

CHAPTER XV: UNION TERRITORIES

Andaman and Nicobar Administration

15.1 Procurement of stores in excess of requirement

(Central) Stores Division of Andaman Public Works Department did not maintain any records to show how it assessed the requirement of consumables of user units. Audit found huge unutilised stock of bitumen and bulldozer spares as of March 2000 costing a little under Rs 2.23 crore.

Stores Division of Andaman Public Works Department (APWD) annually procures consumable stores per listed requirements of the user units. The division could not show to audit any records that would show the manner of assessment of the annual requirements. Test check by audit found huge unutilised stock of bitumen emulsion and bulldozer spares as of March 2000 as detailed below:

1.Bitumen emulsion	Purchase			Balance Stock		Percentage utilisation
	Period	Quantity (MT)	Value (Lakh Rs)	Quantity (MT)	Value (Lakh Rs)	
	1994-1997	618.08	53.15	240.37	20.67	61*
2. Bulldozer spares	Period	Quantity (Number) of items	Value (Lakh Rs)	Quantity (Number) of items	Value (Lakh Rs)	
	1995-2000	154	205	154	202	1.5

* This figure shows what Stores Division issued to the user units; the division did not have any record of actual utilisation of bitumen.

The shelf life of bitumen emulsion is only one year per Indian Standards Specifications. The unutilised stock of bitumen emulsion is, therefore, all but waste. The argument of remoteness of Islands given by the Division for huge unutilised bulldozer spares is also not tenable, given their very low utilisation.

Audit reported the matter to the Ministry in June 2000; who have not replied as of February 2001.

15.2 Injudicious payment of working capital loan

The Andaman and Nicobar Islands Administration unauthorisedly sanctioned working capital loan to an Union Territory Undertaking for development of infrastructure to set up a shipping division which the Planning Commission and the Ministry of Surface Transport subsequently annulled. Resultantly, financial resources of over Rs 6 crore remained blocked with the Undertaking.

The Government of India, Ministry of Surface Transport (MOST) concurred in March 1994 to a proposal of the Andaman & Nicobar Administration (ANA) for setting up a Shipping Division in the Andaman & Nicobar Islands Integrated Development Corporation Limited (ANIIDCO). The concurrence stipulated that

the ANA would satisfy itself of the technical capability of the ANIIDCO and would obtain the approval of the Planning Commission.

The ANA did not examine the technical capability of ANIIDCO and sanctioned in March 1995 working capital loan of Rupees three crore to ANIIDCO without the approval of Planning Commission, apparently to avoid lapsation of the budget provision.

The Planning Commission did not agree in February 1996 to the working capital loan to ANIIDCO. MOST also turned down in April 1999 the proposal for setting up the Shipping Division as corporatisation of shipping activities was not feasible at prevailing level of subsidisation, contrary to the concurrence it had given to the ANA's proposal earlier.

The ANA did not act on the suggestion to take back working capital loan from ANIIDCO with interest and instead requested the Planning Commission in October 1999 to let ANIIDCO utilise the funds for acquisition of two air-crafts for inter-island air service. This request was pending with the Planning Commission as of November 2000. Meanwhile, financial resources of Rs 6.06 crore including Rs 3.06 crore of interest have remained unauthorisedly blocked with ANIIDCO for over five years.

Audit reported the matter to the Ministry in June 2000; who have not replied as of February 2001.

15.3 Inadmissible payment

Failure to follow the instructions of Government of India issued in pursuance of the Supreme Court Judgment led to incorrect payment of Island Special Allowance of Rs 31.31 lakh to ineligible officers for over six years.

In view of the judgment dated 20 September 1994 of the Hon'ble Supreme Court of India, Ministry of Finance decided in January 1996 to recover the amount of Island Special Allowance (ISA) paid after 20 September 1994 from all ineligible officers. Andaman and Nicobar Administration endorsed in April 1996 Government of India's instructions regarding inadmissibility of ISA to all its Heads of Department. Further, in compliance of the Government instructions the Director of Accounts and Budget of UT Administration requested all Drawing and Disbursing Officers (DDOs) in October 1996 to record a certificate in salary bills regarding entitlement of ISA and to furnish details of amount of ISA to be recovered from ineligible officers.

