सत्यमेव जयते

Report of the Comptroller and Auditor General of India

for the year ended March 2018

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Union Government (Economic & Service Ministries)
No. 3 of 2020
(Compliance Audit Observations)

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Comptroller and Auditor General of India

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

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PREFACE

1. This report of the Comptroller and Auditor General of India for the year ended March 2018 has been prepared for submission to the President under Article 151 of the Constitution of India.

2. The Report contains the results of compliance audit of the Economic & Service Ministries/Departments of the Union Government, their attached/subordinate offices and Central Autonomous Bodies. Bodies or Authorities, which are substantially financed by grants/loans from the Consolidated Fund of India, are audited by the C&AG under the provisions of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3. The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2017-18 as well those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2017-18 have also been included, wherever necessary.

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

EXECUTIVE SUMMARY

I Introduction

1. This Report includes important audit findings noticed as a result of test check of accounts and records of 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 24 individual observations relating to seven Ministries. The draft observations were forwarded to the concerned Ministries providing them an opportunity to furnish their replies/comments in each case within a period of six weeks. Replies to eight observations were not received even as this Report was being finalised as indicated in para 3 below.

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

Sl. No.	Ministry/Department	Number of paragraphs	Number of paragraphs in respect of which Ministry/ Department's reply was awaited
1.	**Chemicals and Fertilizers**	1	0
2.	**Corporate Affairs**	1	0
3.	**Housing And Urban Affairs**	12	7
4.	**Power**	1	0
5.	**Road Transport And Highways**	1	0
6.	**Shipping**	6	1
7.	**Tourism**	2	0
	Total	**24**	**8**

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

Board of Governers (BoG) were not constituted in the six new NIPERs till March 2019 and the Steering Committee was discharging the functions of the BoG. The BoG at NIPER, Mohali was reconstituted after a delay of two years. In the absence of a dedicated governing body, permanent academic staff and adequate infrastructure facilities, the Institutes have been unable to achieve their objective to further pharmaceutical education in the country in a significant way. This adversely impacted performance in terms of research papers published and patents awarded and poor placement of students. The Institutes were largely financed by grants from Ministry and only a very small portion of the expenditure was met through their own revenue.

(Para 2.1)

The National Capital Region Planning Board (NCRPB) was established (28 March 1985) under the NCRPB Act, 1985 (the Act). The National Capital Region (NCR) is a coordinated planning region encompassing the National Capital Territory of Delhi (NCTD) and several districts belonging to the bordering states of Haryana, Uttar Pradesh (UP) and Rajasthan. Audit observed that there was delay of more than three and half years in notifying the Regional Plan (RP) 2021 and first review of RP 2021 was initiated after a delay of one and half years. There was delay in formulation of Sub-Regional Plans for NCR constituent areas, non-formulation of Functional Plans, and delay in delineation of Natural Conservation Zone (NCZ) in NCR. It was observed that the Board was not approving the Master Plans submitted by the participating states and change in land use was being done by the respective NCR participating State under the relevant statutes in that State and not by the Board. There was inadequate coordination and monitoring of the implementation of RP at different levels.

(Para 4.1)

Star rating label of Bureau of Energy Efficiency (BEE) is a trusted government-backed symbol for energy efficiency of the models of 'appliances and equipment (products)', which encourages consumers to save money and environment. Audit noticed that BEE had not implemented this scheme effectively as negligible check testing (0.16 *per cent*) of registered models was done during 2012 to 2018. In first check testing 63 *per cent* models failed and name of models and equipment were not published due to non provision in the Energy Conservation Act. The permittees had marketed 4,16,503 Room Air Conditioners (Room ACs) and 3,93,678 Frost Free Refrigerators (FFRs) of these models at the estimated market value of ₹2,238 crore till December 2018 for models failed in 2013-14 and 2017-18. Audit found that BEE had calculated excess energy savings by 23,624.96 MUs (equivalent to 61.50 *per cent*) in respect of three appliances (Room AC including cassette and floor standing, DCR and FFR.), which contributed about 55 *per cent* of the total energy saving, in five years i.e. 2012 to 2017. Star label verifications were also not done and QR code technology for ensuring that non-compliant models are not sold in the market was not implemented by BEE.

(Para 5.1)

Visakhapatnam Port Trust (VPT) entered into (June 2010 to August 2010) concession agreements with three private parties (concessionaires) for development of cargo berths at Visakhapatnam Port. As per the Model Concession Agreement, liquidated damages were leviable if the Projects did not meet the Performance Standards, such as Gross Berth Output, Turnaround time, etc. VPT didn't collect month-wise information on performance parameters, and no liquidated damages were levied on the concessionaires for under-performance. Audit evaluated the performance with regard to Gross Berth Output and worked out the liquidated damages to be levied on the three concessionaires to the tune of ₹21.67 crore for the years 2013-14 to 2017-18. On being pointed out by Audit (June 2018), VPT started (November/ December 2018/ February 2019) evaluating the performance standards and sent demand notices to the concessionaires for recovery of liquidated damages amounting to ₹25.30 crore.

(Para 7.2)

Indian Maritime University (IMU), Visakhapatnam awarded (November 2013) construction work of its new campus at Visakhapatnam to NBCC on Project Management Consultancy (PMC) basis at a cost of ₹54.21 crore. After making deposits/advances of ₹27.06 crore, the project was terminated by IMU due to slow progress of work. As part of settlement with NBCC, expenditure of ₹5.95 crore was deducted and balance ₹21.11 crore refunded by NBCC. The deducted amount included ₹4.12 crore towards PMC charges at the rate of seven per cent on awarded cost of ₹54.21 crore and service tax thereon. However, as per agreement, PMC charges were to be levied on cost of actual work done. PMC charges based on actual cost worked out to ₹0.15 crore only. Thus, there was excess payment of ₹3.97 crore.

(Para 7.4)

A scheme for setting up of Inspection and Certification (I & C) Centre each in nine States was initiated (XI Five Year Plan/August 2009) by the Ministry of Road Transport and Highways (MoRTH) on a pilot basis with an objective to ensure safety and security of the in-service transport vehicles besides enhancing cleaner environment. Audit observed that delay in finalisation of the equipment supplier, poor planning and ineffective monitoring of the scheme led to delayed completion/non-operational of I & C Centres planned during August 2009 to till date (September 2019). Consequently, the purpose of implementing the scheme i.e. implementation of an effective vehicle inspection system, improvement of roadworthiness and further replicating such model I & C Centres in the rest of the States could not be fully realised yet.

(Para 6.1)

Employees of Government of India Press, Minto Road claimed higher amount of LTC claims than they actually paid by forging the documents and misrepresentation of the facts which led to reimbursement of non-entitled amount of ₹56.98 lakh to 87 employees test checked in audit. After being pointed out by Audit,

an amount of ₹55.59 lakh (including penal interest of ₹13.19 lakh) was recovered from 64 employees out of 87 cases pointed out by Audit. Further a recovery of ₹1.01 crore was made by Department from 143 other employees working in five GoI Presses after re-verifying LTC claims at the instance of Audit.

(Para 4.7)

CHAPTER I: INTRODUCTION

1.1 About this Report

Compliance audit refers to examination of the 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 (C&AG) as per 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 Executives to take corrective action(s), also to frame policies and procedures that will lead to improve financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a brief analysis of the expenditure of the Economic and Service Ministries/Departments as listed out in **Appendix-I** and their financial management. Chapters II to VIII present findings/observations arising out of the compliance audit of the Economic and Service Ministries/Departments and their Autonomous Bodies[1].

1.2 Authority for Audit

The authority for audit by the C&AG and reporting to the Parliament is derived from Articles 149 and 151 of the Constitution of India respectively and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act). C&AG conducts audit of expenditure of Ministries/Departments of the Government of India under Sections 13[2] and Section 17[3] of the Act.

Bodies established by or under law made by the Parliament and containing specific provisions for audit by the C&AG are statutorily taken up for audit under Section 19(2) of the Act. Audit of other organisations (Corporations or Societies) are entrusted to the C&AG in public interest under Section 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 C&AG under the provisions of Section 14(1) of the Act.

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[1] ***As on 31.03.2018, 62 CABs were under audit purview.***

[2] ***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 and other subsidiary accounts.***

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

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

1.4 Budget and Expenditure

The comparative position of budget and expenditure during current reporting period 2017-18 and the preceding year in respect of 16 Economic and Service Ministries (Department-wise wherever applicable) and three Departments of Ministry of Finance is given in Table 1.1 below.

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

(₹ in crore)

Ministry/ Department	Budget Provision	Actual Expenditure	Unspent Budget	Percentage of unspent budget against budget provision	Budget Provision	Actual Expenditure	Unspent Budget	Percentage of unspent budget against budget provision
	2017-18				**2016-17**			
Ministry of Road Transport & Highways (MoRTH)	1,22,898.47	1,17,152.83	5,745.64	4.68%	1,41,590.14	94,752.09	46,838.05	33.08%
Ministry of Finance								
Department of Financial Services (DFS)	1,07,742.08	1,06,768.31	973.77	0.09%	37,341.94	31,068.88	6,273.06	16.80%
Department of Economic Affairs (DEA)	15,690.42	9,490.22	6,200.20	39.52%	28,447.59	15,092.16	13,355.43	46.95%
Department of Investment and Public Asset Management (DIPAM)	44.00	32.19	11.81	26.84%	40.00	14.11	25.89	64.73%
Ministry of Chemicals and Fertilizers								
Department of Fertilizers (DoF)	94,797.23	89,788.57	5,008.66	5.28%	74,139.40	70,130.19	4,009.21	5.41%

Department of Chemicals & Petrochemicals	658.28	612.11	46.17	7.01%	202.45	166.77	35.68	17.62%
Department of Pharmaceuticals	266.11	252.41	13.70	5.15%	311.42	307.57	3.85	1.24%
Ministry of Petroleum and Natural Gas	36,860.59	33,192.11	3,668.48	9.95%	31,691.78	30,231.29	1,460.49	4.61%
Ministry of Urban Development (MoUD)*	38,037.78	31404.55	6,633.23	17.44%	35,531.57	32,297.61	3,233.96	9.10%
Ministry of Power (MoP)	17,966.44	15,017.90	2,948.54	16.41%	17,391.01	11,768.35	5,622.66	32.33%
Ministry of Housing and Urban Poverty Alleviation (MoHUPA)*	9,256.01	9,201.91	54.10	0.58%	5,411.05	5,220.99	190.06	3.51%
Ministry of Micro, Small and Medium Enterprises (MSME)	6,482.01	6,222.18	259.83	4.01%	5,168.71	3,650.07	1,518.64	29.38%
Ministry of Textiles	6,272.82	5,940.18	332.64	5.30%	6,784.28	6,227.50	556.78	8.21%
Ministry of Civil Aviation	2,789.29	2,664.12	125.17	4.49%	3,521.46	3,405.79	115.67	3.28%
Ministry of Shipping	2,116.76	1,862.53	254.23	12.01%	1,955.20	1,734.92	220.28	11.27%
Ministry of Tourism	1,840.80	1,766.09	74.71	4.06%	1,670.94	1,638.60	32.34	1.94%
Ministry of Coal (MoC)	1,445.11	1,411.19	33.92	2.35%	1,656.36	1,338.04	318.32	19.22%
Ministry of Mines	1,460.49	1,349.00	111.49	7.63%	1,213.51	1,075.97	137.54	11.33%
Ministry of Corporate Affairs (MCA)	588.85	526.42	62.43	10.60%	419.94	397.27	22.67	5.40%
Ministry of Steel	44.14	43.20	0.94	2.13%	748.15	437.80	310.35	41.48%
Ministry of Heavy Industry and Public Enterprises								
Department of Industrial Policy and Promotion (DIPP)	6,134.48	4,053.64	2,080.84	33.92%	3,037.72	1,995.15	1,042.57	34.32%
Department of Heavy Industry (DHI)	2,600.03	1,104.62	1,495.41	57.52%	8,376.44	8,350.41	26.03	0.31%
Department of Public Enterprises (DPE)	19.38	18.69	0.69	3.56%	20.42	17.09	3.33	16.31%
Ministry of Commerce and Industry								
Department of Commerce (DoC)	5,664.01	5,586.45	77.56	1.37%	4,571.50	4,512.33	59.17	1.29%
Total	**4,81,675.58**	**4,45,461.42**	**36,214.16**	**7.52%**	**4,11,242.98**	**3,25,830.95**	**85,412.03**	**20.77%**

Source: Appropriation Accounts of the respective years

****Ministry of Housing and Urban Poverty Alleviation and Ministry of Urban Development were merged to form Ministry of Housing and Urban Affairs during 2017-18. However, the same were shown separately for the purpose of comparison.***

The total expenditure of the above Ministries/Departments of the Government of India during 2017-18 was ₹4,45,461.42 crore as against ₹3,25,830.95 crore in 2016-17 viz. an increase of ₹1,19,630.47 crore (36.71 *per cent*). Of the total expenditure of ₹4,45,461.42 crore incurred by these Ministries/Departments during 2017-18, 26.30 *per cent* was incurred by Ministry of Road, Transport & Highways followed by Department of Financial Services and Department of Fertilizers (23.97 *per cent* and 20.16 *per cent* respectively).

The actual expenditure of the above Ministries/Departments varied (increased/decreased) during 2017-18 as compared to 2016-17. As compared to last year a minimum to maximum range of increase and decrease in actual expenditure by 5.47 *per cent*[4] and 2.76 *per cent*[5] to 267.04 *per cent*[6] and 90.13 *per cent*[7] respectively was noticed.

The Ministries/Departments having significant increase in actual expenditure were the Department of Chemicals and Petrochemicals, Department of Financial Services, DIPAM, DIPP, HUPA and MSME during 2017-18 over the previous year. Marked decrease in expenditure was observed in Ministry of Steel, DHI and DEA during 2017-18 over the previous year.

With reference to the total budget provision of ₹4,81,675.58 crore during 2017-18, the Ministries/ Departments had an overall unspent budget of ₹36,214.16 crore which constituted 7.52 *per cent* of the total grant/appropriation as against the unspent budget of 20.77 *per cent* during 2016-17.

1.5 Utilisation Certificates

As per 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 2018) of the total number of 7,509 outstanding utilisation certificates (UCs) involving an amount of ₹21,342.11 crore in respect of grants released up to March 2017 by 15 Ministries/Departments that remained outstanding after 12 months from the end of the financial year in which the grants were released are given in **Appendix-II.** In respect of these 7,509 utilisation certificates involving ₹21,342.11 crore, no assurance could be derived that the amount had actually been incurred for the purpose for which it was sanctioned/authorized by the Legislature. High pendency of utilisation certificates is fraught with risk of misappropriation of funds and fraud. The age-wise position of outstanding utilisation certificate is summarised in Table 1.2 below:

Table 1.2: Position of Outstanding Utilisation Certificates

(₹ in crore)

Range of delay in number of years	Utilisation Certificates Outstanding as on 31 March 2018	
	Number	Amount
0-1	2,162	13,722.79
1-5	3,554	7,267.67
Above 5	1,793	351.65
	7,509	**21,342.11**

[4] *Ministry of Coal: ₹{(1411.19 crore-1338.08 crore)/1338.08 crore}*100*

[5] *Ministry of Urban Development: ₹{(32297.61 crore -31404.55 crore) /32297.61 crore}*100*

[6] *Department of Chemicals and Petrochemicals: ₹{(612.11 crore -166.77 crore) /166.77 crore}*100*

[7] *Ministry of Steel: ₹{(437.80 crore -43.20 crore) /437.80 crore}*100*

The 7,509 outstanding utilisation certificates amounting to ₹21,342.11 crore predominantly pertain to seven Ministries/ Departments given in Table 1.3. These constitute 97.71 *per cent* of total outstanding UCs, value of which is 99.60 *per cent* of the total outstanding amount. The position of the outstanding utilisation certificates with significant money value relating to seven Ministries/Departments, as on March 2018, is given in Table 1.3 below:

Table 1.3: Utilisation Certificates Outstanding as on 31 March 2018

(₹ in crore)

Sl. No.	Ministry/Department	Till March 2017	
		Number	Amount
1.	Ministry of Housing and Urban Affairs	1,352	17,656.50
2.	Ministry of Textiles	5,533	2,882.71
3.	Ministry of Tourism	47	302.05
4.	Ministry of Shipping	32	141.72
5.	Department of Commerce	28	124.20
6.	Department of Heavy Industry	22	75.10
7.	Ministry of Micro Small and Medium Enterprises	323	74.23
	Total	**7,337**	**21,256.51**

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

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

Table 1.4 below shows delay in submission of accounts for the year 2016-17 for audit by the CABs.

Table 1.4: Delay in submission of accounts

Delay period	Delay up to one months	Delay of one to three months	Delay of three to six months	Delay beyond six months
No. of CABs	15	7	6	5

The details of CABs whose accounts were delayed beyond three months as of December 2017 are given in **Appendix-III.**

1.7 Delay in presentation of audited accounts of CABs before both Houses of Parliament

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

Status of laying of the audited accounts before the Parliament as on September 2018 was as shown in Table 1.5:

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

Year of account	Number of CABs for which audited accounts were issued but not presented to Parliament	Number of audited accounts presented after due date
2012-13	1	1
2013-14	2	4
2014-15	2	4
2015-16	2	5
2016-17	4	12

The particulars of the CABs whose audited accounts had not been laid or laid after due dates before the Parliament are given in **Appendix-IV** and **Appendix-V** respectively.

1.8 Results of audit certification

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 Parliament.

Significant observations on the Annual Accounts of CABs for the year 2017-18 are given in **Appendix-VI**. Some of the important deficiencies noticed during the audit of Annual Accounts of CABs for the year 2017-18 were as below:

a) Internal audit was not conducted in 10 CABs (**Appendix-VII**);

b) Physical verification of the fixed assets was not carried out in 11 CABs (**Appendix-VIII**);

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

d) Accounting for grants on realisation/cash basis was found inconsistent with the common format of accounts as prescribed by the Ministry of Finance in four CABs (**Appendix-X**);

e) Accounting for Gratuity and other retirement benefits was not carried out on basis of actuarial valuation in 12 CABs (**Appendix-XI**);

f) One CAB i.e. New Manglore Port Trust, has not provided depreciation on fixed assets; and

g) Accounts of five CABs were revised as a result of audit (**Appendix-XII**).

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 C&AG 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 Audit Report Union Government (Civil), up to the period ended March 2017 disclosed that there were six paragraphs on which ATNs were required to be submitted by the Ministries/Departments to Audit. Subsequently these ATNs were submitted to Audit, however, none of the ATNs had been settled as on 30 November 2018 and were under various stages of correspondence with the concerned Ministries/Departments.

Year wise details of the outstanding ATNs as on 30 November 2018 are indicated in **Appendix-XIII.**

1.10 Response of Ministries/Departments to Draft Paragraphs

The Ministry of Finance (Department of Expenditure), on recommendations of PAC, issued directions to all Ministries in June 1960 to send their responses on the Draft Audit Paragraphs proposed for inclusion in the Report of the C&AG within six weeks. The time frame has also been prescribed under Para 207 (1) of Regulations on Audit and Accounts, 2007, made by the C&AG. The Draft Paragraphs are forwarded to the Ministries/Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. This report contains 24 audit paragraphs. The replies of concerned Ministries/Departments were received in respect of 16 paragraphs. The responses received have been suitably incorporated in the Report (September 2019).

CHAPTER II: MINISTRY OF CHEMICALS AND FERTILIZERS

National Institute of Pharmaceutical Education and Research

2.1 Review of status of National Institute of Pharmaceutical Education and Research (NIPER)

2.1.1 Background

Government of India set up the National Institute of Pharmaceutical Education and Research (NIPER) at Mohali as per the provisions of the NIPER Act, 1998 to nurture and promote quality and excellence in pharmaceutical education and research. The objective of the Institute was to concentrate on courses leading to master's degree, doctoral and post-doctoral courses and research in pharmaceutical education. The Institute was to innovate and train teachers in the art or science of pharmaceutical teaching and to support creation of new knowledge and transmission of existing information in pharmaceutical areas. It also aimed to develop a multi-disciplinary approach in carrying out research and training of pharmaceutical manpower to serve the larger interests of the profession, academia and pharmaceutical industry.

The NIPER Act was subsequently amended in 2007 and accordingly the Central Government accorded in-principle approval (August 2007) to set up six new NIPERs at Hyderabad, Ahmedabad, Kolkata, Guwahati, Raebareli and Hajipur which started functioning from 2007-08. NIPERs are working as autonomous bodies under the Department of Pharmaceuticals (DoP), Ministry of Chemicals and Fertilizers (MoCF**).** Details of grants sanctioned and released and expenditure incurred by each of the seven NIPERs from 2007-08 to 2017-18 are mentioned in **Annexure-I.**

2.1.2 Audit Objectives, Criteria, Scope and Methodology

A test check of records was carried out to assess whether the Governance structure prescribed under the Act is in place and adequate infrastructure facilities, faculty, technical and administrative staff for the NIPERs was available, to achieve the objectives envisaged under the Act. The audit criteria were derived from the NIPER Act and related statutes and manuals, minutes of the Board of Governors (BoG) /Steering Committee meetings, agreements signed between NIPER and respective State Governments, Memorandum of Understanding (MoU) signed between mentor Institutes and MoCF and relevant records of the seven NIPERs and DoP/MoCF. Audit examined the records for the period 2007-08 to 2017-18.

2.2 Audit Findings

2.2.1 Non-constitution of Board of Governors (BoG) in six new NIPERs

As per Section 8 (1) of the NIPER Act, the general superintendence, direction and control of the affairs of NIPER rests with the BoG. Constitution of BoG was essential for smooth governance and efficient functioning to ensure the achievement of the objectives envisaged by the setting up these Institutes. Audit noted that despite the fact that the Board of Governors was the Apex body responsible for the Institute, the process of constitution of BoGs at the six new NIPERs was delayed by the Ministry by more than 8 years since the setting up of the Institutes and finally initiated in July 2015. In the absence of BoG, the Steering Committee[1] (SC) under the chairmanship of Secretary (Chemicals and Pharmaceuticals) discharged the functions of the BoG for all the new NIPERs. At NIPER, Mohali, the BoG was required to be re-constituted in June 2014 but was actually reconstituted after a delay of two years in July 2016.

The Ministry stated (March 2019) that Boards of Governors in six new NIPERs viz. Ahmedabad, Hajipur, Hyderabad, Guwahati, Kolkata and Raebareli have been constituted on 9 March 2019. The reply of the Ministry was silent on the reasons for delay in constituting the BoGs. Audit noted that the new NIPERs have been constrained in respect of permanent infrastructure, faculty, staff etc. in the absence of dedicated BoGs for each Institute, which has been discussed in succeeding paragraphs.

2.2.2 Adequacy of Infrastructure facilities and Manpower

2.2.2.1 Absence of regular campus and premises

The Detailed Project Report (DPR) for six NIPERs was prepared by MoCF in November 2008 and subsequently modified in December 2010 and January 2011 and projected the total cost of ₹2778.21 crore. The Expenditure Finance Committee (EFC) approved (January 2011) setting up of the six NIPERs under Phase-I (Phase I would cover construction of permanent infrastructure facilities) at a total capital cost of ₹633.15 crore through Government funding subject to availability of suitable land. The proposal was approved by the Union Cabinet in September 2011.

Audit noted that, even after a lapse of more than ten years since inception, none of the six new NIPERs were operating from their regular campuses or premises. NIPER, Ahmedabad was functioning in a temporary building while the other five new NIPERs were operating through designated mentor Institutes[2] (except NIPER, Guwahati which was shifted to a private rented campus in August 2017). The delay on the part of the Ministry in ensuring setting up of permanent campuses for the Institutes, adversely affected the availability of quality infrastructure facilities for students and faculties. The status of allotment of land and construction of permanent campus is shown in Table 2.1 below:

Table 2.1: Status of allotment of land and construction of permanent campus

Name of NIPER	Area of land allotted (acre)	Date of allotment of land	Initial cost estimates (₹ in crore)	Status
Mohali	Own premises	Own premises	Not applicable	Not applicable
Guwahati	89	March 2008	159.69 (December 2014)	After a lapse of more than seven years from the allotment of land construction of building

[1] *Steering Committee was constituted by the MoCF in December 2007 to oversee the working of all the new NIPERs and take policy decisions for them till the BoG for each NIPER is formed.*

[2] *NIPER, Guwahati- Guwahati Medical College, Guwahati (till 2 November 2016); NIPER, Hajipur-Rajendra Memorial Research Institute of Medical Science, Patna; NIPER, Hyderabad-CSIR-Indian Institute of Chemical Technology, Hyderabad; NIPER Kolkata-CSIR-Indian Institute of Chemical Biology, Kolkata; and NIPER, Raebareli-CSIR-Central Drug Research Institute, Lucknow*

				is completed only 43.45 *per cent* upto March 2018.
Ahmedabad	60	April 2009	198.87 (September 2011)	The initial estimate of ₹198.87 crore (2011) was escalated (September 2015) to ₹497.40 crore resulting in cost overrun of ₹298.53 crore which was yet to be approved by the Ministry.
Hyderabad	50	January 2014	499.24 (May 2016)	Land lease period expired in December 2017 but NIPER, Hyderabad had not taken any steps to extend the same.
Raebareli	48.57	May 2013	Not Finalised	PMC was yet to be decided and construction had not commenced.
Kolkata	10	January 2018	Not Finalised	Initially Govt. of West Bengal (GoWB) allotted (July 2009) 35 acres of land at Baruipur to NIPER, Kolkata which was cancelled in July 2017 due to non-payment of the development cost by NIPER and NIPER's unwillingness to spare 10 acres of land for common area. Again GoWB decided to allot 10 acre of land in January 2018.
Hajipur		Land not yet allotted	Not Applicable	Land has not been allotted by State Govt. due to non-submission of Model Plan by Institute.

The Ministry stated (March 2018) that it is constantly pursuing with the Department of Expenditure, Ministry of Finance for release of fund for construction of building. The Ministry further stated (March 2019) that construction of a regular campus for NIPERs Ahmedabad and Guwahati only at a cost of ₹103.88 crore each has been sanctioned. Sixty *per cent* construction work of NIPER Guwahati has been completed whereas construction of NIPER Ahmedabad campus will start shortly.

The Ministry's reply needs to be viewed in light of the fact that Institutes have been operating from rented premises since the last ten years. Further, the approval for construction of regular campus for remaining four NIPERs (Hyderabad, Hajipur, Kolkata and Raebareli) was yet to be accorded by the Ministry.

2.2.2.2 Non-recruitment of regular academic and administrative staff

The six new NIPERs had no permanent academic and administrative staff, except Director. The administrative and academic work of the Institutes was being carried out entirely through contractual staff/ faculty. Audit observed that none of the posts in the six new NIPERs (except Director) had been sanctioned by MoCF till March 2018. Recruitment could be taken up as per norms only after the regular posts of both academic and administrative staff were sanctioned by the Ministry.

In the absence of regular sanctioned posts and permanent faculty the quality of faculty and staff available and transparency in recruitment of contractual staff at NIPERs could not be assured by Audit. There was no uniformity in the basis for determining the number and category of posts while making temporary appointments. NIPER, Hyderabad followed a faculty- student ratio as 1:12 whereas Ahmedabad followed a ratio of 1:8 (AICTE norms). Academic and non-academic staff at Kolkata, Guwahati, Raebareli and Hajipur were appointed based on the requirement.

The Ministry stated (March 2018) that regular academic and administrative staff are appointed with the approval of the Department of Expenditure, Ministry of Finance. It further added (March 2019) that Department of Expenditure has approved 156 posts of faculty staff and 150 posts of non-faculty staff in six NIPERs in February 2019. Recruitment Rules for the same are under finalisation.

The Ministry's reply needs to be viewed in light of the fact that even though the new NIPERs have been functioning since last ten years, the Ministry failed to complete the procedural formalities and therefore permanent qualified faculty and staff was not available at the new NIPERs.

2.2.2.3 Appointment and regularisation of contractual employees

As per Clause 6 of the Statute of NIPER, NIPER, Mohali was making appointments on contract basis. MoCF, vide notification dated 3 July 2014 amended Clause 6 to stipulate that the NIPER adopts a policy of making appointments on regular basis and a High Level Committee (HLC) may be constituted with the approval of NIPER, Mohali for recommendation and regularisation of existing contractual employees.

Between December 2015 and February 2017, out of 151 contract employees, HLC recommended 140 employees for regularisation. 132 were recommended for regularisation without any condition and remaining eight employees were also recommended for regularisation subject to court decision and outcome of CBI investigation. In respect of the remaining 11 employees, the Committee observed irregularities in their initial appointment and recommended that these cases be placed before the BoG for consideration.

A test check of records relating to regularisation revealed the following:

(i) Despite BoG's clear direction to re-examine all the 140 cases with reference to the Ministry's direction before regularisation, the Institute regularised (April 2017) eight employees against whom court/CBI cases were pending.

(ii) Further, with respect to the 11 employees in whose case the HLC had found irregularities, BoG recommended to the Ministry (May/June 2017) regularisation of seven out of these eleven employees based on production of further documents by those employees. Orders for regularisation in respect of these seven employees were however put on hold till the disposal of the litigation filed by these employees (May 2017).

Audit noted that, out of the seven cases recommended by BoG to the Ministry for regularisation, in one case, an employee was an Associate Professor in Pharmaceutical Department despite possessing an M.Com. degree though the requisite qualification was a basic degree in science/pharmacy or engineering. In another case, the Board granted relaxation in essential qualifications for the post of Scientist Grade I and Junior Technical Assistant on the basis of ICMR (Indian Council of Medical Research) guidelines though ICMR rules had neither been adopted in statute/ordinance nor included in the recruitment policy of the NIPER, Mohali.

The Ministry stated (March 2018/March 2019) that though NIPER, Mohali was directed (April 2016) to fix responsibility for violation of the NIPER Act during recruitment process, it is practically impossible to fix responsibility and accountability on the concerned officers as they had either left the Institute long back or had superannuated. The reply of the Ministry establishes the fact that there were lapses in recruitment and regularisation of staff at Mohali and in the absence of transparent recruitment, Audit could not gain assurance on the quality of faculty and staff available at the Institute.

2.2.3 Academic Performance of NIPERs

Details of enrolment of students, number of seats envisaged, number of students who joined and those who completed the course at all the NIPERs during 2007-08 to 2017-18 are given in Table 2.2:

Table 2.2: Details of enrolment of students from 2007-08 to 2017-18

Name of NIPER	Envisaged initially (1)	Students joined (2)	% of students joined (3) = (2)/(1)	Course completed (4)	% of students who completed the course (5) = (4)/(2)
Ahmedabad	779	596	77	563	94
Guwahati	370	333	90	332	99
Hajipur	511	403	79	385	96
Hyderabad	1080	1055	98	1025	97
Kolkata	572	470	82	469	99
Mohali	3036#	2980	98	2785	93
Raebareli	392	352	90	343	97

in the absence of data in respect of number of students envisaged for Ph.D. course, the actual students enrolled has been considered as the envisaged number. Number of students who completed the course includes the students who were still pursuing the course.

From the table above, it is seen that 77 *per cent* to 98 *per cent* of seats in all NIPERs during 2007 to 2018 were filled and more than 90 *per cent* of the students completed the course.

2.2.3.1 Placement of Students

The placement of students after completion of the course would be a benchmark for assessing the performance of the NIPERs. Audit observed that lack of independent, well-developed permanent campus, non-availability of permanent training and placement officer and lack of pharmaceutical companies near the Institutes affected the placements in NIPERs which remained poor during 2007-18. The trend of placements in NIPERs was mostly erratic over the years ranging from 22 *per cen*t to 100 *per cent* except NIPER Hyderabad which showed consistently good performance in terms of placement of students and placement hovered around 80 *per cent*.

The Ministry stated (March 2018) that placement is likely to increase on improvement of infrastructure facilities like labs, library and appointment of more contractual /regular faculty and staff. It further stated (March 2019) that Steering Committee has directed (June 2018) NIPERs to develop a mechanism for appointment of a Placement Officer on contractual basis. The reply of the Ministry reinforces the audit observation that the poor placement of the Institutes was attributable to poor infrastructure and faculty/staff at the NIPERs. Further, it is only after more than ten years since functioning of the new NIPERs that the necessity of a placement officer at the Institutes was considered by the Ministry.

2.2.3.2 Research Papers and Patents filed

Besides the number of patents approved, the number of research papers published and the impact of such research are measures of the academic achievements of NIPERs. NIPERs have published research papers in international and national Journals like European Journal of Pharmaceutics and Biopharmaceutics, Journal of American Chemical Society, TrAC Trends in Analytical Chemistry, Indian Journal of Traditional Knowledge, Indian Journal of Pharmaceutical Sciences, Indian Journal of Pharmacology etc. The Table 2.3 below shows the details of number of research papers published, patents filed by students etc in NIPERs during 2007-18.

Table 2.3: Details of number of research papers published, patents filed per student from 2007-08 to 2017-18

Name of NIPER	Research Papers Published	Patents filed	Number of students passed out	Number of research paper published per student	Number of patents filed per student
Mohali	2279	179 (45 obtained)	2785	0.81	0.06
Hyderabad	300	14	1025	0.29	0.01
Ahmedabad	189	3	563	0.33	0.005
Guwahati	132	0	332	0.39	0
Hajipur	55	0	385	0.14	0
Kolkata	54	0	469	0.11	0
Raebareli	38	0	343	0.11	0

The performance of NIPERs other than Mohali in respect of number of research papers published and patents filed was not encouraging. NIPER Mohali published more research papers in absolute numbers, and per student number of research papers published was also higher. It had filed for 179 patents and obtained 45 patents of which seven were commercialised. Only two other NIPERs apart from NIPER Mohali had filed patents.

The Ministry did not fix any criteria for analysing the impact of the research conducted by the NIPERs.

To analyse the impact of research, Audit reviewed Impact Factor[3] of Journals in which research papers of NIPER Mohali were published (as it constituted almost 75 *per cent* of the total research papers published by all NIPERs). Management furnished Impact Factor of Journals in which 1958 papers of NIPER Mohali[4] were published (out of 2495 papers published by it till February 2019). 190 papers (10 *per cent*) were published in Journals that had Impact Factor greater than 5, 1591 papers (81 *per cent*) in Journals with Impact Factor between 1 and 5, and 177 papers (9 *per cent*) in Journals with Impact Factor less than 1.

The Ministry stated (March 2018/March 2019) that number of patents/research papers would increase considerably once infrastructure like lab/equipment/regular staff are in place, which could not be developed due to fund constraints. It further stated (April 2019) that an inter-Departmental Committee (IDC) has been constituted in January 2019 with Secretary (Pharma) as its Chairperson to periodically review and coordinate the research work undertaken by various governmental organisations under different Central Ministries/Departments in a collaborative, synchronised and synergised way for optimum utilisation of funds and to avoid duplication of efforts and resources in conduct of research.

The reply of the Ministry, further establishes the fact that the envisaged objectives of NIPERs could not be achieved due to its inability to put the necessary infrastructure in place, even after ten years since the constitution of the new NIPERs.

2.2.4 Financial Management

2.2.4.1 Non-generation of sufficient fund from internal sources

As per the provisions of Rule 208(iii) General Financial Rule (GFR) 2005 and Rule 229 (iv) GFR, 2017, "all autonomous organisations, new or already in existence should be encouraged to maximise generation of internal resources and eventually attain self-sufficiency". MoCF directed (July 2017) that the Government cannot continue to fund the Institutes indefinitely and they have to generate their own resources. Henceforth, only a part of the expenditure on salaries would be reimbursed and the remaining would need to be earned by the faculty itself from consultancy, projects etc.

Audit noted that the Institutes were largely financed by grants from MoCF and only a very small portion of the expenditure was met through their own revenue, as can be seen from the Table 2.4:

[3] ***Impact Factor in a given year is the average number of citations received per paper published in that Journal during the preceding 2 years.***

[4] ***Source: Scopus which is an abstract citation database of scientific journals, books and conference proceedings maintained by Elsevier and PubMed database which contains abstracts of peer-reviewed biomedical literature and is maintained by the National Center for Biotechnology Information, at US National Library of Medicine.***

Table 2.4: Statement showing percentage of total expenditure met from own revenue in the NIPERs during 2007-08 to 2017-18

Name of NIPER	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Mohali	NA	24	24	27	24	24	18	18	16	14	16
Ahmedabad	6	6	7	16	18	20	18	20	11	7	6
Hyderabad	5	1	4	9	9	6	7	13	8	10	15
Hajipur	4	6	9	7	30	14	6	7	2	7	7
Guwahati	NA	8	8	23	17	4	9	11	1	3	1
Raebareli	NA	2	3	6	9	10	13	10	8	11	8

Thus, the Institutes have failed to generate sufficient funds from internal sources to meet expenditure to comply with GFR and directions of the Ministry. It was also observed that on account of excess of actual expenditure over and above grants available and Internal generated revenues, NIPER, Mohali could not transfer the required funds to its Pension Fund.

The Ministry stated (March 2018) that proposal for enhancement in budget allocation for salary and office expenses were sent to Department of Expenditure which did not allocate fund sought for NIPER, Mohali. The reply of the Ministry is silent regarding the efforts made and the proposed road map towards making the Institutes self-sufficient for funds.

2.2.4.2 Delay in submission of annual accounts

The Committee on Papers Laid on the Table of the House recommended in its First Report (Fifth Lok Sabha), 1975-76 that every Autonomous Body should complete its accounts within a period of three months after the close of accounting year i.e. by 30 June and make them available for audit. Audit noted that there was considerable delay in submission of accounts for the Institutes as shown in Table 2.5:

Table 2.5: Delay in submission of accounts

Name of NIPER	No. of years in which the accounts were submitted with delays	Delays in submission of accounts
Hyderabad	10 (2007-08 to 2016-17)	10 months to 79 months
Hajipur	10 (2007-08 to 2016-17)	6 months to 68 months
Kolkata	10 (2007-08 to 2016-17)	1 months to 41 months
Raebareli	9 (2008-09 to 2016-17)	1 months to 44 months
Ahmedabad	6 (2011-12 to 2016-17)	9 days to 30 months
Guwahati	8 (2008-09 to 2011-12 & 2013-14 to 2016-17)	2 months to 23 months
Mohali	3 (2014-15, 2015-16, 2016-17)	3 days to 16 months

The issue related to timely submission of Accounts by NIPERs was discussed by Parliamentary Standing Committee in February 2018 which directed that Annual Report along with Statement of Annual Accounts henceforth should be laid in Parliament timely.

