

**“IRREGULARITIES IN RECEIPT AND
UTILISATION OF COMPENSATION” AND
“GROSSLY IRREGULAR AND MANIPULATED
AWARD AND EXECUTION OF WORK RELATING
TO THE RENOVATION OF THE BASEMENT AT
INDIA HOUSE, LONDON, LEADING TO UNDUE
BENEFITS BEING EXTENDED TO THE
CONTRACTOR”**

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their 87th Report (17th Lok Sabha)]

MINISTRY OF EXTERNAL AFFAIRS

**PUBLIC ACCOUNTS COMMITTEE
(2025-26)**

TWENTY- SIXTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTY SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2025-26)
(EIGHTEENTH LOK SABHA)

**“IRREGULARITIES IN RECEIPT AND UTILISATION OF
COMPENSATION” AND “GROSSLY IRREGULAR AND
MANIPULATED AWARD AND EXECUTION OF WORK
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Recommendations of the Committee contained in their 87th Report (17th
Lok Sabha)]

MINISTRY OF EXTERNAL AFFAIRS



Presented to Lok Sabha on: 29.07.2025

Laid in Rajya Sabha on: 29.07.2025

L O K S A B H A S E C R E T A R I A T
N E W D E L H I

July, 2025/ Shravana, 1947 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2025-26)

Shri K. C. Venugopal

- Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Shri C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
15. Shri Dharmendra Yadav

RAJYA SABHA

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Shri Sudhanshu Trivedi

Secretariat

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Muraleedharan.P - Director
3. Smt. Malvika Mehta - Deputy Secretary

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorised by the Committee, do present this Twenty Sixth Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Eighty Seventh Report (Seventeenth Lok Sabha) on **“Irregularities in receipt and utilisation of compensation and Grossly irregular and manipulated award and execution of work relating to the renovation of the basement at India House, London, leading to undue benefits being extended to the Contractor”**.

2. The Eighty Seventh Report was presented to Lok Sabha/laid in Rajya Sabha on 7th February, 2024. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the draft Report at their Sitting held on 17th June, 2025 Minutes of the Sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eighty Seventh Report (Seventeenth Lok Sabha) is given at Appendix-II

NEW DELHI:

22 July, 2025
31 Ashadha, 1947 (Saka)

K.C. VENUGOPAL
Chairperson,
Public Accounts Committee

Chapter I Report

This Report of the Public Accounts Committee deals with the Action Taken by the Government i.e. the Ministry of External Affairs on the Observations and Recommendations of the Committee contained in their Eighty Seventh Report (17th Lok Sabha) on "Irregularities in receipt and utilisation of compensation" and "Grossly irregular and manipulated award and execution of work relating to the renovation of the basement at India House, London, leading to undue benefits being extended to the Contractor".

2. The Eighty Seventh Report which was presented to Lok Sabha on 07 February, 2024, contained 05 Observations/Recommendations. Action Taken Notes on all the Observations /Recommendations have been received from the Ministry of External Affairs and are broadly categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:
Para No. 2& 5

Total:02

Chapter: II

- (ii) Observations /Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:
Para No.: Nil

Total:NIL

Chapter:III

- (iii) Observations /Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para No.: 1

Total:01

Chapter: IV

- (iv) Observations /Recommendations in respect of which Government have furnished interim replies /no replies:

Para No.: 3&4

Total: 02

Chapter: V

3. The Committee's examination of the aforesaid subject had revealed gross irregularities in receipt and utilization of compensation as well as award and execution of work by the High Commission of India, London. In the first para, the Committee had noted that the High Commission of India had irregularly engaged a private party, authorising it to receive and retain government receipts of ₹ 78.41 lakh in its private bank account and disburse a substantial part of the receipts towards the Mission's own expenditure.

In the second para, the Committee had observed that High Commission of India, London undertook work relating to renovation of the basement at the India House, at a cost of GBP (British Pound) 744,971 (approx. ₹ 6.63 crore at that time), without prior approval from the Ministry of External Affairs. The initial award of the work was made to an ineligible company through an irregular and manipulated tendering process which was followed by award of extra work to the same company without tendering, thereby extending undue benefit to it. Further, additional work was awarded based on fraudulent quotations, to an associated ineligible company, which was incorporated immediately prior to the award of work and dissolved following receipt of payments.

