

## **NEWS ITEMS ON CAG/ AUDIT REPORTS (24.12.2022 to 26.12.2022)**

### **1. CAG finds short-transfers of cess funds by Centre ([financialexpress.com](https://www.financialexpress.com)) Updated: Dec 24, 2022**

While finance minister Nirmala Sitharaman said in Parliament on Wednesday that the Centre spends much more than what it gets through cesses and surcharges, a new report of the Comptroller and Auditor General of India has raised concerns over utilisation of the proceeds of these imposts.

“Scrutiny of cess and levies during 2020-21 revealed cases of short or non-transfer of collected amounts,” the CAG said in the Financial Audit of the Accounts of Union Government, tabled in Parliament.

Amid criticism by the Opposition that the Centre has been using the cess route to corner a large chunk of funds, thus depriving states of their legitimate revenue share, Sitharaman cited the instance of 2021-22, when the collection of the road and infrastructure cess stood at Rs 1,95,987 crore, while the amount utilised was as much as Rs 2,51,738 crore. Similarly, she said, the health and education cess stood at Rs 52,732 crore last fiscal, while the amount utilised was Rs 78,287 crore.

The CAG, however, said that audit scrutiny revealed short transfers of proceeds of cesses, including the Universal Access Levy and National Mineral Trust Levy as well as the non-operationalisation of Madhyamik and Uchchatar Shiksha Kosh (MUSK), which is funded through the health and education cess. “Audit noticed that while the creation of MUSK was approved by Cabinet in July 2017, it has not been operationalised due to non-finalisation of its accounting procedure,” the report noted.

In fact, the Centre’s aggressive use of the cess route — especially those on auto fuels — to bolster its own tax revenue had, in the 14th Finance Commission period, decelerated the growth of the divisible tax pool, thereby adversely impacting the states’ revenues. Though trend was there throughout the 14th Finance Commission award period (FY16-FY20), it was most visible in FY20, with tax transfers declining, unconventionally. In FY20, tax transfers to states were down 15% on year. It may be noted that the 14th FC’s award was one of the most generous to states, with the transfers to them from divisible pool of tax revenues increasing by 10 percentage points to 42%. The 15th FC largely retained the sharing formula. Cesses and surcharges, are not part of the divisible tax pool that is shared with states.

The government had on Tuesday informed Parliament that cess and surcharges accounted for 28.1% of gross tax revenue in FY22, against 18.2% in FY20. Of course, this includes the GST compensation cess, which are wholly appropriated by the states under a revenue guarantee mechanism. The guarantee was given to states under a separate law because the states were agitated over loss of significant fiscal autonomy as a result of the GST. Citing historical revenue trends, they asked for a higher share of GST proceeds but had to settle for a 50:50 formula. The five-year compensation period ended on June 30, 2022, but the compensation cess is still levied on a clutch of “de-merit items” for raising the funds needed to service the loans taken by the Centre to bridge the shortfall in the compensation kitty for the states.

A cess is an additional tax levied by the government to raise funds for a specific purpose. Major cesses include the health and education cess, additional excise duties on petrol and diesel, road and infrastructure cess, national calamity contingent duty, cesses on crude oil and exports.

Experts note that the lack of transparency over the usage of cess and surcharges raised by the Centre has been an issue of concern for long. The Budget documents also do not reveal the exact utilisation of these levies.

Notwithstanding these issues, these special levies are expected to remain a significant part of the Centre's budget planning even going ahead, given trends in recent years.

“So long as the Centre has the authority to levy cesses, it may choose to levy a fresh cess. While some of the cess funds are shared with states for specific schemes and activities, the special excise duty on petroleum is solely used by the Centre and not given to states,” noted M Govinda Rao, councillor, Takshashila Institution, adding that the GST Compensation cess should not even be considered as part of the overall cess and surcharges as the money goes to the states.

Rao, who was a member of the 14th Finance Commission, noted that previous Finance Commissions have also adversely commented on this issue. While the number of cesses and surcharges has been rationalised by the Centre over the years, revenue raised through these cesses and surcharges has grown steadily over the last few years, and often at a faster pace than gross tax revenue.

According to India Ratings, the total cess and surcharge, excluding GST compensation cess is at Rs 3.88 trillion this fiscal from Rs 4.25 trillion last fiscal. However, with the robust growth in tax revenue, the mop-up from cess and surcharge is seen to be much higher this fiscal than was initially estimated. But the data shows that in most years, barring a few, these have recorded a double-digit growth.

“A major reason is the imposition of GST Compensation Cess, which is entirely used for payment of compensation to states and flows to states as grants-in-aid, in their receipts Budget,” the government said in Parliament recently, adding that resources from the other cesses are allocated to different schemes and programmes in the Union Budget, which are implemented by States and other implementing agencies.

State finance ministers had also raised the issue of high revenue collection from cesses at their recent pre-Budget with Union finance minister Nirmala Sitharaman.

“The ultimate aim of cesses and surcharges is to garner more revenue. These are not a part of the divisible pool of resources and can be used as per the discretion of the Centre. States believe that these are legitimate revenue, which the Centre should share with them directly,” said Sunil Sinha, Principal Economist, India Ratings.

NR Bhanumurthy, vice-chancellor, Dr BR Ambedkar School of Economics University, Bengaluru said these cesses and surcharges create a kind of imbalance between the Union and the states in terms of financial powers. “Successive Finance Commissions have said they should be brought under the divisible pool. All of us agree to that proposition. The GST compensation going away will lower the percentage of the cesses and surcharges in the gross tax revenue but the fact that the other cesses and surcharges will remain is a matter of concern,” he said.

A Constitutional amendment will be needed to bring cess and surcharges under the divisible pool of resources. <https://www.financialexpress.com/economy/cag-finds-short-transfers-of-cess-funds-by-centre/2925176/>

## **2. CAG report finds promotion irregularities at ICMR institute ([downtoearth.org.in](http://downtoearth.org.in)) Updated: Dec 23, 2022**

Undue promotions at an institute under the apex body for biomedical research in the country, Indian Council of Medical Research (ICMR), led to irregular payments of over Rs 2 crore, found a Comptroller and Auditor General of India (CAG) report on autonomous bodies released on December 21, 2022.

ICMR is an autonomous body under the Union Ministry of Health and Family Welfare. National Institute of Cholera and Enteric Diseases (NICED) falls under it.

Between 2009 and 2019, at least 14 scientists at NICED, Kolkata, were granted untimely promotions, the report said. The effective step-up dates were ante-dated by up to 34 months, resulting in irregular payments of Rs 2.07 crore.

In 2007, the ICMR formulated the Health Research Scientists Cadre Rules, 2007. A provision under these rules, Flexible Complementing Scheme (FCS), allowed for the promotion of scientists based on proven merit and records of research.

FCS is only applicable to those holding Group A scientific posts in scientific and technological departments, according to the Department of Personnel Training (DoPT) under the Centre.

Group A scientists are Class I Gazetted officers. Qualifications covered under the FCS include a master's degree in natural or agricultural sciences or a bachelor's degree in engineering, technology or medicine.

The irregular promotions at NICED Kolkata "were in contravention of the aforementioned instructions of DoPT, which stipulated that such promotions would be effective from a prospective date after the same had been approved by the competent authority," the CAG report noted.

"At present, the DoPT instructions regarding in-situ promotions under FCS are being fully complied with and no retrospective promotion had been granted to the scientists of the institute during 2019-20," said a November 2020 reply by NICED.

The institute, however, did not offer any comment on the cases of promotions granted earlier to 2019-20 with retrospective effect, as pointed out in the audit.

"In a later reply from December 2021, it argued that such policy decisions are taken at the ICMR headquarters and the case in point is not an institute-specific issue," CAG said.

CAG's compliance audit report from 2017 found similar promotion irregularities at the ICMR headquarters and its three institutes in Delhi-NCR. It requested the Union health ministry to take corrective measures to address the issues, but no such steps have been taken, the recent report noted.

“Cases of promotions with effect from retrospective dates, in violation of DoPT orders, have been noticed in other centres of ICMR (Para 11.5 of CAG Report No. 12 of 2017),” the report said.

The Ministry should review all cases of retrospective promotion, fix responsibility and effect recoveries from the beneficiaries of such irregular action, it added. <https://www.downtoearth.org.in/news/governance/cag-report-finds-promotion-irregularities-at-icmr-institute-86760>

### **3. CAG raps Northern Railways over poor land management, pending transfer of land to CRPF ([tribuneindia.com](http://tribuneindia.com)) Updated: Dec 24, 2022**

The Northern Railways did not raise bills for the land leasing charges for a large chunk of its land under possession of the Central Reserve Police Force (CRPF) for about 16 years, resulting in a loss of Rs 4.88 crore. Further, the transfer of the said land to the CRPF was later approved in 2018, but execution of the deed is still pending.

Attributing the lapse to poor land management by the Railways, the Comptroller and Auditor General (CAG), in its latest report tabled this week, revealed that the railway administration was not even aware of possession of railway land by the CRPF until May 2010 when the force had approached the Railways for sale of land to them.

“This is indicative of poor land management at Northern Railways. Even after more than 11 years since noticing the land under possession of the CRPF, the Railways could not recover the leasing charges for the said land from the government/CRPF,” the CAG said.

In May 2010, the CRPF had approached the Ferozepur Divisional Railway authorities for purchase of railway land measuring 11.3 sq km at Jammu Tawi station which was under their possession since 1989-90.

