

**SHORT COLLECTION OF FEES DUE TO APPLICATION OF INCORRECT EXCHANGE RATE IN FIXING THE FEES FOR OVERSEAS CITIZENSHIP OF INDIA CARD SCHEME” AND “IRREGULARITIES IN SETTING UP OF INDIAN CULTURAL CENTRES BY INDIAN MISSIONS AT WASHINGTON AND PARIS**

**MINISTRY OF EXTERNAL AFFAIRS**

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

**THIRTY SEVENTH REPORT**

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**EIGHTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# THIRTY SEVENTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2025-26)

(EIGHTEENTH LOK SABHA)

SHORT COLLECTION OF FEES DUE TO APPLICATION OF INCORRECT EXCHANGE RATE IN FIXING THE FEES FOR OVERSEAS CITIZENSHIP OF INDIA CARD SCHEME” AND “IRREGULARITIES IN SETTING UP OF INDIAN CULTURAL CENTRES BY INDIAN MISSIONS AT WASHINGTON AND

MINISTRY OF EXTERNAL AFFAIRS



*Presented to Lok Sabha on:* 04.02.2026

*Laid in Rajya Sabha on:* 19.12.2025

LOK SABHA SECRETARIAT  
NEW DELHI

December, 2025 /Agrahayana, 1947 (Saka)

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\*Not appended

## **COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**

**(2025-26)**

**Shri K. C. Venugopal - Chairperson**

### **MEMBERS**

#### **LOK SABHA**

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

#### **RAJYA SABHA**

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

### **Secretariat**

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

## **COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**

**(2024-25)**

**Shri K. C. Venugopal - Chairperson**

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## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorized by the Committee, do present this Thirty-Seventh Report (Eighteenth Lok Sabha) on “**Short collection of fees due to application of incorrect exchange rate in fixing the fees for Overseas Citizenship of India Card scheme and Irregularities in setting up of Indian Cultural Centres by Indian Missions at Washington and Paris**” based on Para 2.1 & 2.2 of Comptroller and Auditor General of India (C&AG) Report No. 24 of 2022 relating to the Ministry of External Affairs.

2. The C&AG Report No. 24 of 2022 was laid on the Table of the House on 20.12.2022.

3. The Public Accounts Committee selected the aforesaid subject for examination and took oral evidence of the representatives of Ministry of External Affairs on the subject under examination on 12<sup>th</sup> December, 2024. Based on the oral evidence and written replies, the Committee examined the subject in detail during its term 2025-26.

4. The Public Accounts Committee (2025-26) considered and adopted the Draft Report on the aforementioned subject at their Sitting held on 17-12-2025. The Minutes of the Sittings 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 External Affairs 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**  
**17 December, 2025**  
**26 Agrahayana, 1947 (Saka)**

**K. C. VENUGOPAL**  
**Chairperson,**  
**Public Accounts Committee**

# REPORT

## Part-I

### INTRODUCTORY

The Public Accounts Committee decided to undertake a detailed examination of Paras 2.1 and 2.2 of Comptroller and Auditor General Report No 24 of 2022 relating to the Ministry of External Affairs (MEA). These paragraphs examine the subject “Short collection of fees due to application of incorrect exchange rate in fixing the fees for Overseas Citizenship of India Card scheme” and “Irregularities in setting up of Indian Cultural Centres by Indian Missions at Washington and Paris” respectively.

2. In Para 2.1 of the said C&AG Report, Audit has highlighted failure of the Missions/Posts in extending the revised Rate of Exchange (RoE) for local currencies as prescribed by the Ministry of External Affairs (MEA) for calculating visa fee in the Overseas Citizen of India (OCI) scheme and lack of monitoring by the Ministry in ensuring compliance of its directions. This led to short levy of fees being charged by the Missions/Posts in issue of OCI cards leading to loss of ₹ 58.23 crore.

3. In Para 2.2, Audit brought up the issue of purchase of two properties for setting up Indian Cultural Centres at Paris (2011) and Washington (2013) by Ministry of External Affairs which could not be put to use as Cultural Centres even after lapse of 11 and 9 years respectively as of 2022. The expenditure incurred on purchase of property for ICC Washington along with its renovation/refurbishment amounting to ₹ 41.93 crore remained unused. Similarly, the property for ICC Paris procured at a cost of ₹ 30.03 crore (2011) remained unused as on June 2022. In addition, an irregular expenditure of ₹ 14.89 crore incurred on hiring a local security agency for an under-renovation building.

4. The Committee took oral evidence of the representatives of the Ministry of External Affairs on the subject at their sitting held on 12<sup>th</sup> December 2024 to examine the issues in depth. On the basis of oral evidence and written information obtained on various aspects of the aforementioned two paras under consideration, the Committee conducted an examination of the matters raised as detailed in the succeeding paragraphs:

**PARA 2.1 : SHORT COLLECTION OF FEES DUE TO APPLICATION OF INCORRECT EXCHANGE RATE IN FIXING THE FEES FOR OVERSEAS CITIZENSHIP OF INDIA CARD SCHEME**

**FIXATION OF OCI FEES IN EUROZONE COUNTRIES**

5. The Committee understand that 'fresh issue of OCI cards' accounts for a substantial portion of the OCI services provided by the MEA through various Missions/Posts located worldwide. As per the audit findings, MEA issued consolidated instructions (March 2017), regarding rationalisation of the visa fees structure to all Missions/Posts, communicating the revised rates of visa fees which was ipso facto also applicable for calculating the fee for OCI scheme and was valid till March 2020.

6. The Ministry of Home Affairs (MHA), Government of India, has fixed (25 February, 2009) the fee for issue of OCI cards as USD 275. As per the Ministry's instruction, the fees for the issue of the OCI card in respect of Eurozone Countries (EZC) was required to be revised to € 262 effective from 01 April 2017. 17 Missions/Posts in the EZC did not revise the fees for the issue of OCI cards using the revised Rate of Exchange (RoE) of USD 1= € 0.95, w.e.f. 1 April 2017 which resulted in short levy of fees by € 46 (€ 262 - € 216) on each instance an OCI card was issued. The Audit findings reveal that the Ministry of External Affairs (MEA) issued clarifications in August 2017 and November 2019 regarding revised fee structures for the OCI Card Scheme only to select Missions in the Eurozone countries, leaving most others unaware. As a result, these Missions continued charging the outdated fee of €216 instead of the updated €262 based on the revised RoE of USD 1 = €0.95, as mandated on 16 March 2017. It was only in January 2020 that the MEA informed all 17 EZC Missions/Posts of their non-compliance and urged adherence. This delay led to a cumulative revenue loss of ₹16.26 crore from 1 April 2017 to 31 March 2020 due to the non-revision of OCI card fees.

7. The Committee sought clarification from the Ministry on why it took 3 years to notify and apply the revised exchange rates and how did they ultimately find out about the short collection. The Ministry submitted as follows:

“Ministry of External Affairs extends a number of consular services like passport, visas, attestations, OCI, PIO etc. Ministry's circular of March 2017 did not specifically mention about the revised exchange rate in respect of OCI fees. In response to clarification sought by certain Missions, the Ministry had clarified to only those Missions that the revised exchange rate will be applicable to OCI fees, while presuming that the remaining

Missions were following the revised exchange rate. However, after observation of the Audit Team in some Missions in the Euro Zone, Ministry took notice of this short collection and immediately issued a clarification to the Missions in January 2020.”

8. The Committee inquired about the Ministry’s extant mechanism to ensure that Missions/Posts implement its orders in letter and spirit. The Ministry responded as follows:

“Ministry has issued detailed guidelines with instructions to Missions/Posts to revise the Consular, Passport and Visa/OCI fees vis-à-vis USD every year on 1st of April in case of fees being charged in local currencies and every three years on 1st April in case of fees being charged in convertible hard currencies on the basis of Official Rates of Exchange conveyed by the Foreign Exchange Section of the Ministry in order to avoid gaps in implementation. Ministry has also put an online monitoring system (e-Samiksha/PEMS) to oversee the correct implementation of its guidelines”.

9. The Committee questioned the Ministry whether they have fixed any responsibility for the loss owing to non-compliance of its directions by Missions to which the Ministry responded as follows:

“Due to lack of clarity regarding OCI fees in the Ministry’s circular, Missions in the Euro Zone applied revised exchange rate for visa fees, however, they inadvertently missed applying the revised RoE for OCI fees. Therefore, it will not be feasible to fix responsibility for the loss.”

10. The Committee inquired about the specific measures the Ministry had taken to avoid recurrence of such ambiguity in circulars/guidelines and misinterpretation and laxity in implementation of the instructions issued by Ministry in future. The Ministry submitted as follows:

“Detailed guidelines have been issued by the Ministry vide its circular dated 12.03.2021 to avoid recurrence of such ambiguity in application of RoE for fixation of Consular, Visa and OCI fees.

Since then Ministry has put in place an online reporting platform (MEA e-Samiksha) for Missions / Posts abroad in which application of correct rates of exchange is authenticated regarding correct levying of fees for all Consular, Visa and Passport Services including for OCI Card. These reports are generated on a quarterly basis.”

