SUPREME AUDIT INSTITUTION OF INDIA
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Report of the Comptroller and Auditor General of India for the period ended March 2022

Union Government
Economic and Service Ministries
Report No. 7 of 2025
(Compliance Audit - Civil)

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2022 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains the results of compliance audit of the Economic and 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 Comptroller and Auditor General of India under the provisions of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2021-22 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2021-22 have also been included, wherever necessary.

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

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 16 audit paragraphs relating to 10 Ministries/Departments. The draft audit paragraphs were forwarded to the concerned Ministries/Departments providing them an opportunity to furnish their replies/comments in each case within a period of six weeks. Reply to two paragraphs had not been received even as this Report was being finalised as indicated in para 3 below:

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

Sl. No.	Ministry/Department	Number of paragraphs	Number of paragraphs for which reply of Ministry/Department was awaited
1.	Department of Chemicals and Petrochemicals	1	-
2.	Ministry of Coal	1	-
3.	Ministry of Commerce and Industry	5	1*
4.	Ministry of Corporate Affairs	1	-
5.	Ministry of Heavy Industries	1	-
6.	Ministry of Micro, Small and Medium Enterprises	1	-
7.	Ministry of Petroleum and Natural Gas	1	-
8.	Ministry of Ports, Shipping and Waterways	1	-
9.	Ministry of Textiles	1	1
10.	Ministry of Tourism	3	-
Total		**16**	**2**

* Though the Ministry has not responded to the draft para, the auditee *viz.*, Directorate General of Foreign Trade accepted the audit observation and took corrective action for recovery.

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

Central Institute of Petrochemicals Engineering & Technology

As per the office memoranda dated 11 July 2017 and 26 July 2017 issued by the Department of Expenditure, Ministry of Finance in connection with the recommendations of the 7th Central Pay Commission on allowances, the existing allowances at present admissible in case of employees of Autonomous Bodies were to be revised as per the revised rates of allowances recommended by the 7th Central Pay Commission. It was further stipulated that the allowances not mentioned in the report of the 7th Central Pay Commission shall cease to exist from the salary with effect from July 2017 and in case there is any demand or requirement for the continuation of an existing allowance which had not been deliberated upon or covered in the report, it should be re-notified by the Ministry concerned after obtaining due approval of the Ministry of Finance.

Audit observed that in contravention to the above instructions, Central Institute of Petrochemicals Engineering & Technology paid fixed monthly medical allowance to its employees from April 2021 to March 2024, resulting in irregular payment of ₹1.88 crore.

(Para 2.1)

Coal Controller's Organisation

General Financial Rules (GFR) 2005, Rule 7 stipulates that "All moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government Account without delay". The same was reiterated *vide* Rule 7 of GFR, 2017. However, in contravention to these rules, Commissioner of Payments opened a Current Account (June 2015) and parked the money for payment to the prior allottees of the coal blocks, in the said account. During the period from June 2016 to August 2021, an amount of ₹209.28 crore was deposited in Current Account for disbursement, of which only ₹86.53 crore was disbursed till March 2022, leaving a balance of ₹122.75 crore in the Current Account, without fetching any interest. Due to non-opening of Government Account with the Reserve Bank of India, there was loss to the tune of ₹11.77 crore to the Government Exchequer.

(Para 3.1)

Agricultural and Processed Food Products Export Development Authority

Agricultural and Processed Food Products Export Development Authority (APEDA), an autonomous body under the Department of Commerce, sanctioned (October 2015) financial assistance of ₹10.00 crore to Gujarat State Agricultural Marketing Board (GSAMB) for setting-up Aseptic packaging line and canning lines (processing plant) for mangoes and other fruits at Surat and two mechanised pack houses at Navsari and Valsad.

Audit observed that GSAMB established the processing plant and upgraded an existing pack house at Surat instead of establishing two pack houses at the approved locations.

However, APEDA released 100 *per cent* financial assistance (₹10.00 crore) to GSAMB against the eligible assistance of ₹8.90 crore resulting in excess release of ₹1.10 crore. Thus, the objective of setting up pack houses at Navsari and Valsad for the benefit of tribal farmers of South Gujarat was defeated.

(Para 4.1)

APEDA sanctioned (March 2015) financial assistance of ₹7.35 crore to Council for Food Research and Development (CFRD), Kerala for setting up an export-oriented fruits and vegetables facility at Village Elanji, Kerala. As per the Memorandum of Understanding (MoU) between APEDA and CFRD, the project was to be completed by September 2016.

Audit observed that even after a lapse of more than seven years from the scheduled date of completion, the project was not completed as of July 2024. Despite non-completion of the project and deterioration of the installed equipment, APEDA neither invoked the Bank Guarantee (₹3.67 crore) submitted by CFRD, nor imposed any penalty on CFRD for the delay and instead repeatedly extended the timelines for completion of the project. Thus, failure of APEDA to take action as per the terms of the MoU resulted in unfruitful expenditure of ₹6.61 crore, along with non-recovery of penalty amounting to ₹36.75 lakh.

(Para 4.2)

Directorate General of Foreign Trade

The Department of Commerce notified the Scheme ‘Transport and Marketing Assistance for Specified Agriculture Products’ on 27 February 2019. The Scheme was aimed to provide financial assistance for the international component of freight and marketing of agricultural produce. The assistance under the Scheme was to be provided for all agricultural products covered under Chapter 1 to 24 of the Harmonised System of Nomenclature, except the products mentioned in Annexure (1) of the notification. Further, the assistance was not available for a container having both eligible and ineligible category of cargo. Financial assistance of ₹44.46 crore in respect of 489 applications was released under the Scheme during the period from 2019-20 to 2021-22.

Audit noticed that O/o Additional Director General of Foreign Trade, New Delhi reimbursed ₹3.97 crore under the Scheme to a private entity against 1,092 claims, out of which reimbursement amounting to ₹66.10 lakh (16.65 *per cent*) pertaining to 122 claims, provided for containers having ineligible products, was irregular. After being pointed out (August 2022 and March 2023) by Audit, the excess reimbursement was recovered from the private entity in November 2022. However, there was a need to review all the cases where financial assistance had been provided under the Scheme in order to take necessary action for recovery in cases of excess reimbursement.

Recommendations:

(1) In view of the discrepancies observed by Audit, the Offices of Additional Director General of Foreign Trade may review all the cases wherein financial assistance was provided by them under the Transport and Marketing Assistance Scheme and recover excess reimbursement made, if any.

(2) Offices of Additional Director General of Foreign Trade should ensure scrupulous adherence to their own audit mechanism as laid down in the Handbook of Procedures issued by the Director General of Foreign Trade in respect of the financial assistance provided under the Transport and Marketing Assistance Scheme, and take necessary action for recovery in all cases involving excess reimbursement.

(Para 4.3)

Indian Institute of Foreign Trade

Indian Institute of Foreign Trade (IIFT) was established in the year 1963 as an Autonomous Body under the Ministry of Commerce and Industry to contribute to skill building for the external trade sector of India and was granted 'Deemed to be University' status by the University Grants Commission in the year 2002. IIFT conducts various courses including MBA, MA, Diploma courses in International Business in its Delhi campus. In addition, IIFT also runs full-fledged MBA (International Business) programme in its Kolkata and Kakinada campuses.

Compliance Audit on 'Administrative Issues in IIFT' was conducted for the period 2012-13 to 2021-22, which revealed the following observations:

- There was inordinate delay of around seven years in construction of IIFT's Maidangarhi campus due to which the ground rent of ₹5.32 crore paid by IIFT for the period 2016-17 to 2023-24 became unfruitful, apart from the cost of land (₹26.62 crore).
- The pay scales of faculty of IIFT had been aligned with the pay scales of the Indian Institutes of Management which came under Centrally Funded Technical Institutes, without mandated approvals. IIFT was a 'Deemed to be University' for which the Ministry of Human Resource Development had prescribed a different pay structure for faculty. As such, grant of pay scales to IIFT's faculty at par with that prescribed for the Centrally Funded Technical Institutes was not in order.
- IIFT introduced an Incentive Scheme which specified minimum work expected of faculty each year with a provision for payment of compensation to the faculty for exceeding the minimum workload, and a Policy on 'Incentives for Research Publications' for faculty members. No such Incentive Schemes had been notified or endorsed by the University Grants Commission for Deemed to be Universities. Further, IIFT did not seek approval for payment of the incentives to its faculty from the Department of Expenditure, Ministry of Finance and the Administrative Ministry.

- In contravention of the instructions of the Ministry of Finance, IIFT regularly invited competitive bids for investing surplus funds. Further, IIFT made investments to the extent of ₹36 crore in fixed deposits of private companies which was not in accordance with the prescribed modes of investment as per Section 11(5) of the Income Tax Act, 1961. On the advice of its Income Tax Consultant, IIFT decided to prematurely close all the fixed deposits invested in private companies which resulted in an avoidable loss of interest to the extent of ₹1.42 crore.
- IIFT paid ad-hoc bonus amounting to ₹32.46 lakh to its employees during the period 2015-16 to 2021-22 without any concurrence of the Ministry of Finance and the Administrative Ministry.
- The Department of Personnel and Training (DoPT), *vide* office memorandum dated 28 June 1993 regarding payment of incentive for acquiring fresh higher qualifications, advised that from the financial year 1993-94, the system of giving advance increments shall be replaced by grant of lump sum amount as incentive. However, IIFT approved (May 2004) the rules regarding sponsorship of IIFT employees for professional courses and grant of advance increments on acquiring special qualifications.
- The Department of Expenditure *vide* office memorandum dated 12 April 2017 instructed that all powers with respect to creation of posts delegated under Delegation of Financial Power Rules stand withdrawn and only the Finance Minister (for below Joint Secretary level posts) and the Cabinet (for Joint Secretary and above level posts) would be the Competent Authority for creation of posts. However, the Board of Management of IIFT created one post of Finance Officer, one post of Assistant Registrar (Official Language) and 14 posts of Assistant Professors in lieu of 14 posts of Consultants without approval of the competent authority for creation of these posts.
- The Registrar appointed by IIFT in October 2014 did not fulfil the eligibility criteria prescribed in the Recruitment Rules. Further, the post of Registrar was upgraded from Level 13A to Level 14 which was equivalent to creation of posts. However, approval of competent authority was not obtained thereof. Also, irregular extensions of tenure were given to the Registrar in contravention to the Recruitment Rules.
- The market rent for accommodation occupied by Director, IIFT was borne by IIFT which was not in order, as the Director was entitled for house rent allowance and not the reimbursement of market rent. Further, IIFT reimbursed 50 *per cent* of electricity bills for Director's residential premises. No approval in this regard was sought/taken from the Department of Commerce and hence the expenditure on rent and electricity bills was irregular.

(Para 4.4)

Footwear Design and Development Institute

Compliance Audit on 'Establishment and Functioning of Footwear Design and Development Institute' revealed the following observations:

- The Management of Footwear Design and Development Institute (FDDI) did not conduct detailed feasibility analysis before establishing new campus of FDDI at Ankleshwar approved in 2013-14, even though there was shortfall in enrolment in the existing eight campuses in the year 2013-14. Moreover, in Detailed Feasibility Report prepared (January 2014) by FDDI, Head Office, Noida, Saurashtra Region of Gujarat was ideal for establishment of new campus considering the existence of leather industry and artisans in that area and accordingly Rajkot and Gandhinagar was identified as center points. However, FDDI Campus was established at Ankleshwar which did not have strong presence of traditional or modern footwear industries.
- During the last seven academic years only 94 students sought admission in Ankleshwar Campus against the availability of 825 seats due to deficiencies in publicity and promotional activities, insufficient appointment of faculties/staff, non-appointment of Executive Director etc. and even after approval of Governing Council of FDDI for collaboration with Skill India Programme, few candidates were trained under short-term programme. Consequently, infrastructure created for accommodating 800-1,000 students at Ankleshwar campus valuing ₹101.48 crore was not utilised optimally.
- FDDI, Ankleshwar awarded (3 March 2014) the work for construction and development of FDDI Campus at Ankleshwar at a cost of ₹67.02 crore with the scheduled completion date as 4 December 2015. However, the construction work was completed with delay on 4 July 2016. As per the contract agreement, Performance Bank Guarantee valuing ₹4.39 crore should have been valid up to 30 September 2017. However, Performance Bank Guarantee available with FDDI was valid only up to 3 March 2017 and same was released by FDDI on 31 August 2017 despite large number of lapses on the part of the contractor in construction work (being noticed since August 2016) in violation of Performance Bank Guarantee clause in the agreement.
- As per feedback survey of 27 students of FDDI, Ankleshwar, 66 *per cent* of respondents were not satisfied (gave poor/average grading) with the various academic and other facilities available at FDDI, Ankleshwar which indicated under-performance of the Institute.

Recommendations:

(1) FDDI may conduct detailed feasibility analysis considering the factors like presence of local industry and traditions, market demand, suitability of location, enrolment in existing campuses etc. before establishing new campus in future.

(2) Full time Executive Director may be appointed at FDDI, Ankleshwar. Further, student teacher ratio may be set for FDDI and separate academic and managerial staff may be appointed with well-defined duties and responsibilities. A dedicated admission promotional team and strategic plan for Ankleshwar campus may be placed to increase the enrolment of students.

(3) FDDI may focus on short-term programmes, diploma courses, industry specific programmes etc. in addition to regular courses for sustainability and optimal utilisation of infrastructure of Ankleshwar campus. FDDI may also evaluate the possibility to utilise the campus infrastructure for other academic courses.

(Para 4.5)

Investor Education and Protection Fund Authority

Investor Education and Protection Fund Authority (IEPFA) was established by the Government of India on 7 September 2016 under Section 125(5) of the Companies Act, 2013 to manage the Investor Education and Protection Fund in accordance with the provisions of the Act. This Fund, established under Section 125(1) of the Act, aims to promote investor education, awareness and protection, and to make refund of unclaimed dividends, matured deposits, matured debentures and shares which had been transferred to the Fund. As of 31 March 2023, a total amount of ₹5,714.51 crore was lying in the Fund. Out of this amount, IEPFA has refunded unclaimed amounts of ₹39.20 crore (0.68 *per cent*) since its inception. Further, as on 31 March 2023, a total of 12,092.35 lakh shares pertaining to 1,185 companies were lying with IEPFA. A total of 238.83 lakh shares (1.93 *per cent)* had been returned by IEPFA to the investors since inception.

Compliance Audit of IEPFA revealed the following observations:

- IEPFA did not have a mechanism for refund of unclaimed dividend/shares to the investors in case of wound-up companies since verification from such companies was not possible. In the absence of such a mechanism, shares or unclaimed dividends transferred by the companies before their winding up could not be claimed by the investors. The dividend amount of wound-up companies lying with IEPFA as on 31 March 2023 was ₹4.30 crore.

- IEPFA had been conducting investor awareness programmes mostly in collaboration with India Post Payments Bank (IPPB), Common Services Centres (CSC) and Nehru Yuva Kendra Sangathan (NYKS). However, the programmes conducted by IEPFA were not adequate, as only 10.96 lakh citizens were covered under the programmes conducted by IPPB, CSC and NYKS in last three years from 2020-21 to 2022-23. Digital media/electronic media/social media, bulk SMSs, cinema and outdoor advertisements were not being effectively utilised by IEPFA to promote investors' education, awareness and protection.

- IEPFA selected (March 2020) National Institute for Smart Government (NISG) for providing services for implementation of a Mobile Application Build Project and issued (August 2020) a Work Order to NISG with an estimated cost of ₹72.52 lakh (excluding taxes and other admissible expenses). The project was to be completed by March 2021. However, it had not been completed as of July 2024. The Mobile Application was not available in Google Play Store as well as iOS App Store till date (July 2024). Further, IEPFA could not impose any penalty on NISG for the delay since no penalty clause had been incorporated in the agreement for delay in development of the Mobile Application. Thus, the objective of developing a Mobile Application for providing a one-stop solution for the citizens to access the services of IEPFA using mobile telephony was yet to be achieved.
- As per Rule 8(3) of IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016, IEPFA was required to furnish a report to the Central Government within sixty days of end of financial year giving details of companies who have failed to transfer the due amount to the Fund. Further, as per Rule 8(4), IEPFA was required to furnish a report to the Central Government by end of next financial year giving details of companies who have failed to file information referred in Rule 5(8) regarding identification of the unclaimed amounts. IEPFA had not been furnishing these reports to the Ministry of Corporate Affairs. However, the above-stated reports for the financial years 2020-21, 2021-22 and 2022-23 were sent by IEPFA to the Ministry of Corporate Affairs only in June 2024.

Recommendations:

(1) IEPFA may devise a suitable mechanism for verification of claims in respect of wound up Companies, so that the investors of such Companies are also able to claim their unclaimed amounts/shares.

(2) IEPFA may ensure effective outreach activities with adequate coverage. Digital media/Social media, bulk SMSs, cinema, outdoor advertisements may be considered to effectively promote investors' education, awareness and protection.

(3) IEPFA may vigorously pursue with National Institute for Smart Government for development of the Mobile Application. Imposition of penalty for delay in completion may also be considered by the Authority.

(4) IEPFA may ensure scrupulous adherence to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 with regard to submission of periodical reports to the Ministry.

(Para 5.1)

NATRIP Implementation Society

As per Ministry of Finance Office Memorandum dated 13 January 2017, the final package of benefits proposed to be extended to employees of autonomous organisations, whose pay scales and allowances and conditions of service were not similar to those of Central Government employees, should not be more beneficial than those admissible to the corresponding Central Government employees. Moreover, the final package required the concurrence of the Ministry of Finance.

Audit observed that International Centre of Automotive Technology (ICAT), a unit of NATRIP Implementation Society implemented a Performance Linked Variable Pay Scheme effective from September 2016 with the approval of Director, ICAT, without the approval of the Governing Council of the Society and without the concurrence of the Ministry of Finance. This led to irregular payment amounting to ₹59.47 crore to regular employees (₹52.42 crore), contractual employees (₹1.04 crore) and Director, ICAT (₹6.01 crore) under the Scheme during the years from 2016-17 to 2021-22.

(Para 6.1)

Ministry of Micro, Small and Medium Enterprises

As per the office memoranda dated 11 July 2017 and 26 July 2017 issued by the Department of Expenditure, Ministry of Finance in connection with the recommendations of the 7th Central Pay Commission on allowances, the existing allowances at present admissible in case of employees of Autonomous Bodies were to be revised as per the revised rates of allowances recommended by the 7th Central Pay Commission. It was further stipulated that the allowances not mentioned in the report of the 7th Central Pay Commission shall cease to exist from the salary with effect from July 2017 and in case there is any demand or requirement for the continuation of an existing allowance which had not been deliberated upon or covered in the report, it should be re-notified by the Ministry concerned after obtaining due approval of the Ministry of Finance.

Audit observed that in contravention to the above instructions, 11 Autonomous Bodies under the administrative control of Office of Development Commissioner (Micro, Small and Medium Enterprises) continued to pay monthly medical allowance to their employees from July 2017 to March 2024, resulting in irregular payment of ₹10.79 crore.

(Para 7.1)

Oil Industry Development Board

Oil Industry Development Board, Noida under-assessed the rate of Surcharge on Income Tax and short paid Advance Tax which resulted in avoidable payment of interest amounting to ₹5.64 crore during financial year 2019-20.

(Para 8.1)

V.O. Chidambaranar Port Authority

V.O. Chidambaranar Port Authority and Rashtriya Chemicals and Fertilizers Limited entered (June 2008) into a lease deed for allotment of land to construct a warehouse to handle import of fertilizers at the V.O. Chidambaranar Port without incorporating Minimum Guaranteed Traffic clause, as requested by Rashtriya Chemicals and Fertilizers Limited, to avoid registration fee on it. Rashtriya Chemicals and Fertilizers Limited then submitted (January 2009) a separate agreement for Minimum Guaranteed Traffic clause.

However, V.O. Chidambaranar Port Authority failed to sign the separate agreement for Minimum Guaranteed Traffic clause and also did not collect the bank guarantee for the wharfage charges towards Minimum Guaranteed Traffic. This resulted in loss of revenue of ₹9.30 crore.

Recommendation:

The responsibility for non-signing of the agreement for Minimum Guaranteed Traffic with Rashtriya Chemicals and Fertilizers Limited may be fixed.

(Para 9.1)

National Institute of Fashion Technology

The Department of Expenditure issued Office Memorandum for grant of Non-productivity linked bonus (ad-hoc bonus) to the employees of autonomous bodies partly or fully funded by the Central Government till the year 2014-15. However, no such Office Memorandum had been issued by the Department since the year 2015-16.

Audit observed that National Institute of Fashion Technology, an autonomous body under the administrative control of the Ministry of Textiles, continued to pay ad-hoc bonus to its employees even after 2014-15 i.e. from 2015-16 to 2021-22 amounting to ₹2.41 crore. Thus, in the absence of any specific orders from the Department of Expenditure, the payment of ad-hoc bonus by NIFT to its employees was irregular.

(Para 10.1)

Ministry of Tourism

As per the Scheme guidelines issued by the Ministry of Tourism for setting up/upgradation of the Institutes of Hotel Management/Food Craft Institutes/Travel and Tourism Institutes, a Society created by the Central Government/State Government/ Union Territory Administration to manage a Food Craft Institute would be eligible for Central Financial Assistance under the Scheme. Assistance was to be considered only after the State Government/Union Territory Administration concerned transferred a developed piece of land, free from all encumbrances, measuring not less than three acres.

Audit observed that the Ministry of Tourism released funds of ₹2.00 crore for setting up a Food Craft Institute at Garhmukteshwar in December 2007 without ensuring constitution of the Society and transfer of land to the Society by the State Government of Uttar

Pradesh. The Ministry also accorded approval for relocation of Food Craft Institute to Meerut in February 2010 and then again to Gorakhpur in July 2021 without ensuring adherence to the above provisions. Moreover, the Ministry did not include in the sanction letter for release of funds, conditions mentioned in the General Financial Rules, 2005 and 2017 regarding refund of grant with interest thereon in the event of failure to comply with the conditions of the grants-in-aid. Resultantly, even after lapse of more than 15 years, neither the Food Craft Institute has been set up nor did the State Government refund the financial assistance.

(Para 11.1)

The Ministry of Tourism released (September 2013) financial assistance of ₹4.00 crore for setting up of the State Institute of Hotel Management (SIHM) at Kottayam, Kerala, under the Scheme for financial assistance to the Institutes of Hotel Management/Food Craft Institutes/Indian Institute of Tourism and Travel Management/Polytechnic Institutes/Universities/Government Colleges/Government Vocational Schools/Public Sector Undertakings. As per the Scheme guidelines, proposal for new Institute of Hotel Management/Food Craft Institute shall be submitted by the State Government/Union Territory Administration duly supported with Detailed Project Report (DPR).

Audit, however, observed that neither did the State Government of Kerala submit the DPR or any cost estimates to the Ministry nor did the Ministry seek the same from the State Government. Thus, the project was sanctioned by the Ministry without ascertaining precise scope, detailed objectives and implementation strategy. Further, the Ministry gave time extension up to 31 December 2022 for completion of the project, as against the original scheduled completion date of July 2016 despite lack of response from the State Government to the Ministry's requests for furnishing physical and financial progress of the project. The Ministry took action to seek refund of the released assistance (July 2023) only after being pointed out by Audit (May 2023). Consequently, the intended objectives of setting up the State Institute of Hotel Management were not achieved.

(Para 11.2)

Indian Culinary Institute

The Union Cabinet approved (March 2014) the proposal of the Ministry of Tourism for setting up of Indian Culinary Institute at Tirupati with the objective to serve as a specialist, research-oriented Institute, which would preserve, document, and promote various hues and flavours of Indian cuisine. The Institute started operations from its Tirupati Campus as well as the Regional Campus, Noida from the year 2018-19.

Compliance Audit of the Institute for the period 2018-19 to 2022-23 revealed the following observations:

- As per the Cabinet approval (March 2014), the Institute's academic calendar was to include specific programmes *viz.,* B.Sc. in Culinary Arts and Sciences, M.Sc. in Culinary Arts, a one-year Diploma in Food & Beverage Service Management, short-term skill upgradation programmes, and skill and competency certification for practising chefs. However, the Institute offered only BBA (Culinary Arts) and MBA (Culinary Arts) courses, and did not start B.Sc., M.Sc., or any short-term courses. Further, the average enrolment in BBA (Culinary Arts) and MBA (Culinary Arts) courses was only 22 *per cent* and 25 *per cent* of the respective seating capacities in the two courses over the last five academic sessions.

- The Institute was required to conduct entrance examination through the Joint Entrance Examination of National Council for Hotel Management and Catering Technology. However, the Institute enrolled the students through the Joint Entrance Examination conducted by Indira Gandhi National Tribal University for admissions on an all-India basis. The Committee constituted by the Ministry of Tourism for suggesting way forward for the Institute had also identified this deviation as a major reason for insufficient student admissions in the Institute.
- The Institute was to serve as a world class resource center and promote research and pedagogy development for traditional Indian cuisine. However, the Institute either did not create adequate infrastructure or did not utilise the already set-up facilities. The library facilities were inadequate in both the Campuses whereas the computer lab and research workstation were ill-equipped at the Tirupati Campus. The Culinary Museums were also not functional and there was no Patent and Legal Cell. The Institute also did not commission studies and surveys in its subject domain, as envisaged, and also did not work towards linkages with the private sector in furtherance of its mandate.
- The timeline for recruitment of teaching and non-teaching staff in the Institute was 2014-15. However, the Recruitment Rules had not been finalised. As a result, both the Campuses of the Institute were working with limited contractual staff.
- Joint Physical Inspection of both the Noida and Tirupati Campuses revealed that the infrastructural facilities created were not in use or were damaged due to non-maintenance. Building of the entire Noida Campus was in deteriorating condition, elevators were not in use, and sewage and water treatment plant were non-functional in both the Campuses. The fire alarm system in Tirupati Campus was non-functional. The kitchen and lab equipment were also lying unutilised in both the Campuses. Further, the Institute had not entered into any annual maintenance contract to ensure upkeep of its assets. Also, there was lack of effective inventory management system in respect of stores and consumables, leading to possibility of wastage or misutilisation.
- Due to absence of change of land use by Tirupati Campus and non-mutation of land in the name of Noida Campus, both the Campuses could not start commercial activities which were essential to generate financial resources for the Institute to become self-sufficient. Consequently, the created infrastructure such as International Restaurants, Indian Restaurants, Café, and banquets were lying idle.

Against the projected revenue generation of ₹25.48 crore during the first five years of operation, the actual revenue generated from both the Campuses was only ₹8.09 crore. As a result, the envisaged objective of the Institute to become self-sufficient from the third year of its operations remained unfulfilled.

Thus, even after nine years of its establishment, the Institute was yet to become fully functional and achieve its envisaged objectives.

(Para 11.3)

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) and to frame policies and procedures that will lead to improved 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 XI present findings/observations arising out of the Compliance Audit of the Economic and Service Ministries/Departments and the Autonomous Bodies under their administrative control.

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 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 Section[1] 13 and Section[2] 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 Section[3] 19(2) of the Act. Audit of other organisations (Corporations or Societies) may be entrusted to the

[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 and loss accounts, balance sheets and other subsidiary accounts.***

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

[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.***

CAG in public interest under Section[4] 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 Section[5] 14(1) of the Act.

CAG conducts audit of accounts of the Central Autonomous Bodies under Sections 19(2) and 20(1) of the Act. The list of 62 of the Central Autonomous Bodies under the Economic and Service Ministries is given in **Annexure-II**, which are covered in this Report.

1.3 Planning and conduct of audit

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

1.4 Budget and Expenditure

The comparative position of budget and expenditure[6] during the reporting period 2021-22 and the preceding year in respect of Economic and Service Ministries/Departments (wherever applicable) is given in Table 1.1:

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[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 report on the receipts and expenditure audited by him.***

[6] ***Appropriation Accounts of the respective years.***

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

(₹ in crore)

Ministry/ Department	Year	Budget (Grant/ Appropriation)	Actual expenditure	Unspent budget	% of unspent budget
Ministry of Chemicals and Fertilizers					
Department of Chemicals & Petrochemicals	**2021-22**	**233.15**	**208.28**	**24.87**	**10.67%**
	2020-21	295.70	293.04	2.66	0.90%
Ministry of Civil Aviation	**2021-22**	**72,424.46**	**71,918.20**	**506.26**	**0.70%**
	2020-21	4,131.62	4,090.18	41.44	1.00%
Ministry of Coal	**2021-22**	**644.11**	**573.68**	**70.43**	**10.93%**
	2020-21	882.63	571.64	310.99	35.23%
Ministry of Commerce and Industry					
Department of Commerce	**2021-22**	**7,688.42**	**7,351.25**	**337.17**	**4.39%**
	2020-21	6,219.33	4,582.82	1,636.51	26.31%
Department for Promotion of Industry and Internal Trade	**2021-22**	**8,382.03**	**8,303.64**	**78.39**	**0.94%**
	2020-21	8,254.67	7,559.13	695.54	8.43%
Ministry of Corporate Affairs	**2021-22**	**737.13**	**649.97**	**87.16**	**11.82%**
	2020-21	752.63	666.54	86.09	11.44%
Ministry of Finance					
Department of Financial Services	**2021-22**	**87,202.70**	**75,393.90**	**11,808.80**	**13.54%**
	2020-21	60,780.64	48,939.16	11,841.48	19.48%
Department of Investment & Public Asset Management	**2021-22**	**110.52**	**86.55**	**23.97**	**21.69%**
	2020-21	132.11	71.72	60.39	45.71%
Department of Public Enterprises	**2021-22**	**177.00**	**23.30**	**153.70**	**86.84%**
	2020-21	24.15	16.15	8.00	33.13%
Ministry of Heavy Industries	**2021-22**	**1,291.06**	**1,177.98**	**113.08**	**8.76%**
	2020-21	1,532.45	896.55	635.90	41.50%
Ministry of Housing and Urban Affairs	**2021-22**	**1,07,283.22**	**1,06,987.19**	**296.03**	**0.28%**
	2020-21	67,786.29	53,410.65	14,375.64	21.21%
Ministry of Micro, Small and Medium Enterprises	**2021-22**	**15,699.71**	**15,160.47**	**539.24**	**3.43%**
	2020-21	8,572.24	5,647.83	2,924.41	34.11%
Ministry of Mines	**2021-22**	**4,378.39**	**4,339.84**	**38.55**	**0.88%**
	2020-21	1,851.41	1,435.28	416.13	22.48%
Ministry of Petroleum and Natural Gas	**2021-22**	**16,643.80**	**5,753.64**	**10,890.16**	**65.43%**
	2020-21	46,813.02	42,189.88	4,623.14	9.88%
Ministry of Ports, Shipping and Waterways	**2021-22**	**2,614.74**	**2,038.03**	**576.71**	**22.06%**
	2020-21	2,365.01	1,907.63	457.38	19.34%
Ministry of Power	**2021-22**	**24,551.39**	**23,317.88**	**1,233.51**	**5.02%**
	2020-21	22,284.79	14,940.49	7,344.30	32.96%
Ministry of Road Transport and Highways	**2021-22**	**2,48,917.83**	**2,38,104.43**	**10,813.40**	**4.34%**
	2020-21	1,96,544.85	1,89,789.88	6,754.97	3.44%

Ministry/ Department	Year	Budget (Grant/ Appropriation)	Actual expenditure	Unspent budget	% of unspent budget
Ministry of Steel	**2021-22**	**43.01**	**40.15**	**2.86**	**6.63%**
	2020-21	100.00	74.31	25.69	25.69%
Ministry of Textiles	**2021-22**	**11,515.56**	**11,170.90**	**344.66**	**2.99%**
	2020-21	3,520.98	3,146.97	374.01	10.62%
Ministry of Tourism	**2021-22**	**2,032.06**	**803.88**	**1,228.18**	**60.44%**
	2020-21	2,506.10	1,138.43	1,367.67	54.57%
Total	**2021-22**	**6,12,570.29**	**5,73,403.18**	**39,167.11**	**6.39%**
	2020-21	4,35,350.62	3,81,368.28	53,982.34	12.40%

From the above table, it may be seen that:

- The total expenditure of the above Ministries/Departments of the Government of India during 2021-22 was ₹5,73,403.18 crore as against ₹3,81,368.28 crore in 2020-21 *viz.*, an increase of ₹1,92,034.90 crore (50.35 *per cent*).

- Out of the total expenditure of ₹5,73,403.18 crore incurred by the Ministries/Departments during 2021-22, 41.52 *per cent* was incurred by Ministry of Road Transport & Highways followed by Ministry of Housing and Urban Affairs (18.66 *per cent*) and Department of Financial Services (13.15 *per cent*).

- Except five Ministries/Departments *viz.*, Ministry of Petroleum and Natural Gas, Ministry of Corporate Affairs, Ministry of Steel, Ministry of Tourism and Department of Chemicals and Petrochemicals, all the Ministries/Departments registered increase in actual expenditure during 2021-22 over the previous year. Maximum increase in actual expenditure over previous year was recorded by Ministry of Civil Aviation (1,658 *per cent*), whereas maximum decrease in actual expenditure over previous year was recorded by Ministry of Petroleum and Natural Gas (86 *per cent*).

- With reference to the total budget provision of ₹6,12,570.29 crore during 2021-22, the Ministries/Departments had an overall unspent budget of ₹39,167.11 crore which constituted 6.39 *per cent* of the total grant/appropriation, as against the unspent budget of 12.40 *per cent* during 2020-21.

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 2022) of 7,260 outstanding Utilisation Certificates involving an amount of ₹12,571.28 crore in respect of grants released up to March 2021 by 14 Ministries/Departments that remained outstanding after 12 months from the end of the financial year in which the grants were released are given in **Annexure-III**. The age-wise position of outstanding Utilisation Certificates is summarised in Table 1.2 below:

Table 1.2: Position of outstanding Utilisation Certificates (UCs)

(₹ in crore)

Range of delay in number of years	UCs outstanding as on 31 March 2022	
	Number	**Amount**
0-1	2,846	5,734.12
1-5	2,882	5,114.43
Above 5	1,532	1,722.73
Total	**7,260**	**12,571.28**

In respect of the above 7,260 Utilisation Certificates involving ₹12,571.28 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.

The outstanding Utilisation Certificates predominantly pertain to seven Ministries/Departments. These constitute 98.13 *per cent* of total number of outstanding Utilisation Certificates, value of which is 97.99 *per cent* of the total outstanding amount. The position of the outstanding Utilisation Certificates with significant money value relating to the seven Ministries/Departments, as on March 2022, is given in Table 1.3 below:

Table 1.3: Utilisation Certificates outstanding as on 31 March 2022

(₹ in crore)

Sl. No.	Ministry/Department	Till March[7] 2022	
		Number	**Amount**
1.	Ministry of Housing and Urban Affairs	1,234	4,925.56
2.	Department of Financial Services	8	4,125.84
3.	Ministry of Micro, Small and Medium Enterprises	860	1,563.43
4.	Ministry of Textiles	4,861	995.15
5.	Ministry of Heavy Industries	86	373.53
6.	Department of Chemicals & Petrochemicals	50	202.07
7.	Department of Commerce	25	132.66
	Total	**7,124**	**12,318.24**

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 shows the delay in submission of accounts for the year 2021-22 by the CABs for audit:

[7] *For grants released till March 2021*

Table 1.4: Delay in submission of accounts for the year 2021-22 by CABs

	Period of Delay			
	Up to 1 month	1-3 months	3-6 months	Beyond 6 months
No. of CABs	11	9	8	1

The details of the CABs whose accounts for the year 2021-22 were delayed are given in **Annexure-IV.** Maximum delays in submission of accounts for the year 2021-22 was observed in case of Footwear Design and Development Institute (8 months), Seamen's Provident Fund Organisation (5 months), Insurance Regulatory and Development Authority of India (5 months), and National Jute Board (5 months).

1.7 Delay in presentation of audited accounts of CABs before Parliament

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

The CABs which did not get its audited accounts for the year 2021-22 laid before either or both the houses of the Parliament (as of March 2023) is as mentioned in Table 1.5:

Table 1.5: CABs for which audited accounts for the year 2021-22 were issued but not presented to Parliament

Sl. No.	Name of the CAB
1.	National Institute of Design, Jorhat, Assam
2.	National Institute of Design, Madhya Pradesh
3.	Rajiv Gandhi Institute of Petroleum Technology, Uttar Pradesh
4.	Seamen's Provident Fund Organisation, Mumbai
5.	Central Silk Board, Bengaluru
6.	National Jute Board, Kolkata
7.	Rajiv Gandhi National Aviation University, Uttar Pradesh
8.	Stressed Assets Stabilisation Fund, Mumbai
9.	National Capital Region Planning Board, New Delhi

Further, there were 26 CABs whose audited accounts for the year 2021-22 had been laid in the Parliament after the due date. The details are shown in **Annexure-V**.

1.8 Results of certification of annual accounts of CABs

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 the CABs for the year 2021-22 are given in **Annexure-VI**. Some of the other important deficiencies noticed during the audit of Annual Accounts of CABs for the year 2021-22 are as mentioned below:

a) Internal audit was not conducted in 14 CABs (**Annexure-VII**)

b) Physical verification of the fixed assets was not carried out in 15 CABs (**Annexure-VIII**);

c) Physical verification of the inventories was not carried out in 9 CABs (**Annexure-IX**);

d) Accounting for gratuity and other retirement benefits was not carried out on the basis of actuarial valuation in 19 CABs (**Annexure-X**); and

e) Accounts of four CABs were revised as a result of audit (**Annexure-XI**).

1.9 Status of pending ATNs

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

A review of the position of the ATNs on paragraphs included in CAG's Compliance Audit Reports Union Government (Civil-Economic & Service Ministries), revealed that 23 ATNs were due but only 16 ATNs were received and were under various stages of correspondence with the concerned Ministries/Departments (March 2023). Details of the outstanding ATNs are indicated in **Annexure-XII**.

1.10 Response of Ministries/Departments to Draft Audit Paragraphs

The Ministry of Finance (Department of Expenditure), on the 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 16 Audit paragraphs. The replies of concerned Ministries/Departments were received in respect of 14 paragraphs. Out of the two Audit paragraphs where response of the Ministry was not received, in one case the auditee unit *viz.*, Directorate General of Foreign Trade accepted the audit observation and took corrective action for recovery. The responses received have been suitably incorporated in the Report (November 2024).

CHAPTER II: MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

Central Institute of Petrochemicals Engineering & Technology

2.1 Irregular payment of monthly medical allowance

Central Institute of Petrochemicals Engineering & Technology made irregular payment of monthly medical allowance to its employees amounting to ₹1.88 crore from April 2021 to March 2024 even though the said allowance was not recommended by the 7th Central Pay Commission.

The Central Institute of Petrochemicals Engineering & Technology (CIPET), Chennai (formerly known as Central Institute of Plastics Engineering & Technology) was established by the Government of India in the year 1968, under the administrative control of the Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers. The main objective of setting up of this specialised institute was to develop manpower in different disciplines of Plastics Engineering & Technology. CIPET operates from various locations across the country to cater to the needs of polymer and allied industries.

The Administrative Manual of CIPET allowed reimbursement of medical expenses for out-patient treatment at the rate of ₹1,250 per month to individual employee subject to a maximum ceiling of ₹15,000 per annum. The rate of reimbursement was further enhanced (September 2017) to a maximum of ₹19,200 per annum (i.e. ₹1,600 per month) with effect from 1 October 2017.

The Department of Expenditure, Ministry of Finance, *vide* its office memoranda dated 11 July 2017 and 26 July 2017 issued in connection with the recommendations of the 7th Central Pay Commission on allowances, stated that:

- Such of the existing allowances at present admissible in case of employees of Quasi-Government Organisations, Autonomous Bodies, and Statutory Bodies set up and funded/controlled by the Central Government, as are exactly as per the Central Government pattern, may be revised as per the decision contained in the Resolution dated 6 July 2017 regarding revised rates of allowances recommended by the 7th Central Pay Commission.
- The allowances not mentioned in the report of the 7th Central Pay Commission shall cease to exist from the salary with effect from July 2017. In case there is any demand or requirement for the continuation of an existing allowance which has not been deliberated upon or covered in the report, it should be re-notified by the Ministry concerned after obtaining due approval of the Ministry of Finance.

It was observed that there was no provision in the Report of the 7th Central Pay Commission for any fixed allowance for medical expenses payable to serving employees. Audit, however, noticed that in March 2021, CIPET decided that the ceiling amount of reimbursement for medical expenses for out-patient treatment (i.e. ₹1,600 per month) shall be included in the monthly salary of employees with effect from the salary of April 2021. The reimbursement of medical expenses was, thus, converted by CIPET into a fixed monthly allowance to be released along with the monthly salary of employees.

The amount of fixed monthly medical allowance paid by CIPET to its employees from April 2021 to March 2024, was as under:

(₹ in lakh)

Sl. No.	Name of the unit	Amount
1.	SPC[8]-CIPET Head Office, Chennai	27.56
2.	CIPET-IPT[9], Chennai	34.88
3.	CIPET-ARSTPS[10], Chennai	8.66
4.	CIPET-CSTS[11], Amritsar	13.44
5.	CIPET- CSTS, Baddi	13.15
6.	CIPET- CSTS, Dehradun	11.15
7.	CIPET- CSTS, Varanasi	3.65
8.	CIPET- IPT, Lucknow	24.97
9.	CIPET- CSTS, Gwalior	7.54
10.	CIPET- CSTS, Bhopal	22.00
11.	CIPET- CSTS, Jaipur	20.77
Total		**187.77 (~ ₹1.88 crore)**

Since CIPET follows the same pattern of pay and allowances as that of the Government of India, allowing of a fixed monthly medical allowance to its employees was irregular. In case there was any demand or requirement for the allowance, it should have been notified by the Department of Chemicals and Petrochemicals after obtaining approval from the Ministry of Finance. However, no such notification or approval was found on record.

Thus, the payment of fixed monthly medical allowance by CIPET to its employees was in contravention of the directions issued by the Ministry of Finance, which resulted in irregular expenditure of ₹1.88 crore from April 2021 to March 2024.

CIPET Head Office, Chennai in its reply (November 2022) stated that the Ministry of Finance order dated 11 July 2017 is not applicable to CIPET because it is an autonomous institute having its own Administrative Manual approved by the Governing Council and the Administrative Ministry.

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8 ***Service Provider Cell***
9 ***Institute of Petrochemicals Technology***
10 ***Advanced Research School for Technology and Product Simulation***
11 ***Centre for Skilling and Technical Support***

The Department of Chemicals and Petrochemicals stated (May 2024) that CIPET was a self-sustaining autonomous institution wherein recurring expenses such as salaries, allowances, etc. were paid from internally generated resources. The Department provided grants to CIPET only for the creation of capital assets. Also, CIPET was not covered under any medical facility scheme such as CGHS, etc. The Department further stated (September 2024) that CIPET had taken an internal decision to convert the reimbursement-based payment into a fixed allowance in March 2021. However, the fixed allowance has been discontinued with effect from September 2024.

The replies of CIPET and the Department of Chemicals and Petrochemicals are not acceptable in view of the Department of Expenditure office memoranda dated 11 July 2017 and 26 July 2017 which clearly stipulated that the allowances not mentioned in the report of the 7th Central Pay Commission shall be discontinued from the salary for the month of July 2017, and in case of any demand or requirement for continuation of an existing allowance not covered under 7th Central Pay Commission, the allowance should be re-notified by the Ministry concerned after obtaining approval of the Ministry of Finance and should be put in public domain. No exemption was provided in the *ibid* office memoranda for such autonomous bodies which were meeting their recurring expenses from their internally generated resources. As such, the decision of CIPET to grant a fixed monthly medical allowance to its employees was in contravention of the directions of Department of Expenditure, Ministry of Finance.

Thus, the payment of fixed monthly medical allowance amounting to ₹1.88 crore by CIPET during the period April 2021 to March 2024 was irregular. However, after being pointed out by Audit, CIPET has taken corrective action by discontinuing the allowance with effect from September 2024.

CHAPTER III: MINISTRY OF COAL

Coal Controller's Organisation

3.1 Loss to Government Exchequer due to parking of Government funds in Current Account

The Commissioner of Payments was entrusted with funds for payment to prior allottees of the coal blocks. In violation of the provisions of General Financial Rules, 2005 and 2017, the Commissioner kept the available funds in Current Account, instead of depositing the same in Government Account. This resulted in loss to Government Exchequer to the tune of ₹11.77 crore.

The Supreme Court of India cancelled (August/September 2014) allocation of 204 number of coal blocks which had been allotted between the year 1993 and March 2011. The Court also directed Central Government for fresh allocation of coal blocks through e-auction process. Accordingly, payment was to be received from new allottees and also disbursement towards compensation was to be made to prior allottees whose allotments were cancelled. Central Government appointed (November 2014) the Coal Controller[12] as the 'Commissioner of Payments' for the purpose of disbursing the amounts payable to the prior allottees.

Rule 7 of the General Financial Rules (GFR), 2005 stipulates that "All moneys received by or on behalf of the Government either as dues of the Government or for deposit, remittance or otherwise, shall be brought into Government Account without delay". Further, Rule 9 provides that "It is the duty of the Department of the Central Government concerned to ensure that the receipt and dues of the Government are correctly and promptly assessed, collected and duly credited to the Consolidated Fund or Public Account as the case may be". The same was reiterated under Rule 7 and Rule 9 of GFR, 2017.

Audit observed that in contravention to the Rule 7 of GFR, Commissioner of Payments opened a Current Account (June 2015) in the bank and parked the money for payment to the prior allottees in the said account. During the period from June 2016 to August 2021, an amount of ₹209.28 crore was deposited in the above Current Account for disbursement, of which only ₹86.53 crore was actually disbursed till March 2022, leaving a balance of ₹122.75 crore in the Current Account, without fetching any interest.

Reserve Bank of India lends the available funds and earns interest at Repo Rate[13]. Thus, due to non-opening of Government Account with the Reserve Bank of India, there was loss to the tune of ₹11.77 crore to the Government Exchequer (**Annexure-XIII**).

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[12] *Office of the Coal Controller's Organisation, Kolkata*

[13] *Reserve Bank of India charges interest at Repo Rate (at the rate of 4 per cent per annum, being the lowest during the period mentioned in the audit observation) when a Commercial Bank borrows money from the Reserve Bank of India.*

The office of Coal Controller, while accepting the facts, stated (April 2023) that the delay in payment happened due to non-submission of the necessary documents by the allottees of the coal mines despite timely intimation conveyed to them. It also stated that after being pointed out (March 2022) by Audit, the undisbursed amount of ₹122.75 crore was transferred (July 2022) to Government Account of Nominated Authority.

The Ministry also endorsed (January 2024) the views of the office of Coal Controller.

The reply of the office of Coal Controller/Ministry needs to be viewed in the light of the fact that large accumulated funds available with Commissioner of Payments was not transferred to the Government Account, resulting in loss to the Government Exchequer. It was only after being pointed out by Audit that corrective action was taken, which indicates lack of internal control in the organisation.

Thus, parking of funds outside the Government Account, in violation of GFR, resulted in loss of ₹11.77 crore to the Government Exchequer.

CHAPTER IV: MINISTRY OF COMMERCE AND INDUSTRY

Agricultural and Processed Food Products Export Development Authority

4.1 Non-creation of envisaged infrastructure under Common Infrastructure Development Scheme

Under the Common Infrastructure Development Scheme, Agricultural and Processed Food Products Export Development Authority (APEDA) provided financial assistance of ₹10.00 crore to Gujarat State Agricultural Marketing Board (GSAMB) in respect of a project at Surat, Gujarat. However, instead of setting up two Pack Houses at the designated locations by GSAMB, as envisaged under the project, only an existing Pack House was upgraded despite which entire financial assistance was released by APEDA. Further, availability of land free from all encumbrances and in possession of GSAMB was not ensured by APEDA before approving the project.

Agricultural and Processed Food Products Export Development Authority (APEDA) provides financial assistance to registered exporters under various components of the Agriculture Export Promotion Plan Scheme *viz.*, Infrastructure Development, Market Development and Quality Development.

Under the Common Infrastructure Development Scheme, APEDA received a proposal (December 2013) from Gujarat State Agricultural Marketing Board for setting up Aseptic packaging line and canning lines for mangoes and other fruits at Surat and two Mechanised Collection Centres/Pack houses at Navsari and Dharampur, Valsad. As per the approved guidelines of the Scheme, eligible project cost was ₹15.69 crore, which included ₹9.89 crore for the main processing centre at Surat and ₹5.80 crore for setting up of two collection centres.

