

## CHAPTER VII: MINISTRY OF TEXTILES

### Central Silk Board

#### **7.1 Fraudulent withdrawal of Government money**

**Fraudulent withdrawal of funds to the tune of ₹85.13 lakh from bank accounts of Guwahati Regional Office of Central Silk Board due to ineffective internal control mechanism, of which ₹75.52 lakh remained unrecovered.**

Central Silk Board (CSB) is a statutory body, established in 1948, by an Act of Parliament. It functions under the administrative control of Ministry of Textiles, Government of India, with the objective of promoting growth and development of sericulture in the country.

The Guwahati Regional Office (RO) of CSB maintains close co-ordination/ liaison with department of Sericulture, North-Eastern states, Bodoland Territorial Council and other implementing agencies, arranges necessary technical support for overall development of silk industry in states, organises training and monitors various centrally sponsored schemes. It receives funds towards administrative cost from the various North-Eastern states to carry out the above activities.

Rule 35 of the CSB Rules, 1955 specifies various control measures regarding maintenance and operation of bank accounts of the Board which includes daily closing of cash book after complete checking and verification of the same by an authorised officer and also at the end of each month with a dated certificate to that effect. Further, Rule 21 of the General Financial Rules of 2017 enjoins every officer incurring or authorising expenditure from public moneys to be guided by high standards of financial propriety, financial order and strict economy duly complying with the relevant financial rules and regulations.

Test check of records maintained at RO revealed (April 2019) that between May 2018 and April 2019, an amount of ₹73.43 lakh was transferred from the bank account of RO to the bank accounts of various individuals having no official transactions with RO. Further, verification of cash book entries with the day book and supporting vouchers revealed that figures of cash book and day book were tampered and fictitious entries were inserted in the instructions issued to the bank for payments ranging from ₹10,000 to ₹7,00,000 during the period. Instances were noticed where, an official who was responsible for maintaining the cash book, issued instructions for payments to the bank. Further, the Management failed to produce monthly verification certificate for cash book as required under CSB Rules.

**The Management while accepting the facts stated (October 2019) that further review of the cases revealed that as against the amount of ₹73.43 lakh as pointed out by audit, there was fraudulent withdrawal of ₹85.13 lakh, of which an amount of ₹9.61 lakh was recovered leaving a balance of ₹75.52 lakh, which was pending for recovery. It further stated that various steps had been taken for strengthening the internal control/ internal check system existing in the organisation to ensure non-occurrence of such fraudulent activity in future. Show Cause Notices were served to the officials on act of negligence/ irresponsibility of duties, FIR had been lodged and one official was placed under suspension. Further, letters were issued to banks where the amounts had been transferred for freezing the accounts.**

**The Ministry in its reply (February 2020), endorsed the views of the Management.**

**Thus, ineffective internal control mechanism resulted in fraudulent withdrawal of government money to the tune of ₹85.13 lakh, of which ₹75.52 lakh remained unrecovered.**