maintenance of the developed solution.

42 SSC had engaged Wipro from April 2017 through National Informatics Centre Services Inc (NICSI) for creating an integrated IT system starting from the receipt of vacancies from client organisations such as Ministries till the announcement of results, handing over the list and dossiers of selected candidates to these organisations, modification of merit list and allocation of candidates to the different vacancies, if required. The work was divided in three stages *viz.*, (i) onsite support for pre-live of new portal (system as-is), (ii) implementation of new portal and (iii) onsite support for post go-live of new portal. The payment for first two stages was to be made on lumpsum basis on completion of deliverables. For third stage, four resources were to be provided for onsite support post go-live of the new portal. However, considering the increased workload, the strength of the team for onsite support was increased from four to ten from March 2018.

manpower. Only minimum infrastructure was available for the team on-boarded for integration of SSC's online services with UMANG which was not sufficient for integrating all seven services with the App.

- SSC submitted the requisition for additional resources on NIC-cloud (virtual machines having servers, storage, RAM and CPU) on 09 January 2020, i.e. two months after onboarding of developers. However, the NIC advised it that the additional resources could not be allocated on the specified cloud unit which had overshot the resource capacity. Accordingly, SSC raised fresh requisition for additional resources on 09 December 2020 on a different NIC-cloud unit on which its service had since been migrated. The additional resources were made available on 02 February 2021 i.e., 14 months after engagement of manpower.
- The launch of seventh service, i.e. submission of online applications, was feasible only when a new notice for examination was issued by the SSC. First such notice for examination after integration of services on UMANG was issued in July 2021.
- The non-availability of infrastructure and active notice for examination affected the integration of SSC's online services with UMANG mobile App. Out of seven services, first five were activated on UMANG on 29 April 2020 and the remaining two services 'One-time Registration' and 'Submission of Online Applications' were activated on 09 December 2020 and 22 July 2021, respectively. Thus, there was a delay of about 15.5 months beyond the stipulated timeline of five months, i.e. by 04 April 2020, for completing the entire work of application development for integration of all seven services with mobile App.

As the personnel for UMANG app integration were deployed on a time-based contract, their services were extended by SSC up to 20 July 2021 i.e., 8.5 months beyond the completion of stipulated engagement of twelve months. This resulted in an additional expenditure of ₹ 90.00 lakh[43].

The matter was brought to the notice of the Department in July 2022. The Department forwarded the reply of SSC (October 2022) which stated that time-based contract was preferred as these personnel were engaged for integration of its services with UMANG App as well as due to increased workload of the Commission. Even if there was delay in integration of services with the UMANG App, the resources were utilized by the SSC in its day-to-day operations. Further, the prevalent Covid-19 condition was one of the reasons for

[43] ₹ 1,27,06,427 x 8.5 months/12 months = ₹ 90,00,386. Out of this, SSC has already released ₹ 45,00,194 to the NICSI. Further, the decision for releasing balance payment of ₹ 45,00,192 against the certificate for satisfactory completion of wok (August 2021) has been kept in abeyance due to pending audit observation.

delay in execution of the work. SSC also informed that it was not feasible to consider the vital dependency of requirement of servers and storage on NIC cloud, which could have been worked out only by the IT professionals.

The reply is not tenable as the decision to engage five personnel for 12 months was solely based on manpower requirement for UMANG mobile App integration and maintenance submitted by Wipro. The very basis of engaging five developers was that the new work for integrating SSC's services with UMANG was treated as a separate project. The deployment plan as well as activities for which these five resources were deployed was not available. Further, there was no justification for deploying software developers for day-to-day work of SSC. Rule 178 of the General Financial Rules, 2017 (GFR) permits the Ministries/Departments to hire external professionals/consultants for a specific job, which is well defined in terms of content and time frame for its completion. Thus, SSC did not adhere to laid down provisions of the GFR while engaging these developers. Moreover, SSC had already augmented the strength of the team of IT consultants from four to ten from March 2018. Thus, reply of SSC that it did not have IT professionals to assess the infrastructure required for the integration of its services with UMANG is also not correct. As regards delay due to onset of Covid, the lock down due to Covid started from March 2020, whereas completion time for project was April 2020. So hardly one month was affected due to covid whereas there was delay of eight months.

SSC could have avoided the additional expenditure of ₹ 90.00 lakh on account of delay in execution of work by linking the release of payments with integration of its services with the UMANG App under a lump-sum contract and planning the deployment of developers after ensuring the availability of the requisite infrastructure and the active examination notice on which the execution of the work was dependent.

(VIII) Ministry of Skill Development and Entrepreneurship

2.12 Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)

SANKALP was planned as a Centrally Sponsored Scheme to improve short term skill training qualitatively and quantitatively with loan assistance from the International Bank for Reconstruction and Development. The total outlay was US $ 675 million (₹ 4,455 crore). However, only 44 *per cent* was disbursed against budget provisions during the period between 2017-18 and 2023-24 (as of October 2023). The pace of physical and financial progress remained slow and the implementation strategy lacked necessary adherence to extant provisions.

2.12.1 Introduction

Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP/Scheme) is a Centrally Sponsored Scheme of the Ministry of Skill Development and Entrepreneurship (MoSDE) which aims to improve short term skill training qualitatively and quantitatively through strengthening institutions, bringing in better market connectivity and inclusion of marginalised sections of society with the loan assistance from the International Bank for Reconstruction and Development (Bank).

Cabinet Committee of Economic Affairs approved (October 2017) the implementation of the scheme with a total outlay of US $675 million (₹ 4,455 crore) which was to be funded in three major parts, namely, World Bank Loan of US $ 500 million (₹ 3300 crore), State leverage of US $ 100 million (₹ 660 crore) and Industry leverage of US $ 75 million (₹ 495 crore). The Scheme was launched on 19 January 2018 with an implementation period of six years from 2017-18 to 2022-2023. The scheme has been extended till 31 March 2024, however, audit findings are covered up to March 2022.

Components of the Scheme: SANKALP envisaged four key Result Components[44]:

- **Result Area 1** - Institutional Strengthening at National and State levels - to guide planning, delivery, and monitoring of market relevant training.
- **Result Area 2** - Improved Quality and Market Relevance of Skill Development Programs.
- **Result Area 3** - Improved Access to and completion of skills training for female trainees and other disadvantaged groups.
- **Result Area 4** - Expanding skill training through private-public partnerships (PPPs).

2.12.2 Financial implications

2.12.2.1 Budgetary allocation and disbursement of funds

The details of budgetary allocation and disbursement of funds between 2017-18 and 2023-24 (up to December 2023) are detailed in **Table No. 2.7**:

[44] The fourth Component, namely Expanding Skills Training through Private-Public Partnerships (PPPs) was dropped in December 2020.

Table No. 2.7: Budgetary allocation and disbursement during 2017-18 to 2023-24

(₹ in crore)

Year	Budget Allocation	Revised Allocation	Disbursed
2017-18	15.00	15.00	19.13
2018-19	150.00	75.00	70.80
2019-20	200.00	215.00	201.37
2020-21	500.00	185.00	151.95
2021-22	271.00	193.47	129.86
2022-23	300.00	207.68	170.90
2023-24	488.08	244.00	106.70
Total	**1924.08**	**1135.15**	**850.71**

Source: Ministry of Skill Development & Entrepreneurship's letter dated 27.02.2024

Thus, only ₹ 850.71 crore (44 *per cent*) was disbursed against the budget provision aggregating ₹ 1924 crore under SANKALP by MoSDE during the period 2017-18 to 2023-24 (up to December 2023).

2.12.2.2 Slow progress of scheme

As per the timelines, the scheme was to be completed by March 2023, however, the scheme was extended up to March 2024. Against the first tranche of agreed loan amount of US$ 250 Million, the bank disbursed US$ 214.45 million i.e. ₹ 1606.15 crore (86 *per cent*) out of which MoSDE has disbursed ₹ 850.71 crore as of December 2023. One of the reasons for slow progress of the scheme was the non-preparedness of the MoSDE before the commencement of the loan. As per the Bank loan agreement, MoSDE was required to complete the following activities as part of loan preparedness and project readiness at the time of commencement of the scheme as detailed in **Table No. 2.8**:

Table No. 2.8: Delay in the commencement of the Scheme

Task for the project readiness by the Ministry	Timeline as agreed before the start date of the scheme	Actual date of execution	Reasons as stated by the Ministry
Establish a Project Management Unit (PMU)	January 2018	16 November 2018(delay of 11 months)	The Ministry stated that the EOI for PMU was published on 18 October 2017 and Ernst & Young was selected on 16 November 2018
Finalize Project Implementation Framework	February 2018	8 May 2019 (delay of 16 months)	No specific reasons for delay were provided by the Ministry.
Prepare SIG Manual	June 2018	31 December 2018 (delay of 6 months)	Ministry while accepting the delay explained (November 2022) that the collection and verification of data from states was time taking process

Task for the project readiness by the Ministry	Timeline as agreed before the start date of the scheme	Actual date of execution	Reasons as stated by the Ministry
Development of detailed Financial Management Guidelines	June 30 2018	1 August 2019 (delay of 13 months)	MoSDE on-boarded National Institute of Financial Management (NIFM) for development of the guidelines vide contract dated 14 December 2018 and completed on 1st August 2019.
Complete hiring of Independent verification agency	April 30 2018	10 April 2019 (delay of 1 year)	The Expression of Interest for hiring was published on 23 October 2017. The contract was signed on 10 April 2019

Audit observed that due to delays ranging between six months to 16 months against the stipulated timelines provided in the loan agreement there was undue delay in commencement of the scheme.

The Ministry stated that out of the six year implementation period of SANKALP from 2017 to 2023, two years had been hugely affected due to restrictions imposed during the Covid-19 pandemic wherein all the skilling activities came to a halt. However, after the lifting of the lockdown and other restrictions, states have picked up pace and are implementing the activities and utilising the sanctioned funds.

The reply of the Ministry is not relevant, as the Covid pandemic started in March 2020 while audit has pointed out delays in the preparatory activities which were prior to that period.

2.12.2.3 Parking of funds aggregating ₹ 297.22 crore with various implementing agencies

As of March 2022, out of ₹ 571.84 crore released to various implementing agencies, expenditure aggregating ₹ 273.04 crore only was incurred, resulting in funds amounting to ₹ 297.22 crore remaining parked with the implementing agencies, as detailed in **Table No. 2.9**:

Table No. 2.9: Disbursement and Utilisation of funds as of March 2022

(₹ in crore)

Disbursement for	Central Share (Amount disbursed by MoSDE)	Expenditure - As per UCs received till June 2022	Funds surrendered	Balance/ unutilised funds
National Component	282.25	207.08	1.58	73.59
State component	289.59	65.96	-	223.63
Total	**571.84**	**273.04**	**1.58**	**297.22**

Audit also observed that MoSDE released the entire grant of ₹ 1.42 crore and ₹ 5.60 crore for two projects[45] to NSDC which had not incurred any expenditure as of August 2022. Thus, MoSDE's release of total funds in haste and inadequate monitoring resulted in parking of funds and non-achievement of the objectives.

MoSDE, while accepting the observation, stated (November 2022) that the low expenditure was due to the delay in the release of funds from the State Treasury and the Covid 19 Pandemic.

The Covid pandemic started in March 2020 and the scheme commenced in January 2018 and funds were released from 2018-19. Hence, audit is of the view that weak monitoring resulted in parking of funds.

2.12.2.4 Diversion of funds

Audit observed that funds allotted under SANKALP were diverted to activities which were not related to SANKALP as detailed in **Table No. 2.10**:

Table No. 2.10: Diversion of fund

Sl. No.	Name of the implementing agency	Compliance criteria	Purpose for which the funds were diverted	Amount in ₹
1.	National Instructional Media Institute (NIMI)	As per payment terms of the MoU signed between MoSDE and NIMI, implementation support shall be provided at a fixed rate of 8% of the total project cost for which services are being rendered. In the MoU there is no mention of provision of rent for buildings.	Rent Paid to PTI building for the period April 2020 to June 2022	9,94,65,578
2.	National Skill Development	As per the cabinet note of SANKALP, NSDC's role is	Rent, water charges,	3,32,55,877

45 Developing a comprehensive Labour Market Information System (LMIS) and strengthening of 30 best performing Jan Sikshan Sansthan.

Sl. No.	Name of the implementing agency	Compliance criteria	Purpose for which the funds were diverted	Amount in ₹
	Corporation (NSDC)	to create a viable skilling ecosystem by driving industry engagement, incubating SSCs and implementing special training programs delivered by private providers. There is no provision of rent, water charges and maintenance in the note.	maintenance paid to PTI building during the period from 2018-19 to 2020-21 and renovation work in PTI building during 2018-19 and 2019-20	
3.	Expenditure incurred by Policy wing of the MoSDE out of SANKALP	The Technical Assistance (TA) component of SANKALP is for capacity building through establishing a PMU in MSDE, engagement of Independent Verification Agency (IVA), impact evaluation and third party assessments. As per revised EFC note, there is no overlap of SANKALP with any project/schemes being implemented by MSDE or any other agency.	Expenditure incurred on third party evaluation of schemes other than SANKALP (*viz.* National Entrepreneurship Award Scheme, PMYUVA, Pradhan Mantri Kaushal Vikas Yojana, Jan Shiksha Sanstahan, Upgradation of Industrial Training Institute, Left Wing Extremist District Skill Development Programs, National Apprentices Promotion Scheme and upgradation of existing government Industrial Training Institute, etc)	84,24,728
			Total	**14,11,46,183**

MoSDE stated (November 2022) that the payment of rentals being charged under SANKALP is only for the office space occupied by the SANKALP team and not for other wings of MoSDE and the expenditure for the policy wing out of SANKALP funds was only a one-time interim arrangement. The reply is not tenable as SANKALP funds aggregating ₹ 14.11 crore were diverted to activities not supported by the SANKALP guidelines, MoU, Cabinet Note & Technical Assistant component of the scheme.

2.12.2.5 Avoidable payment of Commitment Charges to the Bank

As per the Section 2.4 of Article II of the loan agreement, commitment charges payable by the borrower shall be equal to one quarter of one percent (0.25 *per cent*) per annum on the undrawn loan balance.

The Government of India paid commitment charges aggregating ₹ 12.06 crore on the unreleased loan balance during the period between 2017-18 and 2021-22. This could have been avoided if the scheme had adhered to time schedules agreed before the loan preparedness and had monitored and increased the pace of the scheme's progress.

The MoSDE Stated (November 2022) that if the funds would have been disbursed by the World Bank, then that would have attracted interest charges @ 4.17 *per cent* p.a. The interest liability would have cost more than the commitment charges paid to the World Bank.

The reply is not tenable as commitment charges on the undisbursed loan amount is over and above the interest liability. Moreover, as per the amortisation schedule of the loan agreement, the interest liability begins only from 15 August 2023 to 15 August 2034.

2.12.3 Implementation of the Scheme

2.12.3.1 National Component

(A) Implementation of projects under National Component Programme

Project Approval Board (PAB) of the MoSDE had approved 38 projects with an estimated cost aggregating ₹ 635.05 crore under the National component to be implemented through various National agencies[46]. The details are summarised in **Table No. 2.11**:

Table No. 2.11: Details of National agencies implementing the projects as of March 2022

(₹ in crore)

Sl. No.	Name of the National Implementing Agency	No of projects	Committed cost	Amount of funds released	Expenditure incurred	Funds surrendered	Balance funds
1.	NSDC	17	300.87	140.53	81.32	1.58	57.63
2.	NIMI	1	229.86	56.36	47.80	0	8.56
3.	NIESBUD and 6 SSC	3	25.15	7.40	0	0	7.40

[46] National Skill Development Corporation (NSDC), NIMI, National Institute for Entrepreneurship and Small Business Development (NIESBUD), Sector Skill Councils (SSCs), Indian Institutes of Management (IIMs) and Indian Institutes of Technology (IITs).

Sl. No.	Name of the National Implementing Agency	No of projects	Committed cost	Amount of funds released	Expenditure incurred	Funds surrendered	Balance funds
4.	TA Component – NIFM, Ernst & young, IIM Indore	5		19.42	19.42	0	0
5.	NICSI, IIMs, IITs, SSC, State Implementing agency, Advertising, IGNOU	12	79.17	58.54	58.54	0	0
	Total	**38**	**635.05**	**282.25**	**207.08**	**1.58**	**73.59**

Source: Ministry of Skill Development & Entrepreneurship's letter dated 27.05.2022

Out of 38 projects, 12 projects were completed while 26 projects were in progress as of March 2022.

NSDC did not incur any expenditure on seven projects for which funds were released during the period between December 2021 and March 2022.

(i) Development of Skill India Portal

Considering the dynamic nature of the skilling ecosystem, the Next Gen Skill Development Management System (later termed as Skill India Portal) was proposed by the National Skill Development Corporation (NSDC), with the intention to make the skilling ecosystem more efficient. The above proposal of NSDC was approved (04 December 2017) by the MoSDE in its 1st Program Approval Board (PAB) with an estimated budget of ₹ 50 crore from the World Bank fund.

Before commencement of SANKALP, NSDC had issued (08 November 2016) Expression of Interest to 12 firms. Technically only M/s IBM was qualified. An agreement was entered into with M/s IBM for Skill India Portal (15 November 2017) for ₹ 70.27 crore with target date of completion in nine months plus nine months (for go live).

During the course of the contract, NSDC had expressed its dissatisfaction over the approach and methodology, quality of deliverables, its completeness and timely delivery of milestones by M/s IBM for the period between March 2019 and April 2022. In the 103rd NSDC's Board Meeting held on 20 April 2022, it was decided to hire Trans Neuron Technologies (TNT), a sub-contractor of M/s IBM, as an alternate arrangement. Subsequently, agreement with M/s IBM was terminated w.e.f. 05 May 2022.