The Ministry stated (March 2019) that Steering Committee had directed the NIPERs to send the Annual Accounts in time for laying on the table of Parliament. The BoG of six NIPERs have been constituted and it is expected that the Annual Accounts of NIPERs will be laid on time. The reply of the Ministry establishes the fact that non-constitution of BoG led to gaps in the management of the Institutes and the delay in timely submission of accounts of the Institutes was one such instance.

2.2.4.3 Infructuous expenditure on account of inability to recover fellowship paid to dropped out students

As per the NIPER Ordinance 2005, students pursuing M.S., M.Tech., and Ph.D., course are entitled for fellowship. However, no safeguards in the form of personal bond were put in place by NIPER to ensure that in the event of a student dropping out of the course or on termination, the amount spent on fellowship could be recovered from such students.

Audit noted that out of the 550 students pursuing M.S. Pharma and 46 students pursuing Ph.D courses at NIPER, Ahmedabad during 2007-18, 40 and 11 students respectively did not complete the course and dropped out midway. As a result, stipend of ₹41.30 lakh paid to these students became infructuous. Similarly, NIPER, Mohali, Hyderabad and Raebareli incurred wasteful expenditure of ₹33.30 lakh, ₹5.13 lakh and ₹2.63 lakh on account of fellowship/ stipend paid to 41 students, 18 students and 7 students respectively during 2004-18, 2007-16 and 2012-18 respectively.

The Ministry stated (March 2018/March 2019) that possibility of recovery was being explored comparing the rules prevailing in IITs. Steering Committee decided (December 2017) that if the students leave the Institute, the fee would not be refunded and the students will have to refund the entire fellowship amount received by them. Also, the amount of caution money has been increased from ₹10,000 to ₹25,000. The reply of the Ministry may be viewed in the light of the fact that due to absence of such safeguards, stipend of ₹41.30 lakh was paid to dropped out students which could not be recovered.

2.3 Conclusion

Audit observed that the BoGs were not constituted in the six new NIPERs till March 2019 and the Steering Committee was discharging the functions of the BoG. The BoG at NIPER, Mohali was reconstituted after a delay of two years. In the absence of a dedicated governing body, permanent academic staff and adequate infrastructure facilities, the Institutes have been unable to achieve their objective to further pharmaceutical education in the country in a significant way, which was reflected in poor performance in terms of Research papers published and patents awarded and poor placement of students.

2.4 Recommendations

- The Ministry and the NIPERs should take steps to ensure that infrastructure required for proper functioning of NIPERs is completed at the earliest.
- Recruitment rules for faculty should be notified by the Ministry at the earliest.
- MoU, clearly laying out performance parameters and output targets, should be entered into between the Ministry and the NIPERs.

The Ministry accepted (July 2019) the recommendations and assured to take necessary action.

CHAPTER III: MINISTRY OF CORPORATE AFFAIRS

3.1 Avoidable expenditure of ₹5.04 crore due to idling of office space

Out of space measuring 22,875.91 sq. ft. Ministry could not utilise (September 2018) space measuring 7,203 sq. ft. on the second floor due to non-operationalisation of NFRA and NFRAA. The Ministry made a total payment of ₹16.04 crore towards rent for the entire hired space for the period from November 2016 to September 2018. Out of this, ₹5.04 crore pertained to unutilised space of 7,203 sq. ft. Thus, hiring of space by the Ministry on lease without ascertaining the actual requirement resulted in avoidable payment of rent amounting to ₹5.04 crore.

The Ministry of Corporate Affairs (the Ministry) invited (June 2016) open tenders for hiring of 37,917 square feet (sq. ft.) space for office accommodation for their office/units which included space for Corporate Data Management (CDM) Scheme, Investors Education and Protection Fund Authority (IEPFA), National Financial Reporting Authority (NFRA), National Financial Reporting Appellate Authority (NFRAA) and Insolvency and Bankruptcy Board of India (IBBI).

Sixteen bids were received from thirteen firms. After technical evaluation of the bids, nine bids were selected for opening of financial bids. A Tender Evaluation Committee (TEC) categorised the premises offered by the technically qualified firms into three categories viz. unfurnished (Seven firms, monthly rental offered by L1 was ₹140 per sq. ft.), semi-furnished (One firm, monthly rental offered ranged from ₹175 per sq. ft. to ₹350 per sq. ft., depending on the location of the floor) and furnished (One firm, monthly rental offered- ₹340.96 per sq. ft.). Office Space for CDM and IEPFA (to be made functional shortly) were immediately required. The TEC opined (August 2016) that renovating unfurnished premises would have required more time and therefore it would be appropriate to go in for semi furnished premises where immediately proposed offices could be made functional and the need based renovation could also be taken up simultaneously. Further, considering the locational advantages and specific requirements of both the Ministry and the organisations concerned, the TEC recommended to accept the bid of Life Insurance Corporation of India (LIC), for the semi furnished premises.

The Ministry accepted (September 2016) the bid for the semi-furnished premises (22,875.91 sq. ft.) offered by the LIC at Jeevan Vihar, Parliament Street. The Ministry entered (October 2016) into a deed of lease for the area of 22,875.91 sq. ft. at a monthly rental of ₹45.24 lakh plus applicable taxes. The IBBI was allotted space at Mayur Vihar and other four offices were allotted space in Jeevan Vihar building. The offices viz. CDM and IEPFA used the space allotted to them. After one month of entering into the lease deed, the Ministry proposed (November 2016) that as the NFRA/NFRAA had not been operationalised, space measuring 11,844.07 sq. ft. may be surrendered to LIC. LIC disagreed (December 2016) with the proposal and stated that partial surrender of the space was not possible, as the whole unit was an integrated unit. Thus, the Ministry had no option but to take the whole space without having any actual requirement. However, NFRA was notified in March 2018 and the Government decided to drop the formation of NFRAA and pass on its work to National Company Law Appellate Tribunal.

Scrutiny of records revealed that out of space measuring 22,875.91 sq. ft., the Ministry could not utilise space measuring 7,203 sq. ft. on the second floor due to non-operationalisation of NFRA and NFRAA. The Ministry made a total payment of ₹16.04 crore towards rent for the entire hired space for the period from November 2016 upto September 2018. Out of this, ₹5.04 crore pertained to unutilised space of 7,203 sq. ft. Thus, hiring of space by the Ministry on lease without ascertaining the actual requirement resulted in avoidable payment of rent amounting to ₹5.04 crore.

The matter was referred (September 2018) to the Ministry. In reply, the Ministry accepted (September 2018) the fact of non-utilisation of space at the second floor (7,203 sq. ft.). The Ministry further stated that they had decided to allot the unutilised office space at the second floor to the Insolvency and Bankruptcy Board of India (IBBI) to meet their legitimate demands and a part of the IBBI is now functioning from the second floor, Jeevan Vihar. Further, NFRA was operationalised in October 2018. However, it is working from Eighth Floor, HT Building, KG Marg, New Delhi, 110003. At present, the space occupied by NFRA in the new office is 15,750 sqft. and the monthly rent for this space is ₹340.58 per sq. ft. (excluding GST). In addition to this space, NFRA has further been alloted 15,750 sq. ft. at the Seventh floor of the aforesaid office premises which is under renovation.

Thus, hiring of space by the Ministry on lease without any realistic requirement resulted in avoidable payment of rent amounting to ₹5.04 crore till September 2018.

CHAPTER IV: MINISTRY OF HOUSING AND URBAN AFFAIRS

National Capital Region Planning Board

4.1 Functioning of the National Capital Region Planning Board

4.1.1 Introduction

The National Capital Region Planning Board (NCRPB/ the Board) was established (28 March 1985) under the NCRPB Act, 1985 (the Act). The National Capital Region (NCR) is a coordinated planning region centered upon the National Capital Territory of Delhi (NCTD) encompassing the entire NCT and areas belonging to the bordering states of Haryana (13 districts), Uttar Pradesh (UP) (8 districts) and Rajasthan (2 districts). The area under the NCR, as on 31 March 2018, was 55,084 sq km.

4.1.2 Audit Objectives

The audit objective was to assess whether the functioning of the Board was effective in ensuring coordinated planning for the NCR and whether the Board was efficient in implementation of its plans and policies, in monitoring of projects, and in financial management.

4.1.3 Scope of Audit

The audit covered the Board's activities during the period 2012-13 to 2016-17, and the audit findings were updated for 2017-18. Audit of NCR Planning and Monitoring Cells (NCRPMCs) established in participating states was also included in the scope of audit.

4.1.4 Audit Criteria

The audit criteria were derived from the NCRPB Act and Rules made there under; Regional Plan (RP), Sub-Regional Plans (SRPs), Functional Plans (FPs) and study reports; agenda and minutes of the various meetings of the Board; delegation of powers and annual reports.

4.1.5 Organisational Set-up

The Board consists of a Chairman, 15 members and one full-time Member Secretary. The Union Minister for Housing and Urban Affairs is the Chairman of the Board. The Board is assisted by a Planning Committee (PC) in the discharge of its functions. The PC consists of Chairman and 10 members. The Member Secretary of the Board is the ex-officio Chairman of the PC.

4.1.6 Audit Observations

4.1.6.1 Planning process and implementation of Regional Plan

As far as planning is concerned, NCRPB is required to prepare an RP for the NCR and FPs for one or more elements of RP such as water, transport, power, etc. depending on regional bearing and assist the states in preparing SRP, for NCR constituent areas. NCR participating states formulate Master Plan under their respective Statutes at State level.

(a) Preparation of Regional Plan and its revision

As per NCRPB Act, 1985, "in pursuance of the provisions of clause (1) of article 252 of the Constitution, resolutions have been passed by all the Houses of the Legislatures of the States of Haryana, Rajasthan and Uttar Pradesh to the effect that the matters viz. coordinating and monitoring the implementation of such plan and for evolving harmonized policies for the control of land-uses and development of infrastructure in the National Capital Region so as to avoid any haphazard development thereof should be regulated in those States by Parliament by law". Further, as per Section 7 of the Act, the main function of the Board was to prepare the RP, for a period of 20 years and which was to be reviewed after every five years from the date of its notification as per Section 15(1) of the Act.

In this regard, Audit noted the following:

(i) The Board notified (17 September 2005) its RP 2021 after a lapse of more than three and half years from the completion of its horizon period (2001 to 2021).

(ii) The first review of RP 2021 was due in September 2010, however, the same was initiated after a delay of one and half years in 32nd meeting (March 2012) of the Board.

(iii) A Steering Committee (SC) constituted (June 2012) to guide the review and revision process of the RP held only four meetings (June 2012 to January 2014) against prescribed monthly meetings. Further, no timelines were prescribed to complete the review and revision process of the RP 2021.

(iv) In 33rd Board meeting (1 July 2013) the Draft Revised Regional Plan (DRRP) 2021 was approved for inviting objection and suggestions from the public under Section 12(1) of the NCRPB Act, 1985. Up to 20 December 2013, 63 objections and suggestions were received on the DRRP 2021. While revising the RP 2021, the Board accepted and incorporated (January 2014), "tourism in the forest areas" under Regional Recreational Activities as per the proposals of the Government of Haryana (GoH) relating to regional land use. This was done despite objections that the proposed provision should strengthen rather than dilute the earlier provision of the RP 2021 as there is significant impact of developments in adjoining areas of Delhi. Subsequently, the Ministry of Environment, Forest and Climate Change

(MoEF&CC) had raised objection (March 2014) on this inclusion in the DRRP 2021/ SRP of Haryana. The Board had to roll back (April 2014) its decision in this regard. This indicates undue benefit to the Govt. of Haryana with adverse ramification for the entire NCR.

(v) Notification of the Revised Regional Plan (RRP) 2021 was pending (September 2018) due to delay in mapping and delineation study of the Natural Conservation Zone (NCZ) and addressing the points raised by MoEF&CC on Chapter 14 (Environment) and Chapter 17 (Regional land uses).

(vi) The Act envisaged three revisions of the RP 2021 after every five years. However, the first review and revision exercise of RP 2021 itself has not been completed, even after lapse of more than eight years. Resultantly, the revised policy and proposal required to be carried out through the RRP 2021 could not be made effective and implemented. Significant modifications which were incorporated in the DRRP 2021 were (i) revised data with census of 2011, (ii) revision in demographic profile and settlement pattern, (iii) policies and proposals for sewerage, solid waste management, drainage and irrigation, (iv) revision in issues, policy and proposals related to regional land use, (v) Strategies for development of counter magnet areas, (vi) incorporation of outcomes of RP 2021 during the 2007-2012, etc.

The Board and the Ministry in its reply (January/April 2018) stated that:

(i) Initially the matter was placed (November 2009) before the Board in its 31st meeting whereby action with respect to updating the regional land use through National Remote Sensing Centre (NRSC) in 2008-09 was initiated. Later, the matter was again placed in 32nd meeting of the Board wherein it was decided to expedite the exercise of review of RP 2021. Thereafter, the SC was constituted for review and revision of RP. Since, Board meeting could not be held between December 2009 and February 2012, the matter could not be placed before the Board.

(ii) The comments of MoEF&CC were examined by the Board and forwarded (February 2017) to MoHUA and were discussed in the 37th meeting (December 2017) of the Board.

However, fact remains that:

(i) There appeared to be no urgency by the Board to expedite the revision process as it was taken up belatedly only in July 2012, after constitution of the SC and the revision exercise has not been completed so far.

(ii) Due to non-revision of its RP 2021, modifications and alterations required to be carried out in the revised RP could not be made effective. Consequently, the formulation of RP for newly added districts in NCR (four in Haryana, one in Rajasthan and two in UP) in the RRP 2021 has not been incorporated and updated.

(b) Non-formulation of Functional Plans

As per Section 7 (a) and (c) of the Act, preparation and formulation of FPs and its enforcement and implementation through the participating states and the UT falls within the role of the Board. Further, in order to assist the NCR participating states in formulation of SRP, the Board prepared FPs based on studies in various sectors to assess the existing situation, identify the issues/problem and make strategies/recommendations/action plan for holistic development.

Audit observed that:

(i) While RP 2021 was notified in September 2005, no timeframe was prescribed for formulation of its FPs. Till March 2018, out of 12 elements identified in the RP for preparation of FPs, only four FPs viz. Transport (November 2009), Ground Water Recharge (December 2009), Drainage (April 2016) and Economic Development (June 2016) had been approved and approximately 4 to 11 years had been taken in its formulation. There was considerable gap in the conduct of the study for Economic Development (2010) and its approval (June 2016). Thus, all the data in the FP pertained to the period 2004-05 to 2009-10 and was not updated by the Board before its approval.

(ii) Two FPs (i) Drainage and (ii) Economic Development were approved (April/June 2016) after preparation of SRPs of UP (December 2013) and Rajasthan (November 2015) resulting in lack of envisaged guidance to the participating states in formulation of SRPs.

(iii) Further, preparation of three FPs, viz. Micro and Household Enterprises, Health Infrastructure and Tourism and Heritage were still in progress (September 2018) and FP on Power was abandoned due to non-submission of requisite data by the participating states. Hence, despite lapse of more than 12 years from the preparation of the RP 2021, the FPs for all the identified areas had not been formulated and FP in four areas[1] have not been initiated at all.

The Board and the Ministry in its reply (December 2017/January/April 2018) stated that the preparation of FP may not be linked with the preparation of the SRP, since SRPs are holistic documents at the sub-regional level for which the RP is the guiding document, while the FPs are more sector specific plans prepared within the framework of the RP. Further, the Act provides that after operationalisation of RP the Board may prepare as many FPs as necessary for proper guidance of the participating states. Accordingly, the Board had prepared FPs for certain sectors. Regarding delay in finalisation of FP on Economic Development, the Board stated that the FP was approved based on the discussion during the workshop attended by the officers of the Ministry/Departments/Agencies of Central Government.

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[1] ***Telecommunications, Environment, Disaster management and Rural development.***

The reply of the Board is not acceptable since:

(i) As per NCRPB Act Chapter 3, Section 7 (a), the Board was required to prepare RP and the FPs. Further, Para 17.4 of the RP 2021 also provides that there should be lower hierarchy of plans like SRP, Master/Development Plan. Hence, the hierarchy of plans, viz. RP, FPs, Master/Development Plans, establishes an integrated system of overall planning which is essential for effective implementation of the RP. The issue of continuing relevance of the FP based on outdated data is questionable.

(ii) Integrated Regional Drainage Plan at the regional level and Drainage Master Plans at the district level should be prepared for enhancing the quality of regional and local drains, taking into account the present/future development and settlement pattern in the region. All the related works at the regional level should be coordinated by a single agency. Audit observed that Drainage Master Plans had not been prepared district wise and city wise. Besides, there was lack of integrated planning for drainage of storm water, which was not restricted to local area but had regional impact, covering areas in Haryana, Rajasthan, U.P. and NCT-Delhi sub regions.

(iii) Although drainage was part of the core urban infrastructure development in NCR, low emphasis was accorded to this sector. Since inception (1985-86) out of 300 projects sanctioned and approved by NCRPB, only six drainage projects were sanctioned and approved by NCRPB which constitutes two *per cent* of the total projects funded.

(c) Formulation of Sub-Regional Plans

The Act provides that each participating State/UT shall prepare an SRP for its sub region and delineation of land was one of the critical requirements, prior to the finalisation of each SRP. Further, RP 2021 stipulates that at the regional level, land use may be guided and regulated in selected areas and the other areas in the lower hierarchy of plans, i.e. SRP and Master/Development Plans. The Board in its Special Meeting (April 2014) decided that for precise demarcation, the NCZ be delineated by each participating State, based on detailed ground truthing, along with verification of State revenue record. Audit observed that:

- SRP of Uttar Pradesh (UP) districts falling under NCR, was published in December 2013 i.e. eight years after the date of notification of the RP 2021. In Rajasthan, the SRP for only district in NCR i.e. Alwar was published 10 years after the notification of RP in September 2005. The SRP of another district which was included in Rajasthan under NCR during July 2013, i.e. Bharatpur, was still pending.

- For Delhi, the Master Plan prepared by DDA (February 2007) was treated as the SRP of Government of National Capital Territory of Delhi (GNCTD).

- SRP of the Haryana sub region was published (May 2014) but has not been finalised due to incorporation of contentious provisions relating to environment (Chapter 14), land use (Chapter 17) and delay in mapping and delineation of NCZ.

- In the case of Rajasthan, the Board considered (June 2015) the draft SRP on the ground that delineation of NCZ was time taking and SRP may be amended once the NCZ is delineated. However, Government of Rajasthan (GoR) notified the SRP even though the work of NCZ ground truthing and delineation was not yet finalised.

- The Project Sanctioning and Monitoring Group (PSMG) approved and granted financial assistance of ₹1648.37 crore **(Annexure-II)** (out of this ₹1562.93 crore was disbursed to Govt. of Haryana) in respect of those projects for which the SRPs were not formulated by the participating states at the time of disbursement. Thus, in the absence of SRPs of the participating states, the sanctioning of loan by the Board was in violation of Clause 22 (1) of Chapter VI of the Act.

The Board and the Ministry in its reply (January/April 2018) confirmed the above facts and added that the SRP of Rajasthan was considered by the Planning Committee (PC) on request of GoR. The Board also stated that as per Section 19 of the Act, the NCR participating states are responsible for preparation of SRP and thereafter, finalisation of their respective SRPs after due consideration of the observations made by the Board. Further, as far as financial assistance in the absence of SRP, NCRPB has been extending financial assistance for the infrastructure development projects which are in consonance with the Regional Plan.

In Audit view, as the NCR is a coordinated planning region, the Board cannot shirk its responsibility of ensuring timely preparation of SRP. As per Chapter III, Section 7 (b) of the Act, the Board is to arrange for the timely preparation of SRPs by the participating states. The Board took more than eight months in requesting (May 2006) the participating states to prepare SRPs and no time frame was prescribed for preparation of SRPs by the participating states. Further, as per Section 17(3) (f) of the Act, a SRP may indicate proposals for the supply of drinking water and for drainage elements to elaborate the RP at the sub-regional level. However, plans for accomplishment of the policies and proposals of RP 2021 in respect of drainage were not elaborated in the SRPs of UP and Rajasthan Sub Region. Thus, the lower levels plans did not elaborate the policies and proposal of the RP 2021. Moreover, the Act stipulates financial assistance to participating states for the implementation of SRP.

(d) Approval of Master/Development Plans

Regional Plan 2021 stipulates that at the regional level, land use may be guided and regulated in selected areas and the other areas in the lower hierarchy of plans, i.e. SRP and Master/Development Plans. As per RP 2021, no development in the controlled/development/regulated zones can be undertaken except in accordance with the Master/Development Plan for the respective controlled areas approved by the Board and duly notified by the State Governments under their respective Acts. The Master/ Development Plans of all the towns were to be prepared within the framework of the RP 2021 and; as per RP 2021, approval of the Master /Development Plans was the responsibility of the Board.

In this regard, the Hon'ble Allahabad High Court had observed (December 1998) that "the Act is a central legislation and land uses cannot be changed except with the tacit permission and close scrutiny of the Board. Development of industry or urbanisation by purchase of land reserved for conforming uses of agriculture, forests or greens within the area eclipsed by the NCR, is prohibited. Whatever development is permissible must be strictly monitored under the Act by the authorities named and constituted under it".

Audit observed that the Board was not approving the Master Plans submitted by the participating states. Change in land use was being done by the respective NCR participating State under the relevant statutes in that State and not by the Board. Test check of projects financed by the Board revealed that it approved and funded the projects on (i) Water Supply Scheme for Nalhar Medical College and Nuh Town (loan assistance of ₹79.20 crore) and (ii) "four laning of Rewari Kot Kasim Road up to NH-8, Shahjahanpur Rewari road up to six km, Rewari Narnaul Road (NH26), Rewari Mohindergarh Road, Rewari Dadri Road" (loan assistance of ₹79.55 crore) without formulation of Development/Master Plan of Nuh and Rewari town by the participating State of Haryana.

The Board and the Ministry in its reply (January/April 2018) stated that consequent to various court judgments, the provision regarding approval of Master/Development plan was included in the RP 2021 and the same was approved (October 2004) by the Board. However, this was objected by two participating states. Hence, due to the lack of consensus, the Board is not approving any Master/Development Plan. Thereafter, the matter was referred (July 2005) to the Ministry of Law & Justice for examination and their opinion is still awaited (September 2018).

The reply of the Board and the Ministry is not tenable because Audit found that Rajasthan had submitted its Master Plan to the Board for examination and approval, irrespective of consensus. Keeping in mind the hierarchy of plans, in Audit opinion, integration and harmonisation of Master/Development Plan with the RP and SRP can be better ensured by approval of the Master Plan by the Board. The main function of the Board is to control the land use by prescribing the policy and development of infrastructure in NCR, which remained largely unfulfilled. Board itself in its Annual Report (2016-17) has asserted that in view of the rapid urbanisation and growth, the region is facing threat by way of haphazard unplanned development, unauthorised construction, conversion of good agricultural land for non-agricultural uses and encroachments.

(e) Inadequate coordination and monitoring of the implementation of RP

The Board has to ensure coordination and monitoring of the implementation of RP 2021 at various levels through the meetings of the Board**,** Planning Committee (PC), etc. Further, as per NCRPB Rules 1985, the Board is to ordinarily meet at least once in every six months for transaction of business. For effective monitoring and regular implementation of the RP 2021, the State Level Steering Committee (SLSC) is to meet every quarter to discuss steps to be taken for implementation of the policies and proposal of the RP; to coordinate the preparation of various plans as envisaged in the Act.

Audit observed that in the last six years, ending 31 March 2018, against 12 ordinary Board meetings as mandated in the NCRPB Rules 1985, only four meetings were conducted. There was a gap of more than one and a half years between the 34th and 35th meeting of the Board. During 2012-13 and 2014-15, no meeting of the Board was conducted. Further, although there were no timelines for conducting the PC meetings, during the last five years only seven meetings of PC were conducted.

Moreover, there was no regularity in conducting the meetings of the SLSC. In the last six years ending 31 March 2018, only 10 meetings (three each for Haryana and GNCTD, two each for UP and Rajasthan) were held against the envisaged 96 meetings. This indicates lack of commitment of the participating states in implementing the policies and proposals of the RP 2021 and correspondingly, the objective of effective implementation and regular monitoring of the RP 2021 was not pursued earnestly.

Holding of the Review meetings with the participating states and National Capital Region Planning and Monitoring Cell (NCRPMC) was also irregular. There were no timelines for conducting the Review meetings. In the last six years ending 31 March 2018, only eight meetings were held and all meetings were held between August 2015 and November 2016.

The Board and the Ministry in its reply stated (January/April 2018) that the observation of the Audit as regards to holding of Board meetings is factual. The SLSC is a High Level Committee at State level and the meetings are to be conducted by the Chief Secretaries of the States. The Board regularly follows up with the participating states regarding the lack of regularity in holding the meetings of SLSC. The NCRPB Rules is silent with respect to timelines for holding the meeting of PC. The meeting of the PC was called as and when required.

The reply of the Board and the Ministry is not tenable because holding of Board meetings is a statutory requirement as per NCRPB Rules 1985 and infrequent/non-conduct of meetings as envisaged is bound to have an adverse impact on the implementation of RP 2021. Further, in the absence of regular meeting of the SLSC, coordination and monitoring of the implementation of the policies and proposals contained in RP 2021 could not be ensured.

(f) Delay in delineation of Natural Conservation Zone (NCZ) in NCR

Major natural features, identified as environmentally sensitive areas, like the extension of Aravali ridge in Rajasthan, Haryana and NCTD, forest areas, the rivers and tributaries of major rivers, sanctuaries, major lakes and water bodies were demarcated as NCZ in the RP 2021.

Audit observed that the boundaries of NCZ in RP 2021 were tentative as it was prepared (July 2005) on the basis of satellite imagery of 1999 i.e. without ground truthing or a delineation study of NCZ. Only when the concern was raised (March 2014) by the MoEF &CC, about the mapping and delineation of forests and other ecologically sensitive areas, the Board in its special meeting held (April 2014), took the decision for delineation of NCZ by each participating State, based on detailed ground truthing along with verification of state revenue records. The work of delineation of NCZ was to be completed within three months, i.e. by October 2014, but the same has not been completed (September 2018).

The Board and the Ministry, in its reply (January/April 2018), accepted that the regional land use as per RP 2021 was prepared through National Remote Sensing Centre (NRSC) on the basis of satellite imageries of 1999 and limited ground truthing was conducted. In the existing land use maps of draft revised RP 2021, the NCZ was tentatively marked. Due to constraints of regional scale, the demarcation of exact land boundary of spatial features such as NCZ could not be precisely carried out in the RP 2021. Further, the matter of delay in delineation of NCZ is being regularly followed up with the participating states and in the 37th meeting (December 2017) of the Board, the States have been directed to expedite and complete the delineation in time.

The Board and the Ministry accepted the audit observation. The fact remains that delay in delineation of NCZ has resulted in non-finalisation of SRP of Haryana and RRP 2021 and adverse implications for environmental issues. As per the analysis done by National Remote Sensing Centre (NRSC), green areas have reduced from 4.26 *per cent* in 1999 to 3.30 *per cent* in 2012 which is much lower than the proposed green areas of 10 *per cent* in RP 2021. Further as per the analysis (June 2015) of the Board, there has been decline in NCZ vis-a-vis figures contained in the RP 2021(notified in September 2005). The decline in respect of NCTD was 15.43 *per cent*, while it was 43.88 *per cent* in case of Uttar Pradesh, 25.97 *per cent* in case of Haryana and 11.18 *per cent* in case of Rajasthan. Evidently, there has been consistent decline in NCZ in NCR. The work of delineation of NCZ was to be completed within three months, i.e. by October 2014; however, despite lapse of more than four years, the same has not been completed so far.

Audit noticed that despite the importance accorded for green buffer and NCZ in a chapter on Regional Land uses incorporated in RP 2021, there has been no improvement in the green area and NCZ in NCR. In fact, the position has deteriorated over a period of time. The lack of effectiveness of the Board is thus self-evident.

(g) Financial management did not assure effective implementation of RP

The Ministry of Housing and Urban Affairs provides plan and non-plan grants to the Board. Plan grants are provided for the implementation of RP whereas Non-Plan grants are provided for meeting expenditure towards salaries and allowance and other office expenses. The Board has also raised funds through floatation of Bonds and loan from Asian Development bank (ADB) and KfW[2]. The Board borrowed funds @ 1.67 *per cent* and 1.83 *per cent* from ADB and KfW, respectively. Loans are granted

[2] ***The German Development Bank (KfW), is a German government-owned development bank.***

to participating states for capital projects at a rate of interest ranging from 7 *per cent* to 8.5 *per cent*. The Board earns interest on the loans granted to the participating state and fixed deposits.

Audit observed that during the period 2012-13 to 2015-16, there was a consistent rise in investment of funds in the Fixed Deposit Receipts (FDRs) and consequent fall in granting of loans to the participating states. As a result, during the period 2012-13 to 2016-17, interest earned from FDRs rose from ₹98.08 crore to ₹220.54 crore while the interest earned from disbursement of loans fell from ₹231.23 crore to ₹158.45 crore. However, during 2016-17, there was a sharp rise in disbursement of loan, due to which less funds were invested in FDRs.

Further, Audit observed that though the Board has raised the funds from KfW on the basis of the projects submitted by the participating states, the Board was not able to disburse the total amount of loan of ₹746 crore received from the KfW fully to the participating states and its Implementing Agencies (IAs) due to inability of the states to comply with the procurement procedures of the banks, time taken by states to adopt environmental & social safeguards as per terms of the loans. As a result, since 2012 onwards, the Board paid commitment charges of ₹6.01 crore on the undisbursed loan from the KfW, as per the term of the agreement, i.e. non-refundable fee of 0.25 *per cent* on the undisbursed loan amount.

The Board and the Ministry in its reply (November 2017/January 2018) stated that during the last four years the loan disbursement went down due to code of conduct for elections in participating states and Centre. The prevailing rate of interest for investment in banks FDR was higher as compared to the rate of interest of financial assistance by the Board. The Board disbursed ₹1,654 crore and ₹1,550 crore in 2016-17 and 2017-18, respectively and the surplus funds have shrunk to ₹1,150 crore. Regarding, commitment charges paid to the international funding agencies Board stated that it is an integral part of the loan agreement. The infrastructure projects are implemented in a phased manner which generally have 3-4 years implementation period. The loan from ADB & KfW is claimed on reimbursement basis. The commitment charges are to be paid till final reimbursement from ADB/ KfW.

The Board and the Ministry's reply is not tenable as code of conduct cannot be applicable for four years continuously in all the participating states and being a non-profit making body, the Board's objective is to provide funds for development projects rather than raising loans at cheaper rate and investing them at higher rates, to earn interest income. Regarding payment of commitment charges, the fact remains that the Board did not identify enough infrastructural projects for availing the complete loan facility.

(h) Irregularities in granting of loans

As per the Act, the Board has "to arrange for, and oversee the financing of selected development projects in the NCR through Central and State Plan, funds and other sources of revenue". The Board provides funds to projects related to land development, transportation, sewerage, drainage, water, power generation, transmission and distribution etc. Audit selected 27 completed (out of 82) and 17 ongoing projects (out of 51) for examination and following was observed in this regard**:**

- In two projects, the Board released loan without fulfillment of terms and conditions of loan sanction letter. In case of Anand Vihar Housing Scheme of Hapur Pilkhua Development Authority (HPDA), Sewerage Treatment Plant (STP) was yet to be constructed, as stipulated, resulting in discharge of untreated sewerage into large drain, which was against the Environmental Protection Act 1986. In case of "Construction of Medical College with Teaching Hospital" in Mewat, Haryana, the Board released (18 November 2010) two instalments of loan amounting to ₹113.33 crore, despite environmental clearance and conversion of land use etc being pending. The project which was to be completed by May 2011 was completed in May 2015.

- In two projects funds were released despite non-availability of land with IAs. In cases of "Alwar Water Supply Upgradation Project" and "Water Supply Scheme for Nalhar Medical College and Nuh Town" the Board did not ensure availability of requisite land prior to releasing the loan of ₹43.72 crore and ₹90.13 crore, respectively. The projects which were to be completed by November 2016 and August 2016, respectively, are yet to be completed (June 2019).

- In two projects, there was absence of agreement/relevant clauses to protect financial interest of the Board. In case of "Improvement by way of four laning of five roads in Rewari" the project which was to be completed by November 2010 was completed in February 2016. However, no liquidated damages were levied as there was no such clause in the loan agreement. In case of "Multi Modal Transit Centre (MMTC) projects at Sarai Kale Khan and Anand Vihar", no agreement was signed by the Board with GNCTD and the project was non-starter due to which commitment charges paid (₹69.96 lakh) to Asian Development Bank (ADB) on undisbursed loan could not be recovered from GNCTD.

- In a case of Construction of Multi-story office building at Karkardooma Institutional Area at Shahdara South in the NCTD, the Board financed (₹76.24 crore) the project for office building which was not covered under any elements of the RP 2021. The Board had released ₹20 crore in September 2014 and the stipulated date of completion of project was September 2016 but the work was awarded in the month of October 2017 and the same is yet to be completed (June 2019).

Delay and non-completion of projects not only highlights poor implementation and monitoring of the projects by the Board but has also denied envisaged benefits to the general public. The details of the audit finding are in **Annexure-III.**

4.1.7 Conclusion

Objectives of the Board include coordinating and monitoring the implementation of the RP; and evolving harmonised policies for control of land uses and developing infrastructure in the region so as to avoid any haphazard development of the region. Audit noticed that the Board was unable to accomplish either of the two objectives.

A coordinated approach for regional development could not be ensured by the Board as the SRPs were not finalised in time by all participating states. Approval of Master/ Development Plan of various towns in the sub regions was not ensured.

Although the Board has prescribed the land use policy in the RP 2021, it does not have the corresponding powers to enforce these policies. Despite Court directive, the Board was not approving the change of land uses.

The loan disbursement function was not very active as most of the funds were parked as FDRs. While disbursing loans, the Board could not ensure fulfillment of necessary conditions as brought out in the report. As such, the Board could not play an effective role in ensuring harmonised and balanced development of the NCR.

4.1.8 Recommendations

- The Board should review the RP once every five years, as mandated. For an effective and integrated planning, all the plans in the hierarchy should be prepared in a stipulated timeframe and the Board should review, examine and approve the Master/Development Plans for better integration of plans.

- For effective monitoring of the violation of RP, an independent and credible mechanism should be established and all the development projects in the region may be monitored by the Board.

- For better coordination and monitoring of implementation of policies and proposals of RP, statutory meetings of the Board and all consciously constituted committees should be held within the stipulated time frame and the NCRPMCs may be made more performance oriented.

- Delineation of NCZ by each participating State, based on detailed ground truthing along with verification of state revenue records may be conducted in a time bound manner.

- Funds available to the Board should be utilised for the purpose of granting of loans to the participating states and not for investment in FDRs.

Central Public Works Department

4.2 Deficiencies in implementing the work relating to construction of residential quarters for the Staff and Officers of Lok Sabha Secretariat (LSS), R.K. Puram, New Delhi

CPWD accorded various extensions to the work without taking any concrete action to recover penalty despite a delay of more than 29 months in execution of the work. Delay of a substantial part of time was caused due to lapses on the part of CPWD also.

For construction of residential quarters for the Staff and Officers of Lok Sabha Secretariat (LSS) at Sector-II, R. K. Puram, New Delhi, foundation stone laying ceremony was held on 7 April 2008. Central Public Works Department (CPWD) submitted the Preliminary Estimates (PE) for the project amounting to ₹76.39 crore in October 2009 wherein the completion period for the project was stated as 24 months. PE contained estimates for the construction of 32 residential quarters each of Type II and III, 72 residential quarters of Type IV and 48 residential quarters of Type V along with servant quarters etc.

Administrative Approval and Expenditure Sanction (AA&ES) was accorded by the LSS on 18 March 2010 and the composite tender for the main work, containing civil as well as electrical portions, was called for in February 2011. A pre-bid conference was held on 3 March 2011 and the financial bids were opened on 4 May 2011. In June 2011, the tender for the main civil construction work was awarded to M/s Winner Construction Private Limited on their tendered amount of ₹48.05 crore (9.38 *per cent* above the estimated cost of ₹43.93 crore). The stipulated date of start and completion was 7 July 2011 and 6 November 2012, respectively.

Besides the main construction work, 31 agreements under civil and 15 agreements relating to electrical works were also entered into by CPWD for the above project. Out of these, six works of civil and five works of electrical were selected for detailed scrutiny by Audit.

During the scrutiny of records, Audit observed the following:

4.2.1 Delay in achievement of milestones in civil construction work

The main civil construction work was started on 7 July 2011 and was divided into ten milestones, with last milestone proposed for completion within 16 months from stipulated date of start of work viz. 6 November 2012.

Examination of records revealed that there were substantial delays in work and only two of the given milestones, that were to be completed within 6.5 months from start of work, were achieved by the contractor on time and CPWD rescheduled the milestones on 15 May 2012 with the completion of tenth milestone being shifted from 6 November 2012 to 6 March 2013. However, even the revised milestone of March 2013 was not achieved. CPWD kept according time extensions to the contractor without taking any concrete action to levy penalty. Last extension was granted till 30 April 2015. The work was completed on 24 April 2015, more than 29 months late from the initial scheduled completion date.

As per communication of CPWD to the contractor, there was an overall delay of 899 days in execution of the Project. Out of these 899 days, a delay of 303 days (33 *per cent*) was termed 'justified' by CPWD which indicates that this was the delay on the part of CPWD. Various delays recorded in hindrance register of CPWD that were attributable to CPWD were delay in the works like non-availability of structural and architectural drawings of basement block from 7 July 2011 to 22 February 2012, non-availability of proper layout of piles for Type-V quarters from 15 July 2011 to 8 September 2011, non-availability of piling caps reinforcement details for Type V/III/II quarters from 1 October 2011 to 4

November 2011, non-availability of budget from 12 November 2012 to 13 February 2013, etc.