4. The Committee had recommended that action be taken for initiating criminal proceedings against those involved in such irregularities; that training may mandatorily be given on relevant rules and regulations to all officials who are posted in Missions so as to obviate recurrence of such irregularities; that the extant internal audit mechanism within the Ministry/ Missions may be urgently revamped and strengthened and the mandate/ terms of reference of internal audit be extended to include transaction and compliance audit and specific timelines for taking action on the observations of internal audit may be prescribed; that the online dashboard onboarding all major construction & renovations projects be established on priority within a strict timeframe and a special audit of the Missions may be carried out.

5. The Action Taken Notes furnished by the Ministry of External Affairs in respect of all the Observations /Recommendations of the Committee as contained in their Eighty Seventh Report (17th Lok Sabha) have been reproduced in the relevant chapters of this Report. The Committee will now deal with the action taken by the Government on some

of their Observations /Recommendations made in the original report which merit comments.

6. The Committee desire the Ministry of External Affairs (henceforth referred to as 'the Ministry') to furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapters I and V within three months of the presentation of the Report to the House.

Recommendation No. 1 - Criminal case/ major penalty

7. The Committee in their original report no. 87 had recommended as under:-

“The Committee note Audit’s findings that the Mission took a decision to accept compensation of GBP 90,000 from a property Developer without the approval of the Ministry and without any documented justification for the amount accepted. It also irregularly authorized a private party to receive and retain government receipts by way of the compensation paid by the Developer amounting to Rs. 78.41 lakh in its private bank account. Further, in violation of rules, the Mission allowed use of these receipts directly to incur expenditure. In addition, actions and decisions taken by Mission functionaries were not adequately documented to obscure these gross irregularities and the Ministry was systematically kept in the dark in the matter.

In the other case, the Mission undertook renovation works costing GBP 744,971 (approx. Rs. 6.63 crore) without authority and due approvals, and resorted to irregular splitting of works to evade approvals from higher authority and open bidding. It adopted a grossly manipulated process for award of works to the same person, and made post facto additions and alteration in the scope of work which led to undue benefits being extended to Contractors.

The Ministry’s response on the matter that no mala fide intent could be established with evidence is intriguing. Evidently there has been an open violation of rules and processes which is also indicative of supervisory failure and possible collusion between Mission officials and the agencies. Further, the Inquiry Committee that was formed by the Ministry also concurred with Audit’s findings. Considering the facts of the matter in entirety, a far more stringent action should have been initiated and taken in the matter, whereas the Ministry merely restricted it to disciplinary proceedings. The Committee, therefore desire that action be taken for initiating criminal proceedings against those involved in such irregularities and the Committee be apprised thereof.”

8. The Ministry in their Action taken notes (ATNs) submitted the following reply:-

“Upon a comprehensive review, it has been found that there were certain irregularities in the transactions under scrutiny. In response to these findings, the Ministry has already undertaken punitive measures after following an exhaustive inquiry process. In light of the punitive actions already initiated by the Ministry and in the absence of necessary evidence to support criminal charges against the concerned officials, the Ministry is of the view that pursuing criminal proceedings against the concerned officials may not be warranted.”

9. Audit gave the following comments on the ATNs:-

“PAC may take a view on the Ministry’s reply that criminal proceedings against the concerned officials may not be warranted in absence of necessary evidence.”

10. The Committee had observed that there had been an open violation of rules and processes by the High Commission, London in both the paras viz. accepting compensation from a property Developer without the approval of the Ministry and without any documented justification for the amount accepted; irregularly authorizing a private party to receive and retain government receipts and using them to incur expenditure of the Mission and undertaking renovation works without authority and due approvals irregularly splitting them and manipulating the process for award of works. This according to the Committee was indicative of supervisory failure and possible collusion between Mission officials and the agencies and therefore, the Committee had recommended that action be taken for initiating criminal proceedings against those involved in such irregularities and the Committee be apprised thereof.

