



**Report of the
Comptroller and Auditor General of India
for the year ended 31 March 2020**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Union Government (Economic & Service Ministries - Civil)
No. 16 of 2021
(Compliance Audit Observations)**

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

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PREFACE

1. This Report of the Comptroller and Auditor General of India for the year ended March 2020 has been prepared for submission to the President under Article 151 of the Constitution of India.
2. The Report contains the results of Compliance Audit of the Economic & Service Ministries/Departments of the Union Government, their attached/subordinate offices and Central Autonomous Bodies. Bodies or Authorities, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the C&AG under the provisions of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.
3. The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2019-20 as well 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 2019-20 have also been included, wherever necessary.
4. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

I Introduction

1. This Report includes important Audit findings noticed as a result of test check of accounts and records of Economic and Service Ministries/ Departments and their Central Autonomous Bodies conducted by the officers of the Comptroller and Auditor General of India as per the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act).

2. The Report contains 14 individual observations relating to seven Ministries. The draft observations were forwarded to the concerned Ministries providing them an opportunity to furnish their replies/ comments in each case within a period of six weeks. Replies to six observations were not received even as this Report was being finalised as indicated in para 3 below.

3. The paragraphs included in this Report relate to the following Ministries of the Government of India and their Central Autonomous Bodies:

Sl. No.	Ministry/ Department	Number of paragraphs	Number of paragraphs in respect of which Ministry/ Department's reply was awaited
1.	Corporate Affairs	1	-
2.	Commerce and Industry	1	-
3.	Housing and Urban Affairs	4	4
4.	Micro, Small & Medium Enterprises	2	-
5.	Ports, Shipping and Waterways	3	2
6.	Power	1	-
7.	Tourism	2	-
Total		14	6

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

The Ministry of Corporate Affairs (The Ministry) launched MCA21 project, an end to end e-Governance program envisaging electronic filing of documents, registration of companies and public access to corporate information online through a secure interactive portal, covering all aspects of incorporation, statutory filing and regulation of companies as defined under the Companies Act, 2013. MCA21 comprises around 100 e-Forms to enable stakeholders to fill-in the required information.

The scope of Audit initially was intended to cover the evaluation of Information Technology (IT) application controls and their effectiveness in achieving the organizational objectives. But due to delays and inadequate support from the Ministry in providing information/ data/ replies, the Audit scope was restricted to 10 e-Forms. The reduced scope also could not materialise and Audit was eventually scoped to one e-Form viz. Simplified Proforma for Incorporating Company Electronically (SPICe), which pertains to incorporation of a company. However, issues with access to complete data in respect of this e-Form and delays in replies and responses continued to occur during the audit process. Audit was, thus, unable to derive an assurance about the efficacy of the MCA21 system as a whole. Major Audit observations in brief were as given below:

- System could not identify the allotment of multiple Director Identification Numbers (DINs), as 6,78,161 records were found in the database where 2,33,898 Permanent Account Numbers (PANs) had more than one DIN allotted there against. The issue relating to multiple DINs could not be fixed completely even after the introduction of Form DIR-3 KYC where only one DIN of an individual could be KYC-verified. Further, the system did not generate any alert (red flag) to caution the Registrar of Companies, prompting to take corrective action in such cases. MCA21 had no mechanism in place to auto detect this deficiency in its database.
- Allotment of DIN required mandatory filling of certain ID fields. Absence of validation checks in respect of DIN allotment led to approval of allotment of DINs even in the absence of mandatory data input.
- In respect of 2,127 cases, 'Start date' of DIN, i.e. the date of approval of DIN, was shown as 'Zero' or 'blank'. Due to this, Audit could not examine whether the second/ duplicate DIN was allotted to an individual even when his first DIN was in use.
- Due to lack of validations in the system, individuals held Directorship beyond the permissible limit thus violating the provisions of the Companies Act. Audit noted that 1,626 individuals held Directorship in more than 20 companies at the same time.

MCA21 had no system design inbuilt to identify and flag such cases for enabling Registrar of Companies to take corrective action under the Companies Act.

- Adequate check had not been put in the system to auto-detect the Companies in the database which have directors lesser than the minimum requirement or are without any active directors. MCA21 had no system design inbuilt to identify and flag such cases for enabling Registrar of Companies to take corrective action under the Act.
- Due to deficiencies in the Forms used to collect data and inadequate input controls in the system, Audit noticed that out of 20,08,456 records of Companies, PAN in respect of 8,53,254 companies were blank in the database. Out of these, 1,37,602 companies were found to be active. Further, in case of 2,805 companies, PAN mentioned in the database belonged to an Individual instead of a Company.
- Analysis revealed that there were 11,830 cases where two or more companies had the same name and in 1,165 cases, the companies having same name were found to be active, in violation of the provisions of the Companies Act. Lack of validation in the system led to allotment of similar or identical name to two or more companies.
- The data analysis of companies registered under Section 8 of the Companies Act, 2013 revealed that the license number in case of 8,159 companies was found to be “000000”. Out of these, 7,987 companies were found to be active in status.
- As per Companies Act and System Requirement Specification document for Reserve Unique Name (RUN), a web based application, the reserved name of the company prior to its registration would be valid for a period of 20 days from the date of approval in case of reservation of name for a new company and 60 days for change in name of an existing company. Analysis revealed that reserved names did not expire in 15,831 cases, though the applications for incorporation of companies were filed after 22 days to 394 days. Due to absence of function to mark the reserved name as expired beyond its validity period, system allowed processing of the application for incorporation of the Company with the name reserved earlier, even after the expiry of validity of the name.

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

- 1. Necessary input controls may be put in place so that instances such as issue of more than one Director Identification Number against a Permanent Account Number do not arise.***
- 2. Adequate checks may be built into the system to ensure that all mandatory fields are either filled-in by the concerned applicant company or should be auto-populated, if captured in any other e-Form.***

3. *Necessary validation checks may be built in the system to generate red flags/alerts to the concerned Authority, where input data does not meet the requirements of the provisions of the Companies Act.*
4. *The Ministry may explore due business process re-engineering so that risks of inaccuracy in the data arising out of multiple points of data entry/ capture can be mitigated.*
5. *The Ministry may consider checking and verifying the data in all other e-Forms and ensure that requisite validation checks have been incorporated to avoid risk arising from data deficiencies in the software.*

(Para 2.1)

The Rubber Board (Board) was constituted with the primary objective to develop the rubber industry in the country. The overall area of rubber cultivation in India had grown from 7.11 lakh hectares to 8.22 lakh hectares from March 2011 to March 2020. However, the yearly growth rate had fallen from 3.65 *per cent* to 0.04 *per cent* during the period. The production of Natural Rubber was also mostly in declining trend during the period from 2010-11 to 2019-20. This was due to non release of adequate planting subsidies for area expansion schemes as majority of grants received by the Board were spent on non-plan activities. The Rubber Board did not have the data of rubber growers and the last extensive field survey in Kerala was conducted by the Board only in 2002. The Board also failed to adequately promote Rubber Producers Societies and covered only 39.18 *per cent* of the rubber cultivated area. Further, 122 Group Processing Centres promoted by the Board for production of quality rubber sheets from latex were not functioning. The Rubber Production Incentive Scheme introduced by Government of Kerala with the Board as the implementing agency was not implemented effectively resulting in duplicate payments, discrepancies between the sales quantity in the returns declared by rubber dealers and the invoiced quantity in the bills issued to rubber growers. The scope of recovery of the loans amounting to ₹17.83 crore provided by the Board to Rubber/ Rubber-wood processing companies promoted by the Board was remote due to bad financial condition of these companies. The coverage of labour welfare schemes implemented by the Board was low as only 2.1 lakh workers benefitted from the schemes during the last 10 years as against 4.51 lakh workers engaged in rubber plantation.

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

1. *The Board may take effective measures to expand plantation area in North-East/ other non-traditional regions by encouraging tapping and implementing productivity enhancement schemes such as critical input supply.*
2. *The Board may frame an Information, Education and Communication Policy to systematically create awareness about the best practices being followed and the schemes being implemented.*

3. *The Board should ensure adequate efforts by extension wings to increase number of Rubber Producers Societies through wide publicity of their role, activities and its benefits to rubber growers.*
4. *The Board should ensure proper functioning of Rubber Producers Societies by fixing yearly targets for extension activities by each Rubber Producers Society and also monitor achievement of targets fixed.*
5. *The Board should update its database on the total area of plantation, number of growers, availability of tappers etc., either by census or by system of periodic returns for effective implementation of various schemes and programmes for rubber production.*
6. *The Board should take necessary measures to ensure that subsidy payment against false/ fraudulent invoices is not recommended by the Board. The Board may also initiate steps to investigate the cases of ineligible subsidy payments as these indicate corruption/ fraud and accordingly responsibility may be fixed.*
7. *Effective steps need to be taken by the Board to extend benefits of the schemes for promotion of rubber production and labour welfare schemes by enhancing fund utilisation for the schemes.*

(Para 3.1)

The rate at which recovery of water charges is to be made from allottees of General Pool Residential Accommodation is decided by Executive Engineer (Licence Fee), Central Public Works Department (CPWD). Audit observed that in U Division, CPWD was paying more towards water supplied by Delhi Jal Board in comparison to amount recovered from allottees. This was due to non-installation of individual water meters and non-revision of rates for recovery of water charges since last 13 to 25 years. This resulted in financial burden of ₹63.69 crore on CPWD.

With regard to Audit finding in the Para, Audit recommends that there is a critical requirement to institutionalise a well-defined mechanism to ensure that rates of water charges are revised periodically, and all dues are recovered in a timely/ time bound manner from the allottees.

(Para 4.1)

Employees of Delhi Development Authority and Central Public Works Department claimed Leave Travel Concession at higher amounts than they actually paid for air travels, based on forged tickets and misrepresentation of facts. After being pointed out by Audit, an amount of ₹9.69 lakh was recovered against reimbursements amounting to ₹8.19 lakh for such fraudulent claims.

(Para 4.4)

Audit of the Assistance to Training Institutions (ATI) Scheme covering eight years from April 2012 to March 2020 was taken up to examine the extent to which the scheme objectives were achieved. Audit findings in brief on the scheme were as given below:

- The objective of ATI Scheme was to develop indigenous entrepreneurship through skill training. The Ministry or the Screening Committee for the Scheme did not assess the skill requirements for entrepreneurship development. It neither assessed nor laid down any criteria for examining the competency, capacity and experience of applicant training institutions and allotted training targets to them disproportionate to their resources and capabilities.
- As per sanctions of the Ministry, outsourcing of any portion of training programmes was prohibited. However, two training Institutes namely National Institute of Entrepreneurship and Small Business Development (NIESBUD), Noida and National Institute for Micro, Small and Medium Enterprises (NIMSME), Hyderabad outsourced majority of their own programmes to private agencies. Further, many irregularities were noticed in outsourcing of training programmes.
- NIMSME and NIESBUD did not declare the unspent balance of grant and interest earned thereon amounting to ₹1.27 crore and ₹2.78 crore respectively in their Utilization Certificates. Thus, the unspent balance amounting to ₹4.05 crore was concealed by the two Institutes from the Ministry.
- Supervision or monitoring of the Scheme was inadequate at the level of the Ministry as well as Institutes. There was no robust mechanism at the Ministry level for capturing data of employment generation and entrepreneurship development on account of this scheme. The Ministry had stated that the employment generation due to training imparted by the Institutes was to the tune of 36 *per cent*, which could not be relied upon in the absence of evidence.

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

1. *The institution of Screening Committee needs to be overhauled and specific parameters laid down for it to adopt, before approving a programme.*
2. *The Ministry should arrange to put in place a detailed curriculum and essential minimum levels of training for every type of skill sets assessed and required.*
3. *The Ministry should arrange to lay down a mechanism for assessment of the post-training livelihood status of the trainees by the Ministry/ Institutes.*
4. *The Ministry may consider introducing e-KYC verification of trainees, trainers, and agencies involved to ensure quality, authenticity and transparency.*

5. *The irregularities/lapses highlighted in this Report may be got investigated and the responsibility of the concerned officers/ Institutes for such lapses may be fixed by the Ministry.*
6. *Scheme guidelines need to be strengthened providing sufficiently detailed instructions as to how to rationalise the objectives in order to convert training into livelihood through entrepreneurship or employment and achieve those in stages.*

(Para 5.1)

The Ministry of Micro, Small and Medium Enterprises accorded (February 2011) administrative approval for establishing a Common Facility Centre in Fly Ash Cluster at Chandrapur, Maharashtra under the Micro and Small Enterprises - Cluster Development Programme. MSME Development Institute, Nagpur was the apex body for coordinating and overseeing the progress of the project. The Common Facility Center was supposed to benefit the fly ash units, increase the cluster turnover and generate employment. However, improper planning and execution of the project resulted in non-fulfilment of these objectives, and rendered the expenditure of ₹8.89 crore as unfruitful including Government of India grant of ₹5.67 crore.

(Para 5.2)

Syama Prasad Mookerjee Port, Kolkata (Port) granted (May 1978) long term lease of land to M/s Air Conditioning Corporation Limited which was merged (April 2008) with Orient Paper & Industries Limited. The Port issued (July 2005) an ejection notice followed by filing a plaint before Estate Officer under Public Premises (Eviction of Unauthorised Occupants) Act, 1971 for eviction against Orient Paper & Industries Limited for unauthorised construction, sub-letting of land without prior permission of the Port and irregular payment of estate rental. The order of eviction against Orient Paper & Industries Limited was passed in July 2017. Thereafter, Orient Paper & Industries Limited proposed to surrender the occupied land subject to refund increased compensation charges amounting to ₹1.12 crore paid to the Port during the period from June 2012 to August 2012 and August 2016 to June 2017. The Port accepted the proposal of Orient Paper & Industries Limited. The acceptance of proposal was not in conformity with the eviction order of the Estate Officer. The Port did not levy compensation charges for unauthorised occupation at three times of the lease rent as contained in Land Policy Guidelines. It was also in violation of the eviction order. Thus, undue benefit of ₹7.66 crore was extended to a private party by levying lower rate of compensation charges and by non-compliance to eviction order.

(Para 6.1)

Power System Development Fund is a public fund and is being maintained in the Public Account under Ministry of Power. National Load Despatch Centre (NLDC), a unit of Power System Operation Corporation, has been designated as the Nodal Agency to carry out the secretariat function for Power System Development Fund. National Load Despatch Centre intimated (December 2018) to Ministry of Power for fund requirement of ₹5,505.61 crore for approved Power System Development funded projects/ schemes for 2018-19. National Load Despatch Centre further suggested (4 February 2019) that the funds may be raised in phased manner to avoid idling of the funds. Ministry of Power raised (March 2019) the funds through private placement but had not taken the cognisance of inputs of National Load Despatch Centre. This had resulted in avoidable raising and parking of idle fund of ₹1,018.12 crore at lower rates of interest resulting in loss to public exchequer by ₹11.17 crore.

(Para 7.1)

CHAPTER I: INTRODUCTION

1.1 About this Report

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

Audits are conducted on behalf of the Comptroller and Auditor General of India (CAG) as per the approved Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The Audit findings/ observations are expected to enable the Executive to take corrective action(s), also to frame policies and procedures that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of Audit, provides a brief analysis of the expenditure of the Economic and Service Ministries/Departments as listed out in **Annexure-I** and their financial management. Chapters II to VIII present findings/ observations arising out of the Compliance Audit of the Economic and Service Ministries/ Departments and their Autonomous Bodies as listed out in **Annexure-II**.

1.2 Authority for Audit

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

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

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

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

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

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

1.3 Planning and conduct of audit

Compliance audit is conducted in accordance with the principles and practices enunciated in the auditing standards promulgated by the CAG. The audit process commences with the assessment of risk of the Ministry/ Department as a whole and of each unit based on expenditure incurred, the criticality/ complexity of its activities, the level of delegated financial powers, and assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit is decided. An annual audit plan is thereafter formulated to conduct audit on the basis of such risk assessment. After completion of audit of selected/ planned units, Inspection Reports containing audit findings are issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are issued separately as draft Audit paragraphs to the heads of the Administrative Ministries/ Departments for their comments and processed for inclusion in the Audit Reports which are submitted to the President of India under Article 151 of the Constitution.

1.4 Budget and Expenditure

The comparative position of budget and expenditure⁶ during reporting period 2019-20 and the preceding year in respect of Economic and Service Ministries/ Departments (wherever applicable) is given in Table 1.1 below:

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

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

⁶ *Appropriation Accounts of the respective years*

Table 1.1: Budget and Expenditure of Economic and Service Ministries/ Departments**(₹ in crore)**

Ministry/ Department	Budget Estimate (BE)	Actual expenditure	Unspent budget	% of unspent budget against BE	Budget Estimate (BE)	Actual expenditure	Unspent budget	% of unspent budget against BE
2019 - 2020					2018 - 2019			
Ministry of Road Transport & Highways	1,66,616.66	1,52,161.35	14,455.31	8.68%	1,59,582.53	1,42,488.04	17,094.49	10.71%
Ministry of Finance								
Department of Financial Services	83,884.03	83,233.52	650.51	0.78%	1,17,097.21	1,16,088.58	1,008.63	0.86%
Department of Investment & Public Asset Management	132.08	105.1	26.98	20.43%	146.15	145.15	1.00	0.68%
Ministry of Petroleum and Natural Gas								
Ministry of Petroleum and Natural Gas	45,501.86	42,812.23	2,689.63	5.91%	34,422.95	32,620.99	1,801.96	5.23%
Ministry of Housing & Urban Affairs								
Ministry of Housing & Urban Affairs	55,146.07	42,353.64	12,792.43	23.20%	50,254.47	40,874.26	9,380.21	18.67%
Ministry of Power								
Ministry of Power	22,900.29	21,135.10	1,765.19	7.71%	20,233.67	19,850.10	383.57	1.90%
Ministry of Commerce and Industry								
Department of Commerce	6,998.78	6,944.44	54.34	0.78%	6,215.32	6,159.52	55.80	0.74%
Department of Promotion of Industry and Internal Trade	6,510.54	6,423.29	87.25	1.34%	6,156.61	6,020.57	136.04	2.21%
Ministry of Micro Small and Medium Enterprises								
Ministry of Micro Small and Medium Enterprises	7,011.31	6,717.54	293.77	4.19%	6,561.17	6,513.12	48.05	0.73%
Ministry of Textiles								
Ministry of Textiles	4,857.33	4,455.19	402.14	8.28%	8,660.82	6,695.47	1,965.35	22.69%
Ministry of Civil Aviation								
Ministry of Civil Aviation	4,500.02	3,646.82	853.20	18.96%	10,680.98	9,600.19	1,080.79	10.12%
Ministry of Ports, Shipping & Waterways								
Ministry of Ports, Shipping & Waterways	2,653.67	2,193.46	460.21	17.34%	2,729.75	2,321.63	408.12	14.95%
Ministry of Mines								
Ministry of Mines	1,825.55	1,466.68	358.87	19.66%	2,164.54	1,397.10	767.44	35.46%
Ministry of Tourism								
Ministry of Tourism	2,189.24	1,399.21	790.03	36.09%	2,150.03	2,102.52	47.51	2.21%
Ministry of Heavy Industry and Public Enterprises								
Department of Heavy Industry	1,367.01	1,306.19	60.82	4.45%	1,286.66	1,035.02	251.64	19.56%
Department of Public Enterprises	22.64	21.09	1.55	6.85%	21.44	21.20	0.24	1.12%
Ministry of Coal								
Ministry of Coal	1,159.06	823.00	336.06	28.99%	781.85	708.34	73.51	9.40%
Ministry of Corporate Affairs								
Ministry of Corporate Affairs	639.84	582.11	57.73	9.02%	643.98	610.41	33.57	5.21%
Ministry of Chemicals and Fertilizers								
Department of Chemicals & Petrochemical	370.18	365.12	5.06	1.37%	399.65	339.86	59.79	14.96%
Ministry of Steel								
Ministry of Steel	241.29	194.33	46.96	19.46%	154.90	154.64	0.26	0.17%
Total	4,14,527.45	3,78,339.41	36,188.04	8.73%	4,30,334.68	3,95,746.71	34,587.97	8.04%

The total expenditure of the above Ministries/ Departments of the Government of India during 2019-20 was ₹3,78,339.41 crore as against ₹3,95,746.71 crore in 2018-19 viz., a decrease of ₹17,407.30 crore (4.40 per cent). Out of the total expenditure of ₹3,78,339.41

crore incurred by these Ministries/ Departments during 2019-20, 40.22 per cent was incurred by Ministry of Road Transport & Highways followed by Department of Financial Services and Ministry of Petroleum and Natural Gas (22.00 per cent and 11.32 per cent respectively).

A review of variation of the actual expenditure for the year 2019-20 of the above Ministries/ Departments showed that Ministry of Petroleum and Natural Gas had maximum increase (31.24 per cent) and Ministry of Micro, Small and Medium Enterprises had minimum increase (3.14 per cent) in expenditure over the last year i.e., 2018-19. Similarly, Ministry of Civil Aviation had maximum decrease (62.01 per cent)⁷ and Department of Public Enterprises had minimum decrease (0.52 per cent) in expenditure over the last year i.e., 2018-19.

The Ministries/ Departments having significant increase in actual expenditure were the Department of Heavy Industry, Ministry of Steel, Ministry of Coal, and Department of Commerce during 2019-20 over the previous year. Marked decrease⁸ in actual expenditure was observed in Ministry of Textiles, Ministry of Tourism and Department of Financial Services during 2019-20 over the previous year.

With reference to the total budget provision of ₹4,14,527.45 crore during 2019-20, the Ministries/ Departments had an overall unspent budget of ₹36,188.04 crore which constituted 8.73 per cent of the total grant/ appropriation as against the unspent budget of 8.04 per cent during 2018-19.

1.5 Utilisation Certificates

As per the General Financial Rules, certificates of utilisation in respect of grants released to statutory bodies/ organisations are required to be furnished within 12 months from the closure of the financial year by the concerned bodies/ organisations. The Ministry/ Department-wise details indicating the position (as on March 2020) of 4,865 outstanding utilisation certificates (UCs) involving an amount of ₹18,181.39 crore in respect of grants released up to March 2019 by 15 Ministries/ Departments that remained outstanding after 12 months from the end of the financial year in which the grants were released are given in **Annexure-III**. In respect of these 4,865 UCs involving ₹18,181.39 crore, no assurance could be derived that the amount had actually been incurred for the purpose for which it was sanctioned/ authorised by the Legislature. High pendency of utilisation certificates is fraught with risk of misappropriation of funds and fraud. The age-wise position of outstanding utilisation certificate is summarised in Table 1.2 below:

⁷ *High decrease in expenditure was mainly on account of reduction in budget (2019-20) under central sector schemes viz. Turnaround plan of Air India Ltd., Regional Connectivity Scheme and other central sector expenditure.*

⁸ *Expenditure/budget provision (2019-20) was reduced mainly in central sector schemes viz. Amended Technology Upgradation Fund Scheme, Textile Infrastructure, Tourism Infrastructure and Support to Financial Institutions.*

Table 1.2: Position of outstanding UCs

(₹ in crore)

Range of delay in number of years	UCs outstanding as on 31 March 2020	
	Number	Amount
0-1	1,490	7,421.99
1-5	2,516	10,291.18
Above 5	859	468.22
Total	4,865	18,181.39

The outstanding UCs predominantly pertain to six Ministries/ Departments. These constitute 89.19 *per cent* of total outstanding UCs, value of which is 95.93 *per cent* of the total outstanding amount. The position of the outstanding UCs with significant money value relating to the six Ministries/ Departments, as on March 2020, is given in Table 1.3 below:

Table 1.3: UCs outstanding as on 31 March 2020

(₹ in crore)

Sl. No.	Ministry/ Department	Till March ⁹ 2019	
		Number	Amount
1.	Ministry of Housing and Urban Affairs	1,594	12,666.14
2.	Department of Financial Services	39	3,067.63
3.	Ministry of Textiles	2,582	796.35
4.	Department of Heavy Industry	54	396.51
5.	Department of Chemicals & Petrochemicals	22	292.09
6.	Ministry of Tourism	48	223.23
	Total	4,339	17,441.95

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

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

Table 1.4 below shows delay in submission of accounts for the year 2018-19 by the CABs for audit.

Table 1.4: Delay in submission of accounts

	Period of Delay			
	Up to 1 month	1-3 months	3-6 months	Beyond 6 months
No. of CABs	8	8	7	4

The details of CABs whose accounts were delayed as of March 2021 are given in **Annexure-IV**.

⁹ For grants released till March 2019

1.7 Delay in presentation of audited accounts of CABs before Parliament

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

Status of laying of the audited accounts before the Parliament as on March 2021 is as mentioned in Table 1.5:

Table 1.5: Status of laying of the audited accounts in the Parliament

Year of account	Number of CABs for which audited accounts were issued but not presented to Parliament
2013-14 to 2016-17	1
2017-18	3
2018-19	4
Year of account	Number of CABs for which audited accounts were laid after the due date
2018-19	14

The particulars of the CABs whose audited accounts had not been laid or laid in the Parliament after the due date are given in **Annexure-V** and **Annexure-VI** respectively.

1.8 Results of certification of audit

Separate Audit Reports for CABs audited under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are appended to the certified final accounts that are to be tabled by respective Ministries in the Parliament. Some of the significant observations issued on financial statements of CABs for the year 2019-20 are given in **Annexure-VII**. Some of the other important deficiencies noticed during the audit of Annual Accounts of CABs for the year 2019-20 are as mentioned below:

- a) Internal audit was not conducted in 16 CABs (**Annexure-VIII**);
- b) Physical verification of the fixed assets was not carried out in 16 CABs (**Annexure-IX**);
- c) Physical verification of the inventories was not carried out in 13 CABs (**Annexure-X**);
- d) Accounting for grants on realisation/ cash basis was found inconsistent with the common format of accounts as prescribed by the Ministry of Finance in 12 CABs (**Annexure-XI**);
- e) Accounting for gratuity and other retirement benefits was not carried out on the basis of actuarial valuation in 16 CABs (**Annexure-XII**); and
- f) Accounts of four CABs were revised as a result of audit (**Annexure-XIII**).
- g) Airport Economic Regulatory Authority did not provide depreciation on fixed assets during the year 2019-20.

1.9 Status of pending ATNs

The Public Accounts Committee (PAC), in its 105th Report (Tenth Lok Sabha–1995-96) which was presented to the Parliament on 17 August 1995, had recommended that Action

Taken Notes (ATNs) on all paragraphs of the Reports of the CAG should be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of four months from the date of laying of the Audit Reports on the Table of the House starting from 31 March 1996 onwards. Subsequently, a Monitoring Cell was created under the Department of Expenditure which is entrusted with the task of coordination and collection of the ATNs from all the Ministries/ Departments concerned duly vetted by Audit and sending them to PAC within the stipulated period of four months from the date of presentation of the Audit Report to the Parliament.

A review of the position of the ATNs on paragraphs included in CAG's Compliance Audit Reports Union Government (Civil-Economic & Service Ministries), revealed that 39 ATNs were due but only 30 were received out of which four have been finalised while remaining were under various stages of correspondence with the concerned Ministries/ Departments (September 2021). Details of the outstanding ATNs are indicated in **Annexure-XIV**.

1.10 Response of Ministries/ Departments to Draft Audit Paragraphs

The Ministry of Finance (Department of Expenditure), on recommendations of PAC, issued directions to all Ministries in June 1960 to send their responses on the draft Audit paragraphs proposed for inclusion in the Report of the CAG within six weeks. The draft Audit paragraphs are forwarded to the Ministries/ Departments concerned drawing their attention to the Audit findings and requesting them to send their response within prescribed time period. This report contains 14 Audit paragraphs. The replies of concerned Ministries/ Departments were received in respect of eight paragraphs. The responses received have been suitably incorporated in the Report (September 2021).

CHAPTER II: MINISTRY OF CORPORATE AFFAIRS

2.1 Data analysis of MCA21

2.1.1 Introduction

The Ministry of Corporate Affairs (MCA/ Ministry) is primarily concerned with the administration of the Companies Act, 1956 and 2013, the Limited Liability Partnership Act, 2008, other allied Acts, and Rules and Regulations framed there under mainly for regulating the functioning of the corporate sector in accordance with the law. Broadly, the Ministry performs two categories of functions: (i) policy functions involving formulation of legislation and subordinate legislation, and (ii) regulatory functions involving administration of Acts and Rules made there under.

The Ministry launched MCA21 project in February 2006. The project is an e-Governance initiative covering all aspects of incorporation and regulation of companies as defined under the Act. It is an end to end program envisaging electronic filing of documents, registration of companies and public access to corporate information online through a secure interactive portal. The portal services can be accessed/ availed from anywhere, at any time that best suits the corporate entities, professionals and the public at large. The project was approved by Cabinet Committee on Economic Affairs (CCEA) on 2 February 2005 at an estimated cost of ₹345.89 crore for a six-year project period. After development of system application, data centre, disaster recovery centre and rollout in all the project locations¹, the project commissioned its full-scale operation from 17 January 2007.

The first phase of the project was awarded (March 2005) to M/s Tata Consultancy Services Ltd., called as the Operator, on Build, Own, Operate, Transfer (BOOT) model. After the expiry of the first phase in 2013, the project commenced its second cycle (MCA21 Version-2) on 17 January 2013. M/s Infosys Limited was selected as service provider for this cycle for a period of six and a half years, extendable by two more years. M/s Infosys Limited was to provide services for transitioning of the existing MCA21 systems and related services and enhancing the same with continued maintenance and operations services.

National Institute of Smart Government was nominated as Project Monitoring Unit for both the phases of the project. An agreement was also signed in this regard between National Institute of Smart Government and the Ministry wherein the former was envisaged to carry out the task of assessing the operator's performance to the service levels as described in the Master Services Agreement. Third phase of the project was awarded to M/s L&T Infotech on 31 December 2019. The broad scope of work for the third phase included transition of MCA21 version 2; design, development, implementation, operation and

¹ Project locations refer to the Ministry of Corporate Affairs and the offices of the Regional Directors and the Registrars of Companies across the country

maintenance of MCA21 version 3 application; and roll out of infrastructure at different offices of the Ministry, etc.

2.1.2 Objectives of MCA21

The key objectives planned for the project were as follows:

- Online incorporation of companies and change of name and address of the companies electronically,
- Filing of Forms and Returns,
- Registration as well as verification of charges² anytime and from anywhere,
- Inspection of public documents of companies anytime from anywhere,
- Building up a centralised database repository of corporates operating in India, and
- Timely redressal of investor grievances.

2.1.3 Organisational set up

The Ministry of Corporate Affairs has a three-tier organisational set up for the administration of Companies Act, Limited Liability Partnership Act and other allied Acts and Rules. This three-tier set up consists of the Secretariat at New Delhi, the Regional Directorates at Mumbai, Kolkata, Chennai, Noida, Ahmedabad, Guwahati and Hyderabad, and 26 offices of Registrar of Companies. In addition, there are 19 offices of Official Liquidators who are attached to various High Courts functioning in the country. MCA21 project is implemented in the offices of Registrar of Companies, Regional Directorates and MCA Headquarters which works as Back office.

2.1.4 Electronic Forms

An Electronic Form (e-Form) is a re-engineered conventional form and represents a document in electronic format for filing with the MCA through the internet. This may be either a form filed for compliance or information purpose or an application seeking approval from the Ministry.

MCA21 comprises around 100 e-Forms to enable stakeholders to fill-in the required information. These e-Forms have been grouped under the following broad categories:

- (i) Company Registration:** This comprises mainly the forms relating to approval for name of the Company, application for incorporation of the Company, and intimation about registered office and directors of the Company.
- (ii) Compliance Related Filing:** This comprises the forms for statutory filing of returns such as allotment of shares for consideration other than cash, buyback of securities, appointment of Managing Director, Whole-time Director and Auditor, Statutory Report and Cost Audit Report.

² *Charges created on the assets of a company in favour of lenders to serve as collateral security*

- (iii) **Change Services:** This comprises forms relating to change in capital structure of the Company, change in situation of Registered office of the Company, change of Directors, Manager and Secretary, etc.
- (iv) **Charge Management:** This comprises forms relating to creation and modification of charge on various types of assets of the Company in favour of lenders.
- (v) **Investor Services:** This comprises forms relating to complaints filed against the Company by an investor.
- (vi) **Approvals relating to Managerial Personnel:** This comprises forms relating to approval for increase in the number of directors, fixing of remuneration of directors, modification in terms and conditions of appointment of directors, etc.
- (vii) **Approval Services:** This comprises forms for approval by the MCA, Regional Directors and Registrar of Companies, as required under various provisions of the Companies Act.
- (viii) **Informational Services:** This comprises forms for filing of various types of information with the Registrar of Companies such as resolutions, declarations and agreements.
- (ix) **Annual Filing:** This comprises forms for filing of the Annual Return and Balance Sheet and Profit & Loss Account of the Company.

2.1.5 Master Services Agreement with the operator

A Master Services Agreement was signed between the MCA and the Service Provider to govern the manner in which the Service Provider shall implement the project and deliver the services specified under the agreement and the Service Level Agreement. According to the Master Services Agreement, the payment should be made to the Service Provider at the end of each quarter after satisfactory delivery of the service in equated quarterly instalments. The payment was to be made for services such as transition from existing version of MCA21, operation and maintenance, renewal/ replenishment of storage devices, computer infrastructure, software licenses, etc.

2.1.6 Audit scope, methodology and objectives

2.1.6.1 Planned Scope: The scope of audit initially was intended to cover the evaluation of Information Technology (IT) application controls and their effectiveness in achieving the organisational objectives. The audit was intended to cover issues related to IT in the second version of MCA21, for which M/s Infosys Limited was the Service Provider.

At the commencement of IT Audit of MCA21 in July 2018, Audit requested access of the MCA21 system to examine input and output controls, data processing, data validation in the live environment. However, the Ministry denied this request stating verbally that Audit did not have a working role in the process of MCA21. In the absence of access to live environment, it became impossible for Audit to check the input, processing and output mechanisms and controls built into the system for the successful administration of the

Companies Act and other Rules and Regulations framed under it. Thereby, Audit could not derive assurance about the efficiency and efficacy of the live system. As the access to live environment was not made available to Audit, the Ministry was requested (January 2019) to provide the data dump of MCA21. Audit noticed that the processes of MCA21 were managed through various e-Forms in the MCA21 portal and the data of MCA21 was voluminous. Hence, it was decided by Audit to analyse the data of 10 e-Forms.

The data pertaining to April 2016 to March 2019 in respect of 10 e-Forms and seven services was called for analysis (**Annexure-XV**). In view of voluminous data of MCA21, it was agreed that Ministry would provide data relating to one e-Form to Audit for analysis. If the supplied data proves to be useful to audit for analysis, the data relating to the remaining e-Forms would be provided by the Ministry. Audit accordingly sought the data relating to one e-Form viz. Simplified Proforma for Incorporating Company Electronically (SPICe), which was designed for incorporation of the companies. However, the Ministry provided only partial data relating to SPICe e-Form. Out of 13 files furnished to Audit, only three files i.e., DIN Master, Company Master and Nominees were found relevant, while the other 10 files did not relate to the SPICe e-Form.

Further, the allied forms of SPICe, which comprised the entire workflow of incorporation of a company were not provided, due to which, Audit faced constraints in examining and deriving assurance about the efficacy of the system to handle issues relating to incorporation of companies.

2.1.6.2 Scope Limitation: Audit was restricted in its scope, due to inadequate support from the Ministry in providing information/ data/ replies which were crucial to audit. Consequently, Audit was unable to derive an assurance about the efficacy of the MCA21 system as a whole.

Audit proceeded with analysis of the available data of the MCA21 system with the limited audit objectives to ascertain whether:

- the SPICe e-Form supported the targeted business process and ensured compliance with applicable rules and regulations, and
- the application, in the above context, was able to identify and flag discrepancies of data captured and provided for requisite corrective action.

Audit checks were carried out on the data provided by the Ministry in May 2020. The results of data analysis were subsequently cross-verified, on a test-check basis, in the office of Registrar of Companies, Delhi and Central Registration Centre, Manesar.

2.1.7 Audit Criteria

Audit criteria were derived from IT Act, 2000; IT Audit Manual of the CAG of India; relevant e-governance standards, guidelines and framework published in <https://egovernance.gov.in>; Guidelines of the Ministry of Electronics and Information

Technology (MeitY) in respect of e-governance contracts; Companies Act, 2013 with allied Rules and Cabinet Notes.

2.1.8 Audit Findings

The findings that emerged from the data analysis of files provided by the Ministry in May 2020 (DIN³ Master and Company Master containing 58,01,744 and 20,08,456 records respectively) have been discussed in the succeeding paragraphs.

2.1.8.1 Issues relating to Director Identification Number (DIN)

A. More than one DIN allotted on same Permanent Account Number (PAN)

Sections 153 and 154 of the Companies Act, 2013 stipulate that an individual willing to act as a director in any Company must apply for a DIN and within one month of such application, the DIN would be allotted to the individual. Section 155 of the Act provides that no individual who has already been allotted a DIN should apply for, obtain or possess another DIN. If a director uses more than one DIN, it is a prima facie evidence of the violation of Companies Act, 2013 and considered as an offence under Section 159 of the Act. Further, risk of use of second DIN by an individual for fraudulent purpose cannot be ruled out.

During analysis of DIN Master file, 6,78,161 records were found where 2,33,898 PANs had more than one DIN allotted there against. The status of those DINs, as shown in the DIN Master file, was as under:

Table 3.1: DINs allotted against the same PAN

DIN Status	Number of DINs
Blank ⁴	178
Approved	27,429
Deactivated ⁵	1,75,033
Disabled ⁶	1,29,194
Lapsed ⁷	3,45,965
Provisional ⁸	286
Rejected	33
Surrendered	43
Grand Total	6,78,161

³ Director Identification Number

⁴ 'Blank' Status means no data was found in the Status field.

⁵ Non-filing of annual KYC by a DIN holder by the due date leads to deactivation of DIN.

⁶ The Ministry made (31 May 2011) it mandatory for DIN applicants to provide their PAN and directed previous DIN holders to add their PAN details within specified time, failing which the DIN is disabled.

⁷ An applicant who has been allotted Provisional DIN has to apply for regular DIN within 60 days, failing which the provisional DIN lapses.

⁸ After making an online application for DIN, a Provisional DIN is generated. After generation of Provisional DIN, the applicant has to make formal application for DIN along with the specified fee for allotment of regular DIN.

Further analysis of the data revealed the following:

(i) Out of 6,78,161 records where more than one DIN was allotted against the same PAN, in case of 27,429 records, the status of DIN was shown as 'Approved'. It was seen that out of 27,429 records, 63 individuals were issued more than one DINs on same PAN and the DINs were shown as approved in the database. This showed that system could not validate the check on the basis of PAN while processing the allotment of DIN. Out of 63 cases, in 52 cases second/ duplicate DIN was allotted during the period covered under audit. On examination of 20 cases (**Annexure-XVI**) out of the aforesaid 63 cases in Registrar of Companies, Delhi (January 2021), it was found that more than one DIN on one PAN were approved in all 20 records but their present status was found deactivated. However, the risk in respect of deactivated DINs continues as these can be restored after performing KYC by the DIN holder.

