



Chapter - 1

INTRODUCTION

This Report of the Comptroller and Auditor General of India relates to matters arising from audit of the transactions and performance of the Ministry of Environment and Forests. Ministry of Environment and Forests is the nodal agency in the Government of India for planning, promoting, coordinating and overseeing the implementation of environmental and forestry programmes. The principal activities undertaken by the ministry consist of conservation & survey of flora, fauna, forests & wildlife, prevention & control of pollution and afforestation & regeneration of degraded areas. The expenditure incurred by the ministry during 2008-09 was ₹1711.29 crore.

1. Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from audit of the transactions and performance in the Ministry of Environment and Forests (MoEF) of the Government of India. MoEF is the nodal agency in the Government of India for planning, promoting, coordinating and overseeing the implementation of environmental and forestry programmes with a view to protect the environment and maintain a balance between conservation and development activities. The principal activities undertaken by MoEF consist of conservation & survey of flora, fauna, forests & wildlife, prevention & control of pollution and afforestation & regeneration of degraded areas. The expenditure incurred by MoEF during 2008-09 was ₹ 1711.29 crore. The activities of MoEF are carried out through its various attached/subordinate offices and autonomous bodies spread across the country.

Protection and conservation of the environment is increasingly becoming important, especially in light of observed climate change which has devastating consequences for the survival of humanity. In this context, effective environmental governance by the Executive is of utmost importance. Accordingly, the thrust of this Audit Report is to highlight issues relating to the adequacy and effectiveness of programmes, schemes and interventions made by the government to tackle important environmental issues like deforestation, biodiversity, control of pollution etc. The findings of audit and 37 recommendations made in this Report are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved environmental governance.

Chapter 1 of this Report, in addition to explaining the planning and extent of audit, provides a synopsis of general audit findings, the significant audit observations reported in Audit Reports, brief analysis of the expenditure of MoEF, position of outstanding utilisation certificates, significant deficiencies in accounts of autonomous bodies and the follow up of Audit Reports.

Chapters 2 to 5 deal with the findings/observations relating to environmental issues arising out of the audit of Ministry of Environment and Forests which is the nodal ministry in the Government of India for environmental issues. The audit findings have been discussed under separate thematic headings as detailed below.

Theme for Chapter 2: Afforestation

Theme for Chapter 3: Biodiversity

Theme for Chapter 4: Pollution Control

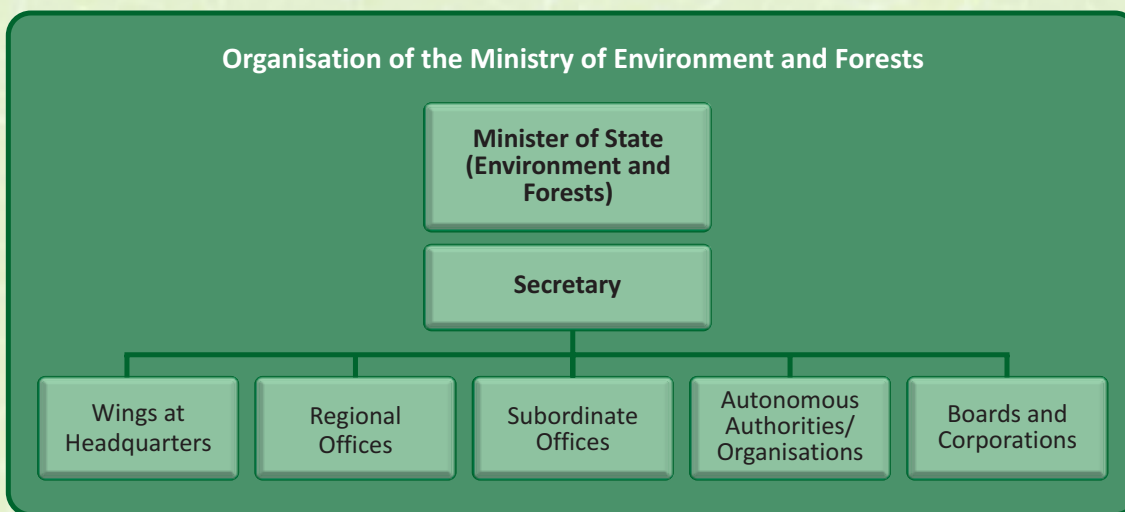
Theme for Chapter 5: Environmental Education

1.2 Auditee profile

The broad objectives of MoEF are:

- Conservation and survey of flora, fauna, forests and wildlife;
- Prevention and control of pollution;
- Afforestation and regeneration of degraded areas;
- Protection of the environment; and
- Ensuring the welfare of animals.