As per Clause 2 of the agreement for the main civil construction work, if the contractor fails to maintain the required progress in terms of Clause 5 or to complete the site on or before the contract or extended date of completion, contractor would be liable to pay compensation at the rate of 1.50 *per cent* per month of delay subject to a limit of 10 *per cent* of the tendered value of work. A penalty of ₹4.81 crore was levied by CPWD on the contractor however, the same was turned down by the Arbitrator mainly on the grounds that operation of Clause 2 was possible only when the work remained incomplete on extended date under Clause 5. Hence, when the work was completed within the time as extended by CPWD under Clause 5, no compensation can be levied under Clause 2 and hence, levying of compensation under Clause 2 was held to be illegal.

Scrutiny of records showed that penalty under Clause 2 of the agreement was levied by CPWD only after work was completed and post-inauguration of the building premises instead of levying penalty under Clause 2 of the agreement immediately after it became evident that the contractor was unable to achieve the milestones/revised milestones. CPWD took no concrete action and kept on according extensions till 30 April 2015.

In reply (June 2017) CPWD stated that the work was to be completed by 6 November 2012 but the contractor failed to maintain the progress of work due to poor workmanship, mismanagement, inadequate machineries, labour material etc. CPWD further stated that the civil work was completed on 24 April 2015 against the stipulated date of completion as 6 November 2012. The extension of time was granted with levy of compensation for ₹4.81 crore under Clause 2 of the agreement.

CPWD further stated (November 2018) that there were hindrances from client department and the site conditions. It further stated that design and drawings for covering *Nallah* was the main reason for delay in work.

CPWD also stated (July 2019) that it took immediate action by imposing levy of compensation amounting to ₹4.81 crore. It further took legal advice to challenge the decision of arbitration. However, legal authorities opined that arbitration award is not challengeable therefore, withheld amount had to be refunded.

The reply of CPWD needs to be viewed against the fact that penalty on account of Clause 2 of the agreement had been levied only after inauguration of project which was turned down by the Hon'ble Arbitrator in their judgement as mentioned above. Moreover, arbitration award was not found challengeable. So far as delay due to covering of *Nallah* was concerned, this work was completed much before the start of this project in April 2010[3].

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[3] ***Though this project was awarded in June 2011, some pre-construction activities were going on even before that.***

4.2.2 Non-compliance to composite tender norms

As per para 15.4 of CPWD Works Manual 2010, system of composite tendering was to be followed for all kind of building works (irrespective of cost) which would include components of all internal electric installation and some other internal works. In case of works costing up to ₹10 crore, the Additional Director General (ADG) in-charge of the region might dispense with the system of composite tender on case to case basis and on the recommendations of Zonal Chief Engineer. System of composite tendering is to be followed for all kind of building works costing more than ₹10 crore.

Audit scrutiny revealed that the CPWD had split the AA/ES for the Type II to V quarters, amounting to ₹76.39 crore into 18 civil works and 15 electrical works during 2011-12 to 2015-16 though many of these works could have been included within the main work like modular kitchen, steel cup boards, fixing stainless steel railing and floor tiles for sands for physically challenged etc.

The splitting of work shows that the planning for the entire work was not handled effectively. Further, Audit also did not find any records wherein approval of competent authority (ADG), had been taken for splitting the work. Splitting of work not only resulted in violation of codal provisions in the works manual, but may also have delayed the execution of work since these works had overlapping timelines and initialisation of any one work was dependent upon the completion of another related work.

In the reply (June 2017 and November 2018) CPWD stated, that the department had got executed those works which were not in the scope of the agreement and as per site requirement and on requisition/sanction of the client department (LSS). There were no splitting of works and all works were awarded by calling tenders and with no undue benefit given to any contractor.

CPWD also stated (July 2019), that contractor was not able to cope-up with the progress of work. Action was initiated by the department to get the work executed through other agencies at the risk and cost of original contractor. Construction of boundary wall, modular kitchen in servants quarters and covering of remaining portion of *Nallah* behind Ayappa temple were executed against separate AA&ESs.

The reply of CPWD is not acceptable as all the sanctions would have been given by client department (LSS) as per Preliminary Estimate framed by CPWD or on the basis of requirement floated by CPWD. CPWD did not cover all segments required and floated repeated tenders. In respect of electric works also, 15 agreements for electrical work could have been done in one composite tender. Further, executing work at the risk and cost of main contractor has no relation with composite tender system not being followed. Audit has only pointed out non-compliance of composite tendering in respect of 18 civil agreements, which were executed under one AA/ES (₹76.39 crore). The works/agreements cited by CPWD in their reply are beyond 18 civil agreements.

4.2.3 Execution of works as extra items instead of their inclusion in the main agreement

As per para 4.2.1 (2) CPWD Works Manual 2010, detailed estimate should be prepared as comprehensively as possible for all works to be undertaken. However, during the examination of the records, it was seen that many items, which should have been included in the main agreement for construction were got executed as extra items by the contractor, thereby giving undue advantage to the agency by allowing it to claim reimbursement for these additional items at market rates. The details of major extra items are given in **Annexure-IV**.

For carrying out the work related to various extra items such as providing and applying white cement based putty over the plastered wall surface, providing and fixing M.S. grills of required pattern in frames of window, priming coat with approved steel primer all complete, Core cutting on RCC walls, floors and roofs slab etc, a total payment of ₹1.65 crore was made to the contractor at market rates.

CPWD replied (June 2017 and November 2018) that extra items allowed were required to be executed essentially as per site requirement and these were executed vide provisions in Clause 12 of the agreement, which deals with execution of extra items (new items) at market rates. These were sanctioned by the Competent Authority and expenditure on additional items was within AA&ES.

CPWD also stated (July 2019) that estimation of work is always a broad idea. Actual site conditions varies from the estimated, hence need of extra items arises.

The reply of CPWD needs to be viewed against the fact that nature of works mentioned in **Annexure-IV** shows that these could very well have been included in the main agreement, and thereby payment for these items on market rate could have been avoided.

4.2.4 Non-levy of penalty for non-furnishing of progress report by contractor

As per para 16 (v) of General Conditions for Civil Works, of the agreement, contractor was to give the Engineer-in-Charge on fifth day of each month, a progress report in MS Project with base line programme for the work done during the previous month. A recovery of ₹2,000 was to be made on per day basis in case of delay in submission of the above programme.

However, scrutiny of records revealed that since the commencement of work (July 2011) till the actual completion of the work (April 2015), no monthly progress report in MS project was submitted by the contractor to CPWD except for the month of July 2011. There was a delay of 1118 days[4], which attract penalty of ₹22,36,000 (@ ₹2000 per day).

Non-submission of monthly progress report by contractor shows poor monitoring on the part of CPWD especially in view of the fact that there was an overall delay of 899 days in the completion of the project.

[4] ***Considering number of days in each month after fifth day of every month since September 2011 to April 2015.***

In reply (June 2017 and November 2018) CPWD stated that it appears from the records available that the Programme Chart in MS Project software were submitted by the contractor from time to time as stipulated in the contract. The penalty/levy for delayed completion of work maximum at 10 *per cent* of the tendered amount which works out to ₹4.81 crore was imposed under Clause 2 of the agreement and recovered from the final bill. In their recent reply (June 2019) CPWD stated that no such report is traceable in the record available with this Division office and the information may be treated as 'NIL'.

CPWD replies indicated that the claim that, the contractor provided reports from time to time as per the agreement was not true and was an additional proof that CPWD did not monitor even receipt of these documents.

In further reply (July 2019), CPWD stated that as per terms of the contract, once the progress report is submitted in required format, penalty is not imposable.

The reply of CPWD is not acceptable as document given in support of their reply showed that these only indicate estimated timeline for completion of work and do not include any details of progress made. Besides being in non-conformity of the agreement clause, non-submission of monthly progress reports by the contractor also pointed to lack of proper monitoring on the part of CPWD. Regarding imposing penalty of ₹4.81 crore, this has already been turned down by the arbitrator as already mentioned in para 4.2.1 and legal authorities in CPWD also found that decision of arbitration regarding turning down of levy of penalty was unchallengeable. As progress report only for the month of July 2011 was submitted by the contractor, penalty on account of non-submission of Progress Report for remaining months (August 2011 to April 2015) should have been levied by CPWD.

4.2.5 Award of tenders by electrical division without site clearance

Tender for the work "Providing Sprinkler and Down-Comer System" was awarded on 11 March 2013 to M/s Sai Fire Appliances Pvt. Ltd. at a tendered cost of ₹80.22 lakh. As per site order book, CPWD handed over the site to the contractor on 18 March 2013 and a period of six months was given to the contractor for completing the work with stipulated date of completion being 17 September 2013. CPWD directed the contractor to supply material on site on 27 June 2013 and 19 October 2013 and made part payment to the contractor for this material through first and second running bill of ₹12.03 lakh (8 July 2013) and ₹10.33 lakh (31 August 2013).

Scrutiny of records revealed that the work at site could begin only after a delay of seven months on 16 November 2013 and was completed on 16 December 2014 i.e. 15 months after the stipulated date of completion (September 2013). It was observed by Audit that the work could not begin on time since there were hindrances of 459 days (in five spells) which led to work at site being obstructed. These hindrances were mainly caused due to the contractor for the civil work not being able to complete the work on time.

Thus, without hindrance-free site being available, tender was called for and awarded by CPWD for electrical work and a payment of ₹22.36 lakh (₹12.03 lakh and ₹10.33 lakh) was made to the contractor for bringing material to the site which was not fully available. Besides being financially imprudent, this also showed lack of coordination between the Civil and the Electrical divisions of CPWD.

CPWD replied (June 2017 and November 2018) that the contractor brought the fire-fighting materials to the site but due to non-availability of site, the equipment could not be installed and payment was made to him by CPWD for procuring and bringing materials to the site for installation. CPWD also stated (July 2019) that the tender for the work was floated in anticipation of site clearance.

CPWD accepted that civil contractor failed to maintain the progress of work. Thus, awarding of tenders by Electrical Division much in advance without availability of site was not in order.

Thus, it can be seen that a work which was scheduled to be completed within 16 months took more than 45 months to complete. Despite claims of CPWD that delays were attributable to contractor, it could not recover any penalty from the contractor. Deficiencies on the part of CPWD included delays in providing of drawings, non-compliance to various provisions of CPWD manual, deficient monitoring of work, lack of co-ordination in works of different divisions etc. Hence, CPWD needs to improve its system of execution as well as monitoring of works, so that timely action is taken to impose penalties in case of delays/laxity on the part of contractors and to take mid-course corrective actions to avoid recurrence of cases of such delays in future.

4.2.6 Recommendations

- Tender should be floated/awarded after getting site clearance for better financial management.
- Provision of CPWD manual regarding composite tendering should be followed scrupulously, to avoid delays and overlapping timelines.
- CPWD provisions relating to preparation of detailed comprehensive estimate should be adhered to strictly, to avoid excess payment at market rates.
- Monitoring of work of contractors should be done continuously and action to recover penalties, wherever applicable, should be initiated in time.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.3 Excess payment of ₹1.36 crore to the contractor

An excess payment of ₹1.36 crore was made to the contractor due to adoption of wrong price index for calculation of escalations on cement and steel.

Clause 10 CA of the Central Public Works Department (CPWD) Works Manual, provided for varying the amount of contract due to increase or decrease in prices of various materials pertaining to the work. This clause is applicable for allowing adjustment in cost of work due to variation in prices of costly materials constituting substantial part of the work. The authority inviting tenders, could consider bringing material like cement, steel reinforcement bars, structural steel, etc. under the ambit of this clause.

As per Office Memorandum (OM) dated 14 October 2008, issued by Director General of Works (DGW), CPWD, the base price for calculating escalations in respect of cement, steel reinforcement bars and structural steel would be the price index as issued by the

DGW, as valid on the last date of receipt of tenders including extension, if any. Further, OM dated 31 December 2008 issued by the DGW, made it mandatory to mention the base price of all materials covered under Clause 10 CA at the time of approval of Notice Inviting Tender (NIT).

CPWD approved (November 2008) an NIT for the work 'Construction of 400 Type III quarters including internal water supply, sanitary installations and internal electrical works' at Dev Nagar, New Delhi. After evaluation of the financial bids, three firms were declared qualified (January 2009) by the competent authority. The firms were asked to submit modified financial bids as the earlier financial bids, which were lying unopened, were received prior to issue of OM dated 31 December 2008. Last date for submission of modified financial bids was 7 February 2009. The lowest bidder M/s Unity Infra Projects Limited was requested (August 2009) to take possession of site and start the work. The negotiated cost of the project was ₹72.20 crore. The stipulated date of completion of work was 18 August 2011. Cost escalations in this NIT were covered under Clause 10 CA.

Scrutiny of records in audit revealed that subsequent to the issuing of the OM dated 31 December 2008, a modified NIT was issued (21 January 2009) for the work. This modified NIT specifically mentioned the base price of items to be covered under the ambit of the escalation clause for cement, steel reinforcement bars and structural steel.

Scrutiny of records in audit revealed that while the base prices mentioned in the modified NIT were as per the base prices issued by the DGW on 12 January 2009 which were prevailing on the last date of receipt of tender, however, the price indices considered for calculating the escalation were those prevailing on 13 February 2009 i.e. after last date of receipt of tenders. The price index issued by the DGW for these base prices, although not mentioned in the NIT was different from the price index on which escalations were worked out by CPWD as shown in the Table 4.1 below:

Table 4.1: The Price Index on last date of receipt of tender and Price Index considered for escalations by CPWD

Material	Price index issued by the DGW and prevailing at the time of last date of receipt of tenders	Price index considered by the CPWD for computation of escalations
Cement	95.00	94.53
Steel Reinforcement Bars	112.00	103.00
Structural Steel	105.00	104.00

The work was completed on 23 November 2013. Based on the escalation statements (August 2009 to May 2013), CPWD paid ₹3.08 crore[5] to the Contractor for escalations on account of increase in the prices of Cement and Steel for the work. However, in October 2014, CPWD revised the escalations to ₹3.05 crore[6] and ₹3.53 lakh was adjusted (January 2015) in the final bill.

[5] ***Cement ₹79,65, 072 + Steel Reinforcement Bars ₹2,03,52,463 + Structural Steel ₹25,10,542***

[6] ***Cement ₹78, 33,677 + Steel Reinforcement Bars ₹2,07,64,745 + Structural Steel ₹18,76,019***

Audit calculated the escalation and observed that as per the applicable index on the last date of receipt of tender, only ₹1.69 crore was payable to the contractor. Therefore, by considering a price index, not prevailing at the time of last date of receipt of tender, in contravention of the OM dated 31 December 2008, an excess payment of ₹1.36 crore was made to the contractor on account of wrong calculation of escalations on cement and steel.

Accepting the audit observations, CPWD stated (September 2017/July 2018) that all efforts were being made to recover the said amount from the contractor.

However, after reporting the matter to the Ministry of Housing and Urban Affairs in July 2018, CPWD contrary to their earlier replies, stated (November 2018) that indices of February 2009 have been correctly adopted since the last date of receipt of tender was 7 February 2009 and indices of material issued on 13 February 2009 were applicable for the whole of the month of February 2009 i.e. from 1 February 2009.

Above reply is not acceptable in view of the following:

- Considering a price index, not prevailing at the time of last date of receipt of tender, is in contravention of the OM dated 31 December 2008 as per which price index as valid on the last stipulated date of receipt of tenders has to be considered. An index issued on 13 February 2009 cannot be said to be valid on 7 February 2009, which was last date of receipt of tender.
- In the subsequent years, CPWD has defined the index which has to be considered as the base for working out the escalation as the price index for cement, steel reinforcement bars, structural steel and POL as issued by the DG, CPWD and corresponding to the time of base price of respective material indicated in Schedule 'F'. As base prices mentioned in that Schedule were corresponding to price index issued on 12 January 2009, adopting price index of 13 February 2009 was not correct.

Hence, adoption of a wrong price index for working out escalation by the CPWD resulted in excess payment of ₹1.36 crore to the contractor.

The matter was referred to the Ministry in July 2018; their reply was still awaited (September 2019).

Directorate of Printing

4.4 Avoidable payment of electricity charges - ₹1.88 crore

It was observed that actual consumption of electricity in terms of the Contract Demand during the period 2007-08 to 2017-18 was persistently lower, in Government of India presses (Minto Road and Mayapuri) than the Contract Demand agreed upon. As a result, the above two presses had to incur avoidable expenditure of ₹1.88 crore.

As per Delhi Electricity Regulatory Commission (DERC) (Performance Standards – Metering & Billing) Regulations 2002, the application for load reduction shall be accepted after two years from the original sanction. Subsequently, modified Regulations in April 2007 also contained a similar provision for load reduction in respect of connections having load above 100 Kilo Watt (KW). These regulations defined 'Contract Demand' as the demand in KVA (Kilo Volt Ampere) as provided in supply agreement, for which the licensee makes specific commitment to supply from time to time subject to the governing conditions. The Demand Charges meant the amount chargeable for the billing cycle or billing period based upon the Billing Demand in KVA where Billing Demand for the purpose of billing meant the highest of (i) the Contract Demand (ii) the Maximum Demand Indicator (MDI) by the meter during the billing cycle, or (iii) the sanctioned load wherever Contract Demand had not been provided in the supply agreement. Thus, in cases where actual utilised Contract Demand was lesser than the agreed Contract Demand, the payment was to be made for the full Contract Demand as per the agreement entered upon.

During audit of two Government of India Presses (GIPs) situated in New Delhi, GIP, Minto Road and GIP, Mayapuri, it was observed that actual consumption of electricity in terms of the Contract Demand during the period 2007-08 to 2017-18 was persistently lower, in both the Presses, than the Contract Demand agreed upon, as a result of which GIPs had to incur avoidable expenditure of ₹1.88 crore as per details given below:

4.4.1 Government of India Press, Minto Road, New Delhi- (GIP, MR)

An electricity supply agreement was entered by the GIP, MR on 28 September 1985 with M/s Delhi Electric Supply Undertaking, Municipal Corporation of Delhi (distribution transferred to M/s BSES Yamuna Power Limited from 2004) for supply of electricity of Contract Demand of 1000 KVA (HT 11KV). The connection at the GIP, MR was sanctioned in the tariff category of Non-Domestic-HT (High Tension) with supply type "HT (11KV)".

Audit analysis of electricity bills made available by the GIP, MR for the period April 2007 to March 2018 revealed that consumption ranged between 132 KVA to 396 KVA only. Hence, Contract Demand ranging between 604 KVA to 868 KVA out of 1000 KVA remained unutilised. Consumption was less than 350 KVA in 127 months out of 132 months of the period audited. Therefore, on a conservative basis, 350 KVA of Contract Demand was sufficient, for the GIP, MR. Thus, Contract Demand of 650 KVA remained unutilised in each month. However, as per the rules of DERC, the avoidable charges had to be paid for the entire Contract Demand resulting in avoidable payment of ₹1.16 crore.

The issue was referred to the Management of GIP, MR in July 2017 and again in August 2018. In reply, the Management stated (June 2018) that they had written (August 2017) to the Executive Engineer (Electrical) of CPWD and requested for re-assessment of load.

In November 2018, the Management replied that contract demand could not be utilised due to less number of operative staff and frequent breakdown of machinery. They further stated that after being brought into notice by the Audit, action was initiated in August 2017 and application for reduction of load to 250 KW/KVA has been submitted to M/s BSES Yamuna Power Ltd. in October 2018. In the subsequent reply (January 2019), the Management stated that the sanctioned load has been reduced from 916 KW to 250 KW from the month of November 2018.

4.4.2 Government of India Press, Mayapuri, New Delhi

The Government of India Press, Mayapuri (GIP, MP) had also taken a Contract Demand of 802 KVA from M/s BSES Rajdhani Power Limited. Scrutiny of electricity bills for the period April 2007 to March 2018 revealed that the actual consumption was between 120 KVA to 456 KVA only. Actual consumption was less than 400 KVA in 120 months out of 132 months. Therefore, around 50 *per cent* Contract Demand remained unutilised during the period of audit analysis from April 2007 to March 2018. However, as per the rules of DERC, the avoidable charges had to be paid for entire Contract Demand resulting in avoidable payment of ₹0.72 crore.

The issue was brought to the notice of GIP, MP in September 2017, June 2018 and October 2018. In reply, the Management stated (March 2018) that after approval from the Directorate of Printing, Ministry of Housing and Urban Affairs, (the Ministry) M/s BSES Rajdhani Power Limited had been requested (March 2018) to grant approval for reduced Contract Demand of 400 KVA. In October 2018, the Management replied that Contract Demand had been reduced to 400 KVA.

The replies of the Management confirmed the fact that excess Contract Demand existed in both the GIPs for more than 10 years. This resulted in avoidable recurring expenditure of ₹1.88 crore (₹1.16 crore plus ₹0.72 crore) during the period April 2007 to March 2018 as per details in **Annexure-V.** The instances of avoidable payment mentioned in the audit observation are those which were observed in two GIPs located in Delhi. Besides these, the Ministry has 10 other GIPs located in Delhi and elsewhere in India. The Ministry may ensure that occurrences of similar instances are examined and verified again to obviate the possibility of similar irregularities.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.5 Non-recovery of dues of printing charges amounting to ₹94.74 crore

Due to lack of effective monitoring mechanism for recovery of dues, the Directorate of Printing could not recover printing charges which had accumulated to the extent of ₹94.74 crore as on 31 March 2018 and were outstanding for a period up to 41 years.

The Directorate of Printing (DoP), an attached office of the Ministry of Housing and Urban Affairs (the Ministry) is responsible for executing printing jobs of all the Ministries/Departments of Government of India along with printing of publications and forms of various Ministries/Departments. Presently, 12 Government of India Presses including Government of India Press, Ring Road, Mayapuri, New Delhi (GIP) are functioning under the administrative control of DoP. After executing the printing job, the cost of printing is realised from the indenters by raising printing cost bills on the basis of costing system based upon Proforma Accounts approved by the DoP. GIP caters to the printing requirement of various Government Ministries and Departments including State Government of National Capital Territory of Delhi (GNCTD), various autonomous bodies, Public Sector Undertakings etc.

Audit of the GIP is taken up regularly and the issue of non-recovery of printing charges has been raised in audit many times. This audit was undertaken to derive an assurance that GIP was effectively pursuing the cases of non-recovery of dues. Scrutiny of the records of GIP revealed as under:

4.5.1 Increasing trend in outstanding printing charges year by year

As of March 2018, GIP had to recover printing charges of ₹94.74 crore from various entities. It was noticed that the outstanding amount at the end of the year had been increasing (except in 2017-18) as shown in Table 4.2:

Table 4.2: Outstanding printing charges during the period 2012-13 to 2017-18

(₹ in lakh)

Sl. No.	Year	Opening Balance	Bills raised	Less/add bills revised during the year for previous/ current year	Total amount recoverable	Amount recovered	Outstanding printing charges
1.	2012-13	4,628.83	4,032.62	-11.82	8,649.63	2,905.30	5,744.33
2.	2013-14	5,744.33	3,914.42	-7.43	9,651.32	2,703.80	6,947.52
3.	2014-15	6,947.52	4,790.46	-53.31	11,684.67	2,699.15	8,985.52
4.	2015-16	8,985.52	3,469.27	4.51	12,459.31	3,048.32	9,410.99
5.	2016-17	9,410.99	2,106.71	0.25	11,517.95	1,863.33	9,654.62
6.	2017-18	9,654.62	2,756.86	-2.69	12,408.79	2,934.62	9,474.17

Further, year-wise details of outstanding printing charges as on 31 March 2018 are given in **Annexure-VI**. Age-wise analysis of the outstanding printing charges revealed that ₹2.05 crore and ₹2.70 crore pertained to the period 1976-77 to 1989-90 and 1990-91 to 1999-2000 respectively and was therefore more than 18 years to 41 years old.

4.5.2 GIP failed to recover recent as well as old printing charges

Out of total outstanding printing charges of ₹5.35 crore up to the year 2000-01, the GIP failed to recover any amount till 2015-16 to 2016-17. Similarly, against the outstanding printing charges of ₹3.12 crore for the period 2001-02 to 2004-05, an amount of ₹0.10 lakh i.e. 0.03 *per cent* was recovered. Further, recovery of outstanding printing charges during 2015-16 to 2016-17 in respect of printing charges pertaining to the period 2005-06 to 2014-15 was also not very satisfactory as against the outstanding amount of ₹81.37 crore, an amount of ₹39.05 crore was recovered during 2015-16 to 2016-17. During 2017-18 also, GIP could not recover dues for the period upto 2003-04 except ₹3,714 for the year 1997-98. Nothing was recovered out of ₹1.66 crore due for the year 2012-13 and meager amount of ₹0.19 crore (0.69 *per cent*) was recovered out of ₹28.49 crore due for 2015-16.

Thus, GIP not only failed to recover the long outstanding printing charges pertaining to 11 years to 41 years ago but also failed to recover printing charges pertaining to a comparatively recent period of less than 10 years old.

4.5.3 Non-achievement of targets set for recovery of outstanding dues

Though targets were fixed for recovery of printing charges, the achievement there against always remained low since 2012-13, as shown in Table 4.3 below:

Table 4.3: Targets and achievements in respect of recovery of printing charges

(₹ in crore)

Sl. No.	Year	Target	Achievement	Achievement in percentage
1.	2012-13	37.31	29.05	78
2.	2013-14	45.73	27.03	59
3.	2014-15	52.06	26.99	52
4.	2015-16	66.95	30.48	46
5.	2016-17	Not furnished	18.63	-
6.	2017-18	59.00	29.34	50

4.5.4 Long outstanding printing charges of ₹5.01 crore from GNCTD

Entity-wise details of printing charges to be recovered as of 31 March 2018 are shown in **Annexure-VII**. A perusal of Annexure VII revealed that ₹5.01 crore was outstanding from the GNCTD as on 31 March 2018. Audit noticed that printing charges of ₹0.31 crore pertained to a period ranging from 28 years to 41 years ago while ₹0.77 crore pertained to those of 7 years to 27 years ago as shown in **Annexure-VIII**. This indicates that GIP failed to recover huge amount for a very long period from the Government/Department which does not directly come under any Ministry/Department.

4.5.5 Lack of pursuance for recovery of outstanding printing charges

In April 2016, DoP conveyed to all Government of India Presses that the Ministry had directed that some extra efforts should be made to recover the huge old outstanding amount by personally contacting the indenting departments/offices. The Head/Officer-in-charge of GIP was, therefore, advised to depute two officials from the present strength of the Press who may efficiently perform the job of making the recoveries from the indenters by visiting their places and sorting out the problems/ difficulties in making the payment by them to fast track the recoveries. DoP further desired that the status report/ progress may be intimated to DoP on a fortnightly basis.

Accordingly, GIP constituted (June 2016) a team of two officials and a sub-team for recovery of outstanding printing charges from various indenters. However, despite constitution of team there was no considerable reduction in the outstanding dues. Further, audit scrutiny revealed that though GIP was forwarding the fortnightly status report/ progress, no action was being taken on these reports in DoP and these were simply being filed. In the absence of any further action or intimation to higher authorities, these reports didn't serve any fruitful purpose.

The matter was referred to DoP in August 2018. While admitting that due to non-availability of old records, the Press was unable to provide duplicate bills to Ministries/ Departments from 1976 to 2006, DoP in its reply (October 2018) stated that:

(a) Up to the year 2006, the Press adopted dual system of bill raising i.e. 'Provisional Bills' (raised on the approved rate available in the Press at that time to all Ministries/ Departments for their current indent year) and Final Bills (as per revised approved 'Common Hourly Rates' of the concerned year, based on audited 'Proforma Accounts' of the Press when such work was executed). It further stated that the Ministries/ Departments were reluctant to make payment of their printing indents twice, hence no recovery was made of final bills raised on the Ministries/Departments and this resulted in accumulation of huge printing charges.

(b) The total amount of bills raised in a year was not fully recovered from different Ministries/Departments due to non-availability of adequate funds for payments with them, which had resulted in accumulation of printing charges amount every year.

(c) Due to continuous steps taken by the Press, the outstanding printing charges from GNCTD had come down from ₹5.32 crore as on 31 March 2017 to ₹5.01 crore as on 31 March 2018.

(d) The efforts to recover the printing charges were still continuing and the Press had constituted a fresh team of officials by allocating Ministries/Departments. The raising of the printing charges bills and its realisation was a continuous process and the Press and DoP was making all efforts to recover the outstanding printing charges.

The reply of the DoP is not acceptable since:

(a) The dual system of billing was stopped/ discontinued after 2006. Despite that, the Press failed to recover the printing charges for the subsequent years and the amount recovered always remained less than the amount of bills raised, as brought out by Audit.

(b) It was the responsibility of the indenting Ministries/Departments to obtain the budget provision for their printing needs. Non-availability of funds with them cannot be accepted as a valid justification for non-recovery of the printing charges by DoP.

(c) The marginal recovery of ₹0.31 crore made during 2017-18 from GNCTD cannot be considered as a substantial achievement in recovery of outstanding dues.

Thus, due to lack of an effective mechanism for monitoring of the recovery of printing charges, the DoP could not recover printing charges of ₹94.74 crore as of March 2018 which were outstanding for a period up to 41 years.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.6 Avoidable expenditure on account of payment of water charges

Avoidable expenditure of ₹1.65 crore on account of payment of water charges on behalf of occupants of quarters during April 2012 to March 2018 and its irregular payment from the head 'Office Expenses' by Government of India Press, Mayapuri.

The Government of India Press (GIP), Ring Road, Mayapuri, New Delhi, under the administrative control of Directorate of Printing (DoP), Ministry of Housing and Urban Affairs (the Ministry), had 601 quarters under Type I to IV, and one Manager Bungalow since 1972. In July 2005, 182 quarters[7] were declared surplus and surrendered to Directorate of Estates (DoE) for allotment under "General Pool" Category.

GIP colony had a single water connection from Delhi Jal Board (DJB) and water was supplied to all quarters through pump house/overhead tank of GIP.

During audit, records pertaining to the period 2012-13 to 2017-18 were examined though GIP continues to pay water charges to DJB since 1972. In this regard, Audit observed the following:

- Water charges were paid by GIP in respect of all the 601 quarters under the head 'Office Expenses'. GIP paid ₹2.09 crore to DJB as water charges during April 2012 to March 2018 in respect of all the 601 quarters. Of this, an amount of ₹0.63 crore[8] (approx.) was paid in respect of the 182 quarters that were surrendered to DoE in 2005 and no amount could be recovered from the occupants of the surrendered quarters.

- GIP fixed the rate of charges to be recovered from allottees of staff quarters without taking into consideration the actual payment made to DJB. Thus, of the amount of ₹1.46 crore[9] approx. on account of 419 quarters allotted to the staff of GIP, only an amount of ₹0.44 crore could be recovered from the staff during April 2012 to March 2018. Thus, there was under recovery of ₹1.02 crore approx. from the staff on account of water charges.

- Delegation of Financial Powers Rules (DFPR) (Rule 8) stipulates that 'Office Expenses' will include all contingent expenses for running an office and Rule 26 (ii) of General Financial Rules (GFR) 2005 and 2017 prescribed that funds be used for the purpose for which they were provided. In view of these, the payment of ₹2.09 crore on account of water charges for staff quarters from the head 'Office Expenses' was unauthorised and in violation of the provisions of DFPR and GFR.

The Directorate of Printing (DoP) stated (October 2018) that consolidated water charges bill for bulk supply was raised by DJB in the name of GIP and therefore, payment had to be made even in respect of the 182 quarters surrendered in 2005 to avoid penalty/disconnection. It also stated that despite correspondence with DoE and CPWD, no fruitful result could be achieved regarding non-recovery of water charges in respect of the 182 surrendered quarters. Similarly, separate water meters could not be installed by

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7 *(122 Type-I and 60 Type-II)*

8 *In the absence of details of actual payment made to DJB for each type of quarter, total amount of payment made has been apportioned uniformly to 601 quarters. (₹2.09 crore/601)*182 quarters= ₹0.63 crore.*

9 *(₹2.09 crore/601)*419 quarters = ₹1.46 crore*

DJB despite taking up the matter time and again. DoP also stated that rates of water charges were revised in respect of occupants of GIP w.e.f. July 2018 and recovery was enhanced. DoP further stated that matter was being taken up with DoE/CPWD at Headquarters level and that the Resident Welfare Association of GIP colony also had now taken up the issue of installation of individual meters.

The reply of the DoP may be viewed in light of the following:-

a. Despite surrendering quarters in 2005, no arrangement for recovery from allottees could be made even after a lapse of 13 years since the surrender. In this regard, a joint meeting of Resident Welfare Association, Union representatives and Manager GIP was held in November 2011, to recover water charges from General Pool allottees or their respective offices. Despite this, no recovery from allottees of surrendered quarters was made.

b. GIP, fixed the rate of recovery of water charges from its own staff without taking into consideration the actual payment made to DJB. Despite revision of rate of recovery of water charges from allottees in July 2018, there remained a gap between amount paid to DJB and the amount recovered. During the period July 2018 to January 2019, this gap entailed a loss of ₹9.55 lakh to GIP.

c. GIP took up the issue of installation of individual water meters at the level of Office in-charge and only once at the level of Deputy Director. It is only in 2018 that DoP had decided to take up the matter at Headquarters level. Thus, though the matter was taken up through correspondence with DJB, CPWD and DoE, adequate efforts were not made by GIP to escalate the issue at appropriate higher level in DoP with DoE/the Ministry.

d. The payment of water charges for staff quarters from the head 'Office Expenses' was in contravention to DFPR and GFR rules, but GIP continued to incur the expenditure which was irregular.

Thus, GIP incurred avoidable expenditure of ₹1.65 crore on account of payment of water charges on behalf of occupants of staff quarters due to inadequate action and follow up at appropriate higher levels in DoP with DoE/the Ministry, to make arrangements for installation of individual meters or recovery of charges from the occupants. The incurring of such expenditure from the head 'Office Expenses' was also irregular.

The matter was referred to the Ministry in September 2018; their reply was still awaited (September 2019).

4.7 Reimbursement of fraudulent LTC claims

Employees of Government of India Press, Minto Road claimed and were reimbursed higher amount than they had actually paid for air travels by forging the tickets and misrepresentation of facts. This resulted in reimbursement of non-entitled amount of ₹56.98 lakh to 87 employees test checked in audit. After being pointed out by Audit, an amount of ₹55.59 lakh (including penal interest of ₹13.19 lakh) was recovered from 64 employees out of 87 cases pointed out by Audit. Further a recovery of ₹1.01 crore was made by Department from 143 other employees working in five GoI Presses after re-verifying LTC claims at the instance of Audit.

In terms of an Office Memorandum (OM) issued (June 2010) by the Ministry of Personnel, Public Grievances and Pensions, Government employees were permitted to visit Jammu & Kashmir (J&K) against conversion of Home Town Leave Travel Concession. This OM also allowed non-entitled employees to travel by air from Delhi/Amritsar to any place in J&K by any airline, subject to their entitlement being limited to LTC-80 fare of Air India. Further, OM dated 16 September 2010, allowed the Government employees to avail the services of private airlines for travel to J&K but stipulated that the tickets were to be purchased either directly from airlines or through authorised agents only i.e. M/s Balmer Lawrie & Company, M/s Ashoka Travels & Tour Limited and Indian Railway Catering and Tourism Corporation (IRCTC). Further, in terms of OM dated 26 September 2014, the non-entitled employees were also allowed to travel by air by Air India to (i) Port Blair from Chennai/Kolkata/Bhubaneshwar and (ii) any place in North Eastern Region (NER) from Kolkata/Guwahati.

During test check of 190 out of 634 Leave Travel Concession (LTC) claims raised, during the period 2012-2017, in respect of the employees of Government of India Press (GIP), Minto Road, New Delhi (the Press), it was found that in 87 cases, employees succeeded in receiving non-entitled amount of ₹56.98 lakh from the Government by adopting fraudulent practices whereas in such cases LTC claims were to be rejected. Details of the cases observed in audit are given below:

- **In sixty-nine (69) of the eighty-seven (87) cases, the employees submitted air tickets claiming an amount of ₹50.03 lakh with their LTC bills for reimbursement from the Government. Against these claims Government reimbursed an amount of ₹44.84 lakh to these employees. The air tickets submitted by these employees were cross checked by Audit with the airlines concerned (Air India, Spice Jet, Go Air and Indigo). Examination of details received from the airlines, revealed that these employees had changed the original amounts totaling to ₹24.44 lakh mentioned in the original tickets, to higher amount of ₹50.03 lakh. Further, while submitting these air tickets for reimbursement, the names of unauthorised travel agents through which tickets were booked were found to be deleted. Due to such falsified claims, these employees succeeded in getting reimbursement of ₹44.84 lakh from the Government.**
- **Further, in another five (5) cases out of the eighty-seven (87) cases test checked in audit, although the air tickets were booked through authorised mode, the actual amount of ₹2.43 lakh paid to the airlines was found to be altered to a higher amount of ₹4.35 lakh and the concerned employees succeeded in getting reimbursements which amounted to ₹4.12 lakh against actual payment of ₹2.43 lakh.**

- **As regards remaining 13 employees, air tickets amounting to ₹8.23 lakh were actually booked through unauthorised travel agents but while submitting the LTC claims for reimbursement, the name of unauthorised agents were found to be deleted from the tickets. An amount of ₹8.02 lakh was consequently reimbursed to these employees.**

Thus, forging of the documents and misrepresentation of the facts led to reimbursement of non-entitled amount of ₹56.98 lakh (₹44.84 lakh+₹4.12 lakh+₹8.02 lakh) to 87 employees test checked in audit.

Though the air tickets had sufficient indications that these tickets were forged viz. absence of mode of payment, absence of name of booking agency, amount of service tax not tallying with the base fare shown on the ticket, absence of break up air fare on the tickets, mention of words "under LTC 80 Fare" in the tickets of private airlines etc., but the officials responsible for passing and paying the bills, reimbursed the amount without applying due diligence.

The matter was brought to the notice of the Press and the Directorate of Printing (DoP), controlling office of GIP, Minto Road on 21 May 2018. In response, DoP on 25 May 2018, directed the Press to take immediate action against these LTC fraudulent claimants as per the rules and also to make recovery as pointed out by Audit from the salary of the concerned employees for the month of June 2018. Further, GIP Minto Road intimated (July 2018) that after receipt of audit observation necessary action has been initiated to recover the LTC claims. It further intimated that some employees have approached Hon'ble Central Administrative Tribunal, New Delhi and have obtained stay orders in June 2018. GIP also requested Audit to make available all the documents collected from the airlines so that further necessary action may be initiated at their end. Accordingly, copies of all the documents available with Audit were made available to GIP (31 July 2018).