In June 2010, Railway authorities stated that sale of land is not covered under the policy and land can only be given on long-term lease basis for 35 years at 99 percent of present market value of land as per the Railway Board’s policy.

Railway authorities issued notices to the CRPF in January 2011, February 2011 and March 2011 for vacating the land as it was occupied unauthorisedly. However, the land was not vacated by the CRPF.

In August 2016, the CRPF informed the Divisional Railway Authorities that due to paucity of funds and official constraints in their organisation, the matter could not be progressed and sought the current policy of leasing railway land and the amount of lease charges to be paid.

In January 2017, the CRPF, however, refused to pay the amount stating that the land was provided to them by the Jammu and Kashmir state government in 1989 and no lease deed was finalised between the CRPF and Railways.

Railway authorities requested the CRPF to provide the relevant records for allotment of land by the state government to them and also to deposit the land leasing charges of Rs 4.88 crore from 1988-89 to 2015-16.

In June 2018, the CRPF asked the chairman, Railway Board, to realise the outstanding charges from the Jammu and Kashmir state government as the responsibility for providing accommodation to CRPF units deployed in the state rested with the state government.

The CRPF also requested to transfer the land as it was administratively and operationally strategic for residential purposes. The Chairman, after reviewing the matter, directed the General Manager, Northern Railways, to provide the land to the CRPF on lease for 35 years and enter into an agreement without any further delay. Finally, in July 2018, the Railways allotted the land to CRPF on lease for 35 years after receiving a payment of Rs 11.83 crore.

Despite the specific instructions of the Chairman, a formal agreement with the CRPF for the land leased for 35 years, as per policy in vogue, has still not been executed, the CAG observed. The earlier arrears of Rs 4.88 are also pending. <https://www.tribuneindia.com/news/nation/cag-raps-northern-railways-over-poor-land-management-pending-transfer-of-land-to-crpf-464118>

#### **4. Lack of timely maintenance of tracks major reason for train derailments: CAG ([deccanherald.com](https://www.deccanherald.com)) Updated: Dec 25, 2022**

Holding the engineering department of Indian Railways responsible for the majority of derailments, the Comptroller & Auditor General of India has suggested the national carrier to develop a robust monitoring mechanism to ensure timely implementation of maintenance activities.

CAG suggested the railways adopt fully mechanised track maintenance methods and improved technologies.

In the Performance Audit of 'Derailments in Indian Railways' for 2017-18 to 2020-21, The CAG said that poor track maintenance, overspeeding, and mechanical failure were significant reasons for derailments.

A total of 422 derailments were attributable to the 'Engineering Department'. The primary factor responsible for derailment was related to 'maintenance of track' (171 cases), followed by 'deviation of track parameters beyond permissible limits' (156 cases), the report said.

The number of derailments attributable to the 'Mechanical Department' was 182. Defects in 'wheel diameter variation and defects in coaches/wagons' were the major contributors (37 per cent) to the factors responsible for derailments, the report said.

The number of accidents attributable to the 'Loco Pilots' was 154. 'Bad Driving/Over Speeding' was also a major factor responsible for derailments. The number of accidents attributable to the 'Operating Department' was 275. 'Incorrect setting of points and other mistakes in shunting operations' accounted for 84 per cent, the CAG said.

The CAG pointed out that shortfalls ranged from 30-100 per cent in inspections by Track Recording Cars required to assess the geometrical and structural conditions of railway tracks.

The idling of track machines was noticed on account of blocks not given by the Operating Department (32 per cent), blocks not planned by Divisions (30 per cent), operational problems

(19 per cent), non-availability of staff (5 per cent) and no scope of work (3 per cent), the report said.

The audit report also highlighted that the overall expenditure on Priority-I works from Rashtriya Rail Sanraksha Kosh showed a declining trend from 81.55 per cent in 2017-18 to 73.76 per cent in 2019-20.

The allotment of funds for Track Renewal works declined from Rs 9,607.65 crore (2018-19) to Rs 7,417 crore in 2019-20. The funds allocated to track renewal works were also not fully utilised, the report said. <https://www.deccanherald.com/national/lack-of-timely-maintenance-of-tracks-major-reason-for-train-derailments-cag-1175012.html>

#### **5. Railways allege state transmission authorities delayed power purchase under open access in 2017: CAG ([downtoearth.org.in](http://downtoearth.org.in)) Updated: Dec 26, 2022**

The West Central Railways (WCR) accused state transmission utilities of delaying their power purchase under the open access route to retain the Union Ministry of Railways as a client, according to a compliance audit of the ministry issued by the Comptroller and Auditor General (CAG) of India on December 21, 2022.

In 2014, the Union Ministry of Railways was given the deemed licensee status to buy electricity directly from generating companies under the open access channel, which allows bulk users to buy power at cheaper rates.

Accordingly, in 2015, instructions were issued to all Zonal Railways to buy their own power. This was to be done with the provision of Availability-Based Tariff meters (ABT) simultaneously, which are essential to measure the frequency and prices of power discharge to maintain grid discipline.

In March 2016, WCR signed an agreement with Jindal India Thermal Power Ltd (JITPL) for power procurement after a successful bid. The power allocated to WCR under the agreement was 55 megawatts.

However, the CAG report observed a delay of 10 months before the power supply commenced in four traction sub-stations (TSS) through Open Access from JITPL on January 10, 2017. A delay of more than a year was observed at the other eight stations when operations began in April 2017.

This lag in starting operations resulted in the Union Ministry of Railways buying power at a higher rate of Rs 6.50 per kilowatt-hour, despite the availability of power at a lower rate of Rs 4.09 per kWh. Therefore, the failure to materialise the contract added an extra expenditure of Rs 75.10 crore during the period from March 15, 2016 to January 10, 2017, the CAG report noted.

When questioned on the matter, the railways ministry stated in its response on June 2022:

The provision of ABT meters and current transformer / potential transformer for open access could not have been achieved without the consent of state transmission utilities (STU), who initially lingered in the matter for want of eligibility of railway as 'Open Access' customer as 'Deemed Licensee'.

“As soon as confirmation was issued by the Central Electricity Regulatory Commission (CERC) on November 5, 2015, WCR made all possible efforts for availing power through open access. And since STUs were going to lose their valuable customers (the Indian Railways), they tried to create obstacles to clear open access to the railway.”

WCR also argued that after the signing of the power procurement agreement with JITPL on March 15, 2016, the railway administration immediately started the process of getting ABT meters, the CAG report said.

Nevertheless, according to the audit, this was not the case. The audit found WCR had not started the procurement of the "much-required ABT meters" after entering into the agreement and "the contention regarding ambiguity about the 'Deemed Licensee' status of the railway was also not acceptable". <https://www.downtoearth.org.in/news/governance/railways-allege-state-transmission-authorities-delayed-power-purchase-under-open-access-in-2017-cag-86775>

## **6. CAG reveals Rlys' insensitive handling of rescued kids ([tribuneindia.com](http://tribuneindia.com)) Updated: Dec 26, 2022**

The compliance and audit report of the Comptroller and Auditor General (CAG) on the Railways for the year ending March 2021, tabled in Parliament during the recently concluded winter session, brings to the fore the indifference with which the authorities handle children rescued at railway stations.

According to the report, separate spaces for rescued girls and boys were not provided at 114 stations of 16 zonal railways.

While separate areas for boys and girls was provided at 11 stations, the space was not sufficient in the case of three stations — Kalaburgi, Jaipur and Rourkela.

Citing a survey carried out by Delhi-based NGO “Railway Children India”, the report said every five minutes, a child arrives alone at major railway stations in India. They are often unaccompanied and vulnerable. Offenders use train stations for trafficking of children from remote parts of the country for labour, sexual exploitation etc.

The Ministry of Railways, with the support of the Ministry of Women and Child Development and National Commission for the Protection of Child Rights, has prepared and issued standard operating procedures for the Railways to ensure care and protection of such children in accordance with the Juvenile Justice (Care & Protection of Children) Act, 2015.

At nine stations, it was found that the Ministry of Women and Child Development did not provide telephone facility at child help desks. At 16 stations, no woman member of the RPF, GRP or Railways staff was posted to help rescued girls.

At the Patna station, no woman RPF member was posted at night, the report said. The report added that 1,838 children rescued from 24 stations were not produced before the Child Welfare Committee (CWC) within 24 hours, which is in violation of rules. “Such instances of directly handing over children to their parents indicated violation of the standard operating procedures as well as the Juvenile Justice Act, 2015,” the report

added. <https://www.tribuneindia.com/news/nation/cag-reveals-rlys-insensitive-handling-of-rescued-kids-464590>

**7. GSAT communication satellite costing Rs 508 crore unused for half its lifetime: CAG report ([downtoearth.org.in](http://downtoearth.org.in)) Updated: Dec 23, 2022**

A lack of coordination between the Department of Space (DoS) and the Defence Research and Development Organisation (DRDO) led to the underutilisation of the GSAT-6 satellite, according to the Comptroller and Auditor General of India (CAG) report released December 23, 2022.

The communication GSAT-6 satellite was launched in 2015 at a cost of Rs 508 crore. It was designed to provide communication through the S-band and a national beam in the C-band for strategic users, according to the Indian Space Research Organisation (ISRO).

