

OVERVIEW

This Audit Report contains audit observations emerging out of the audit of some schemes and transactions in the Civil Ministries and their field offices. The audit observations on the accounts of the Union Government (Civil): 2000-01 are incorporated in Report No.1 of 2002.

The observations contained in this Report reflect a familiar pattern of failures in the implementation of programmes that has been consistently emerging over the years. Poor implementation, coupled with ineffective controls, has hindered the achievement of objectives underlying different schemes and projects. More often than not, there are mismatches between the allocation of resources and the ambitious nature of the schemes. This results in resources being thinly spread over a wide spectrum of objectives with predictable consequences. The failure of implementing agencies to raise additional resources adds to the problem. Indifferent and tardy execution of key activities have resulted in the failure to achieve stated objectives. The absence of any effective system of monitoring in the Ministries and implementing States/Agencies leads to a situation wherein activities proceed without adequate direction. These shortcomings are reflected in the audit reviews on the implementation of the **Integrated Wastelands Development Programme** and the scheme for the **Integrated Development of Small and Medium Towns**.

The building up of proper and effective systems in organizations is essential for their efficient functioning. Audit reviews on the functioning of the **Government Medical Stores Depot, Kolkata** and **Billing of Commercial Programmes on National Channel of Doordarshan** highlight the poor state of the systems in place in these organizations. Maintenance of basic records was found to be faulty and there was a pervasive failure to observe standard commercial practices. The poor realization of receivables and the absence of information regarding debtors was noticed in both the organizations. Internal controls were inadequate making it possible for irregularities to persist over the years. The existing situation can only facilitate revenue leakages and losses. Adequate efforts have not been made to address these issues, which have been highlighted in earlier Audit Reports.

While resource constraints have always been a major concern, an equally significant issue is the inefficient or inadequate use of existing resources. The Sugar Cess Act, 1982 and Sugar Development Fund Act, 1982 primarily aimed at facilitating the rehabilitation and modernization of sugar mills and the development of the sugar industry. Resources were raised through collection of cess of Rs 14 per quintal. While the Sugar Development Fund had substantial balances ranging between Rs 1081.13 crore and Rs 1328.44 crore during the period 1995-2001, disbursements from the Fund were only between 6 and 32 *per cent* of available balances. In many cases, Cane Development and Modernization loans were either not released or instalments released after wide intervals of time. The overall position of loan management was unsatisfactory. There was no mechanism to monitor recovery of dues of Rs 230.15 crore from various sugar mills. The audit review on the working of the **Sugar Development Fund** highlights these issues as also the inadequate application of proceeds of the Cess for the intended objectives.

Mismanagement, wasteful use of scarce resources, lack of concern for obtaining value for money spent are amongst other concerns which are reflected in the audit observations contained in this Report. Some of the significant findings are briefly discussed below:

‘Frequency Modulation’ Radio Coverage

All India Radio started Frequency Modulation (FM) broadcasting services with a view to taking radio to the masses. 133 radio stations were targeted to be installed by 31 March 1997. Against the target of commissioning of 133 radio stations, only 122 radio stations were commissioned with delays up to 132 months. Expenditure of Rs 4.41 crore became un-productive due to injudicious selection of site. Transmitters, studio equipment etc. valuing Rs 17 crore remained unutilised due to their purchase before acquisition of land. Reduction in licence fee chargeable from private operators resulted in revenue loss of Rs 17.79 crore. Rs 1.92 crore was incurred on surplus staff retained by 31 stations.

(Paragraph 3.1)

Unauthorised demolition of heritage building

Executive Engineer, Central Division-III, CPWD Kolkata unauthorisedly started the demolition work of a heritage building in violation of rules. Consequently, Kolkata Municipal Corporation issued notice to CPWD for stoppage of work and restoration of the damaged portion. The partly demolished building remained unutilised for almost five years. This resulted in avoidable rent payment of Rs 4.88 crore up to August 2001, besides the anticipated restoration cost of Rs 12.69 crore.

(Paragraph 18.2)

Failure to construct earthquake resistant demonstration houses in Uttaranchal

The Ministry and the Government of Uttar Pradesh decided in November 1991 to construct earthquake resistant demonstration houses in the earthquake affected districts of Uttarkashi, Tehri Garhwal and Chamoli. The Ministry released Rs 14.42 lakh in April 1992 as first instalment to the Uttar Pradesh Rural Housing Board. The project is yet to commence. The lack of planning and coordination, coupled with administrative indecision reflected the absence of a sense of urgency in tackling an issue with such grave implications.

(Paragraph 18.8)

Infructuous expenditure on Hospitality

Government of India Tourist Office at Los Angeles extended hospitality under a plan scheme “Marketing, Publicity and Promotion” on three occasions to a freelance writer and her associates by providing five return club class passages from New York to Delhi, internal air travel, local hospitality including free accommodation, meals and ground transportation with guide and car without ensuring returns by way of promised publicity. No gains accrued to India against the anticipated publicity value of US \$ 575,000 equivalent to Rs 1.84 crore. The

Department of Tourism did not have details of expenses incurred on these unproductive hospitality visits of the freelance writer. The expenditure incurred on air travel alone was Rs 9.10 lakh.

(Paragraph 17.1)

Unproductive expenditure due to defective planning

Injudicious planning of Ministry of Consumer Affairs and Public Distribution in establishing a National Institute of Sugarcane and Sugar Technology at Mau when a similar Institute (NSI Kanpur) already existed which was involved in sugar cane research, training and extension activities, resulted in unproductive expenditure of Rs 16.72 crore.