In October 2018, the DoP intimated that an amount of ₹38.11 lakh[10] out of ₹56.98 lakh had been recovered from 63 employees out of 87 employees and an amount of ₹18.87 lakh (excluding interest) was yet to be recovered. No amount could be recovered from 24 retired employees. Two employees from whom recovery was made and three from retired category approached Hon'ble CAT (Principal Bench), New Delhi and obtained stay order on 29 June 2018 against the recovery of any amount from their salary. However, efforts were stated to be made to recover the balance amount from all the officials including retired officials. DoP also stated that it had issued an Office Memorandum to all the Officers/Officials who were involved in passing such fraudulent claims during 2012-2017 and appropriate action under the relevant Rules would be taken against them in due course. DoP also intimated that it had issued instruction to the Manager, GIP, Minto Road, New Delhi to make an enquiry and to take action against the fraudulent claimants as per CCS (Conduct) Rules as well as under LTC Rules. As per the direction of DoP, the Manager, GIP, Minto Road decided to recover entire amount from fraudulent claimants with penal interest from the date of reimbursement.

As the fraudulent payment of LTC claims were noticed during test check of records therefore, the possibility of other similar cases could not be ruled out. Thus, with a view to obviating the possibility of similar irregularities, Audit suggested that the Department might examine all the LTC claims paid during 2010-11 onwards. Moreover, instructions regarding verification of actual air fare charged by the

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[10] *As per reply, amount of recovery was ₹48.23 lakh which included principal of ₹38.11 lakh and interest of ₹10.12 lakh.*

airlines concerned before passing of the claims might also be issued to the officials involved in passing the LTC/TA claims.

In September 2019, DoP intimated that an amount of ₹55.59 lakh (including penal interest of ₹13.19 lakh) against ₹56.98 lakh (excluding interest) had been recovered from 64 employees out of 87 employees and an amount of ₹14.58 lakh (excluding interest) was yet to be recovered from 18 retired employees and five employees who had approached the Hon'ble CAT (Principal Bench), New Delhi and obtained stay order on 29 June 2018 against the recovery of any amount from their salary. The DoP also stated that as per advice of Audit, it had issued instructions to all the GIP/GOI Text Book Presses/Units regarding re-examination of all the LTC claims from 2010-11 onwards and take appropriate action as per the LTC Rules as well as CCS Conduct Rules. During re-examination, Department found 893 number of suspicious LTC claims out of which 382 cases have been got verified from concerned Airlines. Consequently, ₹1.01 crore from 143 numbers of employees of five GIPs[11] were recovered in cases apart from cases pointed out by Audit. It was further intimated, that 35 employees from three Presses[12] had obtained stay order from the CAT against the recovery from their salary. Accordingly, no amount could be recovered from these employees and some of the employees who were either retired or terminated from their services. It was also stated that residual amount of un-entitled claims of LTC would be recovered from on roll employees by December 2019 and instruction (August 2019) had already been issued to all Presses/units to recover the un-entitled amount of LTC claims from these fraudulent claimants.

As such, an amount of ₹1.56 crore (₹0.55 crore + ₹1.01 crore) had been recovered at the instance of Audit and ₹14.58 lakh (out of ₹56.98 lakh) was yet to be recovered along with applicable interest.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

Delhi Development Authority

4.8 Short realisation of ₹94 lakh from flat owners on account of electrical and maintenance services

As stipulated, maintenance charges for operation and maintenance of electrical and mechanical services of ₹2.50 lakh from every occupant was to be taken. 47 allottees deposited ₹0.50 lakh each which resulted in short realisation of ₹94.00 lakh.

Delhi Development Authority (DDA) launched Housing Scheme 2014 (the Scheme) from 1 September to 9 October 2014 and invited applications for allotment of some old and some newly constructed flats under various categories viz. Janta, LIG, MIG and HIG. Prior to the launching of the Scheme, it was decided by DDA that one-time maintenance charges also called Seed money, would be collected from the allottees for the purpose of

[11] *GIP, Minto Road, New Delhi – 20, GIP, Faridabad – 111, GIP, Ring Road, New Delhi – 07, GIP, Nilokheri – 01 and GIP, Rashtrapati Bhavan - 01.*

[12] *GIP, Minto Road – 13, GIP, Faridabad – 13 and GIP, Ring Road - 9*

operation and maintenance for Electrical & Mechanical (E&M) services. The one-time maintenance charges so collected would be invested in long-term deposit and the annual maintenance expenditure would be met out from the interest accrued/earned on the deposit. The balance expenditure, if any, in excess of the interest earned was to be contributed by the flat owners. The brochure of the Scheme stipulated that for maintenance of common areas, in respect of new housing pockets constructed after October 2010, a maintenance fund would be created. For this purpose, for a period of 30 years, the civil and electrical maintenance charges were added to the disposal cost of the flats. For MIG flats having lifts, the Seed money was fixed at ₹2.50 lakh per flat.

Scrutiny of records revealed that DDA had put to sale 384 MIG flats with lift at Sector A-9, Narela Delhi. In these flats, one-time maintenance charges of ₹2.50 lakh per flat, were to be levied. Of these, 384 MIG flats, 53 allottees accepted the flats.

Audit checked 50 Demand-cum-Allotment letters and it was noticed that an amount of only ₹0.50 lakh as one-time maintenance charges for electrical maintenance was included in total cost of the flat. Out of these, in 47 cases the amount demanded by DDA in the Demand-Cum-Allotment letter was paid by the allottees. In respect of remaining three cases, no documentary evidence regarding the payment made by the allottees was found in the records. This resulted in less demand and short realisation of one-time maintenance charges to the tune of ₹94.00 lakh from 47 allottees.

DDA while accepting the audit observation stated (November 2018) that the demand letters were issued by including the electrical and maintenance charges @ ₹0.50 lakh inadvertently. The balance electrical and maintenance charges of ₹2.00 lakh each shall be demanded from the allottees at the time of execution of conveyance deed of the concerned flats. The Ministry endorsed (June 2019) the reply of the DDA.

The Ministry/DDA may, however, ensure that all the allotments under the scheme as well as subsequent allotments are examined and verified thoroughly to obviate the possibility of similar irregularities.

4.9 Undue benefit to the lessee of ₹62.32 lakh

Application of a wrong clause of policy for levying misuse charges resulted in non-recoverability of dues amounting to ₹62.32 lakh.

Delhi Development Authority (DDA) allots land for public utilities, community facilities, open spaces, parks, playgrounds, residential purposes, industrial and commercial uses and such other purposes as may be specified from time to time by the Central Government by notification. All leases are governed by terms and conditions contained in the lease agreement. Any violation of these terms and conditions viz. unauthorised construction, change of purpose etc. results in levy of Misuse Charges.

Policies applicable for levying Misuse Charges were revised from time to time and scheme in vogue now was brought out in May 2016 which was in supersession of all the previous policies on the subject.

During test check, Audit observed that clauses of this Policy were not implemented correctly while working out Misuse Charges to be levied in case of DDA residential plot no. 8, Block C-6, Safdarjung Development Area, New Delhi. This plot of 727.42 square meter was leased out (January 1975) to Shri Satya Mohan Sachdev and others (lessee). This building was constructed in November 1982 and the occupancy certificate was issued in February 1983.

DDA served (June 1986) notice to the lessee that the said land was being used for the purpose of running of a hospital[13], which was contrary to the conditions of the lease and asked for its discontinuation within a period of 30 days from receipt of that notice. Similar notices were served in September 1986, March 1988, June 1988, October 1988, November 1988 and February 1989. Ramlal Mahajan Charitable Trust (Trust) on behalf of lessee replied (March 1989) to DDA stating that the notice of DDA had already been replied by them in October 1988. In their reply, they had stated that in January 1984, an agreement of collaboration was executed between the Trust and Shri R.N.Sachdev, attorney of the lessee for establishing and running a Nursing Home at the said premises. As per the agreement, Trust was to pay the charges by way of share to the lessee at 20 *per cent* of the gross receipts subject to a minimum of ₹2.40 lakh per annum and under no circumstances the premises would be considered as taken on rent nor any right of tenancy could be claimed by the lessee. The agreement of collaboration depicted that the Trust had commenced operation of the Nursing Home with effect from 1 January 1983. Agreement was made initially for a period of 39 months which was subject to renewal as per mutual consent. They also stated that running of a hospital did not contravene the Master Plan because even in a residential zone, public utilities were permitted. In December 1999, the lessee applied for conversion of lease hold rights into free hold. DDA again served (June 2000) a show cause notice to the lessee for misuse of premises and directed the lessee to remove the breaches within 15 days from the issue of the notice otherwise action would be initiated without further notice. In response, the lessee stated (August 2000) that property was given on rent to the Trust and the same was misused without their knowledge. The lessee further stated that property had been evicted through Hon'ble Court on 5 July 2000 and requested the DDA to carry out the inspection.

The lessee also wrote (November 2000) to DDA, in response to the letter issued by DDA in June 2000 stating that running of a hospital did not contravene the Master Plan because even in a residential zone, Nursing Home/Hospitals were permitted.

In 2005, the lessee filed a writ petition in Hon'ble High Court of Delhi, which was dismissed by the Hon'ble Court in August 2011 on the reasons that there was no merit in the petition.

While working out Misuse Charges for this plot under the revised Policy issued in May 2016, DDA calculated Misuse Charges at ₹6.24 lakh (details of calculation given in **Annexure-IX**). Prior to this, lessee had deposited ₹10.99 lakh *suo motu* after notification of above scheme.

Audit observed that this calculation was done by applying category 5 given under the Policy notified in May 2016 which pertained to cases where property was misused by

[13] ***Interchangeable used for the Nursing Home.***

tenant without connivance or knowledge of the owner. However, the application of category 5 case was not correct in the instant case as the agreement with the Trust (tenant) clearly stipulated that it was a collaboration, with earnings there-from being shared between the lessee and their tenant. Further, DDA considered only 25 *per cent* of the area in calculation on the basis of the fact that lessee had disputed and represented (December 2004) that only ground floor of the area was used as a Nursing Home. However, during inspection conducted by DDA in the year 2000 entire premises was found to be used for running the Nursing Home.

Thus it was observed that there was clear misinterpretation of misuse Policy to give favour to the lessee not only in terms of application of a wrong category but also the incorrect area of misuse; despite the fact that collaboration agreement between the lessee and the tenant was available in records and the entire premises being misused was itself inspected and confirmed by DDA.

As per Audit, the case should have been dealt with under category 2 of the revised Policy which pertained to the cases where report about the misuse was available on file and show cause notices had been issued and allottee informed about removal of violations and during inspection removal of violation had been confirmed by the DDA. According to this category Misuse Charges were to be levied for the period from initial date of detection upto the date of removal of violation. The Misuse Charges so calculated under category 2 worked out to ₹73.31 lakh and hence the balance amount recoverable by DDA amounted to ₹62.32 lakh (details of calculation given in **Annexure-IX**).

Thus, wrong calculation by DDA under new Policy deprived it of recoverable dues of ₹62.32 lakh. The matter was initially taken up with DDA in August 2018, wherein undue benefits to the lessee was pointed out. In its reply, DDA accepted (October 2018) the contention of Audit and intimated that corrective action was now being taken for recovery of the amount from the lessee. Subsequently, it was observed by Audit that DDA had issued notices for recovery to the lessee in February 2019 and March 2019. As the instant case was noticed during test check of records, therefore, the possibility of similar irregularities cannot be ruled out. Thus, the DDA may examine all cases of Misuse Charges after notification of above Policy to verify the correctness of Misuse Charges worked out by them.

The matter was referred to the Ministry in November 2018; their reply was still awaited (September 2019).

4.10 Recovery at the instance of Audit

The bidder had not completed the work within the stipulated time and was liable for penalty as per the tender conditions but no action was taken by DDA to encash the Bank Guarantee relating to Performance Security. On being pointed out by Audit, DDA made a recovery of ₹141.24 lakh (₹85.60 lakh on account of Bank Guarantee along with ₹55.64 lakh as interest).

Delhi Development Authority (DDA) invited bid for auction of a Hotel Plot for providing tourist accommodation in the Common Wealth Games in Mangolpuri

Industrial Area[14] in October 2008. The work was awarded to M/s Sita Kiran Inn Pvt. Ltd for ₹17.12 crore.

Allotment-cum-demand letter was issued on 23 December 2008. As per para 3.14 of the tender document, the stipulated period for completion of the hotel was 24 months from the date of issue of allotment-cum-demand letter i.e. 22 December 2010. Further, the purchaser was required to deposit Performance Security to the tune of five *per cent* of the bid amount before the execution of the Conveyance Deed, in the nature of a Bank Guarantee valid for four years from the date of allotment-cum-demand letter. Accordingly, a Bank Guarantee was furnished by the bidder on 7 October 2009 in favour of DDA for ₹85.60 lakh. This Bank Guarantee was valid till 22 December 2012.

The conditions of the tender specified that the Bank Guarantee amount was to be encashed as per the schedule laid out in the tender to the extent there was delay in completion of hotel. The date of completion was to be considered as the date on which completion certificate was obtained by the intending allottee/purchaser. Completion cum occupancy certificate for the hotel was issued on 20 February 2018.

Audit observed (June 2016) that although the bidder had not completed the work within the stipulated time and was liable for penalty as per the tender conditions; no action was taken by DDA to encash the Bank Guarantee relating to Performance Security.

On being pointed out by Audit (June 2016), recovery of ₹141.24 lakh (₹85.60 lakh + ₹55.64 lakh as interest thereon) was made by DDA in December 2017. The Ministry of Housing & Urban Affairs stated (March 2018) that non-renewal of Bank Guarantee and delay in encashment was an inadvertent mistake, responsibility for which would be fixed separately.

Thus, a recovery of ₹141.24 lakh was made by DDA at the instance of Audit.

4.11 Corrections/rectifications at the instance of Audit

Actual consumption of the Contract Demand (CD) was persistently lower than the CD taken from the electricity supplying companies. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt (KW), the same was not availed by DDA in respect of three Sports Complexes, resulting in avoidable loss of ₹59 lakh. On being pointed out by Audit, Contract Demand was reduced in respect of the three Sports Complexes.

During audit of three of the Sports Complexes of Delhi Development Authority (DDA), namely, Rohini Sports Complex, Major Dhyan Chand Sports Complex, Ashok Vihar and Poorvi Delhi Khel Parisar, Dilshad Garden, it was observed that actual consumption of the Contract Demand (CD) was persistently lower than the CD taken from the electricity supplying companies. As per Delhi Electricity Regulatory Commission (DERC) Performance Standards- Metering & Billing Regulation 2002, from 2002 onwards, DDA

[14] ***Plot No. A-2, Community Centre, Pitampura, Road No. 43 Mangolpuri Industrial Area Phase II.***

had to pay fixed Contract Demand charges on Billing Demand[15] basis i.e. in case the actual utilisation was less than the Contract Demand taken, the fixed charges were to be paid for the full Contract Demand taken. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt (KW), the same was not availed by DDA, resulting in avoidable loss of ₹59 lakh. Details are as under:

4.11.1 Rohini Sports Complex (RSC)

M/s TATA Power Delhi Distribution Limited (M/s TPDDL) was providing electricity supply to RSC, for a sanctioned load of 250 KW and Contract Demand of 295 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in May 2002. A test check of electricity bills for the period from June 2004 to March 2018 revealed that as against the Contract Demand of 295 KVA, the CD utilised in actual did not exceed 155 KVA. As such at least 140 KVA of the CD remained unutilised during each month and RSC continued to make payment of avoidable fixed charges towards the non-utilised CD without taking any action to get the excess CD reduced. Thus, non-reduction of CD by 140 KVA by DDA has resulted in avoidable expenditure of ₹32 lakh from June 2004 to March 2018 (details as per **Annexure-X**).

4.11.2 Major Dhyan Chand Sports Complex (MDCSC), Ashok Vihar

M/s TPDDL also provided electricity supply to MDCSC for a sanctioned load of 270 KW and Contract Demand of 191 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in May 2002. A review of electricity bills for the period April 2010 to March 2018 revealed that as against the Contract Demand (CD) of 191 KVA taken by MDCSC, the demand utilisation in actual did not exceed 130 KVA. As such at least 61 KVA of the CD remained unutilised during each month and MDCSC continued to make payment of avoidable fixed charges towards the non utilised demand without taking any action to get the excess CD reduced. Thus, non-reduction of CD by 61 KVA by DDA resulted in avoidable expenditure of ₹8 lakh during the period April 2010 to March 2018 (details as per **Annexure-X**).

4.11.3 Poorvi Delhi Khel Parisar (PDKP), Dilshad Garden

M/s BSES Yamuna Power Limited was providing electricity supply to PDKP for the sanctioned load of 235 KW and CD of 276 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in June 2002. A test check of electricity bills for the period from May 2013 to March 2018 revealed that as against the CD of 276 KVA, the demand utilised in actual did not exceed 102 KVA during the above referred period. As such at least 174 KVA of the CD remained unutilised during the above referred period. Thus non-reduction of CD by 174 KVA by DDA resulted in avoidable payment of ₹19 lakh (details as per **Annexure-X**).

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[15] ***Billing Demand for the purpose of billing meant the highest of (i) Contract Demand (ii) Maximum Demand Indicator (MDI) by the meter during the billing cycle utilised during the billing cycle and (iii) sanctioned load where ever Contract Demand has not been provided in the supply agreement.***

Had the Management of the above referred Sports Complexes taken timely action to reduce the Contract Demand to a level adequate for meeting their requirements, extra expenditure of ₹59 lakh could have been avoided by DDA.

The issue was reported to DDA in July 2018 and again thereafter in October 2018. DDA replied (August 2018) that Sports Complexes were of great importance to DDA and infrastructure must always remain ready for any national or international event, which may cause imposition/requirement of higher load suddenly. Hence, it was considered not to reduce the Contract Demand in all of the above referred Sports Complexes. DDA also stated that it was initiating appropriate action to get the Contract Demand reduced to adequate level of requirement.

The Ministry of Housing and Urban Affairs replied (December 2018) that DDA had been advised to be more careful and vigilant in deciding the Contract Demand/Load of electricity so that unnecessary expenditure may be avoided.

However, further examination of electricity bills, in respect RSC, MDCSC and PDKP from September 2018 onwards, revealed that Contract Demand in respect of all the three Sports Complexes had been reduced to 162 KVA, 150 KVA and 110 KVA from 295 KVA, 191 KVA and 276 KVA respectively, indicating that the reply of DDA was contradictory to the action initiated by them.

Reduction of Contract Demand clearly established that DDA was having excess Contract Demand and action to reduce the Contract Demand had been initiated by DDA only after the issue was reported by Audit. While appreciating the corrective action taken by DDA at instance of Audit, a similar review needs to be made by DDA in respect of its other establishments.

4.12 Recovery at the instance of Audit- ₹4.49 crore

Government of India (GoI) had released an amount of ₹3.33 crore to Government of Assam in March 2007/March 2010 for two projects. Government of Assam neither implemented the Projects nor refunded the amount. After issue being raised by Audit, GoI worked out amount to be recovered at ₹6.76 crore (including interest) out of which an amount of ₹4.49 crore was recovered.

As per Rule 212[16] of General Financial Rules, 2005 (GFR) in respect of non-recurring grants to an institution or organisation, a certificate of actual utilisation of the grants received for the purpose for which it was sanctioned, should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned. Further, Rule 209(6) (ix)[17] of GFR 2005 stipulates that before a grant is released, the members of the executive committee of the grantee should be asked to execute bonds in a prescribed format. In the event of the grantee failing to comply with the conditions or committing breach of the conditions of the bond, the grant is to be refunded in whole or a part amount of the grant, with interest at 10 *per cent* per annum thereon or the sum specified under the bond.

[16] *Rule 238 (i) in GFR 2017*
[17] *Rule 231 (2) in GFR 2017*

In July 2009, the Government of Assam (State Government) submitted a Detailed Project Report(DPR) for construction of Multi-utility Building for Urban Poor at Moranhat, Assam to the erstwhile Ministry of Housing and Urban Poverty Alleviation, now M/o Housing & Urban Affairs (the Ministry) under the 10 *per cent* lump sum pool fund for the North Eastern States including Sikkim. The aim of the project was to improve the quality of life of the urban poor population of the region by creation of planned infrastructure and generation of employment with special reference to the socio-economically backward section. The objectives of the project were i) to construct a multi-utility building for the urban poor of the town including vendors and hawkers by providing them stalls in a scientifically planned market complex; ii) to generate additional employment for the people which will lead to socio-economic and physical development of the town; and iii) to create infrastructure for professional training for the urban poor.

The project was sanctioned at a cost of ₹7.20 crore by the Central Sanctioning Committee of the Ministry in their meeting on 17 March 2010. It was decided that the Central Government was to provide 90 *per cent* while the State Government was to provide the balance 10 *per cent* of the project cost. The central share was to be released in four instalments of 25:25:20:20 to the State Government.

The first instalment of ₹1.80 crore was released to the State Government on 26 March 2010. The Moranhat Town Committee, Moranhat, Assam was the executing agency for the project and the Directorate of Town & Country Planning, Government of Assam was the monitoring agency. The monitoring agency was to furnish Utilisation Certificate (UC) in respect of each instalment as per the provisions of GFR and a consolidated UC in respect of the full amount of the grant after the completion of the project, besides submitting a Monthly Progress Report of the project to the Ministry.

Scrutiny of records in audit revealed that in respect of funds released in March 2010, neither the State Government had furnished the UCs which became due in March 2011, nor the Ministry had asked for the same till June 2015. An observation on lack of monitoring on the part of the Ministry was made by Audit in March 2016. In July 2016, the Ministry requested the State Government to refund the entire amount of first instalment along with interest. Reminders to this were issued by the Ministry in February 2017, June 2017 and December 2017.

Meanwhile, the Government of Assam submitted revised DPR (March 2017) as the site which was earlier available for the project was converted to children's playground due to pressure from different social organisations. The proposal of the Government of Assam was, however, not agreed to by the Ministry in view of its instructions (17 May 2017) regarding withdrawal of the scheme w.e.f. 1 April 2017.

The Ministry stated (May 2018) that despite repeated reminders, reply of the State Government was still awaited. The reply of the Ministry was not tenable as the Ministry did not consider the option of adjusting recoverable funds from the amount released to the Government of Assam in respect of other projects under the scheme as was being done in some other schemes (e.g. National Heritage City Development and Augmentation Yojana (HRIDAY) scheme in which unspent balances were adjusted in subsequent releases).

Thus, due to poor monitoring by the Ministry, funds of ₹1.80 crore not only remained blocked for more than eight years but also the aim and objectives of the scheme remained unachieved. Besides, interest at the rate of 10 *per cent* is also required to be recovered as per provisions of the GFR.

In another similar case, Audit had earlier pointed out blockade of funds of ₹1.53 crore for a project of construction of multi-utility building for rehabilitation of vendors at Jorhat in Assam.

The Ministry further stated (April 2019) that an amount of ₹6.76 crore had been calculated after including interest of ₹1.60 crore and ₹1.83 crore upto February 2019 in respect of, "Blockage of funds of ₹1.80 crore for the project Construction of Multi-utility Building for Urban Poor at Moranhat, Assam" and "Blockade of funds of ₹1.53 crore for Construction of Multi-utility Building for the rehabilitation of vendors at Jorhat", respectively. Out of this, an amount of ₹4.49 crore had been recovered by adjusting from the next instalments for the three projects from the Government of Assam approved by the Ministry and the State Government has been requested to refund the balance amount of ₹2.27 crore at the earliest. Hence, the Ministry made a part recovery of ₹4.49 crore at the instance of Audit and an amount of ₹2.27 crore was yet to be recovered.

CHAPTER V: MINISTRY OF POWER

5.1 Implementation of Standards and Labelling Scheme by Bureau of Energy Efficiency

5.1.1 Introduction

5.1.1.1 Need to bring in energy efficiency

Energy is the prime mover of economic growth and is vital to the maintenance of a modern economy. Sustainable development requires the long-term availability of energy from sources that are affordable, accessible and environment friendly. Efficient use of energy conserves the natural resources for future, besides providing financial and environmental benefits. Energy Conservation Act (EC Act) came into force in 2001, for providing statutory powers to Government of India (GoI) on energy efficiency and conservation, with a thrust on self-regulation and market principles. GoI established (March 2002) Bureau of Energy Efficiency (BEE) to assist them in developing policies and strategies in this regard. BEE developed six flagship programmes for energy conservation and Standards & Labeling is one of them.

5.1.1.2 Salient features of Standards & Labeling Scheme

The Standards & Labeling (S&L) Scheme was launched by the Ministry of Power (MoP) in May 2006 and, accordingly, BEE implemented this Scheme to provide Star rating (from one to five, in increasing order of energy efficiency) to various models of 'appliances and equipment (products)' brought under the S&L Scheme. BEE's Star rating label is a trusted government-backed symbol for energy efficiency of the models, which encourages consumers to save money and environment by using Star rated models.

BEE launches the labeling Scheme for a new product, initially on voluntary[1] basis based on studies conducted by NGOs/BEE, with concurrence of MoP. After two to three years, BEE conducts market studies to evaluate market transformation, technology improvement and related institutional needs for moving the product from voluntary to mandatory[2] phase. As of August 2018, BEE had 21 (10 mandatory[3] and 11 voluntary[4]) products under S&L Scheme. Similar energy efficiency scheme is prevailing for more

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[1] ***Selection of voluntary products depend on present market size and potential of energy saving. For voluntary products, the manufacturers have the option to obtain the Star Rating of BEE for their models.***

[2] ***For the mandatory products, the manufacturers are under obligation to obtain approval of the Star rating of their models from BEE, before these are put for sale in the market.***

[3] ***(i) Room Air Conditioners(ACs), (ii) Frost Free Refrigerators(FFR), (iii) Tubular Florescent Lamp(TFL), (iv) Distribution Transformer, (v) Room Air Conditioner (cassettes, Floor standing), (vi) Direct Cool Refrigerator(DCR), (vii) Color TV, (viii) Electric Geysers, (ix) Variable capacity inverter Air Conditioners, and (x) LED Lamps.***

[4] ***(i) Induction Motors, (ii) Pump Sets, (iii) Ceiling Fans, (iv) LPG-Stoves, (v) Washing Machine, (vi) Computer (Notebooks/laptops), (vii) Ballast (electronic/magnetic), (viii) Office Equipment (Printer, copier, scanner, MFDs), (ix) Diesel Engine Driven Monoset pumps, (x) Solid State Inverter, and (xi) DG Sets.***

than 27 years in USA for 62 products and for more than six years in Australia for 25 products.

5.1.1.3 Mandate to BEE

Under Section 13 of EC Act, BEE has to:

- ✓ recommend to the Government energy consumption norms and contents & manner of display of Star Labels,
- ✓ develop testing/certification procedure and promote testing facilities for certification,
- ✓ check testing[5] for energy consumption of the products/models, and
- ✓ levy fee on registered models, for services provided under S&L Scheme.

5.1.1.4 Targets and Funding

The Government of India released grant of ₹4.40 crore (November 2012 to March 2013) for the S&L scheme for XII Plan period (2012-13 to 2016-17). In February 2014, the Expenditure Finance Committee[6] decided that the entire S&L Scheme shall be funded by fees to be levied by BEE on production of registered models. GoI approved (July 2014) an outlay of ₹120.00 crore for implementing the S&L Scheme during XII Plan period. Target for energy savings during this period was 13.95 billion units (BUs).

5.1.2 Audit Objectives and Scope

This audit was conducted with the objectives to check whether:

- ✓ targets of energy savings were clear, quantifiable and achieved;
- ✓ rules, regulations and procedures were adequate and complied with; and
- ✓ implementation and monitoring mechanism was adequate to sustain the scheme.

Audit examined the activities of S&L scheme primarily undertaken by BEE for XII Plan.

5.1.3 Audit Criteria

Audit criteria were derived from (i) The EC Act, 2001, (ii) Rules and Regulations notified by the Central Government, (iii) Product Schedules, (iv) XII Plan for S&L Scheme, (v) Scheme documents and Operations Manual (OM) of BEE, (vi) Benchmarks/ Standards set for assessing the achievements and (vii) Reports/studies conducted under S&L Scheme.

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[5] ***Check testing is conducted by BEE of models (for which it has approved the star ratings) by taking samples of models from market and verifying its energy efficiency performance through NABL accredited laboratories.***

[6] ***Constituted under Department of Expenditure (Ministry of Finance).***

5.1.4 Audit Findings

BEE conducts studies of various products and selects a product for S&L Scheme based on potential of energy savings, contribution of the energy consumed, and having high market penetration potential. It develops 'Product Schedule[7]' for each product in consultation with its Technical Committee[8] and in harmony with the industry standards. The Product Schedules contain detailed terms of reference for manufacturers for the energy efficiency standards and procedures to be followed by them for availing BEE's Star label for their models. For mandatory products, the Product Schedules are notified by the Central Government as Regulations in consultation with BEE.

Manufacturers of equipment/ products can participate in the scheme by registering with BEE. On the announcement of a standard for a product under S&L scheme, the manufacturer registered with BEE submit their application for registration of their model along with test report[9] of energy efficiency performance from NABL[10] accredited labs and other requisite information. After scrutiny of the applications, BEE registers the model and permits the Star rating[11]. Once a Star rating is approved, the permittees can use the approved Star rated label on their models for marketing.

Day to day activities for implementation and enforcement of the Scheme involve scrutiny of applications for registration of models, check testing for the energy efficiency performance of registered models, verification of the labels used with the requirements specified in Regulations/Product Schedules, collection of labeling fee on production of the Star labeled models, verification of production data provided by the permittees, and enforcement action against defaulting permittees.

BEE engaged outside agencies as 'Independent Agencies for Monitoring and Evaluation' (IAMEs) for scrutiny of applications received for registration of models, check testing of the models, label verification and production data verification. Scrutiny in Audit revealed the following:

5.1.4.1 Engagement of inexperienced IAME

For carrying out tasks of scrutiny of applications for registration of models, check testing of Star labeled models, label verification and production data verification, different agencies viz., RITES Limited, Energy Efficiency Services Limited[12] (EESL) and CPRI[13] (only for check testing), were engaged as IAME by BEE since September 2007.

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[7] ***The Schedule contains detailed terms of reference for manufacturer towards the energy efficiency standards and procedures to be adopted under the S&L Scheme.***

[8] ***Technical Committee is formed by BEE for formulation of Energy Consumption Standards for products, which includes experts and stakeholders, comprising of representatives from industry, industry association, consumer organisations, academia, NGOs, R&D institutions, testing laboratories, government organisations and regulatory bodies.***

[9] ***From in-house as well as third party lab.***

[10] ***National Accreditation Board for Testing & Calibration Laboratories (NABL), since December 2014.***

[11] ***Award based on energy saving performance.***

[12] ***EESL is promoted by MoP, as a Joint Venture company of NTPC, PFC, REC and PGCIL.***

[13] ***Central Power Research Institute (CPRI) as EESL failed to carry out the Check testing.***

EESL, established in December 2009, was engaged as IAME by BEE in March 2010 for scrutiny of applications for registration, check testing, label verification, and production data verification. Audit observed that, during the period covered in audit, EESL carried out only the application scrutiny work and the other important works, such as check testing, label verification, and production data verification, were not carried out by them during contract currency i.e. upto November 2013.Therafter, during the extension of the contract, only scrutiny of applications for registration was assigned to EESL. BEE had not produced to Audit any records showing their pursuance with EESL for these activities.

MoP/ BEE replied (January/March 2019) that they decided to engage IAME through open bidding in 2010, but could not find any agency. BEE added that they engaged EESL as MoP had set up EESL to act as an executing agency for BEE.

The reply is not acceptable as BEE did not produce any records for the bidding process adopted by them in 2010 for IAME. BEE did not monitor the work of EESL which resulted in non-verification of labels by EESL, and check testing work transferred to CPRI in October 2013 as discussed in subsequent para.

5.1.4.2 Check testing

Check testing of approved models to verify the energy efficiency of the products is the most critical activity of BEE under the S&L Scheme, because consumers pay high price for the Star label of BEE. If the models do not comply with the standard energy consumption levels prescribed by BEE, it would be a loss to the consumers.

The scheme document (May 2006) requires that the frequency of label verification test is to be determined by BEE depending on the nature of equipment and time required for testing. This provision was amended on 6 December 2013**,** which required BEE to pick up samples on random basis and buy the selected models from market for the check testing.

In case, a model fails in the first check test, BEE will buy two samples of the same model for second check testing within 15 days. If samples are not available in market, the permittee of the label will provide the samples within a month, otherwise check testing results of first sample shall be binding on them.

If a sample fails in second check test, BEE shall direct the permittee, under intimation to all State Designated Agencies (SDAs), that the permittee, should, within two months, correct the Star rating level on the label or remove the defects, or withdraw all stocks from the market or change the particulars displayed on advertising material. On failure of second check test, BEE shall also publish widely, for the benefit of the consumers, the name of permittee, brand name, model name or model number, logo and other specification and initiate further adjudication proceedings against the permittee and the trader under Section 27 of the EC Act.

Review of check testing vis-à-vis the requirements revealed the following deficiencies:

(i) Negligible check testing

As discussed in para 5.1.4.1, EESL failed to carry out the check testing entrusted to them. Against 21 products brought under S&L Scheme till March 2018, BEE engaged (October 2013) CPRI for check testing of only five[14] products. Year-wise details of models approved, selected for check testing, actually check tested and models failed in respect of check tests carried out by CPRI during 2012-13 to 2017-18 is given in Table 5.1.

Table 5.1: Year-wise details of check testing by CPRI

Year	Models approved	Models selected	Models check tested	Models failed in first check test	Second check test status, in case first sample failed				
					Sample not available	Not taken up	Taken up	Failed	Under progress
									(Figures in number)
2012-13	3,675	0	0	0	0	0	0	0	0
2013-14	4,776	381	39	25	12	5	8	7	0
2014-15	7,073	0[15]	0	0	0	0	0	0	0
2015-16	4,148		0	0	0	0	0	0	0
2016-17	5,299	0	0	0	0	0	0	0	0
2017-18	7,108	170	12	7	0	0	7	0	7
Total	**32,079[16]**	**551**	**51**	**32**	**12**	**5**	**15**	**7**	**7**

Audit observed that:

(a) BEE planned check testing of 1.72 *per cent of approved models* and actually check tested only 0.16 *per cent* during 2012-13 to 2017-18. Further, out of 51 models check tested, 32 models failed (63 *per cent*) in the first check testing. Interestingly, out of 25 models which failed in the first check testing during 2013-14, only eight models (32 *cent*) were taken up for second check testing and seven models (88 *per cent*) failed again.

(b) Check testing carried out was done after an average 465 days of registration and most of the models failed in the check testing of 2013-14 and 2017-18, resulting in marketing of non-compliant models for long periods.

(c) Majority of the models which failed in first check testing of 2013-14 did not undergo second check testing. All seven models which failed in first check test of 2017-18 did not undergo second check test even after 307 days to 383 days of the first check test (upto January 2019). As a result, check testing was not taken to its finality which affected enforcement action required, if any. There was nothing on record to indicate that BEE had pursued the matter with CPRI regarding second check testing. Audit

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[14] ***(i) Frost Free Refrigerator, (ii) TFL, (iii) Room AC, (iv) Direct Cool Refrigerator, and (v) Distribution Transformer.***

[15] ***BEE informed that sampling plan for the year 2014-15 and 2015-16 were made but copies of these sampling plans were not available on records. Management also informed that sampling plan 2012-13 and 2016-17 were not available on records.***

[16] ***32,079 models: 15,627 models of mandatory products and 16,452 models of voluntary products.***

found that similar Regulators[17] in Australia and USA conduct the check testing and publish the report on six monthly/annual basis.

(d) In respect of 24 models[18] which failed during check testing in 2013-14, the permittees had marketed 3,92,751 Room Air Conditioners (Room ACs) and 1,47,485 Frost Free Refrigerators (FFRs) of these models at the estimated market value of ₹1464 crore[19] till December 2015 since their registration without achieving the envisaged electricity savings. Similarly, in respect of the seven models of FFRs and Room ACs which failed during check testing of 2017-18 and did not undergo for second test checking till January 2019, the permittees had already marketed 2,46,193 FFRs and 23,752 Room ACs of these models till December 2018 since their registration, with an estimated market value of ₹744 crore[20] without achieving the envisaged electricity savings.

(e) Check Testing Scheme (amended in December 2013) as well as the OM[21] provide that if a permittee does not provide sample for second check testing, then the results of first check testing shall be final and binding. However, BEE did not direct permittees for accepting the results of first check testing in case where second check testing could not be done due to non-availability of sample i.e. 12 models of Room AC.

(f) The OM prescribed the check testing of at least one sample of each model every year. BEE, however, carried out check testing of only 12 out of 16,557 models, registered during April 2015 to March 2018.

BEE stated (January 2019) that there was no provision for binding the results of check testing of first sample in the notification issued by the Central Government and added that they may consider to add the provision in future. MoP/BEE stated (March 2019) that the check testing was conducted for only few models due to non-availability of sufficient number of NABL accredited Labs, insufficient manpower in BEE and non-availability of samples in the market.

Audit appreciates the assurance of BEE regarding change in regulation about binding the results of check testing of first sample. However, the other replies are not acceptable in view of following facts:

(a) BEE empaneled 4 to 10 NABL accredited labs from time to time exclusively for check testing on open tender basis but did not utilise these labs (except CPRI). Though CPRI had an annual capacity of testing 300 ACs and 160 Refrigerators (80 FFRs + 80 DCR), only 28 ACs and 23 refrigerators (22 FFR + 1 DCR) were check tested during 2013-14 and 2017-18. Hence, the deficiency in check testing was not due to shortage of labs.

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[17] Greenhouse and Energy Minimum Standards regulator under Department of the Environment and Energy of Australian Government and Environmental Protection Agency in USA.
[18] 19 Room Air conditioners and 5 FFRs after considering second test failure (7 models), models not available (12) and models not selected (5) for second check testing.
[19] Worked out based on actual price at the time of failure.
[20] Worked out based on actual price at the time of failure.
[21] OM formulated by BEE in March 2015 contains the procedure to implement S&L scheme.

(b) Non-availability of samples in the market is a serious matter which should have been sorted out with the permittees in light of provisions of operation manual.

