CHAPTER VIII: MINISTRY OF EXTERNAL AFFAIRS

8.1 Avoidable expenditure due to delay in decision making

Delay in taking decision by the Ministry of External Affairs regarding construction proposals of Chancery-cum-Embassy residences and other buildings in four missions led to avoidable expenditure of Rs 26.27 crore on hiring of buildings.

Failure on the part of Ministry of External Affairs (MEA) to finalise promptly the construction proposals submitted by the missions at Beijing, Doha, Muscat and Gaborone resulted in avoidable expenditure of Rs 26.27 crore on rentals of buildings hired.

The Public Accounts Committee in their 108th Report (1987-88)– Eighth Lok Sabha, recommended that a long-term perspective plan comprising both acquiring built up properties and construction of buildings is absolutely essential. The long-term plan may provide broad parameters within which short term plan should be filled in. The Government should, therefore, draw up long-term plan, which should provide the acquisition of plots and immovable properties, and construction of buildings on plots already acquired based on a pragmatic plan so that rental outgo, which is increasing year after year, is reduced to the barest minimum.

Scrutiny of records of Embassies of India (EI) at Beijing, Doha, Muscat and High Commission of India (HCI), Gaborone revealed that due to delay in taking decision on the construction proposals by the MEA on the plots acquired by Government resulted in avoidable expenditure of rent which these Missions paid for hiring of accommodations as detailed below:-

EI, Beijing

Two plots of land measuring 21,504 sq. meters (plot A) and 13,500 sq. meters (plot B) were purchased by the Government of India in Beijing from the Peoples Republic of China in March, 1986. Plot A had existing structure wherein Chancery and Embassy Residence are housed. The property rights of these plots including that of the existing structures and the vacant plot B were transferred by an agreement signed between India and China on 28 December, 1989. The possession of plot B was taken over by the Mission in 1991. As per land-lending agreements, the construction on plot B was to commence within a period of three years of taking over possession.

Though M/s. Raj Rewal Associates, Architect, were appointed as consultants in September 1994 and asked to provide conceptual designs for the project, the agreement could be finally signed only in December 1999.

However, the consultant did not submit the plans even as of March 2000. During the last ten years, the Ministry could not decide the utilisation of these plots inspite of various proposals made by the Mission. It was only in April 1999 that a property team visited Beijing and finalised the criteria for utilisation of these plots. The property team recommended that the two plots of land be utilised in the following manner:

(a) The Embassy Residence at plot A be extensively renovated and repaired and a new Chancery including residential accommodation for essential staff be constructed thereon.

(b) The plot B be utilised for constructing residences for Deputy Chief of Mission, Representational Officers and other staff members. Additional facilities such as recreational facilities, a multi purpose auditorium and Indian School building also be constructed on this plot.

Indecision by the Ministry caused the Mission to take 43 accommodations on lease to accommodate its staff. Considering that rentals in Beijing are escalating at 10 to 15 *per cent* annually, the rental liability will increase further.

The failure on the part of Ministry to finalise the land use of the plots acquired ten years back resulted not only in payment of rent of Rs 20.80 crore for the period 1994-95 to 1999-2000 but also delayed the construction which would further escalate the cost of Project.

EI, Doha

In 1979, Government of the State of Qatar allotted a plot of land measuring 5005 sq. meters in the Diplomatic Area in Doha on reciprocal basis for construction of Chancery-cum-Embassy residence and few essential staff quarters. M/s Rajinder Kumar and Associates were appointed as consultants in October 1984. The estimated cost of the project was assessed as Rs 4.33 crore in 1990-91. The consultant fee was 5 *per cent* of the estimated cost which worked out to Rs 21.67 lakh. Out of this Rs 7.58 lakh were paid in August, 1990. By 1990, the project was ready for construction but was interrupted due to Gulf war. But later on, Qatar authorities insisted for acquisition of plot for their Embassy in Delhi on reciprocal basis. This issue was settled on signing of revised lease agreement in September 1994 and the project was revived in 1995.