In-principle approval dated 26 October 2015 was conveyed to Gujarat State Agricultural Marketing Board by APEDA for providing financial assistance of ₹10.00 crore to be released in three instalments. A Memorandum of Understanding was executed between APEDA and Gujarat State Agricultural Marketing Board on 28 October 2015 wherein the latter had committed to commission the project within 18 months i.e., by 27 April 2017. The project was to be implemented by Gujarat State Agricultural Marketing Board through the Agricultural Produce Market Committee, Surat.

APEDA released the first instalment of ₹4.00 crore as advance to Gujarat State Agricultural Marketing Board in February 2016. In December 2016, Agricultural Produce Market Committee, Surat informed Gujarat State Agricultural Marketing Board that the proposed sites for Pack houses at Navsari and Dharampur needed to be changed as the landowners had refused to hand over the sites for the project. In March 2017, Gujarat State Agricultural Marketing Board informed APEDA that the main processing unit was in advanced stage of completion and work on the two Pack houses at the relocated sites would be completed as soon as possible. The second instalment of ₹4.00 crore was released by APEDA in September 2017.

In July 2018, Gujarat State Agricultural Marketing Board informed APEDA that the main processing plant had been commissioned in June 2017 and one Pack house had been established at the premises of Agricultural Produce Market Committee, Surat since the land for the two Pack houses to be constructed at the relocated sites at Navsari and Valsad were not yet allotted by the Government of Gujarat. After conducting physical verification of the project in February 2020, the balance grant amounting to ₹2.00 crore was released by APEDA in January 2021.

Audit noticed that:

(i) No prior approval was taken by Gujarat State Agricultural Marketing Board from APEDA for establishing the Pack house at Surat. Despite this, the Physical Verification Report (February 2020) of APEDA showed the project renamed as 'Food Processing with Aseptic and Canning Lines with Pack House' as 100 *per cent* completed and it was recommended to release the balance financial assistance of ₹2.00 crore.

(ii) As per the in-principle approval of APEDA and the Memorandum of Understanding between APEDA and Gujarat State Agricultural Marketing Board, it was envisaged to set up the main processing centre at Surat and two Collection centres/Pack houses at Navsari and Valsad. Though the work relating to the food processing plant was completed in June 2017, the work related to the two Pack houses had not even been started. Hence, only one part of the project with a cost of ₹9.89 crore was completed. As per the Scheme guidelines for the establishment of common infrastructure facilities, APEDA could provide assistance of a maximum of 90 *per cent* of the project cost. As such, Gujarat State Agricultural Marketing Board was eligible for assistance amounting to ₹8.90 crore (i.e., 90 *per cent* of ₹9.89 crore).

(iii) As per the Scheme guidelines, availability of land free from all encumbrances and in possession of the Implementing Agency was a pre-requisite for consideration of financial assistance by APEDA. However, APEDA approved the project without ensuring the availability of requisite land for the two Pack houses, which is evident from the fact that the landowners refused to hand over the land at the sites originally identified for construction of Pack houses.

(iv) The objective of the Scheme was to help the tribal farmers of South Gujarat by establishing Collection centres cum Pack houses for procurement of fresh fruits and vegetables from high production belts of Navsari and Valsad districts. However, no such infrastructure facilities for treatment and logistics of the produce of tribal farmers of these areas could be set up.

(v) The One Pack house stated to have been established at Surat was, in fact, already existing there to cater to the local farmers with most of the infrastructure and equipment, and the same was only upgraded by including few more equipment.

Thus, APEDA released excess amount of ₹1.10 crore to Gujarat State Agricultural Marketing Board while releasing financial assistance of ₹10.00 crore for the project. Further, due to change of location of the Pack house, the objective of helping tribal farmers of South Gujarat by establishing Collection centres cum Pack houses in Navsari and Valsad was defeated.

The Management stated (September 2022) that for the Pack houses at Valsad and Navsari, physical land was not provided by the Authorities. Therefore, on the request of farmers, traders and exporters, one Pack house was established at the premises of Agricultural Produce Market Committee, Surat with the same equipment and machinery as mentioned in the in-principle approval. The Management further stated (May 2023) that:

- As noticed by Audit, no prior approval was taken by Gujarat State Agricultural Marketing Board from APEDA for the establishment of the Pack house at Surat. Therefore, a letter had been issued to Gujarat State Agricultural Marketing Board for deposit of excess grant along with interest.
- Regarding the land availability for the Pack houses, the relevant documents along with layout of both the locations for the Pack houses were provided in the Detailed Project Report.

The reply is not tenable in view of the following:

- Since the two Pack houses were not established at the envisaged locations in Navsari and Valsad and instead one existing Pack house at another location *viz.*, Surat had been upgraded, the cost of upgrading the Pack house at Surat should have been borne by the Implementing Agency instead of being funded by APEDA.
- The reply of the Management that physical land was not provided by the Authorities for establishing two Pack houses at Navsari and Valsad substantiates the fact that the availability of land free from all encumbrances and in possession of the Implementing Agency was not ensured by APEDA before approving the project. Providing the layout for locations of the Pack houses did not serve the purpose of ensuring availability of encumbrance free land at the designated locations, which was a pre-requisite for grant of financial assistance by APEDA.

The Ministry, while confirming the facts mentioned by APEDA, forwarded (April 2024) a copy of APEDA's reply dated 16 February 2024 addressed to the Ministry, wherein it was informed that APEDA had requested (December 2023) Chief Secretary, Department of Agriculture, Farmers' Welfare and Cooperation for his intervention in the matter for recovery of excess payment of ₹1.10 crore along with applicable interest thereon amounting to ₹0.67 crore from Gujarat State Agricultural Marketing Board.

It was further informed by APEDA (11 July 2024) and the Ministry (21 November 2024) that Gujarat State Agricultural Marketing Board had refunded an amount of ₹1.10 crore in June 2024 and interest thereon amounting to ₹0.67 crore in October 2024.

The reply needs to be viewed in light of the fact that the objective of establishing Collection centres cum Pack houses in Navsari and Valsad as envisaged through this project could not be achieved.

4.2 Unfruitful expenditure and non-recovery of penalty

Failure of Agricultural and Processed Food Products Export Development Authority to take action as per the provisions of Memorandum of Understanding entered into with the Council for Food Research and Development, Kerala for setting up of a project in Kerala, resulted in unfruitful expenditure of ₹6.61 crore and non-recovery of penalty of ₹36.75 lakh.

The Council for Food Research and Development, Kerala, submitted (September 2014) a proposal to the Agricultural and Processed Food Products Export Development Authority (APEDA) for setting up export-oriented fruits and vegetables chilled storage and dehydration facility at Village Elanji, Kerala. The total cost of the project was ₹10.55 crore. APEDA accorded (March 2015) 'In-Principle Approval' to Council for Food Research and Development for financial assistance of ₹7.35 crore. The balance amount of ₹3.20 crore was to be contributed by the Government of Kerala.

A Memorandum of Understanding (MoU) was signed between APEDA and Council for Food Research and Development on 19 March 2015. The project was to be completed within a period of 18 months from the date of signing of the MoU (i.e. by 18 September 2016). Funds were to be released in three instalments of 50 *per cent*, 40 *per cent* and 10 *per cent* respectively. The first instalment of ₹3.67 crore was released by APEDA on 31 March 2015 against receipt of a Bank Guarantee of equivalent value. After the submission of Running Bills and Utilisation Certificates by Council for Food Research and Development, APEDA conducted Physical Verification in March 2017 and based on the progress of work noticed during the verification, an amount of ₹1.84 crore (25 *per cent* of sanctioned assistance) was released on 28 June 2017 out of the second instalment of ₹2.94 crore. The balance amount of second instalment i.e. ₹1.10 crore (15 *per cent* of sanctioned assistance) was released on 21 March 2018.

Audit noticed that:

- The project was not completed even after more than seven years from the scheduled date of completion. During Physical verification in July 2022 and Joint inspection in September 2022, it was noticed that only 60 *per cent* of the actual work was completed and the installed machinery was not in working condition.
- It was recommended in the Physical Verification Report dated March 2017 that part of the second instalment, amounting to ₹1.10 crore, may be released after the installation of plant and machinery of the dehydration unit. However, APEDA released the amount (March 2018) on the request of Council for Food Research and Development, before the installation of the plant and machinery.
- As per Clause 8 of the MoU between APEDA and Council for Food Research and Development, in case of any delay, a penalty of one *per cent* was to be imposed for each month of delay subject to a maximum of five *per cent* of the sanctioned cost. Since the project was delayed, a penalty of ₹36.75 lakh (five *per cent* of ₹7.35 crore) should have been levied by APEDA. However, APEDA did not impose any penalty on Council for Food Research and Development.

- As per Clause 5(c) of the MoU, the agency shall maintain the assets in good working condition at all times. Further as per Clause 12 of the MoU, if the agency fails to comply with the terms and conditions of the MoU, it shall be liable to refund the whole of the grant with interest at the rate of 10 *per cent* per annum. The Physical Verification Report of July 2022 and the Joint Inspection Report of September 2022 revealed that the installed equipment were not in working condition and were rusted and worn out without proper usage. However, APEDA did not demand any refund from Council for Food Research and Development.

The Management stated (April 2023 and November 2023) that:

- On the request (February 2018) of Council for Food Research and Development for payment towards plant and machinery of dehydration unit, APEDA, after considering the monthly update of January 2018 and recommendations received in March 2018 from Regional Office Bangalore, disbursed the remaining ₹1.10 crore of the second instalment. As per the MoU, APEDA was liable to release second instalment in full after receipt of Utilisation Certificates for the first instalment.
- The project was delayed as Council for Food Research and Development faced issues like heavy rains in 2018 and Covid-19. Also, there were some initial problems on the site due to which additional work had to be undertaken. Due to the Covid-19 outbreak, Physical Verification was not conducted as scheduled in July 2021, however, updates along with periodic progress reports and photographs were taken.
- On the request of Council for Food Research and Development and considering the facts that 70 *per cent* of the project had been completed and financial progress of 75 *per cent* had been achieved, final extension was granted up to 31 December 2023 in the interest of the project. APEDA shall proceed for encashment of Bank Guarantee (₹3.67 crore) in case project is delayed from this timeline.

The Ministry confirmed (2 February 2024) the reply furnished by APEDA in November 2023. Further, the Management informed (15 March 2024) that Council for Food Research and Development has floated Expression of Interest (EoI) to attract potential clients to complete the pending work and operate the facility on a lease basis and make the plant fully operational by July 2024. Subsequently, while intimating updated status of the project, the Management further stated (August 2024) that:

- Considering further request (June 2024) of Council for Food Research and Development for extension of timeline for completion of the project, APEDA extended the timeline till 31 December 2024. Council for Food Research and Development extended the Bank Guarantee of ₹3.67 crore up to 31 July 2024 with a claim period up to 31 July 2025.
- APEDA had taken conscious decision to extend the timeline on various occasions as the project is of utmost importance for the farmers of Kerala to enable them to exploit full potential for exports of APEDA notified products.

The Ministry stated (August 2024) that:

- Council for Food Research and Development has completed the tendering process and finalised the bidder for completion of remaining work of the project. The Freezing line of the project would be operational in 90 days and Dehydration line would be made operational in 180 days after award of work.
- APEDA has not invoked the Bank Guarantee to recover the grant and imposed penalty on Council for Food Research and Development and extended the timelines on various occasions considering the latter's constraints and to safeguard the interest of farmers who would be benefitting from this facility once it is completed.

The replies of the Management/Ministry may be viewed in light of the following:

- As per the Physical verification conducted in July 2022, an amount of ₹10-12 crore was further needed to complete the project. However, instead of taking action against Council for Food Research and Development with respect to levying of penalty, APEDA repeatedly extended the timelines for completion of the project.
- The project was not completed even by the finally extended date of 31 December 2023 despite which APEDA did not take action for encashment of Bank Guarantee as stated in its reply of November 2023 and instead further extended the timeline for completion of the project till 31 December 2024.
- There has been repeated extensions of timelines and the project is still remaining incomplete. Further, the existing plant and machinery installed has already worn out rendering the financial assistance provided by APEDA unfruitful to that extent.

Thus, failure of APEDA to take action as per the terms of the MoU resulted in unfruitful expenditure of ₹6.61 crore owing to deterioration of the existing plant and machinery, along with non-recovery of penalty amounting to ₹36.75 lakh.

Directorate General of Foreign Trade

4.3 Irregular release of financial assistance

Office of the Additional Director General of Foreign Trade, Central Licensing Area, New Delhi provided irregular assistance of ₹66.10 lakh against 122 claims to a private entity under the Transport and Marketing Assistance Scheme. On being pointed out by Audit, recovery of the irregular payment was made. However, there was a need to review all the cases where financial assistance had been provided under the Scheme in order to take necessary action for recovery in cases of excess reimbursement.

The Department of Commerce, Ministry of Commerce and Industry notified a Scheme titled 'Transport and Marketing Assistance for Specified Agriculture Products' on 27 February 2019. The objective of the Scheme was to provide financial assistance for the international component of freight and marketing of agricultural produce in order to mitigate the disadvantage of higher cost of transportation involved in export of specified agricultural products due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets.

The financial assistance under the Scheme was to be provided through the Regional Authorities of Directorate General of Foreign Trade, which were headed by Additional Directors General of Foreign Trade. The Scheme was initially applicable for exports effected from 1 March 2019 to 31 March 2020 and was later extended for exports effected up to 31 March 2021. The procedure for availing transport assistance under the Scheme was incorporated in Chapter 7(A) of the Handbook of Procedures issued by the Director General of Foreign Trade in pursuance of provisions of the Foreign Trade Policy 2015-20.

The Notification dated 27 February 2019 of the Department of Commerce provided, *inter alia*, that:

(a) The assistance under the Scheme was to be provided in cash through direct bank transfer as part of reimbursement of freight paid.

(b) For the export of products by sea, the assistance was to be based on the freight paid for a full Twenty Feet Equivalent Unit (TEU) container. A forty feet container was to be treated as two TEUs.

(c) The assistance was to be provided for all agriculture products covered under Chapters 1 to 24 of the Harmonised System of Nomenclature[14], except the products mentioned in Annexure (1) of the notification.

(d) The assistance was not available for a container having both eligible and ineligible category of cargo.

As per the information furnished by the office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi, financial assistance of ₹44.46 crore in respect of 489 applications was released under the Scheme during the period 2019-20 to 2021-22. Out of these 489 cases, Audit randomly test checked eight cases pertaining to five entities to whom financial assistance was released under the Scheme. In three of these cases pertaining to a private entity, it was observed that the private entity was given financial assistance/reimbursement of ₹3.97 crore against 1,092 claims out of which reimbursement amounting to ₹66.10 lakh (16.65 *per cent*) pertaining to 122 claims was irregular due to the fact that the financial assistance in these cases was provided for containers having ineligible products which were mentioned in Annexure (1) of the *ibid* Notification dated 27 February 2019. Shipped items in these containers included Paneer/Paneer cubes (cheese) bearing Harmonised System Code 0406 which was excluded under the Scheme. This led to irregular release of financial assistance of ₹66.10 lakh by the office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi.

Further, as per their own audit mechanism laid down under Para 7(A).05 of Chapter 7(A) of the Handbook for Procedures, 10 *per cent* of the cases in which benefit(s) under the Chapter had already been granted, would be selected on random basis for examination. In case any discrepancy and/or overclaim was found on such examination, the applicant would be under obligation to rectify such discrepancy and/or refund the excess claimed with interest at the rate of 15 *per cent* per annum on the recoverable amount within one month.

[14] Harmonised System of Nomenclature (HSN) is used for systematic classification of goods all over the world. Under HSN, all the goods and services have been divided into 21 Sections and 99 Chapters.

Office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi was requested (June 2022) to provide the information/details of the number of cases/claims selected for audit during 2019-20 to 2021-22 and action taken in cases of discrepancy. However, no record/information was furnished by that office.

Thus, office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi reimbursed excess amount of ₹66.10 lakh under the Scheme to a private entity in respect of the containers carrying ineligible products as per Annexure (1) of the Notification dated 27 February 2019 issued by the Department of Commerce.

After being pointed out (August 2022 and March 2023) by Audit, the office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi furnished (April 2023) documents showing that the entire amount of excess reimbursement was deposited by the private entity in November 2022. However, since Audit has pointed out the recovery only in respect of a few test-checked cases of only one private entity, the office of Additional Director General of Foreign Trade needs to review all the cases where financial assistance was provided under the Scheme and take necessary corrective action, wherever required.

Recommendations:

(1) In view of the discrepancies observed by Audit, the Offices of Additional Director General of Foreign Trade may review all the cases wherein financial assistance was provided by them under the Transport and Marketing Assistance Scheme and recover excess reimbursement made, if any.

(2) Offices of Additional Director General of Foreign Trade should ensure scrupulous adherence to their own audit mechanism as laid down in the Handbook of Procedures issued by the Director General of Foreign Trade in respect of the financial assistance provided under the Transport and Marketing Assistance Scheme, and take necessary action for recovery in all cases involving excess reimbursement.

In response to the Audit recommendations, the Office of Additional Director General of Foreign Trade, Central Licensing Area, New Delhi stated (November 2023) that all the cases where excess reimbursement had been made to the private entity selected by Audit were being processed and the entity had further been requested to deposit excess reimbursement of ₹44.39 lakh released in two other cases, along with interest at the rate of 15 *per cent*. Further, compliance to the second Audit recommendation would also be ensured.

The matter was referred to the Ministry in March 2023; their response was awaited (August 2024).

Indian Institute of Foreign Trade

4.4 Administrative issues related to Indian Institute of Foreign Trade

4.4.1 Introduction

The Indian Institute of Foreign Trade (IIFT) was established in the year 1963 as an Autonomous Body under the Ministry of Commerce and Industry to contribute to skill building for the external trade sector of India. The Institute was granted 'Deemed to be University[15]' status by the University Grants Commission in the year 2002. The National Assessment and Accreditation Council[16] recognised IIFT as Grade 'A' Institution in the years 2005 and 2015. IIFT conducts various courses including MBA, MA, Diploma courses in International Business in its Delhi campus. In addition, IIFT also runs full-fledged MBA (International Business) programme in its Kolkata and Kakinada campuses.

4.4.2 Governance and Management of IIFT

As per Memorandum of Association and Rules of Management of the Institute, the highest governing body of the Institute shall be a Board of Management to be headed by the Vice-Chancellor and consisting of not less than 10 and not more than 15 members. Functions of the Board of Management mainly include appointment of academic staff and laying down their duties and conditions of service; appointment of Committees and Auditors; constituting schemes for Pension, Insurance, Provident Fund and Gratuity; managing the finance, accounts, investments, property; and all other administrative affairs of the Institute.

4.4.3 Sanctioned Strength and Persons-in-Position

As on 31 March 2024, the Sanctioned strength and Persons-in-Position in IIFT, Delhi was as follows:

Table 4.1: Sanctioned Strength and Persons-in-Position in IIFT, Delhi

Particulars	Sanctioned Strength	Persons-in-Position
Professors	32	8
Associate Professors	36	18
Assistant Professors	57	39
Non-teaching staff (Group 'A' and Group 'B')	190	87

15 *As per Section 3 of the University Grants Commission Act, 1956, the Central Government may, on the advice of the Commission, declare by notification in the Official Gazette, that any institution for higher education, other than a University, shall be deemed to be a University for the purposes of this Act, and on such a declaration being made, all the provisions of this Act shall apply to such institution as if it were a University within the meaning of clause (f) of Section 2 of the Act.*

16 *National Assessment and Accreditation Council (NAAC), Bengaluru, an autonomous institution of the University Grants Commission, conducts assessment and accreditation of Higher Educational Institutions such as colleges, universities or other recognised institutions to derive an understanding of the 'Quality Status' of the institution. Based on its assessment, NAAC gives one of the eight gradings to the Institutions viz., A++, A+, A, B++, B+, B, C and D (with A++ being the highest grading).*

4.4.4 Working Results

As on 31 March 2023, IIFT had received capital grants aggregating to ₹247.18 crore from the Government of India. The working results of IIFT over the last six years from 2017-18 to 2022-23 were as under:

Table 4.2: Working results of IIFT during 2017-18 to 2022-23

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue grants	25.90	9.79	27.63	15.66	21.00	26.93
Income from services	80.86	83.77	84.54	79.17	92.26	106.20
Other Income	20.71	24.70	26.07	27.88	33.55	38.28
Total Income	127.47	118.26	138.24	122.71	146.81	171.41
Total Expenditure	74.48	88.27	85.77	93.24	94.31	128.91
Surplus	52.99	29.99	52.47	29.47	52.50	42.50

As is evident from the above table, while the total income of the Institute has recorded a moderate increase from ₹127.47 crore in 2017-18 to ₹171.41 crore in 2022-23, the net surplus has declined from ₹52.99 crore to ₹42.50 crore during this period due to increase in expenditure incurred over this period.

4.4.5 Audit scope and methodology

Audit covered the period from 2012-13 to 2021-22. Audit methodology involved scrutiny and analysis of data/records of IIFT, discussion with the officers of IIFT, issue of audit queries and examination of responses of IIFT. The data and audit observations were subsequently updated to March 2023.

The draft audit paragraph was issued to the Department of Commerce in August 2023. The Department of Commerce communicated (September 2023) to IIFT certain corrective actions required to be taken on the audit observations and directed (October 2023) IIFT to send a suitable reply to Audit based on the corrective actions thus taken. Accordingly, IIFT furnished replies to the draft audit paragraph in October 2023.

The directions given (September 2023) by the Department of Commerce to IIFT and the corrective actions taken and intimated (October 2023) by IIFT to Audit have been suitably incorporated.

4.4.6 Audit findings

The audit findings have been discussed below:

4.4.6.1 Inordinate delay in construction of campus of IIFT at Maidangarhi

Land measuring 5.6 acres at Maidangarhi, New Delhi was allotted (January 2015) to IIFT by Delhi Development Authority for expansion of campus to create infrastructure for academic purposes. The total cost of the land paid by IIFT to Delhi Development Authority was ₹27.28 crore including ground rent at 2.5 *per cent* of the cost of land (i.e. ₹66.54 lakh) which was payable every year. The possession of land was handed over to IIFT by Delhi

Development Authority on 5 February 2016. The terms and conditions of allotment of land, *inter-alia,* provided that:

i. The allotted land shall be used for the purpose of expansion of campus to create infrastructure for academic purposes only.

ii. The Building Plan should be got approved by IIFT from the lessor (Delhi Development Authority) before getting the same sanctioned for construction on land and the construction as per the sanctioned plan shall be completed within a period of two years from the date of taking over of possession (i.e. by 4 February 2018).

IIFT floated (February 2017) Expression of Interest for engagement of an agency as Project Management Consultant after one year of taking over possession of the land. NBCC (India) Limited was appointed as the Project Management Consultant in September 2017. IIFT submitted the Detailed Project Report, prepared by NBCC, to the Department of Commerce in February 2018. The Department of Commerce approved (January 2019) the project at a cost of ₹302.64 crore.

During preparation of the layout plan and drawings, IIFT found that 1.16 acres out of 5.6 acres of allotted land was falling under the Geomorphological Ridge. As no construction was allowed on this land without obtaining No Objection Certificate from the Ridge Management Board, IIFT approached (August 2018) the Board for No Objection Certificate. IIFT also requested (November 2018/March 2019) Delhi Development Authority to extend the timeline for construction without imposition of composition fee[17] for a further period of three years from 5 February 2019. Delhi Development Authority granted (October 2019) extension up to 4 February 2022 without charging of composition fee. No further extension was granted by Delhi Development Authority.

IIFT entered into (28 June 2019) an agreement with NBCC and awarded the work of construction of Maidangarhi Campus. The timeline for completion of work was 24 months. Interest-free advances were released by IIFT to NBCC as detailed below:

Table 4.3: Interest-free advances released by IIFT to NBCC

Sl No.	Particulars	Advances paid to NBCC (₹ crore)	Date of payment by IIFT
1.	For conducting topographical survey and soil investigation	0.05	15.06.2018
2.	For foundation laying ceremony and construction related activities	1.00	12.03.2019
3.	For site development and barricading work	1.40	27.10.2020
4.	Balance of grant received from Department of Commerce and paid to NBCC	27.54	26.03.2021
Total		**29.99**	

[17] ***Composition fee is leviable for not completing the construction within the specified period after possession of land.***

The Ridge Management Board recommended the proposal of IIFT to the Central Empowered Committee[18] in March 2021. The Central Empowered Committee did not agree with the recommendation of the Ridge Management Board and suggested for getting the adjacent land allotted from Delhi Development Authority. Accordingly, IIFT approached (August 2021) Delhi Development Authority for allotment of adjacent plot of land. Subsequently, IIFT requested (November 2021) NBCC to refund the amount of ₹27.54 crore stating that allotment of adjacent land by Delhi Development Authority was a time-consuming process. NBCC, however, did not refund the amount to IIFT. Meanwhile, Delhi Development Authority handed over (November 2022) additional land measuring 1.98 acres to IIFT.

In January 2023, NBCC stated that there had been cost escalation in the project (since January 2019 when the project was sanctioned) due to revisions in construction cost index, revision in the rate of GST and increase in the cost of development of land. Hence, after considering the revised cost estimates submitted by NBCC, the project cost was revised (April 2023) from ₹302.64 crore to ₹387.51 crore by the Department of Commerce.

In this regard, Audit noticed the following:

(i) Despite being aware of the fact that no construction was possible without obtaining No Objection Certificate from the Ridge Management Board, IIFT entered into (June 2019) the agreement with NBCC for construction of the campus and also released (March 2021) interest-free advance of ₹27.54 crore to NBCC against which no construction activity had been undertaken.

(ii) The interest-free advance of ₹27.54 crore was paid by IIFT without obtaining any Bank Guarantee from NBCC against the advance. This led to blocking of funds amounting to ₹27.54 crore along with consequential interest loss.

(iii) Owing to inordinate delay in commencement of construction at Maidangarhi Campus, ground rent of ₹5.32 crore paid at the rate of ₹66.54 lakh per annum from 2016-17 to 2023-24 by IIFT remained unfruitful, apart from the cost of land (₹26.62 crore).

(iv) IIFT was liable to pay composition fee[19] to Delhi Development Authority as construction could not be completed till 4 February 2022 (i.e. the period up to which extension had been granted by Delhi Development Authority without payment of composition fee).

In reply, the Management stated (June 2023) that after recommendations on the proposal were forwarded by the Ridge Management Board to the Central Empowered Committee, an amount of ₹27.54 crore was paid to NBCC on 26 March 2021. It came to the knowledge of IIFT only in August 2021 that the Central Empowered Committee had overriding authority on the Ridge Management Board.

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[18] ***Construction activities in Geo-morphological ridge area requires clearance from the Ridge Management Board and the Central Empowered Committee constituted by the Supreme Court of India.***

[19] ***The details regarding composition fee payable by IIFT to Delhi Development Authority were not provided to Audit.***

The reply of IIFT may be seen in the light of the fact that while the Ridge Management Board had forwarded its recommendations to the Central Empowered Committee, No Objection Certificate had not been issued to IIFT for commencing construction. As such, release of interest-free advance to NBCC was unwarranted since the construction work could not be started in the absence of No Objection Certificate. The amount of ₹27.54 crore was yet to be refunded by NBCC (June 2023) and the construction had not started even after a lapse of more than two years from release of advance.

Thus, the construction of Campus at Maidangarhi was yet to start even after a lapse of approximately seven years from taking over possession of land, which rendered the expenditure of ₹31.94 crore[20] unfruitful, besides blocking of funds of ₹27.54 crore with NBCC with consequential loss of interest thereon. The objective of providing a new state-of-the-art facility was also not achieved.

The Department of Commerce directed (September 2023) IIFT to incorporate additional provisions/clauses with respect to payment terms while executing Memorandum of Understanding with Project Management Consultants in future so as to protect the financial interests of IIFT in the event of delay in commissioning of projects. The Department also directed that, as far as possible, release of fund shall be made only after the title of land is clear and required statutory approvals/No Objection Certificates are obtained.

4.4.6.2 Incorrect alignment of pay scales of faculty

IIFT was granted 'Deemed to be University' status in the year 2002 by the University Grants Commission. As per its Memorandum of Association and Rules of Management, IIFT was required to follow the pay scales as laid down by the University Grants Commission, whereas for the Centrally Funded Technical Institutes, there was a separate notification issued by the Ministry of Human Resource Development on 27 October 2017 for revision of pay of faculty.

Audit, however, noticed that the pay scales of faculty of IIFT had been aligned with the pay scales of the Indian Institutes of Management which came under the Centrally Funded Technical Institutes. Further, as the pay scales for faculty of Centrally Funded Technical Institutes were higher than the pay scales of faculty of Deemed Universities, the approval of the Department of Expenditure, Ministry of Finance and the Administrative Ministry should invariably be obtained before granting higher pay scales to faculty.

The Management stated (May 2023) that as per University Grants Commission (Institutions Deemed to be Universities) Regulations, the Board of Management shall be the principal organ of Management and the apex executive body of the Institution Deemed to be University, with powers to make Rules of the Institution. The Board of Management of IIFT in its meeting held on 26 March 2003 approved the proposal to follow the pay scales of Indian Institutes of Management for IIFT's faculty.

[20] ***Premium of ₹26,61,79,200 plus ground rent of ₹5,32,35,840 for the period 2016-17 to 2023-24.***

The reply needs to be seen in the light of following facts:

a) The notifications issued by Ministry of Human Resource Development for revision of pay scales are explicit for Centrally Funded Technical Institutes including the Indian Institutes of Management. Since IIFT is not a Centrally Funded Technical Institute, decision of the Board of Management to adopt the pay scales of Indian Institutes of Management was not in order.

b) At the time of adoption of pay scales of Indian Institutes of Management by IIFT in the year 1999, the qualification requirement of faculty was also placed similar to that of faculty of Indian Institutes of Management. However, citing the reason of difficulty being faced by IIFT in recruitment of faculty owing to higher qualification requirements, the Board of Management in its meeting held on 26 March 2003 relaxed the qualification requirements for recruitment of faculty in IIFT. Thus, IIFT granted only the pay scales equivalent to Indian Institutes of Management while relaxing the qualification requirements of faculty.

c) The Ministry of Human Resource Development had notified only 16 Centrally Funded Technical Institutes and IIFT was not among them. IIFT was a Deemed to be University for which the Ministry of Human Resource Development had prescribed a different pay structure for faculty. As such, grant of a pay package to IIFT's faculty at par with that prescribed for the Centrally Funded Technical Institutes was not in order.

While agreeing with the Audit observation, the Department of Commerce directed (September 2023) IIFT to constitute a Committee to examine the matter and recommend suitable action to ratify the incorrect alignment of pay scales, to advise with respect to recovery of excess payment made, to fix responsibility and accountability and to advise on seeking necessary approvals from concerned authorities. IIFT was further directed that specific directions issued by the concerned Ministries/Departments for Autonomous Bodies in respect of any affairs of the Institute or explicit notifications issued by the University Grants Commission/Ministry of Education for Universities/Deemed to be Universities cannot be overridden by the decisions of the Board of Management on the ground that it is the final decision making body of the Institute.

In compliance, IIFT stated (October 2023) that a Committee had been formed on 26 September 2023 with composition of external experts, member from Department of Commerce and University Grants Commission to examine the matter of extension of pay scales to IIFT faculty. Final decision would be taken after submission of Report by the Committee and subsequent approval from Department of Commerce/Department of Expenditure.

4.4.6.3 Irregular payment of incentives to faculty

As per Department of Expenditure, Ministry of Finance orders dated 30 September 2008 and 13 January 2017, relating to 6^{th} Central Pay Commission and 7^{th} Central Pay Commission respectively, the orders for implementation of the revised pay structure for the Central Government employees were extended to the employees of such Autonomous Organisations, where pattern of pay scales and allowances were identical to those of the

Central Government employees. In case of those categories of employees whose pattern of emoluments structure were not similar to those of the Central Government employees, a separate 'Group of Officers' in respect of each of the Autonomous Bodies was to be constituted in the respective Ministry/Department. The Group would examine the proposals for revision of pay scales. It would be necessary to ensure that the final package of benefits proposed to be extended to the employees of these Autonomous Organisations was not more beneficial than that admissible to the corresponding categories of the Central Government employees. The revised rates of allowances recommended by the 7th Central Pay Commission were extended to the employees of Autonomous Organisations vide Ministry of Finance order dated 26 July 2017.

Audit observations in this regard are discussed below:

(a) Irregular payment of incentives under Work Norm Scheme

An Incentive Scheme was introduced on 17 April 2008 at IIFT which specified minimum work expected of faculty each year with a provision for payment of compensation to the faculty for exceeding the minimum workload. The Board of Management in its meeting held on 5 February 2008 approved the Work Norm Scheme retrospectively with effect from July 2007. As per the records made available to Audit, since introduction of the Work Norm Scheme, an amount of ₹17.43 crore had been paid by the IIFT under this Incentive Scheme till March 2019.

The payment for work exceeding the minimum workload was in addition to pay and allowances already being paid to faculty. Audit, however, noticed that no such Incentive Scheme had been notified or endorsed by the University Grants Commission[21] for Deemed Universities. Further, IIFT did not seek approval for payment of the Work Norms Incentive to its faculty from the Ministry of Finance (Department of Expenditure) and the Administrative Ministry. Hence, the payment of ₹17.43 crore was irregular.

Audit further noticed that the faculty was being paid conveyance allowance for taking classes in addition to transport allowance already being paid to them. The justification for payment of conveyance allowance for attending the regular work of the faculty was not found on records made available to Audit.

The Management stated (May 2023) that the Work Norm Incentive for faculty members had been introduced after due approval of the Board of Management. The Institute was following pay scales of Indian Institutes of Management for its faculty and the faculty had been repeatedly representing to the Director that Work Norm Incentive Scheme was prevalent in various Management Institutions like Indian Institutes of Management and the same may be implemented in IIFT. It was further stated that the approval of Ministry of Finance, Department of Expenditure was not obtained for implementation of the scheme as this was already prevalent in the Indian Institutes of Management, and IIFT was meeting the expenditure out of its approved budget.

[21] ***University Grants Commission only prescribed that the workload of teachers in full employment should not be less than forty hours a week for thirty working weeks in an academic year. However, no incentive had been prescribed by the Commission.***

The reply needs to be seen in the light of the fact that IIFT is a 'Deemed to be University' and therefore aligning its pay scales with the Indian Institutes of Management was not correct as brought out in para 4.4.6.2. The grant of Work Norm Incentive was in deviation from the rules/regulations prescribed by the UGC for 'Deemed to be University'. Further, since IIFT is an Autonomous Body, the Work Norm Incentive required approval from the Ministry of Finance, Department of Expenditure.

(b) Irregular payment of incentives for Research publications

The Board of Management in its meeting held on 20 December 2017 approved the policy on 'Incentives for Research Publications for faculty members'. As per the approved policy, for each of the Research papers published in the ranked Journals, incentive ranging from ₹25,000 to ₹10 lakh would be paid by IIFT, depending upon the ranking of the Journal.

Audit noticed that payment of Research incentive was in addition to pay and allowances already being paid to the faculty and no such Incentive Scheme had been notified or endorsed by the University Grants Commission for 'Deemed to be Universities'. Further, IIFT had not sought approval for the payment of Research incentive to the faculty from the Ministry of Finance (Department of Expenditure) and its Administrative Ministry. As per the records made available to Audit, since introduction of the Research Incentive Scheme in December 2017 to April 2022, an amount of ₹1.76 crore had been paid by IIFT as Research incentives, which was irregular.

The Management stated that in order to encourage the faculty and motivate them for quality research at the Institute, the policy of Incentive for Research publication was implemented in IIFT with the approval of Board of Management. It was further stated that the approval and implementation of the scheme was in consonance with the schemes already prevalent in the Indian Institutes of Management, and IIFT was meeting the expenditure out of its own funds without any dependence on budgetary support from the Government of India.

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

a) Unlike the Indian Institutes of Management, IIFT was not among the Centrally Funded Technical Institutes. As such, introduction of an Incentive Policy in consonance with the Indian Institutes of Management was not in order.

b) Meeting the expenditure out of its own funds does not obviate the requirement of obtaining approval from the Ministry of Finance/Administrative Ministry for granting of an incentive in addition to the pay and allowances.

While agreeing with the audit observations, the Department of Commerce directed (September 2023) IIFT to constitute a Committee to examine the matter and recommend suitable action such as discontinuation of Incentive scheme, to advise with respect to recovery of excess payment made, to fix responsibility and accountability and to advise on seeking necessary approvals from concerned authorities. IIFT was also directed that being an Autonomous Body, payment of any additional incentives without any statutory provisions or without approval of Department of Expenditure and Administrative Department is irregular and it cannot be alleviated on the basis that such expenditure was met out of its own funds without dependency on budgetary support from the Government of India.

In compliance, IIFT stated (October 2023) that a Committee had been formed on 26 September 2023 with composition of external experts, member from Department of Commerce and University Grants Commission to examine the matter. Final decision would be taken after submission of Report by the Committee and subsequent approval from Department of Commerce/Department of Expenditure.

4.4.6.4 Investment of surplus funds in inadmissible avenues

The Ministry of Finance, Department of Expenditure vide its office memorandum dated 15 January 2008 advised all the Departments/Ministries that the practice of inviting competitive bids for bulk deposits should be discontinued forthwith.

IIFT had been following the provisions contained in Sections 11 of the Income Tax Act, 1961 for investing its surplus funds. Section 11 (5) of the Act specified the forms and modes of investing surplus funds out of Income from property held for charitable or religious purposes. An Investment Committee [22] had been formed by IIFT for making recommendations regarding investment of surplus funds. On the basis of scrutiny of interest rates of different investment options, the Investment Committee recommended the Management about the avenues in which the investments could be made.

Audit noticed that IIFT invested surplus funds amounting to ₹28 crore in May 2019, ₹53.77 crore in October 2019 and ₹17.92 crore in November 2019 based on the recommendations of the Investment Committee and approval by the competent authority. However, investments to the extent of ₹36 crore were made in fixed deposits of private companies which were not in accordance with the prescribed modes of investment as per Section 11(5) of the Income Tax Act, 1961. On the advice of its Income Tax Consultant that there was a direct risk of income from such investments being denied any exemption for the Assessment year 2020-21, IIFT decided to prematurely close all the fixed deposits invested in private companies and reinvest the amount in other suitable instruments as per Section 11(5) of the Act. As a result, there was an avoidable loss of interest to the extent of ₹1.42 crore[23] due to premature closure of fixed deposits.

Audit also noticed that in contravention of the instructions of the Ministry of Finance, IIFT regularly invited competitive bids for investing surplus funds. The latest such Expression of Interest was invited by IIFT in February 2022.

Thus, the Investment Committee failed to secure the financial interests of IIFT as it had suggested IIFT to invest in such avenues, the income from which was not eligible for exemption under the Income Tax Act, 1961.

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[22] ***On being inquired by Audit, it was informed (February 2024) by IIFT that no details of approved terms of reference of the Investment Committee were available in their records.***

[23] ***Calculated as the difference between the amount of interest received up to the date of pre-mature closure of deposits and the amount of interest that would have been earned up to the same date if the funds had been invested in the prescribed mode of investment as per Section 11(5) of the Income Tax Act, 1961.***

The Management stated (May 2023) that the mistake was inadvertent, and the Investment Committee had been reconstituted with inclusion of two external experts, one being a Chartered Accountant. The investment of surplus funds was guided by the office memorandum dated 8 May 2017 issued by the Department of Public Enterprises as per which the CPSEs may obtain competitive quotations from banks. The investment was made in good faith to earn more interest.

The reply needs to be viewed in the light of the fact that the office memorandum dated 8 May 2017 of the Department of Public Enterprises was applicable to the Central Public Sector Enterprises and not for Central Autonomous Bodies. Further, calling of quotations from banks was against the instructions issued (15 January 2008) by the Ministry of Finance, Department of Expenditure.

The Department of Commerce directed (September 2023) IIFT to include external experts in the Investment Committee, conversant with the matters/policies related to permissible investment instruments so as to safeguard the financial interest of IIFT.

4.4.6.5 Irregular/unauthorised payments to employees

(a) Irregular payment of Personal Pay

As per Fundamental Rule 9(23), Personal Pay means additional pay granted to a Government Servant – (i) to save him from a loss of Substantive Pay in respect of a permanent post other than a tenure post due to a revision of pay or to any reduction of such Substantive Pay otherwise than as a disciplinary measure, (ii) in exceptional circumstances, on other personal considerations.

According to Government of India orders issued under Fundamental Rule 9(23), in case of grant of Personal Pay on other personal considerations, reference to the Ministry of Finance through the Administrative Department was necessary.

Audit noticed that during the years 2016-17 to 2023-24 (till 30 September 2023), three employees of IIFT received Personal Pay aggregating to ₹36.67 lakh. No justification was found on the record for granting Personal Pay to these employees. In the absence of approval from the Ministry of Finance, the payment of ₹36.67 lakh as Personal Pay is irregular.

The Management stated (May 2023) that the three employees were handling the charge of Warden/Assistant Warden in the Institute and were being provided accommodation in the campus and hence not eligible for house rent allowance. Therefore, they were being compensated with an allowance equivalent to 50 *per cent* of house rent allowance in the form of Personal Pay, owing to non-availability of entitlement-based staff quarters. It was further stated that the amount was not exactly Personal Pay but rather an honorarium for discharging additional administrative duties over and above their assignments.

The reply may be seen in the light of following facts:

a) No such provision exists for compensation equivalent to 50 *per cent* of house rent allowance in case of non-availability of entitlement-based accommodation.

b) The assertion that the Personal Pay granted was rather an honorarium was not supported by any suitable orders of Government of India in this regard.

c) Personal Pay was granted without the approval of Ministry of Finance as required under the Fundamental Rules.

While agreeing with the audit observation, the Department of Commerce directed (September 2023) IIFT to discontinue the Personal Pay with immediate effect and explore other forms of admissible allowances/extra work allowance or any similar entitlement applicable for performing additional duties strictly in line with the orders/guidelines of the Government of India. IIFT was further directed that such additional allowance proposed shall be approved by the Administrative Department/Department of Expenditure.

In compliance, IIFT stated (October 2023) that the Personal Pay had been discontinued with effect from September 2023 *vide* office order dated 25 September 2023. A proposal was under process for submission to the Department of Commerce to suitably compensate the hostel wardens.

(b) Irregular payment of ad-hoc Bonus to the employees

The Ministry of Finance, Department of Expenditure issued office memorandum for grant of Non-Productivity Linked Bonus (ad-hoc Bonus) to Central Government Employees in Group 'C', 'D' and all non-gazetted employees in Group 'B' annually. Orders for the grant of ad-hoc Bonus to the employees of Autonomous Bodies funded by the Central Government were issued separately.

Audit noticed that while the office memorandum for the grant of ad-hoc Bonus to Central Government employees was issued every year, including for the period from 2015-16 to 2021-22, the order for extension of grant of ad-hoc Bonus to the employees of Autonomous Bodies was issued only up to the year 2014-15 and thereafter no such order was issued by the Ministry of Finance. Despite this, IIFT paid ad-hoc Bonus amounting to ₹32.46 lakh to its employees during the period 2015-16 to 2021-22.

The Management stated (June 2023) that IIFT had adopted the instructions/orders of the Government of India in toto, as also the pay and allowances and incorporated this in its Bye-laws. IIFT further stated that the expenditure was met from its own resources.

The reply needs to be viewed in light of the fact that the orders of Ministry of Finance, based on which ad-hoc Bonus was granted by IIFT, had not been extended to Autonomous Bodies. Hence, the concurrence of the Ministry of Finance and the Administrative Ministry was required.

While agreeing with the audit observations, the Department of Commerce directed (September 2023) IIFT to discontinue payment of ad-hoc Bonus and furnish a proposal for seeking advice of the Department of Expenditure on admissibility of ad-hoc bonus to employees of Autonomous Bodies and recovery of ad-hoc Bonus already paid.

In compliance, IIFT stated (October 2023) that a proposal was under process for seeking approval from the Administrative Department for payment of ad-hoc Bonus in future and the same has been stopped until such approval.

(c) Violation of instructions regarding grant of lump-sum incentive in place of advance increments

The Department of Personnel and Training (DoPT), *vide* office memorandum dated 28 June 1993 regarding payment of incentive for acquiring fresh higher qualifications, advised all the Ministries/Departments of the Government of India that from the financial year 1993-94, the system of giving advance increments shall be replaced by grant of lump sum amount as incentive. All the Ministries/Departments were requested to review the existing schemes in the light of the aforesaid guidelines (June 1993) of DoPT. The matter was further clarified and standardised scales of lump-sum incentives were issued by DoPT *vide* office memorandum dated 31 January 1995.

The instructions were reiterated by DoPT *vide* office memorandum dated 9 April 1999 along with the list of qualifications which would merit grant of lump-sum incentive and the amount of lump-sum incentive (ranging from ₹2,000 to ₹10,000) applicable for each qualification. The office memorandum also provided that the acquisition of the qualification should be directly related to the functions of the post held by a Government servant or to the functions to be performed by him/her in the next higher post. The rates of lump-sum incentives were revised by the Government and communicated by DoPT *vide* office memorandum dated 15 March 2019.

Audit noticed that the Board of Management of IIFT approved (May 2004) the rules regarding sponsorship of IIFT employees for professional courses and grant of advance increments on acquiring special qualifications, and issued an office order dated 5 July 2004 notifying these Rules. Post notification of the Rules, employees of the IIFT were granted advance increments. Despite the instructions regarding award of lump-sum incentive in place of advance increments, IIFT notified the scheme of award of advance increments and the scheme was never reviewed in order to align it with the instructions of DoPT in this regard. During test check of records, payment of advance increments of ₹10.57 lakh was noticed in case of five employees.

The Management stated (June 2023) that lump-sum incentive scheme of the Government of India could not be implemented in IIFT in time and the Institute had continued with the provisions of its Bye-laws. It was further stated that the matter regarding grant of lump-sum incentive was under process and the same would be implemented soon after the approval of the Board of Management.

While agreeing with the audit observations, the Department of Commerce directed (September 2023) IIFT to initiate recovery to the extent of difference of actual entitlement and irregular payment made in order to restrict the benefits in line with the instructions of DoPT.

In compliance, IIFT stated (October 2023) that advance increments, wherever given, had been re-fixed. Recovery order had already been issued and recovery had been effected from September 2023.

4.4.6.6 Non-inclusion of restrictive clauses in the Rules and Bye-laws

The Ministry of Finance issued an office memorandum dated 15 October 1984 regarding financial powers of Autonomous Bodies wherein it was stated that the Rules and Bye-laws of Autonomous Bodies which are fully or partly funded by the Government of India should invariably incorporate restrictive clauses relating to the powers of the Governing Bodies of such organisations in matters of creation of posts, revision of pay and allowances of their staff and similar establishment expenditure and provide for prior approval of the Central Government in specific cases. Further, a clause may be incorporated by the Ministries/Departments in the relevant Rules/Bye-laws/Regulations of the Autonomous Bodies that proposals relating to employment structure i.e. adoption of pay scales, allowances and revision thereof and creation of posts above a specified pay level would need the prior approval of the Government of India in consultation with the Ministry of Finance, Department of Expenditure.

Review of the Rules and Bye-laws of IIFT revealed that they did not contain any restrictive clauses regarding creation of posts. Further, necessary amendments in the Rules/Bye-laws/Regulations relating to employment structure were not made.

The Department of Commerce directed (September 2023) IIFT to:

(i) Amend/update the Recruitment Rules of all teaching and non-teaching posts strictly in line with model Recruitment Rules issued by the University Grants Commission/DoPT for recommendation of the Board of Management of IIFT and approval of Department of Commerce.

(ii) Amend/update the Service Rules applicable for both teaching and non-teaching staff for recommendation of the Board of Management of IIFT and approval of Department of Commerce.

(iii) Amend/update the Memorandum of Association of the Institute strictly in line with the latest Regulations of the University Grants Commission for recommendation of the Board of Management of IIFT and approval of Department of Commerce.

(iv) Propose incorporation of restrictive clauses in the Rules/Bye-Laws/Regulations of IIFT.

In compliance, IIFT stated (October 2023) that recently University Grants Commission had notified (June 2023) Deemed to be University Regulations, 2023. The revision of the Memorandum of Association was under process and the restrictive clauses would be duly incorporated in it.

Effect of non-inclusion of restrictive clauses in the Rules and Bye-laws:

Non-inclusion of restrictive provisions in the Rules/Bye-laws/Regulations resulted in following irregularities:

(a) Irregular creation of posts

The Department of Expenditure *vide* office memorandum dated 12 April 2017 instructed that all powers with respect to creation of posts delegated under Delegation of Financial Power Rules stand withdrawn and only the Finance Minister (for below Joint Secretary level posts) and the Cabinet (for Joint Secretary and above level posts) would be the Competent Authority for creation of posts.