The Ministry, while accepting that certain validations were not in place, replied (June 2021) that earlier when duplicate DINs were marked as lapsed by MCA, multiple/ duplicate DINs having active association with companies/ LLPs were skipped. For the same, Form DIR-5 (for surrender of DIN) was introduced. A related validation at the back office was also not working. With the introduction of Form DIR-3 KYC, only one DIN of an individual could be KYC verified and hence other DINs were marked as 'Deactivated due to non-filing of KYC' resulting in removal of duplicate DINs by the system.

In respect of the 63 cases pointed out by Audit, the Ministry analysed the data extracted by it in April 2021 (audit checks were on data of May 2020) and intimated that it has extracted the latest status of all such DINs and have observed that not more than one DIN against each PAN has status as 'Approved'. The Ministry, however, admitted that still, in two cases an individual has performed KYC for both DINs allotted against the same PAN. In order to restrict such cases, the Ministry proposed to introduce a check at DIR-3 KYC web in order to stop KYC verification where it has already been performed for a DIN issued against the same PAN.

Hence, it is evident that requisite basic validations, treating PAN as the unique identifier for preventing allotment of more than one DIN were still not in place.

(ii) Out of 6,78,161 records, in 43 records the status of DIN was shown as 'Surrendered'. While comparing the DINs under the category of 'Approved' and 'Surrendered', it was found that 28 individuals surrendered one out of the two allotted DINs after the allotment of the next DIN. It showed that the system could not validate the check on the basis of PAN while processing the allotment of more than one DIN. Out of those 28 cases, in 13 cases second/ duplicate DIN was allotted during the period covered under audit. The Ministry did not furnish reply to the audit observation.

(iii) On comparing the DINs under the category of 'Approved' and 'Deactivated', it was found that out of 6,78,161 records, in 1,757 cases, more than one DIN was allotted of which, one DIN was deactivated on later date. In such cases, both DINs with same PAN remained active before deactivation of one DIN. In 298 out of these 1,757 cases, second/

duplicate DIN was allotted during the period covered under audit. The Ministry did not furnish reply to the audit observation.

Thus, the system did not generate any alert (red flag) to caution the Registrar of Companies regarding an individual who applied for allotment of more than one DIN, prompting to take corrective action. MCA21 had no mechanism in place to auto detect this deficiency in its database.

Recommendation No. 1

Necessary input controls may be put in place so that instances such as issue of more than one Director Identification Number against a Permanent Account Number do not arise.

B. DINs having no identification particulars

System Requirement Specification Kit of e-Form DIR-3 for allotment of DIN required filling of PAN mandatorily for Indian nationals and Passport number for foreign nationals. During the analysis of DIN Master file, all ID fields viz., PAN, Voter ID, Driving Licence number, Passport number and Aadhaar Number were found blank in 10,54,824 cases. The status of DIN in these cases was as under:

Table 3.2: DINs without any identification particulars

Status of DIN	Cases where no ID was found
Blank	1,581
Approved	77
Deactivated	1,65,452
Surrendered	40
Disabled	2,25,563
Lapsed	6,60,195
Provisional	150
Rejected	1,766
Total	10,54,824

It may be seen from the above table that there were 1,65,569 cases where category of DINs was shown as 'Approved' or 'Surrendered' or 'Deactivated'. In these cases, the possibility that the individuals may have used those DINs cannot be ruled out. Further, in the absence of any information in the ID fields, the cases relating to issue of multiple DINs to an individual will go undetected.

It was also found that 2,031 DINs were allotted without IDs (Approved: 61, Surrendered: 04, Deactivated: 1,966) after 1 January 2016 i.e., after the latest revision of Form DIR 3: Application form for allotment of DIN. On examining the records of 20 DINs (**Annexure-XVII**) out of the aforesaid 61 approved DINs in Registrar of Companies, Delhi (January 2021), all ID fields were found blank in the back office. It shows that the system approved DINs even in the absence of mandatory data input. The Ministry did not furnish reply to the audit observation.

Recommendation No. 2

Adequate checks may be built into the system to ensure that all mandatory fields are either filled-in by the concerned applicant company or should be auto-populated, if captured in any other e-Form.

C. Date Fields with Blank or zero value in DIN Master

Audit observed that out of 58,01,744 records in the DIN Master file, in 2,127 records (excluding DIN showing status as 'Lapsed', 'Provisional', 'Disabled' and 'Rejected'), the 'Start date' of DIN, i.e., the date of approval of DIN, was shown as 'Zero' or 'blank'. In the absence of this, Audit could not analyse data to examine whether the second/ duplicate DIN was allotted to an individual even when his first DIN was in use, in respect of these 2,127 cases.

Audit examined 20 of these DINs (**Annexure-XVIII**) related to and managed by Registrar of Companies, Delhi (January 2021) and found that no date was recorded in these cases in the back office.

The Ministry did not furnish reply to the audit observation.

2.1.8.2 Issues relating to Directorship**A. Directorship over maximum limit**

Section 165(1) of the Companies Act, 2013 stipulates that no person, after the commencement of this Act, should hold office as a director, including any alternate Directorship, in more than 20 companies at the same time.

Analysis of the DIN Master file containing 58,01,744 records, however, revealed that 1,626 individuals held Directorship in more than 20 companies at the same time, thus violating the provisions of the Companies Act. Audit examined 20 cases out of the aforesaid 1,626 cases (**Annexure-XIX**) in Registrar of Companies, Delhi (January 2021) and found that all the 20 individuals held Directorships beyond the permissible limit. Further, the MCA21 had no inbuilt system design to identify and flag such cases for enabling Registrar of Companies to take corrective action under the Companies Act.

The Ministry, while replying (June 2021) with respect to data extracted in April 2021, accepted that certain validations were not in place. The Ministry stated that the 'number of Directorships' check was missing in SPICe+ PART B⁹ due to which few directors got appointed in more than 20 companies. The Ministry intimated that presently, out of 1,626 DINs shared, only 26 DINs are associated with more than 20 companies as per the report extracted on 9 April 2021. The Ministry informed that the necessary check with regard to number of Directorships has now been implemented.

⁹ *Audit observations were on SPICe e-form. The Ministry implemented SPICe+ form (a web enabled improved form) w.e.f. 15 February 2020. The requisite validation was not in place in the web enabled format also, as stated by the Ministry in its reply.*

The Ministry, however, did not provide supporting data/ documents with its reply for verification of the compliance made by them.

B. Number of Directors in a Company

As per Section 149 (1) of Companies Act, 2013, every company should have a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a one person company¹⁰. A company can appoint a maximum of 15 directors. However, a company may appoint more than 15 Directors after passing a special resolution in a general meeting without the approval of the Central Government.

Analysis of data in respect of 50,601 active private companies, however, revealed that there was only one Director in 30,973 companies, while 19,628 companies were being run without any Directors. Further, in 5,710 public companies, the number of Directors was less than three. In eight active one person companies, the companies were being run without any Director.

Audit verified backend data kept with Registrar of Companies, Delhi (January 2021) to verify the factual status and to rule out data entry error. Audit examined 22 records from 50,601 active private companies (**Annexure-XX**), 23 records from 5,710 public companies (**Annexure-XXI**) and four records of one person companies (**Annexure XXII**). The results of data analysis were confirmed from the verification of backend data. This establishes that MCA21 did not have inbuilt system design to identify violations of legal/ statutory requirements and alert the Authorities to take timely corrective action.

While citing a different number of cases than intimated by Audit, the Ministry accepted that there were issues in the data validation. The Ministry replied (June 2021) that data got migrated with lesser than the minimum number of directors, at the time of migrating the data from legacy system to MCA21. Due to this reason, 19,991 Corporate Identity Numbers (incorporated prior to 2007) got migrated without any active Directors or Directors lesser than the minimum requirement. Also, many companies which were in dormant status got converted into active status without Directors or lesser than the minimum required Directors. The Ministry further stated that their technical team would analyse the cases of eight active one person companies without any Director.

Audit is of the view that migration of legacy data into a new system should have been subjected to strategic checks as it was fundamental for maintaining data integrity.

2.1.8.3 Blank PAN field in Active Companies

PAN is a 10 digit unique alphanumeric number issued by the Income Tax Department. The fourth character of PAN represents the status of the PAN holder.

¹⁰ *One Person Company means a company which has only one person as a member.*

The Ministry of Corporate Affairs has made it mandatory to provide PAN for incorporation of a company. The SPICe e-Form has a provision to enable the company to apply for PAN simultaneously along with SPICe submission.

In this regard, Audit while analysing the data file (Company Master), observed that out of 20,08,456 records of Companies, PAN field in respect of 8,53,254 Companies were blank in the database. Out of these, 1,37,602 companies were found to be active. Further, in case of 2,805 companies, PAN mentioned in the database belonged to an individual instead of a Company.

During verification of the Audit observation from the back office in Registrar of Companies, Delhi (January 2021) Audit did not find the field for Company PAN. Out of 2,805 companies, Audit verified 20 records (**Annexure-XXIII**) from the Annual Return (e-Form MGT-7) of the Companies which was available in the back office and noticed that Individual's PAN (fourth character as 'P') were filled instead of Company's PAN. Also, the MCA21 database provided for a PAN data of 15 characters instead of restricting it to 10. It was also possible to enter lesser or more characters instead of the appropriate 10-character PAN. It could not correlate a simple check of whether the PAN's fourth character was appropriate either as "C" which stands for a "Company" or "P" for an "Individual" and invalidate the incorrect data entry.

The Ministry replied (June 2021) that integration with the Central Board of Direct Taxes for issuing PAN and Tax Deduction and Collection Account Number (TAN) got rolled out in February 2017. Hence, the Companies incorporated prior to February 2017 or incorporated through Forms¹¹ INC-2/ INC-7 (other than the integrated incorporation form) may not have PAN in the system. Currently, PAN is getting updated in master data through MGT-7. However, there is no validation happening for PAN and hence many companies are giving individual/ dummy PAN while filing MGT-7 and the same is getting updated in the Company Master. Further, there is no Form which captures the PAN of Foreign Company which has a place of business in India. Hence, PAN field is blank for all Foreign Company Registration Numbers in the system.

It is evident from the reply that basic and appropriate input checks were not put in place even to update the PAN and/ or restrict individuals from submitting Individual's PAN instead of Company's PAN. There appears to be inherent design and data capture deficiencies in the forms used to collect data.

2.1.8.4 Companies with exactly the same name

As per Section 4 (2) of the Companies Act, 2013 read with Rule 8 of the Companies (Incorporation) Rules, 2014, the name of a company must not be similar or identical to name of any other existing company.

¹¹ Form INC-2 was meant for application for incorporation of a One Person Company and Form INC-7 was meant for application for incorporation of a Company other than One Person Company.

Data analysis of the Company Master file containing records of 20,08,456 companies, however, revealed that there were 11,830 cases where two or more companies had the same name. In 1,165 cases, the companies having same name were found to be active. Audit further observed that 30 of these companies were incorporated in the Audit period (2016-20).

Audit selected 20 records (**Annexure-XXIV**) in Registrar of Companies, Delhi (January 2021) to verify the observations and found that all the 20 companies had exactly the same name with different Corporate Identity Numbers. In 15 cases, the companies were within the same States, of which in eight cases, the companies had the same addresses. Requisite validation controls to detect and reject such cases was found lacking in MCA21.

The Ministry in its reply (June 2021) stated that at the time of migrating the data from legacy system to MCA21, few duplicate Corporate Identity Numbers got created and such duplicate company names got removed by updating status of one Corporate Identity Number to 'NAEF' (i.e., Not eligible for e-filing). The Ministry has also accepted that there are few companies for which duplicate Corporate Identity Numbers are still available in the system and further intimated that it has shared the list of 30 Corporate Identity Numbers, which got incorporated during 2016 to 2020, with its technical team for further analysis.

The reply of the Ministry is silent on the Audit observation regarding existence of companies with exactly same name but different Corporate Identity Numbers. However, the reply indicates that duplicate Corporate Identity Numbers also exist in the system. It establishes that the MCA21 did not have inbuilt validation capacity to identify such discrepancies and alert the authorities to take necessary remedial action. However, the Ministry, vide notification dated 21 February 2019, has made it mandatory for the companies to attach the photograph of the registered office of the company, while filing the e-Form (INC-22) for situation or change of address of the registered office of a company.

2.1.8.5 Non-availability of License number for Companies under Section 8

Section 8 of the Companies Act, 2013 deals with the provisions relating to registration of Companies with charitable objectives. Such companies are registered under this Section by issue of a license by the Central Government. After the approval of Form INC-1 for their names, such companies have to apply for licence number in Form INC-12 in the Registrar of Companies.

Out of total 20,08,456 companies in the Company Master database, there were 18,196 companies registered under Section 8 of the Companies Act, 2013. The data analysis of these companies, however, revealed that the license number in case of 8,159 companies were found to be "000000". Out of these 8,159 companies, 7,987 companies were found to be Active in status.

Audit visited (January 2021) Registrar of Companies, Delhi to verify the aforesaid observations. However, it was found that the license numbers of Section 8 companies could not be viewed from the back office. Even Registrar of Companies cannot view license number of Section 8 companies. The Ministry was requested (January 2021) to provide the details as to where the licence number could be viewed. However, in the absence of this information, Audit could not ascertain whether licence in these cases were approved and Audit could also not examine the cases, if any, where the Ministry issued incorporation certificates to Companies even after rejection of licence. Further, Section 8 Companies being non-profit organisations get some exemptions and deductions from income tax. The genuineness of the Companies claiming such advantages could not be verified with other government databases in the absence of such information. Similarly, absence of license numbers could pose difficulty in verification of those Section 8 companies with the MCA21 database that seek permission from the Ministry of Home Affairs under the Foreign Contribution (Regulation) Act, 2010.

The Ministry replied (June 2021) that they have now automated the process of generating license numbers of Section 8 companies. It was further stated that license numbers were missing for many Section 8 companies which got incorporated prior to 2006.

On examining the reply of the Ministry, it was found that out of 8,159 companies where license number of companies were found to be “000000”, 6,320 companies were incorporated after 2006 of which 6,315 companies were found to be active in status.

2.1.8.6 Reserve Unique Name Service

The Ministry introduced (26 January 2018) a new web-based application called Reserve Unique Name for reserving a name for a new company prior to its registration or for change of the name of an existing company. The Company name applied was required to comply with the Company Name Availability Guidelines.

Section 4(5) of the Companies Act, 2013 and System Requirements Specifications document meant for Reserve Unique Name service laid down that the reserved name would be valid for a period of 20 days from the date of approval in case of reservation of name for a new company and 60 days for change in name of an existing company.

Analysis of data¹², however, revealed that reserved names did not expire in 26,888 cases (out of 46,671 cases) though the applications for incorporation of companies through SPICe e-Form, were filed even after 22 to 394 days.

Audit checked 42 records (**Annexure-XXV**) to cross verify the data analysis findings to the existing actual condition with back office records in Central Registration Centre, Manesar (February 2021). Audit collected copies of system generated ‘letter of approval for availability of name for the proposed company’ as issued to the applicants, wherein the

¹² *Analysis by matching records of two different files i.e., ZMCA_SRN_History2 and ZMCA_MCA_INC_29_0406*

validity of availability of the reserved name was also mentioned. It was noticed that the system allowed processing the application for incorporation of the Company with the name reserved earlier, even after the expiry of validity of the name. Moreover, the name remained blocked for unusual period which could have been issued to some other company.

The Ministry replied (June 2021) that clause (1) of Sub-section (5) of Section 4 of the Companies Act, 2013 had been notified on 23 January 2018 and was effective from 26 January 2018. Hence, validity period for all names which got approved till 25 January 2018 was to be considered as 60 days from the date of application. For the names which got approved post 25 January 2018, name reservation period was 20 days from the date of approval. Out of 26,888 cases pointed out by Audit, 11,922 cases pertain to the period prior to 26 January 2018 and hence, name validity period should be considered as 60 days from the date of application. Based on the updated logic, except 79 cases, all other forms for incorporation of companies got filed within the validity period of name reservation. For the remaining 14,966 cases, except 308 cases, all other forms for incorporation got filed within the validity period of name reservation. Name might have got extended for the above mentioned 308 cases plus 79 cases based on Ministry's approval along with Change Requirement Form or the name expire batch file might not have run due to some technical issues.

Even after considering the updated logic as stated by the Ministry, the number of cases where SPICe e-Forms got filed beyond the validity period of name reservation was 79. However, Audit also re-examined the 11,922 cases pertaining to the period prior to 26 January 2018 on the basis of the criteria stated by the Ministry and noticed that instead of 79 cases as stated by the Ministry, 865 cases were accepted by the system even after the expiry of validity of the name. Thus, proper validation was not in place in both the scenarios i.e., before the effective date of aforesaid notification and even after the notification.

Recommendation No. 3

Necessary validation checks may be built in the system to generate red flags/ alerts to the concerned Authority, where input data does not meet the requirements of the provisions of the Companies Act.

Recommendation No. 4

The Ministry may explore due business process re-engineering so that risks of inaccuracy in the data arising out of multiple points of data entry/ capture can be mitigated.

Recommendation No. 5

The Ministry may consider checking and verifying the data in all other e-Forms and ensure that requisite validation checks have been incorporated to avoid risk arising from data deficiencies in the software.

2.1.9 Non-cooperation from the Ministry in production of records/ documents

The Ministry provided data after considerable delay and even then it was not complete and relevant. Data was received in two tranches viz., on 13 June 2019 and 4 May 2020. In the second tranche, instead of providing remaining data of SPICe and allied e-forms for the requested period (2016-19), the Ministry provided Service Request Number (SRN) history data file containing data of around 10 crore records relating to the period 2007-2020 stating that data contained in file cannot be separated on the basis of e-Form ID/ name. As a result, Audit could not analyse it for the intended purpose. The Ministry did not provide data of Date field¹³, which was crucial for audit analysis.

Audit issued findings on data analysis to the Ministry on 4 December 2019 and 25 August 2020. Thereafter, Audit pursued it at different levels in the Ministry but the Ministry did not furnish response to the Audit findings. Audit compiled the findings and issued observations in the form of a factual statement to the Ministry on 9 March 2021, followed by an Addendum on 1 April 2021, requesting to confirm the facts and figures mentioned in the Audit observations. The Ministry furnished a partial reply in June 2021 to the Audit observations, which has been incorporated in the Audit para.

2.1.10 Conclusion

Audit faced constraints due to failure of the Ministry to provide requisite data, information and documents to Audit. Due to inadequate support from the Ministry, Audit was unable to derive an assurance about the efficacy of the MCA21 system as a whole. Further, since partial data of only one e-Form (SPICe e-Form) was provided by the Ministry, Audit faced constraints in examining and deriving complete assurance about the efficacy of the system to handle issues relating to incorporation of companies. Thus, Audit scope was restricted to the available information. Audit observed, as part of certain checks and as also provided in the replies of the Ministry, that in case of incorporation of a company, allied forms were introduced and revised at various times, for meeting statutory requirements, which were not integrated fully with one another, leading to validation issues.

In the limited data analysis that could be carried out, Audit observed that there were inadequate input controls and validation checks in the MCA21 system that compromised the correctness and reliability of data fed in the system. Although the Ministry carried out e-KYC drive for Directors and Companies aimed for verification of DIN holders/ companies and weeded out non-existent/ dummy records, deficiencies in the database persisted. The Ministry could not regulate such violations where stakeholders did not adhere to the provisions of the Companies Act. Therefore, risk of data being manipulated and manual overrides could not be ruled out. Effective validation ensures data accuracy. Quality data is a pillar of master data management which is essential to reaching policy

¹³ *Date field for submission of SPICe e-Form and allied e-Forms for subsequent processes relating to incorporation of Company*

conclusions based on sound facts and figures. Thus, the system needs to be strengthened further to ensure the quality of data for the benefit of all stakeholders.

CHAPTER III: MINISTRY OF COMMERCE AND INDUSTRY

The Rubber Board

3.1 Functioning of The Rubber Board

3.1.1 Constitution of Rubber Board and its objectives

The Rubber Board (Board) at Kottayam, Kerala, was constituted (April 1947) through the Rubber Act 1947. The Board functions under the Ministry of Commerce and Industry of Government of India. The primary objective of the Board is to develop rubber industry in the country. There are 45 Regional Offices and a Rubber Research Institute of India along with its 10 divisions all over India under the control of the Board (January 2021). The Board is headed by the Chairman, supported by 26 regular¹ and two ex-officio members². The Executive Director is the executive head of the Board. The staff strength of the Board as of March 2020 was 1,261. The Board incurred an annual expenditure of ₹208.56 crore, ₹190.60 crore and ₹227.18 crore during 2017-18, 2018-19 and 2019-20 respectively as against income of ₹24.98 crore, ₹17.77 crore and ₹17.12 crore (excluding grants received from Government of India) during the same period. The major functions of the Board are as follows:

- Development of Rubber Industry in India – Area expansion, production and productivity enhancement, maintenance of nurseries and fostering formation of Rubber Producers Societies and Group Processing Centers (GPCs) among rubber small grower³
- Scientific, technological and economic research
- Training to students and technical advice to growers
- Improving the marketing of rubber and quality control
- Implementing labour welfare activities
- Advisory services to government and collection of statistics

The functions of the Board are implemented through its various arms like Regional Offices and Field Offices⁴ established by the Board.

¹ Those representing GoI, States of Kerala and Tamil Nadu, Members of Parliament and members nominated by GoI

² Executive Director and Rubber Production Commissioner

³ An owner whose rubber estate does not exceed 10 hectares in area.

⁴ Field Offices of Rubber Board are base level extension offices, stationed at remote villages of rubber growing regions of the country manned by a single Field Officer.

3.1.2 Natural Rubber cultivation in India

The total area under rubber cultivation in India was 8.22 lakh hectare (March 2020). Based on agro-climatic conditions, the rubber growing areas in India are classified into two regions viz., (i) Traditional region⁵ (69.60 per cent) and (ii) Non-Traditional region⁶ (30.40 per cent). The status of natural rubber production by major rubber producing countries is given in **Annexure-XXVI**. Natural rubber production in India, when compared to the global production, had fallen from 9.3 per cent in 2000 to 5.13 per cent in 2019. The production of natural rubber could cater up to 83 per cent of the domestic consumption in 2010-11 and the same fell down to 63 per cent in 2019-20. The shortfall of 20 per cent was met through import of block natural rubber⁷ from Indonesia, Vietnam, Thailand and Malaysia.

3.1.3 Financial Status of the Board

Grants received from the Government of India were the primary source of funds for the Board. During the period 2010-11 to 2019-20, the Board had received a sum of ₹1,872.80 crore through Ministry of Commerce and Industry as Plan, Non-Plan and Medium Term Framework⁸ grants and also earned a revenue of ₹222.97 crore from internal and extra-budgetary resources during the same period. The Board utilised the said funds for implementation of schemes and operational expenditure. The operating/ non-plan expenditure of the Board had increased from ₹91.87 crore (52.88 per cent of the total expenditure of ₹173.73 crore) in 2010-11 to ₹208.55 crore (91.79 per cent of total expenditure of ₹227.18 crore) in 2019-20. The high operating expenditure was mainly due to the large number of staff in the Board. Men-in-position in Rubber Board as on March 2011 was 1,894. The sanctioned strength was reduced from 1,977 posts to 1,649 posts in 2017-18 and further to 905 posts in November 2019 by the Ministry of Commerce and Industry. The abolition of the posts was to be done in a phased manner by 2022-23.

3.1.4 Audit Scope, Methodology and Criteria

Audit assessed the overall functioning of the Board, outcome of various schemes and utilisation of manpower and funds for the last 10 years i.e. 2010-11 to 2019-20. Audit findings in the Report are based on review of the Board Minutes, Scheme guidelines, financial statements, records pertaining to implementation of schemes, data analysis, inspection of various units, discussion with key management personnel and survey using questionnaire. The audit criteria used included Rubber Board Act, 1947; Rubber Rules, 1955; scheme guidelines; XII Five Year Plan; Medium Term Framework; the General

⁵ *Confined to Kerala & Kanyakumari district of Tamil Nadu*

⁶ *Confined to Karnataka, Goa, Konkan Region of Maharashtra, coastal Andhra Pradesh & Orissa, the North Eastern States and Andaman & Nicobar Islands*

⁷ *Natural rubber processed in form of blocks (instead of rubber sheets) adopting cost effective and modern processing methods. This is the preferred type of processed rubber due to consistency in quality.*

⁸ *from 2017-18 to 2019-20*

Financial Rules; Delegation of powers and guidelines on selection of beneficiaries for subsidies; and allocation of funds/ grants issued by Board/ Governments.

The draft Audit Report was issued to the Board (January 2021) and Ministry of Commerce and Industry (March 2021) and their replies (February 2021 and April 2021) were duly considered in finalisation of the Audit Report.

3.1.5 Audit objectives

The objectives of the audit were to ensure whether:

1. the Rubber Board achieved its objectives through various schemes, and
2. the schemes were implemented economically, efficiently and effectively.

3.1.6 Audit findings on achievement of its objectives by the Board

The Audit findings regarding achievement of objectives by the Board are enumerated below.

3.1.6.1 Board's role in expansion of cultivation area and enhancement

One of the main objectives of the Board was expansion of cultivable area and productivity enhancement through various schemes like granting subsidy, critical input supply, training, opening new Regional offices and field offices in North East and other non-traditional areas etc. The Board had incurred an expenditure of ₹1,011.87 crore for implementing various schemes during the last 10 years up to 2019-20.

In this regard, Audit observed that, though the overall rubber cultivation area had grown from 7.11 lakh hectare (March 2011) to 8.22 lakh hectare⁹ (March 2020) over the decade, the yearly growth rate had fallen from 3.65 *per cent* in 2010-11 to 0.04 *per cent* in 2019-20. Further, out of 8.67 lakh hectare¹⁰ potential area identified (2015) for natural rubber plantation in North East & other non-traditional regions, the Board could achieve plantation only in 2.50 lakh hectare area (29 *per cent*) till March 2020.

The reason for the decline was that the Board could not release adequate planting subsidies for area expansion schemes as nearly 50.51 *per cent* to 93.65 *per cent* of total grants received during 2010-11 to 2019-20 were spent on non-plan activities¹¹.

The Board replied (February 2021) that area expansion is feasible only in 6.25 lakh hectares in North East/ non-traditional regions. The Board agreed that lack of timely financial support through subsidies was one of the reasons for shortfall in area expansion. Unremunerative prices dissuaded the growers from taking up rubber cultivation. The Board

⁹ *Provisional figure*

¹⁰ *In 2015, the potential area in North-East and other non-traditional regions was 3.42 lakh hectare (revised) and 5.25 lakh hectare respectively. The estimation of potential area was also revised (October 2020) for North-East and other non-traditional regions to 4.17 lakh hectare and 2.08 lakh hectare respectively.*

¹¹ *Plan expenditure is expenditure incurred towards schemes/ programmes, whereas non-plan expenditure is expenditure incurred on routine functioning.*

is exploring alternate options for extending financial support to growers for promotion of cultivation in North East region.

The reply of the Board supports the Audit view that the Board could not release adequate planting subsidies for area expansion.

3.1.6.2 Decline in production of natural rubber

The annual production showed mostly a declining trend during the last 10 years being 7.12 lakh metric tonne in 2019-20 as compared to 8.62 lakh metric tonne in 2010-11. Moreover, during the period from 2009-10 to 2019-20, the productivity declined by 15.56 *per cent* (from 1,843.19 kilogram per hectare to 1,556.47 kilogram per hectare) and 1.21 *per cent* (from 1,209.03 kilogram per hectare to 1,194.43 kilogram per hectare) in traditional region and non-traditional region respectively. The reasons for decline in production are as discussed below:

- Rubber, being a perennial crop, has a gestation period (immaturity period) of six to nine years. Growers need financial support during the immaturity phase. Inadequate subsidy discourages rubber growers to cultivate rubber. Countries like Thailand, Sri Lanka and Malaysia provide 1.61 times to 6 times higher¹² subsidy than what is given in India, resulting in availability of cheap natural rubber in international market. Rate of financial assistance/ subsidy as a percentage of cultivation/ development cost fell down from 20 *per cent* (XI Plan) to eight *per cent* (XII Plan) and then to five *per cent* (Medium Term framework) for traditional region and from 34 *per cent* (XI plan) to 15 *per cent* (XII Plan) and then to eight *per cent* (Medium Term Framework) for non-traditional region as noted from Expenditure Finance Committee Memorandum of the Board for the respective plan periods.
- Board's schemes did not reach the targeted beneficiaries as the Board was unable to release funds for the schemes due to high administrative costs. For e.g., productivity enhancement schemes like supply of critical inputs covered only 73,355 hectare area against the targeted area of 1,64,000 hectare during 2012-13 to 2019-20.
- Institutional procurement of rubber, like purchase of natural rubber by State Trading Corporation, was dispensed with from 2001.

The Board replied (February 2021) that low prices resulted in accumulation of senile plantations, irregular tapping and untapped plantations adversely affecting productivity. It further stated that the last two years (2019-20 and 2020-21) had seen a change in this trend with gradual increase of productivity on account of steps taken by the Board. The increase in prices of natural rubber since July 2020 also helped to increase productivity.

¹² *In India ₹25,000 per hectare for traditional area and ₹40,000 per hectare for non-traditional and North East region compared to ₹64,200 per hectare in Sri Lanka, ₹1,57,800 per hectare in Malaysia and ₹2,08,700 per hectare in Thailand*

The fact remains that the production comparatively decreased over the years mainly due to inadequate incentives and lack of adequate support for the rubber cultivation.

Recommendation No. 1

The Board may take effective measures to expand plantation area in North-East/ other non-traditional regions by encouraging tapping and implementing productivity enhancement schemes such as critical input supply.

3.1.6.3 Survey of Rubber growers

Audit conducted an online survey among rubber growers in Kerala to assess the reasons for low production of natural rubber and to understand the problems faced by them. On request, the Board provided email addresses of 1,946 Rubber Producers Societies and 267 rubber growers. The link to the questionnaire was sent to all the above Rubber Producers Societies for forwarding to member growers. Responses from 369 growers were analysed and the outcome was as below:

- 24 per cent growers were unaware of existence of Board's field office in their locality.
- 17 per cent growers stated that field officers have never visited their plantation.
- 63 per cent growers had not applied for subsidy schemes due to lack of awareness.
- 20 per cent growers were unaware of Rubber Producers Societies established to improve marketing.
- 62 per cent growers had not planted 400 series hybrid clones developed by Rubber Research Institute of India.
- 59 per cent growers were tapping once in two days instead of seven days as advised by the Board.
- 12 per cent growers were unaware of Rubber Production Incentive Scheme.
- 85 per cent¹³ were of the opinion that minimum support price of ₹150 per kg was low.
- 66 per cent growers were not manuring the plantations based on soil testing.
- 71 per cent growers were unaware of Rubber Soil Information System developed for fertilizer recommendation.

The above results of survey pointed out the deficiencies in realisation of the objectives of the Board for overall development of rubber industry.

The Board replied (February 2021) that it will try to overcome the deficiencies pointed out by Audit, especially regarding lack of awareness.

The reply of the Board is to be viewed in light of the fact that there was no Information, Education and Communication Policy to systematically create awareness about the schemes.

¹³ *Out of the growers aware of Rubber Production Incentive Scheme*

Recommendation No. 2

The Board may frame an Information, Education and Communication Policy to systematically create awareness about the best practices being followed and the schemes being implemented.

3.1.6.4 Rubber Producers Societies and Group Processing Centres

A. Inadequate number of Rubber Producers Societies formed

Rubber Producers Societies are voluntary self-help associations of small growers, registered under the Charitable Societies Act. Rubber Producers Societies are the extension arm of the Board for the rubber plantation extension activities. The main activities of a Rubber Producers Society under the extension functions of the Board also include facilitating transfer of technology, promoting group approach for the advantage of members, ensuring adoption of cultural practices essential for productivity enhancement, implementing development welfare activities by securing financial assistance from the Board and other institutions. It also procures and distributes plantation requisites to the small growers at a reasonable price, ensures adoption of recommended agricultural operations, community processing and marketing of rubber produced by the growers. Rubber Producers Societies conduct trainings for its members and members are aware of various schemes of the Board. Growers' meetings are conducted at frequent intervals, which help them to share their concerns about production and marketing of rubber. The Board formed 2,993 Rubber Producers Societies¹⁴ to promote the above mentioned activities.

In this regard, Audit observed that the Board did not have any mechanism to identify/ bring all growers together under the ambit of Rubber Producers Societies. Only 39.18 *per cent* of the total area was covered under Rubber Producers Societies (March 2020). The average number of Rubber Producers Societies attached with one Regional Office in traditional area was 99 (240 hectare per Rubber Producers Society) and in North-East region it was 32 (370 hectare per Rubber Producers Society) and in respect of other non-traditional region it was 20 (602 hectare per Rubber Producers Society). This indicated that the Board failed to set up adequate Rubber Producers Societies in non-traditional regions. Composite targets were fixed for formation of Rubber Producers Societies/ Self Help Groups (SHGs) and strengthening of existing Rubber Producers Societies and SHGs. The split up details about the total target of Rubber Producers Societies/ SHGs to be formed were not made available to Audit.

Further, as on March 2020 out of 2,993 Rubber Producers Societies, 360 (12.02 *per cent*) were defunct. A field level officer of the Board who is member in the Board of Directors of the Rubber Producers Society under its jurisdiction for monitoring and assistance in the functioning of Rubber Producers Societies was required to discharge its duties and responsibilities properly to save it from becoming defunct.

¹⁴ 2,381 in Traditional region, 510 in North-East region and 102 in other Non-Traditional region

The Board replied (February 2021) that due to geographic isolation and scattered distribution of growers, there is reduced scope for formation of more Rubber Producers Societies. Rubber Producers Societies could be formed in due course of time when more plantations come up in North-East/ non-traditional regions and sufficient numbers of growers are available. It further stated that the extension wing is working with the intention to bring all rubber growers under the ambit of Rubber Producers Societies and this can be achieved gradually by formation of more Rubber Producers Societies and enrolling more members in the existing societies. The Board replied that it was making efforts to weed out defunct Rubber Producers Societies so as to either cancel their registration or make them functional.

The reply of the Board does not adequately explain as to why only 39.18 *per cent* of the total area was covered under Rubber Producers Societies. As rubber plantation sector is dominated by smallholdings hence sector is vulnerable to exploitation of rubber growers by middlemen, fluctuation in prices and also difficulties in accessing technology and information. It indicates that efforts to increase the rubber plantation under Rubber Producers Societies were required to be augmented by increasing membership of growers.

Recommendation No. 3

The Board should ensure adequate efforts by extension wings to increase number of Rubber Producers Societies through wide publicity of their role, activities and its benefits to rubber growers.

Recommendation No. 4

The Board should ensure proper functioning of Rubber Producers Societies by fixing yearly targets for extension activities by each Rubber Producers Society and also monitor achievement of targets fixed.

B. Non-functioning of Group Processing Centres

Processing of rubber into marketable form of rubber is very complex, requiring investment of resources for infrastructure facilities, which is often unaffordable by small growers. With the objective of empowering the Rubber Producers Societies in collective processing and marketing, the Board is promoting Group Processing Centres (GPCs) since 1993. GPCs are centralised facility created for the purpose of production of quality rubber sheets from latex. There were 343 GPCs under various Rubber Producers Societies to produce rubber sheets from latex as a centralised processing facility.

In this regard, Audit observed that 122 GPCs were not functioning as of March 2020. Nine GPCs were exclusively engaged in trading of latex instead of producing rubber sheets. Thus, the very purpose of creation of these GPCs was defeated.

The Board stated (February 2021) that some of the GPCs were not functioning due to various constraints like environmental pollution, lack of timely repair of processing centres, labour problems, non-cooperation from growers, high processing cost etc.

The reply of the Board is to be viewed against the fact that the issues highlighted by the Board were controllable and could be avoided by providing subsidy for repair, renovation and infrastructure development for setting up eco-friendly and fuel-efficient GPCs to cut costs and by imparting training to growers.

3.1.6.5 Collection of Statistics

It is the statutory function of the Board (Rule 43 of Rubber Rules, 1955) to collect, compile, interpret and disseminate statistics on rubber cultivation in the country. The database of growers is an important basic requirement for implementation of the schemes.

In this regard, Audit observed that the Board did not have data of growers along with the size of the cultivated area. Data about small holdings was compiled based on the subsidy applications submitted by the growers. In case of large growers, data was obtained from their annual returns. The last extensive field survey in Kerala was conducted in 2002. Further, during 2019-20, only 4,141 out of 7,760 rubber dealers¹⁵ submitted their returns online to the Board. Out of the 4,141 rubber dealers, only 2,650 had submitted returns for all the months. Hence, all the above facts indicate that the data compilation by the Board might not be reliable which is very vital for policy formulation by Ministry of Commerce and Industry and other Government agencies.

The Board replied (February 2021) that the Board ceased compulsory registration of rubber holdings in 1986. After last census during 1996 to 2002, the Board has conducted periodical surveys for ascertaining the changes in rubber area cultivated. Records of new planting and replanting areas are maintained by the Regional Offices. The “Indian Rubber Statistics,” the annual publication by the Board has been relied upon not only by the Government, but also by the industry over the years to plan their functioning.

The reply of the Board is to be viewed in the light of the fact that the collection of statistics is one of functions of the Board and is mandated under Rubber Act, 1947. Statistics related to the rubber industry are gathered exclusively by the Rubber Board and no other agency is engaged in carrying out these functions. The Board did not have the data of the total rubber growers in India. Moreover, the data collection needs to be a systematic and regular activity of the Board.

Recommendation No. 5

The Board should update its database on the total area of plantation, number of growers, availability of tappers etc., either by census or by system of periodic returns for effective implementation of various schemes and programmes for rubber production.

¹⁵ *Rubber Dealer is any person who deals in rubber, whether wholesale or retail or holds stocks of rubber, and includes the representative or agent of a dealer. A dealer has to obtain license from the Board and has to submit online monthly return.*

3.1.7 Other deficiencies observed in implementing the schemes

Audit noted other deficiencies in the implementation of the schemes which are detailed in the paragraphs below.

3.1.7.1 Rubber Production Incentive Scheme

Rubber Production Incentive Scheme was introduced (July 2015) by the Government of Kerala (GoK) to support small rubber growers¹⁶. GoK fixed ₹150 per kg as floor price for rubber and the difference between floor price and Board's reference price was paid to the growers. The Board was the implementing agency for the scheme. The growers had to register themselves in the Direct Benefit Transfer System (DBTS¹⁷) of GoK and a unique ID was allotted to them.

Under the scheme, growers sold their rubber sheet/ latex at the prevailing rate (Board's Reference price) in the open market. After selling the product, the growers had to upload the sales bill in DBTS maintained by the National Informatics Center (NIC). The difference between price at which the grower sold the sheet/ latex (per kg price) and floor price of ₹150 fixed by GoK is the per kg subsidy amount which is multiplied by the total quantity of rubber sheet sold as shown in the bill (subject to the ceiling fixed by GoK as per scheme rules). Such subsidy amount calculated by DBTS in each bill is directly transferred to the bank account of the grower. As per the scheme rules, only sale bills issued by the registered dealers to growers were eligible for the subsidy payment. Rubber Production Incentive Scheme processing involved the following stages:

- Every fortnight, growers submit the invoices issued by dealers for the latex/ rubber sheets sold by them to Rubber Producers Societies.
- Rubber Producers Societies verify the invoices and upload the scanned copy to the DBTS and forward the actual invoice to Regional Office for their verification/ approval.
- The Regional Office verify the details entered by Rubber Producers Societies in the DBTS with the actual invoices forwarded by the Rubber Producers Societies and approve the eligible cases.
- After approval by the Regional Offices in DBTS, GoK transfers the subsidy through DBTS to the bank account of the concerned grower.