11. The Committee asked the Ministry whether the online platform e-Samiksha calculates the applicable fee based on current exchange rate automatically or human intervention is required for calculation/authentication and the process of such authentication to be carried out on MEA e-Samiksha portal. The Committee also desired to know how the Ministry ensure correct rates are being applied via this portal, in response to which the Ministry submitted:

“e-Samiksha does not calculate the applicable fee based on current exchange rate automatically. Mission has to calculate and fix the amount manually as per changes in the value of the respective currency in which fees are collected.

Mission has to upload a copy of the order fixing Consular, Visa and OCI fees on the portal. Ministry checks the order and if any discrepancy is found, it is communicated to the Mission for immediate rectification.”

### **FIXATION OF OCI FEES IN UK**

12. The Committee learnt that in February 2017, High Commission of India (HCI) London increased the existing visa fees by only 10 per cent citing reciprocity and impact on tourism, even though the RoE devaluation required 23 per cent increase. The Audit findings highlight that HCI London and its Consulates failed to comply with the Ministry directives. Thereafter, while the Mission revised the visa fees in March 2017, it continued to charge the OCI fees at the lower rate.

13. The Committee note from the audit findings that had the Mission used the prevalent RoE of US\$ 1 = £ 0.81 instead of £0.69, the revised fee of issue of fresh OCI Cards would have been £ 223 as against £ 191 which resulted in a loss of ₹ 41.97 crore on issue of fresh OCI cards at a lower exchange rate, during February 2017 and March 2020. Details of loss on issue of fresh OCI cards at a lower exchange rate are given in table below:-

Mission/Post	Fees required to be fixed as per Ministry instructions (in £)	Fees fixed by HCI London (in £)	Difference (in £)	Total number issued	Short collection of fees for issue of OCI Cards (in £)
(A)	(B)	(C)	(D)	(E)	(F)
HCI London	223	191	32	76802	24,57,664

CGI Birmingham	223	191	32	66701	21,34,432,
CGI Edinburgh	223	191	32	2786	89,152
<b>Total</b>				<b>146289</b>	<b>46,81,248</b>
<b>Total in ₹ (@GB P1 = Rs.89.65)</b>					<b>₹ 41,96,73,883</b>

14. The Committee further note that the Ministry has termed this loss as “notional”. According to Audit, the contention of notional revenue loss was not correct as it was due to the fact that the Ministry did not issue a specific clarification extending the revised RoE of Visa fee in local currencies to OCI scheme as well; and the Missions/Posts failed to take cognizance of the directions of both the MHA and the MEA regarding fixation of fee for OCI scheme which *inter-alia* provided that the methodology for the fixation of fee for OCI Scheme in local currency was to be the same as that for determining visa fees.

15. The Committee inquired from the Ministry whether HCI was empowered to limit the increase by 10% only instead of the decision of MEA to revise OCI Fee by 23% w.e.f. March, 2017. The Ministry submitted the following response:

“Ministry is the Competent Authority to decide any deviation from the instructions regarding rate of exchange. Missions are expected to seek the concurrence of the Ministry in case any change is proposed. “

16. When the Committee asked the Ministry of External Affairs whether it was consulted before taking a decision by HCI London to limit the hike by 10% and whether MEA had concurred the decision of HCI London, the Ministry submitted as follows:

“HCI London locally assessed that hike in OCI fee immediately after Brexit would adversely impact normal travel of Indian Diaspora to India and thus would be perceived as an anti-diaspora measure. Therefore, HCI London decided to increase the OCI fee only by 10% and Ministry was not consulted before this decision was taken. No separate approval/concurrence from Ministry has been communicated to the Mission. “

17. The Committee desired the Ministry to furnish the documentary evidence or basis cited by HCI London to support their claim that a hike of 32 pounds for one time issue of fresh OCI Cards would adversely impact Tourism and normal travel of the Indian Diaspora to India. The Ministry submitted as follows:

“No separate study or calculation is available with the Ministry. As the assessment was done by HCI London in 2017, records are not available to prove the basis of the decision to increase the fees by only 10%. “

18. When asked to provide a copy of the order issued by HCI, London to limit the hike by 10%, the Ministry responded that “Records are not available.”

19. The Committee enquired whether the Missions furnish any data regarding revision of rates yearly/3-year basis to MEA and the mechanism for analyzing such data and whether any discrepancy had been noticed. The Ministry submitted in their written replies as follows:

“Missions furnish copy of fixation order on yearly/3-year basis to the Ministry.

Ministry checks the fixation order and cross verifies it with the rate of exchange issued by the Ministry. No discrepancy has been noticed so far.

HCI London, took the conscious decision in the light of broader policy directions of the Government to engage with Indian Diaspora and encourage them to visit India as part of promotion of 3Ts (Tourism, Trade and Technology) initiatives and also to utilize their expertise and to encourage them to invest in India. In this regard Our Missions / Posts make consistent efforts to promote these 3Ts as per the policy instructions issued from Ministry in the light of directions of Hon’ble PMs statements.”

20. The Committee enquired how the HCI London took a conscious decision in 2017 as to not to invoke the March 2017 order on the basis of circular regarding 3Ts dated 01.10.2021. The Ministry replied in their written submissions as follows:

“HCI London’s decision was not based on the specific guidelines on promoting 3Ts. It was based on the generic importance of tourism and intended as a goodwill gesture for the people of Indian origin since a higher fee may have had an impact on the number of people applying for OCI cards and thus impacting Mission’s outreach.”

21. The Committee asked how it was construed by the Missions and the Ministry that a one-time increase of some pounds would deter the promotion of the 3Ts, to which the Ministry replied as follows:

“On account of Brexit, there was steep devaluation of the British Pound. Our Mission/Posts in UK took a conscious policy decision to implement an increase of 10% in exchange rate instead of 23% based on their assessment that a steep increase would have impacted tourism to India. “

## **Para 2.2 - IRREGULARITIES IN SETTING UP OF INDIAN CULTURAL CENTRES BY INDIAN MISSIONS AT WASHINGTON AND PARIS**

22. The Committee learnt that the Ministry of External Affairs had purchased two properties for setting up Indian Cultural Centres at Paris (2011) and Washington (2013). The Committee understand that due to inherent deficiencies, such as significant structural concerns and issues of encroachment at ICC Washington and delay in renovation (Paris), these properties could not be put to use as Cultural centres till date. The expenditure incurred on purchase of property for ICC Washington along with its renovation/refurbishment amounting to ₹ 41.93 crore remained infructuous. Similarly, the property for ICC Paris procured at a cost of ₹ 30.03 crore remained unused with an irregular expenditure of ₹ 14.89 crore on hiring a local security agency for an under-renovation building.

### **INFRACTUOUS EXPENDITURE ON SETTING UP A CULTURAL CENTRE AT WASHINGTON**

23. The Embassy of India, Washington DC, USA (EoI) purchased a property in August 2013 at '1438 U-Street', Washington DC for a consideration of \$5.75 Million, with a view to have its own cultural centre which now remains in an abandoned condition and is unsuitable for conduct of any cultural activities. Audit findings indicate that before acquiring the said property, EoI was aware of a neighboring petrol station, existing encroachments, and a structural stability report identifying issues such as water infiltration, roof needing replacement, deteriorated floor joints, and potential costs to repair the damaged marble façade. Additionally, the report specified that the second floor was suitable only for office use and would require further analysis to confirm its capacity for gatherings.

24. The Committee note that despite full awareness of the property's structural defects, the extensive renovations required, and associated encroachments, the Ministry issued a revised sanction of \$8.15 million in July 2013. Audit findings highlight that the property had unresolved encroachment since 2013 and two post purchase reports of EoI indicated inherent potential Vapor Encroachment and the poor cement quality in the Property. The Committee find that despite the fact that the Ministry was aware that the 103-year-old Property had significant structural concerns as also issues of encroachment, it did not opt out from procurement of the same and consequently took on avoidable liabilities.

25. The Committee note that after procurement of the property in August 2013, the Ministry accorded approval to hire Architect-consultant (Consultant) for

interior renovation only in August 2015. The Consultant's independent analysis in November 2015 of the Property revealed signs of distress, impaired structural integrity, water infiltration, large cracks within stone in the main entrance, cracks on the ground floor and potentially missing end-support in the second floor etc. In April 2016, the Consultant furnished detailed list of works, testing and permissions to be obtained for renovation of Property and also submitted in May 2016 proposals of interior works for review before preparing final tender documents.

26. According to Audit, EoI Washington subsequently dropped the renovation proposal of 'U-Street' property in May 2019 on the plea that US Government had offered a separate plot for the Embassy and suggested that no further expenditure be incurred on renovation of the Property and also suggested to lease an alternate property which could serve as the cultural centre on a temporary basis. MEA then assessed the property and suggested in February 2020 that disposal of '1438 U-Street' property should be considered only if the sale price is more than what had been spent so far by the Government on this property. A property evaluation report commissioned by the EoI in March 2020 valued the property at Rs. 22.38 crore.