The S and C bands are part of the microwave spectrum, which includes frequencies ranging from 1 gigahertz to over 100 GHz.

GSAT-6 was expected to last for 12 years from 2015. But it was left unused for half its lifetime, the report pointed out.

“GSAT-6 had two main components: Space segment and ground segment. Under the revised utilisation plan, it was proposed to utilise the space segment capacity for meeting the communication needs of the strategic and societal sectors,” the report read.

DOS was responsible for realising and launching the satellite, while DRDO was responsible for the ground segment.

As per the approved revised utilisation plan, satellite development would cost the DOS Rs 235 crore and development of the ground segment would cost DRDO Rs 63 crore.

The satellite was expected to be launched in the second quarter of 2014. The reasons for the delay in take-off are unknown, the report underlined.

Further, DOS did not sign a memorandum of understanding or an agreement with DRDO to develop the ground segment for processing satellite data.

“It also failed to devise a target-based action plan in consultation with DRDO. As a result, DRDO was not able to complete the activities of the ground segment before the launch of the satellite,” it added.

The report pointed out a list of delays in developing the ground segment. DRDO tasked its unit, Defence Electronics Application Laboratory, with two projects. These were awarded in January 2013 and January 2013.

The first project required the development of an S-band hub and satellite communication terminals. But it was completed only in January 2018, delayed by two years.



The second project involved developing a dedicated hub for providing services to civil society agencies and strategic users. It suffered delays too, reaching its completion five years later in July 2020.

Costs climbed as a result. “An expenditure of Rs 40.17 crore was incurred in the Phase I of the ground segment,” the report read.

The present status of Phase 2 (operational phase) is unknown to the DoS, it showed.

“Therefore, the objective of the GSAT-6 satellite, which was launched in August 2015 after incurring an expenditure of Rs 508 crore, was not fulfilled due to non-completion of the activities to be carried out underground segment as the satellite has remained unutilised since its launch,” it read.

CAG said a lack of coordination was responsible. In March 2021, DOS stated that it had verified and cleared the ground station for operationalisation by November 2015.

However, DOS acknowledged that it did not know the present status of how the ground station was being utilised and operated.

“The satellite has remained largely unutilised since its launch. This is particularly significant as half of the operational life of the satellite has already been spent idle,” CAG pointed out. <https://www.downtoearth.org.in/news/governance/gsat-communication-satellite-costing-rs-508-crore-unused-for-half-its-lifetime-cag-report-86764>

## **8. CAG pulls up DRDO for delay in the completion of projects and failure to achieve key parameters ([thehindu.com](http://thehindu.com)) Updated December 24, 2022**

Assessing the Mission Mode (MM) projects of the Defence Research and Development Organisation (DRDO), the Comptroller and Auditor General (CAG) has flagged time and cost overrun in completion of projects, irregular closure of projects declaring them successful despite non-achievement of one or more key objectives and parameters, and taking up of new projects for realising the unachieved objectives of earlier closed projects declared as successful.

“In 119 out of 178 projects, the original time schedules could not be adhered to. In 49 cases, the additional time was in fact more than 100% of the original time frame. Overall, the delays ranged from 16% to 500% and extension of time for completion of projects was taken multiple times. Time overruns in completion of MM projects, where technologies are either available or easily accessible, defeats the purpose of taking them up as an MM Project,” CAG said in a performance audit on ‘Management and Outcome of Mission Mode Projects in DRDO’, the report of which was tabled in Parliament on December 21.

Out of 86 projects declared as successful during January 2010 and December 2019, in 20 projects involving an expenditure of ₹1,074.67 crore, one or more key objective(s)/parameter(s) was/were not achieved, the report noted.

Mission Mode (MM) projects are taken up by DRDO as high-priority projects based on specific user requirements with a definite time frame for their completion. These projects depend on technologies that are already available, proven and readily accessible within DRDO/India or from abroad at a short notice.

The report highlighted that despite the fact that MM projects have a very high outcome certainty due to ready availability of underlying technology, there were considerable delays in initiation and sanction of such projects by DRDO.

Stating that there were abnormal delays in submission of Administrative Closure Reports ranging from 15 to 112 months, the report said, “Out of 86 successfully closed projects, in 25 projects, the Transfer of Technology (ToT) has not been concluded or production has not started even after five to 12 years of successful closure of projects.”

Though the onus for non-conclusion of ToT and non-production of systems/items is not exclusively with DRDO, however, timely initiation and close interaction with user services could have resulted in more favourable outcomes, the CAG said.

Instead of seeking extension of time to achieve all the key objectives/parameters of the project proposal, these projects were closed as successful. The report has pointed out that DRDO had taken up 15 projects costing ₹516.61 crore to accomplish the unachieved objectives of similar earlier closed projects it had declared successful.

The report brought out inefficiencies in the planning process by DRDO as well as raised issues of inadequate monitoring of the MM projects by the DRDO noting that the inefficiencies in overall project management have resulted in several instances of cost overruns, over-assessment of anticipated benefits of projects, and delay in submission of closure reports.

The report further noted that such as delay in productionisation of successful projects defeats the very purpose of taking up such projects. There was also a lack of synergy between the DRDO and the services which resulted in divergent views on the qualitative requirements, deliverables, and outcomes of user trials, the CAG noted, adding that this affected the overall success rate of the MM projects. <https://www.thehindu.com/news/national/cag-pulls-up-drdo-for-declaring-projects-successful-despite-non-achievement-of-parameters/article66297802.ece>

**9. DRDO’s failure to ready tech for battlefield is public-sector waste India can’t afford** ([theprint.in](https://theprint.in)) Updated: Dec 23, 2022

Advertised as the crown jewel of India’s military-industrial base, DRDO is failing to incubate technology in the lab, let alone readying it for the battlefield, CAG has revealed. Projects are being declared successful without meeting key parameters or validation in user trials. Seeking self-reliance, India cannot afford this public-sector waste. <https://theprint.in/50-word-edit/drdo-failure-to-ready-tech-for-battlefield-is-public-sector-waste-india-cant-afford/1279190/>

**10. ‘IOCL incurs overall additional cost of Rs 516cr due to deviation of optimised logistics plan’** ([economictimes.indiatimes.com](https://economictimes.indiatimes.com), [daijiworld.com](https://daijiworld.com)) Updated: Dec 26, 2022

A CAG Audit observed that Indian Oil Corporation Limited (IOCL) incurred an overall additional cost of Rs 516.30 crore due to deviation of optimised logistics plan in case of transportation of MS/ HSD during the period 2014-15 to 2018-19 and Rs 132.55 crore in case of LPG during the period 2015-16 to 2018-19.

The report said that Bharat Petroleum Corporation Limited reported lower expenditure compared to planned expenditure by Rs 43.69 crore due to variations from optimised logistics plan in transportation of MS/ HSD during the period 2014- 15 to 2018-19. Hindustan Petroleum Corporation Limited incurred an additional cost of Rs 200.21 crore in movement of MS/ HSD during the period 2014-15 to 2018-19 and Rs 73 crore on LPG during the period of 2017-18 and 2018-19.

Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited yet to implement suitable technology in its refineries as recommended by the Consultant appointed by Petroleum Planning and Analysis Cell (PPAC) to improve LPG yield and to reduce imports of LPG, said the CAG report.

CAG's Performance Audit Report on Supply, Logistics Operations of MS, HSD and LPG in Oil Marketing Companies was presented in Parliament on Friday.

The public sector Oil Marketing Companies predominantly (about 91 per cent) cater to the requirement of Motor Spirit (MS), High Speed Diesel (HSD) and Liquefied Petroleum Gas (LPG) of the country.

The report examined the effectiveness of Petroleum Logistics of MS, HSD and LPG in Oil Marketing Companies under various aspect of the system during the period from 2014-15 to 2018-19.

The report said that insufficient port capacity resulted in vessels waiting for berthing. In case of voyage charter vessels, Oil Marketing Companies incurred Rs 2,227.20 crore toward demurrages.

Audit reviewed 137 instances of demurrage payments and observed that only 37 per cent of the total cases reviewed were due to non-controllable reasons such as delay in berthing of vessel (51 instances) and remaining 63 per cent were due to non-availability of storage space, shut downs, etc., which were controllable.

The CAG audit report said that as per road transport agreement between Oil Marketing Companies and transporters, provision of vehicle tracking systems in trucks is mandatory.

However, installation of the system is yet to be completed by Oil Marketing Companies resulting in non-monitoring of trucks carrying hazardous petroleum products. <https://energy.economictimes.indiatimes.com/news/oil-and-gas/iocl-incurs-overall-addl-cost-of-rs-516cr-due-to-deviation-of-optimised-logistics-plan/96469148>

#### **11. Botanical gardens failed to conserve threatened plants despite Rs 48 crore budget: CAG report ([downtoearth.org.in](http://downtoearth.org.in)) Updated: Dec 26, 2022**

A scheme by the Union Ministry of Environment, Forest and Climate Change (MoEF&CC) with a budget of over Rs 48 crore was ineffective in conserving threatened and endemic plants in the country, said a report by the Comptroller and Auditor General (CAG) of India for the financial year 2020-2021. The report was released December 23, 2022.

MoEF&CC could not achieve the ex-situ conservation and multiplication of threatened and endemic plants through the Assistance to Botanic Garden (ABG) scheme. It was implemented through Botanical Survey of India (BSI) and had a budget of Rs 48.07 crore, the report said.