Section 31.1 of procurement handbook of NSDC, wherein it was stated that post bid negotiations could often be construed as a source of corruption, it was recommended that there should be no post-bid negotiation with technically qualified bidder. However, audit observed that there were extensive post-bid negotiations and the statement of work (SOW) and terms of references (TOR) could not be finalized till signing of contract i.e. 15 November 2017. The financial bid submitted by M/s IBM, opened on 18 May 2017, was changed twice after submission of bid from ₹ 62.42 crore to ₹ 70.27 crore at the time of signing of the agreement due to substantial change in the scope of work of the project. NSDC, while accepting the observation stated (July 2022) that during negotiations scope of work got changed, which led to the change in financial bid.

(B) Avoidable expenditure of service charges

Mahatma Gandhi National Fellowship (MGNF) was on-boarded by MoSDE as a two-year academic programme to be academically managed by the Indian Institute of Management, Bangalore with an in-built component of on-ground practical experience with the district administration. The 5th PAB meeting held on 13 November 2019 gave in principle approval for on-boarding National Instructional Media Institute (NIMI), Chennai, an autonomous institute under MoSDE, as an implementation partner under SANKALP.

An MOU was signed for the formation of NIMI-SANKALP Cell on January 2020, wherein it was agreed that NIMI would provide administrative support in the form of financial payments to fellows and provide logistic support to them for which NIMI was to be provided a service charge of a fixed rate of eight *per cent* of the total project cost. The MGNF Phase I commenced from March 2020 for a period of two years by deploying 75 fellows. Thereafter, MoSDE expanded MGNF Phase-II to all districts of country by deploying 662 fellows from nine IIMs[47] who became the academic partners for MGNF Phase-II.

The implementation cost for MGNF Phase I for the first and second year for 75 fellows was worked out as ₹ 14.87 crore and released in two tranches of ₹ 13.50 crore on 10 February 2020 and balance of ₹ 1.37 crore was included in Phase II first tranche advance of ₹ 29.29 crore, which aggregated to ₹ 30.66 crore.

NIMI was paid eight *per cent* service charges of ₹ 1.10 crore in Phase-I and ₹ 2.15 crore for Phase II. Thus, ₹ 3.25 crore was provided as service charges

[47] IIM Ahmedabad, IIM Lucknow, IIM Kozhikode, IIM Visakhapatnam, IIM Udaipur, IIM Nagpur, IIM Ranchi, IIM Jammu, and IIM Bangalore.

during the period from February 2020 to February 2022. Audit observed that the annual grant received by NIMI from the MoSDE was ₹ three crore while the service charges paid by the MoSDE was ₹ 3.25 crore during the period 2020-22. Audit is of the view that the condition for payment of eight *per cent* service charges should not have been included in the MoU, as NIMI, being an autonomous body had budgetary support of the MoSDE (on a loan provided by the World Bank). Accordingly, the payment of services charges amounting to ₹ 3.25 crore could have been avoided.

The MoSDE, while accepting the observation stated (November 2022) that as recommended by audit, service charges would not be agreed upon for payment in future projects to be awarded to NIMI for implementation under SANKALP.

2.12.3.2 State Components

(A) Non-release of State share and blockage of funds in State treasury: As per Section 3.2 (ii) & (iii) of the Financial Management Manual, States will contribute 40 *per cent*[48] of the State share against 60 *per cent*[49] allocation from the Central Government. State share must be released within a month of release of the national component.

Audit noted that out of 31 States/UTs two States *viz*. Telangana (State Share ₹ 5.52 crore) and Mizoram (State Share 0.20 crore) did not contribute its State share even after a lapse of 15 and 14 months, respectively as of 31 March 2022. Further, four States *viz*. Maharashtra, Punjab, Madhya Pradesh and West Bengal contributed their share partially. While MoSDE disbursed ₹ 74.31 crore as central share to these six States, only ₹ 41.05 crore was disbursed by the State treasuries to respective State Skill Development Missions (SSDMs) resulting in blockage of funds of ₹ 33.26 crore in the State treasury. The details are given in **Annexure 2.9**.

MoSDE, while accepting the observation stated (November 2022) that Madhya Pradesh, Mizoram and West Bengal had received funds from the State treasury, while Maharashtra, Punjab and Telangana had been requested to refund the central share still lying in the State treasury back to the Consolidated Fund of India (CFI). However, it was observed that MoSDE took around two years to issue necessary directions for refund of the central share lying in the state treasury.

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48 10 *per cent* in the case of North East States and other special category States *viz*., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttarakhand).

49 90 *per cent* from the GoI for north-eastern and special category States.

(B) Delay in release of funds to State Skill Development Missions (SSDMs) by State Governments

As per Section 6.2.3 of the Financial Management Manual, the funds would be transferred by the PAO (Pay and Accounts Office) of MoSDE to each State Treasury. The State would in turn transfer the funds received from MoSDE along with its own agreed share to the 'SANKALP State Fund' to be maintained in a separate Bank account by the SSDM, which is the State Implementing Agency (SIA).

Audit scrutiny revealed that out of 31 States/UTs, 29 States delayed transfer of funds from its treasury to SSDMs, which ranged between two and 27 months. In respect of States of Uttarakhand and Madhya Pradesh, no information was available. Out of 31 States, there were 11 States to which funds were transferred after more than 12 months. Hence, delayed transfer of funds to SSDMS by the State Government not only led to parking of funds in State Treasury but also defeated the objective for which the funds were released. MoSDE, while accepting this, explained that the restrictions imposed during Covid-19 Pandemic have also contributed to the delay.

Audit does not agree with this response since the scheme commenced in January 2018 and funds were released from 2018-19, whereas, the Covid pandemic started in March 2020. Thus the MoSDE failed to monitor the timely release of funds by the State treasury.

(C) Non-utilisation of funds by States

As part of SANKALP State Incentive Grant, MoSDE released funds amounting to ₹ 436.84 crore for 31 States/UTs. Of this, MoSDE released ₹ 274 crore as Central Share while the balance i.e. ₹ 162.84 crore had to be provided by the concerned States as their share. From the available funds of ₹ 436.84 crore, States reported an expenditure of ₹ 60.15 crore (13.77 *per cent*) as per utilization certificates.

Six States[50] where proposals aggregating to ₹ 34.49 crore (Central share ₹ 23.81 crore) were approved did not incur any expenditure. Eleven States[51] incurred expenditure upto ten *per cent*. Four States[52] incurred expenditure ranging from 10 to 25 *per cent* whereas in seven States expenditure incurred was ranging from 25 to 50 *per cent*. Only two States *viz* Orissa and Tripura incurred expenditure upto 80 *per cent*.

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50 J&K, Arunachal Pradesh, Puducherry, Haryana, Telangana and Ladakh.

51 Bihar, Gujarat, Jharkhand, Goa, Meghalaya , Kerala, West Bengal, UP, Manipur, Punjab and Madhya Pradesh

52 Andhra Pradesh, Tamil Nadu, Rajasthan and Himachal Pradesh

The MoSDE, while accepting observation stated (November 2022) that States have picked up pace and are in the process of utilisation of sanctioned funds. The Ministry further added that utilization certificates for an amount of ₹ 83.83 crore had been submitted by the States as of September 2022.

(D) Non remittance of interest earned

As per GFR 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 accounts. Such advances should not be allowed to be adjusted against future releases.

MoSDE disbursed ₹ 274 crore to 31 States/UTs under State Incentive Grant (SIG). The total interest accrued on the grants by States for the period 2018-2022 aggregated to ₹ 4.15 crore (as of March 2022) as detailed in UCs submitted to audit. However, out of ₹ 4.15 crore, only ₹ 2.60 has crore been remitted as of October 2022. Thus, ₹ 1.55 crore has not been remitted as of October 2022. MoSDE, while accepting audit observations assured (November 2022) that interest would be remitted to CFI by all the implementing agencies.

(E) Implementation of projects in States

31 States/UTs submitted the proposals consisting of various activities to the MoSDE during 2018-20. As of March 2022, Project Approval Board (PAB) approved 509 activities of 31 States/UTs aggregating ₹ 437.92 crore under three Result Areas defined in the Scheme guidelines. The result area wise details are given in **Table No. 2.12**:

Table No. 2.12: Status of 509 activities

(₹ in crore)

Status of activities	Result Area 1		Result Area 2		Result Area 3	
	No. of activities	Amount	No. of activities	Amount	No. of activities	Amount
Completed	19	17.55	33	8.76	12	3.49
Implementation / Planning	98	136.83	116	105.04	50	76.62
Not started	69	56.15	78	30.96	34	2.52
Total	**186**	**210.53**	**227**	**144.76**	**96**	**82.63**

The Result Areas (I-III) are (I) Institutional Strengthening at National and State levels - guide planning, delivery, and monitoring of market relevant training; (II) Improved quality and market relevance of Skill Development Program and (III) Improved access and completion of skill training for female trainees and other disadvantage groups. Selected examples of activities under these Results Areas, are outlined below;

- District wise skill gap analysis resulting in more result oriented DSDPs for next five years along with covering the aspects post Covid scenario
- Engagement of matter experts
- Enhancement of MIS portal
- State Level Convergence workshop
- Developing career counselling centres including online internet based classroom at each district HQrs
- Workshop with industries and all skill development programs implementing agencies to adopt model curriculum
- Conducting region wise drive for placement
- Skill development program for girl candidates to avail special NSQF aligned, Mobilization and capacity enhancement of Persons with Disabilities
- Training programs focusing on SC/ST candidates, etc.

Audit noted that though the activities under these Result Areas as outlined above are very crucial, in all the three Result Areas, 34-37 percent of the activities had not even been started, as of March 2022. This has a significant bearing on the performance of the scheme and achievement of the intended objectives.

MoSDE, while accepting the audit observation, further added (November 2022) that States were allowed to re-appropriate their activities within the funds approved by MoSDE without any financial implications. Audit noted that re-appropriation of funds is not part of the scheme. Moreover, the Ministry has not submitted any supporting documents in support of their contention.

(F) Aspirational Skilling Abhiyaan

MoSDE launched Aspirational Skilling Abhiyaan (ASA) programme to mainstream Aspirational Districts[53] through Skill Development on 03 October 2018. As part of the programme, MoSDE released ₹ 10 lakh per aspirational district through SANKALP as the central share. The States were required to include their matching share and release the funds further to the aspirational districts. Accordingly, MoSDE released ₹ 11.70 crore to 117 Aspirational Districts of 28 States in 2018. The funds were approved to undertake the following activities along side State and District officials;

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53 A total of **117 Aspirational districts** have been identified by NITI Aayog based upon composite indicators from **Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion and Skill Development and Basic Infrastructure** which have an impact on Human Development Index.

- To assess the current skill profile of the district;
- To constitute a District Skill development Committee headed by the District Magistrate/Collector for monitoring institutions like PMKK, PMKVY and DDUGKY centres and provide a direction to skill related activities;
- To develop District Skill Development Plans by conducting skill gap studies or other measures and support the implementation of the identified measures;
- To implement action plans based on District Skill Development Plans

Audit noted that out of 28 States, eight States namely **Maharashtra**, **Nagaland**, **Chhattisgarh**, **Mizoram**, **Sikkim**, **Haryana**, **West Bengal** and **Telangana** have not yet released the funds either entirely or partially to the respective skill development mission accounts. MoSDE, while accepting the audit observation stated (November 2022) that these States have been requested to refund the central share to CFI. However, facts remain that MoSDE took about two years to demand refund of the central share lying in the State treasury.

Audit further noted that against ₹ 18.44 crore (Central Share ₹ 11.70 crore and ₹ 6.74 crore State Share) available with the State Governments, Utilization certificates for only ₹ 5.94 crore (32 *per cent*) was received by the MoSDE. 15 States did not submit utilization certificates. The MoSDE, while accepting audit observation stated (November 2022) that States have picked up pace and are in the process of utilisation of sanctioned funds.

2.12.4 Monitoring

MoSDE is responsible for overall monitoring and evaluation of the scheme. The periodic programme review and progress reports were the responsibilities of the Project Management Consultancy within the MoSDE. Audit observed following deficiencies in the monitoring aspect of the scheme:

2.12.4.1 The first meeting of the apex level committee "Programme Governance Board" was held on 02 August 2019, i.e almost one and a half years after the start of the scheme. Only two meetings of the Programme Governance Board were held as of August 2022 which indicates that there were no periodical reviews of the governance board. The MoSDE replied (November 2022) that the meetings of the PGB could not be conducted during the year 2020 due to imposition of Covid restrictions. Audit is of the view that meetings could have been conducted online.

2.12.4.2 According to the sanctions issued by the MoSDE to NSDC since March 2018, NSDC had to submit a monthly progress report on SANKALP. However, NSDC has not submitted monthly progress reports upto March 2022 and it started sending progress reports only from April 2022 in response to an audit query.

2.12.4.3 MoSDE released amounts aggregating ₹ 274 crore to 31 States/ UTs, against which Utilisation Certificates for ₹60.15 crore were received from the States. Four States *viz.* **Arunachal Pradesh**, **Haryana**, **Puducherry** and **Telangana** did not submit utilization certificates even once. Further, four States *viz.* **Karnataka**, **Maharashtra**, **Manipur** and **Nagaland** did not submit the Utilisation Certificate in the prescribed format. The MoSDE replied (November 2022) that the four States had not incurred any expenditure till March 2021 and accordingly no UC was submitted by them till 31 March 2022. The reply vindicates audit observation that MoSDE had not effectively monitored the implementation of the scheme.

2.12.4.4 As per Para 13.5 of SANKALP financial management manual, State implementing agencies (SIA) have to submit audit report and audit certificate to the Project Approval Board (PAB) in MoSDE by 30th September. However, 17 States/UT have not submitted Internal Audit Report for the year 2020-21 and 12 States have not submitted External Audit report for the year 2020-21. MoSDE, while accepting audit observation stated (November 2022) that in the case of internal audit nine out of 17 States, and in case of external audit eight out of 12 States did not submit the audit report as no expenditure was incurred by them.

2.12.4 Recommendations

i. Road map has to be developed to achieve the Result Areas along with year wise annual action plans towards achieving the outcome of the programme. (Para 2.12.2.2)

ii. The release of funds should be made after obtaining a clear road map of implementation from the implementing agency. (Para 2.12.2.3)

iii. The implementing agency should be encouraged to utilize the funds expeditiously in efficient ways as enunciated in the scheme guidelines.(Para 2.12.2.4)

iv. Monitoring mechanism should be strengthened in order to help States to overcome the bottlenecks in the implementation of the scheme. Follow up with States for release of designated SANKALP funds to SSDMs. (Para 2.12.3.2(B) and Para 2.12.4)

MoSDE stated (November 2022) that MSDE is in the process of exploring the pilots/projects as recommended by audit.

(IX) Ministry of Tribal Affairs

Eklavya Model Residential School Scheme

2.13 Blockage of funds and non-achievement of intended benefits

Lack of planning and monitoring by the Ministry of Tribal Affairs resulted in 279 out of 681 residential schools for Scheduled Tribe under Eklavya Model Residential School (EMRS) Scheme sanctioned upto March 2022, remaining non-functional as of December 2022. In 57 out of 279 schools, the construction work was either incomplete or yet to be started, resulting in blockage of funds amounting to ₹ 916 crore released.

Ministry of Tribal Affairs (MoTA) launched *Eklavya* Model Residential School (EMRS) Scheme in 1997-98 to impart quality education to children of Scheduled Tribes in remote areas in order to enable them to avail of opportunities in higher and professional educational courses and get employment in various sectors. EMRSs are set up in the States/UTs with grants under Article 275(1) of the Constitution of India.

As per Clause 1 (d) of the revised EMRS Guidelines-2010, the State Governments/UT Administration were to ask for new EMRS after ensuring that all the existing EMRSs have been made functional. As per Clause 6(a), the capital cost[54] for the school complex, including hostels and staff quarters, during the years 2008-09 to 2021-22 ranged from ₹ 2.5 crore to ₹ 20.00 crore. Further, as per clauses 7 (a) and 7(b) *ibid*, the progress of implementation of the scheme was to be reviewed by MoTA through periodic reports from the State Government/implementing agencies and MoTA was to conduct review meetings during which States/UTs would be required to make presentations on the progress of their EMRSs.

Audit noted that there were no specific provisions in the EMRS Guidelines-2010 and revised EMRS Guidelines-2020 with regard to the time-frame in which the construction of schools was to be completed. However, the terms of sanction

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54 *(₹ in crore)*

Period	Capital Cost of School complex	Enhanced capital cost for hilly/NER/LWE affected areas
2005-06 to 2008-09	2.5	--
2009-10 to 2018-19	12	16
2019-20 to 2021-22	20	24

order stipulated that certificate of actual utilisation of the grants was to be submitted within 12 months of closure of the financial year in which the grant was sanctioned. This implied that the grant was to be utilised within 31 March of the year subsequent to the year of sanction.

Audit examined the EMRSs sanctioned during the period 1997-2022. It was observed that as of 01 January 2023 MoTA had sanctioned 689 EMRSs, of which 402 were functional. As such, excluding 8 schools sanctioned between March and December 2022, 279 schools were not functional as on 31 March 2022.

Audit further noted that:

a) **Construction of School completed but school non-functional:** Even though construction work of eight schools[55], sanctioned during the period 2010-11 to 2016-17 at a cost of ₹ 96 crore was over, the schools were yet to be made functional. MoTA stated that in the case of two schools in J&K, the situation of law and order was responsible for this delay. The Ministry further added that the functioning of the school after completion will have to be synchronized with a new academic session and also attributed the delay to delays in recruitment and posting of qualified teachers willing to work in remote locations. Audit is of the view that, during the construction period, all such formalities should have been completed in order to make the schools functional at the earliest.

b) **Construction of School in progress:** In 75 cases, sanctions aggregating ₹ 1148 crore were issued during the period 2014-2020 for construction of schools. The construction work of these schools had been started, but not completed as of December 2022, even after completion of three to nine years. MoTA stated that in association with National Educational Society for Tribal Students (NESTS), they are trying to get the work expedited and completed in a time-bound manner. However, since there were no specific provisions in the EMRS Guidelines-2010 and revised EMRS Guidelines-2020 with regard to the time-frame in which the schools were to be completed, the State/UT government took three to nine years for completion of the construction after the sanction issued by MoTA. Audit is of the view that MoTA should lay down a time-frame for completion of construction work for better monitoring of the scheme.

c) **Construction of School yet to commence:** In 49 cases where the sanctions aggregating ₹820 crore for construction of school were issued during the period

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55 Uttar Pradesh (1), Bihar (1), J&K (2) and Jharkhand (4).