These objectives are supported by a set of legislative and regulatory measures aimed at preservation, conservation and protection of the environment. Some important legislations in this regard are 'The Water (Prevention and Control of Pollution) Act (1974)'; 'The Air (Prevention and Control of Pollution) Act (1981)'; 'The Environment (Protection) Act (1986)'; 'Wildlife (Protection) Act (1972)'; 'The Forest Conservation Act (1980)'; 'The Biological Diversity Act (2002)' etc. Besides these legislative measures, the 'National Conservation Strategy and Policy Statement on Environment and Development (1992)'; 'National Forest Policy (1988)'; 'Policy Statement on Abatement of Pollution (1992)' and the 'National Environment Policy (2006)' have also been promulgated by MoEF. To fulfil its mandate, MoEF has the following administrative structure:



The details of the organisational structure are given below:

- **Headquarters** at Delhi with five main wings (i) Environment (ii) Forests and Wildlife (iii) National Afforestation and Eco-development Board (iv) National River Conservation Directorate and (v) Animal Welfare;
- **Regional Offices** in Bangalore, Bhubaneswar, Bhopal, Shillong, Lucknow, and Chandigarh and offices of Wildlife Crime Control Bureau at Chennai, Kolkata, Mumbai, Jabalpur and Delhi;
- **Subordinate Offices** like Forest Survey of India (FSI), Indira Gandhi National Forest Academy (IGNFA) and Directorate of Forest Education (DFE) at Dehradun, Botanical Survey of India (BSI) and Zoological Survey of India (ZSI) at Kolkata, National Zoological Park (NZP) and National Museum of Natural History (NMNH) at Delhi and National Institute of Animal Welfare (NIAW) at Ballabgarh;
- **Autonomous Authorities/Organisations** like Central Zoo Authority (CZA), National Ganga River Basin Authority (NGRBA) and National Tiger Conservation Authority (NTCA) at Delhi, National Biodiversity Authority (NBA) at Chennai, Indian Council of Forestry Research & Education (ICFRE) and Wildlife Institute of India (WII) at Dehradun, Indian Institute of Forest Management (IIFM) at Bhopal, Gobind Ballabh Pant Institute of Himalayan Environment & Development (GBPIHED) at Almora and Indian Plywood Industries Research & Training Institute (IPIRTI) at Bangalore; and
- **Boards** like Central Pollution Control Board (CPCB) and National Afforestation and Eco-development Board (NAEB) at Delhi and Animal Welfare Board of India (AWBI) at Chennai and Andaman & Nicobar Islands Forest & Plantation Development Corporation Limited at Port Blair.

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Section 13¹ of the DPC Act. C&AG is the sole auditor in respect of four autonomous bodies under MoEF, which are audited under sections 19(2)² and 20(1)³ of the DPC Act. In addition, C&AG also conducts supplementary/superimposed audit of five other autonomous bodies under sections 14⁴ and 15⁵ of the DPC Act, which are substantially funded by the Government of India and whose primary audit is conducted by Chartered Accountants. Principles and methodologies for compliance audit are prescribed in the Regulations on Audit and Accounts, 2007 issued by the C&AG.

1.4 Planning and conduct of Audit

Audit process starts with the assessment of risk of the Ministry/Organisation as a whole and each unit based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings and action taken thereon are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit, 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, based on reported compliance or further action for compliance is advised. The important audit observations arising out of these Inspection Reports where compliance is inadequate or matter is significant enough to be brought to the notice of Parliament, are processed for inclusion in the Audit Reports which are submitted to the President of India under Article 151 of the Constitution of India.

During 2008-09, audit of 34 out of 77 units of MoEF all over the country was conducted. Our audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

General Findings of Audit

1.5 Deficiencies reported in Inspection Reports

Our audit examination of various units/divisions of MoEF during the year 2008-09 highlighted some common deficiencies⁶ which impacted on the effectiveness of their functioning. The occurrence of these deficiencies across various units reflects weaknesses in the oversight mechanism. Some of the common deficiencies reflected in the Inspection Reports are as follows:

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

² Audit of the accounts of corporations (not being companies) established by or under law made by Parliament in accordance with the provisions of the respective legislations.