No environmental benefits were achieved from a demonstration project because of the ministry's ineffective monitoring and delay in the release of financial assistance, CAG said. The expenditure of Rs 73.35 lakh was "unfruitful", it further said.

MoEF&CC December 2012 decided that BSI would implement the ABG scheme. The budget was sanctioned for it since its inception in 1991 and Rs 10.07 crore was disbursed after 2013, CAG said.

Besides its headquarters at Kolkata, there are 11 circle offices of BSI in Itanagar, Shillong, Gangtok, Allahabad, Solan, Dehradun, Jodhpur, Pune, Hyderabad, Coimbatore and Port Blair.

"Due to non-multiplication of targeted plant species, the same could not be distributed to other organisations for reintroduction. The lead botanic gardens and botanic gardens could not form a network with each other and as a consequence, the gardens failed to generate knowledge and exchange plant materials of the species," said the report.

The gardens also failed to develop propagation techniques, which affected the conservation efforts. Hence the objective of conserving threatened plant species by means of the ABG scheme remained "largely unfulfilled", the report further noted.

MoEF&CC approved a lab-cum-demonstration project titled Sequential production of Bio-Diesel, Bio-Ethanol, Bio-Hydrogen and Methane from leather solid wastes and effluent treatment sludges. The project was approved for Central Leather Research Institute, Chennai at a total project cost of Rs 77.11 lakh December 2015.

The project envisaged delivery of environmental benefits like effective solid waste management techniques for tanneries, better pollution abatement techniques, avoidance of groundwater contamination and efficient greenhouse emission control techniques.

Only one unit of a bio-diesel recovery had been established in March 2018 against the expected physical outputs of four distinct fuel recovery units, an audit in January 2022 observed.

The unit produced 80 litres of bio-diesel, per the project proposal's projected output. None of the other three units had achieved fruition as of May 2022.

The deliverables of 10 international publications in high-impact factored journals and three PhD degrees had also not been achieved, CAG said.

Several deficiencies had been observed in MoEF&CC's project management, the report said. Some of there were:

- Inaction in processing the request of Central Leather Research Institute, Chennai, (CLRI) to revise the number of project fellowships. Due to this, CLRI was unable to retain the project fellows who were engaged in the project;
- Failure to obtain a formal commitment from the industry partner, which resulted in limited participation by the industry partner;

-A lack of regular monitoring of the progress of the project, which affected the timely implementation of the project. <https://www.downtoearth.org.in/news/governance/botanical-gardens-failed-to- conserve-threatened-plants-despite-rs-48-crore-budget-cag-report-86774>

**12. Fisheries institute spent Rs 10.18 crore on old vessel but didn't use it for student learning: CAG ([downtoearth.org.in](https://www.downtoearth.org.in)) Updated: Dec 25, 2022**

The Central Institute of Fisheries Education (CIFE) spent Rs 10.18 crore on repair of a vessel, which had lived its life but still deprived students of research and training activities in high sea conditions as part of their course, revealed an audit by the Comptroller and Auditor General of India (CAG).

The audit report released December 23, 2022 pointed out that the vessel remained unutilised to a significant extent in the last seven years. The average utilisation of the vessel in a year was just five days between 2014-15 and 2020-21 as against the mandated 45 days, primarily due to shortage of staff.

As against the 43 posts sanctioned, only 21 staff, including five permanent staff, were deployed in the vessel since 2016.

The vessel, which was built in 1980, had an expected useful life of 30 years which was over in 2010. But despite the useful life being over and it provided limited functionality, CIFE incurred an expenditure of Rs 10.18 crore on dry docking, repairs, maintenance as well as salaries and wages during 2014-15 to 2020-21.

CIFE is a deemed university that provides postgraduate and doctoral-level education in the field of fisheries and agriculture. The Institute procured a ship — MFV Saraswati (vessel) — in 1982 valuing Rs 3.60 crore for research and training of the students admitted in CIFE.

Audit examination between May 2017 and September 2019 disclosed that the vessel was utilised only as a floating laboratory for coastal sea exposure to students for purposes like learning about the functioning of different equipment like echo sounder, sonar, safety devices and navigational map in the vessel as part of their course.

“The vessel was not utilised for exposure to high sea conditions and fishing operations in deep water, which was a part of the course requirements,” said the report.

Although the vessel was lying underutilised / unutilised for a long period, CIFE made no effort to ascertain whether it was financially viable to maintain a vessel that has crossed its useful life and was also providing limited functionality.

After the matter was pointed out by an audit in May 2017, a committee was constituted in September 2019 and reconstituted in February 2021 to examine the proposal for decommissioning the vessel. Based on the suggestions of the committee, the board of management of the institute, while considering age, non-availability of spare parts, non-availability of permanent staff on board, least output of the vessel, recurring expenditure on maintenance, dry-docking and repairs, recommended the decommissioning of the vessel in June 2021.

However, the vessel was yet to be decommissioned as of December 2021.

The CAG report said:

Thus, despite an expenditure of Rs 10.18 crore, the students of CIFE were deprived of research and training activities in high sea conditions and fishing operations in deep water. The vessel also remained underutilised / unutilised for long periods of time, although funds were expended on repairs and maintenance.

In September 2019, CIFE stated that the skipper of the ship had died in 2011 and the chief engineer retired in 2014. No recruitment to these posts had been done since then.

Due to the stationary position of the ship, the students were exposed only to shallow water and missed the deep-water exposure and half of the semester experience, it said. “No new research activities could also be planned due to unpredictable layoff of the vessel due to shortage of manpower, maintenance and funds.”

The report concluded that CIFE failed to exercise due diligence by not evaluating the cost of maintaining the vessel vis-à-vis the delivery of limited objectives by the vessel. “This not only impacted the students’ learning experience but also resulted in unproductive expenditure.”

It recommended that after decommissioning of the present vessel, CIFE should carry out a cost-benefit analysis of owning vessels vis-à-vis hiring vessels based on requirements, without compromising the students' learning. <https://www.downtoearth.org.in/news/governance/fisheries-institute-spent-rs-10-18-crore-on-old-vessel-but-didn-t-use-it-for-student-learning-cag-86761>

## **STATES NEWS ITEMS**

**13. CAG detects anomalies in updating NRC for Assam** ([hindustantimes.com](https://www.hindustantimes.com)) Updated: Dec 25, 2022

The Comptroller and Auditor General (CAG) of India has detected large scale anomalies in updating the National Register of Citizens (NRC) for Assam, the report of which was tabled in the state assembly on Friday.

Updating of the 1951 NRC for Assam was done under directions of Supreme Court in order to detect illegal citizens who had entered the state after March 25, 1971. The final NRC list published in August 2019 had left out 1.9 million of the 33 million applicants on suspicion of their claims as Indian citizens.

“In NRC updation process, a highly secure and reliable software was required to be developed; audit, however, observed lack of proper planning in this regard to the extent of 215 software utilities were added in a haphazard manner to the core software,” the CAG for the year ending March 31, 2020 observed.

It added that these were done without following due processes of either software development, or selection of vendors through eligibility assessment following national tendering.

“Haphazard development of software and utilities for NRC data capture and correction posed the risk of data tampering without leaving any audit trail. The audit trail could have ensured accountability for veracity of NRC data,” the CAG report stated.

“Thus, the intended objective of preparing a valid, error-free NRC has not been met despite direct expenditure of ₹1,579.78 cr as well as manpower cost of development of a large number of government servants ranging from 40,000 to 71,000,” it added.

The report also highlighted the escalation of project cost in the process from ₹288.18 cr in 2014 to ₹1,602.66 cr (when the process was completed in 2019) due to time overrun and significant change in scope of the initially conceptualised NRC updation software.

The CAG recommended fixing of responsibility of the state coordinator of NRC and action in a time bound manner for the excess, irregular and inadmissible payment made to the vendor.

It also suggested penal action against systems integrator (M/S Wipro Limited) for violation of Minimum Wages (MW) Act as payments were made to (data entry) operators at a rate less than minimum wages. The report sought accountability from the state coordinator NRC for not ensuring compliance of MW Act.

“We had been waiting for the report of CAG with regards to irregularities in NRC updation process. Now that the report has been submitted, we will take a call on the next course of action,” chief minister Himanta Biswa Sarma told journalists.

Within weeks of the NRC list getting released in August 2019, Prateek Hajela, an Indian Administrative Service (IAS) officer who was the state NRC coordinator at that time and had overseen the entire exercise was transferred to his parent state Madhya Pradesh following instructions of the Supreme Court, which was monitoring the NRC process.

The final NRC has been rejected as incorrect by the state’s Bharatiya Janata Party (BJP)-led government stating that it had many anomalies and left out eligible persons and included illegal immigrants. The Assam government has since approached the Supreme Court seeking a review of the entire exercise.

Several local groups and organisations in Assam have also rejected the list and have approached the Supreme Court seeking review. All those petitions are pending before the apex court at present.

Meanwhile, the NRC list is yet to be notified by the Registrar General of India, leading to a long wait by those left out of the list to file appeals before foreigners’ tribunals seeking inclusion as citizens.

In May this year, Hajela’s successor as state coordinator of NRC Hitesh Dev Sarma lodged a police case against his predecessor alleging treason for intentionally allowing irregularities in preparing the list which resulted illegal migrants to register their names as Indians.

