

IRREGULAR GRANT OF INCENTIVES AND ALLOWANCES

**MINISTRY OF SCIENCE & TECHNOLOGY
(DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH)**

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

THIRTY-FOURTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

T H I R T Y - F O U R T H R E P O R T

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

(EIGHTEENTH LOK SABHA)

<p>IRREGULAR GRANT OF INCENTIVES AND ALLOWANCES</p>
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**MINISTRY OF SCIENCE & TECHNOLOGY
(DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH)**



Presented to Lok Sabha on: 15.12.2025

Laid in Rajya Sabha on: 15.12.2025

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2025 /Agrahayana, 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. Dr. 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. Dr. Sudhanshu Trivedi

Secretariat

- | | | |
|--------------------------|---|-----------------------------|
| 1. Shri H. Ram Prakash | - | Joint Secretary |
| 2. Smt. Archana Pathania | - | Director |
| 3. Ms. Malvika Mehta | - | Deputy Secretary |
| 4. Ms. Khyati | - | Assistant Committee Officer |

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorized by the Committee, do present this Thirty-fourth Report (Eighteenth Lok Sabha) on “**Irregular Grant of Incentives and Allowances**” based on Para 4.1 of Comptroller and Auditor General of India (C&AG) Report No. 21 of 2022 relating to the Ministry of Science & Technology (Department of Scientific & Industrial Research).

2. The C&AG Report No. 21 of 2022 was laid on the Table of the House on 20.12.2022.

3. Public Accounts Committee (2025-26) selected the aforesaid subject for examination and took oral evidence of the representatives of Department of Scientific & Industrial Research, Ministry of Science & Technology on the subject under examination on 17th June, 2025. Based on the oral evidence and written replies, the Committee examined the subject in detail during its term 2025-26.

4. Public Accounts Committee (2025-26) considered and adopted the Draft Report on the aforementioned subject at their Sitting held on 02-12-2025. The Minutes of the Sitzings are appended to the Report.

5. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** and form Part-II of the Report.

6. The Committee would like to express their thanks to the representatives of the Ministry of Science & Technology (Department of Scientific & Industrial Research) for the cooperation extended by them in furnishing the requisite information to the Committee.

7. 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.

NEW DELHI
12 December, 2025
21 Agrahayana, 1947 (Saka)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

REPORT

Part-I

PARA 4.1 : IRREGULAR GRANT OF INCENTIVES AND ALLOWANCES

A. INTRODUCTORY

1. The Public Accounts Committee (2025-26) decided to undertake detailed examination of the subject "Irregular grant of incentives and allowances" based on Para 4.1 of Comptroller and Audit General Report No 21 of 2022 relating to the Department of Scientific & Industrial Research in Ministry of Science & Technology.
2. Audit has highlighted irregular grant of incentives viz. Special Pay, additional increments, and Professional Update Allowance to its Scientists by Council of Scientific and Industrial Research (CSIR) without obtaining the approval of the Ministry of Finance. The financial implication of the payment of irregular Professional Update Allowance alone was to the extent of ₹ 54.60 crore.
3. The Committee took oral evidence of the representatives of the Department of Scientific & Industrial Research on the aforesaid subject at their sitting held on 17th June 2025 to examine the issues in depth. On the basis of oral evidence held and written information obtained on various aspects of the subject under consideration, the Committee place the details of the examination so undertaken in the succeeding paragraphs:

B. AUDIT FINDINGS

4. The Council of Scientific and Industrial Research (CSIR) is a registered Society under the Societies Registration Act XXI of 1860 and an autonomous organization under the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. Audit has pointed out that in respect of Autonomous Institutions, the Governing Bodies may exercise powers up to the limit of powers enjoyed by the Administrative Ministry/Department concerned, except with regard to creation of posts. Further, Rule 4(2)(c) of the Transaction of Business Rules, 1961 states that unless a case is fully covered by powers to sanction expenditure conferred by any general or special orders made by the Ministry of Finance (MoF), no Department shall, without the previous concurrence of MoF, issue any orders relating to pay & allowances of Government servants or any other conditions of their service having financial implication.
5. According to Audit, CSIR granted incentives and allowances to its employees in contravention of the extant rules and orders. Proposal by CSIR for grant of incentives to the Scientists (Group IV) viz., Special Pay of ₹ 2,000 per month, two additional increments and Professional Update Allowance (PUA) of ₹ 5,000 per annum on the pattern of those approved for Defence Research and Development Organisation (DRDO) was approved by Ministry of Finance (January 2001) and then further ratified by the Governing Body of CSIR. The approval of MoF was subject, *inter-alia*, to the

condition that the additional financial implications on account of the incentive scheme would be met by CSIR from their own resources.

6. It was observed by Audit that while implementing the recommendations of the Sixth Central Pay Commission, CSIR approved (November 2008) the continuation of the above incentives to Scientists (Group IV) in the revised pay structure and enhanced the rates of Special Pay to ₹ 4,000 per month and PUA to ₹ 10,000 – 30,000 per annum. During the period from 2009-10 to 2019-20, CSIR Hqrs and its 40 laboratories incurred expenditure amounting to ₹ 54.60 crore towards payment of PUA to their Scientists (Group IV).
7. The expenditure incurred on Special Pay and grant of two additional increments was not available with CSIR Headquarters, as these were accounted under the Salary head of the respective laboratories
8. Audit noticed that CSIR approved the incentives under the revised pay structure after the Sixth Pay Commission recommendations (2008) based on similar orders issued by DRDO for their Scientists. However, DRDO along with the Departments of Space and Atomic Energy had specifically sought the approval of MoF for continuation of these incentives and MoF had granted the same only to these three Departments. CSIR adopted these incentives under the revised pay structure without obtaining the approval of MoF, which was in contravention of the extant rules, thereby resulting in irregular grant of incentives. No further revision was done after implementation of the recommendations of the Seventh Central Pay Commission.
9. Audit further found that the expenditure incurred by CSIR towards these incentives were not met out of the own resources of CSIR but were charged to grants-in-aid received from the Government.
10. In light of audit findings, CSIR submitted the following in their background note to the Committee:

“The audit observed that the Council of Scientific and Industrial Research (CSIR) approved incentives and allowances viz. Special Pay of Rs.2,000/- P.M., Two Additional Increments and Professional Update Allowance (PUA) of Rs. 5000/- per Annum for its scientists under the revised pay structure (6th CPC) without obtaining the necessary approval from the Ministry of Finance (MoF). The incentives were originally approved by MoF for the Defense Research and Development Organization (DRDO) and the Departments of Space and Atomic Energy, but not for CSIR. As a result, the grant of incentives by CSIR has been considered irregular. Additionally, CSIR incurred expenses for these incentives using grants-in-aid received from the government, rather than from its own resources.

a. Introduction of CSIR:

The Council of Scientific and Industrial Research (CSIR) is a registered Society under the Societies Registration Act XXI of 1860 and an autonomous organization under the Department of Scientific and Industrial Research, Ministry of Science and

Technology, Government of India. It is governed by its own Memorandum of Association and Rules and Regulations and Bye-Laws.

As per Rule- 29 of the Rules S Regulations and Bye- Laws, the affairs of the CSIR Society shall be administered, directed and controlled, subject to rules and regulations and bye laws and order of the Society, by a Governing Body (GB). The Governing Body of CSIR is the highest decision-making body responsible for overseeing the policies, strategies, and overall functioning of the organization. The Director- General is the ex- officio Chairman of the Governing Body. Secretary to the Government of India for financial matters concerning CSIR is ex- officio member (member finance) of the Governing Body.

The Hon'ble Prime Minister of India is the ex-officio President of the CSIR Society and the Minister-in-charge of the Ministry or Department dealing with the CSIR is the ex- officio Vice-President of CSIR. The Director General, CSIR is also the Secretary of the Department of Scientific and Industrial Research (DSIR).

b. Implementation of Incentive Schemes for CSIR Scientists:

CSIR submitted a proposal (vide CSIR UO No.17(68)/97-PPS) on 16.01.2001 to the Ministry of Finance(MoF), Department of Expenditure (DoE), for a revised pay structure and career progression scheme for CSIR S&T personnel.

In response to the above proposal, the Ministry of Finance (MoF), with the approval of the Hon'ble Finance Minister, conveyed through their UO Note No. 6(22)-EIII(B)/99 dated 23.01.2001, granting incentives to the scientists in CSIR. The approved incentives included a Special Pay of Rs. 2,000/- per month, Two Additional Increments, and a Professional Update Allowance (PUA) of Rs. 5,000/- per annum, following the pattern approved for DRDO. Additionally, CSIR's proposal for the revised pay structure and Career Progression Scheme for Scientists (Group-IV) was approved by the Ministry of Finance with certain conditions:

The proposal will be implemented from 01.01.2001.

Matching savings for the upgraded posts will be provided by the CSIR to the satisfaction of the FA.

CSIR will modify their recruitment and assessment pattern/criteria totally on the lines of the pattern following by the DRDO.

The additional financial implications on account of the incentive scheme will be met by the CSIR from their own resources.

Accordingly, the 150th CSIR Governing Body (held on 15th February 2001) accorded its approval for the implementation of above incentives for CSIR scientists w.e.f 01.01.2001. (Ref: CSIR letter No.2(RR-IV)/2001-R&A dated 07.12.2001).

c. Continuation of Incentives for Scientists during the 6th CPC:

During the implementation of the 6th Central Pay Commission (CPC), the Ministry of Defence, Government of India, issued a communication [No.DHRD/85101/INCENTIVES/VI-CPC/C/P/01/3578/2008/D(R&D)] on 10th October, 2008 to the Director General Research & Development of the Defence Research & Development Organization (DRDO). This communication conveyed incentives to the scientists of DRDO, including a Special Pay of Rs. 4000/-, two additional increments (without D.A), and Professional Update Allowance. Subsequently, on the pattern of this communication, CSIR adopted a similar approach and notified the above revision vide its letter No. 5-1(3)/2008-PD dated 21st November, 2008. This notification was further ratified by the Governing Body in its 174th meeting held on 11th August 2009.

d. Status of Incentives for CSIR Scientists during the 7th CPC:

With the implementation of the 7th CPC, the concept of Special Pay has been abolished. Accordingly, CSIR has dispensed with Special Pay to its Scientists w.e.f. 01.07.2017.