The Committee are pained to note the feeble reply of the Ministry that punitive action has already been initiated by the Ministry and that there is absence of necessary evidence to support criminal charges against the concerned officials. The Committee are of the considered opinion that the Ministry is trying to protect the delinquent officers when audit has clearly established violation of rules and processes. The Committee have been time and again witnessing such cases of violation of existing rules and guidelines by missions abroad and strongly feel that a strong deterrent action must be taken to obviate recurrences of such instances. The Committee, accordingly, reiterate their recommendation and exhort the Ministry to initiate criminal proceedings against the responsible officers.

Recommendation No. 3 - Revamping and strengthening of the Internal Audit Mechanism

11. The Committee made the following observation/recommendation in their original report:-

“The Committee, in their earlier reports (30th and 61st Reports (16th LS) and 112nd Report (16th LS) and 17th Report (17th LS)) have continuously emphasized on the need for a strong and robust internal audit mechanism within the Ministry of External Affairs to audit its Missions abroad. However, the Committee are extremely disappointed to note that the response of the Ministry has been very casual. In the instant cases, the Ministry found out about such irregularities after Audit highlighted them. Apart from this, the Ministry's response, which states that the internal audit set up has not brought any particular cases to the Ministry's attention is a matter of concern to the Committee. It appears from the Ministry's response that they are oblivious of the state of affairs of the Missions, given that the Audit has pointed to a widespread prevalence of such irregularities in almost all Missions. Furthermore, the deplorable state of affairs continuing in the Ministry's monitoring is revealed by the Ministry's statement that its performance evaluation and monitoring system has not discovered any systemic vulnerability in its administrative and financial controls and processes among its 206 Missions/Posts spread throughout the world. Had Audit not pointed out the irregularities, the Ministry would have remained unaware of such acts of embezzlement being carried out right openly. The Committee are of the considered view that the extant internal audit mechanism within the Ministry/ Missions needs to be urgently revamped and strengthened. The Committee while noting from the reply of the Ministry that Internal Audit of the Monthly Cash Accounts of Indian Missions/Posts abroad are carried out by the Office of Pr. Chief Controller of Accounts, MEA as per approved Annual Audit Plan desire that the mandate/ terms of reference of internal audit be extended to include transaction and compliance audit and specific timelines for taking action on the observations of internal audit may also be prescribed.”

12. The Ministry of External Affairs in their Action Taken Reply have stated as under:

“The Office of the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions, periodically, using the IMAS data/Vouchers & Notings being sent by Missions to Headquarters. The Office of the Principal Controller of Accounts has also been instructed to coordinate its audit calendar/cycle with the audits being carried out by C&AG (including its offices abroad) in order to ensure that each Mission undergoes at least one audit (internal or C&AG) during a 3–4 year period.”

13. The following are the vetting comments of Audit on the reply:-

“The checklists prepared for such remote audits/ test checks, the details of the remote audits conducted and the findings of such audits along with the effectiveness of the remote audits/test checks may be submitted to the PAC.”

14. The Ministry submitted the following reply on the observations of Audit :-

“Check lists and details for remote audits/ test checks are being compiled by the Office of the Principal Controller of Accounts, Ministry of External Affairs.”

15. Inview of the failure of the Ministry in finding out irregularities of the nature pointed out by Audit, the Committee had recommended that the extant internal audit mechanism within the Ministry/ Missions may be urgently revamped and that the mandate/ terms of reference of internal audit be extended to include transaction and compliance audit and specific timelines for taking action on the observations of internal audit may be prescribed. The Committee note from the reply of the Ministry that Office of the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions periodically and to ensure that each Mission undergoes at least one audit (internal or C&AG) during a 3 - 4 year period. The Committee desire to be apprised of the details of such remote audit conducted from the last five years till date and their findings. Further, the Committee are disappointed to note that there is no specific response of the Ministry on the revamping of the internal audit mechanism or on the inclusion of transaction and compliance audit of the Missions. The Committee emphasize that revamping of the internal audit mechanism is of paramount importance given the frequent occurrence and non-detection of such cases of blatant violation of rules and regulations. Internal audit will help uncover potential risks, vulnerabilities, and areas of weakness within the Missions allowing for proactive risk management and mitigation strategies to be developed. The Committee therefore, reiterate their recommendation and desire to be apprised of the progress in this regard.

