# CHAPTER V: MINISTRY OF EXTERNAL AFFAIRS

## 5.1 Unauthorised expenditure on engagement of contingency paid staff

**The Missions and Posts abroad continued to employ staff paid from contingencies and local staff in disregard of the rules and specific instructions of the Ministry governing the employment of locally recruited staff, resulting in unauthorised expenditure of Rs. 2.28 crore.**

Successive Reports[1] of the Comptroller and Auditor General of India have highlighted disregard of Schedule I of Financial Powers of the Government of India's Representatives Abroad and Ministry's instructions by various Missions and Posts regarding engagement of contingency paid staff. In its Action Taken Notes furnished in January 2001, May 2002, December 2004 and June 2005, the Ministry stated that instructions had been issued to the Missions and Posts emphasising the need to adhere to the rules and regulations, failing which responsibility would be fixed on errant officers.

Despite earlier audit findings and assurance given by the Ministry, the Missions at Bangkok, Canberra, Dhaka, Islamabad, Kuwait, Riyadh, Shanghai, Sydney and Tokyo continued to violate the rules and specific instructions of the Ministry reiterating compliance to them. These Missions employed staff paid from contingencies for works of regular nature for prolonged periods in disregard to the orders of the Ministry. This resulted in unauthorised expenditure of Rs. 2.28 crore as detailed in the **Annex-A.**

The Ministry stated in October 2007 that the action to disengage/regularise the contingency paid staff had been initiated.

The Ministry needs to fix responsibility for disregard of its instructions by the Missions and establish a system to instill better financial discipline among the Missions. Further, the Ministry may exercise proper budgetary control by allocating specific budget for contingency staff with instructions to limit the expenditure within the budget specifically provided for subject to the fulfillment of the conditions in the orders of the Ministry.

[1] Paragraph No. 4.1.1 of Report (No. 2 of 1999), Paragraph No. 8.6 of Report (No. 2 of 2000), Paragraph No. 9.2 of Report (No. 2 of 2002), Paragraph No. 4.1 of Report (No. 2 of 2003), Paragraph No. 2.3 of Report (No. 2 of 2004), Paragraph No. 4.2 of Report (No. 2 of 2006) and Paragraph No. 7.2 of Report (No. 2 of 2007) of the Union Government – Civil of the Comptroller and Auditor General of India.

## 5.2 Retention of cash in excess of requirement

**Failure of the Mission to repatriate promptly cash of Rs. 150.28 crore, not required by it, to the Ministry had an interest implication of Rs. 1.09 crore.**

Retention of cash in excess of requirement by the Embassy of India at Thimpu during 2004-05 and 2005-06 and consequent loss of interest of Rs. 58 lakh was highlighted in paragraph 7 of Report No.2 of 2007 (Civil) of the Comptroller and Auditor General of India.

Audit of the Mission at Thimpu in April 2007 further disclosed that it received two cash remittances by the Ministry aggregating Rs. 150.28 crore for Government of India assisted projects in Bhutan on 01 April 2006. Meanwhile, the Mission had already issued State Bank of India cheques of identical amount for the projects. Rather than remitting the cash received on 01 April 2006 back to the Ministry promptly, the Mission retained the remittances for 33 days before repatriating them to the Ministry in May 2006. The interest cost as a result of the amount unnecessarily kept out of the Consolidated Fund of India was Rs. 1.09 crore[2].

On the matter being pointed out by Audit in July 2007, the Ministry stated in December 2007 that due to delay in banking transactions, the remittances could not reach the Mission by 31 March 2006 and the Mission made the payments through State Bank of India cheques and repatriated the entire remittance of Rs. 150.28 crore. The Ministry, however, did not address the issue of delay in repatriation of the whole amount of Rs. 150.28 crore to it by the Mission.

The Ministry needs to determine accountability for unnecessary delay in repatriation of funds by the Mission and strengthen its internal controls.