A total amount of ₹1,612.49 crore was paid to five lakh growers during 2015-16 to 2019-20. Audit noticed the following weaknesses in implementation of the scheme:

A. Difference in quantity of latex/ rubber sheets purchased by the dealers

As per the Rubber Act, 1947 and the Rules made there under every registered dealer has to file monthly returns about the quantity of rubber sheet/ latex procured by them from the

¹⁶ Growers with total area upto five hectares

¹⁷ maintained by the NIC

open market, total quantity of rubber sheet/ latex sold by them and stock of rubber sheet/ latex with them.

In 2016, the Board introduced online filing of return enabling the rubber dealers to upload monthly return in Rubber Board's Unified Business Information System (RUBIS) for quantity of rubber sheet/ latex procured, sold and closing stock held.

Audit cross checked the database of the DBTS (where the registration number of dealers and total number of invoices issued by each dealer and its quantity were available) with the database of monthly returns of dealers available with the Board. Audit found that in the DBTS, the growers claimed subsidy on the basis of invoices of some dealers in certain months whereas those dealers had submitted nil returns in their statutory monthly returns filed with the Board¹⁸ in RUBIS. Similarly, in other cases, the growers had claimed subsidy in DBTS on the basis of invoices in the name of some dealers, but those dealers had not filed the statutory monthly returns.

Further Audit compared the quantity of latex/ rubber sheets as per dealers' invoices uploaded in the DBTS by Rubber Producers Societies with quantity declared by dealers in monthly returns in RUBIS for purchase of latex/ rubber sheets. In this regard, it was noticed that:

- (i) Subsidy payments amounting to ₹300.93 crore were made in DBTS for the invoices issued by rubber dealers who either did not file returns in RUBIS or declared nil purchase in their returns filed in RUBIS during the period 2016-17 to 2019-20. Year-wise estimated quantity and subsidy amount involved are given in **Annexure-XXVII**.
- (ii) Subsidy payments amounting to ₹33.05 crore were made in DBTS for 26,622.82 metric tonne of latex/ rubber sheets whereas the declared quantity in returns in RUBIS in respect of 647 rubber dealers was 11,046.24 metric tonne during 2016-17 to 2019-20. Year-wise estimated quantity and subsidy amount involved are given in **Annexure-XXVIII**. Cross check of these cases by Audit revealed that total quantity in DBTS was much higher than what the dealers have shown in their returns in that particular month.

In the monthly returns of the rubber dealers', consolidated quantity of rubber sheet/ latex purchased by the dealers from various growers was given instead of details of the growers from whom the rubber sheet/ latex procured. Hence, cross checking of each grower wise invoices issued and subsidy claimed was not possible.

The Board in its initial reply (February 2020) stated that they are referring such cases to Goods and Service Tax Intelligence wing of State of Kerala for further investigation.

As such, non-verification of the required details by Rubber Producer's Societies and Regional Offices of the Board makes the system vulnerable.

¹⁸ *not purchased any quantity of rubber sheet/ latex from growers in that month*

The Board replied (February 2021) that the Board is only a facilitator of the scheme, and the rules were framed by GoK. The officers who confirmed the invoice cannot ensure whether the dealer filed the return or not. It further replied that the Board is writing to GoK to place a condition in scheme rules that non-filing of returns by dealer who issues invoice would result in non-payment of incentive.

It was noted (September 2021) by Audit that the Board proposed (March 2021) to GoK to include a condition in RPIS that “the sale invoice furnished by a grower should be from a dealer with valid license and prompt in submitting the statutory returns.” Based on the proposal of the Board, GoK issued an order (August 2021) stipulating that only the invoices issued by the authorised dealers who promptly submit the statutory returns will be considered for subsidy payments under Rubber Production Incentive Scheme.

The reply of the Board may be viewed against the fact that as per the scheme guidelines the Board officials should also verify details of invoices online before approving the transactions though it was primary responsibility of Rubber Producers Society President to ensure that only valid invoices are uploaded for availing production incentive. Substantial variation in quantity of rubber production in two different systems makes it imperative for the Board to probe into both the databases available with the Board. The Board should check on sample basis quantity of rubber sheet/ latex purchase reflected by database of DBTS and RUBIS to ensure genuineness of subsidy payment.

B. Inadequate field verification of registration of growers

The scheme rules necessitate physical verification of at least 10 *per cent* of the cases to ensure correctness of details furnished by the farmers. Only in 2019, the Board conducted field verification of registration of growers for subsidy claims; and that too only for 3,622 growers which was less than one *per cent* of five lakh growers registered in the DBTS. It was found that in 278 cases (7.67 *per cent*) out of 3,622 growers, the cultivated area registered in Rubber Production Incentive Scheme did not match with the actuals and in 87 cases (2.4 *per cent*) out of 3,622, the growers did not have tappable trees though subsidy was claimed.

The Board replied (February 2021) that as per the scheme rules there was no need for field verification before approving the beneficiary. It further stated that there were variances in the cultivable area registered in Rubber Production Incentive Scheme and actuals. Based on survey, the need for renewal of registration of beneficiaries has been recommended to GoK to eliminate ineligible cases.

The reply of the Board may be viewed in the light of the fact that the scheme rules necessitate physical verification of at least 10 *per cent* of the cases to ensure correctness of details furnished by the farmers. But as per the records made available to Audit, it was found that Board did not make any recommendations based on the physical verification conducted by it.

C. Payment of subsidy to different growers against same invoices

During test check, Audit observed that 581 invoices were submitted by more than one grower involving subsidy amount of ₹31.28 lakh of which ₹29.16 lakh subsidy was paid. This indicated that entire database of DBTS need to be reviewed by the Board to check all ineligible cases of subsidy payment.

The Board replied (February 2021) that on verification it found same bill uploaded for two beneficiaries or same bill uploaded in different fortnights for the same beneficiary in 20 per cent cases and in 15 per cent cases invoices issued by dealers have same serial number, but growers and quantity sold are different. The Board further stated that the observation of the Audit is accepted for future guidance and Regional Offices shall be advised to be more cautious in verifying the invoices.

Recommendation No. 6

The Board should take necessary measures to ensure that subsidy payment against false/ fraudulent invoices is not recommended by the Board. The Board may also initiate steps to investigate the cases of ineligible subsidy payments as these indicate corruption/ fraud and accordingly responsibility may be fixed.

3.1.7.2 Market Promotion and Quality Control

The Board undertook promotion of rubber processing, trading and rubber-wood processing companies and spent ₹70.23 crore on market promotion activities during the last 10 years. Audit findings in this regard are given in following sub-paragraphs:

A. Investment in Rubber/ Rubber-wood processing companies

The Board along with the Rubber Producers Societies/ other financial institutions established four rubber processing¹⁹ and two rubber-wood processing companies²⁰ for producing block rubber/ centrifuge latex and value added products like edge bonded planks, doors, etc., in the early nineties. Out of these, three rubber processing companies²¹ stopped processing operations and performed only trading activities and one²² rubber-wood processing company closed its operations.

The Board provided working capital loans (₹17.83 crore) to these companies without conducting any viability study and obtaining collateral security (except one company Pamba Rubbers Pvt. Ltd.). The principal amount of working capital loan and the interest receivable from these companies was ₹17.83 crore and ₹10.47 crore respectively as on 31 March 2020. The scope for recovery of these amounts was remote.

The Board replied (February 2021) that it promoted these companies, which helped the growers to get better farm gate price for their produce and minimize intermediaries. But

¹⁹ Pamba Rubbers Ltd., Kavanar Latex Ltd., Ponmudi Rubbers Ltd., and Periyar Latex Ltd.

²⁰ Meenachil Rubberwood Ltd. and Rubberwood India Pvt. Ltd

²¹ Pamba Rubbers Ltd., Ponmudi Rubbers Ltd., and Periyar Latex Ltd.

²² Rubberwood India Pvt. Ltd.

during the operation of these companies in the past decades, there were times of financial crisis due to drastic price fluctuations in local and international markets. It became imperative for the Board to help these companies during such situations.

The reply of the Board is to be viewed in the light of the fact that the scope of recovery of principal amount of loan and interest receivable was remote as financial condition of these companies has deteriorated due to high accumulated losses.

B. Godown for Export-Promotion

The Board constructed (March 2011) a godown of 1,000 metric tonne capacity on 3.27 acre land leased from Rubber Park (India) Pvt. Ltd. located at Irapuram, Kochi under the Market Development and Export Promotion scheme. An amount of ₹1.31 crore²³ was paid towards land lease and ₹0.72 crore was spent on construction. While considering the location of the godown, it was stated that Irapuram was near the rubber producing centres of Ernakulam and Kottayam. However, the godown was kept idle since its construction due to the fact that the godown was located far away from Cochin port and also due to insignificant export of natural rubber from India. Thus, lack of adequate assessment by the Board about the feasibility of operating the godown had resulted in wasteful expenditure of ₹2.03 crore.

The Board replied (February 2021) that the godown was surrendered to M/s. Rubber Park (India) Pvt. Ltd. for an amount of ₹2.05 crore.

The fact remains that the Board could not utilise the godown for nine years and had to surrender it approximately at the same cost incurred by it. The objective of export promotion was also not achieved but resulted in blocking the scarce funds for nine years.

C. Closure of Model Rubber Factory

The Board set up (2001) a Model Technically Specified Rubber Factory near Kottayam with an installed capacity of 6,000 metric tonne, with an objective to demonstrate latest technology for processing Technically Specified Block Rubber (main raw material for Tyre industry) in commercially viable manner. Solidified raw latex was the raw material for the factory. However, since its inception, the Board could not get adequate raw latex, as the growers were not ready to supply the same; instead they produced sheet rubber as it was more remunerative for them. Therefore, the factory became unviable due to under-utilisation of installed capacity, high cost of processing and fluctuations in price of raw latex. Finally, the factory was stopped in December 2015, however, the Board continued to pay wages (₹2.30 crore) to workers till January 2019. The objective of setting up commercially viable factory was not achieved, and the Board incurred accumulated loss of ₹8.60 crore.²⁴ The factory was leased out (August 2019) for a monthly lease rent of ₹85,000 plus GST.

²³ *Upfront premium of ₹ 98 lakh was paid in March 2008 and additional payments of ₹ 8 lakh (March 2012) & ₹25 lakh (March 2014) were made.*

²⁴ *₹8.60 crore as on 31 March 2015*

The Board replied (February 2021) that the objective of setting up the Model Technically Specified Rubber Factory was to disseminate the modern technology and effluent treatment systems in Technically Specified Block Rubber processing in India. It also encouraged other Technically Specified Block Rubber factories to manufacture international quality Block rubber so as to export to other countries. International innovations in machinery were incorporated in the Model Technically Specified Block Rubber Factory, which were subsequently adopted by other Technically Specified Block Rubber factories also, which improved their productivity and competitiveness. Moreover, the popularisation of Semi-automatic processing of Technically Specified Block Rubber reduced the drudgery of workers and the ETP system in Model Technically Specified Block Rubber Factory helped to reduce the environment problems to a great extent. While considering the above facts, Model Technically Specified Block Rubber Factory can be said to have fulfilled its objectives even though the commercial operation could not be sustained.

The reply of the Board is to be viewed against the fact that two significant objectives of the Board i.e., to establish commercially viable Model Technically Specified Block Rubber Factory and demonstration of latest technology were not achieved.

3.1.7.3 Underutilisation of Revolving Fund

Revolving Fund of ₹2 crore per year was created in 2004-05 for North East region to provide inputs to growers at concessional rate.

Audit noted that ₹12 crore (@ ₹2 crore per year) could have been utilised by the Board during 2010-11 to 2015-16. However the Board spent only ₹1.21 crore during 2010-11 to 2015-16. The scheme was discontinued from 2015-16. The under-utilisation of funds and subsequent discontinuation of the scheme had defeated the basic objective of providing inputs such as fertilizers, polythene sheet, tapping shade etc., at concessional rate to the rubber growers in North-East region. The amount received from the Ministry of Commerce and Industry for the Revolving Fund (₹2 crore) was yet to be returned and kept idle by the Board (March 2020).

The Board replied (February 2021) that it was unable to utilise the revolving fund due to poor response of growers towards the scheme, poor response to tenders from dealers, difficulty in advance remittance of cost of inputs by growers and high cost of transportation of inputs.

The reply of the Board may be viewed in the light of the fact that the scheme was introduced from 2004-05 onwards, and if found not implementable, the Board should have returned the funds to Ministry of Commerce and Industry.

3.1.7.4 Non-recovery of loans

The Board provided (May 2017) a soft loan of ₹6.17 crore to three Rubber Trading Companies²⁵ to procure inputs with a condition to repay the entire amount with three *per*

²⁵ *Manimalayar Rubbers, Kanhangad Rubbers and Sahyadri Rubbers*

cent interest by December 2017, failing which a penalty of seven *per cent* on balance loan would be imposed. The Board also supplied (February 2017) inputs worth ₹1.32 crore to two Rubber Trading companies²⁶ with a condition to repay the amount before March 2017. However, soft loan to the extent of ₹1.01 crore and ₹1.21 crore towards the inputs supplied was not recovered (March 2020) even after expiry of three years. Interest and penalty for delayed payment worked out to ₹0.56 crore (March 2020). Thus, Board failed to initiate steps to recover ₹2.78 crore (along with interest & penalty for soft loan) from the above companies²⁷.

The Board replied (February 2021) that the companies are gradually refunding the dues.

The reply of the Board may be viewed in the light of the fact that the Board is yet to recover the full amount even after three years and has not levied penalty on the companies.

3.1.7.5 Non-recovery of project cost

The Memorandum of Understanding entered (2008) by the Board in the Pandirimamidikota region for the tribal plantation was signed by Project Officer instead of Commissioner of Tribal Department, Government of Andhra Pradesh (GoAP) who was the competent authority. Hence, the GoAP did not approve the scheme (March 2012) and the Board could not recover the GoAP's share of ₹0.33 crore under Tribal Rubber Plantation Development Project.

The Board replied (February 2021) that efforts for recovery of the pending dues are continuing.

3.1.7.6 Blocking of funds in construction of hostel building

The Rubber Training Institute had hostel facility to accommodate only 32 students though it had facilities to train about 75 trainees. Hence, to enhance the hostel facility, the Board started construction (August 2014) of a hostel. Though the approval was accorded only for ₹1.49 crore, the Board started construction at an estimate of ₹2.17 crore. Subsequently after spending ₹0.87 crore, it could not complete the construction due to shortage of funds, resulting in blocking up of scarce resources. Construction activity had not resumed since June 2017. Rubber Training Institute hostel was still (March 2021) continuing to function in the old building with limited accommodation facilities for trainees.

The Board replied (February 2021) that the balance work has been entrusted to CPWD and the estimate for construction will be received in February 2021. The work was proposed to be completed in 2021-22.

The reply of the Board may be viewed in the light of the fact that commencement of construction activities without assessing the resources resulted in non-achievement of the objective of creating additional hostel facilities, as the building was incomplete. The funds

²⁶ *Manimalayar Rubbers and Kanhangad Rubbers*

²⁷ *Manimalayar Rubbers: ₹ 1.33 crore; Kanhangad Rubbers: ₹ 1.22 crore & Sahyadri Rubbers: ₹0.23 crore*

amounting to ₹0.87 crore were also blocked on the incomplete building for nearly four years since June 2017. Further, the cost of construction in 2021-22 would be higher than cost of construction in 2017.

3.1.7.7 Labour welfare activities by the Board

Rubber cultivation depended on large number of skilled labour forces. The Board attributed that labour shortage was one of the main reasons for non-tapping of 26.47 per cent of the tappable area in India (2019-20). In large plantations²⁸, welfare measures for workers were implemented according to the Plantation Labour Act, 1951. However, 91 per cent of rubber plantations in India are small holdings with the average size of only 0.57 hectare. The Board formulated six labour welfare schemes²⁹. Workers with required experience³⁰ could apply for benefits under the schemes through the Regional Offices. The Board had spent ₹23.79 crore during the last 10 years and 2.1 lakh workers had benefited under the schemes. However, the Board did not have a comprehensive database of workers to authenticate the beneficiaries and process their applications.

In this regard, Audit observed that even though there were about 4.51 lakh workers (July 2019) engaged in rubber plantations, majority of the workers in small holdings were not benefitted. Audit further observed that the Board did not continue to implement the Group Life Insurance cum Terminal Benefit Scheme after 2015-16 due to scarcity of funds and only the existing members were renewing their policy every year. Likewise, the Health Insurance Scheme was also not introduced.

The Board replied (February 2021) that it has taken steps to conduct Rubber Area Census in which the details of workers will also be included. The Board accepted that fresh enrolment of Group Life Insurance cum Terminal Benefit Scheme was discontinued since 2015-16.

Discontinuation of labour welfare schemes, non-introduction of envisaged schemes and non-coverage of general rubber plantation workers of small holdings in the schemes resulted in denial of benefits to workers.

Recommendation No. 7

Effective steps need to be taken by the Board to extend benefits of the schemes for promotion of rubber production and labour welfare schemes by enhancing fund utilisation for the schemes.

²⁸ *Plantations having more than 10 Ha*

²⁹ *Educational stipend, Medical assistance, housing subsidy, sanitary subsidy, empowerment of women tappers and insurance*

³⁰ *1 to 5 years' experience for various schemes, based on employment certificate from employer/president of Rubber Producers Society*

3.1.8 Conclusion

Rubber Board is a national level body responsible for overall development of rubber industry in India. However, the Board's efforts to expand the plantation area in non-traditional region and to enhance production of natural rubber were not successful as grants were utilised more for operational expenses than plan expenditure. Due to the Board's failure to promote group approach among rubber growers by encouraging setting up of adequate Rubber Producers Societies, only 39.18 *per cent* of rubber cultivated area was covered under these Societies. Further, the Board also failed in its objective to collect and compile data on rubber cultivation in a systemic manner. Discrepancies between invoiced quantity of purchase stated by rubber dealers in their monthly returns and subsidy claimed by growers using invoices of the rubber dealers' casts doubt about proper implementation of the Rubber Production Incentive Scheme. Moreover, the working capital loans provided by the Board to Rubber/ Rubber wood processing companies may not be recovered due to financial losses suffered by these companies. In addition, discontinuation of labour welfare schemes and inadequate coverage of schemes resulted in denial of benefits to rubber plantation workers.

CHAPTER IV: MINISTRY OF HOUSING AND URBAN AFFAIRS

Central Public Works Department, New Delhi

4.1 Inadequate recovery of water charges

Due to failure of CPWD to install individual water meters/ revise the rates of recovery of water charges from the allottees of General Pool Residential Accommodation, financial burden of ₹63.69 crore has devolved upon CPWD.

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

As regards recovery of water charges from the allottees of General Pool Residential Accommodation (GPRA) where water supply is not regulated by meters, the rate at which such recoveries are to be made is decided by the Executive Engineer, (Licence Fee), CPWD, Nirman Bhawan, New Delhi after consulting the concerned divisions of CPWD, which make payment of bills to the local bodies. The water charges were to be revised from time to time.

There are nine divisions of CPWD, which are organised in five Delhi Circles and one Zone. Audit test checked the issue in U division of CPWD, which is involved with maintenance of GPRA colonies at UDAP colony, Nehru Nagar; Lodhi Road complex and Pragati Vihar Hostel.

Audit examination revealed the following:

i) During Audit (June and October 2018) of the office of the Executive Engineer, U Division (the Division) for the period from April 2006 to March 2018, it was observed that two bulk water meter connections had been obtained from Delhi Jal Board (DJB) in the name of the division for supply of water. One water meter was installed at UDAP colony, Nehru Nagar, through which water was supplied to 135 type-III quarters. Another water meter was installed at Pragati Vihar Hostel from which, water was supplied to 2,223 quarters (type-II, III and V) situated at Lodhi Road Complex and 792 quarters (double suite) in Pragati Vihar Hostel. The payment of the water bills for ₹64.32 crore raised by the DJB for these bulk water connections was made by the Division. However, the water charges recovered from the individual allottees were not in consonance with the bills paid as only ₹0.47 crore was recovered during 2010-11 to 2018-19. Further, the water charges

were revised 13 years to 25 years back in the above said GPRA colonies and a financial burden amounting to ₹63.85 crore devolved upon CPWD (**Annexure-XXIX**).

ii) It is noted that where supply is not regulated by individual meters and is being made from single point, the water charges are to be recovered from the individual occupants by DoE at applicable rates decided by the Executive Engineer, (Licence Fee), CPWD. Further, whenever the rates of water charges are revised by the Executive Engineer, (Licence Fee), CPWD for any colony, these are to be intimated to DoE and circulated amongst the recovery sections of DoE for action. However, DoE did not have any mechanism to work out the amount of water charges recoverable from the allottees in cases where the water supply was received by the CPWD at single point and then distributed to the individual allottees.

iii) Scrutiny of records also revealed that the DoE had issued various letters/reminders between May 2014 and November 2016 to the Executive Engineer, (Licence Fee), CPWD for revision of the water charges, but no response was received. Six meetings for exploring the possibilities of installation of water meters were held during January 2018 to November 2018 under the chairmanship of DoE, in which representatives of CPWD, NDMC and DJB were participants. In the meeting held on 22 January 2018, it was decided that the entire process for installation of water meters in all GPRA colonies should be completed within six months. However, no representative of DJB was present in this meeting. In the meeting held on 5 April 2018, a decision was taken that the proposal of installation of water meters in individual houses would be taken up on priority in NDMC areas since NDMC was willing to install the meters and recover payment from the consumers on the condition of the necessary infrastructure for the same being built by the CPWD and handed over to NDMC. It was also decided that the model¹ of individual metering in DDA Colonies would be studied to further examine the possibility of replicating this model in GPRA Colonies located in areas other than NDMC.

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

¹ *DJB installed bulk water meter in DDA societies, whereas individual water meter connection had been installed by DDA and then pay to DJB for bulk water consumption but it collects water charges on actual consumption of each household.*

requested to furnish a detailed proposal with estimated rates of water charges for all types of accommodations (type-wise) by taking the average consumption of the colonies.

Thus, inaction of CPWD to revise the water charges of GPRA colonies resulted in avoidable financial burden of ₹63.85 crore on account of payment of water charges to DJB whilst amount recovered from the allottees was much less in comparison.

The issue was brought to the notice of the Director General (DG), CPWD in August 2019 and to the Ministry in February 2021 and May 2021. Office of DG, CPWD in their replies, March 2020 and July 2021 (copy of which was endorsed to the Ministry), stated the following:

- The water charges are not decided or revised by the CPWD but by the DoE.
- Regarding recovery of water charges, it was intimated that the water is used for common areas² and by contractors for repairs & upgradation works, besides supply to quarters. Recovery for water used by the contractors, during the period 2010-11 to August 2020, amounting to ₹16.07 lakh has been made from the contractor bills. Since water charges for water used for common purposes amounted to ₹4.21 crore, financial burden worked out to ₹59.95 crore³.
- So far as installation of individual water meters was concerned, it was stated that installation thereof in all quarters, including Servant Quarters would be taken up in a phased manner depending on feasibility and availability of fund. Further, all faulty meters would be got replaced in coordination with NDMC & DJB for actual billing. Moreover, directions were issued (June 2021) to all divisions to ensure that separate meter for each flat may be provided at the time of design and construction itself. Regarding revision of water charges, it was reiterated that fixation of water charges recoverable from the allottees is decided by DoE in consultation with CPWD. Latest recommendations on revision of water charges, based on the principle of no loss no gain, were sent on 29 June 2021 to DoE. DoE was informed that water charges in Delhi cannot be uniform. Moreover, adoption of uniform rate would not bridge the gap between water charges recovered and those paid to DJB/ NDMC.
- As regards institutionalisation of a mechanism to ensure that rates are revised periodically, it was informed that a nodal unit named "License Fee Unit", headed by an Executive Engineer is mandated to handle the issue of water charges, by collecting data from the field units. With regard to frequency of revision, periodicity may be decided by DoE.

² *Use of water for cleaning & scouring of water supply, in distribution pipelines during supply, in overflow of PVC tank at terrace, in cleaning of galleries in front of door by allottees, in cleaning of underground/ overheads tanks, in common building & Service Centre.*

³ *₹64.32 crore-₹0.16 crore-₹4.21crore = ₹59.95 crore*

The reply needs to be viewed in light of the following:

- No time frame for installation of individual meters has been indicated in the reply, hinting at a lax attitude towards plugging outgo of public money.
- The issue of revision of rates, last revised 13 years to 25 years back, is still unresolved.
- The formation of nodal unit has in no way assisted in resolution of the issue of revision of rates between DoE and Executive Engineer (License Fee).

Thus, the above indicates that the DoE did not have any mechanism to work out the amount of water charges recoverable from the allottees in cases where water supply was received by the CPWD at single point and then distributed to the individual allottees, the CPWD, which purportedly was the only agency which had understanding of the cost involved in providing these services to the allottees, had not revised the rates of recovery of water charges through their Executive Engineer (License Fee). Unless the revised rates of recovery are intimated to DoE, the recovery sections of DoE could not circulate these rates for action. Further, in the absence of policies on water charges used for common purposes, installation of individual meters and revision of water charges neither the CPWD nor the DoE is taking the onus for revision of the rates of recovery. This has resulted in financial burden of ₹63.69 crore in respect of GPRA colonies under division 'U' of CPWD examined by Audit, out of the nine divisions in Delhi. There is an urgent need of assessing the financial burden in the remaining divisions by conducting an all-encompassing review in the concerned divisions of CPWD, within a strict time frame.

The matter was referred to the Ministry in February 2021, their reply was awaited (September 2021).

Recommendation

There is a critical requirement to institutionalise a well-defined mechanism to ensure that rates of water charges are revised periodically, and all dues are recovered in a timely/ time bound manner from the allottees.

Central Public Works Department, Kolkata

4.2 Loss of revenue due to non-levy of departmental charges

CPWD failed to levy departmental charges for construction of the IT Park for STPI at Salt Lake, Kolkata, in violation of the provisions of the Works Manual, resulting in loss of revenue, amounting to ₹2.33 crore.

The Software Technology Parks India (STPI) was established and registered, in June 1991, as an autonomous society, under the Societies Registration Act, 1860, for functioning under the Ministry of Electronics & Information Technology, with its objectives including the following: (i) implementation of the Software Technology Park (STP) and Electronics Hardware Technology Park (EHTP) Schemes, (ii) setting up and managing infrastructure facilities (iii) promotion, development and export of software and software services and

(iv) providing data communication services, including value added services to IT/ITES industries etc., on chargeable basis.

Audit noted that Central Public Work Department (CPWD) undertook a deposit work, on behalf of STPI, for construction of an Information Technology (IT) Park⁴ at Salt Lake, Kolkata, for which the estimated cost was ₹55.73 crore. The work was awarded (December 2016), to the lowest bidder⁵, at a tendered cost of ₹49.26 crore. The award was, however, rescinded in June 2018, as the contractor failed to execute the work.

Subsequently, the balance work (estimated at ₹64.98 crore) was awarded (September 2018), to the next lowest bidder⁶, at the tendered cost of ₹48.50 crore, with the scheduled date of completion being January 2020. The work was still in progress (November 2020), and the contractor had been paid ₹33.32 crore, up to the eighth Running Account bill.

Scrutiny of records showed that the CPWD did not levy departmental charges from STPI, in terms of paragraph⁷ 12.1 of the CPWD Manual 2014, even though the organisation is not fully funded by the Central Government and its core activities are commercial in nature. This lapse, on part of the CPWD, resulted in loss of revenue, due to non-levy of departmental charges⁸, amounting to ₹2.33 crore (@ seven per cent of ₹33.32 crore, up to the eighth Running Account bill).

The CPWD stated (March 2021) that STPI is a Government of India organisation, under the Ministry of Electronics and Information Technology. Therefore, STPI projects, undertaken by CPWD, in different locations throughout in the country, have been implemented without any departmental charges.

The reply of the CPWD is not tenable, because (i) works executed on behalf of STPI, which is an autonomous society, cannot be categorised as Government Works and (ii) the grants-in-aid received by STPI, from the Government of India, constitute only a limited percentage of its available funds. Further, the STPI, in pursuit of its core objectives, earns significant operating income annually, by means of commercial activities, conducted on chargeable basis, including (a) implementing STP/ EHTP schemes (b) managing infrastructure facilities (c) providing promotional and export services, including data communication services etc., to several stakeholders. Accordingly, the construction works, executed by CPWD, on behalf of STPI, would attract levy of departmental charges.

⁴ *IT Park for STPI at Salt Lake, Kolkata SH: C/o Office Building i/c Internal Water Supply, Sanitary Installation, Drainage and Internal/External Electrification (Balance Work).*

⁵ *M/s Supreme Infrastructure India Limited vide Agreement No. 66/CE(EZ-I)/EE/KCD-VIII/2016-17*

⁶ *M/s Garg Builders, vide Agreement No. 35/CE(EZ-I)/EE/KCD-VIII/2018-19 dated 28.09.2018*

⁷ *Para 12.1 of the CPWD Manual 2014, envisages that no departmental charges are to be levied for Government Works, as well as those works of Autonomous Bodies, which are fully funded by the Central Government. For other works done by CPWD, departmental charges are to be levied at specified rates. The para further states that any work executed on behalf of central commercial concerns will also attract levy of departmental charges, with the specified rates.*

⁸ *Construction work costing ₹2 crore-₹3 crore rupees @ eight per cent of work value; construction work more than ₹3 crore @ seven per cent of work value.*

Thus, non-levy of departmental charges is resulting into a loss of revenue, which is ₹2.33 crore up to the eighth Running Account bill.

The matter was referred to the Ministry in February 2021; their reply was awaited (September 2021).

Delhi Development Authority

4.3 Inadequate recovery of water charges

Delhi Development Authority failed to transfer the services of water supply to Delhi Jal Board, despite lapse of more than 20 years since start of allotment of flats in Gazipur, Delhi. Further, Delhi Development Authority recovered less amount from allottees for water supplied as compared to bills raised by Delhi Jal Board, resulted in financial burden of ₹55.77 lakh

Delhi Development Authority (DDA), an autonomous body of Ministry of Housing and Urban Affairs (Ministry), constructs houses/ flats in Delhi. They provide basic services in these houses/ flats. After construction of such houses/ flats, basic services are transferred to civic agencies like Municipal Corporation of Delhi and Delhi Jal Board (DJB) for maintenance.

Audit of the Office of the Executive Engineer, Eastern Division-5 of DDA (Division) for the period April 2013 to December 2018, was conducted during January-February 2019. This Division was established in 1997 as Housing Division. It was noticed that 190 flats had been constructed by DDA during the year 1995 to 1997 at Gazipur, Delhi (Site I-Highway Apartments and Site II-Skylark Apartments) under Self Financing Scheme. Out of 190 flats, 186 were allotted from the year 1999 onwards. This Division was re-designated as Maintenance Division with effect from 28 January 2020.

During scrutiny of records in the Division, pertaining to supply of water at Skylark Apartments and Highway Apartments, Audit observed that:

- (i) Water was being supplied by DJB to DDA for which water bills were being raised based upon their measure scale of bulk meter installed at discharge point of underground reservoir. The Division was supplying water in these flats from the underground reservoir.
- (ii) There are no policy/ norms in DDA which provided specific time-period/ procedure for transfer of services to civic agencies.
- (iii) Since DDA had not installed water meters in the individual flats, they were recovering water charges @₹344 per month per flat, in accordance with orders issued by DDA in October 2012, which were applicable, retrospectively, from April 2011. Further, DDA did not revise the monthly rates of water charges after October 2012, although the same was revised by DJB.

- (iv) Analysis of the bills raised by DJB towards water supplied and the recovery effected from allottees by DDA revealed that the water charges paid by the DDA to DJB against bills raised by DJB, during November 2012 to March 2020 amounted to ₹113.57 lakh, against which total water charges recovered from allottees by DDA, worked out to ₹57.80 lakh (**Annexure-XXX**).

Thus, while DDA had paid the dues to DJB in full in respect of water charges raised by them, the amount recovered by DDA, from the allottees for consumption of water was far less. Hence, there was under recovery and financial burden of ₹55.77 lakh during the period November 2012 to March 2020.

Delhi Development Authority, in response, clarified (October 2020) the following:

- There is no specific time-period for transfer of services to civic agencies, although these services should be transferred at the earliest. After transfer of water supply to DJB, DJB would directly raise water bills and collect water charges from the allottees.
- Delhi Development Authority accepted that they have been bearing financial burden due to recovering less amount from allottees than paid by DDA to DJB. DDA has been pursuing the matter of handing over of water supply with DJB since long but no action had been taken by DJB, and the outstanding water charges as on 31 March 2020 amounted to ₹6.57 lakh.
- Delhi Development Authority has not paid any amount for water consumption since November 2019 as the recorded consumption was within exemption limits and zero amount bills have been received. Since the actual consumption in these flats was within exemption limit, as per policy of Delhi Government, the matter had already been taken up (August 2020) by DDA with DJB to refund the excess amount which was levied on the basis of average consumption in the past.
- Individual water meter for each flat has to be installed by allottees at their own cost, for which the Division has been pursuing with Residents Welfare Associations of both the societies.

Reply of DDA is to be viewed in light of the following:

- DDA has accepted that there were no policy/ norms specifying time period or procedure regarding transfer of basic services to service providers. Further, DDA did not furnish any reason for delay in transfer even after lapse of more than 20 years.
- Delhi Development Authority did not pursue the matter on a regular basis as only four letters (2012-16), two letters (2018), were written to the DJB requesting for transfer of scheme of water supply. However, after the issue was pointed out by Audit in January-February 2019, five letters (2019) and four letters (2020) were issued to DJB.
- Regarding zero water bills since November 2019 as consumption was within exemption limits, the fact remains that DDA failed to transfer the services of water supply to DJB despite lapse of more than 20 years and in the absence of individual meters, liability of

payment of full amount remains with DDA in case the total actual consumption of water increased the exemption limits.

Thus, in the absence of a policy or norms for transfer of services of water supply to the DJB, DDA failed to do the same, despite lapse of more than 20 years since start of allotment of flats. This coupled with lack of efforts of DDA to revise the monthly rates of water charges (last revised in October 2012), resulted in DDA having to bear a financial burden of ₹55.77 lakh.

The matter was referred to the Ministry in January 2021; their reply was awaited (September 2021).

Delhi Development Authority and Central Public Works Department, New Delhi

4.4 Fraudulent Leave Travel Concession claims

Employees of Delhi Development Authority and Central Public Works Department claimed and were reimbursed higher amount than they actually paid for air travels on forged tickets and misrepresentation of facts. This resulted in recovery of ₹9.69 lakh at the instance of Audit against fraudulent Leave Travel Concession claims amounting to ₹8.19 lakh.

In terms of Government of India Office Memorandum (OM) dated 26 September 2014, issued by Department of Personnel and Training (DoPT) of the Ministry of Personnel, Public Grievance and Pensions, all eligible Government servants may avail Leave Travel Concession (LTC) to visit any place in North East Region/ Andaman & Nicobar Islands/ Jammu & Kashmir (NER/ A&N/ J&K) against conversion of one block of the hometowns LTC. The Government servants entitled to travel by air can avail this LTC from their Headquarters in Economy class. Further, Government servants not entitled to travel by air may be permitted to travel by air in Economy class in some sectors namely (a) Between Kolkata/ Guwahati and any place in NER (b) Between Kolkata/ Chennai/ Bhubaneswar and Port Blair (c) Between Delhi/ Amritsar and any place in J&K. For this, air travel is to be performed by Air India in Economy Class only and at LTC-80 fare or less and air tickets were to be purchased directly from the airlines or by utilising the service of Authorised Travel Agents⁹ while undertaking LTC Journey. Booking of tickets through other agencies was not permitted.

Further, vide above cited OM, all Ministries/ Departments were advised to bring to the notice of all their employees that any misuse of LTC would be viewed seriously and the employees would be liable for appropriate action under the rules. In order to keep a check on any kind of misuse of LTC, Ministries/ Departments were advised to randomly get some of the air tickets submitted by the officials verified from the Airlines concerned with regard

⁹ Viz M/s Balmer Lawrie & Company, M/s Ashok Travels & Tours and IRCTC (to the extent IRCTC is authorised as per DoPT's O.M No. 31011/06/2002- Estt. (A) dated 2.12.2009)

to the actual cost of air travel vis-à-vis the cost indicated on the air tickets submitted by the officials.

Audit of Chief Accounts Office, Delhi Development Authority (DDA) and office of the Executive Engineer, Electrical Division-16, Central Public Works Department (CPWD) was conducted in April-May 2018 and July 2018, respectively. Test-check of records relating to LTC claims made by the officials for the block year 2014-17 was also undertaken during these audits. During Audit, it was found that employees had succeeded in getting reimbursement of ₹8.19 lakh of non-entitled amount from the authorities by adopting fraudulent practices. Details of the cases observed in audit are given below:

- (i) Five officials of DDA were reimbursed LTC claims for a cumulative amount of ₹4.38 lakh. The air tickets submitted by these employees along with their respective claims, were cross checked against the LTC-80 base fare. Analysis revealed the following:
 - a) The price of air tickets totaling ₹1.50 lakh was enhanced to ₹3.31 lakh which was more than the LTC-80 base fare.
 - b) The tickets were purchased from unauthorised travel agents.
- (ii) In another four cases of DDA, air tickets cumulatively priced at ₹2.76 lakh for travel to Port Blair were submitted by the officials. On cross checking against the LTC-80 base fare, it was found that the employees had:
 - a) deleted the names of unauthorised travel agent from the tickets;
 - b) increased the prices of the air tickets from actual price of ₹1.46 lakh to ₹2.76 lakh; and
 - c) included a non-family member in the claim in one case.

Thus, not only the condition of booking tickets through airlines/ authorised travel agents were adhered to but also the price of air tickets was fraudulently enhanced to more than the LTC-80 base fare. However, due diligence of restricting the LTC claims to LTC 80 fares and disallowing the tickets purchased from unauthorised agents by the bills' processing authority was not ensured.

- (iii) An LTC claim of ₹1.27 lakh was submitted for reimbursement by an official of the office of the Executive Engineer, Electrical Division 16 of CPWD. There against, an amount of ₹1.05 lakh was reimbursed. The air tickets enclosed with the claim were cross checked against the LTC-80 base fare. It was revealed that, although the tickets had been purchased from an authorised travel agent, the original price of the air ticket had been changed from ₹0.47 lakh to ₹0.92 lakh. Thus, the employee succeeded in getting reimbursement of ₹1.05 lakh against the LTC claim of ₹1.27 lakh.

The matter was brought to the notice of the DDA and the concerned division of CPWD in May 2018 and July 2018 respectively. DDA in their reply informed (May 2019 and September 2020) that an amount of ₹4.83 lakh¹⁰ had been recovered from five officials. Further, it was also intimated that an amount of ₹4.41 lakh¹¹ had been recovered from four officials. DDA further informed (February 2020) that the Personnel Department of DDA had been requested to take action as per CCS (Conduct) Rules as well as LTC Rules. The concerned division of CPWD also informed (January 2019) that recovery amounting to ₹0.45 lakh, being the overpaid amount of air tickets, had been made from the employee. Thus, a total amount of ₹9.69 lakh had been recovered.