27. The Committee understand that both the EoI and the Ministry deviated from guidelines requiring them to refrain from purchasing properties involving huge renovation cost and associated legal issues. Audit noted that as a result, the Ministry resorted to injudicious acquisition of the Property by incurring expenditure of ₹ 41.93 crore (up to September 2021) without any intended result.

28. The Committee note from the background note submitted by the Ministry that a Ministry Team visited Washington DC in 2023 to evaluate the '1438 U-Street' property following which, General Financial Rules (GFR) provisions and local laws were aligned and revised tender documents were submitted for Ministry approval, which was concurred only by May 2023. However, the Ministry submitted that the building permit obtained in 2020 had expired and the architect intimated that subsequent to change in building codes of Washington DC in 2022, the designs and documents as per the new codes required to be obtained for which additional payments was demanded which the Ministry did not concur with.

29. A second team visited the property in April 2024 and deemed the property unsuitable for housing consular and trade promotional activities considering its locational disadvantage (high crime rate in the area, limited parking space, poor connectivity) and structural deficiencies.

30. In their background note, the Ministry submitted *inter-alia* that the delay in renovation of the property was primarily due to restrictions in local law and also major divergence in tendering practices locally vis-à-vis Gol norms. The Ministry submitted that approvals for undertaking the renovation works took considerable time, in addition to the time taken subsequently for obtaining local municipal body approvals.

### **ESTABLISHMENT OF INDIAN CULTURAL CENTRE AT PARIS**

31. The Committee note that the Embassy of India, Paris (Mission) purchased a property for ₹ 30.03 crore in March 2011 for establishing an Indian Cultural Centre (ICC). The Committee in their earlier reports - 30th and 61st Reports of the 16<sup>th</sup> Lok Sabha observed from the audit findings that this property purchased for establishing an ICC, lacked primary conditions to be modified as an ICC. Further, the Audit revealed that the Mission incurred annual expenditure of approx. ₹ 1.24 crore on its 24-hour security. The Committee was assured by the Ministry that renovations/ refurbishments in the building were to be completed by 2016.

32. The Committee find that the Mission intimated the Ministry in April 2022 that modification and renovation work at ICC Paris was estimated to be 95 per cent complete. Audit noted that despite the assurance to the PAC (March 2015) to complete the work by 2016, as of June 2022, the work was still in progress. The Audit revealed that the reasons for delay included resolving design deficiencies, meeting norms for fire safety, selection of Contractors, bankruptcy of a major Contractor (M/s Lacroix) in 2019, etc. Thus, the property purchased in 2011 at a cost of ₹ 30.03 crore for setting up an ICC remains unused till date.

33. The Committee found that in April 2011, the Embassy of India in Paris sought Ministry approval to provide 24-hour security to the property seeking to extend services of existing security provider of the Embassy residence to the ICC property as well, citing exceptional circumstances. The Ministry directed the Mission to forward the proposal as per GFR and full justification and at least four comparable quotations. However, the Mission, circumvented the directions of the Ministry and the GFR, and approached the Indian Council of Cultural Relations (ICCR) directly, which approved the proposed hiring of the security agency for the ICC building at monthly charges of €15,171.26 (₹ 9.81 lakh). Audit scrutiny revealed that the Mission bypassed the Ministry's directions and obtained a direct sanction from the ICCR for such hiring, without apprising it of the Ministry's directions. ICCR, while sanctioning the hiring of the security agency, sought the Mission's funds requirements for the FY 2011-12 only, implying that the sanction was valid only for the year 2011-12. Despite this, the Mission continued to incur

expenditure on the said security agency during the subsequent years as well. Thus, of the total expenditure from 2011-12 to September 2021 amounting to ₹ 14.89 crore, expenditure amounting to ₹ 13.87 crore for the period from April 2012 to September 2021 was without approval of the MEA and sanction of ICCR.

34. After audit scrutiny, the Mission sought regularization in January 2019, but the Ministry deemed it grossly irregular, and ICCR questioned the continued 24-hour security need. The Ministry withheld approval for the continued security hiring until a security audit was conducted and although the Bureau of Security (BoS) requested clarification in March 2019, the Mission again bypassed it approaching ICCR to allow continued hiring of LSGs. The ICCR advised (May 2019) the Mission to send a proposal to the Ministry. The Mission sought regularisation of the said expenditure since 2012 and also sought Ministry's instructions on whether it should discontinue the services. Based on Ministry's directive (September 2020), the Mission proposed installation of CCTVs to the Ministry in February 2021 which was approved and was further advised to de-hire LSGs till fresh security assessments. Audit findings show that the Mission had released payments till September 2021 and still continued to hire the LSGs.

35. During its examination, the Committee inquired about the current status of the Indian Cultural Centres in Paris and Washington, to which the Ministry responded as follows:

*"ICC Washington DC*

In April 2024, a Property Management Team (PMT) led by AS&FA visited Washington DC to assess and inspect Government-owned properties, including the 'U-Street' property. PMT recommended that the property may either be sold or put to some other use. Subsequently, Mission examined the matter and had endorsed the recommendation of the PMT that the property should be sold, considering the observations and facts enumerated by PMT that it is unsuitable for most Embassy activities due to its locational disadvantage viz. high crime rate in the area, limited parking space, poor connectivity as well as structural deficiencies. The matter to dispose of the property is currently under consideration of the Ministry. While this process is on, periodic inspection of the property is regularly undertaken so as to ensure its overall security and upkeep.

Emergency repairs are being carried out regularly to avoid deterioration of the property. Further, the property is being used for storage of some Embassy materials. Further, US Department of State has recently

informed that if the sale or renovation of property is not initiated by June 30, 2025, the diplomatic property tax exemption will be withdrawn.

*ICC Paris*

The project is 98% complete and the renovation work is likely to be completed by January 2025.”

36. The Committee sought clarification on the Ministry’s plans to address the prolonged non-utilization of these properties and the avoidable expenditure they continue to incur. The Ministry provided the following response:

*“ICC Washington*

The proposal to dispose of the property is under active consideration of the Ministry.

*ICC Paris*

The property was under renovation from 2015 and the renovation work is scheduled for completion in January 2025. The project work has been delayed due to multiple reasons beyond the Mission’s control, such as:

Bankruptcy of one of the contractors i.e. M/s Lacroix, who was then replaced by M/s SPID with the intervention of French Court (viz. Judicial Administrator of the Nanterre Court) in 2019.

COVID 19 pandemic and consequential supply issues brought the project work to a complete halt for a long time.

Resolving design deficiencies, meeting norms of fire safety, etc.

Restrictions imposed by the local government due to the Paris Olympics and Paralympics during June to September 2024.

Backing out of contractor M/s Tertio and delay in finding its replacement.”

37. In the context of the ICC building in Washington, the Ministry in their fresh background note on the subject selected for the term 2025-26 of the Committee submitted as under: -

“Ministry is open to examining reasonable and prudent proposal for future of the property.”

38. The Committee desired to know the measures undertaken to upkeep and maintain each property and funds utilised year-wise for this. The Ministry submitted as follows:

*“ICC Washington DC*

Regular repair and maintenance which comes to the notice of the Mission is carried out on a regular basis. No separate yearly fund is ear-marked for the property. However, nominal utility bills (water, sewage and electricity) are paid by the Mission. These payments pertain to minimum monthly charges applied by the utility providers for the building.

*ICC Paris*

The building is under renovation.”

39. Regarding the property in Washington, the Committee asked the Ministry for rationale to not hire Consultant for a professional assessment before purchasing a 103 year old property and sanctioning amount of US \$ 5.75 million and to hire a consultant after 2 years of purchase. The Ministry submitted the following in their written replies:

As part of due diligence before purchasing the property, M/s Ehlert Bryan PE was assigned the job of ascertaining the structural soundness of the building. The structural survey report submitted by M/s Ehlert/Bryan, Inc. states that, “Although there are some structural issues that would need to be addressed as part of a general renovation, the building is in good structural condition. Ehlert/Bryan Inc. made the following observation with regard to residual life of the building. “The primary Building structure has a useful life of 50 years, if the moisture infiltration issues are resolved, the structure is appropriately repaired, and the structure is maintained.”

After completion of all formalities of the purchase, a draft request for Proposal (RFP) for appointment of Architect Consultant to carry out the interior renovations of the property was forwarded to the Ministry in May 2014. Ministry sought some clarifications for examining the RFP, which were answered by the Mission. While the RFP was being examined in the Ministry, a Property Team led by DG (ICCR) visited and held a meeting with the Office of Foreign Missions, US State Department to understand the local regulations for redevelopment of Diplomatic Property. After this, Ministry approved the RFP which was published by the Mission in July 2015. Due procedure for evaluation of Technical and Financial Bids was

followed and M/s Studios Architect was selected as Architect Consultant and consultancy agreement was signed with them for interior renovation of the property in October 2015.”