³ Audit of accounts of any body or authority on the request of the President, on such terms & conditions as may be agreed upon between C&AG and Government.

⁴ Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of India and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of India in a financial year is not less than rupees one crore.

⁵ Audit of grant or loan given for any specific purpose from the Consolidated Fund of India to any authority or body, to scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants or loans were given.

⁶ These are instances reported in Inspection Reports of various units of MoEF and do not include the specific paragraphs highlighted in this Report.

Deficiencies reported in Inspection Reports

1. Non-achievement of objectives of projects

There were many projects which were undertaken by different units of MoEF which could not achieve the objectives for which they were undertaken. Some projects which failed to achieve their objectives were:

- (i) In a project on “Framework for women's participation in forest resource management – a study of Joint Forest Management villages in Jhabua district”, the project objectives relating to participation of women could not be achieved.
- (ii) In the project on “Impact of Wildlife (Protection) Act, 1972 on livelihood of snake charmers of Madhya Pradesh”, it was observed that the project did not provide alternatives to the snake charmers' communities for their livelihoods as envisaged.
- (iii) In a Research study on “Sustainable livelihoods of lepers through forest resources: a case study of Raigarh district in Chhattisgarh”, it was observed that due to lack of planning, the funds were exhausted before start of the project and more efforts were required to achieve the envisaged objectives regarding sustainable livelihood.
- (iv) In an In-house project on “Reclamation of highly eroded site of Cherapunjee, Meghalaya” implemented by ICFRE, the objectives were not achieved as the entire experimental plot got burnt twice.
- (v) Projects relating to management of Municipal Solid Waste and composting at Chhajarashi and Hyderabad were yet to be completed despite lapse of more than five years from the scheduled completion dates.

2. Significant delay in completion of projects

There were significant delays in completion of projects undertaken by different units of MoEF. As such, the purpose of undertaking these projects was not fully met. Some specific instances of incomplete projects were:

- (i) Project on “Utilization of Anode Mud and chips- the solid wastes generated in the Zinc industry for making value added products by Regional Research Laboratory, Bhopal” which was to be completed in two years could be completed after a delay of one and half years.
- (ii) Project on “Integrated technique for monitoring desertification using intelligent Geographic Information System”, which was to be completed in three years, was not completed as of May 2009, despite being scheduled for completion in April 2007.
- (iii) For “Setting up Regional Museum of Natural History at Sawai Madhopur, Rajasthan”, though completion of construction was scheduled for September 2009, the construction work has started only in February 2009 and revised date of completion has been fixed as October 2010.
- (iv) A project by ICFRE on “Quantitative estimation of biological active secondary metabolites in some of the arid zone medicinal plants to ascertain correct harvesting time” was delayed for two years after its scheduled date of completion.

3. Inadequate monitoring

Monitoring of projects was inadequate and this hampered the overall effectiveness of implementation of projects/schemes. Some of the projects/schemes which were impacted due to poor monitoring were:

- (i) In a Project on “Bio-remediation of Railadevi lake in Thane District, Maharashtra”, a monitoring committee constituted for the project met only once against four prescribed meetings leading to non-preparation of action plan, delays in completion of project and non-review of final technical report by the Monitoring Committee.
- (ii) A project on “Conservation and management of three lakes Laxminarayanbari, Durgabari and Dimsagar in Agartala” was inadequately monitored as NRCD released grants to implementing agency without submission of PERT chart and linking it to the release of funds.

- (iii) A project on “Rehabilitation and rejuvenation of Banjara Lake at Hyderabad” was inadequately monitored as regular progress reports of the project were not received and just before completion of the project, NRCD noticed that the progress of implementation of the project was not satisfactory.

4. Idle equipment/Equipment lying un-utilised

Equipment purchased for monitoring, assessment, research etc., were lying uninstalled and hence could not be used for the intended purpose. As a result, the activities for which these were purchased were adversely impacted. Some instances of equipment lying idle/unused are the following:

- (i) Four “Plant Growth Chambers” purchased by Arid Forest Research Institute (AFRI) Jodhpur had not been utilised since 1997.
- (ii) An “Ion Selective Electrode Auto Chemistry System” had been lying idle since 1998 & “Dew Point Measures” were lying idle since 2000 due to non-availability of pollution related projects in AFRI Jodhpur.
- (iii) A “Paper plant” in Forest Research Institute (FRI), Dehradun was lying idle since 1999 due to shutdown of boiler and reduction of electricity load.