## 5.3 Extra expenditure due to hiring of residential accommodation in excess of entitlement

**Missions and Posts at Beijing, Mandalay, Tripoli and Ulaanbaatar hired accommodation for their India-based officers and staff in excess of plinth area norms prescribed by the Ministry resulting in extra expenditure of Rs. 91.05 lakh during 2002-03 to 2006-07.**

Para No. 7.1.2 of the Report No. 2 of 2007 of the Comptroller and Auditor

[2] At the average borrowing rate of interest of the Government of India at 8 *per cent per annum.*

General of India had highlighted non-adherence to the plinth area norms[3] by Missions and Posts abroad in hiring of residential accommodation for their officers and staff.

Subsequent audit of the Missions and Posts abroad in April-May 2007 disclosed that the Missions/Posts at Beijing, Mandalay, Tripoli and Ulaanbaatar hired residential accommodation far in excess of ceiling on plinth area norms fixed by the Ministry. This resulted in extra expenditure of Rs. 91.05 lakh as under:

| Sl. No | Name of Mission/Post | Number of residences | No. of months of retention | Proportionate rent for excess area (*Rupees in lakh*) |
|---|---|---|---|---|
| 1. | Beijing | 28 | 12 | 56.11 |
| 2. | Mandalay | 10 | 3-55 | 29.68 |
| 3. | Tripoli | 2 | 12-36 | 4.85 |
| 4. | Ulaanbaatar | 1 | 11 | 0.41 |
| **Total** | | | | **91.05** |

In two other cases of Beijing, the Ministry approved the hiring of accommodation with plinth area 183 sq. metre in relaxation of its own prescribed norms of 150 sq. metre. There was no evidence that possibility of hiring accommodation close to the plinth area norms was exhausted completely.

On being pointed out by Audit in April-May 2007, the Missions at Ulaanbaatar and Tripoli stated in April-May 2007 that due to representational obligations, accommodation was provided to officers on a higher scale. The Mission at Beijing stated in May 2007 that it was not practical to locate rented apartments within the prescribed norms. The contentions are not acceptable since the Ministry has determined the norms after taking into account all relevant factors and most Missions/Posts are able to comply with the norms.

The Ministry needs to ensure that prescribed norms are adhered to and should evolve a system to determine accountability for disregard of its orders and provide for recovery of the extra expenditure caused by such decisions.

The matter was referred to the Ministry in July 2007; thier reply was awaited as of January 2008.

[3] Counsellor- 170 sqm, First/Second Secretary- 150 sqm, Third Secretary/Attache /PS/Sr. PA/Vice Consul- 110 sqm, LDC/UDC/Assistant and other non-diplomatic staff- 75 sqm and Class IV and Security Guards- 40 sqm

## 5.4 Avoidable payment of compensation due to poor maintenance of a leased property

**Poor maintenance of a property leased by the High Commission of India, London led to payment of compensation of £ 50,000 (Rs. 44.12 lakh) to the landlord. No action was taken to recover the amount from the occupant of the property. Besides, the High Commission of India incurred legal expenses of £ 53,948 (Rs. 44.14 lakh) to contest the claims of the landlord which did not have the approval of the Ministry.**

The High Commission of India (HCI), London paid compensation of £ 50,000 (Rs. 44.12 lakh) to the landlord in September 2006 for a property leased for use by the then High Commissioner during November 1998 to March 2001. The landlord had filed dilapidation claims[4] against the HCI. The HCI took legal recourse but had to finally pay the compensation as the property was not maintained in a befitting manner during the tenancy period by the occupant. The HCI also incurred legal expenses of £ 53,948 (Rs. 44.14 lakh) in the process which did not have the approval of the Ministry.

Audit scrutiny of the case revealed following irregularities/inadequacies:

(i) The lease agreement entered into by the HCI with the landlord in November 1998 was not a standard lease agreement prescribed by the Ministry in IFS (PLCA)[5] Rules. Further, it was also heavily loaded in favour of the landlord, particularly clause 2.65, which made the HCI liable for landlord's legal costs in the event of dispute.