Recommendation No. 4 - Measures being taken for monitoring of projects and functioning of Missions

16. The Committee in their original report recommended as under

“The Committee observe that the instant cases have revealed a severe short coming in the monitoring of Missions by the Ministry. Despite the efforts of the Ministry to simplify the procedural complexity by standardization of documents/templates and detailed guidelines, the Committee are of the view that the irregularities pointed out here which reveal open subversion of rules and processes are indicative of persistent failure in Monitoring by the Ministry. The Committee note from the reply of the Ministry that a Performance Evaluation and

Monitoring System - PEMS 3.0 has been rolled out for monitoring of Missions/Posts operations, results of which are made part of periodic inspections of the Missions/Posts. The Committee also note that Ministry is in process of establishing an online dashboard on boarding all major construction & renovations projects for real-time monitoring, addressing queries, challenges, taking remedial measures etc. Further, a Contract cum project management unit is also being established for aiding Missions/Posts in contract & project management. The Committee expect the Ministry to appropriately accommodate in the proposed system necessary measures for avoiding lapses such as the ones pointed out by Audit. The Committee desire that the aforesaid dashboard and project management unit may be established on priority within a strict timeframe, the impact of the measures taken may be assessed and the Committee be apprised thereof.”

17. The Ministry of External Affairs in their Action Taken Reply have stated as under:

“The setting up of a Project Management Unit in the Ministry is underway and the progress in this regard is being closely monitored. The work related to development of an online dashboard for monitoring of real estate projects is progressing smoothly and expected to be completed in the near future.”

18. Audit gave the following comments on the reply of the Ministry:-

“Further progress made in setting up of Project Management Unit as well as online dashboard for real estate projects may be intimated to PAC.”

19. The Ministry submitted the following reply on the observations of Audit:-

“The process of setting up of Project Management Unit is progressing smoothly. Online dashboard for real estate projects is being prepared and is expected to be completed in the near future.”

20. Observing severe shortcomings in the monitoring of Missions by the Ministry, the Committee had recommended setting up of the proposed Performance Evaluation and Monitoring System - PEMS 3.0 and its dashboard on priority and also analysis of the impact of the measures so taken. The Committee are perplexed to note from the reply of the Ministry that the process of setting up of the system and the dashboard is still not complete and is expected to be completed in the near future. The Committee cannot understand why, in the first place, the system has not been implemented yet and secondly why a definitive timeline has not been given for implementation of the system. Delay in implementation of the system would lead to unchecked violations and more lapses in such

construction projects. The Committee, therefore, desire that the monitoring be system be implemented in a strict timeframe and a provision in the system be included whereby photographs of the projects be also uploaded at each stage.

Recommendation No. 5 - Comprehensive check in all Missions of India

21. In their original report, the Committee stated the following:-

“The Committee note that Audit through these two paras highlighted instances which came to their notice in the course of test audit for the period. The Committee have also in their reports presented earlier, recommended conducting a review of functioning of all the missions so to ensure adherence to stipulated rules and guidelines. The Ministry has also recognized that there has been laxity in the mechanism for monitoring activities in the Missions. The Committee are of the view that the irregularities highlighted by Audit point towards prevalence of systemic lapses and subversion of rules in the Missions. As the nature of these irregularities is very serious and has grave ramifications in terms of misuse of money of the public exchequer, the Committee recommend that a special audit of the Missions may be carried out and appropriate action may be taken against defaulters on the basis of findings of such an audit, and the Committee may be apprised thereof.”

22. The Ministry of External Affairs in their Action Taken Reply have stated as under:

“The Office of the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions, periodically, using the IMAS data/Vouchers & Notings being sent by Missions to Headquarters. Missions have also been asked to furnish quarterly reports to the Office of the Principal Chief Controller of Accounts in the Ministry, as per check-list attached, including information on cases of procurement made beyond their delegated financial powers.”