2017-2020, the work of construction is yet to commence as of December 2022. MoTA stated that in most of the cases the reason for the delay in commencement of construction pertained to identification of suitable land. MoTA added that they have advised the States to make the school functional with alternate buildings to ensure intended beneficiaries may continue to get education. Audit is of the view that MoTA should have checked land availability/allocation or alternate buildings in the State/UT's proposals before sanctioning the funds.

d) **Sanction of new EMRS without ensuring functioning of earlier sanctioned EMRS:** Contrary to Scheme guidelines, MoTA had sanctioned new EMRS in **12 States**[56] without ensuring functioning of EMRSs sanctioned earlier. As per the guidelines, a centralised mechanism for the online monitoring of the EMRSs was to be developed earlier but online monitoring was noticed only from 2022. Thus, MoTA failed to monitor the grants sanctioned earlier for the functioning of EMRSs, which deprived the ST students of these areas of the intended benefits.

On this being pointed out (January 2021/October 2021), MoTA stated (February 2021 and August 2022) that due to the Covid 19 crisis, the progress of construction of schools was hampered and therefore, the progress has been slow with regard to completion of construction & allied activities and operationalisation of the schools thereof. It further stated that a dedicated Construction Wing (Technical Team) consisting of engineers retired from Central/State/PSUs has been established in National Education Society for Tribal Students (NESTS[57]) for effective monitoring of EMRS construction Activities and release of fund to the construction agencies based on actual physical progress of construction.

The reply is not tenable as the Covid period commenced only from 2020, whereas these schools were sanctioned during 2010-11 to 2019-20 and are non-functional even after 3-12 years**.** Consequently, this has resulted in blockage of funds amounting to ₹ 916 crore {(₹ 96 crore (point a) + ₹ 820 crore (point c)}.

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56 Uttar Pradesh, Jharkhand, Bihar, Arunachal Pradesh, Assam, Nagaland, Ladakh, Manipur, Meghalaya, Tripura, Odisha and Mizoram.

57 National Education Society for Tribal Students (NESTS) is an autonomous organization has been set up under the Ministry of Tribal Affairs to establish, endow, maintain, control and manage the school (Eklavya Model Residential School (EMRS), Eklavya Modal Day Boarding School (EMDBS) and Centre of Excellence for Sports).

Tribal Cooperative Marketing Development Federation of India (TRIFED)

2.14 Diversion of funds by TRIFED

Failure of the Ministry of Tribal Affairs to monitor its scheme resulted in diversion of fund of ₹ 5.67 crore, sanctioned during 2015-16, by TRIFED for establishment of *Van Dhan Vikas Kendras* without its approval during 2018-20. It also failed to recover interest aggregating to ₹ 5.36 crore accrued thereon from TRIFED as of September 2022.

Ministry of Tribal Affairs (MoTA) is the Nodal Ministry for overall policy planning and coordination of programmes for development of Scheduled Tribes (STs). Tribal Cooperative Marketing Development Federation of India (TRIFED) was established in August 1987 as a National-level Cooperative body with the basic mandate of bringing about socio-economic development of tribals of the country by institutionalising the trade of Minor Forest Produce (MFP) & Surplus Agricultural Produce (SAP) collected/cultivated by them.

The Scheme for "Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and development of Value Chain for MFP" (MSP for MFP) was started by MoTA in the FY 2013-14 with an objective of providing a fair price to MFP gatherers, enhancing their income level and ensuring sustainable harvesting of MFPs.

MoTA approved (March 2016) and sanctioned[58] ₹ 5.67 crore in 2015-16 as grants in aid to TRIFED under capital portion of MSP for MFP Scheme. The funds were to be utilised by TRIFED towards establishing Multi Purpose Tribal Development Centres (MPTDCs) in Chhattisgarh and Maharashtra.

Further, in terms of clause 2(ix) of the sanction order *ibid*, in the event of the grantee organisation failing to comply with the conditions, it shall be liable to refund the whole amount of the grant with interest @ 14 *per cent* per annum thereon.

MoTA approved establishment of MPTDCs at Jagdalpur (Chhattisgarh) and Mumbai (Maharashtra) in April 2016. TRIFED initiated the process of identification of Project Management Agency for establishment of MPTDCs. However, General Body of TRIFED (GBT) in its meeting held on 26 April 2018 found establishment of MPTDC unfeasible and felt that requirement for smaller primary processing centres at block levels would lead to immediate means of livelihood to the tribals at grass root level. GBT, therefore, resolved that ₹ 5.67 crore be used for establishment of *Van Dhan Vikas Kendras* (VDVK)[59].

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58 Vide OM No. 19/10/2014-CP&R dated 03 March 2016.

59 *Van Dhan Yojana* is an initiative targeting livelihood generation for tribal gatherers and transforming them into entrepreneurs. The idea is to set-up tribal community owned *Van Dhan Vikas Kendras* (VDVKs) in predominantly forested tribal districts. A Kendra shall constitute of 15 tribal Self Help Groups (SHGs), each comprising of up to 20 tribal Non-Timber forest products (NTFPs) gatherers or artisans i.e. about 300 beneficiaries per *Van Dhan Kendra.*

Further, TRIFED requested (June 2018) to change the purpose of unutilised balance of ₹ 5.67 crore of previous years to general head for utilisation under VDVK. However, it was not acceded to by MoTA.

TRIFED, however, diverted the fund for establishment of VDVKs under MSP to MFP Scheme during 2018-19 and 2019-20. Audit observed that the purpose for which the grant was sanctioned *i.e.* setting up of MPTDC did not materialise as the same was declared non feasible by GBT in 2018 itself. TRIFED, however, did not refund ₹ 5.67 crore along with interest aggregating as ₹ 5.36 crore (@14 *per cent per annum*) as per the condition attached to the sanction of the said grant.

The TRIFED in response to the audit observation, informed the Ministry (June 2022) that based on the financial statements approved by the General Body, the net amount available at the end of 2021-22 was ₹ 80.51 crore (₹ 66.11 crore sales proceeds, ₹ 5.75 crore interest earned on unspent grants upto 2020-21 and ₹ 8.65 crore unspent grant of salaries) and requested the Ministry to appropriately advise them about the procedure along with action to be initiated in this regard. MoTA instructed (August 2022) TRIFED to refund the interest on the grants to the Consolidated Fund of India as per provisions of General Financial Rules 2017.

Thus, lack of proper internal checks and monitoring mechanism of the scheme on the part of MoTA led to diversion of fund of ₹ 5.67 crore by TRIFED for works not approved by it. Accordingly, the MoTA is required to recover ₹ 5.67 crore (principal amount) as well as interest.

On this being pointed out (November 2019/October 2021), MoTA replied (September 2022) that TRIFED is in the process of remitting the interest in the Consolidated Fund of India. However, during audit, TRIFED did not produce any record regarding remittance of the said amount to the Ministry.

The reply is not acceptable as MoTA needs to recover the principal amount of ₹ 5.67 crore along with interest also as it has not been utilised for the purpose for which the sanction was accorded and was diverted by TRIFED for some other purpose.

CHAPTER-III
UNION TERRITORIES WITHOUT LEGISLATURES

This Chapter contains eight audit paragraphs covering audit findings related to two Union Territories. Out of the eight audit paragraphs, six relate to Expenditure while two audit paragraphs relate to Revenue.

(A) EXPENDITURE

Andaman and Nicobar Administration

Directorate of Shipping Service

3.1 Loss of Revenue

Non-revision of container freight and other charges by Directorate of Shipping Services (DSS) led to loss of revenue of ₹ 22.14 crore.

The Andaman and Nicobar Administration (ANA) headed by Hon'ble Lieutenant Governor, fixed (August 2003)[1] the dry container[2] freight charges at ₹ 28,000/- excluding other charges like port charges, handling charges, landing charges etc. for ANA owned vessels plying between Chennai-Port Blair-Chennai Sector. Freight charges of Reefer Container[3] were last fixed at ₹ 16,400/- in November 1996[4].

Thereafter, for revision of freight rates for dry containers/reefer containers, a three member committee[5] under the Chairmanship of the Director, Directorate of Shipping Services (DSS) was constituted in August 2003 as per the order of Hon'ble Lt. Governor of Andaman and Nicobar Islands. The mandate of the committee was to watch the market trend for container rates, to review the rates periodically and to submit their report to the ANA for approval. This committee was required to meet once every three months or earlier, as needed.

However, audit observed that after a long gap of 11 years, the committee (August 2014)[6] forwarded the proposal to the ANA for revision of rates of Ordinary container/Reefer container by 10 *per cent* over the existing rate, for the year 2014-15, and thereafter to increase freight charges by five *per cent* every year over

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1 A&NI Administration Order No. 4077 dated 07 August 2003

2 Standard shipping containers used to carry non- temperature sensitive shipments.

3 Insulated, refrigerated shipping containers used to carry temperature sensitive shipments.

4 Directorate of Shipping Services order dated 30 November 1996.

5 The committee was constituted vide the same order dated 07 August 2003 comprising of Director, Directorate of Shipping Services, Chief Port Administrator, Port Management Board and Sr. Accounts Officer (Finance-I), A&N Administration.

6 Minutes of the Meeting held on 05 August 2014 vide F.No.15-28/CW/FRT/DSS/2013/603 dated 19 August 2014.

the rates fixed for the year 2014-15. No action was taken by the Department of Shipping, ANA on this proposal that was submitted by DSS for the next six years.

In September 2020, the department again initiated exchange of communication with the ANA on this matter and in March 2021, DSS sent another proposal to ANA for revision of container freight rates. The proposal was returned by ANA in April 2021 requesting DSS to furnish inter alia, reasons for not revising the rates since 2003.

Thereafter, the rate revision committee met in July 2021 and proposed to revise the rates of dry container/reefer container by 10 *per cent* over the existing rate for the year 2014-15 and thereafter to increase freight charges by 7.5 *per cent* every year over the rates fixed for the year 2014-15. This proposal is not yet approved by ANA.

Audit calculated loss of revenue to the tune of ₹ 3.19 crore **(Annexure-3.1)** during the period 2014-15 to 2020-21 due to non-revision of container freight rates proposed by the committee in August 2014.

Audit further observed that during the period from 2014-15 to 2021-22, the container freight rates of the private sector vessels increased from ₹ 61,000/- to ₹ 72,000/- in case of dry containers, and from ₹ 87,150/- to ₹ 95,000/- in case of reefer containers. Thus, there was wide disparity between market rates and DSS rates, and a rate revision by DSS was long overdue.

In comparison to the rates of the private operators, loss on account of non- revision of rates works out to the tune of ₹ 18.95 crore **(Annexure-3.2)** during the period 2014-15 to 2020-21. However, no definitive decision has been taken by ANA till date (October 2022) on the proposed revision of container freight rates, thereby further increasing losses to the exchequer.

The matter was referred to the Department/Ministry (02 December 2022 and February 2024), their reply is awaited (01 March 2024).

3.2 Non-realisation of Pre-bid Earnest Money Deposit and Security Deposit to the tune of ₹ 61.01 lakh in violation of General Financial Rules

Directorate of Shipping Services (DSS) failed to realize the Pre-bid Earnest Money Deposit and Post-bid Security Deposit to the tune of ₹ 61.01 lakh from the successful bidders for the auction of its decommissioned vessels, due to lacunae in the agreement entered by DSS with M/s Metal Scrap Trading Corporation Limited (MSTC), resulting in violation of General Financial Rules as well as failure to complete the sale of decommissioned vessels.

Directorate of Shipping Services (DSS), entered into a Selling Agency Agreement (SAA) with M/s Metal Scrap Trading Corporation Ltd. (MSTC) (A Government of

India enterprise) (June 2018) for sale of all categories of goods, surplus materials and scrap/obsolete materials (including ferrous and non-ferrous) as well as equipment, plants/machineries, vehicles and miscellaneous materials/articles etc.

Clause 7.4 of the SAA stipulated that on advice of Principal i.e., DSS, for certain high value lots, MSTC shall collect Pre-bid Earnest Money Deposit (EMD) from the prospective bidders enabling them to participate in the e-auction. The amount of EMD to be collected from the prospective bidders should be mutually decided from time to time by the Principal and MSTC. Pre-bid EMD of the successful bidder would be remitted to the Principal and the Pre-bid EMD of the unsuccessful bidders would be refunded by MSTC. Further, Rule 219 (ii) (c) of General Financial Rules (GFR) 2017 also provide that the bidder should be asked to furnish bid security along with their bids, which should ordinarily be 10 *per cent* of the assessed or reserved price of the goods.

Clause 7.7 of the SAA stipulated that result of the e-auction would be made available on the website by MSTC so as to be seen by the bidders immediately after the closing of the e-auction and up to the prescribed time for payment of Security Deposit (SD). As per the terms and conditions of the e-auction sale, bidders should be notified by MSTC that it would be the Bidders' responsibility to see the e-auction result and pay the prescribed Earnest Money Deposit (EMD)/SD within the prescribed time of seven days counted from the date of closing of e-Auction. Rule 220 (iv) of GFR 2017 stipulated that if a bid is accepted, earnest money (not less than 25 *per cent* of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favour of the Ministry or Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.

Audit observed that Andaman and Nicobar Administration (ANA) conveyed its approval for condemnation and decommissioning of total 14 Nos. of its vessels to DSS during November 2019, December 2019 and December 2020. Accordingly, 11 out of these 14 vessels were put for e-auction by MSTC in terms of SAA entered by DSS with MSTC (October 2020[7]/July 2021[8]). Scrutiny of records related to these auctions revealed that Pre-bid EMD was not fixed by DSS in consultation with MSTC, as provided for in the SAA and the same was not collected from prospective bidders for auction of any of the 11 vessels. Further, it was revealed that after successful completion of auction of these 11 vessels, Security Deposit

[7] M V Indu Bhushan, MV Mahavir Singh, MV Kalpong, ML Seagull and MV Mohwa were auctioned on 28 October 2020.

[8] MV Gomati, MV Dweep Shakti, MV Ram Rakha, MV Bhan Singh and HMV Moti and MV Garjan were auctioned on 28 July 2021.

which was fixed at 25 *per cent* of Material Value[9] of the vessels, was realised only in respect of four vessels[10], whereas no Security Deposit was realised in respect of the other seven vessels.

Audit further observed that out of 11 vessels auctioned, the sale transaction had been completed only in case of MV Kalpong, whereas nine vessels had not yet been lifted by the respective H1 bidders thus resulting in non-completion of sale transaction (October 2022). Department in its reply (October 2022) stated that nine vessels had not been lifted, as H1 bidders had defaulted in remitting requisite EMD and material value of these vessels.

Thus, DSS failed to fix the amount of Pre-bid EMD and MSTC failed to collect both Pre-bid EMD as well as Post-bid Security Deposit from the successful bidders, in violation of above-mentioned provisions of GFR 2017. Further, the SAA between DSS and MSTC did not include any penalty clauses that could be invoked by DSS in the event of failure on part of MSTC in managing the auction process successfully.

As a result, at least in nine cases, the H1 bidders were able to walk away from the sale transaction without having to pay any monetary indemnity, although MSTC debarred them from participating in all forthcoming e-auctions for at least six months. This has left DSS with decommissioned vessels which would further lose their material value due to passage of time and could pose an operational hazard in the harbour area.

Audit calculated the value of non-realised Pre-bid EMD and Security Deposit as ₹ 3.74 lakh and ₹ 57.27 lakh (**Annexure 3.3**), in case of the nine vessels where sale transaction had not been completed.

DSS in its reply (February 2023) stated that corrective action had been initiated by taking up the matter with the MSTC for obtaining Pre-bid EMD, from prospective bidders in all forthcoming e-auctions of the department. However, it is clear from the reply of the Department that no responsibility has been fixed in this matter, despite the serious lapses in conducting the auction process, as highlighted above.

Draft para was referred to the Ministry (05 December 2022) and the reply is awaited.

9 Price quoted by the H1 bidder for the purchase of the vessel.

10 MV Indu Bhushan, MV Mahavir Singh, ML Seagull and MV Gomati.

Andaman Lakshadweep Harbour Works (ALHW)

3.3 Short recovery/Non-recovery of interest on account of Mobilisation Advance and Hypothecation Advance

Andaman Lakshadweep Harbour Works (ALHW) failed to levy interest on Mobilisation Advance and Hypothecation Advance extended to the contractors as per the terms and conditions of the contract agreements, resulting in short recovery/non-recovery of interest.

The Andaman Lakshadweep Harbour Works (ALHW), Port Blair awarded the work of (1) "Construction of additional approach jetty, extension of berthing jetty at Neil Island in A&N Islands" to Shri K. Unnikrishnan Pillai, Government Contractor, Campbell Bay (November 2016)[11] at the total cost of ₹ 18.65 crore and a contract agreement was signed for the said work with the contractor in December 2016[12]. Similarly, ALHW, Port Blair awarded the work of (2) "Extension of Dry Dock-II at Marine Dockyard including supply, installation & commissioning of Dry Dock pumps & accessories in Port Blair, South Andaman" to M/s RDS Projects Limited, Port Blair (February 2017)[13] at the total cost of ₹ 70.19 crore and a contract agreement was signed for the said work with the contractor in March 2017[14].