As per agreement, the construction of the buildings was to be completed within a period of two years from the date of signing of agreement. But no action was taken thereafter to get the work awarded except short listing of pre-qualified contractors for tender. Even the drawings of the project were not submitted to the local authorities for their approval as of July 1999. However, in September 1998 a three member property team visited Doha to finalise the contract but its findings were neither available nor produced to Audit.

On one hand the construction project was not commenced, on the other an expenditure of Rs 1.55 crore on rent for Chancery and Embassy residence during the period from October 1996 to March 2000 was incurred, while the original project cost was Rs 4.33 crore.

EI, Muscat

Government of the Sultanate of Oman earmarked a plot of land measuring 12,557 sq. meters in August 1974 for construction of Indian Chancery-cum-Embassy residence in Muscat on reciprocal basis but the agreement between Government of Oman and Government of India was signed in December 1991 i.e. after 17 years. As per agreement, the construction of the buildings was to be completed within two years from the date of taking possession of land. A team of three architects was sent by the Ministry to Muscat in July 1993 who submitted conceptual designs on return to India.

In October 1994, M/s Bose Brothers, Architect, was selected as consultant for the construction of the work Chancery-cum-Embassy residence. No agreement, however, was signed with them. Thereafter, no action was taken by the Ministry to appoint the contractor and start work except exchange of correspondence. Subsequently, in August 1999, Ministry selected another architect M/s Babbar and Babbar as consultant and an agreement was signed with him in June 2000. The consultant was directed to make fresh designs based on the present requirements. Accordingly, even the designs could not be submitted to Oman authorities as of October 2000.

As no developmental activities could be started by the MEA on the allotted plot even after expiry of sixteen years, the Government of Sultanate of Oman proposed in May 1998 to take it back in lieu of another plot which was not at prime location.

Delay in taking up the project caused the Government to incur an avoidable expenditure of Rs 3.26 crore on rent paid for hiring of Chancery-cum-Embassy residence during January 1995 to March 2000 coupled with the danger of losing the prime location plot.

EI, Gaborone

A plot of land measuring 3,691 sq. meters was purchased by the Government of India in March 1990 at an approximate cost of Rs 33.33 lakh in Gaborone (Botswana) for construction of High Commissioner's residence.

The Embassy appointed M/s. K.P. Narola, Architect, as consultant in September 1995 at a fixed lump sum fee of Rs 10.76 lakh out of which Rs 4.31 lakh being 40 *per cent* of fee was paid to him in August, 1996. The Embassy sent a set of draft tender documents and drawings prepared by the consultant to the Ministry in February 1996 and the list of reputed contractors in Botswana who were short listed in October 1996 for their approval. But no decision could be taken by the Ministry to select the contractor and hence the work could not be started as of March 2000. The estimated cost of the project which was Rs 1.59 crore in February 1995 escalated to Rs 2.88 crore in November 1998 registering a 81 *per cent* increase in the estimated cost.

Therefore, delay in appointment of consultant and selection of contractor by the Ministry has resulted not only in failure to meet the objective of construction of High Commissioner's residence even after a lapse of ten years but also in escalation of cost. The High Commissioner was continued to be accommodated in the leased accommodation and the Government incurred avoidable expenditure of Rs 65.99 lakh during April 1992 to March 2000.

The Ministry stated in February 2001 that the total cost of the four projects would be Rs 93 crore for which an annual investment return would be around Rs 9 crore and therefore, strictly in financial terms, there was no loss to Government and in fact there have been savings by continuing to remain in the rented premises. The reply is not only untenable, it questions the wisdom of the Government decision itself. It conveniently ignores the fact that the Government had acquired plots for the construction of buildings only, hence the present defence is just an after thought. Further, the resources for construction were not required to be kept blocked as a corpus, but spent progressively in line with construction.

8.2 Prime land lying vacant

Ministry of External Affairs did not take any decision for more than three decades in constructing the Embassy complex on the plot gifted by the Government of Brazil in 1965; and, paid over Rs 11.23 crore on rent of leased buildings, expenditure on property tax and local taxes, expenditure on visits of property teams etc. between 1983-84 and November 1999.