Thus, non-pursuance for timely amendment in the EC Act resulted in failure to bind the results of first test on the product in the absence of the sample to conduct second test which is tantamount to a favour to the permittees at the cost of consumers. The possibility of collusion with the product manufacturers can't be ruled out.

(ii) Deficiency in Operations Manual for check testing

Audit found that the following critical issues were not addressed in the OM:

(a) Independent cross check testing of models by BEE, before issuing the certificate for Star rating, has not been prescribed. Evidently, majority of the samples failed in the check testing.

In fact, all the seven models which failed in 2017-18 check testing were registered with in-house test reports of the manufacturers. BEE however did not take any corrective action and continued to accept in-house test reports for registration of products. In countries like USA which faced the same vulnerability, third party certification of products prior to being labeled has been implemented since 2011.

(b) Methodology of representative sample selection including geographical spread for check testing was not defined in the OM. As a result, adequate sample was not selected and CPRI, Bengaluru procured all samples from only two cities i.e. Chennai and Bengaluru in South Zone.

MoP/ BEE replied (March 2019) that they seek test report from accredited labs before registration of models and CPRI has limited geographical presence for the check testing facility in the country.

The reply is to be viewed against the following facts that:

(a) Provision in OM/ Regulation did not require for only third party certification at the time of registration of product. Further, the check testing, after the registration, was negligible and, wherever carried out, it was after an average 465 days of registration. This led to the marketing of non-compliant models for long periods.

(b) BEE utilised only the services of CPRI, Bengaluru out of 4 to 10 empaneled accredited labs for check testing which were spread across the country.

5.1.4.3 Inadequate efforts for Building Lab Capacity

BEE had the responsibility under the EC Act to promote testing facilities for the certification and check testing.

For XI Plan period, MoP approved (March 2011) outlay of ₹26 crore for Lab Capacity Building. BEE invited (October 2011) proposals from Government labs for the capacity building. In total, 26 proposals from 10 labs were received for 15 products[22]. BEE released grants of ₹10.74 crore to only three[23] labs for eight products[24] (one mandatory-Tubular Florescent Lamp+ seven voluntarily products) and these labs utilised grant to the extent of ₹10.45 crore. BEE had not funded other labs covering largely test of mandatory products.

The fund available for lab capacity building for XI Plan was not utilised fully. Further, BEE did not utilise the above three labs (except CPRI for Refrigerator) despite release of grant of ₹10.45 crore for the lab capacity building.

For XII Plan period (2012-13 to 2016-17), MoP approved an outlay of ₹16 crore, but BEE did not utilise the fund for developing of required labs despite not having any empaneled labs for two[25] products having a volume of production and marketing of 1,19,005 units (Air Conditioners: cassettes/floor standing) and 28,38,508 units (inverter Air Conditioners) from 2015-16 to 2017-18 and claiming 770.74 Million Units as energy savings[26] of these products.

BEE replied (January 2019) that the creation of new facilities and augmentation of existing facilities in Government labs had long gestation period due to technology and infrastructure reasons. BEE added that they had decided not to explore private labs for augmentation through Government funding support on grounds of transparency. While accepting the non-utilisation of funds by BEE, MoP endorsed (March 2019) the views of BEE.

The reply of BEE is silent on non-utilisation of capacity generated through grants. Further, they attributed the negligible check testing to the inadequacy of testing labs.

5.1.4.4 Label Verification

OM requires BEE to check whether all models in market are registered with BEE in case of products covered under mandatory scheme, all registered models display the BEE's Star label, all models carrying the star label are registered in case the products are covered under voluntary scheme, fake labels are not being used on products, and BEE's Star labels are displayed on models as per requirement of the Product Schedule/ Regulations. All these aspects are directed towards either protecting the consumers from misuse of the labels and/or ensuring energy savings under the S&L Scheme

Audit found that the label verification was not carried out by BEE/IAME, despite its criticality in the implementation and monitoring of the S&L Scheme.

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[22] ***Induction motor, Distribution Transformer, Ceiling Fan, UPS, Inverter, LED, Battery, Room AC, Colour TV, Pump set, LPG stove, TFL, Refrigerator, CFL and stabilizers.***

[23] ***(i) CPRI, Bangalore (₹8.53 crore) (ii) CEC IIT Madras (₹0.82 crore) and (iii) NSIC, Chennai (₹1.27 crore).***

[24] ***(i) Induction Motor, (ii) UPS, (iii) Ceiling Fan, (iv) LED, (v) TFL, (vi) Refrigerator, (vii) Inverter and (viii) Pump set.***

[25] ***Inverter Air Conditioners and Room Air Conditioners (Cassettes, Floor standing).***

[26] ***Energy saving (MU) for ACs: [(Base Power Consumption – actual Power consumption) *Production*1200]/10^9.***

BEE replied (January/March 2019) that label verification was a part of check testing though in limited numbers and, in the process of check testing, the label particulars are validated with the test results. BEE added that the process of check testing and label verification needed to be streamlined for which an MoU has since been signed with National Accreditation Board for Certification Bodies (NABCB). MoP did not offer any comment on this issue.

The reply of BEE is not acceptable in view of the following facts:

- Under the contract, EESL was required to provide BEE with the sample plan for label verifications and submit quarterly reports on the label verification work. Hence, the label verification was a critical activity which was to be performed independent of the check testing.

- In work order (October 2013) to CPRI, only check testing in two phases i.e. first check testing and second checking test in case of failures in first check test was mentioned and no label verification work was assigned under that work order.

- The check testing by BEE was negligible and ineffective (refer para 5.1.4.2).

- In Australia, the market surveillance/label verification are conducted regularly and Report thereon released on annual basis highlighting deficiencies like marketing of unregistered models, expired models, unlabeled models, models with obscured/wrong labels etc., besides the sampling details and size.

5.1.4.5 Non-fixing of QR code on Star label and short recovery of labeling fee

Quick Response (QR) code is used on every appliance to ensure the authenticity of the labels used in the market, so that misuse of Star labels can be obviated by empowering the consumer to retrieve and verify the technical specifications displayed on the Star label affixed on an appliance with ease from registered appliance database using a phone by scanning or a text message. This system has been implemented by China w.e.f. 1 June 2016.

BEE initiated (December 2010) implementation of QR code[27] technology for ensuring that non-compliant models are not sold in the market and to empower the customers to validate the label particulars directly from the BEE data base. It would also be helpful to BEE to capture product sales for data verification. But despite lapse of more than eight years, QR code on Star labels is yet to be implemented.

Due to delay in implementing the QR code system, BEE also could not promptly reconcile the production data with fee deposited by permittees for use of Star labels. This has also resulted in short recovery of labeling fee of ₹11.83 crore, as per detail given in Table 5.2.

[27] ***This is an automatic identification and data capture technique which is used to identify materials without intermediation of human being.***

Table 5.2: Year-wise details of labeling fee due and recovered

(₹ in crore)

Year	Fee recoverable based on yearly production data	Fee actually recovered by BEE	Short(-) /Excess(+) recovery
2012-13	22.10	15.98	(-) 6.12
2013-14	21.41	21.68	(+) 0.27
2014-15	25.67	23.14	(-) 2.53
2015-16	29.63	25.96	(-) 3.67
2016-17	32.36	32.58	(+) 0.22
Total	**131.17**	**119.34**	**(-) 11.83**

MoP/BEE replied (January/March 2019) that they got conducted a study (February 2018) for the QR code on labels and expression of interest had since been invited from QR code implementing agencies. The manual reconciliation was underway to identify the discrepancies, if any and verification of labeling fee received got delayed in the absence of audited documents from the permittees.

The reply confirms that BEE had not implemented QR code system so far and also had not reconciled the labeling fee payments with the production data so far, though it was the only source of funding for the S&L Scheme.

5.1.4.6 Reporting of Energy savings

BEE reported an energy saving of 70 BU for XII Plan period, against a target of 13.95 BU (the working of the target was not available on record). The savings is to be seen in light of the fact that compliance to the energy efficiency standards was check tested by BEE for only 0.16 *per cent* of total registered models and majority of the models failed in the check test. Further, the savings were calculated with reference to the standard energy consumption of Star-1 products prescribed at launch of the products, instead of the efficiency standards that prevailed in the previous year.

Audit as a test check worked out the energy saving calculation as per above principle viz-a-viz energy saving calculation done by BEE in respect of three appliances (Room AC including cassette and floor standing, DCR and FFR), which contributed about 55 *per cent* of the total energy saving, in five years i.e. 2012 to 2017 and found that BEE had calculated excess[28] energy savings by 23,624.96 Million Units (equivalent to 61.50 *per cent*) for these three appliances.

MoP/BEE replied (March 2019) that the improvement in baseline value demonstrate the upgradation of market scenario which has resulted in due to vendors competing with each other to bring in newer technology. BEE further added that it has noted the suggestions of Audit and would seek views of Management Advisory Committee.

[28] ***(i) Excess Energy saving (MU) of Room AC: {[(Base Power Consumption of Star 1 Model - Base Power Consumption of relevant Star Model) – (actual Power consumption)] *Production*1200}/10^9.***
(ii) Excess Energy saving (MU) of DCR and FFR: {[(Base Power Consumption of Star 1 Model-Base Power Consumption of relevant Star Model)–(actual Power consumption)] *Production}/10^6.

Audit appreciates the assurance on the issue.

5.1.5 Conclusion

The S&L Scheme is a scheme launched for the efficient use of energy and its conservation. Despite lapse of more than 12 years from launching of S&L Scheme in 2006, BEE is yet to establish required checks and balances.

Check testing, which is critical for efficacy of the S&L Scheme, has been negligible, incomplete and ineffective. Lab capacity building was neglected, though funds were earmarked in both XI and XII Plan periods. Labs empaneled exclusively for check testing activity were not utilised optimally. Label verification activity was not taken up at all, though it was crucial in protecting the consumers from misuse of the Star labels. QR Code mechanism is yet to be streamlined for collection of correct labeling fee etc.

5.1.6 Recommendations

- Third party verification from approved labs may be considered to ensure correctness of Star label at the time of registration.
- Check testing and label verification, being core activities of scheme, may be adequately stepped up, completed in time and reports published on BEE's website.
- Creation and augmentation of lab capacity may be given due importance so that sufficient reliable labs are available for check testing.
- Mechanism for monitoring and ensuring compliance of internal guidelines regarding selection of models for check testing, label verification etc. may be put in place, to ensure that the objective of the scheme are met.

CHAPTER VI: MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

6.1 Scheme for setting up of Inspection and Certification Centres

Delay in finalisation of the equipment supplier, poor planning and ineffective monitoring resulted in delayed completion/non-operational of I & C Centres planned during XI Five Year Plan to till date (September 2019). Thus, the purpose of implementing the scheme i.e. implementation of an effective vehicle inspection system, improvement of roadworthiness and further replicating such model I & C Centres in the rest of the States could not be fully realised yet.

6.1.1 The Ministry of Road Transport and Highways (the Ministry) envisaged (August 2009), a scheme for setting up automated Inspection and Certification (I & C) Centres with estimated provision of ₹280 crore due to poor maintenance and servicing of old in use vehicles which not only damages the environment but also poses great safety hazards on road. Accordingly, a scheme for setting up of I & C Centre each in nine States[1] was initiated (XI Five year (FY) Plan/August 2009) by the Ministry on a pilot basis on the basis of study conducted by National Automotive Testing and R&D Infrastructure Project (NATRIP).

The main objective of these I & C Centres was to ensure safety and security of the in-service transport vehicles besides enhancing cleaner environment. The model I & C Centre was to demonstrate scientific testing of road worthiness of vehicles and to be equipped with automated testing facilities to avoid the prevalent manual assessment methods. The States were required to replicate such model I & C Centres on their own/through private partners, depending upon the vehicle population in a particular city.

The Ministry decided (August 2009) to engage Automotive Research Association of India (ARAI), Pune as technical consultant for providing technical assistance for the I & C Centres which included architectural/design concepts, tender documents, equipment procurement, installation cum commissioning and operation of Centre. The Ministry also proposed to bring out certain legislative changes in the Motor Vehicles Act, 1988 and the Central Motor Vehicles Rules (CMVR), 1989 as the list of parameters to be checked at the time of fitness tests, given in Rule 62 of CMVR 1998 were required to be modified to include more items concerning safety and environmental parameters requiring regular checks using the automated test equipment in a vehicle inspection Centre. It was also projected that each I & C Centre would generate revenue of ₹4.03 crore per annum.

The concerned State Governments were responsible for providing land (Three acres for each Centre) and other infrastructural facilities for setting up of new Centre. The Ministry decided to execute the scheme in the States by the Society of Indian Automobile Manufacturers (SIAM), International Centre for Automotive Technology

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[1] ***Karnataka, Delhi, Madhya Pradesh, Haryana, Gujarat, Maharashtra, Telangana, Rajasthan, Uttar Pradesh and Himachal Pradesh. I & C Centre in Himachal Pradesh was cancelled (July 2014) due to State Government not bearing the additional cost of land development.***

(iCAT) and Automotive Research Association of India (ARAI) and I & C Centres were to become operational within 12 months of start of the project activity. The Ministry conveyed (September 2010 to November 2014) to respective State Governments administrative approvals and financial sanctions (A/A & F/S) for establishing I & C Centres at an estimated cost of ₹14.40 crore[2] (exclusive of taxes) for each of four lane Centres except for Uttar Pradesh and Madhya Pradesh for which A/A & F/S amounting to ₹12.62 crore and ₹14.74 crore was conveyed, respectively. Details of projects sanctioned are shown in Table 6.1 below:

Table 6.1: Details of Projects sanctioned

(₹ in crore)

Sl. No.	Location of Centre and State	Name of Agency	Amount sanctioned for civil construction	Amount released	Scheduled Date of Completion	Operation start date
1.	Lucknow - Uttar Pradesh	ICAT, Manesar	5.80	8.40	January 2016	Centre is ready for installation of equipment
2.	Nashik - Maharashtra	ARAI, Pune	5.80	6.08	January 2013	October 2015
3.	Rail Magara-Rajasthan	ARAI, Pune	5.80	5.65	March 2013	Yet to start
4.	Surat-Gujarat	ARAI, Pune	5.80	4.90	March 14	May 2017
5.	Nelamangala-Karnataka	ARAI, Pune	5.80	5.55	January 2013	October 2016
6.	Jhuljhuli - Delhi	ICAT, Manesar	5.80	5.60	May 2013	July 2016
7.	Malkapur-Telangana	ARAI, Pune	5.80	5.35	August 2013	Centre is ready for installation of equipment
8.	Chhindwara-Madhya Pradesh	SIAM	8.50	10.20	May 2012	February 2016
9.	Rohtak-Haryana[3]	ICAT, Manesar	5.80	5.70	-	August 2016
	Total		**54.90**	**57.43**		

An amount of ₹94.32 crore has been released by the Ministry for these projects in nine states which included ₹57.43 crore for civil construction, ₹3.20 crore for project management fees, ₹7.59 crore for utilities and taxes and ₹26.10 crore for equipment. The executing agencies i.e. SIAM, iCAT and ARAI for the I & C Centres were selected on nomination basis and the work was allocated on the basis of demographic locations of the States, expertise and capabilities to set up Centres.

[2] *Includes equipment and utilities and software (₹5.30 crore), civil construction (₹5.80 crore), Operation and maintenance (₹2.65 crore, Project management fees and garage Auditing (₹0.65 crore)=Total ₹14.40 crore.*

[3] *Records of Haryana not provided for audit.*

6.1.2 Audit noticed that:

(i) Initially (September 2010), it was decided that the equipment would be procured by the each executing agency of the projects. However, the tender was cancelled as it was not in conformity with provisions of GFR and it was decided (December 2010), to procure equipment for all I & C Centres under a single tender. However, the Ministry took two years (November 2012) in floating the tender due to time taken in finalisation of specifications for the equipment. The tender was finalised and letter of award was issued on 7 August 2013. Thus, there was delay of more than three years in finalisation of the tender.

(ii) After completion/commissioning of the project, the Centre was to be operated by the equipment supplier for two years after which the I & C Centres were to be transferred to the State Governments. As such, it was considered essential that the State Governments may be actively involved in and oversee the progress of the project. For the purpose, the Ministry had to enter into a tripartite Memorandum of Understanding (MoU) with the State Governments and the executing agencies before releasing the funds for the projects. However, MoU in case of Madhya Pradesh was signed in January 2017 i.e. after completion of the project (March 2016). Moreover, in the case of Madhya Pradesh, the cost of land development amounting to ₹20 lakh was also released by the Ministry in violation of the scheme guidelines.

(iii) Audit examination revealed that there was no prescribed monitoring mechanism in the project Guidelines except provisioning of quarterly progress reports in the sanction letters. However, it was noticed that except SIAM, which furnished five quarterly reports for I & C Centre at Chhindwara, Madhya Pradesh from December 2010 to April 2012, no other executing agency had submitted quarterly progress to the Ministry to monitor the progress. Moreover, neither the administrative approval nor any of the sanctions mentioned the mandatory provision of submission of Utilisation Certificates (UCs) under Rule 212 of General Financial Rules (GFR).

(iv) It was observed that the main reason for delay was ineffective monitoring/co-ordination between executing and operating agency. The civil work and the supply of equipment overlapped as the technical specification of the equipment and the details of exact dimensions and properties of the pits were to be determined by the equipment supplier. The equipment was procured without ascertaining the availability of space, manpower and infrastructure required for installation for these Centres leading to delays.

(v) Besides, Department of Expenditure, Ministry of Finance had prescribed guidelines (December 2011) in the matter of continuation of ongoing schemes from XI Plan to XII Plan. These stipulated that before continuation of the scheme in the XII Plan, the scheme was to be subjected to evaluation with regard to performance in the XI Plan. However, the Evaluation Report submitted (September 2017) by the technical consultant-Central Institute of Road Transport (CIRT), Pune to the Ministry regarding performance of the scheme during XI Plan revealed following main weaknesses:

- That the scope of work of each of the agency was not clearly defined. As per guidelines the shed construction layout was provided by the executing agency and the equipment foundation layout was provided by the operating agency. Due to lack of coordination between the two agencies the civil work was delayed.
- Due to very less involvement of the Regional Transport Office (RTO) officials during the project inception stage, they were not well equipped with the testing procedures and lack knowledge of the equipment used for testing. The guidelines did not specify training to RTO officers and their capacity building to ensure sustainable operations of the Centre after project handing-over.
- The scheme did not clearly define the terms of handling-over and taking-over procedures.
- Although some of the Centres were established within given time frame, the transport department had delayed taking necessary measures to make vehicles available for testing. Therefore, such Centres have not been put to effective utilisation.

(vi) As of November 2018, in three Centres (Telangana, Rajasthan and Uttar Pradesh) equipment were not installed/commissioned resulting in delays in operationalisation of the Centres. Six Centres (Karnataka, Delhi, Madhya Pradesh, Haryana, Gujarat, Maharashtra,) were ready for operation as on March 2018, after delays ranging between 26 months to 54 months. Audit test checked achievements against annual target for the number of vehicles to be inspected and noted the following number of vehicles inspected at each Centre and amount of revenue earned as shown in Table 6.2 below:

Table 6.2: Number of vehicles inspected and revenue earned at I & C Centres

Sl. No.	I & C Centre	Annual Target (No. of vehicles)	Achievement (No. of Vehicles inspected)	Revenue earned (₹ in lakh)	Period	Remarks
1.	Jhuljhuli, Delhi	Not fixed	36,560	Not provided	01 April 2017 to 31 October 2019	The Centre was designed to inspect about 1.25 lakh vehicles per annum as per the scheme document. However, only 36,560 vehicles (11.31% on per annum basis) were inspected against the installed capacity.

2.	Nelamangla-Karnataka	Not fixed	11,440	Not provided	01 October 2016 to 28 February 2019	Centre is not functioning as on date. Tendering is in process for re-commencing operation from February 2020. Even during operationalisation period, the utilisation was only 3.79% (on per annum basis) of the installed capacity of 1.25 lakh vehicles per annum. Hence, the Centre remained mostly idle.
			Nil		01 March 2019 to 31 October 2019	
3.	Rohtak, Haryana	1.25 lakh to 1.50 lakh	33,664	Not provided	01 April 2017 to 31 October 2019	Only 33,664 vehicles (10.41% on per annum basis) were inspected against the installed capacity.
4.	Surat, Gujarat	36,000	3,835	28.42	06 October 2017 to 31 March 2018	Only 34% utilisation against the target fixed by state and 9.85% (on per annum basis) utilisation if the installed capacity of 1.25 lakh vehicles per annum is considered.
			13,487	99.45	01 April 2018 to 31 March 2019	
			8,186	58.29	01 April 2019 to 31 October 2019	
5.	Chhindwara, Madhya Pradesh	Not fixed	Nil	-	2016-17	Though the Centre was commissioned on 30 January 2016 only 10 vehicles were inspected. Resultantly the Centre remained practically idle and investment was wasted.
			10	0.09	2017-18	
			Nil	-	2018-19	
			Nil	-	01 April 2019 to 31 October 2019	
6.	Nashik, Maharastra	Not fixed	14,342	69.39	14 October 2015 to 31 March 2016	Against the installed capacity of about 1.25 lakh vehicles per annum, no targets were fixed and only
			24,934	139.63	01 April 2016 to 31 March 2017	

			32,330	240.26	01 April 2017 to 31 March 2018	1,20,488 vehicles (23.80% on per annum basis) were inspected.
			30,667	234.79	01 April 2018 to 31 March 2019	
			18,215	139.15	01 April 2019 to 31 October 2019	
7.	Lucknow - Uttar Pradesh	Not yet operational				
8.	Rail Magara-Rajasthan					
9.	Malkapur-Telangana					

(vii) It may be seen from above Table 6.2 that the annual target for number of vehicles to be inspected was not fixed in any of the Centres except by I & C Rohtak, Haryana and Surat, Gujarat. In six Centres which were operational, the total number of vehicles actually inspected and certified were much less than the installed capacity of 1.25-1.35 lakh vehicles per Center as envisaged in the scheme guidelines. Further, information provided by Surat-Gujarat, Chhindwara-MP and Nashik-Maharastra for revenue earned indicated that only ₹1.86 crore, ₹0.09 lakh and ₹8.23 crore were earned, respectively, by these Centres for the periods indicated above, which were also much less than the projected revenue of ₹4.03 crore per Centre per year as envisaged in the scheme guidelines.

It is evident that the capacity of each Centre is highly underutilised and accordingly the revenue earned is far behind in comparison to annual projected revenue for each Centre.

(viii) The required Amendment in Section 56 of the Motor Vehicles Act, 1988 regarding compulsory testing of vehicles in automated testing stations has been notified during August 2019. The date from which this amendment will be effective is to be notified by the Central Government. As the pilot projects for setting up automated I & C Centres is yet to be completed in three states and the scheme is yet to be replicated by States through own/through private partners, as envisaged, its immediate implementation in the entire country is uncertain.

The Ministry in its reply (February 2018/August 2019) stated that:

- Initially executing agencies were asked to procure the equipment. Later on, it was decided to float the single tender for equipment procurement. In addition to it, finalisation of specifications of equipment was a big challenge. Further, the Ministry attributed delays to a court case filed during tender evaluation process and finalisation of the equipment supplier;

- Though the executing agency did not submit the progress report but the Ministry has been regularly reviewing the progress of the Centres in the meeting held in the

Ministry from time to time. Payments were sanctioned only after receiving the progress report from the State Government.

- On the issue of Utilisation Certificates (UCs), the Ministry stated that though it was not mentioned in the sanction order for submission of UCs, the Ministry did not release fund without receiving the UCs except in case of Gujarat.
- Necessary provisions under section 56 of the Principal Act has been made vide Motor Vehicles (Amendment) Act, 2019.
- Though letter of award for supply of equipment at all I & C Centres was issued on 7 August 2013, delivery order was placed at different time.
- The Ministry has incorporated the recommendations of CIRT in the tender document of I & C Centre of XII FY Plan.

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

- As it was prudent on the part of the Ministry to finalise the specifications at the time of publication of the tender and issue of sanctions to the executing agencies afterwards. The said court case was filed early in the year 2013 and disposed off in May 2013. However, the sanctions for the projects were issued since September 2010.
- The reply of the Ministry was silent on funding land development cost of ₹20 lakh in violation of scheme guidelines.
- Letter of award for supply of equipment was issued without ascertaining technical specifications, availability of space and infrastructure required.
- Though the Motor Vehicle Act has been amended during August 2019, yet the notification for making the amendments effective, is yet to be made effective (September 2019).
- Though remedial measures has been taken by the Ministry for I & C Centres during XII FY Plan, still three centers of XI FY Plan are yet inoperative (September 2019).

6.1.3 Conclusion

The Vehicle Inspection & Certification program was an effective tool to improve the condition of in-use vehicle fleet. However, delay in finalisation of the equipment supplier, poor planning and ineffective monitoring led to delayed completion/non-operational of I & C Centres planned (August 2009) during XI FY Plan till date (September 2019). Consequently, the purpose of implementing the scheme i.e. implementation of an effective vehicle inspection system, improvement of roadworthiness and further replicating such model I & C Centres in the rest of the States could not be fully realised yet.

6.1.4 Recommendations

- The three incomplete Centers (Lucknow -Uttar Pradesh, Rail Magara-Rajasthan & Malkapur-Telangana) should be completed at the earliest, to avoid further time and cost overrun and postponement of the benefits of the scheme.
- Date from which the amendment in the Section 56 of Motor Vehicles Act will be effective should be notified by the Ministry immediately for implementation, to give effect to a stricter regime for testing of vehicles and new rates of user charges for certification.
- The capacity of operational Centers should be utilised in full to optimise the benefits of the scheme and to meet the revenue target for each Center as well.

CHAPTER VII: MINISTRY OF SHIPPING

Chennai Port Trust

7.1 Implementation of Port Operation Management System (POMS) in Chennai Port Trust

Though the implementation of POMS was aimed at integrating business processes and exchanging messages with PCS, the system could not achieve the intended objectives in its entirety. Apart from delayed implementation, there were deficiencies in designing the database and user profiling, thereby rendering the system not completely reliable. The Port did not have an IT Security Policy and had not got the third party audit done of its IT infrastructure. The Port has yet to formulate a Business Continuity Plan.

7.1.1 Introduction

Chennai Port Trust (Port), functioning under administrative control of Ministry of Shipping (the Ministry) had already computerised many core functions such as Vessel Management, Cargo Management, Railway Management and Billing Management by using modules developed in-house by Information and Communication Technology (ICT) team. In order to develop the comprehensive ICT requirements and to align with Port Community System (PCS) established by Indian Ports Association (IPA), Port intended (2009) to integrate the electronic flow of trade related documents, information and functions.

The Port decided to adopt National Informatics Centre's (NIC) Enterprise Application Software including Port Operation Management System (POMS) developed by NIC which was already in use at Haldia, Kolkata and Ennore Ports. It was also decided that the application software to be developed and customised for Chennai Port shall have joint ownership of NIC and Port. A tripartite Memorandum of Understanding (MoU) was entered by Port, NIC and National Informatics Centre Services Inc. (a subsidiary company of NIC) for implementing POMS with the primary objective of integrating Port's business processes and exchanging of PCS messages between Port and its stakeholders in an effective manner. As per the terms and conditions of MoU:

- the vessel and cargo operations management systems had to be integrated with PCS with improved functionalities,
- the system would capture all billable activities of various berths and generate the bills automatically,
- the scale of rates in Port would be implemented in POMS for all the tariff and billing purposes, and

- the system would provide extensive reporting facilities to address the needs of the management.

7.1.2 Port Operation Management System in Chennai Port Trust

As part of development and implementation of POMS, Port had spent an amount of ₹96.80 lakh. POMS received basic inputs like berthing requests of Shipping Agents, advance paid by agents, Vessel's basic information like IMO number, GRT etc. from PCS. POMS basically is a transaction recording system covering areas such as vessels management, cargo management and stevedoring operations, for facilitating generation of bills and payments to port users etc. The entire workflow of the said departments was not automated in POMS and authentication of transactions was done outside the system. The Port found POMS to be an essential system to take care of the operational activities as well as revenue related functions. POMS has nine modules comprising five functional modules (cargo, revenue, railway, stevedoring and vessel management) and four technical modules (bankadmin, ediadmin, masadmin and pcsadmin).

7.1.3 Audit Findings

Audit observed that there were lapses in implementation of the system, designing the data base, user profiling, mapping of business rules etc. as detailed in the succeeding paragraphs.

7.1.3.1 Absence of IT Security Policy and Business Continuity Plan

As per the guidelines issued (2006) by the Ministry of Electronics and Information Technology, Government organisations should develop IT Security Policy and carry out third party audit of IT infrastructure. It was, however, observed that the Port had not developed an IT Security Policy and not carried our third party audit of IT infrastructure. Audit also noticed that Port was yet to formulate a Business Continuity Plan outlining the action to be taken in the event of a disaster so as to ensure that the information processing capability was restored at the earliest.

The Ministry/Port replied that action has already been initiated for engagement of vendor from empaneled auditors of CERT-In through tender process for framing of IT Policy & IT Security Policy along with conducting third party IT infrastructure audit.

7.1.3.2 Issues in Completion of POMS project

As per MoU, the project was to be completed within one year of signing the MoU (June 2011) which was followed by a warranty period of six months. The project was declared as completed in September 2013 with completion of seven modules on receipt of conditional acceptance by user departments. Further, remaining two modules i.e. Railway and Cargo modules were operationalised from February 2014. First AMC with NIC/NICSI commenced from 1 April 2014 with annual value of ₹43.46 lakh. Audit observed the following:

- All POMS modules were not operational when the project was declared as completed in September 2013.

- The acceptance of the user departments was not obtained before declaring the project completed.

- All Project deliverables were still not handed over to Port (March 2019).

- The free warranty period of six months from the date of completion of the project could not be availed due to belated completion of two modules in February 2014 which subsumed the warranty in the AMC period.

The Ministry/Port accepted that all modules were not operational at the time when it was declared go-live and also accepted that the Technical Architecture, Backup and Archive Documents were not handed over as the entire setup is being maintained by NIC till date. However, it was stated that the user acceptance was not considered since it was a customised product. The reply is not tenable as the Railway and Cargo modules were operationalised only from February 2014 and MoU specifically provided for the user acceptance and handing over of all project deliverables.

7.1.3.3 Design deficiencies in the Database columns

In order to have adequate input controls, each column in the data base structure was designed using specific data type (character, numeric, date etc.), length and nullability. Scrutiny of a table *'Column'* under the *'Information Schema'* of the POMS database revealed the following deficiencies:

- The column property of a column i.e. "*is_nullable*" in the data structure defines whether a particular column could be left blank or not. It should be defined either as *'yes'* or *'no'*. However, it was observed that the nullability factor for the same column_name was defined both as 'yes' and 'no' in 357 cases including certain critical column names such as cargo code, cargo description, cargo weight, container number, container type, etc.

- The column property of a column i.e. "character_maximum_length" defines the maximum length of the character if the data type was defined as character. It was observed that the said parameter was defined differently in 165 unique column names ranging from two to nine value types. The columns with the said deficiencies were created to store critical fields like container type, container number, container code, etc.

- The "data_type" column property defines the type of the data to be entered as character, numeric, date etc. It was observed that same column was defined with different data types at 30 instances, one as character and another as numeric.

- The data contained in the columns include significant data like container code, container type etc. which has direct linkage with the day to day operations of the Port, data captured through POMS is vulnerable and its reliability could not be ensured. It may also lead to the possibility of wrong/incomplete generation of MIS reports.

- It was also observed that the container traffic data as captured in the table voyage_cargo_opn was not matching with the data depicted in the Annual Report during the period 2014-15 to 2016-17[1]. It was further observed that POMS data was captured based on the provisional data provided by private operators as such the same could not be fully relied upon.

The Ministry/ Port replied that the issues had been taken up with NIC Kolkata.

7.1.3.4 Deficiencies in User Profiling

Effective input controls were essential for POMS which only permitted the authorised users to log in and also provide adequate audit trail. Log register for user profiles with privileges assigned to users was not maintained. Audit reviewed 513 user ids captured in the master table '*mas_user'* under the schema '*masadmin' and observed that:*

- The POMS did not have the system to automatically deactivate the inactive users. The events such as resignation, retirement, death, etc. of the users should be captured for instantaneous deactivation of their ids.

- The log in time stamp was blank in 50 user codes which indicated that they have never logged in to the system since their creation. Many user codes had not been logged in for more than 6 months and some were logged only once at the time of creation. There were instances in which 25, 56, 64, 54 and 63 user codes had not been logged in the system after 2013, 2014, 2015, 2016 and 2017 (upto September) respectively.

- There was log in trails in case of nine user codes after their retirement. Out of these, Audit found two user codes had been used to create 38 and 8 vessel call records respectively. The column 'entry by' was left blank in the case of 88 user codes. As such, the identity of creator of user ids could not be ensured.

- An effective password policy to ensure automatic controls in the system was essential for enforcing periodical changes to prevent unauthorised use of the POMS. There were instances in which 399 users had never changed their initial passwords.

- On a scrutiny of employee data of marine and traffic departments in comparison with users of POMS created in the system, it was noticed that the user data did not include many senior officials of Port. This indicated that the system was being managed only by middle or lower level officials of Port without the role of senior officials who were expected to authorise/approve the transactions.

The above deficiencies in the user profiling rendered the access controls vulnerable and may result in unauthorised usage of system without any audit trail and lack of robust MIS system.

The Ministry/Port while agreeing to take corrective action has stated that user ids will be created for senior officers.

[1] ***Figures for F.Y. 2017-18 were not available.***

7.1.3.5 Defective Vessel Profiling

Maintaining a complete and updated vessel profiling was essential since it impact on the vessel related charges such as port dues, berth hire, pilotage etc. On a scrutiny of the table '*Voyage'* consisting of 11,604 voyage records under the schema '*vmsadmin'* since the inception of POMS and upto 31 March 2018, Audit observed that:

Gross Registered Tonnage (GRT) was the measure of overall size of a ship and Reduced Gross Registered Tonnage (RGRT) was the measure after excluding the ballast capacity from the GRT. Vessel related charges such as Port dues, Berth hire, Pilotage, etc., are levied as a *per cent* of GRT or RGRT as the case may be. Scrutiny of the data, however, showed that these parameters were incorrectly mapped and there was no automated system to check the data integrity other than manual checking. Instances were found wherein two out of 2,943 vessels were mapped to multiple GRT values.

The Ministry/Port stated that the PCS data for calculation of various port charges was relied and manual correction was done in case of omission of tonnage values.

The reply corroborated the audit observation that the system was not automated to check the Port charges and it necessitated manual intervention.

7.1.3.6 Incorrect reduction of GRT where there is no segregated ballast

The Port dues were collected based on the Gross Registered Tonnage (GRT) of the vessels. As per the approved scale of rates, in the case of oil tankers with segregated ballast, the reduced gross tonnage (RGRT) would be taken to be its gross tonnage for the purpose of levying Port Dues.

It was noticed that the column *sbt_yn* in the table *vessel* had been created to capture the information on whether a particular vessel had separate ballast or not and to record '*yes* or *no'*. Out of 6,334 records in the table, the column 'sbt_yn' was recorded as 'N' in 2,172 unique records indicating that the ships did not have segregated ballast. On a further scrutiny, it was revealed that RGRT was recorded in 36 out of 2,172 cases under the column 'GRT_red' making them eligible for lower Port Dues. The system did not have adequate controls to prevent such wrong entries.

The Ministry/Port accepted that it was not using the column for recording the separate ballast value and in case if the PCS message carried the same or different value for the Tanker vessels for both GRT and RGRT, the system calculated the charges based on RGRT. Thus the value stored in the "sbt_yn" did not have any relevance with the calculation of Port Dues. If the vessel was segregated ballast value, then based on the certificate produced by the port user, the RGRT was updated by NIC after receiving the same from the Marine Staff. While raising the final bill, it is ensured manually that RGRT concession is given only to eligible vessels.

The reply is not acceptable since a permanent master data base for vessel profiling with fundamental characteristics of vessels such as GRT/RGRT values, separate ballast, etc. was not maintained to verify the integrity of data flowing from PCS and it necessitated manual intervention.

7.1.3.7 Inadequate profiling of Port users data

As per the customer registration format for the port users, Steamer agents, Clearing and Forwarding agents, Cargo handling agents, etc. were required to register with the Port by furnishing basic details such as address, PAN, contact numbers/email, bank account number, etc. The financial transactions with the parties were being done through bank fund transfers. On a scrutiny of tables under Masadmin, and *Revadmin* schema where the master data of user details were captured, following issues were observed:

- PAN data was not captured in 659 out of 1,128 cases.
- Address of the port users in 379 cases and telephone /fax number and email id in 706 cases were not captured.

The Ministry/Port accepted to update the KYC norms for all the Port users.

7.1.3.8 Deficiencies in mapping Wharfage rate for Crude Oil –CPCL

The wharfage rate applicable for importing crude oil by Chennai Petroleum Corporation Limited (CPCL) through Port was regulated by an MoU entered (May 2003) between them with a validity period of thirty years. As per MoU, the wharfage was to be subjected to annual revision as per the change in All India Consumer Price Index Number for urban non-manual employees for the previous year and the revised rates were to be made effective from first April of every year.

Audit observed that the rate revisions for every year was approved with a delay of two to three months depending on the release of the price index for that year. On a scrutiny of POMS table '*Rev_data_crgwhrf*' under the Schema '*Revadmin'*, it was observed that the rate revisions were not effected in POMS with effect from first April and instead the same were effected from the month in which the revised rate was communicated to EDP section. Due to delay in effecting the change in wharfage rates as per the agreement, there was delay in revenue collection and was done manually.

The Ministry/Port admitted that the system did not have the facility for calculation of rates retrospectively in the case of delayed mapping of revised wharfage rates, recovery is done manually.

The Port should make the system robust to take care of business rule and to mitigate manual intervention.

7.1.3.9 Control issues in billing

Billing process for various core operations of the Port namely, marine, cargo, stevedoring etc. is done in the billing module of the POMS. The bills once generated in the system are reflected as 'N' indicating their status as pending. The bills so generated in the system are forwarded for posting into financial accounting. After processing of bills, the status of these bills is converted from 'N' to 'Y' whereby bills are posted and transferred for consideration into accounts. If the bills are cancelled, the status is changed to 'C'.