Section 3.52.1 of these agreements provided that Mobilisation Advance up to five *per cent* of the contract price shall be paid to the contractor and it will carry an interest rate equal to State Bank of India (SBI) Prime Lending Rate (PLR) *plus* two *per cent per annum* (as on the date of payment). Further, Sub Section (iv) of the Section 3.52.1 provided that the contractor shall give an undertaking to pay the interest separately every month, and in case of failure on part of the contractor to pay interest separately, the department reserves the right to recover penal interest[15] at PLR plus two *per cent*. Section 3.52.2 of these agreements dealt with Hypothecation Advance[16], and as per Sub Section (iv) of that section, the advance carries interest rate of SBI PLR plus two *per cent per annum*.

Scrutiny of the records and Running Account (RA) Bills of the two works mentioned above revealed that Mobilisation Advance and/or Hypothecation Advance, amounting to ₹ 6.18 crore[17] were extended to the contractors in both the

[11] Work Order No. ALHW/TECH/PLG/23(02)/2016/3118 dated 08 November 2016.
[12] ALHW/Tech/Plg/Agt-10/2016-17 dated 29 December 2016.
[13] Work Order No. ALHW/TECH/PLG/23(01)/2016/Vol-I/478 dated 10 February 2017.
[14] ALHW/Tech/Plg/Agt-04/2017-18 dated 17 March 2017.
[15] As the GCC leaves the right to recover penal interest on the employer's discretion, Penal interest has not been calculated in the instant cases.
[16] Hypothecation Advance is extended towards hypothecation of plant and equipment brought to site for incorporation into works by the contractor, up to 75 *per cent* of cost of new plant and equipment subject to a maximum of five *per cent* of the contract value.
[17] Hypothecation Advance of ₹ 0.19 Crore and Mobilisation Advance of ₹ 5.99 crore.

works. In case of the first work, both Hypothecation Advance of ₹ 18.68 lakh[18] and Mobilisation Advance of ₹ 93.24 lakh[19] were granted to the contractor. However, audit observed that in case of Hypothecation Advance, interest amounting to ₹ 4.94 lakh was not recovered at all by the Department **(Annexure–3.4).** Whereas, in case of Mobilisation Advance, interest was recovered from the RA Bills of the work at a rate lower than the rate prescribed in the contract agreement, resulting in short recovery of interest to the tune of ₹ 13.34 lakh **(Annexure–3.4)**.

In case of the second work, First Mobilisation Advance of ₹ 3.51 crore (Year 2017)[20] and Second Mobilisation Advance of ₹ 1.55 crore (Year 2021)[21] were granted to the contractor. However, audit observed that recovery of interest from RA Bills of the said work, was at a rate lower than the rate prescribed in the contract agreement resulting in short recovery of interest to the tune of ₹ 61.46 lakh **(Annexure–3.5).**

Thus, the Department failed to recover interest on advances granted to the contractors for both the works. Further, the Department was also required to recover the penal interest on account of shortfall in payment of interest as per the applicable provisions of the contract agreement.

Ministry of Ports, Shipping & Waterways stated (February 2024) that ₹ 21.04 lakh has been recovered in March 2023/January 2024 in respect of first work and ₹ 63.39 lakh[22] has been recovered in January 2023 in respect of the second work towards short recovery of interest on Mobilisation Advances. It may be ensured that such instances do not recur in future.

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18 First installments of ₹ 9,33,781/- vide HR No. 35 dated 13 October 2017, and second installment of ₹ 9,33,780/- vide HR No. 38 dated 03 November 2017.

19 Two installments of ₹ 46,62,185/- each were advanced vide HR No. 17 dated 22 June 2017 and HR No. 22 dated 04 August 2017.

20 Two installments of ₹ 1,75,47,432/- each were advanced vide HR No. 66 dated 29 March 2017 and HR No. 34 dated 21 November 2017.

21 First installment of ₹ 95,00,000/- vide HR No. 52 dated 18 March 2021, second installment of ₹ 18,00,000/- vide HR No. 53 dated 24 March 2021 and third installment of ₹ 42,00,000/- vide HR No. 01 dated 01 April 2021.

22 The recovery amount as calculated by the department. This amount is different from the recovery amount of ₹ 61.46 lakh pointed out in the para, on account of: (i) difference in dates reckoned for drawal as well as recovery of Principal amount, which in turn has led to the difference in number of days on which interest is calculated; (ii) calculation by the department is upto 91st RA Bill (February 2022), whereas the calculation by audit is upto 96th RA Bill (June 2022).

Chandigarh Administration

3.4 Undue benefit to the contractors

Municipal Corporation Chandigarh allotted 32 parking areas in Zone I and 57 parking areas in Zone-II to M/s Ram Sunder Prasad Singh, Patna and M/s Pashchatya Entertainment (P) Limited, Delhi for annual license fee of ₹ 5,01,03,001/- and ₹ 5,51,11,111/- *per annum* respectively, initially for a period of three years extendable for further two years w.e.f. 23 January 2020. However, against the provisions of the Stamp Duty Act, 1899 and the Indian Registration Act, 1908, the contractors deposited Stamp duty of only ₹ 7.01 lakh instead of ₹ 23.67 lakh actually leviable, resulting in loss of revenue amounting to ₹ 16.66 lakh. Besides, license fee amounting to ₹ 7.26 crore is still pending (January 2023) from the contractor of Zone-II due to non-forfeiture of bank guarantee by MCC.

This undue benefit to contractors has resulted in loss of revenue due to short deposit of stamp duty amounting to ₹ 16.66 lakh and short recovery of License fee amounting to ₹ 7.26 crore.

3.4.1 Under Section 17 (i) (d) of the Indian Registration Act, 1908 lease of immovable property from year to year or for any term exceeding one year, or reserving a yearly rent is to be compulsorily registered. Article 35 of Schedule 1-A of the Indian Stamp Act, 1899 provides for levy of stamp duty on lease deeds at prescribed rates for consideration equal to the amount of value of the fine or premium or advance in addition to the amount of the average annual rent and on the basis of period of lease. Further, as per Schedule of Collector Rates of U.T., Chandigarh applicable w.e.f. 18 September 2017, in case of Lease deed (in the case where lease period is up to five years), stamp duty at the rate of two *per cent* and an additional stamp duty at the rate of three *per cent* on security/advance rent are to be levied. As per Clause 8 of the E-bid, the licensee shall execute License Deed on stamp paper after confirming the value of stamp paper from the Sub- Registrar U.T, Chandigarh within 15 days of issue of Letter of Intent and all cost shall be borne by the licensee.

During the test check of records pertaining to the Municipal Corporation (MC), Chandigarh for the year 2019-20, it was observed that MC, Chandigarh granted license for operation and management of 89 paid parking areas in Zone I&II on annual license fee basis for a period of three years extendable to another two years after inviting tenders. License for 32 paid parkings of Zone I was allotted to M/s Ram Sundar Prasad Singh, Patna for ₹ 5,01,03,001/- per annum and license for 57 paid parking areas of Zone II was allotted to M/s Pashchatya Entertainment Private Limited, Delhi for ₹ 5,51,11,111/- per annum for a period of three years extendable to another two years on 23 January 2020.

Audit scrutiny (July 2020) revealed that licensees paid stamp duty amounting to ₹ 3,67,335/- and ₹ 3,34,020/- on license fee of ₹ 1,83,66,666/- and ₹ 1,67,01,000/- per annum instead of ₹ 5,51,11,111/- & ₹ 5,01,03,001/- per annum respectively. This resulted in short payment of stamp duty of ₹ 16,65,962/- by M/s Pashchatya Entertainment Private Limited, Delhi (₹ 8,72,664/-) and M/s Ram Sundar Prasad Singh, Patna (₹ 7,93,298/-) as detailed in **Annexure 3.6**.

This matter was brought to the notice of the Corporation in September2020. In its reply (December 2022) the Corporation had stated that it had no authority to fix the amount of registration fees and stamp duty, as the same was being dealt in the office of Sub-Registrar, UT, Chandigarh. Reply of the Corporation is not acceptable due to the reason that even if it was not responsible for fixation of stamp duty, it had failed to verify and point out the misrepresentation of facts[23] by the licensees in their Lease License Deed due to lack of diligence.

In its subsequent reply (April 2023) MCC stated that the following corrective measures have been taken:

i) the concerned officials have been charge-sheeted for major penalty.

ii) as the Competent Authority under the Stamp Acts,1899 is the Collector, letter has been sent to Collector, Stamp Duty, Chandigarh for recovering the deficient stamp duty as arrears of land revenue.

3.4.2 As per the terms and conditions of the Tender Document, the licensee shall deposit one month of annual bid amount for all parking in a single lot in advance before 7th day of each month. Further, in case payment is not made up to last working day of the month, Commissioner MCC or its authorized officer shall reserve the right to cancel the license and forfeit dues equivalent to the outstanding dues, along with interest and any financial liability towards licensee from the bank guarantee.

Due to lockdown period of Covid-19, the Corporation considered and approved the proposal of the Commissioner to waive off 35 to 100 percent of payable license fee from 16 March 2020 to November 2020

Audit observed (May 2021) that total license fee of ₹4,09,33,845/- was to be deposited by the licensee for 57 paid parking areas in Zone-II i.e. M/s Pashchatya Entertainment (P) Limited, Chandigarh for the period 23 January 2020 to 31 March 2021 against which the licensee deposited only ₹ 3,08,68,383/- resulting

[23] License fee of ₹ 5,51,11,111/- & ₹ 5,01,03,001/-payable per annum was shown as payable for a period of three years by the Licensees in the License Deed, resulting in short deposit of stamp duty.

in a short deposit of license fee of ₹100.65 lakh (**Annexure 3.7**). However, the MCC neither resorted to forfeiture of bank guarantee for recovery of short deposit of license fee nor terminated the lease agreement.

Audit further observed that although due procedure to cancel the contract was initiated on 15 November 2021, the same was not completed and again a notice was issued on 17 December 2021 when outstanding amount was ₹ 83.38 Lakh. This too was not followed up by the concerned authorities. Thereafter, the Commissioner approved (01 September 2022) the utilization of 36 blank cheques to realize the outstanding amount and directed to follow due procedure for forfeiture of bank guarantee, terminating and blacklisting the Contractor. This decision was also not implemented resulting in piling up of outstanding amount to ₹ 726.27 lakh up to 01 March 2023 (including interest). In the mean time, contract of the licensee expired on 23 January 2023.

The Corporation in its reply (April 2023) stated that it had already taken all the steps against the licensee including registration of FIR leading to arrest of the Licensee, Blacklisting, invoking Bank Guarantees and recovery action under Insolvency and Bankruptcy Code.

The reply of the Corporation is not acceptable as it failed to take timely action as per terms of tender, that was initiated on 15 November 2021. It neither cancelled/ terminated the contract nor invoked dues from the bank guarantee despite non-deposit of monthly instalments by Licensee since December 2021. It also failed to realise the outstanding dues by encashing 36 blank cheques as decided by the Commissioner on 01 September 2022. In fact, action was initiated only after the expiry of Contract as a fait-accompli, when no other option was left despite intimation by audit as early as May 2021, when outstanding arrears were only ₹ one crore which was well covered by bank guarantee.

Thus, lackadaisical attitude of the Corporation resulted in loss of ₹ 16.66 lakh on account of stamp duty and ₹ 7.26 crore on account of license fee to the public exchequer.

Dadra & Nagar Haveli and Daman & Diu

3.5 Retention of interest earned on Grant-in-Aid

District Panchayat Daman and its Gram Panchayats did not remit the interest earned on Grant in Aid (GIA) in violation of GFR provisions.

Rule 228(d) of GFR relating to release of grant-in-aid to urban and rural local self-government institutions read with Rule 230 (8) of the GFR, 2017 stipulates that all interest 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.

District Panchayat, Daman received Grant-in-Aid for implementation of various schemes of Union Territory and Government of India. Audit observed that as on 31 March 2021, District Panchayat, Daman earned ₹ 71.01 lakh of interest on Grant in Aid received during 2017-18 to 2020-21 under four UT/Central Schemes. Details of interest earned by the District Panchayat, Daman on these grants is given in **Table No. 3.1**.

Table No. 3.1: Details of interest earned by the District Panchayat, Daman

Sl. No.	Name of the UT/Central Scheme	Interest earned as per audited account (in ₹)	Relating to the period
1.	Dabhel Sports Complex, Daman (UT Scheme)	21,89,855	2018-19 to 2020-21
2.	MP Local Area Development (MPLAD)	4,99,951	2019-20 to 2020-21
3.	Suryoday Awas Yojana (UT Scheme	5,62,484	2018-19 to 2020-21
4.	Swachh Bharat Mission (SBM) Central Scheme	38,48,827	2017-18 to 2020-21
	Total	**71,01,117**	

Further, it was also observed that three Gram panchayats of District panchayat, Daman earned ₹ 1.48 crore interest on Grant in Aid during 2018-19 to 2020-21, which was in addition to the interest earned by the District Panchayat, Daman. Details of interest earned by these three Gram Panchayats during 2018-19 to 2020-21 are given in **Table No 3.2**.

Table No. 3.2: Details of interest earned by Gram Panchayats

(Amount in ₹)

Period	Dabhel	Bhimpore	Kadaiya	Total
2018-19	61,10,551	19,34,559	10,13,892	**90,59,002**
2019-20	22,78,744	14,96,307	3,27,395	**41,02,446**
2020-21	6,61,013	10,30,220	19,124	**17,10,357**
			Grand Total	**1,48,71,805**

However, neither the District Panchayat, Daman nor its Gram panchayats remitted the interest even after finalisation of three years accounts i.e. 2018-19 to 2020-21 which is in violation of the provisions of the CFR.

Retention of interest earned from various grants in the absence of any authorisation for such retention is not only in violation of GFR 2017 but also restricts the Government from meaningful utilisation of spare funds. Such unauthorised retention is also fraught with the risk of misuse of public funds.

On being pointed out in audit (July 2021), CEO District Panchayat, Daman replied that on confirmation from the concerned departments interest shall be deposited into the Government account. However, the interest amount pertaining to District Panchayat, Daman as well as its Gram Panchayats is yet to be deposited in the Government account (January 2023).

The para was issued to the Ministry in December 2022 and February 2024, their reply is awaited (01 March 2024).

Ladakh

Jammu and Kashmir Armed Police (JKAP)

3.6 Inadmissible payment of allowances to the appointees on probation

Contrary to the J&K Special Recruitment Rules, 2015, Commandant JKAP 25th Battalion, Leh allowed inadmissible monetary benefit to the extent of ₹ 5.13 crore to various probationers appointed under Statutory Regulatory Orders (SRO) 202 of 2015 for the period September 2018 to June 2020 during their posting in the Battalion.

Rule 8 of the Jammu and Kashmir Special Recruitment Rules, 2015, stipulated that a person appointed under these Rules shall be initially on probation for a period of five years and after completion of five years his service shall be declared as permanent subject to passing of such test, or successfully undergoing such training, as provided under the Jammu & Kashmir (CCA) Rules, 1956 or as prescribed under the relevant recruitment rules governing the post/service to which he has been appointed. Rule 9(1) provides that during the period of five years, the appointee shall be entitled to the minimum of the scale of pay along with the grade pay applicable to the post and Rule 10 of *ibid* SRO stipulates that the persons appointed under these rules shall be entitled to annual increments, Dearness Allowance, House Rent Allowance and City Compensatory Allowance after successful completion of probation of five years of service.

The said SRO 202 of 2015 was amended by the government vide S.O 194 of 2020 dated 17 June 2020 wherein the probation period was reduced from five to two years and it provided for inclusion of Rule 13. The said Rule 13(a) included vide Rule 5 of the *ibid* clarification provides that such persons, who have completed probation prior to 01 July 2020 as per amendments made by the J&K Special Recruitment Rule (Amendment Rules), 2020, shall be entitled to notional benefit only, up to 30 June 2020 and monetary benefit thereafter with effect from 01 July 2020.

Audit noticed (June 2021) that contrary to the Rule 9(1) of the J&K Special Recruitment Rules, 2015, Commandant JKAP 25th Battalion, Leh had allowed inadmissible monetary benefit on account of various allowances to the extent of ₹ 5,12,54,604/- to various probationers appointed under SRO 202 of 2015 for the period September 2018 to June 2020 during their posting in the Battalion as detailed in the **Annexure-3.8**.

On being pointed out (June 2021), the Department replied (June 2021) that the matter will be looked into and recovery thereafter will be effected from the concerned personnel.

The matter was referred to the Ministry in November 2022 and February 2023 respectively, their reply is awaited (01 March 2024).

(B) REVENUE

Chandigarh Administration

3.7 Short levy of Tax due to wrong calculation

The designated officer i.e. Excise and Taxation Officer Ward-9, Chandigarh during assessment of tax under the Punjab VAT Act, 2005 wrongly calculated the tax amounting to ₹ 23,68,010 instead of ₹ 26,30,333 thereby resulting into short calculation of tax ₹ 2,62,313 and interest of ₹ 2,95,102 totalling ₹ 5,57,415.

As per Section 26 (1) & (2) of Punjab VAT Act 2005, every taxable person shall make self-assessment of tax and shall file return for a good period, within such time and in such form as may be prescribed. Every registered person shall make self-assessment of tax and shall file return for a period, within such time and in such form as may be prescribed. Further as per Section 29(1) of the Act *ibid* where a return has been filed under Sub Section (1) or Sub-Section (2) of Section 26 or in response to a notice under Sub Section (6) of Section 26, if any tax or interest is found due on the basis of such return, after adjustment of any tax paid on self-assessment and any amount paid otherwise by way of tax or interest, then, without prejudice to the provisions of Sub Section(2), an intimation shall be sent to the person specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under Sub Section (11) and all the provisions of this Act shall apply accordingly. Section 29 (11) of the Act stipulates that when any tax, interest, penalty or any other sum is payable in consequence of any order passed under this Act, the designated officer shall serve upon the person a notice of demand in the prescribed form specifying the sum so payable.