23. Audit submitted the following vetting comments on the above-mentioned reply:-

“Ministry may apprise the details of remote audit conducted and quarterly reports containing information on the cases of procurement beyond their delegation, received from Pr. Controller of Accounts, to the PAC.”

24. The Ministry furnished the following reply on the comments of Audit:-

“Office of the Principal Controller of Accounts, Ministry of External Affairs is compiling the check lists and details for remote audits/ test checks.”

25. As the nature of the irregularities highlighted by Audit was very serious and had grave ramifications in terms of misuse of money of the public exchequer, the Committee had recommended that a special audit of the Missions may be carried out and appropriate action may be taken against defaulters on the basis of findings of such an audit. In response, the Ministry have merely stated that the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions periodically. The Committee are absolutely chagrined to note that the Ministry has not even considered the recommendation of the Committee and has just submitted a casual reply. The Committee take serious exception to the lackadaisical tone and tenor of the reply. Had the Ministry been serious in its efforts to remedy the constant malaise of Missions acting on their own behalf without paying any heed to the Ministry and openly flouting norms, such incidents would not have seen light of day. The Committee are gravely concerned by the blatant misuse of public exchequer's money and exhort the Ministry to arrange to conduct special audit in time bound manner of its High Commission in London(UK) along with a test check of other significant Missions where Audit has consistently raised issues of irregularities in expenditure.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation

Mandatory Training on GFR, 2017 and other relevant Government Rules and regulations

The Committee find that both the cases examined reveal that there has been blatant violation and disregard of administrative & financial rules by the Commission. The Ministry, in its reply has stated that it has formalized the model tender document and standard agreement template for engagement of Architect Consultants for matters of property redevelopment or construction projects. Yet, the Committee find it surprising to note the obvious lack of documentation on the manner of appointment of Consultants and the irregular parking/retention of Government receipts in a private account. The Committee are aghast to note the statement of the representatives of the Ministry that there was an element of lack of understanding of rules with regard to maintenance and utilisation of the money received outside the Consolidated Fund of India. Concerning the second instance, the Committee note from the audit findings that not only was there irregular piece-mealing of the expenditures and manipulation of the tendering process, but the Mission also engaged with a 'fly-by-night' company that was set up solely to secure these works for another contractor to whom nearly all of the renovation project's work had been entrusted. As being unaware of rules cannot be used as an excuse for violating the statutory stipulations, the Committee recommend that henceforth, training may mandatorily be given on General Financial Rules, 2017 and other relevant rules and regulations such as the Central Receipts and Payments Rules, 1983; CCS Conduct Rules; Delegated Financial Powers of HOMs/HOPs etc. to all Officials concerned who are posted in the Missions so as to obviate recurrence of such irregularities.

[Recommendation No. 2 of 87th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action taken

The Ministry's Foreign Service Institute has incorporated special training programs focusing on (i) General Financial Rules, 2017 and other relevant rules & regulations such as the Central Receipts and Payment Rules, 1983 (ii) CCS Conduct Rules and (iii) Delegated Financial Powers of HOMs/HOPs, in its training structure. These training programmes have been made mandatory for all MEA officers proceeding on foreign postings as well as for career progression in the Indian Foreign Service.

(Y.K. Sailas Thangal)
Additional Secretary (GEM)

Vetting Comments of Audit

A copy of latest orders, regarding mandatory training programs for all MEA officers proceeding on foreign postings, may be apprised to PAC.

Updated Action Taken reply of the Ministry

Copy of latest orders regarding mandatory training programs for MEA officers proceeding on foreign postings are attached..

Observation/Recommendation

Comprehensive check in all Missions of India

The Committee note that Audit through these two paras highlighted instances which came to their notice in the course of test audit for the period. The Committee have also in their reports presented earlier, recommended conducting a review of functioning of all the missions so to ensure adherence to stipulated rules and guidelines. The Ministry has also recognized that there has been laxity in the mechanism for monitoring activities in the Missions. The Committee are of the view that the irregularities highlighted by Audit point towards prevalence of systemic lapses and subversion of rules in the Missions. As the nature of these irregularities is very serious and has grave ramifications in terms of misuse of money of the public exchequer, the Committee recommend that a special audit of the Missions may be carried out and appropriate action may be taken against defaulters on the basis of findings of such an audit, and the Committee may be apprised thereof.