The proposal for the revision of rates after 7th CPC for Two additional increments and Professional Update Allowance (PUA) on the pattern of DRDO is currently under discussion and correspondence with the Ministry of Finance (MoF). A comprehensive Note seeking the approval of Ministry of Finance has been sent to MoF vide its No. 5-1(502)/2017-PD dated 9th December 2024.

Department's stand on the Audit Para:

The Audit Report highlights that post 6th CPC, rates of these incentives were revised without the proper approval from the Ministry of Finance (MoF) for CSIR scientists. Additionally, there is an issue regarding the expenditure for these incentives being charged to grants-in-aid instead of utilizing CSIR's own resources.

In this regard, it is important to note that the decisions pertaining to these incentives and allowances, including Special Pay, two additional increments, and Professional Update Allowance, were indeed approved by both the Ministry of Finance and the CSIR Governing Body. Further, the CSIR Governing Body comprises esteemed members, including the Member Finance, who is the Secretary to the Government of India responsible for financial matters concerning CSIR.

The draft minutes of the Governing Body meeting, containing these decisions, undergo a comprehensive review process, involving the Secretary of the Department of Expenditure as Member Finance, to ensure their accuracy and appropriateness. Subsequently, the final minutes are submitted for the approval of the President of CSIR, who holds the distinguished position of the Hon'ble Prime Minister of India.

Furthermore, it is worth mentioning that CSIR took all required measures to fulfill the conditions set by the Ministry of Finance, including obtaining approval from the

CSIR Governing Body, establishing a committee to formulate revised recruitment and assessment rules, and implementing the approved rules from 01.01.2001.

In this regard, attention is drawn to Bye-Law 11 of the Rules & Regulations and Bye-Laws of CSIR, whereby the CSIR Governing Body is vested with the authority to formulate the Recruitment & Promotion policies, including assessment and merit promotion, for all categories of staff within the organization. Furthermore, Rule 14 empowers CSIR to determine the pay scales for its council employees, ensuring that they do not exceed the scales prescribed by the Government of India for comparable personnel, except in the case of specialists.

In view of above, during the implementation of the 6th CPC, CSIR revised the rates of these incentives in line with the rates of DRDO scientists, as approved or suggested by the Ministry of Finance. The approval for these revised rates was obtained from the highest decision-making body in CSIR, the CSIR Governing Body. Subsequently, with the implementation of the 7th CPC, CSIR discontinued the provision of Special Pay for its scientists. Currently, the proposal for revising the rates of two additional increments and Professional Update Allowance on the pattern of DRDO is under correspondence with the Ministry of Finance.

Further, it is pertinent to state that DoE vide ID Note No. 1(20)/EV/2017 dated 17.08.2023 had agreed to the proposal of CSIR submitted vide ID Note 5-1(308)/2015-PD dated 21.03.2023 for counting of Special Pay of Rs. 2000/- before 2006 and Rs. 4000/- after 2006 for the purpose of pensionary benefits to all the eligible retired Scientists of CSIR. Hence the Payment of special pay to the scientist during the period of 6th pay commission was in consonance with extent rules on the subject.

Regarding the second observation it is stated that- CSIR did not maintain a specific and separate account to monitor the additional financial burden arising from the implementation of these incentives and allowances to the CSIR Scientists. Instead, these expenses were considered as a part of the Pay and Allowances. It is worth noting that the expenditure on the Pay and Allowances was covered by the Grant-in-Aid (GIA) received from the Government of India. The shortfall of the Government grant on these accounts were supplemented by the internal resources of CSIR. The attached details provide an overview of the deployment of internal resources by the CSIR over the past 10 years. Therefore, it is evident that although no separate account was maintained for these incentives and the entire salary component (including these incentives) was not fully charged to the Grant-in-Aid, CSIR consistently utilized its internal resources to bridge the gaps or shortages, even though it may not have been fully proportional to the increased liability.

In view of above submissions, it may kindly be appreciated that the evidence presented indicates that CSIR has consistently demonstrated its commitment to implementing incentives for its Scientists in strict compliance with the prescribed guidelines and approvals from the relevant authorities, including the Ministry of

Finance, the Government of India, and the CSIR Governing Body and also meeting the expenses from internal resources substantially.”

11. For detailed examination, the Committee also sought the comments of the Department of Expenditure in relation to the Audit Para which have been detailed below:

“The comments of this Department are as under: -

i. The provision of two additional increments and Special Pay in respect of Scientists of Department of Atomic Energy, Department of Space and Defence Research and Development Organization (DRDO) was introduced with the approval of Cabinet w.e.f. 01.01.1996. Further, Professional Update Allowance was also introduced in these three departments with the approval of Cabinet w.e.f. 01.04.1999.

ii. Department of Expenditure, vide its I.D. Note dated 23.01.2001 extended three incentives namely (a) Two additional increments, (b) Special pay and (c) Professional Update Allowance to the Scientists of Council of Scientific and Industrial Research (CSIR) w.e.f. 01.01.2001 on the pattern of DRDO subject to the condition that additional financial implications on account of the incentive schemes shall be made by the CSIR from their own resources.

iii. The decision of the Government regarding implementation of the recommendations of the 6th CPC was notified vide Resolution No. 1/1/2008-HC dated 29.08.2008. Para 11 of the said Resolution envisages that "The Government has accepted the suggestions from the Departments of Space and Atomic Energy and Defence Research and Development Organization (DRDO) for granting variable increments to really deserving Scientists at the time of promotions. Details will be worked out in consultation with Ministry of Finance. The Government has also decided to continue the existing system of grant of Rs.2000 Special Pay to Scientist G on promotion and doubling of the amount of Rs.4000 per month in Department of Space and Atomic Energy and DRDO and the continuation of the existing practice of grant of two additional increments to Scientist from Level C to F in these Departments".

iv. It is stated that the above recommendations of the 6th CPC were not applicable to the Scientists of CSIR. However, it has been noticed that CSIR vide I.D. Note No. 51(502)2017-PD dated 08.04.2022 revised the amount of aforesaid incentive schemes to their Scientists in line with the Scientists of DRDO during the 6th CPC, without the approval of Department of Expenditure.

v. CSIR, vide its I.D. Note No. 5-1(502)2017-PD dated 08.04.2022 had submitted a proposal relating to (a) treating two additional increments as pay for payment of DA, HRA, pension and pensionary benefits w.e.f. 01.01.2001 and (b) revision of Professional Update Allowance (7th CPC regime w.e.f. 01.07.2017), to

DoE for its approval on the lines of proposal of DRDO, which is under examination in this department.

vi. The above proposal of CSIR was examined and some additional information/clarifications were sought vide this Department's I.D. dated 11.08.2022. The CSIR has provided the information clarification vide I.D. Note No. 5-1(502)/2017-PD dated 09.12.2024 and the same is under examination in this Department."

C. CSIR'S STRUCTURE AND GOVERNANCE

12. The Committee desired to know the details on the decision-making process within CSIR, including the role of the Governing Body and the involvement of the Member Finance (the Secretary-Expenditure), to which CSIR submitted as follows:

"CSIR is an autonomous organization wholly owned and controlled by the Govt. of India established through a Resolution of the Central Legislative Assembly in 1942, registered under the Registration of Societies Act XXI of 1860; and placed under the Department of Scientific & industrial Research (DSIR), Ministry of Science & Technology, Govt. of India.

CSIR has a dynamic network of 37 national laboratories, 39 outreach centers and 5 units and it follows rules / regulations and such other instructions / orders framed and issued by the Govt. of India from time to time, such as CCS (Pay) Rules, FR & SR, CCS Pension Rules etc. to the extent applicable to its employees as per provision made in its Bye-laws.

The Hon'ble Prime Minister of India is the ex-officio President of the CSIR Society and the Minister-in-charge of the Ministry or Department dealing with the CSIR is the ex-officio Vice-President of CSIR.

As per Rule- 29 of the Rules & Regulations and Bye- Laws of CSIR, the affairs of the CSIR Society shall be administered, directed and controlled, subject to rules and regulations and Bye- laws and order of the Society, by a Governing Body (GB). The Director- General is the ex- officio Chairman of the Governing Body.

Role of the Governing Body:

The Governing Body is central to the administration, direction, and control of the CSIR's affairs and funds, operating under the Society's rules, regulations, bye-laws, and orders.

Its functions and powers in decision-making include:

Overall Administration and Control: The Governing Body is entrusted with the actual administration of the Council's affairs and funds. It has the authority to

exercise all the powers of the Society, subject to financial limitations imposed by the Government of India.

Membership: The Governing Body of the Society for the purpose of Act XXI of 1860 shall comprise of the following members:

- (i) The Director-General who shall be the ex-officio Chairman.
- (ii) Member Finance (Secretary to the Government of India for financial matters concerning CSIR) ex-officio.
- (iii) Directors of two National Laboratories.
- (iv) Two eminent Industrialists, one of whom shall be from the public Sector.
- (v) Three eminent Scientists/Technologists, one of whom shall be from Academia.
- (vi) Heads of two Scientific Departments/Agencies of the Government of India.

Members at (iii) to (vi) shall be nominated by the President of the Society. Term of nominated members shall be three years. The Director-General may, if required, nominate a Secretary to the Governing Body. (Rule- 29 of the Rules & Regulations and Bye- Laws of CSIR).

Decision-Making Process as per Rules & Regulations and Bye- Laws of CSIR

Rule 34 - Every meeting of the Governing Body shall be presided over by the Chairman of the Governing Body and in his absence by a member chosen by the meeting to preside for the occasion.

Rule 35 - Not less than four members of the Governing Body present in person shall constitute a quorum at any meeting of the Governing Body.

Rule 36 - Not less than fifteen clear days notice of every meeting of the Governing Body shall be given to each member of the Governing Body who shall for the time being be in India.

Rule 37 - The Governing Body shall meet as often as may be considered necessary but not less than four times in a financial year.

Rule 38 - The Chairman of the Governing body may himself call, or by a requisition in writing signed by him may require an officer of the Society to call a meeting of the Governing Body at any time.