According to Sarma, Hajela knowingly disobeyed law, wilfully avoided proper quality checks in the process of updating NRC and allowed declared foreigners, doubtful voters and their descendants to enlist their names.

Terming this as anti-national activity, which could threaten India's security, Sarma lodged a case against Hajela and some other officers with the Criminal Investigation Department (CID) of the Assam police under Sections 120B, 166A, 167, 181, 218, 420 and 466 of Indian Penal Code (IPC).

“We had stated even before publication of final NRC that Hajela was involved in irregularities. Now the CAG has officially acknowledged the anomalies and corruption,” said Abhijeet Sharma of Assam Public Works (APW), a Guwahati-based NGO whose petition in the Supreme Court set the NRC updating exercise rolling. The NGO has also filed three cases of irregularities and corruption against Hajela. <https://www.hindustantimes.com/cities/others/cag-detects-anomalies-in-updating-nrc-for-assam-101671971421288.html>

**14. CAG detects anomalies in Assam NRC updation (*thehindu.com*) December 25, 2022**

The Comptroller and Auditor General of India (CAG) has detected large-scale anomalies in the updating of the National Register of Citizens (NRC) in Assam.

The Supreme Court-monitored NRC exercise was started after bureaucrat Prateek Hajela was appointed the State Coordinator in October 2013. The complete draft of the list of citizens was published in August 2019, excluding 19.06 lakh people out of a total of 3.3 crore applicants.

The CAG report ending March 31, 2020, submitted to the 126-member Assam assembly on December 24, said 215 software utilities were added in a haphazard manner to the core software used for the updating exercise due to the lack of proper planning.

“These were done without following the due process of either software development or selection of vendors through eligibility assessment following a national tendering,” the report said, noting that highly secure and reliable software was required for such an exercise.

The haphazard development of software and utilities for the NRC data capture and correction posed the risk of data tampering without leaving any audit trail. Consequently, the intended objective of preparing a valid and error-free NRC was not met, the CAG report said.

The report pointed out that the project cost for the NRC escalated from ₹288.18 crore to ₹1,602.66 crore due to the time taken to undertake the exercise.

Apart from recommending action the then State Coordinator, the CAG sought penal measures against system integrator Wipro Limited for violation of the Minimum Wages Act as “payment was made to operators at a rate less than the minimum wages”.

The amount of wages paid to the outsourced staff was 45.59-64.27% less than the rate approved by the NRC coordination committee, the CAG report said, adding that the difference of wages allowed undue benefit of ₹155.83 crore to the system integrator and the labour contractor beyond the 10% “reasonable profit margin”.

Former NRC Coordinator Hitesh Dev Sarma had filed a first information report with the Assam police's Vigilance and Anti-Corruption wing alleging corruption and money laundering by Mr Hajela, his predecessor who was transferred to his home State Madhya Pradesh.



The updated NRC included people who could prove their Indian citizenship by being residents or descendants of people living in Assam before March 25, 1971, the cut-off date according to the Assam Accord of August 1985. <https://www.thehindu.com/news/national/other-states/cag-detects-anomalies-in-assam-nrc-updation/article66304184.ece>

**15. Citizenship document. Risk of data tampering in Assam’s NRC updation process: CAG report ([thehindubusinessline.com](http://thehindubusinessline.com)) December 25, 2022**

The Comptroller and Auditor General of India has flagged the “risk of data tampering” in the NRC for Assam, due to “improper” software development related to data capture and correction during the updation process of the citizenship document.

A highly secure and reliable software was required to be developed for the National Register of Citizens (NRC) updation exercise, but during the audit, “lack of proper planning in this regard” came to the fore. The updated final NRC, which validates bonafide Indian citizens of Assam, was released on August 31, 2019, with total 3,11,21,004 names included out of 3,30,27,661 applicants, though it is yet to be notified.

The CAG submitted a report for the year ended in 2020, on the last day of the winter session of the Assam Assembly on Saturday, which pointed out that 215 software utilities were added in a “haphazard manner” to the core software. It was done “without following the due process of either software development or selection of vendor through eligibility assessment following a national tendering,” the report said.

“Haphazard development of software and utilities for NRC data capture and correction posed the risk of data tampering, without leaving any audit trail. The audit trail could have ensured accountability for the veracity of NRC data,” the CAG report said.

It maintained that the objective of preparing a valid error-free NRC has not been met despite entailing huge expenditure to the state exchequer. According to the report, there have been irregularities in the utilisation of funds, including excess and inadmissible payment to vendors.

The CAG report on compliance audit of ‘logistical arrangements for NRC updation project in Assam’, recommended fixing responsibility on erring authorities for the financial irregularities and penal action against M/s Wipro Limited, the system integrator, for violating Minimum Wages Act.

The NRC was updated in Assam under the supervision of a Supreme Court bench. The CAG report maintained that the objective of preparing a valid error-free NRC has not been met despite entailing huge expenditure to the state exchequer.

**Project cost**

It noted that the initial project cost was estimated at ₹288.18 crore when the NRC updation process had commenced in December 2014 and the deadline for completion was set for February 2015. The final draft of the document was, however, published in August 2019 and the project cost escalated to ₹1,602.66 crore (expenditure of ₹1,579.78 crore was reported), the CAG report said.

It said that test check of records by audit has revealed “various irregularities in the utilisation of fund including excess and inadmissible payment to vendors”. The report has recommended

fixing of responsibility and action against the State Coordinator of National Registration (SCNR) for the excess, irregular and inadmissible payments.

The commissioner and secretary, political department, government of Assam, was designated as the SCNR to carry out the NRC updation exercise. Mentioning non-adherence to Minimum Wages Act in payment to operators by M/s Wipro Limited as revealed during its audit, the CAG recommended penal action against the system integrator.

“Accountability of the SCNR, as principal employer, should also be fixed for not ensuring compliance with the MW Act,” the report added. Assam, which had faced influx of people from Bangladesh since the early 20th century, is the only state having an NRC which was first prepared in 1951. <https://www.thehindubusinessline.com/news/national/risk-of-data-tampering-in-assams-nrc-updation-process-cag-report/article66304229.ece>

**16. ‘Exorbitant Profits on Operator Wages, Excess Spending’: CAG Flags Irregularities in Use of Funds in Updating Process of Assam NRC (*news18.com*) 25 Dec 2022**

A CAG report about the updating process of the National Register of Citizens (NRC), which was tabled in the Assam legislative assembly on Saturday, has flagged several irregularities including exorbitant profits on operator wages to the tune of crores as well as haphazard development of software risking data security.

The auditor has suggested penal action against the system integrator, Wipro Ltd, and accountability fixed against the state coordinator for the NRC. Assam chief minister Himanta Biswa Sarma said appropriate action will soon be taken.

The compliance audit, conducted on the accounts of the state coordinator for the NRC and covering the period from December 2014 to December 2019, covered contract management and expenditures incurred on different activities in the updating process of the NRC.

Here are the findings of the CAG Report :

- Exorbitant profit of Rs 155.83 crore on operator wages
- A contract deviation resulted in unauthorised expenditure of Rs 10.20 crore for the evaluation of third-party monitoring consultants and an excess expenditure of Rs 1.78 crore for process management expenses
- Excess expenditure on generators, hardware, and consumables
- Temporary misappropriation of Rs 1.20 crore against 128 additional generation sets
- Misappropriation of the development of software applications
- Deviation from RPF – an acceptance of multiple change requests indicating the haphazard development of new software, applications, or utilities
- Misappropriation to the tune of Rs 7.10 crore in the software development change report
- Haphazard development of NRC software with risk to confidentiality and integrity of data
- Irregular expenditure amounting to Rs 9.01 crore on doubtful data movement to NSK.

**WHAT WENT WRONG?**

The NRC in Assam commenced in December in 2014 with the initial project cost of Rs 288.18 crore with a deadline to be completed within 14 months in February 2016. The timeline for the project, however, kept extending leading to the publication of the final draft in August 2019.

The project's cost increased from Rs 288.18 crore to Rs 1,602.66 crore by March 2022 due to time overruns and a significant change in the scope of the originally conceptualised NRC updating software. A test check of records by audit disclosed various irregularities in the use of funds, including excess and unallowable payments to vendors.

In the NRC updating process, highly secure and reliable software was required to be developed; the audit, however, observed a lack of proper planning and haphazard changes to the core software. These were done without following due process in either software development or the selection of vendors through eligibility access following a national tendering process, the report stated.

Haphazard development of software and utilities for NRC data capture and correction posed the risk of data tampering without leaving any audit trail. The audit trail could have ensured accountability for the veracity of NRC data.

The intended objective of preparing a valid error-free NRC has not yet been met despite direct expenditures of Rs 1,579.78 crore as well as the manpower cost of the deployment of a large number of government servants ranging from 40,000 to 71,000.

#### WHAT HAS CAG RECOMMENDED?

The CAG has recommended penal action against the system integrator, Wipro Ltd, for paying operators less than the minimum wage. The accountability of the SCNR, as the principal employer, should also be fixed for not ensuring compliance with the Minimum Wage Act.

#### THE LEGAL BATTLE

Assam Public Works (APW), an NGO and key petitioner in the NRC case, had earlier mentioned that the accountant general of Assam earlier revealed that Wipro Ltd of (Assam, Northeast) was involved in misappropriating a huge amount of public money during the updating of the NRC, which was published in August 2019.