Though the HCI entered into legal proceedings to contest the claims of alleged dilapidations made by the landlord, it was eventually forced to take a "commercial approach to settlement" for two reasons. One, the HCI belatedly conceded in August 2006 that the claim of the landlord could not be zeroed down to a 'no-claim' as some damages had indeed been caused to the property in the servant area and kitchen. Two, the HCI also realised that even if it had successfully defended the claim, it would be still liable for the legal costs of the landlord (as per clause 2.65), which was perceived to be in the region of £ 100,000. Thus, defective lease agreement, which provided for payment of landlord's legal cost by HCI, imposed limitations on the HCI's options to contest the case on merit, forcing

[4] A dilapidation claim arises out of any damage suffered to the premises other than in the course of normal wear and tear.
[5] Indian Foreign Service (Pay, Leave, Compensatory Allowance and Other Conditions of Service) Rules.

HCI to settle the matter urgently to limit the claims that could be made on Government of India.

(ii) The Ministry advised the HCI in June 2001 that the final claim of the landlord for dilapidations should be examined professionally in the spirit of rules with a view to arriving at loss or damage due to (a) fair wear and tear, (b) negligence or misuse by the occupant and (c) fair wear and tear but which had occurred owing to causes beyond the control of the occupant. There was, however, no evidence on record to indicate that any such assessment was made by HCI.

(iii) The HCI did not keep the Ministry posted of the developments that took place between April 2003 and May 2006. It was only in June 2006 that the HCI informed the Ministry that it had already paid more than £ 46,000 towards solicitor's fees and mediator's charges between June 2003 and January 2006 and simultaneously requested to convey in-principle approval to accept the liability of £ 60,000 in full and final settlement of the landlord's claim.

The HCI, thus, presented the Ministry with a *fait accompli* and denied the latter an opportunity to take stock of the situation and make comprehensive assessment of all the relevant aspects of the legal dispute. In such circumstances, the Ministry had no option but to grant its tacit approval to payment of £ 50,000 as compensation to the landlord.

(iv) Paragraph 6, Annexure X of IFS (PLCA) Rules outlines the procedure for recovery from an officer held liable for all losses or damages caused to the premises leased to him as well as for fixation of responsibility. However, in the instant case, the HCI did not initiate recovery action against the occupant of the property whose negligence in maintaining the property led to payment of huge compensation to the landlord.

(v) An expenditure of £ 53,948 incurred by HCI to meet the legal expenses did not have the approval of the Ministry, except for a small payment of £ 940 made to the chartered quantity surveyor initially in April 2003. The Ministry was yet to regularise the legal expenses as of September 2007.

The matter was referred to the Ministry in June 2007. The Ministry in its interim reply stated (July 2007) that it was in the process of examining the various aspects concerning the compensation claim arising out of poor maintenance of the property.

## 5.5 Expenditure beyond delegation on garden grant

**Disregard of rules regulating the garden grant by five Missions abroad resulted in excess and unauthorised expenditure of Rs. 87.79 lakh during 2001-07.**

Examination of the records of five Missions in May 2006/May 2007 disclosed that they incurred expenditure on garden grant beyond their delegated financial powers as under:

### (a) Mission at Singapore

The Mission engaged a private company for maintaining the garden of the chancery building and staff quarters without the approval of the Ministry in violation of its instructions and incurred unauthorised expenditure of S$ 37920 equivalent to Rs. 10.53 lakh during 2004-06. The Mission had also engaged a private company for maintaining the garden of the rented residence of the HOM[6] and paid at the rate of S$ 800 *per month* against the admissible limit[7] of S$ 312.50 *per month*. This resulted in excess payment of S$ 11,700 equivalent to Rs. 3.25 lakh during 2004-06.

The Mission stated in May 2006 that it would pursue the matter with the Ministry for *ex-post-facto* sanction.

### (b) Mission at Pretoria

The Mission engaged a private company for maintaining gardens attached to Government-owned chancery building, residences of High Commissioner and Deputy High Commissioner without approval of the Ministry and incurred expenditure of Rs. 61.65 lakh during March 2004 to April 2007 beyond their delegation.

The Mission stated in May 2007 that the matter had been taken up with the Ministry.

Reply is not acceptable as the Mission failed to obtain approval of the competent authority before awarding the contract.

[6] Head of Mission
[7] Item 4(A) of Schedule I of Financial Powers of Government of India's Representatives Abroad.