Rule 39 - Each member of the Governing Body including the Chairman shall have one vote. All matters at the Governing Body meeting shall be decided by the majority view. If there will be an equality of votes on any question to be decided by the Governing Body, the Chairman shall in addition have a casting vote. Where there is a difference of opinion between the Director General and the Governing Body, and where the Director General wishes to over-rule the Governing Body, the

decision shall be referred for concurrence/decision of the Vice-President within fifteen days from the date of meeting of the Governing Body.

The Member Finance shall have the right to ask that any financial matter beyond the delegated powers of Director General with which he does not agree be referred to the Vice-President and the Minister of Finance.

Rule 40 - Any business which it may be necessary for the Governing Body to perform except, matters relating to annual report and accounts of the Society, may be carried out by circulation amongst all its members and any resolution so circulated and approved by a majority of the members signing shall be as effectual and binding as if such resolution had been passed at a meeting of the Governing Body provided that at least four members of the Governing Body have recorded their views on the resolution.

Rule 41 - The President may review/amend/vary any of the decisions of the Governing Body and pass such orders as considered necessary to be communicated to the Chairman of the Governing Body within a month of the decision of the Governing Body and such order shall be binding on the Governing Body. The Chairman may also refer any question which in his opinion is of sufficient importance to justify such a reference for decision of the President, which shall be binding on the Governing Body.

Functions & Powers of the Governing Body

Rule 42 - It shall be the function of the Governing Body generally to carry out the object of the Society as set forth in the Memorandum of Association.

Rule 43 - The Governing Body shall administer, direct and control the affairs and funds of the Society and shall have authority to exercise all the powers of the Society subject nevertheless in respect of expenditure to such limitations as the Government of India may from time to time impose.

Rule 44 - The Governing Body may delegate powers to Director-General, Directors/Heads of National Laboratory, Management Councils, Controllers of Administration, Project Leaders in the Laboratory and such other officers of the Society as may be necessary for their efficient functioning.

Rule 45 - The Governing Body shall have powers, with the sanction of the Government of India, to frame, amend or repeal bye-laws not inconsistent with these rules for the administration and management of the affairs of the Society.

Rule 46 - The Governing Body shall have the power to enter into arrangements with the Government of India, State Government and other public or private organizations or individuals for securing and accepting endowments, grants-in-aid, donations or gifts to the Society on mutually agreed terms and conditions provided that the conditions of such grant-in-aid, donations or gifts, if any, shall not be

inconsistent or in conflict with the nature or objects of the society or with the provisions of these rules.

Rule 47 - The Governing Body shall have the power to take over and acquire by purchase, gift or otherwise, from Government and other public bodies or private individuals willing to transfer the same, libraries, laboratories, museums, collections, immovable properties, endowments or other funds together with any attendant obligations and engagements not in consistent with the object stated in the Memorandum of Association and the provision of these rules.

Rule 48 - The Governing Body may by resolution appoint Committees, Sub-Committees, Advisory Board and Panel of Experts for such purposes and with such powers as the Governing Body may think proper.

Role of the Member Finance

In pursuance of DoE vide OM No. 8(4)E-Coord./84 dated 15.10.1984, Governing Body consists of a Member Finance as detailed below-

Rule 55 - There shall be Member Finance on the Governing Body nominated by the Ministry of Finance, Government of India. Matters having financial implications which fall beyond the powers of the Director General shall be referred to Member Finance for advice.

Rule 56 - There shall be a Financial Adviser, who will be responsible for rendering financial advice to the Director General including preparation of budget of the Society, Maintenance of Accounts and Internal Audit. Director General shall have the powers to overrule his advice by recording reasons therefor. A report of all cases shall be sent to the Governing Body for information.

In addition to the above, Bye-Laws of CSIR stipulate the following:

Bye-law 3 - The Governing Body, CSIR may delegate powers to Director-General, CSIR, as are considered necessary, in addition to those exercised by a Secretary to the Government of India. The Director-General may subject to such restrictions as are contained in the Delegation of Financial Power Rules of Government of India, delegate his powers to the Directors of National Laboratories, Controllers of Administration, Project Leaders, Bench level Scientists and other officers of the Society for the purpose of functional autonomy.

Bye-law 11 - Recruitment & Promotion, including assessment and merit promotion, in respect of all categories of staff of the Society shall be regulated in accordance with the detailed schemes formulated by Governing Body, CSIR in this behalf."

D. CSIR's FUNDING AND EXPENDITURE

13. The Committee desired to know the sources of Funds for CSIR and how much of the CSIR's expenditure is covered by Grants of Central Government. CSIR submitted the following reply:

“ Sources of funds of CSIR are:

- a. Govt. Grant
- b. Lab Reserve Fund (R&D Receipts)
- c. Misc. Receipts (Non-R&D Receipts)

Quantum of CSIR's expenditure covered by Grant of Central govt.

Rs in cr.

Financial Year	Exp. Out of Internal Resources			Expenditure out of Govt Grant	Total Exp. Govt. Grant + Internal Resources	%age of exp covered by Govt Grant of the Total Exp.
	Exp. out of LRF	Exp. out of Misc. Repts.	Total Exp out of Internal Resources			
1	2	3	4=2+3	5	6=4+5	7
2020-21	504.59	42.50	547.09	4101.22	4648.31	88.23%
2021-22	110.00	59.90	169.90	5174.34	5344.24	96.82%
2022-23	102.98	13.60	116.58	5808.59	5925.17	98.03%
2023-24	75.72	0.06	75.78	6107.07	6182.85	98.77%
2024-25	304.79	0.14	304.93	6226.04	6530.97	95.33%

14. The Committee further enquired regarding sources of CSIR's internal resources (e.g. patent royalties, consultancy fees, CSR funds) and specific allocation of these to cover the shortfall in government grants for incentives, to which CSIR responded as follows:

A. “Sources of Internal Resources of CSIR are

- i. Lab Reserve Fund (R&D Receipts) with the following sub-heads:

a) ROYALTY & PREMIA
b) CONSULTANCY FEES
c) SPONSORD PROJECT FEE
d) OVERHEAD CHARGES
e) NON-REFUNDABLE BALANCE OF CLOSED PROJECT/JOB WORK
f) JOB WORK
g) TESTING & ANALYTICAL CHARGES
h) COMPUTER CHARGES

i) OTHER TECHNICAL SERVICES
j) USE OF LAB. INFRASTRUCTURE FOR SPONS./CONSULT PROJ.
k) INTEREST ON INVESTMENT OF LABORATORY RESERVE
l) INTEREST ON INVESTMENT OF SPONS/CONSULT PROJ. FUNDS
m) (i) NET EARNINGS FROM MAJOR FACILITIES (PILOT PLANT)
m) (ii) NET EARNINGS FROM MAJOR FACILITIES (C-MMACS)
m) (iii) NET EARNINGS FROM MAJOR FACILITIES (N.T.A.F.)
n). TRANSFER FROM LRF TO HEADQUARTERS RESERVE (5 % OF LAB RESERVE GENERATED DURING PREVIOUS YEAR)

ii. Misc. Receipts (Non-R&D Receipts) with the following sub-heads:

a) DONATIONS
b)CONTRIBUTIONS
c) SALES PROCEEDS
d) LICENSE FEE
e) INTEREST ON INVESTMENTS
f) INTEREST FROM LOANS & ADVANCES
g) OTHER MISCELLANEOUS RECEIPTS
h) RECOVERY OF ADVANCES FROM EMPLOYEES

Internal resources are regularly deployed by CSIR, as may be seen from the table below: -

Financial Year	Exp. Out of Internal Resources (Rs. in cr)		
	Exp. out of LRF	Exp. out of Misc. Rects.	Total Exp out of Internal Resources
1	2	3	4=2+3
2020-21	504.59	42.50	547.09
2021-22	110.00	59.90	169.90

2022-23	102.98	13.60	116.58
2023-24	75.72	0.06	75.78
2024-25	304.79	0.14	304.93

15. The Committee desired to be apprised of details of revenue generated by CSIR over the last decade and of the breakdown of the budgetary allocations (in number & percentage wise) under different heads. CSIR submitted as under: -

“The details of the revenue generated by CSIR over the last decade (2015-16 to 2024-25) may be seen in the following table:

(Rs. In Cr.)

SI No.	Year	Lab Reserve Funds	Misc. Receipts	TOTAL
		1	2	3=(1+2)
1	2015-16	262.72	149.21	411.93
2	2016-17	224.06	146.90	370.96
3	2017-18	302.54	189.86	492.40
4	2018-19	392.51	153.21	545.72
5	2019-20	712.27	182.58	894.85
6	2020-21	453.93	137.97	591.90
7	2021-22	337.00	140.71	477.71
8	2022-23	382.21	152.72	534.93
9	2023-24	767.17	204.60	971.77
10	2024-25	681.54	217.44	898.98
TOTAL		4515.95	1675.20	6191.15

In addition to the above, CSIR also undertakes Contract R&D projects from external agencies. The receipts from such contract R&D Projects during the last ten years are as under: -

(Rs. in Cr.)

Sl No.	Year	Receipts
1	2015-16	557.78
2	2016-17	727.30
3	2017-18	965.74
4	2018-19	1308.49
5	2019-20	1820.06
6	2020-21	1599.46
7	2021-22	1639.67
8	2022-23	1681.70
9	2023-24	1262.87
10	2024-25	1161.85
	TOTAL	12724.92

Note: Only a portion of the above receipts is credited to Lab Reserve Funds (LRF). The details of LRF generation are already given on previous table.

Breakdown of the budgetary allocation (RE) of CSIR over the last decade (2015-16 to 2024-25) is given in the following table:

(Rs. in Cr.)