As the fraudulent payment of LTC claim was noticed during test check of records, the possibility of other similar cases could not be ruled out. Thus, with a view to obviating the possibility of similar irregularities, Audit had suggested (June 2018 and August 2018) to both the auditees to examine all the LTC claims settled during 2010-11/ 2012-13 onwards. DDA and CPWD, in their respective replies (February 2020 and September 2019) stated that all LTC claims paid from 2012-13 and 2010-11 respectively would be examined and reviewed. However, status of such examination has not been provided to Audit till date. In fact, when Audit, with a view to assess the extent of fraud in these two audits, called for relevant records pertaining to all LTC cases settled during 2012-13 to 2016-17 by DDA and 2010-11 to 2016-17 by CPWD in December 2020 and January 2021 respectively, DDA stated (January 2021) that for most of the cases, records were not traceable and CPWD stated (January 2021) that they needed more time for tracing out the cases but did not provide the required records till date (June 2021).

The matter was brought to the notice of the Ministry of Housing and Urban Affairs in November 2020. In reply, CPWD stated (January 2021) that the official had retired from government service on 31 October 2019 and no disciplinary action had been initiated against the official. Reply for the cases related to DDA is still awaited (June 2021). However, it was intimated (December 2020) by the Chief Accounts Office, DDA, in response to an audit requisition issued (December 2020), that the cases had been referred (December 2019 and September 2020) to their Personnel Department for taking disciplinary action against the officials concerned.

The above facts indicate that despite the suggestion of Audit to review all LTC claims paid from 2012-13 by DDA and 2010-11 by CPWD, neither auditee has carried out any review exercise. Thus, the exact extent of similar fraudulent LTC claims and total financial implications remains undetermined even after a lapse of two years. Besides, DDA and CPWD has not furnished any additional records to Audit in this regard. Further, if the necessary checks had been carried out by the officials responsible for passing the LTC claims, these fraudulent payments could have been avoided. This laxity and overlooking of such fraudulent practices by DDA and CPWD had resulted in perpetration of the fraud

¹⁰ *Including Leave encashment of 10 days each in two cases and the over-claimed amounts*

¹¹ *Including penal interest*

in the past. In the absence of any action being initiated by DDA and CPWD to review relevant LTC claims, there is no assurance that such fraudulent practices are not persisting. The matter was referred to the Ministry in November 2020; their reply was awaited (September 2021).

CHAPTER V: MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES

5.1 Assistance to Training Institutions Scheme

5.1.1.1 Introduction

The Ministry of Micro, Small & Medium Enterprises (Ministry) is implementing a scheme called 'Assistance to Training Institutions (ATI) Scheme'. Basic objectives of the ATI scheme are to develop indigenous entrepreneurship from all walks of life for developing new micro and small enterprises, enlarging entrepreneurial base and encouraging self-employment in rural as well as urban areas by providing training to the first-generation entrepreneurs and assisting them in setting up enterprises. There are two components of assistance under the scheme - first is to provide funds for training programmes¹ and second is for capital support.

5.1.1.2 Funding of the Scheme

During 2012-13 to 2019-20, the Ministry released ₹358.99 crore for conducting training programmes and ₹62.25 crore for capital support under the scheme. Details are mentioned in **Annexure-XXXI**.

5.1.1.3 Approach, methodology and scope of audit

At the behest of Parliamentary Standing Committee on Industry and the Ministry in December 2016, Audit of ATI Scheme for the period April 2012 to March 2020 (eight years) was taken up in two phases, to examine the achievements of the scheme objectives. An Entry Conference was held with the Ministry on 6 July 2018. Thereafter, Audit examined the records relating to ATI Scheme in the Ministry and at five sampled implementing institutes between July 2018 and November 2018. The draft Report was issued to the Ministry on 28 June 2019 and Exit Conference was held on 8 November 2019. Audit observed, through analysis of data provided by the Ministry, that improvements were brought in the execution of ATI Scheme post Audit at the Ministry level during 2018-19 and 2019-20.

5.1.1.4 Audit objectives and Audit criteria

Audit aimed to ascertain whether:

- (i) guidelines, policy framework and planning were adequate,
- (ii) scheme implementation was efficient and effective,
- (iii) financial management was efficient and available funds were utilised optimally, and;
- (iv) internal controls existed and monitoring was effective.

¹ *Entrepreneurship Development Programmes (EDPs), Entrepreneurship cum Skill Development Programmes (ESDPs) and Training of Trainers (ToTs)*

The audit criteria were: Guidelines 2010 and 2016 of ATI Scheme, Minutes of the meetings of Screening Committee, approval letters, sanction orders and General Financial Rules, 2005/ 2017.

5.1.1.5 Audit sample

Of the 13 Institutes² that received funds under the scheme, Audit selected³ five implementing Institutes namely, National Institute for Micro, Small and Medium Enterprises (NIMSME), Hyderabad, Telangana; National Institute of Entrepreneurship and Small Business Development (NIESBUD), Noida, Uttar Pradesh; Central Tool Room (CTR), Ludhiana, Punjab; National Small Industries Corporation (NSIC), Okhla, Delhi and Centre for Entrepreneurship Development of Karnataka (CEDOK), Dharwad, Karnataka for detailed Audit scrutiny.

5.1.1.6 Improvements post Audit

Improvements in the execution of the scheme post Audit observed at the Ministry level for the financial years 2018-19 and 2019-20 are tabulated below:

Table 5.1: Improvements post audit in ATI Scheme

Sl. No.	Audit observations	Para No.	Improvements made
1.	During 2012 to 2018, minutes of meetings of Screening Committee (SC) were not circulated among the stakeholders, representatives of implementing institutes were not invited to the meetings and institutes were not inspected. SC had held only eight meetings.	5.1.2.4(A)	The Ministry has started: <ul style="list-style-type: none"> • circulating the minutes of SC meetings • started inviting the representatives of implementing institutes to SC meetings and increased frequency of the meetings • sending its officials for inspection of training institutes⁴.
2.	Ministry allotted majority of training targets to NIESBUD and NIMSME as compared to NSIC and CTR.	5.1.2.1(A)	From 2018-19 onwards, the Ministry reduced training targets of NIMSME and increased the share of NSIC and CTR.
3.	Irregularities in training data base: 12,746 cases of duplication,	5.1.2.2(D)	During 2018-20, an average of 49 cases per year of duplication and 65 cases per

² 1. NIMSME, Yosufguda, Hyderabad; 2. NIESBUD, Noida, Uttar Pradesh; 3. Indian Institute of Entrepreneurship (IIE), Guwahati, Assam; 4. NSIC, Okhla, Delhi; 5. CTR, Ludhiana, Punjab; 6. CEDOK, Dharwad, Karnataka; 7. Vardhman Mahaveer Open University (VMOU), Kota, Rajasthan; 8. Jai Narain Vyas University (JNVU), Jodhpur, Rajasthan; 9. Gulbarga Industrial Estate Manufacturers' Association (GIEMA), Gulbarga, Karnataka; 10. Entrepreneurship Development Institute (EDI), Jote, Arunachal Pradesh; 11. Coir Board, Kochi, Kerala; 12. Entrepreneurship Development Institute of India (EDII), Ahmedabad, Gujarat; and 13. Entrepreneurship Development and Innovation Institute (EDII), Chennai, Tamilnadu.

³ The selection of the Institutes was made on the basis of stratified random sampling, and the strata were formed on the basis of the amounts of grants received by the Institutes and the number of trainees trained by them.

⁴ Inspection was conducted at CTR, Ludhiana; Training centers of CTR Ludhiana at (i) Central Footwear Training Institute (CFTI), Chennai, (ii) Central Institute of Tool Design (CITD), Hyderabad, (iii) Indo German Tool Room (IGTR), Ahmedabad, (iv) Central Institute of Hand Tools (CIHT), Jalandhar; Training center of NSIC, Delhi at LBI, Chennai; and NIMSME, Hyderabad.

Sl. No.	Audit observations	Para No.	Improvements made
	16,884 cases of fuzzy duplication & irrelevant entries in trainee names were noticed.		year of fuzzy duplication were noticed, as compared to the average of 2,124 cases per year of duplication and 2,814 cases per year of fuzzy duplication found during 2012-18. No irrelevant entries were found during 2018-20, as compared to 25 irrelevant entries during 2012-18.

5.1.2 Audit findings

The Audit findings on the scheme are detailed in the paragraphs below.

5.1.2.1 Planning of ATI Scheme

A. Non-assessment of capabilities of institutes

As per Para 3.3.3 of Guidelines 2010 of the ATI scheme, the Screening Committee (SC) was to lay down the criteria for examining the competency, capacity and experience of the applicant training institutions. SC was to consider the proposals of the applicant institutions in the light of suitability of the proposals, competency, capacity, experience/ past performance of the institution, availability of funds, etc., and to forward the proposals along with its recommendations to Secretary (MSME), for approval.

Audit could not derive any assurance of SC laying down or considering any such criterion in the absence of documented evidence. Audit noticed that training targets (**Annexure-XXXII**) had been allocated to Institutes without considering their capacity and staff strength. As an illustration⁵, the comparative position of total staff strength (including non-faculty) of the Institutes and the targets allotted for conducting the training programmes during 2012-13 and 2013-14 is shown in Table 5.2.

Table 5.2: Staff Strength of Institutes vis-à-vis training programmes allotted

Institute	Staff strength of the Institute	Percentage of total staff strength of all the Institutes	Training programmes allotted in 2012-13 & 2013-14	Percentage of total training programmes
NIESBUD	26	1.34	3,448	45.05
NIMSME	91	4.72	1,666	21.76
IIE	44	2.28	1,430	18.68
CTR	870	45.08	628	8.20
NSIC	899	46.58	481	6.28
Total	1,930	100	7,653	100

⁵ *NIMSME, NIESBUD and IIE had conducted training programmes by themselves as well as through Partner Institutes (PIs) approved by the Ministry. The Ministry bifurcated the targets of training programmes allocated to the Institutes into own programmes and PIs programmes only during 2012-13 and 2013-14 and thereafter allocated consolidated targets without any bifurcation. Further, the Ministry did not furnish the staff strength of the PIs of the Institutes selected for Audit. In view of this, the staff strength of the Institutes (excluding that of the PIs) was compared with the targets allocated by the Ministry to the Institutes for conducting their own training programmes (i.e., excluding the programmes conducted by the PIs) for only two years viz., 2012-13 and 2013-14.*

As may be seen from Table 5.2, NIESBUD and NIMSME were allotted 45 per cent and 22 per cent respectively of the total training programmes during 2012-13 and 2013-14, despite their staff strength being only 1.34 per cent and 4.72 per cent of the total staff strength of all the five Institutes. In contrast, CTR and NSIC were allotted only eight per cent and six per cent of the training programmes, despite having 45 per cent and 47 per cent of the total staff strength of the five Institutes.

During the period 2012-13 to 2019-20, the Ministry had allotted majority of training targets to NIESBUD (37 per cent) and NIMSME (31 per cent) which, in turn, outsourced 99 per cent⁶ and 92 per cent⁷ of their own programmes respectively to private agencies, which was prohibited under the ATI scheme. On the other hand, meagre programmes were allocated to NSIC (seven per cent) and CTR (11 per cent) despite their better capacity and staff strength.

The Ministry justified (March 2019) that NIMSME and NIESBUD were specialised institutes in the area of entrepreneurship development and were given major share of training programmes. Training was only a minuscule part of NSIC's portfolio, and limited number of employees were involved in training. CTR conducted long-term technical courses (1-3 years) which were different from courses under ATI Scheme, which were normally of 72-300 hours' duration. The Ministry also stated that staff strength alone could not determine training imparting capacity and the training targets were fixed based on Institutes' proposals, availability of budget and their performances in preceding year. It was further stated that the Ministry was not aware of outsourcing of programmes by NIESBUD and NIMSME.

Pursuant to its transfer to the Ministry of Skill Development and Entrepreneurship in May 2015, no training programmes were allocated by the Ministry of MSME to NIESBUD from 2016-17. The Ministry reduced share of training programmes of NIMSME and increased training programmes of NSIC and CTR from 2018-19.

Recommendation No. 1

The institution of Screening Committee needs to be overhauled and specific parameters laid down for it to adopt, before approving a programme.

B. Non-assessment of skill requirements and non-assignment of minimum targets of wage employment/ self-employment to training institutes

Audit was not furnished any record, which could provide an assurance that the Ministry had assessed skill requirements, skill gaps prevalent in the country, and had accordingly planned to bridge the gaps through definitive skill development programmes, through accredited institutions. Ministry's sanction orders also, did not lay down any targets for the training institutes in terms of development of indigenous entrepreneurship, wage employment or self-employment of the trainees. Employability or the employment status

⁶ Out of total 3,776 programmes, NIESBUD outsourced 3,756 programmes

⁷ Out of total 3,438 programmes, NIMSME outsourced 3,159 programmes

of the trainees post-training and development of indigenous entrepreneurship was not discussed in any of the SC meetings. The ATI scheme also did not lay down any mechanism for assessment of post-training livelihood status of the trainees to derive assurance on the achievement of intended outcome of the training programmes. The Ministry could not produce any data to Audit on the development of new micro and small enterprises in the country, which was the basic objective of the scheme.

The Ministry stated (December 2019) that it was not possible to assign targets for employment of trainees since employment generation depended upon various factors like state of economic development, performance of various sectors of economy, etc., and not training alone.

The reply is not satisfactory as the basic objective of the scheme was to develop entrepreneurial base and encouraging self-employment. Audit is of the view that it would not be possible to assess the outcome of the scheme without assigning minimum targets of entrepreneurship development (self-employment) or wage employment. Therefore, Ministry's focus should be on increasing of entrepreneurial base in the country leading to enhanced employability of the trainees.

Recommendation No. 2

The Ministry should arrange to put in place a detailed curriculum and essential minimum levels of training for every type of skill sets assessed and required.

Recommendation No. 3

The Ministry should arrange to lay down a mechanism for assessment of the post-training livelihood status of the trainees by the Ministry/ Institutes.

5.1.2.2 Scheme Implementation

A. During the years 2012-13 to 2019-20, the Ministry allotted 17,615 training programmes to five apex institutes with target to train 4,73,658 persons. Against this, 15,263 programmes (87 per cent) were completed with training of 4,13,131 (87 per cent) persons as shown in Table below:

Table 5.3: Targets and achievement of training programmes

Institute	Programmes			Trainees		
	Target	Achievement	%	Target	Achievement	%
NIESBUD	6,558	5,274	80	1,64,020	1,32,562	81
NIMSME	5,385	4,990	93	1,59,345	1,47,333	92
IIE	2,464	2,026	82	72,830	61,319	84
CTR	1,903	1,812	95	47,575	45,764	96
NSIC	1,305	1,161	89	29,888	26,153	88
Total	17,615	15,263	87	4,73,658	4,13,131	87

B. Outsourcing of own training programmes by apex institutes

The sanction orders of the Ministry stipulated that an Institute would conduct all training programmes by itself or through approved Partner Institutes (PIs)⁸. Institutes were free to select PIs, as required, for conducting ATI training programmes. However, they were not allowed to outsource the programmes to any other agency.

Scrutiny of records revealed that NIESBUD and NIMSME outsourced their programmes to private agencies, other than PIs, in contravention of sanction orders. NIESBUD and NIMSME hired faculty for training programmes through outsourced agencies and did not have any control over their selection. Even selection of trainees and faculty was left to outsourced agencies. Audit could not verify the credentials of faculty for any of the training programmes and thus, could not derive any assurance about the competence of hired faculty and the quality of training provided in the programmes.

The Ministry conceded (December 2019) that it was not aware about outsourcing of training programmes by the Institutes.

C. Irregularities noticed in outsourced programmes of NIESBUD

Scrutiny of records at Noida campus of NIESBUD showed that NIESBUD had outsourced all Entrepreneurship cum Skill Development programmes (ESDP) to unapproved private agencies. It hired three different private agencies for providing faculty, infrastructure and coordinator from different parts of the country to conduct programmes on its behalf. Test check of 19 cases revealed that in all these cases, the competent authority (Director General of NIESBUD) approved the selections and appointments of private agencies after the completion of training programmes. However, the work orders were issued prior to the approval of competent authority. In one case, the work order was issued to hired agencies (all three) after completion of programme.

NIESBUD stated (November 2019) that the programmes were allotted with the instructions to start immediately to achieve the targets within the same fiscal year. Accordingly, the programme coordinators moved immediately to the field to mobilise the candidates at different locations. After selection of candidates and finalisation of infrastructure and faculty, the files were put up for approval. Hence, post facto approvals were obtained in many cases; however, verbal instructions of competent authority were obtained in advance. The competent authority signed on files after his satisfaction.

The reply is unacceptable, as Audit could not find any confirmation by the competent authority of any such instruction.

Further scrutiny revealed that in six cases, the three agencies (infrastructure provider, faculty provider and coordinator provider) which conducted programmes on behalf of NIESBUD and submitted separate invoices, made similar mistakes in their respective

⁸ *If any Institute did not have sufficient capacity to conduct training programmes, it had an option to allot extra programmes beyond its capacity to its authorised PIs and get it completed.*

invoices and corrected those mistakes in similar fashion. This was possible only if the same person prepared the invoices and made corrections. Two of such instances are reproduced in Box 5.1 below for reference.

Box 5.1: Portion of invoices where mistake had been made in programmes 2012/5824 & 5825 & 2014/22531 & 22532

A. Invoices of programmes 2012/5824 & 5825 where all three agencies made same mistake and corrected in similar fashion in their separate invoices

➤ Invoice of Infrastructure provider – GIIT

Sub:- Invoice for providing class room, furniture & training aids .
 Codes:- 2012/5824 & 2012/5825
 Prog :- Finishing & packaging supervisor
 Duration :- 125 Hrs
 No of Trainee:- 25 Each
 Category:-General
 Date :- 05-03-12 to 14-04-12
 Venue:-Loni

➤ Invoice of Faculty provider - Panorma Universal

Sub:- Invoice for providing faculty support in training programmes.
 Codes:- 2012/5824 & 2012/5825
 Prog :- Finishing & packaging supervisor
 Duration :- 125 Hrs
 No of Trainee:- 25 Each
 Category:-General
 Date :- 05-03-12 to 14-04-12
 Venue :-Loni

➤ Invoice of Coordinator provider - Prominent Solution

Sub:- Invoice for providing coordinator support and expenses on various activities
 Codes:- 2012/5824 & 2012/5825
 Prog :- Finishing & packaging supervisor
 Duration :- 125 Hrs
 No of Trainee:- 25 Each
 Category:-General
 Date :- 05-03-12 to 14-04-12
 Venue :-Loni

B. Invoices of programmes 2014/22531 & 22532 where all three agencies made same mistake and corrected in similar fashion in their separate invoices

➤ Invoice of Infrastructure provider – Eduwave revolution

Sub:- Invoice for 2 Skill Development Training Programme for SC and GENERAL candidates.
 Prog Details :- 22531, 22532
 Duration :- 300 Hrs
 No of Trainees:- 25 each prog.
 Prog Name : Repair and Maintenance of Power supply, Inverter and UPS
 Date : 21-12-2015 to 23-03-2016
 Venue : Hardoi & Jaunpur

➤ Invoice of Faculty provider – Srishti sewa samiti

Sub:- Faculty Support Invoice for 2 Skill Development Training Programme for SC and GENERAL candidates.
 Prog Details :- 22531, 22532
 Duration :- 300 Hrs
 No of Trainees:- 25 each prog.
 Prog Name : Repair and Maintenance of Power supply, Inverter and UPS
 Date : 21-12-2015 to 23-03-2016
 Venue : Hardoi & Jaunpur

➤ Invoice of Coordinator provider – Organization For empowerment of Rural Youth

Sub:- Invoice for 2 Skill Development Training Programme for SC and GENERAL candidates.
 Prog Details :- 22531, 22532
 Duration :- 300 Hrs
 No of Trainees:- 25 each prog.
 Prog Name : Repair and Maintenance of Power supply, Inverter and UPS
 Date : 21-12-2015 to 23-03-2016
 Venue : Hardoi & Jaunpur

NIESBUD replied (January 2019) that the error of printing same erroneous date of programme by all the three agencies was because a single coordinator of programme had assisted all the three agencies in preparation of these invoices and errors were corrected through hand.

From the facts above, possibility of manufacturing of invoices and records in-house by NIESBUD in some of the programmes could not be ruled out.

The Ministry assured (December 2019) that appropriate action would be taken in this regard.

D. Dubious expenditure on nameless candidates

Audit requested (June 2018) the Ministry to provide complete data⁹ of training/ trainees under the ATI Scheme for the period 2012-13 to 2017-18. The Ministry provided (May 2019) the data, after a year, which was incomplete. Data contained information of only 2,80,017 trainees (70 per cent) out of total 4,01,927 trainees trained as per records. Information on gender, duration of training, reimbursement for training and Aadhar numbers of trainees were missing in the data provided. In 25 cases, the trainee data was irrelevant as the names of trainees and their fathers were either in numbers or jumbled alphabets (i.e., ee, aa, 000 000, 99999, A B, Y P, p R, ABC etc.). In these 25 cases, the Institutes had claimed ₹10.70 lakh from the Ministry.

In order to do comprehensive analysis of the training data and for better appreciation of scheme implementation, Audit requested (August 2019) the Ministry to provide complete Aadhaar-linked data of ATI scheme trainings for the period 2012-13 to 2019-20. The Ministry provided data in a table in September 2020. The Ministry, this time provided data relating to 4,19,722 trainees¹⁰ without Aadhaar and mobile numbers of trainees.

Audit findings based on data analysis are discussed below:

i) Duplicate trainees

Audit compared the trainee names, fathers' names and date of birth of 4,19,722 trainees and found 12,844 duplicate cases (**Annexure-XXXIII**). The highest numbers of duplicate trainees (4,482 trainees) were in the year 2012-13 and the lowest in the year 2019-20 (41 trainees). The frequency of repetition of duplicates was two to nine times.

Audit noticed that from 2015-16 onwards, number of cases of duplicates decreased. Audit also noticed cases of duplication of trainees between apex institutes and their PIs, and also between different institutes. The programmes were conducted either at the same station or at stations located far from each other, and in all cases duration of programmes was either

⁹ *Data dump of ATI training website msmetraining.gov.in*

¹⁰ *As per the records seen in Audit, 4,13,131 trainees were trained by the five Institutes during the period 2012-13 to 2019-20, as shown in Table 5.3 under sub para 5.1.2.2(A). However, the data provided by the Ministry in September 2020 showed a total of 4,19,722 trainees. Thus, there was a mismatch between the data as per records and that provided by the Ministry.*

exactly same or overlapping. The estimated cost of training in respect of the 12,844 duplicate cases was worked out to ₹12.75 crore¹¹.

NIESBUD and CTR stated (August 2019) that it is possible for a trainee to attend another training in the second shift, the same day or the same period at another slot, as all trainings were not for the entire day. NIESBUD further added that there was no instruction to prevent a candidate from attending other programmes on the same day.

The reply of NIESBUD is not tenable as Audit observed that in two programmes of NIESBUD (2012/9050 of Hapur, Uttar Pradesh held during 6 August 2012 to 8 November 2012 and 2012/8583 of Sangrur, Punjab held during 1 August 2012 to 31 October 2012) where the period of the programmes was overlapping, 16 out of 25 candidates had attended both the programmes, even though the subject of both the programmes were same viz., 'AC Refrigerator and Water Cooler Repair' and distance between the training venues of the programmes was more than 300 kilometres.

ii) Fuzzy duplicate trainees

Fuzzy duplicates are those where name of the trainee and/ or the father appear to be different with minor changes to spelling.

Audit compared¹² trainee names and fathers' names of 4,19,722 trainees and found 17,014 fuzzy duplicate cases. The highest numbers related to 2014-15 (5,429) and the lowest for 2019-20 (65). Audit noticed that from 2015-16 onwards, number of fuzzy duplicate trainees decreased. Audit also observed that fuzzy duplicity was present in programmes of all institutes. Institute-wise fuzzy duplicates cases are detailed in (Annexure-XXXIV).

NIESBUD stated (August 2019) that the problem can be that of the software while uploading trainee data and assured proper care in future to avoid such instances. However, NIESBUD did not enclose any evidence in support of its contention or complaint made by it about problems in software design.

CTR stated (August 2019) that names of persons in its regions differ slightly. Sometimes two or more persons may have same name or same fathers' name but persons were distinct and it did not fudge deliberately the names of trainees or their fathers. The reply is not tenable as Audit findings indicate manipulation of data. Other institutes did not furnish their replies.

In respect of the Audit observations on duplicate trainees and fuzzy duplicate trainees, the Ministry accepted (November 2019) serious irregularities brought out by Audit and stated that these need to be corrected and further corrective measures would be taken in

¹¹ In order to estimate the cost of training in respect of the 12,844 duplicate cases, a test-check of records of 86 trainees was done and the average cost per trainee was found to be ₹9,928/- in these 86 cases. Thus, the total amount involved in the 12,844 duplicate cases can be construed as ₹12.75 crore (12,844 * ₹9,928).

¹² To detect such fuzzy duplicate cases, Audit compared the names of trainees and names of their fathers with the criteria of matching of 95 per cent or more but less than 100 per cent. The date of birth was not taken as a criterion for matching, as fuzzy match does not work with dates.

consultation with the training institutions. The Ministry assured to instruct the Institutes appropriately to ensure that the irregularities do not recur.

iii) Physical verification of records

To confirm the findings of data analysis, audit examined records of NIESBUD. Audit selected 64 programme files for the period 2012-13 to 2015-16 for scrutiny. However, NIESBUD furnished only 39 original programme files to Audit and remaining 25 programme records furnished were mere printouts from the MSME training website (msmetraining.gov.in). These did not contain attendance sheet, original admission forms, feedback forms, faculty details etc. Thus, Audit could not verify the genuineness of the programmes.

In reply (July 2020) NIESBUD stated that Institute's efforts to find the original programme files did not fructify as they were very old (FY 2012-13 to 2015-16).

Scrutiny of 39 original programme files revealed that documents¹³ in the files of three programme nos. 2013/14613 (Entrepreneurship Development Programme at Kolkata), 2015/22413 (Fashion Designing Programme at Sirmour, Himachal Pradesh) and 2015/22470 (Fashion Designing Programme at Sidhi, Madhya Pradesh) were exact copies of the documents found in three other programme files, 2014/17207 (Interior Design Programme at Howrah, West Bengal), 2014/22083 (Maintenance Fitter Programme at Solan, Himachal Pradesh) and 2015/17599 (Web Designing Programme at Chhindwara, Madhya Pradesh) respectively. It is clear that NIESBUD uploaded the details of same set of trainees more than once on the training website and claimed assistance wrongfully.

In the absence of Aadhaar-linked data of trainees, Audit could not verify if Aadhaar linking (introduced in 2016-17) had helped the Ministry to root out serious irregular practices identified earlier. Due to Ministry's reluctance to share Aadhaar-linked data, Audit is unable to assess the impact of the red flagged cases mentioned above and suggest any corrective measures essential to curb misuse of training funds.

Recommendation No. 4

The Ministry may consider introducing e-KYC verification of trainees, trainers, and agencies involved to ensure quality, authenticity and transparency.

Recommendation No. 5

The irregularities/lapses highlighted in this Report may be got investigated and the responsibility of the concerned officers/ Institutes for such lapses may be fixed by the Ministry.

¹³ Attendance sheet, trainee application form, trainee supporting documents, feedback forms etc.

5.1.2.3 Fund Management

A. Unspent balance of training funds not intimated to the Ministry

Audit verified the total funds spent by the sampled Apex Institutes under ATI Scheme during 2012-13 to 2017-18 and found that NIMSME & NIESBUD had unspent balances of ₹1.27 crore and ₹2.78 crore respectively as on 31 March 2018. The Institutes did not declare the unspent balance of the grants and interest earned in the Utilisation Certificates (UCs) sent to the Ministry. Thus, NIMSME and NIESBUD concealed ₹4.05 crore in the UCs. The details are in **Annexure-XXXV**.

In March 2019, NIMSME stated that it had submitted UC against the funds received from the Ministry and would submit one more UC for the interest portion. It further stated that ₹52.89 lakh was returned to the Ministry as unspent balance of 2017-18 in October 2018. However, as per Ministry's records, NIMSME had not refunded any amount (September 2020).

NIESBUD in its reply (January 2019) stated that it retained both unspent balance (₹0.96 crore) and interest (₹1.83 crore) treating it as compensation for opportunity cost¹⁴.

The reply of NIESBUD is not acceptable, as it had already availed expenses on monitoring and handholding.

The Ministry assured (December 2019) that appropriate action would be taken.

5.1.2.4 Monitoring and Impact of the Scheme

A. Monitoring of ATI Scheme at Ministry level

According to Guidelines 2010, a Screening Committee (SC) comprising of high-level officers from the Ministry and the Secretary (MSME) were required to monitor the progress of ATI Scheme periodically. However, the Guidelines did not lay down details of the monitoring mechanism. During 2012-13 to 2017-18, SC held only eight meetings with no representation from implementing Institutes. The deliberations of SC meetings were not circulated to implementing Institutes till 2017-18. The Ministry did not conduct any third-party review during the above period. The representatives of the Ministry never visited¹⁵ training institutes during 2012-13 to 2017-18 to monitor the progress of ATI training.

The Ministry stated (December 2019) that since 2019, it convened meetings more frequently and circulated minutes to all stakeholders.

Audit examination of records for the years 2018-19 and 2019-20 confirmed Ministry's claim.

¹⁴ *Opportunity cost, or alternative cost, is the loss of the benefit that could have been enjoyed had a given choice not been made.*

¹⁵ *As per para 3.3.3 (iv) of the Scheme Guidelines 2010, Central Government and/or the concerned national level EDI may also conduct such further checks or verifications through its own office or through an independent agency, as deemed necessary.*

B. Inadequate monitoring at the Institutes' level

i) Monitoring by NIMSME

Audit observed that NIMSME identified faculty members responsible to monitor successful completion of training programmes allotted to its PIs and outsourced agencies, including post-training follow-up activity. On completion of programmes, faculty in-charge used to certify documents for passing the payments. Also, as per the MoUs signed by NIMSME with its PIs, it was the obligation of NIMSME to provide training to the trainers/ core faculty of the PI and to provide course design/ syllabus for the trainees enrolled by the PI.

However, NIMSME did not provide to Audit, any evidence in support of training the faculty of PIs or having assisted PIs to design the syllabus. There was no evidence of faculty in-charge having visited PIs for monitoring.

In reply (October 2018), NIMSME stated that its officials used to visit the PIs during training programmes besides inauguration and valedictory sessions. However, NIMSME did not furnish any supporting documents.

ii) Inadequate monitoring of own and PIs' programmes by NIESBUD

Audit noticed that Noida campus of NIESBUD outsourced 99 *per cent* of its own programmes to private agencies. The outsourced training programme files did not contain completion reports, monitoring reports/ certificates etc. Further, NIESBUD did not furnish records related to monitoring and execution of programmes by PIs. In January 2019, NIESBUD provided three tour reports in support of monitoring PIs. However, these reports had no specifics of the programmes monitored.

C. Employment of the trainees

The basic objectives of the ATI scheme were to develop entrepreneurial base and encourage self-employment in the country. For this purpose, 4,01,927 trainees were trained under the ATI Scheme from April 2012 to March 2018 and out of that approximately 36 *per cent* trainees got employment as per the Ministry's reply. Data on employment of the trainees, as gathered from the Ministry and Apex Institutes is given in Table 5.4:

Table 5.4: Institute-wise employment data

Institute	Employment data gathered from the Ministry		Employment data gathered from the Institutes	
	Wage employment	Self-employment	Wage employment	Self-employment
NIMSME	48,465	28,239	41,654	27,245
NIESBUD	38,064	5,513	23,905	10,988
CTR	1,711	1,504	2,908	1,842
NSIC	3,281	2,133	2,977	3,608
IIE	7,145	6,721	Not available	Not available
Total (Percentage¹⁶)	98,666 (25%)	44,110 (11%)	71,444 (18%)	43,683 (11%)

¹⁶ Represents percentage of the total 4,01,927 trainees trained by the Institutes during 2012-18

It can be seen from the table that employment data of the Ministry and that of the Institutes does not match. In view of different sets of employment data provided by the Ministry and the training institutes, Audit could not derive assurance regarding the extent of employment generation from trainings imparted by the Institutes. Further, information on the extent of employment generated by each programme, and the programme which led to maximum employment was not being maintained. Further, the Ministry could not furnish information on development of entrepreneurial base in the country from implementation of ATI scheme.

In reply to Audit query regarding employment and efforts made by the Apex Institutes for generation of employment, they furnished the following comments:

- NSIC replied (September 2018) that Job fairs were regularly organised at centres where group of industries agreed to interview students. More than 300 companies visited the NSIC's technical centres in 2017-18.
- CTR replied (September 2018) that 4,379 recruiters were requested to recruit the trainees registered with Sampark Portal containing information of passed-out trainees.
- NIESBUD replied (August 2018) that approximately 10,000 plus candidates trained by it participated in 25 Rozgar Mela(s) (job fairs) across the country in which three *per cent* trainees chose self-employment and 8-10 *per cent* trainees chose wage employment.
- The Ministry replied (December 2019) that Apex Institutes were expected to maintain appropriate data while submitting monthly progress reports to the Ministry. The observations of Audit have been noted for future compliance and appropriate instructions would be issued to training Institutes.

Thus, in the absence of authentic evidence, claim of 36 *per cent* employment generation cannot be relied upon. Moreover, the Ministry did not capture information regarding increase in entrepreneurial base on account of ATI Scheme.

Recommendation No. 6

Scheme guidelines need to be strengthened providing sufficiently detailed instructions as to how to rationalise the objectives in order to convert training into livelihood through entrepreneurship or employment and achieve those in stages.

5.1.3 Conclusion

The Ministry largely failed to achieve the envisaged outcomes of the Scheme owing to inadequate monitoring and poor implementation that led to unethical practices by the institutes. The Ministry allotted training programmes to Institutes without assessing their capacity. Monitoring parameters were not defined properly by the Ministry thereby emboldening the Institutes to flout the guidelines and adopt unethical ways like falsifying the trainee records, tampering both physical and electronic records, etc., as evident through data analysis and records scrutiny by Audit. Further, NIESBUD and NIMSME did not account for unspent grant and interest earned thereon of ₹4.05 crore.

The Ministry did not assess the type of skills that could enhance the employability in the market. The sanction orders of the Ministry also did not lay down any targets for the Institutes for development of indigenous entrepreneurship or for wage employment/ self-employment of the trainees. Further, neither the ATI Scheme lay down any mechanism for assessment of post-training livelihood status of the trainees, nor such issues were discussed in any of the meetings of the Screening Committee. Thus, Audit could not derive an assurance on the achievement of intended outcome of the Scheme.

MSME Development Institute, Nagpur

5.2 Unfruitful expenditure on execution of project

Improper planning and execution of the project under the Micro and Small Enterprises – Cluster Development Programme resulted in non-fulfillment of scheme objectives, and rendered the expenditure of ₹8.89 crore as unfruitful, including GoI grant of ₹5.67 crore.

Government of India (GoI) introduced (October 2007) a scheme called ‘Micro and Small Enterprises - Cluster Development Programme (MSE-CDP)’ with the objective of capacity building of micro and small enterprises (MSEs) and their collectivities in the country. A cluster is a group of enterprises located within an identifiable area and producing similar/ same products/ services. Setting up of a Special Purpose Vehicle (SPV) was an integral part of the scheme which would enable the MSEs to leverage their resources and also have better access to public resources, linkages to credit and enhance the marketing competitiveness. The scheme also envisaged establishing a Common Facility Centre (CFC) comprising common centres for processing, training, marketing, raw material depot, effluent treatment, complementary production processes, testing laboratory, etc.

The Ministry of MSME accorded (February 2011) administrative approval for establishing a Common Facility Centre (CFC) in Fly Ash Cluster at Chandrapur, Maharashtra under MSE-CDP at a total cost of ₹15.38 crore, comprising GoI assistance of ₹13.50 crore and SPV contribution of ₹1.88 crore. The project components included plant and machinery (₹13.42 crore), land and site development (₹35 lakh), building and civil works (₹40 lakh), miscellaneous fixed assets (₹10 lakh), preliminary expenses (₹15 lakh), pre-operative expenses (₹20 lakh), contingencies (₹64.48 lakh) and working capital margin (₹11.56 lakh). The CFC was to start functioning within a period of 24 months from the date of administrative approval, and was expected to provide common services to the enterprises in the cluster at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/ expansion of capital assets.

The Maharashtra Industrial Development Corporation Limited (MIDC), Mumbai was the Implementing Agency for the project and M/s High Fly Ash Cluster Pvt. Ltd, Chandrapur (SPV) was to run and maintain the CFC for use and benefit of its members. The ownership of the CFC and its monitoring was vested with the Government of Maharashtra (GoM).

The Director, MSME-Development Institute (MSME-DI), Nagpur was the apex body for coordinating and overseeing the progress of the project.

As per administrative approval, the first installment of the GoI grant was to be released after signing of a tripartite agreement between GoI, GoM and the SPV. The second installment was to be released after the receipt of Utilisation Certificate (UC) and expenditure statement of the first installment, joint inspection report on the progress of CFC by the State Government/ Implementing Agency and the MSME-DI, and list of machinery to be purchased.

The outcomes expected from the operation of CFC were as follows:

- a) Number of MSE Fly Ash processing units - 42 existing units and an additional 50 units essentially for expansion and diversification projects, and new start-ups,
- b) Production – increase in cluster turnover from ₹10 crore to ₹70 crore. Further, the existing nil exports position was likely to change to at least 15 *per cent* exports,
- c) Employment Generation – increase in employment from 1,100 to at least, 2000 persons

The Development Commissioner, MSME, New Delhi released (February 2012) the first installment of ₹8.10 crore to MIDC. The total expenditure incurred on CFC was ₹8.89 crore (GoI grant: ₹5.67 crore and SPV contribution: ₹3.22 crore). The unspent grant of ₹2.43 crore was surrendered (October 2013) to the Ministry of MSME.

Audit examination of records (October 2016) and the information collected (October 2020 and February 2021) from MSME-DI, Nagpur revealed that though the CFC was partially made operational (trial run) during 2014, 2015 and 2017 for short periods, GoI did not release the balance amount of grants as the joint inspection carried out by the Committee appointed by MSME-DI had pointed out (December 2014) the following lapses in planning and implementation of the CFC:

- At the time of project approval, the SPV had shown 42 existing fly ash based product manufacturing units as members of SPV. However, during inspection, it was found that only three SPV members were having fly ash based product manufacturing units, and the remaining members were only proposed units.
- The capacity of Fly Ash Classifier installed in CFC was 600 MT per day of classified ash, but the three SPV members were utilizing only 20 MT per day.
- At the time of inspection, 70-75 fly ash based units were working in and around Chandrapur, however, they were not associated with the SPV and were not interested to utilise the CFC, as they stated that the classified fly ash was not useful and economical for brick manufacturing.
- There was delay in allotment of plots to proposed units and there was lack of basic infrastructure like road, drainage, electrification, etc in the area where plots were to be allotted.

- A bulker¹⁷ was purchased in CFC to provide transportation facility for classified fly ash, and a special system was required for emptying/evacuating it. However, the required special system was not available with the individual units, and hence the bulker remained unutilised.
- Testing Laboratory at CFC was neither accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) nor any qualified staff appointed for testing and certification. Thus, no valid test certificate could be issued to the agencies to whom the units would supply their products.
- The training facility set up in CFC was lying unutilised.
- There was open conflict and difference of opinion between SPV members and existing fly ash brick manufacturers.