(Paragraph 8.1)

Avoidable expenditure on manning contract of a vessel

The Directorate of Shipping Services, Andaman and Nicobar Islands handed over the manning contract of a vessel to the Shipping Corporation of India instead of continuing with the lowest tenderer, resulting in an avoidable expenditure of Rs 261.70 lakh during the period from July 1994 to September 1999.

(Paragraph 19.2)

Under utilisation of television transmitter

DD installed a 10 kilo watt High Power Transmitter at Barmer (Rajasthan) in February 1993 at Rs 5.32 crore. While the original height of tower was 300 metres, DD decided to reduce it to 100 metres but did not award the work so far. The transmitter is operating at one tenth of its capacity and covering less than half of the area. The mismatch and lack of capacity synchronisation between transmitter and height of tower rendered the expenditure of Rs 5.32 crore largely unproductive.

(Paragraph 13.3)

Loss of revenue

Plant Quarantine Station, Kalimpong did not inspect the imported plants and seeds which resulted in loss of revenue of Rs 1.66 crore by way of fees from the importers for the period from April 1994 to July 2000. This also resulted in the risk of the entry of infected/diseased plant material into the country.

(Paragraph 6.2)

Injudicious expenditure

The Executive Engineer, Malda Central Division-II, CPWD failed to assess the consequences of road construction in a flood prone area in Malda district. Land was acquired and roadwork awarded in September 1996. Before completion of roadwork, bridge work was awarded.. The Department subsequently decided not to undertake any further work on the stretch because of failure of embankment during

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flood season, rendering the entire expenditure of Rs 438.05 lakh incurred on acquisition of land, construction of road and bridge injudicious.

(Paragraph 18.4)

Wasteful expenditure

The Executive Engineer, Murshidabad Central Division, CPWD sent a proposal for construction of two stretches of road, on the right bank and left bank of the river Bhagirathi for utilization of Jangipur Barrage bridge as part of Indo Bangladesh Border road. Due to subsequent change in the alignment, the expenditure of Rs 74.45 lakh on construction of a stretch of the road on the right bank of Bhagirathi became wasteful.

(Paragraph 18.3)

Extra expenditure due to delay in construction

Due to lack of firm plans and consequent midstream changes, the Central Industrial Security Force, Mumbai delayed the construction work of CISF complex and paid Rs 43.56 lakh as additional lease premium to City and Industrial Development Corporation of Maharashtra Limited for not completing the work in the time frame. This has resulted in extra expenditure of Rs 43.56 lakh besides blocking of the lease premium amount of Rs 1.20 crore for ten years.

(Paragraph 11.2)

Undue benefit to a sponsor

Doordarshan Kendra, Kolkata extended undue benefit to a sponsor Sunrise Media and Effects Private Limited for telecast of 'Sri Ramkrishna' by way of allowing utilization of excess banked Free Commercial time, granting excess Free Commercial Time and short levy of sponsorship fee in a repeat programme, which resulted in a total loss of revenue for Rs 96.75 lakh.

(Paragraph 13.2)

Idle investment on procurement of a tourist vessel

The investment of Rs 51.83 lakh for a tourist vessel remained idle due to Andaman & Nicobar Administration's frequent changes in design and delay in repairing. The vessel meant for transporting tourists was not made operational even after four years from its delivery by the manufacturer.

(Paragraph 19.3)

Excess purchase of flats without realistic assessment

The incorrect decision of the Ministry to acquire flats much in excess of their actual requirements resulted in avoidable expenditure of Rs 142.89 lakh on acquisition of 74 flats which remained vacant from the date of taking over possession between October 1995 and December 1995 till date. The purchase of residential

accommodation was not synchronised with the shifting of the office from New Delhi to Noida.

(Paragraph 15.1)

Idle equipment

Ministry of Surface Transport decided in September 1993 to establish Permanent Traffic Count Stations on the National Highways network for conducting traffic research activities by installing Automatic Traffic Counter-cum-Classifiers. The Ministry did not take simultaneous action for provision of rooms at the sites for installation and commissioning of the equipment. Equipment purchased at Rs 87.14 lakh was lying uninstalled for more than five years.

(Paragraph 14.1)

Incorrect payment of Patient Care Allowance

Additional Director CGHS incorrectly paid Patient Care Allowance of Rs 34.16 lakh to non-entitled Group-C Ministerial staff who were not working in dispensaries.

(Paragraph 10.1)

Ineffective utilization of Government owned/leased property

Embassy of India, Dushanbe leased a built up property in April 1996 to house the Chancery and a Cultural Centre. As Indian Council of Cultural Relations was unable to set up the Cultural Centre immediately, the Ministry asked the Mission to utilise the excess space to accommodate one or two residences for the staff. The Mission leased four residences at monthly rents ranging from US\$ 225 to 300 to accommodate four India based officials instead of exploring the possibility of accommodating at least two of the staff in the excess space and incurred an avoidable expenditure of Rs 12.87 lakh from March 1997 to June 2001. Similarly, the Mission at Athens kept vacant an entire floor with an usable area of 258 Sq. m. in the Government owned Chancery premises and incurred avoidable expenditure of Rs 10.94 lakh during July 1998 to August 2000 towards residential rents for two India based Assistants who could have been accommodated in the vacant space.

(Paragraph 9.3)

Recovery at the instance of Audit

Joint Director General of Foreign Trade, Mumbai recovered Rs 69.88 lakh towards excess payment of cash compensatory support refund of terminal excise duty and deemed export duty/draw back etc. upon being pointed out by Audit.

Similarly, Director General, ITBP recovered Rs 60 lakh from HASK and deposited it back into the welfare account of ITBP.

(Paragraph 7.1 and 11.1)