	2015-16		2016-17		2017-18		2018-19		2019-20	
National Labs	Amount	%age	Amount	%age	Amount	%age	Amount	%age	Amount	%age
GIA General	1723.04	43.20	1918.06	47.80	2355.22	51.40	2249.50	49.75	2411.21	49.91
GIA Capital	796.50	19.97	625.00	15.57	560.00	12.22	550.00	12.16	575.00	11.90
GIA Salaries	1173.60	29.43	1170.00	29.15	1441.90	31.47	1471.78	32.55	1545.37	31.98
Total: National Labs	3693.14	92.60	3713.06	92.52	4357.12	95.09	4271.28	94.46	4531.58	93.79

Capacity Building & HRD (Res Scheme)	295.00	7.40	300.00	7.48	225.00	4.91	250.00	5.53	300.00	6.21
Grand Total	3988.14	100.00	4013.06	100.00	4582.12	100.00	4521.28	100.00	4831.58	100.00

	2020-21		2021-22		2022-23		2023-24		2024-25	
National Labs	Amount	%age	Amount	%age	Amount	%age	Amount	%age	Amount	%age
GIA General	1858.40	44.16	2693.22	51.46	2976.10	50.66	3101.51	50.50	3173.79	50.35
GIA Capital	300.00	7.13	425.00	8.12	595.00	10.13	750.00	12.21	750.00	11.90
GIA Salaries	1650.00	39.21	1640.50	31.34	1738.93	29.60	1860.00	30.29	1953.45	30.99
Total: National Labs	3808.40	90.50	4758.72	90.92	5310.03	90.39	5711.51	93.00	5877.24	93.24
Capacity Building & HRD (Res Scheme)	400.00	9.50	475.00	9.08	564.06	9.60	430.00	7.00	426.21	6.76
Grand Total	4208.40	100.00	5233.72	100.00	5874.09	100.00	6141.51	100.00	6303.45	100.00

16. The Committee desired to know allocation of the Budget received by the Department (CSIR) which goes towards payment of pensions, salaries and administrative costs and what is available for research and development, to which CSIR provided following reply:

“The details of percentage of budget, received from Govt. of India, deployed towards payment of pensions, salaries, administrative costs, scholarship/Research Scheme and R&D over the last decade (2015-16 to 2024-25) may be seen in the table given below:

Component	2015-16	%age	2016-17	%age	2017-18	%age	2018-19	%age	2019-20	%age
Salaries	1169.57	30.12	1170.00	29.21	1441.90	30.50	1470.25	32.75	1544.84	32.41
Pension	754.62	19.43	853.13	21.30	1568.08	33.17	1355.26	30.19	1392.45	29.21

Admin. Costs	350.88	9.04	404.71	10.10	453.03	9.58	451.05	10.05	498.77	10.46
Scholarship/Res. Scheme	287.75	7.41	256.53	6.40	283.96	6.01	243.82	5.43	306.18	6.42
R&D Exp.	1320.03	34.00	1321.42	32.99	980.04	20.73	968.65	21.58	1024.91	21.50
Total	*3882.85	100.00	*4005.79	100.00	*4727.01	100.00	*4489.03	100.00	*4767.15	100.00

Component	2020-21	%age	2021-22	%age	2022-23	%age	2023-24	%age	2024-25	%age
Salaries	1550.87	36.85	1630.65	31.51	1743.41	30.01	1840.67	30.14	1920.99	30.85
Pension	1436.18	34.13	1599.95	30.92	1724.60	29.69	1830.87	29.98	1975.12	31.72
Admin. Costs	305.64	7.26	468.82	9.06	576.77	9.93	621.44	10.18	581.29	9.34
Scholarship/Res. Scheme	400.00	9.50	474.95	9.18	513.37	8.84	417.00	6.83	381.25	6.12
R&D Exp.	515.87	12.26	999.97	19.33	1250.45	21.53	1397.09	22.88	1367.38	21.96
Total	*4208.56	100.00	5174.34	100.00	5808.60	100.00	6107.07	100.00	6226.03	100.00

*Includes expenditure of unspent grant of previous year carried forward.

Note:

- i. Administrative costs include expenditure under the following budget heads- Contingency (P-04), Maintenance (P-06), HRD (P-05), Guest House (P-80805), Staff quarter maintenance (P-701) and Staff quarter capital (P-702)
- ii. R&D expenditure includes all expenditure other than salaries, pension, Admin. Costs and Scholarship/Res. Scheme.”

17. CSIR provided to the Committee following assessment of the Budget utilized for Research and Development from the internal resources vis-à-vis the government grants and its comparison with the expenditure done on establishment, salaries and incentives:

“The year wise detail of expenditure from Internal Resources on R&D expenditure, Scholarship/Res. Scheme and expenditure on Establishment, Salaries and Incentives is as under:-

(` in Crore)										
Component	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
R&D Exp.	25.96	34.42	27.49	45.60	53.38	415.32	94.10	80.19	48.18	229.89
Scholarship/Res. Scheme	0.00	0.00	0.31	0.00	116.07	0.00	17.75	0.00	0.00	0.00

ESTABLISHMENT (incl. Pensions), SALARIES & INCENTIVES. (Incentives include Professional Update Allowance, Two Increments and Special Pay)	242.33	235.76	174.17	54.77	86.87	129.58	58.06	36.15	27.55	74.9
Total	268.29	270.18	201.97	100.37	256.32	544.90	169.91	116.34	75.73	304.79

The year wise detail of expenditure from Govt. Grant on R&D expenditure, Scholarship/Res. Scheme and expenditure on Establishment, Salaries and Incentives is as under: -

(Rs. in Crore)

Component	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
R&D Exp.	1320.03	1321.42	980.04	968.65	1024.91	515.87	999.97	1250.45	1397.09	1367.38
Scholarship/Res. Scheme	287.75	256.53	283.96	243.82	306.18	400.00	474.95	513.37	417.00	381.25
ESTABLISHMENT (incl. Pensions), SALARIES & INCENTIVES. (Incentives include Professional Update Allowance, Two Increments and Special Pay)	2275.07	2427.84	3463.01	3276.56	3436.06	3292.69	3699.42	4044.78	4292.98	4477.4
Total	*3882.85	*4005.79	*4727.01	*4489.03	*4767.15	*4208.56	5174.34	5808.60	6107.07	6226.03

*Includes expenditure of unspent grant of previous year carried forward.

It may be seen that CSIR is deploying substantial amount from its Internal Resources on R&D expenditure as well as on Establishment and Salaries on a regular basis.”

E. MINISTRY OF FINANCE'S 2001 APPROVAL FOR INCENTIVES

- The Committee find that CSIR sought approval of Ministry of Finance in January 2001 for grant of incentives to Scientists which it received subject to certain conditions which it did not fulfill completely. The Committee desired to know from CSIR regarding the

specific measures taken by CSIR to fulfill the other conditions set by MoF and enquired from CSIR whether they subsequently informed the Ministry of Finance about their inability to fulfill the conditions and if they sought prior approval of Ministry of Finance post 6th CPC to revise the rates of incentives. CSIR replied to the queries as follows:

“Finance Ministry vide their UO Note No. 6(22)-E.UIII(B)/99 dated 23.01.2001 had approved the following incentives to the Scientists (Group IV) of CSIR. These incentives were issued by MoF with the approval of Hon’ble Finance Minister:

1. Two additional increments to Scientists in the pay scale of Rs. 10,000-15,200, 12,000-16,500, 14,300- 18,300 and 16,400- 20,000 i.e. Group IV (2), Group IV (3), Group IV(4), and Group IV(5) on the pattern of DRDO.
2. Grant of Special Pay of Rs. 2,000/- per mensem to scientists Group IV in the pay scale of Rs. 18,400-22400 i.e. Group IV (6) on the pattern of DRDO.
3. Professional Update Allowance of Rs. 5000/- per annum to all Scientists in Group IV on the pattern of DRDO.
4. Regarding upgradation of 10 % posts of Scientists G/H (Rs. 18400-22400) to the scale of Rs. 22400-24500 (Additional Secretary level) which would be worked out on the basis of incumbents in position as on 31.12.2000.

It was also indicated in the note that the above listed incentives were however subject to the following conditions; -

- a) The proposal will be implemented from 1.1.2001.
- b) Matching savings for the upgraded posts will be provided by the CSIR to the satisfaction of the FA.
- c) CSIR will modify their recruitment and assessment pattern/criteria totally on the lines of the pattern followed by the DRDO.
- d) The additional financial implications on account of the incentive scheme will be met by CSIR from their own resource.

Regarding matching savings, it is seen that approval granted was for upgradation of only 27 posts (as 10% of the posts of Scientist G) to level 15. Subsequently, D.O. letter no. 17/68/97-PPS/1936 dated 18.12.2003 was sent to DoE by DG CSIR requesting for allowing upgradation of another 11 posts of Scientist G. It was with reference to this second proposal of upgradation of 11 posts that the then FA in her DO letter (D.O. letter no. FA/CSIRD/2004 dated 30.01.2004) remarked that the proposal would not entail substantial impact on the CSIR budget indicating the details of internal resources deployed by CSIR to augment the budget requirements of CSIR including additional expenditure incurred on these incentives. However, the fact as ascertained, remains that thus it does not appear that exercise regarding providing matching savings was carried out separately.

Regarding modification in Recruitment & Assessment pattern totally in line with that of DRDO, it is seen that although an exercise was undertaken for the same, the RRs finally approved were not totally on the lines of DRDO.

Regarding, meeting the additional financial implications from the internal resources, it is seen that the OM dated 07.12.2001, issued for implementation of the grant of professional update allowance indicated that for the additional budgetary allocations and accounting procedure for payment of the arrears etc., a separate communication was being issued by Finance. It is submitted that records do not show if any action was taken further as no such order from finance side could be located. However, it is also a fact the CSIR has been regularly deploying internal resource to augment the grant received from the Government. The only issue is that the deployment of such internal resources is not specifically against the heads for professional update allowances / additional increment. The DO letter dated 30.01.2004 (referred earlier) from FA also had an enclosure indicating the total internal resources deployed by CSIR.

In this regard, attention is invited to DG, CSIR's D.O. letter no. 17/68/97-PPS/1936 dated 18.12.2003, vide which CSIR informed MoF about steps being taken for bringing about changes in the Recruitment and Assessment pattern of CSIR. The letter, however, did not indicate that the Recruitment and Assessment Pattern approved for CSIR was in deviation of or in alignment with DRDO pattern. It was further indicated in the said letter that the CSIR had also implemented the other directives of MoF fully.

Whether CSIR had informed the Ministry of Finance about their inability to fulfill the conditions?

In view of the fact that CSIR, at that time, believed in good faith, that it had implemented the conditions fully, there did not arise an occasion requiring CSIR to inform the MoF about its inability to fulfil the condition.

Whether CSIR sought prior approval of Ministry of Finance post 6th CPC to revise the rates of incentives?

In reference to above, it is submitted that no explicit approval of MoF was taken by CSIR."