[Recommendation No. 5 of 87th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action taken

The Office of the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions, periodically, using the IMAS data/Vouchers & Notings being sent by Missions to Headquarters. Missions have also been asked to furnish quarterly reports to the Office of the Principal Chief Controller of Accounts in the Ministry, as per check-list attached, including information on cases of procurement made beyond their delegated financial powers.

(Y.K. Sailas Thangal)
Additional Secretary (GEM)

Vetting Comments of Audit

Ministry may apprise the details of remote audit conducted and quarterly reports containing information on the cases of procurement beyond their delegation, received from Pr. Controller of Accounts, to the PAC.

Updated Action Taken reply of the Ministry

Office of the Principal Controller of Accounts, Ministry of External Affairs is compiling the check lists and details for remote audits/ test checks.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

--NIL--

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation/Recommendation

Criminal case/ major penalty

The Committee note Audit's findings that the Mission took a decision to accept compensation of GBP 90,000 from a property Developer without the approval of the Ministry and without any documented justification for the amount accepted. It also irregularly authorized a private party to receive and retain government receipts by way of the compensation paid by the Developer amounting to Rs. 78.41 lakh in its private bank account. Further, in violation of rules, the Mission allowed use of these receipts directly to incur expenditure. In addition, actions and decisions taken by Mission functionaries were not adequately documented to obscure these gross irregularities and the Ministry was systematically kept in the dark in the matter.

In the other case, the Mission undertook renovation works costing GBP 744,971 (approx. Rs. 6.63 crore) without authority and due approvals, and resorted to irregular splitting of works to evade approvals from higher authority and open bidding. It adopted a grossly manipulated process for award of works to the same person, and made post facto additions and alteration in the scope of work which led to undue benefits being extended to Contractors.

The Ministry's response on the matter that no mala fide intent could be established with evidence is intriguing. Evidently there has been an open violation of rules and processes which is also indicative of supervisory failure and possible collusion between Mission officials and the agencies. Further, the Inquiry Committee that was formed by the Ministry also concurred with Audit's findings. Considering the facts of the matter in entirety, a far more stringent action should have been initiated and taken in the matter, whereas the Ministry merely restricted it to disciplinary proceedings. The Committee, therefore desire that action be taken for initiating criminal proceedings against those involved in such irregularities and the Committee be apprised thereof.

[Recommendation No. 1 of 87th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action Taken

Upon a comprehensive review, it has been found that there were certain irregularities in the transactions under scrutiny. In response to these findings, the Ministry has already undertaken punitive measures after following an exhaustive inquiry process. In light of the punitive actions already initiated by the Ministry and in the absence of necessary

evidence to support criminal charges against the concerned officials, the Ministry is of the view that pursuing criminal proceedings against the concerned officials may not be warranted.

(Y.K. Sailas Thangal)
Additional Secretary (GEM)

Vetting Comments of Audit

PAC may take a view on the Ministry's reply that criminal proceedings against the concerned officials may not be warranted in absence of necessary evidence.

Updated Action Taken reply of the Ministry

Ministry has no further comments to offer.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES

Observation/Recommendation

Revamping and strengthening of the Internal Audit Mechanism

The Committee, in their earlier reports (30th and 61st Reports (16th LS) and 112nd Report (16th LS) and 17th Report (17th LS)) have continuously emphasized on the need for a strong and robust internal audit mechanism within the Ministry of External Affairs to audit its Missions abroad. However, the Committee are extremely disappointed to note that the response of the Ministry has been very casual. In the instant cases, the Ministry found out about such irregularities after Audit highlighted them. Apart from this, the Ministry's response, which states that the internal audit set up has not brought any particular cases to the Ministry's attention is a matter of concern to the Committee. It appears from the Ministry's response that they are oblivious of the state of affairs of the Missions, given that the Audit has pointed to a widespread prevalence of such irregularities in almost all Missions. Furthermore, the deplorable state of affairs continuing in the Ministry's monitoring is revealed by the Ministry's statement that its performance evaluation and monitoring system has not discovered any systemic vulnerability in its administrative and financial controls and processes among its 206 Missions/Posts spread throughout the world. Had Audit not pointed out the irregularities, the Ministry would have remained unaware of such acts of embezzlement being carried out right openly. The Committee are of the considered view that the extant internal audit mechanism within the Ministry/ Missions needs to be urgently revamped and strengthened. The Committee while noting from the reply of the Ministry that Internal Audit of the Monthly Cash Accounts of Indian Missions/Posts abroad are carried out by the Office of Pr. Chief Controller of Accounts, MEA as per approved Annual Audit Plan desire that the mandate/ terms of reference of internal audit be extended to include transaction and compliance audit and specific timelines for taking action on the observations of internal audit may also be prescribed.

[Recommendation No. 3 of 87th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action Taken

The Office of the Principal Controller of Accounts in the Ministry has been instructed to conduct remote audits/test checks for all Missions, periodically, using the IMAS data/Vouchers & Notings being sent by Missions to Headquarters. The Office of the Principal Controller of Accounts has also been instructed to coordinate its audit calendar/cycle with the audits being carried out by C&AG (including its offices abroad)

in order to ensure that each Mission undergoes at least one audit (internal or C&AG) during a 3–4 year period.

(Y.K. Sailas Thangal)
Additional Secretary (GEM)

Vetting Comments of Audit

The checklists prepared for such remote audits/ test checks, the details of the remote audits conducted and the findings of such audits along with the effectiveness of the remote audits/test checks may be submitted to the PAC.

Updated Action Taken reply of the Ministry

Check lists and details for remote audits/ test checks are being compiled by the Office of the Principal Controller of Accounts, Ministry of External Affairs.

Observation/Recommendation

Measures being taken for monitoring of projects and functioning of Missions

The Committee observe that the instant cases have revealed a severe short coming in the monitoring of Missions by the Ministry. Despite the efforts of the Ministry to simplify the procedural complexity by standardization of documents/templates and detailed guidelines, the Committee are of the view that the irregularities pointed out here which reveal open subversion of rules and processes are indicative of persistent failure in Monitoring by the Ministry. The Committee note from the reply of the Ministry that a Performance Evaluation and Monitoring System - PEMS 3.0 has been rolled out for monitoring of Missions/Posts operations, results of which are made part of periodic inspections of the Missions/Posts. The Committee also note that Ministry is in process of establishing an online dashboard on boarding all major construction & renovations projects for real-time monitoring, addressing queries, challenges, taking remedial measures etc. Further, a Contract cum project management unit is also being established for aiding Missions/Posts in contract & project management. The Committee expect the Ministry to appropriately accommodate in the proposed system necessary measures for avoiding lapses such as the ones pointed out by Audit. The Committee desire that the aforesaid dashboard and project management unit may be established on priority within a strict timeframe, the impact of the measures taken may be assessed and the Committee be apprised thereof.

[Recommendation No. 4 of 87th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action taken

The setting up of a Project Management Unit in the Ministry is underway and the progress in this regard is being closely monitored. The work related to development of an online dashboard for monitoring of real estate projects is progressing smoothly and expected to be completed in the near future.

(Y.K. Sailas Thangal)
Additional Secretary (GEM)

Vetting Comments of Audit

Further progress made in setting up of Project Management Unit as well as online dashboard for real estate projects may be intimated to PAC.

Updated Action Taken reply of the Ministry

The process of setting up of Project Management Unit is progressing smoothly. Online dashboard for real estate projects is being prepared and is expected to be completed in the near future.

NEW DELHI:

22 July, 2025
31 Ashadha, 1947 (Saka)

K.C. VENUGOPAL
Chairperson,
Public Accounts Committee

**MINUTES OF THE FOURTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2025-26) HELD ON 17th JUNE, 2025 FROM 1430 HRS. ONWARDS**

The Committee met on Tuesday from 1430 hrs. to 1710 hrs. on 17th June, 2025 in Committee Room 'C', PHA, New Delhi.