During scrutiny of the assessment file for the year 2013-14 of M/s V.P. Singh Construction Company, Airforce Station Chandigarh assessed under Punjab VAT Act, 2005 vide disposal No. dated 10 June 2020, it was noticed that designated officer put wrong value of tax calculated amounting to ₹ 23,68,010 instead of ₹ 26,30,333 thereby resulting in short calculation of tax ₹ 2,62,313 and interest of ₹ 2,95,102 totalling to ₹ 5,57,415 as detailed in **Table No. 3.3**.

Table No. 3.3: Calculation of tax and Interest

(Amount in ₹)

Details as per assessment	Amount as per assessment case	Actual amount of tax	Tax short calculated
2575252*4%	99048	103010	3962
7075028*5%	336906	353751	16845
17388500*12.5%	1932056	2173562	241506
Total	**2368010**	**2630323**	**262313**
Interest u/s 32(3) of Punjab VAT Act, 2005 @ 1.5 *per cent* = 262313*15.%*75 months (April 14 to June 2020 = 75 months)			**295102**
Grand Total			**557415**

This omission resulted in short levy of tax and interest of ₹ 5,57,415 besides penalty as applicable.

On being pointed out (December 2021, May 2022 and November 2022), department replied (November 2022) that the case has been sent to the Revisional Authority U/s 65 of PVAT Act, 2005 as applicable to U.T. Chandigarh. The final outcome shall be communicated as the case is decided by the Revisional Authority.

Final reply of the Department is still awaited (December 2022).

Thus, due to wrong calculation by the Designated Officer, there was loss to govt exchequer amounting ₹ 5.57 lakh. The Department also need to initiate action to fix responsibility of designated officer under intimation to audit.

3.8 Suppression of sale resulting into short levy of tax

Excise and Taxation Officer, Ward – 8, Chandigarh in the assessment cases of M/s Shiva Remedies assessed for the assessment year 2015-16 & 2016-17 respectively failed to crosscheck and compare the closing and opening stocks. A comparison of the Trading accounts of these years revealed that there was a difference of ₹ One crore in the closing stock of AY 2015-16 and opening stock of AY 2016-17. The omission resulted in revenue loss ₹ 24.68 lakh.

As per Section 42 (1) of Punjab VAT Act, 2005 every taxable person, registered person, casual trader or any other person, who is required so to do by the Commissioner or the designated officer by notice served on him, shall keep a true account of the goods sold and purchased by him. Also Section 47(1) of the Act *ibid* provides that with a view to prevent evasion of tax and to ensure proper compliance of the provisions of this Act, the Commissioner or the designated officer may, from time to time, collect information in respect of sales and purchases effected by a person, class or group of persons and cause any of such sales and purchases to be cross-checked. Further, as per Section 28(1) the Commissioner or the designated officer with a view to ascertain the correctness of the return in general and admissibility of various claims, including input tax credit and refund may audit or cause to be audited, any of the returns filed, documents or information or statutory forms submitted by a person, subject to such conditions and in such manner, as may be prescribed. Section 28(2) provides that for the purpose of audit under Sub-Section (1), the Commissioner or any designated officer, may, after due notice to the person to be audited proceed to examine the records, stock in trade and the related documents of the person. Such examination of records can be undertaken in any office of the Excise and Taxation Department of the State or at the business premises of the person. As per Section 32(3) of The Punjab Value Added Tax Act, 2005, if a person fails to declare the amount of tax in a return, which should have been declared, such a person shall be liable to pay simple interest at the rate of 1.5 *per cent* per month on such amount of tax from the due date for payment till the date, he actually pays such amount of tax.

During scrutiny of records pertaining to the Office of the Excise and Taxation Officer, Ward–8, Chandigarh in the assessment cases of M/s Shiva Remedies assessed (during 2020-21) for the assessment year 2015-16 & 2016-17 respectively, it was noticed that the closing and opening stock in the Trading account in said years was mentioned as follows in **Table No. 3.4**:

Table No. 3.4: Details of closing and opening stock in the Trading account

(Amount in ₹)

Year	Opening stock	Closing stock	Difference (Closing stock of Previous year & Opening stock of next year)
2015-16	1,55,52,070	1,57,21,300	--
2016-17	57,21,300	29,10,091	1,00,00,000

Due to difference in opening and closing balance, the assessee suppressed the sale of amount ₹ 1,00,00,000/- on which tax amounting to ₹ 24,68,750/- has been evaded by the dealer including interest of ₹ 12,18,750/- upto August 2022.

Amount short returned =	₹1,00,00,000
Rate of Tax =	*12.5 per cent*
Amount of tax =	₹12,50,000
Interest @ 1.5 *per cent* from April 2017 to August 2022 i.e. 65 M =	₹12,18,750
Total	**₹24,68,750**

Therefore, short assessment of tax resulted into loss of ₹ 24,68,750**/-** (tax+interest) to State exchequer.

The matter was reported to the Department (September 2022) and the Department accepted the para (September 2022) and has forwarded the case for revision and stated that final reply would be submitted after the revision.

The Designated officer failed to cross check the books of accounts for stock pertaining to the previous year and the assessment year. The Department stated that there is no prescribed check list regarding assessment of cases. The reply is not acceptable as this was a basic check which is required to be undertaken while processing any assessment.

The Department needs to:

1. Frame a check list for assessment of cases.
2. Initiate action to fix the responsibility of designated officer under intimation to audit.

New Delhi
Dated: 29 April 2024

(RAJIV KUMAR PANDEY)
Director General of Audit
(Central Expenditure)

Countersigned

New Delhi
Dated: 7 June 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-I

(Referred to in Overview and Paragraph no. 1.4)

Grants of Civil Ministries/Departments under General and Social Sector

Sl. No.	Ministries/Departments
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	
1.	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)
Ministry of Chemicals and Fertilisers	
2.	Department of Pharmaceuticals
Ministry of Culture	
3.	Ministry of Culture
Ministry of Development of North Eastern Region	
4.	Ministry of Development of North Eastern Region
Ministry of Education	
5.	Department of School Education and Literacy
6.	Department of Higher Education
Ministry of External Affairs	
7.	Ministry of External Affairs
Ministry of Health and Family Welfare	
8.	Department of Health and Family Welfare
9.	Department of Health Research
Ministry of Home Affairs (including UTs)	
10.	Ministry of Home Affairs
11.	Cabinet
12.	Police
13.	Andaman and Nicobar Islands
14.	Chandigarh
15.	Dadra & Nagar Haveli and Daman & Diu
16.	Ladakh
17.	Lakshadweep
18.	Transfers to Delhi
19.	Transfers to Jammu and Kashmir
20.	Transfers to Puducherry
Ministry of Information and Broadcasting	
21.	Ministry of Information and Broadcasting
Ministry of Labour and Employment	
22.	Ministry of Labour and Employment
Ministry of Law and Justice	
23.	Law and Justice
24.	Election Commission
25.	Supreme Court of India

Sl. No.	Ministries/Departments
Ministry of Minority Affairs	
26.	Ministry of Minority Affairs
Ministry of Panchayati Raj	
27.	Ministry of Panchayati Raj
Ministry of Parliamentary Affairs	
28.	Ministry of Parliamentary Affairs
Ministry of Personnel, Public Grievances and Pensions	
29.	Ministry of Personnel, Public Grievances and Pensions
30.	Central Vigilance Commission
Ministry of Planning	
31.	Ministry of Planning
The President, Lok Sabha, Rajya Sabha, Union Public Service Commission, the Secretariat of the Vice President and Election Commission	
32.	Staff, Household and Allowances of The President
33.	Lok Sabha
34.	Rajya Sabha
35.	Secretariat of The Vice-President
36.	Union Public Service Commission
Ministry of Rural Development	
37.	Department of Rural Development
38.	Department of Land Resources
Ministry of Skill Development and Entrepreneurship	
39.	Ministry of Skill Development and Entrepreneurship
Ministry of Social Justice and Empowerment	
40.	Department of Social Justice and Empowerment
41.	Department of Empowerment of Persons with Disabilities
Ministry of Tribal Affairs	
42.	Ministry of Tribal Affairs
Ministry of Women and Child Development	
43.	Ministry of Women and Child Development
Ministry of Youth Affairs and Sports	
44.	Ministry of Youth Affairs and Sports

Appendix-II

(Referred to in Overview and Paragraph no. 1.5)

Details of Total Provision, Expenditure and Savings during 2020-21 and 2021-22

(₹ in crore)

Sl. No.	Name of Ministry/Department	2020-21			2021-22		
		Grant/ Appropriation #	Total Expenditure	Savings (-)/ Excess(+)	Grant/ Appropriation#	Total Expenditure	Savings (-)/ Excess(+)
1.	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	2,322.10	2,291.98	-30.12	2,970.35	2,538.42	-431.93
2.	Ministry of Chemicals and Fertilisers[$]	470.41	456.16	-14.25	1,906.32	1,858.14	-48.18
3.	Ministry of Culture	3,149.87	2,143.65	-1,006.22	2,688.05	2,559.41	-128.64
4.	Ministry of Development of North Eastern Region	3,098.73	1,895.99	-1,202.74	2,723.70	2,662.47	-61.23
5.	Ministry of Education	1,65,819.84	1,18,695.06	-47,124.78	1,69,024.45	1,19,193.93	-49,830.52
6.	Ministry of External Affairs	17,487.74	14,365.84	-3,121.90	18,524.75	14,173.70	-4,351.05
7.	Ministry of Health and Family Welfare	1,45,380.83	98,316.31	-47,064.52	1,39,280.13	98,955.27	-40,324.86
8.	Ministry of Home Affairs	1,70,861.29	1,47,287.86	-23,573.43	1,83,216.52	1,72,100.48	-11,116.04
9.	Ministry of Information and Broadcasting	4,375.21	3,380.44	-994.77	4,079.71	3,728.99	-350.72
10.	Ministry of Labour and Employment	16,925.52	12,929.83	-3,995.69	24,518.47	24,036.34	-482.13
11.	Ministry of Law and Justice*	3,049.01	2,244.40	-804.61	5,012.94	4,759.32	-253.62
12.	Ministry of Minority Affairs	5,029.01	3,998.57	-1,030.44	4,810.79	4,325.23	-485.56
13.	Ministry of Panchayati Raj	900.96	686.27	-214.69	913.44	864.84	-48.60
14.	Ministry of Parliamentary Affairs	50.52	28.98	-21.54	65.07	48.79	-16.28

Sl. No.	Name of Ministry/Department	2020-21			2021-22		
		Grant/ Appropriation #	Total Expenditure	Savings (-)/ Excess(+)	Grant/ Appropriation#	Total Expenditure	Savings (-)/ Excess(+)
15.	Ministry of Personnel, Public Grievances and Pensions	1,864.34	1,681.50	-182.84	2,097.32	1,915.22	-182.10
16.	Ministry of Planning**	770.02	749.30	-20.72	1,070.79	1,064.81	-5.98
17.	The President, Lok Sabha, Rajya Sabha, Union Public Service Commission, the Secretariat of the Vice President	1,641.01	1,265.57	-375.44	1,699.60	1,353.80	-345.80
18.	Ministry of Rural Development	3,47,206.80	3,37,353.25	-9,853.55	2,92,923.71	2,89,911.26	-3,012.45
19.	Ministry of Skill Development and Entrepreneurship	3,002.22	2,632.44	-369.78	2,820.27	2,125.15	-695.12
20.	Ministry of Social Justice and Empowerment	11,428.99	9,098.47	-2,330.52	11,838.94	8,535.75	-3,303.19
21.	Ministry of Tribal Affairs	7,411.01	5,494.63	-1,916.38	7,524.90	6,175.71	-1,349.19
22.	Ministry of Women and Child Development	30,512.11	19,244.03	-11,268.08	24,935.03	21,783.56	-3,151.47
23.	Ministry of Youth Affairs and Sports	2,826.97	1,787.83	-1,039.14	2,801.27	2,376.96	-424.31
	Total	**9,45,584.51**	**7,88,028.36**	**-1,57,556.15**	**9,07,446.52**	**7,87,047.55**	**-1,20,398.97**

Source: Union Government Appropriation Accounts (Civil) 2020-21 and 2021-22

Legends:

 # Grant/Appropriation = Budget Estimates + Supplementary provisions

$ Includes only one Department viz. Department of Pharmaceuticals

** Includes the Supreme Court of India & Election Commission*

*** Includes NITI Aayog*

Appendix-III

(Referred to in Paragraph no. 1.8)

PSEs/PSUs under General and Social Sector

Sl. No.	Name of the CPSU
Ministry of Ayush	
1.	Indian Medicines & Pharmaceutical Corporation Limited
Ministry of Chemical and Fertilisers (Department of Pharmaceuticals)	
2.	Rajasthan Drugs and Pharmaceuticals Limited
3.	Hindustan Antibiotics Limited
4.	Maharashtra Antibiotics and Pharmaceuticals Limited
5.	Indian Drugs & Pharmaceuticals Limited, Tamil Nadu (Subsidiary of IDPL, Gurugram)
6.	Karnataka Antibiotics and Pharmaceuticals Limited
7.	Smith Stanistreet Pharmaceuticals Limited
8.	Bengal Immunity Limited
9.	Bengal Chemicals & Pharmaceuticals Limited
10.	Manipur State Drugs & Pharmaceuticals Limited
11.	Bihar Drugs and Organic Chemicals Limited (Subsidiary of IDPL, Gurugram)
12.	Orissa Drugs & Chemicals Limited (Joint Venture of IDPL, Gurugram)
13.	Indian Drugs & Pharmaceuticals Limited (IDPL)
Ministry of Development of North Eastern Region	
14.	North Eastern Development Finance Corporation Limited (NEDFi)
15.	NEDFi Trustee Limited (Subsidiary of NEDFi)
16.	NEDFi Venture Capital Limited (Subsidiary of NEDFi)
17.	North Eastern Handicrafts & Handlooms Development Corporation Limited
18.	North Eastern Regional Agricultural Marketing Corporation Limited
Ministry of Education	
19.	Higher Education Financing Agency
20.	Educational Consultants (India) Limited
Ministry of Health & Family Welfare	
21.	HLL Mother & Child Care Hospitals Limited
22.	HLL Lifecare Limited (HLL)
23.	HLL Medipark Limited (Joint Venture of HLL)
24.	HLL Biotech Limited
25.	Goa Antibiotics & Pharmaceuticals Limited (Subsidiary of HLL)
26.	HLL Infra Tech Services Limited (Subsidiary of HLL)
Ministry of Home Affairs	
27.	Security & Scientific Technical Research Association
28.	Delhi Police Housing Corporation Limited

Sl. No.	Name of the CPSU
29.	New Delhi Municipal Council Smart City Limited
30.	Chandigarh Child and Women Development Corporation Limited
31.	Chandigarh Industrial & Tourism Development Corporation Limited
32.	Chandigarh Scheduled Castes, Backward Classes & Minorities Financial & Development Corporation
33.	Chandigarh Smart City Limited
34.	Dadra & Nagar Haveli Power Distribution Corporation Limited
35.	Silvassa Smart City Limited
36.	Dadra & Nagar Haveli Daman Diu Schedule Castes, Schedule Tribes, Other Backward Classes & Minorities Financial & Development Corporation Limited
37.	Omnibus Industrial Development Corporation of Daman & Diu and Dadra & Nagar Haveli Limited
38.	Kavaratti Smart City Limited
39.	Lakshadweep Development Corporation Limited
40.	Lakshadweep Tourism Development Corporation Limited
41.	Sindhu Infrastructure Development Corporation Limited
Ministry of Information & Broadcasting	
42.	National Film Development Corporation Limited
43.	Broadcast Engineering Consultants India Limited
Ministry of Minorities Affairs	
44.	National Minorities Development & Finance Corporation
45.	National Waqf Development Corporation Limited
NITI Aayog	
46.	AIR-CCU Incubation Centre
Ministry of Skill Development & Entrepreneurship	
47.	Karmayogi Bharat
Ministry of Social Justice & Empowerment	
48.	Artificial Limbs Manufacturing Corporation of India
49.	National Backward Classes Finance & Development Corporation
50.	National Handicapped Finance & Development Corporation
51.	National Safai Karmacharis Finance & Development Corporation
52.	National Scheduled Castes Finance & Development Corporation
Ministry of Tribal Affairs	
53.	National Scheduled Tribes Finance and Development Corporation Limited

Appendix-IV

(Referred to in Paragraph no. 1.9)

Detailed position of Action Taken Notes awaited/Under correspondence (as of 31 December 2023) from various Ministries/Departments up to the year ended March 2022

Sl. No.	Name of the Ministry/ Department	Report for the year ended March	Due	Not received	Under correspondence
1.	Culture	2021	1	0	1
2.	Development of North Eastern Region	2014	1	0	1
3.	External Affairs	2018	2	0	2
		2021	1	0	5
4.	Health and Family Welfare	2021	1	0	1
5.	Home Affairs	2021	2	0	3
6.	Minority Affairs	2011	1	0	1
7.	Personnel Public Grievances and Pensions	2021	1	0	1
8.	Rural Development	2021	1	0	1
9.	Social Justice and Empowerment	2006	1	0	1
		2011	1	0	1
		2017	1	0	1
10.	Tribal Affairs	2011	1	0	1
11.	Youth Affairs and Sports	2012	1	0	1
Total			**16**	**0**	**16**

Appendix-V

(Referred to in Paragraph no. 1.9)

Year wise pendency of ATNs
Outstanding Action Taken Notes as on 31 December 2023
(Union Territories without Legislatures)

Sl. No.	Name of the UT	Report for the year ended March	Due	Not received at all	Under correspondence
1.	Chandigarh	2021	4	0	4
2.	Dadra & Nagar Haveli and Daman & Diu	2017	1	0	1
3.	Lakshadweep	2014	1	0	1
Total			**6**	**0**	**6**