19. CSIR in its written reply to aforementioned question, referenced D.O. letter no. 17/68/97-PPS/1936 dated 18.12.2003 and CSIR UO No 17/68/97 dated December 2003. The para 2 of the UO note of CSIR to MoF sent in 2003 has been reproduced below:

"CSIR took up the implementation of the MoF directives in real earnest in letter and spirit. A Committee was set-up under Dr. S. K. Joshi, formerly Chairman, Defence Services Recruitment Board (DSRB) to devise the Recruitment and Assessment Rules for CSIR Scientists (Group IV) on the pattern of DRDO scheme. The recommendations of the Committee on a new set of rules,

procedures and structure for recruitment and assessment were placed to the Governing Body of CSIR, where Secretary Expenditure is a member. In accordance with the approval of Governing Body, a centralized Recruitment & Assessment Board (RAB) on the lines of DRDO has been set up with effect from June 2002. In order to closely align the operational system on the lines of DRDO and to reduce the 'learning time', Dr. S. K. Joshi was appointed as the first Chairperson of the RAB, with the approval of Minister, S&T and the Prime Minister. CSIR has also implemented the other directives of MoF fully."

F. IRREGULARITIES POST-6TH CPC

20. The Committee wanted to know the rationale behind CSIR's decision to revise the rates of incentives (Special Pay to Rs. 4,000/- per month, Professional Update Allowance to Rs. 10,000- Rs. 30,000 per annum, and two additional increments) post-6th CPC without obtaining prior approval from Ministry of Finance. CSIR responded as follows:

"In this regard, it is submitted that CSIR was of the opinion that as per the CSIR Memorandum of Association, Rules & Regulations and Bye-laws, GB, CSIR is empowered to formulate its own rules/regulations or adopt the Govt. of India rules. In the present case, the Central Sixth Pay Commission has recommended enhancement of the rates of incentives (Special Pay to Rs. 4,000/- per month, Professional Update allowance from Rs. 10,000/- to Rs. 30,000/- per annum and two additional increments to the DRDO, DAE and DoS. DRDO has implemented incentives to its scientists). These are not suo moto applicable to CSIR. However, CSIR, with the approval of DG, CSIR as Chairman of GB, CSIR granted these incentives to CSIR Scientists on the pattern of DRDO vide CSIR letter No. 5-1(3)/2008-PD dated 21.11.2008. Subsequently, the proposal was placed before the GB, CSIR for its ratification in its meeting held on 11.08.2009.

The GB, CSIR has ratified the same. ... The meeting of the GB, CSIR was attended by Secretary (Expenditure). While considering the proposal relating to the Central Sixth Pay Commission, including grant of incentives to Scientist, Secretary (Expenditure) vide DoE Letter No. 10/1/2009-IC dated 01.10.2009 had clarified that:

'In the light of the views expressed by Secretary (Expenditure), the Governing Body of CSIR did not ratify the approval accorded by DG, CSIR for implementation of 6th CPC, to the extent that they were inconsistent with the provisions of CCS(RP) Rules, 2008 and this Department's other instructions on the matter and accordingly, the matter is to be re-examined in consultation with FA, CSIR.'

From the above, it was understood that Secretary (Expenditure) as Member Finance & Member, GB has concurred the proposal for grant of incentives to Scientists as these are not inconsistent with the recommendations of 6th CPC.

In this context, it is pertinent to mention that following proposals before the GB, CSIR were inconsistent with recommendations which were required to be re-examined in consultation with FA, CSIR –

1. Upgradation of Pay scales of Group III(1)
2. Upgradation of Pay scales of Rajbhasha staff at par with CSOLS
3. Grant of higher pay grade to Group I & Group D employees.

Subsequently, the matter relating to Sr. No.1 & 2 above were taken up with the DoE separately. The proposal regarding grant of higher grade pay to Gr. C (erstwhile Group D) were withdrawn vide taken vide CSIR letter no. 5-1(3)/2008-PD dated 02.05.2012 and in r/o Gr. I staff vide CSIR letter no. 5-1(88)/2010-PD dated 21.07.2010.

In this regard, it is also submitted that DoE vide OM No. 8(4)E-Coord./84 dated 15.10.1984 inter-alia stated –

2. With a view to ensuring that the provisions relating to the powers of the Governing Bodies in such matters having financial implications are properly exercised, Ministries/Departments are requested to take following action:-

(i) A clause may be incorporated in the relevant Rules/Bye-laws/Regulations of the autonomous bodies that proposals relating to employment structure i.e., adoption of pay scales, allowances and revision thereof and creation of posts above a specified pay level would need prior approval of the Govt. of India in consultation with the Ministry of Finance/Department of Expenditure;

(ii) In the case of larger autonomous bodies, a suitable clause may be incorporated in the relevant Rules Bye-laws/Regulations that a representative of the Ministry of Finance/Integrated Finance Division of the Ministry concerned should be nominated to the Executive Council of the Autonomous Organization. The choice of the nominee would be made in consultation with the Ministry of Finance; and

(iii) In the autonomous organizations referred to in (ii) above, a provision would also be made if the Rules/Bye-laws/Regulations that in the event of disagreement between representative of the Ministry of Finance and the Chairman of the Governing Body of the Autonomous organization on the financial matter beyond the delegated powers of the Ministry/Department of the Govt. of India the matter may be referred to the Minister of the administrative Ministry concerned and the Finance Minister for a decision.

In accordance with the above, Secretary Expenditure is the member of the GB, as per Rule 55 and has also been conferred right to refer matters having financial implications which fall beyond the powers of the Director General to Member Finance for advice.

Further, DoE vide OM No. 9(1)-E(Coord)/85 dated 16.03.1985 clarified that no reference to the Govt. would be necessary in regard to adoption of scales of pay and allowances identical to those adopted for corresponding posts as per the Central Govt. orders issued from time to time.

In view of the above, it appears that CSIR construed that Secretary Expenditure has concurred the proposal while considering in the GB meeting and there is no need to seek the approval of DoE separately.”

21. In a communication issued by CSIR to its National Labs/Institutes for the continuation of the incentives for scientists during the 6th CPC, it is mentioned that the other recommendations of the Committee will be taken up with the Ministry of Finance, Dept. of Expenditure separately for approval. The Committee enquired from CSIR regarding the other recommendations taken up for approval from Ministry of Finance and reasons for CSIR to not wait and take approval of Ministry of Finance for extending incentives. CSIR responded in their written submissions as follows:

“In this regard, it is submitted that CSIR had constituted a Committee under the chairmanship of Prof. V S Ramamurthy w.r.t. implementation of the Sixth Pay Commission recommendation in r/o Scientist Gr. IV.

The recommendations of the Committee were categorized in two parts, i.e., (Part A) the one requiring the approval of Ministry of Finance and (Part B) the one which can be implemented as per the recommendations of the Sixth CPC without any reference to Ministry of Finance, Deptt. Of Expenditure.

Part A

The recommendations of the Committee which requires approval of Ministry of Finance, Dept. of Expenditure in view of Ministry of Finance, Dept. of Expenditure OM No. 3/23/2008-EIII-(A) dated 30th September, 2008, as the committee has proposed higher pay package than the one recommended by Sixth Central Pay Commission, is reproduced below:

(i) In order to bring parity between new incumbents and existing scientists in PB-3 the existing scientists shall be given one time dispensation of 2 increments in case they possess ME/M.Tech degree and 3 increments in case they possess Ph.D. degree.

(ii) Merge the pre-revised pay scale of Rs. 14300-18300 and Rs. 16400-20000 into a single pay band, namely PB-4 in the scale of Rs. 37400-67000, with a grade pay of Rs. 8900.

(iii) Director/Outstanding Scientist shall be placed in the PB-4 with a basic pay of Rs. 63000 (to be decided by DG) with a grade pay of Rs. 12000. Existing Directors will be given 3-5 increments to avoid anomaly.

(iv) Special Pay of Rs. 4000 to Director/Outstanding Scientist (H).

In the above proposal, DG, CSIR has opined the following:

“No need to go at this moment”.

Thus, the above issues were not referred to Ministry of Finance, Dept. of Expenditure and therefore, not implemented.

Part B

Part B of the recommendations relate to the grant of replacement scales in 6th CPC to the Gr. IV Scientists and revision of the rates of incentives to Scientists as per 6th CPC on the pattern of DRDO, Department of Atomic Energy and Department of Space.

These recommendations were stipulated to be the one which can be implemented as per the recommendations of the 6th CPC without any reference to the Ministry of Finance, Department of Expenditure as it does not require any changes in the Recruitment Rules or grant of any additional remuneration/facility, other than the one recommended by the 6th CPC.

Accordingly, concurrence of FA, CSIR was obtained before implementation of the Part B vide note no. 5-1(3)/2008-PD dated 21/11/2008.

The then DG, CSIR in consultation with the then FA, CSIR approved the above recommendations of the 6th CPC in respect of Scientists Group IV which was notified vide CSIR letter No. 5-1(3)/2008-PD dated 21.11.2008. Subsequently, it was placed before the GB, CSIR in its 174th meeting held on 11.08.2009 in which GB, CSIR ratified the proposal.

Further, it is re-emphasized here that Bye-Law 11 of the Rules & Regulations and Bye-Laws of CSIR, empowers the CSIR Governing Body with the authority to formulate the Recruitment & Promotion policies, including assessment and merit promotion, for all categories of staff within the organization.

Furthermore, Bye-Law 14 empowers CSIR to determine the pay scales for its council employees, ensuring that they do not exceed the scales prescribed by the Government of India for comparable personnel, except in the case of specialists.

In addition to the above, MoF has issued Orders regarding financial powers of Autonomous Bodies - restrictions - reg vide OM No. 8(4)E-Coord./84 dated 15.10.1984. As regards clause 2(ii) of OM dated 15.10.1984, a representative of the Ministry of Finance is to be nominated to the Governing Body of CSIR, it is mentioned that such provisions are already existing in the CSIR Bye-laws even prior to the issuance of the DOE letter dated 15.10.1984.

Vide the said Order DoE, vide para 2(i), has requested to incorporate a clause that adoption of pay scales, allowances and revision thereof and creation of posts above a specified pay level would need the prior approval of GOI in consultation with MoF, DoE. However, DoE vide OM No. 9(1)-E(Coord)/85

dated 16.03.1985 has clarified that for adoption of pay scales, allowances and revision thereof no prior approval of Gol/DoE is required to be obtained by AB/CSIR which is reproduced as under: "No reference to the Govt. would be necessary in regard to adoption of scales of pay and allowances identical to those adopted for corresponding posts as per the Central Govt. orders issued from time to time."