The billing data were captured in the table *Rev_bill_header,* where the status of final bills were categorised under the column *'Bill_Freeze_YN'* as '*Y','N*' or *'C*' indicating *Bill posted*, *Bill pending* and *Bill cancelled* respectively. In this regard, Audit observed that:

(i) 1,376 records of various departments out of 1,07,688 final/supplementary bills generated during the period since inception of POMS, were not posted in the financial accounting and showing pending.

(ii) There was delay in posting of bills in the system by bill generating departments of the Port. Instances were also noticed where bills were pending since 2013-14 onwards.

(iii) 168 bills with a total value of ₹4.37 crore had been cancelled without any reason mentioned under the column 'bill remark' as it was blank.

(iv) In 1,193 cases the reason given for cancellation was vague without specifying the exact reason which led to cancellation of the bills. There was no inbuilt system for coding the reasons for cancelling the bills with reference to parameters/elements of billing in terms of quantity, party to be billed, rate applied, etc. so as to give proper audit trail.

The Ministry/Port replied that they were collecting revenue through EDI and non-EDI mode and agreed to take action to bill on regular basis and posting of bills. Further, the Ministry/Port admitted the deficiency in the system of cancellation of bills and assured to include the valid reasons.

Accounting of revenue was impacted due to pendency in bill clearance through POMS. As revenue was automatically collected once bill had been generated the accounting of revenue should also have been concurrent. The system should have had adequate controls to ensure that the bills were posted immediately to reflect the correct financial position and to ensure that the cancellation of bills was taking place in a controlled environment with proper authenticity.

7.1.3.10 Non-capture of business rules for Main-line container concession

As part of marketing initiatives, Port had been extending concessions in vessel related charges (port dues, berth hire, pilotage, etc.) and wharfage to mainline container/cargo vessels since 2013.

Audit noticed that the calculation for these concessions was being done manually outside the purview of the POMS even though the parameters for arriving at the amount of concession such as Gross Registered Tonnage of the vessel, number of voyage, etc., exists in POMS. These concessions were finally paid to the parties in the form of refunds.

On a scrutiny of the table '*refund_note'* it was noticed that refunds to the tune of ₹112 crore were made through manual intervention for the period upto 31 March 2018.

The Ministry/Port while accepting the audit observation stated that action has been taken to give the concession in the Marine Final Bills through POMS.

The fact, however, remained that concession on vessel related charges had a direct impact on the revenue of the Port and should have been automated at the time of implementation of POMS by linking it to unique id of the vessel/voyage to ensure foolproof and transparent mechanism for extending concession.

7.1.4 Conclusion

Though the implementation of POMS was aimed at integrating business processes and exchanging messages with PCS, the system could not achieve the intended objectives in its entirety. Apart from delayed implementation, there were deficiencies in designing the database and user profiling, thereby rendering the system not completely reliable.

The Port did not have an IT Security Policy and had not got the third party audit done of its IT infrastructure. Port has yet to formulate a Business Continuity Plan.

7.1.5 Recommendations

- The Port should develop and maintain IT Policy and IT Security Policy.
- Data base structuring should be made robust to maintain its uniqueness. Adequate access controls should be established by framing effective user management and password policy.
- Master data base for vessel and Port user profile should be created with periodical updation to verify the data received through PCS.
- Full-fledged automation should be brought in billing of all operational activities by eliminating manual intervention. Business rules for container vessel concessions should be mapped into the system.

Visakhapatnam Port Trust

7.2 Non-recovery of liquidated damages from concessionaires for under-performance

Visakhapatnam Port Trust failed to evaluate the performance of projects awarded to three concessionaires and also did not compute the liquidated damages for shortfalls in achievement of Performance Standards, in line with the provisions of the Model Concession Agreement. Consequently, liquidated damages to the tune of ₹25.30 crore were pending for recovery from the concessionaires.

Visakhapatnam Port Trust (VPT) entered into (June 2010 to August 2010) concession agreements with three private parties (concessionaires) for development of cargo berths at Visakhapatnam Port on Design, Build, Finance, Operate and Transfer (DBFOT) basis, as per the details given in Table 7.1:

Table 7.1: Details of Concession Agreements entered into by VPT

Name of the Project	Name of the concessionaire	Date of signing of concession agreement	Handling Capacity (million metric tonne)	Date of commencement of commercial operations
Mechanisation of Coal handling facilities and up-gradation of General Cargo Berth (GCB) at outer harbour of Visakhapatnam Port	Vizag General Cargo Berth Private Limited (VGCBPL)	10.06.2010	10.18	08.04.2013
Development of West Quay-6 (WQ-6) Berth in the northern arm of inner harbour of Visakhapatnam Port	West Quay Multiport Private Limited (WQMPL)	31.07.2010	2.08	13.07.2015
Development of East Quay-10 (EQ-10) Berth in the northern arm of inner harbour of Visakhapatnam Port	AVR Infra Private Limited (AVRIPL)	16.08.2010	1.85	25.07.2017

The Department of Shipping under the erstwhile Ministry of Shipping, Road Transport & Highways prescribed (January 2008) a Model Concession Agreement (MCA) for Private Projects in Major Ports. Clause 7.3 of Article 7 of the MCA on 'Liability for shortfall in performance' provided that, in the event the Concessioning Authority, whether from the review of reports submitted by the Concessionaire in accordance with the provisions of this Agreement or otherwise, observes that the Project/Project Facilities and Services do not comply with the Performance Standards or fall short of the Performance Standards, the Concessioning Authority shall calculate the amount of liquidated damages payable by the Concessionaire in accordance with Appendix 15 of this Agreement. Further, to evaluate the performance of the Concessionaire, Appendix 15 of the MCA provided indicative norms for three Performance Standards i.e. (i) Gross Berth Output[2], (ii) Transit Storage Dwell Time[3], and (iii) Turnaround Time for receipt/delivery operations[4].

Audit reviewed the provisions of the three concession agreements (CAs) entered into by VPT with the Concessionaires and observed that though the three Performance Standards mentioned in MCA were included in the CA entered with WQMPL, the indicative norm in respect of Transit Storage Dwell Time was omitted. Similarly, out of the three Performance Standards mentioned ibid, the Turnaround Time for receipt/delivery operations was omitted altogether in CAs entered into with VGCBPL and AVRIPL for GCB and EQ-10 berths respectively.

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[2] ***The Gross Berth Output is calculated as the total cargo handled (either loaded/unloaded) from the ship during a month divided by the time spent by the ship at the terminal i.e. number of working days at the berth.***

[3] ***Transit Storage Dwell Time for bulk cargo is calculated as half of average parcel size of cargo vessels in a month divided by average disposal of cargo from the Port per day.***

[4] ***Turnaround Time for receipt/delivery operations is the sum of time taken for loading/unloading of cargo divided by the number of trucks/trailers/rakes deployed, as the case may be, in a month.***

Audit observed that:

(i) VPT failed to collect month-wise information for evaluation of performance of the projects. As such, neither performance of the projects was evaluated nor liquidated damages were levied on the Concessionaires for under-performance.

(ii) VPT noticed (June 2015) the missing parameter for evaluation of performance of the projects, in respect of the CA entered into with VGCBPL. However, it did not take any steps to get the CA amended.

(iii) Indian Ports Association, engaged by VPT for the advisory services with regard to evaluation of performance parameters in case of missing Performance Standards in CAs, advised (March 2018) not to consider the implication of norm for Turnaround Time for calculation of liquidated damages as it was not prescribed in CA. They also advised that overall shortage in performance should be computed as a percentage of Gross Berth Output and Transit Storage Dwell Time available in CA. However, VPT did not take any steps to evaluate the performance of the projects with the available performance parameters to levy liquidated damages for shortfall in achievement of Performance Standards.

As per the data made available by VPT, Audit evaluated the performance of the projects with regard to Gross Berth Output only and worked out the liquidated damages to be levied on the three Concessionaires to the tune of ₹21.67 crore for the years 2013-14 to 2017-18 in respect of GCB, WQ-6 and EQ-10 berths (**Annexure-XI**).

While accepting the audit observations, VPT/Ministry of Shipping stated (December 2018/April 2019) that it had sent demand notices to two Concessionaires (viz. VGCBPL and WQMPL) in the month of November 2018, December 2018 and to one Concessionaire (viz. AVRIPL) in the month of February 2019 for the payment of liquidated damages amounting to ₹25.30 crore[5]. It also stated that VPT evaluated the Performance Standards and calculated liquidated damages and was in the process of realising the same without any backlogs.

Only after being pointed out by Audit (June 2018), VPT started (November/December 2018/February 2019) evaluating the Performance Standards and calculating the liquidated damages. Had VPT evaluated the Performance Standards and computed the liquidated damages for shortfalls in Performance Standards periodically in line with the Clause 7.3 of Article 7 and Appendix-15 of MCA, it could have realised the liquidated damages. VPT's failure to do so resulted in non-realisation of liquidated damages to the tune of ₹25.30 crore.

7.3 Loss of revenue due to non-inclusion of penalty clause in Concession Agreements

Visakhapatnam Port Trust did not include a safety clause in the Concession Agreements for two projects, for imposing penalty for non-achievement of Minimum Guaranteed Cargo by the Concessionaires, which resulted in loss of revenue of ₹4.18 crore.

[5] *VGCBPL: ₹22.47 crore + WQMPL: ₹2.65 crore + AVRIPL: ₹0.18 crore = ₹25.30 crore*

Visakhapatnam Port Trust (VPT) entered into (July/August 2010) Concession Agreements with West Quay Multiport Private Limited (WQMPL) and AVR Infra Private Limited (AVRIPL) for awarding the work of development of West Quay-6 (WQ-6) berth and East Quay-10 (EQ-10) berth respectively in the northern arm of inner harbour of Visakhapatnam Port. The handling capacities of WQ-6 and EQ-10 berths were 2.08 million tonne (MT) and 1.85 MT respectively and their commercial operations commenced from 13 July 2015 and 25 July 2017 respectively.

As per Article 7.1(a)(xii) of the Concession Agreements, the Concessionaire unconditionally guaranteed the Concessioning Authority annual cargo handling, of the levels set out in Appendix-14 (Minimum Guaranteed Cargo) and agreed that except as provided in the agreement, it shall not be entitled to any relaxation of its guarantee in this respect. As per Appendix-14 of the agreements, the Minimum Guaranteed Cargo was fixed as given in Table 7.2:

Table 7.2: Minimum Guaranteed Cargo for WQ-6 and EQ-10 Berths

WQ-6			**EQ-10**		
Period*	**Minimum Guaranteed Cargo**		**Period***	**Minimum Guaranteed Cargo**	
1 to 3 years	25 *per cent* of 2.08 MT	0.52 MT	1 to 3 years	25 *per cent* of 1.85 MT	0.46 MT
4 to 5 years	40 *per cent* of 2.08 MT	0.83 MT	4 to 5 years	40 *per cent* of 1.85 MT	0.74 MT
Beyond 5 years	60 *per cent* of 2.08 MT	1.25 MT	Beyond 5 years	60 *per cent* of 1.85 MT	1.11 MT

**** Period is reckoned from the date of commercial operations***

Audit observed that VPT did not include any penalty clause in the above Concession Agreements stipulating that in case the Minimum Guaranteed Cargo was not achieved, the shortfall in income (royalty) would be recovered from the Concessionaire. It was also observed that such a clause was included in the license agreement entered into (September 2002) with Visakha Container Terminal Private Limited while awarding the work of establishment of container terminal. As the Concession Agreements for WQ-6 and EQ-10 berths were entered into at a later date than the aforesaid license agreement, it was imperative on the part of the Port Trust to include a similar clause in the Concession Agreements as well in order to safeguard its financial interests. If the penalty clause had been included in the Concession Agreements for WQ-6 and EQ-10 projects, VPT would have been able to impose a penalty of ₹4.18 crore on the concessionaires for non-achievement of Minimum Guaranteed Cargo, as shown in the **Annexure-XII**.

The Management stated (December 2018) that as per the standard Model Concession Agreement (MCA), there was no specific mention about the penalty to be imposed for the shortfall in achieving the Minimum Guaranteed Cargo (MGC) by the Concessionaire. It was also stated that there was a clause in the MCA for termination of agreement, if the Concessionaire failed to achieve Minimum Guaranteed Cargo for three consecutive years.

While reiterating the Management's reply, the Ministry of Shipping (the Ministry) stated (April 2019) that even though a penal clause exists in BoT project in respect of M/s. Visakha Container Private Limited, for the shortfall in meeting the MGC as per

Agreement, the shortfall in meeting the MGC in respect of PPP projects as per Concession Agreements is otherwise dealt with by imposing liquidated damages for the shortfall in performance standards.

The reply of the Ministry/Management is not tenable as the Concession Agreement stipulated that the Concessionaire was required to unconditionally guarantee the VPT annual cargo handling of the levels set out in Appendix-14 (i.e. Minimum Guaranteed Cargo) and Concessionaire was not entitled to any relaxation of its guarantee in this regard. It implies that the Concessionaire had to pay Royalty upto MGC, in case the cargo handled by the Concessionaire was lower than the MGC. Further, imposition of liquidated damages is based on performance of the Concessionaire in respect of stipulated standards whereas MGC clause assures minimum guaranteed revenue from the concessionaire. Hence, both the clauses are different and that cannot be linked with each other. It was in the interest of VPT to incorporate safety clauses, in addition to those prescribed in the MCA, to safeguard its financial interests. It is pertinent to mention here that Mormugao Port Trust had included (22 September 2009) a clause stipulating payment of royalty on higher of the MGC or the actual cargo handled by the Concessionaire to safeguard their interests. However, VPT failed to incorporate such a safety clause in its Concession Agreements.

Thus, due to non-inclusion of suitable penal clause in the Concession Agreements for WQ-6 and EQ-10 berths for the payment of royalty on higher of the MGC or the actual cargo handled by the Concessionaire, VPT could not claim royalty of ₹4.18 crore from the Concessionaires for non-achievement of MGC and suffered a loss to that extent.

Indian Maritime University

7.4 Avoidable expenditure on Project Management Consultancy charges

Indian Maritime University, Visakhapatnam allowed Project Management Consultancy charges to NBCC Limited in respect of the work not actually completed, which resulted in avoidable expenditure of ₹3.97 crore.

Indian Maritime University (IMU) entered into (November 2013) a Memorandum of Understanding (MoU) with NBCC (India) Limited (NBCC), New Delhi for the construction of various buildings at its new campus at Visakhapatnam on Project Management Consultancy basis on a total estimated cost of ₹66.08 crore. Subsequently, IMU also awarded (August 2014) the work of construction of boundary wall costing ₹4.24 crore to NBCC. As per the MoU, construction of main campus buildings was scheduled to be completed within 24 months (i.e. by November 2015) from the date of MoU.

In line with clause 20.2 of MoU, IMU released (November 2013) an initial deposit amount of ₹16.52 crore representing 25 *per cent* of the approved cost of ₹66.08 crore. Subsequently, IMU also made (January 2015) advance payment of ₹10.54 crore (which included ₹1.52 crore for the construction of boundary wall) to NBCC bringing the total advance paid to ₹27.06 crore. As on the scheduled date of completion (i.e., November 2015), NBCC had actually completed only 45 *per cent* of boundary wall valuing ₹1.71 crore, whereas the construction of main campus buildings of IMU, was yet to commence.

Owing to the poor performance, IMU terminated (December 2015) MoU with NBCC and entered (December 2015) into a fresh MoU with Central Public Works Department for the construction of main campus buildings and remaining work of compound wall. The grounds for termination as per the letter of termination issued by IMU highlighted, *inter alia,* that (a) IMU had secured all the necessary clearances for construction, though as per the MoU, this was the responsibility of NBCC, and (b) NBCC had failed to submit to IMU the structural drawings, construction drawings and detailed drawings vetted by a third party and also the fire approvals.

IMU arrived at (October 2016) a settlement agreement with NBCC for the refund of ₹21.11 crore after deducting the expenditure of ₹5.95 crore incurred by NBCC on the above works out of the deposits hitherto made amounting to ₹27.06 crore. The expenditure allowed to be deducted on account of the settlement included ₹3.79 crore towards Project Management Consultancy (PMC) charges being seven *per cent* of contract awarded value of ₹49.97 crore and ₹4.24 crore for the construction of main campus buildings and boundary wall work respectively, and service tax on PMC charges amounting to ₹0.33 crore. Accordingly, NBCC refunded (November 2016) ₹21.11 crore to IMU.

As per clause 20.1 of MoU, PMC charges payable to NBCC would be seven *per cent* of the actual final cost of the work plus service tax as applicable. It was observed that the decision of the Management to allow PMC charges at seven *per cent* of the contract awarded value without reference to the value of work actually executed was not in conformity with the aforesaid clause of the MoU and also went against the financial interests of the University. The decision of allowing the PMC charges in full was also not justifiable, as IMU had itself highlighted clear lapses on the part of NBCC in the letter of termination. As the total value of work done was ₹1.82 crore[6] only, IMU should have agreed to pay ₹0.15 crore only towards PMC charges, instead of ₹4.12 crore as agreed during the course of settlement. Thus, the settlement agreement reached with NBCC was defective and resulted in avoidable extra expenditure of ₹3.97 crore[7].

The Management stated (January 2019) that by entering into a mutually agreeable and amicable settlement with NBCC, IMU entered into MoU with CPWD for completion of the project and the same was in advanced stage of completion. IMU also avoided a long legal battle with NBCC and the direct and indirect opportunity cost of which would have been much higher.

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[6] ***Comprising ₹1.71 crore towards construction work and ₹0.11 crore towards publication of tenders/ NITs in newspapers.***

[7]

PMC charges for actual work done = ₹1.82 crore*7 per cent	***₹0.13 crore***
Service Tax on PMC @ 15 per cent	***₹0.02 crore***
Total	***₹0.15 crore***
Actually paid (₹3.79 crore + ₹0.33 crore being Service Tax)	***₹4.12 crore***
Less payable	***₹0.15 crore***
Avoidable extra payment	***₹3.97 crore***

The reply of the Management is not acceptable. Upon termination of the contract with NBCC, IMU, Visakhapatnam adjusted PMC charges of ₹4.12 crore as against the actual PMC charges of ₹0.15 crore payable as per the value of work actually executed. Hence, mutual settlement reached between IMU and NBCC was against the financial interests of IMU and resulted in extra expenditure of ₹3.97 crore.

Thus, defective settlement agreement reached between IMU and NBCC allowing PMC charges to NBCC on the work not actually completed resulted in avoidable extra expenditure of ₹3.97 crore.

The matter was referred to the Ministry in March 2019; their reply was still awaited (September 2019).

Paradip Port Trust

7.5 Inadequate securitisation resulted in avoidable loss of ₹6.25 crore

Paradip Port Trust did not impose and collect service tax applicable on the wharfage charges equivalent to shortfall quantity of minimum guaranteed tonnage and penalties on contract. As a result, Paradip Port Trust had to suffer a loss of ₹6.25 crore towards payment of service tax and penalty thereon.

Paradip Port Trust (PPT) provided priority berthing facilities for import of certain categories of goods wherein vessels carrying such goods would have overriding priority of berthing over the other incoming vessels. Participants in the above facilities (Minimum Guaranteed Tonnage, MGT provider) would require to handle MGT of traffic to the extent of one Million Metric Tonne (MMT) per annum. PPT also allotted a plot for storage of dry bulk imported cargoes with the condition of handling of MGT of cargo equivalent to specified quantum for each plot on the basis of per square meter per annum. Both the MGT providers and the Allottees (beneficiaries) were required to submit Bank Guarantee (BG) equivalent to the wharfage charges for the MGT quantity.

Audit noticed that there were instances of non-fulfilment of MGT conditions by both the MGT providers as well as the Allottees and PPT in turn, recovered wharfage charges equivalent to the shortfall quantity of the MGT by encashing the BG. As per Section 66 E (e) of Service Tax Act (Finance Act 1994), imposition of wharfage charges for such shortfall quantity attracts Service Tax. However, PPT did not consider recovery of the Service Tax on the wharfage charges of shortfall quantity from the MGT providers/allottees in its invoice while encashing the BG, for depositing the same with the Service Tax Authority.

A demand notice was raised (August 2016) by the Service Tax Authority for payment of Service Tax of ₹5.00 crore (inclusive of cess) along with interest and penalty for the year 2014-15 for non-payment of Service Tax on the wharfage charges recovered from the beneficiaries for shortfall quantity of MGT.

PPT did not agree to pay the demanded amount on the plea that Service Tax was not applicable on such recovery and referred the matter to the office of the Principal Commissioner of GST, Central Excise and Customs, Bhubaneswar. The office of the Principal Commissioner of GST, Central Excise and Customs, Bhubaneswar, however, turned down the appeal and ordered (October 2017) to pay Service Tax of ₹5.00 crore along with interest and penalty as applicable. PPT accordingly paid (November 2017) ₹6.25 crore towards Service Tax (₹5.00 crore) and penalty (₹1.25 crore).

Audit, however, observed that PPT did not also recover Service Tax on the wharfage charges for shortfall of MGT quantity during 2015-16 onwards when there were instances of encashing BG for non-fulfilment of MGT conditions by the beneficiaries because BG was only for wharfage charges. Therefore, PPT would have had to bear the financial liability for payment of Service Tax etc. in respect of wharfage charges on shortfall of MGT quantity for the subsequent period of 2015-16 onwards as the same was not recovered from the beneficiaries.

The Management contended (October 2018) that there was no possibility of recovery of Service Tax from the beneficiaries and further stated that PPT decided (April 2018) to include the applicable Goods & Services Tax (GST) on the wharfage charges of MGT quantity while collecting BG from the MGT providers/allottees with effect from April 2018.

The Management further added that PPT had earned substantial income towards shortfall in MGT quantity vis-a-vis the payment of Service Tax etc. Had the Management included service tax in conformity with Section 66 E (e) of Service Tax Act (Finance Act 1994) in the wharfage charges of MGT quantity while collecting BG from the MGT providers/allottees, the earnings of PPT would have been increased by ₹6.25 crore.

The Ministry while accepting that there was no chance of recovery of Service Tax from the beneficiaries stated (February 2019) that the matter had been referred to the Appellate Tribunal in November 2018 against the order of the Office of the Principal Commissioner of GST, Central Excise and Customs, Bhubaneswar.

The fact, however, remains that Service Tax was applicable on the shortfall quantity of MGT as per Section 66 E (e) of Service Tax Act (Finance Act 1994) and same is followed by other ports[8]. Further, the appeal was required to be made before the Appellate Tribunal within a period of three months from the date of order. However, the appeal was made after nine months from the expiry of the above stipulated period. Hence, the possibility of refund of Service Tax paid to the Tax Authority was remote.

Thus, inadequate securitisation by the PPT resulted in avoidable loss of ₹6.25 crore.

V.O. Chidambaranar Port Trust

7.6 Avoidable expenditure on hiring Bollard Pull Tug

V.O. Chidambaranar Port Trust, Tuticorin incurred avoidable expenditure of ₹3.49 crore for hiring Bollard Pull Tug due to irregularity in tender procedure.

The V.O. Chidambaranar Port Trust (Port) invited (January 2013) tenders for hiring 50 tonne or more Bollard Pull Tug (BPT) for four years which was extendable by one year. Terms and conditions of the tender inter alia stated that, the tenderer had to submit a 'No

[8] ***Kolkata Port Trust, Chennai Port Trust, Cochin Port Trust, VOC Port Trust, New Mangalore Port Trust, Deendayal Port Trust.***

Objection Certificate' (NOC) from the owner of the present hirer that the quoted tug would be relieved within fifteen days from date of receipt of request from the tenderer.

Three firms i.e. M/s. Ocean Sparkle Ltd (OSL), Hyderabad, Polestar Maritime Limited (PML), Mumbai and M/s. Tag Offshore Ltd, Mumbai (TOL) submitted (March 2013) the offers. Tender Committee (TC) of the Port pre-qualified the two offers (OSL and PML) and disqualified (May 2013) offer of TOL treating the NOC submitted as conditional.

TOL represented (6 May 2013) to the Port and Ministry of Shipping (the Ministry) against the Port's decision on disqualifying its offer. The Ministry (31 May 2013) stated that there was no ground for rejecting the bid of TOL, and that TOL be allowed to participate in the bidding process. However, the Port did not consider the same and sought consent of OSL (L1 bidder) to open the price bid of TOL. OSL did not agree and the Port cancelled (July 2013) the tender and a re-tender was made in August 2013. In response, the Port received a single bid from OSL and Port awarded the contract to OSL for ₹1,94,400 per day which was higher by ₹21,330 per day than the previous rate quoted by OSL.

Audit observed that Port did not consider the offer of TOL on the plea that NOC submitted by TOL was conditional[9], whereas it accepted the NOC of PML which was also not absolute[10]. Further, the Port against the opinion of the Ministry, unwarrantedly sought the consent of OSL for opening the price bid of TOL, even though there was no such clause in the tender document.

Port replied (July 2018) that the NOC submitted by TOL was rejected as it was a conditional one and initial tender was cancelled as per existing practice after considering the Ministry's directives, legal opinion and tender procedure. Further, the price bids of other two bidders were already opened, the consent of L-1 bidder was sought to open the price bid of TOL, as per legal opinion. Port further replied (July 2019) that it had accepted the rate quoted by OSL since it was lower than the estimated rate[11] quoted for another port i.e. New Mangalore Port Trust. Thus, there was profit of ₹10,840 per day to the Port. The Ministry endorsed (December 2018/July 2019) the views of the Port.

The reply of the Management is not acceptable as the Port did not consider the offer of TOL on the plea that NOC was conditional whereas the Ministry, subsequently, categorically stated that TOL submitted a valid NOC. From the available records, it was also revealed that the Port received two different legal opinions from one legal firm on the same date which *inter alia* opined (i) to open the price bid of TOL and inform to L-1 bidder (OSL) to avoid delay in the project and (ii) to call for a fresh tender. However, neither of the two opinions indicated requirement to take the consent of L-1 bidder (OSL) to open the price bid of TOL. Moreover, in case there was any dispute on NOC, Port should have sought the Ministry's clarification before opening the price bids of other

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[9] ***NOC issued by Jawaharlal Nehru Port Trust (JNPT), then existing hirer of the tug of TOL, read as "tug will be released after expiry of the contract period, i.e. on 18 May 2013, subject to satisfactory completion of all your obligations and conditions as per contract".***

[10] ***NOC issued by the existing hirer of the tug offered by PML, read as "We have no objection to our tug boat Svitzer Surat being offered for tender to VOC Port Trust by Polestar Maritime Ltd subject to the terms and conditions of our charter party".***

[11] ***₹2,05,240 per day per Bollard Pull Tug.***

bidders. Further, the statement of the Port regarding making profit is also not acceptable as it is an afterthought. What is relevant is that the Port finalised its tender process in October 2013 whereas rate quoted for another Port was during April 2014.

Thus discharging of first tender by the Port without any justifiable ground resulted in avoidable expenditure of ₹21,330 per day which works out to ₹3.49 crore during the period October 2013 to March 2018. The Port may, therefore, ensure that all the works allotted through tendering process are done with utmost care and after following the due tender procedure to obviate the possibility of similar irregularity in future.

CHAPTER VIII: MINISTRY OF TOURISM

8.1 Recovery at the instance of Audit

The interest earned by Indian Culinary Institute, Tirupati on funds released for construction of an institute, which were routed through a Savings Bank Account, were recovered and deposited in Government account, as per provisions of General Financial Rules, at the instance of Audit.

The Ministry of Tourism (the Ministry) released grants-in-aid of ₹91.59 crore during the years 2015-16 to 2017-18 to Indian Culinary Institute, Tirupati (ICI), an autonomous body under the Ministry, for setting up a Chapter at Noida, UP. The construction of the Institute was carried out by NBCC (India) Limited, formerly known as National Buildings Construction Corporation (NBCC) and the Institute was inaugurated in April 2018. There were time gaps between release of funds by the Ministry to ICI and transfer of funds by ICI to NBCC. The funds remained in a bank account during such periods. As per Rule 230 (8) of General Financial Rules 2017, all interests or other earnings on grants-in-aid should be remitted to the Consolidated Fund of India and should not be adjusted against future releases. ICI was not depositing the interest amount to the Consolidated Fund of India and when the matter was first referred to the Ministry (May 2018), it was stated (June 2018) that the funds were kept in a current account and hence were not earning interest. This was contrary to the Bank certificate which showed the account as a Savings Bank Account. The matter was again referred to the Ministry (June 2018), which clarified that it was indeed a Savings Bank Account and the interest earned was ₹2.86 crore. The Ministry agreed (June 2018) to adjust the interest amount against future release of grants-in-aid. Audit pointed out that this was not in accordance with the rules. Thereafter the Ministry pursued the matter of recovery of interest with ICI and informed (September 2018 and March 2019) that the amount of ₹2.86 crore was deposited in Government account by ICI in July 2018.

Thus, an amount of ₹2.86 crore could be brought into Government account at the instance of Audit.

8.2 Non-claiming of VAT refund

India Tourism Office, Paris could not claim refund of VAT amounting to €112,590 (₹83.32 lakh) during the period from April 2016 to March 2018 due to delay in appointment of agency for claiming tax refunds.

India Tourism Offices (ITO) situated abroad are entitled to refund of Value Added Tax (VAT) paid on various expenses incurred by them as per laws of respective countries. Audit examination of records of ITO, Paris (having jurisdiction over France, Switzerland, Spain and Portugal) revealed that refund of VAT was not claimed for the period from April 2016 to March 2018**.** Refunds can be claimed quarterly for any calendar year latest by 30 June of next year, but were not claimed for the said period because the contract with the agency engaged for claiming VAT refunds expired in May 2016 and renewal/fresh appointment did not take place until June 2018.

Audit observed that while ITO, Paris requested (April to June 2016) the Ministry of Tourism (the Ministry) for renewal of contract of the existing agency, the Ministry advised (July 2016) the ITO to discontinue the services of the agency and claim the refunds on its own. When it became evident that ITO, Paris did not have the wherewithal to claim tax refunds on its own, the Ministry directed (February 2017) the ITO to invite quotations for appointing an agency. ITO, Paris received quotations from four agencies and forwarded (May 2017) the same to the Ministry but no decision was taken on the appointment and refunds amounting to €71,811 (₹53.14 lakh) could not be claimed.

The failure to take timely decision for engaging an agency was pointed out by Audit (March 2018). Thereafter ITO invited quotations again (May 2018) from nine agencies, received response from only one agency (the erstwhile agency whose services were discontinued in July 2016) and appointed it in June 2018 with the approval of the Ministry.

Audit observed that due to the delay in engaging an agency for claiming tax refunds as discussed above, the amount of VAT refund that could not be claimed by the ITO worked out to €112,590 (₹83.32 lakh).

The Ministry stated (August 2018) that ITO, Paris was advised (July 2016) to claim VAT refunds on their own as substantial commission was being paid to the agency. Regarding non-finalisation of agency, the Ministry stated that the initial proposal forwarded by ITO, Paris did not contain fee/commission to be charged by the agency and hence could not be finalised for want of requisite information. The Ministry added that an agency has been appointed in June 2018 and possibilities are being explored to recover unclaimed VAT refunds through the intervention of the Indian embassy in Paris.

The reply is to be viewed against the fact that though the Ministry advised the ITO to claim VAT refunds on its own in view of cost considerations, the Ministry did not ascertain whether it was feasible for ITO, Paris to do so. Eventually the work had to be outsourced and the claims became time barred during the intervening period. It is also relevant to mention that the inadequacies in the system of claiming VAT refunds by another ITO (ITO, Tokyo) was flagged by Audit in Union Government (Civil) Compliance Audit Report No. 11 of 2016, Chapter XVIII, Para 18.1. However effective steps to rectify the systemic deficiencies in claiming tax refunds by ITOs have not been taken, leading to avoidable financial loss.

New Delhi
Dated: 14 February 2020

(Venkatesh Mohan)
Deputy Comptroller and Auditor General
and Chairman, Audit Board

Countersigned

New Delhi
Dated: 14 February 2020

(Rajiv Mehrishi)
Comptroller and Auditor General of India

APPENDICES

&

ANNEXURES

Appendix-I
(Referred to in Para 1.1)

Economic and Service Ministries/Departments

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

Appendix-II
(Referred to in Para 1.5)

Outstanding Utilisation Certificates

(₹ in lakh)

Ministry/Department	Period to which grants relate (upto March 2017)	Utilisation Certificates (UC) outstanding in respect of grants released upto March 2017 which were due by 31 March 2018	
		Number of UC	Amount
Department of Heavy Industry	2003-04	01	20.00
	2013-14	01	743.00
	2015-16	03	873.87
	2016-17	17	5,873.09
	Total	**22**	**7,509.96**
Department of Public Enterprises	2012-13	05	27.00
	2013-14	07	62.93
	2014-15	03	16.95
	2015-16	39	356.21
	2016-17	01	10.00
	Total	**55**	**473.09**
Ministry of Micro, Small and Medium Enterprises	2006-07 to 2011-12	103	688.39
	2012-13	19	703.36
	2013-14	42	914.27
	2014-15	50	378.01
	2015-16	86	1,133.44
	2016-17	23	3,605.30
	Total	**323**	**7,422.77**
Department of Pharmaceuticals	2009-10 to 2011-12	06	1,330.30
	2013-14	02	10.10
	2014-15	01	684.00
	2015-16	05	1,724.10
	2016-17	03	510.00
	Total	**17**	**4,258.50**
Department of Chemicals and Petrochemicals	2009-10	02	04.00
	2011-12	02	04.00
	2014-15	02	755.00
	2015-16	03	192.00
	2016-17	11	1,623.00
	Total	**20**	**2,578.00**
Ministry of Mines	2015-16	02	30.59
	2016-17	05	150.37
	Total	**07**	**180.96**
Ministry of Road Transport and Highways	2004-05	2	1.25
	2005-06	1	0.89
	2006-07	5	1.25
	2007-08	7	3.08
	2008-09	8	5.25
	Total	**23**	**11.72**

Ministry of Steel	2013-14	1	73.90
	2015-16	2	304.49
	2016-17	8	358.88
	Total	**11**	**737.27**
Ministry of Housing and Urban Affairs	1985-86 to 2011-12	216	26,530.87
	2012-13	13	3,180.41
	2013-14	37	9,264.71
	2014-15	144	2,40,501.38
	2015-16	190	2,90,935.90
	2016-17	752	11,95,236.48
	Total	**1,352**	**17,65,649.75**
Ministry of Textiles	1978-79 to 2011-12	1,432	6,553.40
	2012-13	454	1,946.93
	2013-14	406	831.44
	2014-15	553	6,165.40
	2015-16	1420	1,43,378.99
	2016-17	1268	1,29,395.17
	Total	**5,533**	**2,88,271.33**
Ministry of Corporate Affairs	2007-08	02	0.59
	2009-10	03	0.79
	2010-11	02	0.35
	2015-16	01	77.99
	2016-17	01	123.53
	Total	**09**	**203.25**
Ministry of Shipping	2015-16	17	8,679.00
	2016-17	15	5,493.00
	Total	**32**	**14,172.00**
Ministry of Tourism	2013-14	03	83.00
	2014-15	03	1068.00
	2015-16	10	3079.00
	2016-17	31	25975.00
	Total	**47**	**30,205.00**
Department of Commerce	2008-09	01	20.29
	2012-13	06	5,005.04
	2014-15	01	950.00
	2015-16	07	2,524.00
	2016-17	13	3,920.71
	Total	**28**	**12,420.04**
Department of Industrial Policy and Promotion	2012-13	01	4.40
	2013-14	01	0.04
	2014-15	03	34.05
	2015-16	11	74.29
	2016-17	14	4.97
	Total	**30**	**117.75**
Grand Total		**7,509**	**21,34,211.39**

Appendix-III
(Referred to in Para 1.6)

Autonomous Bodies, which submitted accounts after delay of over three months

Sl. No.	Name of Autonomous Bodies	Date of submission of Accounts	Delay in months
1.	Central Silk Board, Hyderabad	14.11.2017	4
2.	Coffee Board, Hyderabad	6.10.2017	3
3.	National Institute of Pharmaceutical Education and Research, Hyderabad	3.4.2018	9
4.	Joint Electricity Regulatory Commission, Gurgaon, Haryana	15.12.2017	5
5.	Stressed Assets Stabilisation Fund, Mumbai	Accounts not received	
6.	Agricultural and Processed Food Products Export Development Authority, New Delhi	3.10.2017	3
7.	Indian Road Congress, New Delhi	Accounts not received	
8.	Textile Committee, Mumbai	15.1.2018	6
9.	Coal Mines Provident Fund Organisation, Kolkata	28.11.2017	4
10.	National Institute of Pharmaceutical Education and Research, Guwahati	16.5.2018	10
11.	Pension Fund Regulatory and Development Authority of India, New Delhi	26.10.2017	3

Appendix-IV
(Referred to in Para 1.7)

Autonomous Bodies in respect of which Audited Accounts for the year 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 had not been presented before the Parliament as on 31 August 2018

Sl. No.	Name of Autonomous Body	Name of Ministry
	For the year 2012-13	
1.	Tariff Advisory Committee, Mumbai	Finance
	For the year 2013-14	
2.	Stressed Assets Stabilisation Fund, Mumbai	Finance
3.	Tariff Advisory Committee, Mumbai	
	For the year 2014-15	
4.	Stressed Assets Stabilisation Fund, Mumbai	Finance
5.	Tariff Advisory Committee, Mumbai	
	For the year 2015-16	
6.	Coal Mines Provident Fund Organisation, Dhanbad	Coal
7.	Pension Fund Regulatory and Development Authority, New Delhi	Finance
	For the year 2016-17	
8.	National Institute of Pharmaceutical Education and Research, Hyderabad	Chemicals and Fertilizers
9.	National Jute Board, Kolkata	Textiles
10.	Coal Mines Provident Fund Organisation, Dhanbad	Coal
11.	National Institute of Pharmaceutical Education and Research, Guwahati	Chemicals and Fertilizers

Appendix-V
(Referred to in Para 1.7)

Delay in presentation of Audited Accounts for the years 2012-13 to 2016-17 by Autonomous Bodies to Parliament

Sl. No.	Name of Autonomous Body	Name of Ministry	Delay in months
	For the year 2012-13		
1.	National Institute of Pharmaceutical Education and Research, Hyderabad	Chemicals and Fertilizers	16
	For the year 2013-14		
2.	Indian Maritime University, Chennai	Shipping	19
3.	National Institute of Pharmaceutical Education and Research, Hajipur, Bihar	Chemicals and Fertilizers	43
4.	National Institute of Pharmaceutical Education and Research, Hyderabad		7
5.	National Institute of Pharmaceutical Education and Research, Raibareli		19
	For the year 2014-15		
6.	DMIC Project Implementation Trust Fund, New Delhi	Commerce and Industry	11
7.	National Institute of Pharmaceutical Education and Research, Hajipur, Bihar	Chemicals and Fertilizers	31
8.	National Institute of Pharmaceutical Education and Research, Hyderabad		14
9.	National Institute of Pharmaceutical Education and Research, Mohali		18
	For the year 2015-16		
10.	Agricultural and Processed Food Products Export Development Authority, New Delhi	Commerce and Industry	11
11.	Airport Economic Regulatory Authority, New Delhi	Civil Aviation	12
12.	National Institute of Pharmaceutical Education and Research, Guwahati	Chemicals and Fertilizers	15
13.	National Institute of Pharmaceutical Education and Research, Hajipur, Bihar		19
14.	National Institute of Pharmaceutical Education and Research, Hyderabad		12
	For the year 2016-17		
15.	Indian Maritime University, Chennai	Shipping	7
16.	Joint Electricity Regulatory Commission, Gurgaon, Haryana	Power	7
17.	National Institute of Pharmaceutical Education and Research, Ahmedabad	Chemicals and Fertilizers	2
18.	Airport Economic Regulatory Authority of India, New Delhi	Civil Aviation	7

19.	Agricultural and Processed Food Products Export Development Authority, New Delhi	Commerce and Industry	3
20.	National Industrial Corridor Development and Implementation Trust, New Delhi	Commerce and Industry	3
21.	National Institute of Fashion Technology, New Delhi	Textiles	2
22.	Textile Committee, Mumbai	Textiles	7
23.	National Institute of Pharmaceutical Education and Research, Mohali	Chemicals and Fertilizers	2
24.	Petroleum and Natural Gas Regulatory Board, New Delhi	Petroleum and Natural Gas	3
25.	National Institute of Pharmaceutical Education and Research, Kolkata	Chemicals and Fertilizers	2
26.	Pension Fund Regulatory and Development Authority, New Delhi	Finance	7[1]

[1] ***Accounts of PFRDA presented only in Lok Sabha in July 2018.***

Appendix-VI
(Referred to in Para 1.8)

Significant Observations on the Accounts of Central Autonomous Bodies

1. Cochin Port Trust

1.1 Current Liabilities and Provisions (Sch. VIII): ₹733.59 crore

The liability on account of pension and gratuity contribution of existing employees and pensioners as per actuarial valuation worked out to ₹2274.39 crore for the year 2017-18 against which the investment in the Pension and Gratuity Fund was ₹139.30 crore, leaving a shortfall of ₹2135.09 crore. This has resulted in understatement of Current Liabilities & Provisions by ₹2135.09 crore and consequent overstatement of Profit for the year by ₹2135.09 crore.