As a result of non-release of further grants by the GoI and consequent lack of funds, the suppliers refused to supply the balance material and back-up services for CFC. It was further observed that as of February 2021, 16 out of 42 units had taken possession of plots of which only five units had started production. Further, none of the 50 additional units/startups had set up their units in the cluster as envisaged. Similarly, the objective of increase in cluster production turnover from ₹10 crore to ₹70 crore and generation of additional employment could also not be achieved.

Hence, this resulted not only in non-fulfillment of scheme objectives but also rendered the expenditure of ₹8.89 crore, including GoI grant of ₹5.67 crore, incurred on setting up of CFC unfruitful.

While accepting the facts mentioned in the Audit para, O/o Development Commissioner, Ministry of MSME stated (March 2021 and July 2021) that the Industry, Energy and Labour Department, GoM was informed (March 2019) by the Ministry about the delay in implementation of CFC Project and it was suggested to constitute a high level committee to resolve the issues related to operationalisation of CFC. No response was, however, received from GoM despite follow-up reminders in April 2019 and June 2019. The Ministry further stated that the process of recovery of GoI grant released so far along with penal interest from the Implementing Agency (MIDC) would be initiated, if required.

Thus, improper planning and execution of the project, failure in completion and operationalisation of CFC due to delay in allotment of plots to SPV members, lack of infrastructure development and failure in obtaining the remaining grant from GoI, not only resulted in non-fulfillment of scheme objectives but also rendered the expenditure of ₹8.89 crore, including GoI grant of ₹5.67 crore, incurred on setting up of CFC unfruitful.

¹⁷ *Bulker is a Special Purpose Vehicle especially designed for collection, transportation and de-collection of dry fly ash. Cost of the bulker including chassis was ₹77.04 lakh.*

CHAPTER VI: MINISTRY OF PORTS, SHIPPING AND WATERWAYS

Syama Prasad Mookerjee Port

6.1 Undue benefit to a private party by levying lower rate of compensation charges

Syama Prasad Mookerjee Port, Kolkata suffered a loss of revenue of ₹7.66 crore due to non-levy of requisite compensation charges i.e., three times of the applicable Schedule of Rates on unauthorised occupant, M/s Orient Papers and Industries Limited.

Syama Prasad Mookerjee Port, Kolkata (Port) (formerly Kolkata Port Trust) granted (May 1978) long term lease of land measuring 12,140.562 square meter at Taratala Road, Kolkata to M/s Air Conditioning Corporation Limited (lessee) for a period of 30 years for the purpose of an engineering factory. As per the agreement (July 1981), the above lease was extendable for a period of 30 years' subject to compliance of all terms and conditions by the lessee. During the lease period, the Port found unauthorised construction as well as sub-letting in 41 *per cent* of the above leased out land by Air Conditioning Corporation Limited without prior permission of the Port. Air Conditioning Corporation Limited was also irregular in paying lease rental as per the terms of the agreement. The Port, therefore, issued (July 2005) an ejectment notice to Air Conditioning Corporation Limited followed by filing a plaint before Estate Officer under Public Premises (Eviction of Unauthorised Occupants) Act, 1971 for eviction.

During the pendency of such plaint, the lessee approached the Port (March 2008) for renewal of the existing lease for 30 years as the same was expiring in April 2008, which was turned down (September 2008) by the Port. In the meantime, the lessee was merged (April 2009) with Orient Papers and Industries Limited who continued to occupy the land in an unauthorised manner after expiry of lease from April 2008 to 11 September 2018.

The Port, however, levied compensation charges on Orient Papers and Industries Limited for such unauthorised occupation at 'single rate' instead of 'three times of the lease rent' as contained in Land Policy Guidelines except for the period from June 2012 to August 2012 and August 2016 to June 2017. Orient Papers and Industries Limited again requested (March 2014) the Port for renewal of lease and regularisation of their unauthorised occupancy of the land. Board of Trustees, however, decided (July 2015) not to renew the lease in favour of Orient Papers and Industries Limited but to allot the above land through tender-cum-auction process by offering Orient Papers and Industries Limited the First Right of Refusal in line with Land Policy Guidelines, 2014. Orient Papers and Industries Limited, however, did not accept the offer of First Right of Refusal.

The order of eviction against Orient Papers and Industries Limited was passed by the Estate Officer in July 2017 which, inter alia, mentioned that:

- The occupation of Orient Papers and Industries Limited became unauthorised as per Public Premises (Eviction of Unauthorised Occupation) Act, 1971.
- Orient Papers and Industries Limited would be liable to pay compensation charges for wrongful use and enjoyment of the Port property upto the date of handing over of the same to the Port authority.
- No relief against forfeiture of lease due to failure of Orient Papers and Industries Limited to remedy the breach (unauthorised construction and occupation) in due time.
- To vacate the land forcibly, if required, by applying force.

In this connection, Audit observed the following:

- Orient Papers and Industries Limited proposed (August 2018) to surrender the land occupied by them along with the structure valuing ₹3.65 crore unauthorisedly constructed thereon. This proposal was subject to refund of increased compensation charges amounting to ₹1.12 crore paid to the Port during the period from June 2012 to August 2012 and August 2016 to June 2017. The Port accepted the proposal and refunded the amount, which was not in conformity with the eviction order of the Estate Officer.
- Non-levying of three times of the lease rent as contained in Land Policy Guidelines except for the period from June 2012 to August 2012 and August 2016 to June 2017 was also in violation of the eviction order.
- Further, the Port could not take possession of the land on 31 August 2018 due to non-availability of security guards. The possession was finally taken over by the Port authority on 11 September 2018.

Thus, undue benefit of ₹7.66 crore was extended to a private party by levying lower rate of compensation charges and by non-compliance to Estate Officer's eviction order in letter and spirit.

The Port stated (January 2021) that Orient Papers and Industries Limited was 'in-principle' not a trespasser using the land without authorisation as they were actively engaged for renewal of the lease.

The contention of the Management regarding the status of Orient Papers and Industries Limited not being an unauthorised occupant was not tenable as Orient Papers and Industries Limited continued to occupy the land even after expiry of the lease tenure in April 2008 without any authority, which fulfills the criteria mentioned in definition of unauthorised occupation by a person in the Public Premises (Eviction of Unauthorised Occupants) Act, 1971. Moreover, the Port also remained silent on the reason behind levying of the compensation charges at three times of the lease rent applicable as per prevailing Schedule

of Rate on Orient Papers and Industries Limited during the period from June 2012 to August 2012 and August 2016 to June 2017, which was correctly levied. Further, the Estate Officer also clearly mentioned in his eviction order that Orient Papers and Industries Limited was an unauthorised occupant. Thus, the Management's acceptance of proposal of Orient Papers and Industries Limited instead of execution of Estate Officer's eviction order was not commercially prudent and failed to safeguard their financial interest leading to loss of revenue of ₹7.66 crore.

The matter was referred to the Ministry in February 2021; their reply was awaited (September 2021).

Visakhapatnam Port Trust

6.2 Loss of revenue towards demurrage charges

Visakhapatnam Port Trust failed to initiate timely action for realisation of demurrage charges resulting in loss of ₹2.09 crore, besides valuable space remaining blocked for more than six years.

Section 61 read with Section 62 of the Major Port Trusts Act, 1963 (the Act) stipulates that the Board may sell by public auction any goods or a part thereof, on expiry of two months from the time when these goods have passed into its custody, to recover any rates/ rent payable to the Board in respect of such goods. Further, as per Section 63(1)(c), in case of such auction, the charges due to the Board in respect of demurrage charges could be recovered only for a period of four months from the date of landing.

M/s Siva Industries and Holdings Limited (Importer), imported (28 November 2013) 20,000 metric tonnes (MT) of Steam (non-coking) coal¹ with assessable value of ₹6.40 crore in vessel M.V. Loretto. The cargo was stacked at the back up area of West Quay (WQ) - 4 Berth of the Visakhapatnam Port as the relevant customs duty paid documents along with Port commercial documents for the aforesaid quantity of cargo could not be furnished to the Visakhapatnam Port Trust (VPT) before the expiry of the free period of five days² (3 December 2013) for the imported consignment by the concerned Customs House Agent.

Despite repeated reminders by the VPT (March 2014/ June 2014), the Importer did not submit the required documents and, therefore, was not allowed to clear the goods. In July 2014, the Importer paid the customs duty of ₹23.45 lakh but disputed payment of the demurrage charges and sought to pay (September 2014) only licence fee³. VPT clarified

¹ Steam Coal, also known as Thermal Coal or Non-Coking Coal, is suitable for electric power production. Steam Coal is ground into a fine powder that burns quickly at high heat and is used in Power Plants to heat water in Boilers that run Steam Turbines.

² Free period of five days is provided as per Clause 4.6.1 of the Scale of Rates. During this period, no demurrages are leviable.

³ License fee is the amount collected from a port user for allotment of a plot meant for stacking EXIM cargo. This fee is collected per week per 100 sq. m.

(October 2014) that cargo was stacked under “Transit Terms⁴” and as such demurrage charges of ₹5.70 crore (until October 2014) needed to be paid for the cargo to be cleared. Subsequently, VPT intimated (January 2015/ February 2015) that the cargo was frequently catching fire and causing smoke and pollution and needed to be cleared. However, the Importer did not pay the demurrage charges and the cargo remained in VPT’s custody.

In March 2015, the Importer filed a Writ Petition in the Hon’ble High Court of Andhra Pradesh praying to declare the action of VPT in not permitting them to lift the cargo from the licensed plot on the ground that demurrage charges were payable, as illegal, arbitrary and contrary to the claims of Scale of Rates.⁵ A counter to this writ petition was filed by VPT in April 2015. Subsequently, VPT obtained (July 2016) a legal opinion, on conducting auction of the cargo, which advised that if proper procedures for conducting an auction under the relevant provisions of the Act were followed, there should be no legal impediment in conducting the auction as there was no interim order of the Court preventing VPT from taking any action regarding the cargo. As a consequence, VPT contemplated (August 2016) to conduct auction of the said cargo and to adjust the proceeds towards the arrears of demurrages.

VPT approached (March 2017) M/s MECON, the then valuers’ of VPT, to fix the reserve price of steam coal to conduct auction. M/s MECON quoted (January 2018) ₹18.50 lakh for conducting the tests and arriving at the reserve price. Subsequently, as the quoted price of M/s MECON was on higher side, VPT constituted a Committee (September 2018) to reassess the quality of steam coal. The Committee observed (October 2018) that most of the cargo had undergone internal combustion due to self-ignition, as it is one of the properties of steam coal, and hence, there may be presence of ash content in the bottom layers of the cargo stacked at the area. The Committee, therefore, recommended for a lab test and volumetric analysis for ascertaining the actual grade of cargo so as to fix a reserve price, which is essentially needed to proceed for auction.

Based on the recommendation of the Committee, a limited tender enquiry was floated in November 2018 and M/s Therapeutics Chemical Research Corporation was awarded work order in March 2019 which conducted the lab tests, analysed the quality and actual quantity available and submitted a report in May 2019 wherein it was concluded that there was no steam coal and hence, fixing of the reserve price was not possible. VPT initiated action (October 2019) to write-off the amount recoverable from the Importer, as the cargo had burnt in its totality. Stockpile was still lying under Customs charge at VPT till

⁴ *Areas under the jurisdiction of Traffic manager are of two types: one within the custom bound area and other outside the custom bound area. The area within the custom bound area adjacent to berth is allotted for a temporary period so as to ensure quick clearance of cargo from wharf/quick feeding to the vessel. This is called ‘Transit Terms’. For import cargo it is five days and for export cargo it is 30 days. Penalty is imposed as Demurrage, which is collected per tonne for the cargo lying in transit plot beyond free period.*

⁵ *The tariff rates as approved by Tariff Authority for Major Ports (TAMP) is called Scale of Rates.*

31 December 2019 and amount of demurrage charges accumulated until then works out to ₹40.62 crore⁶.

In this regard, Audit observed that VPT did not take timely action for realisation of demurrage charges. Initiating action for auction of steam coal in time, on completion of two months as per Sections 61 and 62 of the Act, was all the more important in this case since steam coal is self-combustible in nature. Had VPT initiated timely action for the auction of steam coal, it could have realised at least ₹2.09 crore⁷, from realisation of auction proceeds under Section 63(1)(c) of the Act.

Ministry stated (March 2021) that the Act provides for conducting of public auction ‘any time after expiry of two months’ hence there is no stipulated period within which public auction is to be completed. As per Section 59 of the Act, the Board had a lien on such goods and may seize and detain the same, until such rates and rents are fully paid. Ministry also stated that there were several instances where importers had paid custom duty and taken delivery of cargo after lapse of a considerable time after payment of huge demurrage charges.

It was also stated that self-igniting nature of cargo cannot be the reason for Port proceeding for early auction since cargo was not abandoned by the Importer and a petition filed by the receiver in respect of cargo was still pending in the Hon’ble Court. Responsibility of protecting the cargo wholly rests with Importer/ their handling agents and VPT is not responsible for loss, damage, destruction of cargo and that this incidence was first of its kind at VPT.

Reply of the Ministry needs to be viewed in light of the following facts:

A combined reading of Sections 59 to 63 reveals that legal framework has provided a two months’ time to the importer to remove his goods and maximum period for which Port is allowed to recover demurrage is four months. Therefore, entire process of disposal of uncleared goods has to be completed within four months to protect the financial interest of the Port. Contention of Ministry that self-igniting nature of cargo cannot be the reason for early auction is not acceptable as due to this very nature cargo frequently caught fire in this case. Also, the legal case filed by the Importer, stated as an impediment for taking timely action, was pending even when VPT initiated auction and continues to be pending (December 2020) for admission in the Hon’ble High Court of Andhra Pradesh since March 2015.

⁶ *This amount was worked out by VPT though as per Section 63(1)(C) of MPT Act, charges due to the Board in respect of demurrage charges could be recovered only for a period of four months from the date of landing.*

⁷ *The demurrage charges are restricted to be recovered only for the period of four months, as per Sec. 63(1)(c) of the Act, which amounts to ₹2.09 crore for the period from 4 December 2013 to 4 April 2014. Hence, though the accumulated demurrage charges until 31 December 2019 work out to ₹40.62 crore, only an amount of ₹2.09 crore would be recoverable.*

Thus, failure to take timely action for realisation of demurrage charges, as required under the Act, resulted in loss of revenue of ₹2.09 crore besides valuable space remaining blocked for more than six years.

Cochin Port Trust

6.3 Avoidable reimbursement of tax

Failure to avail exemption resulted in avoidable reimbursement of Kerala Value Added Tax of ₹1.84 crore.

Ministry of Shipping - Government of India initiated Sagarmala programme to enhance the performance of the country's logistics sector through port-led development. Multiuser Liquid Terminal (Terminal) at Puthuvypeen SEZ at Cochin Port Trust (CoPT) area was one among various projects included in Sagarmala programme. Hence, CoPT entered (March 2013) into a Memorandum of Understanding (MoU) with Indian Oil Corporation Limited (IOCL) for construction, operation and maintenance of the Terminal. As per the MoU, IOCL could use the Terminal for a maximum of 161 days in a calendar year for import of LPG, LNG etc., and for the remaining 204 days CoPT could utilise the terminal to supply fuel to the vessels coming into the port area. Hence, CoPT decided to create bunker supply facility⁸. Construction of Barge⁹ Jetty was proposed (May 2013) for handling bunkers. Accordingly, CoPT and IOCL entered (April 2014) into a Concession Agreement (CA) for construction, operation and maintenance of the Terminal.

As per Clause 6.4 of CA, CoPT was to take up the work for construction of Terminal, and Barge Jetty. The first work was to be taken up on behalf of IOCL, while the Barge Jetty was to be constructed for its own use. CoPT invited tenders (November 2014) for construction of both Terminal as well as Barge Jetty and awarded the contract (July 2015) to M/s RKEC Projects (P) Limited (M/s RKEC) for an amount of ₹217.32 crore on Engineering, Procurement and Construction (EPC) basis. Fund of ₹182.76 crore required for construction of Terminal was to be funded by IOCL and CoPT was to invest ₹34.56 crore for construction of Barge Jetty. The Board of CoPT accorded post facto approval for the construction of Barge Jetty at a cost of ₹34.56 crore in August 2015.

As per Section 6(7)(b) of the Kerala Value Added Tax (KVAT) Act, 2003, work contract (being deemed sale) awarded by any developer to a contractor for setting up a unit in the SEZ area is exempted from KVAT in the hands of contractor. As per Rule 12C (2) of KVAT Rules, 2005, every dealer who makes any sale to an industrial unit in any SEZ under section 6(7)(b) of KVAT shall obtain a declaration in Form No. 43 duly signed and sealed by the buyer.

⁸ A facility to supply fuel for use by ships, and includes the shipboard logistics of loading fuel and distributing it among available bunker tanks.

⁹ Floating vessels generally towed or tugged along with other vessels mostly used in smaller water parts like rivers, lakes or canals for transportation/ transfer of cargo.

Audit observed that CoPT did not issue Form 43 to M/s RKEC for construction of Barge Jetty and hence M/s RKEC claimed ₹1.84 crore towards payment of KVAT for the period September 2015 to June 2017 and the same was reimbursed by CoPT. Whereas IOCL issued Form 43 to M/s RKEC for construction of Terminal and availed exemption from payment of KVAT.

Hence, failure to issue Form 43 to M/s RKEC resulted in avoidable reimbursement of KVAT of ₹1.84 crore.

The Management replied (August 2020) that it had sought clarification (February 2016) from Commercial Tax Department whether construction of Barge Jetty was exempted under KVAT Act. It further stated that the VAT was reimbursed in order to complete the project in time. Further, the clarification from the Commercial Tax Department was received in March 2018 after the implementation of Goods and Service Tax, but by that time M/s RKEC had already filed KVAT returns.

The reply of the Management is not acceptable in view of the following:

- (i) The Commercial Tax Department clarified (January 2014) that development activity of SEZ by the developer himself was covered under Section 6(7)(b) of KVAT Act, which exempted any development work in SEZ area from KVAT. The matter was further deliberated in December 2014 and it was held that CoPT can avail tax exemption treating the construction of Barge Jetty as setting up of unit.
- (ii) In respect of construction of Infrastructure facilities in SEZ, the Commercial Tax Department passed (March 2010) an order providing exemption to Petronet LNG Limited, a co-developer of SEZ at Puthuvypeen, from payment of KVAT. This order was only reiterated by the Commercial Tax Department (March 2018) in reply to the application filed by CoPT in February 2016.

Thus, failure of CoPT to issue Form 43 resulted in avoidable reimbursement of KVAT to the contractor (M/s RKEC) of ₹1.84 crore.

The matter was referred to the Ministry in January 2021; their reply was awaited (September 2021).

CHAPTER VII: MINISTRY OF POWER

7.1 Loss to Public Exchequer due to not taking into account the inputs of National Load Despatch Centre in implementation of Power System Development Fund schemes

Due to not taking into account the inputs of National Load Despatch Centre by Ministry of Power, there was avoidable raising and parking of idle fund of ₹1,018.12 crore at lower rates of interest, resulting in loss to public exchequer by ₹11.17 crore.

As per the Central Electricity Regulatory Commission (CERC) Regulations 2014, Power System Development Fund (PSDF) is a public fund and shall be maintained in the Public Account under Ministry of Power. Accordingly, the PSDF collected from Generating Companies, Transmission licensee and Distribution Licensee etc., under various pool accounts¹ of Regional Load Despatch Centres were transferred to the Public Account under Ministry of Power. Later in December 2014, Ministry of Finance directed to transfer the PSDF fund from the Public Account to the Consolidated Fund of India.

The PSDF is utilised for execution of projects of the State and Central power sector utilities to improve the security and reliability of the India power system at State, Regional and National level. As per the Ministry approved guidelines, the projects of the regional entities seeking grant from PSDF is evaluated and appraised by an Appraisal Committee, chaired by Chairman, Central Electricity Authority. The sanction of funds is done by the Inter-Ministerial Monitoring Committee chaired by Secretary, Ministry of Power. National Load Despatch Centre (NLDC), a unit of Power System Operation Corporation² (POSOCO), has been designated as the nodal agency to carry out the secretariat function for the PSDF. The disbursement is done by making suitable provisions in the demand for grants of Ministry of Power. NLDC, as nodal agency, is required to budget and schedule the fund requirements based on implementation status of the funded projects and the fund requirements projected/ committed by the utilities.

NLDC intimated (October 2018) to Ministry of Power for further fund requirement of ₹5,481.33 crore for approved PSDF funded projects/ schemes for 2018-19. The requirement was revised to ₹5,505.61 crore in December 2018. Based on the request of NLDC, Ministry of Power sought approval of Ministry of Finance for raising extra budgetary resources for the required fund. Ministry of Finance conveyed

¹ *Congestion Charges after release of amounts payable to Regional Entities, Deviation Settlement Charges, Regional Load Despatch Centre Reactive Energy charges, Additional Transmission Charges arising out of the explicit auction process in Short-Term Open Access Advance Bilateral transactions and other charges as may be notified by the Central Commission from time to time.*

² *The Corporation is responsible for monitoring and ensuring round the clock integrated operation of Indian Power System in a reliable, efficient and secure manner thus serving a mission critical activity. It consists of five Regional Load Despatch Centres and the National Load Despatch Centre.*

(21 January 2019) approval for raising extra budgetary resources upto ₹5,504.76 crore through private placement mode. Balance amount of ₹0.85 crore was to be met out from the present available balance in the accounts. Extra budgetary resources were to be raised as public loan through Power Grid Corporation of India Limited (PGCIL): ₹3,487.53 crore and Power Finance Corporation Limited (PFC): ₹2,017.23 crore. Ministry of Power directed (21 January 2019) PGCIL and PFC to raise the above funds as approved by the Ministry of Finance. Subsequently PFC was replaced by NHPC Limited (NHPC) on 12 March 2019 for raising of funds of ₹2,017.23 crore through private placement. NLDC intimated (4 February 2019) to Ministry of Power that requirements for approved projects of PGCIL had fully matured and ₹3,487.53 crore being raised by PGCIL would be fully utilised. However, with regard to the balance ₹2,017.23 crore for projects of other State entities, ₹423 crore would be utilised immediately and ₹613 crore upto 31 March 2019. NLDC further suggested (4 February 2019) that the funds may be raised in phased manner to avoid idling of the funds. However, no response in this regard was received from Ministry of Power.

In compliance of directions of Ministry of Power, PGCIL raised (14 February 2019) Government of India fully serviced bonds of ₹3,487.50 crore at an interest rate of 8.24 *per cent* on semi-annual basis. The fund so raised was utilised for their PSDF funded approved projects based on the project-wise admissibility issued by NLDC. NHPC also raised GoI fully serviced bonds of ₹2,017 crore on 22 March 2019 at an interest rate of 8.12 *per cent* and transferred the same to NLDC for further disbursement to approved project entities.

Out of the fund received from NHPC, NLDC immediately disbursed/ released ₹760.65 crore for PSDF projects of other State entities upto 31 March 2019 and ₹238.88 crore in April 2019. However, balance amount of ₹1,018.12 crore could not be utilised and was kept idle. In view of underutilisation of the fund so raised through extra budgetary resources, Ministry of Power directed (28 March 2019) NLDC to keep the surplus amount with the banks, offering the highest interest rate, since the same was kept idle. NLDC, accordingly, deposited ₹1,000 crore in two banks (i.e., ₹320 crore in HDFC Bank @ 7.50 *per cent* for one year, ₹480 crore in Indian Bank @ 7.05 *per cent* for one year and ₹200 crore in Indian Bank @ 6.76 *per cent* for a period ranging from 91 to 120 days). Funds were actually kept in FDRs for 86 days to 359 days.

Audit observed that the inputs given by NLDC on 4 February 2019 were not taken into account by the Ministry of Power as a result of which, funds were raised more than the requirement. This led to parking of idle funds of ₹1,000 crore at lower rate of interest and resultant loss of ₹11.17 crore to public exchequer.

Ministry of Power replied (February 2021) that NLDC made budget on projections based on the project progress committed by the entities and later on entities failed to produce the committed progress which affected the fund disbursal and it was difficult to enforce the expenditure as projected as the execution of the projects were under the control of the

utilities. Ministry also stated that during 2016-17 and 2017-18, actual budget approved through demand of grants of Ministry was lesser than requirement for PSDF. This initially, affected the pace of execution to some extent.

The reply of Ministry of Power is to be viewed against the fact that idling of fund resulted due to failure of the Ministry to take into account the input of NLDC sent vide letter dated 4 February 2019 to Ministry of Power. Besides this, Ministry of Power contention that lesser allocation than budgeted requirement impacted the projects execution is also to be viewed against the fact that NLDC could not even fully utilise the previous allocated budget till 2017-18, which resulted in unspent balance of ₹20.47 crore. Mismatching of funds could have been controlled through better monitoring mechanism and by taking prompt action on inputs from beneficiaries States as well as from NLDC.

Thus, failure of Ministry of Power to take into account the available inputs led to borrowing of higher fund of ₹1,018.12 crore and parking the same at lower rates of interest resulting in loss of ₹11.17 crore to the public exchequer.

CHAPTER VIII: MINISTRY OF TOURISM

India Tourism Office, Frankfurt

8.1 Loss to the Government exchequer due to shifting of billing base to Germany

Ministry of Tourism shifted the billing base from India to Germany for making payments in respect of its social media campaign. This resulted in loss of Government revenue of ₹57.16 lakh on account of payment of VAT to German tax authorities, besides draining foreign exchange.

In 2017-18, the Ministry of Tourism (Ministry) finalised its Global Media Plan, recommended by a Media Committee headed by the Secretary (Tourism), for release of a Global Media Campaign in Television, Print and Online Media. One of the methods suggested in this plan required the Ministry to use a social media platform, headquartered abroad (Firm) to enhance their visibility in social media.

As part of the Global Media Plan for 2017-18, to enhance visibility, consumer engagement, increase the number of fans for the Ministry's page on the social media platform, and give targeted informative content to generate interest in India as a preferred tourist destination, the Media Planning Agency of the Ministry i.e., M/s Carat Media, suggested an investment plan of ₹10 crore with the Firm.

The Integrated Finance Division (IFD) of the Ministry concurred with the proposal and agreed for release of the social media campaign through the Firm in September 2017. The campaign was scheduled to be executed by the Social Media Management Agency of the Ministry i.e., M/s Stark Communication, in coordination with the Firm. However, the Firm showed its inability to provide its services as the Ministry did not have a GST number. The IFD of the Ministry suggested (15 January 2018) the following alternatives to resolve the issue:

- a) To obtain a GST account for the Ministry which would enable them to handle such cases better. In this regard, they asked the Publicity & Events Division of the Ministry to take necessary action, in consultation with the GST cell.
- b) Alternatively, Publicity & Events Division may explore the possibility of carrying out this campaign through any of the Ministry's Regional offices in India which already has a GST account or, through any India Tourism Office (ITO) abroad.

Based on the above, the Ministry approved the payment for the campaign to be done directly *via* ITO, Frankfurt and assigned (7 May 2018) it as the billing entity. No records relating to target date of the campaign were made available to Audit. The payments were agreed to be released on a monthly basis to the Firm as per the invoices/ bills raised by it, based upon activities already completed by it. As per records produced to Audit, the

campaign continued till July 2019, for which ITO, Frankfurt released a total amount of €884,029.34 (₹7.26 crore) till October 2019 to the Firm, as detailed in the **Annexure-XXXVI**. It was further observed that the Firm generated invoices from its offices based in Ireland as well as Germany and received payments from ITO, Frankfurt.

Audit observed that:

- (i) During the period from July 2018 to September 2019, the Firm generated a total of 15 invoices, out of which, seven were generated from its office in Germany and the remaining eight, from its Ireland office. In the seven invoices originating from Germany, the Firm charged VAT at the rate of 19 *per cent* based on German Tax laws, whereas in the remaining eight invoices generated from Ireland, no VAT was charged. There were no reasons available on record to clarify as to why the Ministry/ ITO, Frankfurt did not ask the Firm to generate all the invoices from Ireland to avoid payment of VAT charges (in Germany).
- (ii) Instead of making efforts to obtain a GST number, the Ministry chose the easier way out and shifted the billing base from India to Germany and made the payments through ITO, Frankfurt. Had the payments been made in India by the Ministry, after getting itself registered under GST, the tax amount payable on the invoices generated by the Firm would have been deposited in the Consolidated Fund of India (CFI), thereby resulting in no overall gain or loss for GoI on account of tax payments. Since the Ministry chose the alternate way of shifting the billing base to Germany, it resulted in a loss to the Government exchequer amounting to ₹57.16 lakh, by way of VAT payment to German tax authorities, besides loss of foreign exchange incurred on account of having to make payments in Euros.
- (iii) Further, as per the agreed terms and conditions communicated (May 2018) to M/s Stark Communication (Social Media Management Agency of the Ministry), the payments were to be made to the Firm based on the activities completed. However, ITO, Frankfurt released all payments (₹7.26 crore) without receipt of any verification report from M/s Stark Communication Ltd./ Ministry on the activities completed.

Thus, the decision of the Ministry to shift its billing base outside India to ITO, Frankfurt instead of getting itself registered under GST as a dealer and keeping the billing base for the project in India, resulted in a loss of ₹57.16 lakh¹ (i.e. €68,354.19) to the Government exchequer besides loss of foreign exchange.

The Ministry, in its reply (22 October 2020) stated that all payments were made by its subordinate office i.e., ITO, Frankfurt and hence it could not monitor the settlement of payments. The Ministry also informed that it had since obtained the GST number. The Ministry, in its further reply (4 March 2021), stated that to avoid delay in launching the scheme, it decided to initiate the process of its GST registration, but carried on the campaign through the ITO, Frankfurt.

¹ *Rate of exchange taken for the respective month in which VAT has been paid*

The reply of the Ministry about not getting its GST registration to avoid delay in launching the scheme is not tenable as Rule 9(1) of the Central Goods and Services Tax (CGST) Rules, 2017 clearly states that an applicant will be granted registration within three days² of submission of application and there was a sufficient time gap of nearly four months between IFD's suggestion (15 January 2018) to get GST registration and assignment of work order (7 May 2018) to M/s Stark Communication for the campaign. The Ministry had, therefore, failed to get its GST registration done promptly and expeditiously as available under the CGST Rules, 2017, and instead shifted the billing base to Germany which led to avoidable loss to Government exchequer amounting to ₹57.16 lakh on account of VAT payment to German tax authorities, besides draining foreign exchange.

India Tourism Office, New York

8.2 Lack of competitiveness in procurement of items for promoting India Tourism

India Tourism Office, New York did not follow due diligence in procurement of promotional items under Print Production scheme, resulting in lack of transparency, fairness and competitiveness in procurement of items related to promotion of India Tourism.

India Tourism Office (ITO), New York caters to the tourism development of India in the continents of North America, South America and Caribbean Islands to increase India's share in the global tourism market. ITO, New York takes up promotional activities under different heads/ schemes in Plan budget. Under the scheme 'Print Production', the office takes up promotional activities through procurement of publicity material like literature, brochure, collateral and other promotional items with 'Incredible India' logo.

General Financial Rules, 2017 of the Government of India prescribes rules for procurement of goods by the Ministries/ Departments of the Government of India. Rule 173 ibid states that all government purchases should be made in a transparent, competitive and fair manner, to secure best value for money. Further, Rule 175(1)(c) states that no official of a procuring entity or a bidder shall act in contravention of the codes which includes any collusion, bid rigging or anticompetitive behaviour that may impair the transparency, fairness and the progress of the procurement process.

During Audit (November/ December 2019), the following discrepancies were noticed in procurement of promotional material by ITO, New York:

- No Purchase Committee was constituted for purchase of promotional items. Further, no postal communications or emails were found in records which could indicate that quotations were actually offered to ITO, New York by the companies. Most of the quotations available in the files did not have proper signature of the owner/ agent and also most of the invoices of the companies did not have Tax IDs. There was nothing on record which could suggest that the bills including tax component were passed by the office taking

² Substituted to 'seven days' vide notification no. 94/2020-Central Tax dated 22 December 2020

note of this fact and after verifying the status of the companies.

- Credentials of companies/ corporations operating in State of New York, USA can be verified from the website of Department of State (DoS), Division of Corporation, New York, USA (www.dos.ny.gov). A verification of the credentials of the companies to which most of the payments were made by ITO, New York under ‘Print Production’ head for the period 2017-20 (up to October 2019) revealed the following:

Table 8.1: Details of companies to whom payments were made under Print Production

Sl. No.	Name of the entity	DoS ID#	Initial DoS filing date	Name and Address for DoS Process ³
1.	The South Asian Media & Printing LLC	3844834	13.08.09	Mukesh Kumar, 4249 Colden Street Apt, 5T Flushing, New York,11355
2.	Apple Graphics Inc	5479469	22.01.19	Mukesh Kumar, 110-56, 63 rd Drive Floor 2, Forest Hills, New York,11375
3.	Lax Graphics & Prints Inc	5479533	22.01.19	Mukesh Kumar, 110-56, 63 rd Drive Floor 2, Forest Hills, New York,11375
4.	LS Craft Inc	5297216	05.03.18	Mukesh Kumar, 9560 Queens Blvd #105 Rego Park, New York,11374
5.	OVI Imprint Inc	5157849	20.06.17	Mukesh Kumar,101-22 Queens Blvd, Forest Hills, New York,11374
6.	M Graphics & Print Inc	5159419	22.06.17	Mukesh Kumar,101-22 Queens Blvd Forest Hills, New York,11374
7.	Boomerang/ Boomerang Technologies Inc.	4776884	18.06.15	Mukesh Kumar, 6574 Saunders Street Apt. 6H, Rego Park, New York,11374
8.	MKNY Traders Inc.*	4780757	25.06.15	6574 Saunders Street Apt. 6H, Rego Park, New York,11374
9.	Printers Tech Inc.*	4888189	29.01.16	6574 Saunders Street Apt. 6H, Rego Park, New York,11374

**Both the companies are functioning from the same location as Boomerang Technologies Inc.*

The above table indicates that the companies listed from Sl.No.1 to 7 were managed/ served by the same person, while the companies listed at Sl.No.7 to 9 were having same DoS process address and apparently managed/ served by the same person. Further analysis of payments made by ITO, New York to above nine companies under Print Production and other schemes, revealed the following:

³ DoS Process - Address to which DoS will mail process if accepted on behalf of entity

Table 8.2: Details of payment made to above companies under Print Production
(Amount in ₹)

Year	Payment to all companies under Print Production	Payments made to nine Companies/ Corporation managed/ served by Shri Mukesh Kumar		
		Under Print Production	Under schemes other than Print Production	Under all schemes
2017-18	37,12,294.24	37,12,294.24	9,25,672.83	46,37,967.07
2018-19	86,66,186.02	76,20,624.29	26,60,301.08	1,02,80,925.36
2019-20*	81,43,240.30	65,35,883.97	6,42,833.91	71,78,717.88
Total	2,05,21,720.56	1,78,68,802.50	42,28,807.82	2,20,97,610.31

(*upto October 2019)

From the above table, it can be observed that ITO, New York incurred expenditure of ₹2.05 crore for the period 2017-20 (up to October 2019) under “Print Production head”, out of which 87 per cent (₹1.79 crore) of the payments were made to nine companies, which were managed/ served by the same person. Further, an amount of ₹0.42 crore was also paid to these companies under other heads (like Joint Promotion, Other Promotional Measures, Direct Marketing and Road Shows).

- In six out of 22 procurement cases in the year 2019-20, seven out of 20 cases in the year 2018-19 and six out of 20 cases in the year 2017-18, two out of three quotations were of different companies managed/ served by the same person and in one such procurement case in 2017-18, it was noticed that all three quotations were received from the companies managed/ served by him. Credentials of two of the companies from which quotations were received on record viz., Sunny Graphics & Imprints Inc. and R.B. International Exports & Traders were not available on the DoS website and thus could not be verified. Hence, the authenticity of these quotations was doubtful.

Thus, ITO, New York did not follow due diligence in procurement of promotional items under Print Production scheme, resulting in lack of transparency, fairness and competitiveness in procurement of items related to promotion of India Tourism.

On being pointed out, the Ministry of Tourism stated (April 2021) that:

- (i) As per the existing practice, ITO, New York made attempts to constitute a purchase committee for procurement of promotional items. However, it was not always possible to wait for a committee to come together and do the market assessment in a time bound manner due to non-availability of an external officer/ member when it was needed for market assessment. Moreover, due to practical difficulty to constitute a local purchase committee, the office preferred to obtain quotations from different vendors to get a reasonable and competitive rate.
- (ii) ITO, New York contacted different vendors/ contact persons/ owners through market survey. The office also ensured that all the vendors were active, and they were also having separate Tax IDs as per US Government norms. Quotations were sought by post/ email from the vendors on the given addresses and based on the lowest quotes, the items were procured and encoded in the office stock register.

- (iii) ITO, New York had forwarded the W9 forms⁴ with regard to the Tax IDs of the mentioned companies. Further, as regards credentials (owner name and company address, etc.) of the companies with the DoS; ITO, New York had requested all the companies to submit additional documentary proof relating to the ownership of their company/ agency registered with the DoS, New York which were still awaited from said companies as most of these were not working due to Covid-19 and the same would be forwarded upon receipt.
- (iv) The observation of Audit has been noted for compliance and ITO, New York would be advised to verify the credentials of the companies/ agencies prior to awarding any work and to constitute a purchase committee in future as per the provisions of General Financial Rules.
- (v) So far as M/s Boomerang Technologies Inc./ Boomerang and M/s Printers Tech Inc., are concerned, it has been clarified to ITO, New York by the owner of the companies that both the companies are owned by him and presently operating at the same location (1315, Genesis ST, Apt 03, UTICA, NY 13501). The said companies intimated that DoS information about the companies may not be updated, and the same would be checked and intimated upon verification.

The reply of the Ministry is not tenable on the following grounds:

- (i) While conducting Audit, nothing on record could establish that quotations from companies were actually received in the office either through post or email. The recording/ diarising of quotations was not found in any record/ register of the office. ITO, New York also failed to furnish any documents in support of their response.
- (ii) As regards the constraints in constitution of purchase committee, no records could substantiate that office had taken initiative to constitute the purchase committee and had to face the mentioned constraints. Audit did not find any document in support of the contention that while scrutinizing the quotations, ITO, New York ensured that all the vendors/ companies had their separate Tax IDs as per the US Government norms, nor were Tax IDs of the companies mentioned in most of the invoices/ quotations furnished to Audit.
- (iii) W9 forms, which were furnished after being pointed out by Audit, in support of the claim that the companies were different entities with different Tax IDs, may not rule out the fact these companies were managed/ served by the same person, whose name was still mentioned on DoS website against these companies. It indicates common linkage/ interest of a single person in all these companies, which vitiated the spirit of competitive aspect in procurement process as required under General Financial Rules, 2017. The addresses mentioned in W9 forms of the companies were also not in conformity with the addresses shown on the website of DoS.

⁴ *W9 form is used to provide correct Taxpayer Identification Number (TIN) to the person who is required to file an information return with Internal Revenue Service of the United States Government.*

Thus, ITO, New York failed to constitute purchase committee and invite quotations in a fair and transparent manner. Common linkage of the same person in all the vendor companies indicates lack of competitiveness in procurement. The Ministry/ ITO, New York also could not provide supporting documents related to the credentials available on DoS website. Therefore, the procurement process of items under Print Production for promotional activities of India Tourism in ITO, New York was in contravention of the provisions of General Financial Rules and vitiated the principles of transparency, fairness and competitiveness, in the absence of which quality assurance and reasonability of the price of the items purchased could not be established.