Government of Brazil gifted a plot of 25,000 square metres land in 1965 to the Indian Embassy in Brasilia for the construction of an Embassy Complex. Brazilian Foreign Office had made it known that they attached political significance to construction of the embassy on the gifted land as a symbol of that country's presence and the seriousness with which that country took its relations with Brazil. India is one of the few countries that had not constructed on the gifted plot. Further, there is reportedly considerable demand for allotment of plots. There is likelihood that at some stage the vacant plot might be taken back by the Brazilian Government for allotment to other waiting countries. In 1995, the market value of this plot was approximately US$ 8.00 million, i.e. which worked out to Rs 36.73 crore at October 2000 exchange rate. Paragraph 26.8.6 of the Report (Civil) of the Comptroller and Auditor General for the year ending March 1989 (Report No.

13 of 1990) made a mention about the inordinate delay in the construction of Embassy complex on the plot gifted by the Government of Brazil.

The gifted plot of land remains vacant till date. The Embassy continues to hire accommodation to house the Chancery, Embassy residence and residences for its officers and staff, involving an outgo of around Rs 11.23 crore between 1983-84 to November 1999 towards rents, intermittent shifting of Embassy premises, visits of property teams to Brasilia, fencing of the plot, and payment of local taxes on the plot and properties leased by the Embassy.

Thus, MEA's indecision in the matter has, besides diplomatic implications, resulted in idling of prime property gifted by the host country for construction of the embassy.

While admitting the above facts, MEA stated in August 2000 that it is still under consideration whether it would be cheaper to purchase the present leased Embassy Residence and Chancery than to construct them on the gifted plot.

8.3 Injudicious retention of redundant system

Delayed decision to close the redundant Zonal Telex Centres at Tokyo and Bahrain resulted in infructuous expenditure of Rs 10.83 crore.

The Ministry of External Affairs (MEA) set up Zonal Telex Centres in Indian Missions at Tokyo and Bahrain in August 1984 and July 1988 respectively.

The Foreign Service Inspectors (FSI) team during their review had suggested in 1989 that the utility and organisation of Zonal Centres should be reviewed in the light of the reliable and cheaper alternative of fax available with most Missions. However, the Zonal Centre at Bahrain continued functioning till October 1999 when the Mission felt that transmission of External Publicity Transmission (XPT) line was just a duplication of Press Trust of India (PTI) transmission and decided to dispense with it. By using Fax machines the Mission could have saved Rs 2 lakh *per annum* on stationary, cable charges and manpower. However, the review of the centres as suggested by the FSI was not conducted. As a result, inspite of availability of latest communication systems viz. fax, e-mail etc. in every connected Mission, the old Telex system has been functioning till now. The Mission, thus, incurred avoidable expenditure of Rs 8.04 crore in Tokyo from July 1994 to June 2000 and Rs 2.79 crore in Bahrain on a redundant system, during 1996-97 to 1999-2000.

The Ministry stated in August 2000 that they had a system of coding and decoding cipher messages which needed to be sent through punched tape. Until an alternative could be found to this "Punched Tape System" modernisation of Telegraph section could not be implemented and the Telex System in missions abroad could not be dispensed with.

The reply of the Ministry is not tenable in view of the fact that the Missions were already using advanced systems and were not dependent on the Zonal Telex Centres for transmitting cipher messages. Continuance of the redundant system resulted in the infructuous expenditure of Rs 10.83 crore on the maintenance of the infrastructure and the establishment of Zonal Telex Centres.

8.4 Accumulation of local currency reserves because of deficient cash management

Due to deficient cash management and lack of concrete utilisation plan Mission/Posts in Iran have accumulated Rs 3.28 crore equivalent of local currency whose inherent value is steadily falling.