40. During the course of oral evidence on the issue of delay in acquisition of properties abroad, the Ministry submitted as follows:

*“..... Our procedures for approving acquisitions of properties are interminably long. We will never succeed or make a success consistently of buying properties abroad if the procedures do not change....”*

41. The Committee inquired whether the Ministry acknowledged the total expenditure of ₹41.93 crore incurred on the property in Washington as a loss. The Ministry responded as follows:

Given that Washington DC is an important capital city with a sizeable Indian diaspora, there was an imperative need to have an independent Cultural Centre in the city. The U-Street property in Washington DC was purchased for use as a cultural centre after following due processes of physical inspection, legal due diligence, market evaluation and structural assessment. However, due to various reasons including the complicated local legal and statutory procedures, the property could not be renovated completely and put to use. Nonetheless, Gol has not incurred loss on account of acquiring this property since the asset still belongs to the Government.”

42. The Committee asked the Ministry about the official responsible to engage the Structural Analyst who did not report the factual position on the structural stability of the ‘U-street’ property in Washington. The Committee wanted to know whether the Ministry took any penal action against the Structural Analyst or if any penalty was imposed for misleading the Mission/MEA. The Ministry replied as follows:

Proper due diligence was taken before purchasing the property, M/s Ehlert Bryan PE was assigned the job of ascertaining the structural soundness of the building. The structural survey report submitted by M/s Ehlert Bryan, Inc. states that, “Although there are some structural issues that would need to be addressed as part of a general renovation, the building is in good structural condition”. Ehlert Bryan Inc. made the following observation with regard to residual life of the building, “The primary building structure has a useful life of 50 years, if the moisture infiltration issues are resolved, the structure is appropriately repaired, and the structure is maintained.” The

property was purchased after considering all the factors enumerated by the Structural Analyst, as above, at that point of time.”

43. The Committee asked the steps taken by the Ministry to deal with the restrictions posed by the local laws and details of the parameters of tendering process. The Committee also wanted to know what prompted the Embassy to deviate from the local tendering process and time taken for the Embassy to seek approval from local municipal body. The Ministry submitted as follows:

The Mission did not go in for any tendering process. Insofar as steps to deal with the restrictions posed by the local laws are concerned, it may be noted that had the Mission gone for tendering process, there would have been strict adherence to the local laws at the end of the Mission.”

44. The Committee asked why the Ministry did not take cognizance of the recommendations of the Property Team which suggested that the property should be either considered for sale or may be utilized for some other purpose. The Committee also wanted to know whether the Ministry prepare a proposal or blueprint as to how they intended to use the property after having invested a considerable amount for its upkeep and maintenance. The Ministry replied as follows:

In April 2024, a Property Management Team (PMT) led by AS&FA visited Washington DC to assess and inspect the Government-owned properties, including the U-Street property. PMT recommended that the property may either be disposed of or put to some other use. Subsequently, Mission examined the matter and had endorsed the recommendation of the PMT that the property should be sold, considering the observations and facts enumerated by PMT that it is unsuitable for most Embassy activities due to its locational disadvantage viz. high crime rate in the area, limited parking space, poor connectivity as well as structural deficiencies. The matter to dispose of the property is under consideration of the Ministry.”

45. The Committee wanted to know the reasons behind the decision to acquire the said Washington property in haste, without having a report on structural safety. The Ministry submitted as follows in their written response:

The Ministry of External Affairs and ICCR had been actively pursuing the proposal for opening of a Culture Center in Washington DC for over two decades keeping in perspective the strategic importance of India-US relations as well as the presence of a sizeable Indian diaspora in the US. Being the capital city, Washington DC has an overheated real estate

market where the demand clearly outstrips the supply thereby severely impacting the availability of suitable properties. At the time, there were very few viable options available that fulfilled the requisite criteria of functional suitability, space requirements, residual life, security, location, good connectivity, etc. This made the task of identifying a suitable property for the Culture Centre in Washington extremely onerous and time consuming. Ministry and ICCR acted in good faith and in larger public interest towards acquisition of the said property and this was backed by technical advice as available at that point of time. Considering the circumstances in 2013 and the two to three decades long hunt for a suitable property in a severely supply-crunched market, the decision to acquire the property was well deliberated and justified. Two properties were initially shortlisted for possible purchase to be used as cultural centre, i.e. properties located at L-Street and U-Street. Both properties had their advantages and disadvantages for making an informed and considered decision. While GoI was still processing the matter, the owner of L-Street property informed that this property had been sold to another buyer at USD 5.9 million. Hence, it was decided to consider purchasing U-street property at a negotiated price of USD 5.75 million.

The U-Street property was purchased after factoring in all the assessments based on physical inspection by the PMT, market evaluation, legal due diligence, and structural assessment carried out by the industry experts. Further, the structural firm M/s Ehlert Bryan Inc hired for carrying out the structural evaluation had observed that, *“Although there are some structural issues that would need to be addressed as part of a general renovation, the building is in good structural condition. The primary building structure has a useful life of 50 years if the moisture infiltration issues are resolved, the structure is appropriately repaired, and the structure is maintained.”*

The structural condition of the property may have deteriorated now due to passage of time. Besides, the locality now appears to be unsuitable, which was also opined by the PMT in April 2024.”

46. The Committee asked the Ministry whether it had fixed responsibility for purchasing a dilapidated and unsuitable property in Washington, and incurring huge financial loss. The Ministry replied as follows:

As per the Ministry’s guidelines for acquisition of properties, all due process with regard to purchase of property (i.e. physical inspection, legal

due diligence, structural assessment and market evaluation) was followed prior to acquisition. However, due to various reasons including the complicated local legal and statutory procedures, the property could not be renovated completely and put to use. Since all due processes were followed, no action was initiated to fix responsibility. There is no loss to Gol since the asset is still owned by the Government.”

47. The Ministry while responding to the queries of the Members, submitted the following during oral evidence in respect of ICC building in Paris:

*“.....It was in a very upscale area of Paris, and that it befitted acquisition by the Government of India. Once the property was acquired, there was a concern that was raised by the architect consultant that maybe for the use as a cultural centre, this property might not be ideal because apparently, it had only one entry/exit. If you have a large number of people gathering, then usually European building by-laws require that you need to have multiple entries and exits in the case of a fire disaster.....*

*.....But, again, I would point out that the substantive need for having security guards cannot be denied in a city like Paris, for a building such as this, where as soon as we had purchased the building, the French authorities had told us that buildings such as these are vulnerable to squatting and occupation by homeless immigrants, foreign immigrants sometimes, and you need to take care of this by hiring security guards.....”*

48. Regarding the ICC building in Paris, the Committee questioned the Ministry if the Mission can bypass its directions and make irregular expenditure for almost a decade without Ministry’s approval. The Committee also desired to know the steps taken since the audit findings and the irregular expenditure made by the Missions. The Ministry submitted as follows in their written replies:

Following the purchase of the property, the Mission had immediately, in April 2011, requested Ministry for authorisation to hire local security guards (LSGs) for safeguarding the property on the terms and conditions applicable for the Embassy Residence. BOS Division advised the Mission to follow due process for hiring LSGs and seek Ministry's authorisation. Mission, inadvertently sent the proposal to ICCR and received ICCR's approval for hiring the LSGs for the Financial Year 2011-12. The Mission subsequently sought ICCR's approval for continued hiring of LSGs in 2013, 2017 and 2018, but received no response from ICCR. In the meantime, the Mission continued to hire LSGs without sanction either from the Ministry or ICCR. The Mission had exigent reasons for hiring LSGs to secure the

building as the French Ministry of Foreign Affairs had advised that unoccupied properties in Paris are vulnerable to illegal occupation by homeless immigrants and eviction is difficult. Under the circumstances, Mission was constrained to deploy security guards.”

49. The Committee asked the Ministry to provide details of action taken to fix the responsibility for bypassing the Ministry and incurring unsanctioned expenditure for such a long period to which they replied as follows:

Mission acknowledges all the procedural lapses in hiring of the LSG, including those highlighted by audit. The same have been reviewed and streamlined. A combined hiring process of LSG’s for the Indian Culture Centre along with other Gol buildings in Paris was carried out at the Ministry’s recommendation and one LSG is now deployed at the Indian Culture Centre in Paris since April 2024.”

50. The Committee asked the Ministry regarding who approved the circumvention of procedure thereby authorizing the Mission to bypass the Ministry and approach ICCR directly for hiring of security agency for the ICC building. The Ministry submitted as follows:

Based on Mission’s proposal to hire LSGs, ICCR approved (20 April 2011) hiring of security agency for ICC building at monthly charges of Euro 15,171.26 (Rs. 9.81 lakh) and also indicating that the requirement of funds was for FY 2011-12 only. Mission continued to incur expenditure on said security agency during subsequent years as well due to the necessity to protect the property.”

51. The Committee enquired regarding the reasons behind release/sanction grant by ICCR without getting it approved/vetted from the nodal Ministry. The Ministry submitted the following reply:

As per ICCR, “they were not aware that the Mission had bypassed the Ministry and approached ICCR directly. Further, the Mission had conveyed in writing to ICCR that the Security Agency proposed to be hired for the ICC Paris building was the same that was already approved by the Ministry for Embassy Residence on a 24x7 basis after following due process of the Ministry, including inviting quotations, etc. as per GFR. The Embassy also stated that they intended to hire the Agency at the same rates and on the same Terms & Conditions approved already by MEA and also affirmed that they had found the Agency’s services over the previous nine months since they were hired, satisfactory”.”