New Delhi
Dated: 10 December 2021


(R. G. Viswanathan)
Deputy Comptroller and Auditor General
(Commercial) and Chairman, Audit Board

Countersigned

New Delhi
Dated: 10 December 2021


(Girish Chandra Murmu)
Comptroller and Auditor General of India

ANNEXURES

**Annexure-I
(Referred to in Para 1.1)**

Economic and Service Ministries/ Departments

Sl. No.	Economic and Service Ministries
1.	Civil Aviation
2.	Coal
3.	Commerce and Industry
4.	Corporate Affairs
5.	Heavy Industries and Public Enterprises
6.	Housing and Urban Affairs
7.	Micro, Small and Medium Enterprises
8.	Mines
9.	Petroleum and Natural Gas
10.	Power
11.	Road Transport and Highways
12.	Ports, Shipping and Waterways
13.	Steel
14.	Textiles
15.	Tourism
	Department of Ministry of Chemicals and Fertilizers
1.	Department of Chemicals and Petrochemicals
	Departments of Ministry of Finance
2.	Department of Financial Services
3.	Department of Investment and Public Asset Management

**Annexure-II
(Referred to in Para 1.1)**

List of Central Autonomous Bodies

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
1.	Rajiv Gandhi National Aviation University	Civil Aviation
2.	Airport Economic Regulatory Authority	
3.	Coal Mines Provident Fund Organisation	Coal
4.	Marine Products Export Development Authority	Commerce and Industry
5.	Rubber Board	
6.	Spices Board	
7.	National Institute of Design, Ahmedabad	
8.	Coffee Board	
9.	Tobacco Board	
10.	Tea Board of India	
11.	Agricultural & Processed Food Products Export Development Authority	
12.	Export Inspection Council	
13.	Footwear Design and Development Institute	
14.	National Institute of Design, Bhopal	
15.	National Industrial Corridor Development and Implementation Trust	
16.	Investor Education and Protection Fund Authority	
17.	Competition Commission of India	
18.	Insolvency and Bankruptcy Board of India	
19.	Securities and Exchange Board of India	Department of Economic Affairs
20.	Stressed Assets Stabilisation Fund	Department of Financial Services
21.	Pension Fund Regulatory Development Authority	
22.	Insurance Regulatory and Development Authority	Finance
23.	Special Liquidity Scheme Trust	
24.	Standing Conference of Public Enterprises	Heavy Industries and Public Enterprises
25.	National Automotive Board	
26.	National Automotive Testing and R&D Infrastructure Project Implementation Society	
27.	Rajghat Samadhi Committee	Housing and Urban Affairs
28.	Delhi Urban Art Commission	
29.	National Capital Region Planning Board	
30.	Delhi Development Authority	Micro, Small and Medium Enterprises
31.	Coir Board	
32.	Khadi & Village Industries Commission	
33.	Oil Industry Development Board	Petroleum and Natural Gas
34.	Petroleum and Natural Gas Regulatory Board	
35.	Rajiv Gandhi Institute of Petroleum Technology	
36.	Visakhapatnam Port Trust	

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
37.	Chennai Port Trust	Ports, Shipping and Waterways
38.	Cochin Port Trust	
39.	Indian Maritime University	
40.	New Mangalore Port Trust	
41.	V.O. Chidambaranar Port Trust	
42.	Deendayal Port Trust	
43.	Jawaharlal Nehru Port Trust	
44.	Mormugao Port Trust	
45.	Mumbai Port Trust	
46.	Mumbai Port Trust Pension Fund Trust	
47.	Tariff Authority of Major Ports	
48.	Seamen's Provident Fund Organisation	
49.	Calcutta Dock Labour Board	
50.	Syama Prasad Mookerjee Port	
51.	Paradip Port Trust	
52.	Bureau of Energy Efficiency	
53.	Joint Electricity Regulatory Commission	
54.	Central Electricity Regulatory Commission	Road Transport and Highways
55.	National Power Training Institute	
56.	Indian Road Congress	Textiles
57.	Central Silk Board	
58.	National Jute Board	
59.	National Institute of Fashion Technology, New Delhi (along with Srinagar and Rae-Bareli)	
60.	Textiles Committee	

**Annexure-III
(Referred to in Para 1.5)**

Outstanding Utilisation Certificates

Ministry/ Department	Period to which grants relate (grants released upto March 2019)	Outstanding UCs which were due by 31.03.2020 in respect of grants released upto March 2019	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Housing and Urban Affairs	1985-86 to 2013-14	239	347.47
	2014-15	101	1,321.56
	2015-16	72	174.51
	2016-17	216	2,142.77
	2017-18	294	2,692.68
	2018-19	672	5,987.15
	Total	1,594	12,666.14
Department of Financial Services	2015-16	10	140.96
	2016-17	11	1,707.56
	2017-18	11	604.89
	2018-19	7	614.22
	Total	39	3,067.63
Ministry of Textiles	1978-79 to 2013-14	446	8.89
	2014-15	319	17.37
	2015-16	429	124.37
	2016-17	332	582.01
	2017-18	366	23.10
	2018-19	690	40.61
	Total	2,582	796.35
Department of Heavy Industry	2003-04 & 2013-14	2	7.63
	2015-16	3	8.74
	2016-17	6	3.76
	2017-18	20	70.33
	2018-19	23	306.05
	Total	54	396.51
Department of Chemicals and Petrochemicals	2018-19	22	292.09
	Total	22	292.09
Ministry of Tourism	2010-11 to 2013-14	10	9.36
	2014-15	7	32.83
	2015-16	9	37.10
	2016-17	13	81.02
	2017-18	7	39.56
	2018-19	2	23.36
	Total	48	223.23
Ministry of Micro, Small and Medium Enterprises	2006-07 to 2013-14	132	19.79
	2014-15	42	3.54
	2015-16	52	5.21
	2016-17	1	0.80
	2017-18	98	124.14
	2018-19	9	38.11
Total	33434	191.59	

Ministry/ Department	Period to which grants relate (grants released upto March 2019)	Outstanding UCs which were due by 31.03.2020 in respect of grants released upto March 2019	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Road Transport and Highways	2015-16	2	8.85
	2016-17	1	4.40
	2017-18	6	103.84
	2018-19	14	49.43
	Total	23	163.52
Department of Commerce	2006-07 to 2013-14	17	74.37
	2015-16	1	2.00
	2016-17	2	15.30
	2017-18	6	35.35
	Total	26	127.02
Ministry of Ports, Shipping and Waterways	2015-16	5	6.76
	2016-17	7	17.61
	2017-18	6	48.81
	2018-19	4	26.22
	Total	22	99.40
Ministry of Petroleum and Natural Gas	2014-15 to 2017-18	1	91.66
	Total	1	91.66
Department of Promotion of Industry and Internal Trade	2014-15	1	1.42
	2016-17	12	3.95
	2018-19	9	24.42
	Total	22.00	29.79
Ministry of Steel	2014-15 to 2017-18	6	11.21
	2018-19	10	5.46
	Total	16	16.67
Ministry of Mines	2017-18	7	1.24
	2018-19	28	14.87
	Total	35	16.11
Department of Public Enterprises	2012-13 & 2013-14	13	0.71
	2014-15	3	0.17
	2015-16	31	2.80
	Total	47	3.68
Grand Total		4,865	18,181.39

Annexure-IV
(Referred to in Para 1.6)

Autonomous Bodies whose accounts were submitted with delay

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
1.	Coal Mines Provident Fund Organisation, Kolkata	18-Jan-21	19
2.	Joint Electricity Regulatory Commission (State of Goa and UTs), Gurugram	24-Aug-20	14
3.	National Power Training Institute, Faridabad	13-Dec-19	6
4.	Investor Education and Protection Fund Authority, New Delhi	15-Nov-19	5
5.	Central Silk Board, Hyderabad	14-Nov-19	5
6.	Pension Fund Regulatory Authority of India, New Delhi	10-Nov-19	4
7.	Coffee Board, Hyderabad	4-Nov-19	4
8.	National Jute Board, Kolkata	1-Nov-19	4
9.	Seaman's Provident Fund Organisation, Mumbai	11-Oct-19	3
10.	Tobacco Board, Guntur	19-Sep-19	3
11.	National Industrial Corridor Development and Implementation Trust, New Delhi	11-Sep-19	2
12.	Rajghat Samadhi Committee, New Delhi	29-Aug-19	2
13.	Spices Board, Kochi	21-Aug-19	2
14.	Indian Maritime University, Chennai	19-Aug-19	2
15.	Petroleum and Natural Gas Regulatory Board, New Delhi	13-Aug-19	1
16.	Oil Industry Development Board, Noida	12-Aug-19	1
17.	Delhi Urban Art Commission, New Delhi	9-Aug-19	1
18.	Airport Economic Regulatory Authority, New Delhi	1-Jul-19	1
19.	Securities and Exchange Board of India, Mumbai	3-Jul-19	1
20.	Delhi Development Authority, New Delhi	2-Jul-19	1
21.	Coir Board, Kochi	11-Jul-19	1
22.	Tariff Authority for Major Ports, Mumbai	26-Jul-19	1
23.	Khadi & Village Industries Commission, Mumbai	17-Jul-19	1
24.	National Institute of Design, Ahmedabad	15-Jul-19	1
25.	Stressed Assets Stabilisation Fund, Mumbai	15-Jul-19	1
26.	Rajiv Gandhi National Aviation University, New Delhi	Accounts not received	
27.	Indian Road Congress, New Delhi	Accounts not received	

Annexure-V
(Referred to in Para 1.7)

**Autonomous Bodies in respect of which Audited Accounts had not been presented in
the Parliament**

Sl. No.	Name of Autonomous Body	Name of Ministry
For the year 2013-14, 2014-15, 2015-16 and 2016-17		
1.	Stressed Assets Stabilisation Fund, Mumbai	Department of Financial Services
For the year 2017-18		
2.	Rajiv Gandhi National Aviation University, New Delhi	Civil Aviation
3.	Stressed Assets Stabilisation Fund, Mumbai	Department of Financial Services
4.	Joint Electricity Regulatory Commission (State of Goa and UTs), Gurugram	Power
For the year 2018-19		
5.	Coal Mines Provident Fund Organisation, Dhanbad	Coal
6.	Stressed Assets Stabilisation Fund, Mumbai	Department of Financial Services
7.	Joint Electricity Regulatory Commission (State of Goa and UTs), Gurugram	Power
8.	National Power Training Institute, Faridabad	Power

**Annexure-VI
(Referred to in Para 1.7)**

Delay in presentation of Audited Accounts for the year 2018-19 by Autonomous Bodies to Parliament

Sl. No.	Name of Autonomous Body	Name of Ministry	Delay in months
For the year 2018-19			
1.	Delhi Urban Art Commission, New Delhi	Housing & Urban Affairs	15
2.	Pension Fund Regulatory Authority of India, New Delhi	Finance	15
3.	Investor Education Protection Fund Authority, New Delhi	Corporate Affairs	14
4.	National Industrial Corridor Development and Implementation Trust, New Delhi	Commerce and Industry	14
5.	Delhi Development Authority, New Delhi	Housing & Urban Affairs	13
6.	National Jute Board, Kolkata	Textiles	9
7.	Rajghat Samadhi Committee, New Delhi	Housing & Urban Affairs	9
8.	Insolvency and Bankruptcy Board of India, New Delhi	Corporate Affairs	9
9.	Central Silk Board, Hyderabad	Textiles	9
10.	Indian Maritime University, Chennai	Ports, Shipping and Waterways	3
11.	Tobacco Board, Guntur	Commerce and Industry	2
12.	Petroleum and Natural Gas Regulatory Board, New Delhi	Petroleum and Natural Gas	2
13.	Rajeev Gandhi Institute of Petroleum and Technology, Rae Bareli	Petroleum and Natural Gas	2
14.	Insurance Regulatory and Development Authority, Hyderabad	Finance	1

**Annexure-VII
(Referred to in Para 1.8)**

Significant Observations on the Accounts of Central Autonomous Bodies

1. Central Electricity Regulatory Commission, New Delhi

Significant Accounting Policies

Accounting Policy No. 9 for Retirement Benefits

As per para 24 of Accounting Standard 1, “All significant accounting policies adopted in the preparation and presentation of financial statement should be disclosed”.

CERC notified (17 November 2005) Central Electricity Regulatory Commission (Indoor/Outdoor Medical Facilities) Regulations, 2005 for its employees. Thereafter, vide its notification dated 20 November 2015, CERC amended its earlier notification so as to include the employees who have superannuated from the commission, having rendered service of not less than five years after being permanently absorbed in the Commission. In light of above, CERC issued (20 June 2017) its Guidelines for medical facility to officials of CERC after superannuation.

In accordance with para 24 of Accounting Standard 15, the medical facility provided by CERC to its employees after superannuation is in the nature of post-employment benefit. Policy in respect of medical facility should have been disclosed along with significant accounting policy regarding Retirement Benefits.

2. Bureau of Energy Efficiency, New Delhi

Balance Sheet

Investment from Earmarked/ Endowment Funds (Schedule 9) - ₹547.45 crore

As per Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007 (notification issued by the Ministry of Power dated 28 February 2007), amount held as ‘Bank Balances against earmarked/ endowment funds’ should be separately disclosed in Schedule 11-Current Assets, Loans, Advances etc.

Audit noticed that the above included ₹45.00 crore held in Vijaya Bank Fixed deposits (for one year duration) and ₹452.45 crore held in Vijaya Bank Savings and Sweep Accounts for various schemes i.e., corpus fund, the Partial Risk Guarantee Fund for Energy Efficiency, the Venture Capital Fund for Energy Efficiency, Star & Labelling Fee etc., which should have been shown under ‘Bank Accounts with Scheduled Banks’ held against earmarked funds.

This has resulted in overstatement of ‘Investments from Earmarked Funds’ (Schedule 9) and understatement of ‘Current Assets, Loans, Advances etc. (Schedule 11) by ₹497.45 crore each.

3. Oil Industry Development Board, Noida

Balance Sheet

A. Investments – Others (Schedule-10): ₹3,82,621.00 lakh

The above is overstated by ₹4,013.00 lakh due to non-reduction of equity investment in M/s Biecco Lawrie Limited (BLL) in line with the decision of Cabinet Committee on Economic Affairs. Consequently; 'Excess of Income over Expenditure' is also overstated by the same amount.

Despite CAG of India's comments on the accounts of OIDB in the earlier years (2017-18 and 2018-19), the Board has not provided for diminution in the value of investment in equity shares of BLL.

B. Current Asset, Loans, Advances etc. (Schedule 11): ₹8,03,260.00 lakh

The above is overstated by ₹11,065.00 lakh due to:

- i) Non-provision of bridge loan of ₹1,200.00 lakh given to BLL though payments of instalments were not forthcoming. Considering the poor financial condition of BLL, there was no reasonable certainty that the above loan amounts would be recovered.
- ii) Non-provision of loans of ₹9,865.00 lakh given to BLL during the years 2018-2019 and 2019-20 for meeting out the expected expenditure on voluntary retirement scheme, cost of existing employees, outstanding salary dues of employees, secured loans from banks and contingent liabilities. Considering the poor financial condition of BLL, there was no reasonable certainty that the above loan amounts would be recovered.

As a result, 'Excess of Income over Expenditure' is also overstated by ₹11,065.00 lakh.

Despite CAG's comments on the accounts of OIDB in the earlier years (2017-18 and 2018-19), the Board has not made provision against the loans given to BLL.

General

C. Creation and utilisation of Hydrogen Corpus Funds

Ministry of Petroleum and Natural Gas decided to create Hydrogen Corpus Fund with contribution from OIDB and oil PSUs in June 2003. The Hydrogen Corpus Fund was established in the year 2004 with initial corpus of ₹100 crore. OIDB contributed ₹40 crore, IOC, ONGC & GAIL contributed ₹16 crore each and BPCL and HPCL contributed ₹6 crore each towards the Hydrogen Corpus Fund.

Centre for High Technology was made nodal agency for taking up Hydrogen Research and Related Activities within Oil and Gas Sector through various R&D Institutions of Participating Organisations in Hydrogen Corpus Fund. In reply to an Audit query, the Management had stated (September 2020) that the matter of transferring the Hydrogen Corpus Fund to Centre for High Technology was deliberated (March 2020) in the OI Board wherein it was decided to continue the present arrangement for better fund management.

Audit observed that as on 31 March 2020, an amount of ₹175.76 crore had accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OIBD. Further during 2019-2020 an amount of ₹2.25 crore only was utilised by Centre for High Technology. No formal audit and accountability mechanism exists for the fund. In view of the considerable amount involved, a formal mechanism to oversee the financials of the fund is essential.

Further as all the projects are to be carried out by Centre for High Technology, OIBD should have considered transferring the funds to them for proper monitoring and better utilisation.

Despite CAG's comments on the accounts of OIBD in the previous year (2018-19), the Board has not considered transferring the Hydrogen Corpus Fund to Centre for High Technology for proper monitoring and better utilisation.

4. National Institute of Design, Ahmedabad

Balance Sheet

A. Fixed Asset: ₹14,006.88 Lakh

A.1 Capital Work in Progress (Schedule 6): ₹1,199.40 Lakh

The above includes ₹1,196.35 lakh being cost of construction of New Girls Hostel Building at NID, Ahmedabad and Student Mess & Recreation Centre at NID, Gandhinagar. The Institute has already taken possession of both the buildings and the same were also occupied by the Institute in July 2018. The handing over/ taking over procedure was also completed in November 2018. Despite being pointed out vide CAG's comment no. A.1 on the accounts of the Institute for the year 2018-19, the Institute has not yet capitalised the same and kept the entire expenditure of ₹1,196.35 lakh under Capital Work in Progress (CWIP). Non-capitalisation of expenditure has resulted in overstatement of CWIP and understatement of fixed assets (Buildings) by ₹1,196.35 lakh.

Non-capitalisation of expenditure also resulted in non-charging of depreciation and consequently resulted in understatement of Depreciation Fund and overstatement of Capital Fund by ₹59.53 lakh for the year 2018-19 and 2019-20.

B. Current Assets, Loans, Advances Etc. (Schedule 8): ₹10,852.27 lakh

B.1 Income Accrued: ₹397.15 lakh

The above includes ₹358 lakh being amount of other project receipts and ₹7 lakh service charges which are lying outstanding for more than one year. Institute had neither recovered these old receivables nor has any policy of provision for the doubtful recovery in the accounts for the financial year 2019-20. Non-provision has resulted in overstatement of Current Assets, Loans and Advances and Surplus carried over to Balance Sheet by ₹365 lakh. Despite this issue being pointed out in SARs for the years 2016-17, 2017-18 and 2018-19, no corrective action has been taken by the Institute in the Accounts for the financial year 2019-20.

5. Coffee Board, Bengaluru

A. Income and Expenditure Account

Income - ₹227.65 crore

The Board has a practice of accounting for the assets purchased out of Government grants by debiting the Asset account and crediting the Corpus Fund instead of accounting for the same as 'Deferred income' as required under the provisions of para 14 of Accounting Standard (AS)-12 Accounting for Grants and Uniform format of Accounts. This has resulted in understatement of (i) Income and (ii) Excess of income over expenditure by ₹2.63 crore. This has also resulted in understatement of Deferred Income and overstatement of Corpus/ Capital Fund by ₹92.91 crore. Further, this has also resulted in non-compliance to the depreciation method in respect of assets purchased out of Government grants in the manner as specified in the Notes to Schedule 8 of Uniform Format of Accounts and Para 14 of Accounting Standard (AS) 12 Accounting for Grants.

This comment was also raised on the accounts of Coffee Board for the years 2016-17, 2017-18 and 2018-19. However, the Board has not yet taken any corrective action.

6. Tobacco Board, Guntur

Income and Expenditure Account

A. Income from services (Schedule 12): ₹58.95 crore

The service charges receivable from buyers and growers were not accounted in books on accrual basis and the same was accounted in the books on the date of realisation. It was observed that the service charges of ₹48.38 lakh¹ were not accounted in the books on accrual basis for the year 2019-20. This has resulted in understatement of Income from service charges by ₹48.38 lakh and also resulted in understatement of Current Assets by ₹48.38 lakh.

Similarly, the service charges of ₹1.86 crore² for the year 2018-19 were realised in the year 2019-20 but the same was accounted in the current year Income. This has resulted in overstatement of Income from Services for the year 2019-20 by ₹1.86 crore.

B. Other income (Schedule 18): ₹51.85 crore

The above includes ₹6.73 crore towards penalty on excess crop as well as unauthorised cultivation of tobacco for the year 2018, which was received in the year 2019-20 from the growers of Karnataka. The Tobacco Board levied penalties of ₹18.40 crore during 2018

¹ Auctions conducted in Andhra Pradesh from 2 March to 21 March 2020 and accrued service charges of ₹16.85 lakh from growers for 18 March to 21 March were not taken. In Karnataka auctions conducted from 2 March to 21 March 2020 and accrued services of ₹31.53 lakh from buyers for 18 to 21 of March were not taken in the accounts.

² Accrued service charges of ₹30.30 lakh (₹15.23 lakh from growers and ₹15.07 lakh from buyers) for auctions conducted in Andhra Pradesh from 22 March 2019 to 30 March 2019 were not considered in 2018-19. In Karnataka auctions were conducted from 1 March to 28 March 2019 but accrued service charges of ₹155.24 lakh (₹108.88 lakh from growers from 18 March to 28 March 2019 and ₹46.36 lakh from buyers from 23 March to 28 March 2019) were not taken in 2018-19.

auctions but an amount of ₹11.67 crore was accounted in the year 2018-19 and balance amount of ₹6.73 crore was not accounted in the year 2018-19. Non-accounting of Other Income on accrual basis has resulted in overstatement of 'Other Income' by ₹6.73 crore and understatement of 'Prior Period Income' by ₹6.73 crore.

7. Visakhapatnam Port Trust, Visakhapatnam

Balance Sheet

Current Liabilities

A. Other Liabilities: ₹402.86 crore

The above does not include ₹11.34 crore, being the amount pertaining to the investments of GPF trust of VPT employees downgraded by rating agencies viz., ICRA, CARE and India Ratings & Research. Being the principal employer, VPT has to absorb the losses of GPF trust, for which no liability was provided in the books of VPT during the year. This has resulted in understatement of Other Liabilities as well as Finance and Miscellaneous Expenditure by ₹11.34 crore with corresponding overstatement of Profit for the year by ₹11.34 crore.

Application of Funds

B. Capital Works in Progress: ₹175.94 crore

The above was overstated by ₹15.96 crore due to continuation of the completed work, viz., Connection of dead end lines at North of R&D Yard to Eastern Grid (third line) from East Coast Railways under Capital Work in progress. Thus, non-capitalisation of the above completed work has resulted in understatement of Railways and Rolling Stock by ₹15.96 crore. This has also resulted in understatement of depreciation by ₹0.26 crore with corresponding overstatement of Profit for the year by a similar amount.

Current Assets

C. Sundry Debtors: ₹367.18 crore

Provision towards doubtful debts made till March 2014 was ₹7.31 crore. Subsequently, despite giving assurances year after year, VPT had not made further provision towards doubtful debts. Out of gross Sundry Debtors of ₹374.49 crore as at 31 March 2020, amount outstanding for more than five years was ₹132.36 crore (35.34 per cent).

Similar comment was included in the Separate Audit Report for the year 2018-19 in view of assurance by VPT to take necessary action during financial year 2019-20. However, no corrective action was taken.

8. Central Silk Board, Hyderabad

Balance Sheet

Corpus/ Capital Fund (Schedule 1): ₹449.86 crore

The balance of Corpus/ Capital Fund as on 31 March 2019 was ₹442.64 crore but the Central Silk Board (CSB) has made various adjustments and arrived at an amount of

₹447.66 crore as on 1 April 2019. As per Uniform format of accounts of Central Autonomous Bodies, “Corpus /Capital Fund is akin to Capital, Share Capital or Owners Funds. It comprises amounts received by way of contributions specifically to the Corpus, as increased/ decreased by the net operating results shown in the Income and Expenditure Account”.

The adjustments made by the Board during the current year are neither specific contributions to the corpus fund nor arising out of operating results shown in Income and Expenditure Account. This resulted in non-adherence to Uniform format of accounts. Balances certified in previous year’s financial statements are to be carried forward in the current year’s financial statements. Not doing so would affect the true and fair view of the accounts presented.

Current Assets, Loans and Advances

Loans, Advances and Other Assets (Schedule 11B): ₹67.18 crore

The above includes ₹6.44 crore towards loan amount including accrued penal interest recoverable on account of multi-end reeling units. The Board has not made a provision for outstanding principal and interest amount despite the amount being outstanding for more than 20 years. This has resulted in overstatement of current assets (loans) and understatement of provision by ₹6.44 crore.

Further, CSB accounted the outstanding loan including interest as “Other miscellaneous deposits”. The loans provided to beneficiaries should be accounted as loans instead of deposits. This needs rectification.

9. Indian Maritime University, Chennai

Balance Sheet

Fixed Assets – Schedule 8 – ₹429.55 crore

Land: ₹49.96 crore

Above is overstated by an amount of ₹1.53 crore being the expenditure incurred for construction and development of Playfield at IMU Campus, Visakhapatnam. Since the construction of Play Field has not been completed till date and not put to use for intended purpose, the amount incurred should be shown under Capital Work-in-Progress. This has resulted in overstatement of Land and understatement of Capital Work in Progress.

10. Chennai Port Trust, Chennai

A. Sundry Debtors: ₹141.70 crore

Above does not include Estate Rental dues of ₹24.24 crore (including GST) pending from various departments/ organisations towards allotment of office building. This has resulted in understatement of Sundry Debtors and Revenue Reserves to the extent of ₹24.24 crore.

B. Current Liabilities and Provision: ₹1075.63 crore

B.1 As per Actuarial valuation done by LIC for Pension Liability as on 31 March 2020, the liabilities worked out to ₹6,495.33 crore. However, Corpus available in Pension Fund

Trust Account as on 31 March 2020 was ₹3,451.62 crore. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit to the extent of ₹3,043.71 crore.

B.2 As per Actuarial valuation done by LIC for Leave Encashment Liability as on 31 March 2020, the liabilities worked out to ₹163.44 crore. However, Corpus available in Leave Encashment Fund Account as on 31 March 2020 was ₹77.58 crore. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit to the extent of ₹85.86 crore.

These issues were brought to the notice of the Port, for corrective action through previous years' Separate Audit Reports, however, no corrective action was taken by the Port.

11. Cochin Port Trust, Cochin

A. Current Liabilities and Provisions: ₹694.21 crore

The liability on account of pension and gratuity contribution of existing employees and pensioners as per actuarial valuation worked out to ₹3,193.34 crore as on 31 March 2020 against which the investment in the Pension and Gratuity Fund was ₹335.86 crore, leaving a shortfall of ₹2,857.48 crore. This has resulted in understatement of Current Liabilities and Provisions by ₹2,857.48 crore as well as overstatement of Profit to the same extent.

The comment was also included in Separate Audit Reports for the years 2016-17, 2017-18 and 2018-19. However, no corrective action has been taken by the Port.

B. Finance & Miscellaneous Income (Sch. N) – ₹43.20 crore

Cochin Port Trust applied for Service Export from India Scheme scrip valuing ₹7.98 crore for the financial year 2018-19 on 19 March 2020 and recognised 98.78 *per cent* of the same as income for the financial year 2019-20. As the realisation of the scrip was contingent upon successful auction of the same in the open market, recognition of income as on 31 March 2020, resulted in overstatement of Income by ₹7.88 crore with corresponding overstatement of Profit.

12. New Mangalore Port Trust, Mangalore

Balance Sheet

A. Deferred Tax Liability ₹154.95 crore

Above is overstated by an amount of ₹1.02 crore due to a provisional entry passed in March 2020 by debiting the Provision for Taxation. This has also resulted in understatement of Provision for Taxation (Current Liabilities & Provisions) to the same extent.

B. Leave Encashment Fund ₹21.89 crore

As per Actuarial Valuation, liability towards Leave Encashment Fund, as on 31 March 2020, worked out to ₹23.14 crore. However, balance in Leave Encashment Fund as on 31 March 2020 was ₹21.89 crore. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit to the extent of ₹1.25 crore.

C. Net Sundry Debtors ₹26.75 crore

As per Actuarial Valuation, liability towards Gratuity Fund, as on 31 March 2020, worked out to ₹74.02 crore. However, balance in Gratuity Fund as on 31 March 2020 was ₹84.28 crore. Non recognition of differential amount as income of the Port resulted in understatement of Current Assets (Receivable from Gratuity Fund Trust) by ₹10.26 crore, Current year's income by ₹3.21 crore and prior period income by ₹7.05 crore.

13. V.O. Chidambaranar Port Trust, Tuticorin

Balance Sheet

A. Equity Contributions - ₹90.71 crore

Sethu Samudram Corp. Ltd. - ₹50 crore

The Port has made an investment of ₹50 crore in the equity shares of Sethusamudram Corporation Limited which is under the process of winding up. Non-provisioning for the diminution/ decline in the value of investment, as per the provisions of Accounting Standard-13, resulted in overstatement of Investments and understatement of Provisions by ₹50 crore.

B. Application of Funds - Current Liabilities and Provisions - ₹591.40 crore

The above is understated by an amount of ₹289.06 crore being the shortfall in contribution towards Pension and Gratuity Funds, as per Actuarial valuation made by LIC. This has also resulted in overstatement of Profit to the same extent.

14. Rubber Board, Kottayam

A. Investments-Others: ₹ 18.92 crore

This stand understated by ₹6.19 crore due to non-provision for diminution in the value of investment made in five Joint Venture Companies whose net-worth stands fully eroded. Since the realisability of investments is doubtful, provision should be made for diminution in value of assets. The non-provision of impairment loss has also resulted in understatement of Excess of Expenditure over Income.

B. Plantations: ₹ 5.76 crore

Above is overstated by ₹3.92 crore due to capitalisation of plantations set up for research purpose instead of charging to Income and Expenditure Account as expenditure in respective previous years. This has also resulted in understatement of Excess of Expenditure over Income through Prior Period Expenditure.

C. Current Assets, Loans & Advances: ₹ 59.73 crore

This is overstated by ₹28.57 crore due to non-provision towards doubtful working capital loan, interest thereon, lease rent receivables and other receivables, from the companies, whose net worth has been fully eroded. Since the companies are having accumulated losses more than their net worth, the realisability of these receivables is doubtful. This has also resulted in understatement of excess of expenditure over income by the same amount.

D. Income from Sales and Services: ₹7.70 crore

Above is understated by an amount of ₹2.96 crore receivable for the trainings conducted, during the financial year 2019-20, under Prime Ministers Kausal Vikas Yojana (₹2.95 crore) and Additional Skill Acquisition Programme (₹0.01 crore). This has also resulted in understatement of Current Assets to the same extent.

15. Spices Board, Kochi**A. Earmarked/Endowment funds: ₹240.46 crore**

a) Above is understated by ₹3.52 crore due to accounting of interest earned during the year as income in the Income and Expenditure Account instead of crediting the same to Earmarked Funds (Pension Liabilities) under the head 'Income from investments made on account of funds'. This has resulted in understatement of Earmarked/ Endowment Funds and excess of Expenditure over Income by ₹3.52 crore.

b) Above is understated by an amount of ₹2.12 crore due to non-accounting of interest accrued during the year 2019-20, on Earmarked Pension Funds. This has resulted in understatement of Earmarked/ Endowment Funds and Current Assets (Interest Accrued) by ₹2.12 crore.

16. Marine Products Export Development Authority, Chennai**A. Current Liabilities and Provisions: ₹237.02 crore**

Above is understated by ₹5.34 crore due to non-provisioning for the arrear amount of statutory dues payable (Gratuity-₹1.81 crore, Leave Encashment-₹0.37 crore and Commuted Pension-₹3.16 crore) to the employees on account of increase in payables due to implementation of Seventh Pay Commission. This has resulted in understatement of Provisions and Expenditure to an extent of ₹5.34 crore.

B. Establishment expenses: ₹48.28 crore

This is understated by ₹199.57 crore being the liability for retirement benefits of employees as per actuarial valuation. The Authority has shown this liability under 'Current Liabilities and Provisions' with corresponding debit to 'Miscellaneous Expenditure' in Balance Sheet instead of routing it through Income and Expenditure Account. This has resulted in understatement of Establishment Expenses by ₹199.57 crore and overstatement of Miscellaneous Expenditure to that extent.

17. Coir Board, Kochi**Consolidated Balance Sheet****A. Corpus/Capital Fund and Liabilities****Earmarked/ Endowment Funds (Schedule – 3) – ₹55.25 crore**

Above is overstated by an amount of ₹315.57 lakh being interest earned on unutilised grants lying in bank accounts of various Earmarked/ Endowment Funds. The same should have been remitted into the Consolidated Fund of India in compliance of the Rule 230(8) of GFR, 2017. This has resulted in overstatement of Earmarked/ Endowment Funds and understatement of Current Liabilities & Provisions.

Consolidated Income & Expenditure**B. Income****Interest Earned (Schedule – 17) – ₹1.86 crore**

Above is overstated by an amount of ₹164.38 lakh being interest earned on Grants in Aid deposited in banks in respect of ‘Assistance to Training Institutions’ and ‘Coir Vikas Yojana’. The interest earned has been recognised as Income of the Board instead of depositing the same into Consolidated Fund of India. This has resulted in overstatement of Excess of Income over Expenditure and understatement of Current Liabilities and Provisions.

18. Tea Board of India, Kolkata**Balance Sheet- Current Liabilities & Provisions****₹51,910.19 lakh****Loans– Interest free Loan to Tea Trading Corporation of India Limited ₹354.46 lakh**

During the period from 1993 to 1995 Tea Board paid ₹599 lakh to Tea Trading Corporation of India Limited (Corporation) as interest free loan *vide* Ministry of Commerce & Industry sanction letter No.48021/2/93-Plant A dated 16 August 1993, T-39012/93 Plant A dated 26 April 1994, T-39012/1/93- Plant A dated 4 July 1994, T-39012/1/93 plant A dated 30 March 1995 and Fax dated 28 April 1995 and 25 October 1995. Against this interest free loan, Corporation refunded an amount of ₹25 lakh to Tea Board on 2 June 1994. The details of payments of loan and refund thereof are enumerated below:

Date	Cheque No.	Drawn on	Amount (₹ in lakh)
01.09.1993	262896	Central Bank of India	350
12.05.1994	262930 to 262933	Central Bank of India	44
01.06.1994	262934 to 262937	Central Bank of India	12
28.07.1994	262942	Central Bank of India	109
31.03.1995	262992	Central Bank of India	55
05.05.1995	262999	Central Bank of India	14
08.11.1995	452786	State Bank of India	6
07.12.1995	084410	Bank of Baroda	9
Total			599
Less: Refunded by Corporation on 2 June 1994 by Bank transfer			25
Balance			574

Out of the above interest free loans paid to Corporation, Tea Board received grants of ₹354 lakh from Govt. of India towards payments to Corporation. Subsequently, Corporation went into liquidation as per winding up order dated 24 June 2002 and Tea Board could not recover the aforesaid loan of ₹574 lakh. During 2012-13, Tea Board adjusted balance amount of interest free loan of ₹220 lakh (₹574 lakh – ₹354 lakh) paid to Corporation from the loan due to Government. Hence, Tea Board received/ adjusted from Government the total amount of ₹574 lakh paid to Corporation as interest free loan. However, ₹354 lakh was disclosed in the

asset side of the Balance Sheet as “Interest free Loan to Corporation”. Similarly, other liabilities also include ₹354 lakh being “Payable to Govt. on Account of Corporation”.

As Corporation is no longer in existence and Tea Board has received/ adjusted the total amount of loan paid to Corporation from Government, disclosure of ₹354 lakh in the asset side of the Balance Sheet as “Interest free Loan to Corporation” is incorrect and should be adjusted against liability of ₹354 lakh towards “Payable to Govt. on Account of Corporation”.

Non-adjustment of the above has resulted in overstatement of Assets towards “Interest free Loan to Corporation” by ₹354 lakh and overstatement of “Other Liabilities” by the same amount.

The comment was included in the Separate Audit Report on the accounts for the years 2017-18 and 2018-19 but no corrective action has been taken by the Management.

19. Syama Prasad Mookerjee Port, Kolkata

A. Capital Reserve includes ₹386.88 crore (₹53.43 crore, ₹68.75 crore, ₹68.62 crore, ₹54.97 crore, ₹77.57 crore and ₹63.54 crore relating to 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively) realised by Syama Prasad Mookerjee Port, Kolkata as charges from tenants for unauthorised occupation as per Schedule of Rent. The amount was directly transferred to Capital Reserve by treating the same as Mesne profit (Capital Receipt) in contravention of Para 2a of the Common Framework for Financial Reporting prepared by S. B. Billimoria & Co and applicable for Syama Prasad Mookerjee Port, Kolkata. However, compensation charges are realised as per Schedule of Rent notified by Tariff Authority for Major Ports and therefore, cannot be treated as capital receipt.

Thus, accounting of compensation charges as capital receipts has resulted in overstatement of Capital Reserve by ₹386.88 crore and understatement of surplus for the year by ₹63.54 crore and ₹323.34 crore for prior periods.

B. As per accounting manual, the word ‘Fund’ in relation to any reserve was to be used only when such Reserve was represented by a specified investment. However, balances of Replacement, Rehabilitation and Modernisation of Capital Assets and Development, Repayment of Loans and Contingencies Funds as on 31 March, 2020, *vis-à-vis* amount of specified investments made there against showed a total shortfall of ₹8.64 crore. Thus, the requirement of matching investment in respect of the funds was not fulfilled.

C. As per accounting manual, the word ‘Fund’ in relation to any reserve was to be used only when such Reserve was represented by a specified investment. However, balances of Kolkata Port Trust Employees’ Superannuation Fund and Retirement Medical Benefit Funds as on 31 March 2020 *vis-à-vis* amount of specified investments and bank balances there against showed a total shortfall of ₹42.38 crore. Thus, the requirements of matching investment in respect of the funds were not fulfilled.

D. Capital Work in Progress (CWIP) included 13 non-plan capital works-in-progress for which a total of ₹7.83 crore was paid and expenditure worth ₹3.53 crore was capitalised

last year. The balance amount worth ₹4.30 crore was not capitalised due to lack of completion certificate. The same amount of ₹4.30 crore is still being shown as CWIP in the current year due to non-submission of completion certificate from the respective divisions. This has resulted in understatement of fixed assets and overstatement of Capital work-in-progress by ₹4.30 crore. As the date of completion of the above works is still not known, the understatement of depreciation could not be ascertained by Audit.

E. Capital Work in Progress included ₹17.32 crore towards Capital Dredging over Jiggerkhali Flat since long in Haldia Dock Complex. The said work-in-progress was transferred by Kolkata Dock System during 2001-02 but the same was not capitalised due to lack of documents like 'Completion Certificate', 'Copy of Final Bill' etc. As no records/documents regarding the nature of the expenditure were available, the amount should have been charged off to Profit & Loss Account. Non-charging of this amount has resulted in overstatement of CWIP by ₹17.32 crore and overstatement of surplus by the same amount.