The Board of Management of IIFT, in its 44th meeting held on 4 August 2020, approved creation of posts of one Finance Officer, one Assistant Registrar (Official Language) and 14 posts of Assistant Professors in lieu of 14 posts[24] of Consultants. The sanctioned strength for the post of Assistant Professor increased to 30 after the creation of 14 additional posts.

Audit noticed that all the created posts fall under Group 'A' category and therefore the Finance Minister, and not the Board of Management of IIFT, was the competent authority for creation of these posts in terms of the instructions *ibid* of the Department of Expenditure. Further, increase of sanctioned strength for Assistant Professors from 16 to 30 was irregular in the absence of approval of the competent authority. The Men-in-Position of Assistant Professors increased from 12 in 2019-20 to 15 in 2020-21 and further to 20 in 2021-22. Therefore, the appointment of four Assistant Professors over the authorised sanctioned strength of 16 was also irregular.

The Management stated (May 2023) that the approval from the Ministry of Finance for creation of one post of Finance Officer had been received on 24 March 2023. Also, 14 posts of Assistant Professors were created (in lieu of 14 posts of Consultants) by the Board of Management, and as per the University Grants Commission (Institutions Deemed to be Universities) Regulations, 2019, the Board of Management shall be the final decision-making body of the Institute in respect of every matter of the Institution.

The reply needs to be viewed in light of the fact that IIFT is primarily an Autonomous Body under the Department of Commerce. As such, creation of posts without approval of Finance Minister was irregular as it was in contravention to the instructions of the Department of Expenditure. Further, as the post of Consultant was a contractual (ad-hoc) post whereas the post of Assistant Professor was a regular post, conversion of 14 posts of Consultants into 14 posts of Assistant Professors amounted to creation of posts which also required approval of the Finance Minister.

The Department of Commerce directed (September 2023) IIFT to submit proposal for seeking ex-post facto approval of Department of Expenditure for irregular creation of one post of Assistant Registrar (Official Language) and 14 posts of Assistant Professors. IIFT was also directed to amend the Recruitment Rules suitably for the post where the number of posts was in excess of sanctioned strength. Further, IIFT was directed to adhere to the directions of Ministry of Finance strictly on creation of posts.

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[24] ***Consultant is a contractual, ad-hoc and tenure-based post. IIFT appointed 14 consultants on contract basis. While there was no sanctioned post for contractual, tenure-based Consultants, these 14 posts of Consultants were approved by the Board of Management of IIFT in 1998 (10 posts) and 2008 (4 posts).***

IIFT stated (October 2023) that a proposal for ex-post facto approval for creation of 14 posts of Assistant Professors would be sent to Department of Commerce/Department of Expenditure to regularise the matter. Further, as regards creation of one post of Assistant Registrar (Official Language), a proposal would be submitted to the Department of Commerce for seeking approval of the Department of Expenditure.

(b) Irregularity in appointment of Registrar and other irregularities

The Registrar joined IIFT on 22 October 2014 in the pay scale of ₹37,400 - ₹67,000 with Grade Pay of ₹8,900. Recruitment Rules in force during the year 2014 provided that the Registrar would hold the post till he/she attains the age of 62 years. The Recruitment Rules were revised in August 2020 and the new Recruitment Rules stated that the Registrar would hold the post for a tenure of 5 years. Through the new Recruitment Rules, the post was upgraded and placed in Level 14 (as per the 7th Pay Commission matrix).

In this regard, Audit noticed the following:

(i) Irregularities in appointment of Registrar

As per the earlier Recruitment Rules in force at the time of appointment of Registrar in 2014, an essential qualification for the post of Registrar was that the candidate must possess 14 years' experience in suitable administrative capacity in a government/semi-government industry or trade or educational or semi-educational institution of which 3 years must be in the grade of ₹14,300-400-18,300 (pre-revised). This is equivalent to 6th Pay Commission pay grade of ₹37,400-67,000 with Grade Pay of ₹8,700. Audit noted that the Registrar appointed in October 2014 had served in the pay scale of ₹37,400-67,000 with Grade Pay of ₹8,000 and thus did not fulfil the eligibility criteria.

The Management stated (June 2023) that for ascertaining the eligibility of two candidates, the Selection Committee worked out the gross salary being drawn by the two officers at that point of time. The recommendation of the Selection Committee was placed before the Board of Management and was duly approved by the Board in its 30th meeting held on 19 September 2014. There was no relaxation in the eligibility condition for the Registrar.

The reply needs to be viewed in the light of fact that the Recruitment Rules then in force provided an objective criterion for the candidates eligible for applying for the post of Registrar and the same was not relaxed. Thus, making the selection on the basis of gross salary being drawn by candidate was not in order.

(ii) Irregular upgradation of the post

New Recruitment Rules for IIFT were notified in August 2020. As per the earlier Recruitment Rules, the post of Registrar was in Pay Band ₹37,400-67,000 *plus* Grade Pay of ₹8,900, equivalent to Level 13A of 7th Central Pay Commission. The new Recruitment Rules upgraded the post to Level 14. As upgradation of the post from Level 13A to Level 14 is equivalent to creation of post, it should have been approved by the Cabinet as per Department of Expenditure office memorandum dated 12 April 2017. Thus, upgradation of the post without the approval of the Cabinet was irregular.

The Management stated (May/June 2023) that:

a) The upgradation of post from Level 13A to Level 14 is not equivalent to creation of post as the post of Registrar already existed at Level-14 and the earlier Registrar had drawn pay and allowances equivalent to Level 14 of 7th Central Pay Commission. Further, the advertisement for the post also mentioned that candidate appointed as Registrar will be paid pay and allowances in Level 14 of 7th Central Pay Commission.

b) As per Recruitment Rules in vogue in 2013-14, the post of Registrar was carrying a Grade Pay of ₹8,900. However, the Board of Management in its 21st meeting held on 20 December 2011 approved the Grade Pay of ₹10,000 for the post of Registrar to those incumbents who were fulfilling the qualifications prescribed by the University Grants Commission.

c) Pay Scale was upgraded in line with the Regulations laid down by the University Grants Commission.

d) As per notification issued by the University Grants Commission (Institutions Deemed to be Universities) Regulations, 2019, the Board of Management shall be the principal organ of management and the apex executive body of the Institution deemed to be University, with powers to make rules of the Institution Deemed to be University.

The reply needs to be viewed in the light of the facts that:

- At the time of advertisement for appointment of Registrar, the post was in Pay Band ₹37,400-67,000 plus Grade Pay of ₹8,900 as per the Recruitment Rules in force at that time.
- The contention of Management that upgradation of post is not equivalent to creation of post does not hold ground in view of the Department of Expenditure, Ministry of Finance Office Memorandum dated 10 October 2023 wherein it was categorically stated that upgradation of post involves creation of post at a level higher than the level in which the post stands sanctioned and therefore no post could be upgraded in an Autonomous Body except with the prior approval of Department of Expenditure. The fact that the upgradation of post is equivalent to creation of post was reiterated in the Department of Expenditure's Office Memorandum dated 4 January 2024.

(iii) Irregular extension of tenure of Registrar

As per the new Recruitment Rules, the maximum tenure prescribed for the posts of Registrar was five years. When the Rules were notified in August 2020, the Registrar had already completed a tenure of five years. However, the Registrar was placed in Level 14 from August 2020 and was given extensions till attaining the age of 62 years as per the old Recruitment Rules. No justification was found in the records for extension of tenure of the Registrar.

The Management stated (June 2023) that the new Recruitment Rules nowhere specified that these would be applicable retrospectively and hence the incumbent Registrar could continue to hold the post till he attains the age of superannuation, i.e. 62 years, as per the old Recruitment Rules.

The reply is not acceptable as the new Recruitment Rules only prescribed a tenure of five years for the Registrar and did not prescribe any retirement age. The reply is silent about the reasons for deviation from maximum prescribed tenure of five years for the post of Registrar.

The Department of Commerce advised (September 2023) IIFT that the matter relating to irregularity in appointment of Registrar and other irregularities pointed out by Audit is under active consideration of Vigilance Section of the Department and appropriate directions/actions to be taken shall be issued separately on the basis of outcome of Vigilance case and advice given by Vigilance Section. IIFT was further directed to take a view in the matter to ratify the irregular upgradation of the post and irregular extension of tenure of the Registrar.

4.4.6.7 Irregular extension of facilities to Director, IIFT

The Director, IIFT was appointed (August 2017) at a pay of ₹75,000 (fixed) plus allowances along with special allowance of ₹5,000 per month for five years on deputation basis.

Further, the following facilities had been provided to the Director by IIFT:

- Citing the Ordinances Governing Academics and Administrative Matters approved by the Department of Higher Education, Ministry of Human Resource Development, the Director was provided with water, power and rent-free furnished residential accommodation.
- The Director, IIFT occupied the residence provided by his previous employer *viz.*, Jawaharlal Nehru University (JNU) till 19 July 2019. IIFT paid the market rent (at the rate of ₹39,089 per month) for two months (November and December 2018) and double the market rent (at the rate of ₹78,178 per month) since January 2019 to JNU. After July 2019, the Director, IIFT started residing in accommodation provided by IIFT in its campus.
- Citing reference to the Rules of JNU under which Vice Chancellor of JNU was entitled to 50 *per cent* reimbursement of electricity charges, 50 *per cent* of amount of the electricity bills for the period August 2017 to July 2019 was borne by IIFT. After occupying the accommodation in the IIFT campus, Director, IIFT was given the facility of free electricity and water supply, the cost of which was being borne by IIFT fully since then.

In this regard, Audit noticed the following:

(a) Irregular grant of Transport Allowance

As per Department of Expenditure's office memorandum dated 7 July 2017 regarding implementation of the recommendations of 7th Central Pay Commission relating to grant of Transport Allowance to Central Government employees, officers drawing pay in Levels 14 and above in the Pay Matrix, who are entitled to the use of official car, shall be given the option to avail the official car facility or to draw Transport Allowance at the rates of ₹15,750/- per month plus Dearness Allowance thereon.

The Director, IIFT had been allotted an official car. Audit noticed that he had also been paid Transport Allowance which was irregular as he had been availing the facility of official car.

The Management stated (June 2023) that Director had never used the official car for commutation between place of work and residence. Hence, Transport Allowance was admissible to him.

The response of Management is contradictory to the records furnished by IIFT, which clearly indicated that the Director was using the official car for commuting between place of work and residence and hence he was not entitled for Transport Allowance.

(b) Irregular grant of market rent for accommodation occupied by Director

The market rent of accommodation occupied by Director, IIFT in JNU was borne by IIFT which was not in order as no such rule existed for reimbursement of market rent for accommodation of the Director, IIFT. During the period August 2017 to July 2019, IIFT incurred an expenditure of ₹5.95 lakh on payment of market rent for accommodation occupied by Director, IIFT in JNU. The expenditure incurred was irregular as no approval was sought/taken from the Department of Commerce.

The Management stated (May 2023) that the earlier Director of IIFT was also paid market license fee from September 2012 to November 2016 and as a precedence the same benefit was extended to the incumbent Director also.

The reply is not tenable since in the event of non-provision of accommodation by IIFT, the Director was entitled for house rent allowance at prevalent rate and not the reimbursement of market rent. Further, any erroneous past practices existing in the Institute could not be considered as the basis for continuation of inadmissible allowances.

(c) Irregular payment of 50 *per cent* of electricity bills

During the period August 2017 to July 2019, IIFT incurred an expenditure of ₹1.27 lakh on payment of 50 *per cent* of electricity bills for Director's residential premises. No approval in this regard was sought/taken from the Department of Commerce and hence the above expenditure was irregular.

The Management stated (June 2023) that the entitlement of 50 *per cent* of electricity bills had been extended to Director, IIFT in line with the entitlement of Vice Chancellor of JNU. It was further stated that as the Vice Chancellor of JNU draws same pay level as that of Director, IIFT hence the posts are alike, as also the perquisites and allowances.

The reply needs to be viewed in the light of the fact that comparision of perks and allowances of Director, IIFT with that of Vice Chancellor of JNU which is a Central University was not in order, as IIFT besides being a Deemed to be University was also an

Autonomous Body under the Department of Commerce. Further, the Board of Management of IIFT was not the competent authority to decide and extend any new allowances to the Director of the Institute. The facility extended to the Director required approval from the Department of Commerce.

The Department of Commerce directed (September 2023) IIFT:

(i) to discontinue any inadmissible benefits or emoluments, allowances or perks over and above the admissible entitlement, currently extended to Director, IIFT, and to fix responsibility and accountability for such irregular payments made and to explore the possibility of recovering such irregular amount.

(ii) to note that erroneous past practices existing in the organisation cannot be considered as the basis for grant of inadmissible allowance. Advice/approval of Administrative Department should be obtained as and when required.

(iii) to note that the Board of Management of IIFT is not the competent authority to decide and extend new pay and allowances to the Director of the Institute without approval of the Department of Commerce.

IIFT stated (October 2023) that the Director to whom the facilities pointed out were provided had retired from service. As of now, no such facility was availed by the present Director and no such facility would be provided to the Director without the approval of Administrative Department.

4.4.7 Conclusion

Audit of the Indian Institute of Foreign Trade for the period 2012-13 to 2021-22 revealed inordinate delay in construction of its Maidangarhi campus due to which the ground rent of ₹5.32 crore paid by IIFT became unfruitful, apart from the cost of land (₹26.62 crore).

The Institute, apart from being a 'Deemed to be University', is an Autonomous Body under the Ministry of Commerce and Industry and is, therefore, governed by the extant rules prescribed by the Government of India for the Autonomous Bodies. Audit, however, noticed several irregularities in the functioning of the Institute. It was noticed that the Institute aligned the pay scales of its faculty with the pay scales of Centrally Funded Technical Institutes in contravention of the notification issued by the Ministry of Human Resource Development (now Ministry of Education), without the approval of Ministry of Finance or the Administrative Ministry. Further, the Institute paid incentives to its staff under Work Norm Scheme and for research publications without approval from the Ministry of Finance/Administrative Ministry, even though no such Incentive Schemes had been notified or endorsed by the University Grants Commission for 'Deemed to be Universities'. The Institute also made irregular payments of ad-hoc Bonus to its employees without the concurrence of the Ministry of Finance/Administrative Ministry. In contravention of orders issued by the Department of Personnel and Training from time to time, the Institute granted advance increments to its employees on acquiring special qualifications instead of lump-sum incentives.

Audit further noticed that the Institute invested its surplus funds in the Fixed Deposit Receipts of private companies against its policy of investment of surplus funds in accordance with the provisions of the Income Tax Act, 1961. Consequently, it had to go for premature closure of fixed deposits owing to the ineligibility of income from such investments from income tax exemption. This resulted in loss of interest of ₹1.42 crore.

The Institute also did not ensure compliance with the Recruitment Rules notified in August 2020 regarding eligibility criteria for appointment to the post of Registrar, upgradation of the post, and extension of the tenure of Registrar. Further, the Institute also extended facilities of Transport Allowance (despite having an official car facility), market rent for accommodation and reimbursement of 50 *per cent* of electricity bills to the Director without any approval from the Administrative Ministry.

Footwear Design and Development Institute

4.5 Establishment and functioning of Footwear Design and Development Institute, Ankleshwar

4.5.1 Introduction

Footwear Design & Development Institute (FDDI) was established in 1986 (registered under The Societies Registration Act, 1860), under the aegis of Ministry of Commerce & Industry, Government of India with major objectives to develop Human Resources, to provide and develop appropriate infrastructure for the Indian footwear industry and to particularly promote the growth of export quality footwear and allied products from the country. FDDI has been granted the status of "Institution of National Importance" by enactment of FDDI Act in 2017.

FDDI-Ankleshwar Campus:

Ankleshwar Campus is one of the 12 campuses of FDDI in the country where academic session commenced from the year 2017-18. The campus is spread over 10 acres land allotted by Gujarat Industrial Development Corporation (GIDC) with state-of-art housing and buildings.

Ankleshwar campus is currently running two bachelor degree programmes namely B.Des. (Footwear Design & Production) and B.Des. (Fashion Design) of four years duration. The admissions for these programmes are done based on rank secured in an All-India Selection Test (AIST) held at different centres across India.

4.5.2 Scope of Audit

The scope of Audit was to cover the establishment, academic activities and utilisation of assets at FDDI Ankleshwar for the period up to March 2024 since inception.

4.5.3 Audit Findings

Audit findings are discussed in succeeding paragraphs:

4.5.3.1 Establishment of an additional FDDI campus at Ankleshwar

The Ministry of Finance approved (October 2013) the establishment of Institutional Facilities under Indian Leather Development Programme (ILDP) and earmarked ₹100 crore for establishment of FDDI in Gujarat.

Accordingly, Detailed Project Report was prepared (January 2014) by FDDI Head Office, Noida for establishment of FDDI in Gujarat. The campus envisaged to cater to the need of academic programmes considering the proposed strength of 800-1,000 students at any time of the year to ensure effective and qualitative delivery of education. Subsequently, the Ministry of Commerce and Industry approved (February 2014) the Detailed Project Report for creation of FDDI, Gujarat. FDDI Campus at Ankleshwar, established at a cost of ₹101.48 crore against sanctioned fund of ₹100 crore, started functioning from 2017-18.

In this connection, Audit observed the following:

A) The status of enrolment in existing campuses of FDDI between academic year 2010-11 and 2013-14 is tabulated as under:

Table 4.4: Status of Enrolment in existing campuses of FDDI

Name of Campus	2010-11	2011-12	2012-13	2013-14
Noida	319	295	423	378
Chennai	44	29	77	88
Chhindwara	15	82	109	72
Fursatganj	229	125	192	163
Jodhpur	0	0	24	90
Kolkata	50	100	133	162
Rohtak	60	106	177	139
Guna	0	0	0	0
Total Enrolment	**717**	**737**	**1,135**	**1,092**
Total Seats available	**NA**	**NA**	**1,820**	**1,680**
***Per cent* of vacant seats**			**38%**	**35%**

***NA – Not available**

Detailed Project Report (DPR) justified the establishment of additional campuses of FDDI based on acute shortage of trained manpower and high demand in related Industry. It could be seen from the above that eight campuses of FDDI were already functioning and shortfalls in enrolment against the available seats were 38 *per cent* and 35 *per cent* in the academic years 2012-13 and 2013-14 respectively. Audit observed that the significant shortfall in enrolment against the available seats in existing FDDI campuses was not considered in the DPR while justifying the feasibility of opening an additional campus. Appropriate consideration of these facts in DPR would have helped the competent authority to take an informed decision before establishment of an additional FDDI campus in Gujarat.

The Management in its response (January 2023) stated that Ankleshwar campus was established for fulfilling the shortage of trained manpower in footwear and allied industry in Gujarat region as a long-term vision. In the initial years, there might be underperformance for the Institute but in the long term, it would definitely meet the target for the purpose for which the campus was established. FDDI also established respective dedicated admission/counselling teams at Head Office and local level for the generation of awareness and interest in courses offered by FDDI to improve the enrolments from the next academic year.

The Ministry, while concurring with the response of the Management, further stated (March 2023) that FDDI has been instructed from time to time to reduce the gap between declared seats and filled up seats, and it is hoped that in the forthcoming session FDDI may achieve the target.

The responses of the Management/Ministry may be seen in light of the fact that the campus commenced activities from 2017 and even after lapse of more than seven years, the admissions have been minimal[25] with 'Nil' admission in academic year 2022-23.

B) Detailed Project Report prepared by FDDI Head Office, Noida focused on the Saurashtra Region of Gujarat considering that leather industry and artisans were located in Saurashtra area[26]. Also, cluster mapping of districts in Saurashtra Region was done considering Gandhinagar and Rajkot as centre point.

Audit noticed that the feasibility of campus in Ankleshwar which was about 380 km away from Rajkot was not even considered while preparing the DPR. It is pertinent to mention that Ankleshwar is a prominent hub for the chemical and pharmaceutical industry. However, it does not have the presence of footwear or leather industry.

FDDI did not assess/analyse the feasibility and viability for selecting Ankleshwar as a location before establishment of the FDDI campus which did not have strong presence of traditional or modern footwear industries. The land in Ankleshwar, Gujarat was already acquired by FDDI on 23 December 2013 i.e., before finalisation of the DPR.

The Management/Ministry did not respond on this aspect.

4.5.3.2 Non-appointment of Executive Director at FDDI, Ankleshwar

Section 18 of FDDI Act, 2017 provided that an Executive Director of each Institute campus was to be appointed by the Central Government for a tenure of five years who would exercise such powers and perform such duties as may be assigned to him by this Act or the Statutes or by the Managing Director. Appointment of Executive Director is necessity of each campus considering scope of work as stipulated in Section 19 of the first Statutes[27] of FDDI, 2018.

FDDI Gujarat Campus was functioning under Executive Director of FDDI Jodhpur Campus with additional charge for the period June 2016 to March 2020, and thereafter the post has been vacant till date (March 2023). The campus is functioning under a Senior Faculty appointed as Center In-charge. Reasons for non-appointment of Executive Director in

[25] ***FDDI Ankleshwar witnessed 13 admissions in 2017-18, 36 in 2018-19, 15 in 2019-20, eight in 2020-21, eight in 2021-22, Nil in 2022-23 and 14 in 2023-24.***

[26] ***Saurashtra region is a part of State of Gujarat and located between eastern Gujarat and Kutch. It comprises 11 districts in south west part of the State including Rajkot.***

[27] ***Statutes are Rules framed to implement the FDDI Act, 2017.***

Ankleshwar campus for the last 48 months and methodology/procedure for appointment of Executive Director/Principal was not provided to Audit.

Management/Ministry in its response (January 2023/March 2023) stated that after enforcement of FDDI Act, 2017, appointment of Executive Director was not done by the Department of Commerce. However, presently the Department for Promotion of Industry and Internal Trade (DPIIT) is in the process for appointment of Executive Directors in all campuses of FDDI.

The fact remains that FDDI, Ankleshwar has been facing challenges on many fronts *viz.*, student enrolment, staff availability, Institute promotion, fund crunch etc. and, despite this, the post of Executive Director at FDDI, Ankleshwar continued to remain vacant since March 2020.

4.5.3.3 Student enrolment at FDDI, Ankleshwar

A) Low admission/enrolment for the courses

The number of seats allotted and actual number of students enrolled in each course in each academic year during 2017-18 and 2023-24 are tabulated hereunder:

Table 4.5: Position of students' intake capacity, admissions and vacant Seats

S. No.	Academic year	Department	Course	Course Duration in years	No. of Seats Allotted	Total No. Students Enrolled	% of vacant seat
1	**2017-18**	Footwear Design & Production	B.SC- DP	3	30	13	57
2	**2018-19**	Footwear Design & Production	B.Des-FDP	4	30	13	57
3		Fashion Design	B.Des- FD	4	30	23	24
4		UG - Retail Management	BBA -RFM	3	30	0	100
5	**2019-20**	Footwear Design & Production	B.Des - FDP	4	60	0	100
6		Fashion Design	B.Des- FD	4	60	15	75
7		UG - Retail Management	BBA-RFM	3	30	0	100
8		PG - Retail Management	MBA-RFM	2	30	0	100
9	**2020-21**	Footwear Design & Production	B.Des - FDP	4	75	0	100
10		Fashion Design	B.Des - FD	4	75	8	89
11	**2021-22**	Footwear Design & Production	B.Des - FDP	4	75	0	100
12		Fashion Design	B.Des - FD	4	60	8	87
13	**2022-23**	Foundation-Footwear Design & Production	B.Des - FDP	4	60	0	100
14		Foundation - Fashion Design	B.Des - FD	4	60	0	100
15	**2023-24**	Foundation-Footwear Design & Production	B.Des - FDP	4	60	7	88
16		Foundation - Fashion Design	B.Des - FD	4	60	7	88
				Total	**825**	**94**	**89**

(**B.Des-** Bachelor of Design; **FD-** Fashion Design; **FDP-** Footwear Design & Production; **RFM-** Retail & Fashion Merchandise)

From the above table, Audit noticed the following:

(i) During the last seven academic years, only 94 students sought admission against the availability of 825 seats resulting in 89 *per cent* vacant seats. Further, infrastructure of FDDI, Ankleshwar was established with a handling capacity of 800-1,000 students to be trained in various disciplines at a time. However, the Institute was operational with a maximum of 64 students only (eight *per cent* of full operational capacity) till the year 2019-20 which indicated low enrolment and consequential underutilisation of the campus capacity.

(ii) For the Footwear Design & Production course, 30 seats were allotted for academic year 2017-18 and 2018-19 against which 13 students were enrolled for each said academic year i.e., 57 *per cent* of total allotted seats for the respective academic year were vacant. Further, the number of allotted seats increased to 60 in 2019-20 and 75 in 2020-21 and 2021-22. However, because of zero enrolment, 100 *per cent* of allotted seats remained vacant in the years 2019-20, 2020-21, 2021-22 and 2022-23. Further, 60 seats were allotted for academic year 2023-24 against which 7 students were enrolled i.e, 88 *per cent* of total allotted seats were vacant.

(iii) For the Fashion Design course, the Institute got reasonably good response in 2018-19 when 76 *per cent* allotted seats were filled up. However, enrolment showed a downward trend from 2019-20 to 2023-24 where percentage of vacant seats increased from 75 to 100 *per cent* with zero enrolment in the year 2022-23.

(iv) FDDI, Ankleshwar also offered Retail Fashion Management programmes (BBA and MBA) in 2018-19 and 2019-20. However, enrolment was zero during both the years.

(v) During the current academic year 2023-24, only 30 students (including all batches for all programmes) are studying in FDDI, Ankleshwar which is less than four *per cent* of the operational capacity.

The above facts indicate poor response for programmes offered by FDDI, Ankleshwar.

The Management in its response (January 2023) stated that FDDI had established respective dedicated admission/counselling teams at HO and local level for generation of awareness and interest in courses offered by FDDI to improve the enrolments from the next academic year. In addition, special emphasis has been laid to encourage students from the reserved category to apply under scholarship schemes from Central and various State Governments. FDDI also noted that a decrease in financial capability of parents observed post pandemic could be attributed to the low enrolments in the current years. Further, FDDI is strategising to increase enrolment through awareness campaigns in schools/education fairs and branding activities through social media.

The Ministry, while concurring with the response of the Management, further added (March 2023) that DPIIT has instructed FDDI to make efforts in the best possible way to increase the admission intake and to reduce the gap between published seats and filled seats across the campuses.

The response of the Management/Ministry may be seen in light of the fact that during the pre-pandemic period (academic years 2017-18 to 2019-20) also, the vacant seats ranged between 57-92 *per cent*. Further, multiple academic, infrastructure and manpower related weaknesses may impact the image of the FDDI campus which are also required to be considered while devising strategy to enhance the enrolment. Though FDDI, Ankleshwar aspired to attract enrolment of 120 to 150 students every year for Bachelor courses relating to Fashion Design and Footwear Design & Production together, it had only four teaching faculties on contractual basis. The Institute could attract only eight enrolments each during the academic years 2020-21 and 2021-22 and 14 enrollments during the academic year 2023-24 with no enrolments in 2022-23. Thus, the outcome of Institute's strategy to increase enrolment is yet to be visible.

B) Deficiencies in Publicity and promotional activities

Making the students aware about the Institute, its programmes and future scope in the industry is important to promote admissions in the Institute. Any Institute with an infrastructure capacity of 800 to 1,000 students which is facing minimal admission since establishment must have a dedicated admission promotion, marketing/counselling cell and dedicated staff to bring the infrastructure in optimum utilisation stage to justify the capital expenditure and recurring expenses. Audit noticed that FDDI, Ankleshwar has neither established dedicated admission promotion, marketing/counselling cell nor dedicated staff for the same is available. Further, it was also noticed that FDDI, Ankleshwar could not utilise the budget allotted for carrying out the promotional activities for wide publicity of the Institute. The details of budget and actual expenditure on advertisement and publicity for the last seven years are as under:

Table 4.6: Budget and Actual Expenditure on Advertisement and Publicity

Sr. No.	Year	Particulars	Budget (₹ lakh)	Actual (₹ lakh)
1.	2017-18	Advertisement and Publicity (courses and exhibition)	NA	0.23
2.	2018-19	Advertisement and Publicity	9.94	0.78
3.	2019-20	Advertisement and Publicity	7.50	0.52
4.	2020-21	Advertisement and Publicity	4.50	0.23
5.	2021-22	Advertisement and Publicity	3.00	0.89
6.	2022-23	Advertisement and Publicity	3.10	0.50
7.	2023-24	Advertisement and Publicity	1.50	1.26
Total			**29.54**	**4.41**

It could be seen from the table above that the allotment of funds towards advertisement and publicity for FDDI, Ankleshwar was in the range of ₹1.5 lakh to ₹9.94 lakh during the academic years 2017-18 to 2023-24. However, FDDI, Ankleshwar did not utilise this allotted budget in full in any year and the total expenditure during last seven years was only ₹4.41 lakh which is as low as 15 *per cent* of total allotted budget. Reasons for non-utilisation of allotted budget towards promotional activities, public outreach and advertisements for admission were not found on record.

Under-utilisation of budgeted funds for advertising and publicity showed a shortfall in the public outreach activities. Also, Audit did not find any dedicated local admission team in Ankleshwar campus to focus mainly on the admission aspect to improve the enrolment of students in the Institute and observed that the teaching staff themselves were involved in academic as well as managerial and public relation related activities.

The Management/Ministry did not respond to this aspect.

4.5.3.4 Insufficient appointment of faculties

The availability of adequate number of qualified teaching faculties is essential for imparting quality training in any technical Institute. The manpower available at FDDI, Ankleshwar is given below:

Table 4.7: Manpower position in FDDI, Ankleshwar as on 31 March 2024

Sr. No.	Name of the Post	Sanctioned Strength	Men in Position	Appointment nature
1.	Teaching staff	17	4	Contractual
2.	Lab assistant	7	3	Contractual
3.	Non-academic staff	20	6	Contractual

It is evident from the table above that FDDI, Ankleshwar was having only four teaching staff against the sanctioned strength of 17 for all the courses taken together and only three lab assistants against sanctioned strength of seven. Further, reasons for non-appointment of teachers/lab assistant/other staff as per sanctioned strength for the years 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 was not found on record.

The Management/Ministry in its response (January 2023/March 2023) stated that the faculties at FDDI Ankleshwar Campus were conducting classes regularly according to their domain specialisations. Guest faculty engaged with FDDI were taking classes from time to time on requirement basis.

The responses of the Management/Ministry may be viewed in light of the fact that absence of regular faculties and engagement of guest faculties just before the commencement of examination to cover the six months courses in the last 15 days resulted in compromise with the quality of education. The response is also silent on non-appointment of lab assistant/other staff as per their sanctioned strength for the years 2017-18 to 2023-24.

4.5.3.5 Under-utilisation of infrastructure

FDDI campus, Gujarat comprises an academic building, hostel building, auditorium, staff quarters and canteen building. The six-storey academic building includes classrooms, lecture halls, faculty rooms, footwear and fashion designing labs, library, Executive Director office and administration office.

In this regard, Audit noticed the following:

- **Classrooms and Labs:** Out of 28 Classrooms available, only four were in use and 24 were vacant due to insufficient number of students. Though the Institute has seven footwear labs, these were under-utilised as the Institute had no admissions in Footwear Courses during the academic years 2019-20 to 2022-23 and enrolment of only seven students in the academic year 2023-24.

- **Hostel and Staff Quarters:** Hostels consisting of 103 rooms to accommodate 291 students have been constructed in campus but the occupancy at any point of time was never more than 20 *per cent*. Presently, only 12 rooms are occupied (nine in girls' hostel/three in boys' hostel) accommodating 15 girls and three boys in respective hostels. Further, 30 staff quarters were constructed in the campus which are occupied merely by 15 staff members resulting in *50 per cent* quarters being vacant as on 31 March 2024.

- **Library:** Library is being managed on ad-hoc arrangement. It was observed that the maintenance, cleanliness and upkeep of library was not up to the mark, resulting in negligible utilisation of library facilities.

- **Auditorium:** An auditorium has been constructed in FDDI campus of Gujarat with seating capacity of 263 people, at a cost of ₹5.98 crore. The auditorium is in dilapidated condition due to improper upkeep and non-utilisation for the purpose it was created.

- **Lab, Machinery and Equipment:** Procured at a cost of ₹11.62 crore for the purpose of providing quality practical training to estimated 800 trainees, these were being utilised to the extent of only 12 *per cent* due to non-availability of prospective candidates. The Institute bus which was procured at a cost of ₹18 lakh is idle in the campus. It has made a total run of only 5,434 kilometres in the last seven years with average running mileage of 776 kilometres per year.

The Management stated (January 2023) that first B.Sc. (Footwear Design & Production) batch passed out in 2020 and First B.Des.(FD) batch passed out in 2022. Till that time the infrastructure like footwear labs, Garment Construction Labs, Library were well utilised. Management further stated that the auditorium was utilised for programmes like Convocation 2020 and Convocation 2021 along with different cultural activities like cultural festivals and presentations. It was also utilised for purposes like school visit of students, Principal and Teachers meet and other promotional activities of FDDI Ankleshwar. The campus is utilising its bus facility for transporting students during student's visits, industrial tour of students and visits to different nearby locations like Surat, Baroda, Daman, Vapi, inside Gujarat State.

The Ministry, while concurring with the response of the Management, further stated (March 2023) that less enrolment of students in campus may be the reason for under/non-utilisation of infrastructure, facilities and equipment costing ₹101.48 crore.

The responses of the Management/Ministry may be viewed in light of the fact that infrastructure was created to cater to the need of academic programmes considering the proposed strength of 800-1,000 students at any time of the year. However, the Institute was operational with a maximum 64 students (eight *per cent* of full operational capacity) in the year 2019-20 and 30 students (four *per cent* of full operational capacity) in the year 2023-24. The average recurring expenditure of ₹1.82 crore per year[28] was also incurred on the maintenance and upkeep of these facilities, equipment and infrastructure.

4.5.3.6 Short-term training programme

As per suggestion received from the Ministry, Governing Council of FDDI approved (December 2018) collaboration with Skill India Programme and use the campuses of FDDI as the same were lying underutilised. In this regard, Audit noticed that no such short-term programme under Skill India Programme was conducted by FDDI, Ankleshwar.

Further, it was also envisaged by FDDI, Ankleshwar to start Industry specific training programme. However, no such programmes/activities have been initiated at FDDI, Ankleshwar Campus so far.

It is important to note that the Government of Gujarat sponsored training programmes on Freeship[29] basis to students of deprived category. Students were getting enrolled in other Institutes empaneled with State Government. However, FDDI, Ankleshwar has not endeavored towards getting empanelled with State Government. This could have enabled FDDI, Ankleshwar to earn revenue to some extent.

The Management/Ministry in its response (January 2023/March 2023/July 2024) stated that short-term programme collaborations have been done with GRIMCO[30] and KVIC[31]. FDDI, Ankleshwar had trained 60 candidates of GRIMCO and one batch of 10 candidates of KVIC. In addition, FDDI stated that it is in discussion with other organisations to run short-term programmes on Ankleshwar campus.

The responses of the Management/Ministry may be viewed in light of the fact that until now, FDDI has trained only 70 candidates under short-term programme during the seven-year period from 2017-18 to 2023-24. Further, response is silent for hitherto non-pursuance with the Government of Gujarat to provide training programmes on Freeship basis to deprived students.

4.5.3.7 Deficiencies in construction work

FDDI, Ankleshwar awarded (3 March 2014) the work for construction and development of FDDI Campus at Ankleshwar (Gujarat) including civil, electrical, plumbing and external development to a private contractor at a cost of ₹67.02 crore with the scheduled completion date as 4 December 2015. However, the construction work was completed with delay on 4 July 2016. Audit noticed the following in this respect:

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[28] ***₹1.57 crore in 2020-21, ₹1.75 crore in 2021-22, ₹2.02 crore in 2022-23 and ₹1.94 crore in 2023-24- Average ₹1.82 crore per year.***

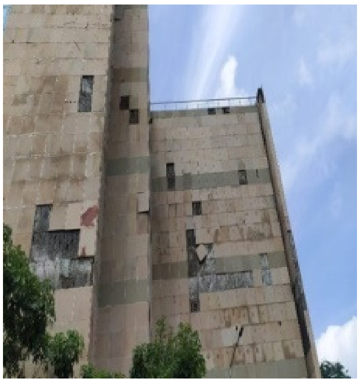
[29] ***'Freeship Card' is a Government of Gujarat scheme for students of SC/ST category to study in self-financed colleges of Gujarat empaneled with Government of Gujarat.***

[30] ***Gujarat Rural Industrial Marketing Corporation.***

[31] ***Khadi and Village Industries Commission.***

A) Civil construction work

Within a month from completion of construction work in August 2016, FDDI, Ankleshwar noticed that stones slabs (stone slabs fixed on exterior of walls of buildings) started falling. Cases of stone slabs falling still continues to recur which is a safety hazard for students and personnel working in the campus. Loose stone slabs on walls were also noticed by Audit during field visit in October-November 2022.



Picture 4.1
Falling stone slabs on walls

Picture 4.2
Incomplete construction

Picture 4.3
Idle classrooms

Various other defects in building construction works of FDDI, Ankleshwar campus include visible gaps formed between the glass frame and wall at many locations, collapsing of false ceilings of various areas such as Auditorium, Lecture Halls, Visual Merchandising Laboratory, ITSC[32] Server Room, Library and Director's Office which had damaged outside/inside areas etc.

Audit noticed that FDDI Head Office, Noida was reported about the defects in the construction work on multiple occasions during the period from August 2016 to June 2020. Being a serious safety issue, FDDI, Ankleshwar requested FDDI Head Office, Noida to resolve the defects to avoid any fatal accident. FDDI, Ankleshwar submitted an estimate of ₹2.35 crore to FDDI Head Office, Noida in January 2019 for repair of defective construction work. Even after lapse of more than five years, no action has been taken towards repair of infrastructure.

The Contract agreement provided for Defect Liability Period of 12 months from the date of completion. Further, the Contract agreement stated that Contract Performance Bank Guarantee (PBG) shall be valid up to 90 days after the end of Defect Liability Period. Accordingly, PBG valuing ₹4.39 crore should have been valid up to 30 September 2017. However, PBG available with FDDI was valid only up to 3 March 2017 and same was released by FDDI on 31 August 2017 despite large number of lapses on the part of contractor in construction work (being noticed since August 2016) in violation of PBG clause in the agreement.

[32] *Information Technology Services Center.*

The Management/Ministry in its response (January 2023/March 2023) stated that the Defect Liability Period of the contract was 12 months from date of completion i.e., up to 3 July 2017 and that the incident of stones falling down of the facade of the building was brought to its notice after this period. PBG was released on 31 August 2017, well after the Defect Liability Period which ended on 3 July 2017. Further, FDDI stated that it has taken up the matter on priority and has scheduled rectification work plan within one month so that no one gets hurt in case of any unfortunate incident of falling stones.

The responses of the Management/Ministry may be viewed in light of the fact that work was completed in July 2016 and within a month FDDI, Ankleshwar noticed (August 2016) that stone slabs started to fall which was promptly reported to FDDI Head Office. Further, the issue was not attended to properly by the contractor as the falling of stones continued to recur even after August 2016 which showed the poor quality of construction. It is evident that multiple incidents were reported starting from August 2016 itself. Hence, there has been deficiency in contract management. The response is also silent on action taken towards repair of infrastructure after estimation of funds.

B) Utilisation of interest earned on sanctioned Grant

Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India sanctioned ₹100 crore for the construction and development of FDDI campus at Ankleshwar, Gujarat. A separate saving account was maintained by FDDI Head Office, Noida and fixed deposit for four months was made with bank for opening of letter of credit for procurement of machines for Ankleshwar Campus. FDDI earned interest of ₹1.65 crore from saving and fixed deposit accounts. As per terms of grant sanction letter, the interest earned on the grant sanctioned was to be adjusted in next grant or to be returned to the sanctioning authority. FDDI, Noida expensed ₹1.65 crore without approval of grant sanctioning authority in violation of Para (xix) of grant sanction letter by utilising ₹1.48 crore in FDDI, Ankleshwar project. Utilisation of balance ₹17 lakh was not found on record.

The Management/Ministry did not respond to this aspect.

4.5.3.8 Students' feedback on services delivered in FDDI, Ankleshwar

A feedback survey of students of FDDI, Ankleshwar was conducted on 11 November 2022 to understand their opinion about the facilities and quality of training in FDDI, Ankleshwar. 27 out of 31 existing students participated in the survey and had given their feedback. The outcome summary of the survey of 27 students is tabulated as under:

Table 4.8: Feedback of existing students in FDDI, Ankleshwar

Points of survey	Number of Student's Grading						Total Students
	Poor	Average	Good	Very Good	Excellent	No comment	
Academic activity (Quality of education and coverage of courses)	8	11	6	1	1	0	**27**

Points of survey	Number of Student's Grading						Total Students
	Poor	Average	Good	Very Good	Excellent	No comment	
Location surrounding atmosphere and health issue	7	12	6	1	1	0	**27**
Safety (building issue)	13	5	7	2	0	0	**27**
Cleanliness (Library, canteen, hostel)	3	19	5	0	0	0	**27**
Quality of Food	5	7	8	0	0	7	**27**
Quality of Library	8	9	9	1	0	0	**27**

As is evident from above table:

➢ More than 70 *per cent* (19 students) respondents graded the academic activities such as quality of education and coverage of courses in the Institute as poor/average. Students responded that there is shortage of faculties and instructors, and six month courses are being covered in 10/15 days just before commencement of exam by guest faculties. Further, faculties do not have adequate expertise/experience in the specific subject, which impacts the quality of education. The industry visits of students are minimal i.e., once a year.

➢ With respect to environment of the location and health of students, 70 *per cent* (19 students) graded poor/average, citing reason of location of the campus in the hub of chemical and pharma industry, which is likely to cause health issues like breathing problem, skin disease, air pollution, bad smell, hair fall, eye problem etc. coupled with lack of medical facilities available in the campus.

➢ 67 *per cent* (18 students) of respondents believe that the infrastructure of the building is not safe for the students.

➢ Regarding library facility, 67 *per cent* (17 students) respondents graded the facility as poor/average with remarks on non-opening of library on regular basis due to absence of librarian and non-availability of books as per courses, magazine/newspapers etc.

➢ 81 *per cent* (22 students) and 60 *per cent* (12 students) respondents graded poor/average with respect to cleanliness of the campus and quality of food respectively, stating that the Institute does not maintain cleanliness in hostel, canteen and library. The quality of food in the canteen was considered poor or average by 44 *per cent* of students.

The Management in response (January 2023) stated that establishment of new campus takes its own time, and the campus will improve after each passing year. Management has also drawn some positive observations (average and above grading by students) from the survey as below:

Point of survey	Average and above Grading
Academic activity	74 %
Environment and Health issue	70 %
Safety	52 %
Cleanliness	89 %
Quality of food	81 %
Quality of Library	70 %

The Ministry, while concurring with the response of Management, further stated (March 2023) that FDDI has been instructed to improve quality of services not only for students but also for employees.

The reply may be viewed in light of the fact that since FDDI is an 'Institute of National Importance', therefore, acceptance of average grading by students cannot be a benchmark for FDDI, Ankleshwar campus. The fact remains that overall, 66 *per cent* of respondents were not satisfied (poor/average) with the various academic and other facilities available at FDDI, Ankleshwar which indicated under performance of the Institute. Further, performance of the Institute in terms of enrolment is having a downward trend with zero enrolment in academic year 2022-23 even after five years of its existence which shows that FDDI, Ankleshwar is not improving with passing years.

4.6 Conclusion

The Management did not conduct detailed feasibility analysis before establishing new campus of FDDI at Ankleshwar, approved in 2013-14, though there was shortfall in enrolment in existing eight campuses in the year 2013-14. Moreover, in Detailed Project Report prepared (January 2014) by FDDI, Head Office, Noida, Saurashtra Region of Gujarat was focused for establishment of new campus considering the existence of leather industry and artisans in that area and accordingly Rajkot and Gandhinagar was identified as center point. However, FDDI Campus was established at Ankleshwar which did not have strong presence of traditional or modern footwear industries.

Further, during last seven academic years, only 94 students sought admission in Ankleshwar Campus against the availability of 825 seats due to deficiencies in publicity and promotional activities, insufficient appointment of faculties/staff, non-appointment of Executive Director etc. and even after approval of Governing Council of FDDI for collaboration with Skill India Programme, few candidates were trained under short-term programme. Consequently, infrastructure created for accommodating 800-1,000 students at Ankleshwar campus valuing ₹101.48 crore was not utilised optimally.

Recommendations:

1. FDDI may conduct detailed feasibility analysis considering the factors like presence of local industry and traditions, market demand, suitability of location, enrolment in existing campuses etc. before establishing new campus in future.

2. Full time Executive Director may be appointed at FDDI, Ankleshwar. Further, student teacher ratio may be set for FDDI and separate academic and managerial staff may be appointed with well-defined duties and responsibilities. A dedicated admission promotional team and strategic plan for Ankleshwar campus may be placed to increase the enrolment of students.

3. FDDI may focus on short-term programmes, diploma courses, industry specific programmes etc. in addition to regular courses for sustainability and optimal utilisation of infrastructure of Ankleshwar campus. FDDI may also evaluate the possibility to utilise the campus infrastructure for other academic courses.

CHAPTER V: MINISTRY OF CORPORATE AFFAIRS

Investor Education and Protection Fund Authority

5.1 Functioning of Investor Education and Protection Fund Authority

5.1.1 Introduction

Investor Education and Protection Fund Authority (IEPFA/Authority) was established by the Government of India on 7 September 2016 under the provisions of Section 125(5) of the Companies Act, 2013 for administration of Investor Education and Protection Fund in accordance with the provisions of the Act. The Fund was established under Section 125(1) of the Act with the main objectives of promoting investor education, awareness and protection and to make refund to the investors in respect of unclaimed dividends, matured deposits, matured debentures and shares which had been transferred to the Fund in terms of the provisions of Section 125(2) and 124(6) of the Act. As on 31 March 2023, a total amount of ₹5,714.51 crore was lying in the Fund.

As per Section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund. For effecting transfer of shares by the Companies to the Authority, two Dematerialised (DEMAT) Accounts had been opened by the Authority with the depositories *viz.,* National Securities Depository Limited and Central Depository Services Limited. As on 31 March 2023, a total of 12,092.35 lakh shares pertaining to 1,185 companies were lying with the Authority.

As per the IEPFA (Appointment of Chairperson and Members, holding of meetings and provision for offices and officers) Rules, 2016, the Authority shall consist of a Chairperson, six members and a Chief Executive Officer. The Secretary, Ministry of Corporate Affairs is the *ex-officio* Chairperson of the Authority. As on 31 March 2023, the Persons-in-position in the Authority was 11 against the sanctioned strength of 29.

5.1.2 Claims settlement process

Rule 7 of the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016 provides the manner for refund of unclaimed amounts and return of unclaimed shares to the investors. The online process of refund to the claimants from the Investor Education and Protection Fund broadly consists of the following steps:

(i) A person may claim the shares or apply for refund by submitting an online application in Form IEPF-5. It shall then be transmitted to the Nodal Officer of the Company.

(ii) The Company shall, within 30 days, send verification report to the Authority.

(iii) After verification, the Authority shall present a bill to the Pay and Accounts Office for e-payment as per the guidelines, for the amount claimed. In respect of shares claimed, the Authority shall issue a refund sanction order and credit the shares to the DEMAT account of the claimant. The Authority shall dispose of the claim within 60 days.

Up to 31 March 2023, IEPFA had approved 37,060 number of claims. Out of these, only 1,433 claims (3.87 *per cent*) were disposed of within the stipulated period of 60 days. As many as 7,420 claims (20.02 *per cent*) were disposed of with a delay of 180 days and the remaining 28,207 claims (76.11 *per cent*) were disposed of with a delay of more than 180 days. Further, out of 56,689 claims rejected up to March 2023, reasons for rejection were not mentioned in the data provided to Audit in 37,199 cases (65.62 *per cent*), and the remaining 19,490 cases (34.38 *per cent*) were rejected on the grounds of rejected verification reports sent by the Company concerned, discrepancies observed in the claim application, and filing of duplicate claims, etc.