Thereby ABs/CSIR is empowered to adopt scales of pay and allowances identical to those adopted for corresponding posts as per Central Govt. Orders issued from time to time and MoF has dispensed with the requirement of seeking prior approval of Ministry of Finance for adoption of pay scales/allowances.

From the above, it is understood that Gol with the view to provide functional autonomy to the Autonomous organization/CSIR and also to ensure financial propriety and expediency in decision making, has mandated to include Secretary Expenditure as representative of Ministry of Finance in the Governing Body so that necessary concurrence of Secretary Expenditure is obtained while taking decisions at the level of GB, CSIR.

Further, 209(6)(iv)(a) of GFR 2005 and Rule 230(12)(i) of GFR 2017 state that: "All grantee Institutions or Organizations which receive more than fifty per cent of their recurring expenditure in the form of Grants-in-aid, should ordinarily formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Central Government. In exceptional cases relaxation may be made in consultation with the Ministry of Finance."

On careful reading of the above provisions regarding delegations of powers and the action consistent with DOE instructions, Byelaws of CSIR, GFR provisions; GB, CSIR is competent to adopt scales of pay and allowances identical to those adopted for corresponding posts as per Central Govt. Orders issued from time to time.

Keeping in view of above, during the implementation of the 6th CPC, CSIR revised the rates of these incentives in accordance with the pattern established for DRDO scientists, as approved or suggested by the Ministry of Finance. The approval for these revised rates was obtained from the highest decision-making body in CSIR, the CSIR Governing Body, which consists of the Secretary Expenditure."

G. NON-COMPLIANCE WITH CONDITIONS STIPULATED BY MINISTRY OF FINANCE

22. Given the MoF's condition that additional financial implications be met from CSIR's own resources, the Committee desired to know steps taken by CSIR to ensure compliance before disbursing incentives post-6th CPC and reasons not to keep an account for the allocation of internal funds, if utilized, to cover the grant of incentives. CSIR replied as follows:

“Regarding, meeting the additional financial implications from the internal resources, it is seen that the OM dated 07.12.2001, issued for implementation of the grant of professional update allowance indicated that for the additional budgetary allocations and accounting procedure for payment of the arrears etc., a separate communication was being issued by Finance. It is submitted that records do not show if any action was taken further as no such order from finance side could be located. However, it is also a fact the CSIR has been regularly deploying internal resource to augment the grant received from the Government. The only issue is that the deployment of such internal resources is not specifically against the heads for professional update allowances / additional increment. The DO letter no. FA/CSIRD/2004 dated 30.01.2004 from FA also had an enclosure indicating the total internal resources deployed by CSIR. In addition, it is also submitted that the accounting of CSIR at that time was handled by a dated foxpro based software ‘IMPACT’ which did not have any provision for separate accounting for such heads. Furthermore, CSIR always believed that it was deploying its internal resources to cover any budgetary shortfalls, which would satisfy the condition for use of internal resources for grant of such incentives. In this regard, in case such approval is granted, the existing software would take care of that.”

	CSIR- Headwise Expenditure from Govt. Grant & Internal Resource (Rs. in Cr.)									
Financial Year	Pay & Allowances		Pension		Contingencies, Maint. & HRD		Other expenditure		Total Expenditure	
	Out of Govt. grant	Internal resource	Out of Govt. grant	Internal resource	Out of Govt. grant	Internal resource	Out of Govt. grant	Internal resource	Out of Govt. grant	Internal resource
2008-09	730.49	67.77	380.43	27.82	155.34	18.81	1140.04	88.34	2406.3	202.74
2009-10	929.96	124.54	453.55	52.31	163.38	26.06	1119.55	65.68	2666.44	268.59
2010-11	920.76	2.98	433.20	50.51	192.65	22.03	1382.73	35.38	2929.34	110.90
2011-12	960.23	25.91	449.54	91.70	204.65	30.90	1521.49	41.28	3135.91	189.79
2012-13	932.00	174.03	444.93	0.00	218.24	52.26	1314.76	249.98	2909.93	476.27
2013-14	1050.90	146.76	530.91	174.21	236.57	64.54	1280.32	126.25	3098.70	511.76
2014-15	1094.50	101.74	704.55	107.92	229.61	78.29	1306.22	37.99	3334.88	325.94
2015-16	1173.60	63.59	754.62	160.29	335.42	12.60	1724.50	31.81	3988.14	268.29
2016-17	1170.00	70.45	853.13	146.96	369.46	14.63	1620.47	38.14	4013.06	270.18
2017-18	1441.90	146.83	1568.08	11.05	422.10	15.47	1150.04	28.31	4582.12	201.66

23. The MoF approval in January 2001 was subject to conditions, including that CSIR modify its recruitment and assessment criteria totally on the lines of the pattern followed by DRDO and meet additional financial implications from its own resources. The Committee desired to know the reasons that CSIR not align its recruitment and assessment criteria with DRDO, to which CSIR responded as follows:

“The approval of the MoF, DoE UO Note dated 23.01.2001 was placed before the GB in its 150th meeting as an Agenda Item No. 6 and while approving the incentives granted to the Scientists, which was notified vide CSIR letter dated 07.12.2001, the GB has held that with the norms, recruitment procedure and the remuneration of the Scientists in CSIR being brought at par with those of DRDO, it will bring in uniformity among the research agencies and help improve the morale of the Scientists in the CSIR.

DG, CSIR had constituted a Committee under the Chairmanship of Prof. S.K. Joshi, former DG, CSIR and former Chairman, Recruitment and Assessment Centre, DRDO (1997-2000) to devise the Recruitment and Assessment Rules for Group IV Scientists of CSIR in line with the DRDO Pattern.

The Committee had taken note of the difference between DRDO and CSIR from operational point of view. CSIR Institutions operate in diverse areas of specialization in Chemical, Physical, Biological, Engineering and Information Sciences. CSIR is a dynamic and knowledge-based organization which has to deal with new knowledge to face new customers and global competition. There is a need to induct specialized talents at all levels. DRDO is a more engineering-based organization dealing with strategic mission programme. As such, the Committee has opined that recruitment procedure in CSIR System cannot be exactly same as in DRDO.

The Chairman of the Committee, who was fully familiar with working culture of both DRDO & CSIR, had also stated that "the underlying principles in the DRDO system of recruitment and promotion are of transparency, performance evaluation and attainment of minimum threshold level of performance. Thus, while keeping the DRDO principles of recruitment and assessment and the DRDO system as a template for the CSIR, we have devised a system that will suit the present and future requirements and ethos of the human resource needs of CSIR.

The GB, in its 151st meeting, attended by a representative from DoE as Member Finance, considered the report of the Dr. Joshi Committee at length especially the difference in the working of the CSIR and DRDO by Joshi Committee. Thus, GB noted that the CSIR rules conformed to the spirit of the Finance Ministry directions and the checks & balances of the DRDO system before approving the proposal for modification of Recruitment and Assessment Promotions Rules for Group IV Scientists in CSIR.

The above GB proceedings were approved by the President, CSIR and Hon'ble Prime Minister.

Further, the then DG, CSIR vide D.O. letter no. 17/68/97-PPS/1936 dated 18.12.2003, CSIR informed MoF that CSIR took up the implementation of the MoF directives in real earnest in letter and spirit. A Committee was set-up under Dr. S K Joshi, formerly Chairman, Defense Services Recruitment Board (DSRB) to devise the Recruitment and Assessment Rules for CSIR Scientists (Group IV) on the pattern of DRDO scheme. The recommendations of the Committee on a new set of rules, procedures and structure for recruitment and assessment were placed to the Governing Body of CSIR, where Secretary Expenditure is a member. In accordance with the approval of Governing Body, a centralized Recruitment & Assessment Board (RAB) on the lines of DRDO has been set up with effect from June 2002. In order to closely align the operational system on the lines of DRDO and to reduce the 'learning time', Dr. S K Joshi was appointed as the first chairperson of the RAB with the approval of Minister, S&T and the Prime Minister. CSIR has also implemented the other directives of MoF fully."

24. The Committee desired to know if there was any fund earmarked for research from internal resources allocated towards payment of the incentives. CSIR submitted its response as follows:

"There is no diversion of funds from research towards payment of incentives. Further, CSIR deploys its internal resources (LRF and MR) from time to time to meet the shortfall in Govt. budgetary support, both for R&D and non R&D expenditure."

25. The Committee asked CSIR if it carried out any re-examination light of the report of proposed committee to formulate revised recruitment and assessment rules and the reasons, thereof to not revisit the continuation of incentives post 6th CPC in response to the observation of the DoE. CSIR submitted their written responses as follows:

"..... However, it is reiterated that CSIR did not acknowledge the inconsistencies in meeting the prescribed conditions outlined by the Department of Expenditure (vide its U.O Note dated 23.01.2001) regarding Grant of Special Pay and Professional Update Allowance to Gr IV Scientists and it was construed by CSIR that MoF had concurred the proposal after considering the GB minutes and hence approval of DoE was not sought separately. Therefore, CSIR proceeded with implementation without rectifying them."

26. The Committee also desired to know from CSIR if the incentives granted by the departments such as DRDO, DAE and DoS were linked to specific achievements or performance benchmarking and if so, details of such benchmarking be provided alongside the method of the evaluation done to assess the benchmark. CSIR submitted as follows:

“(A) DRDO vide letter no. DHRD/76102/DRDS/MISC/C/M/25 dated 09.07.2025 informed that:

In DRDO, Special Pay was being granted after peer review to eligible Scientists.

Two additional increments were being granted to recruitee/promote Scientists ‘C’, ‘D’, ‘E’ and ‘F’.

PUDA is being granted on per annum basis to all Scientists.