PRESENT

Shri K. C. Venugopal

- Chairperson

Members

LOK SABHA

2. Dr. Nishikant Dubey
3. Shri Jagdambika Pal
4. Shri Jai Parkash
5. Shri Ravi Shankar Prasad
6. Shri Magunta Sreenivasulu Reddy
7. Shri Tejasvi Surya
8. Shri BalashowryVallabhaneni
9. Shri Dharmendra Yadav

RAJYA SABHA

10. Shri Praful Patel
11. Shri Sukhendu Sekhar Ray
12. Shri Sudhanshu Trivedi

LOK SABHA SECRETARIAT

- | | |
|----------------------------|------------------|
| 1. Shri H Ram Prakash | Joint Secretary |
| 2. Ms, Archana Pathania | Director |
| 3. Shri Alok Mani Tripathi | Deputy Secretary |
| 4. Shri Pankaj Sharma | Deputy Secretary |
| 5. Ms. Malvika Mehta | Deputy Secretary |
| 6. Dr. Faiz Ahmad | Under Secretary |

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

- | | |
|--------------------------|----------------------|
| 1. Ms. Smita S. Chaudhri | - Dy. C&AG |
| 2. Ms. Kavita Prasad | - Director General |
| 3. Ms. Reena Saha | - Director General |
| 4. Shri I. R. Inamdar | - Principal Director |

REPRESENTATIVES OF THE MINISTRY OF SCIENCE & TECHNOLOGY

DEPARTMENT OF BIOTECHNOLOGY

1. Dr. Rajesh S. Gokhale - Secretary
2. Dr. Alka Sharma - Scientist 'H'
3. Dr. Anamika Gambhir - Scientist 'G'
4. Dr. Onkar Tiwari - Scientist 'F'
5. Mr. Avtar Singh Sandhu - CCA

DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH

1. Dr. N. Kalaiselvi - DG, CSIR & Secretary
2. Shri Chetan Prakash - Financial Advisor
3. Shri Mahendra Kumar Gupta - Joint Secretary

2. At the outset, the Chairperson on behalf of the Committee expressed deep sorrow and heartfelt prayers and condolences to the victims and families of all those affected by tragic crash of UK-bound Air India Flight AI-171 in Ahmedabad on 12 June 2025 and observed two minutes silence as mark of respect.

3. Then the Chairperson welcomed the Hon'ble Members and the Officers of Comptroller and Auditor General (C&AG) to the sitting. The Committee took the first item on the agenda namely consideration and adoption of three draft Reports. The Committee considered the (i) Draft Action Taken on 87th Report (17th LS) on "Irregularities in receipt and utilisation of compensation and Grossly irregular and manipulated award and execution of work relating to the renovation of the basement at India House, London, leading to undue benefits being extended to the Contractor" and adopted with some minor changes. The Committee then considered other two draft reports on (ii) xxxx xxxx xxxx xxxx (iii) xxxx xxxx

xxxx xxxx adopted them without any modification.

4. xxxx xxxx xxxx xxxx
5. xxxx xxxx xxxx xxxx
6. xxxx xxxx xxxx xxxx
7. xxxx xxxx xxxx xxxx
8. xxxx xxxx xxxx xxxx
9. xxxx xxxx xxxx xxxx
10. xxxx xxxx xxxx xxxx

The Committee then adjourned.

A copy of the verbatim proceedings of the sitting has been kept on record.

APPENDIX – II

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC ACCOUNTS CONTAINED IN THEIR EIGHTY SEVENTH REPORT (SEVENTEENTH LOK SABHA)

- (i) **Total No of Observations/Recommendations** - **05**
- (ii) Observations/Recommendations of the Committee which have been accepted by the Government: - **Total: 02**
Percentage – 40%
Para Nos.2 and 5
- (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government: - **Total: Nil**
Percentage - 0%
-Nil-
- (iv) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration: - **Total: 01**
Percentage– 20%
Para No.1
- (v) Observations/Recommendations in respect of which Government have furnished interim replies: - **Total: 02**
Percentage –40%
Para Nos. 3 & 4