By March 2000, Indian Mission/Posts in Iran have accumulated non-convertible and non-repatriable Iranian currency amounting to Rs 3.28 crore. The Missions/Posts have been receiving the local currency by way of consular receipts, interest on Fixed Deposits etc. Over a period of time, these reserves have accumulated Iranian Rial (IRR) 6101.70 million equivalent to Rs 3.28 crore as on 31 March 2000. The Mission/Post-wise break up is as follows:

Rs in crore

Mission/Post	Accumulation in IRR	Equivalent to INR (1 Re. = 185.927)
Embassy of India, Tehran	5,349,666,011	2.87
Consul General of India, Shiraz	535,359,258	0.29
Consul General of India, Zahidan	216,679,860	0.12
Total	**6,101,705,129**	**3.28**

It was observed in audit that the Mission/Posts continue to utilise hard currency received from India for payment of salaries to India based officers and staff, salary to local staff, payment of rentals of leased accommodations etc. Mission in Tehran is utilising 15.1 *per cent* of the receipt of local currency for its day-to-day expenditure. Despite low utilisation of local receipts, the local staff is being paid full salary in hard currency since February 1994, though during October 1993 to January 1994 only 50 *per cent* of these payments were made in local currency. Further, though local funds with the Mission continued to be far in excess of the stipulated six weeks requirement of Rs 76.25 lakh, hard currency continues to be remitted from India for Mission's requirements. As a result, the local currency reserves continuously increased at the rate of IRR 87.36 million on an average per month in the absence of measures for its full utilisation.

In February 1997, the Ministry had suggested that as a long-term measure, payment to local staff and payment of rentals for the leased accommodations should be made in local currency. The Ministry asked the Mission to send proposals for purchase of property for consideration of the Ministry so that the accumulated local currency reserve could be used in acquiring assets. In response, the Mission sent some property proposals for consideration of the Ministry but the Ministry is yet to take a decision. As regards payment of wages to local staff in local currency the Mission was of the opinion that there was likelihood of the majority of local staff leaving their jobs and it would be difficult to find suitable and experienced substitutes. The Mission in Tehran has been incurring Rs 60 lakh *per annum* in hard currency for payment of wages to local staff. Regarding payment of rentals in local currency, the Mission stated in April 1998 that the leased properties mostly belonged to Non-resident Iranians who were interested in getting payments in hard currency. The Mission further stated that though it was possible to hire accommodations on payment in Rials but, the rentals in that case would be more than double the present level. But no assessment was done by the Mission to find out the exact financial implication involved in switching over to payments in local currency. Even though the orders of the Ministry have not been implemented, the Ministry has until now not examined the grounds advanced by the Mission for not implementing its orders. Nor has it proposed any alternative.

It was also observed that with the devaluation of Iranian currency the accumulated balance with the Indian Mission too is getting devalued. While the value of accumulated funds in August 1998 was Rs 5.05 crore, it fell to Rs 3.28 crore in March 2000.

Audit reported the matter to the Ministry in November 2000; who have not replied as of February 2001.

8.5 Unauthorised expenditure on staff paid from contingencies

Employment of staff paid from contingencies in violation of Government orders resulted in unauthorised expenditure equivalent to Rs 2.88 crore during the period from 1997-98 to 1999-2000.

Rules governing financial powers of the Government of India's representatives abroad forbid the Heads of Mission from employing staff paid from contingencies for work of a regular nature or against the vacant posts borne on the regular establishment. The Ministry of External Affairs also advised all Missions/Posts in October 1991 not to employ any one without the Ministry's sanction and not to continue any appointment made in urgent and pressing circumstances beyond six months without their approval.

During the period of three years from 1997-98 to 1999-2000 Embassy of India, Washington appointed between 18 and 25 staff paid from contingencies, for work of regular nature such as clerical help, messenger etc most of whom were in continuous employment for periods beyond six months. The Mission incurred a total expenditure of US$ 704,616.81 equivalent to Rs 2.88 crore during that period on them.

Report of the Comptroller and Auditor General of India No.2 of 1999, Union Government (Civil) had also pointed out unauthorised expenditure of Rs 2.60 crore on similar account in 15 Indian Missions in Europe. Though by engaging contingent staff without proper sanction for periods extending beyond 6 months, the Mission in Washington, like the 15 Missions in Europe referred to in the above report, had continued to act beyond its delegated powers, Ministry had neither moved to reassess the manpower requirements of the Mission nor ensured termination of unauthorised employment of staff by the latter.

Failure on the part of the Ministry to act and to secure compliance with its orders had compromised its internal control systems.