1.2 Estate Rentals: ₹105.45 crore

Above includes an amount of ₹7.20 crore received from M/s Lulu Convention and Exhibition Center (P) Ltd, Bolgatty as additional lease rent under protest. This has resulted in overstatement of income as well as profit by ₹7.20 crore and understatement of Advances to the same extent.

2. Chennai Port Trust

2.1 Current Liabilities and Provisions: ₹787.39 crore (Schedule XII)

a) The above does not include ₹2.59 crore being the value of dry dock repairs to the dredger Cauvery, which was completed during 2013, payable to Cochin Shipyard Limited (CSL). This has resulted in understatement of Current Liabilities and Provisions and overstatement of profit by ₹2.59 crore. As the work of dry dock repairs to the dredger Cauvery has been done by CSL, the liability thereof amounting to ₹2.59 crore should be recognised by the Port. The Port should recognise the amount received/receivable from M/s Shipping Corporation of India as its Income and should recognise the receivables portion under the head Current Assets.

b) As per Actuarial valuation done by LIC for Pension, Gratuity and Leave Encashment for existing employees and existing Pensioners as on 31 March 2018, the liabilities worked out to ₹5275.02 crore. The Port had provided for an amount of ₹3537.56 crore towards Pension, Gratuity and Leave Encashment Fund. This has resulted in understatement of Current Liabilities and Provisions, and Expenditure by ₹1737.46 crore. Consequently, the Profit is overstated to the same extent.

c) Government of India notified the Payment of Gratuity (Amendment) Act, 2018 on 29.03.2018 and increased the ceiling of gratuity amount payable to employees from ₹10 lakh to ₹20 lakh. The provision for liability towards Gratuity as per increased ceiling of ₹20 lakh should have been made in the accounts. However, the Port has neither provided for the same in the accounts for the year 2017-18 nor disclosed in the Notes on Accounts. The Port should ascertain the quantum of additional liability arising due to enhanced ceiling of gratuity and make suitable provision thereof in the accounts.

2.2 During the year 2017-18, an amount of ₹215.58 crore was transferred to the Pension Fund (₹208.08 crore) and Gratuity Fund (₹7.50 crore). This amount was not charged to Profit and Loss Account but was booked below the line which has resulted in overstatement of Profit by ₹215.58 crore. Similar comment was issued in the Separate Audit Report for the year 2016-17. However, no corrective action has been taken by the Port.

3. Marine Products Export Development Authority

3.1 Current Asset, Loans and Advances

The above is understated by ₹2.51 crore on account of booking of prepaid expenses on participation fee for the Seafood Expo Global Brussels, conducted in April 2018 as current year's expenditure instead of booking the same as Advances. This has resulted in overstatement of 'Excess of Expenditure over Income' by the same amount.

3.2 Expenditure-Establishment Expenses

The above is understated by ₹160.38 crore being the liability for retirement benefits of employees as per actuarial valuation. The Authority has shown this liability under 'Current Liabilities and Provisions' with corresponding debit to 'Miscellaneous Expenditure' in Balance Sheet instead of routing it through Income and Expenditure Account. This had resulted in understatement of 'Establishment Expenses', 'Excess of Expenditure over Income' by ₹160.38 crore and overstatement of 'Miscellaneous Expenditure' to that extent.

4. New Mangalore Port Trust

4.1 Fixed/Capital Assets (Schedule 2) Additions during the year: ₹160.10 crore

The above includes ₹1.32 crore being cost of modifications/additions/ replacements made to the existing assets. The above cost was capitalised as separate assets and depreciation was not charged over the remaining life of the original asset. Audit could not quantify the impact of understatement of depreciation and overstatement of net asset value, since details of the remaining life period of the original asset to which the additions/ modifications were made, were not furnished to Audit.

4.2 Long Term investments: ₹1574.42 crore

Passing of erroneous entry for maturity of one Fixed Deposit twice resulted in understatement of Long term Investment (₹99.99 lakh), Accrued Interest (₹0.22 lakh), and overstatement of Reserve for Development/Repayment of Loan (₹6.94 lakh), TDS (₹0.72 lakh) and Receivables (₹106.44 lakh).

4.3 Loans & Advances – Schedule 6

(i) Deposit for Supplies & Services – Stores: ₹2.32 crore

The above shows a closing balance of ₹2.32 crore as on 31August 2018, while the Stores Audit section Ledger (GLC-841 suspense accounts) shows NIL balance. In the absence of details, Audit could not ensure the correctness of the balance.

4.4 Profit and Loss Account: Finance & Misc. Expenses (Schedule 18)

Booking of liability more than that required as per Actuarial Valuation has resulted in overstatement of Leave Encashment Fund by ₹8.14 crore, overstatement of Finance & Miscellaneous Expenses by ₹4.02 crore and understatement of Finance & Miscellaneous Income by ₹4.12 crore with a consequential understatement of profit by ₹8.14 crore.

5. V.O. Chidambaranar Port Trust

5.1 Current Assets, Loans & Advances: ₹835.32 crore

The above includes Sundry Debtors of ₹129.51 crore for which the Port had neither analysed the feasibility of recovery nor provided for bad debts and no confirmation of balances was obtained.

5.2 Fixed Capital Assets – Net Block: ₹1467.45 crore

The above does not include the value of 1042.32 acre of land identified by the Port as its own land in excess of the 2808.41 acres of land which were under its possession. As such, the value of fixed assets as reported in the Balance Sheet did not reflect the true picture.

6. Indian Maritime University (IMU)

6.1 Assets: Fixed Assets- Land: Freehold: ₹36.38 crore (Schedule 8)

The above includes an amount of ₹2.86 crore paid as compensation to M/s SRC Contractors towards interest on delay payments and charges of Original Arbitral Tribunal which should not be capitalised being not directly attributable cost of bringing the asset in use.

This has resulted in overstatement of Fixed Assets and the Excess of Income over Expenditure to tune of ₹2.86 crore.

6.2 Corpus / Capital Fund and Liabilities

Earmarked/Endowment Funds: ₹184.38 crore (Schedule 3)

The above does not include an amount of ₹5.84 crore being the balance of fund received from the Ministry of Shipping towards non-recurring expenditure of IMU, as per Uniform Format of Accounts for Central Autonomous Bodies.

This has resulted in understatement of Earmarked/Endowment fund and overstatement of Current liability by ₹5.84 crore.

7. Visakhapatnam Port Trust, Visakhapatnam

7.1 Investment of General Reserve Fund: ₹78.80 crore

Despite being pointed out in the Separate Audit Reports for the years 2014-15, 2015-16 and 2016-17, Vishakhapatnam Port Trust (VPT) did not ascertain and provide for the diminution in the value of investment of ₹30.00 crore made in Sethusamudram

Corporation Limited (SSCL), Chennai even though the project operations of SSCL had been suspended in the year 2009. This is contrary to the provisions of Accounting Standard 13-Accounting of Investments.

7.2 Current Liabilities & Provisions: ₹2150.09 crore

Gratuity Fund: (-) ₹4.02 crore

Government of India had enhanced the gratuity ceiling for employees working in Ports along with other sector employees from the existing ceiling of ₹10 lakh to ₹20 lakh *vide* Gazette Notification dated 29 March 2018 (The Payment of Gratuity Amendment Act, 2018). Accordingly, provision was to be made in the books of accounts for 2017-18 for employees working in Ports after taking into consideration the enhanced ceiling of ₹20 lakh. However, VPT carried out actuarial valuation for its employees on the basis of gratuity payable at ₹10 lakh as on 31 March 2018. VPT neither obtained actuarial valuation based on the enhanced ceiling of ₹20 lakh nor provided the liability thereof.

8. Kolkata Port Trust(KoPT)

8.1 Capital Reserve includes ₹245.77 crore (₹53.43 crore, ₹68.75 crore, ₹68.62 crore and ₹54.97 crore relating to 2014-15, 2015-16, 2016-17 and 2017-18 respectively) realised by KoPT towards compensation charges from tenants for unauthorised occupation as per Schedule of Rent. The amount has directly been transferred to Capital Reserve treating the same as Mesne profit (Capital Receipt). However, compensation charges are realised as per Schedule of Rent notified by Tariff Authority for Major Ports (TAMP) and therefore, cannot be treated as capital receipt.

Thus, accounting of compensation charges as capital receipts has resulted in overstatement of Capital Reserve and overstatement of deficit for the year by ₹245.77crore including ₹190.80 crore for prior period.

8.2 As per the Common Framework of Financial Reporting for Ports, a provision for bad and doubtful debts should be created and deducted from Sundry Debtors. Audit noticed that Sundry Debtors include dues of ₹210.14 crore for more than six years as per details given below:

Sl. No.	Particulars	Amount (₹ in crore)
1.	Marine Dues	15.47
2.	Cargo charges and Vessel Charges	18.87
3.	Electricity Charges	5.57
4.	Estate Rental from the parties	97.32
5.	Accumulated Compensation Charges	9.36
6.	Consolidated Fibres and Chemicals Limited	0.98
7.	Government Parties	30.99
8.	Private Parties	29.29
9.	Unadjusted POL Advance A/c CMM	2.29
Total		**210.14**

As the chances of recovery of these dues are remote, the same should have been provided for. Non-provision of the same has resulted in overstatement of Sundry Debtors as well as understatement of deficit by ₹210.14 crore. Comment on this is being included in the SAR since 2014-15 but no corrective action has been taken.

8.3 As per actuarial valuation dated 31.03.2018 for liabilities for Pension for 4,579 numbers of present employees and as per actuarial valuation dated 31.03.2018 for Gratuity of 5,305 numbers of present employees, liabilities were ₹3982.18 crore and ₹392.19 crore, respectively (total ₹4374.37crore) against which total funds of ₹2279.74 crore was available. Though this aspect has been disclosed in the Notes on Accounts (Sl. No. 13), shortfall amounting to ₹2094.63 crore was not provided for in the accounts. This has resulted in understatement of Provisions as well as understatement of deficit by ₹2094.63 crore. Similar comment is being included in the SAR since 2013-14, but no corrective action has been taken.

9. Paradip Port Trust (PPT)

9.1 Capital Work-in-Progress (CWIP) includes ₹1.39 crore towards Project Management Consultancy (PMC) service charges on supply, installation, commissioning and operational maintenance of 10 MW Solar Power Plant. The project was terminated (May 2018) by the Ministry of Non-Renewable Energy (MNRE), GOI due to non-substantial progress. Therefore, the same should have been charged to revenue instead of accounting as CWIP. Non-charging of the same has resulted in overstatement of CWIP and as well as understatement of Expenditure by ₹1.39 crore. The same has also resulted in overstatement of Net Surplus for the year by ₹1.39 crore.

9.2 Investments include investment of ₹40 crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highway Authority of India. The net worth of PPRCL has been fully eroded and stood at (-)₹495.52 crore as on 31 March 2016. Therefore, provision should be made for diminution in the value of long term investment as required under Accounting Standard 13. This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by ₹40 crore. Similar comment was included in the Separate Audit Report since 2015-16, but no corrective action has been taken.

9.3 As per actuarial valuation made by LIC total pension liability for both pensioner as well as employees was ₹451.73 crore. However, Port trust paid only ₹335.18 crore towards pension fund. Thus non-provision of the liability for difference between actuarial valuation and funds available has resulted in understatement of Provisions as well as understatement of Finance & Misc Expenditure by ₹116.55 crore. The same has also resulted in overstatement of Net Surplus by ₹116.55 crore.

10. Calcutta Dock Labour Board (CDLB)

10.1 The liability for Superannuation Pension of CDLB as on 31 March 2018 was shown as ₹859.39 crore instead of ₹745.10 crore worked out by Life Insurance Corporation of India. This has resulted in overstatement of Current Liabilities & Provision as well as Excess of Expenditure over Income by ₹114.29 crore.

10.2 Current Liabilities & Provision does not include an amount of ₹4.85 crore payable to Kolkata Port Trust (KoPT) against the absorbed officers/employees of CDLB (24 numbers) on account of pro-rata pension. This has resulted in understatement of Establishment Expenses-Pension Contribution by ₹4.85 crore as well as Current Liabilities & Provision.

11. National Jute Board (NJB)

11.1 The lease land at Noida included an amount of ₹1.68 crore pertaining to penal interest charges for delayed payment during the year 1995-96. It was a revenue item but it was wrongly booked under fixed assets. Moreover, an amount of ₹0.36 crore was charged as amortisation since 1997-98. This has resulted in overstatement of Leased Land at Noida with corresponding understatement of Prior-period expenditure by ₹1.68 crore as well as overstatement of amortisation and understatement of Jute Board Fund by ₹0.36 crore. This has also led to overstatement of excess of income over expenditure by ₹1.68 crore.

12. Tea Board

12.1 Interest Free Loan to TTCI: ₹3.54 crore

During the period from 1993 to 1995 Tea Board paid ₹5.99 crore to Tea Trading Corporation of India Ltd. (TTCI) as interest free loan vide Ministry of Commerce & Industry sanction Letter No.48021/2/93-Plant A dated 16.08.1993, T-39012/93 Plant A dated 26.04.1994, T-39012/1/93- Plant A dated 04 June 1994, T-39012/1/93 Plant A dated 30 March 1995 and Fax dated 28 April 1995 and 25 October 1995 respectively. Against this interest free loan, TTCI refunded an amount of ₹0.25 crore lakh to Tea Board on 2 June 1994 leaving balance of ₹5.74 crore. Out of the above interest free loans paid to TTCI, Tea Board received grants of ₹3.54 crore from Govt. of India towards payments to TTCI. Subsequently, TTCI went into liquidation as per winding up order dated 24 June 2002 and Tea Board could not recover the aforesaid loan of ₹5.74 crore. During 2012-13, Tea Board adjusted balance amount of interest free loan of ₹2.20 crore (₹5.74 crore – ₹3.54 crore) paid to TTCI from the loan due to Government. Hence, Tea Board received/adjusted from Government the total amount of ₹5.74 crore paid to TTCI as interest free loan. However, ₹3.54 crore was disclosed in the asset side of the Balance Sheet as “Interest free Loan to TTCI”. Similarly, other liabilities also include ₹3.54 crore being “Payable to Govt. on Account of TTCI”. As TTCI is no longer in existence and Tea Board has received/adjusted the total amount of loan paid to TTCI from Government; disclosure of ₹3.54 crore in the Asset Side of the Balance Sheet as “Interest free Loan to TTCI” is incorrect and should be adjusted against liability of ₹3.54 crore towards “Payable to Govt. on Account of TTCI”. Non-adjustment of the above has resulted in overstatement of assets towards “Interest free Loan to TTCI” by ₹3.54 crore and overstatement of “Other Liabilities” by the same amount.

12.2 Research & Development Scheme

Capital WIP: ₹5.59 crore

The above head includes ₹2.27 crore being amount paid to CPWD for construction of Office cum Residential building at Palampur. Scrutiny of records revealed that the work was completed and after taking possession, the office was shifted to new building w.e.f. 5 December 2015. As Tea Board took possession and is using the new building, the cost of the building should have been capitalised and depreciation (from 5 December 2015 to 31 March 2018) charged in the accounts. Non-capitalisation of the above building has resulted in overstatement of "Capital WIP" by ₹2.27 crore; understatement of "Fixed Assets" towards Building by ₹1.78 crore and understatement of "Depreciation" by ₹0.49 crore. Resultantly, Excess of Expenditure over Income was also understated by ₹0.49 crore.

13. Jawaharlal Nehru Port Trust (JNPT)

13.1 Cash and Bank Balance (including TDR with banks): ₹4672.13 crore

Above includes an amount of ₹67.59 crore being the balance amount of fixed deposit (deposited in February 2014) and interest accrued thereon up to 31 March 2018 amounting to ₹38.98 crore pending receipt from Oriental Bank of Commerce (OBC). As the matter is pending in the CBI Court and JNPT did not have fixed deposit receipt/ term deposit receipt for ₹67.59 crore, it should have provided for doubtful investment of ₹67.59 crore and interest accrued amounting to ₹38.98 crore. Non-provisioning for doubtful investment has resulted in overstatement of profit by ₹106.57 crore, and consequent overstatement of Cash and Bank Balances by ₹67.59 crore and Interest Accrued on Investments by ₹38.98 crore. This issue was raised during 2013-14, 2014-15, 2015-16 and 2016-17 also, however, no corrective action has been taken yet.

13.2 Sundry Debtors: ₹790.50 crore

13.2.1 The above includes an amount of ₹5.40 crore outstanding from custom department towards the ground rent (₹3.02 crore) for the period 2005 to 2008 and penal interest thereon (₹2.38 crore claimed upto 2013). As there was no formal agreement executed between JNPT and Customs Department and the department has disputed the claim, the recoverability of dues is not certain and should therefore have been provided for. Non-provision of the same resulted in overstatement of Sundry Debtors and Profit by ₹5.40 crore.

13.2.2 The above include an amount of ₹20.67 crore being the excess claim raised on M/s. NSICT (BOT Operators) by the Port towards the cost of additional deployment of security personnel by CISF Office.

This has led to overstatement of Sundry Debtors and Profit by the same amount.

14. Mumbai Port Trust (MbPT)

14.1 Advances recoverable in cash or in kind or the value to be received: ₹756.04 crore

The above includes credit balance of ₹145.11 crore being the amount payable to Pension Fund Trust Account (₹135.38 crore) and Gratuity Fund Trust account (₹9.73 crore) and hence these should have been depicted under Current Liabilities. This has resulted in understatement of Current Assets, Loans and Advances and corresponding understatement of Current liabilities by ₹145.11 crore.

14.2 Net Deficit: ₹370.93 crore

According to Accounting Standard 22 (Accounting for Taxes on Income), deferred tax asset (DTA) should be recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which tax can be realised. The Standard further provides that reasonable level of certainty would normally be achieved by examining the past records of the enterprise and by making realistic estimates of the profits for the future. Analysis of the past as well as projected financial statements for the future does not provide reasonable level of certainty that future taxable income will be available against which deferred tax assets can be realised. This is evident from the fact that MbPT incurred losses during 2012-13 to 2017-18. Further, MbPT has not provided for the Actuarial Liability of ₹2692.56 crore. In view of the above, recognition of DTA is not in order. The net deficit is understated by ₹432.52 crore which includes ₹45.60 crore being DTA recognised by the Port during 2017-18 and ₹386.92 crore relating to earlier years. This has resulted in overstatement of DTA and understatement of loss by ₹432.52 crore.

15. Mormugao Port Trust (MPT)

15.1 Capital Work-in-Progress: ₹105.82 crore (Schedule 2)

This does not include ₹25.34 crore towards bill raised by the Dredging Corporation of India Limited for deepening of the approach channel during the year 2016-17. This has resulted in understatement of Capital Work-in-Progress and Liabilities towards Capital Expenses by ₹25.34 crore.

15.2 Current Liabilities: ₹976.26 crore

Above does not include ₹16.89 crore towards bill raised by Central Industrial Security Force (CISF) towards interest on delayed payment on cost of deployment of CISF for the period June 2007 to March 2018 and ₹14.12 crore towards cost of deficiencies/damages and repairs charged by SWRL based on joint inspections conducted by SWRL and MPT from October 2009 to December 2017.

This has resulted in understatement of liabilities and overstatement of surplus by ₹31.01 crore.

16. Securities & Exchange Board of India

16.1 Capital Work-in-Progress: ₹84.71 crore

a) The above does not include ₹0.50 crore towards training under the contract given to Tech Mahindra for Enterprise SEBI Portal Project. The Board created provisions of ₹0.45 crore after deducting TDS.

This resulted in understatement of Fixed Assets (CWIP) by ₹0.50 crore and understatement of Excess of Income over Expenditure by ₹0.50 crore (including TDS).

b) The above includes excess provisions of ₹0.39 crore against work orders awarded in earlier years. The excess provisions were required to be written back due to full and final payment to the contractor, closure/withdrawal of contract, etc.

This resulted in overstatement of Fixed Assets (CWIP) and overstatement of Current Liabilities and Provisions by ₹0.39 crore.

16.2 Cash Balances with Schedule Banks in Current/Saving Accounts: ₹83.45 lakh

(i) The Bank Reconciliation Statement of NRO Delhi (ICICI Account No. 000701263308) depicted the balance as per Bank book as ₹35.67 lakh whereas in books it was taken as ₹36.53 lakh. Thus, there was a difference of ₹0.86 lakh which remained un-reconciled.

(ii) The cash balances with Scheduled Banks in current/savings accounts further included the following:

a. Cheques issued but not cleared amounting to ₹15 lakh since December 2016

b. Cheques credited by banks but not accounted by SEBI amounting to ₹5.89 lakh since April 2013.

c. Cheques deposited but not cleared ₹16.09 lakh since April 2016.

d. Charges debited by bank but not accounted by SEBI amounting to ₹14.64 lakh since April 2017.

In the absence of reconciliation, the correctness of the Cash Balances with Scheduled Banks in current/savings account cannot be vouchsafed in audit.

17. Khadi and Village Industries Commission (KVIC)

17.1 Endowment Fund – ₹503.42 crore

i) The above includes ₹14.20 crore being aggregate of imprest Khadi Grant advances provided by the Commission (from 1964 onwards) to its field offices, Institutions financed by it and nodal banks, which are unadjusted/non-utilised/ un-reconciled in the books of accounts as on 31 March 2018. In absence of the details such as receipts /recoupment bills/vouchers, Audit is unable to certify the accuracy and recovery of 'Endowment Fund' balances to the extent of imprest advances of ₹14.20 crore. This comment has been issued in the SAR since 2011-12 and KVIC is yet to adjust/reconcile the remaining advances despite such long pendency.

ii) The Commission did not receive Utilisation Certificates (UCs) to the extent of ₹1613.30 crore from field offices, Programme Directorates, Khadi Institutions and Village Industries Institutions, etc. Out of ₹1613.30 crore, ₹506.72 crore (31.41 *per cent*) pertains to the year up to 2011-12 and balance ₹1106.58 crore pertains to the year from 2012-13 to 2017-18. Thus, the compliance of provisions of GFR 238 (1) read with 238 (10) of GFR 2017 was not ensured. In the absence of a proper system to monitor the pending UCs, Audit is unable to certify the correctness of expenditure booked.

17.2 Current Liabilities and Provisions: ₹31.71 crore

This does not include the provisions towards the liability of Retirement Benefits viz. Gratuity, Pension and Leave Encashment of the employees on actuarial valuation basis required under Accounting Standard 15 and also the Uniform Format of Accounts for Central Autonomous Bodies (clause 12.1 and 12.2). This has resulted in understatement of Current Liabilities and Provisions to the extent provision not made.

17.3 Fixed Assets: ₹18.08 crore

Land & Building: ₹42.49 crore

The above includes ₹7.81 crore being the purchase price of land at Central Bee Research Training Institute (CBRTI), Pune. KVIC had obtained the Residual Lease Rights of this land at a cost of ₹0.03 crore. However, land has been shown at ₹7.81 crore based on re-valuation of the property (December 2013) which is in contravention to KVIC's accounting policy of historical cost method. This has resulted in overstatement of Gross Block of Fixed Assets (Land & Buildings) to the extent of ₹7.78 crore (₹7.81 crore – ₹0.03 crore) and understatement of excess of Expenditure over Income by similar amount. The issue relating to non-disclosure of the accounting policy for revaluation of fixed assets was raised during 2016-17 also and in spite of Management assurance to comply with the uniform format of accounts, no corrective action has been taken.

17.4 Consortium of Banks Credit (CBC): ₹473.66 crore

This includes ₹224.66 crore being the difference between CBC loan receivable from Institutions/ State KVI Board (₹473.66 crore) and Loan payable to CBC/ SBI (₹249 crore - Schedule 4). KVIC arranged (1995-96) Loans to the above entities through Consortium of Banks. Recovery of loan from the Institutions/ State KVI Boards has been very poor, leading to huge sums remaining unrecovered. To avoid defaulter status, KVIC repaid this differential amount of ₹224.66 crore (which is accumulated since 1995-96) to the Banks over a period of time and did not receive from the Institutions/State KVI Boards. As the differential amount of ₹224.66 crore was doubtful, non-creation of Reserve for Doubtful Debts had resulted in overstatement of CBC Loan recoverable from Institutions/ KVI Board and understatement of Reserve for Doubtful Debts to that extent.

18. National Institute of Fashion Technology, (NIFT) New Delhi

18.1 Liabilities

Reserve and Surplus (Schedule-2) - Capital Reserve

Government Grant: Grant capitalised during the year: ₹65.30 crore

The above does not include an amount of ₹11.85 crore received from the Ministry of Textile, Govt. of India and paid to Jammu & Kashmir State Industrial Development Corporation (J&K SIDCO) for construction of NIFT Permanent Campus at Srinagar. The amount was paid to J&K SIDCO by Head Office with intimation to the J&K Campus to make necessary entries in their books. However, the J&K Campus omitted to pass the necessary entries due to which the amount has remained out of books of the Institute as on 31 March 2018.

This has resulted in understatement of Grant capitalised during the year by ₹11.85 crore and consequent understatement of Capital Work-in-Progress to the same extent.

18.2 Capital Reserve: Government Grant -Received during the year: ₹60.83 crore

The Institute has received a grant of ₹33.81 crore (₹30 crore from Central Govt. and ₹3.81 crore from State Governments) during the year 2017-18. However, the above grant received during the year has been incorrectly depicted as ₹60.83 crore in the books of accounts instead of ₹33.81 crore due to inter adjustment transfer between head office and various campuses. This has resulted in overstatement of Grant received and of adjustments and transfers (Schedule-2), besides giving an incorrect picture of the Grant received in the Financial Statements of the Institute.

18.3 Current Liabilities and Provisions: ₹239.60 crore

Provision for Building WIP: ₹15.42 crore

The above does not include an amount of ₹3.00 crore payable to Delhi State Industrial and Infrastructure Development Corporation Ltd. (DSIIDC) towards construction of new building at Delhi Campus as on 31 March 2018. DSIIDC vide letter dated 28 February 2018 demanded an amount of ₹12.06 crore against which NIFT HO (17 May 2018) approved an amount of ₹3.00 crore for payment to DSIIDC. Accordingly, the liability for ₹3.00 crore should have been created in the books of accounts for the year 2017-18. This has resulted in understatement of Provision for Building WIP by ₹3.00 crore and consequent understatement of Capital Work-in-Progress (Building) to the same extent.

18.4 Capital Work-in-Progress (Building): ₹278.87 crore

i) The above includes ₹58.29 crore towards cost of girl's hostel & kitchen block building of Delhi Centre and office & hostel building at Jodhpur Centre which were completed and occupied by the respective Centres in July 2015 and October 2017 respectively. Non-capitalisation of the same has resulted in overstatement of CWIP by ₹58.29 crore and understatement of Fixed Assets (Building) by ₹55.79 crore (after providing for depreciation of ₹2.50 crore). This has also resulted in understatement of deferred revenue income and of depreciation charged during the year by ₹2.50 crore each.

ii) The above includes mobilisation advance of ₹8.00 crore provided to J&K SIDCO towards ongoing construction of NIFT campus in Srinagar, Jammu & Kashmir. J&K SIDCO submitted the Utilisation Certificate (UC) amounting to ₹37.75 crore including ₹8.00 crore mobilisation advance. Accordingly, the value of CWIP should have been ₹29.75 crore only (₹37.75 crore- ₹8.00 crore) instead of ₹37.75 crore booked by the Institute. As NIFT has released ₹37.20 crore, the balance of ₹7.45 crore (₹37.20 crore - ₹29.75 crore) should have been shown as an advance to Contractor. This has resulted in overstatement of CWIP by ₹8.00 crore and consequent understatement of Current Assets, Loans and Advances by ₹7.45 crore and overstatement of Grant capitalised by ₹0.55 crore.

18.5 Prior Period Income: ₹173.07 crore

The above includes an amount of ₹196.71 crore (₹26.89 crore during current year and ₹169.82 crore on account of prior period) being deferred depreciation booked in Income & Expenditure account due to implementation of Accounting Standard (AS)-12- Accounting for Government Grants. The matter of non-implementation of AS-12 was raised through Separate Audit Report on the annual accounts of the NIFT for the years 2012-13, 2013-14, 2015-16, 2016-17 and through Management letter during the year 2014-15. During the year 2017-18, the Institute has implemented AS-12 and bifurcated the Assets created out of Central/ State Govt. Grant and own funds and accordingly booked the corresponding Income from the Capital Grant amounting to ₹196.71 crore as referred above. The Institute capitalised the Government Grant to the tune of ₹720.67 crore, however, the corresponding Net Assets created out of Government Grants has been shown as ₹650.26 crore which has resulted in a difference of ₹70.41 crore between the capital grant capitalised and net assets created out of it in the books of accounts as on 31 March 2018. Thus, it is evident that the correct bifurcation of, Assets created out of Government Grants and own Funds has not been carried out by the Institute.

19. Petroleum and Natural Gas Regulatory Board (PNGRB)

19.1 Fixed Assets

A reference is invited to Schedule H (Fixed Assets) of the Petroleum and Natural Gas Regulatory Board (Annual Statement of Accounts and Records) Rules, 2017, wherein, it has been mentioned that the depreciation is to be charged with straight line method at the rates prescribed in the Companies Act, 1956. PNGRB has followed the same for charging depreciation on its Fixed Assets during the year 2017-18. Since the Companies Act 1956 has been replaced by the Companies Act 2013, PNGRB should have calculated the depreciation as per the useful lives mentioned in Schedule II of the Companies Act 2013.

20. Competition Commission of India (CCI)

20.1 CCI Fund included ₹0.30 crore on account of interest received, during 2016-17, on the term deposits created out of Grants-in-Aid for acquiring office space. CCI, instead of crediting this amount to the Grants in Aid for acquiring office space credited it during 2016-17, to the Fund via Income and Expenditure Account. This resulted in overstatement of Fund and Surplus by ₹0.30 crore and understatement of Grants-in-Aid for acquiring office space by the same amount.

20.2 As per Rule 3 of Competition Commission of India (Form of Annual Statement of Accounts) Rules, 2009, Government Grants/Subsidies of the nature of contribution towards capital cost of setting up projects are treated as Capital Reserve. Rule 3, further provides that Grants in respect of specific fixed assets acquired are shown as a deduction from the cost of the related assets. The Accounting Policy No. 5 of CCI, however, did not disclose the accounting policies as per the provisions of Competition Commission of India (Form of Annual Statement of Accounts) Rules, 2009.This issue was raised during 2015-16 and 2016-17 also, however, no corrective action has been taken yet.

21. Airport Economic Regulatory Authority (AERA)

Current Liabilities and Provisions were understated by ₹8.45 crore due to non-provisioning of liabilities on account of establishment expenses (salary, wages and other benefits) amounting to ₹8.27 crore towards services of Airport Authority of India employees borrowed by AERA for the period upto 2016-17 and for month of March 2018 and arrears of rent amounting to ₹0.18 crore, for the period October 2009 to March 2018, payable to Air India. This resulted in understatement of deficit by ₹8.45 crore.

22. National Capital Region Planning Board (NCRPB)

22.1 In compliance to its Accounting Policy 1(c), NCRPB is bifurcating its Receipts and Payments Account and Schedules pertaining to its Income and Expenditure Account in Capital and Revenue. This was inconsistent with the uniform format of accounts prescribed by the Ministry of Finance.

22.2 Accounting Policy No. 3 states that 'All expenses are recognised on accrual basis, except employee's personal claims/reimbursements, which are taken on cash basis'. The above accounting policy is inconsistent with the accrual concept of accounting and the uniform format of accounts prescribed by the Ministry of Finance.

23. Agricultural & Processed Food Products Export Development Authority(APEDA)

23.1 Accounting Policy 11 'Reserves and Surplus' stated, ''Wheat Development Fund (WDF) and Non-Basmati Development Fund (NBDF) are the amount received from exporters and has been shown as Special reserves, which are to be refunded. Interest earned on fixed deposits created out of these funds is also transferred to respective funds".

Contrary to the above policy, the WDF and NBDF were depicted as Earmarked/ Endowment Fund. Further, as informed by Management to Audit, amount of WDF and NBDF was not refundable to exporters. Thus, the above Accounting Policy did not reflect the true and fair state of affairs of APEDA. This point was raised in 2016-17 also. However, despite assurance given by the Management, no corrective action has been taken.

24. National Automotive Testing and R&D Infrastructure Project Implementation Society (NATIS)

24.1 Current Liabilities and Provisions were understated by ₹1.28 crore on account of arrears of salary (including employer's contribution to provident fund) of the employees of NATIS for the period January 2016 to March 2017. In spite of the Ministry of Finance Office memorandum dated 13 January 2017, which provided for extension of revised pay scales in terms of CCS(RP) Rules 2016 to the employees of autonomous bodies funded/controlled by Central Government, and the Ministry of Finance approval dated 16 May 2017 of the computation of arrears of salary submitted by NATIS, the same were not provided for in the books of NATIS though the accounts were approved in March 2018. This had also resulted in understatement of Project Assets by ₹1.28 crore.

24.2 Miscellaneous Income of ICAT and Excess of Expenditure over Income were overstated and Unclaimed Funds Reserve was understated by ₹0.55 crore on account of amount written off against unclaimed credit balance in customer account, unclaimed security deposit and other unclaimed amounts outstanding in the books for more than three years. As per Management decision, dated 3 February 2011, this amount should have been booked as Unclaimed Funds Reserve which was to be utilised/set off against the following only:

- Bad debts written off of customer balance and deposits;
- Any subsequent customer claim which was credited to this fund;
- Various activities in public interest;

25. Central Electricity Regulatory Commission (CERC)

25.1 Balance Sheet

Current Liabilities and Provisions

The above does not include provision of ₹2.62 crore for demand raised by New Delhi Municipal Council (NDMC) for additional space allotted to CERC. This has resulted in understatement of Sundry Creditors and excess of expenditure over income by the same amount.

26. Bureau of Energy Efficiency (BEE), New Delhi

26.1 Non-submission of UCs by State Development Agencies (SDAs)

BEE has released financial assistance to SDAs under "Strengthening of SDAs on the efficient use of energy and its Conservation Scheme" The year-wise financial assistance released and Utilisation Certificate (UC) received there-against for the period 2013-14 to 2017-18 is as under :-

Financial year	Financial assistance released (₹ in lakh)	Utilisation Certificate received (₹ in lakh)	Utilisation certificate not received (₹ in lakh)	Percentage of Utilisation certificate received
2013-14	2096.9	1278.7	818.2	60.98
2014-15	810.2	784.9	25.3	96.88
2015-16	930.5	732.3	198.2	78.70
2016-17	2436.0	1169.3	1266.7	48.00
2017-18	2261.0	186.8	2074.2	8.26
Total	**8534.6**	**4152**	**4382.6**	**48.65**

From the above table, it is seen that the concerned SDAs have not submitted the UCs in respect of financial assistance amounting to ₹43.83 crore (i.e., 51.35 *per cent* of financial assistance released) but the fact has not been disclosed in accounts, though BEE has booked the same as grant utilisation.

27. National Power Training Institute (NPTI)

27.1 Balance Sheet

Corpus Fund: ₹260.39 crore
Deficit carried to Corpus/Capital Fund: (-)₹7.19 crore

The Corpus Fund includes ₹1.66 crore as prior period expenses, ₹0.41 crore as prior period income and ₹0.21 crore as TDS transfer. As per format of accounts such income and expenses should be routed through Income and Expenditure Account. However, these incomes/expenses have been directly taken to Corpus Fund. As a result, the deficit for the year is understated by ₹1.46 crore.