5. Weaknesses in conduct of Internal Audit

A strong Internal Audit system in any organisation aids in evaluating the adherence of the organisation to the policies laid down by management. Effective response to issues flagged by the Internal Audit mechanism coupled with timely intervention by the management improves the governance levels in the organisation. It was observed that MoEF did not conduct Internal Audit of any of the units under its jurisdiction during the period 2008-09. Further, in some of the units like ZSI Solan, NZP Delhi, GBPIHED Almora etc., no Internal Audit has ever been conducted.

Significant findings of Audit

1.6 Significant audit observations reported in Audit Reports

In the last few years, Audit has reported on several significant deficiencies in critical areas which impact the effectiveness of functioning of MoEF. In our previous report⁷, we had commented on performance of programmes in the paragraphs on non-achievement of objectives of a village tree plantation project⁸ and deficiencies in the functioning of Central Zoo Authority⁹. This year too, we have reported on deficiencies in the performance of various schemes/programmes in the paragraphs like (i) Failure of a scheme for increasing tree cover (ii) Non-achievement of objective of developing forest resources (iii) Non-achievement of objectives of control of pollution caused by leather tanneries and (iv) Non-achievement of objectives of the Ecocity programme.

We have also commented on the deficiencies in the performance of various units of MoEF through paragraphs like (i) Activities of National Museum of Natural History (ii) Regulation of Biodiversity in India by National Biodiversity Authority and (iii) Role of Botanical Survey of India in meeting India's commitments to the Convention on Biological Diversity. Most of these agencies/programmes are directly linked to the achievement of objectives of MoEF.

⁷ Report No. CA-16 of 2008-09.

⁸ Paragraph 6.1 of Report No. CA-16 of 2008-09.

⁹ Paragraph 6.3 of Report No. CA-16 of 2008-09.

Response to Audit

1.7 Follow-up on Audit Reports

In its Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997, the Public Accounts Committee had recommended that Action Taken Notes (ATNs) on all paragraphs pertaining to the Audit Reports for the year ended 31 March 1996 onwards be submitted to them, duly vetted by Audit, within four months from the laying of the reports in Parliament.

Due to heavy pendency in receipt of ATNs, C&AG made a presentation to the Central Public Accounts Committee in September 2009 and highlighted the problem of non-receipt of ATNs from the Ministries. PAC expressed serious concern on the large number of ATNs pending with Ministries and a separate Sub Committee was set up for detailed examination.

- (a) A review of outstanding ATNs on paragraphs included in the Reports of C&AG of India pertaining to MoEF as of March 2010 revealed that two ATNs were not submitted by Ministry even for the first time, indicating a delay of four months in submission of ATNs.

These are:

Table - 1

Sl. No.	Report No. and year	Paragraph No./ Chapter	Title	Delay in submission of ATNs (in months)
1.	CA 16 of 2008-09	6.2*	Inadmissible payment of Transport Allowance	4
2.	CA 16 of 2008-09	6.3	Functioning of Central Zoo Authority, New Delhi	4

*ATN was received from MoEF on 19 May 2010.

- (b) **Response of MoEF to Performance Audit on “Management of Waste in India”**

Based on the recommendations made in the Performance Audit on “Management of Waste in India”, MoEF set up a committee to draw up a roadmap for management of waste in India in September 2008. The committee consisted of senior officials of MoEF, CPCB, representatives from Non-Governmental Organisations and eminent persons in the field of waste management. The committee has submitted its report in March 2010. The roadmap suggested by the committee prescribes 103 specific recommendations for better management of waste in India. MoEF needs to ensure implementation of these recommendations in a time bound manner.

Findings of Audit regarding Financial Management

1.8 Budget and expenditure controls

The expenditure of MoEF during the last five years is given in the table below:

Table - 2

Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
₹ in crore	1036.19	1154.09	1254.52	1371.52	1583.24	1711.29
Percentage Increase/decrease (-)	(-)2.02 ¹⁰	11.38	8.70	9.31	15.45	8.09

¹⁰ The percentage change has been calculated on the basis of expenditure of ₹1057.52 crore in 2002-03.