Audit reported the matter to the Ministry in November 2000; who have not replied as of February 2001.

8.6 Wasteful expenditure

Consulate General of India, Houston leased a Chancery premises in December 1995 in excess of the space norms prescribed by the Ministry of External Affairs and incurred-avoidable excess expenditure of Rs 1.24 crore towards rent up to October 2000, besides incurring a liability of Rs 1.76 crore up to November 2005.

The Ministry of External Affairs (MEA) approved in May 1995 a rental ceiling of US $ 12000 per month for Chancery premises of Consulate General of India (CGI), Houston subject to the proviso that the accommodation to be leased was within the space norms. The Post leased 11,353 sq. ft. of office space at Three Post Oak Central with effect from 1 December 1995, for 10 years for US $ 13,245.17 per month, to begin with, at the rate of US $ 14 per sq. ft. per year. The lease agreement provided rent increase after every two years by $ 1 per sq. ft. per year.

The lease rent comprises base rental and tenant's proportionate cost of cleaning, repairs and maintenance, utilities, security, administrative expenses, management fees, insurance and real estate taxes.

The CGI's sanctioned staff strength was only nine India-based officers and eight local staff. Per the MEA's space norms, the CGI's space requirement for Chancery premises worked out to only 7301 sq. ft. The Chancery, therefore, had leased an area of 4,052 sq. feet in excess of the stipulated norms. This resulted in avoidable additional expenditure of US $ 309,046.04 equivalent to Rs 1.24 crore as rental towards excess space from December 1995 till October

2000, with further commitments of $ 369,731.49 equivalent to Rs 1.76 crore for the period up to November 2005.

Report of the Comptroller and Auditor General of India No. 2 of 1999, Union Government (Civil) had pointed out extravagant expenditure on leasing of office space by CGI, Birmingham against their maximum requirement of space assessed by MEA. The Ministry needs to revamp its control systems to ensure compliance to its instructions in order to avoid such excess expenditure.

Audit reported the matter to the Ministry in November 2000; who have not replied as of February 2001.

8.7 Deficient cash management and loss of interest

Deficient financial control in the Consulate General of India, Dubai and Permanent Mission of India, New York resulted in holding of excess cash with consequential loss of interest of Rs 69.70 lakh.

The Ministry of External Affairs (MEA)'s standing instructions require that closing balance of cash during any month in any Mission or Post should not exceed six weeks' requirement. The instructions also require the Missions and the Posts to send request for special remittance in terms of those instructions, in case any authorised expenditure is anticipated.

Audit found in test check at Consulate General of India (CGI), Dubai and Permanent Mission of India (PMI) New York that they retained cash in excess of six weeks' requirement as detailed below, in violation of the MEA's instructions with consequential loss of interest.

	Period	***Loss of interest (Rs in lakh)**
CGI, Dubai	1996 to 1998	19.49
PMI, New York	1998 to 2000	50.21
Total		**69.70**

(Period of calculation for interest is May 1996 to February 1999)

* Calculated at the maximum borrowing rate of Government of India at 14 *per cent* on deposits kept in excess of six weeks requirements

Comptroller and Auditor General's Audit Reports of 1997, 1998 and 2000 (No. 2) of Union Government (Civil) have made mention of similar cases persistently, yet the mismanagement of cash holdings continues. The MEA needs to tone up its systemic controls to ensure that the Missions and the Posts follow its standing instructions rigorously, and suitable administrative action visits those who default.

Audit reported the matter to the Ministry in November 2000; who have not replied as of February 2001.

8.8 Non-accountal of 50th anniversary celebration funds

The Indian Missions abroad spent Rs 48.31 lakh out of Rs 58.46 lakh, sanctioned for celebration of 50th anniversary of India's independence without acceptable evidence of expenditure.

With the objective of celebrating the 50th anniversary of India's independence, Ministry of External Affairs (MEA) allotted separate funds to all Indian Missions/Posts abroad during June 1997. As per the orders allotting the funds to the missions/posts, the expenditure was to be booked under a separate head of account opened for this purpose and the expenditure was to be supported by proper receipts/sub-vouchers, which were required to be produced to Audit for scrutiny. The missions/posts were also required to maintain a separate expenditure register for this purpose.