Notwithstanding those instructions, the Director, Health Services, A&N Islands Administration (DHS) continued the payment of ISA up to February 2000 by recording certificates about all India transfer liability and admissibility of ISA to ineligible medical officers. DHS paid ISA of Rs 14.47 lakh between 21 September 1994 and 29 February 2000 to ineligible medical officers. At the instance of Audit the DHS discontinued payment of ISA to ineligible officers from March 2000.

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Director of Accounts and Budget of the UT Administration did not follow up on the compliance of the instructions in regard to stoppage of ISA to ineligible officers and to effect recovery of amount paid after 20 September 1994.

Audit further noticed that two Central Government departments located in Andaman and Nicobar Islands also paid ISA amounting to Rs 16.84 lakh to ineligible officers during the period, September 1994 to March 2001 as detailed below:

Name of the Ministry	Name of the department	Amount of ISA paid to ineligible officers (Rs in lakh)
Ministry of Surface Transport	Department of Lighthouses and Lightships	16.58
Ministry of Textiles	Marketing and Services Extension Centre	0.26
Total		16.84

Thus, failure to follow government instructions led to payment of ISA for Rs 31.31 lakh to ineligible officers

Audit reported the matter to the Ministry of Home Affairs in June 2000 and other administrative Ministries in March 2001; who have not replied as of April 2001.

15.4 Loss of Government stores

Absence of annual stock verification in the Public Works Division led to irrecoverable loss of Rs 13.12 lakh worth of Government stores.

According to provisions contained in Para 7.2.37 of Central Public Works Accounts code and Para 154 of Central Public Works Department code, the divisional officer should physically verify the stores and stock at least once in a year. The shortages and damages as well as unserviceable stores should be reported immediately to the authority competent to write-off the loss.

The Junior Engineer in charge of the Polytechnic section under the Construction Division of Andaman Public Works Department (APWD) did not maintain accounts of the materials at site in his custody during 1990 to 1993. Neither did he submit the accounts to the sub divisional officer nor handed over all the material on relinquishing charge on 13 August 1993.

Audit found that the Division had never carried out annual stock verification between 1990-99. It was only in August 1999 that the Division finally listed the material at site not handed over by the then Junior Engineer. This belated exercise showed shortage of material in stores valued at Rs 13.12 lakh. The concerned Junior Engineer in the meanwhile died in November 1997. The APWD does not seem to be unduly perturbed about the loss of Government stores as the Chief Engineer, APWD replied in November 2000 that there was no specific reason for not conducting the physical verification of stores. The Department is also pursuing the case for write-off of the loss.

Audit reported the matter to the Ministry in September 2000; who have not replied as of February 2001.

Chandigarh Administration

15.5 Improper regulation of Personal Ledger Account

Excise and Taxation Department Chandigarh realised Rs 8.11 crore and spent them by directly crediting the receipt of Additional Excise Duty in Personal Ledger Account and incurring expenditure there from without the approval of legislature for the purposes not provided for in the PLA

Chandigarh Administration levied additional excise duty (ADED) @ Re 1/- per proof litre (revised to Rs 2/- per proof litre with effect from 1998-99) on the sale of country liquor in rural areas including notified area committee of Manimajra without the approval of Parliament. The proceeds of ADED so collected were to be diverted to the Gram Panchayat/Notified Area Committee where the vend was located. No heads of account for receipt and payment for ADED was specified. Excise and Taxation Commissioner Chandigarh Administration with the approval of Finance Secretary decided to open a Personal Ledger Account (PLA) for levy of ADED in rural areas including notified area committee and for payments as incentive to Gram Panchayats/Notified Area Committee. Accountant General (Accounts and Entitlements) Punjab approved the proposal in June 1990 with the conditions that the PLA would be created by debit to the revenue head of the department and the amount so transferred to PLA would be limited to revenue collection during the current financial year. Also that the balance in the PLA, if any, at the close of financial year should be closed to nil by transferring the amount to the service head concerned of the department.