52. The Committee inquired about the reasons for adhering to tender procedures when initially hiring the security agency, to which the Ministry stated as follows:

Following the purchase of the property, the Mission had immediately, in April 2011, requested Ministry for authorisation to hire local security guards (LSGs) for safeguarding the property on the terms and conditions applicable for the Embassy Residence. BOS Division advised the Mission to follow due process for hiring LSGs and seek Ministry's authorisation. Mission sent the proposal to ICCR and received ICCR's approval for hiring the LSGs for the Financial Year 2011-12. The Mission subsequently sought ICCR's approval for continued hiring of LSGs in 2013, 2017 and 2018, but received no response from ICCR. In the meantime, the Mission continued to hire LSGs without sanction either from the Ministry or ICCR. The Mission had exigent reasons for hiring LSGs to secure the building as the French Ministry of Foreign Affairs had advised that unoccupied properties in Paris are vulnerable to illegal occupation by homeless immigrants and eviction is difficult.”

53. The Committee desired to know whether any fresh security assessment has been carried out by the Mission and if any action has been taken in this regard by the Ministry, to which the Ministry replied as under:

A fresh assessment has been carried out and Mission has been permitted to hire 01 Local Security Guard (LSG) for night duty at the Indian Culture Centre in Paris w.e.f. April 2024.”

54. The Committee enquired from the Ministry how it intended to regularize the unsanctioned expenditure of Rs. 13.87 crore incurred from April 2012 to September, 2021 on hiring of security agency which was incurred without the approval of the Ministry. The Ministry replied as follows:

The documents submitted by the Mission are being examined by the Ministry and will be put up for administrative approval of Competent Authority in due course.”

55. The Committee asked the Ministry to justify the delay in completion of work of the Cultural Centre at Paris by 6 years, particularly in view of the assurance given to the Committee that the work would be completed by 2016 whereas the works were still in progress till 2022. The Ministry submitted as follows:

After purchase of the building, the Ministry appointed a Consultant-Architect in May 2015 and rectification of design deficiencies, meeting revised norms for fire safety, selection of contractors, the work on renovation of Swami Vivekananda Cultural Center (SVCC) in Paris started in June 2018. The work schedule was, however, adversely affected by bankruptcy of the main contractor M/s Lacroix in Feb 2019 and Covid-induced supply chain issues. The project also remained stalled due to time taken in requisite approvals from Ministry on various additional variations carried out in the project. In July 2023, another company M/s. TERTIO/Ms. Steamo, responsible for electrical & HVAC works, also backed out from the project. As per the Consultant Architect, the work is scheduled to be completed by end of January 2025.”

56. When asked to inform the Committee about the clarification submitted by the Mission to the Bureau of Security (BOS) of the Ministry on the need for hiring security agency for 24 hours and the subsequent action taken by the BOS in the matter, the Ministry submitted in their written replies as follows:

The Mission informed that the reason for continuation of hiring was the advice of the French Ministry of Foreign Affairs that unoccupied properties in Paris were vulnerable to illegal occupation by homeless immigrants and eviction is difficult. Further, there was increased risk of burglary due to presence of purchased equipments and renovation material in the building. Due to deteriorating situation in Paris and presence of high value assets in the building, hiring of LSGs was essential at SVCC.

The Mission was advised to de-hire the existing guards, take a fresh sanction, conduct tendering and submit comprehensive proposal for approval of Ministry.”

57. The Committee asked the Ministry regarding the powers and functions of Bureau of Security. The Ministry replied with the following in their written replies:

BOS Division handles the overall security requirements of Ministry of External Affairs including its subordinate offices in India and Mission/Posts abroad. These include various aspects of security viz. physical security, access control, operational security, personal security, crisis management plans, etc. The Division also makes assessment of requirement of security personnel; conducting need analysis of requirement of security equipment, review of security arrangement in place both in India and abroad; assessing security sensitivity; liaising with other Ministries and agencies on matters related with security; and other aspects connected with security.”

58. The Committee asked the Ministry if they wished to submit any other information for their consideration, to which they submitted as follows:

“Ministry purchased both properties after due diligence and procedural lapses/delays have been streamlined and noted for future compliance also. ICC Paris property is ready for use by end of January 2025 and Ministry is actively considering to dispose of the ICC Washington property.”

59. When deposed, the Secretary to the MEA also stated before the Committee as follows:

*“..... In the cases before the hon. Committee today, there is a little doubt that there are errors that took place. There is oversight that happened, and mistakes may have been committed. But I would also submit for the Members of the Committee that none of these actions were taken with any mala fide whatsoever. The things that may have happened, that actions that have been taken place may have been on account of lack of familiarity with the rules on the part of any particular person or genuine mistakes that may have been made...”*

60. However, in the context of the property at Paris, the Ministry in their fresh background note on the subject selected for the term 2025-26 of the Committee submitted as under: -

“(a) The renovation work is near completion. The works related to electricity, elevator, HVAC, painting, seating of auditorium hall have already been completed. Some of the additional as well as minor works, based on recommendations of the external inspection and regulatory authority M/s Bureau Veritas are being undertaken.

b) M/s Bureau Veritas along with the Consultant Architect are in process of preparing the relevant documents for submission to French Municipal Authorities to seek approval for utilization of the Cultural Centre. Once the permission from the local authorities is obtained, the building will be ready for public use.

c) The Indianization aspect of the project is being undertaken separately in consultation with the Ministry and M/s Cottage Emporium. Cottage Emporium has suggested certain artworks and paintings which the Consultant architect is examining for curation.”

61. With regard to regularization of expenditure on hiring of security services since 2011, the Ministry in June 2025 have submitted the following:-

“The Mission has provided all documents (notings, vouchers, invoices) pertaining to the hiring of LSG for SVCC Paris to the Ministry for evaluation and regularization. The regularization towards hiring of LSGs from M/s ESP at SVCC Paris from April 2011 to October 2021 amounting to Euro 2,002,209.86 (INR 18.6 crore) is under consideration with the Ministry as on date.”

62. In the context of infructuous expenditure on such acquisitions, the representatives of the Ministry during oral evidence stated the following:-

“In the sphere of property management and procurement processes, the Ministry has formalized model tender documents and standard agreement templates employed for engagement of architect consultants, project management consultants, contractors and service providers. The model documents have had a positive impact on our initiatives pertaining to construction and renovation of properties, annual maintenance contracts and execution timelines. Further, the Ministry has developed a global estate management portal which is currently being tested internally to confirm different functionalities. All proposals and activities related to renting, acquisition, renovation, construction etc. would be exchanged and monitored through this online portal. Sincere efforts have been made towards housing our Chanceries and Embassy Residences in GOI-owned properties rather than rented properties.”

63. The Committee during their examination of the subject also came across the Fifth Report of 18<sup>th</sup> Lok Sabha of Parliamentary Standing Committee on External Affairs on the subject “Demands for Grants (2025-26) of the Ministry of External Affairs”. The following submissions made by MEA on ICCR are reproduced below:-

“Para 5.29 On the Committee’s query regarding the cost incurred on construction of ICCR Cultural Centres at Washington and Paris so far and the reasons for the delay, the Ministry in their written reply have submitted as under:

“Elaborating on the efforts being made by ICCR to further generate additional resources, the Ministry has stated that ICCR’s cultural Centres abroad are either co-located in our Embassies or are treated as adjunct diplomatic entities of our Embassies. Therefore, they are restricted by local laws from engaging in commercial activities...”

## PART-II

### OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

The Committee observe that in the two audit paras pertaining to the Ministry of External Affairs, discrepancies in application of rates of exchange led to loss of revenue. Besides, there was infructuous expenditure in acquiring and management of properties in Washington DC and Paris while both properties remained unused for more than a decade.

In Audit Para 2.1, the Committee note that the Ministry of External Affairs directed Missions and Posts to rationalise the visa fees structure based on the revised Rate of Exchange (RoE) for calculation of visa fees ipso facto applicable to the Overseas Citizen of India (OCI) scheme. 17 Missions in Euro Zone Countries and 3 Missions in UK failed to comply with the revised RoE, resulting in non-compliance with the Ministry's directives. The Committee note that non-application of the revised RoE by the Missions, led to cumulative loss of ₹16.26 crore revenue between 01 April 2017 and 31 March 2020. Similarly, the Committee observe from audit findings that the High Commission of India in London deviated from the prescribed RoE, resulting in a loss of revenue of ₹41.97 crore between February 2017 and March 2020. The inconsistent application of the RoE and the lack of clear, uniform instructions contributed to a cumulative revenue shortfall of ₹58.23 crore.