The NGO has written a letter to Azim Premji, chairperson of Wipro Technologies, informing him of the company's role in the updating process of the NRC in Assam during the period 2015-2019. Wipro was entrusted with being one of the prime software installation companies by the then NRC directorate headed by coordinator Prateek Hajela.

According to APW, based on an RTI response, a bill of Rs 1.27 crore was submitted by Wipro (system integrator) for procurement of 'Oracle Standard One Edition' and 'Oracle Intelligence Server Enterprise Edition', which was paid from February to August 2017.

But in the ground report of National Institute of Smart Governance (NISG), submitted to the office of the accountant general of Assam, no such system was installed and used for updating the NRC in the state. The amount was cleared by the then NRC directorate by indulging in conspiracy and mutual understanding with Wipro Ltd, as is revealed from the report.

APW had also filed a police complaint against Hajela and Wipro citing massive corruption in the NRC updating process. In mid-2022, the Assam National Register of Citizens (NRC) Authority registered a case against Hajela. The FIR filed with the Criminal Investigation Department or CID also names some other officials and staff involved in the NRC updating exercise.

The outgoing NRC state coordinator, Hitesh Dev Sarma, had accused Hajela and others of “criminal and anti-national activities”. In his letter to the CID, he mentioned that in the NRC updating exercise, the “family tree matching” procedure was adopted to check fraudulent practices used to make false linkage claims with persons residing in Assam before 1971.

Since the NRC updating exercise involved large manpower, a provision for quality checks to avoid erroneous entries in the NRC before ‘family tree matching’ was introduced. But the procedure did not have any quality check system.

Sarma alleged that the software was deliberately designed to avoid quality checks and accused Hajela of intentionally doing this, which in turn, gave a free hand to some officials for including doubtful citizens in the NRC list. According to him, this can be seen as an anti-national act affecting national security.

Hajela was also accused of violating a Supreme Court order in 2018, which did not permit the NRC state coordinator to review the office verification of documents already completed for 24,89,745 people. But the letter to the CID stated that Hajela allowed the review exercise defying the top court’s directive.

In September 2019, the Assam police registered two cases against Hajela and some unidentified officials over allegations of discrepancies in the NRC list. The data of the Assam NRC lists published in 2019 has not yet been officially notified by the Registrar General of India.

On August 13, 2019, the SC – which is monitoring the Assam NRC process – directed that an “appropriate regime be enacted on lines similar to the security regime provided for Aadhaar data”.

The final NRC list in Assam, published in August 2019, had found more than 31.1 million people eligible to be included. But it had left out over 1.9 million people, setting off a massive controversy. <https://www.news18.com/news/politics/exorbitant-profits-on-operator-wages-excess-spending-cag-flags-irregularities-in-use-of-funds-in-updating-process-of-assam-nrc-6691603.html>

#### **17. CAG flags irregularities in Assam’s NRC exercise ([scroll.in](#)) 25 Dec 2022**

The Comptroller and Auditor General of India on Saturday flagged large-scale irregularities in the updating of the National Register of Citizens in Assam, PTI reported.

The Supreme Court-monitored exercise was meant to be a register of Indian citizens living in Assam, sifted from undocumented migrants in the state. The process of updating the NRC ended on August 31, 2019, when a purportedly final list was published – over 19 lakh applicants were left out of the register.

The state government, however, had called the final draft of the National Register of Citizens “faulty” and had alleged that it has excluded several indigenous people of Assam.

A report by the Comptroller and Auditor General, which was tabled in the Assam Legislative Assembly on Saturday, said that the project cost escalated from Rs 288.18 crore in 2014 to Rs 1,602.66 crore by March 2022 due to the time taken to undertake the exercise.

The report said an audit has revealed “various irregularities in the utilisation of fund[s], including excess and inadmissible payment to vendors” in the process.

The Comptroller and Auditor General also said that 215 software utilities were added in a “haphazard manner” to the core software used for the updating exercise due to the lack of proper planning.

“These were done without following the due process of either software development, or selection of vendor through eligibility assessment following a national tendering,” it added, reported Sentinel Assam. “Haphazard development of software and utilities for NRC data capture and correction posed the risk of data tampering, without leaving any audit trail.”

The Comptroller and Auditor General noted that a highly secure and reliable software was required for such an exercise.

The report added:

“The audit trail could have ensured accountability for the veracity of NRC data. Thus, the intended objective of preparing a valid, error-free NRC has not yet been met despite direct expenditure of Rs 1,579 crore, as well manpower cost of deployment of a large number of government servants ranging from 40,000 to 71,000.”

— The Comptroller and Auditor General

The report recommended action against the State Coordinator of National Registration for irregular and inadmissible payments. Apart from this, the Comptroller and Auditor General sought penal measures against Wipro Limited, whose software was used as system integrator, for violating Minimum Wages Act, reported PTI. <https://scroll.in/latest/1040532/cag-flags-irregularities-in-assams-nrc-exercise>

## 18. CAG की रिपोर्ट: असम NRC के डेटा में छेड़छाड़ का जोखिम, कोर सॉफ्टवेयर पर भी उठा ये सवाल ([amarujala.com](http://amarujala.com)) December 25, 2022

भारत के नियंत्रक और महालेखापरीक्षक (कैग) ने असम राष्ट्रीय नागरिक रजिस्टर (एनआरसी) को अपडेट करने की प्रक्रिया में भारी विसंगतियां पाई हैं। कैग ने एनआरसी के डेटा में छेड़छाड़ के जोखिम को चिह्नित किया है।

कैग ने शनिवार को असम विधानसभा के शीतकालीन सत्र के अंतिम दिन 2020 में समाप्त वर्ष के लिए एक रिपोर्ट प्रस्तुत की। इस रिपोर्ट में बताया गया है कि 215 सॉफ्टवेयर यूटिलिटीज को अनियमित तरीके से कोर सॉफ्टवेयर से जोड़ा गया था।

एनआरसी को अपडेट करने के लिए एक अत्यधिक सुरक्षित और भरोसेमंद सॉफ्टवेयर को विकसित करने की जरूरत थी, लेकिन ऑडिट के दौरान इस संबंध में उचित योजना की कमी सामने आई।

अपडेटेड एनआरसी को 31 अगस्त, 2019 को जारी किया गया था, जिसमें 3,30,27,661 आवेदकों में से कुल 3,11,21,004 नाम शामिल थे। हालांकि इसे अधिसूचित किया जाना बाकी है।

कैग ने अपनी रिपोर्ट में कहा है कि डेटा कैप्चर और सुधार के लिए सॉफ्टवेयर के अव्यवस्थित विकास ने बिना ऑडिट ट्रेल के डेटा टेम्परिंग का जोखिम पैदा कर दिया है। ऑडिट ट्रेल एनआरसी डेटा की सत्यता के लिए जवाबदेही सुनिश्चित कर सकता था। इस तरह एख वैध त्रुटि मुक्त एनआरसी तैयारकरने का उद्देश्य अभी तक पूरा नहीं हुआ है।

रिपोर्ट में आगे कहा गया, एनआरसी के लिए परियोजना लागत 288.18 करोड़ रुपये से बढ़कर 1602.66 करोड़ रुपये हो गई है। <https://www.amarujala.com/india-news/risk-of-data-tampering-in-assam-s-nrc-updation-process-cag-report>

**19. CAG की रिपोर्ट: असम में NRC के डेटा से छेड़छाड़ का खतरा, कहा- बेहद सुरक्षित और भरोसेमंद सॉफ्टवेयर की जरूरत** ([abplive.com](http://abplive.com)) December 25, 2022

भारत के नियंत्रक और महालेखा परीक्षक (कैग) ने असम की राष्ट्रीय नागरिकता पंजी यानि एनआरसी में डेटा से छेड़छाड़ के प्रति आगाह किया है। सीएजी ने असम एनआरसी अपडेट में बड़े पैमाने पर कमी पाई है। कैग ने शनिवार को असम विधानसभा के शीतकालीन सत्र के आखिरी दिन साल 2020 में खत्म हुए साल के लिए एक रिपोर्ट पेश की।

इस रिपोर्ट में बताया गया है कि 215 सॉफ्टवेयर यूटिलिटीज को अनियमित तरीके से कोर सॉफ्टवेयर से जोड़ा गया था। कैग के मुताबिक, एनआरसी को अपडेट करने की प्रक्रिया के लिए एक बेहद सुरक्षित और भरोसेमंद सॉफ्टवेयर विकसित करने की आवश्यकता थी, लेकिन ऑडिट के दौरान इस संबंध में उपयुक्त योजना नहीं होने की बात सामने आई।

क्या कहा कैग ने रिपोर्ट में?

असम के लिए अपडेट अंतिम एनआरसी 31 अगस्त, 2019 को जारी की गई थी, जिसमें 3,30,27,661 आवेदकों में से कुल 3,11,21,004 नाम शामिल थे। हालांकि, इसे अधिसूचित किया जाना बाकी है। कैग ने अपनी रिपोर्ट में कहा है कि डेटा कैप्चर और सुधार के लिए सॉफ्टवेयर के अव्यवस्थित विकास ने बिना ऑडिट ट्रेल के डेटा टेम्परिंग का जोखिम पैदा कर दिया है।

ऑडिट ट्रेल एनआरसी डेटा की सत्यता के लिए जवाबदेही सुनिश्चित कर सकता था. इस तरह एक वैध त्रुटि मुक्त एनआरसी तैयार करने का उद्देश्य अभी तक पूरा नहीं हुआ है. रिपोर्ट में आगे कहा गया, एनआरसी के लिए परियोजना लागत 288.18 करोड़ रुपये से बढ़कर 1602.66 करोड़ रुपये हो गई है.