Annexures

Annexure-2.1

(Referred to in Paragraph no. 2.1.4.3)

Project-wise status of incomplete projects as on February 2023

Sl. No.	State/Project	Year of sanction	Estimated cost (₹ in crore)	Release as on February 2023	Scheduled date of completion	Delay as of February 2023
	Arunachal Pradesh					
1.	Construction of High Altitude Sports Complex at Tawang	11.10.2010	13.07	11.53 (88%)	31.03.2013	9 years 10 months
2.	Augmentation of water supply at Pasighat township from sirpo source phase-1 in east Siang district	27.06.2017	19.57	17.5 (90%)	27.06.2019	3years 7 months
3.	Providing water supply at Bameng administrative HQ (Phase-I) in East Kameng district	14.12.2017	13.50	12.05 (89%)	14.12.2020	2years 1 months
	Assam					
1.	Construction of Chandi Barua Stadium at Barpeta	10.02.2009	2.90	1.51 (52%)	31.07.2010	12 years 6 months
2.	Tamulpur Piped Water Supply Scheme	15.12.2011	2.94	2.62 (89%)	31.12.2013	9 years 1 montrh
3.	Establishment of a College of Nursing at Kokrajhar	17.05.2013	14.27	10.28 (72%)	May 2015	7 years 8 months
4.	Tinsukia Town Water supply scheme Phase-1	20.12.2013	35.83	25.80 (72%)	December 2016	6 years 1 months
5.	Construction of Multi-Disciplinary Sports Complex at Khanikar, Dibrugarh District	07.12.2017	139.82	48.73 (35%)	7.12.2019	3 years 1 month
6.	Construction of N.L. Daulagupu SPTS Stadium with 3 stied RCC Dmitary Building at Halflong in Dima Hasao	07.12.2017	16.11	5.09 (32%)	7.12.2019	3 years 1 month
7.	Construction of Indoor Stadium at Donkamokam Town (under Hamren Sub Division) of Karbi Anglong	11.05.2017	6.19	2.23 (36%)	11.5.2019	3 years 8 months
8.	Construction of Medical College at Nalbari	07.12.2017	217.82	190.34 (87%)	7.12.2019	3 years 1 month
	Manipur					
1.	Construction of District Sports Complex at Ukhrul	01.09.2009	9.20	7.08 (77%)	31.08.2012	10 years 5 months
2.	Construction of District Sports Complex at Churachandpur	9.11.2010	8.62	7.61 (88%)	31.10.2013	9 years 3 months
3.	Construction of District Sports Complex at Bishnupur	15.12.2010	9.40	6.65 (71%)	December 2013	9 years 1 month
4.	Augmentation of Water Supply Scheme at Sanakeithel and surrounding four villages in Ukhrul District	16.08.2017	4.68	4.71 (101%)	16.08.2019	3 years 5 months
5.	Augmentation of Water Supply at Litan and surrounding five villages in Ukhrul District	16.08.2017	5.15	4.71 (91%)	16.08.2019	3 years 5 months

Sl. No.	State/Project	Year of sanction	Estimated cost (₹ in crore)	Release as on February 2023	Scheduled date of completion	Delay as of February 2023
	Meghalaya					
1.	Greater Raliang Water Supply Project	16.02.2010	21.14	19.03 (91%)	February 2014	9 years 1 month
2.	Upper Shillong Water Supply Project	23.12.2010	33.02	29.14 (88%)	January 2014	8 years 1 month
3.	Football stadium at Ampati	15.03.2016	38.21	27.51 (72%)	31.3.2019	3 yeras 10 month
	Nagaland					
1.	Construction of Football Stadium at Tobu Hq in Mon District	20.02.2014	2.67	1.90 (71%)	January 2016	7 years
2.	Providing Water Supply by gravity to Mon village and 4 neighbouring villages in Mon District	20.2.2014	13.82	13.82 (100%)	31.10.2017	5 years 3 months
3.	Providing water supply to Samziuram village, Peren	21.11.2017	18.93	17.04 (90%)	31.11.2019	3 years 2 months
4.	Development of Ziekezou Sports Complex, Kohima	21.11.2017	12.50	11.25 (90%)	November 2019	3 years 2 months
5.	Providing water supply by gravity system to Aboi HQ and Longching EAC HQ in Mon District	4.12.2017	9.66	8.69 (90%)	31.12.2019	3 years 1 month
	Sikkim					
1.	Upgradation of Football Stadium with other allied facilities at Mangan, North Sikkim (Phase-II)	6.12.2016	9.00	3.19	November 2019	3 years 3 months
	Tripura					
1.	Water Supply Scheme at Bishalgarh (1.00 MGD)	30.06.2007	7.81	6.89 (8%)	29.07.2009	13 years
2.	Construction of District Sports Complex at Udaipur	26.12.2011	4.80	4.24 (88%)	25.12.2013	9 years 4 months
3.	South District Hospital (Phase-II) Hospital Quarters	8.10.2013	9.68	6.48 (67%)	September 2016	6 years 4 months
4.	Dhalai District Hospital :Phase-II (Hospital Quarters)	18.5.2017	11.32	3.08 (27%)	31.5.2019	3 years 8 months
5.	North District Hospital: Phase-II (Hospital Quarters)	12.5.2017	11.10	3.05 (27%)	31.5.2019	3 years 8 months

Annexure-2.2

(Referred to in Paragraph no. 2.1.6)

Case study 1: Construction of Guide bund over river Tanganee, Darrang, Assam

As per NLCPR Guidelines-2012, the concept paper for each project should be submitted along with Priority List. The concept paper should *inter alia* include a certificate that the project has not been taken up or proposed to be taken up with any other funding mechanism.

NLCPR Committee, in its 111th meeting held in December 2012, recommended sanction of project *viz*. Construction of Guide bund near RCC bridge No. 8/2 over river Tanganee along with protection wall on the road from NH-52 to Kuwaripukhuri via Fakirpara project in Darrang district of Assam at a cost of ₹ 2.08 crore. DoNER released (February 2013) first instalment of ₹ 75.10 lakh (being 40 *per cent* of admissible grant). The State Government submitted (November 2010) the Non-duplicacy Certificate stating that the above scheme or any other part thereof proposed is not taken up under any scheme/program.

Audit noted that the State Government submitted no work order, UCs or QPRs to Ministry till 2016. In June 2017, the State Government requested DoNER to drop the above project and withdraw the administrative and financial approval of above project stating that the project was already taken up by State Government in another scheme.

Audit observed that the State Government submitted a non-duplicacy certificate and took five years in assessing and informing DoNER that the State was constructing the same project.

There was inadequate monitoring and insufficient follow up action at DoNER resulting in idling of funds to the tune of ₹ 75.10 lakh with the Government of Assam, the amount was yet to be refunded.

DoNER stated (February 2023) that Government of Assam has been requested to refund the amount vide its letters dated 13.04.2021, 15.12.2022 and 8.02.2023.

Case Study 2: Construction of Super Market Complex at Moran Revenue Town, Assam

NLCPR Guidelines-2012 prescribed that the State shall report the progress in respect of each project at the end of the quarter on the prescribed proforma. Quarterly Progress Reports (QPR) should reach the Joint Secretary of the Ministry within three weeks of the end of the quarter under report.

DoNER approved (December 2013) the project ‘Construction of Super Market Complex at Moran Revenue Town, Assam’ at a cost of ₹ 6.84 crore with target date of completion of project by June 2015 and released first instalment of ₹ 2.46 crore on 23.12.2013. Audit noted that neither the State Government did not submit the UCs, QPRs and photographs of the project nor DoNER made any correspondence with the State regarding furnishing of QPR during the period 2014-15 to November 2018.

Inter-Ministerial Committee (IMC) in its 9^{th} meeting held in December 2018, foreclosed the project based on the recommendations of the SLEC and directed DoNER to recover the released funds. Audit noted that DoNER neither took note of the recommendation of the IMC recommendations nor made any effort to recover the amount from the State Government. Instead, DoNER asked (November 2019) for a copy of work order, UC and QPR from the State Government after lapse of 6 years from date of sanction of funds.

This shows gross negligence on the part of DoNER as it did not keep track of the progress of the project from 2013 onwards and also failed in adhering to recommendations of IMC to recover the released amount from State Government. Moreover, fund to the tune of ₹ 2.46 crore parked with the State Government for 9 years has not been recovered yet.

On the matter being referred to DoNER, it stated (March 2022) in its reply that the minutes of 9^{th} meeting of IMC/NESIDS Committee was circulated to the State Government for taking appropriate action towards dropping of the project and to refund the amount of ₹ 2.46 crore. DoNER further stated that the matter is being pursued vigorously with the State Government for recovery of the released amount along with the interest earned thereon.

Case Study 3: Super specialty Block at G. B. Pant Hospital at Agartala in Tripura

The project "Super specialty Block at G. B. Pant Hospital at Agartala in Tripura" was approved in the 10^{th} meeting of NLCPR Committee with an estimated cost of ₹8.88 crore (₹7.87 crore for civil works and ₹1.01 crore for machinery and equipment). The state government approached the Ministry for approval of their proposal regarding slight modification within the overall approved cost of ₹8.88 crore. As per their proposal, ₹7.00 crore were required for civil works and ₹1.88 crore for medical equipment (against ₹7.87 crore for civil works and ₹1.01 crore for medical equipment approved by the NLCPR Committee in the 10^{th} Meeting). The same was considered by DoNER and fund of ₹8.00 crore was released in two instalments of ₹5.00 crore and ₹3.00 crore.

The Govt. of Tripura vide their letter dated 3rd April 2008 submitted the Utilization certificate of ₹ 5.75 crore against release of ₹8.00 crore, Quarterly Progress Report ending March 2008. Inspection report and completion certificate in respect of the project. Accordingly, the unutilized amount with the State Government was ₹ 2.25 crore. The state government requested for transfer of the unutilized amount of ₹ 2.25 crore for ongoing project Development of G.B. Pant Hospital under NLCPR. DONER communicated to the Govt of Tripura that the unspent balance of ₹ 2.25 crore along with interest accrued on it be refunded immediately.

As of February 2023, even after a lapse of more than 15 years of the amount lying unutilised, the Ministry is still pursuing for refund of the unspent amount of ₹ 2.25 crore along with interest.

Annexure-2.3

(Referred to in Paragraph no. 2.2)

Parking of funds outside the Government Account

(₹ in crore)

Year	Funds credited by MoE in SBI Account	Funds released to beneficiaries by the bank	Closing Balance in the Account at the end of year
2016-17	105.57	94.22	12.96
2017-18	256.90	205.42	64.95
2018-19	291.81	180.71	181.16
2019-20	357.07	199.31	342.54
2020-21	279.06	193.18	429.65
2021-22	292.91	399.53	323.49
2022-23 (up to 17.01.2023)	138.24	183.20	179.06

Annexure-2.4

(Referred to in Paragraph no. 2.6)

Details of anti-TB drugs expired before issue at GMSDs

(Amount in ₹)

Sl. No	Name of the GMSD	Total Value of Drugs received	Value of Expired Drugs
1.	Kolkata	18,46,44,629.00	11,51,85,037.56
2.	Guwahati	10,74,61,022.00	60,028,215.00
3.	Hyderabad	17,58,73,605.00	58,413,265.00
4.	Chennai	24,76,78,502.00	11,64,69,804.00
5.	Karnal	29,97,60,164.59	57,410,295.45
Total		**1,01,54,17,922.59**	**407,506,617.01**

Annexure-2.5

(Referred to in Paragraph no. 2.6)

Details of drugs received under National Vector Borne Diseases Control Programme (NVBDCP) expired before issue at GMSDs

(Amount in ₹)

Sl. No	Name of the GMSD	Value of Expired Drugs
1.	Kolkata	1,52,19,129.00
2.	Guwahati	6,113,977.00
3.	Hyderabad	2, 03, 806.00
4.	Chennai	5,69,473.00
5.	Karnal	40,93,567.00
	Total	**2,61,99,952.00**

Annexure-2.6

(Referred to in Paragraph no. 2.7)

Avoidable expenditure of ₹ 2.52 crore on electricity charges-FSSAI)

(Amount in ₹)

Sl. No.	Bill Month[1]	Electricity Charges Paid	Electricity Tax Paid	Electricity Charges Payable	Excess Electricity Charges Paid	Excess Electricity Tax Paid	Total Excess
1	2	3	4	5	6	7	8
				(Col. 3 / 1.3)	(Col. 3 – Col. 5)	(Col. 4 - (Col. 4 /1.3))	(Col. 6 + Col. 7)
1.	Feb-09	351505	17575	270388	81117	4056	85172
2.	Mar-09	295289	14764	227146	68144	3407	71551
3.	Apr-09	332200	16610	255539	76662	3833	80495
4.	May-09	572432	28622	440332	132100	6605	138705
5.	Jun-09	590965	29548	454588	136376	6819	143195
6.	Jul-09	576756	28838	443659	133098	6655	139752
7.	Aug-09	693744	34687	533650	160095	8005	168100
8.	Sep-09	576293	28814	443302	132991	6649	139640
9.	Oct-09	522779	26139	402138	120641	6032	126673
10.	Nov-09	460926	23046	354559	106368	5318	111686
11.	Dec-09	257143	12857	197802	59341	2967	62308
12.	Jan-10	236602	11830	182002	54600	2730	57331
13.	Feb-10	412278	20614	317137	95141	4757	99898
14.	Mar-10	217838	10892	167567	50270	2514	52784
15.	Apr-10	382780	19139	294446	88334	4417	92750
16.	May-10	550501	27525	423463	127039	6352	133391
17.	Jun-10	610965	30548	469973	140992	7050	148041
18.	Jul-10	699227	34961	537867	161360	8068	169428
19.	Aug-10	723397	36170	556459	166938	8347	175285
20.	Sep-10	529420	26471	407246	122174	6109	128283
21.	Oct-10	387413	19371	298010	89403	4470	93873
22.	Nov-10	360077	18004	276982	83095	4155	87249
23.	Dec-10	275212	13761	211702	63510	3176	66686
24.	Jan-11	252355	12618	194119	58236	2912	61148
25.	Feb-11	414517	20726	318859	95658	4783	100441
26.	Mar-11	291351	14568	224116	67235	3362	70597
27.	Apr-11	280617	14031	215860	64758	3238	67996
28.	May-11	353976	17699	272290	81687	4084	85771
29.	Jun-11	473899	23695	364538	109361	5468	114829
30.	Jul-11	570656	28533	438966	131690	6584	138274
31.	Aug-11	536447	26822	412652	123796	6190	129985
32.	Sep-11	502007	25100	386159	115848	5792	121640

[1] Bills for the period from April 2008 to January 2009, April 2019 to July 2019, May 2020 and September 2020 to July 2021 were not provided to audit.

(Amount in ₹)

Sl. No.	Bill Month[1]	Electricity Charges Paid	Electricity Tax Paid	Electricity Charges Payable	Excess Electricity Charges Paid	Excess Electricity Tax Paid	Total Excess
1	2	3	4	5	6	7	8
				(Col. 3 / 1.3)	(Col. 3 – Col. 5)	(Col. 4 - (Col. 4 /1.3))	(Col. 6 + Col. 7)
33.	Oct-11	602770	30139	463669	139101	6955	146056
34.	Nov-11	448603	22430	345079	103524	5176	108700
35.	Dec-11	358588	17929	275837	82751	4138	86889
36.	Jan-12	666392	33320	512609	153783	7689	161472
37.	Feb-12	296921	15588	228401	68520	3597	72117
38.	Mar-12	354722	18622	272863	81859	4297	86156
39.	Apr-12	390985	20526	300758	90227	4737	94964
40.	May-12	493334	25900	379488	113846	5977	119823
41.	Jun-12	674929	36108	519176	155753	8333	164085
42.	Jul-12	703462	37635	541125	162337	8685	171022
43.	Aug-12	799964	43198	615357	184607	9969	194576
44.	Sep-12	777210	42245	597854	179356	9749	189105
45.	Oct-12	817588	45494	628914	188674	10499	199173
46.	Nov-12	724006	39089	556928	167078	9021	176099
47.	Dec-12	442256	23796	340197	102059	5491	107550
48.	Jan-13	418163	22515	321664	96499	5196	101695
49.	Feb-13	617708	33335	475160	142548	7693	150241
50.	Mar-13	420059	23275	323122	96937	5371	102308
51.	Apr-13	447163	24774	343972	103191	5717	108909
52.	May-13	729360	41612	561046	168314	9603	177917
53.	Jun-13	840788	48578	646760	194028	11210	205238
54.	Jul-13	772526	44652	594251	178275	10304	188580
55.	Aug-13	979878	56648	753752	226126	13073	239198
56.	Sep-13	855855	48046	658350	197505	11088	208593
57.	Oct-13	948870	53333	729900	218970	12308	231278
58.	Nov-13	797472	43132	613440	184032	9954	193986
59.	Dec-13	412308	22236	317160	95148	5131	100279
60.	Jan-14	372528	19478	286560	85968	4495	90463
61.	Feb-14	588744	31796	452880	135864	7338	143202
62.	Mar-14	318357	18477	244890	73467	4264	77731
63.	Apr-14	393588	22907	302760	90828	5286	96114
64.	May-14	639756	38713	492120	147636	8934	156570
65.	Jun-14	872001	52833	670770	201231	12192	213423
66.	Jul-14	1049490	63894	807300	242190	14745	256935
67.	Aug-14	959151	56638	737808	221343	13070	234413
68.	Sep-14	983455	56315	756504	226951	12996	239947
69.	Oct-14	960916	54963	739166	221750	12684	234434
70.	Nov-14	635675	34748	488981	146694	8019	154713

(Amount in ₹)