5.1.3 Refund of unclaimed amounts and shares

The details of the unclaimed amounts refunded, shares returned to the investors and claim applications settled by the Authority up to 31 March 2023 are as under:

Table 5.1: Refund of unclaimed amounts and shares by IEPFA

Refund of unclaimed amounts	
Total amount lying in Investor Education and Protection Fund as on 31 March 2023	₹5,714.51 crore
Amount refunded by the Authority from 2016-17 to 2022-23	₹39.20 crore (0.68 *per cent*)
Return of shares to investors	
Total number of unclaimed shares with the Authority as on 31 March 2023	12,092.35 lakh
Number of shares returned to investors during 2016-17 to 2022-23	238.83 lakh (1.93 *per cent*)
Disposal of claim applications	
Total number of applications pending as on 1 April 2022	16,418
Number of applications received[33] during the year	37,920
Number of applications where sanction for refunds were made	10,967
Number of applications rejected/closed	34,617
Number of applications pending for disposal as on 31 March 2023	17,236

(Source: Annual Report 2022-23 of IEPFA)

As on 31 March 2023, 17,236 claim applications were pending for disposal by the Authority for want of clarifications/rectified documents and reports from Companies/claimants.

[33] ***This reflects the number of claims where e-Verification Report has been received by IEPFA from the Company concerned during the year. For one claim, more than one e-Verification Report can be received at different intervals of time and in different financial years.***

5.1.4 Scope of Audit

The focus of Audit was on efficacy of the mechanism of refund of claims by the Authority and the effectiveness of activities undertaken by the Authority for promotion of investor education, awareness and protection**.**

5.1.5 Audit Findings

5.1.5.1 Absence of claim settlement mechanism for wound up companies

As per Rule 7 of the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016, any person whose shares, unclaimed dividends etc., have been transferred to the Investor Education and Protection Fund may claim the shares or apply for refund of the unclaimed amounts, as the case may be, by submitting an online application on the website of the Authority. The online application shall be transmitted to the Nodal officer of the Company for verification of claim. Audit, however, noticed that there was no mechanism for refund in case of wound up Companies as the verification from such Companies was not possible. In the absence of such mechanism, shares or unclaimed dividends transferred by the Companies before their winding up could not be claimed by the investors.

The Authority, while noting the audit observation, stated (July 2023) that there was no provision with regard to wound up Companies in the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016.

The Ministry of Corporate Affairs stated (October 2023) that the concerns raised by Audit had been noted for future compliance.

The Authority further stated (July 2024) that the value of shares of companies which had been wound up became nil and the dividend amount did not get settled. Therefore, there was no procedure for settlement of claims of wound up Companies. The dividend amount of wound up Companies lying with IEPFA as on 31 March 2023 was ₹4.30 crore.

Recommendation No. 1

The Authority may devise a suitable mechanism for verification of claims in respect of wound up Companies, so that the investors of such Companies are also able to claim their unclaimed amounts/shares.

5.1.5.2 Mass Media/Awareness Campaign

As per Section 125(3) of the Companies Act, 2013, the Investor Education and Protection Fund may be utilised, *inter alia*, for promotion of investors' education, awareness and protection. The expenditure incurred by the Authority on investors awareness during the last six years from 2017-18 to 2022-23 was as under:

Table 5.2: Expenditure incurred by IEPFA on investor awareness

(₹ in crore)

Year	Expenditure
2017-18	14.85
2018-19	16.99
2019-20	11.09
2020-21	6.37
2021-22	10.47
2022-23	8.46

(Source: Annual Report 2022-23 of IEPFA)

The Authority had been organising investor awareness programmes[34] mostly in collaboration with India Post Payments Bank, a public limited company under the administrative control of Department of Post, Common Services Centres set up by the Ministry of Electronics and Information Technology and Nehru Yuva Kendra Sangathan, an Autonomous Organisation under the Ministry of Youth Affairs and Sports.

During the years 2020-21 to 2022-23, the Authority made a total payment of ₹6.54 crore to India Post Payments Bank (₹1.72 crore), Common Services Centres (₹2.82 crore) and Nehru Yuva Kendra Sangathan (₹2.00 crore). During this period, India Post Payments Bank and Common Services Centres respectively organised 7,327 and 15,000 Investor Awareness Programmes, whereas Nehru Yuva Kendra Sangathan organised 150 Block level orientation programmes. These Investor Awareness Programmes covered around 10.96 lakh citizens.

While acknowledging the steps taken by the Authority for promotion of investor awareness, Audit is of the view that the Investor Awareness Programmes conducted by the Authority were not adequate enough to cover the vast population of investors in India. Further, for mass enlightenment, digital media/electronic media/social media, bulk SMSs, cinema and outdoor advertisements were also necessary but were not being effectively utilised by the Authority to promote investors' education, awareness and protection.

The Authority stated (July 2023) that as per the policy, in order to maintain quality of programme, only 100 people were allowed to attend each investor awareness programme. The Authority had only one office situated at Delhi. However, it had collaborated with various organisations for promoting investor awareness across the country through their presence in urban, semi-urban and rural areas. The Authority further stated that it had successfully conducted three bulk SMS campaigns during the year 2019-20, reaching over

[34] *IEPFA has entered into different agreements with India Post Payments Bank, Common Services Centre and Nehru Yuva Kendra Sangathan for conducting investor awareness programmes. The implementation strategy for conducting the programmes have been spelt out in the respective agreements. Agreement between IEPFA and India Post Payments Bank was effective from 16 January 2020 and is valid for five years. Agreement with Common Services Centre was signed on 12 September 2018 for a period of three years. Agreement with Nehru Yuva Kendra Sangathan was signed on 16 October 2019 and will continue until terminated by either party.*

four crore stakeholders nationwide. However, outdoor campaigns, advertisement campaigns, film production and display advertisements required prior approval from the Competent Authority and the approval was turned down on previous requests by the Authority (IEPFA). Despite this setback, the Authority was committed to increase investor awareness and protecting their interests.

The reply needs to be viewed in the light of the fact that since its constitution in the year 2016-17 up to March 2023, the Authority has refunded unclaimed amounts of ₹39.20 crore, which constituted only 0.68 *per cent* of the total balance of ₹5,714.51 crore lying in the Investor Education and Protection Fund as on 31 March 2023. Similarly, the Authority returned 238.83 lakh shares to the claimants during this period, which constituted only 1.93 *per cent* of the total 12,092.35 lakh number of unclaimed shares lying with the Authority as on 31 March 2023. This indicated that the investor awareness programmes conducted by the Authority did not ensure adequate outreach and population coverage.

The Ministry of Corporate Affairs stated (October 2023) that the suggestion of Audit regarding the need for promoting investor awareness through digital media/electronic media/social media, bulk SMSs, cinema and outdoor advertisements had been noted.

Recommendation No. 2

The Authority may ensure effective outreach activities with adequate coverage. Digital media/Social media, bulk SMSs, cinema, outdoor advertisements may be considered to effectively promote investors' education, awareness and protection.

5.1.5.3 Unfruitful expenditure on developing of Mobile Application

In the sixth meeting of the Authority held on 29 August 2019, development of a Mobile Learning Application (comprising Learning Management System and Mobile Application) with an estimated budget of ₹50 lakh was approved with the objective of providing a one-stop solution for the citizens to access the services of the Authority using mobile telephony. The Authority selected (March 2020) National Institute for Smart Government (NISG) for providing services for implementation of Mobile Application Build Project and issued (August 2020) a Work Order to NISG with an estimated cost of ₹72.52 lakh (excluding taxes and other admissible expenses), which was payable in five instalments.

The agreement between the Authority and NISG for Mobile Application Build Project, *inter alia,* provided that their engagement would be for a duration of 20 months commencing from the effective date[35]. These 20 months comprised of 32 weeks of project implementation and 52 weeks of post-implementation support by NISG. The project included three major milestones to be achieved within 32 weeks of the effective date *viz.*, Beta release of the Mobile Application, Go Live (Phase-I) and Go-Live (Phase-II). The Mobile Application was to be made available by NISG in Google Play Store and iOS App Store for downloading.

[35] *Effective date was not mentioned in the agreement signed between the Authority and NISG.*

The Authority released amounts aggregating to ₹40.32 lakh towards first three instalments up to 6 May 2022.

Audit noticed that:

(i) After achieving the milestone of 'Go Live Phase-I' in March 2021, the Mobile Application was launched on 25 March 2021. However, the same was not found to be available in the Google Play Store by Audit[36].

(ii) As per timelines mentioned in the agreement between the Authority and NISG, the Mobile Application Build Project (Go-Live Phase-II) was to be completed within 32 weeks from the effective date. Considering the date of work order (i.e. 5 August 2020) as the effective date (as no effective date was mentioned in the agreement), the project was to be completed by 17 March 2021. However, it had not been completed till July 2024, indicating a delay of more than three years. Further, the Authority could not impose any penalty on NISG for the delay since no penalty clause had been incorporated in the agreement for delay in development of the Mobile Application.

The Authority stated (July 2023) that the Mobile Application's Android version was officially launched on 25 March 2021 and it became available on the Google Play Store the same day, while the iOS version of the Apple App Store was released on 16 April 2021. However, the Mobile Application experienced a delay due to discontinuation of meetings and discussions with NISG caused by the COVID-19 pandemic, which disrupted the usual workflow and collaboration. Further, due to the Learning Management System not being ready despite frequent reminders to NISG and the Mobile Application's inability to proceed to the Go-Live Phase-II without ensuring its feasibility for end-users as originally envisaged, IEPFA was unable to release the payment to NISG for the milestone. The unavailability of funds prompted NISG to withdraw their technical support from the Mobile Application, resulting in its functionality being compromised in February 2023. Recognising the significance of rectifying this situation, ongoing discussions were being held with NISG to explore potential solutions for ensuring functionality of the Mobile Application. The Authority further stated that the audit observation regarding penalty clause in the agreement had been noted for future compliance.

The Ministry of Corporate Affairs, while reiterating the facts stated by the Authority, stated (October 2023) that the Authority was in talks to resolve the issue and progress would be intimated to Audit. The Ministry further stated that the concerns raised by Audit with regard to inclusion of penalty clause in the agreement had been noted for future compliance.

The Authority further stated (July 2024) that NISG had requested an additional amount of ₹23.41 lakh to restart, which was beyond the scope of the agreement. The request was under consideration by the competent authority.

Thus, even after incurring expenditure of ₹40.32 lakh by the Authority on development of Mobile Application, the intended outcome was yet to be achieved and the Mobile

[36] ***Availability of the Mobile Application in iOS App Store was not checked at the time of Audit.***

Application was not available in Google Play Store as well as iOS App Store till date (July 2024).

> ***Recommendation No. 3***
>
> ***The Authority may vigorously pursue with National Institute for Smart Government for development of the Mobile Application. Imposition of penalty for delay in completion may also be considered by the Authority.***

5.1.5.4 Monitoring by Ministry of Corporate Affairs

As per Rule 5(1) of the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016, any amount required to be credited by the Companies to the Investor Education and Protection Fund as provided under clause (a) to (n) of Section 125(2) of the Companies Act, 2013 was to be remitted online to the Authority within a period of thirty days of such amounts becoming due to be credited to the Fund. Further, as per Rule 8(3),the Authority was required to furnish a report to the Central Government within sixty days of end of financial year giving details of Companies who have failed to transfer the due amount to the Fund. Further, as per Rule 8(4) of the said Rules, the Authority was required to furnish a report to the Central Government by end of next financial year giving details of Companies who have failed to file information referred in Rule[37] 5(8) regarding identification of the unclaimed amounts.

Audit observed that IEPFA had not been furnishing these reports to the Ministry of Corporate Affairs. In the absence of these reports, it could not be ensured that the Companies transferred all due amounts to the Authority. Also, Audit could not obtain assurance on adequate monitoring and supervision of the activities of the Authority by the Ministry of Corporate Affairs.

The Authority stated (July 2023) that the reports to the Ministry under IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016 are sent as and when some non-compliance comes to the notice of the Authority.

While reiterating the reply of the Authority, the Ministry stated (October 2023) that the observation raised by Audit was duly noted.

[37] ***As per Rule 5(8), every company shall within a period of sixty days after the holding of Annual General Meeting or the date on which it should have been held as per the provisions of Section 96 of the Act, whichever is earlier and every year thereafter till completion of the seven years period, identify the unclaimed amounts, as referred in Sub-section (2) of Section 125 of the Act, as on the date of closure of financial year the account of which are to be adopted in the Annual General Meeting as per Sub-section (1) of Section 137 of the Act, separately furnish and upload on its own website and also on website of Authority or any other website as may be specified by the Government, a statement or information of unclaimed and unpaid amounts separately for each of the previous seven financial years through Form No. IEPF 2, containing information, namely:-(a) the names and last known addresses of the persons entitled to receive the sum;(b) the nature of amount;(c) the amount to which each person is entitled;(d)the due date for transfer into the Investor Education and Protection Fund; and(e) such other information as may be considered necessary.***

The Authority further stated (July 2024) that the reports under Rules 8(3) and 8(4) of IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016 for the financial years 2020-21, 2021-22 and 2022-23 were sent to the Ministry of Corporate Affairs on 20 June 2024.

Recommendation No. 4

The Authority may ensure scrupulous adherence to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 with regard to submission of periodical reports to the Ministry.

5.1.6 Conclusion

Investor Education and Protection Fund Authority was established under Section 125(5) of the Companies Act, 2013 with the objective of promoting investor education, awareness, and protection and make refund to the investors in respect of unclaimed dividends, matured deposits, matured debentures and shares which had been transferred to the Investor Education and Protection Fund in terms of the provisions of Sections 125(2) and 124(6) of the Act. Since its constitution in the year 2016-17 up to March 2023, after processing the claims received from the investors, the Authority has refunded unclaimed amounts of ₹39.20 crore, which constituted 0.68 *per cent* of the total balance of ₹5,714.51 crore lying in the Fund as on 31 March 2023. Further, the Authority returned 238.83 lakh shares to the claimants during this period, which constituted 1.93 *per cent* of the total number of 12,092.35 lakh unclaimed shares lying with the Authority as on 31 March 2023.

Audit noticed that for obtaining refund of unclaimed shares, dividends etc., from the Authority, the investors were required to file an online claim which was to be verified by the Company concerned. However, there was no mechanism for refund in case of wound up Companies as the verification from such companies was not possible. In the absence of such mechanism, shares or unclaimed dividends transferred by the Companies before their winding up could not be claimed by the investors.

The investor awareness programmes conducted by the Authority were not adequate enough to cover the vast population of investors in India. Further, for mass enlightenment, digital media/electronic media/social media, bulk SMSs, cinema and outdoor advertisements were also necessary but were not being effectively utilised by the Authority to promote investors' education, awareness and protection.

The objective of developing a Mobile Application for providing a one-stop solution for the citizens to access the services of the Authority using mobile telephony was yet to be achieved as the project was not yet completed (July 2024) even after a delay of more than three years from the scheduled completion.

The Authority did not timely furnish the requisite reports to the Ministry of Corporate Affairs under Rule 8 of the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016. Thus, Audit could not derive assurance on adequate monitoring and supervision of the activities of the Authority by the Ministry.

CHAPTER VI: MINISTRY OF HEAVY INDUSTRIES

NATRIP Implementation Society

6.1 Irregular payment of incentives to employees

International Centre for Automotive Technology, a unit of NATRIP Implementation Society[38], made irregular payment of incentives amounting to ₹59.47 crore to its employees during the period 2016-17 to 2021-22 under the Performance Linked Variable Pay Scheme which had been implemented without the approval of competent authority.

The Cabinet Committee on Economic Affairs, after considering a proposal received from the Ministry of Heavy Industries and Public Enterprises (now Ministry of Heavy Industries), approved (July 2005) a project namely, National Automotive Testing and R&D Infrastructure Project (NATRIP) for setting up of state of the art automotive testing, homologation and R&D infrastructure facilities in India. In accordance with the aforesaid approval, NATRIP Implementation Society was set up (July 2005) as a Society registered under the Societies Registration Act, 1860 for implementation of NATRIP, and it was to function as an Autonomous Organisation under the Ministry of Heavy Industries.

The Governing Council of NATRIP Implementation Society was headed by the Secretary, Ministry of Heavy Industries and was empowered to take all necessary decisions concerning the implementation of NATRIP. The Society was to operate a Project Implementation Unit headed by Chief Executive Officer and Project Director (CEO-PD) who was to exercise his powers under the superintendence and control of the Governing Council.

In the year 2007, NATRIP Implementation Society took over the Regional Centre North, a centre of Automotive Research Association of India[39], at Manesar and renamed it as International Centre for Automotive Technology (ICAT). In accordance with Rule 79 of Rules and Regulations of NATRIP Implementation Society, the CEO-PD delegated (January 2013) the general administrative and financial powers relating to ICAT, including the appointment and salary fixation under guidelines of Pay Commission and promotion and increments, to the Director, ICAT.

In order to align with the recommendations of 7th Central Pay Commission, Director, ICAT constituted a Pay Scale Review Committee in June 2016 to review the salary structure of ICAT employees. On the recommendation of the Committee, a Performance Linked Variable Pay Scheme effective from September 2016 was formulated with the approval of Director, ICAT. The Scheme included three components *viz.,* Reward for organisational

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[38] *With effect from 1 April 2021, NATRIP Implementation Society has been amalgamated with National Automotive Board.*

[39] *Automotive Research Association of India, established in the year 1966, is an Autonomous Body under the administrative control of Ministry of Heavy Industries.*

performance[40] (Performance Linked Index), Reward for individual performance[41] (Performance Reward Index) and Director's Kitty Reward[42]. The Scheme further provided that the payout of Director, ICAT shall be in accordance with the approval of competent authority[43].

The Ministry of Finance, vide office memorandum dated 13 January 2017, had directed to ensure that the final package of benefits proposed to be extended to the employees of Autonomous Organisations, whose pay scales and allowances and conditions of service were not similar to those of Central Government employees, should not be more beneficial than those admissible to the corresponding Central Government employees. Moreover, the final package required the concurrence of the Ministry of Finance.

Audit noticed that:

(i) The Performance Linked Variable Pay Scheme was not approved by the Governing Council of NATRIP Implementation Society although as per the Office Procedures Handbook of the Society, benefits and allowances[44] other than those enumerated therein were to be permitted by the Society. Further, the benefits under the Scheme were extended to the employees without concurrence of the Ministry of Finance. This resulted in irregular payment amounting to ₹59.47 crore to regular employees (₹52.42 crore), contractual employees (₹1.04 crore) and Director, ICAT (₹6.01 crore[45]) under the Scheme during the years from 2016-17 to 2021-22.

(ii) The Performance Linked Variable Pay Scheme was formulated only for ICAT employees. No such Scheme was in place at Headquarters of NATRIP Implementation Society and other centres[46] of the Society. Thus, there was no uniform policy for all the centres.

(iii) The Director's Kitty Reward, one of the incentives under the Scheme, was admissible even to contractual employees and advisors, apart from the regular employees. However, the contractual employees and advisors were tenure-based employees and their appointment letters stipulated a fixed term and remuneration/gross emoluments.

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[40] The payout of Reward for Organisational Performance was to be determined based on the organisational revenue performance in comparison to the revenue target set for the financial year.

[41] The payout of Reward for Individual Performance was to be determined based on the rating awarded to each employee after appraisal of his performance against the individual Key Result Areas.

[42] Director's Kitty Reward is an additional payout to the employees for awarding extraordinary performances and contributions towards the organisation.

[43] The competent authority was not defined in the Scheme.

[44] The benefits and allowances mentioned in the Office Procedures Handbook were Project Allowance, House Rent Allowance, Insurance Coverage, Medical Reimbursement, Leave Travel Allowance, Provident Fund, Telephone Facility, Book Allowance, Provision of subsidised lunch/tea/coffee, Employee Uniform, Uniform Maintenance Allowance and Chauffeur Driven Cars.

[45] Includes ₹2.77 crore as over-performance incentive and ₹3.24 crore as incentive at the rate of 150 per cent of basic pay plus dearness allowance.

[46] Global Automotive Research Centre, Chennai, National Automotive Test Tracks, Indore and National Institute for Automotive Inspection, Maintenance and Training, Silchar.

Hence, payment amounting to ₹1.04 crore made to them during the years 2016-17 to 2021-22 was irregular.

Thus, the entire payment of ₹59.47 crore made by ICAT during the years 2016-17 to 2021-22 under the Performance Linked Variable Pay Scheme was irregular as the Scheme had been implemented without the approval of the Governing Council of NATRIP Implementation Society and without the concurrence of the Ministry of Finance.

In response to the audit observations, Director, ICAT stated (February 2023) that NATRIP Implementation Society had full powers to decide the quantum and grant of salaries, wages and allowances to its staff and any reference to the Government was not needed. Further CEO-PD, NATRIP Implementation Society was fully empowered to delegate his powers to any employee of the Society. It was, however, further stated that at the instance of Audit and as per the order dated 23 March 2022 received from the National Automotive Board, the Performance Linked Variable Pay Scheme had been suspended in ICAT since March 2022 and a Committee had been constituted on 28 January 2022 to formulate a new uniform incentive policy for all the centers of NATRIP. The decision for restoration and modification in the incentive policy of ICAT would be taken by the competent authority in due course of time.

The reply is not tenable as the benefits and allowances for the employees other than those enumerated in the Office Procedure Handbook could only be permitted by the Governing Council of NATRIP Implementation Society. The Performance Linked Variable Pay Scheme was, however, not approved by the Governing Council. The Director, ICAT, to whom the powers of CEO-PD had been delegated, was to exercise those powers under the superintendence and control of the Governing Council. Hence, the Performance Linked Variable Pay Scheme should have been implemented only after approval of the Governing Council. Further, since ICAT is a unit of NATRIP Implementation Society which is an Autonomous Body under the Ministry of Heavy Industries, the office memorandum dated 13 January 2017 issued by the Ministry of Finance was applicable to ICAT also and therefore the benefits under the Scheme should have been granted only after the concurrence of the Ministry of Finance.

The Ministry of Heavy Industries stated (September 2023) that it had taken a serious note of the irregularities and deficiencies observed by Audit and suitable action had been taken to recover irregular payments and disciplinary action had also been initiated against the officials of ICAT involved in the irregularities. The Ministry also stated that the Performance Linked Variable Pay Scheme of ICAT had been suspended since 23 March 2022.

CHAPTER VII: MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

Eleven Autonomous Bodies under Ministry of MSME

7.1 Irregular payment of monthly medical allowance

Eleven Autonomous Bodies under the administrative control of Office of Development Commissioner (Micro, Small and Medium Enterprises) made irregular payment of monthly medical allowance amounting to ₹10.79 crore to their employees from July 2017 to March 2024 even though the said allowance was not included among the allowances recommended by the 7th Central Pay Commission.

The Ministry of Finance (Department of Expenditure) *vide* its Office Memoranda dated 11 July 2017 and 26 July 2017 stated that:

- Such of the existing allowances at present admissible in case of employees of Quasi-Government Organisations, Autonomous Organisations, Statutory Bodies set up and funded/controlled by the Central Government, as are exactly as per the Central Government pattern, may be revised in accordance with the decision contained in the Resolution dated 6 July 2017 regarding revised rates of allowances recommended by the 7th Central Pay Commission
- The allowances not mentioned in the report of the 7th Central Pay Commission shall be discontinued from the salary of the month of July 2017.
- In case there is any demand or requirement for the continuation of an existing allowance which has not been deliberated upon or covered in the report of 7th Central Pay Commission, it should be re-notified by the Ministry concerned after obtaining due approval of the Ministry of Finance and should be put in the public domain.

Accordingly, Office of Development Commissioner, Micro, Small and Medium Enterprises (MSME) directed (14 May 2018) all the Autonomous Bodies under its administrative control to implement the revised rates of allowances recommended by the 7th Central Pay Commission in accordance with the aforesaid instructions.

Audit noticed that 11 out of 18 Autonomous Bodies in the administrative control of Office of Development Commissioner (MSME) continued to pay monthly medical allowance to their employees after the implementation of the recommendations of 7th Central Pay Commission even though the said allowance was not among the allowances recommended for continuation in the report of the Commission. The monthly medical allowance was being paid by these Autonomous Bodies in accordance with the provisions of their Personnel Policy Manual (enforced with effect from 01 January 1994) which provided for medical allowance to employees (who are outside the scope of Employees State Insurance

Scheme) for out-patient treatment at the rate of 50 *per cent* of one month's basic pay plus dearness allowance per annum[47] as on 1 January of the year.

During the period from July 2017 to March 2024, 11 Autonomous Bodies[48] paid monthly medical allowance amounting to ₹10.79 crore to their employees, as detailed below:

Table 7.1: Monthly Medical Allowance paid by 11 Autonomous Bodies during July 2017 to March 2024

Sl. No.	Name of the Autonomous Body	Amount paid (₹ crore)
1.	Central Tool Room and Training Centre, Bhubaneswar	2.04
2.	Indo Danish Tool Room, Jamshedpur	1.59
3.	Indo German Tool Room, Aurangabad	1.93
4.	Indo German Tool Room, Ahmedabad	0.47
5.	Central Institute of Tool Design, Hyderabad	0.36
6.	Institute of Design of Electrical Measuring Instruments, Maharashtra	1.76
7.	Electronics Services and Training Centre, Ramnagar	0.61
8.	Process and Product Development Centre, Agra	1.12
9.	Central Footwear Training Institute, Agra	0.30
10.	Central Footwear Training Institute, Chennai	0.18
11.	Centre for Development of Glass Industry, Firozabad	0.43
Total		**10.79**

As the monthly medical allowance had not been recommended by the 7th Central Pay Commission, it was required to be discontinued with effect from 1 July 2017. In case, it was to be continued due to demand or requirement, it should have been re-notified by the Office of Development Commissioner (MSME) after obtaining approval of the Ministry of Finance. However, no such approval or re-notification was found on record. This was in contravention of Office Memoranda dated 11 July 2017 and 26 July 2017 issued by the Ministry of Finance and resulted in irregular expenditure of ₹10.79 crore**.**

Office of Development Commissioner (MSME) stated (March 2024) that the Autonomous Bodies in its control used to provide reimbursement of expenditure incurred for OPD treatment, on claim basis. This method posed additional task on employees claiming reimbursement and generated additional administrative work for the Autonomous Bodies. Therefore, the Autonomous Bodies started providing medical allowance to their employees

[47] ***The per annum amount so calculated is divided by 12 to derive the monthly amount which is paid along with the monthly salary of the employees.***

[48] ***The remaining seven Autonomous Bodies in the administrative control of Office of Development Commissioner (MSME) did not make any payment of monthly medical allowance during the period July 2017 to March 2024.***

based on an objective formula, in lieu of Medical Reimbursement Scheme. These Autonomous Bodies were not covered under Central Government Health Scheme and offered only this limited medical facility as a welfare measure to provide healthcare benefits to their employees. It was further stated that this allowance was never among the list of allowances which were recommended by any of the Central Pay Commissions. Therefore, the need of obtaining the approval of Ministry of Finance for continuation of this monthly medical allowance did not arise.

The reply is not acceptable as the Ministry of Finance (Department of Expenditure) in its Office Memorandum dated 11 July 2017 had specifically stated that the allowances not mentioned in the report of the 7th Central Pay Commission shall be discontinued from the salary for the month of July 2017, and in case of any demand or requirement for continuation of an existing allowance not covered under 7th Central Pay Commission, the allowance should be re-notified by the Ministry concerned after obtaining approval of the Ministry of Finance and should be put in public domain.

Thus, the payment of monthly medical allowance amounting to ₹10.79 crore made by 11 Autonomous Bodies under the administrative control of Office of Development Commissioner (MSME) during the period July 2017 to March 2024 was irregular as the approval of the Ministry of Finance was not obtained for continuation of the allowance.

CHAPTER VIII: MINISTRY OF PETROLEUM AND NATURAL GAS

Oil Industry Development Board

8.1 Avoidable payment towards Interest on short payment of surcharge on Income Tax and Advance Tax

Oil Industry Development Board, Noida under-assessed the rate of Surcharge on Income Tax and short paid Advance Tax which resulted in avoidable payment of interest amounting to ₹5.64 crore during financial year 2019-20.

Oil Industry Development Board (OIDB) was setup in 1975 as an Autonomous Body under administrative control of the Ministry of Petroleum and Natural Gas, after the enactment of Oil Industry (Development) Act, 1974. OIDB generates its internal resources by way of interest income on loans given to various oil and gas sector companies and short-term investment of surplus funds in Fixed Deposit Receipts.

As per Section 208 of Income Tax Act, 1961, when estimated tax liability for the year is Rupees ten thousand or more, tax shall be paid in advance, in the form of "Advance Tax". Advance tax is to be paid in instalments. The due dates for payment of different instalments of Advance Tax are 15th June, 15th September, 15th December and 15th March[49] of the relevant financial year.

Under the Income Tax Act, interest is charged at the rate of one *per cent* per month or part of a month on simple interest in following cases:

- Interest under section 234B is levied when taxpayer fails to pay Advance Tax or where the Advance Tax paid by the taxpayer is less than 90 *per cent* of the assessed tax[50].
- Interest under section 234C is payable for default in payment of instalment(s) of Advance Tax. Interest is levied, if Advance Tax paid in any instalment(s) is less than the required amount.

With regard to above provisions of Income Tax Act, Audit observed that:

a) As per intimation u/s 143(1) of the Income Tax Act, 1961 received for the financial year 2019-20 from the Income Tax Department, OIDB short paid Surcharge on income tax amounting to ₹15.31 crore and ₹0.61 crore on account of Health and Education Cess.

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[49] *Note: (1) Any tax paid till 31st March will be treated as Advance Tax.*
(2) If the last day for payment of any instalment of Advance Tax is a day on which the banks are closed, then the taxpayer should pay the Advance Tax on the immediately following working day.

[50] *Assessed tax means the amount of tax as determined under section 143(1) and where regular assessment is made, the tax on total income as determined under such regular assessment as reduced by tax deducted/collected at source, relief/deduction of tax claimed under various sections like section 89/90/90A/91 and tax credit claimed under section 115JAA/115JD.*

b) While assessing the Advance Tax, OIDB short remitted the Advance Tax that attracted Section 234B and 234C of the Income Tax Act which resulted in payment of interest amounting to ₹5.64 crore (₹3.59 crore u/s 234B and ₹2.05 crore u/s 234C of the Income Tax Act, 1961).

OIDB in its reply (May 2022 and September 2022) stated that:

- At the time of calculation of Advance Tax in each quarter, calculations were prepared by OIDB based on the estimated income and expenditure of OIDB and the inputs received from grantee organisations regarding the expenditure to be incurred by them during the financial year. The calculations so prepared were vetted by Tax Consultant, a professional firm of OIDB. Based on their concurrence, taxes were paid whenever due. Tax consultant vetted and certified the correctness of the calculations including surcharge rate and advised OIDB to go ahead and deposit the tax.
- OIDB further stated that interest amounting to ₹5.64 crore arose not only due to application of surcharge at the lower rate but also due to less drawal of grants by grantee organisations[51] which is beyond control of OIDB. Grantee organisations upto the first three quarters confirmed that they would utilise the allocated budgets fully. Based on the information, the tax liability of OIDB was assumed as NIL. However, in 4th quarter they substantially reduced their demands of grant which led to shortfall in payment of Advance Tax and consequently payment of interest.
- OIDB is managing its entire activities like Loans and Grants, Finance and Accounts etc. with limited human resources which did not include taxation specialist. OIDB added that due to this deployment of funds gainfully, the cited impact is less.

Apart from reiteration of earlier reply from OIDB, the Ministry in its reply (30 October 2023) has provided following action taken to avoid such incidents in future:

- The grantee organisations have been advised to make available accurate estimation of utilisation of grant and to avoid last moment reduction in the grant to be drawn by them which results in Advance Tax liability and interest thereon at the close of the financial year.
- At the time of calculation/payment of Advance Tax, the applicable tax slabs, Surcharge rate and education cess rate has now been verified from the Income Tax Circular also applicable at the time of calculation with a view to ensure that correct rate has been applied while working out the Advance Tax.
- The Advance Tax calculations done by OIDB are then sent to Internal Auditor of OIDB and also to Tax Consultant of OIDB for vetting before making tax payment due, if any.

Audit has noted the action taken by OIDB to avoid such incident, however reply of the Ministry/OIDB may be viewed in light of the following:

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[51] ***Directorate General of Hydrocarbons, Oil Industry Safety Directorate, Centre for High Technology, Petroleum Planning & Analysis Cell and Petroleum Conservation & Research Association.***

- Tax Consultant of OIDB cannot be held responsible for the assessment and correctness of tax liability. The Consultant advised and provided his consultations/views based on the data/information submitted to him. However, final responsibility of payment of tax rests upon OIDB. While the function could be outsourced, responsibility cannot be.
- With regard to less drawal of grants by the Grantee Organisations, Audit is of the view that OIDB while releasing the grants during each and every quarter, was aware of unspent funds lying with the Grantee organisations. Whereas OIDB assumed the tax liability as NIL upto three quarters only on the basis of demands raised by grantee organisations, it should have assessed Advance Tax quarterly keeping in view actual expenditure and expenditure trends of previous years. Moreover, late submission of the Revised Estimate for the financial year 2019-20 in fag end of financial year (19 March 2020) also encouraged grantee organisations to hold the funds till March end.
- Though the Management claimed that it had deployed the funds gainfully, however, the fact remains that there was an avoidable payment of interest of ₹5.64 crore.

Thus, due to wrong assessment of Surcharge on Income Tax and short payment of Advance Tax, OIDB had to pay interest of ₹5.64 crore which could have been avoided had the OIDB assessed the rate of Surcharge on Income Tax correctly and made timely payment of requisite Advance Tax.

CHAPTER IX: MINISTRY OF PORTS, SHIPPING AND WATERWAYS

V.O. Chidambaranar Port Authority

9.1 Non-realisation of Wharfage charges towards Minimum Guaranteed Traffic

Failure of V.O. Chidambaranar Port Authority to sign the Minimum Guaranteed Traffic agreement resulted in loss of revenue of ₹9.30 crore.

Land Policy for Major Ports, 2004, vide Clause No. 5.2.1.3 (j), provides that "the Port shall be at liberty to prescribe Minimum Guaranteed Traffic conditions for fresh leases, if deemed fit". Minimum Guaranteed Throughput[52] is the minimum guaranteed cargo commitment that a lessee shall generate by way of export or import from the Port facility on annual basis.

V.O. Chidambaranar Port Authority[53] (Port) allotted (November 2007) land admeasuring 12,000 square meter to Rashtriya Chemicals and Fertilizers Limited on long-term lease for a period of 30 years on upfront premium of ₹4.20 crore at the rate of ₹3,505 per square meter and lease rent of ₹1 per annum to construct a warehouse to handle import of fertilizers at V.O. Chidambaranar Port. The allotment letter (November 2007) stipulated that Rashtriya Chemicals and Fertilizers Limited shall handle Minimum Guaranteed Traffic of 1,08,000 tonnes per annum in the first year of operation of warehousing facilities with an escalation of five *per cent* compoundable per annum from the subsequent year onwards. It also stated that the lessee shall furnish a Bank Guarantee for the wharfage charges towards Minimum Guaranteed Traffic before commencement of every lease year.

A lease deed was entered (6 June 2008) between the Port and Rashtriya Chemicals and Fertilizers Limited for allotment of land to construct a warehouse to handle import of fertilizers at the Port. However, Rashtriya Chemicals and Fertilizers Limited, vide their letter (November 2008), requested the Port to register the lease deed without Minimum Guaranteed Traffic clause to avoid registration fee on it. Consequently, the lease deed without Minimum Guaranteed Traffic clause effective from 6 June 2008 was registered on 25 May 2009. The Rashtriya Chemicals and Fertilizers Limited assured to enter into a separate agreement with the Port for Minimum Guaranteed Traffic clause but the same was never executed. Rashtriya Chemicals and Fertilizers Limited submitted (January 2009) a duly signed separate agreement on its part to the Port for Minimum Guaranteed Traffic clause. The Port, however, did not communicate acceptance of the agreement by sending signed agreement to Rashtriya Chemicals and Fertilizers Limited for enforcing Minimum Guaranteed Traffic clause on Rashtriya Chemicals and Fertilizers Limited. Further, Rashtriya Chemicals and Fertilizers Limited never handled minimum guaranteed traffic cargo from the Port. The Port raised demands on Rashtriya Chemicals and Fertilizers

[52] Minimum Guaranteed Throughput and Minimum Guaranteed Traffic are inter-changeable terms.
[53] Formerly known as V.O. Chidambaranar Port Trust.

Limited (October 2013 to November 2022) towards shortfall quantity between the Minimum Guaranteed Traffic and actual traffic handled for the period 6 June 2010 to 5 June 2022. In its responses (October 2013 to June 2022) to the Port, Rashtriya Chemicals and Fertilizers Limited refused to pay the Port's demand citing that the Port had not signed the Minimum Guaranteed Traffic agreement and thus, the claim of the Port was not tenable.

Audit observed (April 2022) that the Port neither signed the Minimum Guaranteed Traffic agreement nor collected Bank Guarantee for the wharfage charges towards Minimum Guaranteed Traffic. As a result, it was not able to avoid loss of revenue and protect its financial interest by ensuring the Minimum Guaranteed Traffic dues from Rashtriya Chemicals and Fertilizers Limited. This resulted in loss of revenue to the tune of ₹9.30 crore for the period[54] 6 June 2010 to 5 June 2022.

The Port Management, in its reply, stated (July 2022) that it had requested (March 2022) Rashtriya Chemicals and Fertilizers Limited to remit the pending dues towards Minimum Guaranteed Traffic and to sign Minimum Guaranteed Traffic agreement immediately failing which, the Port would initiate action as per the relevant clause in the lease deed. The Management had further stated that action had been initiated (June 2022) to disconnect power and water supply to Rashtriya Chemicals and Fertilizers Limited's godown.

The Ministry, while endorsing (April 2023 and October 2023) the views of the Management, added that the agreement for Minimum Guaranteed Traffic was signed by the Executive Director (Marketing) of Rashtriya Chemicals and Fertilizers Limited along with the lease deed dated 6 June 2008. As such, Rashtriya Chemicals and Fertilizers Limited had agreed for the Minimum Guaranteed Traffic commitment also. Hence, specific signature of VO Chidambaranar Port on the proposed Memorandum of Understanding for Minimum Guaranteed Traffic was not essential. Further, the Port also obtained legal opinion on the issue. As per the legal opinion of a Senior Counsel quoted in Ministry's reply, Rashtriya Chemicals and Fertilizers Limited is bound by the agreement for Minimum Guaranteed Traffic and the said agreement is a valid one.

Though the Port's reply was silent on its lapses for not signing the Minimum Guaranteed Traffic agreement till date (April 2023), it had disconnected Rashtriya Chemicals and Fertilizers Limited's power supply with effect from 15 June 2022 and had requested (July 2022) Rashtriya Chemicals and Fertilizers Limited to remit the pending electricity dues (upto June 2022) to the Port. Section 2 read with Section 4 of the Indian Contract Act 1872, states that when one person signifies to another his willingness to do anything, with a view to obtaining the assent of that other to such act, he is said to make a proposal. Such proposal will become enforceable when it is accepted and communicated by the other party. Since, the lease agreement dated 6 June 2008 was signed without Minimum Guaranteed Traffic clause and subsequent separate agreement (January 2009) for Minimum Guaranteed Traffic was neither accepted by signing nor rejected by the Port, Rashtriya Chemicals and

[54] ***The lease deed was effective from 6 June 2008. As per clause 2(iii) of lease agreement, the lessee shall complete the construction within two years from the date of lease. Hence the effective date of Minimum Guaranteed Traffic collection started from 6 June 2010.***

Fertilizers Limited cannot be forced for payment of Minimum Guaranteed Traffic as per Section 2 read with Section 4 of the Indian Contract Act 1872.

Further, the Ministry's reply that signature of the Port was not essential on the agreement is not tenable as acceptance of the proposal of Rashtriya Chemicals and Fertilizers Limited towards Minimum Guaranteed Traffic clause should have been communicated by sending the signed agreement to Rashtriya Chemicals and Fertilizers Limited by the Port. The absence of a signed agreement and its communication thereof provided an opportunity to Rashtriya Chemicals and Fertilizers Limited to repudiate the validity of Minimum Guaranteed Traffic clause and claim of the Port for shortfall quantity of Minimum Guaranteed Traffic. Further, as per the legal opinion sought by the Port, in law the arrears can be demanded only for the preceding three years. Accordingly, wharfage charges amounting to ₹4.74 crore for the period 6 June 2010 to 5 June 2020 are not recoverable (January 2024) against the Minimum Guaranteed Traffic.

Hence, the Port failed to protect its financial interest by not signing the agreement for Minimum Guaranteed Traffic and consequent non-collection of Bank Guarantee for the same. This resulted in loss of revenue amounting to ₹9.30 crore for the period 6 June 2010 to 5 June 2022.

Recommendation:

The responsibility for non-signing of the agreement for Minimum Guaranteed Traffic with Rashtriya Chemicals and Fertilizers Limited may be fixed.

CHAPTER X: MINISTRY OF TEXTILES

National Institute of Fashion Technology

10.1 Irregular payment towards ad-hoc Bonus

National Institute of Fashion Technology paid ad-hoc Bonus for the years 2015-16 to 2021-22 to its employees without any specific orders from the Department of Expenditure, Ministry of Finance which resulted in irregular payment of ₹2.41 crore.

The Department of Expenditure, Ministry of Finance had been issuing Office Memorandum every year for grant of Non-Productivity Linked Bonus (ad-hoc Bonus) to the Central Government employees in Group 'C' and 'D' and all non-gazetted employees in Group 'B'. Till the year 2014-15, the Department of Expenditure issued separate Office Memorandum whereby the aforesaid orders for grant of ad-hoc Bonus were extended to the employees of Autonomous Bodies partly or fully funded by the Central Government. However, no such Office Memorandum has been issued by the Department since the year 2015-16.

In accordance with the *ibid* orders, National Institute of Fashion Technology (NIFT), which is an Autonomous Body under the administrative control of the Ministry of Textiles and receives Government grants, paid ad-hoc Bonus to its employees till the year 2014-15. However, NIFT continued to pay ad-hoc Bonus to its employees even after 2014-15 up to the year 2021-22 despite the fact that no orders had been issued by the Department of Expenditure since the year 2015-16 for payment of ad-hoc Bonus by the Autonomous Bodies.

NIFT disbursed an amount of ₹2.41 crore as ad-hoc Bonus for the years 2015-16 to 2021-22 to its employees. As no orders had been issued by the Department of Expenditure in this context, the aforesaid payment of ₹2.41 crore was irregular.

The Management replied (December 2022) that NIFT is an Autonomous Body which does not depend on Government grant and is self-sufficient with respect to its financial affairs. The Office Memorandum of the Department of Expenditure leaves the choice and decision of payment of ad-hoc Bonus to the Autonomous Body itself depending upon its financial position and other considerations. As such, NIFT is free to choose whether or not to follow the Government Office Memorandum with respect to payment of ad-hoc Bonus.

The reply needs to be viewed in light of the fact that the choice of adopting the Government Office Memorandum was allowed to the Autonomous Bodies 'not funded' by the Central Government, whereas NIFT was in receipt of Government grants[55] every year and therefore the said choice was not available to it. Besides, the Office Memorandum was issued only till the year 2014-15 and not for the subsequent years. Further, the Department of Expenditure clarified (May 2019) that the subsequent orders (after 2014-15) issued on

[55] ***₹99.31 crore (2021-22), ₹86.14 crore (2020-21), ₹57.06 crore (2019-20), ₹30.48 crore (2018-19), ₹33.81 crore (2017-18), ₹60.31 crore (2016-17), ₹82.71 crore (2015-16).***

payment of ad-hoc Bonus were applicable to Central Government employees only and not to the employees of Autonomous Bodies set up by and funded/controlled by the Central Government.

Thus, in the absence of any specific orders of the Department of Expenditure, the payment of ad-hoc Bonus amounting to ₹2.41 crore for the years 2015-16 to 2021-22 made by NIFT to its employees was irregular.

The matter was referred to the Ministry of Textiles in March 2023 and reminders were issued to the Ministry on 19 June 2023, 20 September 2023 and 13 February 2024 seeking response to the draft audit para. However, the reply of the Ministry was awaited (August 2024).

CHAPTER XI: MINISTRY OF TOURISM

11.1 Blocking of funds due to non-setting up of Food Craft Institute

The Ministry of Tourism failed to comply with the provisions of Scheme guidelines and the General Financial Rules before releasing assistance to the State Government of Uttar Pradesh for setting up of Food Craft Institute at Garhmukteshwar/Meerut. This resulted in blocking of funds amounting to ₹2.00 crore for more than 15 years and consequent loss of interest amounting to ₹3.12 crore.

As per the Scheme guidelines issued by the Ministry of Tourism for setting up/upgradation of the Institutes of Hotel Management/Food Craft Institutes/Travel and Tourism Institutes, a Society created by the Central Government/State Government/Union Territory Administration to manage a Food Craft Institute would be eligible for Central Financial Assistance under the Scheme. In respect of the proposal of State Government/Union Territory Administration for setting up of Food Craft Institute, assistance would be considered only after the State Government/Union Territory Administration concerned transferred a developed piece of land, free from all encumbrances, measuring not less than three acres and had also committed to provide basic services/utilities such as electricity, water supply, provision of sewerage etc. Further, the assistance would be subject to ceiling of ₹4.75 crore per project.

The State Government of Uttar Pradesh submitted (September 2007) a proposal to the Ministry of Tourism for setting up of a Food Craft Institute at Garhmukteshwar, Uttar Pradesh. The Ministry of Tourism accorded (December 2007) in-principle administrative and financial approval to the proposal and released (December 2007) ₹2.00 crore as the first instalment. The project was to be completed within a period of two years. In February 2010, i.e., after a lapse of more than two years from the in-principle approval, the State Government sent a revised proposal to establish the Food Craft Institute in Meerut in association with Chaudhary Charan Singh University, Meerut. The Ministry accorded (June 2011) administrative approval for shifting the location of proposed Food Craft Institute from Garhmukteshwar to Meerut and the initial instalment of ₹2.00 crore released earlier was treated as the first instalment of Central Financial Assistance for the relocated project.

As there was no progress in setting up of the Food Craft Institute at Meerut, the Ministry asked (December 2013 and May 2014) the State Government to refund the Central Financial Assistance of ₹2.00 crore released for setting up the Food Craft Institute at Meerut along with interest. However, the State Government requested (July 2014) the Ministry to relocate the project back to Garhmukteshwar as the identified land in Meerut could not be made available. The Ministry rejected the proposal and again asked (September 2014) the State Government to return the Central Financial Assistance of ₹2.00 crore released earlier along with interest. No refund was, however, received by the Ministry. After September 2014, the Ministry did not effectively follow up with the State Government for refund of the released amount until July 2021 and asked for refund only once in January 2019.

Subsequently, the State Government proposed (July 2021) to set up the Institute at Gorakhpur. Despite lack of initiative on the part of the State Government for construction of Food Craft Institute at Garhmukteshwar/Meerut, the Ministry again granted (July 2021) in-principle approval for relocation of the proposed Food Craft Institute from Meerut to Gorakhpur with Central Financial Assistance of ₹4.75 crore[56] and stated that the amount of ₹2.00 crore released for setting up of Food Craft Institute at Meerut may be returned by the State Government to the Ministry along with interest.

In this regard, Audit observed that the Ministry concurred with the proposals of the State Government repeatedly without conducting due diligence, as evident from the following:

- The Ministry released the funds for Garhmukteshwar project in December 2007 without ensuring constitution of the Food Craft Institute Society and transfer of land to the Society by the State Government, which was in contravention to the Scheme guidelines[57]. The Ministry also accorded approval for the Food Craft Institute project in Meerut in February 2010 and then again in Gorakhpur in July 2021 without ensuring adherence to the above provisions.

- The Ministry approved the change of location of the proposed Food Craft Institute from Garhmukteshwar to Meerut without ascertaining the reasons for non-construction of the Institute at Garhmukteshwar.

- As per Rule 209 (6) of the General Financial Rules (GFR), 2005 and Rule 230 (16) of GFR 2017, the stipulation in regard to refund of the amount of grant-in-aid with interest thereon should be brought out clearly in the letter sanctioning the grant. Further, as per the above Rule, the grantee is liable to refund whole or part amount of the grant with interest at 10 *per cent* per annum in the event of failure to comply with the conditions of the grants-in-aid. However, the Ministry did not include any such conditions in the sanction letter for release of funds for construction of Food Craft Institute at Garhmukteshwar/ Meerut. Even the approval for setting up the Food Craft Institute in Gorakhpur (July 2021) also did not have any such provisions, despite the past experience with the State Government.