'डेटा सत्यापित की जवाबदेही सुनिश्चित की जा सकती थी'

रिपोर्ट में कहा गया है, 'यह सॉफ्टवेयर विकसित करने की वाजिब प्रक्रिया का पालन किए बगैर या एक राष्ट्रीय निविदा प्रक्रिया के बाद पात्रता आकलन के जरिये विक्रेता का चयन किए बिना किया गया.' कैग की रिपोर्ट में कहा गया है कि लेखा परीक्षा से एनआरसी डेटा की सत्यता के लिए जवाबदेही सुनिश्चित की जा सकती थी. <https://www.abplive.com/news/india/cag-found-anomalies-in-updating-assam-nrc-says-needs-very-secure-software-2291269>

**20. CAG flags various issues in Nagpur metro project, says MMRCL could not monetize land parcels** ([economictimes.indiatimes.com](https://economictimes.indiatimes.com)) December 24, 2022

NAGPUR: The Comptroller and Auditor General of India (CAG) has flagged various lapses in the implementation of the Nagpur Metro Rail project and said the Maharashtra Metro Rail Corporation (MMRCL) could not monetize the land parcels which would have generated revenue.

The performance audit was conducted covering planning, implementation, monitoring and operations of the Nagpur Metro Rail project by MMRCL during the period 2015-16 to 2020-21.

Prime Minister Narendra Modi on December 11 inaugurated the remaining reach 2 and reach 4 routes of Nagpur Metro and laid the foundation for phase 2 which is the extension of phase 1 of Nagpur Metro.

The report was tabled in Parliament on Thursday.

In the report, the CAG observed, as per the detailed project report, the commercial operation of phase 1 was to be achieved by April 2018 but only two out of four Reaches have begun commercial operation.

The report stated at the time of the award of key civil works, the MMRC was aware that the envisaged commercial operation would not materialize in April 2018 as the scheduled completion dates of key civil works began in October 2018 and went on till February 2021.

Yet, no revised target was laid down for the commercial operation of the entire project, with the result that the construction work lingered on and is yet to be completed (March 2022), it stated.

The CAG also mentioned the MMRCL did not publish tenders on the central public procurement portal as stipulated by the department of expenditure, Union Ministry of Finance, and lost the opportunity to ensure wide publicity for the tenders to obtain competitive rates.

MMRCL tendered the work of installation of a ballast-less track in Reach 1 and Reach 3 without conducting a proper survey and assessing the actual items required for the work. It engaged a track advisor for the purpose. Due to the improper framing of the work estimate, the estimated cost put to tender was inflated by Rs 14.45 crore, i.e., by 24.13 per cent, as per the report.

It said the tender evaluation lacked transparency as bidders who did not submit the required documents to verify qualification criteria were awarded contracts in two cases.

On the operational performance, CAG said the MMRCL could earn only Rs 0.27 crore from property business and advertisement, which was 0.28 per cent of the estimated revenue (Rs 97 crore) as per the Detailed Project Report.

"The land acquired for stations was more than double the requirements projected in the Detailed Project Report (73,497 sq. mtr of land was acquired against the projection of 32,752 sq. mtr). The MMRCL planned property development through the monetization of land parcels and identified four land parcels. However, it could not monetize the land parcels and as a result, no revenue could be generated," it said.

The CAG said the MMRCL constructed two-level basements for the parking facility at the Kasturchand Park land parcel near Kasturchand Park Metro station at Rs 24.75 crore. The construction of a parking facility costing Rs 24.75 crore for a station that cost Rs 41.22 crore without the development of a commercial complex lacks justification and is not a financially prudent decision.

The total surplus generated by MMRCL from 2015-16 to 2020-21 was Rs 13.14 crore and the instalment amount due to be paid to the external agencies during 2021-22 was Rs 377.79 crore, it said.

"Therefore, the surplus generated is only a fraction of the amount required for servicing of debt (total loan amount: Rs 4,521 crore) raised by the Government of India for the project from external funding agencies," it stated.

The CAG also said the MMRCL did not ensure that the stamp duty was paid at the prescribed rate as per The Maharashtra Stamp (Amendment) Act, 2015 while entering into agreements with contractors, resulting in a loss of revenue of Rs 4.76 crore to the state exchequer.

The CAG also found that MMRCL adopted 25 kV AC traction system for the project despite the suggestions for the adoption of 750 V DC system, in view of more suitability and potential cost saving of Rs 719 crore.

The project consists of two corridors for a total length of 38.478 km (33.078 elevated and 5.40 km at-grade) with 38 stations. The two corridors viz. NorthSouth Corridor and East-West Corridor were further divided into two Reaches each, out of which one Reach in each corridor and 23 out of 38 stations have been made operational till March 2022. <https://realty.economicstimes.indiatimes.com/news/infrastructure/cag-flags->



**21. Mumbai: BMC under CAG scanner over Marwa bridge reconstruction** ([mid-day.com](#)) Dec 24, 2022

The BMC's handling of the reconstruction of Marwa bridge in Andheri East has come under CAG scanner. The Comptroller and Auditor General in its recent inspection report has also pointed at the way the proposal was passed in December last year without inviting tender. The BMC awarded the contract to a contractor, who was working on another bridge, as additional work for a 87-per cent increase in cost. CAG said the process was in violation of the MMC Act, 1888 and sought explanation from the civic body.

Marwa bridge was declared dilapidated by the bridges department and has been shut since June 2021. The Brihanmumbai Municipal Corporation, in a proposal to the standing committee in December 2021, cited urgency during pandemic as the bridge connects Saki Vihar Road to SevenHills Hospital and assigned the work to M/s A R Construction at a cost of Rs 10.42 crore under the commissioner's authority. The contractor was already working on another bridge on Kurla-Kalina Road. mid-day had, on December 29, 2021, reported the matter.

As per the original tender, the BMC had allotted reconstruction work of a bridge on the Kurla-Kalina road to M/s A R construction in October 2018 for a cost of Rs 12.48 crore. The work was supposed to be completed in 19 months, excluding monsoon. The deadline was first extended till May 31, 2021 due to technical difficulties and then till February 15, 2022. When the BMC added Marwa bridge reconstruction to the tender, the deadline for both works was extended to December 2023.

Ashok Matekar, former corporator, said, "We have been writing to the BMC since the last four to five years over the bridge. The BMC issued a work order before monsoon, but the shifting of utilities started in October 2022. There are many high voltage cables of Tata Power and other companies, and they will need to be shifted in order to start the work." mid-day's attempts to Additional Municipal Commissioner P Velrasu did not yield results. A BMC official said, "The query was part of the routine inspection and we sent our reply to the CAG."

**Points raised by CAG**

>> CAG's draft inspection report mentioned that though the condition of the bridge was brought to the notice of the BMC several times since 2008, it failed to take timely action.

>> It also mentioned that awarding the reconstruction work of Marwa bridge without inviting tenders was in violation of Section 72(I) of the MMC Act, 1888 and resulted in undue favour to the contractor.

>> It also pointed at the 87 per cent rise in the original project cost and sought explanation from the BMC. It also asked for status reports of both the bridge works.

>> CAG also pointed at the delay in starting the work as administrative approval for the reconstruction was obtained in 2020, but not much has changed on ground.

**Rs 10.42 CR**

**Cost of Marwa bridge reconstruction**

22. सबसे ज्यादा महाराष्ट्र के ट्रस्टों को मिली अवैध छूट: CAG का खुलासा- 21 हजार ट्रस्टों ने 18 हजार करोड़ छूट ली; सबसे ज्यादा रकम दिल्ली को (*bhaskar.com*) Dec 26, 2022

लोक कल्याण के नाम पर बनाए गए ट्रस्ट और संस्थाओं ने नियम विरुद्ध तरीकों से इनकम टैक्स छूट हासिल की है। नियंत्रक एवं महालेखा परीक्षक (कैग) ने ट्रस्ट और संस्थाओं से जुड़े 6.89 लाख मामलों की जांच के बाद यह खुलासा किया है। आयकर विभाग ने इनमें से 25 हजार मामलों की जांच की है।

कैग की रिपोर्ट के अनुसार 23 राज्यों में 21 हजार से अधिक ट्रस्ट और संस्थाएं ऐसी थीं, जो इनकम टैक्स के सेक्शन 12ए के तहत रजिस्टर्ड नहीं थीं, इसके बावजूद इसके तहत मिलने वाली छूट हासिल की। यह छूट 18 हजार करोड़ रुपए से ज्यादा की थी।

संसद के शीतकालीन सत्र के आखिरी दिन पेश कैग की रिपोर्ट में यह खुलासा हुआ है। आयकर अधिनियम के तहत नाजायज छूट हासिल करने वाले ट्रस्टों और संस्थानों में सबसे अधिक 3,745 महाराष्ट्र के हैं। महाराष्ट्र की संस्थाओं को 2,500 करोड़ रुपए की छूट इस प्रावधान के तहत मिल गई।