27.2 Income and Expenditure Account

Deficit for the year: (-)₹7.19 crore
Current Liabilities & Provisions: ₹16.32 crore

Above does not include:

- Audit fee payable to the Comptroller and Auditor General of India for 2016-17 and 2017-18.
- Provision for property tax of ₹0.02 crore for the year 2017-18 (NPTI Badarpur Unit).

This has resulted in understatement of 'Provisions' as well as 'Deficit' under Income and Expenditure Account/Corpus Fund.

27.3 Receipts and Payment Account

Interest of ₹6.05 crore earned on Bank deposits and Loans, Advances etc., as shown in Income and Expenditure Account has also been shown by same amount in Receipt and Payment Account. The interest received shown in Receipt and Payment Account is incorrect to the extent of interest accrued not adjusted.

Appendix-VII
{Referred to in Para 1.8(a)}

Autonomous Bodies where Internal Audit was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	Agricultural and Processed Food Products Exports Development Authority, New Delhi
2.	Airport Economic Regulatory Authority of India, New Delhi
3.	Kolkata Port Trust, Kolkata
4.	Calcutta Dock Labour Board, Kolkata
5.	Deendayal Port Trust, Mumbai
6.	Export Inspection Agency (Sub Audit), Mumbai
7.	Spices Board, Kochi
8.	Petroleum and Natural Gas Regulatory Board, New Delhi
9.	Tea Board of India, Kolkatta
10.	Tobacco Board, Guntur

Appendix-VIII
{Referred to in Para 1.8(b)}

Autonomous Bodies where physical verification of fixed assets was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	National Capital Region Planning Board, New Delhi
2.	Kolkata Port Trust, Kolkata
3.	Paradip Port Trust, Paradip
4.	Mumbai Port Trust, Mumbai
5.	Export Inspection Agency (Sub Audit), Mumbai
6.	Oil Industry Development Board, Mumbai
7.	Chennai Port Trust, Chennai
8.	New Mangalore Port Trust, Mangalore
9.	Spices Board, Kochi
10.	National Institute of Pharmaceutical Education and Research, Kolkata
11.	Tea Board of India, Kolkata

Appendix-IX
{Referred to in Para 1.8(c)}

Autonomous Bodies where physical verification of inventories was not conducted during the year 2017-18

Sl. No.	Name of Autonomous Body
1.	National Capital Region Planning Board, New Delhi
2.	Kolkata Port Trust, Kolkata
3.	Paradip Port Trust, Paradip
4.	Spices Board, Kochi
5.	Tea Board, Kolkata

Appendix-X
{Referred to in Para 1.8(d)}

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

Sl. No.	Name of Autonomous Body
1.	Khadi and Village Industries Commission, Mumbai
2.	Chennai Port Trust, Chennai
3.	New Mangalore Port Trust, Mangalore
4.	Cochin Port Trust, Cochin

Appendix-XI
{Referred to in Para 1.8(e)}

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

Sl. No.	Name of Autonomous Body
1.	Kolkata Port Trust, Kolkata
2.	Paradip Port Trust, Paradip
3.	Calcutta Dock Labour Board, Kolkata
4.	National Jute Board, Kolkata
5.	Khadi and Village Industries Commission, Mumbai
6.	Chennai Port Trust, Chennai
7.	Cochin Port Trust, Cochin
8.	Indian Maritime University, Chennai
9.	Rubber Board, Chennai
10.	Spices Board, Kochi
11.	Marine Products Export Development Authority, Chennai
12.	National Institute of Pharmaceutical Education and Research, Kolkata

Appendix-XII
{Referred to in Para 1.8(g)}

Autonomous Bodies that revised their accounts as a result of audit

Sl. No.	Name of Autonomous Body
1.	Visakhapatnam Port Trust, Visakhapatnam
2.	National Institute of Pharmaceutical Education and Research, Ahmedabad
3.	V.O. Chidambaranar Port Trust, Tuticorin
4.	Marine Products Export Development Authority, Chennai
5.	Insurance Regulatory and Development Authority of India, Hyderabad

Appendix-XIII
(Referred to in Para 1.9)

Position of Outstanding Action Taken Notes as on 30 November 2018

Sl. No.	Name of the Ministry/ Department	Report for the year ended	Ministries and Autonomous Bodies		
			Due	Not Received	Under Correspondence
1.	M/o Petroleum and Natural Gas	March 2015 Report No. 11 of 2016	1	-	1
2.	M/o Micro, Small and Medium Enterprises	March 2016 Report No. 12 of 2017	1	-	1
3.	M/o Housing and Urban Affairs	March 2017 Report No. 4 of 2018	1	-	1
4.	M/o Power	March 2017 Report No. 4 of 2018	1	-	1
5.	M/o Commerce and Industry	March 2017 Report No. 4 of 2018	1	-	1
6.	M/o Shipping	March 2017 Report No. 4 of 2018	1	-	1
		Total	**6**	**-**	**6**

Annexure-I
(Referred to in Para 2.1.1)

Statement showing grant sanctioned, released and expenditure by each NIPER during 2007-08 to 2017-18

(₹ in lakh)

Name of NIPER	Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Ahmedabad	Sanctioned	200	250	300	278	300	500	679	450	1776	1813	2296
	Released	200	250	300	278	300	500	679	450	1776	1813	2296
	Expenditure	100	295	322	288	312	434	456	519	1884	1938	2169
Guwahati	Sanctioned	0	100	1065	100	0	522	288	391	2100	2627	5200
	Released	0	100	1065	100	0	522	288	391	2100	2627	5200
	Expenditure	0	77	158	179	277	1061	373	418	2067	2668	4582
Hajipur	Sanctioned	0	0	0	0	0	45	370	400	600	600	600
	Released	220	275	715	100	0	45	350	400	600	500	500
	Expenditure	140	312	221	240	256	260	403	416	503	511	515
Hyderabad	Sanctioned	350	2218	508	585	810	2030	2300	1417	3500	3500	3000
	Released	350	2218	508	585	810	2030	2300	1417	3500	3500	3000
	Expenditure	130	2215	473	584	735	2082	2245	1539	3511	3564	2730
Kolkata	Sanctioned	200	148	300	160	350	450	500	450	630	800	1150
	Released	150	150	348	160	309	175	441	438	630	800	1150
	Expenditure	107	205	308	282	246	278	315	354	525	614	1125
Mohali	Sanctioned	NA	1739	2123	2064	2477	2282	1920	2087	2748	2748	2831
	Released	NA	1739	2123	2064	2477	2282	1920	2087	2748	2748	2831
	Expenditure	NA	1979	2668	2447	2883	3010	3353	3113	4089	3952	3913
Raebareli	Sanctioned	0	0	0	0	650	450	450	445	700	700	850
	Released	0	250	280	428	300	350	450	445	550	625	950
	Expenditure	0	194	399	348	360	375	320	395	590	525	897
Grand Total	**Sanctioned**	**750**	**4455**	**4296**	**3179**	**4587**	**6279**	**6507**	**5640**	**12054**	**12788**	**15927**
	Released	**920**	**4982**	**5339**	**3707**	**4196**	**5904**	**6428**	**5628**	**11904**	**12613**	**15927**
	Expenditure	**477**	**5277**	**4549**	**4368**	**5069**	**7500**	**7465**	**6754**	**13169**	**13772**	**15931**

Annexure-II
{Referred to in Para 4.1.6.1(c)}

Financial Assistance in respect of those projects for which the SRPs were not formulated

(₹ in crore)

Sl. No.	State	Financial Year	No of Projects	Estimated cost of projects	Loan sanctioned	Amount Disbursed in the FY
1.	Haryana (SRP still Pending)	2012-13	10	869.53	623.36	335.73
2.		2013-14				353.44
3.		2014-15				186.97
4.		2015-16	10	1607.49	1238.97	165.14
5.		2016-17				521.65
	Total (i)					**1562.93**
6.	Rajasthan (SRP Published on 10 November 2015)	2012-13				61.75
7.		2013-14	5	278.27	208.7	2.00
8.		2014-15				1.69
9.		2015-16				0
10.		2016-17				0
	Total (ii)					**65.44**
11.	GNCTD (No SRP Prepared)	2012-13				0
12.		2013-14	1	101.65	76.24	0
13.		2014-15				20.00
14.		2015-16				0
15.		2016-17				0
	Total (iii)					**20.00**
	Grant Total (i + ii + iii)					**1648.37**

Annexure-III
{(Referred to in Para 4.1.6.1(h)}

Details of audit findings

Sl. No.	Name of project	Loan assistance/ sanctioned date	Loan Released / date	Terms and conditions of loan	Audit observation	Ministry/Board Reply (January 2018/ November 2017)	Further remarks of Audit
RELEASING OF LOAN WITHOUT FULFILMENT OF TERMS AND CONDITIONS OF LOAN SANCTION LETTER							
1.	"Construction of Medical college with Teaching Hospital" project in the district Mewat, Haryana	₹239.18 crore / 09 June 2009	₹113.33 crore / 18 November 2010	The loan was sanctioned subject to approval of building plans, conversion of land use, budgetary sanctioned letter, environmental clearance etc.	Audit observed that at the time of site visit (November 2010) by the Board's officials it was seen that environmental clearance and conversion of land use etc were pending. However, Board released (18 November 2010) two instalment of loan amounting to ₹113.33 crore to State Govt. The project was completed on 21 May 2015 and is operational.	The Ministry/Board in its reply stated that before release of the final loan instalment compliance with all the terms & conditions of the loan assistance is ensured by the Board. However, as per the need of the project suitable support is being provided to the implementing agency for smooth implementation of the project.	The reply of the Ministry and the Board is not acceptable because the Board has not ensured the compliance of the terms and condition contained in the sanction letter prior to disbursement of loan instalment.
2.	"Anand Vihar Residential Housing Scheme at Hapur by Hapur Pilkhua Development Authority (HPDA)" in Uttar Pradesh	₹133.80 crore	₹50 crore (released in two instalments of ₹37.50 crore and ₹12.50 crore during	PSMG emphasised that the work regarding basic infrastructure of water supply, sewerage, etc. for the	Audit observed that the HPDA did not construct the STP and it was proposed by the HPDA that the discharge from the Anand Vihar Housing Scheme will be put in the large drain flowing towards the western edge of the project. This was against the Environmental Protection Act 1986, which states that no untreated domestic and	The Board stated that the Board had requested (30 December 2015) HPDA to take immediate action with regard to treatment of sewage from the project area and take up the construction of required STP on top priority.	The reply of the Board is not acceptable because as per the DPR, there was a provision for construction of STP and PSMG in its 40th meeting also laid emphasis on the

			August 2008 and March 2009 respectively)	residential scheme should be synchronised and completed within scheduled date of completion and milestones.	industrial waste should be permitted to be discharged over land or into water bodies before treating. Thus, while disbursing the loan and its utilisation, the Board was unable to ensure that the requisite STP as directed by PSMG was constructed.		construction of STP, however even after three years of completion of project the STP was not constructed. The Board did not take up the matter with IA since December 2015.
GRANTING OF LOAN DESPITE NON-AVAILABILITY OF LAND WITH THE IA							
3.	"Alwar water Supply Upgradation Project" in Rajasthan	₹131.14 crore/ 19 November 2013	₹51 crore / 30 September 2016		The Board released (30 September 2016) second instalment of loan of ₹43.72 crore on the recommendation of physical and financial verification (23 September 2016) done by the officials of the Board. Audit observed that PHED was not able to start (30 March 2017) the construction work at six locations across the Alwar town where land is yet to be transferred by UIT to PHED, Rajasthan. In fact, prior to releasing the loan, the Board did not ensure availability of requisite land in the possession of IA. Even during physical verification of the project, the Board was unable to assess and ensure that the land was in the possession of IA.	The Board in its reply stated that the project involved transfer of land from one Government entity to another. The issues on the remaining two sites are also expected to be sorted out soon, as confirmed by the IA.	The reply of the Board is not acceptable because despite lapse of five years from the date of approval, the requisite land was not in the possession of IA. The project is still in progress (June 2019).

4.	"Water supply Scheme for Nalhar Medical College and Nuh Town" in Haryana	₹79.21 crore / 04 August 2011	₹90.13 crore/ till 30 September 2016	The land should be in possession of GoH and statutory clearances should be obtained.	Audit observed that the Board did not ensure whether the land was in the possession of Implementing Agency prior to releasing of loan instalment of ₹90.13 crore. In fact, as on 02 February 2017, only 14.50 acre out the 20 acre of requisite land had been acquired. Further, although the requisite approvals were pending, the Board released (30 September 2016) third instalment of ₹22 crore on the recommendation of the physical and financial verification conducted (23 September 2016) by the officials of the Board.	The Board in its earlier reply stated (October 2017) that the delay in the land acquisition process occurred due to the ambiguity on application of the new Land Acquisition Act (LAA) 2013 for acquiring of land for the sub project.	The reply of the Board is not acceptable because loan was given in 2011 with completion by August 2014 subject to the condition that land was in possession; furthermore instalments were released subsequently without ensuring the possession of land. The project is still in progress (June 2019).
ABSENCE OF AGREEMENT/RELEVENT CLAUSES TO PROTECT FINANCIAL INTERESTS							
5.	"Improvement by way of four laning of Rewari Kot Kasim Road up to NH-8, Shahjahanpur Rewari road up to 6 km, Rewari Narnaul Road (SH26), Rewari Mohindergarh	₹79.55 crore / November 2008	₹67.55 crore / 3 July 2009	The stipulated date of completion of project was November 2010.	The loan disbursed by the Board was not linked with the progress of the project and there was no penal provision for the delay in the project. There was delay of five years in completion of project. The stipulated date of completion of project was November 2010 and actual date of completion was 10.02.2016. Despite the huge delay in the completion of project the Board released (31 March 2016) last instalment of ₹4.22 crore.	The Ministry/Board replied that there was no provision for levying of penalty incorporated in the sanction letter because the projects which the Board finances are public welfare oriented. Delay faced by the project is due to some practical issues which may arise on the ground during the course of implementation.	The reply of the Ministry and the Board is not acceptable because the Board in its earlier reply confirmed that IA had stopped the execution of work by breaching the terms and conditions of contract due to

	Road, Rewari Dadri Road upto proposed bypass" in the State of Haryana						which the work was delayed. Despite the huge delay in the completion of project the Board released (31 March 2016) last instalment of ₹4.22 crore.
6.	Multi Modal Transit Centre (MMTC) projects at Sarai Kale Khan and Anand Vihar.	-	₹69.96 lakh as commitment charges/ 31 January 2013	Multi Modal Transit Centre (MMTC) projects at Sarai Kale Khan and Anand Vihar on the request of Transport Department, Delhi. These Projects were approved by the Board without ensuring change of land use and sanction of the building plans by the various related authorities.	As per ADB conditions, commitment charges are levied on undisbursed loan amounts. Audit observed that no agreement was entered by the Board with GNCTD about the payment of commitment charges. Due to this, the Board paid (31 January 2013) ₹69.96 lakh as commitment charges on behalf of GNCTD due to non-starter projects of the Transport Department of GNCTD.	The Ministry/Board in its reply stated that the matter is under consideration and regular follow-up is going on to ensure recovery of said commitment charges from GNCT- Delhi.	The reply of the Ministry and the Board is not acceptable since despite lapse of more than five years, the Board was unable to recover the outstanding amount from GNCTD. The reply of the Board was silent on approval of loan without ensuring change of land use and sanction of the building plans.

FINANCING OF PROJECT NOT COVERED UNDER ANY ELEMENTS OF RP 2021							
7.	"Construction of Multi-story office building at Karkardooma Institutional area at Shahdara South in the NCTD"	₹76.24 crore/ 30 December 2013	₹20 crore / 02 September 2014	The stipulated date of completion of project was September 2016.	Audit observed that till April 2017 the said work was not awarded and started. The work has been awarded in the month of October 2017. Funding for construction of office building of a civic agency is not covered under various elements of RP 2021.	The Ministry/Board in its reply stated that the project has been considered for financial assistance on the following ground: (i) The site for construction office complex of East Delhi Municipal Corporation (EDMC) proposed in the Central Business district of Shahdara falls within the urbanisable area of MPD – 2021. (ii) In accordance with Section 7(e) & 8(e) of the NCRPB Act 1985, the Board provides financial assistance to the constituent states and their implementing agencies for infrastructure development projects in the NCR and CMA.	The reply of the Ministry and the Board is not acceptable because grant of financial assistance for construction of office building is not covered under any element of RP 2021. The project is still in progress (June 2019).

Annexure-IV
(Referred to in Para 4.2.3)

Statement showing extra items which were not included in the main agreement

Sl. No.	Detail of extra item executed	Quantity executed	Rates quoted (₹)	Amount paid (₹ in lakh)	Reasons given by the CPWD	Audit comments
1.	Providing and applying white cement based putty of average thickness 1 mm of approved brand and manufacture, over the plastered wall surface to prepare the surface even and smooth complete.	74,872.99 sq.mtr	86.20 per sq.mtr.	64.54	Making of base with cement based putty is required for internal walls and ceiling of all quarters and also as per the requirement of client department.	This work was basically construction of 184 residential quarters and white cement wall putty is one of the essential requirements for such work. The CPWD did not take this into account while approving Detailed Estimate and NIT and got this work done as an extra item.
2.	Core cutting on RCC walls, floors and roofs slab using hilty cutting machine and tool as per requirement of passing various dia of pipes at all floor levels and as per direction of Engineer in Charge. (a) Core dia and depth vary 100 mm to 150 mm as required at site.	1065 mtr.	1,017.09 per mtr.	10.83	This item considered technically necessary for cutting holes/cores in the RCC floor slab/walls.	Non-inclusion of such item reflects that detailed estimate was not prepared with full cognizance of requirement of the project.
3.	Providing and fixing M.S grills of required pattern in frames of window etc with M.S. flats, square or round bars etc. including priming coat with approved steel primer all complete.	44,424.91 Kg	115.25 per Kg	51.20	This item was taken in the estimate prepared for all remaining items which were necessary to execute at site for completion of work but due to requirement of scaffolding at every floor it is very hard to execute this item from another agency.	All necessary items were not envisaged at the time of sanctioning of detailed estimate/NIT, and this item was considered as remaining item by the CPWD. If this item was included in the DE/NIT, market rate payment could have been avoided.

4.	Providing and fixing on wall face unplasticised rigid PVC rain water pipes conforming to IS: 13592 Type A including jointing with seal ring conforming to IS: 5382 leaving 10 mm gap for thermal expansion. a. single socketed pipes 75 mm diameter.	787.28 mtr.	141.25 per mtr.	1.11	During the site inspection of ADG, CPWD, it was desired that PVC pipe 75 mm dia may be provided to the balcony to drain out water. There is no provision in the agreement hence extra item.	Audit views that draining out water from the balcony is very basic and essential items of construction, which the CPWD had missed while framing detailed estimate.
5.	Providing and fixing glass panes with nails etc Float glass 4 mm thick as per direction of Engineer in charge.	364.51 sq.mtr.	655.91 per sq. mtr	2.39	Item is required in the opening of window for the provision of cooler and AC in all the blocks. Item is not taken in the agreement hence extra.	This provision was very much integral to the windows, and missed by the CPWD, resulting in having to be taken up as extra item.
6.	Extra for plastering exterior walls of height more than 10 m from ground level for every additional height of 3 m or part thereof.	10,041.52 sq. mtr	39.11 per sq mtr	3.93	Item was required for plaster in lift shaft, but item has not been taken in the agreement.	Plaster in lift shaft was essential, but missed out by the CPWD.
	Total			**134.00 (Say ₹1.34 crore)**		

Annexure-V
(Referred to in Para 4.4)

Avoidable expenditure during the period April 2007 to March 2018

Sl. No.	Description	Minto Road Press	Mayapuri Press
1.	Contract Demand taken	1000 KVA	802 KVA
2.	Maximum Contract Demand required	350 KVA	400 KVA
3.	Contract Demand remaining unutilised	650 KVA	402 KVA
4.	Rate per KVA : April 2007 to August 2011 (53 months) September 2011 to August 2017 (72 months) September 2017 to March 2018 (7 months)	 ₹150/KVA ₹125/KVA ₹130/KVA	 ₹150/KVA ₹125/KVA ₹130/KVA
5.	Avoidable cash loss : (i) ₹150X53monthsX650KVA= ₹51,67,500 (ii) ₹125X72monthsX650KVA=₹58,50,000 (iii) ₹130X07monthsX650KVA=₹5,91,500 (i) ₹150X53monthsX402KVA= ₹31,95,900 (ii) ₹125X72monthsX402KVA=₹36,18,000 (iii) ₹130X07monthsX402KVA=₹3,65,820	₹1,16,09,000	₹71,79,720
	Total	**₹1, 87, 88,720**	

Total avoidable cash loss- ₹1, 87, 88,720 or ₹1.88 crore

Annexure-VI
(Referred to in Para 4.5.1)

Statement showing year-wise details of outstanding printing charges at the end of 2014-15 and recovery there against during 2015-16 and 2016-17

(Amount in ₹)

Sl. No.	Year	Balance outstanding at the end of 2014-15	Balance outstanding at the end of 2016-17	Outstanding Dues at the end of 2014-15, received during 2015-16 and 2016-17	Balance outstanding at the end of 2017-18
1.	1976-77 to 1989-90	2,05,41,981	2,05,41,981	0	2,05,41,981
2.	1990-91	2,53,789	2,53,789	0	2,53,789
3.	1991-92	17,02,646	17,02,646	0	17,02,646
4.	1992-93	31,28,706	31,28,706	0	31,28,706
5.	1993-94	28,48,869	28,48,869	0	28,48,869
6.	1994-95	11,06,703	11,06,703	0	11,06,703
7.	1995-96	7,50,990	7,50,990	0	7,50,990
8.	1996-97	35,58,056	35,58,056	0	35,58,056
9.	1997-98	61,01,292	61,01,292	0	60,97,578
10.	1998-99	35,78,687	35,78,687	0	35,78,687
11.	1999-2000	39,58,765	39,58,765	0	39,58,765
12.	2000-01	59,29,416	59,29,416	0	59,29,416
13.	2001-02	1,75,49,573	1,75,47,024	2,549	1,75,47,024
14.	2002-03	61,10,899	61,10,899	0	61,10,899
15.	2003-04	42,66,431	42,66,431	0	42,66,431
16.	2004-05	34,28,078	34,20,459	7,619	32,75,184
17.	2005-06	62,13,323	51,22,280	10,91,043	51,22,280
18.	2006-07	67,47,091	60,22,476	7,24,615	60,22,476
19.	2007-08	1,10,81,761	1,06,98,249	3,83,512	1,06,98,249
20.	2008-09	1,01,53,758	94,61,610	6,92,148	94,61,610
21.	2009-10	60,12,478	59,25,065	87,413	58,72,418
22.	2010-11	30,91,945	29,50,703	1,41,242	29,50,703
23.	2011-12	1,05,33,280	1,00,90,849	4,42,431	1,00,38,516
24.	2012-13	1,67,78,741	1,66,43,740	1,35,001	1,66,43,740
25.	2013-14	30,25,22,050	6,92,86,112	23,32,35,938	5,26,33,972
26.	2014-15	44,06,02,993	28,70,17,969	15,35,85,024	14,93,59,963
27.	2015-16	NA	28,49,04,111	NA	28,29,45,798
28.	2016-17	NA	17,25,33,917	NA	10,32,56,708
29.	2017-18	NA	NA	NA	20,77,54,368
	Total	**89,85,52,301**	**96,54,61,794**		**94,74,16,525**

Annexure-VII
(Referred to in Para 4.5.4)

Organisation-wise details of outstanding recovery of printing charges at the end of 2014-15, 2015-16, 2016-17 and 2017-18

(Amount in ₹)

Sl. No.	Central Ministry /Department or the name of the organisation from whom printing charges due to be recovered	Balance Outstanding as on 31.03.2015	Balance Outstanding as on 31.03.2016	Balance Outstanding as on 31.03.2017	Balance Outstanding as on 31.03.2018
1.	Agriculture	1,49,73,144	1,41,76,098	1,49,13,262	1,59,28,472
2.	Atomic Energy	0	0	1,04,017	1,16,757
3.	AYUSH	0	0	2,76,093	3,36,479
4.	B.S.N.L.	9,41,030	9,41,030	9,84,115	9,84,115
5.	Bureau of Indian Standards	63,653	63,653	1,40,176	3,20,283
6.	Cabinet Secretariat	1,55,973	3,09,660	1,90,510	2,24,388
7.	Chemicals & Fertilisers	1,27,149	3,26,585	7,15,801	11,94,951
8.	Civil Aviation	3,59,521	4,56,888	7,20,239	11,07,972
9.	Civil Supply Consumer Affairs & Public Distribution	2,350	2,350	2,350	2,350
10.	Coal & Mines	1,60,860	2,19,637	3,29,156	11,67,712
11.	Commerce and Industry	56,94,913	39,42,732	65,92,100	1,51,73,061
12.	Communications and Information Technology	56,83,488	47,99,327	55,73,767	58,82,281
13.	Consumer Affairs, Food and Public Distribution	2,06,857	3,16,539	5,28,097	15,49,958
14.	Corporate Affairs	69,916	1,35,623	6,68,126	30,72,706
15.	Culture	2,04,868	1,05,434	5,31,737	8,08,541
16.	Defence	9,65,18,835	11,30,40,549	10,99,18,995	12,29,87,466
17.	Development of North Eastern Region	0	0	1,30,034	1,30,034
18.	Drinking Water and Sanitation	1,19,151	51,375	2,41,353	2,25,486
19.	Earth Sciences	0	0	1,06,821	1,14,405
20.	Election Commission of India	0	0	2,23,901	9,78,659
21.	Electronics & Information Technology	0	0	1,38,904	1,38,904
22.	Environment, Forest and Climate Change	32,62,638	36,80,918	1,15,10,214	1,79,47,550
23.	External Affairs	4,03,201	4,84,182	6,90,093	13,17,816
24.	Family Court	0	0	2,12,013	2,12,013
25.	Finance	1,15,74,211	1,18,01,048	2,40,49,758	3,23,33,270

26.	Food & Civil Supply	50,282	50,282	50,282	50,282
27.	Food & Consumers Affairs	3,099	3,099	3,099	3,099
28.	Food Processing Industries	7,16,070	5,53,550	3,20,230	2,28,712
29.	Health & Family Welfare	97,02,560	1,01,66,604	1,77,64,191	1,92,64,668
30.	Heavy Industries and Public Enterprises	6,20,493	7,10,357	9,49,422	8,66,381
31.	Home Affairs	2,22,66,147	2,08,58,350	2,76,92,755	6,88,37,457
32.	Housing and Urban Poverty Alleviation	0	0	96,349	10,96,415
33.	Human Resource Development	3,30,98,623	3,40,68,467	3,57,80,279	4,23,27,406
34.	Industry	25,129	25,129	25,129	25,129
35.	Information & Broadcasting	3,60,631	2,93,630	4,95,931	3,31,589
36.	Labour	13,767	13,767	13,767	13,767
37.	Labour and Employment	10,64,340	3,91,180	11,60,188	38,19,631
38.	Law and Justice	24,64,568	26,97,006	24,89,190	30,50,178
39.	Micro, Small and Medium Enterprises	57,191	1,59,015	1,90,448	8,75,757
40.	Mines	1,00,72,833	13,35,514	7,13,538	6,76,029
41.	Minority Affairs	0	0	2,56,871	2,88,725
42.	N.C.T. D(Delhi Gazette)	48,49,926	12,54,733	66,66,003	56,15,753
43.	N.C.T. Of Delhi	1,78,29,259	1,52,45,679	4,65,76,176	4,44,92,266
44.	New & Renewable Energy	0	96,875	1,16,528	1,20,054
45.	Non-Conventional Energy Sources	5,05,937	5,05,937	5,05,937	5,05,937
46.	Overseas Indian Affairs	37,640	0	0	0
47.	Parliamentary Affairs	6,838	6,838	66,986	1,47,651
48.	Personnel, Public Grievances and Pensions	53,49,542	53,99,685	48,19,733	59,28,094
49.	Petroleum and Natural Gas	4,67,322	5,44,418	52,90,414	87,81,359
50.	Planning (NITI AYOG)	1,31,078	1,31,078	97,112	97,112
51.	Power	55,055	93,004	3,44,824	6,34,433
52.	President's Secretariat	0	0	10,578	73,655
53.	Punchayati Raj	0	0	44,711	44,711
54.	Railway	35,81,191	30,76,957	1,39,12,197	1,01,14,163
55.	Rural Area & Employment	19,857	19,857	19,857	19,857
56.	Rural Development	25,72,111	25,04,016	27,83,615	28,85,702
57.	Science & Technology	3,53,036	3,53,036	5,64,374	3,67,938
58.	Road Transport and Highways	16,20,202	15,46,164	3,04,43,406	5,53,50,287

59.	Shipping	0	0	5,53,258	8,33,109
60.	Skill Development & Entrepreneurship	0	84,650	3,25,366	3,52,875
61.	Small Scale Industries	27,203	27,203	27,203	27,203
62.	Social Justice & Empowerment	3,35,654	59,517	7,30,659	10,94,250
63.	Space	0	0	1,27,775	1,39,151
64.	Statistics and Programme Implementation	16,83,750	14,66,555	12,12,790	11,36,600
65.	Steel and Mines	87,396	29,935	78,970	1,38,080
66.	Supply and Rehabilitation	28,143	28,143	28,143	28,143
67.	Supreme Court	0	0	7,052	19,393
68.	Surface Transport	2,940	2,940	2,940	2,940
69.	Textiles	1,75,414	2,12,677	6,78,354	9,01,669
70.	Tis Hazari Court	4,20,275	3,83,511	42,84,942	25,26,533
71.	Tourism & Culture	2,63,075	2,63,075	4,45,015	3,65,503
72.	Tribal Affairs	2,73,723	4,48,870	4,26,774	4,26,774
73.	Urban Development (Controller of Publication)	62,65,78,838	67,25,31,722	56,44,59,943	42,49,12,399
74.	U.P.S.C	35,15,311	12,18,368	30,59,142	30,59,142
75.	Urban Development	60,50,286	66,88,856	75,47,442	79,54,677
76.	Water Resources	1,72,408	1,89,945	5,94,309	8,16,670
77.	Welfare	2,45,563	2,45,563	2,45,563	2,45,563
78.	Women & Child Development	2,64,011	59,805	6,07,457	7,26,874
79.	Youth Affairs and Sports	11,826	1,99,477	2,62,945	5,19,151
	Grand Total	**89,85,52,301**	**94,10,98,667**	**96,54,61,794**	**94,74,16,525**

Annexure-VIII
(Referred to in Para 4.5.4)

Year-wise details of outstanding printing charges from GNCTD

(Amount in ₹)

Sl. No.	Year	NCTD (Delhi Gazette)	NCTD
1.	1976-77 to 1989-90	0	31,20,469
2.	1990-91 to 1999-2000	4,26,036	13,48,110
3.	2000-01 to 2009-10	3,89,725	55,86,130
4.	2010-11	10,473	0
5.	2011-12	0	3,09,256
6.	2012-13	11,024	0
7.	2013-14	0	9,57,877
8.	2014-15	0	5,11,299
9.	2015-16	0	2,85,221
10.	2016-17	13,24,280	78,04,035
11.	2017-18	34,54,215	2,45,69,869
	Total due as on 31 March 2018	**56,15,753**	**4,44,92,266**

Annexure-IX
(Referred to in Para 4.9)

Calculation of Misuse Charges by DDA and by Audit

Particulars	Formula as per policy	Remarks
Calculation of ₹6.24 lakh as available in the records of DDA	Base Rate X Total Area under misuse in sq. mtrs. X Time Factor X Historical Factor ₹11,200 **X** 181.86 sq. mtrs. **X** 1.5 **X** 0.5= ₹15,27,624 From 1 January 1983 to 31 December 1989 (72 months) Misuse charges= ₹15,27,624/210 **X**72 = ₹5,23,757……….………………………………...(i) From 1 January 1990 to 5 July 2000 (138 months) Misuse charges = ₹15,27,624/210 **X** 138 = ₹10,03,867…….……………………………….(ii) 10% of (ii) = ₹1,00,387…………………..…....(iii) Total Misuse Charges = **(i) + (iii)** = **₹6,24,144**	Total Area under misuse taken as 25% of 727.42 sq.mtrs. considering that the misuse area was disputed as per Rule III. Misuse charges considered 10% of total amount worked out for the period 1 January 1990 to 05 July 2000, based upon the clause 5 of misuse Policy, which stipulated that where the property was misused by the tenant without the connivance or knowledge of the owner and owner had filed suit for eviction with misuse of the property as one of the ground of eviction; then 10% of the misuse charges were to be levied.
Calculation by Audit	Base Rate X Total Area under misuse in sq mtrs X Time Factor X Historical Factor ₹11,200 **X** 872.80 sq.mtrs. **X** 1.5 **X** 0.50 i.e**. ₹73,31,520** **Less:** amount already paid (₹10,00,000 + ₹99,728) = **₹10,99,728** Misuse Charges = **₹62,31,792**	The total misuse area as approved by DDA was 872.80 sq. mtrs.

1. Base rates have been given under the policy and for localities of South Delhi the base rate was ₹11,200.
2. Time Factor described in the policy was 1 for 0 to 5 years, 1.25 for 5 to 10 years and 1.5 for period above 10 years.
3. Historical factor described in the policy was as given below:

Period of misuse (in years)	Historical Factor
Prior to 1.4.1985	0.25
1.4.1985 to 31.3.1995	0.50
1.4.1995 to 31.3.2005	0.75
1.4.2005 upto date	1

It was also mentioned in the policy that in case the misuse is overlapping in more than one of the above mentioned periods then the factor of the period in which the period of misuse is larger will be taken into consideration.

Annexure-X
(Referred to in Para 4.11)

Details of Rates per KVA applicable, Contract Demand taken, optimum Contract Demand required and Contract Demand remaining unutilised in respect of three Sports Complex

(Contract Demand in KVA)

Sl. No.	Details	Rohini Sports Complex	Major Dhyan Chand Sports Complex	Poorvi Delhi Khel Parisar
1.	Contract Demand taken	295	191	276
2.	Optimum Contract Demand required	155	130	102
3.	Contract Demand remaining unutilised	140	61	174

Calculation of avoidable expenditure

Sl. No.	Period	Rate per KVA applicable to the period (in ₹)	Months during this period	Excess KVA	Amount (in ₹)
Rohini Sports Complex (RSC)					
1.	June 2004 to September 2011	150	88	140	18,48,000
2.	October 2011 to August 2017	125	71	140	12,42,500
3.	September 2017 to March 2018	130	07	140	1,27,400
	Total				**32,17,900**
Major Dhyan Chand Sports Complex(MDCSC)					
4.	April 2010 to September 2011	150	18	61	1,64,700
5.	October 2011 to August 2017	125	71	61	5,41,375
6.	September 2017 to March 2018	130	07	61	55,510
	Total				**7,61,585**
Poorvi Delhi Khel Parisar (PDKP)					
7.	January 2011 to September 2011	150	09	174	2,34,900
8.	October 2011 to August 2017	125	71	174	15,44,250
9.	September 2017 to March 2018	130	07	174	1,58,340
	Total				**19,37,490**
	Grand Total				**59,16,975**

Annexure-XI
(Referred to in Para 7.2)

Liquidated damages recoverable from concessionaires for under-performance with respect to Gross Berth Output

Period	Liquidated damages (₹)
GCB Berth	
April 2013 to June 2013	1,18,54,221
July 2013 to September 2013	95,96,540
October 2013 to December 2013	46,33,997
January 2014 to March 2014	0
April 2014 to June 2014	1,20,41,891
July 2014 to September 2014	1,86,40,592
October 2014 to December 2014	1,35,17,866
January 2015 to March 2015	1,17,82,822
April 2015 to June 2015	2,12,86,968
July 2015 to September 2015	1,15,33,352
October 2015 to December 2015	82,34,467
January 2016 to March 2016	62,56,357
April 2016 to June 2016	49,32,617
July 2016 to September 2016	1,18,13,360
October 2016 to December 2016	22,27,030
January 2017 to March 2017	14,40,287
April 2017 to June 2017	55,13,905
July 2017 to September 2017	55,53,804
October 2017 to December 2017	1,81,72,647
January 2018 to March 2018	2,06,17,362
Total for GCB Berth (A)	**19,96,50,085**
WQ-6 Berth	
January 2016 to March 2016	19,52,392
April 2016 to June 2016	14,00,833
July 2016 to September 2016	15,12,593
October 2016 to December 2016	12,03,846
January 2017 to March 2017	1,34,198
April 2017 to June 2017	9,91,689
July 2017 to September 2017	31,90,658
October 2017 to December 2017	42,66,733
January 2018 to March 2018	17,86,740
Total for WQ-6 Berth (B)	**1,64,39,682**
EQ-10 Berth	
January 2017 to March 2017	97,975
April 2017 to June 2017	1,30,341
July 2017 to September 2017	2,58,514
October 2017 to December 2017	94,603
January 2018 to March 2018	37,454
Total for EQ-10 Berth (C)	**6,18,887**
Grand Total (A + B + C)	**21,67,08,654**

***Note:** The calculation of liquidated damages has been made as per the provisions of Appendix-15 of MCA, which provided that the concessionaire would be liable to pay liquidated damages at the rate of one per cent of the Gross Revenue of the respective quarter for every shortfall of 10 per cent in the average performance.*

Annexure-XII
(Referred to in Para 7.3)

Statement showing loss of revenue due to non-inclusion of penalty clause in the concession agreements by Visakhapatnam Port Trust

Date of commencement of commercial operations	Period	Minimum Guaranteed Cargo (MGC) (in tonnes)	Cargo handled (in tonnes)	Shortfall in achieving MGC (in tonnes)	Royalty earned (₹)	Rate per tonne (₹)	Loss of revenue (₹ crore)
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (6)/(4)	(8) = (5)x(7)
WQ-6 Berth							
July 2015	August 2015 to July 2016	5,20,000	2,22,929	2,97,071	2,73,46,303	122.67	3.64
	August 2016 to July 2017	5,20,000	5,11,014	8,986	4,87,82,343	95.46	0.08
						Total (A)	**3.72**
EQ-10 Berth							
July 2017	July 2017 to June 2018	4,60,000	2,29,690	2,30,310	46,27,875	20.15	0.46
						Total (B)	**0.46**
						Grand Total = (A) + (B)	**4.18**