### (c) Mission at Yangon

The Mission reimbursed garden grant to eight RGOs[8] at the rate of US $ 90 *per month* against the admissible rate of US $ 34 *per month*. This resulted in excess payment of US $ 6272 equivalent to Rs. 2.80 lakh during July 2004 to March 2006 which needed to be recovered from them.

The Mission stated in May 2006 that it was easier to get gardeners on regular wages than at the 1/30th rate prescribed by the government. The reply is not tenable as the Mission could not incur expenditure in excess of its delegated powers without the approval of the Ministry.

### (d) Mission at Muscat

The Mission reimbursed garden grant to six RGOs during 2001-03, five during 2003-05 and four during 2005-06 at the rate of RO[9] 45 *per month* against the then best available and admissible rate[10] of RO 23.56 *per month*. This resulted in excess payment of RO 4610 equivalent to Rs. 5.30 lakh during 2001-06 which needed to be recovered from them.

The Mission stated in May 2006 that monthly wages were always lower than the hourly wages. It further stated that bigger companies did not supply gardeners on hourly basis. The reply is not tenable as according to the rules, where help on hourly basis was not available, the permissible number of man-hours in respect of all or any group of residences could be pooled together and within the total man-hours thus permissible, a whole time gardener could be employed on the condition that the total man-hours of such gardeners did not exceed the total hours admissible.

### (e) Mission at Johannesburg

The Mission engaged a private company for maintaining the gardens attached to Government owned chancery building and CGI[11] residence without the approval of the Ministry in disregard of Ministry's instructions and incurred expenditure of Rs. 4.26 lakh during May 2005 to April 2007 beyond their delegation.

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[8] Representational Grade Officers
[9] Riyal Oman
[10] Item 4(B) of Schedule I of Financial Powers of Government of India's Representatives Abroad.
[11] Consulate General of India

Upon being pointed by Audit, the Mission stated in June 2007 that the services of the agency maintaining the garden at the Embassy Residence had been discontinued.

The Ministry may establish control to avoid disregard of its orders by the Missions and review its policy of according *ex-post-facto* regularisation of expenditure to discourage the tendency in the Missions to first commit the infringement and then seek *post-facto* approval.

The matter was referred to the Ministry in July 2007; their reply was awaited as of January 2008.

## 5.6 Avoidable expenditure on rent

**Delay in renovation of a property acquired in April 2004 by the Indian Mission in Panama resulted in avoidable expenditure of Rs. 57.90 lakh on rent during the period from April 2005 to March 2007.**

On the recommendations of the property team of the Ministry of External Affairs, the Indian Mission in Panama purchased a property (March 2004) at a cost of US $ 0.85 million for use as Embassy Residence. The property team observed that though the property was in good condition, some modifications and other related renovations would have to be carried out in order to make it suitable for the HOM's[12] requirements on functional reasons. Ministry sanctioned (March 2004) US $ 75,000 for the modification work. The Mission took possession of the property in April 2004.

Barely after five months, the HOM informed (August 2004) the Ministry that the property so acquired was 50 years old and had not been occupied for the last four years and, therefore, required extensive repairs and modifications, which would entail higher costs. The Mission sent (May/June 2005) the draft contracts for the renovation project to be signed with the architect and the contractor for the approval of the Ministry. A minimum time frame of six months was envisaged for completion of the renovation project. The scope of the work was, however, changed again by the new HOM in April 2006 recommending additional modifications/construction at a cost of US $ 46,064. The property could not be renovated and occupied till March 2007 and the HOM continued to reside in a rented accommodation.

The Ministry stated (July 2007) that the initial proposal of August 2004 was for the barest minimum scope of work covering the representational area of

[12] Head of Mission

the house, whereas, the modifications proposed in April 2006 related to the living area of the HOM. It was, therefore, considered appropriate to include the essential repairs and modifications in the living area and combine with the main renovation work. The Ministry further stated that selection of architect, formulating scope of work and selection of contractor had taken substantial time. The final agreements with the architect and the contractor were approved in December 2006 and January 2007 respectively and the renovation work was slated for completion in September 2007.