Cases of flouting of these instructions and non-submission of detailed accounts by various missions/posts abroad leading to objectionable expenditure of Rs 16.26 lakh were included in Report No.2 of 2000, Union Government (Civil).

A scrutiny of records in eight missions/posts disclosed that Rs 58.46 lakh were granted to them as shown below:

Name of Mission/Post	(Figures in lakh)			
	Amount allocated	**Amount spent**	**Amount surrendered**	**Unspent balance**
EI*, Abu Dhabi	7.00	1.52	2.43	3.05
CGI$^{\alpha}$, Durban	4.80	5.42	---	---
CGI, Hong Kong	3.50	3.50	---	---
EI, Kathmandu	20.00	19.21	---	0.79
EI, Muscat	5.71	4.61	---	1.10
HCI$^{\psi}$, Port Louis	2.50	2.50	---	---
CGI, Shanghai	4.95	4.95	---	---
EI, Yangon	10.00	6.60	---	3.40
Total	**58.46**	**48.31**	**2.43**	**8.34**

* Embassy of India α Consulate General of India ψ High Commission of India

Sample checks disclosed that in eight missions/posts, grants aggregating to a sum of Rs 58.46 lakh, were either drawn by Head of Mission (HOM) / Head of Post (HOP) as advances, which remained unadjusted or were paid to them as reimbursement of expenditure without acceptable proof of expenditure such as receipts or sub-vouchers. They spent Rs 48.31 lakh on functions relating to 50th anniversary of India's Independence celebration. The Embassy of India, Abu-Dhabi surrendered a part advance of Rs 2.43 lakh. The four Missions/Posts (including Abu-Dhabi) did not surrender the balance amount of Rs 8.34 lakh even after closure of ceremony on 15 August 1998. Having laid down a system for expenditure from the grants and accounting of the expenditure, Ministry did not ensure that the systems were in place and the instructions issued by them in this regard were being followed by the Missions/Posts.

The details of expenditure of Rs 48.31 lakh held by Audit "under objection" for want of acceptable evidence of expenditure are as under:

(a) **EI, Abu-Dhabi** was paid an advance of Rs seven lakh out of which Rs one lakh was drawn and spent by the Ambassador for special Independence Day reception in August 1997 without any evidence of expenditure. Rs 52,207 were spent on Photo-exhibition and an amount of Rs 2.43 lakh was surrendered to MEA in May 1998. Balance amount of Rs 3.05 lakh was earmarked for future expenditure and was not surrendered.

(b) **CGI, Durban,** out of the allocated funds of Rs 4.80 lakh, spent Rs 4.06 lakh. The receipts or sub-vouchers were not available. Further, a sum of Rs 1.36 lakh was also spent by the Post on the Independence celebrations which were booked under the head 'Publicity' instead of booking under the head which was specifically mentioned in the sanctioning letter.

(c) **CGI, Hong Kong** spent Rs 3.50 lakh for organising occasion of 50th Anniversary of India's Independence for which the Mission had not maintained the receipts or sub-vouchers.

(d) **EI, Kathmandu** was granted Rs 20 lakh. The Mission neither rendered the detailed account of Rs 19.21 lakh spent nor surrendered the unspent balance amount of Rs 0.79 lakh to MEA. Further advances amounting to Rs 2.35 lakh given to various officials for organising functions were also booked under the statement of expenditure incurred, details of which were also not available.

(e) **EI, Muscat** was granted Rs 5 lakh for the purpose. The Mission spent Rs 4.61 lakh on account of cultural shows. Unspent balance amount of Rs 0.39 lakh was not surrendered to MEA. Further Rs 0.71 lakh sanctioned by MEA were also spent on payment towards food and beverages charges. However, the details of the expenditure were not available on records.

(f) **HCI, Port Louis** was allocated Rs 2.50 lakh out of which Rs 69,883.00 were paid in US$ 1643.53 to High Commissioner towards cost of buffet dinner hosted by him on 15 August 1998.