The Ministry stated (July 2023) that the Government of Uttar Pradesh had stated in December 2007 that the land would be transferred to the Society formed for Food Craft Institute, Garhmukteshwar once they receive approval from the Ministry of Tourism. Accordingly, the proposal was approved by the Ministry. Letters were being sent to the State Government to refund the entire amount along with interest. Though the State Government had stated in November 2021 that they had refunded the amount released,

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[56] ***Amount of ₹4.75 crore was the total central financial assistance to be given for setting up of Food Craft Institute. The Ministry had released ₹2.00 crore as first instalment at the time of sanction of the project at Garhmukteshwar and it asked the State Government to refund the same while granting approval for relocation to Gorakhpur.***

[57] ***As per the Scheme guidelines for setting up of Food Craft Institute, assistance would be considered only after the State Government/Union Territory Administration concerned transferred a developed piece of land, free from all encumbrances.***

funds had not been credited in the Ministry's account. The Ministry had, therefore, asked the State Government to furnish the documents/proof of the payment made.

It is evident from the reply of the Ministry that the proposal of the State Government of Uttar Pradesh was approved and funds were released by the Ministry without ensuring the formation of Society and transfer of land, in contravention to the Scheme guidelines.

Thus, failure of the Ministry to comply with the provisions of Scheme guidelines as well as General Financial Rules resulted in blocking of funds amounting to ₹2.00 crore for more than 15 years and consequent loss of interest amounting to ₹3.12 crore (up to July 2023). Besides, the objective of setting up of Food Craft Institute within a period of two years was also not achieved.

11.2 Blocking of funds released for setting up of State Institute of Hotel Management, Kottayam

Lack of due diligence in approval of the project and inadequate monitoring by the Ministry of Tourism led to blocking of funds of ₹4.00 crore released for setting up State Institute of Hotel Management at Kottayam, Kerala, and non-achievement of intended objectives.

The Ministry of Tourism received (February 2012) a proposal from Member of Parliament, Kottayam for setting up of a new campus of the Institute of Hotel Management and Catering Technology/Food Craft Institute at Kottayam, Kerala. The matter was referred (March 2012) by the Ministry to the State Government of Kerala with the request to communicate its views on the proposal. The State Government conveyed (April 2012) its agreement to the proposal in view of the rapid growth of hospitality industry in the State and acute shortage of trained and qualified manpower in the industry. The Ministry conveyed (July 2013) in-principle approval to the State Government for setting up of the State Institute of Hotel Management (SIHM) at Kottayam subject to formation of a Society by the State Government for managing the proposed Institute and transfer of land to the Society for setting up of the Institute. Subsequently, the Ministry conveyed (September 2013) administrative and financial sanction for the project amounting to ₹12 crore, the maximum permissible amount for a project under the Scheme[58] and released ₹4.00 crore as the first instalment to the Institute of Hotel Management, Catering Technology and Applied Nutrition (Kottayam) Society, Kottayam for setting up the Institute. The project was to be completed by July 2016. The conditions of the sanction order, *inter-alia*, were:

- The State Government would submit the audited statement of account of expenditure incurred out of the grant together with a separate Utilisation Certificate (UC) to the Ministry by 31st August of the succeeding financial year in which the grant was sanctioned.

[58] ***Scheme of Financial Assistance to the Institutes of Hotel Management/Food Craft Institutes/Indian Institute of Tourism and Travel Management/Polytechnic Institutes/Universities/Government Colleges/Government Vocational Schools/Public Sector Undertakings.***

- The State Government would submit to the Ministry, an 'Achievement-cum-Performance Report' along with statistics, summary of the targets achieved/to be achieved at the close of the year or at such earlier date(s) as the Government required.

In this regard, Audit noticed that:

- As per the Scheme guidelines, proposal for new Institute of Hotel Management/Food Craft Institute shall be submitted by the State Government/Union Territory Administration duly supported with Detailed Project Report. However, neither the Ministry sought the Detailed Project Report from the State Government nor the State Government submitted the Detailed Project Report or any cost estimates to the Ministry. The Ministry sanctioned the project without ascertaining its precise scope, objectives and implementing strategy.
- No Achievement-cum-Performance Report along with statistics, summary of targets achieved/to be achieved was submitted by the State Government ever since approval of the project. As a result, the Ministry did not have any information about the physical and financial progress of the project, and it also did not conduct any physical inspection to get the information regarding implementation of the project.
- The Ministry sought the physical and financial progress of the project and the Utilisation Certificate from the State Government for the first time only in August 2017 i.e. after a lapse of around four years from the release of first instalment of financial assistance and after more than a year from the scheduled completion date of the project. The Ministry again sought these documents after a gap of five years in May 2022, followed by further letter in August 2022 asking the State Government to complete project by 31 December 2022 and provide Utilisation Certificate. However, there was no response from the State Government, despite which the Ministry did not take action to withdraw from the project and recall the assistance.

In response to the audit observation issued in May 2023, the Ministry stated (August 2023) that:

- In the VIP reference received for setting up of the Institute, it was assured that Detailed Project Report would be sent to the Ministry once in-principle approval was accorded thereof, by the Ministry. In-principle approval of the Ministry was conveyed on 1 July 2013 in response to which State Government intimated (3 July 2013) that necessary formalities had been completed and requested for release of Central Financial Assistance. Accordingly, sanction for financial assistance was issued in September 2013.
- As pointed out by Audit, the Ministry followed up with the State Government in August 2017, May 2022 and August 2022 and all actions were taken on its end. Several reminders were sent both written and on the telephone. However, there was no response from the State Government. Therefore, a letter was sent (July 2023) to the State Government that the Ministry had decided to withdraw from the proposal and requested that the amount of Central Financial Assistance released (₹4.00 crore) may be returned to the Ministry along with 10 *per cent* interest.

- Government of Kerala *vide* their letter dated 6 August 2012 had indicated the scope and objective of the instant project, which was also examined by the Ministry in detail.
- A demi-official letter from the Secretary (Tourism) had also been addressed (June 2024) to the Chief Secretary, Government of Kerala for his personal intervention in the matter, ensuring the return of Central Financial Assistance i.e. ₹4.00 crore to the Ministry along with 10 *per cent* interest (amounting to ₹3.80 crore).

The reply of the Ministry may be viewed in the light of the following:

- Even though it was assured that Detailed Project Report would be sent to the Ministry once in-principle approval is accorded by the Ministry, the furnishing of Detailed Project Report by the State Government was not ensured by the Ministry. The Ministry granted in-principle approval to the project subject to formation of a Society and transfer of land by the State Government but did not seek the Detailed Project Report. Thus, the project was sanctioned by the Ministry without receipt and examination of the Detailed Project Report.
- The Ministry did not have an effective mechanism for monitoring the physical and financial progress of the project. Despite constant non-response by the State Government to the requests of the Ministry seeking information regarding physical and financial progress of the project, the Ministry gave a time extension up to 31 December 2022 for completion of the project, as against the original scheduled completion date of July 2016.
- The broad scope and objective of the project as intimated by the State Government in its letter dated 6 August 2012 could not obviate the requirement of a Detailed Project Report which was crucial for taking a decision on the project and was also a pre-requisite for considering a proposal for setting up a new Institute of Hotel Management as per the Scheme guidelines. In fact, the State Government had also mentioned in the said letter itself that the Detailed Project Report would be submitted. However, the Ministry sanctioned the project without obtaining and examining the Report.
- The Ministry took action to seek refund of the released assistance (July 2023) only after being pointed out by Audit (May 2023).

Thus, non-compliance with the Scheme guidelines, lack of due diligence in approval of the project and inadequate monitoring by the Ministry led to blocking of funds of ₹4.00 crore (along with interest thereon) and consequently the intended objectives of setting up of the State Institute of Hotel Management were not achieved.

Indian Culinary Institute

11.3 Functioning of Indian Culinary Institute

11.3.1 Introduction

Indian cuisines are integral to the rich, diverse, and pluralistic Indian tourist experience. The endless variations in cuisine reflect religious, communal, regional, agro-climatic and economic differences. Several Indian cuisines were, however, withering with growing urbanisation and under the impact of non-Indian cuisines. The Indian cuisine needed to be preserved and promoted as part of a larger effort to sustain the rich Indian identity. For this purpose, an institutional mechanism to holistically support the Indian cuisine and culinary arts was required.

In the above background, the Union Cabinet approved (March 2014) the proposal of the Ministry of Tourism for setting up of Indian Culinary Institute at Tirupati as a non-profit Central Autonomous Society to be registered under the Societies Registration Act, 1860 and subsequent funding under the Ministry's Scheme for 'Financial Assistance to Institutes of Hotel Management/Food Craft Institutes/Indian Institute of Tourism and Travel Management/Indian Culinary Institute/National Council of Hotel Management and Catering Technology/Industrial Training Institutes/Polytechnic Institutes/Universities/ Government Colleges/Government Vocational Colleges/Public Sector Undertakings etc.'. The Ministry of Tourism is the nodal and administrative Ministry for the Indian Culinary Institute, Tirupati.

As per the Cabinet approval, the Indian Culinary Institute Society was to be governed through a Board of Governors with the Minister for Tourism as its Chairman. Further, a Finance and Executive Committee headed by the Secretary, Tourism was to ensure implementation of the decisions of the Board of Governors. The composition of the Board of Governors and the Finance and Executive Committee is given in **Annexure-XIV**.

11.3.2 Objectives of Indian Culinary Institute

The Institute was set up to serve, *inter alia,* the following objectives:

- To offer structured regular programmes of study specific to the culinary arts and courses on allied subjects, and conduct demand driven certificate and diploma courses relating to culinary arts and cuisine.
- To affiliate with a university for award of degrees.
- To promote research on traditional Indian foods and pedagogy development.
- To create databases specific to Indian cuisines, commission studies and surveys in Indian cuisines and to publish an exhaustive compendium on their evolution.
- To serve as a resource centre in its subject domain conforming to international benchmarks and act as an institutional facilitator for the meeting of Indian cuisine researchers/experts with those in the other countries.
- To have within it, amongst others, schools of regional cuisines, schools for international cuisine studies, a Culinary Museum and a Patent and Legal Cell.

- To work towards linkages with the private sector for furtherance of its mandate and help the Institutes of Hotel Management and Food Craft Institutes in upgrading their cuisine specialisation.

11.3.3 Setting up of the Institute and commencement of academic programmes

The Board of Governors of the Institute, in its first meeting held on 22 January 2015 approved appointment of NBCC (India) Limited as the Executing Agency for planning and construction of the Institute's Campus at Tirupati. In the same meeting, the Board also accorded approval for setting up of North Indian Regional Culinary Institute at Noida, Uttar Pradesh and decided that NBCC will simultaneously start construction of the Noida Building.

The Ministry of Tourism conveyed (February 2015) the administrative and financial sanction for an amount of ₹44.88 crore as Capital Grants-in-aid to the Institute for setting up the Institute at Tirupati. Subsequently, the administrative and financial sanction for the Institute at Tirupati was revised (March 2016) by the Ministry for an amount of ₹97.92 crore due to increase in area consequent to inclusion of additional components. Further, the Ministry conveyed (June 2015) the administrative and financial sanction for an amount of ₹98.50 crore to the Institute as Capital Grants-in-aid for setting up of its Campus at Noida.

The Noida Campus was inaugurated in April 2018 and the Tirupati Campus was inaugurated in September 2018.

The Institute started its first batch of Bachelor of Business Administration (BBA) in Culinary Arts from the State Institute of Hotel Management, Tirupati as a makeshift arrangement during the year 2016-17. Subsequently, the Institute entered into (April 2018) a Memorandum of Understanding with Indira Gandhi National Tribal University, Amarkantak, Madhya Pradesh to run collaborative academic programmes in the field of Culinary Arts and the first batch of BBA in Culinary Arts in the Institute's own campuses at Tirupati and Noida was started during the year 2018-19.

11.3.4 Audit scope and methodology

Audit covered the period from 2018-19 to 2022-23. Entry Conferences were held with the Management of Noida Campus (23 August 2022), Ministry of Tourism (27 September 2022) and the Management of Tirupati Campus (19 December 2022), wherein the purpose of audit was explained. This was followed by examination of records of both the Campuses of the Institute and the Ministry of Tourism. Audit also conducted joint physical inspections along with the representatives of the Management of both the Campuses. Audit observations were issued separately to both the Campuses and their replies were suitably incorporated in the draft Report which was issued to the Ministry on 29 September 2023. An Exit Conference was held with the Ministry of Tourism on 10 October 2023 to discuss the draft Report. The response of the Ministry of Tourism on the draft Report was received in December 2023 which has been suitably incorporated in this Report.

11.3.5 Audit findings

11.3.5.1 Academic Activities of the Institute

As per the Cabinet approval (March 2014) for setting up of Indian Culinary Institute, the Institute shall, *inter alia,* affiliate with a university for the award of degrees, offer structured regular programmes of study specific to the culinary arts leading to Graduate and Post Graduate level degrees, conduct demand driven Certificate and Diploma courses relating to culinary arts and cuisine and conduct customised programmes for the teaching/training of chefs. Further, as per the Cabinet approval, the admission in the Institute shall be on all India basis through Joint Entrance Examination conducted by National Council for Hotel Management and Catering Technology.

Audit observations in this regard are discussed below:

(a) Failure to affiliate with any University

In accordance with the Cabinet approval (March 2014), the Executive and Finance Committee of the Institute, in its first meeting held on 27 March 2014, decided that efforts may be made to affiliate with a University of repute for recognition of the programmes at Undergraduate, Post Graduate and Doctoral level. However, the Institute subsequently entered into (April 2018) a Memorandum of Understanding with Indira Gandhi National Tribal University, Amarkantak, Madhya Pradesh for academic collaboration, whereby it was agreed that the University and the Institute shall work towards strengthening culinary education in the country through offering Undergraduate, Post Graduate and PhD programmes in Culinary Arts at the centers of the Institute and the degrees of all such programmes shall be awarded by the University. The reason for entering into academic collaboration instead of affiliation[59] with a University were not found on records.

Audit noticed that the Institute could not affiliate with any University due to non-fulfilment of the following requirements for affiliation as laid down under the University Grants Commission (Affiliation of Colleges by Universities) Regulations, 2009:

Table 11.1: Status of fulfilment of criteria for affiliation to a University

Sl. No.	Requirements as per UGC Regulations	Actual Status
(i)	Land Use Certificate from the Competent Authority designated by the Central Government	The land use of Tirupati Campus as per the available certificate was 'Agricultural'.
(ii)	Undisputed ownership and possession of land measuring not	Due to non-mutation of the land at Noida Campus, the ownership of land is still in

[59] *As per the University Grants Commission (Affiliation of Colleges by Universities) Regulations, 2009, the term 'affiliation' together with its grammatical variations, includes, in relation to a college, recognition of such college by, association of such college with, and admission of such college to the privileges of, a University.*

Sl. No.	Requirements as per UGC Regulations	Actual Status
	less than 2 acres if it is located in metropolitan cities, and 5 acres if it is located in other areas	the name of Indian Institute of Tourism and Travel Management.
(iii)	Number of teaching and non-teaching staff as per university norms	Both the Campuses of the Institute are working with 100 *per cent* contractual teaching and non-teaching staff.
(iv)	A library with at least 1,000 books, or 100 books in different titles on each subject, whichever is more, of the proposed programmes to include both textbooks and reference books	No books were found in the Library of the Noida Campus and only 86 books were found to be available in the Library of Tirupati Campus.

The Institute did not furnish any reply to the audit observation.

The Ministry of Tourism stated (December 2023) that:

(i) Affiliating with one University for both the campuses was not at all possible because of jurisdiction limitation of any affiliating university. As such, after exploring all possibilities, the best possible arrangements were made by signing the Memorandum of Understanding with Indira Gandhi National Tribal University which is a Central University having all India jurisdiction. By way of academic collaboration with the University, the Institute was running structured regular academic program at Undergraduate and Post Graduate levels with culinary specialisation, for which the Institute had been set up.

(ii) The academic programme was started before receiving the sanction of regular posts by the Department of Expenditure. As such, for smooth running of academic programme, contractual faculties were appointed by following the eligibility criteria as followed in the Institutes of Hotel Management.

(iii) The students of Noida Campus had been given access to the library of National Council for Hotel Management and Catering Technology. As regards Tirupati Campus, with the help of the Institute of Hotel Management, Chennai, the number of books in the library had increased up to 356 books which were quite manageable due to a small number of students in the campus.

The reply needs to be viewed in light of the facts that:

- The Institute was not required to obtain affiliation for both the campuses as Tirupati Campus was the main campus of the Institute and the Institute (Society) was registered as Indian Culinary Institute, Tirupati whereas the Noida Campus was only a Regional Centre of the Institute.

- As per the Cabinet approval, the Institute was supposed to affiliate with any University for recognition of its academic programmes which, in turn, required compliance to certain requirements with respect to ownership of land, teaching and non-teaching staff and availability of library with requisite minimum number of books etc. The fulfilment of these requirements would have led to betterment of the Institute. However, the Institute did not fulfil these requirements and entered into academic collaboration with a University instead of affiliating to a University.

(b) Deviation in offering structured courses and short-term courses

As per the Cabinet approval (March 2014), the academic calendar of the Institute would include the following programmes:

- B.Sc. (Culinary Arts and Sciences course) with an intake of 60 students,
- M.Sc. (Culinary Arts) with an intake of 25 students,
- One-year Diploma in Food & Beverage Service Management with an intake of 20 students per semester,
- Short-term skill/knowledge upgradation programme (two weeks to four weeks) with a maximum of 10 programmes in a year (with an intake of 10 students), and
- Skill and Competency Certification for practising chefs, with an intake of 10 in service executives.

Audit, however, noticed that as per the Memorandum of Understanding entered into (April 2018) by the Institute with Indira Gandhi National Tribal University, the titles of the programmes to be offered by the Institute were BBA in Culinary Arts, B.Sc. in Culinary Arts, MBA in Culinary Arts, M.Sc. in Culinary Arts and PhD in Culinary Arts. Audit further noticed that:

(i) Both the Campuses of the Institute were offering two courses *viz.*, BBA (Culinary Arts) and MBA (Culinary Arts), which were not as per the Cabinet approval.

(ii) Other courses namely, B.Sc. in Culinary Arts, M.Sc. in Culinary Arts and PhD in Culinary Arts were not yet started.

(iii) Both the Campuses had not started any short-term courses which were envisaged in the Cabinet approval.

Thus, the Institute neither offered the programmes mentioned in the Cabinet approval nor started all the programmes envisaged in the Memorandum of Understanding signed with Indira Gandhi National Tribal University.

It is possible that non-starting of approved courses by the Institute could be a factor that had an adverse impact on the intake of students. The average intake of students under the two courses offered by the Institute i.e. BBA (Culinary Arts) and MBA (Culinary Arts) was very less, as shown in the tables below:

Table 11.2: Intake of Students under BBA (Culinary Arts)

Academic Session	Tirupati Campus		Noida Campus		Institute as a whole	
	Available Seats	Occupied Seats	Available Seats	Occupied Seats	Available Seats	Occupied Seats
2018-21	120	11	120	26	240	37
2019-22	120	29	120	29	240	58
2020-23	120	38	120	31	240	69
2021-24	120	30	120	23	240	53
2022-25	120	27	120	22	240	49
Total	**600**	**135**	**600**	**131**	**1200**	**266**

Table 11.3: Intake of Students under MBA (Culinary Arts)

Academic Session	Tirupati Campus		Noida Campus		Institute as a whole	
	Available Seats	Occupied Seats	Available Seats	Occupied Seats	Available Seats	Occupied Seats
2018-20	30	0	30	0	60	0
2019-21	30	0	30	11	60	11
2020-22	30	11	30	20	60	31
2021-23	30	11	30	11	60	22
2022-24	30	11	30	0	60	11
Total	**150**	**33**	**150**	**42**	**300**	**75**

As is evident from the tables above, during the last five academic sessions, the total intake of students in the BBA (Culinary Arts) was only 266 students as against the total available seats (1200 seats) under the course, thus indicating an average intake of 53 students per year. Similarly, in respect of MBA (Culinary Arts), the total intake of student during the last five academic sessions was 75 students against the total available seats (300 seats) under the course, thus indicating an average intake of 15 students per year. In terms of percentage of total available seats, the average intake of students under BBA (Culinary Arts) and MBA (Culinary Arts) courses during the last five academic sessions was only 22 *per cent* and 25 *per cent* respectively.

The Management of Noida Campus stated (March 2023) that awareness among Indian students about culinary arts and future career prospects was very less and as such the Institute got a very small number of admissions. In respect of non-starting of approved courses, the Noida Campus stated (June 2023) that none of the Universities agreed to collaborate with the Institute to run these programmes. The Management of Tirupati Campus stated (June 2023) that BBA and MBA in Culinary Arts were in operation with less admissions. On getting the target seats filled for these two programmes, efforts would be made to launch the remaining programmes like B.Sc., M.Sc., and Ph.D. in Culinary Arts.

The replies are not tenable since the Ministry/Institute did not make any efforts to create awareness about the courses among the students by way of advertisement, notifications, e-mails, seminars, exhibitions, pamphlets etc. Further, the Institute did not offer some of the approved courses even though it had collaborated with Indira Gandhi National Tribal University. BBA (Culinary Arts) and MBA (Culinary Arts) being offered by the Institute were not among the programmes mentioned in the Cabinet approval whereas the courses such as B.Sc. (Culinary Arts) and M.Sc. (Culinary Arts) which had been approved by the Cabinet were not offered by the Institute.

The Ministry of Tourism stated (December 2023) that:

(i) Earlier it was thought to start B.Sc. and M.Sc. programmes in the field of Culinary Arts as similar programmes in hospitality management were being run at the Institutes of Hotel Management. However, when the academic collaboration with Indira Gandhi National Tribal University was done, they suggested about the changed nomenclature of BBA and MBA since their Science Department was unable to run specialised technical programmes such as B.Sc. and M.Sc. Accordingly, the Institute started running BBA and MBA programmes and the same has been ratified by the Executive and Finance Committee of the Institute. The matter would be further placed before the Board of Governors for ratification.

(ii) The Culinary Art programme was very new in India and as such much awareness about the programme was not available in the public. Due to this reason, the initial enrolment was between 25 and 35 in each campus. Thereafter, due to sudden effect of Covid pandemic, the hospitality industry was badly affected. However, gradually, the industry was recovering and hopefully the Institute would get full strength of students in near future.

The reply needs to be viewed in light of the fact that as per the Memorandum of Understanding entered into by the Institute with Indira Gandhi National Tribal University, BBA and MBA in Culinary Arts were to be offered in addition to B.Sc. and M.Sc. courses as envisaged in the Cabinet approval. However, B.Sc. and M.Sc. in Culinary Arts were not started by the Institute. Further, the admissions in both the campuses put together further decreased to 23 students in BBA and six students in MBA in the latest academic session started from 2023-24, as against the available seats of 240 and 60 respectively.

(c) Non-conduct of customised programmes or demand driven courses

The Institute did not conduct any customised programme for teaching/training of chefs or any demand-driven certificate courses relating to culinary arts and cuisine, as envisaged in the Cabinet approval.

The Management of Tirupati Campus stated (January 2023) that in the absence of a permanent organisation structure, no such course had been commenced. However, the Management of Noida Campus stated (December 2022) that it was developing a curriculum for the training of chefs.

The Ministry of Tourism stated (December 2023) that the Institute was still in its progression stage and the effect of Covid pandemic was still visible in all the hospitality institutes. Gradually, the Institute has to achieve all of its objectives including conduct of customised and demand driven programmes.

The replies need to be viewed in light of the fact that the Institute did not have any roadmap or plan of action for achieving the objective of conducting customised and demand driven programmes as envisaged in the Cabinet approval.

(d) Non-conduct of Joint Entrance Examination through National Council for Hotel Management and Catering Technology

Instead of enrolling the students through Joint Entrance Examination conducted by National Council for Hotel Management and Catering Technology, as stated in the Cabinet approval, students were enrolled through Joint Entrance Examination conducted by Indira Gandhi National Tribal University and the Institute on all India basis.

The Institute did not furnish any reply to the audit observation.

The Ministry of Tourism stated (December 2023) that earlier it was thought to run B.Sc. and M.Sc. programmes and therefore it was also thought that admission could be done through Joint Entrance Examination conducted by National Council for Hotel Management and Catering Technology. However, when it was decided to run BBA and MBA programmes in collaboration with Indira Gandhi National Tribal University, the Institute was compelled to follow the admission procedure of the University. As per its Act, the University suggested to have a separate entrance examination for getting admission to the Institute.

The reply needs to be viewed in light of the fact that the Joint Entrance Examination conducted by the Institute was not in line with that envisaged in the Cabinet approval. Further, during the year 2022, the Committee constituted by the Ministry of Tourism for suggesting way forward for the Institute had also pointed out that the admission test conducted by the Institute was different from that conducted by the National Council for Hotel Management and Catering Technology and this was a major reason for not getting sufficient number of admissions by the Institute.

11.3.5.2 Research Activities

As per the Cabinet approval, the Institute shall (i) evolve into and serve as a world class resource centre in its subject domain, and create a gold standard for Indian cuisines worldwide, (ii) promote study/research on traditional Indian foods and its linkage with traditional medicines, (iii) prepare and publish an exhaustive compendium on evolution of Indian cuisine, (iv) Promote research and pedagogy development in respect of traditional Indian cuisine, (v) have within it a Culinary Museum and a Patent and Legal Cell.

Audit observations relating to the research activities of the Institute are discussed below:

(a) Inadequate library infrastructure in the Institute

In order to achieve the objective of serving as a world class resource centre in its subject domain and to promote research and pedagogy development in respect of traditional Indian cuisine, it was essential to have library infrastructure with related books, reference materials, research papers and journals. Also, the availability of a library with certain minimum number of books was a mandatory requirement for affiliation with a University.

However, during the joint physical inspection of Noida Campus conducted on 9 September 2022, it was found that neither there was any librarian nor any book, magazine, journal, periodical etc. in the library.

Picture 11.1
No Books and Librarian (Noida Campus)

Picture 11.2
Empty Bookshelves in Library (Noida Campus)

In respect of Tirupati Campus, joint physical inspection was conducted on 28-29 December 2022 and only few books (86 Numbers) were found in a wooden almirah. Further, there was no librarian and Accession Register was also not maintained.

Picture 11.3
Book Racks in Library (Tirupati Campus)

The Management of Noida Campus stated (March 2023) that the cost of books was not included in the total project cost which was executed by NBCC. At a later stage, books were not purchased due to shortage of funds. However, the students were given access to the library of National Council for Hotel Management and Catering Technology. It was further stated that the Management was planning to purchase its own books in future. However, documents regarding the usage of the library of National Council for Hotel Management and Catering Technology by the students were not furnished to Audit.

The Management of Tirupati Campus stated (June 2023) that in view of the observation of Audit, the Institute has started maintaining Accession Register. It was further stated that with the available funds, the Campus could not afford services of an exclusive librarian. However, the same was being managed with the help of available office staff and faculty.

The Ministry of Tourism stated (December 2023) that the Tirupati Campus had very small number of students and the same was manageable with 356 books available in its library. Gradually, the Campus would purchase more books and subscribe for e-books for use of students. Further, the students of Noida Campus had been given access to the library of National Council for Hotel Management and Catering Technology which was having more than 8,000 books. The Ministry further stated that so far more than 25 research papers had been written by the students of Tirupati Campus and more than 15 research papers had been written by the students of Noida Campus in various research publications and students were also doing research projects as part of their academic programmes.

The replies need to be viewed in light of the fact that creation of a large library infrastructure without having sufficient books in the library would make it futile. In the absence of a well-functioning library, the Institute would not be in a position to achieve its objective of promoting research and pedagogy development in Indian Cuisine and serve as a world class resource centre in its subject domain. Also, without a well-developed library in place, the Institute would not be able to attract intake of students and would also not meet the criteria of getting affiliation with a university. Further, the Ministry did not provide details/copies of Research papers stated to be written by the students, in support of its reply.

(b) Non-functional Computer Lab and Research Workstation in Tirupati Campus

Computer labs enable students to complete coursework, conduct research and develop technical skills. The curriculum for BBA in Culinary Arts course included a practical subject in Computer Applications and the curriculum for MBA in Culinary Arts included subjects such as Food Journalism, Food Styling and Photography. These courses required a fully functional Computer lab in the Institute.

However, joint physical inspection (2-3 January 2023) of Tirupati Campus revealed that not a single computer system had been installed in the Computer Lab. Further, Chairs (92 Numbers), Tables (88 Numbers) and Drawers (17 Numbers) kept in the Computer Lab were lying idle and were not in use for the intended purpose.

Promotion of study/research on traditional Indian foods and their linkage with traditional medicines, commissioning of studies and surveys etc. were among the objectives of establishment of the Institute. However, during the above joint physical inspection, Audit found that Cubicles (14 Numbers), Chairs (13 Numbers) and Tables (3 Numbers) kept in the Research Workstation were not in use, except for limited purpose by the MBA students.

Picture 11.4
Absence of computer system in the Computer Lab (Tirupati Campus)

Picture 11.5
Non-usage of Research Lab and Infrastructure (Tirupati Campus)

Audit noted that due to the absence of computers in the Computer Lab, the Tirupati Campus had to depend on other organisations for holding practical sessions for the students. During the years 2018-19 to 2021-22, the Tirupati Campus paid ₹1.06 lakh to a neighbouring Institute towards rental charges of their Computer Lab.

The Management of Tirupati Campus stated (June 2023) that in the absence of Capital Grant in-Aid, computer systems could not be procured for its Lab and the Institute had been using the computer lab of a neighbouring Institute on rental basis keeping it to the bare minimum. It was further stated that the Institute of Hotel Management, Chennai had installed computers and printers in the Lab of Tirupati Campus of Indian Culinary Institute for running its B.Sc. Hospitality and Hotel Administration programme from that Campus as its extended campus from the ensuing academic year. These systems would also be made available to the students of Tirupati Campus of Indian Culinary Institute for their Computer

Applications subject and the Indian Culinary Institute would not need to depend on the neighbouring Institute's Computer Lab thereafter.

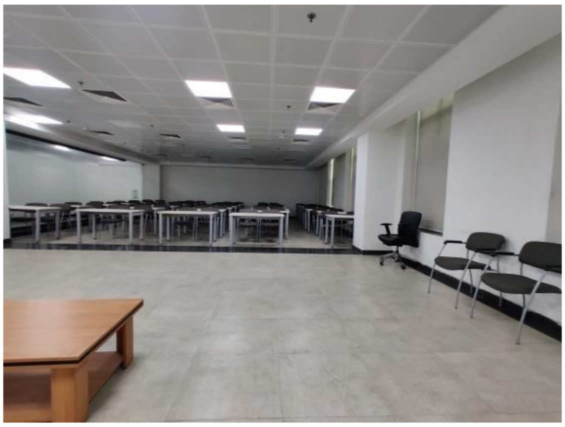
The Ministry of Tourism stated (December 2023) that equipping of the Computer Lab in both the campuses was not included in the total project cost executed by NBCC. Further, paucity of fund was another reason of not equipping Computer Lab. Tirupati Campus took help of the neighbouring mentor Institute for teaching and use of lab at their campus by paying a nominal amount. Further, the Government of India had provided financial assistance to Institute of Hotel Management, Chennai (mentor Institute) through which a Computer Lab with 30 computers had been equipped for Tirupati Campus.

The replies may be viewed in light of the fact that the Institute could not provide basic facilities to the students of Tirupati Campus which were essential as per their course curricula. Besides, the infrastructure created also remained unutilised. Further, reply in respect of the audit observation on Research Workstation was not furnished by the Management/Ministry.

(c) Non-functioning of Culinary Museums

As per the Cabinet approval, the Institute would have a Culinary Museum. The Culinary Museum was meant for students and the general public for better awareness regarding the trade and inheritance.

During joint physical inspections of Noida Campus (9 September 2022) and Tirupati Campus (28-29 December 2022), Audit was informed that the Culinary Museum was to exhibit ancient food related items so that the visitors can understand the culinary history of India. However, it was found that the Culinary Museum at Noida Campus was being used as classroom and the Culinary Museum at Tirupati was lying vacant.



Picture 11.6
Culinary Museum used as Classroom (Noida Campus)

Picture 11.7
Culinary Museum not in use for the intended purpose (Tirupati Campus)

The Management of Noida Campus stated (March 2023) that the space of Culinary Museum was created to display the history and evolution of equipment used in various cookery and other food related activities. Due to lack of dedicated staff and lack of fund, the same had not so far been developed and was used for the purpose of examination and other consultancy work.

The Management of Tirupati Campus stated (June 2023) that the limited staff and students available in the Institute would not be able to take the additional load of maintaining the Culinary Museum and once the students and staff strength improves and on receipt of grants from the Ministry, items would be procured for making Culinary Museum operational.

The Ministry of Tourism stated (December 2023) that due to lack of dedicated staff and funds, the Culinary Museums could not be set up so far and the space was being utilised for various competitions and even examination work. In the absence of historical cookery equipment/art effects, the Museum area could not be used for intended purpose. The facility was being used for student events like cultural activities, guest lectures etc. with a view to upkeep the facility.

The reply of the Ministry needs to be viewed in light of the fact that both the Campuses had 12 classrooms each with seating capacity ranging from 20 to 60. There was no dearth of classrooms or space for examination and other activities. Therefore, using the space meant for Culinary Museums for other activities was not justified. As regards lack of dedicated staff and funds, the reply is not convincing as it was the responsibility of the Administrative Ministry to ensure availability of adequate staff and funds with the Institute so that the planned facilities/infrastructure were made functional.

(d) Absence of Patent and Legal Cell

As per the Cabinet approval, the Institute would have a Patent and Legal Cell. The Patent and Legal Cell was required to protect the researched culinary items through patenting so that they do not become the property of other countries.

Audit noticed that no Patent and Legal Cell was formed in either of the two Campuses of the Institute.

The Management of Tirupati Campus stated (January 2023 and June 2023) that due to the absence of a permanent organisation structure, further expansion of Institute's operations was not possible and the objectives of Patent and Legal Cell would be achieved by the Institute gradually. The Noida Campus did not furnish any reply to the audit observation.

The Ministry of Tourism stated (December 2023) that the Institute was in its growing phase and presently with bare minimum contractual faculty, the Institute could not establish Patent and Legal Cell. However, the Tirupati Campus had already started initiatives to conduct research on Food Technology in collaboration with IIT, Tirupati and also with Central Food Technological Research Institute, Bangalore. Gradually, the Institute would be establishing its own Patent and Legal Cell also.

11.3.5.3 Resource Centre for Indian cuisines

As per the Cabinet approval, the Institute was to act as a Resource Centre and would commission studies and surveys in its subject domain. Further, the Institute would work towards linkages with the private sector in furtherance of its mandate and help the Institutes of Hotel Management and the Food Craft Institutes in upgrading their cuisine specialisation.

Audit observations in this regard are discussed below:

(a) Non-commissioning of studies and surveys

In the first meeting of the Executive and Finance Committee of the Institute held on 27 March 2014, it was decided that the Institute may take up a 'Culinary Survey' of India involving the existing network of Institutes of Hotel Management, Food Craft Institutes, State Governments, along with the Indian Federation of Culinary Associations (IFCA) and the Ministry of Culture. For this purpose, the country may be divided into five regions i.e., North, South, East, West and Central India and in each of the five regions, an Indian Culinary Congress could be held to bring together all national Chefs and Anthropologists to create a database of regional foods from different States of the region. The Congress would discuss features like ethnic recipes, historical references, nutritional data, imagery, video and credits. At the end, an encyclopedia of culinary documentation so created would be produced and the first volume of the encyclopedia may be out by September 2014.

Similarly, in the second meeting of the Executive and Finance Committee held on 28 July 2014, it was decided that the Culinary Survey would be undertaken with the assistance of existing network of 21 Central and 16 State Institutes of Hotel Management including seven Food Craft Institutes affiliated to National Council for Hotel Management and Catering Technology.

In the third meeting of Executive and Finance Committee held on 27 April 2016, it was decided that all Central Institutes of Hotel Management must take up the Culinary Surveys and research work in the States/Union Territories in which they are located, and must create a repository for recipes discovered in the course of such research with standardised format and documentation for which documentation procedure will be laid down by the National Council for Hotel Management and Catering Technology. The recipes should also be stored in digitised format and a digital copy was to be sent to National Council for Hotel Management and Catering Technology. The recipes so received from the Institutes of Hotel Management would be uploaded on the websites for public access and the Consultant (Academics), National Council for Hotel Management and Catering Technology would be responsible for this exercise.

Audit found no records regarding any initiatives taken by the Institute to implement the above decisions taken in the meetings of the Executive and Finance Committee. Therefore, the objectives of creation of database of regional cuisine, creation of culinary documentation and preparation of its encyclopedia, storing of recipes in digital format and online availability of recipes for the public in respect of Indian cuisine were not achieved.

The Management of Noida Campus admitted (December 2022) that the above stated objectives were not achieved. The Management of Tirupati Campus stated (January 2023) that the current manpower was not sufficient to work towards these objectives.

The Ministry of Tourism stated (December 2023) that in the absence of funds, the work like culinary survey, creation of database etc. could not be taken up. Also, few of the existing Institutes of Hotel Management have created and published database of ethnic cuisine and its historical references. The Institute will make a depository of regional cuisine books published by the Institutes of Hotel Management. Further, regarding consultation with top rated international institutes and international tie-up for joint certification, the matter would be placed before the Board in the next meeting.

(b) No linkage with other Institutes

As per the Cabinet approval, the Institute would, *inter alia*, carry out the following activities:

(i) take up consultancy work in its field of competence,

(ii) help the Institutes of Hotel Management and the Food Craft Institutes in upgrading their cuisine specialisation by conducting training/workshops to upgrade the skills of the teachers of the Institutes of Hotel Management and the Food Craft Institutes; allowing training attachment of students during vacations; receiving teachers from the Institutes of Hotel Management and the Food Craft Institutes as guest faculty for other hospitality domains; and advising National Council for Hotel Management and Catering Technology on course contents specific to food production for being incorporated in the graduate level degree course in the Institutes of Hotel Management,

(iii) serve as an institutional facilitator for meeting of Indian cuisine researchers/experts with those in the other countries,

(iv) work towards linkages with the private sector in furtherance of its mandate,

(v) assist in and associate itself with the attempts of food research institutions, food scientists and food technologists to find effective and acceptable means of presenting their nutritional ·ideas through the development of suitable recipes and planning of menus.

Audit noticed that except entering into (January 2023) a Memorandum of Understanding with Sri Padmavati Mahila Visvavidyalayam, Tirupati for capacity building in Food Science and Technologies, no other activity was carried out by the Institute for collaborating with other Institutes or the private sector.

The Ministry of Tourism stated (December 2023) that after getting permanent staff structure, the Institute would take up the task of linkage with other Institutes. It was further stated that linkage with IIT, Tirupati was also in the pipeline.

11.3.5.4 Human Resource

As per the Cabinet approval, the timeline for recruitment of staff by the Institute was 2014-15. Audit observations on Human Resource Management have been discussed below:

(a) Recruitment of teaching staff

As per the Cabinet approval, the faculty and other staff for the Institute would be employed as per student strength with faculty to student ratio being 1:15. This ratio was to be maintained as the programmes were research-based and skill oriented. The Institute was to have its full strength of students in the third year of its operation. Further, 60 *per cent* of the faculty positions were to be on regular basis and the remaining 40 *per cent* were to be visiting faculty. The approved total teaching staff at the end of third year was as under:

Table 11.4: Number of posts of teaching staff approved

Name of the Post	Number of posts at the end of third year of operation
Professor	3
Associate Professor	7
Assistant Professor	20

Audit noticed that:

(i) The timeline for recruitment of staff by the Institute was the year 2014-15. However, the draft Recruitment Rules were formulated only in the year 2019 and these had not been finalised even as of July 2023.

(ii) The Noida Campus had only six contractual faculty members as Lecturers-cum-instructors, out of which three faculty members had joined between July 2022 and December 2022.

(iii) The Tirupati Campus had only four contractual faculty members as Lecturers-cum-instructors, out of which one faculty member joined in July 2022.

The Managements of Tirupati Campus and Noida Campus stated (March 2023 and June 2023) that the Recruitment Rules so far had not been finalised and approved by the Ministry of Tourism. As such, the Institute was unable to recruit regular faculty according to the sanctioned posts and was managing its academic activities through contractual faculty. It was further stated that one senior faculty from the Institute of Hotel Management, Chennai had been deputed at Tirupati Campus and the Director (Studies) of National Council for Hotel Management and Catering Technology had been given extra charge of Noida Campus for managing its academic activities. Further, the Institute invited senior managerial hospitality professionals from time to time for lectures.

The Ministry of Tourism stated (December 2023) that the Department of Expenditure, Ministry of Finance approved the posts of three Professors, six Associate Professors and eight Assistant Professors only (against the number of posts mentioned in the Cabinet approval) and the Recruitment Rules were at final approval stage in the Ministry. Due to non-finalisation of Recruitment Rules, both the campuses had recruited lecturers at par with the Institutes of Hotel Management under the Ministry and were managing the running of academic programmes from both the campuses. The Institute, while engaging the contractual faculty, followed the existing Recruitment Rules for the post of lecturers in the Institutes of Hotel Management. All the contractual faculty engaged at both the campuses fulfilled the eligibility criteria for lecturers at the Institutes of Hotel Management.

The reply of the Ministry needs to be viewed in light of the fact that the Ministry itself had proposed the timeline of 2014-15 for recruitment of staff. However, the draft Recruitment Rules were formulated by the Institute only in the year 2019 and approval of the same was still pending (December 2023).

(b) Recruitment of non-teaching staff

As per the Cabinet approval, the Institute was to have the following posts of non-teaching staff:

Table 11.5: Number of posts of non-teaching staff approved

Name of the Post	Number of posts at the end of third year of operation
Director	1
Administrative Officer	1
AAO/OS	1
Accountant	1
UDC/Storekeeper/Cashier	2
LDC	4
Librarian	1
Assistant Librarian	1
PA/Steno	4
Driver	1

Audit noticed that:

(i) Both the Campuses of the Institute were managing their administrative activities with contractual non-teaching staff.

(ii) Chief Executive Officer of National Council for Hotel Management and Catering Technology was holding additional charge of Director for both the Campuses. Similarly, Director (Administration and Finance) of National Council for Hotel Management and Catering Technology was holding additional charge as acting Accounts Officer of the Institute.

The Managements of Noida Campus and Tirupati Campus stated (June 2023) that the approval for the sanctioned manpower (14 posts) had been received (July 2018) from the Ministry of Finance. The Recruitment Rules were under finalisation at the Ministry of Tourism. On finalisation of the Recruitment Rules, regular staff would be recruited.

The reply needs to be viewed in light of the fact that in the absence of adequate non-teaching staff, all the administrative activities for the functioning of the Institute were being carried out by skeleton contractual staff thus impacting administrative efficiency.

The Ministry of Tourism stated (December 2023) that with the present low admissions of students, it was very much manageable with the outsourced manpower. The Recruitment Rules for the regular sanctioned posts were under active consideration in the Ministry and on getting these Recruitment Rules approved, the Institute would initiate the process of recruiting required number of non-teaching staff also.

The reply of the Ministry needs to be viewed in light of the fact that while the draft Recruitment Rules were formulated in the year 2019, approval of the same was still pending (December 2023).

11.3.5.5 Infrastructure

Given the low intake of students and non-commencement of various activities, the utilisation of infrastructure in the both the Campuses of the Institute was sub-optimal. As against the availability of 200 hostel rooms in Noida Campus and 152 hostel rooms in Tirupati Campus, number of hostel rooms occupied by the students ranged from 5 rooms to 64 rooms in Noida Campus and from 13 rooms to 70 rooms in Tirupati Campus during 2018-19 to 2022-23.

Audit conducted joint physical inspections at Noida Campus (25 August 2022 and 9 September 2022) and at Tirupati Campus (27-29 December 2022 and 2-3 January 2023) and the observations on the status of infrastructure are discussed below:

(a) Deterioration of infrastructure due to non-maintenance/non-utilisation

Due to non-utilisation and non-maintenance of the assets created, the infrastructure was deteriorating and in dilapidated condition, as evident from the following points:

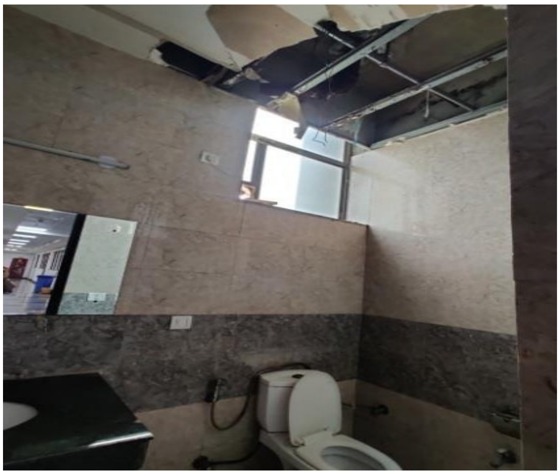
(i) Non-maintenance of assets/facilities

During the joint physical inspection at Noida Campus and Tirupati Campus, it was found that the infrastructure created was not in use or was damaged due to non-maintenance. A few instances are as under:

- The building of the entire Noida Campus was in deteriorating condition and there were cracks, seepages and dampness in the walls of the building. Similarly, cracks, seepage and dampness were found in the walls of Academic Block, Indian and International Kitchen, Hostel Mess, Girls Hostel and in the washrooms of Boys Hostel in Tirupati Campus.

Picture 11.8 **Horizontal cracks near base of Staff Quarters (Noida Campus)**	**Picture 11.9** **Dampness in the walls of Boys' Hostel (Tirupati Campus)**

- Washrooms near International Kitchen at the first floor of Noida Campus were not in use and the false ceiling of the Boys washroom was damaged. Similarly, in Tirupati Campus, one of the tiles was found missing in the false ceiling of washroom of the Guest House.



Picture 11.10 **Washroom with damaged false ceiling (Noida Campus)**	**Picture 11.11** **Washroom with missing tile in false ceiling (Tirupati Campus)**

- During inspection of Elevators of Noida Campus, the representative of the Campus informed that the Elevators were not in use for more than a year due to non-maintenance. Similarly, the Elevators in Tirupati Campus were also found to be not in use due to non-maintenance.

Picture 11.12
Elevators not in use due to non-maintenance (Noida Campus)

Picture 11.13
Elevators not in use due to non-maintenance (Tirupati Campus)

(ii) Non-Functional Sewage and Water Treatment Plant

- The Sewage Treatment Plants were not functioning in both the Campuses.

Picture 11.14
Non-functional Sewage Treatment Plant (Noida Campus)

Picture 11.15
Non-functional Sewage Treatment Plant (Tirupati Campus)

- The Water Treatment Plants were also not functioning in both the Campuses.

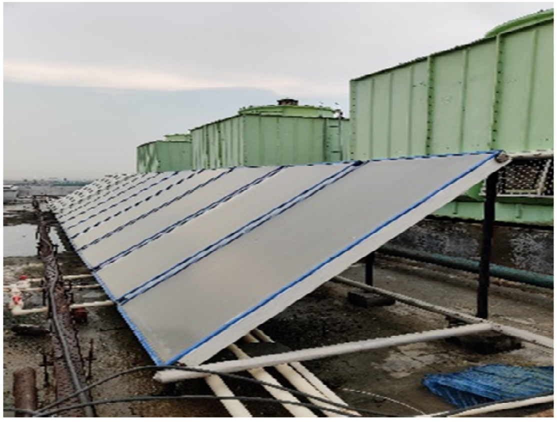
Picture 11.16
Non-functional Water Treatment Plant (Noida Campus)

Picture 11.17
Non-functional Water Treatment Plant (Tirupati Campus)

- Due to non-functional Sewage Treatment Plant, the untreated sewage water was being discharged into open areas in the Noida Campus.

(iii) Non-functioning solar panels in Tirupati campus and non-functioning solar water heater and solar lights in Noida campus

- Due to non-maintenance, the solar panels were not functioning in Tirupati Campus. In Noida Campus, the solar-powered water heaters installed in Academic Block, Hostels and Guest House were not functioning.



Picture 11.18
Non-functional solar-powered Water Heaters (Noida Campus)

Picture 11.19
Non-functional Solar Panels on roof of Girls Hostel (Tirupati Campus)

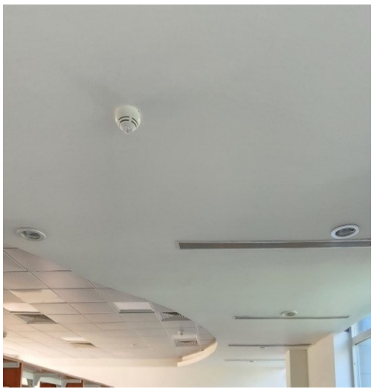
- A solar water heater was found damaged in Tirupati Campus whereas defunct solar streetlights were found in Noida Campus.