The Ministry's explanation for delay in renovation of the property is not tenable for the following reasons:

(i) The property was initially built and modelled for a different lifestyle with different requirements. It was purchased with full knowledge that modifications would be necessary immediately after its acquisition. The Mission should, therefore, have assessed the requirements (for expansion, repairs, renovation/remodelling etc.) at one go to ensure that it met in full the representational and personal living requirements of the HOM. The additional proposal for modifications suggested by the Mission in April 2006 had only added to the time frame.

(ii) In pursuance of the recommendations of the Standing Committee of Parliament on MEA on acquisition of properties abroad, Panama was identified as one of the stations where rental liabilities were exorbitant. Therefore, the Mission/Ministry should have demonstrated a sense of urgency in completion of the renovation work in the least possible time, in order to obviate huge rental liabilities. The Mission/Ministry, however, took almost three years to complete the preliminary procedures leading to finalisation of contract with the architect and contractor for renovation of the property acquired in April 2004.

Thus, delay on the part of the Mission/Ministry to ensure renovation of a property acquired in April 2004 within a reasonable time frame led to avoidable expenditure of US $ 0.129 million (Rs. 57.90 lakh) on rent during the period from April 2005 to March 2007. Besides, the Mission would continue to incur a rent liability of US $ 5,500 *per month* until the property is occupied.

## 5.7 Unauthorised expenditure

**Five Indian Missions abroad incurred expenditure on repair/renovation and maintenance of Government owned/leased buildings in excess of the delegated financial powers by Rs. 34.14 lakh.**

The Heads of Missions have been delegated powers[13] to incur expenditure on repairs and maintenance of Government owned/leased buildings. Audit examination of the records of the Missions conducted in May-June 2006 and April 2007 revealed that five Missions[14] incurred expenditure on repairs and maintenance of buildings/residences in excess of their delegated powers. This action of the Missions resulted in unauthorised expenditure of Rs. 34.14 lakh as detailed in the **Annex-B**.

Upon being pointed out, the Mission at Kuala Lumpur stated in May 2006 that the expenditure was beyond its control as the building had major structural deficiencies. The Missions at Kabul and Durban stated in May 2006 and January 2007 that the Ministry would be approached to regularise the excess expenditure. The Mission at Nairobi stated in December 2006 that since the expenditure had been incurred on urgent repairs, it was unable to obtain prior approval of the Ministry. It further stated that it had approached the Ministry to regularise the excess expenditure.

The Ministry should strengthen its internal controls to ensure that the Missions incur expenditure strictly within the delegated powers.

The matter was referred to the Ministry in July 2007; their reply was awaited as of January 2008.

## 5.8 Short-levy of consular fee

**Deficient internal control in realisation of consular fees for attestation of NRIs' bank opening forms led to short-levy of the fee resulting in loss of revenue of Rs. 9.48 lakh.**

Indian missions abroad provide consular services, which includes attestation of documents, on payment of the fees prescribed by the Ministry in terms of US dollars. The Mission at Riyadh in Saudi Arabia charged the consular fees in Saudi Rial at the rate of one dollar to four Saudi Rials.

Audit of the Mission at Riyadh disclosed that the Mission attested the NRIs' bank opening forms gratis, though this service was not covered under gratis

[13] Sl. No. 4(a) and (b) (i) of Schedule I of Financial Powers of Government of India's Representatives Abroad
[14] Durban, Nairobi, Kuala Lumpur, Kabul and Cairo

category. The attestation of bank opening forms, being a civil document, was required to be charged at the rate of Saudi Rial 40 per attestation in terms of item no. 2 A of Government of India, Ministry of External Affairs Notification of December 2001. The loss of revenue on account of gratis attestation of 2038 cases of NRI bank opening forms was Rs. 9.48 lakh during January 2002 to December 2006.

The Ministry may determine accountability for the loss and review the internal control system in the Mission.

The matter was referred to the Ministry in September 2007; their reply was awaited as of January 2008.