F. As per the direction issued by Ministry of Shipping dated 14 June 2013, disclosure of all Corporate Social Responsibility (CSR) activities undertaken by the organisation on their official website and in their Annual Report was mandatory. Though Kolkata Port Trust incurred CSR expenditure of ₹1.66 crore for the 2019-20, the same was not disclosed in the Notes of Accounts.

G. Sundry Debtors included ₹553.49 crore on account of claim towards Dredging and River Maintenance from 1999-2000 to 2011-12 which was disallowed by Government audit against which Syama Prasad Mookerjee Port, Kolkata had approached the Central Government under section 105 of the Major Ports Trust Act 1963 (with reference to Note no. 18). The claim has become very old with remote possibility of realis

ation. Such non-provision against old outstanding dues has resulted in overstatement of Sundry Debtors as well as understatement of Provision for Bad and Doubtful Debts by ₹553.49 crore.

20. Paradip Port Trust, Paradip

A. Paradip Port Trust (Port) awarded on Build Operate Transfer (BOT) basis the works for development of Iron-ore Berth at Paradip to M/s JSW Paradip Terminal Private Limited (JSWPTPL) and for development of Coal Berth at Paradip to M/s Kalinga International Coal Terminal Private Limited. The work of capital dredging for both the berths were awarded to M/s. Dredging Corporation of India Ltd (DCIL). The works of capital dredging attributable to the BOT Iron-ore Berth were completed on 31 March 2020. The capital dredging works associated with the Iron-ore Berth is, however, 50 *per cent* of the total quantum of works being executed by M/s DCIL compositely for both the Iron-ore & Coal Berths. As the BOT Iron-ore Berth was in operation by JSWPTPL since 1 October 2019, the Capital Dredging works attributable to the BoT Iron-ore Berth has also been certified as complete, therefore the proportionate capital dredging works should have been capitalised during the year 2019-20. This has resulted in overstatement of 'Capital works

in progress' and understatement of Fixed Assets (Net block) to the extent of ₹51.33 crore with corresponding overstatement of net surplus before income tax by ₹0.51 crore.

B. The Port has an investment of ₹40 crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highways Authority of India (NHAI). The net worth of PPRCL has been fully eroded and stood at (-) ₹495.52 crore as on 31 March 2016. Meanwhile the Board of Trustees of the Port were appraised in the meeting held on 26 October 2018 that NHAI had proposed for winding up of the SPV. Therefore, provision should be made for diminution in the value of long term investment as required under AS-13. Thus, non-provision of the same has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by ₹40 crores.

C. The Port purchased a defined benefit plan from Life Insurance Corporation of India for managing pension & gratuity fund of employees & pensioner. Paradip Port Trust makes an annual contribution to the fund which is treated as an expenditure in the books of accounts. Paradip Port Trust provided ₹361.15 crore during the year 2019-20. In their valuation report, LIC has sought for additional ₹402.44 crore for gap funding in Pension & Gratuity Fund. As per AS-15, appropriate provision should have been made in accounts for gap funding of ₹402.44 crore. Non-provisioning of the same has resulted in overstatement of Net Surplus before tax with corresponding understatement of 'Current liabilities & provision' by ₹402.44 crore.

D. The "Common Framework for Financial Reporting for Major Ports Trusts" (November 2002) was approved by CAG and that framework also clearly laid down that bad and doubtful debts should be provided for. The Port has not provided ₹52.68 crore as doubtful debts for the year 2019-20 against the debts which were more than six months old. This has resulted in overstatement of Sundry Debtors as well as overstatement of Net Surplus by ₹52.68 crore.

21. Mumbai Port Trust Pension Fund Trust, Mumbai

Balance Sheet

Corpus/Capital Fund and Liabilities – ₹8647.25 crore (Schedule I)

Notes on Accounts – Item III-b

Mumbai Port Trust Pension Fund Trust was formed vide a Trust Deed (14 January 2004) to meet the pension liability of employees and ex-employees. LIC has been appointed as the Fund Manager to manage the Pension Fund. LIC does the actuarial valuation every year based on which the money is invested by Mumbai Port Trust with LIC.

The total pension liability as per actuarial valuation as on 31 March 2020 intimated by LIC was ₹12,777.23 crore (₹7,707.05 crore towards existing pensioners and ₹5,070.18 crore towards future pensioners). The pension fund balance as on 31 March 2020 was ₹8,647.25 crore (mentioned as ₹8,709.14 crore in Note No. III-b). Considering the Actuarial Valuation Report, there is a shortfall of ₹4,129.98 crore in the Fund Balance.

The short provision of pension liability has resulted in understatement of liabilities (Pension Fund Account) and Assets (Current Assets, Loans and Advances – “Receivable from Mumbai Port Trust”) to the extent of ₹4,129.98 crore. Audit has been pointing out the shortfall in provisioning since 2012-2013.

22. Mormugao Port Trust, Goa

Current Assets, Loans and Advances- ₹308.30 crore (Schedule 4)

Sundry Debtors – ₹72.99 crore

This includes an amount of ₹7.26 crore receivable towards Lease rent, interest on delayed payment, encroachment charges from M/s Western India Shipyard Ltd for the year 2017-18 and 2018-19. The Hon’ble National Company Law Tribunal (NCLT) declared (12 December 2017) a moratorium under section 14 of the Insolvency & Bankruptcy code, 2016 restricting MPT from transferring, encumbering, alienating or disposing of any Western India Shipyard Ltd assets. Therefore, the recovery of ₹7.26 crore from M/s Western India Shipyard Ltd is doubtful and the same should have been provided for. This has resulted in overstatement of Debtors by ₹7.26 crore with corresponding understatement of provisions for doubtful debts as well as loss. Though this is being pointed out by Audit since 2017-18, the same is yet to be rectified by the Management.

23. Jawaharlal Nehru Port Trust, Mumbai

Balance Sheet-Current Assets, Loan and Advances (Schedule-6)

Interest accrued on Investments - ₹227.15 crore

A. Cash and Bank Balance (including TDR with banks) - ₹3,349.93 crore

The above includes an amount of ₹67.59 crore being the balance amount of fixed deposit which was deposited in February 2014 and interest accrued thereon up to 31 March 2020 amounting to ₹61.62 crore pending receipt from Oriental Bank of Commerce.

As JNPT is not in possession of Fixed Deposit Receipt for ₹67.59 crore and the matter is under investigation by CBI Court and another case is also pending with National Consumer Disputes Redressal Commission and next date of hearing is scheduled in Jan 2021, provision should have been created for doubtful investment and interest accrued thereon. Non-provisioning for doubtful investment has resulted in overstatement of profit by ₹129.21 crore, overstatement of Cash and Bank Balance by ₹67.59 crore and Interest Accrued on Investments by ₹61.62 crore.

This issue is being raised by Audit since 2013-14.

B. Capital Work in Progress ₹3,446.73 crore (Schedule 3)

i) The above includes an amount of ₹1,704.18 crore being the expenses incurred for capital dredging work, which was completed on 18 February 2019 as certified by the consultant. This has resulted in understatement of depreciation for the year by ₹17.04 crore, Prior Period Expenditure (Depreciation) by ₹8.52 crore, understatement Gross Fixed Assets by ₹1704.18 crore and overstatement of profit by ₹25.56 crore.

ii) The above includes an amount of ₹183.74 crore being the expenses incurred for Development of Centralised Parking Zone, which was completed on 5 December 2019. Non-capitalisation of the same has resulted in overstatement of Capital Work- in Progress (CWIP) by ₹183.74 crore and Understatement of Gross Fixed Assets by the same amount. This has also led to understatement of depreciation by ₹2.3 crore and overstatement of profit by same amount.

iii) The above includes an amount of ₹32.77 crore being the cost of the assets (Tank farm) taken over from M/S. HOCL on 24 December 2019. Against the actual value of the asset of ₹16.38 crore, the amount booked was double. This resulted in overstatement of CWIP by ₹16.38 crore and overstatement of creditors for capital works by ₹16.38 crore.

C. Loans and Advances

Advances to Contractors – ₹313.84 crore (Schedule 6)

This includes ₹280.89 crore being the advance given to Indian Port Rail Corporation Limited (IPRCL) for construction of various projects. The work of construction of these projects by IPRCL is in progress and an amount of ₹207.81 crore has been claimed by IPRCL towards completed works through Running Account Bills.

Non-transfer of expenditure incurred on capital work to CWIP has resulted in understatement of CWIP by ₹207.81 crore and overstatement of Current Assets, Loans and Advances by ₹207.81 crore. Similar point was included in the SAR for 2018-19 also.

D. Estate Rentals – ₹129.18 crore (Schedule-11)

SEZ Income- ₹9.91 crore

The above includes SEZ income of ₹9.44 crore recognised by the Port during 2019-2020. JNPT has been appointed as the Developer for a Port based Multi Product Special Economic Zone (SEZ) to be developed on an area admeasuring approx. 277.38 hectares at JN Port.

JNPT executed a lease deed with Nhava Sheva Business Park Private Limited on 29 July 2020 wherein Port had given 17.97 hectares of land in consideration of the upfront lease premium of sum of ₹566.30 crore. As per the lease deed, lease period would be 60 years commencing from the date of the deed (July 2020). Nhava Sheva Business Park Private Limited remitted lease premium of ₹566.30 crore to the Port during July 2019 to July 2020.

Since the lease deed was effective only from July 2020, recognition of SEZ income during 2019-20 has resulted in understatement of current liabilities and overstatement of Profit to the extent of ₹9.44 crore (₹566.30 crore/60 years).

24. Mumbai Port Trust, Mumbai

Balance Sheet

A. General Reserve- ₹41.49 crore

As per the Common Framework for Financial Reporting for Major Ports (CFFR), debit balance of Profit and Loss Account should be deducted from Unspecified Reserves (also referred to as 'General Reserve').

The Port has shown a debit balance under Profit and Loss Account of ₹417.27 crore on the asset side of the balance sheet and has shown a General Reserve of ₹41.49 crore on the liability side of the Balance Sheet. The Port should have adjusted the debit balance of Profit and Loss Account with available amount in the General Reserve and shown only the remaining amount on the asset side i.e. ₹370.78 crore (₹417.27 crore minus ₹41.49 crore).

Non-adjustment of the two figures has resulted in overstatement of debit balance of Profit and Loss Account and General Reserve by ₹41.49 crore.

B. Current Assets, Loans and Advances

Sundry Debtors - ₹3,203.79 crore

The Port had given on lease land measuring 7150.23 sq metres to Rashtriya Chemicals and Fertilizes Limited (RCF) for the period from 01 March 1972 to 28 February 2002. The Board of Trustees decided (9 January 2018) to take over the assets on the land (Tank farm) at scrap value assessed at ₹2.87 crore and to adjust the amount against the dues recoverable amounting to ₹6.69 crore from RCF. Though RCF has surrendered the assets, the Port did not adjust the amount against dues receivable from RCF. Hence, there is overstatement of Sundry Debtors by ₹2.87 crore.

Further, the Port has shown the matter regarding taking over of leased land from RCF as a contingent liability, which is not correct, since there is no contingent liability in this regard.

25. Securities and Exchange Board of India, Mumbai

Balance Sheet

A. Schedule 9 – Current Assets, Loans and Advances etc.

Current Assets – Sundry Debtors (Others) - ₹121.82 crore

The above does not include an amount of ₹1.59 crore receivable from an external organisation on account of reimbursement for SEBI employees on deputation. This has resulted in understatement of Sundry Debtors (Others) and overstatement of Establishment Expenses to that extent.

Management in its reply (October 2020) stated that due to COVID-19 lock down the amount was not received till the finalisation of Annual Statement of Accounts and that necessary rectification entry has been made in financial year 2020-21.

Income and Expenditure Account

B. Schedule 15 – Other Administrative expenses etc.

Repair and maintenance – Building and premises – ₹31.90 crore

The above includes Fire Suppression System, Aspiration Smoke Detection System & Rodent Repellent System amounting to ₹44,99,837 which was to be capitalised on 19 March 2020. Booking of the amount as an expense instead of capitalizing the same under Fixed Assets has resulted in understatement of Fixed Assets and overstatement of Repair and Maintenance and understatement of Excess of Income over Expenditure to that extent.

Management in its reply (October 2020 and December 2020) stated that it was inadvertently accounted under the expense head ‘Repair and Maintenance’.

26. Pension Fund Regulatory and Development Authority, New Delhi

Balance Sheet

Earmarked/ Endowment Funds- (Schedule-3): ₹2.20 crore

The above does not include unutilised grants of ₹152.40 crore received from Government on account of Swavalamban Scheme and Atal Pension Yojana. As per PFRDA (Form of Annual Statement of Accounts and Records) Rules, 2015, amounts received as grants for earmarked purposes are required to be disclosed under Schedule 3 “Earmarked/ Endowment Funds”. Similarly, Plan Funds received from Government are to be shown as separate Funds and not mixed up with any other Funds. As grant received for Swavalamban Scheme and Atal Pension Yojana were to be utilised for specific purpose, they should have been depicted separately under Earmarked Funds. Grants received during the year, payments made thereto, unutilised balance at year end should be depicted under the respective Funds only.

The treatment of these grants as income in the books of accounts has resulted in incorrect depiction of various heads of accounts namely Corpus/ Capital Fund, Income and Expenditure. The exact impact on these heads of accounts due to such treatment could not be computed in Audit. However, this has resulted in understatement of Earmarked Funds and overstatement of Current Liabilities by ₹152.40 crore.

Despite being pointed out repeatedly in SARs for the years ending on 31 March 2017, 2018 and 2019, PFRDA has not depicted the above-mentioned grant as a separate fund under ‘Earmarked/Endowment Funds’.

Income & Expenditure Account

Interest Earned (Schedule 17): ₹6.23 crore

Other Administration Expenses (Schedule 21): ₹234.83 crore

Above includes ₹1.77 crore being interest earned on government grant (Atal Pension Yojana ₹1.47 crore and Swavalamban Yojana ₹0.3 crore). The interest earned on the grants received for specific purposes, should be added to the grants under ‘Earmarked/ Endowment Fund’ (Schedule 3) instead of treating it as income.

Further, an expenditure of ₹209.61 crore³ pertaining to Atal Pension Yojana has been charged to the Other Administration expenses instead of deducting it through the grants.

This has resulted in overstatement of Income by ₹1.77 crore, overstatement of expenditure by ₹209.61 crore and overstatement of Earmarked Fund by ₹207.84 crore.

27. National Institute of Fashion Technology, New Delhi

Balance Sheet

A. Current Liabilities and Provisions (Schedule 7): ₹268.35 crore

The above does not include ₹2.53 crore being lease rent payable by Raebareli Campus to ITI Limited (ITI) for the financial year 2019-20. The lease agreement entered into with ITI had expired on 14 November 2018 and efforts of NIFT to get the land transferred from ITI have not yet materialised. In the meantime, ITI demanded lease rent on provisional basis as per the last agreement. Though NIFT had created provision for the period 15 November 2018 to 31 March 2019, no provision has been created for the year 2019-20. Non-provision of lease rent has resulted in understatement of Current Liabilities and Provisions by ₹2.53 crore and overstatement of Surplus to that extent.

Income & Expenditure Account

B. Deferred Revenue Income - ₹22.40 crore

Prior Period Income - ₹4.74 crore

The above includes ₹23.23 crore (₹22.40 crore during current year and ₹0.83 crore on account of prior period) being deferred depreciation booked in Income & Expenditure account due to implementation of Accounting Standard (AS)-12 – Accounting of Government Grants. NIFT capitalised the Government Grant to the tune of ₹747.42 crore (net of deferred depreciation), however, the corresponding Net Assets created out of Government Grants has been shown at ₹716.27 crore which has resulted in a difference of ₹31.15 crore.

Despite being pointed out in the Separate Audit Reports on the accounts for the years 2017-18 and 2018-19, NIFT has not yet reconciled the difference.

28. Export Inspection Council, New Delhi

Balance Sheet

A. Current Liabilities & Provisions

EIC, EIA Delhi, Mumbai, Chennai, Kolkata, Kochi

Export Inspection Council (EIC) and Export Inspection Agencies (EIAs) have not got actuarial valuation carried out for employee retirement benefits which is in deviation from the instructions contained in Uniform format of accounts for Central Autonomous Bodies as well as Accounting Standards – 15 (Employees Benefits) prescribed by ICAI, which

³ APY Government Contribution ₹107.38 crore, APY Promotion ₹2.29 crore and incentives under APY ₹9.94 crore

stipulates for creation of liability for retirement benefits based on actuarial valuation. In the absence of actuarial valuation report as on Balance Sheet date, Audit could not quantify the liability to be provided for retirement benefits as on 31 March 2019.

Despite being pointed out in Separate Audit Reports of the previous years (2014-15 to 2017-18), EIC/ EIAs have not yet taken any action in line with the Audit observation.

B. Current Liabilities (Schedule 3)

Central Fund: ₹671.16 crore

EIC

Above does not include ₹3.39 crore being interest earned on the Central Fund. The Central Fund which is managed by EIC, consists of amount received from EIAs. The expenditure of EIAs and EIC is met from the Central Fund. Since, this fund is owed to EIAs, the interest earned on this fund should have been added to the fund only. Moreover, EIC itself in its Notes to Accounts (SI. No. 5) has stated that interest earned on the deposit of Central Fund is not directly meant to be income of EIC. However, the interest earned has been treated as the income of EIC which has resulted in overstatement of Income and understatement of Current Liabilities by ₹3.39 crore.

Income & Expenditure Account

Depreciation (schedule - 16) - ₹0.98 lakh

EIC

Above does not include ₹1.35 crore being depreciation on lease hold Building. National Building Construction Corporation (NBCC) has leased out Building/ office space at East Kidwai Nagar to EIC for a period of 30 years. An amount of ₹67.37 crore was paid to NBCC for the said building from April 2016 to December 2018 and NBCC offered the possession w.e.f, 17 August 2018. However, no depreciation on the amount capitalised towards said Building has been charged by EIC.

This has resulted in overstatement of fixed assets and understatement of depreciation expenses by ₹1.35 crore.

29. Competition Commission of India, New Delhi

Balance Sheet

A. Grants-in-Aid for acquiring Office Space – ₹7.96 crore

Earmarked/ Endowment Fund (Schedule 3) - Nil

Competition Commission of India (CCI) received ₹10.99 crore in December 2019 from the Ministry of Corporate Affairs, towards recurring Capital Asset for making payment of Stamp Duty for office premises. In this connection, following has been noticed.

- i) The above grant of ₹10.99 crore has been received for a specific purpose i.e., for payment of Stamp Duty for office premises. Accordingly, the same should have been shown under the head Earmarked/ Endowment Funds as per fund based accounting.

ii) CCI spent ₹3.17 crore⁴ for other purposes, in deviation to the terms of Grants released by the Ministry. Moreover, no documents regarding seeking of prior approval of the Ministry for deviation were found on record.

iii) The balance amount of ₹7.96 crore (₹10.99 crore *minus* ₹3.17 crore) has been shown in the Balance Sheet as 'Grants-in-aid for acquiring office space'.

The above has resulted in overstatement of Grants-in-aid by ₹7.96 crore, understatement of Earmarked/ Endowment Fund by ₹11.13 crore (₹10.99 crore plus ₹0.14 crore as interest income thereon). Further, this has also resulted in understatement of Fixed Assets by ₹2.09 crore (understatement of Superstructures on Land not belonging to the entity by ₹0.02 crore and Furniture & Fixtures by ₹2.07 crore⁵) and overstatement of Surplus by ₹1.08 crore (₹1.04 crore towards non-charging of penal interest being revenue expenditure and ₹0.04 crore towards depreciation).

B. Current Assets, Loans and Advances (Schedule 11) – ₹105.13 crore

Investment from Earmarked/ Endowment Funds of CCI (Schedule 9) - Nil

Competition Commission of India (CCI) received ₹10.99 crore in December 2019 from Ministry of Corporate Affairs, towards recurring Capital Asset for making payment of Stamp Duty for office premises.

It was noticed that CCI has shown the above amount including interest of ₹0.14 crore received thereon under Current Assets, Loans and Advances instead of showing it under Investment from Earmarked/ Endowment Funds, which is against the principle of fund based accounting.

This has resulted in overstatement of Current Assets, Loans and Advances and understatement of Investment from Earmarked/Endowment Funds by ₹11.13 crore (₹10.99 crore *plus* ₹0.14 crore).

30. Agricultural and Processed Food Products Export Development Authority, New Delhi

Current Liabilities and Provisions (Schedule 4): ₹22.43 crore

Refundable to Ministry of Commerce & Industry: ₹9.01 crore

A. APEDA received grants amounting to ₹5.40 crore from the Ministry of Commerce & Industry (MoC&I) during the year 2019-20 as assistance for Export Promotion and Market Development under the Scheme for North Eastern Region. In this regard, it was observed that:

i) As the above grants were received for a specific purpose, the same should have been recognised as 'Earmarked Fund' and the related expenditure (both capital and

⁴ Payment of ₹2.11 crore to NBCC Services Ltd. (NSL) on account of interior fit outs, payment of ₹0.02 crore to School of Planning & Architecture (SPA) for consultancy charges and payment of ₹1.04 crore to NBCC on account of penal interest for delay in payment of installments.

⁵ ₹2.11 crore *minus* ₹0.04 crore towards depreciation on furniture & fixtures

revenue) should have been adjusted there against. However, APEDA has recognised the grants as well as the related expenditure in the Income & Expenditure Account.

ii) Expenditure of ₹70.44 lakh was incurred out of the above grants during the year for interior development of new office premises of APEDA at Guwahati. However, as this expenditure was not incurred for the intended purpose of the grants, the same should have been met out of internal resources and booked as Capital Work in Progress (CWIP).

iii) The terms and conditions attached to the grants stipulated that any unspent amount shall be surrendered by the end of financial year, unless allowed to be adjusted against the next year. Thus, the amount of ₹70.44 lakh was refundable to the Ministry and should have been recognised under 'Current Liabilities'.

The above has resulted in overstatement of Grants/ Subsidies (Schedule 8) and Expenditure on Grants, Subsidies, etc. (Schedule 15) by ₹5.40 crore, and understatement of Current Liabilities and CWIP by ₹70.44 lakh. Further, the disclosure under the head Earmarked/ Endowment Funds (Schedule 3) was also deficient.

B. APEDA had requested (October 2018) MoC&I to utilise the grant of ₹45.81 crore (which was lying unutilised with APEDA at that time) and ₹4.19 crore out of its internal resources for settlement of Transport Assistance claims to the extent of ₹50 crore. MoC&I acceded (January 2019) to the request of APEDA. However, APEDA transferred the entire amount of ₹50 crore from the head 'Refundable to MoC&I' to the head Grants/ Subsidies during 2018-19 for clearance of pending Transport Assistance claims.

This has resulted in understatement of 'Refundable to MoC&I' under Current Liabilities and overstatement of Corpus Fund by ₹4.19 crore.

31. National Capital Region Planning Board (NCRPB), New Delhi

Significant Accounting Policies (Schedule 17)

A. In compliance to its Accounting Policy No. 1(b), NCRPB is classifying its Receipts and Payments Account and Schedules pertaining to its Income and Expenditure Account in Capital and Revenue heads. This is not consistent with the Uniform Format of Accounts prescribed by the Ministry of Finance. This point was commented upon in the CAG Reports for the financial years 2017-18 and 2018-19. However, no corrective action has been taken by the Management and the inconsistency persists.

B. Accounting Policy No. 3(a) states that "All expenses are recognised on accrual basis, except employees' personal claims/reimbursements". The above accounting policy is not consistent with the accrual concept of accounting and the Uniform Format of Accounts prescribed by the Ministry of Finance. This point was commented upon in the CAG Reports for the financial years 2016-17, 2017-18 and 2018-19, but no corrective action has been taken by the Management and the inconsistency persists.

32. Rajghat Samadhi Committee, New Delhi

Balance Sheet (Liabilities)

A. Current Liabilities and Provisions (Schedule 3) – ₹94.09 lakh

The above included a provision for leave encashment and gratuity amounting to ₹37.67 lakh and ₹25.70 lakh respectively. However, the provision has not been made on the basis of actuarial valuation, resulting in violation of Accounting Standard-15 “Employee Benefits”. This issue was earlier raised during 2017-18 and 2018-19 but no corrective action has been taken by the Management despite assurances.

B. Income & Expenditure Account (Expenditure)

The above does not include expenses of ₹1.60 lakh pertaining to the period 2019-20. The related bills were received in the months of February and March 2020. Thus, the above has resulted in understatement of expenses and understatement of current liabilities and provisions by ₹1.60 lakh.

33. Airports Economic Regulatory Authority of India, New Delhi

General- Significant Accounting Policies (Schedule-24)

Fixed Assets (Accounting Policy No. 5)

The above significant accounting policy in respect of fixed assets is not in conformity with the prescribed method of presentation of fixed assets as per Accounting Standard 12-Accounting for Government Grants.

Annexure-VIII
{Referred to in Para 1.8}

**Autonomous Bodies where Internal Audit was not conducted during the year
2019-20**

Sl. No.	Name of Autonomous Body
1.	Airport Economic Regulatory Authority, New Delhi
2.	Bureau of Energy Efficiency, New Delhi
3.	Calcutta Dock Labour Board, Kolkata
4.	Central Silk Board, Hyderabad
5.	Coffee Board, Bengaluru
6.	Competition Commission of India, New Delhi
7.	Investor Education and Protection Fund Authority, New Delhi
8.	Joint Electricity Regulatory Commission, New Delhi
9.	National Capital Region Planning Board, New Delhi
10.	National Institute of Design, Ahmedabad
11.	Paradip Port Trust, Paradip
12.	Petroleum and Natural Gas Regulatory Board, New Delhi
13.	Rubber Board, Kottayam
14.	Syama Prasad Mookerjee Port, Kolkata
15.	Tobacco Board, Guntur
16.	V.O. Chidambaranar Port Trust, Tuticorin

Annexure-IX
{Referred to in Para 1.8}

Autonomous Bodies where physical verification of fixed assets was not conducted during the year 2019-20

Sl. No.	Name of Autonomous Body
1.	Airport Economic Regulatory Authority, New Delhi
2.	Central Silk Board, Hyderabad
3.	Coir Board, Kochi
4.	Competition Commission of India, New Delhi
5.	Indian Maritime University, Chennai
6.	Joint Electricity Regulatory Commission, New Delhi
7.	Mumbai Port Trust, Mumbai
8.	National Institute of Design, Ahmedabad
9.	National Institute of Design, Bhopal
10.	New Mangalore Port Trust, Mangalore
11.	Oil Industry Development Board, Noida
12.	Paradip Port Trust, Paradip
13.	Rajeev Gandhi Institute of Petroleum and Technology, Rae Bareli
14.	Syama Prasad Mookerjee Port, Kolkata
15.	Visakhapatnam Port Trust, Visakhapatnam
16.	V.O. Chidambaranar Port Trust, Tuticorin

Annexure-X
{Referred to in Para 1.8}

Autonomous Bodies where physical verification of inventories was not conducted during the year 2019-20

Sl. No.	Name of Autonomous Body
1.	Agricultural and Processed Food Products Export Development Authority, New Delhi
2.	Bureau of Energy Efficiency, New Delhi
3.	Central Silk Board, Hyderabad
4.	Coir Board, Kochi
5.	Export Inspection Council, New Delhi
6.	Mumbai Port Trust, Mumbai
7.	National Institute of Design, Bhopal
8.	National Institute of Fashion Technology, New Delhi
9.	Paradip Port Trust, Paradip
10.	Rajeev Gandhi Institute of Petroleum and Technology, Rae Bareli
11.	Spices Board, Kochi
12.	Syama Prasad Mookerjee Port, Kolkata
13.	V.O. Chidambaranar Port Trust, Tuticorin

Annexure-XI
{Referred to in Para 1.8}

Autonomous Bodies which are accounting for the grants on realisation/ cash basis

Sl. No.	Name of Autonomous Body
1.	Airport Economic Regulatory Authority, New Delhi
2.	Bureau of Energy Efficiency, New Delhi
3.	Calcutta Dock Labour Board, Kolkata
4.	Export Inspection Council, New Delhi
5.	Joint Electricity Regulatory Commission, New Delhi
6.	National Capital Region Planning Board, New Delhi
7.	National Institute of Fashion Technology, New Delhi
8.	National Jute Board, Kolkata
9.	Paradip Port Trust, Paradip
10.	Petroleum and Natural Gas Regulatory Board, New Delhi
11.	Rajeev Gandhi Institute of Petroleum and Technology, Rae Bareli
12.	Syama Prasad Mookerjee Port, Kolkata

Annexure-XII
{Referred to in Para 1.8}

Autonomous Bodies which have not accounted for gratuity and other retirement benefits on the basis of actuarial valuation

Sl. No.	Name of Autonomous Body
1.	Airport Economic Regulatory Authority, New Delhi
2.	Central Silk Board, Hyderabad
3.	Cochin Port Trust, Cochin
4.	Coffee Board, Bengaluru
5.	Delhi Urban Arts Commission, New Delhi
6.	Jawaharlal Nehru Port Trust, Mumbai
7.	Joint Electricity Regulatory Commission, New Delhi
8.	Mumbai Port Trust, Mumbai
9.	Mumbai Port Trust Pension Fund, Mumbai
10.	Marine Products Export Development Authority, Kochi
11.	Paradip Port Trust, Paradip
12.	Petroleum and Natural Gas Regulatory Board, New Delhi
13.	Rubber Board, Kottayam
14.	Syama Prasad Mookerjee Port, Kolkata
15.	Tobacco Board, Guntur
16.	Visakhapatnam Port Trust, Visakhapatnam

Annexure-XIII
{Referred to in Para 1.8}

Autonomous Bodies that revised their accounts as a result of audit

Sl. No.	Name of Autonomous Body
1.	Coffee Board, Bengaluru
2.	Insurance Regulatory and Development Authority of India, Hyderabad
3.	Visakhapatnam Port Trust, Visakhapatnam
4.	V.O. Chidambaranar Port Trust, Tuticorin

**Annexure-XIV
(Referred to in Para 1.9)**

Position of Outstanding Action Taken Notes

Sl. No.	Name of the Ministry/ Department	Report for the year ended	Outstanding ATNs status	
			ATNs Not received even once	Under process at different stages
1.	Commerce and Industry	Report No. 4 of 2018 for the year ended March 2017	0	1
		Report No. 10 of 2020 for the year ended March 2019	0	1
2.	Corporate Affairs	Report No. 3 of 2020 for the year ended March 2018	0	1
3.	Housing & Urban Affairs	Report No. 3 of 2020 for the year ended March 2018	4	7
		Report No. 10 of 2020 for the year ended March 2019	0	1
4.	Micro Small & Medium Enterprises	Report No. 10 of 2020 for the year ended March 2019	0	1
5.	Petroleum and Natural Gas	Report No. 11 of 2016 for the year ended March 2015	0	1
		Report No. 10 of 2020 for the year ended March 2019	1	1
6.	Power	Report No. 3 of 2020 for the year ended March 2018	1	0
7.	Road Transport & Highways	Report No. 3 of 2020 for the year ended March 2018	1	0
8.	Ports, Shipping & Waterways	Report No. 3 of 2020 for the year ended March 2018	1	4
		Report No. 10 of 2020 for the year ended March 2019	1	4
9.	Textiles	Report No. 10 of 2020 for the year ended March 2019	0	1
10.	Tourism	Report No. 3 of 2020 for the year ended March 2018	0	2
		Report No. 10 of 2020 for the year ended March 2019	0	1
			9	26

Annexure-XV
(Referred to in Para 2.1.6)

Details of e-Forms and Services as sought by Audit

(a) Out of around 100 e-Forms, Audit sought data relating to the following 10 e-Forms:

Sl. No.	e-Form	Description of e-Form
1.	SPICe (INC-32)	Integrated Form for incorporation of Company
2.	INC-33	Memorandum of Association (MOA)
3.	INC-34	Articles of Association (AOA)
4.	DIR-3C	Intimation of Director Identification Number by the Company to the Registrar, DIN services
5.	DIR-9	Report by a Company to RoC for intimating the disqualification of the Director
6.	CHG-1	Application for registration of creation, modification of charge (other than those related to debentures)
7.	CHG-4	Particulars for satisfaction of charge
8.	CHG-8	Application to Central Government for extension of time for filing particulars of registration of creation/ modification/ satisfaction of charge or for rectification of omission or misstatement of any particular in respect of creation/ modification/ satisfaction of charge
9.	AOC-4/AOC-4 (XBRL)	Form for filing financial statement and other documents with the Registrar/ Form for filing XBRL document in respect of financial statement and other documents with the Registrar
10.	MGT-7	Form for filing Annual Return by a Company

(b) As regards services, Audit sought data relating to following electronic Services to check the efficiency in service delivery to the stakeholders

Sl. No.	Type of Service	Timelines and current status as depicted by the Ministry in the Note for Cabinet Committee for Economic Affairs for seeking approval for continuation of MCA21 project (i.e., for Version 2 of MCA21)		
		Prior to MCA21	After MCA21	Current status
1.	Obtain Director Identification Number	--	2-7 days	Online
2.	Name Approval	7 Days	1 days	Online /I day
3.	Company Incorporation	15 Days	1-2 days	1-2 days
4.	Change of Name of the company	15 Days	3 days	Online

Sl. No.	Type of Service	Timelines and current status as depicted by the Ministry in the Note for Cabinet Committee for Economic Affairs for seeking approval for continuation of MCA21 project (i.e., for Version 2 of MCA21)		
		Prior to MCA21	After MCA21	Current status
5.	Charge creation/ modification	10-15 Days	2 days	Online-Instantaneous in most cases
6.	Change in Registered Office Address	60 Days	1-3 days	Instantaneous
7.	Increase in Authorised Capital	60 Days	1-3 days	With in 24 hours

Annexure - XVI
{(Referred to in Para 2.1.8.1 (A))}

More than one Director Identification Number (DIN) allotted against the same PAN

Sl. No.	DIN	FIRST_NAME	MIDDLE_NAME	LAST_NAME	FATH_FIRST_NAME	FATH_MIDDLE_NAME	FATH_LAST_NAME	PAN
1.	08720641	SUMAN		BHASKAR	NANDLAL			DQUPB2037R
2.	08720663	SUMAN		BHASKAR	NANDLAL			DQUPB2037R
3.	08653614	SANDEEP		SHARMA	SATYA	NARAYAN	SHARMA	EJCPS8791D
4.	08654372	SANDEEP		SHARMA	SATYA	NARAYAN	SHARMA	EJCPS8791D
5.	08637265	NARESH		PRADHAN	BAL		PRADHAN	ESBPP6467F
6.	08637534	NARESH		PRADHAN	BAL		PRADHAN	ESBPP6467F
7.	08720640	RUCHIKA		KAPOOR	ANIL		SONI	EUSPK2803P
8.	08720642	RUCHIKA		KAPOOR	ANIL		SONI	EUSPK2803P
9.	08643313	AMOL	SAJJAN	SHAMBHARKAR	SAJJAN	RAKHU	SHAMBHARKAR	GHWPS1895E
10.	08643336	AMOL	SAJJAN	SHAMBHARKAR	SAJJAN	RAKHU	SHAMBHARKAR	GHWPS1895E
11.	08646085	MAMTA	KUNWAR	SHAKTAWAT	PRATAP		SINGH	HAZPS4347N
12.	08652786	MAMTA	KUNWAR	SHAKTAWAT	PRATAP		SINGH	HAZPS4347N
13.	08461388	DHIRAJ		KUMAR	OM	PRAKASH	GUPTA	HJZPK5626K
14.	08461391	DHIRAJ		KUMAR	OM	PRAKASH	GUPTA	HJZPK5626K
15.	02649161	BABU	LAL	SINGH	BADLOO		SINGH	KZLPS7389A
16.	08484098	BABU	LAL	SINGH	BADLU		SINGH	KZLPS7389A
17.	08643262	MINASHI	AMOL	SHABARKAR	BABARAO		BHAGAT	MIBPS1243J
18.	08643335	MINASHI	AMOL	SHABARKAR	BABARAO		BHAGAT	MIBPS1243J
19.	08462753	DHIR		SINGH	NASIB		SINGH	FEGPS5082K
20.	08467978	DHIR		SINGH	NASIB		SINGH	FEGPS5082K

Annexure - XVII
{(Referred to in Para 2.1.8.1 (B))}

Director Identification Numbers without any identification particulars

Sl. No.	DIN	FIRST_NAME	PAN	VOTER_ID_NUM	PASSPORT_NUM	DRIVING_LICENSE	AADHAR_NUM	DATE_OF_BIRTH	START_DATE
1.	07484742	ANANDAN						19550301	20160404
2.	07491698	ABHISHEK						19871117	20160413
3.	07496683	GREGORY						19600528	20160419
4.	08408997	RICKY						19991102	20190401
5.	08409012	RICKY						19991102	20190401
6.	08411713	JAGANMOHAN						19740513	20190403
7.	08416198	NISHIGANDHA						19600501	20190408
8.	08428839	SANTOSH						19840515	20190422
9.	08442988	RAVI						19840707	20190503
10.	08461390	RAKESH						19870927	20190523
11.	08469509	MANOWAR						19810510	20190531
12.	08473875	WISHWANATH						19620806	20190606
13.	08476198	SALMA						19780525	20190610
14.	08478743	BALJIT						19860107	20190612
15.	08508552	AKANKSHA						19790619	20190712
16.	08517001	Sarita						19771001	20190722
17.	08539898	YUSUF						19830617	20190819
18.	08540928	HETAL						19781121	20190820
19.	08561281	HARITA PRIYA						19720401	20190912
20.	08516997	Sarita						19771001	20190722

Annexure - XVIII
{(Referred to in Para 2.1.8.1(C))}

Blanks or Zeros in Start Date of Director Identification Number (DIN)

Sl. No.	DIN	START_DATE
1.	08233948	00000000
2.	08351388	00000000
3.	08318034	00000000
4.	08234645	00000000
5.	08231695	00000000
6.	08234197	00000000
7.	08238556	00000000
8.	08233905	00000000
9.	08234115	00000000
10.	08234622	00000000
11.	08234609	00000000
12.	08467984	00000000
13.	08238588	00000000
14.	08234693	00000000
15.	08234610	00000000
16.	08234113	00000000
17.	08234194	00000000
18.	08238515	00000000
19.	08234670	00000000
20.	08441704	00000000

Annexure - XIX
{(Referred to in Para 2.1.8.2 (A))}

Directorships more than the Maximum Limit

Sl. No.	DIN	FIRST_NAME	MIDDLE_NAME	No. of Directorships
1.	00011923	NIRANJAN	LAKHUMAL	163
2.	00005195	KAMALL		86
3.	03049865	SUBHASH		82
4.	00084120	SHARAD	KUMAR	81
5.	00912570	TYAG		79
6.	00289572	YAZDI	HOSI	78
7.	00011487	SURENDRA	LAKHUMAL	138
8.	01434873	SUDHIR	KESHAVLAL	68
9.	00012837	ARUN	KUMAR	66
10.	00084058	GARFIELD	WILLIAM	67
11.	08088999	URMILA		62
12.	00011521	KAMAL	NIRANJAN	119
13.	01999406	GANESH	V	59
14.	01994792	JITENDRA	BHASKAR	57
15.	00025832	SHEO	KUMAR	64
16.	03036731	SANJAY	KUMAR	48
17.	00916016	AMIT		52
18.	00010924	SHIO	KUMAR	45
19.	00200569	ASHOK		45
20.	03101080	ANIL		41