Picture 11.20
Defunct Solar Street Lights (Noida Campus)

Picture 11.21
Damaged solar water heater (Tirupati Campus)

(iv) Non-functioning of fire alarm system

The fire alarm system (smoke detectors) installed in Tirupati Campus malfunctioned in March 2020 and hence was turned off. Because of the non-maintenance of the system after the malfunction, the fire alarm system was not being turned on. During the joint physical inspection, it was found that the display in the control panel showed multiple locations filled with smoke, despite the fact that there was no smoke. Further, the emergency fire buttons were also not found to be working.

		
Picture 11.22 **Non-functioning Fire Alarm System (Smoke detector)**	**Picture 11.23** **Damaged emergency fire alarm button**	**Picture 11.24** **Defective control panel**

Audit also noticed that both the Campuses of the Institute have not got the Fire and Life Safety certificate renewed from the Fire authorities. The Noida Campus had obtained the Fire and Life Safety Certificate from the Chief Firefighting Officer, Gautam Buddha Nagar on 25 June 2018 for a period of three years i.e. from 25 June 2018 to 24 June 2021. The certificate was issued on the condition that the Institute would follow all the standards of Fire & Life safety and would renew the certificate within the stipulated period of time. However, the Fire and Life Safety Certificate was not renewed after its expiry in June 2021. In the absence of a Fire and Life Safety Certificate, the possibility of risk to human lives and loss to the property of the Campus could not be ruled out.

Similarly, the Tirupati Campus obtained No Objection Certificate for Occupancy from the Regional Fire Officer, Vijayawada on 8 October 2018 for a period of one year with the condition that the same would be renewed before its expiry. However, the No Objection Certificate for Occupancy was not got renewed, even after its expiry in October 2019.

The Management of Noida Campus stated (April 2023) that action was being taken to write to the concerned department for verification and renewal of Fire and Life Safety Certificate. The Management of Tirupati Campus stated (January 2023) that it had taken up the renewal of No Objection Certificate as a matter of priority with the Andhra Pradesh State Disaster Response and Fire Services Department.

(v) Non-entering into Annual Maintenance Contracts

Neither of the Campuses had entered into any Annual Maintenance Contract for regular maintenance of the assets and equipment such as Elevators, Sewage Treatment Plant, Water Treatment Plant, Heating, Ventilation, and Air Conditioning (HVAC) system, Solar Panels and related equipment, Chillers, Fire Fighting System, DG Set, Computer Systems, Fire Alarm System, Water Sprinkler System etc.

(vi) Non-utilisation of Kitchen and Lab equipment

The Ministry of Tourism sanctioned ₹17 crore (₹8.50 crore for each of the two Campuses) as Capital Grants-in-aid for purchase of equipment by the Institute. Joint physical inspection revealed that in Noida Campus alone, equipment costing ₹2.59 crore were lying idle in kitchen and restaurants and those costing ₹0.17 crore were lying idle in Quality Control Lab. Equipment was also found idle in Tirupati Campus, however, cost thereof could not be ascertained as the details of assets purchased and the related vouchers were not furnished to Audit.

Picture 11.25
Unused Walk-in Freezer (Noida Campus)

Picture 11.26
Unused walk-in freezers (Tirupati Campus)

Picture 11.27
Unused Kitchen equipment in International Restaurant (Noida Campus)

Picture 11.28
Unused Kitchen equipment in International Restaurant (Tirupati Campus)

Picture 11.29
Unused Kitchen equipment in Halwai Kitchen (Noida Campus)

Picture 11.30
Machines in packed and uninstalled condition in Quality Control Lab (Noida Campus)

In response to audit observations on infrastructural deficiencies, the Management of Noida Campus stated (April 2023) that the Institute was not getting sufficient number of students and was unable to meet the expenditure on maintenance due to financial crunch. It was further stated that in view of the financial crisis, the Government of India constituted (March 2022) a Committee to review and report for revival of the Institute and the preliminary report had been submitted. Further, maintenance was only possible if the grant was received from the Government of India.

The Management of Tirupati Campus stated (June 2023) that due to shortage of funds/grants, the Institute was unable to attend all the areas in one go and the maintenance related work would be taken up in a phased manner. It was further stated that with improved student strength, the Institute would be better placed with adequate revenue to take up maintenance works effectively.

The replies need to be viewed in light of the fact that the infrastructural facilities had deteriorated/become dilapidated due to non-maintenance and this would have an adverse impact on the fulfilment of the objectives for setting up of the Institute.

While accepting the Audit observations, the Ministry of Tourism stated (December 2023) that:

(i) Due to low enrolment of students, all the labs and equipment and other infrastructure were not being used. Further, demand for the academic courses of the Institute was very less due to the effects of Covid pandemic and in due course, admissions to the Institute would be improved and the equipment/infrastructure would come under utilisation.

(ii) With the present financial status of the Institute, it only goes for repairs of elevators, water treatment plant, sewage treatment plant etc. whenever required, instead of entering into Annual Maintenance Contracts.

(iii) Due to floods during the year 2020, the Sewage Treatment Plant at Tirupati Campus was submerged and due to short circuit, it became non-functional. Further, there is very less flow of sewage from the hostel area to properly run the plant at its optimum capacity.

(iv) Due to storm and heavy rainfall, the solar panel at Tirupati Campus got damaged. At Noida Campus, the solar panel attached to the water heater was functional. However, the streetlights were not working.

(v) Due to lack of maintenance because of paucity of fund, the fire alarm system was not functioning properly. As and when the fund is received, the fire alarm would be activated.

(vi) Regarding renewal of Fire Safety Certificate, the Noida Campus had already been inspected by the Fire Department of Noida Authority and their observations were awaited. In respect of Tirupati Campus, the process of renewal of Fire Safety Certificate had been initiated.

The fact, however, remains that the condition of assets/infrastructure was deteriorating due to non-maintenance which would eventually make the assets unusable.

Further details of the deficiencies noticed by Audit during joint physical inspection of infrastructure at both the Campuses are given in **Annexure-XV**.

(b) Lack of physical verification of Fixed Assets and consumables

Rule 211 (ii) of General Financial Rules, 2017 provided that separate accounts shall be kept for Fixed Assets such as plant, machinery, equipment, furniture, fixtures etc. in the Form GFR-22. Further, Rule 213 (1) provided that Fixed Assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register.

With regard to consumables, Rule 213 (2) provided that physical verification of all consumable goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

Audit noticed that both the Campuses of the Institute did not maintain any Fixed Asset Registers and physical verification of stock or consumables had never been done. Further, during the joint inspection of Noida Campus, Audit also found that several expired items had been kept in their kitchen. Proper maintenance of register for consumables and periodic physical verification would have ruled out the possibility of use of expired items in the kitchen.

Thus, the Institute did not have an effective inventory management system to keep track of the supplies. There was no mechanism of inspection of stores and consumables. As a result, proper supply and utilisation of resources was not ensured, leading to possibility of wastage or misutilisation.

The Management of Noida Campus stated (February/June 2023) that Assets Register with details of items available in the Academic Block, Hostel, Guest House, Staff Quarters etc. and in the entire Campus would be made and physical verification of Fixed Assets and stores/consumables would be started soon.

The Management of Tirupati Campus stated (June 2023) that the Registers for Fixed Assets created through NBCC could not be maintained in the absence of item-wise values. The information pertaining to such Fixed Assets had been sought from NBCC and on receipt of the information, registers would be made.

The Ministry of Tourism stated (December 2023) that the entire inventory of assets was created and commissioned by NBCC and handed over to the Institute. Due to absence of separate cost of equipment in the final bill of NBCC, the assets could not be taken separately in the balance sheet. However, the Institute was pursuing with NBCC to get equipment-wise cost for further maintenance and subsequent physical verification as required in the accounting system.

The replies are not acceptable as non-receipt of details of item-wise costs of Fixed Assets is not a valid ground for non-maintenance of Fixed Asset Registers. The details of numbers and type of Fixed Assets acquired could have been depicted in the registers and the item-wise values could be incorporated after receipt from NBCC. This would have facilitated physical verification of assets.

11.3.5.6 Internal Controls, Monitoring and Operational Performance

Audit observations on efficacy of internal controls and monitoring by the Institute and the operational performance of the Institute (in terms of achievement of projected income) are discussed below:

(a) Absence of Land use certificate for Tirupati Campus

The Tirupati Campus was constructed on 14.21 acres of land provided by the Government of Andhra Pradesh at Survey numbers 211 and 212 of Kurukalva village at Renigunta in Chittoor District. The Government of Andhra Pradesh issued a Gazette notification on 14 February 2017 in respect of the change of land use of aforesaid land from agricultural use to commercial use. The notification provided that the site was proposed to be designated for commercial use subject to certain conditions. One of the conditions was that the applicant shall pay the development/conversion charges to the Tirupati Urban Development Authority.

The Tirupati Urban Development Authority raised a demand of ₹15.48 lakh towards land use/conversion charges on 27 March 2019 and the said amount was to be paid by the Institute within one week. The Authority again asked the Institute to pay the aforesaid amount within one week on 27 August 2021. However, the same had not been paid by the Institute.

Audit noticed that since the condition regarding payment of conversion charges to the Tirupati Urban Development Authority was not fulfilled by the Institute, the use of agricultural land for commercial or institutional purposes was irregular. Thus, the academic activities were in operation in the Tirupati Campus since the year 2018-19, even though the permitted land use was for agricultural purposes.

The Management of Tirupati Campus stated (June 2023) that the Board of Governors, in its meeting held on 7 October 2022, approved payment of land conversion charges of ₹15.48 lakh to the Tirupati Urban Development Authority and the same would be made on receipt of grant from the Ministry of Tourism.

The Ministry of Tourism stated (December 2023) that initially it was not informed to the Institute that the land conversion charges were to be paid by the Institute. As such, the cost of land conversion charges was not included in the total project cost. After establishment of the Institute, Tirupati Urban Development Authority claimed the land conversion charges from the Institute. However, due to paucity of fund, the payment for land conversion charges was not made to the Authority. The Institute had already requested the Ministry to provide fund for the same, which was under process.

(b) Absence of clear land title for Noida Campus

The Board of Governors of the Institute, in its first meeting held on 22 January 2015, approved setting up of Northern Indian Regional Culinary Institute at Sector 62, Noida. The Noida Campus was inaugurated in April 2018 and its academic activities were started from the year 2018-19.

Audit, however, noticed that mutation of the land of Noida Campus had not yet been done and the ownership of the land was in the name of the Indian Institute of Tourism and Travel Management. Audit further noticed that commercial activities were not yet commenced by Noida Campus due to non-transfer of land in its name.

The Management of Noida Campus stated (April 2023) that letters from the Noida Campus (July 2018) as well as from Indian Institute of Tourism and Travel Management (March 2018) were sent to Noida Authority to transfer the land of Plot number A-35 in the name of Indian Culinary Institute.

The reply needs to be viewed in the light of the fact that the letters were issued in the year 2018 and thereafter no steps were taken for getting the mutation of land done in the name of the Institute.

While accepting the Audit observation, the Ministry of Tourism stated (December 2023) that the Institute was in touch with the Noida Authority for mutation of land in the name of the Institute.

Thus, in the absence of change of land use by Tirupati Campus and non-mutation of land in the name of Noida Campus, both the Campuses could not start commercial activities which was essential to generate financial resources to become self-sufficient.

(c) Low revenue generation

As per the Cabinet approval, the Institute would start its operations in terms of commencement of classes from the year 2015-16 and from the third year of its operations (i.e. 2017-18), the Institute would become self-sufficient by generating adequate income from the fee to be paid by the students and other revenue streams such as income from food outlets (Indian and International Cuisine Restaurants, Cafe, Banquets), fee from consultancy and accreditation of centres and hostel charges.

Audit, however, noticed that there was a wide gap between the projected and actual income generated by the Institute, as shown in the table below:

Table 11.6: Income generated by the Institute vis-à-vis projections

Activity	Projected Income of Tirupati Campus as per Cabinet approval	Actual Income of both Campuses (Tirupati and Noida)
Institutional Fees	₹17.62 crore during the first four years of operation	₹8.09 crore[60] (2018-19 to 2021-22)
Income from food outlets	₹5.26 crore during the first five years of operation	₹ 60,000 (in 2018-19 and 2019-20 from Banquets by Tirupati Campus)
Consultancy fee	₹2.30 crore during the first five years of operation	Nil
Income from accreditation of centres	₹0.30 crore during the first five years of operation	Nil

The Institute was unable to commence any commercial operations due to land related issues as discussed in preceding paras. As a result, the infrastructure created such as International Restaurants, Indian Restaurants, Cafe, and banquets were lying idle, as shown below:

[60] ***The Institute started academic activities from its own Campuses from the year 2018-19 onwards. As such, the income pertaining to the four years commencing from 2018-19 has been considered. However, the Institute had also conducted academic activities during 2016-17 and 2017-18 from the State Institute of Hotel Management, Tirupati and fee amounting to ₹74.38 lakh was earned during these two years.***

Picture 11.31
International Restaurant (Noida Campus)

Picture 11.32
International Restaurant (Tirupati Campus)

Picture 11.33
Indian Restaurant (Noida Campus)

Picture 11.34
Indian Restaurant (Tirupati Campus)

Picture 11.35
Cafe (Tirupati Campus)

The Management of Noida Campus stated (June 2023) that Cafe and Confectionary Shop, Indian Restaurant, International Restaurant, and Banquet Kitchen would be used for commercial operation after obtaining approval from Noida Authority and the Institute could apply for approval only after the land was transferred in its name.

The Management of Tirupati Campus stated (June 2023) that due to less number of admissions, the targeted revenue had not been achieved. It was also stated that the Institute was trying to start commercial activities but due to locational disadvantage, it was not getting any assignment. However, it had got three outdoor catering orders from IIT, Tirupati and one outdoor catering order from Sri Padmavati Mahila Visvavidyalayam, Tirupati.

The Ministry of Tourism stated (December 2023) that the projected income as pointed out by Audit is from the Detailed Project Report which was prepared on the basis of optimum utilisation of the Institute. However, both the Campuses were presently underutilised and as such the actual income was lesser. Due to adverse effect of Covid pandemic, the Institute suffered a lot in getting the number of students and in utilising the commercial space. However, both the Campuses were trying to start some of the commercial activities and were creating awareness in public to secure more admissions. The approval from Noida Authority to start commercial activities would be taken up on top priority.

(d) Absence of regular meetings of Governing Bodies of the Institute

As per Cabinet approval, the Board of Governors, headed by the Minister of Tourism as its Chairman, was responsible for general superintendence, direction, control of the affairs and income and property of the Institute. Besides, as per Rules and Regulations of the Institute, the meetings of the Board of Governors were to be held once in every six months. Further, the Executive and Finance Committee, which was headed by Secretary (Tourism) and was responsible for ensuring that decisions taken by the Board of Governors are implemented, was required to meet at least once in three months.

Audit noticed that:

(i) As of March 2023, only four meetings[61] of the Board of Governors were held as against the required 18 meetings. Out of these four meetings, only one meeting was held during 2019-20 to 2022-23. Further, the second, third and fourth meetings were held at intervals of 20 months, 26 months and 47 months respectively.

(ii) The Board of Governors did not discuss any concrete strategic action plan for turning around the Institute despite its dismal performance. Low intake of students and resultant non-utilisation of infrastructural facilities were the major concerns which were not specifically addressed in detail by the Board.

(iii) As of March 2023, only four meetings[62] of the Executive and Finance Committee were held against the required 36 meetings. Further, the third and fourth meetings were held at intervals of 21 months and 22 months respectively and no meetings were held during 2019-20 to 2022-23. There was no synergy in the agenda of the meetings of the Executive and Finance Committee and the Board of Governors.

Due to absence of regular meetings of the Board of Governors and the Executive and Finance Committee, fulfilment of the objectives of the Institute could not be ensured. The

[61] ***Meetings were held on 22 January 2015, 29 September 2016, 29 November 2018 and 7 October 2022.***
[62] ***Meetings were held on 27 March 2014, 28 July 2014, 27 April 2016 and 6 March 2018.***

meetings were held randomly and there was no follow up or monitoring on the part of the Ministry of Tourism to ensure implementation of the decisions taken in the meetings.

The Ministry of Tourism stated (December 2023) that meetings of the Board of Governors and the Executive and Finance Committee were called whenever there were agenda for consideration and approval. The audit observation regarding conduct of the meetings as prescribed in the Rules and Regulations of the Institute had been noted for future compliance.

11.3.6 Conclusion

The Indian Culinary Institute was set up (March 2014) with the objective to serve as a specialist, research oriented Institute, which would preserve, document and promote various hues and flavours of Indian cuisine. The Institute started operations from its own Campuses at Tirupati and Noida from the year 2018-19.

Even after five years of operations, the average intake of students in BBA (Culinary Arts) and MBA (Culinary Arts) courses during the audit period (i.e., between 2018-19 to 2022-23) was only 22 *per* cent and 25 *per cent* of the total available seats under each course. There was absence of qualified regular faculty in both Campuses of the Institute since the Recruitment Rules of the Institute had not been finalised yet. The Institute also suffered from poor library infrastructure and ill-equipped computer and research lab. Though the Institute was also conceptualised to act as a resource centre for Indian cuisines and was expected to create a database of Indian cuisines and publish a compendium of the Indian cuisines, no serious steps were found to have been taken up by the Institute in this direction.

As per the Cabinet approval, the Institute was projected to be self-sufficient from the third year of its operations. However, the Institute was unable to generate enough revenue from its academic activities due to very less student intake and no commercial activities and was therefore dependent upon the Ministry of Tourism for revenue grants for carrying out its day-to-day activities. Because of lack of own sources of revenue, the Institute could not spend funds on maintenance of its infrastructure, resulting in deterioration of various assets and equipment. The Board of Governors of the Institute which was responsible for general superintendence, direction and control of its affairs met only four times since setting up of the Institute in March 2014. The Board of Governors neither laid down any roadmap for achieving the objectives of the Institute in the limited number of its meetings nor ensured that the decisions taken in these meetings were implemented by the Executive and Finance Committee.

Thus, even after nine years of its establishment, the Institute was yet to become fully functional and achieve the envisaged objectives.

The Ministry of Tourism stated (December 2023) that there was lack of awareness about Culinary Art in India and therefore the Ministry was popularising the programme through its social media handle. Further, during a review meeting of the Institute, the Minister of Tourism constituted (March 2022) a Special Committee to review and report on revival of the Institute. On the basis of Report of the Special Committee, the Institute had submitted a proposal of one-time corpus fund of ₹35 crore which was under process in the Ministry.

(Anand Mohan Bajaj)
Deputy Comptroller and Auditor General
(Commercial) and Chairman, Audit Board

New Delhi
Dated: 03 April 2025

Countersigned

(K. Sanjay Murthy)
Comptroller and Auditor General of India

New Delhi
Dated: 04 April 2025

ANNEXURES

Annexure-I
(Referred to in Para 1.1)

Economic and Service Ministries/Departments

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

Annexure-II
(Referred to in Para 1.2)

Central Autonomous Bodies under Economic & Service Ministries/Departments (as of March 2022)

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
1.	Airports Economic Regulatory Authority of India	Civil Aviation
2.	Rajiv Gandhi National Aviation University	
3.	Coal Mines Provident Fund Organisation	Coal
4.	Agricultural & Processed Food Products Export Development Authority	Commerce and Industry
5.	Coffee Board	
6.	Export Inspection Council	
7.	Footwear Design and Development Institute	
8.	Marine Products Export Development Authority	
9.	National Industrial Corridor Development and Implementation Trust	
10.	National Institute of Design, Ahmedabad	
11.	National Institute of Design, Andhra Pradesh	
12.	National Institute of Design, Assam	
13.	National Institute of Design, Haryana	
14.	National Institute of Design, Madhya Pradesh	
15.	Rubber Board	
16.	Spices Board	
17.	Tea Board India	
18.	Tobacco Board	
19.	Competition Commission of India	Corporate Affairs
20.	Insolvency and Bankruptcy Board of India	
21.	Investor Education and Protection Fund Authority	
22.	National Financial Reporting Authority	
23.	Stressed Assets Stabilisation Fund	Department of Financial Services
24.	Pension Fund Regulatory and Development Authority	
25.	Insurance Regulatory and Development Authority of India	
26.	Special Liquidity Scheme Trust	
27.	National Automotive Board	Heavy Industries
28.	National Automotive Testing and R&D Infrastructure Project Implementation Society[63]	

[63] *With effect from 1 April 2021, National Automotive Testing and R&D Infrastructure Project Implementation Society has been merged with National Automotive Board.*

Sl. No.	Name of Central Autonomous Body	Administrative Ministry/Department
29.	Delhi Development Authority	Housing and Urban Affairs
30.	Delhi Urban Art Commission	
31.	National Capital Region Planning Board	
32.	Rajghat Samadhi Committee	
33.	Coir Board	Micro, Small and Medium Enterprises
34.	Khadi & Village Industries Commission	
35.	Oil Industry Development Board	Petroleum and Natural Gas
36.	Petroleum and Natural Gas Regulatory Board	
37.	Rajiv Gandhi Institute of Petroleum Technology	
38.	Calcutta Dock Labour Board	Ports, Shipping and Waterways
39.	Chennai Port Authority	
40.	Cochin Port Authority	
41.	Deendayal Port Authority	
42.	Indian Maritime University	
43.	Jawaharlal Nehru Port Authority	
44.	Mormugao Port Authority	
45.	Mumbai Port Authority	
46.	Mumbai Port Authority Pension Fund Trust	
47.	New Mangalore Port Authority	
48.	Paradip Port Authority	
49.	Seamen's Provident Fund Organisation	
50.	Syama Prasad Mookerjee Port	
51.	Tariff Authority for Major Ports	
52.	Visakhapatnam Port Authority	
53.	V.O. Chidambaranar Port Authority	
54.	Bureau of Energy Efficiency	Power
55.	Central Electricity Regulatory Commission	
56.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	
57.	National Power Training Institute	
58.	Standing Conference of Public Enterprises	Department of Public Enterprises
59.	Central Silk Board	Textiles
60.	National Institute of Fashion Technology	
61.	National Jute Board	
62.	Textiles Committee	

Annexure-III
(Referred to in Para 1.5)

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (grants released upto March 2021)	Outstanding UCs which were due by 31.03.2022 in respect of grants released upto March 2021	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Housing and Urban Affairs	1985-86 to 2015-16	377	1587.63
	2016-17	127	417.29
	2017-18	153	478.74
	2018-19	280	918.60
	2019-20	297	1523.30
	Total	**1,234**	**4,925.56**
Department of Financial Services	2019-20	5	25.00
	2020-21	3	4,100.84
	Total	**8**	**4,125.84**
Ministry of Textiles	2003-04 to 2015-16	956	88.92
	2016-17	332	582.01
	2017-18	366	23.09
	2018-19	359	23.78
	2019-20	559	68.92
	2020-21	2,289	208.43
	Total	**4,861**	**995.15**
Ministry of Heavy Industries	2003-04 to 2015-16	2	5.71
	2016-17	2	0.15
	2017-18	5	20.36
	2018-19	11	23.87
	2019-20	21	106.45
	2020-21	45	216.99
	Total	**86**	**373.53**
Department of Chemicals and Petrochemicals	2018-19	3	14.08
	2019-20	5	12.90
	2020-21	42	175.09
	Total	**50**	**202.07**
Ministry of Civil Aviation	2020-21	1	2.36
	Total	**1**	**2.36**

Ministry/Department	Period to which grants relate (grants released upto March 2021)	Outstanding UCs which were due by 31.03.2022 in respect of grants released upto March 2021	
		No. of pending UCs	Amount (₹ in crore)
Ministry of Tourism	2010-11 to 2014-15	6	10.01
	2015-16	1	1.00
	2016-17	2	2.50
	2017-18	1	2.00
	2018-19	5	10.70
	2019-20	1	1.10
	2020-21	5	9.14
	Total	**21**	**36.45**
Ministry of Micro, Small and Medium Enterprises	2006-07 to 2014-15	142	10.97
	2015-16	35	4.43
	2017-18	43	59.99
	2018-19	39	137.23
	2019-20	221	544.43
	2020-21	380	806.38
	Total	**860**	**1,563.43**
Department of Commerce	2003-04 to 2015-16	4	12.26
	2016-17	2	15.30
	2017-18	2	10.30
	2018-19	1	8.00
	2019-20	4	30.26
	2020-21	12	56.54
	Total	**25**	**132.66**
Ministry of Ports, Shipping and Waterways	2017-18	1	40.68
	2020-21	14	57.35
	Total	**15**	**98.03**
Department of Promotion of Industry and Internal Trade	2014-15	1	1.42
	2016-17	2	2.91
	2019-20	2	5.61
	2020-21	5	7.33
	Total	**10**	**17.27**
Ministry of Petroleum and Natural Gas	2020-21	1	50.00
	Total	**1**	**50.00**

Ministry/Department	Period to which grants relate (grants released upto March 2021)	Outstanding UCs which were due by 31.03.2022 in respect of grants released upto March 2021	
		No. of pending UCs	Amount (₹ in crore)
Department of Public Enterprises	2014-15	1	0.01
	2015-16	7	0.37
	2017-18	1	0.06
	2019-20	1	0.10
	Total	**10**	**0.54**
Ministry of Mines	2017-18	5	0.79
	2018-19	13	2.20
	2019-20	11	1.73
	2020-21	49	43.67
	Total	**78**	**48.39**
	Grand Total	**7,260**	**12,571.28**

Annexure-IV
(Referred to in Para 1.6)

Central Autonomous Bodies whose accounts for the year 2021-22 were submitted with delay

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2021-22	Delay in submission of Accounts for the year 2021-22 (in days)
I.	**Ministry of Civil Aviation**		
1.	Airports Economic Regulatory Authority of India	29.07.2022	29
2.	Rajiv Gandhi National Aviation University	04.11.2022	127
II.	**Ministry of Coal**		
3.	Coal Mines Provident Fund Organisation	19.10.2022	111
III.	**Ministry of Commerce and Industry**		
4.	Agricultural & Processed Food Products Export Development Authority	02.08.2022	33
5.	Coffee Board	19.07.2022	19
6.	Export Inspection Council	16.08.2022	47
7.	Footwear Design and Development Institute	24.02.2023	239
8.	National Institute of Design, Ahmedabad	12.09.2022	74
9.	National Institute of Design, Andhra Pradesh	30.09.2022	92
10.	National Institute of Design, Jorhat, Assam	16.09.2022	78
11.	National Institute of Design, Haryana	29.08.2022	60
12.	National Institute of Design, Madhya Pradesh	12.09.2022	74
13.	Tobacco Board	01.09.2022	63
IV.	**Ministry of Corporate Affairs**		
14.	Investor Education and Protection Fund Authority	24.08.2022	55
V.	**Department of Financial Services**		
15.	Insurance Regulatory and Development Authority of India	25.11.2022	148

Sl. No.	Name of the Autonomous Body	Date of submission of Accounts for the year 2021-22	Delay in submission of Accounts for the year 2021-22 (in days)
16.	Stressed Assets Stabilisation Fund	30.10.2022	122
VI.	**Ministry of Housing and Urban Affairs**		
17.	Delhi Development Authority	12.07.2022	12
18.	Delhi Urban Arts Commission	28.07.2022	28
VII.	**Ministry of Micro, Small and Medium Enterprises**		
19.	Khadi & Village Industries Commission	29.07.2022	29
VIII.	**Ministry of Petroleum and Natural Gas**		
20.	Rajiv Gandhi Institute of Petroleum Technology	25.10.2022	117
IX.	**Ministry of Ports, Shipping and Waterways**		
21.	Calcutta Dock Labour Board	29.07.2022	29
22.	Indian Maritime University	08.07.2022	8
23.	Seamen's Provident Fund Organisation	01.12.2022	154
24.	Tariff Authority for Major Ports	26.07.2022	26
X.	**Ministry of Power**		
25.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories)	25.07.2022	25
26.	National Power Training Institute	22.07.2022	22
XI.	**Ministry of Textiles**		
27.	Central Silk Board	10.08.2022	41
28.	National Institute of Fashion Technology, New Delhi	14.07.2022	14
29.	National Jute Board	18.11.2022	141

Note: (1) Minor delay of 1-2 days in submission of accounts by the CABs has not been considered in the above table.

(2) Two CABs *viz.*, Textiles Committee and National Financial Reporting Authority did not submit their accounts for the year 2021-22 to Audit (as of March 2023).

Annexure-V
(Referred to in Para 1.7)

Delay in presentation of Audited Accounts for the year 2021-22 by Central Autonomous Bodies to Parliament

Sl. No.	Name of the Autonomous Body	Delay (in days)
I.	**Ministry of Coal**	
1.	Coal Mines Provident Fund Organisation	88
II.	**Ministry of Commerce and Industry**	
2.	Agricultural & Processed Food Products Export Development Authority	41
3.	Export Inspection Council	41
4.	National Institute of Design, Ahmedabad	88
5.	National Institute of Design, Andhra Pradesh	88
6.	Tobacco Board	76
III.	**Ministry of Corporate Affairs**	
7.	Insolvency and Bankruptcy Board of India	38
8.	Investor Education and Protection Fund Authority	87
IV.	**Department of Financial Services**	
9.	Insurance Regulatory and Development Authority of India	72
V.	**Ministry of Housing and Urban Affairs**	
10.	Delhi Development Authority	86
11.	Rajghat Samadhi Committee	33
VI.	**Ministry of Petroleum and Natural Gas**	
12.	Oil Industry Development Board	86
13.	Petroleum and Natural Gas Regulatory Board	44
VII.	**Ministry of Ports, Shipping and Waterways**	
14.	Calcutta Dock Labour Board	83
15.	Chennai Port Authority	80
16.	Cochin Port Authority	34
17.	Deendayal Port Authority	34
18.	Indian Maritime University	80
19.	Jawaharlal Nehru Port Authority	80
20.	New Mangalore Port Authority	34
21.	Paradip Port Authority	87

Sl. No.	Name of the Autonomous Body	Delay (in days)
22.	Syama Prasad Mookerjee Port	80
23.	Tariff Authority of Major Ports	34
24.	Visakhapatnam Port Authority	38
25.	V.O. Chidambaranar Port Authority	34
VIII.	**Ministry of Textiles**	
26.	National Institute of Fashion Technology, New Delhi	41

Notes:

(1) Cases where audited accounts were not presented by the CABs in the Parliament are not included in the above table and have been separately mentioned in para 1.7 of the Report.

(2) Since its inception until the year 2021-22, National Financial Reporting Authority had been presenting its Annual Report in the Parliament without preparing its annual accounts and getting them audited by the CAG.

Annexure-VI
(Referred to in Para 1.8)

Significant Observations on the Accounts of Central Autonomous Bodies for the year 2021-22

Sl. No.	Name of CAB	Comments on accounts
I.	**Ministry of Civil Aviation**	
1.	**Airports Economic Regulatory Authority of India (AERA)**	**Balance Sheet** **Corpus/Capital Fund and Liabilities** **Current Liabilities and Provisions (Schedule 7): ₹5.83 crore** (i) AERA has not recognised a liability of ▪ 8.54 crore payable to Airport Authority of India (AAI) as per demand (December 2021) for funds in terms of MoU entered (24 November 2016) among AAI, AERA and others for construction of combined operational office. This has resulted in understatement of Current Liabilities and Capital Work in Progress by ₹8.54 crore as on 31 March 2022. A similar comment was also raised during the year 2020-21, however, no corrective action has been taken by the management. (ii) The above does not include provision for ₹9.56 crore on account of the salary of employees of AAI posted in AERA for the period 25 September 2009 to 31 March 2015. This has resulted in understatement of Provisions and Expenditure on Manpower Hiring amounting to ₹9.56 crore. A similar comment was also raised during the year 2020-21, however, no corrective action has been taken by the management.
II.	**Ministry of Coal**	
2.	**Coal Mines Provident Fund Organisation**	**Liabilities** **Pension Fund Account** **Current Liabilities & Provisions (Schedule -03)** As per Para-22 of the Coal Mines Pension Scheme 1998, the Commissioner shall be responsible for valuation of the Pension Fund every third year by an actuary to be appointed by the Board. The recommendations of the actuary shall be placed by the Commissioner before the Board. As per latest Actuary report (October 2022), the net liability of Pension Fund was assessed as ₹42,391.63 crore. CMPFO, however, did not provide liability for the same. In previous actuary report (July 2021), the liability of ₹62,400.00 crore was

Sl. No.	Name of CAB	Comments on accounts
		assessed which was superseded by the latest report (October 2022). Non-providing of liability in this regard has resulted in understatement of Current Liabilities & Provisions as well as Expenditure by ₹42,391.63 crore and consequent overstatement of Excess of Income over Expenditure by the same amount. The issue has been commented repeatedly since the year 2015-16, however, no corrective action taken till date. During the year, Coal Mines Provident Fund Organisation, in notes to the accounts, disclosed that the net liability in respect of the Coal Mines Pension Scheme, 1998 is ₹62,400.00 crore. The disclosed liability of ₹62,400.00 crore was assessed by the Actuary in July 2021, which was superseded by the latest report (October 2022). However, the disclosure in the notes to the accounts is silent about the non-creation of provision towards the above net liability and its impact in the annual accounts. Thus, the disclosure made in the annual accounts towards net liability of Coal Mines Pension Scheme, 1998 was also deficient to the same extent.
		Pension Fund Account **Investments (Schedule -04)** Coal Mines Provident Fund Organisation (CMPFO) invested ₹1,390.25 crore in financial instruments of Dewan Housing Finance Corporation Limited (DHFL). Owing to governance concerns and defaults in meeting various payment obligations, DHFL went (November 2019) before Hon'ble National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code. The NCLT initiated Corporate Insolvency Resolution Process against DHFL and approved the resolution plan in June 2021. After implementation of the resolution plan, CMPFO received (September 2021) ₹662.58 crore against the investment made resulting in loss of investment of ₹727.67 crore. Hence this loss was required to be written off from the books of accounts. However, the loss of above investments had not been accounted for and CMPFO still showed the investments of ₹727.67 crore in DHFL. This has resulted in Overstatement of Investment and Corpus of Pension fund by ₹727.67 crore

Sl. No.	Name of CAB	Comments on accounts
		The issue has been commented upon repeatedly since the year 2019-20, however, no corrective action taken till date.
III.	**Ministry of Commerce and Industry**	
3.	**Coffee Board**	**General Fund** **Balance Sheet** **Assets (Schedule 8): ₹93,24,78,810** The above includes economically valuable trees valued at ₹35.66 crore. Note No. 10 of Schedule 25 states that impairment on the economically valuable trees has been accounted on actual basis. However, no valuation of these trees was conducted during the years 2019-20 and 2020-21. During 2020-21, the Management agreed to update the value of these trees in the annual accounts of 2021-22. However, during the current year, it was stated that the work has been assigned to a committee and the same was in progress. The revised value would be accounted based on the report from the committee. In the absence of the valuation of these trees in 2019-20, 2020-21 and 2021-22, Audit is unable to comment on the correctness of the value of the economically valuable trees shown in the Balance Sheet as on 31 March 2022. (b) During the audit of financial statements for 2020-21, Audit suggested to adopt an accounting policy about valuation and assessment of impairment loss to maintain consistency in reporting of economically valuable trees. However, an appropriate accounting policy about valuation and assessment of impairment loss of such trees has not been adopted by the Board.
		Income & Expenditure Account **Income: ₹1,76,39,27,876** The Board has a practice of accounting for the assets purchased out of Government Grants by debiting the Asset account and crediting the Corpus Fund instead of accounting for the same as 'Deferred Income' as required under the provisions of para 14 of Accounting Standard (AS) -12 'Accounting for Grants' and Uniform format of Accounts. This has resulted in understatement of income and understatement of excess of income over expenditure by ₹3.67 crore. This has also resulted in understatement of deferred income and overstatement of

Sl. No.	Name of CAB	Comments on accounts
		corpus/capital fund by ₹93.19 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 year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. However, the Board has not yet taken any corrective action.
4.	**Export Inspection Council and Export Inspection Agencies**	**Liabilities** **Current Liabilities & Provisions (Schedule-8): ₹1,581.69 crore** **Other Current Liabilities: ₹1,176.88 crore** **Central Fund EIAs: ₹859.20 crore** **EIC** EIC has been withdrawing funds from Central Fund and had been treating it as loan till 2015-16 but thereafter, has not shown any withdrawals from the Central Fund for non-plan expenditure even though it has continued to withdraw funds for the same. EIC charged the non-plan expenditure to its Income and Expenditure Account, however, no credit was taken on income side for the funds withdrawn from Central Fund resulting in excess of expenditure over income. Due to the accounting treatment followed, the capital/corpus fund is showing a negative balance which represents excess of expenditure over income, capitalised over the years till 2021-22. C&AG pointed out in its Separate Audit Reports of previous years (2015-16 to 2019-20) that the amount withdrawn by EIC from the Central Fund till 2015-16 could not be treated as 'Loans from EIAs' and EIC needs to clarify the nature of 'Surplus Funds' transferred by EIAs and their correct accounting treatment in consultation with the Administrative Ministry. EIC carried out (2021-22) a rectification entry of transferring ₹62.74 crore from 'Unsecured Loans' to 'Central Fund account', being the amount of non-plan expenditure of EIC till the year 2015-16. However, the rectification was not appropriate in view of the following: a) As per section 10(2) of the Export (Quality Control and Inspection) Act, 1963, EIC for the purpose of discharging its function under this Act, may receive grants and donations from

Sl. No.	Name of CAB	Comments on accounts
		bodies and institutions approved by the Central Government in this behalf. Further, Ministry of Commerce & Industry directed (May 2004) that no non-plan funds would be released to EIC for its non-plan needs. The surplus funds with EIAs would be transferred to EIC to meet its expenditure. Hence, the amount withdrawn from the Central Fund by EIC for its non-plan expenditure should have been treated in accordance with the Act and the directions of the Ministry. EIC needs to give correct accounting treatment to the amount appropriated from Central Fund till 2015-16 for non-plan expenditure of ₹62.74 crore and the subsequent withdrawals from the Central Fund till 31 March 2022. b) Further, EIC withdrew ₹71.88 crore from the Central Fund and utilised for Plan capital expenditure e.g. purchase of leased rental space (₹67.37 crore) at East Kidwai Nagar and interior work (₹4.51 crore). EIC needs to give correct accounting treatment to the amount appropriated from Central Fund for capital expenditure incurred till 31 March 2022. Thus, the above may be done in consultation with the Administrative Ministry as advised earlier. This would correct the negative balance of the Corpus/Capital fund and correct the depiction of Central Fund amount.
		Current Liabilities and Provisions (Schedule-7): ₹7.87 crore **EIA Delhi** As per the Actuarial Valuation report of EIA-Delhi, the liability to be recognised in the Balance Sheet for Gratuity and Leave Encashment as on 31.03.2022 was ₹2.26 crore and ₹2.54 crore respectively. However, the liability that has been recognised in the Balance Sheet as on 31.03.2022 is ₹2.68 crore for Gratuity and ₹2.63 crore for Leave Encashment. Thus, there is a difference in the figures that have been given in the Actuarial Valuation report and the figures that have been recognised in the Balance Sheet. This has resulted in overstatement of Current Liabilities and Provisions for the year by ₹0.52 crore and understatement of Surplus for the year by the same amount.
		Other Administrative Expenses (Schedule-23): ₹18.96 crore **Prior period expenses: ₹9.96 crore** **TDS deducted on interest on MODs: ₹4.38 crore** **EIC**

Sl. No.	Name of CAB	Comments on accounts
		EIC manages a 'Central Fund' which consists of funds received from EIAs in the form of fixed deposits/Multi Option Deposits with State Bank of India. The bank interest earned on this fund was earlier treated as income of EIC. On being objected in previous audits, EIC changed the accounting treatment of interest earned on the deposits of 'Central Fund' from 'Income from Investment' head to 'Central Fund account' under 'Current Liabilities and Provisions' head during the year 2021-22. Accordingly, an amount of ₹117.76 crore for the interest earned in previous years and ₹25.50 crore for current year was credited to the Central Fund account. However, Tax Deducted at Source (TDS) amounting to ₹14.46 crore[64] on the interest accrued on aforesaid deposits was charged to Income and Expenditure account, treating it as an expense of EIC. Considering the aforesaid corrective action in respect of interest income on the deposits of 'Central Fund', accounting treatment relating to TDS was incorrect as the expenditure now relates to Central Fund account. This expenditure should have been charged to Central Fund account and not to the Income and Expenditure account. This has resulted in overstatement of Other Administrative expenses and Deficit by ₹14.46 crore. Consequently, the 'Central Fund' was also overstated by the same amount.
		General **Earmarked/Endowment Fund (Schedule-3): ₹211.47 crore** **Central Fund : ₹192.23 crore** **EIA Kolkata** The above includes ₹137.47 crore as Miscellaneous Payment (Central Fund). Audit observed that EIC had made payments through Central Fund during the period from 2013-14 to 2016-17 for purchase of plot, construction work, lab procurement and pension fund investments etc. which were booked by EIA, Kolkata under Miscellaneous Payment (Central Fund). The Central Fund account has been transferred by EIA, Kolkata to EIC in 2016-17. Out of total Miscellaneous Payment of ₹137.47 crore, payments of ₹33.78 crore could not be vouchsafed in the absence of

[64] *₹10.08 crore pertaining to previous year's interest income which was earlier shown as receivables under loans and advances and ₹4.38 crore pertaining to current year's interest income*

Sl. No.	Name of CAB	Comments on accounts
		related records and reconciliation/capitalisation/ reversal, as the case may be, for the payment of ₹103.69 crore in the books of EIA Kolkata had not been carried out till date. Despite being pointed out in Separate Audit Reports for the years 2017-18 and 2020-21, EIC/EIA Kolkata have not taken any corrective action.
5.	**Marine Products Export Development Authority**	**General** **Receipts and Payments Account for the year ended on 31 March 2022** **Establishment Expenses: ₹41.46 crore** **Administrative Expenses: ₹17.43 crore** The Payments side of Receipts and Payments Account was overstated by ₹1.98 crore since Administrative Expenses include an amount of ₹1.52 crore being payable for investment on account of Actuarial Valuation of Gratuity (₹0.56 crore) and Leave Encashment (₹0.96 crore) which was yet to be remitted. Further, the Establishment Expenses (₹0.46 crore) for retirement benefits to Shri R. Prabhakaran, Librarian were payable as on 31 March 2022 and a provision was made.
6.	**National Institute of Design, Ahmedabad**	1) Non-recognition of the annual lease rent payment of ₹10.63 lakh for the FY 2020-21 and 2021-22 has resulted in understatement of expenditure and overstatement of surplus income by ₹21.26 lakh for the two-year period 2020-21 and 2021-22. 2) Non-recognition of the unpaid Property Tax against the demand of Bengaluru Municipal Corporation has resulted in understatement of expenditure and overstatement of Surplus Income by ₹34.02 lakh for the FY 2021-22.
7.	**National Institute of Design, Andhra Pradesh**	**Income and Expenditure Account** **Establishment expenditure (Schedule 14)** **Gratuity Contribution- Nil** Audit observed that the National Institute of Design, Andhra Pradesh does not have a stated accounting policy on liability towards payment of gratuity. No gratuity provision has been made in the books of accounts by the Institute. This resulted in non-compliance to provisions of Payment of Gratuity Act, Accounting Standard (AS) 15 and National Institute of Design (Form of Annual Statement of Accounts) Rules, 2016.

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		Despite the issue being pointed out on the Accounts of 2019-20 vide comment No. C.1, no corrective action has been taken by the Institute.
		Income and Expenditure Account **Establishment expenditure (Schedule 14)** **Provident Fund Contribution NPS: ₹36.72 lakh** The National Institute of Design, Andhra Pradesh at note 1(i) of Schedule 17, has stated that the Institute is registered with National Pension Scheme (NPS). According to the guidelines of Government of India for NPS, (a) In all cases, where the NPS contributions were deducted from the salary of the Government employee but the amount was not remitted to Central Record Keeping Agency (CRA) system or was remitted late, the amount of contributions may be credited to the NPS account of the employee along with interest for the period from the date on which the deductions were made till the date the amount is/was actually credited to the NPS account of the employee, as per the rates applicable to General Provident Fund from time to time, compounded annually. The period of delay shall be reckoned from the last working day of month of deduction of NPS contributions till the same were remitted to CRA system. Similarly, in case of month of March, the period of delay shall be reckoned from the first working day of April of the respective financial year. Audit observed that the NID-AP Institute has not provided for the interest on the contributions as applicable up to 31 March 2022. No disclosure was given in the Notes forming part of Accounts in this regard. Despite the issue being pointed out on the Accounts of 2019-20 vide comment No. C.2, no corrective action has been taken by the Institute.
8.	**National Institute of Design, Jorhat, Assam**	As per Significant Accounting Policies (Schedule-17) of the Institute, the "Central Government Grants for Recurring Expenses (General)" are recognised as income to the extent of expenditure incurred during the year. However, during 2021-22, the Institute spent a sum of ₹410.10 lakh under the head "Other Administrative Expenses (Schedule 15)" (excluding catering charges-Hostel, which are recoverable from students)

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		but credited ₹442.50 lakh as income (appropriation from grants) (Schedule-12). Thus, the excess recognition of grants over the expenditure actually incurred by the Institute has resulted in overstatement of surplus for the year by ₹32.40 lakh (₹442.50 lakh –₹410.10 lakh) and understatement of Grants and Contribution (Schedule-3) by the same amount
		As per Para-h of the Notes to Accounts, gratuity is to be charged to Income & Expenditure Account, based on actuarial valuation and the same is contributed to the National Institute of Design Employee's Gratuity Fund. The fact is that the Institute has neither established a Gratuity Fund nor conducted any actuarial valuation as stated in the policy so as to make provision for the liability.
9.	**National Institute of Design, Madhya Pradesh**	**Fixed Assets (Schedule-6): ₹1,21,28,95,049** **Capital Work in Progress-₹1,08,93,50,533** (a) The above includes an amount of ₹98.94 crore being expenditure incurred during first phase of infrastructure development at the Institute which included construction of academic blocks, library, admin block, hostel, residential buildings etc. The construction in first phase was started in the year 2016. The campus was inaugurated virtually in February 2019 and partially completed facilities have already been put into use since July 2019. The Institute has not yet capitalised the same and kept the expenditure of ₹98.94 crore under Capital Work in Progress. Non-capitalisation of the above assets has resulted in overstatement of Capital Work in Progress and understatement of Fixed Assets (Buildings) by ₹98.94 crore. (b) The above includes an amount of ₹97,38,50,533 under Capital Work in Progress as on 01 April 2020. However, Utilisation Certificates submitted by NBCC Limited against the grant received reflected an amount of ₹1,04,97,45,384 and Fund position of NBCC Limited indicating amount received from client (National Institute of Design, Madhya Pradesh) up to 2019-20 was ₹98,94,46,000. Moreover, National Institute of Design, Ahmedabad had shown ₹1,06,52,89,633 as grant

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		utilised[65] up to 31 March 2020 for the setting up of New campus of the Institute at Bhopal. These figures need to be reconciled to bring clarity in the accounts of National Institute of Design, Madhya Pradesh.
		Earmarked Fund (Schedule-2): ₹8,62,23,931 **Current liabilities (Schedule-5): ₹1,43,44,813** The above does not include an amount of ₹0.22 crore payable to the Ministry of Commerce and Industry on account of interest earned on Grants-in-Aid received during the year 2021-22. During the year 2021-22, interest amounting to ₹0.22 crore was earned on Grants-in-Aid received by the Ministry which was booked as income as reflected in the Schedule-13 (Interest Earned) instead of showing it as current liability refundable to the Ministry. This has resulted in overstatement of Income as well as National Institute of Design Madhya Pradesh Corpus Fund by ₹0.22 crore, and understatement of Current Liabilities by the same amount.
10.	**Rubber Board**	**Liabilities** **Current Liabilities and Provisions (Schedule 7): ₹1,354.25 lakh** This includes a liability of ₹214.25 lakh instead of ₹245.99 lakh accounted under the head 'Advance Cess'. An amount of ₹31.74 lakh was remitted to Consolidated Fund of India out of the Advance cess without any demand. This resulted in understatement of current liability under the head 'Advance cess' by ₹31.74 lakh as the liability of the Board towards manufacturers was existing. This also resulted in overstatement of the Capital Fund by the same amount.
11.	**Spices Board**	**Liabilities** **Earmarked/Endowment Funds (Schedule 3): ₹285.26 crore** Non-reduction of Earmarked/Endowment Funds by the equivalent amount of annual depreciation charged on the assets created out of these funds and non-recognising the same as income in each year resulted in overstatement of Earmarked

[65] *The grants for construction of new campuses including that of Bhopal were routed through National Institute of Design, Ahmedabad*

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		Funds with corresponding understatement of Prior Period Income by ₹33.49 crore.
		Fixed Assets less Depreciation (Schedule 8): ₹179.50 crore The Board capitalised in fixed assets an amount of ₹1.74 crore for lab equipment while making Fixed Deposits in bank for opening Letter of Credit for import of lab equipment. However, the lab equipment were neither received nor payment made for the same as on 31 March 2022.
		Expenditure **Establishment Expenses (Schedule 21): ₹55.01 crore** The Board made provision for ₹251.00 crore as against the actuarial liability of ₹348.72 crore on retirement benefits as on 31 March 2021. This resulted in understatement of expenditure and current liabilities by ₹97.72 crore. Further, the Board has not ascertained the actuarial liability as on 31 March 2022. A comment on short provisioning was also issued in Separate Audit Report for the year 2020-21.
		General As per Note No. 3 – Earmarked Fund for Spices Board Employees Pension Fund, the Board transferred an amount of ₹10.00 crore to the Earmarked Funds – Pension Liabilities from income received from Analytical Charges. Similar amounts have been transferred during previous years also. The total amount in the Fixed Deposits invested out of Pension Fund was ₹101.26 crore as on 31 March 2022. However, the annual pension liabilities of the Board are not met from the Earmarked Fund created for the purpose and the same is expensed from the general Grants-in-aid received during the year from Government of India.
12.	**Tea Board India**	**Current Assets (Schedule 11): ₹8,758.36 lakh** As per the provisions of Schedule Caste Sub Plan Scheme, the subsidy is to be disbursed to beneficiary in single instalment after setting up of factory/completion of work. Tea Board parked ₹155.00 lakh (March 2019) in a current account operated jointly with the beneficiary to facilitate construction of a factory. The amount so parked is yet to be disbursed to the beneficiary and is still lying in the account. Tea Board has booked the same as an expenditure at the time of parking in the bank account. Till setting up of the factory, the same should be considered as advance, instead of considering it as an

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		expenditure. This resulted in understatement of Current Assets and Reserve to the above extent.
		Current Liabilities and Provisions (Schedule 7): ₹47,499.33 lakh The above includes loans and advances of ₹21.56 lakh which were disbursed more than five years ago and were lying un-adjusted due to non-availability of details of the beneficiaries. However, despite lapse of considerable period of time, no provision has been created in the books of accounts. This has resulted in understatement of Current Liabilities and Provisions and understatement of Excess of Expenditure over Income to the above extent.
		Current Liabilities and Provisions (Schedule 7): ₹47,499.33 lakh The above includes Provision for accumulated Leave Encashment of ₹1,705.10 lakh based on Actuarial valuation. Actuary, while arriving at the valuation of Leave Encashment, has wrongly considered the total leave balances of 368 employees as 1,02,232 days, which should have been 96,418 days. Thus, wrong consideration of the leave balance of certain employees, has resulted in the defective depiction of the Provision for accumulated Leave Encashment (amount not quantified).
13.	**Tobacco Board**	**Current Liabilities and Provisions (Schedule 7)** **A. Current Liabilities** **3. Outstanding Liabilities (Revenue): ₹1,113.61 lakh** **(A)** The above does not include ₹478.17 lakh being the tax liability ascertained by the GST Authorities as payable under Section 74(5) of the GST Act, 2017. The Board has decided not to pay the taxes amounting to ₹478.17 lakh and requested (23 March 2022) the Dy. Assistant Commissioner (ST), Guntur Division not to invoke Section 74(5) of the GST Act stating that the proposals are not in accordance with law. Pending decision of the GST Authorities, the Board has neither provided for the liability identified by the GST Authorities nor disclosed the fact as contingent liability in the notes forming part of the accounts.