In Para 2.2, the Committee find that the MEA engaged in imprudent expenditure in acquisition of properties for establishment of Indian Cultural Centres (ICCs) in Washington and Paris. The Committee note that the property in Washington, purchased for ₹41.93 crore, was found to have substantial structural deficiencies and was deemed unsuitable for cultural activities and subsequently renovation efforts were abandoned. Similarly, the property in Paris acquired for ₹30.03 crore, experienced significant delays in renovation, and irregular expenses totaling ₹14.89 crore were incurred for security services without proper approval. The Committee observe that failure of Ministry in exercising due diligence has

resulted in infructuous expenditure amounting to ₹86.85 crore with both the properties remaining unused till date.

Based on detailed examination of the subjects, the Committee have recorded their observations and recommendations on issues highlighted in both audit paras, in the succeeding paragraphs.

#### **Recommendation No. 1**

##### **Ensuring Clarity and Uniformity in Communications**

The Committee note from the audit observation that certain Missions/Posts failed in applying revised Rate of Exchange (RoE) for local currencies as prescribed by MEA in calculation of visa fees for the OCI scheme and the Ministry failed in monitoring the compliance of its directions. The Committee also note that the revised rates of visa fees effective from 01 April 2017 were ipso facto applicable for calculating the fee for OCI scheme and were valid till March 2020. The Committee observe that 17 Missions/Posts in the Euro zone countries (EZC) did not carry out the revision of fees for the issue of OCI Cards at the revised rate of exchange of USD1=Euro 0.95 w.e.f 1 April, 2017. The Committee note that the Ministry provided clarification only to those missions which sought clarity while others continued to charge the old fees and it was only in January 2020, the Ministry informed all Missions in the EZC to comply with its directions regarding revised Rate of Exchange. As a result of this, there was a cumulative loss of revenue of Rs. 16.26 crore from 01 April 2017 to 31 March 2020. The Committee fail to understand why clarification was issued only to certain Missions which had applicability for all the missions in the EZC.

Taking note of the fact that the Ministry has put in place an online reporting platform - MEA e- Samiksha for Missions/Posts abroad by which rates of exchange are authenticated on quarterly basis for correct levying of fees, the Committee urge the Ministry to develop a software for automatic calculation of applicable rates of exchange and fees on all the services being provided by its Missions to minimize any scope of errors.

Further, the Committee are of the view that loss of revenue of Rs. 16.26 crore is a reflection of the Ministry's failure to communicate to all its mission and also adequately monitor consistent adherence to its directives. The Committee note that the Ministry presumed that the Missions other than those who sought clarifications were following the revised exchange rate, show poor supervision and work culture in Mission/HCI abroad. It is very clear that the MEA acted only after Audit observation shows the lackadaisical approach to matters of financial propriety by Missions abroad. The Ministry's inaction is a clear procedural lapse which has resulted in loss of public money. The Committee do not accept the Ministry's contention and this approach shows its lack of seriousness on financial matters. The Committee, therefore, recommend that any clarifications issued by the Ministry applicable to all Missions should be addressed to all concerned Missions/Posts and Departments to ensure uniformity in implementation. The Committee further desire that the Ministry must ensure that all updates on fee calculations and revised RoE are communicated promptly, to all its Mission/Posts. The Committee also desire that accountability be fixed for such procedural lapses resulting in financial loss to the exchequer so to avoid its recurrence in future.

## **Recommendation No. 2**

### **Adherence to rules and documentation by Missions**

The Committee observe that the HCI London did not comply with the Ministry's directives to appropriately revise the fees for issue of fresh OCI card and only increased the fees by 10 percent instead of 23 percent even though it revised the visa fees as per the extant directions. This led to a loss of ₹ 41.97 crore of revenue. The Committee note that the Ministry is the authority competent to decide on any deviation on rate of exchange and Missions need to seek concurrence of the Ministry in case they wish to make any deviation from the direction. The Committee note from the Ministry's submissions that HCI London locally assessed and perceived the impact of a hike in OCI fee and decided to increase the fees by 10 percent instead of prescribed 23 percent without

informing or seeking any approval from them. The Committee are also surprised to note that no records are available with either HCI, London or the Ministry regarding the decision to hike the OCI fees by only 10%. The Committee are of the considered view that regardless of the justification, in case of any deviation from the extant rules/guidelines, the HCI London should have reported to and taken concurrence from the Ministry. The Committee are also unclear as to why the Ministry did not seek an explanation nor take any action against the officers in HCI, London responsible for the deviation which caused financial loss to the exchequer. The Committee observe with great concern that the Ministry viewed the loss of Rs 41.97 crore due to lower rate of fees for issue of OCI cards as 'notional' which shows a callous approach of the officials in the Mission. Though the Ministry is trying to explain that lower rate of fees for OCI cards were due to promotion of 3 T's namely Trade, Tourism and Technology, but lack of records and absence of clear directives by Ministry for such an action does not stand up for scrutiny. Officials of MEA should be sensitized to maintain proper documents in taking decisions and authorizations in routine administrative matters so as to adhere probity and transparency as it follows funds of the Government. Though the Ministry has accepted that errors have happened and considered that such errors are bonafide, the Committee while giving the benefit that there may not be malafide intentions, find such revenue loss unacceptable by a government department. The Committee note that the Ministry is the final authority in such matters which demands that proper responsibility and accountability need to be fixed. In this regard, the Committee recommend MEA to explicitly issue clear instructions that any decision having financial implications need to be viewed very seriously and proper procedure should be laid down by the Ministry.

The Committee observe that not adhering to guidelines and not seeking accountability for deviations from instructions indicate laxity in the working of both the Mission and the Ministry. The Committee would like to be apprised of the steps taken by the Ministry in ensuring adherence to its rules and regulations by Missions. The Committee are of the view that the lack of proper records to decide on such matters show that the Missions abroad do not follow proper procedure in routine day to day administrative matters. The Committee emphasize on standard

operating procedure and documentation being a key aspect of good governance and recommend that the Ministry must ensure diligent documentation and digitization of all records in its Missions to obviate recurrences of such nature. The Committee also recommend that the Ministry should issue suitable directions to all Missions to follow due office procedure and to establish clear lines of responsibility and accountability.

### **Recommendation No. 3**

#### **Setting up of Indian Cultural Centre at Washington - Harmonising property procurement practices with local laws**

The Committee observe from Audit findings that the Ministry had purchased a property in 2013 for setting up an Indian Cultural Centre (ICC) in Washington in 2013, which remains unutilized till date. The Committee find that the 103-year-old Washington property, acquired for \$5.75 million along with sanction for renovation was unsuitable due to encroachment issues, structural deficiencies and an unfavorable location. The Committee find it disconcerting that despite prior knowledge of structural and locational deficiencies, the Ministry proceeded with the purchase.

The Committee observe that the Ministry engaged a consultant for renovations in 2015 after lapse of two years since the purchase, and then abandoned the renovation plan in 2019, citing the offer of an alternative plot by the U.S. Government. The Committee note that in 2020, another assessment by Property Management Team of the Ministry suggested selling the property if the sale price exceeded the total expenditure incurred. Property evaluation report commissioned by the Embassy of India in Washington in March 2020 valued the property at Rs. 22.38 crore which is half the total cost paid for the property. The Committee observe that subsequently in 2023, a team of officials of the Ministry visited Washington DC to evaluate the property after which renovation approvals were obtained in 2023 though the building permit had already expired, requiring

the architect to reapply and amend plans as per the updated 2022 Washington D.C. building codes.

The Committee note the Ministry's contention that delays in renovation were attributed to restrictions under local law and significant differences between local tendering practices and Government of India norms. The Committee are of the view that the absence of a timely response to address these challenges has resulted in prolonged inaction and delayed decision-making. The Committee, therefore, recommend that the Ministry should develop a standardized due diligence framework including checklists, for future property acquisitions, ensuring thorough assessment of location, structural viability, adequate parking and other requirements and renovation costs as well as comprehensive legal and regulatory assessment before purchase. The Committee also recommend that the Ministry engage legal experts familiar with local laws and develop country-specific procurement guidelines that ensure compliance with both local laws and GoI norms, for future purchase of property.

#### **Recommendation No. 4**

##### **Diplomatic Property Tax Exemption**

The Committee observe that another assessment of the Washington DC property was carried out in 2024 by the Project Monitoring Team (PMT) which deemed the property unsuitable due to high crime rates, poor connectivity, inadequate parking, and structural deficiencies. The Committee had been informed that the diplomatic property tax exemption granted by the U.S. authorities would be withdrawn if the sale or renovation of the property was not initiated by June 30, 2025. The Ministry had informed the Committee that the proposal to dispose of the property was under active consideration of the Ministry. However, the Committee are distressed to note that the Ministry in their fresh background note on the same subject states that Ministry is open to examining reasonable and prudent proposal for future of the property. The Committee are chagrined at the inconsistent stance of the Ministry on the matter

and take serious exception to the callous reply with no mention of the status of property tax exemption granted by the U.S. authorities till June 30, 2025. The Committee would also like to be apprised whether tax exemption has been withdrawn, and steps taken to extend the same, along with the financial implication and the steps taken by the Eol, Washington/ Ministry to either sell the property or to use it gainfully. The repeated shifts in the Ministry's position, despite claims of the property's unsuitability, raise serious questions on the actual situation on the ground and the Committee desire O/o C&AG to examine and submit a report on the current position of this building to PAC. The Committee, therefore, recommend that, the issue relating to the ICC may be reviewed at the highest level and appropriate decision to renovate or sell out the property at existing market prices be taken. The Committee may be apprised of the decision taken in this regard. In the interim, the Committee would urge MEA to explore the possibility of renting it out to earn some revenue.