The total expenditure of MoEF during 2008-09 was ₹ 1711.29 crore. While there was a moderate decline in expenditure during 2003-04 over 2002-03, expenditure has been gradually increasing during the period 2004-09.

The annual accounts of the Government, comprising of the Union Government Finance Accounts and the Appropriation Accounts, are prepared by the Controller General of Accounts. These documents are presented before the Parliament after their statutory audit by C&AG of India. Preparation and submission of Appropriation Accounts to the Parliament completes the cycle of budgetary process. Through Appropriation Accounts, Parliament is informed about the expenditure incurred against the appropriations made by the Parliament in the previous financial year. All the expenditures are duly audited and excesses or savings in the expenditure are explained.

A summary of Appropriation Accounts for the last five years from 2004-05 to 2008-09 in respect of MoEF is given below:

Table - 3					₹ in crore
Ministry of Environment and Forests					
Year	Grant/ Appropriation (including supplementary)	Expenditure	(-) Unspent Provision/(+) Excess	Percentage of unspent provision	
2004-05	1307.26	1154.09	(-)153.17	11.72	
2005-06	1406.68	1254.52	(-)152.16	10.82	
2006-07	1523.99	1371.31	(-)152.68	10.02	
2007-08	1639.28	1583.24	(-) 56.04	3.42	
2008-09	1736.29	1711.29	(-) 25.00	1.44	

As can be seen from Table-3 above, there has been a significant improvement in the utilisation of Grants during the last five years as unspent balances have decreased from 11.72 *per cent* to 1.44 *per cent* of the total grant/appropriation.

1.9 Outstanding Utilisation Certificatess

Ministries and Departments are required to obtain certificates of utilisation of grants (UCs) from the grantees i.e., statutory bodies, non-governmental institutions etc., indicating that the grants had been utilised for the purpose for which these were sanctioned and where the grants were conditional, the prescribed conditions had been fulfilled. According to the information furnished by the Pay and Accounts Office of MoEF, 7916 UCs amounting to ₹ 596.79 crore were outstanding as given in Table 4:

Table - 4		
Period to which grant relates	Number of utilisation certificates outstanding at the end of March 2010	Amount (₹ in lakh)
1981-82	15	5.79
1982-83	21	41.00
1983-84	90	58.50
1984-85	143	229.80
1985-86	121	495.40
1986-87	74	533.77
1987-88	278	6531.00

Period to which grant relates	Number of utilisation certificates outstanding at the end of March 2010	Amount (₹ in lakh)
1988-89	359	2543.18
1989-90	545	192.00
1990-91	70	123.30
1991-92	81	1439.00
1992-93	216	736.00
1993-94	64	74.18
1994-95	92	207.64
1995-96	85	179.24
1996-97	382	1870.93
1997-98	177	637.27
1998-99	380	1105.52
1999-2000	386	1933.64
2000-01	379	1287.24
2001-02	440	2763.95
2002-03	473	2758.41
2003-04	548	2063.67
2004-05	473	2391.80
2005-06	441	2650.06
2006-07	510	5858.71
2007-08	497	8706.05
2008-09	576	12261.64
Total	7916	59678.69

Age-wise analysis revealed that while UCs amounting to ₹426.75 crore (71.51 *per cent*) were pending adjustment for the last 10 years (1999 to 2009), a significant number of UCs amounting to ₹104.38 crore (17.49 *per cent*) were pending adjustment for periods more than 20 years. Age-wise details of pending UCs are given in Table 5 below.

Table - 5

Period to which grant relates	Number of UCs outstanding at the end of March 2010	Amount (₹ in lakh)	Percentage of value of outstanding UCs
UCs pending for more than 20 years (1981-1989)	1101	10438.44	17.49
UCs pending for more than 10 years (1989-1999)	2092	6565.08	11.00
UCs pending for the last 10 years (1999-2009)	4723	42675.17	71.51
Total	7916	59678.69	100.00

Such a large pendency of outstanding UCs indicated lack of monitoring and follow-up system in MoEF. In this context, the issue of non-submission of UCs for a scheme for Village Tree Plantation was highlighted by us in our previous Report¹¹ wherein 15 states/Union territories did not submit UCs worth ₹2.42 crore. Similarly, it was pointed out in another paragraph on Central Zoo Authority¹² that UCs aggregating

¹¹ Paragraph 6.1 of Report No. CA-16 of 2008-09.

