

Chapter-17

APPENDIX I

SUMMARY OF THE AUDIT OBSERVATIONS IN THE VARIOUS REPORTS OF 2008

S.No.	Para	Summary of the Department
1	6.1.1 and 6.1.2 (18 of 2007)	<p>Performance Audit of “Assistance to State for Developing Export Infrastructure and Allied Activities”(ASIDE) scheme:-</p> <p>While the scheme envisaged creation of export infrastructure for specific purposes having direct and overwhelming linkage with exports, the audit showed that 57 state sector projects and 22 central sector projects, involving ASIDE funding of Rs.169.24 crore and Rs.8.35 crore respectively, were either not covered under the scope of the scheme guidelines or were not of a capital nature. Similarly, although activities like seminars, workshops, conferences, training programmes, expositions etc. were not covered under the Export Development Fund (EDF) for North Eastern Region (NER), including Sikkim, the Department of Commerce sanctioned 15 projects for such inadmissible activities involving central assistance of Rs.1.12 crore.</p>
2	6.2.2 (18 of 2007)	<p>The Director General of Commercial Intelligence and Statistics (DGCI & S) did not have data regarding the States from which items of export originated, and only had data about the entities which purchased such items prior to their export. This resulted in allocation of ASIDE funding to the State where purchasing entities were located rather than to States which were producing the export items.</p>
3	6.2.5 (18 of 2007)	<p>The utilisation of funds released to some states was poor and further releases were made without adjusting the previous unspent balances, which resulted in excess/injudicious release of Rs.94.12 crore, Rs.131.60 crore, Rs.114.17 crore and Rs.228.97 crore during the year 2002-03, 2003-04, 2004-05 and 2005-06 respectively. Rs.22.06 crore were irregularly diverted towards expenses of an administrative nature and towards items not included in the project proposals.</p>

4	6.2.7 (18 of 2007)	Interest of Rs.19.52 crore earned by 16 state and 1 central nodal agencies on ASIDE funds remained un-recovered from them.
5	6.2.8 (18 of 2007)	Utilization Certificates (UCs) amounting to Rs.37.75 crore and Rs.61.71 crore were not received from 14 states and 22 central nodal agencies respectively for periods ranging between two and eight years. Further UCs for Rs.10.72 crore were not received from ten private bodies and one state department for periods ranging between 22 and 57 months.
6	6.2.9 (18 of 2007)	Though the guidelines stipulated that from 2003-04 it was mandatory for States to spend at least 50 percent of their allocation on implementation of Public Private Participation projects, the scheme has been unsuccessful in leveraging ASIDE funds with state government and private funds. Test check of records revealed that in eight states, there was no involvement of either private sector or any state government contribution, while private participation was negligible in 12 other states.
7	6.3.2.3 (18 of 2007)	Expenditure of Rs.19.98 crore was rendered in-fructuous in eight states on account of rescinding contracts mid way and due to the infrastructure created lying unused.
8	6.3.2.1 (18 of 2007)	97 state sector projects in 24 states and 50 central projects implemented by 27 agencies involving ASIDE contribution of Rs.544.80 crore (expenditure incurred being Rs.156.56 crore) and 164.01 crore(expenditure incurred being Rs.81.51 crore) respectively, remained incomplete after the maximum gestation period of two years or after lapse of the scheduled completion period. Further 46 projects, which were approved under the erstwhile CIB scheme during 1997-98 to 2001-02, were incomplete even after incurring an expenditure of Rs.52.76 crore.
9	6.4(18 of 2007)	The monitoring of the scheme at Central, State and project level was inadequate. The web based monitoring system also suffered from serious inadequacies and deficiencies.
10	2.1(CA 1 of 2008)	Payment of compensation on leased accommodation due to improper maintenance. – Improper maintenance of a fully furnished apartment leased to the Ambassador (World Trade Organisation) at Geneva led to avoidable payment of compensation of Swiss Franc 1,83,500(Rs. 67.96 lakh) to the owner of the property.
11	2.1(CA 2 of 2008)	Lack of financial discipline at Tea Board office at London resulted in irregular and avoidable expenditure equivalent of Rs.19.07 lakh.

12	1.1.5 (CA 9 of 2008) Financial Performance of Public Undertakings	Accounts of West Bengal Trade Promotion Organisation were in arrears for 2005-06 to 2006-07 and Tea Trading Corporation of India Ltd. is under liquidation.
13	2.4.4.6 (CA 9 of 2008) Observations of Statutory Auditors	In compliance with the directions issued by the C&AG under Section 619(3)(a) of the Companies Act, 1956, the Statutory Auditors reported deficiencies relating to financial controls and procedures including lack of internal control measures in respect of fixed assets, debtors, inventory and internal audit in various government companies (including deemed government companies)- ECGC./PEC Ltd.
14	2.5 (CA 9 of 2008) Observations of Statutory Auditors	In compliance with the directions issued by the C&AG under Section 619(3)(a) of the Companies Act, 1956, the Statutory Auditors reported deficiencies relating to financial controls and procedures including lack of internal control measures in respect of fixed assets, debtors, inventory and internal audit in various government companies (including deemed government companies)- STC Ltd./ ITPO/ ECGC
15	6.1.1 (CA 11 of 2008)	The Company could not recover Rs.119.14 crore from M/s Metro Machinery Traders due to lapses in monitoring the execution of a contract.