The Committee also note the Ministry's submission that while buying the property at Washington, the same was purchased after factoring in all the assessments based on physical inspection by the PMT, market evaluation, legal due diligence, and structural assessment carried out by the industry experts. On the other hand, the committee note that in 2024, the PMT recommended that the property should be sold, as it was unsuitable for most Embassy activities due to its locational disadvantage viz. high crime rate in the area, limited parking space, poor connectivity as well as structural deficiencies. In view of the contradictory opinions by the two PMTs, the Committee would, therefore, like to be apprised on how these PMTs are selected / appointed and how there were contradictory views expressed by the PMTs at the time of buying and selling of the same property.

## **Recommendation No. 5**

### **Goal Specific property acquisitions**

The Committee observe that the building purchased in Washington for the purpose of establishing Indian Cultural Centre was located near a petrol station, had encroachments, issues of water infiltration, and lacked capacity for gatherings. Reports also revealed that the property unsuitable for consular and trade promotional activities due to its locational disadvantages. The Committee note that the Ministry failed to consider its suitability for establishing a cultural centre and the necessary requirements for such a building while purchasing the property and it was Ministry's apparent failure to evaluate the appropriateness of the building prior to purchase.

The Committee recommend that the Ministry must ensure goal-specific property acquisitions and would like that if an Indian Cultural Centre is to be established, MEA must consult ICCR or other such institutions, and clearly ascertain requirements of the property. The Committee, further, desire that the Ministry should prepare a checklist of essential and desirable requirements for properties in consultation with such cultural agencies both in general and for specific purposes, to avoid expenditure on infructuous acquisitions.

## **Recommendation No. 6**

### **Expenditure Irregularities and Consistent Delays in setting up of ICC, Paris**

The Committee note that the Embassy of India, Paris (Mission) purchased a property for ₹ 30.03 crore in March 2011 for establishing an Indian Cultural Centre (ICC) which remains incomplete as on date. In their 30<sup>th</sup> and 61<sup>st</sup> Reports (16<sup>th</sup> LS), the Committee had observed on the same issue that the Ministry had disregarded the reports of the Architects and proceeded with the acquisition of an unsuitable property for the establishment of the ICC at Paris which ultimately resulted in the underutilization of the property and wasteful expenditure on its maintenance. The Ministry had embarked on extensive renovation works in the property which remain incomplete till today. The Committee note that, despite being assured that

the renovation would be concluded by 2016, the property is yet to be fully completed till date even after a span of 14 years. The Ministry attributed the delays in the renovation work to various factors, including the bankruptcy of one of the contractors, the COVID-19 pandemic, the resolution of design deficiencies, restrictions imposed due to the Paris Olympics and Paralympics, the withdrawal of another contractor, and the delay in identifying a suitable replacement. The Committee note that, the project also remained stalled due to time taken in requisite approvals from Ministry on various additional variations carried out in the project.

The Committee are dismayed by the Ministry's and Mission's approach to the establishment of the ICC, which first was improperly acquired in 2011 followed by an unduly prolonged renovation since last 14 years which is still ongoing. The representatives of the Ministry while deposing before the Committee had informed that the building was 98% complete and would be finalized by January 2025.

The Committee are deeply concerned by the repeated misrepresentation by the Ministry regarding the completion of the renovation works, having been consistently assured of its imminent completion, and yet finding that the building remains unfinished. The Committee therefore, recommend that the Ministry should take concrete steps to ensure early completion of the renovation so that the building can be put to its intended use as Indian Cultural Centre. The Committee are made to wonder if MEA is seriously considering using this building as ICC. The Committee, further recommend that, in their next round of audit or as special audit, the Comptroller and Auditor General (C&AG) may *inter-alia* examine the status of completion of the aforesaid building and its utilization as cultural centre and apprise this Committee of their findings.

## **Recommendation No. 7**

### **ICC, Paris - Irregular Expenditure on hiring of local security agency**

The Committee note from the findings of Audit, that irregular expenditure was incurred by EOI Paris for hiring of security services for ICC building. In 2011, the Mission sought approval from the Ministry for the procurement of security services, but the Ministry directed the Mission to forward the proposal as per prescribed procedures. The Committee observe from the Ministry's submissions that, despite not receiving authorization from the Ministry, the Mission "inadvertently" submitted a proposal to the Indian Council of Cultural Relations (ICCR) and received its approval for the fiscal year 2011-12. Moreover, the Mission continued to hire Local Security Guards (LSGs) without the requisite approval from either the Ministry or the ICCR. The Mission has repeatedly cited constraints and exigent circumstances to justify the irregular expenditure, amounting to ₹ 13.87 crore. The Committee are alarmed by the circumvention of the established rules and procedures by the Mission, as well as the attempt by the Mission to categorize the irregularities as "inadvertent." While the Committee acknowledge that the Mission may have been constrained to hire the security guards due to the exigent security challenges, the matter could have been escalated and brought to the notice of the Ministry for their urgent approval.

The Committee fail to understand the constraints faced by the Mission to forward proposal to Ministry as per prescribed procedure. The Committee would like to be apprised of the action taken by the Ministry against the Mission for not adhering to their instructions.

The Committee are also surprised that the irregular expenditure remained unnoticed at the time of approval of yearly budget of the Ministry and question the role of the Financial Advisor in MEA who need to ensure that financial guidelines are scrupulously followed by the Missions in such matter. The Committee are equally disturbed to note how the ICCR sanctioned funds to Mission and the basis to continue giving funds without seeking Ministry's sanction is also not clear. The Committee wonder as to how the Ministry was silent when its Mission obtained fund from ICCR.

The Committee also observe that the Ministry is reviewing the proposal to regularize the irregular expenditure incurred by the Mission in Paris and would like to be apprised of status. The Committee recommend that a mechanism be developed whereby such emergent situations faced by Missions may be allowed to be escalated and resolved on priority and detailed Standard Operating Procedures (SOPs) on the same may be prepared.

#### **Recommendation No. 8**

##### **ICCR and Indian Cultural Diplomacy activities**

The Committee note that both the properties in Washington and Paris were acquired for the purpose of establishing Indian Cultural Centres (ICCs), but have remained unutilized till date. The Indian Council for Cultural Relations (ICCR), an autonomous body under the Ministry of External Affairs, responsible for operating the Indian Cultural Centres, plays a crucial role in cultural diplomacy and its activities contribute significantly towards India's foreign policy and enhancing India's Global profile. In this respect, the Committee refer to a submission made by the Ministry to the Standing Committee on External Affairs [Para 5.29 of Fifth report (18th Lok Sabha)] that "ICCR's cultural Centres abroad are either co-located in our Embassies or are treated as adjunct diplomatic entities of the Embassies and therefore, they are restricted by local laws from engaging in commercial activities."

The Committee find it deeply concerning that the Ministry has not only failed to effectively utilize the aforementioned properties but also failed to establish ICCs in two major cities in globally key countries, thereby defeating the very purpose of ICCR, being the broader mission of cultural outreach, which in a way impacts the global image of the country.

In this context, the Committee would like the Ministry to furnish details how ICCR managed their activities in view of lack of functional ICC in these cities and how much additional expenditure has been incurred while carrying out activities of ICCR in Washington DC and Paris. The Committee also recommend that the

Ministry utilize the services of the ICCR to develop ICCs in Washington and Paris to assess the cultural diplomatic activities and their potential impact on bilateral relations and submit a report on the efforts undertaken to the Committee.

#### **Recommendation No. 9**

##### **Global Estate Management Portal**

The Committee are of the opinion that infructuous expenditure on unutilized properties is reflective of systemic flaws in the Ministry's property management practices and indicates gaps in pre-acquisition assessment and project execution. The Committee note that the Ministry has formalized model tender documents and standard agreement templates employed for engagement of architect consultants, project management consultants, contractors and service providers. The Committee also observe from the Ministry's submission that a Global Estate Management Portal is being developed to exchange and monitor all proposals and activities related to renting, acquisition, renovation, construction etc. The Committee recommend that the Ministry may expedite the development of the portal inclusive of Model tender documents, standard agreement templates, pre-acquisition property assessment protocol, model contracts for engagement of architects, consultants, service providers, etc. on the online portal and roll out its implementation urgently. The Committee desire that the portal be equipped with real time monitoring tools so that *inter-alia* delays in renovations/completion/acquisition of properties beyond a fixed time trigger alerts along with escalation matrix for resolving issues.