### 5.9 Extravagant *Haj* goodwill delegations

**Ministry's approval for unwieldy large *Haj* goodwill delegations to the Kingdom of Saudi Arabia for long duration of 18-20 days, which is inconsistent with the role of the delegations, renders it extravagant. No criteria have been established for nomination of the members for the delegation. Ministry arranges hotel accommodation for the accompanying spouse/family members of the delegates at Government cost which is irregular.**

Government of India sends a *Haj* goodwill delegation to the Kingdom of Saudi Arabia every year. The stated purpose of the delegation is to promote goodwill between the two countries, in particular with special reference to the cooperation extended by the Kingdom of Saudi Arabia to India *Haj* pilgrims. All expenditure in connection with delegation is met out of the Consolidated Fund of India.

#### Objectives of the delegation

Ministry has not established the goodwill functions to be performed by the members of the delegation, through which the fulfillment of the intended objectives is ensured. As would be seen from the following paragraphs, the Ministry has no system and means to evaluate if the objectives of the policy for sending the goodwill delegation are fulfilled by the delegation as a whole, in particular, the role of and contribution to the promotion of goodwill by various members included in the goodwill delegation. In so far as the detailed feedback on the *Haj* arrangements is concerned, the Consul General at Jeddah already has a large contingent of about 500 India-based officials who are deputed in the pilgrim areas for overseeing the arrangements and feedback.

**Unwieldy size of the delegation and disregard for economy in public expenditure**

The *Haj* goodwill delegations since 2003 consisted of 16 to 34 members as under:

| Year → | 2003 | 2004 | 2005 | 2006 | 2006-II[15] |
|---|---|---|---|---|---|
| Size of delegation → | 16 | 17 | 34 | 24 | 27 |
| Size of delegation taking into account the spouse/ companion with the members of the delegation → | 31 | 32 | 64 | 50 | 54 |

Though the objective of the goodwill delegation and the goodwill functions to be performed remain more or less identical every year, the widely varying number of the members included in the delegation would suggest that the size of the delegation is determined every year in an *ad-hoc* manner. No rationale behind any particular size of the delegation is available in the documents of the Ministry. Large size of the delegations continues to be approved despite the formal recommendations in the past of our Consul General at Jeddah and by the leaders of the delegations that the big size of the delegation is unwieldy, unnecessary and counter-productive. Audit of the documents disclosed that at least on three occasions in the past the Consul General and the leader of the delegation had recommended limiting the delegation to 2-3[16], 6-8[17] and 15[18] respectively. The reports also raised questions on the commitment and role of all members of the delegations to the cause for promoting the goodwill.

Other countries, including Pakistan send *Haj* goodwill delegations consisting of only 5-10 members. However, the Ministry has not acted on the recommendations to reduce the size of the delegation and continue to send large delegations in disregard for economy in public expenditure.

**Nomination of the members: non-transparent**

The Ministry has not established any criteria for determining the suitability of the members included in the delegation. While the documents in the Ministry did not disclose any specific policy and procedure followed for nomination of the members, the Ministry gave unsubstantiated and vague response to audit

[15] Two *Haj* took place during 2006
[16] by Consul General of India, Jeddah
[17] by Consul General of India, Jeddah
[18] by the leader of the delegation

query stating that the size of the delegation is decided after taking into consideration all aspects, representations from all segments of the community and from all parts of the country, keeping in view the objectives of the delegation. Ministry further added that inclusion of the names in the delegation is finalised on the basis of applications/ recommendations. The Ministry, which issues the Government sanction, however, added that it was not privy to the antecedents of the members of the delegation. The scrutiny of the composition of the delegation furnished by the Ministry as well as the Government sanction for deputation of the delegation disclosed that in a large number of cases the full antecedents of members were not available. In most cases, only the names of members and the states which they belong to were available.

**Permission for spouse/family member**

Not only that the size of *Haj* delegation is large and inconsistent with the objective of the delegation leading to extravagance, Ministry's permission to the members of the delegation to take along with them their spouse or in lieu, a family member further contributes to the unwieldiness. It also leads to violation of financial propriety that places an obligation on the sanctioning authority to ensure that the expenditure is not more than what the occasion *prima-facie* demands. The Ministry issues diplomatic passport to all members of the delegation as well as to their companions for the duration of the visits.