(B) DAE vide DAE ID Note no. 1/2/2025-SCS/9533 dated 17.07.2025 informed that:

Out of the three incentives, i.e., Special Pay, Two additional increments and Professional Update Allowance, only Special Pay was linked to specific achievements/performance benchmarking.

ii. As regards benchmarking, DAE stated that

Special Pay was sanctioned on the basis of requisite residency period and required APAR grading. However, meeting APAR gradings alone were not sufficient for considering a candidate for promotion. The assessment of skills and recommendation of the Division/Group/Unit in which the candidate is working, impact of scientific and technological accomplishments in DAE programmes, assessment by peers, special attributes towards guiding scientific and technological activities, attendance, leadership qualities, productivity, inter-personal relationship, etc. were also considered.

The evaluation was done by Screening Committee of DAE.

(C) DoS vide DoS ID Note no. 24011/1/2006-I dated 10.07.2025 informed that:

Special Pay was being granted after peer review to eligible Scientist/Engineer.

Two additional increments were being granted to Scientist/Engineer-SD, SE, SF and SG.

PUDA is being granted on per annum basis to all Scientist/Engineer.”

27. The Committee desired to know how do the incentives granted by CSIR align with or differ from these departments and if there was a similar benchmarking system deployed by CSIR for determining eligibility for incentives, allowances, etc. CSIR replied as follows:

“The incentives are on the same pattern of DRDO.

As regards, the query as to whether there is a similar benchmarking system deployed in CSIR, it is submitted:

- i. Two additional increments was granted to all eligible Scientists Group IV (2), Group IV (3), Group IV(4) and Group IV(5) on the pattern of DRDO.
- ii. Special Pay was granted to all eligible scientists Group IV (6) on the pattern of DRDO with the sole difference being that in CSIR, there was no peer review of the eligible scientists.
- iii. Professional Update Allowance is granted per annum to all Scientists in Group IV on the pattern of DRDO."

PART-II
OBSERVATIONS/RECOMMENDATIONS

The Council of Scientific and Industrial Research (CSIR) is a registered Society and an autonomous organization under the Department of Scientific and Industrial Research in Ministry of Science and Technology. Audit findings reveal that CSIR submitted a proposal to Ministry of Finance (Department of Expenditure) for a revised pay structure and career progression scheme for CSIR S&T personnel, in response to which, Ministry of Finance (MoF) conveyed their approval for granting incentives to the Scientists (Group IV) viz., Special Pay of ₹ 2,000 per month, two additional increments and Professional Update Allowance (PUA) of ₹ 5,000 per annum on the pattern of those approved for Defence Research and Development Organisation (DRDO) on 23.01.2001.

The proposal was approved by the MoF with certain conditions, which *inter-alia*, required CSIR to meet additional financial implications from its own resources and align recruitment and assessment patterns with those of DRDO. However, Audit noted that in November 2008, while implementing the Sixth Central Pay Commission (6th CPC) recommendations, without obtaining MoF approval, CSIR enhanced these incentives—Special Pay to ₹4,000 per month and PUA to ₹10,000–30,000 per annum—adopting the rates approved for DRDO, Departments of Space, and Atomic Energy, though the same were not applicable to CSIR.

The Committee note from audit observations that CSIR's revision of incentive rates post 6th CPC implementation lacked MoF approval, violating Rule 4(2)(c) of the Transaction of Business Rules, 1961 requiring prior concurrence of the Ministry of Finance. Audit also pointed out that expenditure incurred by CSIR towards these incentives was not met out of the own resources of CSIR but was charged to grants-in-aid received from the Government, contrary to the Ministry of Finance's conditions conveyed for the approval of the incentives in 2001. The Committee note that CSIR also failed to maintain separate accounts to monitor these expenses by considering them as part of Pay and Allowances. During the period from 2009-10 to 2019-20, CSIR Hqrs and its 40 laboratories incurred expenditure amounting to ₹ 54.60 crore towards payment of Professional Update Allowance to their Scientists (Group IV). The Committee observe that details of expenditure incurred on Special Pay and grant of

two additional increments was not available with CSIR Headquarters, as these were accounted under the Salary head of the respective laboratories.

Based on examination of the subject, the Committee have recorded their observations and recommendations on issues highlighted in the audit para that merit consideration, in the succeeding paragraphs.

RECOMMENDATION NO. 1

SCOPE & LIMITS OF DELEGATED FINANCIAL POWERS

The Committee note from audit findings and submissions made by CSIR and Department of Expenditure that CSIR had revised and extended the incentives and allowances to its Scientists (Group IV) post-implementation of the Sixth Central Pay Commission without obtaining explicit prior approval from the Ministry of Finance. The Committee observe that, unlike DRDO, Department of Space and Department of Atomic Energy, which obtained necessary concurrence from Ministry of Finance, CSIR proceeded with the revision of incentives with the approval of DG, CSIR which was subsequently ratified by its Governing Body. The Committee take note of the reply of CSIR that the presence of the Secretary (Expenditure) in the Executive Council and the Governing Body implied concurrence of the Department of Expenditure. However, presence of any ex-officio member of any Committee/ Governing Body does not tantamount to approval from the department of the ex-officio member. CSIR should have obtained MOF concurrence before placing it before the Governing Body whose Chairman is the Prime Minister. CSIR's reliance on the Governing Body's authority and the presence of the Secretary (Expenditure) at its meetings cannot substitute for MoF's prior concurrence. The Committee are of the considered view that such assumptions and absence of explicit approval contravene Rule 4(2)(c) of the Transaction of Business Rules, 1961¹, and undermine the principles of financial propriety and accountability requisite in functioning of autonomous bodies.

¹ Rule 4(2)(c) of the Transaction of Business Rules, 1961 states that unless a case is fully covered by powers to sanction expenditure conferred by any general or special orders made by the Ministry of Finance (MoF), no Department shall, without the previous concurrence of MoF, issue any orders relating to pay & allowances of Government servants or any other conditions of their service having financial implication.

The Committee, therefore, recommend that, to prevent such procedural lapses in future, CSIR should engage in extensive consultations with the Department of Expenditure to clearly define scope and limits of its delegated powers. The Committee further desire that CSIR may establish a formal protocol for decisions requiring explicit approval of MoF and ensure compliance of the same. The Committee desire that CSIR obtain explicit MoF approval in all cases where delegated powers are ambiguous and may refrain from relying on presumed or implicit approvals and ensure strict adherence to established financial and regulatory frameworks.

RECOMMENDATION NO. 2

REVIEW OF FINANCIAL PRACTICES & ACCURATE FINANCIAL REPORTING

The Committee note that while conveying approval for proposal of CSIR for revised pay structure and career progression scheme for CSIR S&T personnel, MOF had set certain conditions. These included *inter-alia* that CSIR would modify their recruitment and assessment pattern/criteria totally on the lines of the pattern followed by DRDO and that additional financial implications on account of the incentive scheme would be met by CSIR from their own resources. The Committee note that while CSIR set up a committee to formulate revised recruitment & assessment rules, the said committee found that recruitment rules in CSIR could not be restructured completely on the lines of DRDO.

The Committee also observe that incentives and allowances granted by CSIR namely Professional Update Allowance, Special Pay, and additional increments, were charged to the grants-in-aid received from the Government rather than meeting these expenses from internal resources, in contravention of the condition set by Ministry of Finance that such expenditure should be met from CSIR's own funds. The Committee note that Professional Update Allowance alone from 2009-10 to 2019-20 across CSIR Headquarters and its 40 laboratories, amounted to ₹54.60 crore. The Committee also note that CSIR supplemented shortfalls with internal resources but find that this was not done in proportion to the increased liability from these incentives. The Committee are of the opinion that this indicates deficiencies in CSIR's financial management including as lack of structured financial oversight.

The Committee note that CSIR did not maintain a separate account/head to track the financial implications of these incentives and instead considered them as part of the Pay and Allowances. The Committee find the justification offered by CSIR that, use of FoxPro-based software ('IMPACT') did not support separate tracking of such expenses, unsatisfactory. In view of the explicit conditions set by the Ministry of Finance, CSIR should have instituted a separate accounting procedure to ascertain the exact expenditure on Special Pay and additional increments made out of the government grants vis-à-vis internal resources of CSIR.

The Committee observe that CSIR did not comply with the conditions set by the Ministry of Finance to cover budgetary shortfalls, indicating deficiencies in CSIR's financial management, such as lack of structured financial oversight, absence of dedicated account for tracking incentive-related expenditure and large reliance on grants-in-aid to fund these incentives.

Despite the above, the Committee are surprised to observe that CSIR communicated to the Ministry that it had implemented the directions of MOF fully. CSIR also submitted before the Committee that it had fulfilled all the conditions set by the MOF. The Committee express concern on inconsistencies in CSIR's apparent misinterpretation of the conditions set by MoF and false assumptions of implementing the said directives. The Committee desire that CSIR must ensure that all communications with the Ministry of Finance are properly documented, reviewed and monitored at a senior level, and may reflect actual compliance.

The Committee desire CSIR to strengthen and align their financial practices to improve in terms of accountability and financial discipline. The Committee, therefore, recommend that CSIR update its existing financial software to enable tracking and monitoring of all financial activities including pay and allowances across all its laboratories and attached offices in India and separate tracking of expenditure from internal resources and grants-in-aid. The Committee also urge CSIR to ensure optimum utilization of funds available to it for research purposes. The Committee, further, desire that CSIR may clearly communicate with Ministry of Finance in future, the expected financial implications of the proposal of incentives submitted and the budgetary requirements in grants-in-aid, as the case may be, and take necessary action in accordance with the directions of Ministry of Finance.

RECOMMENDATION NO. 3

ROLE OF DEPARTMENT OF EXPENDITURE

The Committee note that the Department of Expenditure failed to oversee the payment of incentives being charged by CSIR to Grants-in-aid instead of internal revenue of CSIR for more than 2 decades. The Committee are concerned to note that such instances of deviations from conditions stipulated by the Ministry of Finance were left unnoticed for such a long duration. The Ministry of Finance, at the stage of finalizing of Budget and Revised Estimates every year, was expected to have examined the utilization of funds as well as the extent of generation and utilization of internal resources in CSIR. However, the fact that such irregularity which is basically financial in nature went unnoticed for over two decades indicates that the review of Revised Estimates was undertaken in a routine and mechanical manner, without due scrutiny and review of actual expenditure. The Committee find this prolonged inattention a serious lapse on the part of the Ministry of Finance in discharging its oversight responsibilities and an indication of an apparent gap in the extant monitoring mechanism. The Committee, therefore, recommend the Ministry of Finance to take concrete steps to strengthen the existing mechanism in its oversight function to avoid such future recurrences. The Committee further desire that technical support for compliance of such conditions may be considered by the Ministry of Finance at the time of finalization of Budget and during the Revised Estimates exercise, so that such lapses are identified and rectified in a timely manner and are not allowed to persist for years together in future.