Sl. No.	Bill Month[1]	Electricity Charges Paid	Electricity Tax Paid	Electricity Charges Payable	Excess Electricity Charges Paid	Excess Electricity Tax Paid	Total Excess
1	2	3	4	5	6	7	8
				(Col. 3 / 1.3)	(Col. 3 – Col. 5)	(Col. 4 - (Col. 4 /1.3))	(Col. 6 + Col. 7)
71.	Dec-14	428238	23398	329414	98824	5400	104224
72.	Jan-15	557182	30355	428602	128580	7005	135585
73.	Feb-15	651661	35437	501278	150383	8178	158561
74.	Mar-15	418672	22875	322055	96617	5279	101895
75.	Apr-15	424176	23241	326289	97887	5363	103250
76.	May-15	496379	28354	381830	114549	6543	121092
77.	Jun-15	1052644	60268	809726	242918	13908	256826
78.	Jul-15	1192595	70642	917381	275214	16302	291516
79.	Aug-15	1061948	64498	816883	245065	14884	259949
80.	Sep-15	1048320	63583	806400	241920	14673	256593
81.	Oct-15	999573	60544	768902	230671	13972	244642
82.	Nov-15	775232	44188	596332	178900	10197	189097
83.	Dec-15	425486	24252	327297	98189	5597	103786
84.	Jan-16	364422	20772	280325	84097	4794	88891
85.	Feb-16	373508	20084	287314	86194	4635	90829
86.	Mar-16	347256	20835	267120	80136	4808	84944
87.	Apr-16	443177	24532	340906	102272	5661	107933
88.	May-16	763439	41226	587261	176178	9514	185692
89.	Jun-16	1099295	63489	845611	253683	14651	268335
90.	Jul-16	1260212	72415	969394	290818	16711	307529
91.	Aug-16	1260998	72393	969998	291000	16706	307706
92.	Sep-16	1296510	74788	997315	299195	17259	316453
93.	Oct-16	1122226	64472	863251	258975	14878	273853
94.	Nov-16	843242	45535	648648	194594	10508	205102
95.	Dec-16	487600	26330	375077	112523	6076	118599
96.	Jan-17	362457	19573	278813	83644	4517	88161
97.	Feb-17	389582	21037	299678	89904	4855	94758
98.	Mar-17	368353	19891	283349	85005	4590	89595
99.	Apr-17	666863	36011	512971	153891	8310	162201
100.	May-17	981096	52979	754690	226407	12226	238633
101.	Jun-17	1308565	74775	1006589	301977	17256	319232
102.	Jul-17	1331760	76035	1024430	307329	17546	324876
103.	Aug-17	1303324	74595	1002557	300767	17214	317981
104.	Sep-17	1226141	70153	943186	282956	16189	299145
105.	Oct-17	1195347	70904	919498	275849	16362	292212
106.	Nov-17	974282	54444	749448	224834	12564	237398
107.	Dec-17	514468	27781	395745	118723	6411	125134
108.	Jan-18	400458	21625	308045	92413	4990	97404

(Amount in ₹)

Sl. No.	Bill Month[1]	Electricity Charges Paid	Electricity Tax Paid	Electricity Charges Payable	Excess Electricity Charges Paid	Excess Electricity Tax Paid	Total Excess
1	2	3	4	5	6	7	8
				(Col. 3 / 1.3)	(Col. 3 – Col. 5)	(Col. 4 - (Col. 4 /1.3))	(Col. 6 + Col. 7)
109.	Feb-18	374512	20224	288086	86426	4667	91093
110.	Mar-18	454971	24568	349978	104993	5670	110663
111.	Apr-18	567927	30668	436867	131060	7077	138137
112.	May-18	913536	47851	702720	210816	11043	221859
113.	Jun-18	1225661	68398	942816	282845	15784	298629
114.	Jul-18	1446806	78811	1112928	333878	18187	352065
115.	Aug-18	1367683	74772	1052064	315619	17255	332874
116.	Sep-18	1142669	63083	878976	263693	14558	278250
117.	Oct-18	1137427	63176	874944	262483	14579	277062
118.	Nov-18	886704	47921	682080	204624	11059	215683
119.	Dec-18	504691	27537	388224	116467	6355	122822
120.	Jan-19	387629	21150	298176	89453	4881	94334
121.	Feb-19	350438	19121	269568	80870	4412	85283
122.	Mar-19	260582	14218	200448	60134	3281	63415
123.	Aug-19	869668	48810	668975	200693	11264	211956
124.	Sep-19	1082016	60752	832320	249696	14020	263716
125.	Oct-19	1217931	67651	936870	281061	15612	296673
126.	Nov-19	782605	42701	602004	180601	9854	190455
127.	Dec-19	480542	25593	369648	110894	5906	116800
128.	Jan-20	544190	28982	418608	125582	6688	132271
129.	Feb-20	502686	26703	386682	116004	6162	122167
130.	Mar-20	360142	20052	277032	83110	4627	87737
131.	Apr-20	338528	18951	260406	78122	4373	82495
132.	Jun-20	682227	39342	524790	157437	9079	166516
133.	Jul-20	1134127	65840	872405	261722	15194	276915
134.	Aug-20	997947	57946	767652	230295	13372	243668
135.	Aug-21	1178548	69588	906575	271973	16059	288031
136.	Sep-21	905923	54561	696864	209059	12591	221650
137.	Oct-21	1099519	66221	845784	253735	15282	269017
138.	Nov-21	580655	34971	446658	133997	8070	142068
139.	Dec-21	380827	22936	292944	87883	5293	93176
140.	Jan-22	524035	31561	403104	120931	7283	128214
141.	Feb-22	582379	35075	447984	134395	8094	142489
142.	Mar-22	429093	25843	330072	99021	5964	104985
143.	Apr-22	1043429	62842	802638	240791	14502	255293
144.	May-22	924885	55703	711450	213435	12855	226290
145.	Jun-22	1320298	80118	1015614	304684	18489	323173
146.	Jul-22	1172184	74008	901680	270504	17079	287583

(Amount in ₹)

Sl. No.	Bill Month[1]	Electricity Charges Paid	Electricity Tax Paid	Electricity Charges Payable	Excess Electricity Charges Paid	Excess Electricity Tax Paid	Total Excess
1	2	3	4	5	6	7	8
				(Col. 3 / 1.3)	(Col. 3 – Col. 5)	(Col. 4 - (Col. 4 /1.3))	(Col. 6 + Col. 7)
147.	Aug-22	1311811	87651	1009085	302726	20227	322953
148.	Sep-22	1336077	89344	1027752	308325	20618	328943
149.	Oct-22	999538	65524	768875	230663	15121	245784
150.	Nov-22	671486	42396	516528	154958	9784	164742
Total Excess Payment							**2,52,34,452**

Annexure-2.7

(Referred to in Paragraph no. 2.10.4.4 (B))

Shortfall in achievement of Targets

(₹ in crore)

Sl. No.	Component included in the Mission	Target		Achievement			
		Financial	Physical	Financial			Physical
				Achievement	Short fall	Percentage shortfall	
1.	Acquisition of Material	16.41	Target not specified	0.27 (No expenditure incurred on acquisition made since 2020-21)	16.14	98.34	No expenditure incurred on acquisition made since 2020-21
2.	Procurement of digitization equipment for in house usage	9.00	Target not specified	3.60	5.40	59.96	Procurement of DCP Projectors through CCW. 3 projectors 4K and 1 Scanner were procured as a part of acquisition of digitization equipment.
3.	Preventive conservation of 1,32,000 film reels	39.10	1. Film Condition assessment of film collection. 2. Preventive conservation of Film (1,32,000)	22.03	17.07	43.66	(1) 1,54,000 (Entire film collection of reel not accessed) (2) Nil
4.	Ultrasonic, manual cleaning of 10,000 reels	2.00	10,000	NA	2.00	100.00	This component has been included in Digitization of films project as the process is considered as part of Digitization. However, data regarding progress of the same has not been furnished.
5.	2K Restoration of 1145 Feature Films	154.61	1145	1.34	153.27	99.13	NIL – Approval for work received from Ministry in May 2022, contract agreement for the same yet to be signed.
6.	2K Restoration for 1108 Short Films	59.82	1108	1.34	58.48	97.75	Additional, 10 films (Feature and short) of Shri Satyajit Ray restored.
7.	2K Digitalization of 1200 Feature Films	76.98	1200	19.83	57.15	74.24	Not yet provided.
8.	2K Digitalization of 1660 Short Films	25.89	1600	9.81	16.08	62.11	
9.	Inter-Negative of 1140 Feature Films	102.60	1140	0.00	102.60	100.00	Nil
10.	Inter-Negative	37.31	1164	0.00	37.31	100.00	Nil

(₹ in crore)

Sl. No.	Component included in the Mission	Target		Achievement			
		Financial	Physical	Financial			Physical
				Achievement	Short fall	Percentage shortfall	
	of 1164 Short Films						
11.	Research and Publication	1.00	Not specified	0.18	0.82	82.45	Expenses towards designing, printing of publications.
12.	Training on Restoration, Preservation and Archiving	4.00	Not specified	2.87	1.13	28.31	Expenses towards film preservation workshop
13.	Construction of Vaults	30.00	Work started only in August, 2021	26.43	3.57	11.90	Construction/Repair of additional space for film preservation at Phase 1 & 2. Planning, Designing, Construction of Vaults of Global Standards at NFAI Concept Project Report and Preliminary Estimate submitted by NBCC as per approval of the Ministry as per Order No. M-15016/3/2020-DO(FC) dated 1st July,2020.
14.	Storage, HVAC, repairs	7.00	Not specified	4.32	2.68	38.35	Expenditure incurred on Payment of 100 TB storage for digital database and repair work to existing storage facilities.
15.	Administrative Expenditure	31.69	Not specified	28.07	3.62	11.43	Payment towards M/s KPMG Advisory Services Ltd for Bid management, NFHM roadmap and PMU setup as per Ministry directions. Payment towards installation of CCTV surveillance system and procurement of Computer, hardware and software as per requirement of the project. Payment towards Digitization of Non-Filmic Material, as per requirement of the project,
	Total	**597.41**		**120.09**	**477.32**	**79.90**	

Source: Data made available by the NFAI

Annexure-2.8

(Referred to in Paragraph no. 2.10.4.7 (A))

Shortcomings in floating of tenders and RFP for Master System Integrator (MSI)

(Amount in ₹)

Nature Of Work	Fund allocation as per EFC Memo (A)	Contract value/expenditure incurred (B)	Figure of A or B which ever is higher	Remarks
Film Condition Assessments.	39,10,00,000	15,34,03,614	15,34,03,614	
Digital Cinema Package.		44,96,489	44,96,489	
Preventive Conservation of film Content Services		47,84,33,185	47,84,33,185	
Consultants Services	31,69,00,000	28,03,63,850	28,03,63,850	
Other Administrative Expenditure		6,88,00,000	6,88,00,000	Administrative expenditure other than payment to KPMG
Supply, Installation, Testing and Commissioning of Audio Quality Check Lab Equipment at NFAI		57,39,607	57,39,607	
Audio System Upgradation of NFAI Theatres		1,40,30,015	1,40,30,015	
Digitization of Film Content at NFAI	1,04,87,00,000	74,01,67,500	1,04,87,00,000	
Subtitling of Filmic content		4,72,03,924		
'Planning, Designing, Construction of Vaults of Global Standards at NFAI'	30,00,00,000	58,21,67,499	58,21,67,499	
Restoration of Film Content at NFAI	2,14,43,00,000	1,69,55,12,500	1,69,55,12,500	Letter of engagement received/work order yet to be issued
		1,01,73,07,500	1,01,73,07,500	
		67,82,05,000	67,82,05,000	
		24,42,60,000	24,42,60,000	
Acquisition of Material	16,41,00,000	27,00,000	16,41,00,000	Expenditure approved as per EFC memo
Procurement of digitization equipment for in house usage	9,00,00,000	3,60,00,000	9,00,00,000	
Inter-Negative of 1140 Feature Films.	1,02,60,00,000	0.00	1,02,60,00,000	
Inter-Negative of 1164 Short Films.	37,31,00,000	0.00	37,31,00,000	
Research and Publication	100,000,00,000	18,00,000	1,00,00,000	
Training on Restoration, Preservation and Archiving	4,00,00,000	2,87,00,000	4,00,00,000	
Storage, HVAC, Repairs.	7,00,00,000	4,32,00,000	7,00,00,000	
Total	**5,97,41,00,000**	**6,12,24,90,683.02**	**8,04,46,19,259**	

Annexure-2.9

(Referred to in Paragraph no. 2.12.3.2(A))

Details of funds released by Centre and State to SSDM

(₹ in crore)

Sl. No.	State	Sanction Order Date	Funds Approved			Funds received by SSDM from State Treasury		
			Central Share	State Share	Total	Central share	State share	Total
1.	Maharashtra	12.02.2019	22.04	14.70	36.74	17.19	11.18	28.37
2.	Punjab	15.07.2019	7.06	4.70	11.76	4.88	2.82	7.70
3.	Madhya Pradesh	21.11.2019	14.42	9.62	24.04	7.91	5.27	13.18
4.	Mizoram	09.01.2020	1.81	0.20	2.01	1.81	-	1.81
5.	West Bengal	17.07.2020	5.00	3.33	34.51	7.39	4.92	12.31
		29.07.2020	2.39	1.59				
		07.08.2020	13.32	8.88				
6.	Telangana	22.12.2020	8.27	5.52	13.79	1.87	-	1.87
Total			**74.31**	**48.54**	**122.85**	**41.05**	**24.19**	**65.24**

Annexure-3.1

(Referred to in Paragraph no. 3.1)

Loss due to non-revision of container freight rates

(Amount in ₹)

Year	No. of containers handled	Container charges proposed by DSS #	Total Container charges proposed	Existing Rate of Container Charges actually levied*	Total Container charges received	Loss of Govt. Revenue
	A	B	C = A*B	D	E = A*D	F = C - E
1. Dry Container						
2014-15	904	34331.00	31035224	31210	28213840	2821384
2015-16	732	36047.55	26386807	31210	22845720	3541087
2016-17	514	37849.93	19454864	31210	16041940	3412924
2017-18	574	39742.42	22812149	31210	17914540	4897609
2018-19	546	41729.55	22784334	31210	17040660	5743674
2019-20	469	43816.02	20549713	31210	14637490	5912223
2020-21	94	46006.82	4324641	31210	2933740	1390901
Loss of Revenue for non-revision of Ordinary Container Freight Charges					(i)	**27719802**
2. Reefer Container						
2014-15	145	20724.00	3004980	18840	2731800	273180
2015-16	164	21760.20	3568673	18840	3089760	478913
2016-17	114	22848.21	2604696	18840	2147760	456936
2017-18	132	23990.62	3166762	18840	2486880	679882
2018-19	162	25190.15	4080804	18840	3052080	1028724
2019-20	137	26449.66	3623603	18840	2581080	1042523
2020-21	22	27772.14	610987	18840	414480	196507
Loss of Revenue for non-revision of Reefer Container Freight Charges					(ii)	**4156666**
Total loss of Revenue (i +ii)						**31876467**

** Container freight for Dry container is inclusive of (i) Loaded Ordinary Container charges, (ii) Lift on Lift off, trailer charges etc., (iii) Container leasing charges and (iv) Bill of lading charges, i.e., ₹ 28,000 + ₹ 770 + ₹ 2380 + ₹ 60 = ₹ 31,210; and Reefer Container charges are inclusive of (i) Loaded Ordinary Container charges, (ii) Container leasing charges and (iii) Bill of lading charges, i.e. ₹ 16400 + ₹ 2380 + ₹ 60 = ₹ 18840.*

 # Audit has calculated an increase of 10% over existing rate for the year 2014-15 and 5% every year over the rates fixed for the year 2014-15 based on the proposal of the three-member committee (dated 19.08.2014) which was constituted vide order no. 4077 dated 07.08.2003 to review the container freight rates.