**Unauthorised expenditure on the spouse and family members**

The formal sanction for the deputation of the delegation is issued only for the members of the delegation. However, the Ministry separately advises the Consulate General at Jeddah to arrange accommodation and transport for the entire delegation, consisting of the members and their spouse/companion. While the members of the delegation bear the expenditure on airfare of their spouse/companion, all local facilities in Saudi Arabia, except the daily subsistence allowance is shared by their spouse/companion, which entails additional expenditure from the Consolidated Fund of India. Component-wise analysis of the total expenditure of Rs. 2.39 crore incurred on one of the goodwill delegations (*Haj*-2006-II) disclosed that while the air fare accounted for Rs. 12.85 lakh and the daily subsistence allowance to the members was Rs. 12.12 lakh, other local expenditure aggregated Rs. 2.14 crore. Of the total expenditure, the hotel accommodation alone accounted for Rs. 1.97 crore and expenditure on transport was Rs. 16.52 lakh. The local expenditure in Saudi

Arabia, thus, accounts for about 90 *per cent* of the total expenditure on the delegation.

In compliance to the instructions by the Ministry, the Mission at Jeddah hires double rooms, rather than single rooms, for the members of the delegation and transport for the entire delegation, including the spouse/family members, which is irregular. Permission by the Ministry for inclusion of spouse/companion of the delegation in the delegation and sharing of local facilities by them entails extra expenditure on transport and hiring double rooms rather than single rooms, which is unauthorised. Such irregular expenditure is substantial but could not be quantified for want of rates for single accommodation at the places of stay in Saudi Arabia.

**Huge expenditure on hotel**

Analysis of the hotel expenditure for *Haj*-2006-II disclosed that the average expenditure on hiring of hotel accommodation for each member was a staggering Rs 7.30 lakh. Based on the number of the days of deputation sanctioned by the Government, the average cost of hiring charge of hotel accommodation per member per day was a huge Rs. 38,400 (approximately US $ 980). The massive expenditure on hotel accommodation is attributed to the long duration of the deputation, which is as much as 18-20 days, as well as extravagant hiring of double rooms.

**Duration and purpose of deputation**

The itinerary drawn by the Consulate at Jeddah for *Haj* 2006-II disclosed that it was drawn solely for the purpose of facilitating *Haj* pilgrimage by the members of the goodwill delegation. The itinerary of the delegation included stay at Makkah, Mina and eight nights' stay at Madinah. The long duration of the deputation (usually 18-20 days) of the delegation is guided primarily by the objective of facilitating the members to perform the pilgrimage with their spouse/ family members at the cost of taxpayer's money.

Examination of the documents in the Ministry and in the Mission at Jeddah disclosed that the leader of the delegation holds a few meetings with the local dignitaries and officials *viz.*, Minister of *Haj* of the Kingdom of Saudi Arabia and Chairman of the South Asian Moassasa and attend the King's dinner. Only 2-3 other members of the goodwill delegation are associated with these meetings and the dinner. Other members have no role in promotion of goodwill. In view of aforesaid reasons, the practice of sending such large delegations, accompanied by their spouses/family members is extravagant and questionable.

**Total expenditure on *Haj* delegation**

While the total expenditure on previous *Haj* delegations was not available, analysis of expenditure on *Haj* delegation 2006 –II disclosed that the total expenditure for 27 member delegation was a huge sum of Rs. 2.39 crore. In case of *Haj* 2005, the local expenditure alone had touched Rs. 2.87 crore. At this rate, the expenditure on each member of the delegation works out to a massive Rs. 8.85 lakh for Haj 2006-II.

**Recommendation**

The Ministry may determine the objectives of the goodwill delegation and the means through which the objectives can be achieved economically and efficiently. The Ministry may also reduce the size of the delegation and depute the delegation for the minimum number of days to fulfill their assigned roles. Further, the Ministry may review the extravagance in hiring of the accommodation and transport and de-link the pilgrimage by the members of the delegations and their spouse/family members from the goodwill delegation with a view to ensuring economy in expenditure and value for money from the goodwill delegation.