However, details of which were not available on records. As required the High Commission did not render any detailed account but submitted only a statement showing expenses of Rs 2.50 lakh incurred on activities for this expenditure to MEA.

(g) **CGI, Shanghai** was granted Rs 4.95 lakh. The Consulate General did not render any detailed account but submitted only a statement showing expenditure of Rs 4.95 lakh incurred on activities for this expenditure to MEA as required.

(h) **EI, Yangon** was granted Rs 10 lakh. The Mission neither rendered any account for Rs 6.60 lakh spent to the MEA as required nor surrendered the unspent amount of Rs 3.40 lakh.

Upon being pointed out by Audit, the respective missions/posts failed to produce any evidence. The CGI, Hong Kong stated that the 50th anniversary was celebrated along similar lines providing the people of Hong Kong a glimpse of the rich heritage of India.

Since the expenditure on 50th anniversary celebrations of India's independence was not to be admitted on the basis of certificate as in the case of Representational Grant, but on the basis of acceptable evidence, the expenditure of Rs 48.31 lakh was held as objectionable.

Audit reported the matter to the Ministry in November 2000; who have not replied as of February 2001.

8.9 Unauthorised expenditure on pay and allowances

Embassy of India, Athens incurred unauthorised expenditure of Rs 20.35 lakh on payment of pay and allowances of a local employee continued in service irregularly for seven years beyond the date of her superannuation.

The Ministry of External Affairs (MEA) had given clear instructions in March 1988 that all local employees of the missions must be made to retire on their due date of superannuation, per the age of retirement prescribed by the Government of India for each mission; and, had said that the cases of extension of service would need the prior approval of the Ministry. MEA had also fixed the retirement age of the local employees of Embassy of India (EI), Athens at 65 years for men and 60 years for women vide their letter dated 13 June 1990.

Violating MEA's clear instructions, EI, Athens continued to employ a local woman, employed by it in 1989 as a clerk/typist, till 29 February 2000, over seven years beyond her normal date of superannuation on 28 February 1993. EI, Athens also granted to that employee the benefits of revised scales of pay and annual increments after the due date of retirement in contravention of the instructions issued by MEA.

The Mission incurred unauthorised expenditure of Rs 20.35 lakh on payment of pay and allowances of the employee continued in service irregularly during the period from March 1993 to February 2000. Ministry has neither approved the extension of the service nor taken action to fix responsibility for the failure of the mission to retire the official, especially when the employee was appointed at the age of 56 years. The Ministry needs to suitably strength its internal control system to avoid recurrence of such cases.

Audit reported the matter to the Ministry in July 2000; who have not replied as of February 2001.

8.10 Unauthorised expenditure due to retention of car against the orders of MEA

Embassy of India at Belgrade spent Rs 12.29 lakh on a car retained by them unauthorisedly in disregard of the specific orders of Ministry of External Affairs.

A case of unauthorised retention of car by the Embassy of India at Oslo for 12 years in disregard of the specific orders of Ministry of External Affairs (MEA) was brought out in the Report of the Comptroller and Auditor General of India for the year ended March 1999, No. 2 of 2000 (Civil). The instances of the Missions acting in disregard of MEA's instructions have also been reported in the Reports of Comptroller and Auditor General of India. In yet another case, the Mission at Belgrade did not comply with the orders of MEA.

The Mission in Belgrade had a flag car and a staff car as of December 1994. MEA decided in January 1995 to reduce the strength of the cars in the Mission from two to one and directed the Mission to dispose off the staff car. In April 1995, MEA directed the Mission to dispense with the post of a local chauffeur.

Yet, the Mission continued to retain the staff car and the local chauffeur. In October 1995 the Mission's flag car was stolen. In response to request for replacement of the staff car with a new one, MEA reiterated in January 1997 that the only one flag-cum-staff car was sanctioned for the Mission and turned down the request for replacement of the stolen car. Despite the categorical rejection of its proposal, the Mission replaced the staff car. The Mission is not delegated powers to sanction purchase of new car.