Annexure-XX
{(Referred to in Para 2.1.8.2 (B))}

Private Companies with lesser than prescribed minimum number of Directors

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	ROC_CODE	COMPANY_CLASS	Number of Directors
1.	U99999DL1986PTC024697	BUNTY FOOTWEAR PVT LTD	RC101	Private	No Director
2.	U99999DL1956PTC002683	DIPAK AGENCIES PVT LTD	RC101	Private	No Director
3.	U65923DL1958PTC002890	OM FINANCE PRIVATE LIMITED	RC101	Private	No Director
4.	U29190DL1966PTC004536	CONSOL ELEVATORS PRIVATE LIMITED	RC101	Private	No Director
5.	U65921DL1963PTC003938	AMAR JYOTI FINANCING CO. PRIVATE LIMITED	RC101	Private	No Director
6.	U19129DL1959PTC003029	PUCCA BINDERS PRIVATE LIMITED	RC101	Private	No Director
7.	U65921DL1964PTC004152	PREM AGRO INDUSTRIAL ENGINEERING COMPANYPRIVATE LIMITED	RC101	Private	No Director
8.	U29299DL1966PTC004538	ANCILIARIES & COMPONENTS PRIVATE LIMITED	RC101	Private	No Director
9.	U74899DL1991PTC043662	PERIPHERAL ELECTRONICS PRIVATE LIMITED	RC101	Private	No Director
10.	U19201DL1997PTC089496	ASHIRWAD FOOTWEAR PRIVATE LIMITED	RC101	Private	No Director
11.	U31200DL2000PTC152500	KALPATARU ENERGY VENTURE PRIVATE LIMITED	RC101	Private	No Director
12.	U25199DL1959PTC003090	KALSITRYRES PVT. LTD.	RC101	Private	No Director
13.	U31909DL1988PTC030646	EKTA WIRE INDUSTRIES PRIVATE LIMITED	RC101	Private	No Director
14.	U74899DL1994PTC057374	M.R. MUSHROOMS & AGRO FARMS PRIVATELIMITED	RC101	Private	No Director
15.	U74899DL1995PTC070921	PENGUIN CLOTHING COMPANY PRIVATE LIMITED	RC101	Private	No Director

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	ROC_CODE	COMPANY_CLASS	Number of Directors
16.	U51223DL1997PTC086052	KWALITY CHICKS PRIVATE LIMITED	RC101	Private	No Director
17.	U74900DL1999PTC097841	SERIO INFOTECH PRIVATE LIMITED	RC101	Private	No Director
18.	U74300DL2001PTC110811	NEW ADVERTISEMENT MEDIA ENTERTAINMENTPVT. LTD	RC101	Private	No Director
19.	U74140DL2004PTC127872	ASF INFOTECH PRIVATE LIMITED	RC101	Private	No Director
20.	U51109DL2000PTC103781	FALGUNI INDIA TRAVELS PRIVATE LIMITED	RC101	Private	No Director
21.	U32107DL2001PTC110655	ADD-YABLE ENGINEERS PVT LTD	RC101	Private	One Director
22.	U74900DL2009PTC192719	KINGSWELL TELESOLUTIONS PRIVATE LIMITED	RC101	Private	One Director

Annexure-XXI
{(Referred to in Para 2.1.8.2 (B))}

Public Companies with lesser than prescribed minimum number of Directors

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	ROC_CODE	REGISTRATION_NUM	COMPANY_CLASS	Number of Directors
1.	U18101HR1979PLC009582	RC101	9582	Public	No Director
2.	L17112HR1986PLC025724	RC101	25724	Public	No Director
3.	U65910DL1983PLC014976	RC101	14976	Public	No Director
4.	U51909DL1910PLC019317	RC101	19317	Public	No Director
5.	L51909DL1984PLC018623	RC101	18623	Public	No Director
6.	U74899DL1986PLC023107	RC101	23107	Public	No Director
7.	U24231DL1986PLC023656	RC101	23656	Public	No Director
8.	U27106DL1990PLC040627	RC101	40627	Public	No Director
9.	U74899DL1992PLC048319	RC101	48319	Public	No Director
10.	U93000DL1992PLC048501	RC101	48501	Public	No Director
11.	U26941DL1992PLC048743	RC101	48743	Public	No Director
12.	U67120DL1994PLC062103	RC101	62103	Public	No Director
13.	U65993DL1996PLC075388	RC101	75388	Public	No Director
14.	U74899DL2000PLC106740	RC101	106740	Public	No Director
15.	L51909HR1974PLC009836	RC101	9836	Public	No Director
16.	L43342HR1901PLC030576	RC101	30576	Public	No Director
17.	U27100HR1991PLC031369	RC101	31369	Public	No Director
18.	U74999DL1992PLC048186	RC101	48186	Public	No Director
19.	U31900DL1992PLC047893	RC101	47893	Public	No Director

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	ROC_CODE	REGISTRATION_NUM	COMPANY_CLASS	Number of Directors
20.	U24232DL1992PLC048854	RC101	48854	Public	No Director
21.	U67120DL1992PLC049520	RC101	49520	Public	No Director
22.	U74899DL1996PLC075478	RC101	75478	Public	No Director
23.	U24114DL1996PLC080667	RC101	80667	Public	No Director

Annexure-XXII
{(Referred to in Para 2.1.8.2 (B))}
One Person Companies having no director

CORPORATE IDENTITY NUMBER (CIN)	NAME_ORG1	COMPANY_CLASS
U74140DL2015OPC284935	TPAREX TECHNICAL SERVICES OPC PRIVATE	Private (One Person Company)
U74999KA2016OPC096171	PACKROOT PRODUCT PACKAGING BRANDING	Private (One Person Company)
U72900KA2016OPC096308	STEERNET TECHNOLOGIES (OPC) PRIVATE	Private (One Person Company)
U72900TN2016OPC112987	DODGEPLAY (OPC) PRIVATE LIMITED	Private (One Person Company)

Annexure-XXIII
(Referred to in Para 2.1.8.3)

Company's Corporate Identity Numbers having Individual's PAN

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	ROC_CODE	COMPANY_CLASS	PAN_NUMBER
1.	U15316DL2009PTC196315	RC101	Private	AOEPS7229F
2.	U40106DL2015PTC281276	RC101	Private	AEUPJ3129H
3.	U74140HR2015PTC056340	RC101	Private	FRNPP9999P
4.	U74140DL2014PTC273623	RC101	Private	BMSPA4505R
5.	U72300DL2015PTC275085	RC101	Private	ARGPJ2351J
6.	U72900DL2008PTC177506	RC101	Private	AXGPI6738D
7.	U74999DL2018PTC341275	RC101	Private	ANNPM3749A
8.	U74999HR2015PTC056484	RC101	Private	ALTPK5417B
9.	U70109DL2015PTC275342	RC101	Private	AAMPG3775E
10.	U72400DL2016PTC298171	RC101	Private	ASAPS5041B
11.	U74999DL2016PTC299862	RC101	Private	AHBPG7392K
12.	U52310DL2007PTC163459	RC101	Private	ABAPG9511B
13.	U45208DL2002PTC115052	RC101	Private	ANFPS9597L
14.	U18109DL2015PTC288671	RC101	Private	AFEPK1445E
15.	U74999DL2016PTC300268	RC101	Private	AKFPS5450H
16.	U65992HR2015PTC056810	RC101	Private	ADNPK6655K
17.	U72200DL2005PTC137095	RC101	Private	AUVPK8594A
18.	U99999HR2001PTC034628	RC101	Private	AAIPC8981P
19.	U74140HR2010PTC040244	RC101	Private	AAFPC3879C
20.	U80904HR2017PTC067719	RC101	Private	AACPA1674C

**Annexure-XXIV
(Referred to in Para 2.1.8.4)**

Companies with exactly same name

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	Address	COMPANY_STATUS
1.	U22219DL2017PTC310457	ALWAYS FIRST PUBLICATION PRIVATE LIMITED	10/173, Dakhin Puri, New Delhi, South Delhi, Delhi 110062	ACTV
	U22219DL2017PTC310460	ALWAYS FIRST PUBLICATION PRIVATE LIMITED	10/173, DAKHIN PURI, NEW DELHI South Delhi DL 110062 IN	ACTV
2.	U74999HR1994PTC035383	SPACEAGE INDIA PRIVATE LIMITED	13A INDUSTRIAL DEV.COLONYMEHRAULI ROAD GURGAON HR 000000 IN	ACTV
	U74899DL1994PTC063469	SPACEAGE INDIA PRIVATE LIMITED	112 LAXMI CHAMBERS, D 223 VIKAS MARG, NEW DELHI DL 110092 IN	ACTV
3.	U55101HR1992PTC031831	GAJRAJ HOTELS PRIVATE LIMITED	Motel Gajraj Continental, Bahadurgarh Bypass Near Village Jakhoda Bahadurgarh Jhajjar HR 124507 IN	ACTV
	U55100JH1990PTC003758	GAJRAJ HOTELS PRIVATE LIMITED	HIG 4 HOUSING COLONY DHANBAD DHANBAD JH 826001 IN	ACTV
4.	U51909DL2001PTC113026	PRATHAM MOTORS PRIVATE LIMITED	SUITE 702 NILGIRI PLACE9 BARAKHAMBIA ROAD NEW DELHI Central Delhi DL 110001 IN	ACTV
	U50103WB2004PTC098342	PRATHAM MOTORS PRIVATE LIMITED	16A EVEREST HOUSE46C J L NEHRU ROAD KOLKATA WB 700071 IN	ACTV
5.	U74900DL1996PTC084079	PARADISE AUTOMOBILES PRIVATE LIMITED	SHOP NO 8 DDA SHOPPING CENTER GEETANZALI GREEN PARK NEW DELHI DL 110070 IN	ACTV
	U74899DL1990PTC038846	PARADISE AUTOMOBILES PRIVATE LIMITED	1/7151, SHIVAJI PARK SHAHDARA NEW DELHI DELHI DL 110032 IN	ACTV
6.	U74899DL1989PTC037301	RAJAN HOTELS PRIVATE LIMITED	11 - B/8, PUSA ROAD NEW DELHI NEW DELHI DL 110005 IN	ACTV
	U55101UP1989PTC011104	RAJAN HOTELS PRIVATE LIMITED	3/9-A M G ROADAGRA AGRA UTTAR PRADESH UP 282001 IN	ACTV

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	Address	COMPANY_STATUS
7.	U70101RJ1993PTC007415	SUMERU ESTATES PRIVATE LIMITED	16,LAL NIWAS, NARAIN SINGH CIRCLE, JAIPUR RJ 000000 IN	ACTV
	U70101WB2004PTC098704	SUMERU ESTATES PRIVATE LIMITED	2nd FLOOR UTTARAPAN T COM BESIDE SAIL H.C.ROAD PRADHAN NAGAR SILIGURI Darjeeling WB 734003 IN	ACTV
8.	U74900DL1999PTC098296	RATNAKAR IMPEX PRIVATE LIMITED	FLAT NO 77, SECOND FLOOR, BLOCK G, POCKET 20, SECTOR 7, ROHINI, DELHI 110085, INDIA	ACTV
	U51101MP1998PTC013132	RATNAKAR IMPEX PRIVATE LIMITED	415-A, CITY CENTER, 570 M G ROAD, INDORE, INDORE, MADHYA PRADESH 452001, INDIA	ACTV
9.	U15146DL2018PTC338243	KUSHALTA BAKES PRIVATE LIMITED	NO. 1, RAJ NAGAR ENCLAVE, PITAM PURA, NORTH WEST DELHI 110034, INDIA	ACTV
	U15460DL2018PTC339050	KUSHALTA BAKES PRIVATE LIMITED	NO. 1, RAJ NAGAR ENCLAVE, PITAM PURA, NORTH WEST DELHI 110034, INDIA	ACTV
10.	U70200DL2017PTC313461	AHEIGHT REALTECH PRIVATE LIMITED	H. NO. 3937, GALI HOSPITAL WALI, 1st FLOOR, DARYA GANJ NEW DELHI, CENTRAL DELHI 110002, INDIA	ACTV
	U70200DL2017PTC313463	AHEIGHT REALTECH PRIVATE LIMITED	H. NO. 3937, GALI HOSPITAL WALI, 1st FLOOR, DARYA GANJ NEW DELHI, CENTRAL DELHI 110002, INDIA	ACTV
11.	U74991DL2016PTC300162	DASVANDH PRIVATE LIMITED	D-1, 111 JANAK PURI, NEW DELHI, WEST DELHI, DELHI 110058, INDIA	ACTV
	U74999DL2016PTC300612	DASVANDH PRIVATE LIMITED	D-1, 111 JANAK PURI, NEW DELHI, WEST DELHI, DELHI 110058, INDIA	ACTV
12.	U01100MH2016PTC281003	KANERA SALES PRIVATE LIMITED	QTR NO. B/3 WCL MINES RESUE STATION INDORA COMPLEX, KALPANA NAGAR NAGPUR Nagpur MH 440026 IN	ACTV
	U51599MH2016PTC281002	KANERA SALES PRIVATE LIMITED	QTR NO. B/3 WCL MINES RESUE STATION INDORA COMPLEX, KALPNA	ACTV

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Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	Address	COMPANY_STATUS
			NAGAR, NAGPUR, NAGPUR, MAHARASHTRA 440026, INDIA	
13.	U01100TG2016PTC109928	ANVIITHA AGRI BIOTECH PRIVATE LIMITED	FLAT NO 506, LILLY BLOCK, NAGARJUNA DREAM LAND BESIDE ST. MARTINS ENGINEERING COLLEGES KAMPALLY HYDERABAD, TELANGANA 500014 INDIA	ACTV
	U01100TG2016PTC109978	ANVIITHA AGRI BIOTECH PRIVATE LIMITED	FLAT NO 506, LILLY BLOCK, NAGARJUNA DREAM LAND BESIDE ST. MARTINS ENGINEERING COLLEGES KAMPALLY HYDERABAD, TELANGANA 500014 INDIA	ACTV
14.	U74999HR2016PTC064319	APPSINVO PRIVATE LIMITED	G-1002 SUSHANT LOK-II SECTOR 57 GURGAON HARYANA 122002 INDIA	ACTV
	U72900DL2016PTC300616	APPSINVO PRIVATE LIMITED	HOUSE NO.G-1002, SUSHANT LOK-II SECTOR-57, GURGAON GURGAON Central Delhi DL 110001 IN	ACTV
15.	U24293TG2016PTC109763	PUTZEN CHEMICALS PRIVATE LIMITED	FLAT No.501A SY No. 165, 166, 167 17 SAI VILLAGE RAJIV GRUHAKALPA ROAD PRAGATHI NAGAR HYDERABAD TELANGANA 500090 INDIA	ACTV
	U2436TG2016PTC109969	PUTZEN CHEMICALS PRIVATE LIMITED	FLATNO.78, BLOCK NO.S3, SRI SAI SADAN APARTMENTS MADHURA NAGAR, NEAR.SARADI STUDIOS HYDERABAD Hyderabad TG 500038 IN	ACTV
16.	U51909DL1953PTC002351	BALI AND COMPANY PRIVATE LIMITED	27 B/11 NEW ROHTAK ROAD NEW DELHI 000000 INDIA	ACTV
	U63090DL1999PTC099525	BALI AND COMPANY PRIVATE LIMITED	F-30 BHAGAT SINGH MARKET NEW DELHI DELHI 110001 INDIA	ACTV
17.	U51909DL1997PTC087267	BENCHMARK TECHNOLOGIES PRIVATE LIMITED	13/436 SUNDAR VIHAR QUARTER RING ROAD PASCHIM VIHAR NEW DELHI 110087 INDIA	ACTV

Sl. No.	CORPORATE IDENTITY NUMBER (CIN)	FULL_NAME	Address	COMPANY_STATUS
	U51395DL2001PTC111751	BENCHMARK TECHNOLOGIES PRIVATE LIMITED	P-54 VISHNU GARDEN NEAR SHITHLA MATA MANDIR NEW DELHI WEST DELHI DELHI 110018 INDIA	ACTV
18.	U74899DL1994PLC058237	ESSEL INTERNATIONAL LIMITED	12 SADHANA ENCLAVE NEW DELHI DELHI 110017 INDIA	ACTV
	U74899DL1994PLC059874	ESSEL INTERNATIONAL LIMITED	G-17 SINGLE STORY BUILDING VIJAY NAGAR MODEL TOWN NORTH DELHI DELHI 110009 INDIA	ACTV
19.	U36109TG2016PTC109565	CMIX INDIA PRIVATE LIMITED	PLOT No.SV-320/1 & 315/3 CHANDA NAGAR SLINGAMPALLY HYDERABAD RANGAREDDY TELANGANA 500047 INDIA	ACTV
	U36900TG2016PTC109972	CMIX INDIA PRIVATE LIMITED	SURVEY No. 18/A KOKAPET RAJENDER NAGAR HYDERABAD TELANGANA 500075 INDIA	ACTV
20.	U01111MH2016PTC282294	KRISHIPUTRA PRIVATE LIMITED	SHOP No.ST30/B02 SEEDS MARKE- NEW MARKET YARD JALNA JALNA MAHARASHTRA 431203 INDIA	ACTV
	U01111MH2016PTC282295	KRISHIPUTRA PRIVATE LIMITED	SHOP No.ST30/B02 SEEDS MARKE- NEW MARKET YARD JALNA JALNA MAHARASHTRA 431203 INDIA	ACTV

Annexure-XXV
(Referred to in Para 2.1.8.6)

Time taken in applying for incorporation of companies after making application for approval of name of company

Sl. No. (A)	SRN ¹ number of SPICe e-Form (B)	Application Date of SPICe e-Form (C)	SRN number of INC-1 ² (D)	Application Date of INC-1 (E)	Application Date of INC-1 as per INC letter (F)	Validity of SRN as per INC letter (G)	PROPOSED_NAME (H)	Time taken from the date of application for name approval to the date of incorporation of company (C-E) (Days)
1.	G38132619	21-03-2017	C79370334	21-02-2016	21-02-2016	21-04-2016	RASHTEY CHARITABLE FOUNDATION	394
2.	G35203181	06-11-2017	G33933730	27-01-2017	25-01-2017	26-03-2017	MONO PRIVILEGE PRIVATE LIMITED	283
3.	G36843043	06-11-2017	G35455658	14-02-2017	12-02-2017	13-04-2017	IDEAS 2 IMPLEMENTATION CONSULTS PRIVATE LIMITED	265
4.	G32632523	11-01-2017	G02783629	09-05-2016	07-05-2016	06-07-2016	EXEMPLARY POWER CONTROL ENGINEERS PRIVATE LIMITED	247
5.	H46202701	07-03-2019	G92606680	16-07-2018	11-07-2018	12-08-2018	SANYUKT SEVA FEDERATION	234
6.	G36290674	28-06-2017	G31691405	09-01-2017	30-12-2016	28-02-2017	POLUS CONSULTING PRIVATE LIMITED	170
7.	G35944990	20-02-2017	G10576312	05-09-2016	03-09-2016	02-11-2016	LED RODWAY LIGHTING & CONTROLS (INDIA) PRIVATE LIMITED	168

¹ Service Request Number

² Form INC-1 is meant for applying for approval of name of a company

Sl. No. (A)	SRN ¹ number of SPICe e-Form (B)	Application Date of SPICe e-Form (C)	SRN number of INC-1 ² (D)	Application Date of INC-1 (E)	Application Date of INC-1 as per INC letter (F)	Validity of SRN as per INC letter (G)	PROPOSED_NAME (H)	Time taken from the date of application for name approval to the date of incorporation of company (C-E) (Days)
8.	H48720445	30-03-2019	H24051328	29-10-2018	26-10-2018	03-12-2018	NANHI TITLI DEVELOPMENT FOUNDATION	152
9.	G51080273	06-11-2017	G47211115	30-06-2017	29-06-2017	28-08-2017	EPOCH INNOVA PRIVATE LIMITED	129
10.	H41856154	16-01-2019	H11167517	17-09-2018	13-09-2018	14-10-2018	NEED BOX FOUNDATION	121
11.	H45991866	30-05-2019	H43262641	30-01-2019	29-01-2019	03-03-2019	KOCHAL ST ANTONYS NIDHI LIMITED	120
12.	G35061001	08-02-2017	G16190464	21-10-2016	21-10-2016	20-12-2016	PURANCHAND D. HEMLANI SAHYOG FOUNDATION	110
13.	G48172589	14-07-2017	G40054843	06-04-2017	04-04-2017	03-06-2017	ZAYN FOUNDATION	99
14.	G63540520	23-11-2017	G50940089	22-08-2017	21-08-2017	20-10-2017	SAYA SERVE FOUNDATION	93
15.	G50048511	25-08-2017	G44426070	25-05-2017	25-05-2017	24-07-2017	TECHNOSHORE BUSINESS SOLUTIONS PRIVATE LIMITED	92
16.	G50405794	11-09-2017	G45874104	13-06-2017	13-06-2017	12-08-2017	VIRDI INFINITUM SOLUTION PRIVATE LIMITED	90
17.	G35050087	08-03-2017	G28933810	09-12-2016	09-12-2016	07-02-2017	SHAMBHAVI EDUSKILL CONSULTANTS (OPC) PRIVATE LIMITED	89

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Sl. No. (A)	SRN ¹ number of SPICe e-Form (B)	Application Date of SPICe e-Form (C)	SRN number of INC-1 ² (D)	Application Date of INC-1 (E)	Application Date of INC-1 as per INC letter (F)	Validity of SRN as per INC letter (G)	PROPOSED_NAME (H)	Time taken from the date of application for name approval to the date of incorporation of company (C-E) (Days)
18.	H47206503	08-05-2019	H44308070	08-02-2019	08-02-2019	04-03-2019	URBAN ELITE MEDICARE FOUNDATION	89
19.	G53218319	19-09-2017	G46603783	23-06-2017	21-06-2017	20-08-2017	PENNA FOUNDATION	88
20.	H46109773	09-05-2019	H44472223	11-02-2019	10-02-2019	17-03-2019	HASA GARMENTS PRIVATE LIMITED	87
21.	G42599480	26-05-2017	G36809903	01-03-2017	28-02-2017	29-04-2017	CITY HOUSE MICROFINANCE ASSOCIATION	86
22.	G73643884	17-01-2018	G57193138	23-10-2017	20-10-2017	19-12-2017	JOIN2 OUR FOUNDATION	86
23.	G37957164	13-04-2017	G33183377	18-01-2017	17-01-2017	18-03-2017	MAKE MY PIC POST PRODUCTIONS PRIVATE LIMITED	85
24.	G48294698	04-08-2017	G43591569	16-05-2017	15-05-2017	14-07-2017	TEEGO SOLUTIONS (OPC) PRIVATE LIMITED	80
25.	G42007237	18-05-2017	G36675718	28-02-2017	27-02-2017	28-04-2017	HAHARO INFRACON & SERVICES PRIVATE LIMITED	79
26.	G45381043	08-06-2017	G38547212	21-03-2017	20-03-2017	19-05-2017	NIRALA TECHNOLOGY PRIVATE LIMITED	79
27.	G37479953	08-03-2017	G30318117	22-12-2016	22-12-2016	20-02-2017	ASSOCIATION FOR CIVIL ENGINEERS DEVELOPMENT	76

Sl. No. (A)	SRN ¹ number of SPICe e-Form (B)	Application Date of SPICe e-Form (C)	SRN number of INC-1 ² (D)	Application Date of INC-1 (E)	Application Date of INC-1 as per INC letter (F)	Validity of SRN as per INC letter (G)	PROPOSED_NAME (H)	Time taken from the date of application for name approval to the date of incorporation of company (C-E) (Days)
28.	G42451179	02-05-2017	G35585587	15-02-2017	14-02-2017	15-04-2017	CHALCEDONY RESEARCH PRIVATE LIMITED	76
29.	G34757914	07-02-2017	G27554054	30-11-2016	30-11-2016	29-01-2017	ASPORA NAGALAND LIMITED	69
30.	G68358696	15-12-2017	G55550537	10-10-2017	10-10-2017	09-12-2017	BARGAIN TENTS PRIVATE LIMITED	66
31.	G43221977	17-05-2017	G37923596	14-03-2017	11-03-2017	10-05-2017	ACAT HI-TECH INFRA PRIVATE LIMITED	64
32.	G49300965	01-08-2017	G44856482	31-05-2017	30-05-2017	29-07-2017	MAHAKAL MICRO CREDIT ASSOCIATION	62
33.	H46548624	09-04-2019	H44137792	07-02-2019	06-02-2019	07-03-2019	AP SECURITAS JK PRIVATE LIMITED	61
34.	H35441658	21-01-2019	H30587943	03-12-2018	30-11-2018	24-12-2018	FASTWELL PLAZZA PRIVATE LIMITED	49
35.	G93304855	26-07-2018	G88995345	12-06-2018	07-06-2018	19-07-2018	SCSR TRADING PRIVATE LIMITED	44
36.	G86219102	07-05-2018	G80995236	28-03-2018	27-03-2018	03-05-2018	JAYRAM HOSPITALITIES PRIVATE LIMITED	40
37.	G85740348	03-05-2018	G80681851	27-03-2018	26-03-2018	01-05-2018	PEEKABOO FASHIONS PRIVATE LIMITED	37
38.	H21543566	18-10-2018	H11509775	14-09-2018	13-09-2018	15-10-2018	GP SHAKTHI INDIA PRIVATE LIMITED	34
39.	G84625953	26-04-2018	G80571748	26-03-2018	24-03-2018	25-04-2018	ASTRALITELED PRIVATE LIMITED	31

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Sl. No. (A)	SRN ¹ number of SPICe e-Form (B)	Application Date of SPICe e-Form (C)	SRN number of INC-1 ² (D)	Application Date of INC-1 (E)	Application Date of INC-1 as per INC letter (F)	Validity of SRN as per INC letter (G)	PROPOSED_NAME (H)	Time taken from the date of application for name approval to the date of incorporation of company (C-E) (Days)
40.	G77039246	28-02-2018	G74815234	30-01-2018	27-01-2018	19-02-2018	CCFG INDIA PRIVATE LIMITED	29
41.	G77794956	05-03-2018	G75922559	08-02-2018	07-02-2018	28-02-2018	BOON WELLNESS PRIVATE LIMITED	25
42.	H50344456	11-04-2019	H47020045	20-03-2019	13-03-2019	09-04-2019	MANIRAM RAMRATAN RATHI PRIVATE LIMITED	22

Annexure-XXVI
(Referred to in Para 3.1.2)

Status of Natural Rubber production by major rubber producing countries

(in Thousand Metric Tonne)

Country	1980	1990	2000	2010	2019
Thailand	501	1275	2346	3252	4852
Indonesia	1020	1262	1501	2736	3301
Vietnam	46	103	291	752	1185
China	113	264	445	665	813
India	155	324	629	851	702
Malaysia	1530	1291	928	939	640
Rest of the World	286	411	624	1211	2202
Total	3651	4930	6764	10406	13695
India's natural rubber production as a percentage of global production	4.25	6.57	9.30	8.18	5.13
Decadal increase or Decrease in natural rubber Production in India	-	169	305	222	-149
Percentage increase or decrease in natural rubber Production in India	-	109.03	94.14	35.29	-17.51

Annexure-XXVII
{(Referred to in Para 3.1.7.1(A))}

Year-wise estimated quantity and subsidy amount involved for invoices wherein dealers had not filed their returns in RUBIS or declared nil purchase during the year 2016-17 to 2019-20

Year	No returns filed in RUBIS			Nil quantity declared as purchased in the return filed in RUBIS		
	No. of dealers not filed Returns in RUBIS but issued invoices as per DBTS	Total quantity for which subsidy approved/ disbursed (Metric Tonne)	Subsidy amount (₹ in crore)	No. of dealers who declared nil purchase in Returns in RUBIS but issued invoices as per DBTS	Total quantity for which subsidy approved/ disbursed (Metric Tonne)	Subsidy amount (₹ in crore)
2016-17	1,775	42,723.93	89.16	29	1,44,357.30	0.27
2017-18	1,207	28,849.86	60.67	58	3,39,596.64	0.53
2018-19	1,320	38,214.28	92.49	117	4,00,162.96	0.54
2019-20	1,687	29,432.52	52.52	51	20,92,537.66	4.75
Total	5,989	1,39,220.61	294.84	255	29,76,654.57	6.09

Annexure-XXVIII
{(Referred to in Para 3.1.7.1(A))}

Year-wise estimated quantity and subsidy amount involved for invoices wherein dealers' purchased quantity in their returns in RUBIS was less than the quantity for which subsidy was transferred during the year 2016-17 to 2019-20

Year	Total dealers	Total quantity for which subsidy transferred (Metric Tonne)	Total subsidy amount transferred (₹ in crore)	Average subsidy amount per kg (₹)	Total quantity declared as purchased in the return filed in RUBIS (Metric Tonne)	Difference between the quantity for subsidy and quantity shown in the return (Metric Tonne)	Total amount of subsidy transferred on quantity not shown in return (difference in quantity) (₹ in crore)
A	B	C	D	E= D / C	F	G = C -F	H =E x G
2016-17	68	2,128.79	4.27	20.06	835.13	1,293.66	2.60
2017-18	319	13,459.40	27.85	20.69	4,987.37	8,472.03	17.53
2018-19	203	8,004.56	19.25	24.05	3,541.59	4,462.97	10.73
2019-20	115	3,030.07	4.93	16.26	1,682.14	1,347.93	2.19
Total	705	26,622.82	56.30		11,046.23	15,576.59	33.05

Annexure-XXIX
(Referred to in Para 4.1)

(i) **Water charges paid to DJB by 'U' division and water charges recovered from allottees**

(₹ in lakh)

Period	Water charges paid by 'U' Division to DJB	Water charges recovered from allottees	Difference
2010-11	135.30	3.79	131.51
2011-12	124.89	4.40	120.49
2012-13	346.00	4.96	341.04
2013-14	281.54	5.30	276.24
2014-15	950.00	5.38	944.62
2015-16	990.98	6.24	984.74
2016-17	1,385.00	6.32	1,378.68
2017-18	2,034.00	5.92	2,028.08
2018-19	184.61	5.14	179.47
Total	6,432.32	47.45	6,384.87
As per reply of the Director General, CPWD after issue was pointed out by the Audit, recovery was affected from contractors			16.07
Total Financial Burden			₹63.69 crore

(ii) **Details of rates of recovery of water charges in respect of GPRA quarters**

(figure in ₹)

Area	Monthly applicable rates of water charges		
	Type II	Type-III	Type V
UDAP Colony, Nehru Nagar	-	36 (Last updated 01.04.2002)	-
Lodhi Road Complex	27 (Last updated 01.04.1995)	27 (Date of last updation not available)	65 (Last updated 01.12.2006)
Pragati Vihar Hostel (For double suite quarters)	8.32 (Date of last updation not available)	-	-

Annexure-XXX
(Referred to in Para 4.3)

Water charges paid by the Division *vis-à-vis* those recovered from allottees

(in Rupees)

Water charges paid by DDA to DJB			Water charges recovered from allottees by DDA			
Source	Period	Amount	Source	Period	Amount	
From bills raised by DJB (showing payment history)	November 2012 to 13 December 2012*	1,04,930	Replies furnished by the Division	November 2012 to June 2019	54,93,540	
	13 December 2012 to 10 February 2013	2,08,364				
Reply furnished by the Division	11 February 2013 to 15 July 2019	1,02,08,760				
	15 July 2019 to March 2020	8,35,235		July 2019 to March 2020	1,49,845 + 1,37,006 = 2,86,851	
Total (A)		1,13,57,289		Total (B)		57,80,391
Financial Burden = (A)– (B)					55,76,898 Say ₹55.77 lakh	

**Note: The bill raised by DJB, dated 17 April 2013, showed payment history for two previous bills i.e. one covering period 8 June 2011 to 13 December 2012 and other covering 13 December 2012 to 11 February 2013. From the bill for the period 8 June 2011 to 12 December 2012 i.e., 554 days, amounting to ₹18,58,940, charges for water consumption for 42 days i.e., 01 November 2012 to 12 December 2012, on a proportionate basis were worked out as ₹18,58,940/ 554*42 i.e. ₹1,04,930. As the Division had made available details of recoveries effected from allottees since November 2012, so proportionate amount of payment made to DJB was extracted to make it in consonance with period of recovery.*

Annexure-XXXI
(Referred to in Para 5.1.1.2)

Total funding of ATI Scheme

(₹ in crore)

Sl. No.	Year	Budget estimate	Revised estimate	Amount sanctioned for training	Amount released for Training	Actual expenditure on training	Amount of capital projects approved	Capital funds released
1.	2012-13	71.00	71.00	132.68	51.58	96.87	0.00	0.00
2.	2013-14	102.00	142.00	110.34	114.94	68.54	0.00	0.90*
3.	2014-15	132.00	87.00	124.01	85.44	113.93	0.965	0.81
4.	2015-16	80.00	75.02	46.18	71.97	44.03	0.00	0.90*
5.	2016-17	79.99	43.34	13.59	13.05	13.16	46.186	25.19
6.	2017-18	30.00	5.00	5.00	4.00	3.99	0.00	0.53
7.	2018-19	30.00	23.44	8.01	8.34	7.85	21.87	13.93
8.	2019-20	30.00	30.00	9.99	9.67	9.55	54.54	19.99
Total		554.99	476.80	449.80	358.99	357.92	123.561	62.25

*Released to EDI, Jote, Arunachal Pradesh as 2nd and 3rd (final) instalments against the approval of ₹2.70 crore in FY 2010-11

Annexure-XXXII
{(Referred to in Para 5.1.2.1(A))}

Targets of training programmes allotted to the Institutes

Institute	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
NIESBUD	1,737	2,066	2,255	500	-	-	-	-	6,558
NIMSME	1,292	1,062	1,613	1,075	135	130	25	53	5,385
IIE	1,222	562	680	-	-	-	-	-	2,464
CTR	308	320	489	325	344	-	59	58	1,903
NSIC	380	101	54	96	187	137	161	189	1,305
Total	4939	4111	5091	1996	666	267	245	300	17,615

Ministry provided training funds to NIESBUD up to 2015-16 only and to IIE up to 2014-15 only

Annexure-XXXIII
{(Referred to in Para 5.1.2.2 (D)(i))}

Duplicate trainees found year-wise and apex organisation-wise in latest data

Apex Institute	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
NIESBUD	3,147	1,392	1,113	252	NA	NA	NA	NA	5,904
CTRL	822	839	1,781	839	471	NA	28	5	4,785
NIMSME	154	265	348	285	155	46	11	1	1,265
IIE	281	147	242	NA	NA	NA	NA	NA	670
NSIC	78	12	18	32	12	15	18	35	220
Total	4,482	2,655	3,502	1,408	638	61	57	41	12,844

Annexure-XXXIV
{(Referred to in Para 5.1.2.2 (D)(ii))}

Institute-wise fuzzy duplicates cases

Sl. No.	Cases noticed
1.	NIESBUD Audit noticed that the details of all the trainees were matching with each other in programmes 2012/8821 & 2013/8823 (training module was 'Mobile repairing' for both programmes) and in programmes 2014/16728 & 2016/22486 (training module was 'Electrical gadget repair' for both programmes).
2.	NSIC Technical Services Centre, Chennai (Branch of NSIC) In four programmes (2012/6649, 2011/6694, 2012/6616 and 2012/6664), 8 trainees were repeated in one or the other programme. The programme 2012/6664 was started and closed on same date viz. 20.11.2012.
3.	IIE In two programmes (2014/19273 and 2014/19162), details of 13 out of 30 trainees in each programme matched.
4.	NIMSME In four programmes (2016/71, 2017/50, 2017/51 and 2017/61), details of 12 out of 30 trainees in each programme matched.
5.	Institute for Design of Electrical Measuring Instruments, Mumbai (PI of CTR) In four programmes (2012/9546, 2012/9538, 2012/9541 and 2012/9539), details of 9 out of 25 trainees in each programme matched.

Annexure-XXXV
{(Referred to in Para 5.1.2.3(A))}

Institute-wise fund position

(₹ in lakh)

Institute	Opening balance	Grant released	Interest earned on ATI funds	Total available funds	Expenditure incurred	Refunded amount	Closing balance
	(1)	(2)	(3)	(4)= (1+2+3)	(5)	(6)	(7) = (4-5-6)
NIMSME	4.75	11954.30	72.29	12031.34	11904.45	0.00	126.89
NIESBUD	0.00	10695.22	182.65	10877.87	10599.27	0.00	278.60
Total							405.49
IIE	5.66	5148.87	0.00	5154.53	5154.52	0.00	0.01
CTR	5.43*	4735.09	8.01	4748.53	4773.09	8.58	(33.14)
NSIC	0.00	1565.00	13.28	1578.28	1620.44	7.20	(49.36)#
Total							(82.49)
Grand Total	15.84	34098.48	276.23	34400.42	34051.77	15.78	323.00

*CTR charged training fee of ₹5.43 lakh from the trainees

Ministry released the balance amount due to NSIC.

Annexure-XXXVI
(Referred to in Para 8.1)
Detail of payments made to the Social Media Platform (Firm)

Sl. No.	Invoice		Date of payment	Month of campaign	Invoice Amount (€)			Total Invoice Amount (₹)*	Total Vat Amount (₹)*
	Number	Date			Gross amount	VAT	Total		
1.	2260001238	03.08.2018	16.08.2018	July 2018	49,154.72	9,339.40	58,494.12	47,05,851.95	7,51,354.73
2.	222617375	03.08.2018	16.08.2018	June 2018	45,267.29	-	45,267.29	36,77,514.61	0
3.	22600002620	05.09.2018	21.09.2018	Aug 2018	42,206.43	8,019.22	50,225.65	40,89,874.68	6,53,005.08
4.	222530813	05.06.2018	02.10.2018	May 2018	52,725.44	-	52,725.44	43,12,940.99	0
5.	2260003897	02.10.2018	10.10.2018	Sep 2018	25,603.55	4,864.67	30,468.22	24,71,886.69	3,94,670.68
6.	2260005903	05.11.2018	09.01.2019	Oct 2018	128,668.17	24,446.95	153,115.12	1,31,21,965.80	20,95,103.62
7.	2260008049	04.12.2018	09.01.2019	Nov 2018	29,219.69	5,551.74	34,771.43	30,27,896.12	4,83,445.52
8.	2260009465	03.12.2018	09.01.2019	Dec 2018	40,982.30	7,786.63	48,768.93	40,57,574.95	6,47,847.62
9.	2260011224	04.02.2019	18.03.2019	Jan 2019	43,924.09	8,345.58	52,269.67	43,23,224.41	6,90,262.92
10.	223388716	04.03.2019	18.03.2019	Feb 2019	29,718.76	-	29,718.76	24,55,066.76	0
11.	223468809	02.03.2019	29.05.2019	March 2019	105,112.13	-	105,112.13	86,45,472.69	0
12.	223554208	04.05.2019	29.05.2019	April 2019	51,077.56	-	51,077.56	40,41,256.55	0
13.	223613981	05.06.2019	28.08.2019	May 2019	98,699.49	-	98,699.49	78,58,453.39	0
14.	223719668	02.07.2019	28.08.2019	Jun 2019	62,876.39	-	62,876.39	49,72,893.69	0
15.	223843053	02.09.2019	11.10.2019	Jul 2019	**10,439.14	-	10,439.14	8,34,296.07	0
		TOTAL			815,675.15	68,354.19	884,029.34	7,25,96,169.35	57,15,690.16

* Rate of exchange taken for the respective month.

**After adjustment of credit note of €66.10 (vide credit memo No.820190109 dated 3 September 2019)

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