Annexure-3.2

(Referred to in Paragraph no. 3.1)

Loss due to non- revision of rates during the period 2014-15 to 2020-21

(Amount in ₹)

Year	No. of containers booked/ handled	Container charges of Private Vessel**	Existing Rate of Container Charges actually levied	Difference	Revenue Loss
	A	B	C	D = (B - C)	E = A*D
1. Dry Container					
2014-15	904	61000.00	31210	29790.00	26930160
2015-16	732	62464.00	31210	31254.00	22877928
2016-17	514	63963.14	31210	32753.14	16835114
2017-18	574	65498.25	31210	34288.25	19681456
2018-19	546	67070.21	31210	35860.21	19579675
2019-20	469	68679.89	31210	37469.89	17573378
2020-21	94	70328.21	31210	39118.21	3677112
Revenue Loss for non-revision of Ordinary Container Freight Charges...(i)					***127154823***
2. Reefer Container					
2014-15	145	87150.00	18840	68310.00	9904950
2015-16	164	88230.66	18840	69390.66	11380068
2016-17	114	89324.72	18840	70484.72	8035258
2017-18	132	90432.35	18840	71592.35	9450190
2018-19	162	91553.71	18840	72713.71	11779621
2019-20	137	92688.97	18840	73848.97	10117309
2020-21	22	93838.32	18840	74998.32	1649963
Revenue Loss for non-revision of Reefer Container Freight Charges…(ii)					***62317359***
Total Revenue Loss (i + ii)					**189472182**

**** Here, the available container freight rates for Dry Container for two years *viz.* 2014-15 and 2021-22 are ₹61000 and ₹72000 respectively and for Reefer Container are ₹87150 and ₹95000 respectively. Based on these rates, the container freight rates for intervening years, i.e., 2015-16 to 2020-21 have been derived using Compounded Annual Growth Rate (CAGR) method. The rates of year 2021-22 are utilized for deriving the rates of intervening period only.**

Annexure 3.3

(Referred to in Paragraph no. 3.2)

Non/Short realisation of Pre bid EMD and Security Deposit

(Amount in Rupees)

Sl. No.	Name of the vessel	Date of approval for disposal	Date of sale by MSTC	Reserve Price fixed	Material value	Pre-bid EMD	EMD deposited	Non deposit of EMD	Security Deposite (SD)	SD Deposited	Short deposite of SD	Remarks
(A)	(B)	(C)	(D)	(E)	F	(G= E *10%)	(H)	(I = G - H)	(J= F * 25%)	(K)	(L=J- K)	(M)
1	MV Indu Bhushan	31.12.2019	28.10.2020	32,400	71,001	3240	0	3240	17750	42500	0	Not lifted
2	MV Mahavir Singh	31.12.2019	28.10.2020	32,400	71,001	3240	0	3240	17750			Not lifted
3	ML Seagull	31.12.2019	28.10.2020	14,900	28,001	1490	0	1490	7000			Not lifted
4	MV Mohwa	14.11.2019	28.10.2020	16,97,760	26,00,000	169776	0	169776	650000	0	650000	Not lifted
5	MV Garjan	07.12.2020	28.07.2021	6,59,722	58,50,000	65972	0	65972	1462500	0	1462500	Not lifted
6	MT Dweep Shakti	29.12.2020	28.07.2021	5,04,000	85,00,000	50400	0	50400	2125000	0	2125000	Not lifted
7	MV Bhan Singh	29.12.2020	28.07.2021	4,000	7,25,000	400	0	400	181250	0	181250	Not lifted
8	MV Ram Rakha	29.12.2020	28.07.2021	3,500	7,30,000	350	0	350	182500	0	182500	Not lifted
9	HMV Moti	29.12.2020	28.07.2021	7,89,000	60,00,000	78900	0	78900	1500000	0	1500000	Not lifted
Total								**373768**		**42500**	**6101250**	
	Total Non/Short realisation = ₹ 61.01 lakh (3.74 of EMD is included in 61.01 lakh)											

Annexure-3.4

(Referred to in Paragraph no. 3.3)

Short recovery/non-recovery of interest on account of Mobilisation Advance and Hypothecation Advance

Name of Work: (1) C/o Additional Approach Jetty, Extension of Berthing Jetty at Neil Island in A&N Island

(Total mobilization advance released: ₹ 9324730/-)

(Amount in ₹)

Amount of Advance/ Balance Advance Amount on which interest to be charged	RA Bill No.	Date of RA Bill	Principal amount recovered	Remaining Principal amount	Period for which Interest to be charged		No. of days for which interest is chargable	Rate of Interest to be applied as per Agreement (PLR+2%)	Interest to be charged as per Agree-ment	Interest actually recovered by the Depart-ment
					From	To				
1. (i) Mobilization Advance :- First installment of ₹ 4662185 vide HR No. 17 dated 22.06.2017										
4662185	7th	18-05-2018	2331093	2331092	22-06-2017	18-05-2018	330	15.85	668097	0
2331092	8th	17-09-2018	0	2331092	--	--	--	--	--	215371
2331092	10th	15-09-2018	2331092	0	18-05-2018	15-09-2018	120	15.85	121472	79129
Total (A)									**789570**	**294500**
1. (ii) Mobilization Advance :- Second installment of ₹ 4662185 vide HR No. 22 dtd. 04.08.2017										
4662185	11th	26-10-2018	2331093	2331092	04-08-2017	26-10-2018	448	15.75	901271	0
4662185	12th	23-11-2018	0	2331092	--	--	--	--	--	115213
2331092	15th	26-03-2019	2331092	0	26-10-2018	26-03-2019	151	15.75	151888	0
--	18th	27-08-2019	--	--	--	--	--	--	--	98848
Total (B)									**1053159**	**214061**
Grand Total = (A+B)									**1842729**	**508561**
Short deduction of Interest in case of first work = (1842729 - 508561) = ₹ 1334168/- (I)										
2. (i) Hypothecation Advance :- First installment of ₹ 933781 vide HR No. 35 dated 13.10.2017										
933781	17th	30-06-2019	933781	0	13-10-2017	30-06-2019	625	15.7	251034	0
Total (C)									251034	0
2. (ii) Hypothecation Advance :- Second installment of ₹ 933780 vide HR No. 38 dated 03.11.2017										
933780	17th	30-06-2019	933780	0	03-11-2017	30-06-2019	604	15.7	242599	0
Total (D)									**242599**	0
Grand Total (C+D)									**493632**	**0**

Non- deduction of interest on Hypothecation Advance= 493632……….II

Interest outstanding in case of Work-I= I+II (13,34,168+4,93,632)=18,27,800

Annexure-3.5

(Referred to in Paragraph no. 3.3)

Short recovery/non-recovery of interest on account of Mobilization Advance and Hypothecation Advance

Name of Work: (2) Extension of New Dry Dock-II at Marine Dockyard including supply, installation & commissioning of Dry Dock, Pumps and Accessories in Port Blair

(Total mobilization advance released: ₹ 50594864/-)

(Amount in ₹)

Amount of Advance/ Balance Advance Amount on which interest to be charged	RA Bill No.	Date of RA Bill	Principal amount recovered	Remaining Principal amount	Period for which Interest to be charged		No. of days for which interest is chargable	Rate of Interest to be applied as per Agreement (PLR+2%)	Interest to be charged as per Agreement	Interest actually recovered by the Department
					From	To				
1. (i) First Mobilization Advance :- First installment of ₹ 17547432 vide HR No. 66 dtd. 29.03.2017										
17547432	18th	11-06-2018	8773716	8773716	29-03-2017	11-06-2018	439	16	3376799	3316345
8773716	47th	22-10-2019	8773716	0	11-06-2018	22-10-2019	498	16	1915314	0
--	49th	07-11-2019	--	--	--	--	--	--	--	3522634
Total (A)									5292113	6838979
1. (ii) First Mobilization Advance :- Second installment of ₹ 17547432 vide HR No. 34 dtd. 21.11.2017										
17547432	50th	07-12-2019	0	17547432	21-11-2017	07-12-2019	746	15.7	5630658	145668
17547432	51st	07-01-2020	0	17547432	07-12-2019	07-01-2020	31	15.7	233982	150523
17547432	52nd	07-02-2020	0	17547432	07-01-2020	07-02-2020	31	15.7	233982	150523
17547432	54th	07-03-2020	0	17547432	07-02-2020	07-03-2020	29	15.7	218886	140812
17547432	55th	07-04-2020	0	17547432	07-03-2020	07-04-2020	31	15.7	233982	150523
17547432	57th	07-04-2020	8773716	8773716	07-04-2020	07-04-2020	0	15.7	0	441859
8773716	58th	07-08-2020	0	8773716	07-04-2020	07-08-2020	122	15.7	460416	145668
8773716	60th	07-09-2020	0	8773716	07-08-2020	07-09-2020	31	15.7	116991	75262
8773716	61st	07-10-2020	0	8773716	07-09-2020	07-10-2020	30	15.7	113217	72834
8773716	63rd	07-11-2020	0	8773716	07-10-2020	07-11-2020	31	15.7	116991	75262
8773716	64th	07-12-2020	0	8773716	07-11-2020	07-12-2020	30	15.7	113217	72834
8773716	68th	07-01-2021	0	8773716	07-12-2020	07-01-2021	31	15.7	116991	75262
8773716	73rd	07-05-2021	0	8773716	07-01-2021	07-05-2021	120	15.7	452868	72834
8773716	77th	07-06-2021	0	8773716	07-05-2021	07-06-2021	31	15.7	116991	75262
8773716	79th	07-08-2021	0	8773716	07-06-2021	07-08-2021	61	15.7	230208	148096
8773716	81st	07-09-2021	1104106	7669610	07-08-2021	07-09-2021	31	15.7	116991	75262
7669610	83rd	21-09-2021	1659321	6010289	07-09-2021	21-09-2021	14	15.7	46186	63668
6010289	85th	07-10-2021	386232	5624057	21-09-2021	07-10-2021	16	15.7	41364	70117
5624057	87th	07-11-2021	651492	4972565	07-10-2021	07-11-2021	31	15.7	74993	51082
4972565	88th	07-12-2021	1114256	3858309	07-11-2021	07-12-2021	30	15.7	64167	0
3858309	89th	07-01-2022	552189	3306120	07-12-2021	07-01-2022	31	15.7	51448	47883
3306120	91st	07-02-2022	815526	2490594	07-01-2022	07-02-2022	31	15.7	44085	35255
2490594	93rd	07-03-2022	1151942	1338652	07-02-2022	07-03-2022	28	15.7	29996	26074
1338652	94th	07-04-2022	1338652	0	07-03-2022	07-04-2022	31	15.7	17850	28360
Total (B)									8876457	2390923

(Amount in ₹)

Amount of Advance/ Balance Advance Amount on which interest to be charged	RA Bill No.	Date of RA Bill	Principal amount recovered	Remaining Principal amount	Period for which Interest to be charged		No. of days for which interest is chargable	Rate of Interest to be applied as per Agreement (PLR+2%)	Interest to be charged as per Agreement	Interest actually recovered by the Department
					From	To				
2. (i) Second Mobilization Advance :- First installment of ₹ 9500000 vide HR No. 52 dtd. 18.03.2021										
9500000	79th	07-08-2021	0	9500000	18-03-2021	07-08-2021	142	14.15	522968	318575
9500000	81st	07-09-2021	0	9500000	07-08-2021	07-09-2021	31	14.15	114169	72616
9500000	83rd	21-09-2021	0	9500000	07-09-2021	21-09-2021	14	14.15	51560	70274
9500000	85th	07-10-2021	0	9500000	21-09-2021	07-10-2021	16	14.15	58926	65589
9500000	87th	07-11-2021	0	9500000	07-10-2021	07-11-2021	31	14.15	114169	77301
9500000	89th	07-01-2022	0	9500000	07-11-2021	07-01-2022	61	14.15	224655	72616
9500000	91st	07-02-2022	0	9500000	07-01-2022	07-02-2022	31	14.15	114169	72616
9500000	93rd	07-03-2022	0	9500000	07-02-2022	07-03-2022	28	14.15	103121	65589
9500000	94th	07-04-2022	72357	9427643	07-03-2022	07-04-2022	31	14.15	114169	72617
9427643	95th	07-05-2022	1743487	7684156	07-04-2022	07-05-2022	30	14.15	109645	0
7684156	96th	07-06-2022	549156	7135000	07-05-2022	07-06-2022	31	14.15	92347	0
Total (C)									1619899	887793
2. (ii) Second Mobilization Advance :- Second installment of ₹ 1800000 vide HR No. 53 dtd. 24.03.2021										
1800000	79th	07-08-2021	0	1800000	24-03-2021	07-08-2021	136	14.15	94902	56811
1800000	81st	07-09-2021	0	1800000	07-08-2021	07-09-2021	31	14.15	21632	13759
1800000	83rd	21-09-2021	0	1800000	07-09-2021	21-09-2021	14	14.15	9769	13315
1800000	85th	07-10-2021	0	1800000	21-09-2021	07-10-2021	16	14.15	11165	12427
1800000	87th	07-11-2021	0	1800000	07-10-2021	07-11-2021	31	14.15	21632	14647
1800000	89th	07-01-2022	0	1800000	07-11-2021	07-01-2022	61	14.15	42566	13759
1800000	91st	07-02-2022	0	1800000	07-01-2022	07-02-2022	31	14.15	21632	13759
1800000	93rd	07-03-2022	0	1800000	07-02-2022	07-03-2022	28	14.15	19539	12428
1800000	94th	07-04-2022	0	1800000	07-03-2022	07-04-2022	31	14.15	21632	13759
1800000	95th	07-05-2022	0	1800000	07-04-2022	07-05-2022	30	14.15	20934	0
1800000	96th	07-06-2022	0	1800000	07-05-2022	07-06-2022	31	14.15	21632	0
Total (D)									307036	164664
2. (iii) Second Mobilization Advance :- Third installment of ₹ 4200000 vide HR No. 01 dtd. 01.04.2021										
4200000	79th	07-08-2021	0	4200000	01-04-2021	07-08-2021	128	14.15	208412	119096
4200000	81st	07-09-2021	0	4200000	07-08-2021	07-09-2021	31	14.15	50475	32104
4200000	83rd	21-09-2021	0	4200000	07-09-2021	21-09-2021	14	14.15	22795	31069
4200000	85th	07-10-2021	0	4200000	21-09-2021	07-10-2021	16	14.15	26052	28997
4200000	87th	07-11-2021	0	4200000	07-10-2021	07-11-2021	31	14.15	50475	34175
4200000	89th	07-01-2022	0	4200000	07-11-2021	07-01-2022	61	14.15	99321	32104
4200000	91st	07-02-2022	0	4200000	07-01-2022	07-02-2022	31	14.15	50475	32104
4200000	93rd	07-03-2022	0	4200000	07-02-2022	07-03-2022	28	14.15	45590	28997
4200000	94th	07-04-2022	0	4200000	07-03-2022	07-04-2022	31	14.15	50475	32104
4200000	95th	07-05-2022	0	4200000	07-04-2022	07-05-2022	30	14.15	48847	0
4200000	96th	07-06-2022	0	4200000	07-05-2022	07-06-2022	31	14.15	50475	0
Total (E)									703391	370750
Total of (A+B+C+D+E) (ii)									**16798896**	**10653109**
Short deduction of Interest in case of second work = (16798896 - 10653109) = ₹ 6145787/- (II)										

Annexure-3.6

(Referred to in Paragraph no. 3.4)

Short Payment of Stamp Duty

(Amount in ₹)

Deed No & Date & Name of Licencee	Parking fee per Annum	Advance Rent of one month as per agreement i.e., 1/12th of col 2	Stamp duty pyable @ (2% of col.2- + 3% of col.3)	Stamp duty paid as per the deed executed as per col.1.	Short payment of Stamp Duty (Col.4 – Col.5)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
IN-CH29354963368860 dt 15.07.2021 M/s Pashchatya Entertainment (P) Limited, Delhi	5,51,11,111	45,92,592	12,39,999	3,67,335	8,72,664
IN-CH28992727156489T dt 23.07.2021 M/s Ram Sunder Prasad Singh, Patna	5,01,03,001	41,75,250	11,27,318	3,34,020	7,93,298
Total			23,67,317	7,01,355	16,65,962

Annexure-3.7

(Referred to in Paragraph no. 3.4)

Short recovery of License from M/s Pashchatya Entertainment Private Limited, Delhi

(Amount in ₹)

Month	Percentage of amount	Due amount	Deposited	Excess deposited	Net short deposited
January 2020	100% (8 days only)	1207915	1207915	Nil	Nil
February 2020	100%	4592593	4592593	Nil	Nil
March 2020	100% (upto 16th March)	2296297	4592593	2296296	-2296296
April 2020	NIL	NIL	NIL	Nil	Nil
May 2020	NIL	NIL	NIL	Nil	Nil
June 2020	45%	2066667	NIL	Nil	2066667
July 2020	45%	2066667	1785613	Nil	281054
August 2020	45%	2066667	2066667	Nil	Nil
September 2020	55%	2525926	2066667	Nil	459259
October 2020	60%	2755556	2066667	Nil	688889
November 2020	65%	2985185	3674075	688890	-688890
December 2020	100%	4592593	4665593	73000	-73000
January 2021	100%	4592593	2150000	Nil	2442593
February 2021	100%	4592593	2000000	Nil	2592593
March 2021	100%	4592593	NIL	Nil	4592593
Total		**40933845**	**30868383**	**3058186**	**10065462**

Total due = 4,09,33,845/-

Deposited = 3,08,68,383/-

Short deposited =1,00,65,462/-

Annexure 3.8

(Referred to in Paragraph no. 3.6)

Details of Inadmissible payment of allowances to the probationer

(Amount in ₹)

Month	TV No	Date	Half day pay	Kit Maintenance Allowance	Risk Allowance	Hard Ship Allowance	Ration Money Allowance	Total Inadmissible amount paid
Sept-18	19	15.10.2018	1029618	24840	46575	480033	1242000	2823066
Oct-18	12	05.11.2018	1021328	24640	46200	476168	1232000	2800336
Nov-18	2	03.12.2018	1039566	25080	47025	484671	1254000	2850342
Dec-18	26	03.01.2019	1041224	25120	47100	485444	1256000	2854888
Jan-19	8	01.02.2019	1041224	25120	47100	999776	1256000	3369220
Feb-19	6	07.03.2019	1032934	24920	46725	991816	1246000	3342395
Mar-19	11	08.04.2019	1034592	24960	46800	993408	1248000	3347760
April-19	11	02.05.2019	1030935	24840	46650	989896	1242000	3334321
May-19	8	03.06.2019	1006065	24240	45525	966016	1212000	3253846
Jun-19	11	01.07.2019	974563	23480	44100	935768	1174000	3151911
Jul-19	1	01.08.2019	1034251	24960	46875	994672	1248000	3348758
Aug-19	8	03.09.2019	1007723	24280	45600	1209510	1517500	3804613
Sep-19	10	03.10.2019	971800	23600	44325	1175680	1475000	3690405
Oct-19	2	01.11.2019	997775	24080	45225	1199560	1505000	3771640
Nov-19	14	09.12.2019	213882	5280	9900	262680	330000	821742
Dec-19	1	06.01.2020	169116	4120	7725	204970	257500	643431
Jan-20	12	10.02.2020	259477	6360	11925	316410	397500	991672
Feb-20	1	04.03.2020	261411	6400	12000	318400	400000	998211
Mar-20	108	06.04.2020	263622	6360	11925	316410	0	598317
Apr-20	541	01.05.2020	263622	6360	11925	316410	0	598317
May-20	1437	01.06.2020	263622	6360	11925	316410	0	598317
Jun-20	2024	01.07.2020	252016	6080	3000	0	0	261096
Total			16210366	391480	726150	14434108	19492500	51254604