Out of Rs 8.11 crore realised during 1990-2000, Rs 0.47 crore (6 per cent) only were paid to Gram Panchayats and Rs 0.27 crore (3 per cent) lapsed to Government Account. Balance amount Rs 7.37 crore (91 per cent) was spent for other purposes such as grants to private institutions Rs 1.34 crore (16 per cent), loans to Government/Private institutions Rs 0.63 crore (8 per cent), Purchase of vehicles Rs 0.14 crore (2 per cent) other Departmental expenditure Rs 1.54 crore (19 per cent), Welfare of employees Rs 0.09 crore (1 per cent), Research and Analysis Rs 0.24 crore (3 per cent). An amount of Rs 3.39 crore (42 per cent) was transferred to District Relief Fund at the close of the year.

According to laid down procedures in respects of PLAs, no item is to be credited as a deposit in the accounts of the Government, which could be credited as a revenue receipt. Besides, budgetary procedure required that the grants to Gram Panchayats for which the levy in question was imposed be paid through the revenue expenditure head. Thus, the opening of PLA to account for these transactions was improper.

The Joint Secretary (Finance) Chandigarh Administration stated in March 2001 that the proceeds of PLA (Liquor Fund) will now be utilised for Gram Panchayats and Municipal Corporation and other departments in whose case the revenue is to be shared by the Administration. It was further stated that if the funds are deposited in Consolidated Fund of India it would not be possible to share the revenue, hence, PLA would continue.

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However, there is nothing on record to show that new levy (Additional Duty of Excise) had the approval of Parliament/President as is envisaged in the Article 283 of the constitution. In the absence of sanction/approval of the authorities quoted above, the levy was not justified, as there is no provision for imposition of Additional Excise Duty in the Act.

Due to adopting of improper procedure of crediting receipts directly into PLA and incurring expenditure there from, Government Accounts did not depict true and fair view of receipts and expenditure. Besides, the expenditure was incurred without proper authorisation and allotment of funds through budgetary grants in total disregard of legislative financial procedures and Rs 7.37 crore was spent from the PLA at the discretion of the U.T. Administration for purposes not provided in the sanction for PLA.

Audit reported the matter to the Ministry in October 2000; who have not replied as of February 2001.

Daman and Diu Administration

15.6 Short levy of water charges

Non-revision of water rates by Public Works Department, Diu resulted in short levy and short recovery of water charges of Rs 72.04 lakh.

The Government of Daman and Diu executed an agreement with Gujarat Water Supply and Sewerage Board (Board) in June 1985 to supply 4.5 million liters of drinking water per day in the Union Territory (UT) of Diu. Diu had to pay revised water charges at Rs 1.09 per 1000 liters from February 1992 and at Rs 2.15 per 1000 liters from April 1997. The Executive Engineer (EE), Public Works Department (PWD), Diu was to levy and collect water charges from the consumers of Diu as per the rate charged by the Board and pay it to them.

Scrutiny of records of EE, PWD, Diu, revealed that during the period from 1992-93 to 1999-2000 (February 2000) the Board supplied 75.04 lakh thousand liters of water to the EE, PWD Diu at a total cost of Rs 1.11 crore, but the EE, PWD continued to charge its customers at the rate of Rs 0.60 per 1000 liters without any revision from 1992-93 and levied Rs 40.60 lakh only, of which an amount of Rs 38.64 lakh was recovered from the consumers. Thus, there was short levy and short recovery of water charges of Rs 72.04 lakh for the year 1992-93 to 1999-2000 (February 2000).

While accepting the facts the Ministry stated in December 2000 that the areas of Diu Island fall under water starved and drought prone area and considering the genuine difficulties, the Administration did not resort to any increase in the water tariff. However, the Ministry further stated that a High Level Committee had been constituted for revision of water tariff, but no decision in the matter had been taken as of December 2000.