गुजरात के 3,325 ट्रस्टों और संस्थाओं ने 1,119 करोड़ रु. की छूट हासिल की। इसके बाद उत्तर प्रदेश है, जहां के 2,117 ट्रस्ट और संस्थाओं ने 1,812 करोड़ रु. से अधिक की छूट प्राप्त की। रकम के मामले में दिल्ली के ट्रस्ट-संस्थानों को 4,245 करोड़ रुपए से अधिक की गैर वाजिब छूट मिल गई। कैग ने कहा है कि ट्रस्टों और संस्थाओं ने सिस्टम की खामियां और नियमों के लचीलेपन के कारण छूट के गलत क्लेम हासिल कर लिए।

कर्नाटक के ट्रस्टों को 165 करोड़ रु. का विदेशी चंदा 347 ट्रस्ट बिना एफसीआरए रजिस्ट्रेशन विदेशी चंदा ले रहे थे। कर्नाटक के ट्रस्टों ने सर्वाधिक 165 करोड़ रुपए की छूट विदेशी चंदे पर हासिल की। कर्नाटक के इन ट्रस्टों में एक भी एफसीआरए के तहत पंजीकृत नहीं था। महाराष्ट्र के 48 ट्रस्ट और संस्थानों ने विदेशी चंदा ले लेकर 122 करोड़ रु. की छूट पाई। जबकि एफसीआरए पंजीकरण नहीं था। केरल के 53 संस्थानों ने 107 करोड़ की छूट विदेशी चंदे पर ली।

क्या है अधिनियम 12ए

आयकर अधिनियम 1996 की धारा 12ए में गैर-लाभकारी संगठनों जैसे धर्मार्थ ट्रस्ट, कल्याणकारी समाज, गैर सरकारी संगठन, धार्मिक संस्थान आदि को टैक्स में छूट दी जाती है। कर राहत इसलिए दी जाती है, क्योंकि ये संस्थाएं सामाजिक कल्याण के लिए काम करती हैं, लाभ कमाने के लिए नहीं।

क्या है विदेशी चंदे का कानून

सामाजिक कार्यों के लिए विदेशों से चंदा पाने के लिए किसी भी गैर सरकारी स्वयंसेवी संगठन (एनजीओ) को एफसीआरए के तहत पंजीकरण कराना होता है। इस अधिनियम को आपातकाल के दौरान 1976 में लागू किया गया। तब विदेशी संगठनों द्वारा अस्थिरता फैलाने के लिए फंडिंग की आशंका थी। <https://www.bhaskar.com/national/news/cags-disclose-21-thousand-trusts-took-exemption-of-18-thousand-crores-130724950.html>

23. झारखंड सरकार ने नहीं दिया एक लाख करोड़ का उपयोगिता प्रमाण पत्र, CAG ने जतायी खर्च में गड़बड़ी की आशंका ([prabhatkhabar.com](http://prabhatkhabar.com)) Dec 24, 2022

झारखंड सरकार ने 31 मार्च 2022 तक 103459.14 करोड़ रुपये के खर्च का उपयोगिता प्रमाण पत्र नहीं दिया है। इस वजह से सीएजी ने इस राशि के खर्च में गड़बड़ी की आशंका जतायी है। वित्तीय वर्ष 2021-22 में सरकार ने 91,277 करोड़ रुपये की आमदनी का अनुमान करते हुए बजट तैयार किया था। हालांकि, बजट अनुमान के मुकाबले सरकार को 73,618 करोड़ रुपये का ही राजस्व प्राप्त हो सका।

सरकार द्वारा चल रही करीब 10 हजार करोड़ रुपये की लागत वाली आधारभूत संरचनाओं का काम निर्धारित समय में पूरा नहीं किया जा सका है। शीतकालीन सत्र में भारत के नियंत्रक महालेखा परीक्षक (सीएजी) द्वारा पेश रिपोर्ट (वित्त लेखे व विनियोग लेखे) में इन तथ्यों का उल्लेख किया गया

है। <https://www.prabhatkhabar.com/state/jharkhand/ranchi/jharkhand-government-did-not-give-utilization-certificate-cag-expressed-apprehension-of-irregularities-srn>

### SELECTED NEWS ITEMS/ARTICLES FOR READING

24. Free ration to poor for one year under NFSA ([financialexpress.com](http://financialexpress.com)) December 24, 2022

The Cabinet on Friday decided not to extend the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY or free ration scheme) beyond December. The government will, however, provide grains under the National Food Security Act (NFSA) free-of-cost to the 813 million beneficiaries during 2023.

The move is a fiscally prudent one, given that the cost of the PMGKAY, under which additional quantities of grains are given to the same sections of people, is much higher than that on making NFSA grains totally free.

Experts said, considering the economic cost of grains, the additional food subsidy expenditure due to Friday's decision would be around Rs 25,000 crore. In comparison, had PMGKAY been extended for one year, it would have cost the exchequer Rs 1.6-1.7 trillion.

Under NFSA, the government provides 5 kilogram of food grains per person per month at highly subsidised rates. Rice is given to the beneficiaries under NFSA at Rs3 per kg and wheat at Rs 2 per kg.

Also, the families covered under Antyodaya Anna Yojana (AAY) get 35 kg of food grains per month.

Briefing reporters about the decision, minister for food and public distribution Piyush Goyal said the Centre will bear the entire burden of providing free food grains under NFSA.

The annual cost to the exchequer is estimated at Rs 2 trillion, he said. This will roughly be the total food subsidy expenditure in 2023.

The free ration scheme has cost the exchequer about Rs 3.91 trillion since its April 2020 launch in the midst of the first Covid-19 wave. Since its launch, the scheme has run continuously with several extensions, except for the period between December 2020 to April 2021. The latest extension was for three months to December 31, 2022.

Under the PMGKAY, 800 million people have been getting 5 kg of food grains free-of-cost every month.

Of course, free grains have been distributed over and above the normal quota provided under NFSA at highly subsidised rates.

The Centre has allocated 111.8 million tonne of foodgrains to states and Union Territories so far under the free ration scheme.

While the fiscal cost of PMGKAY is estimated on the basis of the economic costs of the grains, the actual cash cost will be a fraction of that, after taking into consideration open market sale price of the grains.

The Cabinet decision also addresses concerns over a likely dip in India's grain stocks, particularly of wheat. <https://www.financialexpress.com/economy/free-ration-to-poor-for-one-year-under-nfsa/2925101/>

## **25. A double-edged sword ([financialexpress.com](https://www.financialexpress.com)) Dec 26, 2022**

By doing away with even the nominal prices paid by the 813 million beneficiaries for the food grains distributed under the National Food Security Act (NFSA) during 2023, the Cabinet made headlines last week. However, it was a case of deft fiscal management, as the government also quietly put an end to the expensive Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), under which the same sections of people have been entitled to an additional 5 kg of grains free

of cost, every month. Launched amid the first Covid wave in April 2020, the PMGKAY has cost the exchequer about Rs 3.9 trillion so far, going by the allocations. The cost of making NFSA supplies totally free of cost to the beneficiaries for a year is about Rs 20,000 crore, given the current “economic cost” of the grains. In comparison, to run the PMGKAY (also called free ration scheme) for one year, the government would have incurred expenditures to the tune of Rs 1.6-1.7 trillion.

Since its launch, the free ration scheme has run continuously thanks to several extensions—the latest for three months to December 31, 2022. Finance ministry officials have been worried about further extensions, given the big fiscal burden it has caused. Currently, the NFSA benefits to consumers include rice supplied at Rs 3/kg and wheat at Rs 2/kg and coarse cereals at Rs 1/kg, up to a monthly limit of 5 kg per person. Besides, families covered under Antyodaya Anna Yojana—“the poorest of the poor”—get 35 kg of grains per month at the same prices.

There is also another dimension to the Cabinet decision on NFSA. A few Opposition-ruled states have already buttressed the NFSA largesse and are seen to be extracting political dividends out of it, although the bulk of the scheme’s cost is borne by the Centre. With the latest decision, the NDA government has the scheme’s complete ownership in the eyes of the electorate. However, committing to supply NFSA grains free of cost to large sections of people is also fraught with the danger of creating a running fiscal cost. It will be much more difficult now to reduce the gap between the economic cost of grains and the “issue prices” or prices to the consumer. When the UPA government enacted the Act in 2013, a promise was made to revise the “issue price,” in tune with the economic cost, which includes MSP procurement expenses as well as storage, transportation and distribution costs. Since this revision never occurred, the gap between the economic cost and issue prices has widened (from Rs 2,305 in FY13 to Rs 3,670/quintal in FY23 for wheat, for instance), resulting in a big spike in food subsidy.

Note that the budgeted food subsidy was a whopping Rs 5.41 trillion in FY21 as compared to Rs 1 trillion in FY19, as the government chose to settle Rs 3.4 trillion loan availed from the NSSF in earlier years to finance the subsidy. The subsidy remained at an elevated level of Rs 2.86 trillion in FY22, and this year’s expenditure is seen at Rs 2.8 trillion, against the budgeted Rs 2.06 trillion. A high buffer of stocks is inflating the cost. Avoidable wastage and still-to-be-improved distribution infrastructure are other issues that need tackling. While such welfare schemes are indeed necessary, excesses could constrain the government’s ability to use its insufficient resources in other high-priority areas like education, skilling, health, infrastructure and capital spending. <https://www.financialexpress.com/opinion/a-double-edged-sword-2/2926080/>