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		(B) The above does not include ₹10.18 lakh being the tax liability ascertained by the GST Authorities as payable under Section 74(5) of the GST Act, 2017 and communicated (February 2022) to the Tobacco Board. The Board decided (March 2022) to make payments in respect of the above claims by GST Authorities. However, the Board has not provided for the liability in this regard. This has resulted in the understatement of Current Liabilities and Provisions (Schedule-7) by ₹10.19 lakh and overstatement of surplus for the year by same amount.
		Current Liabilities and Provisions (Schedule-7) **B. Provisions** **2(a) Liability for Gratuity, Leave Salary and Half Pay Leave (Short Term): ₹787.38 lakh** **2(b) Liability for Gratuity, Leave Salary and Half Pay Leave (Long Term): ₹3,385.06 lakh** The above is overstated by ₹79.06 lakh due to excess provision towards Liability for Gratuity, Leave Salary and Half Pay Leave as on 31 March 2022 as while calculating leave salary, payment towards Half Pay Leave was calculated for full month without restricting the pay to 50 *per cent* of Pay. This has resulted in overstatement of provision for Liability for Gratuity, Leave Salary and Half Pay Leave by ₹79.06 lakh - Short Term by ₹1.86 lakh and Long Term by ₹77.20 lakh and understatement of surplus by same amount.
IV.	**Ministry of Corporate Affairs**	
14.	**Competition Commission of India, New Delhi**	**Income and Expenditure Account** **Other Administrative Expenses (Schedule 19): ₹27.79 crore** The above does not include prior period expenses of ₹1.68 crore. Competition Commission of India (CCI) received grants-in-aid of ₹10.99 crore during 2019-20 towards payment of stamp duty but utilised ₹3.17 crore for purchasing furniture & fixtures, electric installations and making payment of penal interest. CCI spent ₹0.08 crore during 2018-19 and ₹2.13 crore during 2019-20 to 2020-21 towards interior fitout works and treated it as revenue expense. In compliance to audit observations raised over last years, CCI credited ₹3.17 crore to earmarked funds and capitalised expenditure of ₹2.21 crore (₹2.13 crore + ₹0.08 crore) made on account of Furniture & Fixtures (F&F) and Electric Installations (EI). However, the

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		consequent accumulated depreciation of ₹0.64 crore (₹0.48 crore on F&F and ₹0.16 crore on EI) for the period 2018-19 to 2020-21 was charged to Fund rather than accounting the same as prior period expense in Income and Expenditure account. Similarly, the payment of ₹1.04 crore towards penal interest was debited from capital fund directly. As per AS-5, the nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived. Non-accounting of rectification entries of revenue expenses (penalty and depreciation) through Income and Expenditure Account, resulted into understatement of prior period expenses in Income & Expenditure Account as well as overstatement of surplus in Income and Expenditure Account by ₹1.68 crore.
		General Competition Commission of India (CCI) received grants of ₹10.99 crore in 2019-20 for payment of stamp duty and ₹5.15 crore in 2020-21 for acquiring office space from the Ministry. As the above grants were received for specific purposes, the same should have been shown under the head Earmarked/ Endowment Fund. In compliance to audit observations raised during last year, CCI created Earmarked Fund during 2021-22 w.e.f. 2019-20 and necessary rectification entries were carried out. The closing balance of Earmarked Fund was computed after making adjustment entries, as ₹31.09 lakh on 31.03.2022 (which includes interest income of ₹11.38 lakh) and the same has been disclosed in accounts. Utilisation Certificates (UCs) submitted by CCI to the Ministry depicted closing balance of the grants as ₹7.82 crore on 31.03.2020, ₹ NIL on 31.03.2021 and ₹ NIL on 31.03.2022. Rule 238 (1) of General Financial Rules, 2017 states that UCs should be submitted in Form GFR 12-A having the details of unspent balance of grants, interest earned/deposited back to government, grants received, etc. However, UCs submitted by CCI to Ministry did not include amount of interest earned. Further, Rule 230 (8) of General Financial Rules, 2017 states that all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated

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		Fund of India immediately after finalisation of the accounts. The same needs to be complied with by CCI.
15.	**Insolvency and Bankruptcy Board of India**	**Balance Sheet** **Assets: ₹35.12 crore** **Fixed Assets (Schedule VIII): ₹2.23 crore** **CWIP/Assets under Development: ₹0.89 crore** Insolvency and Bankruptcy Board of India (IBBI) entrusted work of implementation of e-Office including File Management System, e-File MIS Report, Knowledge Management System, Employee Master Detail, Master Data Management, Tour Management System, Leave Management System and Leave MIS Reports to NICSI without any customisation at IBBI, Mayur Bhawan and made payment of ₹20.20 lakh on 28 September 2017. All the modules except Leave Management System and Leave MIS Reports are in operation since 12 November 2018. As the leave rules incorporated in the leave modules in e-Office are not in coherence with the leave rules of IBBI, the same could not be used in the present format and therefore the Board of IBBI decided to develop the Leave Module In-house. Thus, the payment of ₹20.20 lakh for creation of e-Office should have been capitalised in 2018-19 instead of showing under Capital Work in Progress. Further, depreciation for the period November 2018 to March 2021, which works out to ₹20.20 lakh (2018-19: ₹4.04 lakh, 2019-20: ₹8.08 lakh and 2020-21: ₹8.08 lakh) has also not been provided. This has resulted in overstatement of CWIP and understatement of depreciation for the previous years by ₹20.20 lakh and consequently Corpus Fund has been overstated to the same extent. Despite being pointed out during previous year, no corrective action has been taken by the Management.
		Notes on Accounts: **Contingent Liabilities and Notes to Account - Schedule XXIII** **Note –9.7** IBBI has not mentioned the fact that after opening of ‘Corporate Liquidation Account’ under the ‘Public Account of India’, the balance lying in the separate bank accounts opened for deposit of ‘Unclaimed dividend’ and ‘Undistributed proceeds in a

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		liquidation process' would be transferred to Corporate Liquidation Account. Thus, the note is deficient to the above extent. Despite being pointed out during previous year, no corrective action has been taken by the Management.
16.	**Investor Education and Protection Fund Authority**	**Balance Sheet** **Fixed Assets (Schedule-VIII)** Fixed Assets Schedule (Schedule-VIII) has not been prepared in conformity with the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 notified by the Ministry of Corporate Affairs. The deficiencies in the Schedule are as under: a) In the column of total depreciation up to the year-end, the Authority has shown only the amount of depreciation charged during the year 2021-22, without adding the depreciation at the beginning of the year. b) Under the head Net block, only the current year figures have been shown while the corresponding figures of the previous year have not been shown.
		Income and Expenditure Account **Income from sales/services/other/budgetary support from Central Government (Schedule XII): ₹27.46 crore** During the year 2021-22, IEPFA received budgetary support from Central Government amounting to ₹27.29 crore and also incurred total expenditure of ₹27.29 crore under the various heads *viz.*, Establishment expenses, Administrative expenses, office and other administrative expenses, Advertisement & Publicity, etc. out of the budget provided by the Central Government. However, IEPFA, in its Income and Expenditure Account, has shown the budgetary support from Central Government as ₹27.46 crore which is more than the actual budgetary support received from the Central Government by an amount of ₹0.17 crore. Hence, IEPFA inflated its budgetary support received from Central Government by ₹0.17 crore in its Income and Expenditure Account. This has resulted in overstatement of Income/Budgetary support from the Central Government by ₹0.17 crore and understatement of Deficit by the same amount.

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		General **Significant Accounting Policies (Schedule-XXV)** The Ministry of Corporate Affairs notified (11 October 2018) the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 (Rules 2018). Clause 3(3) of the Rules, 2018 stipulates that "The financial statements shall give a true and fair view of the state of affairs of the Authority and shall comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013". Further, the accounting policies prescribed under the aforesaid Rules stipulate that the financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the accrual method of accounting. However, it was observed that IEPFA framed its Significant Accounting Policy No.1-Accounting Convention (Schedule-XXV) as under: "The financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the cash basis of accounting instead of accrual method of accounting. The cash basis of accounting was followed in the financial year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-2021 as well". Based on the above Accounting Policy, the Authority has prepared its Accounts on cash basis. Thus, the Accounting Policy and financial statements of the Authority are not in accordance with the IEPFA (Form of Annual Statement of Accounts) Rules, 2018 and the generally accepted accounting principles.
		Format of Financial Statements As per Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 (Rules 2018), Schedule III of the Accounts is related to Earmarked/Endowment Funds received and which are to be disclosed under relevant heads based on conditions attached to the grants. It was observed that the IEPFA receives budgetary support or allocation for incurring its expenses under the defined budgetary head from the Ministry of Corporate Affairs (MCA) and no Separate grants or Corpus funds are allotted to the Authority. However, the Authority in Schedule-III

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		(Earmarked/Endowment Funds) of its Accounts has included an amount of ₹0.35 crore under the head utilisation/expenditure towards the objective of funds, as a *contra* entry in order to match the value of fixed assets as at 31 March 2022, which is not as per the format prescribed. Further, IEFPA has not disclosed any breakup of the Fund received, and the opening and closing balances during the current year and previous year of the said Fund against which the above utilisation of fund has been shown under Schedule-III of the Accounts.
		Signature on financial statements As per paras 5(2) and (3) of the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018, Annual Statement of Accounts shall be approved and adopted by the Authority or a Committee authorised by the Authority on its behalf and for the purpose of authentication, the same shall be signed by the Chairperson and one Member of the Authority. The approved accounts of the Authority shall be forwarded to the Comptroller and Auditor General of India, or any other person appointed by him on his behalf within the period of three months after the expiry of the year for the purposes of audit. It was observed that the Annual Accounts of IEPFA for the year 2021-22 were adopted by IEPFA in its 13th meeting held on 12 July 2022. However, the approved Accounts were signed by the Chairperson and the Chief Executive Officer of the Authority instead of by the Chairperson and one Member of the Authority. Thus, the signature on the Annual Accounts are not in compliance with the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018. Further, it was observed that date has also not been mentioned on the Annual Accounts of IEPFA for the year 2021-22.
V.	**Department of Financial Services**	
17.	**Pension Fund Regulatory and Development Authority, New Delhi**	**Balance Sheet** **Liabilities** **Earmarked/Endowment Funds- (Schedule-3): ₹2.50 crore.** The above does not include unutilised Grant-in-Aid of ▪ 51.46 crore as on 31 March 2022, received from Government on account of Atal Pension Yojana (APY) and Swavalamban Scheme. As per PFRDA (Form of Annual Statement of

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		Accounts and Records) Rules 2015, Plan funds from the Central/State Governments are to be shown as Separate Funds and not to be mixed up with any other Funds. Grants received during the year, payments made thereto, unutilised balance at year end should be depicted under respective Funds only. However, it was observed that during the year 2021-22, PFRDA had depicted an amount of ₹51.46 crore as closing balance of unutilised corpus fund in Schedule-1 of accounts. Depiction of these funds as Capital/Corpus Fund of PFRDA and interest on such funds as interest income of PFRDA has resulted in understatement of Earmarked funds and overstatement of current liabilities by ₹51.46 crore. The incorrect treatment of Government grant received for APY and interest earned on balances of Swavalamban Scheme and APY grants and also expenditure incurred out of these grants has affected the Income and Expenditure Account as there is overstatement in case of (a) Other Administrative Expenses (Schedule-21) by ₹172.09 crore (b) Expenditure on Grants and Subsidies (Schedule-22) by ₹16.56 crore (c) Grants and subsidies (Schedule-13) by ₹203.00 crore (Grants for APY); and (d) Interest earned (Schedule-17) by ₹0.57 crore. Government grants received for APY and interest earned thereon and all expenditure made from Swavalamban and APY grants should have been routed through Schedule 3-Earmarked and Endowment Funds. However, the financial impact of this discrepancy in 2021-22 on the earmarked funds could not be arrived at, as the opening balance of unutilised Corpus /closing balance of previous year was due to incorrect accounting of Government Grant during previous year. Despite being pointed out repeatedly in SARs for the years ended on 31 March 2017, 2018, 2019, 2020 and 2021, PFRDA has not depicted the above-mentioned grants under 'Earmarked/Endowment Funds'.
VI.	**Ministry of Housing and Urban Affairs**	
18.	**Delhi Development Authority**	**Nazul-I** **Balance Sheet** **Assets** **Sundry Debtors: ₹105.91 crore (Schedule D)** DDA is authorised to collect damage charges with interest under Section 7 of the Public Premises (Eviction of

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		Unauthorised Occupants) Act, 1971 from unauthorised occupants of Government Land placed at the disposal of the erstwhile Delhi Improvement Trust through the 'Nazul Agreement.' However, despite being repeatedly commented upon since 2018-19, DDA has not calculated the amount recoverable as damage charges.
		Nazul-II **1) Receipts and Payments Account** **Other Miscellaneous Receipts: ₹57.64 crore** Details of ₹57.64 crore booked under Other Miscellaneous Receipts were not clearly identifiable with property concerned nor was the same reconciled. Further, the booking of such huge amount under Miscellaneous Receipts without any details necessitates review by DDA. In the absence of details/ reconciliation, the Miscellaneous Receipts of ₹57.64 crore could not be vouchsafed in audit. The issue was also highlighted in 2019-20 and 2020-21.
		2) Non-preparation of Balance Sheet and Income and Expenditure Account Nazul-II relates to large scale acquisition, development and disposal activities of land by DDA on behalf of Government of India. In respect of Nazul-II accounts, DDA had prepared Receipts and Payments Account only. Resultantly, Assets and Liabilities and Income and Expenditure of Nazul-II accounts have not been depicted in the financial statements. Audit is repeatedly commenting upon non-preparation of Balance Sheet and Income and Expenditure Account for Nazul-II since 2012-13. However, no corrective action has been taken so far.
		General Development Account **1) Non-preparation of accounts as per Uniform Format of Accounts** The Authority has stated under Item No. 3 of Significant Accounting Policies (Schedule N) that financial statements of General Development Account is prepared in the Common Format of Accounts prescribed by the Government of India, Ministry of Finance for Central Autonomous Bodies. However,

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		the statement is factually not correct in view of the issues highlighted below: i. As per Uniform Format of Accounts, Investments - from Earmarked/Endowment Funds and Investments – others should be shown separately. However, investment in Government Securities amounting to ₹1,134.63 crore pertaining to Reserve Fund Investment was included under Current Assets, Loans & Advances (Schedule F). ii. As per Uniform Format of Accounts, the Investments in Government Securities should be disclosed at cost/book value, however, difference between such value and market value should be given in notes to Balance Sheet. Audit noticed that the difference was not disclosed in notes to accounts.
		2) Liabilities **Other Liabilities** **Advances from allottees of various DDA Housing Schemes: ₹591.85 crore** **Advances from allottees-Ministry of Rehabilitation Land: ₹0.62 crore** DDA has recognised ₹591.85 crore as 'Advances from Allottees of various DDA Housing schemes' and ₹0.62 crore as 'Advances from Allottees- Ministry of Rehabilitation Land' under the head Other Liabilities (Schedule C). In this regard, allottee-wise details of advances received from the allottees, date of receipt thereof and current status of the allotment is not available with DDA except for ₹135.78 crore being the amount received from Delhi Police on account of sale of MIG houses in Narela. In the absence of above details, Audit was unable to draw an assurance as to the correctness of balance amount of ₹456.69 crore under the head 'Advances from allottees of various DDA Housing schemes' and 'Advances from Allottees- Ministry of Rehabilitation Land'. The issue was commented upon by Audit during the year 2019-20 and 2020-21 also, however, no corrective action has been taken by the management.
		3) Assets **Capital Work in Progress: ₹9.89 crore** • The above amount was understated by ₹0.49 crore due to non-consideration of 15 *per cent* overhead charges.

Sl. No.	Name of CAB	Comments on accounts
		• The above includes ₹3.27 crore being the cost pertaining to Community Hall-cum-Reading room at village Tehkhand. Though the work of Community Hall was completed on 28 August 2015, the same was not capitalised. This has resulted in overstatement of Capital Work in Progress by ₹3.27 crore, understatement of Fixed Assets by ₹1.56 crore and understatement of depreciation as well as Deficit by ₹1.71 crore. • The above includes ₹6.63 crore (excluding overhead charges) being the cost incurred towards Supply and Installation of Central Air-conditioning system at Vikas Sadan Building. Though the work was completed and completion certificate issued on 09 March 2022, however, the same was not capitalised as on 31 March 2022. This has resulted in overstatement of Capital Work in Progress by ₹6.63 crore, understatement of Fixed Assets by ₹7.24 crore and understatement of Depreciation as well as Deficit for the year by ₹0.38 crore.
		4) Current Assets, Loans & Advances (Schedule F): ₹18,760.17 crore **Sundry Debtors: ₹479.59 crore** Note No. 11 of the Notes forming part of the Accounts (Schedule O) disclosed that party-wise and age-wise details of Sundry Debtors as on 31 March 2022, duly reconciled was not readily available. DDA was not maintaining party-wise and age-wise breakup of debtors (except for Water Charges of ₹251.11 crore); as such Audit was unable to draw an assurance as to the authenticity, existence and recoverability of Sundry Debtors amounting to ₹228.48 crore. Mere disclosure in Notes to Accounts that debtors had not been reconciled, was not sufficient. Even though this point was repeatedly raised in the previous Separate Audit Reports since 2013-14, DDA has not been able to maintain party-wise and age-wise details of Sundry Debtors till date.
		5) Income and Expenditure Account **Establishment & Administration (Schedule K)** **Establishment Expenses** **Contribution to New Pension Scheme: ₹13.10 crore** The employer's share of contribution for Central Government NPS subscribers was enhanced from 10 *per cent* to 14 *per cent*

Sl. No.	Name of CAB	Comments on accounts
		with effect from 01.04.2019 and was applicable to the employees of Central Autonomous Bodies also. As against ₹6.22 crore required to be provided on account of enhancement in the rates of employer's contribution for the period from 2019-20 to 2021-22 as furnished by the Authority, an amount of ₹3.40 crore only was provided in the accounts resulting in short-provision to the extent of ₹2.82 crore. Non-provision for the same resulted in understatement of liability towards Employer's contribution to NPS and deficit by ₹2.82 crore. Further, the Authority did not make available the details in respect of two units and details of remittance of employer's contribution as well as recoveries made from the employees towards NPS into trustee bank account. In the absence of the same, the exact amount of short-provision as well as liability, if any, towards interest on account of delayed remittance could not be quantified.
		6) Significant Accounting Policies (Schedule-N) **Inventories (Item No. 6)** As per Item No. 6 of Significant Accounting Policies (Schedule N), inventories are valued at lower of cost or Net Realisable Value (NRV). Para 25 of Accounting Standard-2 relating to 'Valuation of Inventories' stipulates that an assessment is to be made of NRV at each Balance Sheet date. No such assessment of NRV has been conducted by DDA. This has resulted in violation of AS-2 and Significant Accounting Policy No.6. Further, non-valuation of inventories was not suitably disclosed in the notes forming part of the accounts. The issue was commented upon by Audit during the year 2019-20 and 2020-21 also, however, no corrective action has been taken by the management.
		7) Provisions, Contingent Liabilities and Contingent Assets Para 24 of Accounting Standard-1 relating to 'Disclosure of Accounting Policies' states that all significant accounting policies adopted in preparation and presentation of financial statements should be disclosed. Though, various accounting policies were disclosed in financial statements for the year 2021-22 by DDA, accounting policy on 'Provisions, Contingent Liabilities and Contingent Assets' was not disclosed in the financial statements. The issue was highlighted

Sl. No.	Name of CAB	Comments on accounts
		during the years 2019-20 and 2020-21; however, no corrective action has been taken by the management.
		8) Earmarked Funds – Note no. 9 • As per note no. 9 (i), the Urban Development Fund for the year ended 31 March 2022 was ₹4,997.87 crore. Against this fund, the total investment is of ₹4,771.24 crore (comprising investment of ₹4701.69 crore, bank balances of ₹2.38 crore and accrued interest of ₹67.17 crore). However, as per Schedule E - Assets of Earmarked/Endowment Funds, the total investment is mentioned as ₹4,771.36 crore (comprising ₹3,363.89 crore invested in State Government Securities, ₹1,337.78 crore invested in Fixed Deposits, ₹2.38 crore in savings bank accounts and interest accrued on Investments of ₹67.31 crore). Thus, there is a difference of ₹0.12 crore, which needs to be reconciled. • As per Note 9 (vi) forming part of the accounts, EWS Housing Reserve balance as on 31 March 2022 was ₹570.43 crore which does not match with Schedule B Earmarked/Endowment Funds, as per which the balance of EWS Housing Reserve was ₹323.78 crore. Thus, the difference of ₹246.65 crore needs to be reconciled. • As per Note 9 (vi) forming part of the accounts, the balance of inventories as on 31 March 2022 was ₹3,012.62 crore which does not match with Schedule E, as per which the balance of inventories was ₹2,753.67 crore. Thus, the difference of ₹258.95 crore needs to be reconciled.
VII.	**Ministry of Micro, Small and Medium Enterprises**	
19.	**Coir Board**	**Current Liabilities and Provisions (Schedule-7): ₹1,89,61,69,000** **Provisions: ₹180,36,85,000** Coir Board has made provision for retirement benefits on the basis of actuarial liability ascertained for immediately preceding Financial Year (as at 31 March 2021) despite the fact that the actuarial valuation reports for the current year were available prior to the finalisation of accounts for the year 2021-22. The accumulated provision to be made in the accounts as per the actuarial valuation report for the period ending 31

Sl. No.	Name of CAB	Comments on accounts
		March 2022 is ₹176,17,15,113. As against this, the Board has maintained a provision of ₹180,36,85,000 resulting in overstatement of Current Liabilities and Provisions, Establishment expenses and understatement of Excess of Income over Expenditure by ₹4,19,69,887.
20.	**Khadi and Village Industries Commission**	**Accounting Convention** Under the significant Accounting Policies (Schedule 18), it was disclosed that the financial statements are prepared on the basis of Historical Cost convention unless otherwise stated. As per the recommendation of the Committee of Experts on the Uniform format of Accounts for Central Autonomous Bodies on Acconting Convention., "The Accounting will be based on the principle of Accrual System of Accounting and the concept of "going concern" will have to be maintained. The Annual Accounts of Khadi and Village Industries Commission have not been prepared by the Commission on Accrual method of Accounting prescribed by Committee of Experts formulated and approved by the Ministry of Finance.
		Corpus/Capital Fund This does not include an amount of ₹27.20 crore being the excess of income over expenditure. As per the Uniform Format of Accounts, the excess of income over expenditure is to be added to the Corpus/Capital Fund. This has resulted in understatement of Corpus/Capital Fund and overstatement of Reserves and Surplus by ₹27.20 crore.
VIII.	**Ministry of Petroleum and Natural Gas**	
21.	**Oil Industry Development Board**	As at 31 March 2022, Biecco Lawrie Limited (BLL) had cumulative losses to the tune of ₹18,917.94 lakh (provisional) and its negative net worth stood at ₹11,410.92 lakh (provisional). However, the Board has not provided for diminution in the value of investment in equity shares of BLL resulting in overstatement of 'Excess of Income over Expenditure' by ₹5,034.00 lakh.
		The 'Excess of Income over Expenditure' was also overstated by ₹9,865.00 lakh due to: i) Non-provisioning of bridge loan of ₹1,200.00 lakh given to Biecco Lawrie Limited (BLL).

Sl. No.	Name of CAB	Comments on accounts
		ii) Non-provisioning of loans of ▪ 8,665.00 lakh given to BLL during the years 2018-19 and 2019-20 for meeting out the expected expenditure on voluntary retirement scheme, cost of existing employees, outstanding salary dues of employees, secured loans from banks and contingent liabilities.
		In the event of decapitalisation of 'Land- Leasehold Noida Land' of ₹47.00 lakh in 2020-21, instead of charging ₹21.00 lakh (i.e. advance lease rent) to Income and Expenditure Account and capitalising ₹26.00 lakh towards 'Building on Lease Land', Oil Industry Development Board has capitalised the entire amount of ₹47.00 lakh towards 'Building on Lease Land'. Further, an amount of ₹3.99 lakh has been charged as depreciation (2020-21 and 2021-22) against the capitalised amount of advance lease rent. This has resulted into overstatement of 'Excess of income over expenditure' by ₹17.01 lakh.
22.	**Petroleum and Natural Gas Regulatory Board**	**Balance Sheet** **PNGRB Fund (Schedule-1): ₹35,519.65 lakh** Petroleum and Natural Gas Regulatory Board (PNGRB) is having Corpus Fund titled as PNGRB Fund amounting to ₹35,519.65 lakh as on 31 March 2022. It has been levying/collecting various charges, fees, penalties etc. from authorised entities as per regulations notified under the PNGRB Act, 2006. As the revenue earned by PNGRB is public money received on behalf of the Government of India, the same should have been part of Public Account as defined under Article 266(2) of the Constitution. The Ministry of Finance directed (January 2005) that the funds of regulatory bodies may be maintained in Public Account but operated in such a manner as will protect their independent status. The same instructions were reiterated in April 2016 by the Ministry of Finance. PNGRB Fund is not being operated through Public Account as this fund is kept in Term Deposit/Current/Corporate Liquid Term Deposit Accounts despite the issue being highlighted vide CAG's comment in Separate Audit Reports on its Financial Statements for the years 2017-18, 2018-19 and 2020-21.

Sl. No.	Name of CAB	Comments on accounts
		As the amount of PNGRB Fund as on 31 March 2022 was to be deposited in Public Account of India, the same should have been depicted under 'Other Current Liabilities' instead of under 'Corpus/Capital Fund - PNGRB Fund'. This has resulted in overstatement of 'Corpus/Capital Fund-PNGRB Fund (Schedule–1)' and understatement of 'Other Current Liabilities (Schedule- 7)' by an amount of ₹35,519.65 lakh each.
23.	**Rajiv Gandhi Institute of Petroleum Technology, Amethi**	**Balance Sheet** **Corpus/Capital Fund (Schedule 1): ₹1,369.45 crore** This includes ₹583.10 crore received by Rajiv Gandhi Institute of Petroleum Technology from various Oil PSUs to meet the recurring expenditure of the Institute out of interest income earned from this fund. This contribution of Oil companies was sanctioned for creation of Endowment Fund. Accordingly, it should have been booked under Earmarked/Endowment Fund (Schedule 3). This has resulted in overstatement of 'Corpus/Capital Fund' and understatement of 'Earmarked/Endowment Fund' by ₹583.10 crore each.
		Fixed Assets (Schedule 6): ₹436.59 crore **Capital Work in Progress (CWIP): ₹53.94 crore** Assam Center of Rajiv Gandhi Institute of Petroleum Technology for which various classrooms, labs, administrative offices etc. had been constructed by March 2017, having incurred amount of ₹9.97 crore, were put to use by October 2017 by running various batches for training. The said assets were, however, kept classified as Capital Work in Progress rather than Fixed Assets and therefore, no depreciation was charged, which since October 2017, amounts to ₹0.57 crore till March 2022. This resulted in overstatement of Capital Work in Progress by ₹9.97 crore, understatement of fixed assets by ₹9.40 crore and depreciation (including prior period) by ₹0.57 crore.
		Income and Expenditure Account **Prior period Adjustment (Schedule-16): ₹6.12 crore** Non-accountal of amount of 'Deferred Revenue Income', equivalent to the amount of depreciation of ₹4.98 crore for the year 2020-21 through prior period, resulted in understatement of 'Deferred Revenue Income' and overstatement of 'Capital Fund' to the extent of ₹4.98 crore each.

Sl. No.	Name of CAB	Comments on accounts
		General As per recommendations of the Committee on Papers Laid on the Table of the House (5th Lok Sabha) 1975-76 and Rule 237 of General Financial Rules, 2017, Rajiv Gandhi Institute of Petroleum Technology (RGIPT) was required to submit the Annual Accounts by 30th June for Certification Audit by the CAG and the Annual Report was required to be laid before the Parliament by 31st December. RGIPT, however, submitted its Annual Accounts for the year 2021-22 on 25 October 2022, i.e., after a delay of almost three and half months from the stipulated date.
IX.	**Ministry of Ports, Shipping and Waterways**	
24.	**Calcutta Dock Labour Board, Kolkata**	The head 'Current Liabilities and Provision' includes a sum of ₹13.93 lakh being the outstanding loans (related to Dock Clerical and Supervisory Workers Scheme) payable to PF Trustee. The loan carried simple interest of 9 *per cent* upto 2019-20 and 7 *per cent* from 2020-21 onwards. The Calcutta Dock Labour Board, however, has not made any provision for interest for the outstanding amount since 2007-08. Non-provision for the above has resulted in understatement of 'Current Liabilities and Provision' as well as Excess of Expenditure over Income by ₹17.27 lakh each. Despite issue of comment on the accounts for the year 2020-21, no corrective actions has been taken by the Management in this regard.
		The head 'Current Assets, Loans, Advances' includes a sum of ₹38.16 lakh (related to Welfare Fund) being the amount receivable from Syama Prasad Mookerjee Port (erstwhile Kolkata Port Trust) which is pending for realisation for more 15 years as confirmed by the Management. Since, the dues are pretty old and there is no balance confirmation, necessary provision in the accounts should have been made. Non-provision for the above doubtful debt has resulted in overstatement of the above head with corresponding understatement of Excess of Expenditure over Income by ₹38.16 lakh each.
25.	**Chennai Port Authority**	**Sources of Funds** **Current Liabilities and Provisions – Schedule XII: ₹1,174.28 crore**

Sl. No.	Name of CAB	Comments on accounts
		a) Sical Logistics Ltd. (SICAL) surrendered JD V berth in 2016 before expiry of the lease term and subsequently Chennai Port Authority (ChPA) claimed the minimum guarantee charges for the remaining lease period. Later, as per an Arbitration Award (September 2019) in an Arbitration case on the dispute raised by SICAL on the matter, an amount of ₹0.60 crore plus interest is payable by SICAL over and above the amounts deposited and charges paid by SICAL to ChPA as directed/levied earlier. In its accounts, ChPA had accounted for an amount of ₹2.41 crore as payable to SICAL under the head JD V long term lease. In addition, ChPA also accounted for an amount of ₹1.62 crore under deposits from SICAL. Against the deposits of ₹1.62 crore, an amount of ₹0.71 crore (₹0.60 crore and ₹0.11 crore - Interest) was adjustable and thus the balance amount payable to SICAL works out to ₹0.91 crore. Thus, against the liability of ₹0.91 crore, ChPA accounted for current liability of ₹4.03 crore (₹2.41 crore and deposits of ₹1.62 crore) resulting in overstatement of the head Current Liability and understatement of Profit to an extent of ₹3.12 crore (₹2.41 crore+ ₹0.71 crore). **(b)** Current liabilities head includes an amount of ₹3.21 crore payable to Southern Railway as part of Junction arrangement. The accounting of liability was incorrect since an amount of ₹3.41 crore was payable by Southern Railway towards the monthly expenditure incurred by ChPA till March 2022.Out of this, an amount of ₹3.20 crore has been accounted under Sundry Debtors. Hence, incorrect accounting of ₹3.21 crore under current liability and short accounting of sundry debtors to an extent of ₹0.21 crore resulted in overstatement of Current Liability by ₹3.21 crore and understatement of Current Assets (Sundry debtors) by ₹0.21 crore. Consequently, the Profit for the year was understated to an extent of ₹3.42 crore. **(c)** As per the Inner Harbour agreement between ChPA and Southern Railways for wagon operation in Chennai Port, an amount of ₹2.18 crore was accounted for as payable to Southern Railways towards demurrage for the period from 2011-12 to 2021-22 instead of ₹8.82 crore. This resulted in understatement

Sl. No.	Name of CAB	Comments on accounts
		of Current Liabilities and overstatement of Profit to the extent of ₹6.64 crore. **(d)** A separate Pension fund is maintained to meet the pension payments to retired employees or their families. The obligation for pension payments was ascertained through the actuarial valuation by Life Insurance Corporation of India to an extent of ₹6,077.76 crore as at 31 March 2022. However, the ChPA contribution amounted to ₹3,613.72 crore resulting in short-provision of liability to the tune of ₹2,464.04 crore. Non-provision for this liability towards pension fund has resulted in understatement of Current liabilities and provisions to the tune of ₹2,464.04 crore and overstatement of Profit to that extent. **(e)** A receivable amount of ₹4.72 crore from Jessop & Co. Ltd, Kolkata based on arbitration award for failure in the performance of contract is doubtful of recovery as the company is under liquidation. Non-provision for the doubtful debt has resulted in understatement of Provisions and overstatement of Profit by ₹4.72 crore.
		2. Capital Work in Progress: ₹127.33 crore **(a)** Under development assets were not existing for an amount of ₹1.04 crore under the head Development of Barge Handling Facility at Bharathi Dock since the envisaged project had been dropped in lieu of development of bunker berth. Thus, non-charging of the above expenditure under revenue expenditure resulted in overstatement of Capital Work in Progress and Profit for the year by ₹1.04 crore. **(b)** Expenditure of ₹2.24 crore incurred towards a project of Development of Integrated Dry Port was accounted under Capital Work in Progress. However, the project was abandoned and the land taken on lease was decided to be handed over for the development of Multi Modal Logistics Park. Thus, non-charging of the above expenditure under revenue expenditure resulted in overstatement of Capital Work in Progress and Profit for the year by ₹2.24 crore.
26.	**Cochin Port Authority**	**Expenditure** **General** As required by Accounting Standard (AS) 15, 'Accounting for Retirement Benefits in the Financial Statements of Employers', the Port has neither carried out Actuarial Valuation nor

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td></td><td></td><td>provided for the Liability towards Earned Leave Encashment of its employees in the Accounts for the year 2021-22.</td></tr>
<tr><td></td><td></td><td>Current Liabilities and Provisions (Schedule VIII): ₹766.12 crore

The liability on account of pension and gratuity contribution of existing employees and pensioners works out to ₹3,031.33 crore as per actuarial valuation. However, the contribution made towards LIC and interest earned towards the contribution as on 31 March 2022 was ₹675.41 crore only. Thus, there is a shortfall in contribution of ₹2,355.92 crore. The Port Trust has not made any provision on this account. This has resulted in understatement of Current Liabilities and Provisions and consequent understatement of Accumulated Loss by ₹2,355.92 crore.</td></tr>
<tr><td>27.</td><td>Deendayal Port Authority</td><td>Application of funds
Fixed Capital Assets (Schedule 3)
Net Block: ₹2,285.99 crore

Above includes ₹12.29 crore being the cost of 28 assets of Net Block which were dismantled as per physical verification report for the year 2021-22 as detailed below:

(₹ in crore)
<table>
<tr><th>Particulars</th><th>Cost of Assets</th><th>Depreciation charged till 2021-22</th><th>Net Value of Assets</th></tr>
<tr><td>3 Assets</td><td>0.25</td><td>Nil</td><td>0.25</td></tr>
<tr><td>25 Assets</td><td>31.93</td><td>19.89</td><td>12.04</td></tr>
<tr><td>Total: 28 Assets</td><td>32.18</td><td>19.89</td><td>12.29</td></tr>
</table>

Non-Accounting of the dismantled assets has resulted in overstatement of Fixed Assets (Net Block) by ₹12.29 crore and depreciation by ₹1.07 crore and understatement of profit to the extent of ₹1.07 crore for the year.</td></tr>
<tr><td></td><td></td><td>Current assets
Sundry Debtors: ₹646.40 crore

The above does not include an amount of ₹7.15 crore on account of Liquidated Damages levied on M/s CETL, raised vide invoice no. OOT/AC/Jan22/105 dated 27 January 2022. This has resulted in understatement of Sundry debtors and consequent understatement of profit by ₹7.15 crore.</td></tr>
</table>

Sl. No.	Name of CAB	Comments on accounts
28.	**Indian Maritime University**	**Liabilities** **Current Liabilities and Provisions** **Other Current Liabilities – (j) Others: ₹3,24,25,936** **Other Current Liabilities – (j) Others: ₹1,31,84,507 (Chennai Campus)** The above head includes ₹64,53,427 being unidentified sundry receipts pertaining to the years 2012-13 to 2015-2016 and accounted as Other Current Liabilities. As a prudent accounting practice, unreconciled receipts pending for more than 3 years to be treated as 'Other income'. Failure to reconcile receipts pending for more than 3 years has resulted in overstatement of Other Current Liabilities and Understatement of income by ₹64,53,427.
		Assets **Fixed Assets (Schedule 8)** **Capital Work in Progress: ₹57,69,66,929** **i) Capital Work in Progress: ₹1,49,81,503 (Headquarters)** The above head includes ₹68,83,669 against completed (June 2021) work (No. 1596) but not capitalised. Failure to capitalise resulted in overstatement of Capital Work in Progress by ₹68,83,669 and understatement of Building (Net block) by ₹61,95,302. Consequently, depreciation is understated by ₹6,88,366.
		Capital Work in Progress: ₹8,58,63,917 (Chennai Campus) The above head includes an expenditure of ₹31,20,213 towards LED Fittings at Chennai campus which was completed and put to use in 2020-21. However, the same was not capitalised. Non-capitalisation resulted in overstatement of Capital Work in Progress to the extent of ₹31,20,213 and understatement of Fixed assets (Net Block) (LED Fittings) by ₹25,27,373 and depreciation by ₹5,92,840. **Capital Work in Progress: ₹85,72,870 (Vizag Campus)** As per the Significant Accounting Policy 2.6, Fixed Assets are stated at actual cost less accumulated depreciation. The work of 11 KV supply to workshop zone including HT and LT equipment and cabling, landscape lighting, façade lighting, signage, additional computer power outlets was entrusted to CPWD. The work was completed and handed over on 5 February 2022 but continued to be shown under Capital Work

Sl. No.	Name of CAB	Comments on accounts
		in Progress. Non-capitalisation of 11 KV supply work resulted in overstatement of Capital Work in Progress by ₹85,72,870 and understatement of Electrical Installations under Fixed Assets (Net block) by ₹81,44,227 and Depreciation by ₹4,28,644.
29.	**Jawaharlal Nehru Port Authority**	**Balance Sheet** **Application of Funds** **RMQCs destroyed in accident: ₹52.94 crore** The above represents the book value (net of salvage value) of three Rail Mounted Quayside Cranes (RMQC) numbered 6, 7 & 8 which suffered total damage on account of collapse during a cyclonic storm on 5 August 2020. Subsequently, the three damaged RMQCs were disposed-off through open tender to M/s Symcom Exim for an amount of ₹5.25 crore. Since the asset was no more in existence, the amount should have been written off. This has resulted in overstatement of RMQCs destroyed in accident with corresponding overstatement of profit for the year by ₹52.94 crore.
		Capital Work-in-Progress: ₹3,243.99 crore (Schedule 3) The above includes an amount of ₹1,702.75 crore being the value of capital dredging work related to deepening and widening of Mumbai Harbour Channel and Jawaharlal Nehru Port Channel (Phase-II). The work was awarded (31 March 2017) to M/s Boskalis Smit India LLP in joint venture with M/s Jan De Nul Dredging India Pvt Ltd (BSI-JDN Joint Venture). This work was completed on 18 February 2019 and the Port has been using the facility from March 2019. However, the amount has not been capitalised till date (31 March 2022). Non-capitalisation of the completed work has resulted in understatement of Gross Fixed Assets by ₹1,702.75 crore, overstatement of Capital work in Progress by ₹1,702.75 crore, understatement of current year depreciation by ₹17.03 crore, Prior Period Expenditure (Depreciation) by ₹42.61 crore and overstatement of profit by ₹59.64 crore. The above observation is being included in Separate Audit Report since 2018-19.
30.	**Mormugao Port Authority**	**Balance Sheet** **Application of funds** **Fixed/Capital Assets: ₹497.13 crore (Schedule 2)**

Sl. No.	Name of CAB	Comments on accounts
		Capital Work-in-Progress: ₹82.52 crore The above includes ₹73.84 crore being the expenditure incurred on Capital Dredging during the period 2016-18. The project was proposed (2014) to facilitate navigation of Capesize vessels at any state of tide, by deepening the approach channel and Berth 5, 6 & 7 through Capital dredging which was commenced in January 2019. The National Green Tribunal (NGT) vide its order (September 2016) quashed the Environmental Clearance, given by the Ministry, and the work/project was stopped in September 2016. At that time, only 45 *per cent* of the work was completed. The Management also proposed (13 October 2020) to the Ministry for dropping the project as the deepening of approach channel was not envisaged in near future due to high capital cost, Environmental Clearance etc. Since the project (Capital Dredging work) was not completed and the channel was not available for the intended use, in view of the Tribunal order and recommendation of the Port to drop the project, the expenditure incurred on the project should have been provided for and charged to Profit & Loss Account. Thus, retention of expenditure under Capital Work in Progress, incurred five years back, on an abandoned work/project has resulted in overstatement of Capital Work-in-Progress and understatement of Provision and Loss to the extent of ₹73.84 crore. This observation was raised by audit during 2020-21 and the same is yet to be rectified by the Port Management.
		Finance and Miscellaneous Income: ₹24.27 crore (Schedule 14) As per Rule 230(8) of General Financial Rules, 2017, all interests or other earnings against Grants-in-aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases. However, instead of remitting the interest earned on unspent Grants to Government Accounts, the Port treated the interest as its own income and credited to Finance and Miscellaneous Income in the Profit and Loss Account as under:

Sl. No.	Name of CAB	Comments on accounts
		1. The Ministry of Shipping has sanctioned Grant-in-Aid of ₹187 crore to the Port for construction of balance portion of four lane connectivity road at Mormugao Port Authority. The Port has received ₹182.74 crore in various instalments until May 2019 as Grant-in Aid, out of which ₹28 crore is lying unspent. The unspent amount was invested in short-term investment and an amount of ₹1.87 crore was earned as interest during the year 2021-22. **2.** The Ministry of Shipping has sanctioned Grant-in-Aid of ₹5.76 crore to the Port for 'Construction of 12 M Concrete Road Connecting Berths No. 5, 6, 7, 8 & 9 to New Entry/Exit Road'. The Port has received (9 January 2021) ₹2.88 crore in first instalment as Grant-in Aid and the same is lying unspent. The unspent amount was invested in short-term investment and an amount of ₹0.20 crore was earned as interest during the year 2021-22. **3.** Mormugao Port Authority submitted a project for the 'Construction of up-ramp at Mormugao Port Authority Railway Yard in Baina' with an estimated cost of ₹26.13 crore and requested for a Grant of ₹13.065 crore being 50% under the Sagarmala Scheme. The Port has received (11 November 2020) ₹6.00 crore as first instalment from the Ministry as Grant-in Aid and the same is lying unspent. The unspent amount was invested in short-term investment and an amount of ₹0.41 crore was earned as interest during the year 2021-22. This has resulted into overstatement of Finance and Miscellaneous Income, understatement of loss and liability to the extent of ₹2.48 (1.87+0.20+0.41) crore. Similar observation was raised by audit during 2020-21 and the same is yet to be rectified by the Port Management
31.	**Mumbai Port Authority**	**Current Liabilities and Provisions: ₹5,312.05 crore** **Current Liabilities** As per Common Framework for Financial Reporting, if the liability for retirement benefits was funded through creation of a Trust, the cost incurred for the year shall be ascertained by actuarial valuation. Mumbai Port Authority has not made adequate provisions towards the Pension Fund, Gratuity Fund and Leave Encashment Fund as given below:

<table>
<tr><th>Sl. No.</th><th>Name of CAB</th><th>Comments on accounts</th></tr>
<tr><td></td><td></td><td>
(₹ in crore)
<table>
<tr><th>Name of the Fund</th><th>Liability to be provided as per Actuarial Valuation Report as on 31.03.2022</th><th>Balance in the Fund as on 31.03.2022</th><th>Shortfall</th></tr>
<tr><td>1</td><td>2</td><td>3</td><td>4(2-3)</td></tr>
<tr><td>Pension Fund</td><td>13,323.66</td><td>8,955.34</td><td>4,368.32</td></tr>
<tr><td>Gratuity Fund</td><td>557.63</td><td>38.83</td><td>518.80</td></tr>
<tr><td>Leave Encashment Fund</td><td>221.87</td><td>--</td><td>221.87</td></tr>
<tr><td>Total</td><td>14,103.16</td><td>8,994.17</td><td>5,108.99</td></tr>
</table>
As a result, there is understatement of Current Liabilities by ₹5,108.99 crore and corresponding understatement of Loss to some extent.
The above deficiencies are being pointed out by Audit since 2012-13. However, no corrective action has been taken by the Port Management.
</td></tr>
<tr><td></td><td></td><td>
Sundry Creditors: ₹3,730.60 crore
Accrued Expenses: ₹203.19 crore
The above does not include ₹42.02 crore in respect of Property Tax payable to Municipal Corporation of Greater Mumbai (MCGM).
Mumbai Port Authority was paying Property Tax by adjusting maintenance cost (to maintain roads, wharves etc., inside docks area) to be recovered from MCGM till 1995-96. In the year 1995-96, MCGM requested to delink the issue of maintenance cost from Property Tax and Mumbai Port Authority acceded to the same.
MCGM claims general charges in lieu of Property tax at the rate of ₹4.87 crore per annum (base rateable values of Mumbai Port Authority Properties). However, Mumbai Port Authority is providing liability for Property Tax at the rate of ₹3.91 crore per annum only by adjusting their claim in respect of maintenance cost.
</td></tr>
</table>

Sl. No.	Name of CAB	Comments on accounts
		Thus, short provision of liability towards statutory dues of Property Tax by adjusting maintenance cost resulted in understatement of Accrued Expenses and Loss by ₹42.02 crore.
32.	**Mumbai Port Authority Pension Fund Trust**	**Balance Sheet** **Pension Fund Account and Liabilities: ₹8,955.34 crore (Schedule I)** **Notes on Accounts – Item III-b** Mumbai Port Authority Pension Fund Trust was formed vide a Trust Deed (14 January 2004) to meet the pension liability of employees and ex-employees. Life Insurance Corporation (LIC) has been appointed as the Fund Manager to manage the Pension Fund. LIC does the actuarial valuation every year based on which the money has to be invested by the Trust with LIC. The total pension liability as per actuarial valuation as on 31 March 2022 as intimated by LIC was ₹13,323.66 crore (₹8,873.66 crore towards existing pensioners and ₹4,450.00 crore towards future pensioners). Against this, the pension fund balance as on 31 March 2022 was ₹8,955.34 crore. Considering the Actuarial Valuation Report, there is a shortfall of ₹4,368.32 crore in the Fund Balance. The shortfall 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 ₹4,368.32 crore. Audit has been pointing out the shortfall in provisioning for the pension liability since 2012-13.
33.	**New Mangalore Port Authority**	**3) Finance and Miscellaneous Expenditure (Schedule 17)** **Contribution to Pension/Gratuity Fund: ₹103.21 crore** Pension liability as per actuarial valuation was ₹1,480.86 crore as on 31 March 2022. Pension Fund balance in the accounts as on 31 March 2022 stood at ₹1,335.59 crore. The short provision of pension fund liability resulted in understatement of Finance and Miscellaneous Expenses as well as Current Liability by ₹145.27 crore and consequential overstatement of Profit to the same extent.
34.	**Paradip Port Authority**	The Government of Odisha decided (May 2015) to create a Water Conservation Fund (WCF) for construction of different water conservation projects. The corpus fund was to be created

Sl. No.	Name of CAB	Comments on accounts
		by way of receipt of one-time contribution at the rate of ₹2.50 crore per cusec of water allocated to the industries having requirement of one (1) cusec of water or more. As per revised requirement of 13.50 cusec of water, Paradip Port Authority was to contribute ₹33.75 crore towards WCF as one-time measure. Paradip Port Authority had already deposited a sum of ₹5.57 crore in two instalments. Thereafter, it was allowed by the Government of Odisha to pay the balance amount of ₹28.18 crore in five annual instalments of ₹5.64 crore each. Paradip Port Authority deposited three instalments amounting to ₹16.91 crore during 2019-22 and accounted for on cash basis instead of accrual basis and did not provide for the remaining dues of ₹11.27 crore (two instalments) This has resulted in understatement of the above head by ₹11.27 crore with corresponding overstatement of Net Surplus before Tax by the same amount.
		Paradip Port Authority has an investment of ₹30 crore in the equity shares of Sethusamudram Corporation Limited (SSCL), the Company which was promoted by the Government of India to raise finance and to undertake activities to facilitate operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay. The project could not make any progress since the main work was suspended in 2007-08 on the order (14 September 2007) of the Supreme Court. In the meantime, SSCL has also moved the proposal to Ministry for liquidation. Considering the non-viability of the project, the other PSUs like Visakhapatnam Port Authority, Shipping Corporation of India and Dredging Corporation of India have already made full provision against their respective investments in SSCL except Paradip Port Authority. Hence, non-provision against the above investment by Paradip Port Authority has resulted in overstatement of Investment, understatement of Provisions (Schedule-6) and corresponding overstatement of Net Surplus before Tax by ₹30 crore each.
35.	**Seamen's Provident Fund Organisation**	**Balance Sheet** **Earmarked/Endowment Funds (Schedule–3): ₹2,610.24 crore** **SPF Staff Pension and Gratuity Fund: ₹18.64 crore** As per the actuarial valuation report, the liability towards Pension Fund, Gratuity and Leave Encashment as on 31 March

Sl. No.	Name of CAB	Comments on accounts
		2022 is ₹20.91 crore. Since, the fund balance as on 31 March 2022 is ₹18.64 crore, there was a deficit of ₹2.27 crore in the Fund. This has resulted in understatement of Earmarked/Endowment Funds (SPF Staff Pension and Gratuity Fund), and 'Establishment Expenses' and corresponding overstatement of 'Surplus' to the extent of ₹2.27 crore. The issue is being raised in the Separate Audit Report since 2012-13.
		Investments from Earmarked/Endowment Funds (Schedule 9): ₹2,505.62 crore **Debentures and Bonds-₹733.27 crore** Seamen's Provident Fund Organisation had invested an amount of ₹18.30 crore in Non-Convertible Debentures (NCDs) of Infrastructure Leasing and Financial Services Limited (IL&FS) entities. As per proceedings (February 2019) before National Company Law Appellate Terminal (NCLAT), two IL&FS entities (IL&FS Limited and IL&FS Financial Services) have been placed under the Red category by the new Board of Directors appointed by the Union Government to manage the affairs of IL&FS Group of companies, which means that such entities cannot make their payment obligations even towards senior secured financial creditors. Instead of making full provision, Seamen's Provident Fund Organisation provided an amount of ₹4.49 crore each for the years 2020-21 and 2021-22 respectively towards diminution in the value of investment in Non-Convertible Debentures of IL&FS. As per Portfolio Manager (April 2022), liquidation value is not yet ascertained which is needed for ascertaining distribution between secured and unsecured lenders. However, Seamen's Provident Fund Organisation has not made full provision for the bad investments. Short provisioning of ₹9.32 crore (₹18.30 crore – ₹8.98 crore) has resulted in overstatement of Investments from Earmarked/Endowment Funds and overstatement of Earmarked/ Endowment Funds.