¹² Paragraph 6.3 of Report No. CA-16 of 2008-09.

₹20.01 crore were outstanding from 60 zoos for funds released between 2000 and 2007. In the current Report also, this issue has been highlighted in paragraphs titled 'Failure of a scheme for increasing tree cover'¹³ and 'Non-achievement of objectives of Ecocity Programme'¹⁴.

Recommendation - 1

Since the receipt of UCs is an important mechanism to vouch that the funds have been utilised for the intended purpose, we recommend that the MoEF put in place a strong mechanism to ensure timely receipt of UCs. The possibility of fraud/misappropriation of funds cannot be ruled out in cases where the grantee organisations have abnormally delayed submission of UCs. MoEF should also conduct an indepth scrutiny of all UCs pending at present with the grantee organisations to reconcile the position and take necessary action to recover the pending amounts.

1.10 Audit of accounts of Autonomous Bodies

C&AG is the sole auditor of four autonomous bodies under the MoEF for which Separate Audit Reports (SAR) are prepared on their accounts under sections 19 (2) and 20 (1) of the CAG's (DPC) Act, 1971. The total grants released to these autonomous bodies during 2008-09 were ₹39.26 crore. In addition, C&AG also conducts supplementary/superimposed audit of five other autonomous bodies under Section 14 or Section 15 of the CAG's (DPC) Act, 1971. The total grants released to these autonomous bodies during 2008-09 were ₹185.15 crore.

Details of grants released to these autonomous bodies are given below:

Table - 6

Sl.No.	Name of the Autonomous Body	Amount of grants released in 2008-09 (₹in crore)
Under Section 19 and 20		
1.	Central Zoo Authority, New Delhi	17.50
2.	Wildlife Institute of India, Dehradun	16.20
3.	National Biodiversity Authority, Chennai	3.29
4.	National Tiger Conservation Authority, New Delhi	2.27
Total		39.26
Under Section 14 and 15		
1.	Central Pollution Control Board, New Delhi	50.64
2.	Indian Institute of Forest Management, Bhopal	9.06
3.	Indian Council of Forestry Research & Education, Dehradun	108.24
4.	Indian Plywood Industries Research and Training Institute, Bangalore	5.00
5.	Govind Ballabh Pant Institute of Himalayan Environment and Development, Almora	12.21
Total		185.15

¹³ Paragraph 2.1 of the current Report.

¹⁴ Paragraph 4.1 of the current Report.

We observed that there were delays in submission of accounts by these autonomous bodies to Audit. This issue along with some significant deficiencies reported in accounts is mentioned below.

(i) Delay in submission of accounts of autonomous bodies

The Committee on Papers Laid on the Table of the House recommended in its First Report (Fifth Lok Sabha: 1975-76) that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year. The position of submission of accounts for the year 2008-09 by Autonomous Bodies under MoEF is shown below:

Table - 7

Sl. No.	Name of the Autonomous Body	Actual date of submission of accounts to audit	Delay in days
1.	Wildlife Institute of India, Dehradun	7.07.2009	7 days
2.	Central Zoo Authority, New Delhi	15.07.2009	15 days
3.	National Biodiversity Authority, Chennai	23.07.2009	23 days
4.	National Tiger Conservation Authority, New Delhi	7.06.2010	342 days

It could be seen from Table 7 that all of these four autonomous bodies made available their accounts to Audit with delays ranging from 7 days to 342 days. The delay was significant in the case of National Tiger Conservation Authority, New Delhi where the accounts were submitted after a delay of 342 days.

(ii) Significant deficiencies in accounts

Some of the important issues highlighted in SARs on the accounts for the year 2008-09 are listed below:

1. In National Biodiversity Authority, Notes on Significant Accounting Policies at item number 6 states that depreciation was provided on Straight Line Method at the rates prescribed by the Income Tax Act, 1961. However, the depreciation was charged on Written Down value method. The accounting policy was deficient to this extent.
2. In Wildlife Institute of India, funds amounting to ₹ 28.87 lakh received for consultancy projects/outside funded projects during the financial year were wrongly shown under the head 'Other income' (Schedule 18) of Income and Expenditure account instead of Earmarked/Endowment Fund. This resulted in overstatement of income to the extent of ₹ 28.87 lakh.