The matter was referred to the Ministry in November 2007; their reply was awaited as of January 2008.

**Annex-A**

**(Referred to in Paragraph No. 5.1)**

**Details of unauthorised expenditure incurred by the Missions and Posts on account of engagement of contingency paid staff**

| Mission/ Post | Post | Period | Amount *(Rs. in lakh)* | Nature of irregularity | Ministry's reply |
|---|---|---|---|---|---|
| **EI, Bangkok** | Clerk-1<br>Translator-1<br>Messenger-1<br>Gardener-1 | 2004-06 | 4.71 | Contingency paid staff were engaged for regular work without the approval of the Ministry. | Mission has been asked to disengage all the contingency paid staff vide MEA's fax dated 08 August 2007. |
| **HCI, Canberra** | Clerks-cum-typists –2<br>Marketing Assistants –4<br>Social Secretaries-3 | 2004-07 | 47.54 | -do- | Mission has been asked to disengage all the contingency paid employees vide Ministry's fax dated 08 August 2007. |
| **HCI, Dhaka** | Clerks-19<br>Guards-3<br>Lift operator-1<br>Malis-2<br>Peons-4<br>Sweepers-4<br>Cook-1 | 2003-06 | 57.45 | -do- | Contingency paid staff has been disengaged with effect from 01 April 2007. |
| **HCI, Islamabad** | Chauffers-4<br>Gardeners-14<br>Sweepers-6<br>Watchman-1 | 2003-06 | 35.56 | -do- | Request for increase in manpower and hiring of dependents for consular and visa work is under consideration of the Ministry. |
| **EI, Kuwait** | Clerks-4 | 2005-06 | 11.43 | -do- | Mission is in process of disengaging the contingency paid staff. |
| **EI, Riyadh** | Clerks-5 | 2005-06 | 7.96 | -do- | Mission has been asked to submit details of unauthorised expenditure for regularisation. |
| **CGI Shanghai** | Clerks-5 | 2004-06 | 5.18 | -do- | Mission has been asked to submit full details of expenditure incurred. Information is awaited. |
| **CGI, Sydney** | Local staff-14 | 2003-06 | 40.33 | -do- | Mission has been asked to submit full details of expenditure incurred. Information is awaited from the Mission. |
| **EI, Tokyo** | Clerks-4 | 2004-06 | 17.68 | -do- | Mission's proposal for regularisation of expenditure incurred is under consideration. |
| | | **Total** | **227.84** | | |

## Annex-B

**(Referred to in Paragraph No. 5.7)**

**Details of expenditure incurred on repairs and maintenance of buildings in excess of the delegated powers**

***(Rupees in lakh)***

| S. No | Name of the Mission | Period | Particulars of building | Expenditure incurred Rs. | Delegated powers (*per annum*) US $* | Delegated powers (*per annum*) Rs. | Excess expenditure Rs. |
|---|---|---|---|---|---|---|---|
| 1. | Durban | 2003-04<br>2004-05<br>2005-06 | Government owned Embassy residence | 9.30<br>10.75<br>8.41 | 15410<br>15410<br>15410 | 7.01<br>6.79<br>6.88 | 2.29<br>3.96<br>1.53 |
| 2. | Nairobi | 2005-06 | Government owned residence (Independent villas of Representational Grade Officers; Bungalow No. 1) | 5.75 | 6165 | 2.76 | 2.99 |
| 3. | Kuala Lumpur | 2004-05<br>2005-06 | Chancery building | 12.44<br>15.26 | 19270<br>19270 | 8.49<br>8.60 | 3.95<br>6.66 |
| 4. | Kabul | 2005-06 | Leased building (for full financial year) | 24.19 | US $ 30,000 (25% of annual rent) | 13.39 | 10.80 |
| 5. | Cairo, Egypt | 2005-06 | Government owned Embassy residence | 8.84 | 15,410 | 6.88 | 1.96 |
| **Total** | | | | **94.94** | | **60.80** | **34.14** |

* Exchange rate 1 US$= Rs. 45.47 (March 2004), Rs. 44.04 (March 2005), Rs. 44.62 (March 2006)