#### **Recommendation No. 10**

##### **Instituting Mandatory Training Programs to Enhance Competency and Compliance**

The Committee find that the instances examined by Audit, including the ₹ 58.23 crore shortfall in OCI fees, ₹ 86.85 crore in property mismanagement,

including ₹ 14.89 crore in irregular expenditure on hiring security services, reveal a disturbing pattern of non-compliance, adhocism and operational lapses which indicate inadequate training of personnel. The Committee note with concern that lack of clarity in applying of the Gol rules for expenditure, non-adherence to General Financial Rules (GFR), 2017, and lack of following the property management protocols demonstrated by the officials, point to impairment in fundamental understanding of regulations among officials. While the Committee acknowledge the Ministry's efforts through the Capacity Building Plan, iGOT Karmayogi modules, mandatory pre-departure training, and the Know Your Ministry repository, they find additional measures are needed to address the intricate operational demands faced by personnel, particularly in a globally dispersed workforce. The Committee are not entirely convinced by the Ministry's submission that such lapses are instances of merely isolated shortcoming.

The Committee note that the Ministry may have to work in compliance with local laws/rules in different countries/geographies. Underscoring the need for sustained and targeted capacity enhancement, the Committee desire developing and implementing a comprehensive annual Internal Training and Capacity Building Module tailored to meet the custom work profile of officials in MEA. The training may be certified and linked to the Annual Performance Assessment Report of the officers. The Committee recommend that workshops be conducted at regular intervals to discuss case studies drawn from past lapses to reinforce practical learning. The Officials may be trained under suitable training programs from MoF/CGA/CAG, etc. The Committee further recommend that MEA should consult Ministry of Finance/C&AG/CGA etc. and prepare a suitable Office Manual applicable, to be followed by Indian Missions/HCs/Posts abroad.

## **Recommendation No. 11**

### **Conclusion**

In conclusion, the Committee observe that persistent issues of deviations by officials from prescribed financial rules and extant instructions regarding exchange rates; absence of documentation, insufficient monitoring by Ministry and lack of due diligence in property acquisitions reflect a culture of laxity and have resulted in considerable financial and reputational loss to the Government exchequer. The Committee emphasize that accountability, transparency, and financial prudence must form the core principles guiding all actions of the Ministry and its Missions abroad. The Committee, therefore, enjoin upon the Ministry of External Affairs to conduct a thorough enquiry in both the matters of application of incorrect exchange rates and setting up of the Indian Cultural Centres in Washington and Paris and fix accountability on erring officials in Headquarters and Missions/Posts. The Committee further desire that appropriate administrative action be initiated against the officers, including disciplinary proceedings wherever warranted, for non-compliance with Ministry directives, failure to maintain proper records, circumventing Ministry's orders and inefficient and delayed utilization of the properties acquired in Washington and Paris and prolonged time period taken for renovation.

The Committee also note from the Ministry's submission that the extant Gol procedures, particularly in case for approving acquisitions of properties, are interminably long and require change. The Committee also recognize that MEA and its missions abroad have to deal with different situations in different countries. The Committee, therefore, desire that the Ministry, in consultation with Ministry of Finance and O/o C&AG, may explore the possibility of amending Gol procedures and develop suitable procedures for carrying out essential works in Missions abroad as well as property acquisitions on country specific basis ensuring financial discipline to the best extent.

**NEW DELHI**

**17 December, 2025**

**26 Agrahayana, 1947 (Saka)**

**K. C. VENUGOPAL**

**Chairperson,**

**Public Accounts Committee**

**MINUTES OF THE 9<sup>th</sup> SITTING OF THE PUBLIC ACCOUNTS COMMITTEE  
(2024-25) HELD ON 12<sup>th</sup> DECEMBER, 2024**

The Committee met on Thursday from 1530 hrs. to 1730 hrs. on 12<sup>th</sup> December, 2024 in Committee Room 'B', PHA, New Delhi.

**PRESENT**

**Shri K. C. Venugopal** - **Chairperson**

**Members**

**LOK SABHA**

2. Dr. Nishikant Dubey
3. Shri Jagdambika Pal
4. Shri C. M. Ramesh
5. Shri Magunta Sreenivasulu Reddy
6. Prof. Sougata Ray
7. Smt. Aparajita Sarangi
8. Dr. Amar Singh
9. Shri Tejasvi Surya
10. Shri Anurag Singh Thakur
11. Shri Dharmendra Yadav

**RAJYA SABHA**

12. Shri Ashokrao Shankarrao Chavan
13. Shri Shaktisinh Gohil
14. Dr. K. Laxman
15. Shri Sukhendu Sekhar Ray
16. Shri Sudhanshu Trivedi

**LOK SABHA SECRETARIAT**

1. Dr. Sanjeev Sharma Joint Secretary
2. Shri Muraleedharan.P Director

- |    |                         |                  |
|----|-------------------------|------------------|
| 3. | Shri Alok Mani Tripathi | Deputy Secretary |
| 4. | Shri Pankaj Sharma      | Deputy Secretary |
| 5. | Shri Atul Bhawe         | Deputy Secretary |
| 6. | Ms. Malvika Mehta       | Deputy Secretary |
| 7. | Dr. Faiz Ahmad          | Under Secretary  |

### **REPRESENTATIVES OF THE MINISTRY OF EXTERNAL AFFAIRS**

- |    |                         |   |
|----|-------------------------|---|
| 1. | Shri Vikram Misri       | - Foreign Secretary                     |
| 2. | Shri Anurag Agarwal     | - Special Secretary & Financial Advisor |
| 3. | Shri Y K Sailas Thangal | - Additional Secretary (GeM & Estt.)    |
| 4. | Shri Sanjiv Ranjan      | - Officer on Special Duty (Admn.)       |
| 5. | Shri K Nandini Singla   | - Director General (ICCR)               |

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

- |    |                          |                    |
|----|--------------------------|--------------------|
| 1. | Ms. Atreyee Das          | - Dy. C&AG         |
| 2. | Ms. Smita S. Chaudhri    | - Dy. C&AG         |
| 3. | Shri Samar Kant Thakur   | - Director General |
| 4. | Shri Rajeev Kumar Pandey | - Director General |

### **Part A**

2. At the outset, the Chairperson welcomed the Members and the Officers from the Office of Comptroller and Auditor General (C&AG) to the sitting, which had been convened to take briefing followed by oral evidence of the representatives of Ministry of External Affairs on the subject 'Short collection of fees due to application of incorrect exchange rate in fixing the fees for Overseas Citizenship of India Card scheme" and "Irregularities in setting up of Indian Cultural Centres by Indian Missions at Washington and Paris" based on Paras 2.1 and 2.2 of C&AG Report No 24 of 2022.' Audit officials then briefed the Committee on the irregularities highlighted in the said audit paras such as non-application by 17 Missions of rates of exchange revised by MEA,; loss of 41.96 crores due to irregular revision of exchange rate by HCI, London and its Consulates,

lack of assessment of structural feasibility while purchasing properties, divergence of tendering practices, potential vapour encroachment, unauthorized and infructuous expenditure, and lack of action by ministry in view of the irregularities highlighted by the Audit.

3. Then the Chairperson welcomed the representatives of the Ministry of External Affairs and asked them to apprise the Committee on the reasons for frequent audit observations and the action taken thereon.

4. Thereafter, the witnesses introduced themselves and the Secretary (External Affairs) apprised the Committee on the steps taken to improve processes based on Audit observations viz. Comprehensive policy review for fixation of rate of exchange for determining consular, passport and visa fees, online reporting portal for Missions and abroad, Model tender documents and standard agreement for engagement of architect consultants for property management, developing global estate management portal. He further stated that the decision to increase OCI fees in UK by only 10 percent instead of 23 percent was based on conscious policy decision in light of direction of the Govt. to engage with diaspora. He also stated that Ministry has put in online monitoring mechanism for the application of correct rates of exchange - e-Samiksha. The Secretary further clarified in respect of property acquired for Indian Cultural Centres in Washington that delays in renovations were mainly due to restrictions in local law and major diversions in tendering practices locally vis-a-vis GOI norms and a separate plot has been offered by US Govt in 2019 for use of Embassy. In respect of property in Paris, the Secretary stated that all possible efforts are being undertaken for completion of project and the building will be put to use by 2025 and that the proposal for regularisation of hiring of local security guards in Paris is under consideration.

5. During the discussion, Members raised numerous points concerning key issues highlighted in audit para like lack of standardised policy for exchange rate issues, failure to issue clear instructions, lack of uniformity in fee revisions, fixation of responsibility for faulty decision making, infructuous expenditure on property which remains unutilised, systemic changes brought in for monitoring and fixing accountability in property management overseas, , lack of penal actions against those who made decisions beyond authority, pending proposal for regularisation of expenditure, etc.

6. Taking note of the issues raised by the Committee, the Secretary (External Affairs) submitted the Committee that there were errors occurred and was lack of oversight but also emphasised none of the actions were with any *mala fide* intentions whatsoever and have been on account of lack of familiarity with rules and that a number of measures have been put in place in light of audit observations and further apprised

the Committee on the developments that took place in respect of properties in Washington and Paris.

7. Thereafter, the Chairperson asked the representatives of the Ministry of External Affairs 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.

**Part B**

**X X X X X X X X X X X X**

***The Committee then adjourned.***

***A copy of the transcript of audio recording of the proceedings of the sitting has been kept on record.***