RECOMMENDATION NO. 4

PROPOSAL FOR REGULARISATION

The Committee note that CSIR has sought concurrence from the Ministry of Finance for treating Special Pay (₹2,000 pre-2006, ₹4,000 post-2006) as part of pensionary emoluments and for revision of Professional Update Allowance (PUA) and additional increments following the implementation of the 7th Central Pay Commission. The Committee further note that the matter is presently under examination and uniform methodology for pension fixation relating to Special Pay is being coordinated. The Committee express their concern over the prolonged

pendency of approvals and absence of a conclusive resolution. The absence of any objection by Central Pension Authority is also glaring. It indicates the checks and balance are not working out all the time.

The Committee observe that the in-principle approval for treating Special Pay as part of pensionary emoluments does not constitute adequate action with regard to the irregular expenditure incurred by CSIR on incentives and allowances without the prior approval of the Department of Expenditure. The Committee note with concern that the matter has been under deliberation since 2022 and is yet to be finalised by the Department of Expenditure. The Committee recommend that CSIR may approach the Ministry of Finance (Department of Expenditure) to seek regularization of the incentives and allowances paid to its Scientists since 2008, following the implementation of the 6th CPC without requisite prior approval. The Committee urge the Ministry of Finance (Department of Expenditure) to take necessary steps for regularizing these payments made up to 7th CPC implementation and to expedite finalization of the remaining proposal submitted by CSIR which are pending.

RECOMMENDATION NO. 5

PERFORMANCE-LINKED INCENTIVES

The Committee note that the General Body of CSIR while ratifying approval of MoF of incentives in 2001, was of the opinion that the norms, recruitment procedure and the remuneration of the Scientists in CSIR being brought at par with those of DRDO, would bring uniformity among the research agencies and help improve the morale of the Scientists in CSIR. The Committee further observe that CSIR referenced the pattern approved for DRDO, DAE & DoS while justifying their measure to extend the said incentives to their own Scientists. The Committee note that in DRDO, out of the incentives granted, Special pay was provided, in lieu of a separate higher pay scale, and was subject to peer review. Similarly, DAE granted Special Pay, among other incentives, on the basis of requisite residency period and required APAR grading. In DoS, Special pay was granted after peer review and a separate Performance Related Incentive Scheme (PRIS) was also implemented. The PRIS formed a variable pay component of the pay awarded based on the performance of

individual /group/organisation and measured against goals set for a given period of assessment.

The Committee note, however, that in respect of CSIR, Special Pay was granted to all eligible scientists without any peer review. CSIR informed the Committee that the Special Pay was being paid to eligible scientists on the pattern of DRDO with the sole difference being that in CSIR, there was no peer review of the eligible scientists. The Committee fail to understand why CSIR did not impose any conditions for peer review or performance benchmarking for the payment of incentives, unlike other research organizations such as DRDO, DAE, and DoS, which ensured peer review/performance benchmarking criteria for special pay.

The Committee acknowledge the importance of incentives for boosting the morale of scientists and desire that CSIR adopt a consistent and principled approach to implementing pay scales and incentives, avoiding selective adoption of schemes for incentivising their Scientists. The Committee recommend that CSIR should introduce performance benchmarking into the incentive framework, ensuring that such incentives, if any, approved in the future are tied to stipulated and well-defined system of performance metrics on the lines of DRDO or other scientific organisations and may include scientific output, innovation, peer collaboration and contribution to national and international research goals. The Committee desire that qualitative aspects such as leadership in research, mentoring of young scientists and societal impact of research may also be incorporated in the performance evaluation. Furthermore, the Committee urge CSIR to generate sufficient internal resources to fund such initiatives for introducing Performance-Linked Incentives for its scientists.

RECOMMENDATION NO. 6

CAPACITY BUILDING FOR FINANCIAL GOVERNANCE

The Committee note with concern that procedural lapses and instances of non-compliance within CSIR have their roots in inadequate financial oversight, limited understanding of applicable regulatory frameworks, and a misinterpretation of the extent of its autonomous powers. The Committee are of the view that effective financial governance within autonomous bodies like CSIR necessitates continuous

capacity building and engagement with the parent Ministry, particularly for personnel responsible for interpreting and implementing financial guidelines and relevant statutory provisions.

The Committee note that scientific personnel, on reaching higher echelons, are also entrusted with significant administrative and financial responsibilities in addition to their scientific roles in scientific establishments. The Committee are of the view that it is imperative that such personnel are adequately equipped with requisite knowledge of financial and administrative rules, guidelines and compliance mechanisms so as to discharge their duties in an efficient and responsible manner. The Committee recommend that CSIR may institutionalize a structured, mandatory capacity-building exercise of administrative and managerial staff in CSIR involved in financial decision-making with focus on critical areas including the General Financial Rules (GFR), 2017; Ministry of Finance instructions and circulars; and specific compliance requirements applicable to CSIR. The capacity building exercise should be compulsory for all officials in positions of financial responsibility and exercise should also incorporate engagement and exchange with other ministries/departments/similar autonomous bodies to allow exposure to government functioning to enhance comprehension of departmental roles and the rules/regulations/policies governing public funds. The Committee further desire that this capacity building exercise should also provide structured interaction and exchange with other scientific, research and autonomous bodies like DAE, DoS, DRDO, DBT, etc., so as to facilitate sharing of experiences, adoption of best practices and better understanding of rules and regulations being followed across similar government entities.

The Committee further desire that CSIR may also develop a dedicated training module in collaboration with institutes such as ISTM, NCGG, keeping in view the specific needs of research organizations.

NEW DELHI
12 December, 2025
21 Agrahayana, 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 Balashowry Vallabhaneni
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 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 the Committee observed 2 minutes silence as mark of respect and in solidarity. Thereafter he welcomed the Members and the Officers from the Office of Comptroller and Auditor General (C&AG) to the sitting, which had been convened for consideration and adoption of draft Reports to be followed by briefing and oral evidence of the representatives of Department of Biotechnology in Ministry of Science and Technology, on the subject 'Management of Projects under Medical Biotechnology Programme' based on Para 3.1 of C&AG Report No. 21 of 2022 and the representatives of Department of Scientific and Industrial Research, Ministry of Science and

Technology on the audit observations contained in Para 4.1 of C&AG Report No. 21 of 2022 on the subject 'Irregular grant of incentives and allowances'. XXX

3. XXX In respect of Para 4.1, the Audit officials then briefed that the Department of Scientific & Industrial Research approved incentives and allowances for its scientists under revised pay structure of Sixth Pay Commission without obtaining necessary approval from the Ministry of Finance on the lines approved for Department of Space and Atomic Energy and DRDO which have taken specific approval.

4. Thereafter, the Chairperson welcomed the representatives of the Department of Biotechnology and Department of Scientific and Industrial Research and asked them to apprise the Committee on the remedial measures being undertaken in view of the audit observations. XXX

5. XXX

6. XXX

7. Thereafter, the Chairperson asked the representatives of Department of Scientific & Industrial Research to brief the Committee and asked explanation for not seeking financial approval in the light of audit observation. The Secretary (DSIR) then upon request was permitted to present before the Committee the activities of CSIR, wherein she stated that CSIR is governed by the Society whose President is Hon'ble Prime Minister and thereby decisions are taken by the Governing Body and on the guidance of GB, the activities are monitored by DG, CSIR which is the Secretary (DSIR). The presentation further elaborated on the activities of CSIR, viz. working on coal, to syngas to methanol to DME to sustainable aviation fuel, Hansa-NG a recent success as a pilot aircraft for training, converting methanol into Dimethyl Ether, technology for steel slag road, working in fuel cell technology, converting biofuel into sustainable aviation fuel, lavender revolution, lemon grass cultivation and sea weed cultivation.

8. Addressing the audit observation, the Secretary (DSIR) submitted that DoE accorded approval in 2001 for grant of incentives, special pay, additional increments and professional update allowance which was conditional upon being implemented from 01.01.2001, the additional financial implications to be borne by internal funds and aligning of CSIR's recruitment with the DRDO's. The Secretary admitted to partially bearing the financial implication and did not fully align themselves with the recruitment same as DRDO. The

Secretary stated that they took DRDO's sanction and adopted them consequent to Sixth Pay Commission for continuation of the incentives and this notification was later ratified by the Governing Body of CSIR in its 174th Meeting. She further quoted the letter from DoE stating clear concurrence and PMO having seen and approving the proposal. Hon'ble Chairperson and Members raised certain queries regarding the approval from PM and not furnishing such in Action Taken to the audit observation. Consequent to this, Members raised the question regarding the approval granted as the Minutes as well as letter from DoE stated that GB did not ratify approval by DG, CSIR for implementation of 6th CPC scale to the extent inconsistent with provision of CCS Rule and departments other instructions. The Member also shed light onto the comments sought from DoE by the Committee which stated non applicability of recommendations of 6th CPC to CSIR as it was approved for DRDO and that CSIR has submitted a proposal to DoE for treating two additional increments as pay benefits from 01.01.2001 asking for grant of increment for about 22 years.

9. The Hon'ble Chairperson expressed displeasure with the approach taken by the DSIR to justify the bypassing of rules which the Secretary (DSIR) admitted to and not adequately addressing it. The Secretary (DSIR) while responding stated that wherever explicit approval is to be taken, despite the presence of Secretary DOE in the Governing Board, they will definitely take it. The Hon'ble Chairperson expressed his deep respect for the scientific community but in view of seriousness of the audit observation, asked to modify the submission regarding PM's approval. Upon being enquired about their internal resources, she stated that revenue from technology transfer and laboratory reserve form internal resources adding that close to 8% of the pays during the period under examination was paid from internal Laboratory reserve fund.

10. Thereafter, the Chairperson asked the representatives of the Department of Biotechnology and Department of Scientific and Industrial Research to furnish the information that was not readily available with them along with the replies to the List of Points being sent to them by the Committee Secretariat within fifteen days.

The Committee then adjourned.

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