Thus, barring a period of 18 months during October 1995 to March 1997, the Mission retained two cars at their disposal. During the period between April 1995 when the post of locally recruited chauffeur was abolished and May 2000, the Mission spent Rs 12.29 lakh on wages to the local chauffeur and maintenance of the staff car. More importantly, the action of the head of the Mission undermined the authority of MEA, whose orders were flouted by the

Mission. This would require appropriate action against the head of the Mission by the Ministry.

The Ministry sought to justify the unauthorised action by the Head of the Mission (HOM) in retaining the staff in August 2000 on the grounds of breakdown of law and order in the former republic of Yugoslavia. It added, however, that the Mission had disposed of the additional car in August 2000 before being pointed out by audit and the services of the local chauffeur would be terminated after the India-based driver joined the Mission.

The Ministry's attempt to justify the disregard of its own orders by the Mission is a post audit response, to condone the unauthorised action by the Mission. The Ministry ought to have been aware of the factors advanced now in response to the draft audit paragraph, even when it had decided to reduce the strength of the vehicles and abolish the post of the local chauffeur. Even as late as January 1997, the Ministry had categorically rejected the request for purchase of additional car, which the Mission ignored.

8.11 Wasteful expenditure on House Rent

Indian Consulate at Houston incurred wasteful expenditure of Rs 10.40 lakh on rent, and on maintenance and repairs of a house, which remained unoccupied for over six months;and, which was hired in disregard of the Ministry's instructions.

In May 1998, the Ministry of External Affairs (MEA) transferred Deputy Consul General (DCG) of the Indian Consulate at Houston (ICH). This transfer was part of a chain and was not specifically time bound. Meanwhile, the lease of the house hired by ICH for its DCG was to expire on 5 September 1998. The transferred DCG requested MEA in July 1998 to sanction hiring another house beyond September 1998 in anticipation of extension of his stay at Houston, and on the plea that the landlady was not willing to extend the lease. On 28 August 1998 MEA informed ICH of the decision that the transferred DCG should instead return to India by 1 October 1998. Yet ICH relieved the officer only on 8 December 1998, who finally left Houston on 20 December 1998. Furthermore, disregarding MEA's implicit injunction, ICH rented another house on one year lease at a rent of $ 2500 p.m. through a lease agreement effective from 4 September 1998. The new DCG joined ICH only after six months, on 21 June 1999. The house rented for DCG remained unoccupied and ICH also spent US$ 7558.46 on repairs and maintenance during that period. The new DCG occupied that house briefly from 21 June 1999. He vacated it on 15 August 1999, 20 days prior to the expiry of the annual lease.

ICH spent a total of $ 24,235 (= Rs 10.40 lakh at average rate $l=Rs 42.97) wastefully on the rent for the period 21 December 1998 to 20 June 1999 (=$15,054=Rs 6.44 lakh at average rate $l=Rs 42.75) and for the period 16 August 1999 to 4 September 1999 (=$ l,623=Rs 0.71 lakh at average rate $l=Rs 43.54) and on repairs and maintenance (=$ 7,558=Rs 3.25 lakh at average rate $1=Rs 42.97) of the unoccupied house.

The new DCG replying on behalf of ICH stated that the expenditure was unavoidable and unforeseen. His reply did not respond to the audit observation why ICH rented the house on yearly lease, in disregard of MEA's instructions.

Audit reported the matter to the Ministry in April 2000;who have not replied as of February 2001.

8.12 Follow up on Audit Reports

Despite repeated instructions/recommendations of the Public Accounts Committee, the Ministry did not submit remedial/corrective Action Taken Notes on four Audit Paragraphs.

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Civil) as of October 2000 revealed that the Ministry has failed to submit ATNs in respect of four Paragraphs included in the Audit Reports up to and for the year ended March 1999 as detailed below :

Number and year of the Audit Report	Paragraph number	Subject
2 of 1999	4.2.2	Extra expenditure on purchase of property beyond entitlement
2 of 2000	8.6	Appointment/retention of personnel and inadmissible payments
2 of 2000	8.9	Irregular payments in US dollars instead of local currency
2 of 2000	8.12	Extra expenditure due to payment of higher air fare

Audit reported the matter to the Ministry in December 2000; who have not replied as of February 2001.