Sl. No.	Name of CAB	Comments on accounts
		The above issue is being raised in the Separate Audit Report since 2018-19
36.	**Syama Prasad Mookerjee Port, Kolkata (erstwhile Kolkata Port Trust)**	During the year 2021-22**,** Syama Prasad Mookerjee Port added ₹326.35 crore to the Gross Block of Fixed Assets. The depreciation for the assets added during the year was required to be charged on pro-rata basis based on the actual date of capitalisation/usage of the individual assets. However, Syama Prasad Mookerjee Port charged depreciation on these assets for the whole year irrespective of their date of capitalisation/use. This has resulted in overcharging of depreciation amounting to ₹6.21 crore leading to understatement of Net Profit before Tax and Fixed Assets (Net Block) by ₹6.21 crore each.
		As per the Common Framework for Financial Reporting, only the surplus/deficit for the year (left after adjusting the provision for taxation and all appropriations) needs to be transferred to the General Reserve. However, Syama Prasad Mookerjee Port, instead of charging the deferred tax liabilities and provision for income tax for earlier years to the Profit & Loss Account, debited the same to General Reserves. This has resulted in overstatement of Profit after Tax (PAT) by ₹31.89 crore.
37.	**Tariff Authority for Major Ports**	**Balance Sheet** **Assets, Loans and Advances** **Fixed Assets: ₹22.62 lakh** As per Uniform Format of Accounts for Central Autonomous Bodies "Depreciation in respect of Assets costing ₹5,000 or less are to be fully provided" (Schedule 24). During the year, 24 interactive UPS at the rate of ₹4,600 each (including CGST & SGST) amounting to ₹1,10,400 (including CGST & SGST) have been purchased and instead of expensing it out in line with the Uniform format of Accounts, the same were capitalised under the head Fixed Assets. An amount of ₹18,239 has also been provided as depreciation. This has resulted in overstatement of Fixed Assets and understatement of Deficit by ₹92,161.
		Income and Expenditure Account **Expenditure** **Administrative Expenses** **Repair and Maintenance: ₹7.87 lakh (Schedule 9)**

Sl. No.	Name of CAB	Comments on accounts
		The above includes ₹87,320 towards purchase of Antivirus software and Dual Wan Gigabit Router (₹67,496 for Antivirus Software and ₹19,824 for Dual Wan Gigabit Router). As per Uniform format of Account for Central Autonomous Bodies, Assets- Fixed Assets include Computer/Peripherals and Software. Router being a peripheral device for Computer and Antivirus software (with a validity of 3 years) being an Intangible Asset should have been capitalised instead of treating the same as an Expenditure. This has resulted in understatement of Fixed Assets and overstatement of deficit by ₹0.87 lakh. The Accounting Policy is also silent on the policy followed by Tariff Authority for Major Ports in respect of Intangible Assets.
38.	**Vishakhapatnam Port Authority**	**Balance Sheet** **Current Liabilities and Provisions** **A. Current Liabilities** **I. Provident, Pension & Gratuity Funds: ₹25.69 crore** As per the Actuarial Valuation Report submitted by LIC, the requirement of funds to meet the future obligations of Pension and Gratuity as on 31 March 2022 is ₹5,651.06 crore. However, Visakhapatnam Port Authority apportioned an amount of ₹5,181.29 crore to meet the above obligation till 31 March 2022 and invested the amount in Pension Fund Trust and Gratuity Fund Trust. This has resulted in shortfall of ₹469.77 crore towards investment in Pension Fund Trust and Gratuity Fund Trust as on 31 March 2022. This has resulted in understatement of Current Liabilities and Provisions and overstatement of Profit by ₹469.77 crore.
		Application of Funds **Current Assets, Loans & Advances** **Current Assets: ₹1,625.88 crore** **Sundry Debtors: ₹522.94 crore** Provision towards doubtful debts made till March 2014 was ₹7.31 crore. Subsequently, despite giving assurances year after year, Visakhapatnam Port Authority had not made further provision towards doubtful debts. Out of gross Sundry Debtors of ₹530.25 crore as on 31 March 2022, amount outstanding for more than five years was ₹109.56 crore (20.66 *per cent*). Similar comment was also included in the Separate Audit

Sl. No.	Name of CAB	Comments on accounts
		Reports for the years 2019-20 and 2020-21. However, no corrective action was taken in the year 2021-22.
39.	**V.O. Chidambaranar Port Authority**	**Land: ₹24,45,09,364** This includes an amount of ₹24.45 crore being the value of the land under the possession of V.O. Chidambaranar Port Authority. However, it was observed that there were surveyed lands with value and unsurveyed lands without value. In the absence of valuation and reconciliation, the figure shown under the head 'Land' does not depict the true and fair value.
		Current Assets, Loans & Advances **Sundry debtors – Government: ₹49,62,68,951** This includes an amount of ₹9,56,09,368 being the rental income due from Tamil Nadu Warehousing Corporation for the period up to March 2015 on account of rent, electricity and water charges. As the godowns were surrendered by Tamil Nadu Warehousing Corporation in March 2015 and disputed the rent claims since then, accounting of the rental income was not in line with accounting policy for revenue recognition. Thus, the above head and prior period income was overstated by ₹9,56,09,368.
X.	**Ministry of Power**	
40.	**Bureau of Energy Efficiency**	**Income and Expenditure Account** **Other Administrative Expenses (Schedule-21): ₹159.50 lakh** Bureau of Energy Efficiency has booked an amount of ₹77.88 lakh paid as consultancy charges under Standards and Labelling (S&L) Scheme in respect to Electric Vehicles Charging Infrastructure and Electric Vehicles which is not related to the S&L Scheme. This should have been accounted for as under: • ₹12.98 lakh pertaining to the period from February 2021 to March 2021, as Prior Period expenses. • ₹64.90 lakh pertaining to the period from April 2021 to January 2022, as current year expenses. Thus, it has resulted into understatement of 'Earmarked/Endowment Funds' (Schedule-3) by an amount of ₹77.88 lakh apart from understatement of 'Other Administrative Expenses' (Schedule-21) by ₹64.90 lakh,

Sl. No.	Name of CAB	Comments on accounts
		'Other Administrative Expenses etc.' (Prior Period) by ₹12.98 lakh.
41.	**Central Electricity Regulatory Commission**	**Balance Sheet** **Capital Fund (Schedule-1): ₹6786.65 lakh** **CERC Fund (Schedule-2): ₹77,526.78 lakh** **Current Liabilities and Provisions: (Schedule-3): ₹99,966.70 lakh** **Income and Expenditure Account** **Income from Fee (Schedule-13): ₹16,128.28 lakh** **Interest Income (Schedule-14): ₹248.70 lakh** **Other Income (Schedule-15): ₹0.64 lakh** Central Electricity Regulatory Commission (CERC) has adopted revised fund operation and accounting procedure without obtaining due approval from CAG/Controller General of Accounts. The issue was raised through Management Letters issued to CERC for the financial years 2018-19 and also highlighted in Separate Audit Report for the year 2019-20 and 2020-21 as a comment. CERC has still not received approval of the revised procedure adopted by it thereby consistently violating the provisions of Electricity Act 2003, CERC Fund (Constitution and the manner of application of the Fund) Rules, 2007 and CERC (Form of Annual Statement of Accounts and Records) Rules, 2007. Accounting of Capital Fund, CERC Fund, Current Liabilities and Fixed Assets as well as incomes through Grants, Fees, Interests Income and Other Income is not in line with CERC Fund (Constitution and the manner of application of the Fund) Rules, 2007, and Section 98 and 99 of the Electricity Act, 2003, which stipulate that all the fees and other sums received by CERC are required to be deposited in CERC Fund'. Accordingly, all the fees and sums received by CERC during the year 2021-22 amounting to ₹16,377.62 lakh[66] should have been added to CERC Fund instead of treating them as income, namely, 'Income from Fee', 'Interest Income' and 'Other Income' in its Income and Expenditure Account. Further, the amount of ₹436.54 kept in bank accounts as on 31 March 2022 which was to be transferred to Public Account of India, should

[66] *Filing Fee/ Tariff Fee of ₹9,988.06 lakh + License Fee of ₹5,984.61 Lakh + Annual Registration Fee of ₹77.69 lakh + Miscellaneous Fee of ₹77.92 lakh + Interest Income of ₹248.70 lakh + Other Income of ₹0.64 lakh*

Sl. No.	Name of CAB	Comments on accounts
		have been shown under 'Other Current Liabilities' instead of under 'CERC Fund'. CERC has shown an amount of ₹6,700 lakh only as transferred from CERC Fund to Capital Account despite the amount of ₹26,828.51 lakh paid/deposited to Ministry of Housing and Urban Affairs for creation of Capital Assets (office space) and ₹151.36 lakh for the assets shown under schedule 4A. This has resulted in overstatement of Income by ₹16,377.62 lakh, CERC fund by ₹4,338.79 lakh and understatement of Capital Fund by ₹20,279.87 lakh, Current Liabilities & Provisions by ₹436.54 lakh.
		Grants-in-Aid **Grants from Ministry of Power (Schedule-12): ₹ Nil** **Capital Fund (Schedule-1): ₹6,786.65 lakh** **CERC Fund (Schedule-2): ₹77,526.78 lakh** The Ministry of Power approved grants for the year 2021-22 amounting to ₹8,000 lakh (Grants-in-Aid Salary: ₹2,150 lakh, and Grants-in-Aid General: ₹5,850 lakh) and Grant for creation of Capital Assets of ₹21,000 lakh for acquiring immovable property, which was to be released from CERC Fund for the year 2021-22. Out of these grants, CERC utilised an amount of ₹5,789 lakh (Establishment Expenses: ₹1,460 lakh, and Other Expenses: ₹4,329 lakh) and Advance payment of ₹21,000 lakh to Ministry of Housing and Urban Affairs for acquiring office space in NBCC Project at World Trade Centre, Nauroji Nagar, New Delhi in the year 2021-22 out of the grant for creation of Capital Assets. However, in Schedule-12 (Grants from Ministry of Power), CERC has shown 'Nil' amount under all the sub-headings i.e., 'Release from CERC Fund during current period', 'Total amount of Grant sanctioned for the year' and 'Savings/Unspent transferred back to CERC Fund'. This resulted in understatement of Grant by ₹5,789 lakh and overstatement of CERC fund by same amount. The issue was also commented upon in Separate Audit Report for the year 2020-21.

Sl. No.	Name of CAB	Comments on accounts
XI.	**Ministry of Textiles**	
42.	**Central Silk Board**	**Balance Sheet** **Corpus Fund (Schedule 1): ₹46,850.50 lakhs** **A.1** During the year, the Board has shown an amount of ₹489.39 lakh as deduction from the Capital Fund under line item *"Add: Contribution towards Corpus fund"* in addition to the net income transferred from Income & Expenditure Account. As per Uniform form 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 opening results shown in the Income and Expenditure Account"*. Audit observed that Central Silk Board has made 20 adjustment entries to Corpus/Capital Fund instead of routing these transactions through respective Ledger Accounts and these adjustments made by the Board during the current year have been shown as deductions from Capital Fund under line item mentioned above. These adjustments are neither specific contributions to the Corpus Fund nor arising out of operating results shown in Income and Expenditure Account. Further, in the revised accounts, the difference of last year closing balance of ₹9.75 lakh with current year opening balance is also adjusted to the corpus fund. This has resulted in non-adherence to Uniform Format of Accounts. Despite similar deficiency having been pointed out during previous years vide comment No. A.1 in Separate Audit Report of 2020-21 and 2019-20, no corrective action has been taken by the Board. **A.2** Central Silk Board has purchased its Fixed Assets out of Grants-in-aid for Creation of Capital Assets. Assets purchased out of Grants-in-aid are to be accounted as per Accounting Standard-12. Audit observed that Central Silk Board is not showing 'Deferred Grant/Income' or 'Grants-in-aid for Creation of Capital Assets' separately as stipulated in the provisions of Accounting Standard-12. Central Silk Board has shown ₹1,173.92 lakh as deferred income against depreciation expenditure in the Income and Expenditure Account. However, instead of deducting this deferred income from the specific 'Grants-in-aid for Creation of Capital Assets', Central Silk

Sl. No.	Name of CAB	Comments on accounts
		Board is deducting the deferred income from Corpus/Capital Fund. This accounting treatment is not as per the provisions of Accounting Standard-12. This has resulted in non-disclosure of Deferred Income account balances in the financial statements for the year 2021-22. Despite similar deficiency having been pointed out during previous year vide comment No. D.4 in Separate Audit Report of 2020-21, no corrective action has been taken by the Board.
43.	**National Institute of Fashion Technology, New Delhi**	**Assets** **Current Assets, Loans and Advances Etc. (Schedule 11): ₹1,74,305.35 lakh** **Sundry Debtors (Annexure-14): ₹3,583.51 lakh** The above includes ₹61.04 lakh towards amount recoverable by National Institute of Fashion Technology (NIFT) Head Office from various campuses which pertains to the year 2017-18. Being an inter-unit transaction, it should not have been included as recoverable. Further, amount of ₹56.64 lakh on account of Endowment Fund for the year 2021-22 was shown by Raebareli campus as recoverable from NIFT Head Office. Despite being pointed out in the Separate Audit Report for the year 2020-21, the amount recoverable by the campus from NIFT Head Office has still been shown under Sundry debtors instead of showing as inter-unit transaction. This has resulted in overstatement of Sundry Debtors and Surplus by ₹117.68 lakh. Further, the balance of inter-unit transactions among Head Office and different campus should be 'NIL' at the end of the year so as to reflect proper consolidation of the accounts.
		Income and Expenditure Account **Income: ₹49,774.68 lakh** **Deferred Revenue Income: ₹2,391.50 lakh** The above deferred revenue income, which is solely on account of Capital Fund Adjustment (deferred depreciation) should match with corresponding amount of deferred depreciation and with total depreciation and amortisation charged during the year on the assets purchased out of Government Grant (Central & State Government) as well. However, as per Schedule 2: Reserves and Surplus, the amount of deferred depreciation was ₹2,390.50 lakh and as per Schedule 8A & 8B, total depreciation and amortisation over fixed assets purchased out of

Sl. No.	Name of CAB	Comments on accounts
		Government Grant was ₹2,389.46 lakh. This has resulted in mismatch of figures of depreciation in the aforesaid Schedules. Despite being pointed in Separate Audit Reports on the accounts for the year 2017-18 onwards, NIFT has not yet reconciled the difference.
		Contingent Liabilities and Notes on Accounts (Schedule-27) Note on Capital Commitments The capital commitments shown under the above note did not include the pending capital commitments amounting to ₹25.99 lakh as on 31 March 2022 in respect of Kannur Campus and included ₹1,793.26 lakh (₹1,686.97 lakh, ₹89.59 lakh and ₹16.70 lakh in respect of Jodhpur Campus, Kolkata Campus and Gandhi Nagar Campus respectively) which has already been accounted for in the balance sheet as Capital Work-in-Progress/Advance to construction agency.
		Other Notes on accounts: **(i)** Note No. 18 regarding non-recognition of the grant of ₹14.23 crore received for NIFT Srinagar is factually incorrect, as the grant has already been recognised in the consolidated accounts of NIFT for the year 2021-22. **(ii)** NIFT has not disclosed in its Notes to Accounts that out of ₹245.35 lakh sanctioned during 2014 by the erstwhile Government of Andhra Pradesh, an amount of ₹35.08 lakh is still receivable from the Government of Telangana as NIFT comes under Telangana after bifurcation of the States of Andhra Pradesh and Telangana.
		General **(i)** The effect on the annual accounts due to the change of the accounting policy relating to depreciation on fixed assets was not disclosed in annual accounts as required under Accounting Standard-1. **(ii)** NIFT has six earmarked funds maintained by different campuses namely Activity Fee Fund, Alumni Association Fund, Department Development Fund, Centre Development Fund, Campus Endowment Fund and Continuing Education Program Fund. Audit observed that NIFT did not follow a uniform practice of crediting the income to these Earmarked/Endowment funds, as income of ₹513.46 lakh was

Sl. No.	Name of CAB	Comments on accounts
		credited through Income and Expenditure account, against the total addition of ₹1,463.21 lakh in these funds. Despite being pointed out during previous years, no corrective action has been taken by the NIFT. **(iii)** NIFT receives grants from Central Government and State Government for creation of Capital Assets. The Grant is kept in the Schedule 2: Reserves and Surplus (under sub head: Government Grant: Capitalised/unutilised). The grant is capitalised to the extent of Fixed Assets created out of Government Grant during the year. As per Schedule 8A and 8B, the total amount of ₹10,516.33 lakh (₹10,212.93 lakh and ₹303.40 lakh) has been added during the year in the gross block of NIFT out of grants received from Central Government and State Government respectively. However, as per Schedule-2, an amount of ₹9,470.00 lakh has been capitalised during the year. Thus, there is a difference of ₹1,046.33 lakh (₹10,516.33 lakh less ₹9,470.00 lakh) which needs reconciliation. Despite being pointed out in the Separate Audit Report on the accounts for the year 2020-21, the Institute has not reconciled the figures. **(iv)** As per Schedule -7 the figure of Assets purchased out of Endowment Fund/Department Development Fund/Centre Development Fund was shown as ₹4,515.04 lakh. However, the figure should be shown as ₹4,789.62 (₹4,132.84 lakh transferred from Schedule-1 *plus* ₹656.78 lakh towards Asset purchased from endowment fund during the year 2021-22 as per Schedule 8C). Thus, there is a difference of ₹274.58 lakh which needs reconciliation. Further, the figure of assets procured out of Endowment Fund during the year was shown as ₹293.41 lakh, ₹656.78 lakh and ₹1,871.75 lakh in Schedule-3, Schedule-1 and Annexure-1 respectively. Thus, Audit is unable to verify that how much assets have actually been purchased out of Earmarked/ Endowment fund.
44.	**National Jute Board, Kolkata**	Current Liabilities and Provisions are understated by ₹13.43 lakh due to non-provision for property tax payable for the period 2018-19 to 2021-22. This has resulted in overstatement of 'Jute Board Fund Account' by the same amount.
		The sub-head Interest earned on Term Deposits under the head Income represents the interest earned on the fixed deposits

Sl. No.	Name of CAB	Comments on accounts
		made out of unutilised grants-in-aid received from the Government of India. As per Rule 230 (8) of the General Financial Rules, the interest earned on grants-in-aid is required to be remitted to the Government of India. Hence, the interest should have been shown as liability instead of revenue. This has resulted in overstatement of the above head leading to overstatement of Surplus for the year by ₹4.55 crore with corresponding understatement of Current Liabilities by the same amount.

Annexure-VII
(Referred to in Para 1.8)

Central Autonomous Bodies where Internal Audit was not conducted during the year 2021-22

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Airports Economic Regulatory Authority of India, New Delhi
II.	**Ministry of Coal**
2.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**
3.	Agricultural and Processed Food Products Exports Development Authority, New Delhi
4.	Coffee Board, Bengaluru
5.	National Institute of Design, Assam
6.	Spices Board, Kochi
7.	Tea Board India, Kolkata
8.	Tobacco Board, Guntur
IV.	**Ministry of Petroleum and Natural Gas**
9.	Petroleum and Natural Gas Regulatory Board, New Delhi
V.	**Ministry of Ports, Shipping and Waterways**
10.	Calcutta Dock Labour Board, Kolkata
11.	V.O. Chidambaranar Port Authority, Tuticorin
VI.	**Ministry of Power**
12.	Bureau of Energy Efficiency, New Delhi
13.	Joint Electricity Regulatory Commission (for the State of Goa and Union Territories), New Delhi
VII.	**Ministry of Textiles**
14.	Central Silk Board, Bengaluru

Annexure-VIII
(Referred to in Para 1.8)

Central Autonomous Bodies where physical verification of Fixed Assets was not conducted during the year 2021-22

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Rajiv Gandhi National Aviation University, Uttar Pradesh
II.	**Ministry of Coal**
2.	Coal Mines Provident Fund Organisation, Dhanbad
III.	**Ministry of Commerce and Industry**
3.	Agricultural and Processed Food Products Exports Development Authority, New Delhi *(Physical verification was not carried out for the assets at Regional offices)*
4.	Export Inspection Council, Delhi and Export Inspection Agency at Mumbai
5.	National Institute of Design, Assam
6.	Tea Board India, Kolkata
7.	Spices Board, Kochi
IV.	**Ministry of Micro, Small and Medium Enterprises**
8.	Khadi and Village Industries Commission, Mumbai
V.	**Ministry of Ports, Shipping and Waterways**
9.	Mumbai Port Authority, Mumbai
10.	Paradip Port Authority, Paradip
11.	Syama Prasad Mookerjee Port, Kolkata
12.	Visakhapatnam Port Authority, Visakhapatnam
13.	V.O. Chidambaranar Port Authority, Tuticorin
VI.	**Ministry of Power**
14.	National Power Training Institute, Faridabad
VII.	**Ministry of Textiles**
15.	Central Silk Board, Bengaluru

Annexure-IX
(Referred to in Para 1.8)

Central Autonomous Bodies where physical verification of inventories was not conducted during the year 2021-22

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	National Institute of Design, Assam
2.	Spices Board, Kochi
3.	Tea Board India, Kolkata
II.	**Ministry of Petroleum and Natural Gas**
4.	Rajiv Gandhi Institute of Petroleum Technology, Amethi
III.	**Ministry of Ports, Shipping and Waterways**
5.	Mumbai Port Authority, Mumbai *(Physical verification report not furnished to Audit)*
6.	Paradip Port Authority, Paradip
7.	Syama Prasad Mookerjee Port, Kolkata
8.	V.O. Chidambaranar Port Authority, Tuticorin
IV.	**Ministry of Textiles**
9.	Central Silk Board, Bengaluru

Annexure-X
(Referred to in Para 1.8)

Central Autonomous Bodies which did not account for Gratuity and other retirement benefits on the basis of actuarial valuation during 2021-22

Sl. No.	Name of Autonomous Body
I.	**Ministry of Civil Aviation**
1.	Airport Economic Regulatory Authority of India, New Delhi
II.	**Ministry of Commerce and Industry**
2.	Coffee Board, Bengaluru
3.	Export Inspection Agency, Delhi
4.	National Institute of Design, Andhra Pradesh
5.	National Institute of Design, Assam
6.	Rubber Board, Kottayam
7.	Spices Board, Kochi
III.	**Ministry of Micro, Small and Medium Enterprises**
8.	Coir Board, Kochi
9.	Khadi and Village Industries Commission, Mumbai
IV.	**Ministry of Petroleum and Natural Gas**
10.	Petroleum and Natural Gas Regulatory Board, New Delhi
11.	Oil Industry Development Board, Noida
V.	**Ministry of Ports, Shipping and Waterways**
12.	Chennai Port Authority, Chennai
13.	Cochin Port Authority, Cochin
14.	Mormugao Port Authority, Goa
15.	Mumbai Port Authority, Mumbai
16.	Mumbai Port Authority Pension Fund Trust, Mumbai
17.	New Mangalore Port Authority, Mangalore
18.	Seamen's Provident Fund Organisation, Mumbai
19.	Visakhapatnam Port Authority, Visakhapatnam

Note: The above list also includes the Autonomous Bodies which have provided for a lesser liability as compared to the liability determined on actuarial valuation

Annexure-XI
(Referred to in Para 1.8)

Central Autonomous Bodies that revised their accounts for the year 2021-22 as a result of audit

Sl. No.	Name of Autonomous Body
I.	**Ministry of Commerce and Industry**
1.	Coffee Board, Bengaluru
II.	**Department of Financial Services**
2.	Insurance Regulatory and Development Authority of India, Hyderabad
III.	**Ministry of Ports, Shipping and Waterways**
3.	Visakhapatnam Port Authority, Visakhapatnam
IV.	**Ministry of Textiles**
4.	Central Silk Board, Bengaluru

Annexure-XII
(Referred to in Para 1.9)

Position of Outstanding Action Taken Notes as on March 2023

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. 16 of 2021 for the year ended March 2020	-	1
2.	Corporate Affairs	Report No. 16 of 2021 for the year ended March 2020	1	-
3.	Housing and Urban Affairs	Report No. 3 of 2020 for the year ended March 2018	-	3
		Report No. 10 of 2020 for the year ended March 2019	-	1
		Report No. 17 of 2021 for the year ended March 2020	1	-
		Report No. 16 of 2021 for the year ended March 2020	3	1
4.	Micro, Small and Medium Enterprises	Report No. 10 of 2020 for the year ended March 2019	-	1
		Report No. 16 of 2021 for the year ended March 2020	-	2
5.	Petroleum and Natural Gas	Report No. 10 of 2020 for the year ended March 2019	-	1
6.	Power	Report No. 3 of 2020 for the year ended March 2018	-	1
		Report No. 16 of 2021 for the year ended March 2020	-	1
7.	Road Transport and Highways	Report No. 3 of 2020 for the year ended March 2018		1
8.	Ports, Shipping and Waterways	Report No. 3 of 2020 for the year ended March 2018	-	1
		Report No. 10 of 2020 for the year ended March 2019	-	1
9.	Tourism	Report No. 3 of 2020 for the year ended March 2018	-	1
		Report No. 16 of 2021 for the year ended March 2020	2	-
			7	**16**

Annexure-XIII
(Referred to in para 3.1)

Statement showing loss of interest to the Government Exchequer due to parking of funds in Current Account

Sl. No.	Name of Coal block	Date of Sanction of fund by Govt.	Date of disbursement of fund by Govt. to COP/ Credited in CCO Account	Amount disbursed by Govt. (₹)	Date of disbursement of fund by COP	Amount Disbursed by COP (₹)	Amount undisbursed till transfer to Govt. Account (₹)	Date of transfer of undisbursed fund to Govt. Account	Date considered for calculation of loss of interest on undisbursed fund parked in Current Account	Number of days for which the undisbursed amount parked in current account	RBI Repo Rate considered by Audit for calculation of loss of interest (% p.a.)	Loss of interest to the Govt. Exchequer (₹)
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**	**(k) = (j) - (d)**	**(l)**	**(m)**
1	Kasta East	24-05-2016	20-06-2016	5,27,60,632	Nil	-	5,27,60,632	19-07-2022	19-07-2022	2220	4	1,28,36,011
2	Parbatpur Central	20-06-2016	08-07-2016	52,24,67,754	19-07-2016	52,24,67,754	-	Nil	19-07-2016	11	4	6,29,824
				9,20,00,000	12-09-2016	9,20,00,000	-	Nil	12-09-2016	66	4	6,65,425
				72,42,000	04-10-2016	72,42,000	-	Nil	04-10-2016	88	4	69,841
				23,05,000	Nil	-	23,05,000	19-07-2022	19-07-2022	2202	4	5,56,231
3	Dumri	19-09-2016	29-09-2016	1,86,40,975	26-12-2016	1,70,00,454	16,40,521	19-07-2022	19-07-2022	2119	4	3,80,960
4	Brahmini and Chichori Pastimal	02-12-2019	13-02-2020	58,31,000	Nil	-	58,31,000	19-07-2022	19-07-2022	887	4	0
5	Jamkhani	13-03-2020	28-10-2020	8,92,08,268	Nil	-	8,92,08,268	19-07-2022	19-07-2022	629	4	61,49,260
6	Mandakini	13-04-2020	09-06-2020	40,27,55,583	Nil	-	40,27,55,583	19-07-2022	19-07-2022	770	4	3,39,85,951
7	Durgapur/II Sarya	13-04-2020	09-06-2020	66,84,09,863	Nil	-	66,84,09,863	19-07-2022	19-07-2022	770	4	5,64,02,805
8	Rohne	10-08-2021	27-08-2021	14,31,54,484	25-03-2022	14,31,54,484	-	Nil	25-03-2022	210	4	32,94,514
9	New Patrapara	19-08-2021	27-08-2021	31,56,078	Nil	-	31,56,078	19-07-2022	19-07-2022	326	4	1,12,754

Sl. No.	Name of Coal block	Date of Sanction of fund by Govt.	Date of disbursement of fund by Govt. to COP/ Credited in CCO Account	Amount disbursed by Govt. (₹)	Date of disbursement of fund by COP	Amount Disbursed by COP (₹)	Amount undisbursed till transfer to Govt. Account (₹)	Date of transfer of undisbursed fund to Govt. Account	Date considered for calculation of loss of interest on undisbursed fund parked in Current Account	Number of days for which the undisbursed amount parked in current account	RBI Repo Rate considered by Audit for calculation of loss of interest (% p.a.)	Loss of interest to the Govt. Exchequer (₹)
10	Urtan North	10-05-2021	28-05-2021	8,34,62,110	02-03-2022	8,34,62,110	-	Nil	02-03-2022	278	4	25,42,736
11	Others	13-07-2021	13-07-2021	12,42,314	Nil	-	12,42,314	19-07-2022	19-07-2022	371	4	50,509
12		12-03-2021	12-03-2021	1,84,310	Nil	-	1,84,310	19-07-2022	19-07-2022	494	4	9,978
Total				**2,09,28,20,371**		**86,53,26,802**	**1,22,74,93,569**					**11,76,86,799**

Notes:

1) For Sl. No. 2, out of total of ₹62,40,14,754/- sanctioned for Parbatpur Central, it disbursed ₹52,24,67,754/- on 19-07-2016 , ₹9,20,00,000/- on 12-09-2016 and ₹72,42,000/- on 04-10-2016
2) For Sl. No. 4, due to non-furnishing of Bank Scroll to Audit, amount received was considered as one month after the date of sanction and applying conservative approach, loss of interest has not been calculated.
3) For Sl. No. 8, the loss of interest is calculated on ₹14,31,54,484 for the period of deposit of the amount in the Current Account i.e. from 27-08-2021 to 25-03-2022
4) For Sl. No. 10, the loss of interest is calculated on ₹8,34,62,110 for the period of deposit of the amount in the Current Account i.e. from 28-05-2021 to 02-03-2022
5) Applying conservative approach, Audit considered the lowest Repo rate of Reserve Bank of India during the period from 2016 to 2022 i.e. 4% per annum out of the Repo rate ranged between 4% and 6.5%

Annexure-XIV
(Referred to in para 11.3.1)

Composition of the Board of Governors and the Finance and Executive Committee of Indian Culinary Institute

(a) Composition of the Board of Governors:

1. Chairman, Minister for Tourism, Government of India
2. Following three officials would be ex-officio representatives of Ministry of Tourism, Government of India:
    (i) Secretary (Tourism),
    (ii) Financial Advisor, and
    (iii) Chief Executive Officer, National Council for Hotel Management and Catering Technology, Noida
3. Three representatives of the Central Government, one each to be nominated from the Ministry of Culture, Ministry of Food Processing Industries and Ministry of Health (Department of Ayush), not below the rank of Joint Secretary
4. Two Chief Executive Officers/Chief Operating Officers of leading hotel chains in India to be nominated by Government of India
5. Chairman/President of each of the following organisations:
    (i) Federation of Hotel & Restaurant Associations of India
    (ii) Hotel Association of India
6. Two independent professionals to be nominated by Government of India
7. President of Indian Federation of Culinary Associations
8. An eminent Food Historian/Food Critic to be nominated by Government of India
9. Representative of the University to which the Institute would be affiliated
10. Director of the Institute would be ex-officio member secretary of the Board

(b) Composition of the Finance and Executive Committee:

1. Secretary, Tourism, Government of India
2. Financial Advisor, Ministry of Tourism, Government of India
3. Chief Executive Officer, National Council for Hotel Management and Catering Technology, Noida
4. One of the two Chief Executive Officers/Chief Operating Officers of leading hotel chains in India to be nominated by Government of India
5. One of the two independent professionals to be nominated by Government of India
6. President of Indian Federation of Culinary Associations, and
7. Director of the Institute.

Annexure-XV
{Referred to in para 11.3.5.5 (a)}

Deficiencies noticed by Audit during joint physical inspections of Infrastructure at both the Campuses of Indian Culinary Institute

1. Noida Campus (Joint physical inspection conducted on 25 August 2022)

(i) Two out of three chiller plants in the basement were not working.

(ii) Elevators installed in the entire Campus (Academic Block, Basement, Boys Hostel, Girls Hostel, Guest House, Kitchens, etc.) were not in use due to lack of maintenance.

(iii) Five walk-in freezers and various trolleys were lying idle in the basement.

(iv) The representative of the Campus informed that the Water treatment plant installed in the Basement was unable to provide water suitable for drinking, cooking and washing.

(v) Pump House was not working due to leakage in underground pipelines.

(vi) Sewage Treatment Plant was not working, and the untreated sludge and water was being discharged in the garden area.

(vii) Solar streetlights installed around the Campus were not working. Solar powered water heaters installed in Academic Block, Hostels and Guest House were also not working.

(viii) Furniture including 30 chairs was lying idle in the Guest House.

2. Noida Campus (Joint physical inspection conducted on 9 September 2022)

(i) Toilet of Director's Room was not functional.

(ii) Fire-fighting equipment kept in Cuisine Theatre was not in use.

(iii) Café and Confectionary Shop was not functional. Equipment *viz.*, Express coffee machine, shaker, display and counter tables and kitchen equipment was lying unused/idle.

(iv) Washroom at ground floor (near Entrance Lobby) was not in use.

(v) Indian Restaurant Kitchen was not functional. Items such as dish washer, glass crusher machine, refrigerators (5 nos.), tandoors (3 nos.), Chinese range, Indian range, working tables (6 nos.) were lying unused.

(vi) International Restaurant Kitchen was not functional. Items such as Chinese range, normal range, dimsum range with dimsum basket, dish washer, small deck oven (table top), two-door under counter chillers, combi oven six-tray, deep fat fryer, pasta counter, expresso machine, three-door under counter refrigerator were lying unused.

(vii) Washrooms near International Restaurant were not in use.

(viii) Meat Fabrication Room was not in use and items such as working table (17 nos.), knife sterilizer, buffalo chopper (2 nos.), deep refrigerator, bone slaw machine, meat mincer (2 nos.), vacuum packer machine were lying unused.

(ix) Equipment such as refrigerator, vacuum pack machine and working tables (12 nos.) in the Vegetable Preparation Lab were not in use.

(x) Items such as hand wash sink, two-door under counter chiller, working cabinet, working table, burner range, four-door vertical chiller in Halwai Kitchen were lying unused.

(xi) Various expired food/grocery items were found in the Confectionary Room, Bakery Lab, Indian Kitchen and Basic Training Kitchen.

(xii) Banquet was non-functional and items such as tables (10 nos.), chairs (48 nos.) and sofas (4 nos.) were lying unused.

(xiii) Kitchen attached with Banquet was non-functional and items such as hand wash sink, two-door under counter chiller, work table, coffee machine, table top, burner were lying unused.

(xiv) Date of last maintenance and due date of maintenance was not mentioned on Elevators.

(xv) Infra-red sensors in the boys toilets at all the floors were not working.

(xvi) Solar streetlights installed in the Campus were not functional.

(xvii) Building of the entire Campus (including Academic Block, Hostels, Guest House and Staff Quarters) was in deteriorating condition and there were cracks, seepage and dampness in the walls of the building.

(xviii) Fire hydrant system installed in the Campus was non-functional.

(xix) There was no librarian and no books, magazines, journals, etc. were there in the library. There was seepage in the walls of the library.

3. Tirupati Campus (Joint physical inspection conducted on 27 December 2022)

(i) Three borewells were installed in the Campus. However, permission from the Competent Authority for installation of borewells was not found on record.

(ii) There was waterlogging in Low-Tension and High-Tension Power Rooms.

(iii) Chemical Store and Wood Store were not in use and there was waterlogging inside and outside these Stores.

(iv) There was dampness and rusting on the ceiling wall of Student Dining Hall due to water leakage and there was a hole in the ceiling wall.

(v) Office Operation Room was not in use and 9 cubicles, 7 chairs and 9 drawers were lying idle in the Room.

(vi) Staff Dining Room was not in use. There was dampness and seepage due to water leakage. There was hole in the roof, and items such as dish washer machine, sinks, mount spray, garbage chute table and sorting table were lying idle.

(vii) Garbage Unit was not in use and 7 dunnage racks, 2 air curtains, trolleys and counters were lying idle in the Garbage Unit.

(viii) There was rusting on the blocks of the roof of Halwai Room. Further, 7 ingredient trolleys and 2 refrigerators were lying idle in the Halwai Room.

(ix) 16 wire racks in Grocery Store and 19 wire racks and 2 sink units in General Store were lying idle.

(x) Three out of four walk-in freezers were not functional.

(xi) Engineering Tool Room was not in use and there was dampness on its walls due to water leakage.

(xii) There was no writing board in the Indian Kitchen and walls of the Indian Kitchen had been used by the students for writing recipes. Two under counter refrigerators were also not working in the Indian Kitchen.

(xiii) In the Cold Kitchen, refrigerators were used for storing grocery items and grinders were lying idle.

(xiv) There was waterlogging and rusting in the Basic Training Kitchen due to blockage in drain trough grating.

(xv) There were cracks on the side wall of Quality Control Lab.

(xvi) The freezer, blast chiller and 10 under counter freezers in the Confectionary were not in use.

4. Tirupati Campus (Joint physical inspection conducted on 28-29 December 2022)

(i) Three lifts (one goods lift and two passenger lifts) were not in use due to absence of Annual Maintenance Contract.

(ii) Culinary Museum was not in use for the intended purpose. Two tiles of false ceiling were not found and infra-red sensors of toilet were not working in the Culinary Museum.

(iii) In Library, the racks for keeping books and the chairs were not in use.

(iv) Fire alarm system installed in the Campus was not working properly and had been turned off.

(v) CCTV monitoring unit was not functional in the Control Room.

(vi) Knee operated sink in the Meat Fabrication Room was not functional and there was rusting in the drain trough grating due to water leakage from wash basin.

(vii) Receiving Room for receiving vegetables/fruits/grocery etc. was being used for keeping maintenance related items. Items such as vegetable washing machine, vegetable dryers and water cooler were lying idle.

(viii) Domestic gas cylinders were kept in the Gas Bank.

(ix) Mobile tandoor in the Indian Kitchen attached to the Indian Restaurant was not in use.

(x) Indian Restaurant was not functional and items such as 40 chairs and 6 tables in the Restaurant were not in use.

(xi) In the International Kitchen, dimsum steamer, dish washing machine and knee operated sink were not in use. The door of the International Kitchen had been removed due to damage done by termites.

(xii) International Restaurant was not functional and items such as 52 chairs and 14 tables were lying unused.

(xiii) Café was non-functional and 14 chairs and 3 round tables were lying unused.

(xiv) Banquet was non-functional and items such as 167 chairs and 21 tables were lying unused.

(xv) In the Banquet Kitchen, equipment such as table-top freezers (3 nos.), tandoors (2 nos.), high pressure burners (2 nos.), working tables (4 nos.), knee operated sink, broad pan, steamer cum oven, boiler, normal burner, wash basins, drain board, dryer, stainless steel rack and dish washer were lying unused.

(xvi) 19 dining tables and 2 trolleys were stored in one of the corners of the Gym.

(xvii) There was seepage and dampness on the walls of the Hostel Mess. Dish washer machine and automatic vending machine were lying unused in the Hostel Mess.

(xviii) Table-top freezer, rice boiler and knee operated sink were not functional in the Kitchen Mess.

(xix) 139 solar panels installed on the terrace of Boys Hostel, Girls Hostel, AC Cooling Tower, VIP Suites, Guest House, Mess and Staff Quarters were not functional. Insulator and cement coating on the water pipes allied with the solar panels was found withering and deteriorating.

(xx) Ground floor of the Girls Hostel was not in use. Further, due to damage by termites, the door of the Girls Hostel at ground floor had been removed. Only two out of 12 cameras of the CCTV control unit were found working in the Girls Hostel. Water cooler installed on the ground floor was also not in use. Improper cleaning and red patches were observed in the Girls washrooms, bathrooms and toilets at first, second and third floors of the Girls Hostel.

5. Tirupati Campus (Joint physical inspection conducted on 2-3 January 2023)

(i) Reading Rooms on the second floor of the Girls Hostel were not in use.

(ii) All the three water pressure pumps to supply water to the chillers were rusted. One of the water pressure pumps was not functional. Further, two out of three units of Chiller Plant were not functional.

(iii) Sewage Treatment Plant was not functional and there was water leakage on the floor of Plant area.

(iv) In the Guest House at ground floor, equipment, furniture and other facilities such as kitchen, dining hall, hub room, recreation room and dormitory were not in use. Guest House on first and second floor was also not in use and all furniture in each of 20 rooms on the first and second floors of the Guest House were lying idle. There was seepage and dampness on the walls of the Guest House.

(v) Furniture items such as sofas, double bed with mattress, single bed with mattress, chairs, wooden almirahs, study tables, square tables were lying idle in Type-V Quarters. There was seepage and dampness on the walls near stairs of Type-V Quarters.

(vi) In Type-II and III Quarters, kitchen sinks, bathrooms, toilets were not functional. There was dampness, seepage and cracks in the walls. Single beds with mattress were not in use. Eight kitchen trolleys, one vegetable tray, two luggage trolleys were stored. Doors had been removed due to damage by termites.

(vii) There were cracks, seepage and dampness in the buildings of Academic Block, Indian and International Kitchen, Hostel Mess and Girls Hostel.

(viii) Not a single computer system had been installed in the Computer Lab. 92 chairs, 88 tables and 17 drawers kept in the Computer Lab were not in use.

(ix) 14 cubicles, 13 chairs and 3 tables kept in the Research Work Station were not in use.

(x) Type-VI Quarter for the Director was not in use and 12 chairs, kitchen, store room, wooden almirahs and double beds with mattress were lying unused.

(xi) Water Treatment Plant was not in working condition. Further, there was no provision of water sprinklers in the Meeting Room, Library, Administrative Officer's Room, Lecture Hall at ground floor, Cuisine Theatre, Dining Room, Engineering Tool Room, Computer Lab, Indian Restaurant, International Restaurant and Banquet.

(xii) Washrooms and toilets of Boys Hostel were in bad condition. Infra-red sensors were not working in the toilets. There was seepage and dampness in Boys washroom and toilets and all the floors of the Boys Hostel. Nine CCTV cameras were having very mild visibility and four CCTV cameras were not working at the entrance of Boys Hostel. Emergency fire alarm at ground and first floors of Boys Hostel was broken.